

Docket : A. 23-08-010  
Exhibit Number : Cal Adv - #  
Commissioner : Shiroma Genevieve  
Administrative Law Judge : Amin Nojan  
Public Advocates Office : Kerrie Evans  
Witness : \_\_\_\_\_  
\_\_\_\_\_



**PUBLIC ADVOCATES OFFICE**  
**CALIFORNIA PUBLIC UTILITIES COMMISSION**

**Blanket Items, Special Request No. 7 and  
Attrition Year Rate Base**

Los Angeles, California  
February 27, 2024

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1 **MEMORANDUM**

2 The Public Advocates Office at the California Public Utilities Commission (“Cal  
3 Advocates”) examined application material, data request responses, and other  
4 information presented by Golden State Water Company (“GSWC”) in Application (“A.)  
5 23-08-010 to provide the California Public Utilities Commission (“Commission” or  
6 “CPUC”) with recommendations in the interests of ratepayers for safe and reliable  
7 service at the lowest cost. Mehboob Aslam is Cal Advocates project lead for this  
8 proceeding. Victor Chan is the oversight supervisor, and Shanna Foley and Brett Plamer  
9 are the legal counsels.

10 Although every effort was made to comprehensively review, analyze, and provide  
11 the Commission with recommendations on each ratemaking and policy aspect presented  
12 in the Application, the absence from Cal Advocates’ testimony of any particular issue  
13 connotes neither agreement nor disagreement of the underlying request, methodology, or  
14 policy position related to that issue.

1 **CHAPTER 1 BLANKET ITEMS**

2 **I. INTRODUCTION**

3 The capital blanket budget covers items that occur on a regular basis and stays  
4 consistent from year to year. The requested budget for eight of the nine Blanket  
5 categories is based on historical expenditures averages plus inflation, overhead and  
6 contingency adders.<sup>1</sup>

7 For the remaining blanket category, B-10: Vehicles, the requested budget applies  
8 California’s Department of General Services vehicle replacement schedule based on a  
9 study dated May 30, 2016.<sup>2</sup>

10 **II. SUMMARY OF RECOMMENDATIONS**

11 The Commission should adopt the budget for the eight blanket categories based on  
12 the historical averages; however, the 5% contingency adder should be eliminated. For  
13 the remaining blanket category, Vehicles, the estimated budget should be based on the  
14 process shown below.

15 For GSWC’s Regions I, II and III, the Commission should approve the following  
16 Test Year Blanket budgets: in 2025, \$22,794,900 and \$23,118,800 in 2026.

17 **III. BLANKET ANALYSIS**

18 **1. GSWC Blanket Budget Request**

19 The requested annual blanket budget is for the routine installation/replacement of  
20 certain plant items for each rate making area and district office. The blanket budget  
21 escalates the five-year (2018-2022) historical average for the following blanket items:  
22 Meters, Services, Main Replacements, Main Pumping Plant/Equipment, Purification

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<sup>1</sup> A. 23-08-010, Worksheet Y\_SEC-50\_RB\_Blanket Capital Projects.

<sup>2</sup> A.23-08-010, Direct Testimony of Ernest Gisler, Mark Insco, Megan McWilliams, Dan Flores and David Schickling, Volume 1 of 13, June 2023, p.280.

1 Equipment/Structures, Office Equipment/Furniture, Tools and Safety Equipment, and  
 2 additions to General Structures.<sup>3</sup>

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**TABLE 1-1**  
**Banket Items Budget (Test Years 2025 and 2026)**

