

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

Advice Letter Cover Sheet

Utility Name: California Water Service Company	Date Mailed to Service List: 07/31/2020
District: Selma	
CPUC Utility #: U-60-W	Protest Deadline (20th Day): 08/20/2020
Advice Letter #: 2388	Review Deadline (30th Day): 08/30/2020
Tier: <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input checked="" type="checkbox"/> Compliance	Requested Effective Date: 08/01/2020
Authorization: D 15-03-003	

Rate Impact: None

Description: Deferral of Selma Groundwater Surcharge
Increase until January 1, 2021

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: Melody Singh
Phone: (916) 329-1856
Email: msingh@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

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[] 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[] WITHDRAWN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

July 31, 2020

Advice Letter No. 2388

CALIFORNIA WATER SERVICE COMPANY (U 60 W)

To The Public Utilities Commission of the State of California:

California Water Service Company ("Cal Water") respectfully submits this Tier 1 advice letter requesting authority to make the changes in its tariff as described below.

Please note that, due to limitations on non-essential travel as a result of the COVID-19 virus, this advice letter will only be distributed electronically to the Water Division and the attached service lists. If applicable, paper copies will be distributed when administrative staff are able to return to company offices.

New/Revised C.P.U.C.			Cancelling C.P.U.C.
Sheet No.	Title of Sheet	Schedule No.	Sheet No.
XXXXX-W	Residential Metered Service (sheet 2)	SL-1-R	12274-W
XXXXX-W	Nonresidential Metered Service (sheet 2)	SL-1-NR	12276-W
XXXXX-W	Residential Flat Rate Service (sheet 2)	SL-2R	12278-W
XXXXX-W	Table of Contents (Page 10)	Not Applicable	XXXXX-W
XXXXX-W	Table of Contents (Page 1)	Not Applicable	XXXXX-W

Summary

In recognition of the customer hardships posed by the COVID-19 pandemic, Cal Water has proposed to continue deferring the Selma groundwater Year 6 surcharge increase to January 1, 2021.¹ Currently, the existing groundwater surcharge is set to expire on July 31, 2020 and the year 6 surcharge to start August 1, 2021. However, Cal Water requests that the groundwater surcharges continue at existing rates from July 31, 2020 through January 1, 2021.

Background

Cal Water filed Advice Letter 2382 on April 15, 2020 to defer the annual April 15th Selma groundwater surcharge increase to August 1, 2020. Since then, customer hardships due to the COVID-19 pandemic are still present and Cal Water proposes to defer the rate increase to January 1, 2021.

¹ Cal Water's understanding is that the City of Selma does not oppose Cal Water's proposal.



In January 2014, Cal Water and the City of Selma (“the City”) jointly filed an application to apply groundwater surcharges to customers in the Selma District (A.14-01-008). The requested surcharges are the result of a Cooperative Agreement between the City and the Consolidated Irrigation District (“CID”) resolving litigation and establishing the funds that would be collected from Selma residents, and other towns in the Upper Kings River Basin, to replenish the overdrafted basin.

The Cooperative Agreement establishes two different fees payable to CID – “groundwater recharge (baseline) fees” at \$0.069 per CCF, and “groundwater replenishment fees” at \$0.23 per CCF – but allows the groundwater replenishment fees to be ramped up over an 8-year period, after which it will only be increased by the Consumer Price Index.

The Settlement Agreement approved by the Commission in D.15-03-003 allows groundwater surcharges to be applied to customer bills in the Selma District on a permanent basis to fund the full amount of the fee payable by the Ordinance adopted by the Selma Municipal Code. There is a groundwater surcharge for metered customers on a per-CCF basis, and there will be flat monthly groundwater surcharge for flat-rate customers until they are metered. Remittance of what is collected is sent to the City of Selma within 30 days after the end of each month. The table below indicates the percentage of the total fee to be collected each year during the phase-in:

Replenishment Fee Ramp-Up (Per Cooperative Agreement)	
Year 1	12.5%
Year 2	25.0%
Year 3	37.5%
Year 4	50.0%
Year 5 *	62.5%
Year 6 *	75.0%
Year 7 *	87.5%
Year 8 *	100.0%

* Add CPI adjustment

Here is the history of the ramp-up thus far:

- For Year 1 (2015), the surcharges were calculated to collect \$160,810 from Selma residents and Advice Letters 2165 & 2165-A were filed on April 15, 2015.
- For Year 2, the calculated surcharges was \$158,970, and Advice Letters 2214 & 2214-A were filed on April 6, 2016.
- For Year 3, the surcharges were calculated to collect \$189,529, and Advice Letter 2275 was filed on March 24, 2017.



