

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

Advice Letter Cover Sheet

Utility Name: California Water Service Company **Date Mailed to Service List:** 12/19/18
District: Proposed Travis District
CPUC Utility #: U-60-W **Protest Deadline (20th Day):** 1/08/19
Advice Letter #: 2333 **Review Deadline (30th Day):** 1/18/19
Tier: 1 2 3 Compliance **Requested Effective Date:** 1/18/19
Authorization: D.18-12-020

Description: Compliance with the contract modification condition needed to obtain CPCN for regulated "Travis District." **Rate Impact:** N/A

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: Veronica Chouinard

Phone: 408-497-3903

Email: vchouinard@calwater.com

Utility Contact: Natalie Wales

Phone: 408-367-8566

Email: nwales@calwater.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WITHDRAWN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: _____



CALIFORNIA WATER SERVICE COMPANY
1720 NORTH FIRST STREET
SAN JOSE, CA 95112 • (408) 367-8200 • F (408) 367-8428

December 19, 2018

Advice Letter No. 2333

To the California Public Utilities Commission:

California Water Service Company (“Cal Water”) respectfully submits this Tier 2 advice letter to meet the requirements for obtaining a Certification of Public Convenience and Necessity (“CPCN”) to serve the Travis Air Force Base as a regulated “Travis District.”

Purpose

With this advice letter, Cal Water submits a modified contract as required by Ordering Paragraph 3 of D.18-12-020, which stipulates issuance of a CPCN for the proposed regulated “Travis District” upon specific changes to the Regulated Tariff Rate Contract between Cal Water and the United States of America (“Federal Government”).

Background

On May 15, 2017, Cal Water filed an Application, seeking a CPCN to provide potable water service to TAFB and to establish rates for service under the Commission’s jurisdiction. A Proposed Decision denying the CPCN was issued by the Administrative Law Judge (“ALJ”) on July 13, 2018; however, an Alternate Proposed Decision approving the Application, albeit conditioned modifications to the language in the contract between Cal Water and the Federal Government, was issued on November 9, 2018 (and subsequently revised on December 11, 2018). The Commission voted to approve the revised Alternate Proposed Decision during its December 13, 2018 meeting.

In D.18-12-020, Ordering Paragraph 2 states:

The application of the California Water Service Company for a certificate of public convenience and necessity to serve the Travis Air Force Base is granted subject to the condition in Ordering Paragraph 3.

Ordering Paragraph 3 states:

California Water Service Company will have 90 days to renegotiate and modify the contract as follows. First, Section C.11.4 of the Regulated Tariff Rate contract shall be modified to reflect the Commission’s ultimate jurisdiction over approval of future system deficiency corrections, upgrades, connections, renewals, and replacements that are funded through the Commission’s ratemaking authority. Second, pursuant to General Order (GO) 96-B, Water Industry Rule 8.3 and Public Utilities Code Section 2712, the contract shall be modified to reflect that it shall, at all times, be subject to such modifications as the Commission may direct from time to time in the exercise of its jurisdiction. California Water Service Company shall submit the modified contract and a blackline reflecting changes made to the original version of the contract to the Commission’s Water Division through a



Tier 2 Advice Letter filing for compliance approval before a Certificate of Public Convenience and Necessity is granted. Pursuant to GO 96-B, Water Industry Rule 8.3, the Tier 2 Advice Letter shall be filed at least 30 days before the effective date of providing service to Travis AFB.

Discussion

Cal Water has renegotiated and modified its Regulated Tariff Rate Contract with the Federal Government to address the two contract modification requirements set forth in Ordering Paragraph 3 of D.18-12-020.

Consistent with the first requirement in OP 3, Section B.2.1 (Type of Contract) now includes the underlined language below:

This is a Regulated Tariff Rate contract based on CWS' application with the California Public Utilities Commission (CPUC) for a Certificate of Public Convenience and Necessity (CPCN). The process for rate adjustments will be in accordance with Section G.4, Price Adjustments. The contract is subject to such modifications as the CPUC may direct from time to time in the exercise of its jurisdiction.

