

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

Utility Name: California American Water

Date Mailed to Service List: March 8, 2019

District: Sacramento District

CPUC Utility #: U210W

Protest Deadline (20th Day): March 28, 2019

Advice Letter #: 1214-A

Review Deadline (30th Day): April 8, 2019

Tier 1 2 3 Compliance

Requested Effective Date: January 1, 2019

Authorization D.15-04-007

Rate Impact: \$See AL
See AL%

Description: Supplemental Filing for Sacramento District
Advice letter projects Chromium VI –
Sacramento and Dunnigan (I15-600081 and
I15-630001)

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Kamilah Jones

Utility Contact: Jonathan Morse

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Phone: 916-568-4237

Email: Kamilah.Jones@amwater.com

Email: Jonathan.Morse@amwater.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE

STAFF

COMMENTS

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



March 8, 2019

ADVICE LETTER NO. 1214-A

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (“Cal-Am”) (U210W) hereby submits for review this advice letter including the following tariff sheets applicable to its Sacramento District which are attached hereto:

<u>C.P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Sheet No.</u>
XXXX-W	Schedule No. SC-1 Sacramento District Tariff Area GENERAL METERED SERVICE	XXXX-W
XXXX-W	Schedule No. SC-1 (Continued) Sacramento District Tariff Area GENERAL METERED SERVICE	XXXX-W
XXXX-W	Schedule No. CA-LIRA Sacramento District Tariff Area LOW INCOME RATEPAYER ASSISTANCE SERVICE	XXXX-W
XXXX-W	Schedule No. SC-DU-1F Sacramento District Tariff Area - Dunnigan FLAT RATE SERVICE	XXXX-W
XXXX-W	Schedule No. SC-DU-1 (Continued) Sacramento District Tariff Area FLAT RATE SERVICE	XXXX-W
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Purpose:

This supplemental advice letter is being filed per agreement between California American Water (CAW) and the California Public Advocates (Cal PA). With this filing CAW has revised the project costs sought for recovery as detailed below and in return Cal PA has agreed that the revised amount is suitable for cost recovery.

This supplemental advice letter filing requests the recovery of costs associated with Hexavalent Chromium treatment projects in the Sacramento (Project I15-600081) and Dunnigan (Project I15-630001) service areas. Specifically, California American Water (Cal-Am) seeks recovery of \$10,522,761 of capital and \$8,880 of annual incremental operating expenses. Cal-Am seeks recovery of the \$858,329 of incremental revenue requirement and expenses tracked in the Chromium 6 Memorandum Accounts through August 31, 2018, and recovery of \$1,377,762 in revenue related to total project costs in rates going forward effective May 1, 2019. Additionally, Cal-Am requests that the Chrome-6 memo account remain open to track incremental revenue requirement and expenses incurred for the period between September 1, 2018 and the effective date of this advice letter.

Background:

On September 19, 2018, CAW filed Advice Letter 1214 requesting recovery of project costs for the Sacramento and Dunnigan Hexavalent Chromium Treatment projects tracked in the Los Angeles County and Sacramento Districts Chromium-6 Memorandum Account (memo account). As described in the memo account, and as further detailed in AL 1214, Cal-Am is requesting a) inclusion of the revenue requirements for the authorized projects in rates going forward, and b) a surcharge to recover the incremental revenue requirement and expenses tracked in the memo accounts. Additionally, Cal-Am requests that the Chrome-6 memo account remain open to track incremental revenue requirement and expenses incurred for the period between September 1, 2018 and the effective date of this advice letter. This Advice Letter is designated as Tier 3 in compliance with the regulatory procedures outlined within the memo account.

Subsequent to the AL 1214 filing CAW responded to discovery requests from Cal PA regarding the project costs and the proposed recovery. After responding to discovery requests CAW and Cal PA met to discuss the project costs and project workpapers. Based on these discussions and on the information provided CAW and Cal PA agreed to the adjustments outlined below:

- Revise the Asset Cost Summary table provided in AL 1214 Appendix A to match the AL 1214 workpapers. The updated Asset Cost Summary is included as Attachment A to this Advice Letter. This revision has no rate impact.
- Correct for discrepancies between depreciation base as presented in different sections of the workpapers. Depreciation bases included for revenue requirement calculations are based on total project costs less the adjustments incorporated via this supplemental advice letter filing.
- In an effort to resolve disputed issues between the parties with Advice Letter 1214 parties agree to temporary removal of overhead amounts accrued to the Chromium-6 projects in the Test Year 2018 in the amount of \$78,385 (\$37,579 related to the Dunnigan Cr6 project and \$40,806 related to the Sacramento Cr6 project). Parties agree that this adjustment is made for temporary ratemaking purposes and overhead will be trued up in future filings.
- Remove \$12,776 in legal expenses from the Sacramento Chromium-6 project.
- Remove \$33,921 in contractor costs from the Dunnigan Cr6 due to lack of original contractor invoice.

