CALIFORNIA PUBLIC UTILITIES COMMISSION DIVISION OF WATER AND AUDITS

Advice Letter Cover Sheet

Date Mailed to Service List: 03/15/2018

Protest Deadline (20th Day): 04/04/2018

Review Deadline (30th Day): 04/14/2018

Utility Name: California Water Service Company

Tier: $\Box 1$ $\Box 1$ $\Box 1$ $\Box 1$ $\Box 1$ $\Box 1$ Compliance

District: Hermosa Redondo

CPUC Utility #: U-60-W

Advice Letter #: 2298

Tier:	$\Box 1$	∑2	□3	□ Compliance	Requested Effective	Date:	04/15/2018
Authorization: Description:		.6-12-04 e Base 0		Hermosa Redondo	Rate II	mpact:	1.9% revenue increase
The protest or response de service list. Please see the				-			was mailed to the
Utility Contac	t: P	riya Rav	wal		Utility Contact:	Natal	ie Wales
Phon	e : 4	08-367	-8240		Phone:	(408)	367-8566
Ema	il: <u>p</u>	rawal@	<u>Ocalwater</u>	r.com	Email:	nwale	es@calwater.com
DWA Contact: Phone: Email:	(415	iff Unit 5) 703-1 ter.Divi	I133 sion@cpu	ic.ca.gov			
				DWA USE O	NLY		
<u>DATE</u>	STA	<u>FF</u>			сомі	<u>MENTS</u>	
[] APPROVED				[]WITHDI	RAWN		[] REJECTED
Signature:				Comm	ents:		
Date:							

March 15, 2018

Advice Letter No. 2298

To The Public Utilities Commission of the State of California:

California Water Service Company ("Cal Water") respectfully submits this Tier 2 advice letter and hereby transmits for filing the following changes in its tariff schedules applicable to its Hermosa Redondo District.

CPUC		Schedule	CPUC
Sheet No.	<u>Title of Sheet</u>	<u>No.</u>	Sheet No.
XXXX-W	Table of Contents (Page 1)		XXXXX-W
XXXX-W	Table of Contents (Page 2)		XXXXX-W
XXXX-W	Table of Contents (Page 7)		XXXXX-W
XXXX-W	Residential Metered Service	HR-1-R	XXXXX-W
XXXX-W	Nonresidential Metered Service	HR-1-NR	XXXXX-W
XXXX-W	Reclaimed Metered Service	HR-6	XXXXX-W
XXXX-W	Preliminary Statement M (WRAM / MC	BA –HR)	XXXXX-W

Summary

This advice letter requests approval for a rate increase for the costs associated with a blending facility (PID 64502) in Cal Water's "Hermosa Redondo" ratemaking area to address water quality issues at two wells.¹ This is being submitted as Tier 2 advice letter with a requested effective date of April 15, 2018.

Background

The Commission adopted a Settlement Agreement and resolved Cal Water's 2015 General Rate Case in D.16-12-042.² As described in the introduction to the Plant Chapter for each district, the Settlement Agreement identifies capital projects that will not be included in new rates, but that may be recovered through an advice letter after the project is in service, up to a specified capped dollar amount. The list of approved projects that may be filed as "rate base offsets" is in Attachment 3 to the Settlement Agreement.

¹ Note that this project was previously submitted in AL 2285, which Cal Water withdrew on November 29, 2017.

² D.16-12-042, Ordering Paragraph 1. The Settlement Agreement and its attachments are provided in Exhibit A to the decision.

Water Industry Rule 7.3.3(8) specifies that a rate base offset may be a Tier 2 filing if it meets the following requirements:

- (i) The Rate base offset was previously approved by the Commission in a decision or resolution
- (ii) The project scope is consistent with what the Commission approved
- (iii) The Commission approval included a budget cap and the rate base offset request is at a below the budget cap.

Discussion

In the 2012 GRC, Cal Water proposed PID 64502 for two nanofiltration treatment facilities to mitigate secondary maximum contaminant level exceedances of Total Dissolved Solids (TDS) and Specific Conductivity (EC) at a cost of \$1.6 million each for wells 8-02 and 22-02. In rebuttal, Cal Water provided a revised cost estimate of \$5 million per site.

At ORA's suggestion, Cal Water explored blending as a solution. Under this approach, Cal Water would construct a pipeline to transport water from both wells to one of its existing facilities for blending with purchased water prior to distribution, at a total cost of \$4,080,000. Thus, ORA and Cal Water agreed to modify and include Project 64502 as an Advice Letter with a cap of \$4,080,000.