Service Area	2025			2026		
	<i>Cal Advocates Recommended</i>	<i>GSWC Requested</i>	<i>GSWC &gt; Cal Advocates</i>	<i>Cal Advocates Recommended</i>	<i>GSWC Requested</i>	<i>GSWC &gt; Cal Advocates</i>
Arden Cordova	2,510,500	2,940,700	<b>430,200</b>	2,499,900	3,001,300	<b>501,400</b>
Bay Point	566,600	696,400	<b>129,800</b>	577,300	655,800	<b>78,500</b>
Clearlake	283,200	448,500	<b>165,300</b>	323,500	462,300	<b>138,800</b>
Coastal District	11,800	12,400	<b>600</b>	12,200	12,800	<b>600</b>
Los Osos	214,300	326,100	<b>111,800</b>	223,800	390,400	<b>166,600</b>
Northern District	20,700	21,800	<b>1,100</b>	21,400	107,400	<b>86,000</b>
Santa Maria	1,382,900	1,702,900	<b>320,000</b>	1,233,500	1,522,100	<b>288,600</b>
Simi Valley	467,500	640,300	<b>172,800</b>	369,500	731,500	<b>362,000</b>
Central Basin-East	2,108,500	2,720,900	<b>612,400</b>	2,171,900	2,629,900	<b>458,000</b>
Central Basin-West	2,103,100	2,631,200	<b>528,100</b>	2,166,100	2,519,600	<b>353,500</b>
Central District	81,900	198,100	<b>116,200</b>	84,500	239,000	<b>154,500</b>
Culver City	1,359,100	1,475,200	<b>116,100</b>	1,399,800	1,905,700	<b>505,900</b>
Southwest	3,608,500	4,801,300	<b>1,192,800</b>	3,716,700	5,050,500	<b>1,333,800</b>
Southwest District	32,700	248,900	<b>216,200</b>	33,600	134,400	<b>100,800</b>
Claremont	949,000	1,206,100	<b>257,100</b>	977,400	1,357,600	<b>380,200</b>
Foothill District	241,400	468,000	<b>226,600</b>	248,600	360,100	<b>111,500</b>
San Dimas	1,229,500	1,492,300	<b>262,800</b>	1,266,600	1,606,300	<b>339,700</b>
San Gabriel	810,900	952,800	<b>141,900</b>	835,300	1,030,900	<b>195,600</b>
Apple Valley	192,000	201,500	<b>9,500</b>	197,800	207,600	<b>9,800</b>
Barstow	1,577,600	1,919,000	<b>341,400</b>	1,624,900	1,810,500	<b>185,600</b>
Calipatria	259,100	373,500	<b>114,400</b>	267,000	280,400	<b>13,400</b>
Morongo	136,900	193,400	<b>56,500</b>	140,900	252,400	<b>111,500</b>
Mountain District	3,300	3,500	<b>200</b>	3,400	102,700	<b>99,300</b>
Wrightwood	272,200	387,400	<b>115,200</b>	280,500	417,100	<b>136,600</b>
Los Alamitos	1,325,000	1,647,800	<b>322,800</b>	1,364,600	1,758,200	<b>393,600</b>
Orange Cty District	103,100	252,500	<b>149,400</b>	106,100	331,400	<b>225,300</b>
Placentia	943,600	1,099,000	<b>155,400</b>	972,000	1,247,500	<b>275,500</b>
<b>Total</b>	<b>22,794,900</b>	<b>29,061,500</b>	<b>6,266,600</b>	<b>23,118,800</b>	<b>30,125,400</b>	<b>7,006,600</b>

<sup>3</sup> A.23-08-010, Direct Testimony of Ernest Gisler, Mark Insko, Megan McWilliams, Dan Flores and David Schickling, Volume 1 of 13, June 2023, p. 277.

