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Commissioner	:	<u>Genevieve Shiroma</u>
Admin. Law Judge	:	<u>Amin Nojan</u>
Public Advocates	:	<u>Lauren</u>
witness	:	<u>Cunningham</u>



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

**Report**  
**on**  
**O&M, A&G, Supply Costs, District Labor & Payroll, Special**  
**Request #6, Customer Growth Factor, and Payroll & Local Taxes**

San Francisco, 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 information  
4 presented by Golden State Water Company (GSWC) in Application (A.) 23-08-010 to  
5 provide the California Public Utilities Commission (Commission or CPUC) with  
6 recommendations in the interests of ratepayers for safe and reliable service at the lowest  
7 cost. Mr. Mehboob Aslam is Cal Advocates project lead for this proceeding. Mr. Victor  
8 Chan is the oversight supervisor, and Ms. Crystal Yu, and Mr. Brett Palmer are the legal  
9 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 OPERATIONS AND MAINTENANCE EXPENSES**

2   **I.       INTRODUCTION**

3               With several notable exceptions, GSWC generally derived its Operations and  
4 Maintenance (O&M) expense forecasts by escalating the inflation-adjusted, five-year  
5 average of historical data.<sup>1</sup> The inflation rates include a composite Inflation Rate, Labor  
6 Inflation Rate, and the Consumer Price Index for all Urban Consumers.<sup>2</sup> The estimates  
7 are then adjusted for Customer Growth,<sup>3</sup> addressed in Chapter 6 of this report. GSWC’s  
8 general methodology, with the exception of the Customer Growth Factor, appears  
9 reasonable. Cal Advocates’ opposition to GSWC’s deviations from its general  
10 methodology is addressed in the coming sections.

11   **II.       SUMMARY OF RECOMMENDATIONS**

12   **Table 1-1: Comparison of Proposed O&M Budgets (excluding Uncollectibles)**<sup>4</sup>

<b>Ratemaking Area</b>	<b>GSWC<sup>5</sup> A</b>	<b>Cal Advocates B</b>	<b>GSWC &gt; Cal Advocates C</b>	<b>Cal Advocates as % of GSWC D</b>
Arden Cordova	\$1,907,744	\$1,887,349	\$20,395	99%
Bay Point	\$627,732	\$626,688	\$1,044	100%
Clear Lake	\$527,327	\$532,079	\$(4,752)	101%
Los Osos	\$1,005,146	\$1,004,156	\$990	100%
Santa Maria	\$2,022,381	\$2,004,564	\$17,817	99%
Simi Valley	\$893,158	\$880,547	\$12,611	99%
Region II	\$11,102,596	\$10,572,908	\$529,688	95%
Region III	\$15,637,177	\$14,525,887	\$1,111,290	93%
<b>TOTAL</b>	<b>\$33,723,261</b>	<b>\$32,034,178</b>	<b>\$1,689,083</b>	<b>95%</b>

13  
  

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<sup>1</sup> Gomez Testimony Expenses – APP.pdf, PDF page 8, lines 16-18.

<sup>2</sup> Gomez Testimony Expenses – APP.pdf, PDF page 8, lines 22-24.

<sup>3</sup> Gomez Testimony Expenses – APP.pdf, PDF page 8, line 9.

<sup>4</sup> Uncollectibles not included in O&M costs.

<sup>5</sup> SEC-10 SOE, TY 2025 O&M Expenses at Proposed Rates.

- 1           • Deny 50% GSWC’s proposed increase to its Uncollectible ratio for all  
2           Ratemaking Areas (RMA).
- 3           • Subtract \$80,000 and split the remaining annual proposed brine removal  
4           and disposal forecast adjustment into three parts for Barstow Customer  
5           Service Area (CSA).
- 6           • Adopt \$2,140 for Santa Maria and Orange County RMAs related to  
7           leveraging supervisory control and data acquisition (SCADA).
- 8           • Deny an additional \$38,291 in annual costs related to Neutral Output  
9           Discharge Elimination System.
- 10          • Deny \$489 in costs for additional maintenance of generators in the  
11          Wrightwood CSA.
- 12          • Deny \$24,000 and \$7,700 in the Region II Southwest Customer Service  
13          Area (CSA) and Simi Valley RMA, respectively, related to normalizing  
14          historical Equipment expenses data.
- 15          • Deny \$19,244 and \$15,057 in the Los Alamitos and Placentia CSAs,  
16          respectively, for increased maintenance costs and office consolidation.

17   **III. ANALYSIS**

18       **A. Historical Expenses Review**

19           Cal Advocates reviewed GSWC’s recorded expenses to evaluate if any non-  
20           recurring and significant expense items should be removed prior to escalation.<sup>6</sup> Expenses  
21           booked in a memorandum or balancing account should also be removed from forecasting  
22           rates in this GRC. Historical expenses also reflect expense reclassification, accruals, and  
23           various other accounting procedures, all of which contribute to the TY expense forecast  
24           foundation.

25           Cal Advocates conducted a random sample review of the 2022 recorded expenses  
26           in WUDF Accounts 79600 - Business Meals, 79700 - Regulatory Expenses, 79800 –  
27           Outside Services, and 79900 – Miscellaneous. The four accounts’ recorded expenses  
28           amounting to \$10,406,704.74 in 2022. During discovery, GSWC provided information  
29           and explanations on whether an expense (1) is tracked in a memorandum account, and (2)

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<sup>6</sup> D.04-06-018 at 44, significant expenses as being equal to or greater than 1% of TY gross revenues.

1 if the expense was removed from forecasting rates in this GRC. Cal Advocates reviewed  
 2 the nature of the transactions and the business relations between GSWC and its various  
 3 vendors. As a result of the review, Cal Advocates did not make any additional  
 4 adjustments to the historical expenses.

5 **B. Uncollectibles**

6 The Commission should deny GSWC’s request to increase the historical  
 7 Uncollectible ratio for each RMA by 50% because GSWC provides no data analysis or  
 8 support for estimating a 50% increase in the Uncollectibles rate. The table below shows  
 9 the Uncollectible ratios for 2018-2022, along with the five-year average for these years,<sup>7</sup>  
 10 compared to GSWC’s proposed Uncollectible rates for each ratemaking area. All else  
 11 remaining the same, the five-year average calculation results in an estimated  
 12 companywide Uncollectibles reduction of \$505,842, which is more reasonable than  
 13 GSWC’s unjustified 50% proposed increase.

14

15 **Table 1-2: Comparison of Proposed Uncollectibles Ratios**

RMA	2018	2019	2020	2021	2022	Cal Advocates’ Five-Year Average Rate	GSWC’s Proposed Rate <sup>8</sup>
Arden Cordova	0.34%	0.15%	0.29%	0.29%	0.30%	0.275%	0.412%
Bay Point	0.55%	0.45%	0.61%	0.61%	0.62%	0.571%	0.856%
Clear Lake	0.65%	0.70%	0.82%	0.83%	0.85%	0.776%	1.164%
Los Osos	0.09%	0.01%	0.14%	0.14%	0.14%	0.104%	0.156%
Santa Maria	0.12%	0.04%	0.16%	0.16%	0.17%	0.132%	0.198%
Simi Valley	0.21%	0.17%	0.27%	0.27%	0.28%	0.239%	0.359%
Region II	0.25%	0.23%	0.35%	0.36%	0.36%	0.313%	0.470%
Region III	0.23%	0.13%	0.23%	0.23%	0.24%	0.214%	0.321%

16

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<sup>7</sup> Annual Reports of GSWC Water Systems, Schedule B-1.

<sup>8</sup> SEC-10\_SOE.

1           Uncollectibles are accounts receivable that are due to GSWC but have not been  
2 received from its ratepayers.<sup>9</sup> These 2018-2022 recorded Uncollectibles do not include  
3 extraordinary arrearages that have been tracked in the COVID-19 Catastrophic Events  
4 Memorandum Account (CEMA).<sup>10</sup>

5                   **1.       The Effects of Senate Bill 998 Have Yet to be Seen**

6           Senate Bill No. 998 (SB 998),<sup>11</sup> also known as the Water Shutoff Protection Act,  
7 increases protections to residents associated with discontinuation of water service due to  
8 nonpayment,<sup>12</sup> and went into effect on February 1, 2020.<sup>13</sup> One such protection is  
9 providing customers additional time to pay their bill prior to being shut off for non-  
10 payment.<sup>14</sup>

11           Prior to SB 998, GSWC Uncollectible expense included 60 days of billed  
12 charges.<sup>15</sup> Implementing SB 998’s requirements will allow GSWC’s customers to  
13 accumulate an additional 35 days of billed charges prior to disconnection.<sup>16</sup> By GSWC’s  
14 own admission, the moratorium on disconnections from the COVID-19 pandemic have  
15 made it so that the effects of SB 998 have yet to be seen.<sup>17</sup> So, while GSWC cites SB

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<sup>9</sup> Gomez Testimony Expenses – APP.pdf, PDF page 7, lines 24-25.

<sup>10</sup> Gomez Testimony Expenses – APP.pdf, PDF pages 7 (line 28) and 8 (line 1).

<sup>11</sup> [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201720180SB998](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB998)

<sup>12</sup>

[https://www.waterboards.ca.gov/water\\_issues/programs/conservation\\_portal/assistance/docs/SB\\_998\\_FA\\_Qs\\_1.10.20.pdf](https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/docs/SB_998_FA_Qs_1.10.20.pdf)

<sup>13</sup> [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201720180SB998](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB998)

<sup>14</sup> [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201720180SB998](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB998)

<sup>15</sup> Gomez Testimony Expenses – APP.pdf, PDF page 8, lines 8-9.

<sup>16</sup> Gomez Testimony Expenses – APP.pdf, PDF page 8, lines 8-9.

<sup>17</sup> Gomez Testimony Expenses – APP.pdf, PDF page 8, lines 10-12.

1 998 as justification for its request, GSWC provides no data analysis and support for  
2 estimating a 50% increase in the Uncollectibles rate.

3 Prior to signing SB 998 into law, the California State Senate and Assembly’s  
4 analysis on its potential impacts emphasized that it was difficult to ascertain the full  
5 scope of the problem given the varying and limited data on discontinuation of service for  
6 nonpayment.<sup>18</sup> The Senate Committee on Energy, Utilities and Communications found  
7 that the data shared did not suggest a widespread and severe issue of disconnection across  
8 utilities, rather it suggested a relatively low percentage of disconnections. In fact, service  
9 disconnections were found to be even less of an issue for low-income customers.<sup>19</sup> This  
10 means that extending the delinquent period will likely have a minimal impact on  
11 GSWC’s disconnections, and the amount of bills written-off as uncollectible.

12 Senate floor analyses show that the problem of discontinuation of service due to  
13 nonpayment is significantly overstated.<sup>20</sup> Therefore, GSWC’s projected increase in  
14 Uncollectibles due to implementation of SB 998 is significantly overstated and the rate  
15 should instead be based on a historical average.

16 **C. Brine Removal and Disposal**

17 The Commission should subtract \$80,000 and split the remaining annual proposed  
18 brine removal and disposal adjustment in the Region III Barstow CSA forecast into three  
19 parts. This is to account for an estimation error and accurately reflect annual costs,  
20 respectively.

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<sup>18</sup> SB998 Analysis: 4/02/18 – Senate Energy, Utilities and Communications.

<sup>19</sup> SB998 Analysis: 4/02/18 – Senate Energy, Utilities and Communications.

<sup>20</sup> 8/28/18 – Senate Floor Analyses.

1                   **1.       \$80,000 Forecast Error**

2                   In response to discovery, GSWC states that the calculated adjustment should be  
3 roughly<sup>21</sup> \$80,000 below what it initially requested.<sup>22</sup> As such, Cal Advocates made this  
4 adjustment prior to splitting the total budget into three parts, as discussed in the next  
5 section.

6                   **2.       Nitrate Treatment at Bradshaw Well Field**

7                   GSWC requests to implement Microvi’s biological treatment system and  
8 corresponding post-filtration system to treat nitrate at the Bradshaw Well Field.<sup>23</sup> The  
9 new system would go online in 2026.<sup>24</sup> From there on, the current ion exchange  
10 treatment plan would only be used at full capacity during what GSWC describes as  
11 emergency conditions or high demand periods.<sup>25</sup> Therefore, the annual brine removal  
12 expenses that GSWC is requests<sup>26</sup> are only necessary in 2025.

13                  Therefore, to avoid overcharging ratepayers for a system that will not be operating  
14 at full capacity in the 2026 and 2027 attrition years, Cal Advocates took the initial  
15 \$1,385,806 annual proposal and subtracted the \$80,000 forecast error. Then, Cal  
16 Advocates divided this adjusted figure by three to come up with the TY 2025 estimate of  
17 \$433,751.<sup>27</sup> The 2026 and 2027 attrition year estimates will be this same figure,  
18 escalated by the appropriate escalation factors.

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<sup>21</sup> \$84,554.

<sup>22</sup> GSWC’s Response to LCN-001 (O&M Expenses), Q1a. Attachment 1-1.

<sup>23</sup> Gisler, Insko – Vol 1 Capital Testimony and Attachments A to E – APP.pdf, PDF page 266, lines 17-21.

<sup>24</sup> Gisler, Insko – Vol 1 Capital Testimony and Attachments A to E – APP.pdf, PDF page 265, lines 20-21.

<sup>25</sup> Gisler, Insko – Vol 1 Capital Testimony and Attachments A to E – APP.pdf, PDF page 267, lines 6-7.

<sup>26</sup> Gomez Testimony Expenses – APP.pdf, PDF page 12, lines 7-22.

<sup>27</sup>  $(\$1,385,806 \text{ initial proposal} - \$84,554 \text{ forecast error}) / 3 = \$433,751.$

1           **D.     SCADA Equipment**

2           The Commission should adopt an estimated total of \$2,140 in additional  
3           costs related to leveraging supervisory control and data acquisition (SCADA) for  
4           Santa Maria and Orange County RMAs. While GSWC’s Application stated that  
5           these adjustments were also to leverage automated meter reading,<sup>28</sup> GSWC’s  
6           response to discovery stated that they are directly related to SCADA.<sup>29</sup>  
7           Furthermore, GSWC explained that the cellular costs increases are due to  
8           upgrading radio communication to cellular because it is more reliable through  
9           remote areas and inclement weather.<sup>30</sup> Cal Advocates derived the approximately  
10          \$18,343 adjustment to the original \$20,482 request by applying proportional  
11          percentage reduction consistent with SCADA budget recommendations outlined in  
12          Report on Capital Project Cost Estimates and Cost Adders and Region III Capital  
13          Projects Forecast Early Retirements and Rate Base, and RO Model.

