BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by $34,559,200 or 16.29% in the year 2018, by $8,478,500 or 3.43% in the year 2019, and by $7,742,600 or 3.03% in the year 2020.

Application No. 16-07-002
(Filed July 1, 2016)

COMMENTS OF THE COUNTY OF LOS ANGELES ON THE JOINT MOTION FOR ADOPTION OF A PARTIAL SETTLEMENT AGREEMENT BETWEEN CALIFORNIA-AMERICAN WATER COMPANY AND THE CITY OF CORONADO ON SAN DIEGO ISSUES IN THE GENERAL RATE CASE

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September 15, 2017
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by $34,559,200 or 16.29% in the year 2018, by $8,478,500 or 3.43% in the year 2019, and by $7,742,600 or 3.03% in the year 2020.

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Pursuant to the Commission’s Rules of Practice and Procedure, Rule 12.2, the County of Los Angeles (“Los Angeles County” or the “County”) respectfully submits these comments on the Joint Motion for Adoption of a Partial Settlement Agreement Between California-American Water Company (“Cal Am”) and the City of Coronado (the “City”) on San Diego Issues in the General Rate Case.

I.

INTRODUCTION

In its General Rate Case Application, Cal Am proposes a robust deployment of Advance Meter Infrastructure (“AMI”) throughout Southern California. The AMI program is extremely expensive and the County, among others, maintains that full-scale deployment is not supported by the record at this time. Indeed, Coronado offered no testimony on AMI yet, through this settlement agreement, it seems willing to accept full deployment of AMI within Cal Am’s San Diego District. The settlement agreement is neither reasonable in light of the record, nor consistent with the law and public interest and, as such, it should be rejected.
II.

COMMENTS

Rules of Practice and Procedure, Rule 12.1(d) requires that Commission approval of a settlement agreement be based on a finding that the settlement is “reasonable in light of the whole record, consistent with the law, and in the public interest.” As discussed below, the settlement agreement does not meet this standard.

A. The Settlement Agreement Is Unreasonable In Light of the Whole Record

The settlement agreement is unreasonable in light of the record because broad deployment of AMI is not supported by sufficient, empirical evidence. Cal Am’s direct experience with AMI is drawn from two pilot programs, the first of which is located in Cal Am’s Ventura district. The Ventura program did not “go live” until February 2017, and while 1,288 customers are participating in the program, Cal Am presented no meaningful evidence about its effectiveness. Indeed, the County is not aware of a baseline study for the pilot program participants from which success or failure can be measured.

Separately, Cal Am claims that its AMI program is sufficiently “well-developed” because it builds off of the experience gained through the pilot program in its Monterey district. However, the Monterey pilot program has many shortcomings including the fact that it consists of a mere 200 volunteer customers. Cal Am’s Monterey district has approximately 40,000 connections. Other shortcomings with the program are as follows:

- The water utility identifies leak detection as a benefit of the program but it does not quantify the leak detection water savings within the San Diego District.

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1 Rebuttal Testimony of Gary M. Hofer, p. 15:10-16.
2 Id., p. 17:19-23.
• No cost benefit analysis is presented for such a robust rollout of the AMI program.

• Cal Am presents no evidence about how frequently its pilot program customers use the mobile application or the website set up to implement the program. Nor does it offer a customer service survey that discusses whether non-volunteer customers might use the notification system in the future.

The testimony of Cal Am's AMI consultant that the AMI Plan is methodical and deliberate and therefore ready for full-scale deployment is conclusory and fails to account for these significant flaws.\textsuperscript{4} Based on the evidence in the record, the settlement agreement should be denied, as it relates to broader deployment of AMI, until a better record exists on the effectiveness of the Cal Am pilot programs.

B. The Settlement Is Inconsistent with the Law and Is Not In the Public Interest

The settlement agreement is inconsistent with the law and not in the public interest because it proposes to rapidly implement AMI across 20,700 residential, commercial, and industrial retail water customers. In D. 16-12-026, the Commission acknowledged that, “AMI can harness and communicate data to manage water production and purchase, identify and stop leaks, to protect drinking water quality by promptly identifying backwash incidents, produce data that yield more accurate forecasts, and provide customers and water system operators timely information.”\textsuperscript{5} However, the decision required a measured, phased-in approach, conducted over multiple rate cycles, to deploy the new technology. In D. 16-12-026, the Commission stated that AMI proposals:

\textsuperscript{4} Rebuttal Testimony of Ann T. Bui, p. 8:3-12.
\textsuperscript{5} Decision Providing Guidance on Water Rate Structure and Tiered Rates, D.16-12-026, pp. 61-62.
will be assessed for consistency with the principles of: flexibility to address utility and district circumstances, equity, conservation signals to promote sustainability to address outlier customer behavior, and action to increase data availability and use for customer and system use. They will also be assessed for their contribution to leak, backflow, and theft detection, and ability to enable action to address those issues.6

The settlement agreement violates D. 16-12-026 because it is not a measured approach to implement AMI. Cal Am’s existing programs include only 1,488 customers, and the Ventura program (1,288 customers) is too new to provide usable data. Expanding the program to the entire San Diego District cannot be supported by the record and is inconsistent with D. 16-12-026. A better approach is to allow Cal Am to proceed with its existing pilot programs and use the data it collects to support a new AMI program in its next General Rate Case.

III. CONCLUSION

Based on the foregoing, the settlement agreement, as it relates to deployment of AMI, should be denied because it is not supported by the record and is inconsistent with the law and the public interest.

Dated: September 15, 2017

Respectfully submitted,

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6 D.16-12-026, pp. 64-65.