1 The following table estimates Blanket Items for the year 2024.

2 **TABLE I-2**

3 **Banket Items Budget (2024)**

Service Area	2024		
	<i>Cal Advocates Recommended</i>	<i>GSWC Requested</i>	<b><i>GSWC &gt; Cal Advocates</i></b>
Arden Cordova	2,825,421	3,201,900	<b>376,479</b>
Bay Point	579,100	903,200	<b>324,100</b>
Clearlake	414,021	670,000	<b>255,979</b>
Coastal District	11,500	110,500	<b>99,000</b>
Los Osos	207,900	316,500	<b>108,600</b>
Northern District	20,100	21,100	<b>1,000</b>
Santa Maria	1,580,221	1,988,000	<b>407,779</b>
Simi Valley	723,221	798,000	<b>74,779</b>
Central Basin- East	2,339,941	2,440,100	<b>100,159</b>
Central Basin- West	2,041,800	2,729,600	<b>687,800</b>
Central District	225,921	680,800	<b>454,879</b>
Culver City	1,465,821	1,821,200	<b>355,379</b>
Southwest	3,796,241	4,709,800	<b>913,559</b>
Southwest District	31,600	398,200	<b>366,600</b>
Claremont	1,214,241	1,450,300	<b>236,059</b>
Foothill District	269,888	512,700	<b>242,812</b>
San Dimas	1,486,641	1,787,200	<b>300,559</b>
San Gabriel	787,300	879,000	<b>91,700</b>
Apple Valley	261,466	392,500	<b>131,034</b>
Barstow	1,531,500	1,608,100	<b>76,600</b>
Calipatria	251,600	362,700	<b>111,100</b>
Morongo	132,900	237,900	<b>105,000</b>
Mountain District	3,200	83,600	<b>80,400</b>
Wrightwood	447,555	518,100	<b>70,545</b>
Los Alamitos	1,469,655	1,639,500	<b>169,845</b>
Orange Cty District	392,941	541,900	<b>148,959</b>
Placentia	1,062,621	1,611,700	<b>549,079</b>
<b>Total</b>	<b>25,574,316</b>	<b>32,414,100</b>	<b>6,839,784</b>

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5 The requested 5% Contingency adder in the forecasted budget should be denied as  
6 recommended by testimony of Cal Advocates' witness, Justin Menda.

1                   **2.     Blanket Item No. 10 - Vehicles**

2                   Golden State’s Vehicles request is “...a result of a vehicle replacement study dated  
3 May 30, 2016.”<sup>4</sup> This 2016 study, requested by the State of California’s Department of  
4 General Services, (DGS) provides a Vehicle Replacement Methodology (VRM Report)<sup>5</sup>  
5 specifically designed for the California State Fleet.<sup>6</sup> The designed vehicle replacement  
6 methodology specifically addresses that the “State has been unable to allocate enough  
7 money to replace its vehicles over the past decade or so.”<sup>7</sup>

8                   The VRM Report uses criteria specifically related to DGS’s needs and objectives.  
9 As stated, DGS has not been allocating sufficient funding for replacement of its fleet for  
10 the past decade.<sup>8</sup> Due to a decade-long replacement schedule, DGS intends to speed up  
11 its fleet replacements in order to reduce overall costs that include operating and  
12 maintenance costs. Unlike GSWC’s requesting vehicle replacements every three years,  
13 the DGS VRM Report study reviews vehicle replacement for the past ten years,<sup>9</sup>

14                   The Commission has issued two decisions<sup>10</sup> to determine the criteria for Vehicle  
15 replacements. In both decisions, to evaluate Class A water utility’s vehicle replacement  
16 requests, the Commission relied on the DGS Office of Fleet and Asset Management  
17 (OFAM) criteria issued in its MM 02-02 (2002 Management Memo).

18                   The 2002 Management Memo criteria included Light duty vehicles with a Gross  
19 Vehicle Weight Rating (GVWR) of 8,500 lbs. or less eligible for replacement after

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<sup>4</sup> Ibid, p. 280.

<sup>5</sup> The VRM Report is referenced in California’s State Administrative Manual, (SAM) Management Memo 17-05, and provides replacement thresholds for the state-owned fleet vehicles.

<sup>6</sup> Report on Vehicle Replacement Methodology for the DGS, May 30, 2016, by Mercury Associated Inc.

<sup>7</sup> Ibid, p. 1.

