

**DRAFT SUMMARY**

**CPUC Workshop: Water  
Action Plan Implementation and  
Rate Case Plan Improvement**

September 27, 2006  
(possible carryover to September 28, 2006)

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	Issues	DRA	Joint Signatories	CalAm	CWA	Golden State	Great Oaks	Mono Lake Committee	Park	Suburban	San Gabriel
1	A A B B <b>GRC- streamline and standardize</b>	Require standardized GRC application and utility Results of Operations (RO) tables and standardize data tables and templates for water company data and information. (p.7)			***** Reply to DRA: Against DRA's one-size-fits-all approach of standardizing GRC applications, but supports a non-mandatory Results of Operations template. (p.2)				Interested in discussion on areas of incentive regulation and streamlining review of cost of service. Streamline CPUC decision-making (p.3)		***** Reply to DRA: DRA's recommendation to standardize GRC applications and files should not restrict utility's evidence or its ability to make its case. Formulaic and arbitrary forced standardization is not beneficial. (p.10)
2	A A B B <b>GRC - consolidatd filings</b>	Consider schedule consolidation of multi-district reviews into one GRC (pp.6-7)		Favor consolidated GRC filing for multi-district companies. (p.1)	Permit multidistrict companies (3 or more districts) to file consolidated GRC of adjacent districts (p.4) Reduce total number of GRCs – consolidate GRC filing for some multi-district companies to reduce total number of cases. (p.5)				***** Reply to DRA and CalAm: Against proposal to have multi-district companies use consolidated GRC filings as it will increase financial risk. Negative impacts outweigh any benefits. (p.2)		***** Reply to DRA and CalAm.: consolidated GRC filings for multiple districts will complicate GRCs. San Gabriel's 2 districts together will likely cause greater company-wide revenue fluctuations, further compounded by CalAm's suggestion for a 4.5-yr. GRC cycle. Recommends current sequential filing format be retained. (p.4)
3	A A B B <b>GRC - rate of return and cost of capital</b>	Streamlining cost of capital review. Limit cost of capital review to once every three years (and apply to all districts in company). (p.6)		Favor single rate of return, for multi-district companies. (p.1) Institute single annual generic rate of return case to determine generic return on equity for all companies. Each company will have to justify adjustments to generic return. (p.5) Cost of capital review - one cost of capital review per company every 3 yrs., apply to all districts at one time (p.7)	Cost of Capital - only one cost of capital filing every three years, and one uniform cost of capital for all districts. (pp.3-4)				***** Reply to DRA: Against DRA proposal to limit cost of capital review once every three years, as doing so increases financial risk to company. (p.2)		***** Reply to CalAm. and DRA: Against single annual generic rate of return proceeding, plus additional proceedings to show adjustments, as they will lead to more proceedings, contrary to goal of streamlining GRC process. Class A companies have too diverse capital structures to make single cost of capital proceeding meaningful. (p.8) Against DRA proposal to determine cost of capital every 3 yrs as it increases interest rate risk. Recommends retaining determination of cost of capital in each individual GRC. (p.9)

