

September 11, 2023

ADVICE LETTER NO. 1422

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

I. PURPOSE

Pursuant to Sections 851-854 and 2718-2720 of the California Public Utilities Code, Decision (“D.”) 99-10-064 and D.20-08-047, Article 2 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure (“Rules”) and Rule 3.6, as well as Commission General Order 96-B, California-American Water Company (U-210-W) (“California American Water”) in this Advice Letter requests the Commission authorize California American Water’s purchase of certain Corral de Tierra Water Company (“Corral de Tierra”) assets and related actions.

II. INTRODUCTION

Consolidation of Corral de Tierra’s assets into California American Water’s much larger system is in the public interest. The consolidation furthers important public policies and customer interests.

Provided the Commission grants approval, California American Water’s acquisition of Corral de Tierra’s utility assets will occur pursuant to the asset purchase agreement dated February 2023 (“Asset Purchase Agreement”), between Corral de Tierra and California American Water. A copy of the Asset Purchase Agreement is included as “Confidential Attachment” to the minimum data requirements (“MDRs”) included with this Advice Letter. This Advice Letter asks the Commission to approve the Asset Purchase Agreement, the transaction contemplated in that Agreement, and certain related matters. Specifically, the Advice Letter requests Commission authority:

1. Approving the Asset Purchase Agreement’s terms and conditions.
2. Establishing the rate base of the acquired system, at the time of approval of a resolution in this Advice Letter proceeding, as the full purchase price to be paid by California American Water for the Corral de Tierra system’s assets covered by the Asset Purchase Agreement.
3. Authorizing California American Water to record the acquisition on a net basis consistent with generally accepted accounting principles.
4. Allowing California American Water immediate consolidation of the Corral de Tierra system into California American Water’s Central Division for operational purposes.¹
5. Permitting California American Water to do the following with respect to Corral de Tierra customer rates:
 - a. Maintain Corral de Tierra customers on their current rates immediately following closing.

- b. Move Corral de Tierra Customers to California American Water's current rates following the later of (1) the completion of three months post-closing, or (2) the installation of water meters for the fifteen Corral de Tierra connections.
6. Establishing a Corral de Tierra Transaction Cost Memorandum Account, pursuant to Commission Standard Practice U-27-W, to track all transaction related costs with rate treatment determined in California American Water's subsequent GRC.
7. Approving California American Water's request to allow tracking of costs of addressing any required environmental improvements and compliance issues in the already established memorandum account related to the same issues for the Dunnigan, Geyserville, Meadowbrook, Rio Plaza, Fruitridge Vista, Hillview, East Pasadena, and Bass Lake acquisitions.

The relief requested in this Advice Letter should not be controversial. The proposed acquisition furthers important Legislative and Commission policies and goals. The acquisition also benefits Corral de Tierra and California American Water customers. The State Water Resources Control Board ("SWRCB") and the Commission have met monthly in the lead up to this filing to discuss the consolidation of Corral de Tierra's into California American Water. That consolidation is expected to move Corral de Tierra to a new water source and away from its current source which suffers from elevated arsenic levels. This proceeding, therefore, should move along quickly and be approved by resolution in accordance with the timeline established in D.99-10-064.

III. BACKGROUND:

Corral de Tierra: Is a California non-profit corporation not currently regulated by the Commission. It provides water service to 15 non-metered customer connections. The system serves residential customers within California American Water's current service area. This will allow for connection of Corral de Tierra's system to California American Water's current system and for Corral de Tierra's operations to be folded into California American Water's Central Division.

California American Water: A California corporation, is a Class A public utility water and wastewater company regulated by the Commission. The Company provides regulated water and/or wastewater utility services in parts of San Diego, Los Angeles, Ventura, Monterey, Sonoma, Yolo, Sacramento, Merced, and Placer counties, serving approximately 680,000 people in 50 communities.

California American Water is an experienced water and wastewater system operator, with operations near Corral de Tierra. California American Water has also recently received Commission approval to acquire several smaller water providers, ranging from Class D to Class B providers as well as mutual water companies and a municipal water system.² California

American Water is a subsidiary of American Water Works Company, Inc. (“American Water”), the largest publicly traded water and wastewater utility in the United States, with operations serving approximately 14 million people across North America. A description of California American Water’s plant, water systems, and property is on file with the Commission in California American Water’s most recent Annual Report to the Commission.

IV. ASSET PURCHASE AGREEMENT:

Under the Asset Purchase Agreement, California American Water will acquire certain assets associated with Corral de Tierra. For those assets, the consideration shall consist of the consolidation of Corral de Tierra’s system into California’s Central Division, *i.e.*, California American Water will pay to Corral de Tierra \$0.00 for the purchased assets.³

V. CUSTOMER BENEFITS AND PUBLIC INTEREST:

A. Legislative Declarations and Other Resolutions Support the Acquisition

In Public Utilities Code Section 2719, the Legislature found and declared (1) public water systems face the need to replace or upgrade infrastructure to meet increasingly stringent state and federal laws and regulations, (2) increasing amounts of capital are required to finance the necessary investment in that infrastructure, (3) scale economies are achievable in the operation of public water systems, and (4) providing water corporations with an incentive to achieve these scale economies provides benefits to ratepayers.⁴ Similarly, State Water Resources Control Board (SWRCB) Resolution No. 2008-0048 states: small water systems (1) often cannot provide the economies of scale necessary to build and maintain adequate water and wastewater systems; (2) lack resources and in-house expertise, including those necessary to best manage long-term operations; and (3) need financial and technical assistance to ensure compliance.

More recently, in D.20-08-047, the Commission recognized the benefits of transactions such as the one being proposed in this Advice Letter: “Consolidation may be a means to improve affordability, by leveraging greater economies of scale and scope, and by importing best, or better, practices related to operating a water utility, as well as designing rates to allow recovery of reasonable expenses.”⁵

California American Water serves a population of approximately 680,000 throughout California. It is one of the largest investor-owned water utilities in the State. Its parent company, American Water, is the largest publicly traded water and wastewater utility in the United States, with operations serving approximately 16 million people across North America. As is discussed in further detail below, California American Water’s size, experience, and resources give it a distinct advantage in being able to replace or upgrade systems effectively and efficiently to meet increasingly stringent state and federal mandates and provide improved access to the capital needed to finance such infrastructure investments. California American

Water's acquisition of Corral de Tierra's assets will also achieve efficiencies and economies of scale that would otherwise not be available.

1. Improved Access to Capital Supports Approving this Advice Letter

As the expense of meeting increasingly stringent regulations climbs, greater amounts of capital will be required to fund infrastructure projects. California American Water has better access to capital and likely at lower costs than Corral de Tierra. By D.18-07-013, the Commission authorized California American Water to issue up to \$359,450,000 in long-term debt. Recently, in D.23-05-008, the Commission authorized California American Water to issue up to \$397,261,000 in new long-term debt securities. California American Water has a Financial Services Agreement with American Water Capital Corporation, another subsidiary of American Water. That Agreement's purpose is to provide financing to other subsidiaries, such as California American Water.⁶ The Commission and Legislature have recognized that access to capital is important and benefits the public interest. Thus, California American Water's acquisition of Corral de Tierra ensures access to capital needed to finance infrastructure necessary to supply Corral de Tierra customers with safe water.

2. Benefits from Economies of Scale Support Approval

Benefits from economies of scale also strongly support approving this advice letter. Examples of where economies of scale often benefit larger utilities and their customers include: (1) compliance with regulatory requirements, (2) maintaining customer information and billing systems, (3) purchasing materials and supplies, (4) maintaining high levels of customer service, (5) maintaining and improving quality of treated water, (6) providing for current infrastructure needs and future growth, and (7) supporting a level of expertise required to navigate often complex requirements for government programs such as grant funds and revolving fund loans.

Larger utilities, such as California American Water, can develop greater in-house expertise, creating institutional knowledge. California American Water employs personnel with specific expertise in such specialized functions as water quality and testing, environmental compliance, customer service, engineering, and conservation. Smaller utilities frequently must rely on outside consultants who usually cost more and leave at the end of the project, taking their institutional knowledge with them. Benefits from more diverse and specialized workforces at larger utilities provide advantages over smaller systems in numerous areas, including environmental and water quality, financing, human resources, and general operations. In addition, with California American Water's greater size and more extensive personnel, Corral de Tierra customers will have greater assurance of high-quality service. California American Water has a more sizeable workforce with overlapping skills, which reduces the chance of coverage gaps due to illness, vacation, or unavailability. It also has greater access to more advanced equipment and technology, which aids in resolving issues more quickly.

California American Water's ability to spread fixed costs, lowering per-customer share of such costs, supports approval of this Advice Letter. Economies of scale are also driven by the relationship between the fixed and variable costs of operation. Utilities are capital intensive. Fixed costs are high relative to variable costs. For example, testing equipment for a system of 200 customers may cost the same as that for a system of 20,000. With greater environmental and regulatory requirements, fixed costs will likely only increase, presenting a

problem for smaller water companies, such as Corral de Tierra. With its much smaller customer base, Corral de Tierra will have trouble spreading those increased fixed costs. Because of California American Water's large size, it has a much better ability to spread costs and improve efficiencies.

California American Water anticipates savings. Such savings may come either from lower costs or from the fact that volunteer labor that was used to run Corral de Tierra may no longer be available in the future were the system to remain independent. Cost savings may include from reducing Corral de Tierra's miscellaneous expenses related to regulatory, materials, and plant maintenance through leveraging economies of scale, existing employees, and existing statewide shared services. These specific items will not necessarily create dollar-for-dollar savings, as much of the associated work will still need to be performed; however, California American Water will be able to leverage existing economies of scale to perform the work at lower cost, creating long-term savings for Corral de Tierra customers.

Thus, economies of scale based on the ability to spread fixed costs, improved efficiencies through specialization, as well as things such as market presence (which includes access to capital and volume discounts for materials), as well as synergies all support approving this advice letter.

B. State Water Resources Control Board Policy Supports Advice Letter Approval

According to the Public Policy Institute of California, "...the state is actively encouraging one solution: the consolidation of smaller systems into larger ones." In Resolution No. 2008-0048, the SWRCB noted that small water systems: (1) often cannot provide the economies of scale necessary to build and maintain adequate water and wastewater systems; (2) lack resources and in-house expertise, including those necessary to best manage long-term operations; and (3) need financial and technical assistance to ensure compliance. Senate Bill 88 (2015) added sections 116680-116684 to the California Health and Safety Code, giving the SWRCB the ability to mandate consolidation when appropriate – underscoring the Legislature's recognition of the need for consolidation. In implementing that new authority, the SWRCB has publicly stated that it "has encouraged – and will continue to encourage –voluntary consolidations of public water systems...." According to the SWRCB, "Small public water systems are often less resilient to natural disasters, such as drought and fire, have more difficulty adjusting to regulatory changes, and may struggle to fund infrastructure maintenance and replacement due to poor economies of scale and lack of staff." This is why the SWRCB "supports water partnerships whenever feasible."