<sup>8</sup> Report on Vehicle Replacement Methodology for the DGS, May 30, 2016, by Mercury Associated Inc., p. 2.

<sup>9</sup> Id.

<sup>10</sup> D.06-01-025 (January 12, 2006), p. 46 and D.07-12-055 (December 20, 2007), p 30.



1 120,000 miles of use. Medium to heavy duty vehicles with a GVWR between 8,501 to  
2 16,000 lbs. replaced after 150,000 miles.<sup>11</sup>

3 Since the GSWC fleet is consistently replaced in a timely manner, its vehicle  
4 replacement program is not similar to the 10-year replacement program presented in the  
5 VRM Report. In addition, GSWC admits it has not performed its own analysis: “At the  
6 time of budgeting the vehicle replacement, we do not perform a condition assessment, but  
7 instead are relying on the DGS study for forecasting the optimum criteria for  
8 replacement.”<sup>12</sup>

9 GSWC has not justified using the 2016 DGS VRM Report criteria to replace  
10 vehicles. To determine the criteria for GSWC’s vehicle replacements, the Commission  
11 should continue to follow its existing DGS criteria.<sup>13</sup>

12 The Commission’s existing DGS guidelines, provided in Table 1-3: DGS Vehicle  
13 Replacement Mileage Criteria Management Memo, MM-02-02: (2002 Management  
14 Memo) that any vehicles expected to reach the replacement mileage threshold between  
15 2024 to 2026, should be replaced.

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<sup>11</sup> Department of General Services, State Administrative Manual Management Memo, Vehicle Replacement Policy, MM 02-02 (January 11, 2002).

<sup>12</sup> Data request KKE-005 Q2a, response date November 3, 2023, p. 5.

<sup>13</sup> D.06-01-025 (January 12, 2006), p. 46 and D.07-12-055 (December 20, 2007), p 30.

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**Table 1-3: 2002 DGS Vehicle Replacement Mileage Criteria**

Management Memo (MM-02-02)	
Vehicle Type	
Vehicles with GVWR up to 8,500 lbs	Minimum Vehicle Mileage
Law Enforcement Vehicles	100,000
Sedans	120,000
Mini Vans	120,000
Cargo Vans	120,000
Pickup Trucks	120,000
Sport Utility Vehicles	120,000
Vehicles with GVWR of 8,501-16,000 lbs	
Law Enforcement Vehicles	150,000
All Trucks, Vans, and SUVs	150,000
Vehicles with GVWR of 16,001-26,000 lbs	
All Trucks, Vans, and SUVs	150,000

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4 To estimate which vehicles meet the 2002 Management Memo minimum miles,  
5 Cal Advocates referred to GSWC supplied data.<sup>14</sup> To estimate the total mileage driven  
6 for each vehicle requested replaced for 2024 and Test Years 2025 and 2026, average  
7 miles was calculated using mileage data GSWC provided for each vehicle (as of  
8 6/21/2023) divided by each vehicle’s total age in months.

9 The correct number of additional monthly average miles increased the total driven  
10 miles to the requested replacement date. This process was applied to the 181 vehicles  
11 covered by the 2002 Management Memo criterium. If the total estimated miles met the  
12 2002 Management Memo mileage requirements, those vehicles are recommended to be  
13 replaced.

14 The requested vehicle replacements per year: for 2024 rate base calculations - 79,  
15 in Test Year 2025 – 60 cars and trucks, and an additional 61 in the year 2026.<sup>15</sup>

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<sup>14</sup> Data request KKE-005 Q2a, response date November 3, 2023, “KKE-005 Q.2 “KKE-005 Q.2 Attachment 12”.

<sup>15</sup> A. 23-08-010, worksheet Y\_SEC-50\_RB\_Blanket Capital Projects, Tab: Vehicle List.