Consistent with the second requirement in OP 3, additional language has also been added to Section C.11.4 (Annual SDC/Upgrades/Connections and Renewals and Replacements Plan) (see underlined language):

The Contractor shall prepare and submit annually to the Contract Officer for approval an SDC/Upgrades/Connections and Renewals and Replacements Plan that identifies SDCs/Upgrades/Connections and major renewals and replacements the Contractor intends to accomplish. Each Plan shall contain a proposed SDC/Upgrade/Connection list with work efforts that the Contractor intends to accomplish for each of the five years following plan submission. The plan shall be structured as follows:

- *Year 1 shall include detailed information for each work effort including site plans, cost estimates, schedules, and an analysis of the impact of construction on Installation operations and the environment. It shall also address safety requirements.*
- *Years 2-5 shall include work effort descriptions, order-of-magnitude estimates, and general-area site plans for each work effort.*

Unless the Contracting Officer provides written notification of an alternate date, the first Annual Plan shall be submitted no later than March 31 of the first full fiscal year following contract start, and annually thereafter. The Plan shall be submitted to the COR designated in Section G.

The Plan is a tool that allows the Government to identify its requirements on the military installation. The CPUC retains ultimate jurisdiction over tariff service rates and



through its ratemaking process, of recovery in rates of future system deficiency corrections, upgrades, connections, renewals, and replacements.

While OP 3 indicates that “the modified contract and a blackline reflecting changes made to the original version of the contract” should be submitted in this Tier 2 compliance advice letter, the modifications discussed above have been implemented via a separate “amendment” to the Regulated Tariff Rate contract, rather than through the creation of a revised version of the contract itself. Because the full Regulated Tariff Rate contract is voluminous and contains several sections identified as confidential, and because the Amendment clearly and unambiguously identifies the modifications made in compliance with OP 3,¹ Cal Water is only providing the Amendment as an attachment (which contains confidential information) to this advice letter.

Cal Water does not anticipate providing service to a regulated Travis District until at least 30 days following effective date of this Tier 2 advice letter.

Requested Effective Date

This advice letter is submitted with a Tier 2 designation pursuant to D.18-12-020. Cal Water requests that it become effective on **January 18, 2019**.

Notice

Customer Notice: This is a Tier 2 advice letter that does not require customer notice because there is no increase in rates.

Service List: In accordance with General Order 96-B, General Rules 4.3 and 7.2, and Water Industry Rule 4.1, a copy of this advice letter will be mailed or electronically transmitted on **December 18, 2018** to competing and adjacent utilities and other utilities or interested parties having requested such notification.

Response or Protest

Anyone may respond to or protest this advice letter. 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 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 are:

- (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

¹ Because the Amendment identifies the new language using only “red text,” Cal Water has also put boxes around the new language in the version of the Amendment being submitted with this advice letter.



CALIFORNIA WATER SERVICE COMPANY

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- (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 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 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 Cal Water at the following address:

Natalie Wales
California Water Service Company
1720 North First Street,
San Jose, California 95112
Fax 408/367-8430 or
E-mail nwales@calwater.com

Cities and counties requiring Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division within the 20-day protest period so 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 advice letter process does not provide for any responses, protests or comments, except for the utility's reply, after the 20-day comment period.

Replies: The utility shall reply to each protest and may reply to any response. Each reply must be received by the Water Division within 5 business days after the end of the protest period and shall be served on the same day to the person who filed the protest or response. If you have not received a reply to your protest within 10 business days, contact California Water Service Company at (408) 367-8200.

CALIFORNIA WATER SERVICE COMPANY

/s/

Veronica Chouinard, Regulatory Program Manager

cc: Ting-Pong Yuen, Public Advocates Office

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE K	PAGE OF PAGES 1 3
2. AMENDMENT/MODIFICATION NUMBER P00009		3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQUISITION NUMBER	5. PROJECT NUMBER (If applicable)
6. ISSUED BY CODE 8725 JOHN J. KINGMAN ROAD, STP 10400 FT. BELVOIR, VA 22060-6222 BUYER/SYMBOL: Nikki Rooksby/DLA Energy-FEEBB EMAIL: Nikki.rooksby@dla.mil PHONE (571) 767-9168 P.P. 8.2		7. ADMINISTERED BY (If other than Item 6) CODE		
8. NAME AND ADDRESS OF CONTRACTOR (Number, street, county, State and ZIP Code) California Water Service 1720 N. First Street San Jose CA 95112 DUNS 006913578 CAGE 1K4R0			(X)	9A. AMENDMENT OF SOLICITATION NUMBER
			<input type="checkbox"/>	9B. DATED (SEE ITEM 11)
			<input checked="" type="checkbox"/>	10A. MODIFICATION OF CONTRACT/ORDER NUMBER SP060016C8315
				10B. DATED (SEE ITEM 13) September 29, 2016
CODE	FACILITY CODE			