As noted above, California American Water's acquisition of Corral de Tierra will help to provide greater economies of scale and bring greater resources and expertise (financial, technical, personnel) to the management and operation of Corral de Tierra. This is consistent with the SWRCB's recognition of the benefits of this type of transaction. Importantly, here Corral de Tierra is currently subject to an outstanding compliance order because of arsenic levels in its water. When California American Water acquires the system, California American Water will connect Corral de Tierra's current customers to California American Water's system.

C. The Commission's Water Action Plan Supports Advice Letter Approval

The Commission's Water Action Plan recognizes that to maintain the highest standards of water quality, the Commission should provide incentives for the acquisition or operation of smaller water and sewer utilities. In adopting the plan, the Commission noted:

Smaller water companies often do not have the resources or expertise to operate in full compliance with increasingly stringent and complex water quality regulations. Many water companies are too small to be viable in the long-term, raising questions as to whether they will be able to continue to provide clean and reliable water in the future. DPH requests Class A utilities (over 10,000 connections) to report on an annual basis which smaller utilities they might consider purchasing.

The Water Action Plan's objectives include: (1) maintaining the highest standards of water quality; (2) strengthening water conservation programs to a level comparable to those of energy utilities; (3) promoting water infrastructure investment; (4) assisting low-income ratepayers; (5) streamlining Commission regulatory decision making; and (6) setting rates that balance investment, conservation, and affordability. This advice letter seeks approval of a transaction that will further these Commission objectives.

1. Maintaining the Highest Standards of Water Quality

California American Water's acquisition of Corral de Tierra's assets will ensure that the first objective of the Water Action Plan (maintaining the highest standards of water quality) is met. This Advice Letter seeks approval of a transaction that furthers these Commission objectives. The purchase of a smaller system by a larger system makes economic sense. California American Water will bring economies of scale, greater internal expertise, access to resources, and greater knowledge and experience. California American Water will also bring a source of supply to replace Corral de Tierra's current supply, which has elevated arsenic levels. Thus, the acquisition will help maintain the highest standards of water quality.

2. Strengthening Water Conservation Programs

The proposed transaction will also promote the Water Action Plan objective of strengthening conservation. California American Water has an established, successful, more robust conservation program. Corral de Tierra customers currently do not have meters. California American Water will install meters and ultimately provide former Corral de Tierra customers with access to California American Water's wide-ranging conservation programs.

3. Promoting Water Infrastructure Investment

California American Water has greater access to resources, including financing and personnel trained in planning for infrastructure development, therefore helping to advance the Water Action Plan's goal of promoting water infrastructure investment.

4. Assisting Low-Income Ratepayers

Corral de Tierra currently lacks a low-income program. California American Water has a well-functioning low-income program and has implemented that program in acquired systems. Moreover, California American Water's program benefits from the company's ability (through coordination with energy companies) to identify customers that qualify. This ability is important because some qualified customers may be unaware of the programs or unsure how to subscribe to them. Because of California American Water's size and scope of operations, the data processing costs are kept low on a per-customer basis. The acquisition, therefore, advances the Water Action Plan's objective of assisting low-income ratepayers.

5. Setting Rates That Balance Investment, Conservation, and Affordability

Due to California American Water's size, financial strength, and the breadth of expertise of its employees, the acquisition supports the Commission Water Action Plan's objectives of strengthening water conservation programs and setting rates that balance investment, conservation, and affordability. In addition, California American Water can spread costs to operate, maintain, and invest over a much larger customer base.

For all these reasons, the acquisition will further the Commission's goals under the Water Action Plan and should be approved by the Commission.

D. Customer Benefits

As discussed above, the acquisition of Corral de Tierra's assets, for \$0.00, will increase the likelihood of the Corral de Tierra community's long-term access to safe and reliable water services at affordable prices. California American Water's size, and position in the industry and association with American Water, will allow California American Water to meet water quality, reliability, and customer service standards efficiently. California American Water's larger and more specialized workforce and nearby locations allow for expanded customer service options and for assistance in emergency situations. In addition, after the acquisition, customers now served by Corral de Tierra will have access to web self-service for many services, paperless billing and call centers that have the capacity to obtain translation services in several languages.

California American Water also has a robust safety program that focuses on leading indicators. The Company's near miss program is one example of this. Employees are encouraged to report incidents that could have created an injury or accident but did not in that instance. Near miss incidents are reported through a phone call, computer, or handheld device. Corrective actions are then taken if appropriate. Another program is the Company's Safety Lead Program, where field employees are empowered to perform job site safety checks and teach safety courses for co-workers. Learning from their peers is an excellent way to make certain that California American Water communicates safety information to employees and contractors. Finally, each worker carries a "Stop Work Authority" reminder on the back of his/her work identification card. This is a reminder that if an employee feels that a job is unsafe, the employee is empowered to stop the job immediately until the unsafe situation is remedied. All

these programs will enhance the safety of the water service provided to customers now served by Corral de Tierra.

The acquisition also benefits current California American Water customers. In the long run, a larger total customer base will spread costs and risks, benefiting all current and future California American Water customers.

E. The Transaction Furthers the Commission's Environmental and Social Justice Goals

The Commission's Environmental and Social Justice Action Plan ("ESJ Plan") identifies existing inequities and proposes actions for how the Commission can use its regulatory authority to address health and safety, consumer protection, program benefits, and enforcement to encompass all the industries it regulates, including energy, water, and communications programs. Goal 3 of the Commission's ESJ Plan is to improve access to high-quality water, communications, and transportation services for ESJ Communities. For water utilities, objectives for this goal include (1) consolidating small water systems, and (2) expanding low-income programs.

The ESJ Plan recognizes consolidation of smaller systems is an important tool to ensure customers receive safe and reliable water. The Commission recognizes smaller water systems often lack the ability to fully comply with increasingly stringent water quality regulations and to be viable in the long-term. As noted above, California American Water will bring economies of scale, internal expertise, access to resources, as well as greater knowledge and experience. California American Water's much larger size will also enable it to spread costs over a much broader customer base, reducing the chance of rate shock for customers and ensuring that necessary rate increases are more moderate.

As previously discussed, California American Water has a low-income assistance program that has assisted many customers. The Commission's approval of California American Water's acquisition of Corral de Tierra's assets could allow for expansion of that program to customers of Corral de Tierra, which does not currently offer a low-income assistance program.

California American Water reports annually to the Commission on its supplier diversity. The Company also conducts diversity fairs to provide opportunities for diverse vendors. California American Water has a Diversity Champion Network and conducts numerous employee trainings. As is noted above, California American Water also provides translation services for customers who would prefer to communicate with the Company in a language other than English.

VI. RATES AND REGULATORY TREATMENT:

A. Request for Authorized Rate Base Equal to Fair Market Value

Applicants request the Commission authorize rate base equal to the total final purchase price (i.e., \$0.00). California American Water requests to record the acquisition on a net basis consistent with generally accepted accounting principles. At close of the acquisition, with California American Water's taking ownership of all of Corral de Tierra's assets included in the transaction, the new rate base for the system would total \$0.00.

This purchase price resulted from negotiations between a willing and informed buyer and a willing and informed seller with neither side compelled to enter the transaction hastily or out of necessity. The purchase price conforms to the definition of “fair market value” set forth in Code of Civil Procedure Section 1263.320(a). Inclusion of the entire purchase price in rate base is supported by Commission Decision D.99-10-064 and the Public Water System Investment and Consolidation Act of 1997 (“Consolidation Act”), codified at Public Utilities Code Sections 2718-2720. The Legislature enacted the Consolidation Act to facilitate the acquisitions by Class A water utilities and to:

...aid water systems in making infrastructure improvements, to meet increasingly stringent state and federal drinking water laws, to recognize that economies of scale are achievable in the operation of public water systems, and to provide water corporations with incentives to achieve economies that benefit ratepayers.

Public Utilities Code Section 2720(a) provides that the Commission “shall use the standard of fair market value when establishing the rate base for the distribution system of a public water system acquired by a water [utility]. This standard shall be used for ratesetting.” Public Utilities Code Section 2720(a)(2) defines “fair market value” as having the meaning set forth in Code of Civil Procedure Section 1263.320, which states that fair market value is “the highest price ... that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for doing, nor obligated to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for doing so.” The Act, therefore, requires that any water corporation acquiring a public water system use the fair market value as the rate base value of the acquired distribution system.

California American Water requests the Commission authorize inclusion of the full purchase price reached through the Asset Purchase Agreement into California American Water’s rate base. As described above, this purchase price is the result of arms’ length negotiations between a willing and knowledgeable buyer and seller. The total purchase price therefore represents the fair market value for the assets purchased, pursuant to Public Utilities Code Section 2720 and Code of Civil Procedure Section 1263.320(a).

D.99-10-064 specifically recognizes that Public Utilities Code Sections 2718-2720 require that any water corporation acquiring a public water system use the fair market value as the rate base value of the acquired distribution system. It should also be noted that, as the appraisal makes clear, the value of the rate base being requested is well below the replacement or reproduction cost new less depreciation value for the system. In addition to being required by statute, the ratemaking requested is in the public interest. The purchase of Corral de Tierra’s assets by California American Water supports and furthers the long-term provision of safe, reliable, and affordable water and services to current Corral de Tierra customers.

B. The Appraisal Complies with Commission Guidelines and Supports the Acquisition

The “Corral de Tierra Valuation,” dated September 1, 2023 (“Appraisal”), is MDR Response 13 Attachment. The Appraisal complies with Commission guidelines and is appropriate for this type of transaction. The \$96,446 appraised value (which does not include

associated easements) for the system well exceeds the \$0.00 purchase price. Thus, the Appraisal supports approval of the acquisition.

Under the Commission guidelines for water system acquisitions established in D.99-10-064, Appendix D, Section 2.05, applications to acquire water systems should include an appraisal and that appraisal “should include all assets, including the value of the land and the cost of replacing the existing improvements, less accumulated depreciation.” The Appraisal provided with this Advice Letter includes all assets (except the value of easements) and the cost of replacing those assets less accumulated depreciation. It, therefore, meets these requirements.

D.99-10-064, Appendix D, Section 2.05 further states: “The complexity and detail required [for the appraisal] will necessarily vary based on the size and price of the acquired water system.” Corral de Tierra is a small water system acquisition. The total purchase price is \$0.00 dollars. The number of connections is just 15. The Appraisal, therefore, is simpler and not as complex as larger, more sophisticated acquisitions might require.⁷

Finally, pursuant to Cal. Pub. Util. Code section 2720(b), “[i]f the fair market value exceeds the reproduction cost, as determined in accordance with Section 820 of the Evidence Code, the commission may include the difference in rate base for rate setting purposes if” certain conditions are met. Here, there is no need to conduct the section 2720(b) analysis. The appraised value well exceeds the purchase price.