14          **E.     Neutral Output Discharge Elimination System Filters**

15          The Commission should deny GSWC’s request for an additional \$38,291 in  
16          annual costs related to Neutral Output Discharge Elimination System (NO-DES) Filters  
17          in Region III RMA’s Orange County District<sup>31</sup> because GSWC is adding costs without  
18          sufficiently showing benefits.

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<sup>28</sup> Gomez Testimony Expenses – APP.pdf, PDF page 13, lines 9-13.

<sup>29</sup> GSWC’s Response to LCN-001 (O&M Expenses), Q3b. Attachment 1-2.

<sup>30</sup> GSWC’s Response to LCN-001 (O&M Expenses), Q3a. Attachment 1-2.

<sup>31</sup> Los Alamitos CSA = \$28,921; Placentia CSA = \$9,370.

1                   **1.     No Cost-Benefit Analysis has been Conducted**

2                   When asked whether GSWC had performed a cost-benefit analysis of purchasing  
3 NO-DES filters and conducting more flushing, GSWC responded that no formal cost-  
4 benefit analysis has been conducted.<sup>32</sup>

5                   **2.     Water Quality in Orange County District is Fine**

6                   Water quality in the Orange County District is sufficiently maintained without  
7 NO-DES flushing, despite GSWC’s arguments that these disposal bag filters will allow  
8 more instances of NO-DES main flushing to maintain water quality in the distribution  
9 system.<sup>33</sup>

10                  Looking at the data, Orange County District is not experiencing any water quality  
11 issues, including any related to main flushing.<sup>34</sup> Water quality is being sufficiently  
12 maintained with the current flushing protocols. GSWC has failed to present evidence to  
13 show the purpose and benefit of burdening ratepayers with the additional costs associated  
14 with NO-DES filters.

15                  **3.     GSWC Cannot Predict Water and Cost Savings**

16                  GSWC is unable to predict how much water and/or overall costs NO-DES filters  
17 may or may not save, despite its arguments that these disposal bag filters will help  
18 conserve water.<sup>35</sup>

19                  When asked whether GSWC accounted for water savings due to the proposed  
20 purchase of NO-DES filters, GSWC responded that the amount of potable water that will  
21 be conserved in future years is unknown as it will depend on the frequency of NO-DES

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<sup>32</sup> GSWC Response to LCN-001 (O&M Expenses), Q4c. Attachment 1-3.

<sup>33</sup> Gomez Testimony Expenses – APP.pdf, PDF page 13, lines 15-22.

<sup>34</sup> <https://www.gswater.com/sites/main/files/file-attachments/water-quality-west-orange-county.pdf?1685573432>

<sup>35</sup> Gomez Testimony Expenses – APP.pdf, PDF page 13, lines 15-22.



1 usage.<sup>36</sup> On top of the lack of a cost-benefit analysis prior to making this decision,  
2 GSWC cannot predict how often it would actually need to use the NO-DES filters.

3 GSWC also admits that NO-DES will not eliminate other flushing activities  
4 completely.<sup>37</sup> In sum, Orange County District is not experiencing any water quality  
5 issues, including any related to main flushing, and GSWC has failed to provide evidence  
6 supporting the need for NO-DES flushing alongside currently implemented conventional  
7 flushing.

#### 8 **F. Additional Generator Maintenance in Wrightwood CSA**

9 The Commission should deny \$486 in Wrightwood CSA in additional generator  
10 maintenance costs consistent with the denial of additional generator purchases in Region  
11 III. Generator purchase in Region III is addressed in Report on Capital Project Cost  
12 Estimates and Cost Adders and Region III Capital Projects Forecast Early Retirements  
13 and Rate Base, and RO Model.

#### 14 **G. Equipment Expenses Normalization**

15 The Commission should deny \$24,000 and \$7,700 in Region II Southwest CSA  
16 and Simi Valley RMAs, respectively, related to normalizing historical Equipment  
17 expenses data. According to GSWC, both RMAs underwent large fluctuations in the  
18 historical data that significantly skewed the forecast.<sup>38</sup>

19 Contrary to GSWC's Application, discovery revealed that Simi Valley's  
20 adjustment relates to various future projects that will require additional operation and  
21 maintenance equipment costs that were not required in past years.<sup>39</sup> When probed for  
22 information regarding the various future projects, GSWC states that it used professional

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<sup>36</sup> GSWC Response to LCN-001 (O&M Expenses), Q4d. Attachment 1-3.

<sup>37</sup> GSWC Response to LCN-001 (O&M Expenses), Q4c. Attachment 1-3.

<sup>38</sup> Gomez Testimony Expenses – APP.pdf, PDF page 15, lines 6-8.

<sup>39</sup> GSWC's Response to LCN-001 (O&M Expenses), Q8b. Attachment 1-6.

1 judgement to derive the adjustment.<sup>40</sup> Supporting documentation shows that,  
2 mathematically, GSWC trued up the five-year historical average to the most recent 2022  
3 recorded expenses and, in Southwest CSA’s case, made a secondary downward  
4 adjustment of \$3,960, to come up with its adjustments.<sup>41</sup> In both cases, GSWC did not  
5 adequately illustrate ratepayer benefits and reasonably support its request and, as such,  
6 the Commission should deny these adjustments.

7 **H. COVID-19 Expense Decrease and Office Consolidation**

8 The Commission should deny \$19,244 and \$15,057 in additional costs in the Los  
9 Alamitos and Placentia CSAs, respectively. GSWC’s Application testimony states that  
10 the additional costs are the result of additional maintenance costs due to office  
11 consolidation within the Orange County District.<sup>42</sup> However, discovery revealed that the  
12 primary reason for the additional costs is to account for a decrease in maintenance  
13 expenses during COVID-19, years 2020 and 2021.<sup>43</sup>

14 GSWC calculated the adjustments by taking the three-year average of 2018, 2019  
15 and 2022 recorded maintenance costs in the Los Alamitos and Placentia CSAs,  
16 respectively.<sup>44</sup> While GSWC argues that maintenance saw a significant decrease during  
17 2020-2021 as a result of the COVID-19 pandemic, the 2022 expenses are still far below  
18 the 2018 and 2019 figures, as shown in the table below.

19  
20

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<sup>40</sup> GSWC’s Response to LCN-007 (O&M Follow-Up), Q5b. Attachment 1-7.

<sup>41</sup> GSWC’s Response to LCN-007 (O&M Follow-Up), Q5, LCN-007 – Response 5 – Equipment Expense. Attachment 1-8.

<sup>42</sup> Gomez Testimony Expenses – APP.pdf, PDF page 16, lines 21-23.

<sup>43</sup> GSWC’s Response to LCN-001 (O&M Expenses), Q9a. Attachment 1-9.

<sup>44</sup> GSWC’s Response to LCN-001 (O&M Expenses), Q9, LCN-001 – Response 9 – OC District. Attachment 1-10.

1 **Table 1-3: Five-Year Escalated Average vs. GSWC’s TY 2025 Proposal**<sup>45</sup>

CSA	2018	2019	2020	2021	2022	5-Year Escalated Average	GSWC TY 2025 Forecast
Los Alamitos	\$118,491	\$161,989	\$79,132	\$66,106	\$112,004	\$107,544	\$131,336
Placentia	\$139,849	\$118,337	\$61,051	\$75,798	\$87,143	\$96,436	\$115,491

2

3           Additionally, GSWC staff has not fully returned to the office,<sup>46</sup> further supporting  
 4 the notion that GSWC’s maintenance expenses in these CSAs will not return to 2019  
 5 levels within the rate case cycle. Please refer to Chapter 2: Administrative and General  
 6 Expenses for more details on post-COVID-related recommendations.

7 **IV. CONCLUSION**

8           In conclusion, the Commission should adopt an O&M forecast which applies the  
 9 following:

- 10           • Deny 50% GSWC’s proposed increase to its Uncollectible ratio for all  
 11           Ratemaking Areas (RMA).
- 12           • Subtract \$80,000 and split the remaining annual proposed brine removal  
 13           and disposal forecast adjustment into three parts for Barstow CSA.
- 14           • Adopt \$2,140 for Santa Maria and Orange County RMAs related to  
 15           leveraging supervisory control and data acquisition (SCADA).
- 16           • Deny an additional \$38,291 in annual costs related to Neutral Output  
 17           Discharge Elimination System.
- 18           • Deny \$489 in costs for additional maintenance of generators in the  
 19           Wrightwood CSA.

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<sup>45</sup> GWC’s Response to LCN-001 (O&M Expenses), Q9, LCN-001 – Response 9 – OC District. Attachment 1-10.

<sup>46</sup> GSWC’s Response to LCN-002 (A&G Expenses), Q3a. Attachment 1-11.

- 1           • Deny \$24,000 and \$7,700 in the Region II Southwest Customer Service  
2           Area (CSA) and Simi Valley RMA, respectively, related to normalizing  
3           historical Equipment expenses data.
- 4           • Deny \$19,244 and \$15,057 in the Los Alamitos and Placentia CSAs,  
5           respectively, for increased maintenance costs and office consolidation.

1                   **CHAPTER 2 ADMINISTRATIVE AND GENERAL EXPENSES**

2   **I.       INTRODUCTION**

3               With a few notable exceptions, GSWC generally derived its Administrative and  
4   General (A&G) expenses forecasts by escalating the inflation-adjusted, five-year average  
5   of historical data.<sup>47</sup> The inflation rates include a composite Inflation Rate, Labor  
6   Inflation Rate and the Consumer Price Index for all Urban Consumers.<sup>48</sup> The estimates  
7   are then adjusted for Customer Growth,<sup>49</sup> addressed in Chapter 6 of this report. Except  
8   for the use of a Customer Growth Factor, GSWC’s general methodology appears  
9   reasonable. However, GSWC also proposes multiple exceptions to its general  
10   methodology. Cal Advocates’ opposition to GSWC’s deviations from its general  
11   methodology is addressed in the coming sections.

12   **II.       SUMMARY OF RECOMMENDATIONS**

13   **Table 2-1: Comparison of Proposed A&G Budgets not including Water Loss Audit**  
14   **Fees**

<b>Ratemaking Area</b>	<b>GSWC<sup>50</sup> A</b>	<b>Cal Advocates B</b>	<b>GSWC &gt; Cal Advocates C</b>	<b>Cal Advocates as % of GSWC D</b>
Arden Cordova	\$1,100,986	\$1,072,396	\$28,590	97%
Bay Point	\$334,056	\$317,841	\$16,215	95%
Clear Lake	\$430,668	\$421,732	\$8,936	98%
Los Osos	\$364,556	\$355,583	\$8,973	98%
Santa Maria	\$1,086,462	\$1,059,553	\$26,909	98%
Simi Valley	\$530,323	\$522,894	\$7,429	99%
Region II	\$4,680,265	\$4,560,023	\$120,242	97%
Region III	\$6,154,387	\$6,085,119	\$69,268	99%
<b>TOTAL</b>	<b>\$14,681,703</b>	<b>\$14,395,141</b>	<b>\$286,562</b>	<b>98%</b>

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<sup>47</sup> Gomez Testimony Expenses – APP.pdf, PDF page 17, lines 16-18.

<sup>48</sup> Gomez Testimony Expenses – APP.pdf, PDF page 17, lines 20-21.

<sup>49</sup> Gomez Testimony Expenses – APP.pdf, PDF page 18, lines 4-5.

<sup>50</sup> SEC-10 SOE, TY 2025 A&G Expenses at Proposed Rates.

- 1 • Adopt an inflation-adjusted, three-year historical average for all #792  
2 Office Supplies and Expense accounts and deny a total of \$22,551 for  
3 office supplies and building expense normalization.
- 4 • Adopt an estimated total of \$3,609 in additional costs for new cellular  
5 service to support SCADA technology.
- 6 • Adopt an estimated total of \$788 across all RMAs in additional costs  
7 related to related to SCADA cell connection fees.
- 8 • Deny \$403,600 for Water Loss Audit Fees.
- 9 • Adopt a \$532 upwards adjustment to normalize Permit Fees in Los Osos.

10 **III. ANALYSIS**

11 **A. Historical Expenses Review**

12 Cal Advocates reviewed GSWC’s recorded expenses to evaluate if any non-  
13 recurring and significant expense items should be removed prior to escalation.<sup>51</sup> Please  
14 refer to Chapter 1: Operations and Maintenance Expenses of this report for more  
15 information.

16 **B. Average Account #792 – Office Supplies and Expense**

17 The Commission should adopt an inflation-adjusted, three-year historical average  
18 for all #792 Office Supplies and Expense accounts,<sup>52</sup> taking the average of 2020-2022  
19 recorded expenses, instead of the typical five-year historical average. On a standalone  
20 basis, this results in an estimated \$95,506<sup>53</sup> reduction to companywide A&G expenses.  
21 Unlike the past three years, which include two intra-COVID years and one post-COVID  
22 year, the past five years also encompass two pre- and non-COVID years. In this way, a  
23 five-year average understates the lasting impacts of new workplace practices  
24 implemented during the COVID pandemic. Namely, hybrid work schedules.

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<sup>51</sup> D.04-06-018 at 44, significant expenses as being equal to or greater than 1% of TY gross revenues.

<sup>52</sup> Gomez Testimony Expenses – APP.pdf, PDF page 37, line 16.

<sup>53</sup> SEC-10 SOE, TY 2025 A&G Expenses at Proposed Rates.

1                   **1.     Hybrid Work Schedules**

2                   According to GSWC, office-based managers, supervisors and all other office-  
3 based staff work at the office on a hybrid schedule.<sup>54</sup> Office-based staff is defined here  
4 as employees who have the ability to complete their workload in-office and are not  
5 primarily field-based.<sup>55</sup> A hybrid work schedule is defined as working in the office 50%  
6 of the time.<sup>56</sup> Since returning to the office in 2022,<sup>57</sup> through at least the time of filing  
7 this Application, 100% of GSWC’s office-based staff work on a hybrid schedule.<sup>58</sup>  
8 Comparatively, in pre-COVID years 2018 and 2019, none of GSWC’s office-based staff  
9 worked a hybrid schedule,<sup>59</sup> which is significantly different from the current hybrid work  
10 schedules and associated office costs.

11                   **2.     COVID-Related Expense Reductions in Arden**  
12                   **Cordova and Region III**

13                   The Commission should also deny GSWC’s request for \$8,000 and \$14,551 in  
14 Arden Cordova and Region III RMAs, respectively, based on the reasoning provided in  
15 the section directly above. These adjustments were intended to address a decrease in  
16 various office- and building-related expenses during COVID-19.