The final cost of the project, not including the costs of retirements, was \$4,168,839, however Cal Water requests revenue recovery up to the capped amount of \$4,080,000. This would result in an annual revenue increase of \$579,012, or 1.9%. The typical residential customer using 7 CCF will see a \$0.84 monthly increase in their water bill. The details relating to the calculations for the above amounts are contained in work papers.

Requested Effective Date

Cal Water requests that the proposed tariffs in this advice letter become effective April 15, 2018.

Notice

Customer Notice – Individual customer notice of this advice letter is not required under General Order 96-B, Water Industry Rule 3.1, because the requested rate increase is an offset of less than 10% of the district's revenue requirement.

Service Lists – 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 mailed or electronically transmitted on



March 15, 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. 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
- (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 advice letter process does not provide for any responses, protests or comments, except for the utility's reply, after the 20-day comment period. 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 us, addressed to:

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 that need Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division, 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.

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/

Priya Rawal, Rates Analyst

Enclosures

cc: Ting-Pong Yuen, ORA

CPUC Sheet No. XXXXX-W CPUC Sheet No. XXXXX-W

Table of Contents - Page 1

The following listed tariff sheets contain all effective rates and rules affecting the rates and service of the Utility together with information relating thereto:

Sheet Subject Matter Service Area	<u>L</u>	Schedule No.	CPUC Sheet No.
Title Page			5613-W
Table of Contents			
Page 1 Table of Contents			XXXXX-W (C)
Page 2 Preliminary Statem	ients		XXXXX-W (C)
Page 3 Preliminary Statem	ients		11614-W
Page 4 Preliminary Statem	ients		11469-W
Page 5 Rate Schedules - Al	l Districts		11521-W
Page 6 Rate Schedules - Di	strict Specific		11613-W
Page 7 Rate Schedules - Di	strict Specific		XXXXX-W (C)
Page 8 Rate Schedules - Di	strict Specific		11611-W
Page 9 Rate Schedules - Di	strict Specific		11307-W
Page 10 Rate Schedules - Di	strict Specific		11610-W
Page 11 Service Area Maps			11618-W
Page 12 Rules			11621-W
Page 13 Rules			11304-W
Page 14 Sample Forms			11409-W
Page 15 Sample Forms			2926-W-W

(continued)

(To be inserte	ed by utility)
Advice Letter No.	2298
Decision No.	

CPUC Sheet No. XXXXX-W CPUC Sheet No. XXXXX-W

Table of Contents - Page 2

Preliminary Statements

Sheet Su	ubject Matter Service Area	CPUC Sheet No.	
<u>Prelimin</u>	nary Statements		
Α	Territory Served by the Territory Served by th Page 1 Page 2	9240-W 8212-W	
B-D	Types and Classes of Service, Procedure to Ol and Symbols	otain Service,	610-W
F	Methyl Tertiary Butyl Ether Memorandum Ad (MTBE MA)	ccount	8312-W
Н	Low-Income Ratepayer Assistance (LIRA) Me Account	morandum	11323-W
K M	Wausau Memorandum Account (WMA) Water Revenue Adjustment Mechanism/ Mo Balancing Account (WRAM/MCBA)	7313-W	
	Page 1		9345-W
	Page 2	8372-W	
	Bakersfield	ВК	11583-W
	Bay Area Region	BAR	11534-W
	Bear Gulch	BG	11543-W
	Chico	CH	11542-W
	Dixon	DX	11541-W
	Dominguez	DOM	11582-W
	East Los Angeles Hermosa Redondo	EL HR	11581-W XXXXX-W (C)
	Kern River Valley	KRV	11579-W
	Livermore	LV	11579-W 11540-W
	Los Altos	LS	11540-W
	Los Angeles County Region	LAR	11575-W
	Marysville	MR	11538-W
	Monterey Region	MOR	11533-W
	Oroville	OR	11537-W
	Selma	SL	11578-W

(continued)

(To be inserted by utility) Advice Letter No. 2298 Decision No.