- For Year 4, the surcharges were calculated to collect \$235,254, and Advice Letter 2302 was filed on April 4, 2018.
- For Year 5, the surcharges were calculated to collect \$274,887, and Advice Letter 2340 was filed on April 10, 2019.

As shown in the table above, the City is allowed to increase the recovery from 62.5% to 75% of the calculated Replenishment Fees (plus a Consumer Price Index adjustment) in Year 6. As discussed below, Cal Water proposes that this increase occur on January 1, 2020, rather than August 1, 2020.

Discussion

Under the Settlement Agreement approved in D.15-03-003, the groundwater surcharges collected for the City and CID are increased each year on April 15th over an 8-year phase-in period. The increase for Year 6 would have normally occurred on April 15, 2020 and was originally deferred to August 1, 2020.²

Due to the continuing financial challenges many Selma customers are facing as a result of the COVID-19 pandemic, for which California declared a state of emergency on March 4, 2020, Cal Water now proposes here to defer the Year 6 surcharge from August 1, 2020 to January 1, 2021. Cal Water also proposes that that subsequent surcharge increases occur on January 1st of each year, starting with the Year 7 surcharge increase on January 1, 2022.

This proposed deferral is structured to accomplish two goals. First, it would provide greater stability to water bills for the rest of 2020, during which access to water is central to combating the spread of COVID-19. Second, it would schedule future groundwater surcharge increases for January 1st, at the same time other water rate changes are likely to occur. Cal Water's customers have expressed a clear preference for less frequent changes to the rates on their water bills. Cal Water therefore now tries to coordinate such changes, whether due to base rate or surcharge/surcredit adjustments, so that they occur together at more predictable times, when possible.

In consultation with the City and CID, Cal Water will seek modification of D.15-03-003 to allow the surcharge increases to occur on January 1st rather than April 15th of each year, starting with the Year 6 increase on January 1, 2021. In subsequent advice letters, Cal Water will request authority to implement the Year 7 increase in the groundwater surcharge on January 1, 2022, and to implement the Year 8 increase on January 1, 2023.

² The Commission approved the deferral in Advice Letter No. 2382 (4/15/2020).



Tier Designation

Pursuant to D.15-03-003, Ordering Paragraph 1, Cal Water submits this as a Tier 1 advice letter.

Requested Effective Date

Pursuant to General Order 96-B, General Rule 7.3.1, which allows Tier 1 advice letters to be effective pending disposition, Cal Water requests that this advice letter become effective on August 1, 2020.

Notice

Customer Notice – Customer notice of Tier 1 advice letters is not required under General Order 96-B, General Rule 7.3.1.

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 electronically transmitted on **July 31, 2020**, to competing and adjacent utilities and other utilities or interested parties having requested such notification. ***Please note that, due to limitations on non-essential travel as a result of the COVID-19 virus, this advice letter will only be distributed electronically. If applicable, paper copies will be distributed when administrative staff are able to return to company offices.***

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 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



CALIFORNIA WATER SERVICE COMPANY

AL 2388 – Deferral of Selma Groundwater Surcharge Increase

Page 5 of 6

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/

Natalie Wales
Director of Regulatory Policy

Enclosures

cc: Richard Rauschmeier (Public Advocates Office), Hani Moussa, (Public Advocates Office), Ting-Pong Yuen (Public Advocates Office)

CALIFORNIA WATER SERVICE COMPANY

1720 North First Street

San Jose, CA 95112

(408) 367-8200

Revised

Cancelling

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

Cal. P.U.C. Sheet No. 12276-W

Schedule No. SL-1-NR
Selma Tariff Area
NONRESIDENTIAL METERED SERVICE

Page 2

SPECIAL CONDITIONS (continued)

3. 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**.
4. **Groundwater surcharge (Year Five: April 15, 2019 - December 31, 2020): \$0.1579 per CCF** (C)
- Under the Cooperative Agreement between the City of Selma and the Consolidated Irrigation District, the surcharge identified above will be applied to bills on a monthly basis. Authorized by Decision 15-03-003 and Advice Letter 2388, the collected amounts will be provided to the City of Selma for groundwater replenishment activities. The total annual groundwater fees due under the Cooperative Agreement will be increased over the first 8 years.

(To be inserted by utility)

Advice Letter 2388

Decision

Issued By

Greg A. MillemanVice President

(To be inserted by CPUC)

Date Filed _____

Effective _____

Resolution _____

CALIFORNIA WATER SERVICE COMPANY

1720 North First Street

San Jose, CA 95112

(408) 367-8200

Revised

Cancelling

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

Cal. P.U.C. Sheet No. 12274-W

Schedule No. SL-1-R

Page 2

Selma Tariff Area**RESIDENTIAL METERED SERVICE****SPECIAL CONDITIONS (continued)**

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. **Fire sprinkler rates:** A single-family residence 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.
5. **Groundwater surcharge (Year Five: April 15, 2019 – December 31, 2020): \$0.1579 per CCF** (C)
Under the Cooperative Agreement between the City of Selma and the Consolidated Irrigation District, the surcharge identified above will be applied to bills on a monthly basis. Authorized by Decision 15-03-003 and Advice Letter 2388, the collected amounts will be provided to the City of Selma for groundwater replenishment activities. The total annual groundwater fees due under the Cooperative Agreement will be increased over the first 8 years.