C. Rate Impact

Eventual impacts to Corral de Tierra customers transitioning to California American Water rates will vary, depending on a given customer’s usage. This acquisition is not expected to impact current California American Water Customers’ rates. Corral de Tierra residential bill per month is based on monthly average usage as follows:

COMPARISON OF TOTAL RESIDENTIAL BILL PER CUSTOMER PER MONTH					
BASED ON CURRENT AUTHORIZED RATES					
District	Avg Res Usage (CGL) ⁽¹⁾	Pre-Acquisition Total Bill ⁽²⁾	Post-Acquisition Forecasted Total Bill	\$ Increase	% Increase
Corral de Tierra	136.65	\$125.00	\$194.27	\$69.27	55.42%

1. California American Water’s Central satellite customer’s monthly average usage is 92.01 CGL
2. Total Bill based on California American Water’s Central Satellite Rates from AL 1420
3. Bill impacts are presented as monthly comparison; however, flat rate residential customers are billed on a semi-annual basis. Applicable surcharges are estimated based on location.

VII. MEMORANDUM ACCOUNTS

California American Water seeks authorization to track certain costs in the memorandum accounts discussed below. Costs included therein may be considered for recovery in subsequent GRCs. Establishing memorandum accounts does not guarantee recovery of costs. It is simply a first step in the recovery process. To establish a memorandum account, the following may be considered with respect to the expense to be tracked: (1) were they caused by an event of an exceptional nature not under the control of the utility; (2) could they have been reasonably foreseen; (3) are they of a substantial nature in monetary terms; and (4) do ratepayers benefit from the memorandum account treatment.

A. Corral de Tierra Transaction Cost Memorandum Account

With any acquisition, certain transaction costs are inevitable. Here, they may include the cost for outsourced services, such as legal, engineering, surveying, the appraisal, noticing, and other professional activities necessary to complete the proposed transaction. California American Water requests establishment of a memorandum account to track these transaction costs.

This memorandum account meets the requirements established pursuant to Commission Standard Practice U-27-W. With respect to transaction costs, each of these requirements is met. First, the expense is caused by an event of an exceptional nature that is not under the utility's control. This memorandum account is necessary given the acquisition of a water system is an event of exceptional nature. Transaction costs are inherent in the acquisition of smaller water systems and the acquiring company should receive due consideration of recovery of these costs. The Commission will decide on the schedule for this proceeding and the date of the ultimate decision and recovery of costs. Thus, such a decision and its timing are outside of California American Water's control.

Second, the expenses in question here could not have been reasonably foreseen in California American Water's last GRC and will occur before the utility's next scheduled case. The Corral de Tierra acquisition could not have been included in California American Water's last GRC given that the agreement between Corral de Tierra and California American Water was not executed until February 2023 – well after the 2022 GRC was filed. Therefore, these transaction costs have been and will be incurred between rate cases.

Third, the expense is of a substantial nature as to the amount of money involved. As noted above, transaction costs include outsourced services, such as legal, engineering, surveying, the appraisal, noticing costs, and other professional activities necessary to complete the proposed transaction. These costs are substantial in nature.

Fourth, the ratepayers will benefit by the memorandum account treatment. As discussed in this Advice Letter, the purchase of Corral de Tierra by California American Water promotes the public interest and is in line with Commission and SWRCB directives and findings, which recognize that the purchase of smaller utilities is important and provides benefits, including to ratepayers. Ensuring the appropriate recovery of costs associated with such transactions helps make such acquisitions possible. Further, a memorandum account provides for tracking of costs for future Commission prudence and reasonableness review prior to cost recovery. Thus, customers will benefit from the acquisition and will benefit by this account.

California American Water should be permitted to establish a memorandum account to track transaction costs for future recovery. California American Water further proposes that it be allowed to defer any unrecovered transaction cost as a recoverable regulatory asset. In its

subsequent GRC, California American Water will support the prudence of the transaction costs, seek recovery of the costs, and request that the Commission authorize such recovery.

B. Memorandum Account for Environmental Improvements and Compliance Issues

California American Water also requests Commission approval to expand the currently authorized memorandum account entitled “Memorandum Account for Environmental Improvements and Compliance Issues for Acquisitions.” That approval would allow California American Water to record in that account the same type of costs in connection with the Corral de Tierra acquisition as California American Water was allowed to record in that account for the acquisitions of the Dunnigan, Geyserville, Meadowbrook, Fruitridge Vista, East Pasadena, and Rio Plaza water systems.⁸ The costs to address environmental compliance and required improvements have yet to be determined and/or incurred. Such costs are not under the utility’s control, nor can they be reasonably foreseen. Compliance with such requirements, however, ensures safety, benefitting ratepayers. The proposed memorandum account treatment helps make certain that the requisite capital expenditures will be subject to regulatory oversight and that funds will be used judiciously.

VIII. CALIFORNIA ENVIRONMENTAL QUALITY ACT

California Environmental Quality Act (“CEQA”) review is not required as this advice letter filing involves only the transfer of the existing water facilities and no new construction or changes in the source of water supply are being proposed with the proposed asset sale. Accordingly, approval of this advice letter is not a CEQA project as it is not possible that the transaction will have any significant effect on the environment.

IX. NOTICE

The final draft of the proposed notice is included as MDR Response 20 Attachment. It was provided to the Commission’s Public Advisor’s Office (“PAO”). The PAO returned the edited, approved final draft. The notice will be served on Corral de Tierra Customers as those are the only customers expected to be impacted. The protest period for this advice letter will be the standard 20 days.

Tier Designation:

Pursuant to General Order No. 96-B, this advice letter is designated as a Tier 3 filing.

Effective Date:

California American Water requests California American Water’s Monterey District tariffs become effective five days after California American Water files a Tier 1 Advice Letter that provides details of the finalized purchase.

Notice and Service List:

In accordance with General Order 96-B, General Rule 4.3 and 7.2 and Water Industry Rule 4.1, a copy of this advice letter will be transmitted electronically to competing and adjacent utilities and other utilities or interested parties having requested such notification. ***Please note that this advice letter will only be distributed electronically.***

PROTEST OR RESPONSES:

Anyone may respond to or protest this advice letter. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter.

A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds may include the following:

- (1) The utility did not properly serve or give notice of the advice letter;*
- (2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;*
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;*
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or*
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or*
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require relitigating a prior order of the Commission.)*

A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

A response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a response or protest is:

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
water_division@cpuc.ca.gov

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to us, addressed to:

Recipients:	E-Mail:	Mailing Address:
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CA Rates	ca.rates@amwater.com	520 Capitol Mall, Suite 630 Sacramento, CA 95814
Sarah E. Leeper <i>Vice President - Legal, Regulatory</i>	sarah.leeper@amwater.com	555 Montgomery Street Suite 816 San Francisco, CA 94102 Fax: (415) 863-0615
Nicholas Subias Director, Legal – Regulatory	nicholas.subias@amwater.com	555 Montgomery Street Suite 816 San Francisco, CA 94102 Fax: (415) 293-3024
Jonathan Morse <i>Sr. Manager – Rates & Regulatory</i>	jonathan.morse@amwater.com	520 Capitol Mall, Suite 630 Sacramento, CA 95814

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division, within the protest period (here, 65-days), so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

The actions requested in this advice letter are not now the subject of any formal filings with the California Public Utilities Commission, including a formal complaint, nor action in any court of law.

This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

If you have not received a reply to your protest within 10 business days, please contact Chase Grady at (916) 568-4241.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Chase Grady

Chase Grady
Associate Rates & Regulatory Analyst

CENTRAL DIVISION SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY

BY MAIL:

Alco Water Service
249 Williams Road
Salinas, CA 93901

Yazdan Emrani, P.E.
Deputy Pub Works Director – Operations
Monterey County DPW
168 W. Alisal Street, 2nd floor
Salinas, CA 93901-2680

Ann Camel
City Clerk
City of Salinas
200 Lincoln Avenue
Salinas, CA 93901

Karen Crouch
City Clerk,
Carmel-By-The-Sea
PO Box CC
Carmel-by-the-Sea, CA 93921

Marc J. Del Piero
4062 El Bosque Drive
Pebble Beach, CA 93953-3011

Los Angeles Docket Office
California Public Utilities Commission
320 West 4th Street, Suite 500
Los Angeles, CA 90013

Monterey Regional Water Pollution
Control Agency (MRWPCA)
5 Harris Court Road. Bldg D.
Monterey, CA 93940

City of Pacific Grove
c/o Community Development Department
Attention: Sarah Hardgrave
300 Forest Ave., 2nd floor
Pacific Grove, CA 93950

City of Sand City
City Hall
California & Sylvan Avenues
Sand City, CA 93955
Attn: City Clerk

Darryl D. Kenyon
Monterey Commercial Property Owners
Association
P.O. Box 1953
Monterey, CA 93942

Vibeke Norgaard
City Attorney of Sand City
P.O. Box 183
Carmel, CA 93921

Monterey Peninsula Water Management
District
Chief Financial Officer
P.O. Box 85
Monterey, CA 93942

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City Attorney/City Hall
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Pacific Grove, CA 93950

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Joe Lucido
25417 Boots Road
Monterey, CA 93940

CENTRAL DIVISION SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY

BY E-MAIL:

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Executive Director
California Water Association
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jhawks_cwa@comcast.net

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California Public Utilities Commission
DRA - Water Branch, Rm 4209
505 Van Ness Ave
San Francisco, CA 94102
rra@cpuc.ca.gov

City of Del Rey Oaks, City Hall
650 Canyon Del Rey Road
Del Rey Oaks, CA 93940
Attn: City Clerk
citymanager@delreyoaks.org
kminami@delreyoaks.org

City of Seaside, City Hall
Attn: City Clerk
Seaside, CA 93955
dhodgson@ci.seaside.ca.us

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Brent Reitz
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Executive Assistant
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Monterey Peninsula Water Mgmt Dist.
Chief Financial Officer
P.O. Box 85
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George Riley
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1198 Castro Road
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3101 Forest Lake Road
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mniccum@pbcasd.org

Carmel Area Wastewater District
3945 Rio Road
Carmel, CA 93923
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cityatty@ix.netcom.com

Division of Ratepayer Advocates
California Public Utilities Commission
dra_water_al@cpuc.ca.gov

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2700 17 Mile Drive
Pebble Beach, CA 93953
heuckd@pebblebeach.com

Jim Heisinger
P.O. Box 5427
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hbm@carmellaw.com