17                   **C.     New Cellular**

18                   The Commission should adopt an estimated total of \$3,609 in additional costs for  
19 new cellular service to support SCADA technology.

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<sup>54</sup> GSWC’s Response to LCN-002 (A&G Expenses), Q3a. Attachment 2-1.

<sup>55</sup> GSWC’s Response to LCN-002 (A&G Expenses), Footnote #2. Attachment 2-2.

<sup>56</sup> GSWC’s Response to LCN-002 (A&G Expenses), Q3a.ii. Attachment 2-1.

<sup>57</sup> GSWC’s Response to LCN-002 (A&G Expenses), Q3a. Attachment 2-1.

<sup>58</sup> GSWC’s Response to LCN-007 (O&M Follow-Up), LCN-007 – Response 8a – Office Locations. Attachment 2-3.

<sup>59</sup> GSWC’s Response to LCN-007 (O&M Follow-Up), LCN-007 – Response 8a – Office Locations. Attachment 2-3.

1 Cal Advocates derived the approximately \$31,202 adjustment to the original  
2 \$45,851 request by applying proportional percentage reduction consistent with SCADA  
3 budget recommendations outlined in Report on Capital Project Cost Estimates and Cost  
4 Adders and Region III Capital Projects Forecast Early Retirements and Rate Base, and  
5 RO Model. Cal Advocates first subtracted \$11,040 from Bay Point’s figure based on  
6 GSWC’s response to discovery making the change.<sup>60</sup> Cal Advocates then applied a  
7 proportional percentage reduction consistent with SCADA budget recommendations  
8 outlined in Report on Capital Project Cost Estimates and Cost Adders and Region III  
9 Capital Projects Forecast Early Retirements and Rate Base, and RO Model.

10 **D. SCADA Cell Connection Fees**

11 The Commission should adopt an estimated total of \$788 across all RMAs in  
12 additional costs related to related to SCADA cell connection fees. The SCADA projects  
13 these costs are related to, along with the derivation of reduction percentage, are discussed  
14 in Report on Capital Project Cost Estimates and Cost Adders and Region III Capital  
15 Projects Forecast Early Retirements and Rate Base, and RO Model. Cal Advocates  
16 reduced the original \$7,600 request by an estimated \$6,812.

17 **E. Water Loss Audit Fees**

18 The Commission should deny GSWC’s request for \$403,600 for Water Loss Audit  
19 Fees for TY 2025 because GSWC has not conducted a cost-benefit analysis justifying  
20 outsourcing the work to a third party.

21 **1. GSWC Has Not Performed a Water Loss Audit In-**  
22 **House vs. Third-Party Cost-Benefit Analysis**

23 California Water Code Section 10608.34<sup>61</sup> requires urban retail water suppliers to  
24 conduct and submit annual water loss audit reports to the Department of Water Resources

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<sup>60</sup> GSWC’s Response to LCN-012 (Misc. 5), Q3. Attachment 2-4.

<sup>61</sup>

[https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=WAT&sectionNum=10608.](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=WAT&sectionNum=10608)



1 (DWR). Senate Bill (SB) 555<sup>62</sup> requires that water loss audits be validated before they  
2 are submitted to DWR. SWRCB uses the data from validated water loss audits to  
3 develop water loss performance standards.<sup>63</sup> While there are currently 17 GSWC  
4 systems that must comply with the water loss performance standards, all GSWC systems  
5 must perform annual validated water loss audits and submit them to DWR.<sup>64</sup>

6 Regulations specify that validations may only be performed by a certified water  
7 audit validator, as defined in California Code of Regulations, Title 23, Section 638.4.<sup>65</sup>  
8 GSWC has its internal staff compile the water loss audits themselves and have them  
9 validated by a third party, E-Source, which is qualified to perform the audits.<sup>66</sup> When  
10 asked in discovery, GSWC stated that it has not performed a cost-benefit analysis of  
11 hiring an outside provider versus training GSWC employees to validate water loss audit  
12 reports.<sup>67</sup>

13 California Code of Regulations, Title 23, Section 638.4<sup>68</sup> sets forth the  
14 requirements for a water audit validator. The section states that an urban retail water  
15 supplier may conduct a water loss audit validation for its own water loss audit, provided  
16 that the individual performing the validation did not participate in compiling the water

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<sup>62</sup> [http://www.leginfo.ca.gov/pub/15-16/bill/sen/sb\\_0551-0600/sb\\_555\\_bill\\_20151009\\_chaptered.htm](http://www.leginfo.ca.gov/pub/15-16/bill/sen/sb_0551-0600/sb_555_bill_20151009_chaptered.htm)

<sup>63</sup> [https://www.waterboards.ca.gov/water\\_issues/programs/conservation\\_portal/water\\_loss\\_control.html](https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/water_loss_control.html)

<sup>64</sup> Nutting Waterloss and Tampering Fee – APP.pdf, PDF page 5, lines 22-24.

<sup>65</sup> <https://water.ca.gov/-/media/DWR-Website/Web-Pages/Programs/Water-Use-And-Efficiency/Urban-Water-Use-Efficiency/Urban-Water-Management-Plans/Final-2020-UWMP-Guidebook/Appendix-L---UWMP-2020.pdf>

<sup>66</sup> Nutting Waterloss and Tampering Fee – APP.pdf, PDF pages 5 (lines 24-35) and 6 (line 1).

<sup>67</sup> GSWC’s response to LCN-009 (Misc. 2), Q6a. Attachment 2-5.

<sup>68</sup> <https://water.ca.gov/-/media/DWR-Website/Web-Pages/Programs/Water-Use-And-Efficiency/Urban-Water-Use-Efficiency/Urban-Water-Management-Plans/Final-2020-UWMP-Guidebook/Appendix-L---UWMP-2020.pdf>

1 loss audit.<sup>69</sup> and that individual is certified by the California-Nevada American Water  
2 Works Association (CA-NV AWWA). CA-NV AWWA has a three-day certificate  
3 program designed to qualify individuals to perform Level 1 water audit validations in  
4 California.<sup>70</sup>

#### 5 **F. Expense Normalization**

6 The Commission should adopt a \$532<sup>71</sup> upwards adjustment to normalize the  
7 Permit Fees account in Los Osos instead of GSWC's \$1,907 request.

8 In 2018, there was an abnormal credit of \$7,896,<sup>72</sup> which the SWRCB refunded  
9 for an over payment on Waste Discharge Annual permit fees paid in 2015.<sup>73</sup> Of the total  
10 amount, \$2,037<sup>74</sup> was allocated to Los Osos and the rest was allocated to Santa Maria,  
11 although GSWC chose not to adjust that account.<sup>75</sup> This abnormal credit significantly  
12 skewed the Los Osos Permit expenses five-year average.

13 Cal Advocates derived its forecast adjustment by accounting for the abnormal  
14 credit amount allocated to Los Osos in 2018 in the five-year average calculation, using  
15 the difference between the previous and adjusted five-year average to determine the  
16 adjustment figure. On the other hand, GSWC opted to take the average of the 2021 and  
17 2022 Los Osos recorded Permit expenses.<sup>76</sup> GSWC's methodology yields a \$2,651

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<sup>69</sup> <https://water.ca.gov/-/media/DWR-Website/Web-Pages/Programs/Water-Use-And-Efficiency/Urban-Water-Use-Efficiency/Urban-Water-Management-Plans/Final-2020-UWMP-Guidebook/Appendix-L---UWMP-2020.pdf>

<sup>70</sup> <https://ca-nv-awwa.org/CANV/CNS/EventsandClasses/Edu/WAVCertification.aspx>

<sup>71</sup> \$1,276 escalated five-year average with the abnormal credit removed minus \$744 escalated five-year average with the abnormal credit included = \$532.

<sup>72</sup> GSWC's Response to LCN-006 (A&G Follow-Up), Q3a. Attachment 2-6.

<sup>73</sup> GSWC's Response to LCN-002 (A&G Expenses), Q7b. Attachment 2-7.

<sup>74</sup> GSWC's Response to LCN-009 (Misc. 2), Q7a. Attachment 2-8.

<sup>75</sup> GSWC's Response to LCN-009 (Misc. 2), Q7b. Attachment 2-8.

<sup>76</sup> GSWC's Response to LCN-002 (A&G Expenses), Q7c. Attachment 2-7.

1 forecast versus Cal Advocates' \$1,276.<sup>77</sup> Cal Advocates' methodology directly accounts  
2 for the abnormal credit in Los Osos.

### 3 **IV. CONCLUSION**

4 In conclusion, the Commission should adopt an A&G budget which applies the  
5 following:

- 6 • Adopt an inflation-adjusted, three-year historical average for all #792  
7 Office Supplies and Expense accounts and deny a total of \$22,551 for  
8 office supplies and building expense normalization.
- 9 • Adopt an estimated total of \$3,609 in additional costs for new cellular  
10 service to support SCADA technology.
- 11 • Adopt an estimated total of \$788 across all RMAs in additional costs  
12 related to related to SCADA cell connection fees.
- 13 • Deny \$403,600 for Water Loss Audit Fees.
- 14 • Adopt a \$532 upwards adjustment to normalize Permit Fees in Los Osos.

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<sup>77</sup> \$744 escalated five-year average + \$532 = \$1,276 escalated five-year average with the abnormal credit removed.

1 **CHAPTER 3 SUPPLY COSTS**

2 **I. INTRODUCTION**

3 Supply Costs are comprised of Purchased Water, Leased Water, Pump Taxes and  
4 Chemicals. GSWC forecasts Supply Costs by applying the most recent purveyor rates  
5 and schedules to projected water sales. Cal Advocates’ Supply Cost forecast is based on  
6 its analysis of GSWC’s workpapers, testimony, and responses to discovery.

7 **II. SUMMARY OF RECOMMENDATIONS**

8 **Table 3-1: Comparison of Proposed Supply Cost Budgets**

<b>Ratemaking Area</b>	<b>GSWC<sup>78</sup> A</b>	<b>Cal Advocates B</b>	<b>GSWC &gt; Cal Advocates C</b>	<b>Cal Advocates as % of GSWC D</b>
Arden Cordova	\$1,924,249	\$2,042,167	\$(117,918)	106%
Bay Point	\$3,026,783	\$3,026,929	\$(146)	100%
Clear Lake	\$323,355	\$185,722	\$137,633	57%
Los Osos	\$267,214	\$273,979	\$(6,765)	103%
Santa Maria	\$3,138,279	\$3,433,275	\$(294,996)	109%
Simi Valley	\$9,242,390	\$10,259,679	\$(1,017,289)	111%
Region II	\$63,378,455	\$61,469,412	\$1,909,043	97%
Region III	\$55,009,692	\$52,156,163	\$2,853,529	95%
<b>TOTAL</b>	<b>\$136,310,417</b>	<b>\$132,847,326</b>	<b>\$3,463,091</b>	<b>97%</b>

9  
10 **A. Summary of Recommendations**

- 11 • Adopt Pumped Water volumes based solely on the five-year  
12 average.
- 13 • Update Purchased Water forecast utilizing the most recent purveyor  
14 rates at the time of the Final Decision.
- 15 • Update Leased Water forecast utilizing the most recent purveyor  
16 rates at the time of the Final Decision.
- 17 • Update Pump Taxes forecast utilizing the most recent purveyor rates  
18 at the time of the Final Decision.

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<sup>78</sup> SEC-10 SOE, TY 2025 Supply Costs at Proposed Rates.

- Update Purchased Power forecast utilizing the most recent tariffs at the time of the Final Decision.
- Filter Media Change Out adjustments to the Chemicals forecast.
- Adopt \$46,335 in Pump Tests expenses, which reduces the forecast by the percentage of total pumps which qualify for Southern California Edison’s free pump tests.

### III. ANALYSIS

#### A. Purveyor Rates

Cal Advocates’ updated the purveyor rates to account for GSWC’s recently filed Advice Letters 1928-W through 1932-W to reflect more accurate rates.

#### B. Pumped Water Volumes

Cal Advocates adjusted Pumped Water volumes by removing adjustments made after calculating the five-year historical average. The five-year historical average already captures any incidents, such as wells going offline or having lowered production. Such events will be balanced out by wells being rehabbed or coming online. Therefore, it is unreasonable to start at the five-year average then adjust.

#### C. Purchased Water

The Commission should adopt a Purchased Water TY 2025 forecast that utilizes the most recent purveyor rates in the forecast to improve forecast accuracy.

Purchased Water expense consists of purchased water and flow violation costs.<sup>79</sup> Purchased Water TY estimates are derived by applying the most recent water purveyor rates and schedules to the forecasted purchased water volumes<sup>80</sup> while flow violation costs are forecasted by taking the most recent five-year average.<sup>81</sup>

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<sup>79</sup> Zhu Testimony Supply Forecast and Supply Expenses – APP.pdf, PDF page 15, lines 21-32.

<sup>80</sup> Zhu Testimony Supply Forecast and Supply Expenses – APP.pdf, PDF page 15, lines 21-25.

<sup>81</sup> Zhu Testimony Supply Forecast and Supply Expenses – APP.pdf, PDF page 15, lines 27-32.

1 Any further differences between GSWC’s and Cal Advocates’ Purchased Water  
2 forecasts beyond purveyor rates updates are due to differences in forecasted purchased  
3 water volumes.

4 **D. Leased Water**

5 The Commission should adopt a Leased Water TY 2025 forecast that utilizes the  
6 most recent purveyor rates in the forecast to improve forecast accuracy.

7 Leased Water volumes are forecasted only when pump water need surpasses  
8 GSWC’s allocated allotment.<sup>82</sup> TY estimates are derived by applying the most recent  
9 leased water purveyor rates to the forecasted leased water volumes.<sup>83</sup>

10 Any further differences between GSWC’s and Cal Advocates’ Leased Water  
11 forecasts beyond purveyor rates updates are due to differences in forecasted leased water  
12 volumes.

13 **E. Pump Taxes**

14 The Commission should adopt a Pump Taxes TY 2025 forecast that utilizes the  
15 most recent purveyor rates in the forecast to improve forecast accuracy.

16 Pump Taxes TY estimates are derived by applying the most recent pumping fees  
17 and rates to the forecasted pumped volumes.<sup>84</sup>

18 Any difference between GSWC’s and Cal Advocates’ Pump Taxes forecasts are  
19 due to differences in forecasted pumped volumes.

20 **F. Purchased Power**

21 The Commission should adopt a Purchased Power TY 2025 forecast that utilizes  
22 the most recent tariffs in the forecast to improve forecast accuracy.