- Update workpapers to reflect authorized ad valorem rate (1.1794%) and franchise fee (0.2300%) factors at time of advice letter filing.
- Adjust project costs to reflect invoice amounts. This adjustment affects various transactions and results in a net project decrease of \$183.

Revised Request:

Based on the adjustments discussed above, and in compliance with the Regulatory Procedures outlined in the memorandum account description, and assuming the requested effective date of May 1, 2019, Cal-Am hereby requests authorization for recovery as follows:

- a) **Inclusion of the revenue requirements for the authorized projects in rates going forward.** Cal-Am here by requests authorization to increase the rates in the Sacramento and Dunnigan service areas to reflect a revenue requirement increase of \$1,377,762 or 2.42% of revenue requirement authorized at the time of the AL 1214 filing. D.15-11-012 approved consolidation of the Dunnigan service area with the Sacramento service area for ratemaking treatment. D.18-12-021 approved consolidation of Dunnigan rates with Sacramento rates, however Cal-Am has not yet implemented this consolidation. Thus, in order to spread the costs of the Dunnigan related projects Cal-Am has spread requested costs based on service connections in the Sacramento and Dunnigan service areas.
- b) **A surcharge to recover the incremental revenue requirement and expenses tracked in the memo accounts.** Cal-Am here by requests authorization to recover the \$858,329 of incremental revenue requirement and expenses tracked in the memorandum account through August 31, 2018 via a surcharge of \$.0083 per 100 gallons for customers in the Sacramento County District and \$1.2275 per connection per month for customers in the Dunnigan service area.

Cal-Am further requests the Chrome-6 advice letter remain open to track incremental revenue requirement and operating expenses incurred between Sept 1st, 2018 through the effective date of the advice letter for reviewing in the subsequent GRC filing.

Revised tariffs submitted with this filing are based on revenue requirement and rate design in effect at the time AL 1214 was originally filed. In the period since that filing the CPUC issued D.18-12-021 adopting the 2018, 2019, and 2020 revenue requirement for California American Water Company. Although this Decision adopted revenue requirement it did not provide authorized rates. Rates for the 2018 Test Year were filed via AL 1230 on March 8, 2019, however these rates were not proposed to be implemented. Instead, per D.18-12-021 the 2018 Test Year rates will be subsumed in the future 2019 escalation year filing. Cal-Am anticipates a future AL 1214 supplement will need to be filed to reflect the rates and rate design incorporated into that 2019 escalation year filing.

Tier Designation:

Pursuant to the Regulatory Procedure provided in the approved memorandum account, this advice letter is submitted with a Tier 3 designation.

Effective Date:

California American Water requests an effective date of January 1, 2019.

Notice:

In accordance with Section 4.3 of General Order 96-B, a copy of this advice letter has been served upon all interested and affected parties as shown in Exhibit A.

RESPONSE OR PROTEST¹

Anyone may submit a response or protest for this AL. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

A **response** supports the filing and may contain information that proves useful to the Commission in evaluating the AL. A **protest** objects to the AL in whole or in part and must set forth the specific grounds on which it is based. These grounds² are:

1. The utility did not properly serve or give notice of the AL;
2. The relief requested in the AL 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 AL contain material error or omissions;
4. The relief requested in the AL is pending before the Commission in a formal proceeding;
or
5. The relief requested in the AL requires consideration in a formal hearing, or is otherwise inappropriate for the AL process; or
6. The relief requested in the AL 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.
7. A protest may not rely on policy objections to an AL where the relief requested in the AL follows rules or directions established by statute or Commission order applicable to the utility. A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

DWA must receive a response or protest via email (**or** postal mail) within 20 days of the date the AL is filed. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

The addresses for submitting a response or protest are:

Email Address:

Water.Division@cpuc.ca.gov

Mailing Address:

CA Public Utilities Commission
Division of Water and Audits
505 Van Ness Avenue
San Francisco, CA 94102

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

On the same day the response or protest is submitted to DWA, the respondent or protestant shall send a copy of the protest to California American Water at:

Email Address:ca.rates@amwater.comlegalteamca@amwater.comkamilah.jones@amwater.com**Mailing Address:**

4701 Beloit Drive
Sacramento, CA 95838

555 Montgomery Street, Ste. 816
San Francisco, CA 94111

4701 Beloit Drive
Sacramento, CA 95838

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform DWA, within the 20 day protest period, 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.

