





June 1, 2018

**Advice Letter No. 2311**

To The Public Utilities Commission of the State of California:

California Water Service Company (“Cal Water”) respectfully submits this Tier 3 advice letter requesting authority to make the following changes to tariffs applicable to Dixon District.

New/Revised CPUC Sheet No.	Title of Sheet	Schedule No.	Cancelling CPUC Sheet No.
XXXXX-W	Dixon Residential	DX-1-R	XXXXX-W
XXXXX-W	Dixon Non-Residential	DX-1-NR	XXXXX-W
XXXXX-W	Table of Contents	Page 5	XXXXX-W
XXXXX-W	Table of Contents	Page 1	XXXXX-W

**Summary**

This advice letter requests authority for:

- (a) An increase in base rates to reflect a revenue requirement increase of \$1,071,065 for chromium-6 treatment projects, effective 1/1/2019. The requested revenue increase is 31% of the last adopted revenue.
- (b) A surcharge of \$1.8290 per CCF for 3 years to recover \$2,572,737 in chromium-6 expenses and capital carrying costs tracked in the Chromium-6 Memo Account, effective 1/1/2019.

Cal Water requests an effective date of January 1, 2019. In addition, Cal Water requests that the protest period be extended to July 19, 2018.

**Background**

In August 2013, the California Department of Public Health (CDPH) (now the State Water Resources Control Board or “Water Board”) issued a draft rule establishing a Maximum Contaminant Level (MCL) of 10 parts per billion for Chromium-6. After a public review process, the CDPH would adopt a final rule establishing the MCL level for chromium-6.

In July 2014, The new MCL level becomes effective.

In August, 2014, it was resolved in D.14-08-011, Special Request #18 that Cal Water may file a Tier 1 advice letter to open a Chromium-6 Memorandum Account before the CDPH adopts a



final MCL for chromium-6. Cal Water is authorized to begin tracking the incremental costs incurred on or after the date that the final MCL is adopted. If a capital project is completed after the final MCL is adopted, Cal Water is allowed to start tracking the revenue requirement associated with that project when it is operationally in service and closed to plant. Cal Water may file a Tier 3 advice letter per district requesting for cost recovery if the required procedures and justifications are completed.

In May 2014, Cal Water's advice letter no. 2128 was approved to set up the chromium-6 Memo Account.

In 2015 GRC, D.16-12-042, 5.12, both ORA and Cal Water agree to extend the chromium-6 Memo Account and modify the Preliminary Statement AI.

In December 31, 2016, Advice Letter No. 2242 was filed in compliance to the Decision.

The following Regulatory Procedures as required in Preliminary Statement AI for Cal Water to seek for recovery:

#### 5. REGULATORY PROCEDURE:

- (a) Required justifications: For each capital project, Cal Water will provide detailed justifications that contain least-cost analyses considering all feasible alternatives, including but not limited to blending, removing the well from active status, and Best Available Technologies ("BATs") for chromium-6 treatment as specified in Title 22, California Code of Regulations. The need to maintain the affected well's active status, thus requiring capital investment, must be supported with consideration of the district's available water supply resources, including new supply projects authorized in the 2012 GRC.
- (b) For recovery through an advice letter: Cal Water may only file one Tier 3 advice letter each for Dixon and Salinas. Cal Water may file two Tier 3 advice letters for Willows. When the last capital project in an advice letter filing is nearing completion (operationally in-service and closed to plant), and approximately one month before an advice letter seeking recovery is filed, Cal Water will confer with the Office of Ratepayer Advocates to alert it of the advice letter filing, and begin providing the data supporting both the capital projects and expenses in the memo account for which recovery will be requested. The advice letter will request (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 account.

#### Discussion

- In view of the required justifications required by Preliminary Statement AI, 5 (a), Cal Water has completed the following steps.
  1. Cal Water's engineering department studied the district's available water supply and system capacity. It was determined treatment would only be required on 3 wells (Dix 1-03, Dix 7-01, Dix 9-01) to ensure an adequate supply of potable water would be available to customers under average and maximum day demand conditions.