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<sup>82</sup> Zhu Testimony Supply Forecast and Supply Expenses – APP.pdf, PDF page 16, lines 17-18.

<sup>83</sup> Zhu Testimony Supply Forecast and Supply Expenses – APP.pdf, PDF page 16, lines 18-21.

<sup>84</sup> Zhu Testimony Supply Forecast and Supply Expenses – APP.pdf, PDF page 16, lines 1-5.

1 Purchased Power forecasts consist of electric and non-electric power. Purchased  
2 Power TY estimates are derived by forecasting total sales, total supply volume, and total  
3 power usage in kilowatts per hour (kWh), then billing the forecasted kWh usage and the  
4 kilowatt (kW) demand on its more current energy providers' tariffs.<sup>85</sup> GSWC forecasted  
5 total power usage in each RMA by calculating the 2022 recorded kWh to (CCF) ratio in  
6 each RMA and applying the result to the total forecasted supply volumes. Non-electric  
7 Purchased Power are gas and diesel expenses. That expense is calculated by escalating  
8 the inflation-adjusted five-year average of historical data.<sup>86</sup>

9 Upon review of GSWC's supporting documentation for the rate and service  
10 charges used in the calculation of the Purchased Power forecasts, its Purchased Power  
11 forecasts are reasonable.

## 12 **G. Chemicals**

13 The Commission should adopt a Chemicals TY 2025 forecast that utilizes the most  
14 recent purveyor rates in the forecast to improve forecast accuracy.

15 Chemicals TY estimates are derived by calculating a unit Chemical cost per  
16 centum cubic feet ("CCF") based on 2022's recorded Chemical expenses and applying  
17 the escalated result to forecasted water volumes requiring treatment.<sup>87</sup> There are two  
18 exceptions to this calculation: 1) dissolved oxygen in Region II Southwest; and 2) filter  
19 media change outs in Region III San Dimas.

## 20 **H. Pump Tests**

21 The Commission should adopt an estimated total of \$46,335 in Pump Test  
22 expenses, which reduces GSWC's Pump Tests expense by the percentage of total pumps  
23 which qualify for Southern California Edison's (SCE) free pump tests. GSWC hires

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<sup>85</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 13.

<sup>86</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 16, lines 12-18.

<sup>87</sup> Zhu Testimony Supply Forecast and Supply Expenses – APP.pdf, PDF page 16, lines 23-30.

1 outside vendor Pump Check to perform its annual pump efficiency tests.<sup>88</sup> SCE, as a  
2 major electric supplier in the region, offers free-of-cost pump tests to eligibly SCE  
3 pumping customers.

4 SCE’s Pump Test service tests a variety of types of pumping applications, such as,  
5 turbine well pumps, centrifugal booster pumps, turbine booster pumps and submersible  
6 pumps. GSWC claims that it cannot use SCE’s free-of-cost pump test because they are  
7 high level tests that may have errors in their efficiency analysis.<sup>89</sup> However, San Gabriel  
8 Valley Water Company (SGVWC), another Class-A water utility, has all of its annual  
9 pump efficiency tests performed by Southern California Edison (SCE).<sup>90</sup> Every other  
10 year, SCE offers this service for free, so SGVWC only pays SCE to test the pumps that  
11 do not qualify for the free testing in a given year.<sup>91</sup> SCE non-residential pumping  
12 customers with electric driven pumps, 25 HP or larger, are eligible for free testing every  
13 other year, while high usage well pumps (>4,000 annual run hours) are eligible or annual  
14 testing.<sup>92</sup> GSWC is held to the same pump efficiency standards as SGVWC, which has  
15 no problem taking advantage of the program, thus saving ratepayers money without  
16 sacrificing quality of service.

17 Cal Advocates derived its adjustment by calculating the percentage of GSWC’s  
18 pumps<sup>93</sup> which qualify for SCE’s Pump Test Service for the respective CSAs and  
19 reducing the forecasted TY 2025 Pump Test expenses<sup>94</sup> by the same respective

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<sup>88</sup> The Fee Based Offerings Flyer\_Municipal r6.pdf. Attachment 3-1.

<sup>89</sup> 11/03/23 Email from GSWC. Attachment 3-2.

<sup>90</sup> 12/05/23 Email from San Gabriel Valley Water Company. Attachment 3-3.

<sup>91</sup> 12/05/23 Email from San Gabriel Valley Water Company. Attachment 3-3.

<sup>92</sup> The Fee Based Offerings Flyer\_Municipal r6.pdf. Attachment 3-1.

<sup>93</sup> GSWC’s Response to LCN-012 (Misc. 5), Q1.iii, LCN-012 – Response 1iii – Pump Data. Attachment 3-4.

<sup>94</sup> GSWC’s Response to LCN-010 (Misc. 3), Q6b, LCN-010 – Response 6b – Amended Pump Data, Tab “Pump Check Escalation.” Attachment 3-5.



1 percentages. This results in an overall estimated total TY forecast of \$46,335, an  
2 estimated reduction of \$221,742 from the original \$268,077 forecast.

### 3 **IV. CONCLUSION**

4 To summarize, the Commission should adopt Supply Cost forecasts which apply  
5 the following:

- 6 • Adopt Pumped Water volumes based solely on the five-year  
7 average.
- 8 • Update Purchased Water forecast utilizing the most recent purveyor  
9 rates at the time of the Final Decision.
- 10 • Update Leased Water forecast utilizing the most recent purveyor  
11 rates at the time of the Final Decision.
- 12 • Update Pump Taxes forecast utilizing the most recent purveyor rates  
13 at the time of the Final Decision.
- 14 • Update Purchased Power forecast utilizing the most recent tariffs at  
15 the time of the Final Decision.
- 16 • Filter Media Change Out adjustments to the Chemicals forecast.
- 17 • Adopt \$46,335 in Pump Tests expenses, which reduces the forecast  
18 by the percentage of total pumps which qualify for Southern  
19 California Edison's free pump tests.

1 **CHAPTER 4 DISTRICT LABOR AND PAYROLL**

2 **I. INTRODUCTION**

3 GSWC forecasts Labor expenses by inflating the base Labor expense for 2023 by  
4 Labor Inflation factors, an adjustment for customer growth,<sup>95</sup> a 1% merit adjustment, and  
5 a percentage to cover overtime costs.<sup>96</sup> Cal Advocates’ Labor expenses forecast is based  
6 on its analysis of GSWC’s workpapers, testimony, and responses to discovery.

7 **II. SUMMARY OF RECOMMENDATIONS**

8 **Table 4-1: Comparison of Proposed Labor Expense Budgets**

<b>Ratemaking Area</b>	<b>GSWC<sup>97</sup> A</b>	<b>Cal Advocates B</b>	<b>GSWC &gt; Cal Advocates C</b>	<b>Cal Advocates as % of GSWC D</b>
Arden Cordova	\$1,223,221	\$1,217,742	\$5,479	100%
Bay Point	\$409,751	\$409,056	\$695	100%
Clear Lake	\$355,601	\$358,831	\$(3,230)	101%
Los Osos	\$403,717	\$403,314	\$403	100%
Santa Maria	\$1,197,026	\$1,189,650	\$7,376	99%
Simi Valley	\$594,248	\$590,998	\$3,250	99%
Region II	\$7,930,954	\$7,342,170	\$588,784	93%
Region III	\$8,921,682	\$8,897,959	\$23,723	100%
<b>TOTAL</b>	<b>\$21,036,200</b>	<b>\$20,409,720</b>	<b>\$626,480</b>	<b>97%</b>

9  
10 **A. Summary of Recommendations**

- 11
  - Deny GSWC’s request for (8) total Water Distribution Operators in

12 Region II’s Central Basin East and Southwest CSAs.

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<sup>95</sup> Addressed in Chapter 6: Customer Growth Factor of this Report.

<sup>96</sup> Darney-Lane Testimony Labor and Benefits SR3 SR9 GO Alloc – APP.pdf, PDF pages 8 (lines 25-26) and 9 (lines 1-10).

<sup>97</sup> SEC-40\_EXP\_Labor, tab “OUT\_Labor SOE,” Column Q.

1 **III. ANALYSIS**

2 **A. Water Distribution Operators in Region II**

3 GSWC is requesting (8) additional Water Distribution Operators (“WDO”) in  
4 Region II: (1) WDO III and (1) WDO I in Central Basin East CSA, and (6) WDO I’s in  
5 Southwest CSA.<sup>98</sup>

6 **1. NO-DES Flushing vs. Conventional Flushing**

7 GSWC explains that part of the need for additional WDOs is that NO-DES  
8 flushing requires more staff and time than conventional flushing.<sup>99</sup> However, GSWC  
9 fails to justify the continued and increased use of NO-DES flushing methods, as  
10 discussed in further detail in Chapter 1: Operations and Maintenance Expenses. With  
11 regard to Region II’s Central Basin East and Southwest Districts in particular, and just  
12 like its Los Alamitos and Placentia Districts, GSWC appears to solve a water quality  
13 issue which does not exist.

14 According to GSWC, NO-DES flushing saves water,<sup>100</sup> yet GSWC claims it is  
15 unable to quantify such water savings<sup>101</sup> that would help offset ratepayer costs in the  
16 coming GRC cycle. Since the benefits to ratepayers are not apparent, the need for  
17 additional NO-DES filters and subsequent additional staff are nonexistent.

18 GSWC is unable to predict how much water and/or overall costs NO-DES filters  
19 may or may not save, despite its arguments that these disposal bag filters will help  
20 conserve water.<sup>102</sup>

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<sup>98</sup> Darney-Lane Testimony Labor and Benefits SR3 SR9 GO Alloc – APP.pdf, PDF page 6, lines 6-14.

<sup>99</sup> Rowley Testimony – 2023 GSWC Labor APP.pdf, PDF page 8, lines 24-25.

<sup>100</sup> Rowley Testimony – 2023 GSWC Labor APP.pdf, PDF page 8, lines 24-25.

<sup>101</sup> GSWC Response to LCN-001 (O&M Expenses), Q4d. Attachment 4-1.

<sup>102</sup> Gomez Testimony Expenses – APP.pdf, PDF page 13, lines 15-22.

1 As mentioned in the NO-DES section of Chapter 1: Operations and Maintenance  
2 Expenses of this report, GSWC cannot estimate an amount of potable water that will be  
3 conserved in future years, cannot estimate how often NO-DES filters would be used, and  
4 cannot provide a cost-benefit analysis for purchasing NO-DES filters, all of which calls  
5 into question to necessity of NO-DES filters. As such, the argument for additional staff,  
6 in part to conduct more NO-DES flushing, is unsupported.

## 7 **2. In-House Valve Maintenance**

8 GSWC claims that historically, valve exercising and hydrant maintenance has  
9 been performed by outside vendors.<sup>103</sup> GSWC performed a pilot program in 2022 to  
10 conduct valve and fire hydrant maintenance utilizing in-house resources.<sup>104</sup> Under the  
11 pilot program, crews completed valve exercising and fire hydrant maintenance  
12 throughout the Central and Southwest Districts of Region II,<sup>105</sup> meeting the goals of the  
13 programs in just under one year.<sup>106</sup> GSWC seeks to utilize the remaining time in the year  
14 to maintain critical system valves, defined as 14-inches or larger or leading to crucial  
15 facilities (hospitals, dialysis centers, etc.),<sup>107</sup> more frequently than the once-every-five-  
16 years general guidance from the American Water Works Association (“AWWA”) M44  
17 manual, to ensure they are operable in the event of an emergency.<sup>108</sup>

18 M44 acknowledges that many utilities use a criticality approach to prioritize asset  
19 management activities on valves assets, wherein they will typically exercise critical

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<sup>103</sup> Rowley Testimony – 2023 GSWC Labor APP.pdf, PDF page 8, lines 1-2.

<sup>104</sup> Rowley Testimony – 2023 GSWC Labor APP.pdf, PDF page 9, lines 24-25.

<sup>105</sup> Rowley Testimony – 2023 GSWC Labor APP.pdf, PDF page 9, lines 25-27.

<sup>106</sup> Rowley Testimony – 2023 GSWC Labor APP.pdf, PDF page 10, lines 3-5.

<sup>107</sup> GSWC’s Response to LCN-010 (Misc. 3), Q5eiii. Attachment 4-2.

<sup>108</sup> Rowley Testimony – 2023 GSWC Labor APP.pdf, PDF page 10, lines 5-8.

1 valves on an annual basis.<sup>109</sup> Moreover, the manual suggests that other less critical  
2 valves in the system be exercised based on the level of service established by the  
3 agency.<sup>110</sup> It concludes that each agency should establish its own schedule of valve  
4 operation that is consistent with its capacity to perform the work to guarantee operation  
5 of the assets.<sup>111</sup> However, GSWC is missing these key details. For example, when asked  
6 for documentation from the 2022 pilot program, GSWC responded that the report is still  
7 being prepared.<sup>112</sup> When asked for the goals of the program as it relates to valves,  
8 GSWC responded that the goal was to maintain one-fifth of gate valves every year,<sup>113</sup>  
9 which is derived from suggested standard M44.<sup>114</sup> Still, without needed information,  
10 such as the full extent of the results of the Pilot Program and the future program going  
11 forward, it is difficult to ascertain whether GSWC's valve exercising plan is sustainable,  
12 consistent with its capacity, and reasonably prioritizes based on the service it provides.

### 13 **3. In-House Fire Hydrant Maintenance**

14 GSWC claims that historically, hydrant maintenance, like valve exercising, has  
15 been performed by outside vendors,<sup>115</sup> and GSWC seeks to utilize the remaining time in  
16 the year demonstrated by the pilot program<sup>116</sup> to also provide maintenance for critical fire  
17 hydrants more frequently than the once-every-three-years general guidance from the

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<sup>109</sup> M44 Distribution of Valves, PDF page 68.

<sup>110</sup> M44 Distribution of Valves, PDF page 68.

<sup>111</sup> M44 Distribution of Valves, PDF page 68.

<sup>112</sup> GSWC's Response to LCN-010 (Misc. 3), Q5a. Attachment 4-2.

<sup>113</sup> GSWC's Response to LCN-010 (Misc. 3), Q5ai. Attachment 4-2.

<sup>114</sup> Rowley Testimony – 2023 GSWC Labor APP.pdf, PDF page 10, lines 1-2.

<sup>115</sup> Rowley Testimony – 2023 GSWC Labor APP.pdf, PDF page 8, lines 1-2.

<sup>116</sup> Rowley Testimony – 2023 GSWC Labor APP.pdf, PDF page 9, lines 24-25.