1           Of the 181 vehicles requested by GSWC to be replaced under the 2016 RMV  
2 Report criteria, 23 should be replaced. Four should be replaced in 2024 under the 2002  
3 Management Memo criterium. The remaining 19 vehicles are not for transportation  
4 purposes, but rather are Backhoes or Bucket-loaders.<sup>16</sup> While these 19 pieces of  
5 equipment, all requested in 2024, are more akin to construction equipment they are  
6 included as requested.

7           GSWC’s 5% Contingency adder<sup>17</sup> is not reasonable. The GSWC suggested retail  
8 prices are adjusted to remove the 5% Contingency.

9           The total vehicle request recommended is for 23 vehicles at \$2,966,215 for the  
10 year 2024.

11

#### 12 **IV. CONCLUSION**

13           The recommended Blanket Budgets for the test years are \$22,794,900 in 2025, and  
14 \$23,118,800 in 2026 for all RMAs and district offices.

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<sup>16</sup> Data request KKE-005 Q2a, response date November 3, 2023, KKE-005 Q.2 GSWC Type Table Mapped to DGS Chart” and “KKE-005 Q.2 Attachment 12”.

<sup>17</sup> A. 23-08-010, Golden State Water Company Workpapers Blanket – Vehicles, August 2023.

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**CHAPTER 2 SPECIAL REQUEST No. 7**

**I. INTRODUCTION**

Special Request No. 7 includes anticipated approval to increase its Fire Flow Testing fees, Reconnection fees and its Cross Connection Control fees. GSWC also requests approval of a new tariff to implement a new Tampering fee.

**II. SUMMARY OF RECOMMENDATIONS**

Cal Advocates agree with GSWC’s request to increase the Fire Flow Testing, Reconnection, and Cross Connection Control fees. However, the Commission should deny the Tampering Fee request.

**III. ANALYSIS**

**CROSS CONNECTION FEE INCREASE<sup>18</sup>**

The existing Cross Connection fees (as revenue) were approved in D.16-12-067. GSWC requests a Cross Connection fee increase from \$1.98 to \$2.42 per device per month. Since 2021, an estimated five percent increase in inspections to 15,072 will occur in 2024. An approximate 20% increase for each inspection is just and reasonable. Total revenue from Cross Connection fees, after requested fees increases, is estimated at \$430,918, or an increase of \$107,778.<sup>19</sup>

These fees have remained the same since 2016 (D.16-12-067) and requested rates are in line with other Class A water utilities. The reasonable request is just and recommended approved.

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<sup>18</sup> SEE A.23-09-010, Worksheet: SEC-30\_REV\_Revenues.  
<sup>19</sup> A.23-09-010, Direct Testimony, Gladys Estrada, p. 4, June 2023.

1           **FIRE FLOW TESTING FEE INCREASE**<sup>20</sup>

2           The Commission adopted the Fire Flow Testing fee in D.16-12-007. GSWC  
3 requests to increase the Fire Flow Testing fee from \$300.00 to \$375.00, a 25% increase,  
4 or an incremental increase of \$128,325 for GSWC for years 2014-2016.<sup>21</sup> These fees  
5 have seen no change since 2016 (D.16-12-067) and the requested rates are in line with  
6 other Class A water utilities.

7           This reasonable request is just and recommended for approval.

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9           **RECONNECTION FEE INCREASE**<sup>22</sup>

10          The Commission’s Water Division addresses Reconnection fees in its Standard  
11 Practice (SP) U-28-W. These rates for Class A water utilities (Reconnection charges are  
12 provided for recovery in Tariff Rule 11) are permitted to establish higher reconnection  
13 charges in conjunction with general rate cases.<sup>23</sup>

14          These Reconnection fees were last increased in D.16-12-007. The Reconnection  
15 Fee increase from \$40.00 to \$45.00 for Regular Hours and \$120.00 to \$130.00 for After  
16 Hours represents reasonable increases based on current labor and benefits expenses.  
17 GSWC estimates total revenue of \$568,790 or an incremental fee increase of \$59,470 for  
18 all three Regions.<sup>24</sup>

19          This reasonable request is fair and should be approved.  
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<sup>20</sup> SEE A.23-09-010, Worksheet: SEC-30\_REV\_Revenues.