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended. is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or electronic communication which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or electronic communication, provided each letter or electronic communication makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)
See Section G, Accounting and Appropriation Data

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NUMBER AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NUMBER IN ITEM 10A.
<input type="checkbox"/>	
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
<input checked="" type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Bilateral Modification, pursuant to FAR 52.241-7, Changes in Rates or Terms and Conditions of Service for Regulated Services
<input type="checkbox"/>	D. OTHER (Specify type of modification and authority)


E. IMPORTANT: Contractor is not is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Travis AFB, CA – Utility Privatization Contract
Water Distribution System

See Additional Pages for Further Details

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) PAUL TOWNSLEY, VICE PRESIDENT		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) CARL SILVERSTONE, CONTRACTING OFFICER	
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	15C. DATE SIGNED 12.19.18	16B. UNITED STATES OF AMERICA SILVERSTONE.CARL.1377023044 Digitally signed by SILVERSTONE.CARL.1377023044 Date: 2018.12.19 14:16:59 -0500 (Signature of Contracting Officer)	16C. DATE SIGNED December 19, 2018

A. The purpose of this modification is as follows:

Revise contract language in Sections B.2.1, *Type of Contract*, and C.11.4, *Annual SDC/Upgrades/Connections and Renewals and Replacements Plan*, in order to satisfy the conditional approval of the Alternate Decision (Revision 1), dated December 13, 2018, for the Application of California Water Service (CWS) for a Certificate of Public Convenience and Necessity to Provide Water Service to Travis Air Force Base and Establish Rates, made by the Public Utilities Commission of the State of California.

B. Revise B.2.1, *Type of Contract*, as follows (changes identified in **red text**):

FROM:

This is a Regulated Tariff Rate contract based on CWS' application with the California Public Utilities Commission (CPUC) for a Certificate of Public Convenience and Necessity (CPCN). The process for rate adjustments will be in accordance with Section G.4, *Price Adjustments*.

TO:

This is a Regulated Tariff Rate contract based on CWS' application with the California Public Utilities Commission (CPUC) for a Certificate of Public Convenience and Necessity (CPCN). The process for rate adjustments will be in accordance with Section G.4, *Price Adjustments*. **The contract is subject to such modifications as the CPUC may direct from time to time in the exercise of its jurisdiction.**

C. Update Section C.11.4, *Annual SDC/Upgrades/Connections and Renewals and Replacements Plan*, as follows (changes identified in **red text**):

FROM:

The Contractor shall prepare and submit annually to the Contract Officer for approval an SDC/Upgrades/Connections and Renewals and Replacements Plan that identifies SDCs/Upgrades/Connections and major renewals and replacements the Contractor intends to accomplish. Each Plan shall contain a proposed SDC/Upgrade/Connection list with work efforts that the Contractor intends to accomplish for each of the five years following plan submission. The plan shall be structured as follows:

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Unless the Contracting Officer provides written notification of an alternate date, the first Annual Plan shall be submitted no later than **March 31** of the first full fiscal year following contract start, and annually thereafter. The Plan shall be submitted to the COR designated in Section G.

TO:

The Contractor shall prepare and submit annually to the Contract Officer for approval an SDC/Upgrades/Connections and Renewals and Replacements Plan that identifies SDCs/Upgrades/Connections and major renewals and replacements the Contractor intends to accomplish. Each Plan shall contain a proposed SDC/Upgrade/Connection list with work efforts that the Contractor intends to accomplish for each of the five years following plan submission. The plan shall be structured as follows:

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The Plan is a tool that allows the Government to identify its requirements on the military installation. The CPUC retains ultimate jurisdiction over tariff service rates and through its ratemaking process, of recovery in rates of future system deficiency corrections, upgrades, connections, renewals, and replacements.

- D. The total obligated amount on the contract is unchanged, and remains at [REDACTED].
- E. The total estimated contract value is unchanged, and remains at [REDACTED].
- F. All other Terms and Conditions of this contract remain unchanged and in full force and effect.

END OF MODIFICATION