Issued by PAUL G. TOWNSLEY Name Vice President

TITLE

CPUC Sheet No. XXXXX-W
CPUC Sheet No. XXXXX-W

<u>Tabl</u>	le of Contents - Page 7		
	Rate Schedules		
Sheet Subject Matter	Service Area	Schedule No.	CPUC Sheet No.
Rate Schedules: (continued)			
DIXON DISTRICT			
Residential Metered Service		DX-1-R	11563-W
Nonresidential Metered Serv		DX-1-NR	11562-W
Private Fire Protection Servic	e	DX-4	10288-W
DOMINGUEZ DISTRICT			
Residential Metered Service		DOM-1-R	11605-W
Nonresidential Metered Serv	ice	DOM-1-NR	11604-W
Recycled Water Service Page 1		DOM-RC-1	11604-W
Private Fire Protection Servic	Δ	DOM-KC-1 DOM-4	1004-W 10293-W
Tillate The Trotestion Service		20111	10233 **
EAST LOS ANGELES DISTRICT			
Residential Metered Service		EL-1-R	11603-W
Nonresidential Metered Serv	ice	EL-1-NR	11602-W
Reclaimed Water Service		EL-6	11601-W
Private Fire Protection Servic	e	EL-4	10296-W
GRAND OAKS DISTRICT			
Residential Metered Service-		GO-R-1	7437-W
HERMOSA-REDONDO DISTRICT			
Residential Metered Service		HR-1-R	XXXXX-W (C)
Nonresidential Metered Serv	ice	HR-1-NR	XXXXX-W (C)
Private Fire Protection Servic	e	HR-4	10299-W
Private Fire Protection Servic	e	HR-4RPF	4652-W
Public Fire Hydrant Service		HR-5	3446-W
Reclaimed Water Service		HR-6	XXXXX-W (C)
KERN RIVER VALLEY DISTRICT			
General Metered Service		KRV-1 (Pg 1 of 2	
		KRV-1 (Pg 2 of 2) 11596-W
Interruptible Public Authority			4000=
Irrigation Service	Kernville	KRV-KD-2	10307-W
Private Fire Protection Service	е	KRV-4	10308-W

(continued)

(To be inserted by utility)
Advice Letter No. 2298
Decision No.

Issued by
PAUL G. TOWNSLEY
Name
Vice President

TITLE

Revised CPUC Sheet No. XXXXX-W Canceling CPUC Sheet No. XXXXX-W

Preliminary Statement

(continued)

M. PRELIMINARY STATEMENT M (WRAM/MCBA - HERMOSA-REDONDO)

Monthly Detail (In Thousands of Dollars)

(1) (2) (3) (4) (5) (6) (7) (8)

Service Quantity Charge and Charge other Non-Total Purchased WRAM Total Purchased Production Revenue for Pump Month WRAM Revenue Revenue Water Tax Power Cost JAN 1,789.7 \$ 645.7 \$ 2,435.4 978.4 \$ 52.1 29.3 1,059.8 (C) FEB 1,653.8 \$ 645.7 \$ 2,299.5 \$ 845.2 \$ 51.5 26.0 \$ 922.7 1,695.4 \$ 645.7 \$ 2,341.1 \$ 979.1 \$ 57.4 29.9 \$ MAR \$ \$ 1,066.3 APR 1,037.4 \$ 30.8 \$ 1,722.2 \$ 645.7 \$ 2,367.9 \$ 51.8 \$ \$ 1,120.0 MAY \$ 1,835.7 \$ 645.7 \$ 2,481.4 \$ 1,175.6 \$ 58.2 \$ 34.8 \$ 1,268.7 JUN 2,152.6 645.7 \$ 2,798.3 1,197.2 \$ 57.7 35.3 \$ 1,290.2 JUL \$ 2,243.0 \$ 645.7 \$ 2,888.7 1,246.5 \$ 58.7 36.6 \$ 1,341.7 AUG \$ 645.7 \$ 2,874.9 \$ 1,240.8 \$ 59.6 36.6 \$ 1,336.9 2,229.2 \$ SEP 2,436.8 \$ 645.7 \$ 3,082.5 \$ 1,182.8 \$ 55.5 34.7 \$ 1,273.1 OCT 2,019.7 \$ 645.7 \$ 2,665.4 \$ 1,137.7 \$ 48.1 \$ 32.9 \$ 1,218.7 NOV 1,944.8 \$ 645.7 \$ 2,590.5 \$ 1,040.3 \$ 46.7 \$ 30.3 \$ 1,117.3 DEC 645.7 \$ 765.8 \$ 55.4 \$ 1,836.9 \$ 2,482.6 \$ 24.4 \$ 845.7 12 Month Total \$ 23,559.9 \$ 7,748.1 \$ 31,308.0 \$ 12,826.6 \$ 652.8 \$ 381.6 \$ 13,861.0 (C)

(continued)

(To be inserted by utility) Advice Letter No. 2298 Decision No.

Issued by PAUL G. TOWNSLEY
NAME Vice President

TITLE

CPUC Sheet No. XXXXX-W CPUC Sheet No. XXXXX-W

Schedule No. HR-1-R Hermosa Redondo Tariff Area RESIDENTIAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service provided to single-family residential customers.