<sup>21</sup> A.23-09-010, Direct Testimony, Hilda Wahhab, p.25, June 2023.

<sup>22</sup> See A.23-09-010, SEC-30\_REV\_Revenues Othr Forest.

<sup>23</sup> SP U-28-W p. 5.

<sup>24</sup> A.23-09-010, Direct Testimony, Hilda Wahhab, p.25, June 2023.

1            **NEW TAMPERING FEE TARIFF**

2            GSWC proposes to impose a tampering fee on unauthorized water use due to  
3 alleged tampering with its water services and/or meters when discontinuation of said  
4 service is due to non-payment of bills or non-compliance. GSWC estimates revenue for  
5 this new Tariff at \$37,169 per year companywide.<sup>25</sup>

6            The request for this fee should be denied because GSWC has failed to show any  
7 well-defined process that it plans to use to demonstrate that a ratepayer purposefully  
8 tampered with equipment. In addition, the costs for disconnection, which tampering  
9 requires, are already covered by the Reconnection Fee.

10           “Reconnection charges (see Tariff Rule 11) represent the cost to the utility of  
11 performing disconnection and reconnection and keep other ratepayers from paying costs  
12 caused by one customer. Rule 11 allows water utilities to charge for reconnecting water  
13 service that has been disconnected due to non-payment or violation of rules.”<sup>26</sup>

14 Tampering is a violation of the rules, hence a charge for the tampering is covered by the  
15 Reconnection Fee.

16           In addition, for ratepayers unable to afford water bills, (that currently have their  
17 water turned off for nonpayment), any additional fees that must be paid before their water  
18 is turned back on is counterproductive and will only exacerbate the problem.

19           Cal Advocates recommends the Commission deny this request.

20    **IV. CONCLUSION**

21           Cal Advocates finds the requested updates to the existing fees recorded as other  
22 revenue (Fire Flow Testing, Reconnection, and Cross Connection Control) are consistent  
23 with current market values and have not been adjusted for nearly a decade. Cal

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<sup>25</sup> A.23-09-010, Direct Testimony, Katherine Nutting, p. 3, June 2023.

<sup>26</sup> Standard Practice U-28-W: Collecting And Processing User, Connection and Facilities Fees and Late Payment Charges under General Order 96-B, San Francisco, California, June 2006, p. 5.

1 Advocates recommends these fees just and reasonable and should be approved as  
2 requested.

3           The request to create a new tariff, Tampering Fee, should be denied as GSWC has  
4 failed to show any well-defined process can provide proof that any specific ratepayer can  
5 be found liable for any specific tampered meter. As tampering is a violation of the rules,  
6 the Commission currently has a policy that covers the cost of disconnections due to non-  
7 payment or violation of rules.

8           Cal Advocates recommend the Commission deny this request.

1                   **CHAPTER 3 Calculation for Attrition Year Rate Base**

2   **I.     INTRODUCTION**

3           First discussed in its last GRC,<sup>27</sup> GSWC believes an inconsistency exists between  
4 the calculation of rate base in the third year of the GRC cycle per the Commission’s Rate  
5 Case Plan (RCP) and the calculation of depreciation and income-tax expenses for the  
6 same year. GSWC finds these inconsistencies may violate federal Internal Revenue  
7 Service (IRS) tax law normalization requirements.<sup>28</sup>

8           In A. 20-07-012,<sup>29</sup> the Cal Advocates and GSWC agreed the utility would submit  
9 a Private Letter Ruling (PLR) to the IRS for determination as to whether implementing  
10 third-year rates under the RCP Method is permissible or would violate the normalization  
11 consistency requirement.<sup>30</sup> The PLR was submitted by GSWC.<sup>31</sup>

12   **II.    SUMMARY OF RECOMMENDATION**

13           Cal Advocates agree with the terms of the D.23-06-024 Settlement Agreement.

14           The IRS responded to the PLR in favor of GSWC. Therefore, pursuant to the  
15 Settlement Agreement the Commission should allow GSWC to calculate the year-3 rate  
16 base in accordance with the IRS’ ruling in the PLR.