1 American Water Works Association M17 manual, to ensure they are operable in the  
2 event of an emergency.<sup>117</sup>

3 Once again, when asked for documentation from the 2022 pilot program, GSWC  
4 responded that the report is still being prepared.<sup>118</sup> When asked for the goals of the  
5 program as it relates to fire hydrants, GSWC responded with maintaining one-third of fire  
6 hydrants every year,<sup>119</sup> which is the suggested standard per M17.<sup>120</sup> The rationale behind  
7 the program is described as to maintain the working function and extend the asset life of  
8 valves and hydrants,<sup>121</sup> which still leaves a lot to be desired in terms of program  
9 sustainability, consistency with its capacity, and reasonable priorities based on the service  
10 GSWC provides, all of which are mentioned in M44.<sup>122</sup> GSWC did not provide the full  
11 extent of the results of the Pilot Program and the future program going forward, which  
12 would then be used to determine whether the program satisfies this criteria.

#### 13 **IV. CONCLUSION**

14 In conclusion, the Commission should deny GSWC's request for (8) total Water  
15 Distribution Operators in Region II's Central Basin East and Southwest CSAs due to lack  
16 of justification and support.

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<sup>117</sup> Rowley Testimony – 2023 GSWC Labor APP.pdf, PDF page 10, lines 5-8.

<sup>118</sup> GSWC's Response to LCN-010 (Misc. 3), Q5a. Attachment 4-2.

<sup>119</sup> GSWC's Response to LCN-010 (Misc. 3), Q5ai. Attachment 4-2.

<sup>120</sup> Rowley Testimony – 2023 GSWC Labor APP.pdf, PDF page 10, lines 2-3.

<sup>121</sup> GSWC's Response to LCN-010 (Misc. 3), Q5eii. Attachment 4-2.

<sup>122</sup> M44 Distribution of Valves, PDF page 68.

1 **CHAPTER 5 SPECIAL REQUEST #6**

2 **I. INTRODUCTION**

3 This chapter addresses GSWC’s request to continue its Credit Card Payment  
4 Program and recover the costs of the program through the Customer Assistance Program  
5 Balancing Account.

6 **II. SUMMARY OF RECOMMENDATIONS**

7 The Commission should allow GSWC’s request to continue its Credit Card  
8 Payment Program and recover the costs of the program through the Customer Assistance  
9 Program Balancing Account. GSWC’s secondary request to start assessing these charges  
10 on Private Fire Customers can be found in Report on the Results of Operations, Water  
11 Consumption, Revenues, Rate Design and Special Request #9.

12 **III. ANALYSIS**

13 **A. Credit Card Payment Program**

14 The Credit Card Payment Program (“CCPP”) allows customers to use Wells Fargo  
15 Automated Clearing House (“ACH”) and MyGSwater to make online payments to their  
16 water bills.<sup>123</sup> To estimate the cost of the CCPP, GSWC multiplied the total estimated  
17 number of credit card transactions<sup>124</sup> in 2023 by the credit card processing fee of \$1.45,  
18 which results in a total amount of \$613,978 as a cost for the CCPP.<sup>125</sup> Since GSWC  
19 anticipates that the use of the credit card payment will stay the same as the estimated

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<sup>123</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 21, (lines 6-7) and Footnote #12.

<sup>124</sup> 423,433.

<sup>125</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 21, lines 1-3.

1 2023 level throughout this rate cycle, all estimated future annual costs are also  
2 \$613,978.<sup>126</sup>

3 **B. Customer Assistance Program**

4 The Customer Assistance Program (“CAP”) serves to provide a fixed monthly  
5 credit on customer bills for income-qualified customers<sup>127</sup> and functions for all of  
6 GSWC’s RMAs for qualified customers.<sup>128</sup> A fixed monthly credit is calculated to  
7 represent 20% discount for a residential customer bill with usage equal to the average  
8 monthly usage of CAP customers in the RMA.<sup>129</sup> These credits, along with the  
9 administration costs of the program, are recorded in a CAP Balancing Account<sup>130</sup> and  
10 subsequently offset by CAP surcharge revenues funded by non-CAP customers.<sup>131</sup> The  
11 CAP surcharge is based on an estimation of CAP credits for the upcoming rate cycle as  
12 well as the balance in the CAP Balancing Account remaining from the GRC rate cycle.<sup>132</sup>  
13 Furthermore, to estimate the cost of the proposed CCPP by RMA, GSWC allocated those  
14 costs to the individual ratemaking areas using the 4-factor allocations.<sup>133</sup>

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16  
17

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<sup>126</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 21, lines 6-10.

<sup>127</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 17, line8.

<sup>128</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 17, lines 3-4.

<sup>129</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 17, lines 9-11.

<sup>130</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 17, lines 16-17.

<sup>131</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 17, lines 21-23.

<sup>132</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 18, lines 2-4.

<sup>133</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 22, lines 3-5.



1 **Table 5-1: Customer Assistance Program Allocations and Costs**<sup>134</sup>

<b>RMA</b>	<b>Allocation %</b>	<b>Cost</b>
Arden Cordova	7.9%	\$48,197
Bay Point	1.6%	\$9,639
Clearlake	0.5%	\$3,008
Los Osos	0.9%	\$5,342
Santa Maria	4.4%	\$27,199
Simi Valley	4.4%	\$27,199
Region II	40.7%	\$249,582
Region III	39.8%	\$244,240
<b>Total</b>		<b>\$613,978</b>

2

3 **C. Assembly Bill 1058**

4 Assembly Bill (“AB”) 1058<sup>135</sup> exempts customers receiving service on the low-  
5 income tariff from funding the cost of the CCPP program, so GSWC is proposing to  
6 include the cost of the program in the CAP Balancing Account.<sup>136</sup>

7 **IV. CONCLUSION**

8 To summarize, the Commission should allow GSWC’s request to continue its  
9 Credit Card Payment Program and recover the costs of the program through the Customer  
10 Assistance Program Balancing Account.

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<sup>134</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 22, lines 10-23.

<sup>135</sup> [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=202120220AB1058](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB1058)

<sup>136</sup> Wahhab Testimony Power and Revenues SR6 SR7 – APP.pdf, PDF page 21, lines 14-17.

## CHAPTER 6 CUSTOMER GROWTH FACTOR

### I. INTRODUCTION

The Commission should reject GSWC’s application of a Customer Growth Factor to its O&M, A&G and Labor Expense budgets. The Customer Growth Factor is derived by calculating the five-year average of customer growth percentages from 2018-2022.<sup>137</sup>

### II. SUMMARY OF RECOMMENDATIONS

The Commission should deny GSWC’s request to adopt the application of the Customer Growth Factor to TY O&M, A&G, and Labor budgets. On a standalone basis, removal of customer growth factors overall decreases Test Year Labor and Non-Labor expense budgets, company-wide, by an estimated \$173,898.<sup>138</sup>

### III. ANALYSIS

#### A. O&M and A&G Expense Forecasts

GSCW has forecast its O&M and A&G expense TY budget by taking a five-year average of historical figures, increased by an inflation factor, and applying a Customer Growth factor to O&M<sup>139</sup> and A&G<sup>140</sup> expenses, arguing that these costs are related to both the size and the demand put on the system.<sup>141</sup> According to GSWC, customer growth increases both the size of the system and the demand on the system resulting in increased O&M and A&G expenses.<sup>142</sup> However, customer growth and demand have not

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<sup>137</sup> SEC-30\_REV\_Sales-Customers, tab “Proj Cust Grwth WS-05.”

<sup>138</sup> SEC-10\_SOE O&M and A&G TY 2025; SEC-40\_EXP\_Labor, tab “OUT\_Labor SOE,” Column Q.

<sup>139</sup> Gomez Testimony Expenses – APP.pdf, PDF page 9, line 9.

<sup>140</sup> Gomez Testimony Expenses – APP.pdf, PDF page 18, lines 4-5.

<sup>141</sup> Gomez Testimony Expenses – APP.pdf, PDF pages 9 (lines 10-11) and 18 (lines 5-6).

<sup>142</sup> Gomez Testimony Expenses – APP.pdf, PDF page 9 (lines 11-12) and 18 (lines 6-7).

1 increased at a direct rate for the singular customer growth rate to be used as a proxy for  
 2 demand.

3 As shown in the table below, mathematically speaking, the average customer  
 4 growth percent change between 2018-2022 in all RMAs is positive while, comparatively,  
 5 the average demand percent change is negative except for Bay Point, Santa Maria, and  
 6 Region III. When removing the 2020 demand, which represents demand during the  
 7 height of the COVID-19 pandemic and subsequent lockdowns, these RMAs also have  
 8 negative average demand percent changes.<sup>143</sup>

10 **Table 6-1: Comparison of 2018-2022 Customer % Change and Demand % Change**

RMA	2018-2022 Average Customer % Change <sup>144</sup>	2018-2022 Average Demand % Change <sup>145</sup>	Customer % Change + Demand % Change
Arden Cordova	0.45%	-3.79%	-3.34%
Bay Point	0.17%	1.59%	1.76%
Clearlake	0.01%	-0.67%	-0.66%
Los Osos	0.10%	-0.25%	-0.15%
Santa Maria	0.62%	0.33%	0.95%
Simi Valley	0.55%	-1.54%	-0.99%
Region2	0.29%	-1.32%	-1.03%
Region III	0.34%	0.61%	0.95%

11  
 12 If the Customer Growth factor does not properly encompass decreasing demand  
 13 trends, then there should be a demand factor applied to account for the downward  
 14 demand movement as well. If so, as shown in the table above, in all but Arden Cordova’s

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<sup>143</sup> Bay Point: -0.53%, Santa Maria: -2.04%, Region III: -1.05%.

<sup>144</sup> SEC-30\_REV\_Sales-Customers.

<sup>145</sup> A.23-08-010 & GSWC Response to Minimum Data Request, Section A, Basic Information.

1 case, it would undo any effects of the Customer Growth factor, thus decreasing GSWC's  
2 budget overall.

3 **B. The Rate Case Plan**

4 While the Commission's Rate Case Plan allows utilities to include customer  
5 growth in the escalation methodology,<sup>146</sup> it does not address use of customer growth  
6 factors to increase Test Year expenses.<sup>147</sup> The Commission makes this allowance while  
7 acknowledging that including customer growth in the escalation methodology will tend to  
8 overcompensate the utility for increased costs,<sup>148</sup> and that utility expenses do not  
9 necessarily increase in direct and exact proportion to customer growth.<sup>149</sup> According to  
10 the Commission, these simplifying assumptions are made for escalation purposes.<sup>150</sup>  
11 This further drives home the point that non-specific factors such as Customer Growth  
12 should be reserved for Escalation Years, and a more detailed methodology should be  
13 applied to the TY forecasts. Therefore, GSWC's request to apply a customer growth  
14 factor to escalate Test Year estimates is contrary to the objective of streamlining the  
15 ratemaking process per the Rate Case Plan.

16 **C. District Labor Expense Forecasts**

17 Likewise, GSWC has applied the Customer Growth factor to its TY Labor  
18 forecasts. To calculate, GSWC inflates its 2023 base Labor expense by a 1% merit  
19 adjustment and Labor inflation factors, including an adjustment for customer growth.<sup>151</sup>  
20 The point still stands that customer growth and demand have not increased at a direct rate

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<sup>146</sup> D.04-06-018: Interim Order Adopting Rate Case Plan, PDF page 12.

<sup>147</sup> D.04-06-018: Interim Order Adopting Rate Case Plan.

<sup>148</sup> D.04-06-018: Interim Order Adopting Rate Case Plan, PDF page 12.

<sup>149</sup> D.04-06-018: Interim Order Adopting Rate Case Plan, PDF page 12.

<sup>150</sup> D.04-06-018: Interim Order Adopting Rate Case Plan, PDF page 12.

<sup>151</sup> Darney-Lane Testimony Labor and Benefits SR3 SR9 GO Alloc– APP.pdf, PDF pages 8 (lines 25-26) and 9 (lines 1-3).

1 for the singular customer growth rate to be used as a proxy for demand. Furthermore,  
2 system size developments can be reasonably covered by the Labor forecast by way of  
3 new and eliminated positions, and related expenses forecasts by way of related  
4 adjustments to the five-year historical average. All of which are adjustments GSWC  
5 makes in this GRC. In which case, using a Customer Growth factor in Labor forecasts is  
6 unnecessary.

#### 7 **IV. CONCLUSION**

8 In conclusion, the Commission should deny GSWC's request to adopt the  
9 application of the Customer Growth Factor to TY O&M, A&G, and Labor budgets.

1 **CHAPTER 7 PAYROLL AND LOCAL TAXES**

2 **I. INTRODUCTION**

3 This chapter addresses GSWC’s Payroll and Local Taxes forecasts.

4 **II. SUMMARY OF RECOMMENDATIONS**

5 The Commission should adopt GSWC’s Payroll and Local Taxes forecast  
6 methodologies. Any differences between GSWC’s and Cal Advocates’ Payroll and Local  
7 Taxes forecasts are due to differences in the estimated Labor expense and gross revenues,  
8 respectively.

9 **III. ANALYSIS**

10 **A. Payroll Taxes**

11 The Commission should adopt GSWC’s Payroll Tax rates for TY 2025. Payroll  
12 Tax expense consists of Federal Insurance Contribution Act (“FICA”) tax, Federal  
13 Unemployment Insurance (“FUI”) tax, and State Unemployment Insurance (“SUI”)  
14 tax.<sup>152</sup> FICA is comprised of two parts: Old Age, Survivors, and Disability Insurance  
15 (“OASDI”) tax and Hospital Insurance (“Medicare”) tax.<sup>153</sup> Payroll Tax is forecasted by  
16 calculating a composite rate from the aforementioned OASDI, Medicare, FUI and SUI  
17 tax rates, which is then applied to the estimated Labor expense for the TY.<sup>154</sup> GSWC and  
18 Cal Advocates both use the following tax rates:

19  
20  
21  

---

<sup>152</sup> Darney-Lane Testimony Labor and Benefits SR3 SR9 GO Alloc – APP.pdf, PDF page 11, lines 3-5.

<sup>153</sup> Darney-Lane Testimony Labor and Benefits SR3 SR9 GO Alloc – APP.pdf, PDF page 11, lines 5-6.

<sup>154</sup> Darney-Lane Testimony Labor and Benefits SR3 SR9 GO Alloc – APP.pdf, PDF page 11, lines 6-10.