TERRITORY

Hermosa Beach, Redondo Beach, Torrance, and vicinity, Los Angeles County

RATES 1 CCF is 100 cubic feet (748 gallons)

Quantity Rates:

For 1 - 10 CCF, per CCF	\$4.5052	(1)
For 11 to 15 CCF, per CCF	\$4.8885	- 1
For over 15 CCF, per CCF	\$5.7513	(1)

		Per Meter	
Service Charge:		Per Month	
For	5/8 x 3/4 - inch meter	\$12.19	(1)
For	3/4 - inch meter	\$18.29	
For	Fire Sprinkler with 1 - inch meter	\$12.19	- 1
For	1 - inch meter	\$30.48	- 1
For	1-1/2 - inch meter	\$60.95	- 1
For	2 - inch meter	\$97.52	
For	3 - inch meter	\$182.85	- 1
For	4 - inch meter	\$304.75	- 1
For	6 - inch meter	\$609.50	- 1
For	8 - inch meter	\$975.20	
For	10 - inch meter	\$1,401.85	- 1
For	12 - inch meter	\$2,011.35	- 1
For	14 - inch meter	\$2,742.75	(1)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the quantity rates.

SPECIAL CONDITIONS

- 1. Qualifying low-income individually metered residential customers are eligible for credits as shown on Schedule LIRA.
- 2. All bills are subject to the following tariff schedules: Schedule UF (CPUC reimbursement fee) and applicable surcharges and surcredits on Schedule RSF (Rate Support Fund), Schedule LIRA (Low-Income Ratepayer Assistance), and Schedule AS (Additional Surcharges and Surcredits).
- 3. Fire sprinkler rate: Any service to a residential customer not exceeding two units on a lot size of 10,000 square feet or less with a meter size that has a "fire sprinkler" rate (listed above) is eligible for that rate if: (a) the customer is paying for service where a residential fire sprinkler system is required/requested to be installed by local fire or building codes; (b) a smaller meter would be large enough to provide adequate service in the absence of the additional demand needed to supply water to the system; (c) the sprinkler system is served through the meter providing residential water service; and (d) the customer requests the "fire sprinkler" rate. The Company may seek verification that the above criteria are met. This service will be considered a general metered service, and not a fire service, so the rules and conditions for general metered service shall apply. The fire sprinkler rate for a qualifying 1-inch meter shall be the same as the rate for a 5/8 x 3/4-inch meter service charge.
- 4. Water Expense Increase: Beginning on or after January 1, 2018, an increase in purchased water costs of \$0.0408/CCF for Tier 1 usage, \$0.0443/CCF for Tier 2 usage, and \$0.0521/CCF for Tier 3 usage, and an associated increase in total revenue of 0.7% (relative to the costs and revenues approved in AL 2263) are being tracked in a balancing account as required by Section 792.5 of the Public Utilities Code.

(To be inserted by utility) Advice Letter No. 2298 Decision No.

Issued by PAUL G. TOWNSLEY Vice President

CPUC Sheet No. XXXXX-W
CPUC Sheet No. XXXXX-W

Schedule No. HR-1-NR Hermosa Redondo Tariff Area NONRESIDENTIAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service except that provided to single-family residential customers.

TERRITORY

Hermosa Beach, Redondo Beach, Torrance, and vicinity, Los Angeles County

RATES 1 CCF is 100 cubic feet (748 gallons)

Quantity Rates:

Per CCF \$5.1878 (I)

		Per Meter	
Service Charge:		Per Month	
For	5/8 x 3/4 - inch meter	\$9.80	(1)
For	3/4 - inch meter	\$14.70	
For	1 - inch meter	\$24.50	
For	1-1/2 - inch meter	\$49.00	
For	2 - inch meter	\$78.40	
For	3 - inch meter	\$147.00	
For	4 - inch meter	\$245.00	
For	6 - inch meter	\$490.00	
For	8 - inch meter	\$784.00	
For	10 - inch meter	\$1,127.00	
For	12 - inch meter	\$1,617.00	
For	14 - inch meter	\$2,205.00	(1)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the quantity rates.

SPECIAL CONDITIONS

- All bills are subject to the following tariff schedules: Schedule UF (CPUC reimbursement fee) and applicable surcharges and surcredits on Schedule RSF (Rate Support Fund), Schedule LIRA (Low-Income Ratepayer Assistance), and Schedule AS (Additional Surcharges and Surcredits).
- 2. Qualifying non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers are eligible for credits as shown on **Schedule LIRA**.
- 3. Water Expense Increase: Beginning on or after January 1, 2018, an increase in purchased water costs of \$0.0470/CCF and an associated increase in total revenue of 0.7% (relative to the costs and revenues approved in AL 2263) are being tracked in a balancing account as required by Section 792.5 of the Public Utilities Code.