17   **III.   ANALYSIS**

18           In GSWC’s prior GRC, A.20-07-012, GSWC requested a deviation from Decision  
19 04-06-018 (interim order adopting rate case plan (RCP)) for setting 2024 (Year-3) rates

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<sup>27</sup> A. 20-07-012, (Filed July 15, 2020) and its final decision D. 23-06-024, June 29, 2023.

<sup>28</sup> A. 23-09-010, Direct Testimony, Wayne R. McDonald, June 2023, p. 2.

<sup>29</sup> Final Decision, (with Settlement Agreement “SA”) for A. 20-07-012: D.23-06-024.

<sup>30</sup> D. 23-06-024, SA, June 29, 2023, p. 166.

<sup>31</sup> Cal Advocate DR KKE-003, Q1.c Response date of September 15, 2023, includes copy of PLR submitted to the IRS on 2/10/2023.



1 to the extent necessary to ensure consistency of the components used to compute Year-3  
2 rate base and Year-3 cost-of-service. GSWC is concerned that the prescribed  
3 computational method in the RCP6 (RCP Method) results in an inconsistency between (a)  
4 the amounts of Year-3 depreciation and income tax expenses recovered in cost-of-service  
5 revenue requirement and (b) the Year-3 depreciation reserve and deferred income tax  
6 activities used to compute Year-3 rate base. The Internal Revenue Code requires  
7 consistency in order to satisfy tax normalization requirements. GSWC recommended that  
8 the depreciation reserve and the deferred income taxes in the Year-3 rate base calculation  
9 reflect the Year 3 depreciation and deferred income tax expense activity in order to  
10 achieve consistency and avoid a tax normalization violation.

11 In D.23-06-024, the Parties agreed that GSWC would seek a PLR from the IRS to  
12 determine whether implementing Year-3 (2024) rates base under the RCP Method is  
13 permissible or would violate the normalization consistency requirement.<sup>32</sup>

14 In the current Application, A.23-08-010, GSWC forecasted the third-year rate base  
15 figures using the computational approach defined in the Commission's RCP,  
16 D.07-05-062.<sup>33</sup>

17 Since the PLR decision states that GSWC's computational methodology is  
18 required to prevent a normalization violation, the calculation of the 2027 rate base will  
19 need to be based on the methodology proposed by Golden State in A.20-07-012.<sup>34</sup>

20 Since GSWC forecasted its third-year rate base figures using the computational  
21 approach defined in the Commission's RCP, (D.07-05-062) revenue adjustments must be  
22 based on the PLR decision of January 29, 2024. GSWC should also terminate its existing  
23 two-way Memorandum Account and amortize its balance in this proceeding.

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<sup>32</sup> D. 23-06-024, Settlement Agreement, June 29, 2023, p. 166.

<sup>33</sup> A.23-08-010, Application, p.28

<sup>34</sup> Ibid.

1 **IV. CONCLUSION**

2           The Commission should adopt GSWC's calculation methodology for the 2027  
3 third year rate base based on IRS PLR decision. GSWC should also terminate its existing  
4 two-way Memorandum Account and amortize its balance in this proceeding.

# Attachment 1-1: Qualifications of Witness

## QUALIFICATIONS AND PREPARED TESTIMONY OF KERRIE EVANS

Q.1 Please state your name and address.

A.1 Kerrie Evans. 505 Van Ness Avenue, San Francisco, CA 94102

Q.2 By whom are you employed and what is your job title?