(To be inserted by utility)

Advice Letter 2388

Decision

Issued By

Greg A. MillemanVice President

(To be inserted by CPUC)

Date Filed _____

Effective _____

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CALIFORNIA WATER SERVICE COMPANY

1720 North First Street

San Jose, CA 95112

(408) 367-8200

Revised

Cancelling

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

Cal. P.U.C. Sheet No. 12278-W

Schedule No. SL-2R

Page 2

Selma Tariff Area**RESIDENTIAL FLAT RATE SERVICE****SPECIAL CONDITIONS (continued)****7. Groundwater surcharge (Year Five: April 15, 2019 – December 31, 2020)**

(C)

Under the Cooperative Agreement between the City of Selma and the Consolidated Irrigation District, the surcharge identified above will be applied to bills on a monthly basis. Authorized by Decision 15-03-003 and Advice Letter 2388, the collected amounts will be provided to the City of Selma for groundwater replenishment activities. The total annual groundwater fees due under the Cooperative Agreement will be increased over the first 8 years.

Lot Size:	Monthly Surcharge:
0-6000 sq. ft.	\$6.47
6001-10,000 sq. ft.	\$7.87
10,001-16,000 sq. ft.	\$9.73
16,001-25,000 sq. ft.	\$12.36

(To be inserted by utility)

Advice Letter 2388

Decision

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Greg A. MillemanVice President

(To be inserted by CPUC)

Date Filed _____

Effective _____

Resolution _____

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</u>	<u>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			12255-W
Page 3	Preliminary Statements			12245-W
Page 4	Preliminary Statements			12160-W
Page 5	Rate Schedules - All Districts			XXXXX-W (C)
Page 6	Rate Schedules - District Specific			12244-W
Page 7	Rate Schedules - District Specific			12243-W
Page 8	Rate Schedules - District Specific			12254-W
Page 9	Rate Schedules - District Specific			12241-W
Page 10	Rate Schedules - District Specific			12279-W
Page 11	Service Area Maps			12253-W
Page 12	Rules			11860-W
Page 13	Rules			12271-W
Page 14	Sample Forms			12061-W
Page 15	Sample Forms			2926-W

(continued)

(To be inserted by utility)
Advice Letter No. 2388
Decision No.

Issued by
GREG A. MILLEMAN
Name
Vice President
TITLE

(To be inserted by CPUC)
Date Filed
Effective
Resolution No.

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<u>Sheet Subject Matter</u>	<u>Service Area</u>	<u>Schedule No.</u>	<u>CPUC Sheet No.</u>
<u>Rate Schedules: (continued)</u>			
SELMA DISTRICT			
Residential Metered Service (sheet 1)		SL-1-R	12273-W
Residential Metered Service (sheet 2)		SL-1-R	XXXXX-W (C)
Nonresidential Metered Service (sheet 1)		SL-1-NR	12275-W
Nonresidential Metered Service (sheet 2)		SL-1-NR	XXXXX-W (C)
Residential Flat Rate Service (sheet 1)		SL-2R	12277-W
Residential Flat Rate Service (sheet 1)		SL-2R	XXXXX-W (C)
STOCKTON DISTRICT			
Residential Metered Service		ST-1-R	12200-W
Nonresidential Metered Service		ST-1-NR	12199-W
TRAVIS DISTRICT			
Potable Water Service		ST-1-R	12079-W
VISALIA DISTRICT			
Residential Metered Service		VS-1-R	12198-W
Nonresidential Metered Service		VS-1-NR	12197-W
WESTLAKE DISTRICT			
Residential Metered Service		WK-1-R	12194-W
Nonresidential Metered Service		WK-1-NR	12193-W
Reclaimed Water Service		WK-6	12192-W
WILLOWS DISTRICT			
Residential Metered Service		WL-1-R	12196-W
Nonresidential Metered Service		WL-1-NR	12195-W
FIRE FLOW TESTING CHARGE		FF	8597-W

(continued)

(To be inserted by utility)
Advice Letter No. 2388
Decision No. _____

Issued by
GREG A. MILLEMAN
Name
Vice President
TITLE

(To be inserted by CPUC)
Date Filed _____
Effective _____
Resolution No. _____



Selma District

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

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