REPLIES³

The utility shall reply to each protest and may reply to any response. Any reply must be received by DWA within five business days after the end of the protest period, and shall be served on the same day on each person who filed the protest or response to the AL.

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.

If you have not received a reply to your protest within 10 business days, contact this person at (916) 568-4232.

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

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Wes Owens

Wes Owens

Director, Rates and Regulatory

³ G.O. 96-B, General Rule 7.4.3

Schedule SC-DU-1F
Sacramento District Tariff Area- Dunnigan
FLAT RATE SERVICE

Sheet 2

APPLICABILITY

Applicable to flat rate water service furnished on a monthly basis.

TERRITORY

Dunnigan, along both sides of Interstate 5, between County Roads 2 on the north and County Road 9 on the south, Yolo County.

RATES

	Per Service Connection	
	Per Month	
For each Mobile Home residential unit	\$28.90	(I)
For each Recreational Vehicle unit	\$28.90	
For Commercial Business Unit	\$28.90	(I)

SPECIAL CONDITIONS:

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. A late charge will be imposed per Schedule No. CA_FEES.
3. The above General Flat Rate Service applies to a service connection not larger than one-inch in diameter.
4. An additional single-family residential unit shall qualify for additional charge only if such a residential unit includes cooking and bathing facilities.
5. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. SC-DU-1, General Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the metered service charge for the same period shall be made on or before that day.

655 W. Broadway, Suite 1410

San Diego, CA 92101

Schedule SC-DU-1F (Continued)
Sacramento District Tariff Area - Dunnigan
FLAT RATE SERVICE

Sheet 3

Surcharges and Fees:

1. Per Advice Letter 1214, the balance accrued in the Sacramento Districts, including Dunnigan, Chromium-6 Memorandum Account through August 31, 2018 will be recovered through a surcharge of \$1.2275 per customer per month for a 12-month period. The effective date for the surcharge is January 1, 2019.

(N)
|
(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1214-A	J. T. LINAM	Date Filed	March 8, 2019
Decision		DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____

Schedule No. SC-1
Sacramento District Tariff Area
GENERAL METERED SERVICE

Sheet 1

APPLICABILITY

Applicable to all water furnished on a metered basis.

TERRITORY

The unincorporated communities, subdivisions, and adjacent areas generally known as Cordova, Rosemont, Parkway Estates, Lindale, Foothill Farms, Arlington Heights, Linwood, Loretto Heights, Arden Highlands, Arden Estates, Sunrise Security Park and Ox-Bow. A part of the City of Citrus Heights and the communities of Antelope and Sabre City in Sacramento and Placer counties. The city of Isleton and vicinity and the unincorporated community of Walnut Grove in Sacramento County. The lower southwestern portion of Placer County including the areas Known as Morgan Creek, Doyle Ranch, Sun Valley Oaks and Riolo Greens.

RATES

Quantity Rates:

	<u>Base Rate</u>	
	<u>Per 100 gal (CGL)</u>	
<u>Residential Customers:</u>		
For the first 142.1 CGL	\$0.4261	(l)
For all water delivered over 142.1 CGL	\$0.4644	(l)
<u>All Other Customers:</u>		
For all water delivered, per CGL	\$0.4263	(l)

Service Charge: General Metered

	<u>Per Meter</u>	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter.....	\$13.58	(l)
For 3/4-inch meter.....	\$20.37	
For 1-inch meter.....	\$33.95	
For 1-1/2-inch meter	\$67.90	
For 2-inch meter.....	\$108.64	
For 3-inch meter.....	\$203.70	
For 4-inch meter.....	\$339.50	
For 6-inch meter.....	\$679.01	
For 8-inch meter.....	\$1,086.41	
For 10-inch meter.....	\$1,561.72	
For 12-inch meter.....	\$2,240.72	(l)

The Service Charge is a readiness-to-serve charge which is applicable to all general metered services and to which is added the charge for water used computed at the Quantity Rates.