City of Monterey, City Hall
Attn: City Clerk
Monterey, CA 93940
cityclerk@monterey.org
cao@monterey.org
cmo@monterey.org
Clerk of the Board
County of Monterey
P.O. Box 1728
Salinas, CA 93902
cob@co.monterey.ca.us

City of Salinas
Vanessa W. Vallarta – City Attorney
200 Lincoln Avenue
Salinas, CA 93901
vanessav@ci.salinas.ca.us
chrisc@ci.salinas.ca.us

CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1422
SUPPORTING DOCUMENTATION FOR STAFF

Corral de Tierra Acquisition
TABLE OF CONTENTS

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MDRs--REDACTED	2-1

**California American Water Company
Corral de Tierra Water Company Acquisition**

**Revenue Requirement Assuming Consolidation
(\$ in Thousands)**

	Corral De Tierra Forecast	Corral De Tierra Standalone Post- Acquisition Without Increase/Decrease in Rates**	Corral De Tierra Standalone Post- Acquisition Earning Authorized ROR	CAW Forecasted (per GRC A. 22- 07-001)***	Combined
	Year 2024* (1)	Year 2024* (2)	Year 2024* (3)	Year 2024* (4)	Year 2024* (5) = (3) + (4)
Operating Revenues					
Total Revenue	22.5	22.5	33.4	344,155	344,189
Operation & Maintenance Exp					
Total O&M expenses	26.4	13.4	13.4	200,007	200,020
Depreciation	-	4.4	4.4	44,094	44,098
General Taxes	-	1.2	1.2	13,384	13,385
Total Operating Expenses	26.4	19.0	19.0	257,484	257,503
Income Before Income Taxes	(3.8)	3.6	14.5	86,671	86,685
Total Income Taxes	-	1.0	4.0	17,211	17,215
TOTAL EXPENSES	26.4	20.0	23.0	274,695	274,718
Utility Operating Income	(3.8)	2.6	10.4	69,460	69,470
Average Rate Base	-	143.4	143.4	912,744	912,887
Return on Rate Base	N/A	1.79%	7.26%	7.61%	7.61%
% Revenue Increase Attributed to Corral De Tierra Customers:					0.01%
% Revenue Increase Attributed to CAW customers:					0.00%
Total % Revenue Increase:					0.01%

*Assumes acquisition closes in 2024 per CPUC approved processing schedule approved in D.99-10-064 and estimated 30 to 90 days post-Decision to close

**Modeling assumes synergies incorporated in Y1

*** Based on A.22-07-001 which does not reflect the Cost of Capital Adjustment Mechanism in decision D.23-06-025 & AL 1415

**California American Water Company
Corral de Tierra Water Company Acquisition**

COMPARISON OF TOTAL RESIDENTIAL BILL PER CUSTOMER PER MONTH BASED ON CURRENT AUTHORIZED RATES					
District	Avg Res Usage (CGL) ⁽¹⁾	Pre-Acquisition Total Bill	Post-Acquisition Forecasted Total Bill ⁽²⁾	\$ Increase	% Increase
Corral de Tierra	136.65	\$125.00	\$194.27	\$69.27	55.42%

(1) Average customer usage is estimated from Corral De Tierra 's well readings.

(2) Total bill based on California American Water's Central Satellite Rates from AL 1420

(3) Bill impacts are presented as monthly comparison, however flat rate residential customers are billed on a semi-annual basis

* Surcharges are estimated as License Tax, and Franchise Fee, varies base on location.

California American Water Company
Corral de Tierra Water Company Acquisition

Results of Operations Year 1 and Year 5 Projections (\$1,000)

	California American Water*		Corral De Tierra		Combined Water Companies	
	Y1 *	Y5	Y1 **	Y5	Y1 **	Y5
Operating Water Revenues	\$ 344,155	\$ 424,175	\$ 33	\$ 33	\$ 344,189	\$ 424,208
Operating Expenses	\$ 200,007	\$ 218,234	\$ 13	\$ 15	\$ 200,020	\$ 218,249
Depreciation	\$ 44,094	\$ 59,310	\$ 4	\$ 4	\$ 44,098	\$ 59,314
General Taxes	\$ 13,384	\$ 16,895	\$ 1	\$ 1	\$ 13,385	\$ 16,896
Total Exp. Before Inc Tax	\$ 257,484	\$ 294,439	\$ 19	\$ 20	\$ 257,503	\$ 294,459
Income Taxes (Fed & State)	\$ 17,211	\$ 25,945	\$ 4	\$ 4	\$ 17,215	\$ 25,949
Total Expenses	\$ 274,695	\$ 320,384	\$ 23	\$ 23	\$ 274,718	\$ 320,408
Net Operating Revenue	\$ 69,460	\$ 103,791	\$ 10	\$ 9	\$ 69,470	\$ 103,800

* Based on pending GRC forecasted revenue requirement; Y5 based on GRC forecast plus escalation assumptions

** Moving Corral De Tierra customers to California American Water's Central Satellite rates

MDR RESPONSE ATTACHMENT 2

CALIFORNIA-AMERICAN WATER COMPANY

655 W. Broadway, Suite 1410
San Diego, CA 92101

Cancelling Revised
Revised

Cal. P.U.C. Sheet No. XXXXX-W
Cal. P.U.C. Sheet No. 10757-W

Schedule No. CEN-SAT
Central Satellite Tariff Area
GENERAL METERED SERVICE

Sheet 1

APPLICABILITY

Applicable to all water furnished on a metered basis.

CENTRAL DIVISION TARIFF AREA RATES:

Central Satellite Service Area - Amber Park, Toro, Ralph Lane, Garrapata

TERRITORY

Toro sub-unit, Monterey County, Ambler Park Subdivision, Oaks subdivision, Rim Rock subdivision, Rancho El Toro Country Club (located nine miles southwest of Salinas), Chualar sub-units, Ralph Lane, and vicinity. The unincorporated communities, subdivisions, and adjacent areas generally known as Garrapata and vicinity.

RATES:

Quantity Rates:

Residential Customers:

	<u>Base Rate</u>	
	<u>Per 100 gal (CGL)</u>	
For the first 59.8 CGL.....	\$0.7962	(R)
For the next 74.8 CGL.....	\$1.3268	
For the next 650.8 CGL.....	\$1.5922	
For all water over 785.4 CGL.....	\$2.3221	

All Other Customers:

For all water delivered, per CGL.....	\$1.4464	(R)
---------------------------------------	----------	-----

Service Charge: General Metered

	<u>Per Meter</u>	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter.....	\$15.65	(R)
For 3/4-inch meter.....	\$23.47	
For 1-inch meter.....	\$39.12	
For 1-1/2-inch meter.....	\$78.24	
For 2-inch meter.....	\$125.18	
For 3-inch meter.....	\$234.70	
For 4-inch meter.....	\$391.18	
For 6-inch meter.....	\$782.36	
For 8-inch meter.....	\$1,251.77	(R)

The Meter Charge is a readiness-to-serve charge applicable to all metered service and to which is added to the charge for water furnished, which is based on Quantity Rates.

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1420	S. W. OWENS	Date Filed <u>July 31, 2023</u>
Decision	SR. DIRECTOR - Rates & Regulatory	Effective _____
		Resolution _____

MDR RESPONSE ATTACHMENT 9



Invoice

15845 South 46th Street,
 Suite 144
 Phoenix, AZ 85048

Date	Invoice #
9/1/2023	2607

Bill To
California American Water P.O. Box 5623 Cherry Hill, NJ 08034

CC

Project #	Project Name	Contract Amount
	Corral de Tierra	

Item	Task/Allowance	Task Amo...	Prior Amt	Prior %	Curr %	Total %	Amount
Project Total	System Review and Evaluation	5,000.00			100.00%	100.00%	5,000.00

Thank you.	Total	\$5,000.00
	Payments/Credits	\$0.00
	Balance Due	\$5,000.00

Phone #
(480) 283-8991

INVOICE***Invoice Information***

Firm/Vendor: Zuber Lawler LLP
 Office: Los Angeles
 Invoice Number: 40000
 Date of Invoice: 07/19/2022
 Billing Period: 06/28/2022 - 06/30/2022
 Date Posted: 07/19/2022
 Invoice Description/Comment:

Amount Approved

Approved Total **\$1,435.50**
Invoice Currency: **USD**
 Date Approved: 07/19/2022
 Final Approver: Anthony Cerasuolo
 Approved Fees \$1,435.50
 Approved Expenses \$0.00
 Approved Total (excl. Tax) \$1,435.50
 Comments to AP:

Accounting Code Allocations

<u>Company Code</u>	<u>Cost Center</u>	<u>General Ledger</u>	<u>WBS</u>	<u>Internal Order</u>	<u>Profit Center</u>	<u>AWE Account String</u>	<u>Amount</u>	<u>Percentage</u>	<u>Comment</u>
1015		53155000	E15-1600-150120				\$1,435.50	100%	BD matter

Vendor Address & Tax Information in Legal Tracker

Zuber Lawler LLP
 350 S Grand Avenue
 32nd Floor
 Los Angeles, California 90071

Tel: 213-596-5620
 Fax: 213-596-5621

Remittance Address

Same as mail address
 Vendor Tax ID: 200175027
 VAT ID: --
 GST ID: --
 HST ID: --

PST ID: --
Sales Tax ID: --
QST ID: --
Withholding Tax ID: --

Other Invoice and Firm Information

Regulatory Statements: -

Amount Billed

Billed Total **\$1,435.50**
Invoice Currency: USD
Billed Fees \$1,435.50
Billed Expenses \$0.00
Billed Total (excl. Tax) \$1,435.50

Approval History

<u>User</u>	<u>Action</u>	<u>Date</u>	<u>Amount</u>	<u>Comment</u>
Valerie Silva	Posted	07/19/2022	\$1,435.50	
Anthony Cerasuolo	Approved	07/19/2022	\$1,435.50	
Serengeti Administrator	AP Batch Run	07/20/2022	\$1,435.50	Batch ID: 009000135 (Sent to AP: 07/20/2022 3:03:13 AM)

Additional Financial Information

SAP Vendor ID: 119858
Name of Invoice File in .Zip: ZLD LLP - 40000.html
Comments to Firm:
AP Route: CA, HI - SAP

Matter Information

Matter Name (Short): Corral de Tierra Water Co.
Matter ID: 202200234
Lead Company Person: Yamakawa, Aiko
Organizational unit: California-American Water Company
Practice group: Business Development

Invoice Line Items:

<u>Date</u>	<u>Description Narrative</u>	<u>Timekeeper</u>	<u>Units</u>	<u>Rate</u>	<u>Adjust</u>	<u>Taxes</u>	<u>TaxType%</u>	<u>Amount</u>
06/28/2022 -	REDACTED	Robertson, James	3.1	\$435.00				\$1,348.50
06/29/2022 -		Robertson, James	0.2	\$435.00				\$87.00