A.2 California Public Utilities Commission, Utilities Engineer.

Q.3 Please describe your educational and professional experience.

A.3 Undergraduate Degree in Civil Engineering and thirty years' experience at the Commission working in Ratepayer Advocate, Safety and Water positions.

Q.4 What is your area of responsibility in this proceeding?

A.4 Blanket Items, Special Request No. 7 and 2024 Attrition year rate base.

Q.5 Does that complete your prepared testimony?

A.5 Yes.

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# Attachment 1-2: DR KKE-003



September 25, 2023

Kerrie Evans, Public Advocates Office  
**CALIFORNIA PUBLIC UTILITIES COMMISSION**  
505 Van Ness Avenue  
San Francisco, CA 94102

Subject: Data Request KKE-003 Tax Controversy Attrition Year

Due Date: September 25, 2023

Dear Kerrie Evans,

In response to the above referenced data request number, we are pleased to submit the following responses:

**Issue of Controversy: D.23-06-024 Settlement Agreement: requested PLR to IRS.**

**Question 1:**

Referring to page 2 (lines 8-14) of the Wayne R. McDonald testimony, Section II.4 of the Application states, "GSWC harbors a concern over a possible inconsistency between the calculation of rate base in the third year of the GRC cycle and the calculation of depreciation and income-tax expenses for the same year. GSWC's concern is that the inconsistencies between these two calculations may violate federal tax law normalization requirements. I explained the concern and issue in my direct and rebuttal testimony in A.20-07-012. Pursuant to Section 18.2 of the Settlement Agreement adopted in D.23-06-024, GSWC submitted a private letter ruling to the Internal Revenue Service requesting that they rule on the matter."

a. Please provide the submitted private letter ruling (PLR) to the Internal Revenue Service (IRS) requesting that they rule on the matter, and if documentation cannot be presented in the format presented by the IRS, provide in a format that can be digitally accessed.

1  
2           b. Please provide any and all documentation referenced in the above PLR (1.a.)  
3 and if documentation cannot be presented in the format presented by the IRS, deliver in  
4 a format that can be digitally accessed.

5           c. Please provide copies of any and all communications provided by the IRS on the  
6 above PLR (1.a) in the format presented by the IRS, and also deliver in a format  
7 that can be digitally accessed.

8  
9           a. Please refer to the file **“ASW Ruling Request Packet 2023-03-01 fully**  
10 **executed.pdf”** that contains all documents submitted to the IRS requesting that it issue  
11 rulings (“Ruling Request”) in connection with the normalization matter raised in  
12 A.20-07-012.

13  
14           b. The only items referenced/cited in the Ruling Request—in “I. Statement of  
15 Facts B. Background”—that are not tax-law authorities as cited in “III. Statement of Law”  
16 and the analysis of such authorities in “IV. Analysis of Authorities” (i.e., documentation  
17 or regulatory-law authorities) are issued by the CPUC (e.g., standard practices, the  
18 decision with respect to the rate case plan) and GSWC’s A.20-07-012, all of which we  
19 understand that your office is already in possession of.

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21           c. Please refer to the file **“IRS 2023-03-02 acknowledgment of receiving**  
22 **request for PLR.pdf”**.

# Attachment 1-3: DR KKE-005

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November 3, 2023  
Kerrie Evans, Public Advocates Office  
**CALIFORNIA PUBLIC UTILITIES COMMISSION**  
505 Van Ness Avenue  
San Francisco, CA 94102  
Subject: Data Request KKE-005 (A.23-08-010) Blanket Vehicle  
Due Date: November 3, 2023

Dear Kerrie Evans,  
In response to the above referenced data request number, we are pleased to submit the following responses:

.....  
**Blanket Vehicles**

**Response 2a:**  
At the time of budgeting the vehicle replacement, we do not perform a condition assessment, but instead are relying on the DGS study for forecasting the optimum criteria for replacement...