2. In April 2013, Jacobs Engineering Group Inc., was contracted to provide its professional services in evaluating and recommending appropriate treatment technologies and locations for chromium-6 impacted wells in the Dixon, Salinas and Willows districts, with an emphasis on costs, operability and reliability. A copy of their study – “Proposal for Engineering Services: Chromium 6 Treatment Removal Study” – and their Treatment Recommendations are available upon request.
  3. The results and treatment methodologies were reviewed, and the final decision was to go with the Strong Base Anion exchange (SBA) option for the Willows and Dixon Districts using the Ionex, SG treatment system.
  4. A detailed implementation schedule and study done by Cal Water was provided at the AWWA Fall Conference 2016 (presentation available upon request).
- On March 27, 2017, as required by Preliminary Statement AI Section 5(b), Cal Water conferred with ORA regarding this advice letter filing at the Commission’s office in San Francisco.
  - On April 11, 2017, as requested by ORA, the parties visited the treatment sites in Dixon.
  - Further data and information were provided to ORA as requested.

In this filing Cal Water is requesting recovery for the following items:

- 1. Adding \$7,206,361 to ratebase for the capital costs of water treatment plant to remove chromium-6 from 3 wells (Dix 1-03, Dix 7-01, Dix 9-01). This results in an increased revenue requirement of \$1,071,065. Commodity and service charge rates will be increased to recover the increased revenue requirement.
- 2. Recovering \$2,572,737 in costs tracked in the chromium-6 memo account for January 1, 2015 through February 28, 2018. This includes incremental operating expense of \$314,046. It also includes \$2,212,974 in revenue requirement for 2017 & 2018 from the \$7.6 million increase in capital costs. The revenue requirement is calculated from when the water treatment plant improvements became used and useful (January 1, 2017) until it is included in ratebase (estimated to be January 1, 2019).

The last adopted revenue CWS used in this filing is the requested revenue approved from AL 2286-A. The SRM adjusted consumptions is also used to calculate the surcharges rates as that is more accurate representing the actual consumptions for 2018.

A residential metered customer using 10 CCF (average 2017 consumption for Dixon) per month will have an increase of \$39.98, or 57.6%, on their monthly bill (includes the surcharge).



Cal Water also requests that the protest period be extended to July 19, 2018 to give more time to customers who will receive bills containing notice of this advice letter towards the end of June.

### **Requested Effective Date**

Cal Water is submitting this advice letter with a Tier 3 designation as authorized by D.16-12-042, and requests an effective date of **January 1, 2019**.

### **Notice**

**Customer Notice:** Notice of this request will be provided to customers consistent with General Order 96-B, General Rule 4.2 and Water Industry Rule 3.1.

**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 **June 1, 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
- (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 Water Division by **July 19, 2018**. The address for mailing or delivering a protest is:



Tariff Unit, Water Division, 3<sup>rd</sup> floor  
California Public Utilities Commission,  
505 Van Ness Avenue, San Francisco, CA 94102  
[water\\_division@cpuc.ca.gov](mailto: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  
408/367-8566 or  
E-mail [nwales@calwater.com](mailto:nwales@calwater.com)

Cities and counties requiring Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division within the 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 comment period.

**Replies:** The utility shall reply to each protest and may reply to any response. Each reply must be received by the Division of Water and Audits 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/

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Kitty Wong  
Rates Analyst

cc: Ting-Pong Yuen, ORA

**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:

<u>Sheet Subject Matter</u>	<u>Service Area</u>	<u>Schedule No.</u>	<u>CPUC Sheet No.</u>
Title Page			5613-W
Table of Contents			
Page 1	Table of Contents		XXXXX-W (C)
Page 2	Preliminary Statements		XXXXX-W (C)
Page 3	Preliminary Statements		XXXXX-W
Page 4	Preliminary Statements		11627-W
Page 5	Rate Schedules - All Districts		11636-W
Page 6	Rate Schedules - District Specific		XXXXX-W
Page 7	Rate Schedules - District Specific		XXXXX-W (C)
Page 8	Rate Schedules - District Specific		XXXXX-W
Page 9	Rate Schedules - District Specific		XXXXX-W
Page 10	Rate Schedules - District Specific		XXXXX-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

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(To be inserted by utility)  
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Issued by  
PAUL G. TOWNSLEY  
 Name  
Vice President  
 TITLE