INVOICE

Invoice Information

Firm/Vendor: Zuber Lawler LLP
 Office: Los Angeles
 Invoice Number: 40558
 Date of Invoice: 09/09/2022
 Billing Period: 08/04/2022 - 08/31/2022
 Date Posted: 09/09/2022
 Invoice Description/Comment:

Amount Approved

Approved Total **\$87.00**
 Invoice Currency: **USD**
 Date Approved: 09/09/2022
 Final Approver: Anthony Cerasuolo
 Approved Fees \$87.00
 Approved Expenses \$0.00
 Approved Total (excl. Tax) \$87.00
 Comments to AP:

Accounting Code Allocations

<u>Company Code</u>	<u>Cost Center</u>	<u>General Ledger</u>	<u>WBS</u>	<u>Internal Order</u>	<u>Profit Center</u>	<u>AWE Account String</u>	<u>Amount</u>	<u>Percentage</u>	<u>Comment</u>
1015	53155000	E15-1600-150120					\$87.00	100%	BD matter

Vendor Address & Tax Information in Legal Tracker

Zuber Lawler LLP
 350 S Grand Avenue
 32nd Floor
 Los Angeles, California 90071

Tel: 213-596-5620
 Fax: 213-596-5621

Remittance Address
 Same as mail address
 Vendor Tax ID: 200175027
 VAT ID: --
 GST ID: --
 HST ID: --

PST ID: --
Sales Tax ID: --
QST ID: --
Withholding Tax ID: --

Other Invoice and Firm Information

Regulatory Statements: -

Amount Billed

Billed Total **\$87.00**
Invoice Currency: USD
Billed Fees \$87.00
Billed Expenses \$0.00
Billed Total (excl. Tax) \$87.00

Approval History

<u>User</u>	<u>Action</u>	<u>Date</u>	<u>Amount</u>	<u>Comment</u>
Brenda Harding	Posted	09/09/2022	\$87.00	
Anthony Cerasuolo	Approved	09/09/2022	\$87.00	
Serengeti Administrator	AP Batch Run	09/14/2022	\$87.00	Batch ID: 009000143 (Sent to AP: 09/14/2022 3:03:23 AM)

Additional Financial Information

SAP Vendor ID: 119858
Name of Invoice File in .Zip: ZLD LLP - 40558.html
Comments to Firm:
AP Route: CA, HI - SAP

Matter Information

Matter Name (Short): Corral de Tierra Water Co.
Matter ID: 202200234
Lead Company Person: Yamakawa, Aiko
Organizational unit: California-American Water Company
Practice group: Business Development

Law Firm Matter No.: 1949-1028
Country (in Matter): United States

Invoice Line Items:

<u>Date</u>	<u>Description Narrative</u>	<u>Timekeeper</u>	<u>Units</u>	<u>Rate</u>	<u>Adjust Taxes</u>	<u>TaxType%</u>	<u>Amount</u>
08/04/2022 -	REDACTED	Robertson, James	02	\$435.00			\$87.00

INVOICE***Invoice Information***

Firm/Vendor: Zuber Lawler LLP
 Office: Los Angeles
 Invoice Number: 41610
 Date of Invoice: 12/05/2022
 Billing Period: 11/03/2022 - 11/30/2022
 Date Posted: 12/05/2022
 Invoice Description/Comment:

Amount Approved

Approved Total **\$2,392.50**
Invoice Currency: **USD**
 Date Approved: 12/09/2022
 Final Approver: Aiko Yamakawa
 Approved Fees \$2,392.50
 Approved Expenses \$0.00
 Approved Total (excl. Tax) \$2,392.50
 Comments to AP:

Accounting Code Allocations

<u>Company Code</u>	<u>Cost Center</u>	<u>General Ledger</u>	<u>WBS</u>	<u>Internal Order</u>	<u>Profit Center</u>	<u>AWE Account String</u>	<u>Amount</u>	<u>Percentage</u>	<u>Comment</u>
1015		53155000		E15-1600-150120			\$2,392.50	100%	BD matter

Vendor Address & Tax Information in Legal Tracker

Zuber Lawler LLP
 350 S Grand Avenue
 32nd Floor
 Los Angeles, California 90071

Tel: 213-596-5620
 Fax: 213-596-5621

Remittance Address

Same as mail address
 Vendor Tax ID: 200175027
 VAT ID: --
 GST ID: --
 HST ID: --

PST ID: --
Sales Tax ID: --
QST ID: --
Withholding Tax ID: --

Other Invoice and Firm Information

Regulatory Statements: -

Amount Billed

Billed Total **\$2,392.50**
Invoice Currency: USD
Billed Fees \$2,392.50
Billed Expenses \$0.00
Billed Total (excl. Tax) \$2,392.50

Approval History

<u>User</u>	<u>Action</u>	<u>Date</u>	<u>Amount</u>	<u>Comment</u>
Brenda Harding	Posted	12/05/2022	\$2,392.50	
Aiko Yamakawa	Approved	12/09/2022	\$2,392.50	
Serengeti Administrator	AP Batch Run	12/14/2022	\$2,392.50	Batch ID: 009000156 (Sent to AP: 12/14/2022 3:19:51 AM)

Additional Financial Information

SAP Vendor ID: 119858
Name of Invoice File in .Zip: ZLD LLP - 41610.html
Comments to Firm:
AP Route: CA, HI - SAP

Matter Information

Matter Name (Short): Corral de Tierra Water Co.
Matter ID: 202200234
Lead Company Person: Yamakawa, Aiko
Organizational unit: California-American Water Company
Practice group: Business Development

Invoice Line Items:

<u>Date</u>	<u>Description Narrative</u>	<u>Timekeeper</u>	<u>Units</u>	<u>Rate</u>	<u>Adjust Taxes</u>	<u>TaxType%</u>	<u>Amount</u>
11/03/2022 -	REDACTED	Robertson, James	3.4	\$435.00			\$1,479.00
11/04/2022 -		Robertson, James	2.1	\$435.00			\$913.50

INVOICE***Invoice Information***

Firm/Vendor: Zuber Lawler LLP
 Office: Los Angeles
 Invoice Number: 42350
 Date of Invoice: 02/06/2023
 Billing Period: 01/25/2023 - 01/31/2023
 Date Posted: 02/06/2023
 Invoice Description/Comment:

Amount Approved

Approved Total **\$826.50**
Invoice Currency: **USD**
 Date Approved: 02/19/2023
 Final Approver: Aiko Yamakawa
 Approved Fees \$826.50
 Approved Expenses \$0.00
 Approved Total (excl. Tax) \$826.50
 Comments to AP:

Accounting Code Allocations

<u>Company Code</u>	<u>Cost Center</u>	<u>General Ledger</u>	<u>WBS</u>	<u>Internal Order</u>	<u>Profit Center</u>	<u>AWE Account String</u>	<u>Amount</u>	<u>Percentage</u>	<u>Comment</u>
1015		53155000		E15-1600-150120			\$826.50	100%	BD matter

Vendor Address & Tax Information in Legal Tracker

Zuber Lawler LLP
 350 S Grand Avenue
 32nd Floor
 Los Angeles, California 90071

Tel: 213-596-5620
 Fax: 213-596-5621

Remittance Address

Same as mail address
 Vendor Tax ID: 200175027
 VAT ID: --
 GST ID: --
 HST ID: --

PST ID: --
Sales Tax ID: --
QST ID: --
Withholding Tax ID: --

Other Invoice and Firm Information

Regulatory Statements: -

Amount Billed

Billed Total **\$826.50**
Invoice Currency: USD
Billed Fees \$826.50
Billed Expenses \$0.00
Billed Total (excl. Tax) \$826.50

Approval History

<u>User</u>	<u>Action</u>	<u>Date</u>	<u>Amount</u>	<u>Comment</u>
Brenda Harding	Uploaded (on hold)	02/06/2023	\$826.50	
	Posted	02/07/2023	\$826.50	
Aiko Yamakawa	Approved	02/19/2023	\$826.50	
Serengeti Administrator	AP Batch Run	02/22/2023	\$826.50	Batch ID: 009000165 (Sent to AP: 02/22/2023 3:15:40 AM)

Additional Financial Information

SAP Vendor ID: 119858
Name of Invoice File in .Zip: ZLD LLP - 42350.html
Comments to Firm:
AP Route: CA, HI - SAP

Matter Information

Matter Name (Short): Corral de Tierra Water Co.
Matter ID: 202200234
Lead Company Person: Yamakawa, Aiko
Organizational unit: California-American Water Company

Practice group: Business Development

Law Firm Matter No.: 1949-1028

Country (in Matter): United States

Invoice Line Items:

<u>Date</u>	<u>Description Narrative</u>	<u>Timekeeper</u>	<u>Units</u>	<u>Rate</u>	<u>Adjust Taxes</u>	<u>TaxType%</u>	<u>Amount</u>
01/25/2023 -	REDACTED	Robertson, James	1.9	\$435.00			\$826.50

INVOICE***Invoice Information***

Firm/Vendor: Zuber Lawler LLP
 Office: Los Angeles
 Invoice Number: 42690
 Date of Invoice: 03/08/2023
 Billing Period: 02/01/2023 - 02/28/2023
 Date Posted: 03/08/2023
 Invoice Description/Comment:

Amount Approved

Approved Total **\$2,629.50**
Invoice Currency: **USD**
 Date Approved: 03/08/2023
 Final Approver: Aiko Yamakawa
 Approved Fees \$2,629.50
 Approved Expenses \$0.00
 Approved Total (excl. Tax) \$2,629.50
 Comments to AP:

Accounting Code Allocations

<u>Company Code</u>	<u>Cost Center</u>	<u>General Ledger</u>	<u>WBS</u>	<u>Internal Order</u>	<u>Profit Center</u>	<u>AWE Account String</u>	<u>Amount</u>	<u>Percentage</u>	<u>Comment</u>
1015		53155000		E15-1600-150120			\$2,629.50	100%	BD matter

Vendor Address & Tax Information in Legal Tracker

Zuber Lawler LLP
 350 S Grand Avenue
 32nd Floor
 Los Angeles, California 90071

Tel: 213-596-5620
 Fax: 213-596-5621

Remittance Address

Same as mail address
 Vendor Tax ID: 200175027
 VAT ID: --
 GST ID: --
 HST ID: --

PST ID: --
Sales Tax ID: --
QST ID: --
Withholding Tax ID: --

Other Invoice and Firm Information

Regulatory Statements: -

Amount Billed

Billed Total **\$2,629.50**
Invoice Currency: USD
Billed Fees \$2,629.50
Billed Expenses \$0.00
Billed Total (excl. Tax) \$2,629.50