1 **Table 7-1: Payroll Tax Rates**<sup>155</sup>

<b>Tax</b>	<b>Rate</b>
FICA for Employees Under OASDI Maximum	6.20%
FICA for Employees Over OASDI Maximum (Capped)	6.20%
Medicare	1.45%
FUI	1.80%
SUI	1.60%

2

3           Upon review of GSWC’s supporting documentation for the rate and service  
4 charges used in the calculation of the Payroll Taxes forecasts, its Payroll Taxes forecasts  
5 are reasonable. Any differences between GSWC’s and Cal Advocates’ Payroll Taxes  
6 forecasts are due to differences in the estimated Labor expense for the TY.

7           **B. Local Taxes**

8           The Commission should adopt GSWC’s Local Taxes methodology for TY 2025.  
9 Local Taxes were developed based on the five-year recorded average as a percentage of  
10 total revenue applied to the estimated gross revenues for TY 2025.<sup>156</sup> Upon reviewing  
11 GSWC’s Application and supporting documentation, Cal Advocates does not oppose this  
12 methodology. Any differences between GSWC’s and Cal Advocates’ Local Taxes  
13 forecasts are due to differences in the estimated gross revenues for the TY.

14 **IV. CONCLUSION**

15           To summarize, the Commission should adopt GSWC’s Payroll and Local Taxes  
16 forecasts. Any differences between GSWC’s and Cal Advocates’ Payroll and Local

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<sup>155</sup> Darney-Lane Testimony Labor and Benefits SR3 SR9 GO Alloc – APP.pdf, PDF page 63.

<sup>156</sup> Estrada Testimony Local Tax and Other Revs – APP.pdf, PDF page 3, lines 1-5.

- 1 Taxes forecasts are due to differences in the estimated Labor expense and gross revenues,
- 2 respectively.



# ATTACHMENTS

# **Attachment: Qualifications of Witness**

QUALIFICATIONS AND PREPARED TESTIMONY  
OF

Lauren Cunningham

Q.1 Please state your name and address.

A.1 My name is Lauren Cunningham, and my business address is 505 Van Ness Avenue, San Francisco, California, 94102.

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

A.2 I am employed by the Public Advocates Office within the California Public Utilities Commission as a Public Utilities Regulatory Analyst.

Q.3 Please describe your educational and professional experience.

A.3 I received a Bachelor of Arts Degree in Economics, with minors in Spanish and Mandarin Chinese, from California State University, Sacramento in January 2020. I have been with the Public Advocates Office Water Branch since July 2020.

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

A.4 I am responsible for the preparation of the Report and Recommendations on O&M, A&G, Supply Costs, District Labor and Payroll, Special Request #6, Customer Growth Factor Payroll Taxes and Local Taxes.

Q.5 Does that complete your prepared testimony?

A.5 Yes.

**Attachment 1-1: GSWC's Response to LCN-001 (O&M Expenses), Q1a.**

**Question 1:**

**Brine Removal and Disposal (Barstow CSA in Region 3):**

Please refer to Gomez Testimony Expenses – PA.pdf, PDF page 12, lines 7-11 and RO Workpaper Y\_SEC-40\_EXP\_FDR Adjustments, tab “OUT\_Forecasted Adj,” Cell L21 = 1,385,806.

Please provide the following (2) answers in Excel format and with clickable formulas:

- a. A detailed breakdown of the additional \$1,385,806, including supporting documentation with page number references for each cost.

**Response 1:**

- a. After additional analysis of complete data, the calculated adjustment should be slightly below initially requested. As the adjusted forecast is equal to the most recent 2022 fully operational annual expense this has resulted in about an \$80,000 decrease from the original request. See LCN-001 – Response 1 – Barstow excel workbook.

**Attachment 1-2: GSWC's Response to LCN-001 (O&M Expenses), Q3.**

**Question 3:**

**SCADA (Santa Maria (Region 1) and Orange County (Region 3) RMA Offices):**

Please refer to Gomez Testimony Expenses – PA.pdf, PDF pages 12 (lines 25-28) and 13 (lines 1-2), and RO Workpaper Y\_SEC-40\_EXP\_FDR Adjustments, tab “OUT\_Forecasted Adj,” Cells: L15 and L31.

Please provide the following answer in Excel format and with clickable formulas:

- a. Two (2) detailed breakdowns of each set of supervisory control and data acquisition (SCADA) Equipment costs listed in the aforementioned cells for Santa Maria and Orange County respectively, including supporting documentation with page number references for each cost.
- b. What year did GSWC start leveraging automated meter reading (AMR) and SCADA?
- c. Did GSWC account for Labor Overtime Hours, Vehicle Expense, Travel and Entertainment (T&E) Expense, and other related costs savings in the RO Model to reflect “reduce[d] travel and increase[d] efficiency when it comes to collecting and monitoring water consumption and status” as a result of leveraging AMR and SCADA? If so, please provide a detailed breakdown of any and all cost savings, and indicate where these savings can be found in the RO Model.

**Response 3:**

- a. See workbook “LCN-001 - Response 3 - SCADA related expenses” for detailed breakdown on forecast. The reason these cellular costs have increased is due to upgrading radio communication from 900 Mhz communication to cellular which is more reliable through remote areas and inclement weather.
- b. Upon further review of these cellular costs, they are directly related to SCADA and not AMR. GSWC has been using SCADA for over 20 years.
- c. There are no cost savings in labor due to the headcount being the same, as this would not eliminate any positions. There would also be no cost savings in Overtime, as that is traditionally only used when there are call outs (i.e. emergencies at night) or any staff shortages. While vehicle expenses may decrease, the time spent historically going out for these meter readings, would allow field employees to focus on other items, which would also have them using their vehicle.

**Attachment 1-3: GSWC's Response LCN-001  
(O&M Expenses), Q4c-d.**



- c. A cost-benefit analysis of purchasing additional NO-DES filters and conducting more flushing.
  - d. Did GSWC account for water savings, costs included, in the RO Model due to the proposed purchase of additional NO-DES filters? If so, please provide a detailed breakdown of the water savings, costs included, and indicate where these savings can be found in the RO Model. If not, why not?
- 
- c. A formal cost-benefit analysis has not been conducted.
  - d. Adding NO-DES as an option for operational flushing requirements will not eliminate other flushing activities completely. The amount of potable water that will be conserved in future years is unknown as it will depend on frequency of NO-DES usage.

**Attachment 1-4: GSWC's Response to LCN-001 (O&M Expenses), Q7d.**

- d. A detailed breakdown of the additional oxygen tank rental costs in the aforementioned cell.
- d. See excel workbook "LCN-001 - Response 7 - Oxygen Tank Rental" for adjustment derivation. As 2022, was a full year of oxygen tank rental, we have leveraged the expense to be the benchmark for the forecast.

**Attachment 1-5: GSWC's Response to LCN-001, Q7d, LCN-001 – Response 7 – Oxygen Tank Rental.**

d. A detailed breakdown of the additional oxygen tank rental costs in the aforementioned cell.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1																				
2																				
3		CSA	Escalation Code	Customer Growth	2018	2019	2020	2021	2022		Escalated					5 Year Escalated Average	2022 Adjusted Forecast	2023	2024	2025
4		Southwest	E1	E13	-	-	-	7,125	20,540	-	-	-	8,572	22,331	6,181	16,150	22,331	22,642	22,735	23,097
5																				
6																				

**Attachment 1-6: GSWC's Response to LCN-001 (O&M Expenses), Q8b.**

**Question 8:**

**Historical Equipment Expenses Data Normalization (Simi Valley (Region 1) and Southwest (Region 2)):**

Please refer to Gomez Testimony Expenses – PA.pdf, PDF page 14, lines 20-24.

Please explain how the following (2) adjustments were derived:

- b. \$7,000 positive adjustment in Simi Valley
- b. Simi Valley's adjustment of \$7,700 relates to various future projects that will require additional operation and maintenance equipment costs (heavy operating machinery, etc.) that was not required in past years.

**Attachment 1-7: GSWC's Response to LCN-007 (O&M Follow-Up), Q5b.**



- b. Provide a table listing all of the “various future projects” related to the \$7,700 additional costs in Simi Valley and cite where they are explained in GSWC’s Application. In the event that they are not explained the Application, provide an explanation.
- b. Equipment expenses can fluctuate significantly from year to year. Using professional judgment, the adjustment was included in order to be aligned with forecasted future equipment expenses.

**Attachment 1-8: GSWC's Response to LCN-007 (O&M Follow-Up), Q5, LCN-007 – Response 5 – Equipment Expense.**

**Historical Equipment Expenses Data Normalization (Simi Valley (Region 1) and Southwest (Region 2)):**

**Question 5:**

Please refer to Gomez Testimony Expenses – APP.pdf, PDF page 15, lines 4-8 and GSWC’s response to LCN-001, Q8. Answer the following questions in Excel format and with clickable formulas.

- a. For every equipment expense account in the Southwest District which experienced a decrease during the COVID pandemic that did not normalize until 2022, provide the follow in a table:
  - i. Account name and ID number
  - ii. 2018-2022 recorded expenses
  - iii. 2023-2025 forecasted expenses and derivations
- b. Provide a table listing all of the “various future projects” related to the \$7,700 additional costs in Simi Valley and cite where they are explained in GSWC’s Application. In the event that they are not explained the Application, provide an explanation.
- c. Provide the following information for both Southwest CSA and Simi Valley RMA proposed adjustments:
  - i. 2018-2022 recorded expenses
  - ii. 2023-2025 forecasted expenses and derivations

5.a.i, a.ii, c.i										Escalated					5 Year Escalated Average
CSA	Account # & Name	Escalation Code	Customer Growth	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022		
Southwest	8230 - Equipment Expense	E1	E13	2,059	28,222	14,904	-	48,817	2,589	34,952	17,931	-	48,817	20,858	
Simi Valley	8230 - Equipment Expense	E1	E6	2,091	4,804	14,295	1,476	7,076	2,629	5,950	17,198	1,604	7,076	6,891	

5.a.i, a.ii, c.i							5.a.iii, c.ii			
CSA	Account # & Name	5 Year Escalated Average	Adjustment	Adjusted Forecast	Other Adj.	Final Forecast	2023	2024	2025	
Southwest	8230 - Equipment Expense	20,858	27,960	48,817	(3,960)	44,857	45,482	45,669	46,397	
Simi Valley	8230 - Equipment Expense	6,891	7,700	14,591	-	14,591	14,833	14,932	15,210	

**Attachment 1-9: GSWC's Response to LCN-001 (O&M Expenses), Q9a.**

**Question 9:**

**Office Consolidation (Los Alamitos and Placentia CSAs (Region 3)):**

Please refer to Gomez Testimony Expenses – PA.pdf, PDF page 16, lines 8-14 and RO Workpaper Y\_SEC-40\_EXP\_FDR Adjustments, tab “OUT\_Forecasted Adj,” Cells: L39-40.

Please provide the following answers in Excel format and with clickable formulas:

- a. Two (2) detailed breakdowns of additional maintenance cost amounts in Los Alamitos and Placentia CSAs. Please include supporting documentation with page number references for each cost.

**Response 9:**

- a. Upon further review, although employees have relocated to the district headquarters, the primary reason for this adjustment is due to a decrease during the COVID years. The uncertainty the pandemic brought caused maintenance expenses to see a significant decrease in the years 2020 and 2021. See excel workbook LCN-001 – Response 9 – OC District for the decrease of maintenance expenses that included, but were not limited to, pressure washings, paintings, asphalt paving, and warehouse repairs etc. Using non-COVID annual expenses as an adjusted forecast has provided an adjustment to use for the RO model. For supporting documentation on these maintenance costs see example invoices provided. (LCN-001 - Response 9 – Invoices 1-4)

**Attachment 1-10: GSWC's Response to LCN-001 (O&M Expenses), Q9, LCN-001 – Response 9 – OC District.**

**Question 9:**

**Office Consolidation (Los Alamitos and Placentia CSAs (Region 3)):**

Please refer to Gomez Testimony Expenses – PA.pdf, PDF page 16, lines 8-14 and RO Workpaper Y\_SEC-40\_EXP\_FDR Adjustments, tab “OUT\_Forecasted Adj,” Cells: L39-40.

Please provide the following answers in Excel format and with clickable formulas:

- a. Two (2) detailed breakdowns of additional maintenance cost amounts in Los Alamitos and Placentia CSAs. Please include supporting documentation with page number references for each cost.
- b. A detailed breakdown of the rent expense reduction in both Los Alamitos and Placentia, including supporting documentation with page number references for each cost.

CSA	Escalation Code	Customer Growth	2018	2019	2020	2021	2022	Escalated					5 Year Escalated Average
								2018	2019	2020	2021	2022	
Los Alamitos	E1	E17	90,757	128,815	63,895	54,946	103,021	118,491	161,989	79,132	66,106	112,004	107,544
Placentia	E1	E18	107,117	94,102	49,296	63,002	80,154	139,849	118,337	61,051	75,798	87,143	96,436

CSA	5 Year Escalated Average	Adjustment	2022 Adjusted Forecast	RO Model	Addtl. Adjustments	2023	2024	2025
Los Alamitos	107,544	23,284	130,828	19,244	(4,040)	128,619	129,211	131,336
Placentia	96,436	18,674	115,110	15,057	(3,617)	113,102	113,623	115,491

**Attachment 1-11: GSWC's Response to LCN-002 (A&G Expenses), Q3a.**



**Question 3:**

**Office Expense Normalization (Arden Cordova and Orange County District (Region 3)):**

Please refer to Gomez Testimony Expenses – PA.pdf, PDF page 20, lines 20-26 and RO Workpaper Y\_SEC-40\_EXP\_FDR Adjustments, tab “OUT\_Forecasted Adj,” Cells: L32-34 and L53.

- a. What year did GSWC’s office staff<sup>2</sup> return to work at the office?

**Response 3:**

- a. GSWC office-based managers and supervisors returned to the office on a hybrid schedule in April 2022. All other office-based staff returned on a hybrid schedule in May 2022.

**Attachment 2-1: GSWC's Response to LCN-002 (A&G Expenses), Q3a.**

**Question 3:**

**Office Expense Normalization (Arden Cordova and Orange County District (Region 3)):**

Please refer to Gomez Testimony Expenses – PA.pdf, PDF page 20, lines 20-26 and RO Workpaper Y\_SEC-40\_EXP\_FDR Adjustments, tab “OUT\_Forecasted Adj,” Cells: L32-34 and L53.

- a. What year did GSWC’s office staff<sup>2</sup> return to work at the office?

**Response 3:**

- a. GSWC office-based managers and supervisors returned to the office on a hybrid schedule in April 2022. All other office-based staff returned on a hybrid schedule in May 2022.
  - i. No.
  - ii. GSWC operates a hybrid schedule for its office-based staff. Office-based employees work 50% of the time in the office.
  - iii. See response to ii.