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Preliminary Statements

<u>Sheet</u>	<u>Subject Matter</u>	<u>Service Area</u>	<u>CPUC Sheet No.</u>
<u>Preliminary Statements</u>			
A	Territory Served by the Territory Served by the Utility		
	Page 1		9240-W
	Page 2		8212-W
B-D	Types and Classes of Service, Procedure to Obtain Service, and Symbols		610-W
F	Methyl Tertiary Butyl Ether Memorandum Account (MTBE MA)		8312-W
H	Low-Income Ratepayer Assistance (LIRA) Memorandum Account		11323-W
K	Wausau Memorandum Account (WMA)		7313-W
M	Water Revenue Adjustment Mechanism/ Modified Cost Balancing Account (WRAM/MCBA)		
	Page 1		9345-W
	Page 2		8372-W
	Bakersfield	BK	11583-W
	Bay Area Region	BAR	XXXXX-W
	Bear Gulch	BG	XXXXX-W
	Chico	CH	XXXXX-W
	Dixon	DX	XXXXX-W (C)
	Dominguez	DOM	XXXXX-W
	East Los Angeles	EL	XXXXX-W
	Hermosa Redondo	HR	XXXXX-W
	Kern River Valley	KRV	XXXXX-W
	Livermore	LV	XXXXX-W
	Los Altos	LS	XXXXX-W
	Los Angeles County Region	LAR	XXXXX-W
	Marysville	MR	XXXXX-W
	Monterey Region	MOR	XXXXX-W
	Oroville	OR	XXXXX-W
	Selma	SL	XXXXX-W

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<u>Sheet Subject Matter</u>	<u>Rate Schedules Service Area</u>	<u>Schedule No.</u>	<u>CPUC Sheet No.</u>
<u>Rate Schedules: (continued)</u>			
<b>DIXON DISTRICT</b>			
Residential Metered Service		DX-1-R	XXXXX-W (C)
Nonresidential Metered Service		DX-1-NR	XXXXX-W (C)
<b>DOMINGUEZ DISTRICT</b>			
Residential Metered Service		DOM-1-R	XXXXX-W
Nonresidential Metered Service		DOM-1-NR	XXXXX-W
Recycled Water Service		DOM-RC-1	XXXXX-W
<b>EAST LOS ANGELES DISTRICT</b>			
Residential Metered Service		EL-1-R	XXXXX-W
Nonresidential Metered Service		EL-1-NR	XXXXX-W
Reclaimed Water Service		EL-6	XXXXX-W
<b>GRAND OAKS DISTRICT</b>			
Residential Metered Service-		GO-R-1	7437-W
<b>HERMOSA-REDONDO DISTRICT</b>			
Residential Metered Service		HR-1-R	XXXXX-W
Nonresidential Metered Service		HR-1-NR	XXXXX-W
Public Fire Hydrant Service		HR-5	3446-W
Reclaimed Water Service		HR-6	XXXXX-W
<b>KERN RIVER VALLEY DISTRICT</b>			
General Metered Service		KRV-1 (Pg 1 of 2)	XXXXX-W
		KRV-1 (Pg 2 of 2)	11596-W
Interruptible Public Authority Irrigation Service	Kernville	KRV-KD-2	10307-W

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**Preliminary Statement**  
 (continued)

**M. PRELIMINARY STATEMENT M (WRAM/MCBA - DIXON)**

Monthly Detail  
 (In Thousands of Dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Month	Quantity Charge Revenue for WRAM	Service Charge and other Non-WRAM Revenue	Total Revenue	Purchased Water	Pump Tax	Purchased Power	Total Production Cost	
JAN	\$ 154.6	\$ 133.1	\$ 287.7	\$ -	\$ -	\$ 6.2	\$ 6.2	( C )
FEB	\$ 144.3	\$ 133.1	\$ 277.4	\$ -	\$ -	\$ 5.7	\$ 5.7	
MAR	\$ 148.0	\$ 133.1	\$ 281.1	\$ -	\$ -	\$ 7.4	\$ 7.4	
APR	\$ 158.0	\$ 133.1	\$ 291.0	\$ -	\$ -	\$ 9.6	\$ 9.6	
MAY	\$ 233.6	\$ 133.1	\$ 366.6	\$ -	\$ -	\$ 11.8	\$ 11.8	
JUN	\$ 336.2	\$ 133.1	\$ 469.3	\$ -	\$ -	\$ 14.7	\$ 14.7	
JUL	\$ 360.9	\$ 133.1	\$ 494.0	\$ -	\$ -	\$ 16.6	\$ 16.6	
AUG	\$ 338.7	\$ 133.1	\$ 471.7	\$ -	\$ -	\$ 16.2	\$ 16.2	
SEP	\$ 356.2	\$ 133.1	\$ 489.3	\$ -	\$ -	\$ 13.8	\$ 13.8	
OCT	\$ 283.9	\$ 133.1	\$ 417.0	\$ -	\$ -	\$ 11.3	\$ 11.3	
NOV	\$ 231.7	\$ 133.1	\$ 364.7	\$ -	\$ -	\$ 8.1	\$ 8.1	
DEC	\$ 183.3	\$ 133.1	\$ 316.3	\$ -	\$ -	\$ 6.3	\$ 6.3	
12 Month Total	\$ 2,929.4	\$ 1,596.7	\$ 4,526.1	\$ -	\$ -	\$ 127.7	\$ 127.7	( C )