Approval History

<u>User</u>	<u>Action</u>	<u>Date</u>	<u>Amount</u>	<u>Comment</u>
Brenda Harding	Posted	03/08/2023	\$2,629.50	
Aiko Yamakawa	Approved	03/08/2023	\$2,629.50	
Serengeti Administrator AP Batch Run 03/15/2023 \$2,629.50 Batch ID: 009000168 (Sent to AP: 03/15/2023 3:15:55 AM)				

Additional Financial Information

SAP Vendor ID: 119858
Name of Invoice File in .Zip: ZLD LLP - 42690.html
Comments to Firm:
AP Route: CA, HI - SAP

Matter Information

Matter Name (Short): Corral de Tierra Water Co.
Matter ID: 202200234
Lead Company Person: Yamakawa, Aiko
Organizational unit: California-American Water Company
Practice group: Business Development

Invoice Line Items:

<u>Date</u>	<u>Description Narrative</u>	<u>Timekeeper</u>	<u>Units</u>	<u>Rate</u>	<u>Adjust</u>	<u>Taxes</u>	<u>TaxType%</u>	<u>Amount</u>
02/01/2023 -	REDACTED	Robertson, James	2.7	\$435.00				\$1,174.50
02/02/2023 -		Robertson, James	2	\$435.00				\$870.00
02/06/2023 -		Robertson, James	0.2	\$435.00				\$87.00
02/07/2023 -		Fanckboner, Lizzie	0.3	\$355.00				\$106.50
02/13/2023 -		Robertson, James	0.7	\$435.00				\$304.50
02/16/2023 -		Robertson, James	0.2	\$435.00				\$87.00

INVOICE***Invoice Information***

Firm/Vendor: Zuber Lawler LLP
 Office: Los Angeles
 Invoice Number: 43173
 Date of Invoice: 04/17/2023
 Billing Period: 03/20/2023 - 03/31/2023
 Date Posted: 04/17/2023
 Invoice Description/Comment:

Amount Approved

Approved Total **\$174.00**
Invoice Currency: **USD**
 Date Approved: 04/17/2023
 Final Approver: Aiko Yamakawa
 Approved Fees \$174.00
 Approved Expenses \$0.00
 Approved Total (excl. Tax) \$174.00
 Comments to AP:

Accounting Code Allocations

<u>Company Code</u>	<u>Cost Center</u>	<u>General Ledger</u>	<u>WBS</u>	<u>Internal Order</u>	<u>Profit Center</u>	<u>AWE Account String</u>	<u>Amount</u>	<u>Percentage</u>	<u>Comment</u>
1015		53155000		E15-1600-150120			\$174.00	100%	BD matter

Vendor Address & Tax Information in Legal Tracker

Zuber Lawler LLP
 350 S Grand Avenue
 32nd Floor
 Los Angeles, California 90071

Tel: 213-596-5620
 Fax: 213-596-5621

Remittance Address

Same as mail address
 Vendor Tax ID: 200175027
 VAT ID: --
 GST ID: --
 HST ID: --

PST ID: --
Sales Tax ID: --
QST ID: --
Withholding Tax ID: --

Other Invoice and Firm Information

Regulatory Statements: -

Amount Billed

Billed Total **\$174.00**
Invoice Currency: USD
Billed Fees \$174.00
Billed Expenses \$0.00
Billed Total (excl. Tax) \$174.00

Approval History

<u>User</u>	<u>Action</u>	<u>Date</u>	<u>Amount</u>	<u>Comment</u>
Brenda Harding	Posted	04/17/2023	\$174.00	
Aiko Yamakawa	Approved	04/17/2023	\$174.00	
Serengeti Administrator	AP Batch Run	04/19/2023	\$174.00	Batch ID: 009000172 (Sent to AP: 04/19/2023 3:15:55 AM)

Additional Financial Information

SAP Vendor ID: 119858
Name of Invoice File in .Zip: ZLD LLP - 43173.html
Comments to Firm:
AP Route: CA, HI - SAP

Matter Information

Matter Name (Short): Corral de Tierra Water Co.
Matter ID: 202200234
Lead Company Person: Yamakawa, Aiko
Organizational unit: California-American Water Company
Practice group: Business Development

Law Firm Matter No.: 1949-1028
Country (in Matter): United States

Invoice Line Items:

<u>Date</u>	<u>Description Narrative</u>	<u>Timekeeper</u>	<u>Units</u>	<u>Rate</u>	<u>Adjust Taxes</u>	<u>TaxType%</u>	<u>Amount</u>
03/20/2023 -	REDACTED	Robertson, James	0.4	\$435.00			\$174.00

MDR RESPONSE ATTACHMENT 13

MEMORANDUM

To: Nicholas A. Subias
 California American Water
From: Teresa Valentine, PhD, PE, BCEE
 Valentine Environmental Engineers, LLC
RE: Corral de Tierra Valuation
Date: September 1, 2023



CAW requested Valentine Engineers (Valentine) prepare an assessment of existing conditions and a system valuation for the community of Corral de Tierra, who is currently supplied with water from a well located on the adjacent golf course. The community has approximately 15 lots that are served by 800 lineal feet of 8-inch water line within Mesa del Sol Road. There are three fire hydrants in the community. The system was installed sometime in the 1970s. The condition of the existing pipe and meters is unknown.

Replacement costs to replace the existing Corral de Tierra facilities were prepared and are presented in this report. The replacement cost is the cost to replace the existing assets with modern materials. The replacement cost does not include costs to improve facilities to meet current codes or design standards.

These estimated costs are consistent with an Association for the Advancement of Cost Engineering International (AACE) Class 4 estimate, which is defined as a Planning Level estimate.

Table 1 presents the opinion of replacement costs, the estimated remaining useful life, and the replacement cost less depreciation.

The approximate installation date was gathered from California American Water and Corral de Tierra. The service life of each of the key water system components was either based upon experience and judgement or the California Public Utilities Commission (CPUC) Standard Practice for Determination of Straight-Line Remaining Life Depreciation Accruals dated January 3, 1961.

An age-based and condition-based remaining useful life was calculated. The methods to develop age-based and condition-based remaining useful life is based upon a previous valuation performed by Brown and Caldwell (Warring Water Service System Value Assessment, dated August 27, 2019). The methods are summarized as follows:

- Age-based remaining useful life is calculated by **Equation 1** below:

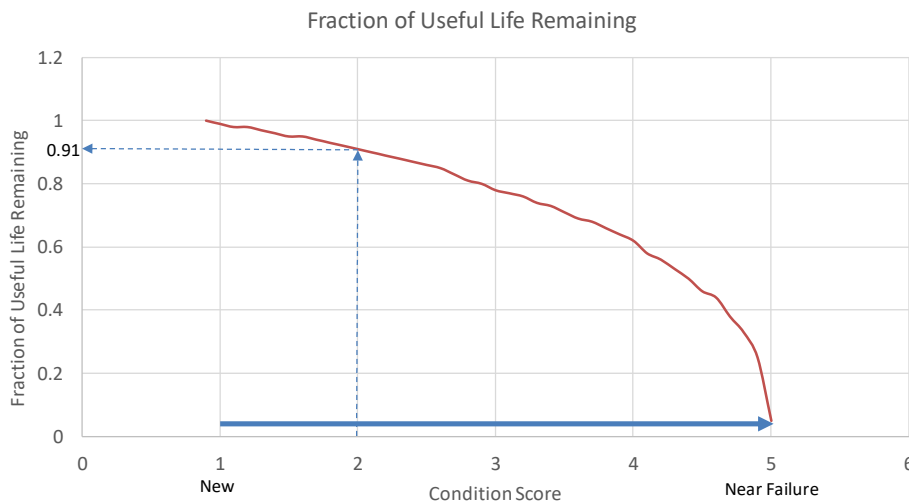
Equation 1: Aged-based remaining useful life = expected service life - age of the component

- If the age of the component is greater than the expected service life, this calculation results in a negative age-based remaining useful life. In those circumstances the remaining life of the asset is assumed to be the condition-based useful life.
- Condition-based remaining useful life is calculated based on the following methodology:
 - A condition score was assigned to each component based on observations made during the site visit and information provided by California American Water or Corral de Tierra.
 - The condition score ranged from one to five, with one indicating a new component and five indicating a component near failure.
 - The condition score for components that could not be visually observed (i.e., pipelines, distribution system valves, etc.) was assigned based on the age of the component.
 - The following table provides a guide for the condition score:

Condition Rank Description

- 1 Asset as new
- 2 Asset showing initial signs of deterioration (light housekeeping issues)
- 3 Asset condition generally satisfactory (moderate housekeeping issues)
- 4 Asset in poor condition; action required soon (disrepair)
- 5 Asset in need of urgent action (exposed, burned)

- Next, a decay curve developed by the Water Environment & Reuse Foundation (WERF) was used to determine the fraction of life remaining from the condition score. The decay curve is shown below. For example, for a condition score of two, the fraction of remaining life would be 0.91.



- The condition-based remaining useful life was calculated by **Equation 2**:

Equation 2: Condition-based remaining useful life = Fraction of life remaining x Expected service life.

For the example above, if the expected service life of the component is 15 years, then the condition-based remaining useful life = $0.91 \times 15 \text{ year} = 13.65 \text{ years}$.

- This method will always result in a positive condition-based remaining useful life.

The remaining useful life of each component is the lower value of age-based remaining useful life and condition-based remaining useful life calculated for the component, unless the age-based remaining useful life is negative, in which case the remaining useful life is the condition-based remaining useful life.

Straight-line depreciation was used to determine the replacement cost new less depreciation. Straight-line depreciation assumes a linear depreciation of value with age. For example, if the component is new, then it is worth 100 percent of its value. If the component is at 100 percent of its useful life, it has no value. This calculation did not consider obsolescence.

California-American Water Company
 Water System Installation Dates and RCNLD Calculation
 Corral De Tierra
 1-Sep-23

Table 1. Replacement Cost and Replacement Cost New Less Depreciation Corral de Tierra – Valuation																							
Replacement Costs					Note (1)	Soft Costs		Installed Date	Remaining Useful Life						RCNLD	Notes							
Description	Quantity	Unit	Unit Cost	Cost		Soft Costs (2)	Total		Service Life (3)	Age	Age-Based Remaining Service Life	Condition Rank	RUL Factor	Condition-Based Remaining Useful Life			Remaining Useful Life						
Distribution System																							
Pipeline	--	--	--	--																			
8-inch PVC Water Main, C900	800	LF	\$128	\$102,400	1p	\$70,656	\$173,056	1970	--	75	50	--	25	--	3.5	0.71	--	53	--	25	\$57,685	CPUC U-4-W lists 25-50 years for other pipes. Revised to 75 years for PVC. U-4-W dated 1961 before PVC was widely used.	
Service Connections	--	--	--	--																			
3/4 inch	15	EA	\$1,875	\$28,125	1q	\$19,406	\$47,531	1970	--	30	50	--	-20	--	4.5	0.46	--	14	--	14	\$21,864	CPUC U-4-W lists 20-40	
Meters	--	--	--	--																			
3/4 inch	15	EA	\$109	\$1,635	1r	\$1,128	\$2,763	1970	--	30	50	--	-20	--	4.5	0.46	--	14	--	14	\$1,271	CPUC U-4-W lists 25-40 years	
Modern Fire Hydrant (Clow 4.5 x 2.5)	3	EA	\$6,700	\$20,100	1s	\$13,869	\$33,969	1970	--	40	50	--	-10	--	4.5	0.46	--	18	--	18	\$15,626	CPUC U-4-W lists 25-50 year	
				\$0																			
TOTAL				\$152,260			\$257,319															\$96,446	This value is the RCNLD for assets only (including soft costs). This value does not include the value of easements and property.