**Attachment 2-2: GSWC's Response to LCN-002 (A&G Expenses), Footnote #2.**

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<sup>2</sup> Office employees are defined as employees who have the ability to complete 100% of their workload in-office and are not primarily field based.

3

**Attachment 2-3: GSWC's Response to LCN-007 (O&M Follow-Up), LCN-007 – Response 8a – Office Locations.**

a. A list of all GSWC office locations with office-based staff. For each office, provide the total number of office-based employees and indicate the corresponding RMA/CSA name and code.

#	REGION	DISTRICT	GSWC OFFICE NAME	WORKSITE NUMBER	ADDRESS	CITY	STATE	ZIP	LEASE/OWN	RMA/CSA	# Of Office-Based Employees				# Of Office-Based Employees Working Hybrid in 2022	5-Yr of Office-Based Employees Working Hybrid
											2018	2019	2020	2021		
1	I	Northern	Arden-Cordova-HQ Office	085	3005 Gold Canal Drive	Rancho Cordova	CA	95670	LEASE	RMA	0	0	0	0	20	4.0
2	I	Northern	Coloma Treatment Plant	089	11200 Coloma Road	Rancho Cordova	CA	95670	OWN	RMA	0	0	0	0	1	0.2
3	I	Northern	Bay Point CSA Office	003	53 Manor Drive, Suite B	Bay Point	CA	94565	LEASE	RMA	0	0	0	0	1	0.2
4	I	Northern	Clearlake CSA Office	005	14595 Olympic Drive, Suite A&B	Clearlake	CA	95422	LEASE	CSA	0	0	0	0	1	0.2
5	I	Coastal	Santa Maria HQ Office	014	2330 A Street, Suite A & B	Santa Maria	CA	95455	LEASE	RMA	0	0	0	0	9	1.8
6	I	Coastal	Los Osos WSO/WDO Field Office	007	1140 Los Olivos Avenue	Baywood-Los Osos	CA	95402	OWN	RMA	0	0	0	0	0	0.2
7	I	Coastal	Simi Valley CSA Office	015	4860 Los Angeles, Unit H/I	Simi Valley	CA	93063	LEASE	CSA	0	0	0	0	1	0.2
8	II	G.O. Corporate	General Office - Corporate	018	630 E. Foothill Blvd	San Dimas	CA	91773	OWN	RMA	0	0	0	0	87	17.4
9	II	Via Verde 220	Executives/Environmental Quality	051	160 E. Via Verde, Suite 220	San Dimas	CA	91773	LEASE	RMA	0	0	0	0	114	22.8
10	II	Orange County	Anaheim East	062	2283 Via Burton	Anaheim	CA	92806	LEASE	RMA	0	0	0	0	13	2.6
11	II	Orange County	Cypress Office	049	10843 Progress Way	Cypress	CA	90630	LEASE	RMA	0	0	0	0	1	0.2
12	II	Orange County	Los Alamitos Office	032	10852 Cherry Street	Los Alamitos	CA	90730	OWN	RMA	0	0	0	0	0	0.0
13	II	Central	Central B East CSA Office	024	12035 Burke St, Suite I	Santa Fe Springs	CA	90670	LEASE	RMA	0	0	0	0	18	3.6
14	II	Central	Blackburn Office	043	12351 Imperial Hwy	Norwalk	CA	90650	LEASE	CSA	0	0	0	0	1	0.2
15	II	Central	Bissell Office	027	1557 S Blackburn	Norwalk	CA	90650	LEASE	RMA	0	0	0	0	0	0.0
16	II	Central	Chamock Plant Field Office	029	6612 Bissell St.	Bell	CA	90201	OWN	RMA	0	0	0	0	1	0.2
17	II	Central	Carson CSA Office	030	11807 Chamock Rd	Los Angeles	CA	90066	OWN	RMA	0	0	0	0	1	0.2
18	II	Southwest	Spring Street Office	041	123 W Walnut Street	Carson	CA	90248	LEASE	CSA	0	0	0	0	3	0.6
19	II	Southwest	Thadron Plant Field Office	042	14835 S Spring Street	Carson	CA	90248	LEASE	RMA	0	0	0	0	3	1.0
20	II	Southwest	Torrance CSA Office	043	17524 S Chadron Ave	Torrance	CA	90504	LEASE	RMA	0	0	0	0	8	0.8
21	III	Mountain Desert	Coronado Office	064	19752 S. Sycamore Ave	Torrance	CA	90504	LEASE	RMA	0	0	0	0	8	0.5
22	III	Mountain Desert	Morongo CSA Office	004	6311 Sycamore Ave	Morongo Valley	CA	92356	OWN	RMA	0	0	0	0	1	0.0
23	III	Mountain Desert	Apple Valley CSA Office	006	49681 29 Palms Hwy	Apple Valley	CA	92335	LEASE	CSA	0	0	0	0	0	0.0
24	III	Mountain Desert	Barstow CSA Office	021	13608 Hill Road	Apple Valley	CA	92308	LEASE	CSA	0	0	0	0	2	0.4
25	III	Mountain Desert	Wrightwood CSA Office	002	1521 East Main Street	Barstow	CA	92311	LEASE	CSA	0	0	0	0	1	0.2
26	III	Mountain Desert	San Dimas Canyon Office	016	1500 Estate Hwy 2	Wrightwood	CA	92397	LEASE	CSA	0	0	0	0	0	0.2
27	III	Mountain Desert	Indian Hill Plant	019	401 S San Dimas Canyon Rd	Wrightwood	CA	92397	OWN	RMA	0	0	0	0	8	1.6
28	III	Mountain Desert	San Dimas Office	047	2185 N Indian Hill Blvd	Claremont	CA	91711	OWN	RMA	0	0	0	0	1	0.2
29	III	Mountain Desert	Saxon Plant	084	121 Exchange Place	Claremont	CA	91773	OWN	RMA	0	0	0	0	2	0.4
30	III	Mountain Desert	Los Angeles Office	037	409 East Saxon Ave	San Gabriel	CA	91776	OWN	RMA	0	0	0	0	0	0.0
31	III	Mountain Desert	San Gabriel CSA Office	013	9714 Lower Azusa Rd	El Monte	CA	91731	LEASE	CSA	0	0	0	0	1	0.2
			TOTAL													307

**Attachment 2-4: GSWC's Response to LCN-012 (Misc. 5), Q3.**



### **New Cellular in All RMAs**

#### **Question 3:**

Please refer to Y\_SEC-40\_EXP\_FDR Adjustments, tab "OUT\_Forecasted Adj," New Cellular: \$45,851 total for all RMAs.

- i. In Excel format and with clickable formulas, provide how each RMA's adjustment were derived and the 2018-2027 expenses.

#### **Response 3:**

See "LCN-012 - Response 3 - New Cellular". After further review, the additional adjustment in Bay Point for cellular service is not needed. Although there are new expenses within the account, the initial adjustments were based on the expected annual expense to be similar to other cellular expenses within Bay Point. As such, the adjustment for Bay Point has decreased by \$11,040 as shown in the attachment.

**Attachment 2-5: GSWC's Response to LCN-009 (Misc. 2), Q6a.**

## **Water Loss Audit Fees**

### **Question 6:**

Please refer to Nutting Testimony Water Loss and Tampering Fee – APP.pdf, PDF pg. 3-8.

- a. Provide a cost-benefit analysis, conducted prior to submitting the current GRC Application, of hiring an outside provider versus training GSWC employees to validate water loss audit reports.

### **Response 6:**

- a. GSWC did not perform a cost benefit analysis of hiring an outside provider versus training employees to validate water loss audit reports. GSWC did go out to bid for this work and engaged the lowest bidder to perform the water loss audit validations.

**Attachment 2-6: GSWC's Response to LCN-006 (A&G Follow-Up), Q3a.**

**Question 3:**

Please refer to Gomez Testimony Expenses – APP.pdf, PDF pages 25, lines 24-27 and GSWC’s response to LCN-002, Q7. Please provide all answers in Excel format and with clickable formulas.

- a. What was the refund figure from the State Water Resources Control Board, referred to in GSWC’s response to LCN-002, Q7(b)? Provide all supporting documentation.

**Response 3:**

- a. The full refund amount was \$7,896. See refund check and letter from SWRCB in [“LCN-006 – Response 3 – SWRCB Refund”](#). The refund was allocated to both Santa Maria and Los Osos.

**Attachment 2-7: GSWC's Response to LCN-002 (A&G Expenses), Q7b-c.**

- b. Please provide a detailed explanation of the “abnormal credit” that occurred in 2018.
  - c. Please explain how the \$1,907 adjustment was derived.
- 
- b. This refund was from the State Water Resources Control Board for an over payment on Waste Discharge Annual permit fees paid in 2015. As the over payment is outside the 5 year span, this adjustment is needed.
  - c. In order to be aligned with recent history of permit fees, we have taken the rough average of permit fees within Los Osos over the course of 2021 and 2022.

**Attachment 2-8: GSWC's Response to LCN-009 (Misc. 2), Q7a-b.**



**Expense Normalization (Los Osos)**

**Question 7:**

Please refer to Gomez Testimony Expenses – APP.pdf, PDF page 25, lines 24-27; GSWC’s response to LCN-002 (AG), Q7; and GSWC’s response to LCN-006 (AG Follow-Up), Q3.

- a. How much of the \$7,896 refund check was allocated to Los Osos and Santa Maria respectively?
- b. Did GSWC make any adjustments to Santa Maria’s expenses to account for this refund?

**Response 7:**

- a. Los Osos - \$2,037  
Santa Maria - \$5,859
- b. No.

**Attachment 3-1: The Fee Based Offerings  
Flyer\_Municipal r6.pdf.**

# PUMP TEST & HYDRAULIC SERVICES



## SCE PUMP EFFICIENCY TESTING

Southern California Edison (SCE) offers no-cost pump efficiency testing for eligible SCE pumping customers. This service has been offered to help our customers determine their pumping costs and provide solutions to improving overall plant efficiency (OPE). Benefits of regular efficiency testing include:

- Determining the OPE of your pump and calculate potential operational savings if OPE can be improved
- Provide a better understanding of your system's condition, including historical tracking and trending
- Used as a budgeting aid to determine your operating costs and prioritize your system pumping plant repairs

## WHAT WE TEST

SCE's Pump Test Service has over 100 years of experience with a vast variety of pumping applications. We test the following types of pumping applications:

### Customers

- Agricultural Farming
- Municipal Water Applications
- Industrial Water Applications
- Private Water Pumping

### Pump Types

- Turbine Well Pumps
- Centrifugal Booster Pumps
- Turbine Booster Pumps
- Submersible Pumps

## ELIGIBILITY

SCE non-residential pumping customers with electric driven pumps, 25 HP or larger, are eligible for no-cost testing every two years. High usage well pumps (>4,000 annual run hours) are eligible for annual testing.

## FEE BASED TESTING

We understand our customers may request pump tests for reasons other than standard efficiency testing. These services are intended to provide SCE customers with pump tests, at reasonable costs, in circumstances in which the customer is not eligible for no-cost pump testing.

### Types of fee based services:

- <25 HP non-residential pumps
- Residential pumps
- Real Estate Transactions
- Out of Service Territory/Non-SCE Account
- Off-cycle pump test
- Flow test for water meter accuracy validation

\*See pricing sheet for more information

## ENHANCED SERVICES

Hydraulic Services offers a package of fee based enhanced services, in addition to pump efficiency testing for eligible customers. These services are intended to help pumping customers reduce energy costs, extend equipment life, and avoid unexpected down time due to equipment failure. The pump test technician performs these reasonably priced services while on site for standard efficiency testing.

- Electrical Panel Infrared Inspection
- Electrical Panel Cleaning
- Motor Analysis
- Motor and Pump Vibration Analysis
- Sand Testing

# PUMP TEST: FEE BASED OFFERINGS

## ENHANCED SERVICES

Hydraulic Services offers a package of fee based enhanced services in addition to no-cost pump efficiency testing for eligible customers. These services are intended to help pumping customers reduce energy costs, extend equipment life, and avoid unexpected down time due to equipment failure. The pump test technician performs these reasonably priced services while on site for standard efficiency testing.

### ELECTRICAL PANEL INFRARED INSPECTION

Using a thermal imaging camera, a pump test technician will inspect the meter's electrical panel to identify poor connections; locations where energy is wasted and can potentially cause electrical arcing and potential fire hazards. The technician can get an instant picture of impending trouble which could have otherwise gone unnoticed by scanning electrical cabinets, breaker panels, fuses, bolted connections, and switchgear.



### ELECTRICAL PANEL CLEANING (ADD-ON)

Excessive dust, dirt and other debris can damage components in an electrical panel that may lead to electrical hazards and energy losses. The pump test technician will clean the designated panel of dirt and debris that could be readily removed, provided it is safe to do so. This service can be performed as an add-on along with the Electrical Panel Infrared Inspection, or as an add-on to a standard pump efficiency test.

### MOTOR ANALYSIS

Pump test technician will perform motor analysis on designated motors to measure the electrical resistance downtime using a static motor analyzer. Motor testing will tell you if your motor's winding insulation has degraded, which can cause a motor to operate less efficiently and can even lead to its destruction. By testing the integrity of the motor windings, you can detect early winding, rotor, cable, and stator faults as well as insulation faults and continuity problems. Early detection and mitigation can prevent equipment failure and downtime in your operations.

### MOTOR AND PUMP VIBRATION DETECTION

Excessive vibration within your motor and pumping system significantly reduces the life of your equipment. The vibration detection service can help you determine if your pumping system's vibration is beyond reasonable limits and may be contributing to loss of energy. A vibration analysis is performed to evaluate and monitor the characteristic changes in rotating machinery caused by imbalance, misalignment, bent shaft, mechanical looseness, faults in gear drives, defects in rolling-element bearings, and/or defects in sleeve bearings.



### SAND TESTING (ADD-ON)

Pump test technician will accurately determine the quantity of sand that is being produced by the well. It is common for a small quantity of sand to be discharged upon startup, but excessive production can accelerate the normal wear of impellers and other pump components, even sometimes clogging valves, irrigation equipment and meters. If left uncontrolled, sanding may increase the frequency of maintenance and cause nuisance problems for pipelines and water storage facilities. The sand test can help determine if the quantity of sand that is discharged is within an acceptable range or if it may be problematic.