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Schedule No. DX-1-R  
**Dixon Tariff Area**  
RESIDENTIAL METERED SERVICE

APPLICABILITY

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

TERRITORY

Dixon and vicinity, Solano County.

RATES

1 CCF is 100 cubic feet (748 gallons)

Quantity Rates:

For 1 - 10 CCF, per CCF	\$5.7623	(I)
For 11 to 27 CCF, per CCF	\$6.4670	
For over 27 CCF, per CCF	\$6.9783	(I)

Service Charge:

	<u>Per Meter</u>	
	<u>Per Month</u>	
For 5/8 x 3/4 - inch meter	\$33.46	(I)
For 3/4 - inch meter	\$50.19	
For Fire Sprinkler with 1 - inch meter	\$41.83	
For 1 - inch meter	\$83.65	
For 1-1/2 - inch meter	\$167.30	
For 2 - inch meter	\$267.68	
For 3 - inch meter	\$501.90	
For 4 - inch meter	\$836.50	
For 6 - inch meter	\$1,673.00	
For 8 - inch meter	\$2,676.80	
For 10 - inch meter	\$3,847.90	
For 12 - inch meter	\$5,520.90	
For 14 - inch meter	\$7,528.50	(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. 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 5/8 x 3/4-inch meter service charge plus a 25% surcharge.
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. Qualifying low-income individually metered residential customers are eligible for credits as shown on **Schedule LIRA**.
4. **Temporary Surcharge to Recover Chromium-6 Removal Costs:** Customers will receive a surcharge of \$1.8290 (N) per one CCF (748 gallons) of water used for a period of 36 months starting Jan. 1, 2019. In three areas of the Dixon District, drinking water from groundwater sources is now treated to remove the contaminant, chromium-6, long-term exposure to which is believed to be harmful to public health. | (N)

(To be inserted by utility)  
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 Decision No. 16-12-042

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Schedule No. DX-1-NR  
**Dixon Tariff Area**  
NONRESIDENTIAL METERED SERVICE

APPLICABILITY

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

TERRITORY

Dixon and vicinity, Solano County.

RATES

1 CCF is 100 cubic feet (748 gallons)

Quantity Rates:

Per CCF \$6.6520 (I)

Service Charge:

		Per Meter Per Month
For	5/8 x 3/4 - inch meter	\$29.18 (I)
For	3/4 - inch meter	\$43.77
For	1 - inch meter	\$72.95
For	1-1/2 - inch meter	\$145.90
For	2 - inch meter	\$233.44
For	3 - inch meter	\$437.70
For	4 - inch meter	\$729.50
For	6 - inch meter	\$1,459.00
For	8 - inch meter	\$2,334.40
For	10 - inch meter	\$3,355.70
For	12 - inch meter	\$4,814.70
For	14 - inch meter	\$6,565.50 (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. 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. **Temporary Surcharge to Recover Chromium-6 Removal Costs:** Customers will receive a surcharge of \$1.8290 per one CCF (748 gallons) of water used for a period of 36 months starting Jan. 1, 2019. In three areas of the Dixon District, drinking water from groundwater sources is now treated to remove the contaminant, chromium-6, long-term exposure to which is believed to be harmful to public health. (N)  
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## **Dixon District**

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

FINANCE DEPARTMENT

**City of Dixon**

600 East A St

Dixon, CA 95620

GENERAL MANAGER

**Solano Irrigation District**

508 Elmira Rd

Vacaville, CA 95687

[admin@sidwater.org](mailto:admin@sidwater.org)