- Condition Rank Description**
- 1 Asset as new
 - 2 Asset showing initial signs of deterioration (light housekeeping issues)
 - 3 Asset condition generally satisfactory (moderate housekeeping issues)
 - 4 Asset in poor condition; action required soon (disrepair)
 - 5 Asset in need of urgent action (exposed, burned)

Table 1 Notes:

1 – Unit costs per item are summarized in Attachment 1.

2 – Soft costs include the following, applied to the total cost of each component line item:

Contingency – 30%

Engineering – 10%

Construction Oversight – 10%

Permitting – 5%

Oversight – 5%

3 – Service life for key components was assigned as follows:

PVC Water Main	CPUC U-4-W lists 25-50 years for other pipes. Revised to 75 years for PVC. U-4-W dated 1961 before PVC was widely used.
Service Laterals	CPUC U-4-W lists 20-40
Water Meters	CPUC U-4-W lists 20-40

Attachment 1

Unit Cost Backup

1p. Pipeline

Source: 2023 Heavy Construction Costs with RS Means Data was used for ductile iron pipe costs (below grade), US pipe was used for ductile iron pipe costs above grade, and for PVC C900 pipe material cost a price sheet from Core and Main in San Jose was used. The cost by pipe size and material is outlined below with the supporting pages from Means, US pipe or Core and Main behind.

Pipeline Installation Costs

Below Grade Piping

AWWA C900, DR 18, Class 150, 8-inch

	Unit Cost	Source			
Pipe Materials and Installation	\$47.72	Core and Main with Means Labor and Equipment Added			
Excavation/Trenching/Backfill/Compaction	\$8.28	2023 Heavy Construction Costs with RS Means Data			
Pipe Bedding	\$5.21	2023 Heavy Construction Costs with RS Means Data	Area per ft	Sq Yard Per Foot	Cost Per Foot
Pavement Removal	\$4.89	2023 Heavy Construction Costs with RS Means Data	4 ft2	0.444444 sq yd	4.88888889
Pavement Replacement	\$35.91	2023 Heavy Construction Costs with RS Means Data	4 ft2	0.444444 sq yd	35.91111111
Traffic Control	\$1.00	Judgement			
Subtotal	\$103.01				
San Jose Cost Index	124.5	2023 Heavy Construction Costs with RS Means Data			
Total	\$128.25				

33 14 Water Utility Transmission and Distribution

33 14 13 - Public Water Utility Distribution Piping

33 14 13.20 Water Supply, Polyethylene Pipe, C901	Crew	Daily Output	Labor Hours	Unit	2023 Bare Costs			Total	Total Ind Outp
					Material	Labor	Equipment		
2260 1-1/2" diameter	Q-1A	285	.035	Eq.	3.3	2.5		5.8	7.5
2280 2" diameter		255	.039		4.6	2.8		7.4	9.3
2300 Coupling, 3/4" diameter		66	.152		1.7	11		12.7	18.2
2320 1" diameter		57	.175		2.2	12.7		14.9	21.5
2340 1-1/2" diameter		51	.196		5.5	14.2		19.7	27
2360 2" diameter		48	.208		7.0	15.1		22.1	30.5
2400 Elbow, 90°, 3/4" diameter		66	.152		2.8	11		13.8	19.4
2420 1" diameter		57	.175		3.3	12.7		16.0	22.5
2440 1-1/2" diameter		51	.196		8.7	14.2		22.9	30.5
2460 2" diameter		48	.208		11.6	15.1		26.7	35.5
2500 Tee, 3/4" diameter		42	.238		3.3	17.2		20.6	29
2520 1" diameter		39	.256		5.4	18.6		24	33.5
2540 1-1/2" diameter		33	.303		13.0	22		35.0	47
2560 2" diameter		30	.333		17.6	24		41.6	55.5

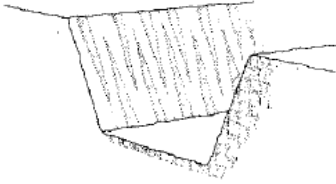
33 14 13.25 Water Supply, Polyvinyl Chloride Pipe

0010 WATER SUPPLY, POLYVINYL CHLORIDE PIPE									
0020 Not including excavation or backfill, unless specified									
2100 PVC pipe, Class 150, 1-1/2" diameter	Q-1A	750	.013	L.F.	1.4	.97		2.4	3.0
2120 2" diameter		686	.015		1.4	1.0		2.4	3.1
2140 2-1/2" diameter		500	.020		2.3	1.4		3.8	4.7
2160 3" diameter	B-20	430	.056		3.0	2.9		5.9	7.7
3010 AWWA C905, PR 100, DR 25									
3030 14" diameter	B-21	213	.131	L.F.	18.8	7.1	.91	26.8	32
3040 16" diameter		200	.140		25.5	7.6	.96	34.1	40.5
3050 18" diameter		160	.175		31	9.5	1.2	41.7	49.5
3060 20" diameter		133	.211		38.5	11.5	1.4	51.4	61.5
3070 24" diameter		107	.262		57.5	15.5	1.8	73.5	86.5
3080 30" diameter		80	.350		96.5	21.1	2.4	118.0	137
3090 36" diameter		80	.350		149	19.1	2.4	170.5	195
3100 42" diameter		60	.467		202	25.5	3.2	230.7	264
3200 48" diameter		60	.467		257	25.5	3.2	285.7	325
4520 Pressure pipe Class 150, SDR 18, AWWA C900, 4" diameter	B-20	380	.063		5.2	3.3		8.5	10.6
4530 6" diameter	"	316	.076		7.5	3.9		11.4	14.2
4540 8" diameter	B-21	264	.106		9.6	5.8	.73	16.1	20
4550 10" diameter		220	.127		13.0	6.9	.88	20.8	25.5
4560 12" diameter		186	.151		17.7	8.2	1.0	26.9	33
3000 Fittings with rubber gasket									
1003 Class 150, DR 18									
006 90° bend, 4" diameter	B-20	100	.240	Eq.	57	12.6		69.6	82
020 6" diameter	"	90	.267		102	14		116	133
040 8" diameter	B-21	80	.350		197	19.1	2.4	218.5	247
060 10" diameter		50	.560		385	30.5	3.8	419.3	470
080 12" diameter		30	.933		570	51	6.4	627.4	710
00 Tee, 4" diameter		90	.311		165	16.9	2.1	184.0	210
020 6" diameter		80	.350		269	19.1	2.4	290.5	325
040 8" diameter		70	.400		490	22	2.7	514.7	575
060 10" diameter		40	.700		1,450	38	4.8	1,492.8	1,650
080 12" diameter		20	1.400		2,075	76.5	9.6	2,161.1	2,400
00 45° bend, 4" diameter	B-20	100	.240		73	12.6		85.6	99.5
020 6" diameter	"	90	.267		134	14		148	168
040 8" diameter	B-21	50	.560		335	30.5	3.8	369.3	415
060 10" diameter		50	.560		655	30.5	3.8	689.3	770

For customer support on your Heaver Construction...

G10 Site Preparation

G1030 Site Earthwork



Trenching Systems are shown on a cost per linear foot basis. The systems include: excavation; backfill and removal of spoil; and compaction for various depths and trench bottom widths. The backfill has been reduced to accommodate a pipe of suitable diameter and bedding.

The slope for trench sides varies from none to 1:1.

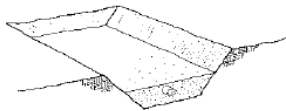
The Expanded System Listing shows Trenching Systems that range from 2' to 12' in width. Depths range from 2' to 25'

System Components	QUANTITY	UNIT	COST PER L.F.		
			EQUIP.	LABOR	TOTAL
SYSTEM G1030 805 1310					
TRENCHING, COMMON EARTH, NO SLOPE, 2' WIDE, 2' DP, 3/8 C.Y. BUCKET					
Excavation, trench, hyd. backhoe, track mtd., 3/8 C.Y. bucket	.148	C.Y.	.30	1.30	1.60
Backfill and load spoil, from stockpile	.153	L.C.Y.	.17	.39	.56
Compaction by vibrating plate, 6' lifts, 4 passes	.118	C.Y.	.13	.47	.60
Remove excess spoil, 8 C.Y. dump truck, 2 mile roundtrip	.040	L.C.Y.	.15	.22	.37
TOTAL			.75	2.38	3.13

G1030 805	Trenching Common Earth	COST PER L.F.		
		EQUIP.	LABOR	TOTAL
1310	Trenching, common earth, no slope, 2' wide, 2' deep, 3/8 C.Y. bucket	.75	2.38	3.13
1320	3' deep, 3/8 C.Y. bucket	1.09	3.58	4.67
1330	4' deep, 3/8 C.Y. bucket	1.43	4.77	6.20
1340	6' deep, 3/8 C.Y. bucket	2.08	6.20	8.28
1350	8' deep, 1/2 C.Y. bucket	2.80	8.20	11.00
1360	10' deep, 1 C.Y. bucket	5.25	9.80	15.05
1400	4' wide, 2' deep, 3/8 C.Y. bucket	1.64	4.75	6.39

G10 Site Preparation

G1030 Site Earthwork



The Pipe Bedding System is shown for various pipe diameters. Compacted bank sand is used for pipe bedding and to fill 12" over the pipe. No backfill is included. Various side slopes are shown to accommodate different soil conditions. Pipe sizes vary from 6" to 84" diameter.