# PRICING SHEET

PACKAGE	FEE	ENHANCED SERVICES
1	\$225	Single Service (Any One Selection of Services)
2	\$375	Two Service (Any Two Combinations of Services)
3	\$500	Three Service (All Three Services)
ADD-ON	\$75	Electrical Panel Cleaning
ADD-ON	\$75	Sand Testing

Example: Infrared Inspection (1 Service) = \$225, Infrared Inspection + Motor Analysis (2 Service) = \$375, Infrared Inspection + Motor Analysis + Vibration Analysis (3 Service) = \$500

## ADDITIONAL FEE BASED PUMP TESTING

We understand our customers may request pump tests for reasons other than standard efficiency testing. These services are intended to provide SCE customers with pump tests, at reasonable costs, in circumstances in which the customer is not eligible for no-cost pump testing.

Fees for these services are described in the table below:

TEST TYPE	FEE	DESCRIPTION
< 25 HP Pump (Non-Residential)	\$350	Pump Test for non-residential pumping plants that do not qualify for no-cost program tests and are driven by lower than 25 HP motor as listed on motor nameplate
Residential Well Pumps	\$400	Pump Test for pumping plants on residential tariffs.
Real Estate Transactions	\$400	Pump Test conducted for real estate transaction purposes.
Out of SCE Service Territory/Non-SCE Account	\$400	Pump Test conducted for SCE customers with pump plants that are located outside of SCE territory or that are powered by alternative power source. Additional costs may be charged based on various considerations, including travel time, lodging, number of tests and distance from base location.
Off-Cycle Pump Test	\$400	Pump Test for non-residential pumping plants that do not qualify for no-cost program tests and are 25 HP and above as shown on motor nameplate.
Flow Test	\$300	Flow test to validate customer water meter accuracy. Does not include complete efficiency test.

**“WE UTILIZE SCE’S PUMP TEST SERVICES TO HELP US IN MAKING OUR MID- AND LONG-TERM MAINTENANCE PLANS. THE REPORTS HELP US DEMONSTRATE AND JUSTIFY THE NEEDS FOR REPAIRS, AS WELL AS HELP US KEEP HISTORICAL DATA ON OUR EQUIPMENT.”**

**– MIKE DEVLACHOVICH, CITY OF THOUSAND OAKS**



To schedule pump test services and/or you have additional questions, contact your SCE Account Representative or Hydraulic Services at [HydraulicServices-PumpTest@sce.com](mailto:HydraulicServices-PumpTest@sce.com).

For more information, visit [sce.com/business/ems/agriculture](http://sce.com/business/ems/agriculture)

# **Attachment 3-2: 11/03/23 Email from GSWC.**

---

**From:** Powell, Brad <[Brad.Powell@gswater.com](mailto:Brad.Powell@gswater.com)>  
**Sent:** Friday, November 3, 2023 1:54 PM  
**To:** Chan, Victor <[victor.chan@cpuc.ca.gov](mailto:victor.chan@cpuc.ca.gov)>  
**Cc:** Darney-Lane, Jenny A. <[jadarneylane@gswater.com](mailto:jadarneylane@gswater.com)>; Aslam, Mehboob <[mehboob.aslam@cpuc.ca.gov](mailto:mehboob.aslam@cpuc.ca.gov)>  
**Subject:** RE: [EXTERNAL] RE: Field Tour Follow-Up

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.**

Hi Victor,

Per your request yesterday, below is Mark Insko's written summary of the discussion we had on Wednesday on the site visits regarding your prior question about pump testing:

My understanding is that the tests performed by SCE are very high level tests and are based on the flow rate observed by the GSWC production meter. Pump Check utilizes a pitot tube and manometer to accurately determine the flow rate. We utilize results of Pump Check flow rates to evaluate and calibrate our production meters (accuracy of production meters is very important as it relates to water loss, unaccounted for water loss, and overall system efficiency). SCE utilizes GSWC production meters for flow rates, which immediately introduces errors into their efficiency analysis and their analysis does not inform us whether our production meters are accurate nor can we calibrate our meters based on their tests.

As I mentioned to you this week as well, the General Manager for the Orange County district is on vacation so I am waiting on his return to finalize our response to your Via Burton improvements question. I am also working on your question raised during the Los Osos tour on Wednesday regarding potential reduction of insurance costs related to fire hardening projects. I will pass this information along as soon as I get complete responses. Thanks.

Brad

**Attachment 3-3: 12/05/23 Email from San Gabriel Valley Water Company.**



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**From:** Joel M. Reiker <[jmreiker@sgvwater.com](mailto:jmreiker@sgvwater.com)>  
**Sent:** Tuesday, December 5, 2023 9:00 AM  
**To:** Chan, Victor <[victor.chan@cpuc.ca.gov](mailto:victor.chan@cpuc.ca.gov)>  
**Cc:** Josh M. Swift <[jmswift@fontanawater.com](mailto:jmswift@fontanawater.com)>; Matt Y. Yucelen <[myyucelen@sgvwater.com](mailto:myyucelen@sgvwater.com)>  
**Subject:** [EXTERNAL] RE: Pump Efficiency Test

**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good morning Victor,

Pump testing is actually handled by our Operations department. I've attached an email from Josh Swift, San Gabriel's V.P. of Operations, in which he responds to your inquiry. In short, we use SCE to do our pump efficiency testing on an annual basis. SCE offers free testing on a biennial basis, and San Gabriel pays SCE to test the pumps that don't qualify for the free testing in a given year. I've attached a flyer from SCE that includes their pricing schedule. Let us know if you have any additional questions.

Best,

---

Joel M. Reiker  
Vice President of Regulatory Affairs  
San Gabriel Valley Water Company  
11142 Garvey Avenue  
El Monte, CA 91733  
626.448.6183  
[www.sgvwater.com](http://www.sgvwater.com)  
[www.fontanawater.com](http://www.fontanawater.com)

**Attachment 3-4: GSWC's Response to LCN-012, Q1.iii, LCN-012 – Response 1iii – Pump Data.**

iii. Provide the following in Excel format and with clickable formulas for each RMA and CSA:

1. GSWC's total number of pumps
2. The number of pumps less than 25 HP<sup>2</sup>
3. The number of pumps higher than 25 HP
4. The number of high usage<sup>3</sup> pumps.

CSA	CSA #	Total Pumps	Less than 25 HP	Greater than or equal to 25 H	High Usage Pumps
Arden Cordova	1001	50	4	46	9
Bay Point	1002	14	9	5	3
Clearlake	1003	14	7	7	2
Los Osos	1004	19	3	16	2
Santa Maria	1005	82	30	52	18
Simi Valley	1006	25	2	23	3
Central Basin-East	2001	24	0	24	8
Central Basin-West	2002	37	2	35	7
Culver City	2003	15	3	12	2
Southwest	2004	36	1	35	8
Los Alamitos	3001	22	0	22	11
Placentia	3002	40	8	32	5
Claremont	3003	56	3	53	10
San Dimas	3004	45	6	39	9
San Gabriel	3005	19	0	19	7
Barstow	3006	61	6	55	12
Calipatria	3007	20	2	18	5
Morongo	3008	16	10	6	3
Apple Valley	3009	26	14	12	4
Wrightwood	3010	14	4	10	0

**Attachment 3-5: GSWC's Response to LCN-010 (Misc. 3), Q6b, LCN-010 – Response 6b – Amended Pump Data, Tab “Pump Check Escalation.”**

CSA	Account # & Name	Escalation Code	Customer Growth	Escalated											5 Year Escalated Average			
				2018	2019	2020	2021	2022	2018	2019	2020	2021	2022					
Apple Valley	PUMP CHECK	E1	E25	5,172	4,564	-	9,252	10,976	10,976	6,504	5,652	-	10,059	10,776	6,638	6,734	6,765	6,876
Arden Cordova	PUMP CHECK	E1	E1	-	-	27,105	20,607	32,571	32,571	-	-	32,610	22,404	32,571	17,517	17,789	17,891	18,205
Arden Cordova	POWER SERVICES, INC.	E1	E1	20,350	17,275	-	-	-	-	25,591	21,395	-	-	-	9,397	9,543	9,598	9,766
Barstow	PUMP CHECK	E1	E22	8,544	14,540	8,710	22,008	10,734	10,734	10,744	17,760	10,479	23,937	10,734	14,729	14,941	15,010	15,257
Bay Point	PUMP CHECK	E1	E23	5,042	4,563	4,670	4,173	4,266	4,266	6,341	6,010	5,618	4,537	4,566	5,354	5,423	5,438	5,518
Calipatria	PUMP CHECK	E1	E23	7,050	6,896	7,915	8,099	10,534	10,534	8,866	8,540	9,523	8,805	10,534	9,254	9,387	9,430	9,585
Central Basin-East	PUMP CHECK	E1	E10	10,662	12,742	9,522	8,597	12,024	12,024	13,408	15,781	11,456	9,347	12,024	12,403	12,576	12,627	12,829
Central Basin-West	PUMP CHECK	E1	E11	11,006	18,703	19,746	19,775	21,689	21,689	13,840	25,287	25,756	21,499	21,689	20,814	21,104	21,191	21,529
Claremont	PUMP CHECK	E1	E19	21,678	9,221	18,489	11,476	12,051	12,051	27,261	12,039	19,838	12,477	12,051	16,733	16,975	17,055	17,333
Clearlake	PUMP CHECK	E1	E3	7,324	7,554	7,510	7,786	7,962	7,962	9,210	9,252	9,156	8,465	7,962	8,805	8,822	8,753	8,787
Culver City	PUMP CHECK	E1	E12	2,840	3,145	3,214	3,291	3,368	3,368	3,571	3,895	3,867	3,578	3,368	3,656	3,707	3,722	3,781
Los Alamitos	PUMP CHECK	E1	E17	8,400	9,886	9,890	10,416	13,335	13,335	10,563	11,996	11,899	11,324	13,335	11,823	11,994	12,049	12,247
Los Osos	PUMP CHECK	E1	E4	5,762	9,138	9,055	10,554	10,471	10,471	7,246	11,317	10,870	11,474	10,771	10,276	10,399	10,422	10,568
Morongo	PUMP CHECK	E1	E24	3,124	3,129	5,270	5,392	6,869	6,869	3,929	3,875	6,340	5,862	6,869	5,375	5,453	5,478	5,568
Piacentia	PUMP CHECK	E1	E18	13,250	14,908	14,630	11,314	17,935	17,935	16,662	18,463	17,601	12,301	17,935	16,592	16,832	16,910	17,188
San Dimas	PUMP CHECK	E1	E20	17,996	10,573	10,614	11,487	10,506	10,506	22,631	13,218	12,770	12,489	10,506	14,323	14,529	14,596	14,836
San Gabriel	PUMP CHECK	E1	E21	10,134	5,702	5,015	5,134	4,635	4,635	12,744	6,443	6,034	5,582	4,635	7,087	7,190	7,223	7,342
Santa Maria	PUMP CHECK	E1	E5	26,630	27,936	29,140	34,438	36,150	36,150	33,488	34,598	35,058	37,441	36,150	35,347	35,957	36,224	36,922
Simi Valley	PUMP CHECK	E1	E6	9,840	9,726	9,940	10,169	9,150	9,150	12,374	12,045	11,959	11,056	9,150	11,317	11,504	11,581	11,796
Southwest	PUMP CHECK	E1	E13	17,871	17,522	13,133	8,154	9,888	9,888	22,473	21,614	15,800	8,865	9,888	15,728	15,947	16,013	16,268
Wrightwood	PUMP CHECK	E1	E26	3,522	5,132	5,820	3,860	6,374	6,374	4,429	6,356	7,002	4,197	6,374	5,671	5,753	5,780	5,875
								1,123,910										

**Attachment 4-1: GSWC's Response to LCN-001 (O&M Expenses), Q4d.**

- d. Did GSWC account for water savings, costs included, in the RO Model due to the proposed purchase of additional NO-DES filters? If so, please provide a detailed breakdown of the water savings, costs included, and indicate where these savings can be found in the RO Model. If not, why not?
  
- d. Adding NO-DES as an option for operational flushing requirements will not eliminate other flushing activities completely. The amount of potable water that will be conserved in future years is unknown as it will depend on frequency of NO-DES usage.

**Attachment 4-2: GSWC's Response to LCN-010 (Misc. 3), Q5.**



**District Labor and Payroll**

**Question 5:**

Please refer to Rowley Testimony – 2023 GRC Labor APP.pdf, PDF page 10.

- a. Provide documentation from the 2022 In-House Pilot Program. Please provide the complete pilot program report as well as any other documentation that documented or recorded the results of the pilot program.
  - i. What were the goals of the program? Provide a table specifying the number of valves and hydrants maintained out of the total and how often the maintenance was performed, for the Southwest District and Central District, respectively.
- b. In Excel format and with clickable formulas, provide the following for both Southwest District and Central District, respectively.
  - i. Total number of valves
  - ii. Number of valves serviced by contractors in 2021
  - iii. Number of critical valves serviced by contractors in 2021
  - iv. Total number of hydrants
  - v. Number of valves serviced by in-house team in 2022
  - vi. Number of critical valves serviced by in-house team in 2022
- c. Do the valve and fire hydrant maintenance unit costs derived from the 2022 In-House Pilot Program include servicing critical system valves? If not, provide the details as to how GSWC derived these unit costs.
- d. Do the valve and fire hydrant maintenance unit costs derived from the 2021 Contractor services include servicing critical system valves? If not, provide the details as to how GSWC derived these unit costs.
- e. Provide the respective maintenance/exercise programs which GSWC developed prior to this GRC Application and answer the following questions for valve and hydrant maintenance respectively.
  - i. How is the program carried out?
  - ii. What is the rationale behind the program?
  - iii. How does GSWC define critical valves?

**Response 5:**

- a. A pilot program report is being prepared at this time.
  - i. The goals of the program are as follows:
    - Exercise one-fifth of the gate valves every year
    - Maintain one-third of fire hydrants every year
    -

Item	Southwest			Central		
	Total #	Frequency	# Maintained under 2022 In-House Pilot Program	Total #	Frequency	# Maintained under 2022 In-House Pilot Program
Valves	14,082	Every 5 yrs	2,723	13,778	Every 5 yrs	2,857
Hydrants	4,682	Every 3 yrs	1,548	4,615	Every 3 yrs	1,518

- b. See file "LCN-010 – Response 5 – Valve Data"
- c. Yes
- d. Yes
- e. GSWC's established maintenance/exercise program (prior to 2023 GRC Application) follows AWWA Manuals M44 and M17.
  - i. Historically the valve exercising and hydrant maintenance has been performed using outside vendors/services.
  - ii. Maintain working function and extend the asset life of valves and hydrants through proactive maintenance using outside vendors/services, and most recently using internal staff through the pilot program.
  - iii. Valves that are 14-inches or larger or leading to crucial facilities (hospitals, dialysis centers, etc.)