(Continued)

<u>(TO BE INSERTED BY UTILITY)</u>	<u>ISSUED BY</u>	<u>(TO BE INSERTED BY C.P.U.C.)</u>
Advice 1214-A	J. T. LINAM	Date Filed <u>March 8, 2019</u>
Decision	DIRECTOR - Rates & Regulatory	Effective _____
		Resolution _____

CALIFORNIA-AMERICAN WATER COMPANY

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

Cancelling Revised
Revised

Cal. P.U.C. Sheet No. XXXX-W
Cal. P.U.C. Sheet No. 8714-W

Schedule No. SC-1 (Continued)
Sacramento District Tariff Area
GENERAL METERED SERVICE

Sheet 4

SPECIAL CONDITIONS:

8. Per Advice Letter 1187, a surcharge is applied to each bill to offset increases in purchased water costs imposed by the City of Sacramento. This offset results in a needed revenue increase of \$295,243 or 0.52%. The surcharge of \$0.0029 per 100 gallons is added to the quantity rate effective December 22, 2017.

9. Per Advice Letter 1214, the balance accrued in the Sacramento Districts Chromium-6 Memorandum Account through August 31, 2018 will be recovered through a quantity based surcharge of \$0.0083 per 100 gallons for a 12-month period. The effective date for the surcharge is January 1, 2019.

(N)
|
(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1214-A	J. T. LINAM	Date Filed	March 8, 2019
Decision		DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____

Schedule No. CA-LIRA
California American Water
LOW INCOME RATEPAYER ASSISTANCE PROGRAM

Sheet 1

APPLICABILITY

Applicable to all water furnished on a metered basis.

TERRITORY

All territories served by California American Water Company

RATES:

**Northern Division:
Sacramento District**

Quantity Rates:	<u>Base Rate</u> <u>Per 100 gal (CGL)</u>	
For the first 142.1 CGL	\$0.3409	(l)
For all water delivered over 142.1 CGL	\$0.3715	(l)

Service Charge: General Metered

	<u>Per Meter</u> <u>Per Month</u>	
For 5/8 x 3/4-inch meter.....	\$10.86	(l)
For 3/4-inch meter.....	\$16.30	
For 1-inch meter.....	\$27.16	
For 1-1/2-inch meter	\$54.32	
For 2-inch meter.....	\$86.91	
For 3-inch meter.....	\$162.96	
For 4-inch meter.....	\$271.60	
For 6-inch meter.....	\$543.21	
For 8-inch meter.....	\$869.13	
For 10-inch meter.....	\$1,249.37	
For 12-inch meter.....	\$1,792.58	(l)

Larkfield District

Quantity Rates:	<u>Base Rate</u> <u>Per 100 gal (CGL)</u>
For the first 52.4 CGL	\$0.5954
For the next 52.4 CGL.....	\$0.6843
For the next 139.4 CGL.....	\$1.1108
For all water delivered over 243.9 CGL	\$1.4542

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(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1214-A	J. T. LINAM	Date Filed <u>March 8, 2019</u>
Decision	DIRECTOR - Rates & Regulatory	Effective _____
		Resolution _____

**SACRAMENTO DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1214-A**

EMAIL

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

Citrus Heights Water District
6230 Sylvan Road
Citrus Heights CA 95610
rchurch@chwd.org

City of Sacramento, Water
Division
1391 35th Avenue
Sacramento CA 95822
dsherry@cityofsacramento.com

Florin County Water District
P.O. Box 292055
Sacramento CA 95829
fcwd@sbcglobal.net

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sarah.leeper@amwater.com

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CA Dept of Health Services
Div of Drinking Water &
Environmental Mgt
P.O. Box 997416
#Sacramento CA 95899-7413

Fruitridge Vista Water Co.
1108 2nd St
Sacramento CA 95814

Placer County Water Agency
P.O. Box 6570
Auburn CA 95804

Rio Linda Water District
730 L Street
Rio Linda CA 95673

Sacramento County WMD
827 7th Street, Room 301
Sacramento CA 95814

Sacramento Suburban Water
District
3701 Marconi Avenue
Suite 100
Sacramento CA 95821-5303

Anthony La Bouff
County Counsel
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Carol Smith
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Citrus Heights CA 95621

Mark Norris
County Clerk-Recorder
County of Sacramento
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Sacramento CA 95827-1045

SACRAMENTO DISTRICT SERVICE LIST
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ADVICE LETTER 1214-A

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