System Components	QUANTITY	UNIT	COST PER L.F.		
			MAT.	INST.	TOTAL
SYSTEM G1030 815 1440					
PIPE BEDDING, SIDE SLOPE 0 TO 1, 1' WIDE, PIPE SIZE 6" DIAMETER					
Borrow, bank sand, 2 mile haul, machine spread	.086	C.Y.	1.30	.81	2.11
Compaction, vibrating plate	.086	C.Y.		.31	.31
TOTAL			1.30	1.12	2.42

G1030 815	Pipe Bedding	COST PER L.F.		
		MAT.	INST.	TOTAL
1440	Pipe bedding, side slope 0 to 1, 1' wide, pipe size 6" diameter	1.30	1.11	2.41
1460	2' wide, pipe size 8" diameter	2.81	2.40	5.21
1480	Pipe size 10" diameter	2.87	2.45	5.32

1.q Service Laterals

Source: Per California American Water, 1-inch service connections are \$2500 each. Linear interpolation was used to estimate other service later connection size costs up to 2-inches. Service laterals for 2-inch and higher were assumed to be the same cost as a 2-inch connection.

1.r Water Meters

Source: California American Water. Cost for 3-inch and 4-inch diameter meters based upon \$141/inch cost added to meters 2-inch and above.

Size Group	2022 Price
5/8	\$ 85.94
3/4	\$ 109.15
3/4	\$ 109.15
1	\$ 154.60
1.5	\$ 353.18
2	\$ 494.70

1.s Fire Hydrants

Source: Recent Bid Tab, see below.

-(SUGGESTED FORMAT FOR UNIT PRICE BID)

Item No.	Description	Unit	Estimated Quantity	Bid Unit Price	Bid Price
1	6" Gate Valves (MxM)	EA	5	\$1700.00	\$8500.00
2	Meters, including meter box, PRV, excavation, backfill and appurtenances	EA	45	\$1290.00	\$58,050
3	Water Service Laterals, including excavation, backfill, pavement replacement and including appurtenances	EA	45	\$2200.00	\$99,000
Norton Way Watermain Bid Items (below) must meet AIS Requirements					
4	6-inch watermain including all fittings, restraints, excavation and backfill, encasement, and appurtenances" P.V.C.	LF	533	\$64.00	\$34,112.00
5	6-inch gate valve, fire hydrant and all appurtenances Concrete Encasement	EA	281	\$6700.00	\$1,881,700.00
6	6" 11.25" Bend (MxM) 4-inch hot tap and gate valve and all appurtenances	EA	21	\$4500.00	\$94,500.00
7	Pavement Replacement	SF	1,485	\$8.00	\$11,880.00
8	Permits, including SWPPP, Traffic Control Plan and Permit Fees	LS	1	\$10,000.00	\$10,000.00
Total of All Unit Price Bid Items					\$ 732,742.00

Bidder acknowledges that (1) each Bid Unit Price includes an amount considered by Bidder to be

MDR RESPONSE ATTACHMENT 20

California American Water Company Advice Letter Notice

Para más información en cómo este cambio impactará su factura, llame al 619-446-5520.

**NOTICE OF FILING TO ACQUIRE CORRAL DE TIERRA WATER SYSTEM ASSETS
ADVICE LETTER 1422**

Why am I receiving this notice?

On September 8, 2023, California American Water Company submitted Advice Letter 1422 (AL 1422) to the California Public Utilities Commission (CPUC). Approval of this Advice Letter is expected to increase your bill.

What California American Water Company requests?

- Advice Letter 1422 asks the CPUC to approve California American Water Company's acquisition of Corral de Tierra's water system assets.
- Corral de Tierra is geographically located within California American Water Company's Central Division, Central Satellite service area.
- The Central Satellite service area includes the Toro sub area of Monterey County, including: Ambler Park subdivision, Oaks subdivision, Rim Rock subdivision, Rancho El Toro Country Club (located nine miles southwest of Salinas), Chualar sub-units, and Ralph Lane and vicinity. The unincorporated communities, subdivisions, and adjacent area are generally known as Garrapata and vicinity.
- As bargained for and stated in the Corral de Tierra water system Asset Purchase Agreement (APA), "Following the connection to Buyer's water system, at Closing and the installation of water meters, volume of consumption will be recorded and communicated to each household, signaling water cost for volume of water consumed, in accordance with State of California standards. Homeowners will continue to pay the then-current rate (presently \$1,500 per year, \$125/month flat rate for water) until the later of (i) the completion of three (3) months of payments at such rate, or (ii) the installation of all fifteen (15) water meters, at which time such households will be incorporated into Buyer's applicable prevailing metered rates – (conservation tiered rates)."

How could this affect my water bill?

California American Water Company customers in the Corral de Tierra area will see a bill increase following CPUC approval of the advice letter and California American Water Company closing on the acquisition. As described below, impacts to Corral de Tierra customers transitioning to California American Water Company rates will vary, depending on a given customer's usage. Corral de Tierra residential bill impacts per month are based on the monthly average usage below.

COMPARISON OF TOTAL RESIDENTIAL BILL PER CUSTOMER PER MONTH					
BASED ON CURRENT AUTHORIZED RATES					
District	Avg Res Usage (CGL) ⁽¹⁾	Pre-Acquisition Total Bill ⁽²⁾	Post-Acquisition Forecasted Total Bill	\$ Increase	% Increase
Corral de Tierra	136.65	\$125.00	\$194.27	\$69.27	55.42%

- (1) California American Water Company's Central Satellite service area customer's current monthly average usage is 92.01 CGL (CGL = 100 gallons)
- (2) Total Bill based on California American Water Company's Central Satellite Rates from AL 1420
- (3) Bill impacts are presented as monthly comparison; however, flat rate residential customers are billed on a semi-annual basis. Applicable surcharges are estimated based on location

How does the rest of this process work?

This Advice Letter will be reviewed by staff in the Water Division of the CPUC who will determine if the request is reasonable and determine if modifications are necessary.

Protests and Responses to Advice Letter 1422

The deadline to protest this advice letter is October 8, 2023. Please include "**Advice Letter 1422**" in any response or protest you submit.

The reasons for the protest can be one of the following:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or CPUC order, or is not authorized by statute or CPUC order on which the utility relies;
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the CPUC in a formal proceeding;
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require re-litigating a prior order of the CPUC).

If you would like to submit a protest or response about this advice letter, please write to:

California Public Utilities Commission
 Water Division, 3rd Floor
 505 Van Ness Avenue, San Francisco, CA 94102
 Email: Water.Division@cpuc.ca.gov

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to California American Water Company at the following address:

California American Water Company
Advice Letter Protests
520 Capitol Mall, Suite 630
Sacramento, CA 95814
ca.rates@amwater.com

Where can I get more information?

Customers with internet access may view and download California American Water Company's advice letter on California American Water Company's website by visiting www.amwater.com. If you have technical issues accessing the documents through the website, please e-mail leana.ramirez@amwater.com for assistance and reference Advice Letter #1422 in your e-mail.

To request a hard copy of California American Water Company's Advice Letter, or to obtain more information about the Advice Letter from California American Water Company, please write to:

California American Water Company
Advice Letter #1422
520 Capitol Mall, Suite 630
Attention: Chase Grady
chase.grady@amwater.com

**MDR RESPONSE
ATTACHMENT 26
CONFIDENTIAL**

THIS IS THE PUBLIC
VERSION.

CONFIDENTIAL
ATTACHMENT(S) HAVE
BEEN OMMITTED.

Contact below to request access:

Demetrio A. Marquez

Senior Paralegal

California-American Water Company

555 Montgomery Street, Suite 816

San Francisco, CA 94111

Phone: (415) 293-3027

Email: demetrio.marquez@amwater.com

MDR RESPONSE ATTACHMENT S01



Mesa Del Sol Water Extension
Opinion of Probable Costs
February 11, 2021

Cal American Water
Monterey County District
511 Forest Lodge Road #100
Pacific Grove, CA 93950
Ph: 831-646-3287

Alternative 1 Project Costs					
Item No.	Item Description	Unit	Estimated Quantity	Unit Cost	Total Cost
1	Mobilization	LS	1	\$5,000.00	\$5,000.00
2	Traffic Control	LS	1	\$5,000.00	\$5,000.00
3	Stormwater Management, Sediment, and Erosion Control	LS	1	\$5,000.00	\$5,000.00
4	Shoring and Bracing	LS	1	\$5,000.00	\$5,000.00
5	Construct 8-inch Water Main Line	LF	150	\$175.00	\$26,250.00
6	Remove & Replace Fire Hydrant Assembly	EA	0	\$11,000.00	\$0.00
7	Install Pressure Reducing Station	LS	1	\$26,100.00	\$26,100.00
8	Disconnect Existing Well and Cap Lines	LS	1	\$3,000.00	\$3,000.00
9	Construct 1-inch Water Service Line	EA	0	\$1,000.00	\$0.00
10	8-inch Water Tie In	EA	1	\$8,000.00	\$8,000.00
11	8-inch Gate Valves	EA	2	\$2,500.00	\$5,000.00
Construction Subtotal					\$89,000.00
CONTINGENCY (10%)					\$8,900.00
TOTAL CONSTRUCTION COST					\$97,900.00
12	PS&E (Engineering)	LS	1	\$39,100.00	\$39,100.00
13	Construction Management/Inspection	LS	1	\$9,800.00	\$9,800.00
14	Permitting	LS	1	\$1,000.00	\$1,000.00
TOTAL PROJECT COST					\$147,800.00

Alternative 2 Project Costs					
Item No.	Item Description	Unit	Estimated Quantity	Unit Cost	Total Cost
1	Mobilization	LS	1	\$20,000.00	\$20,000.00
2	Traffic Control	LS	1	\$5,000.00	\$5,000.00
3	Stormwater Management, Sediment, and Erosion Control	LS	1	\$10,000.00	\$10,000.00
4	Shoring and Bracing	LS	1	\$20,000.00	\$20,000.00
5	Construct 8-inch Water Main Line	LF	1,200	\$175.00	\$210,000.00
6	Remove & Replace Fire Hydrant Assembly	EA	2	\$11,000.00	\$22,000.00
7	Install Pressure Reducing Station	LS	1	\$26,100.00	\$26,100.00
8	Construct 1-inch Water Service Line	EA	15	\$5,000.00	\$75,000.00
9	8-inch Gate Valves	EA	2	\$2,500.00	\$5,000.00
10	8-inch Water Tie In	EA	1	\$8,000.00	\$8,000.00
Construction Subtotal					\$402,000.00
CONTINGENCY (10%)					\$40,200.00
TOTAL CONSTRUCTION COST					\$442,200.00
11	PS&E (Engineering)	LS	1	\$84,600.00	\$84,600.00
12	Construction Management/Inspection	LS	1	\$44,300.00	\$44,300.00
13	Permitting	LS	1	\$4,500.00	\$4,500.00
TOTAL PROJECT COST					\$575,600.00

Notes:

- 1 This document is prepared as a guide only and is subject to change. It has been prepared to a standard of accuracy which, to our knowledge and judgment, is sufficient to satisfy our understanding of the purpose of this document. Harris & Associates makes no warranty, either expressed or implied, as to the accuracy of this document.
- 2 Costs are based on current prices and no provision has been made for inflation or price fluctuations.