(To be inserted by utility)
Advice Letter No. 2298
Decision No.

PAUL G. TOWNSLEY

NAME

Vice President

Schedule No. HR-6 Hermosa Redondo Tariff Area **RECLAIMED METERED SERVICE**

APPLICABILITY

Applicable to all metered reclaimed water service

TERRITORY

Hermosa Beach, Redondo Beach, Torrance, and vicinity, Los Angeles County

RATES

Quantity Rates:

1 CCF is 100 cubic feet (748 gallons)

Per CCF \$4.1751 (I)

		Per Meter
Service Charge:		Per Month
For	5/8 x 3/4 - inch meter	\$11.16 (I)
For	3/4 - inch meter	\$16.74
For	1 - inch meter	\$27.90
For	1-1/2 - inch meter	\$55.80
For	2 - inch meter	\$89.28
For	3 - inch meter	\$167.40
For	4 - inch meter	\$279.00
For	6 - inch meter	\$558.00
For	8 - inch meter	\$892.80
For	10 - inch meter	\$1,283.40
For	12 - inch meter	\$1,841.40
For	14 - inch meter	\$2,511.00 (I)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the quantity rates.

SPECIAL CONDITIONS

- 1. Reclaimed water will be supplied only as available from West Basin Municipal Water District.
- 2. As a condition of service under this schedule, all customers are required to comply with the Company's Rule 16, Section D, Reclaimed Water Service.
- 3. All bills are subject to the following tariff schedules: Schedule UF (CPUC reimbursement fee) and applicable surcharges and surcredits on Schedule RSF (Rate Support Fund), Schedule LIRA (Low-Income Ratepayer Assistance), and Schedule AS (Additional Surcharges and Surcredits).
- 4. Water Expense Increase: Beginning on or after January 1, 2018, an increase in purchased water costs of \$0.0378/CCF and an associated increase in total revenue of 0.7% (relative to the costs and revenues approved in AL 2263) are being tracked in a balancing account as required by Section 792.5 of the Public Utilities Code.
- * Reclaimed water customers that have signed a contract with the West Basin Municipal Water District (West Basin) for repayment of the conversion costs from potable to reclaimed water service will be charged the potable quantity rates while the contract is in effect. The Company will pay West Basin a percentage of the quantity rate revenues collected from reclaimed water customers billed at potable water rates. The percentage refunded represents the difference between the current West Basin wholesale potable water rate and the wholesale reclaimed water rate.

(To be inserted by utility) Advice Letter No. 2298 Decision No.

Issued by PAUL G. TOWNSLEY NAME Vice President

TITLE



Hermosa-Redondo District

ADVICE LETTER FILING MAILING LIST PER SECTION III (G) OF GENERAL ORDER NO. 96-A

DIRECTOR OF PUBLIC WORKS/CITY ENGINEER, P.E. City of Hermosa Beach 1315 Valley Dr Hermosa Beach, CA 90254 abrozyna@hermosabch.org

ROB OSBORNE

City of Redondo Beach, Public Works

Dept

415 Diamond St Redondo Beach, CA 90277 rob.osborne@redondo.org

ALAN BERNDT

City of Torrance, Dept of Water
20500 Madrona Ave
Torrance, CA 90630
aberndt@torranceca.gov

SHAWN IGOE

City of Manhattan Beach
3621 Bell Ave

Manhattan Beach, CA 90266
sigoe@citymb.info

FINANCE DIRECTOR

City of Hawthorne

4455 W 126th St

Hawthorne, CA 90250

rmanbahal@cityofhawthorne.org

GEORGE CHEN, RATES MANAGER

City of Los Angeles, Dept. of Water & Power

P.O. Box 51111 Room 956 Los Angeles, CA 90051 ZhengGeorge.Chen@ladwp.com

AUDREY JACKSON, REGULATORY AFFAIRS **Golden State Water Company** 630 East Foodhill Blvd San Dimas, CA 91773 afjackson@gswater.com RONALD MOORE, REGULATORY AFFAIRS Golden State Water Company 630 East Foodhill Blvd San Dimas, CA 91773 rkmoore@gswater.com

TINA DAVIS AND VICKY MILLER

Park Billing Company
P.O.Box 910
Dixon, CA 95620
tdavis@parkbilling.com
vmiller@parkbilling.com