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4	A A A C C	<b>GRC - schedule</b>	Change of 3-yr. GRC cycle (p.6) Develop a consensus proposed GRC schedule for July 2007 and beyond (p.6) Waiving GRC application filing requirements – allow company to skip one GRC cycle by consensus with utility, DRA, and WD (p.6)		Lengthen CPUC processing time-frame for GRC to 18 months (p.2) Favor 4.5-yr. GRC cycle instead of 3-yr. cycle (p.2) Create new GRC schedule for July 2007 and beyond (p.7)			Class A companies should have option to pursue rate relief more frequently than GRC cycle allows, in a fashion similar to offset filings, perhaps in voluntary submission of rate case adjustments on an annual basis. (p.1)		***** Reply to CalAm: Opposes CalAm proposal to file GRC applications every 4.5 yrs., as it will increase forecast errors in tracking insurance and pension costs due to uncertainty of inflation. (p.2) Also strongly opposes 18-month processing time proposal as estimates will be out of date when Commission issues decision. (p.3)		***** Reply to CalAm.: CalAm.'s suggestion to use a 4-1/2-yr. rate cycle is step backward and contrary to law, will cause variance between adopted figures and actual figures to increase. Will result in alternating Jan./July filings, causing confusion and further delays. Existing 3-yr. cycle works reasonably well and should not be changed. (p.3) Also against CalAm's suggestion to lengthen processing time to 18 months, as this will increase cost with no benefit to anyone. Current 12-month timeframe is already too long; recommend no change. (p.4)
5	A A A A	<b>GRC - number of filings</b>	Reduce number of filings by each company. (p.6)			Suggest making formal filing of proposed application informal to be submitted to staff only. (p.1)						***** Supports CWA's recommendation by opposes DRA's recommendation. (p.4)
6	A A A B C	<b>GRC - deficiency</b>	Deficiency review – develop review with utilities (p.6) ***** Reply to CWA: Removing the need for, or modifying who conducts deficiency review, will shift the burden to DRA and will cause delay in the GRC. (p.4)			More objective criteria to determine whether filing is complete. (p.2) "Deficiency" needs to be more objectively applied per RCP footnote 4. Neutral party such as Water Div. or docket office instead of an adverse party (DRA) should determine completeness, with ALJ as judge to resolve disputes. (p.2)						***** Reply to DRA: supports DRA recommendation to have utility and DRA collaboratively develop deficiency review. (p.2)
7	A A A A B	<b>GRC - interim rates</b>	Change code to give Commission discretion to use rates based on settled revenue for interim rate relief (p.6)		Develop interim rates through settlement instead of using inflation (p.5) Interim Rates – allow interim rate recovery at the "settled revenue requirement" instead of inflation (p.7)	Interim Rates – if delayed due to Commission action, water company should be allowed to file for interim rates based on current rates and inflation. When settlement reached should get full interim rate increase immediately and not just rate based on inflation. (pp.4-5)				Recommend CPUC to develop process or schedule for Class A companies to request interim rate relief. (p.4)		***** Supports Park's suggestion for standard procedure and timetable for utility requests for interim rate relief. (p.2) Also supports DRA's and CalAm.'s suggestions to designate settlement rates as interim rates instead of using inflation. (p.2)

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8	A B C C	<b>GRC - Master Data Request (MDR)</b>	Provide explicit instructions on what is requested in MDR. Require Table of Contents, cross reference locations, and electronic provision for each document. (p.6) ***** Master Data Request is an essential component of every rate case, giving DRA and the Commission adequate information to begin the review of utility data at the start of the GRC. (p.5)			Replace Master Data request with more targeted data requests. (p.3)						***** Reply to DRA: supports DRA recommendation to work with utilities to revise and clarify the MDR. (p.2)
9	A A B B	<b>GRC - report and application format</b>	Require a Table of Contents, cross reference, and electronic provision of each document (p.6)			DRA should also cross-reference their reports and testimonies as utility is required to do. (p.3)			***** Reply: recommend GRC checklist be reworded to more closely mirror Phase One recommendations of Joint Signatories. (pp. 1-2)		Support including checklist in GRC filing (p.1)	
10	A B C	<b>GRC - cost recovery</b>			Allow full recovery of purchased power and water (allowed only in GRCs and not in advice letters) if company can show it maintained efficient methods of use. (p.5)	Escalation year increase in insurance costs – RCP should allow for tracking and recovery of health care and other insurance costs more often than every 3 years. (p.6)	Establish water resource recovery account to track and recover costs associated with long term supply projects (p.2)					***** Reply to CalAm.: Against CalAm. proposal to permit recovery of purchased power and water costs only in GRCs. GRCs take much longer than advice letters. Using advice letter process mitigates rate shocks in GRCs. (p.9)
11	A A B C C	<b>GRC - update rules</b>	Minimize types of updates and changes that water companies may submit. (p.7)			***** Reply to DRA: Existing RCP is already sufficiently restrictive regarding the types of updates and changes a water utility may submit in the course of a GRC. (p.3)				***** Reply to DRA: Against DRA proposal to limit GRC updates. (p.2)		***** Reply to DRA: DRA's suggestion to limit updates is very vague and unworkable. All identified errors should be corrected. GRC decisions should be based on most up-to-date information reasonably available. (pp.10-11)

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12 A A B C C	<b>GRC - discovery process</b>	Discovery process – reiterate importance of timely responses. Use negative presumption if there is delay in responses, i.e. presume the expenditure in question is not justified and exclude it. (p.7)			***** Reply to DRA: Objects to DRA proposal of "negative presumption" whenever there is a delay in response to discovery. Focused, targeted discovery will ensure timely response. (p.3)						***** Reply to DRA: DRA's recommendation of negative presumption if reply to data request is delayed has no merit. No evidence delay is a substantial problem. There is also existing speedy and adequate means to resolve discovery problems. Negative presumption does not lead to effective GRCs or help implement elements of WAP. DRA can encourage quicker replies by making requests clearer and explaining reasoning for the request. Data gathering should not be adversarial. (p.11)
13 A A B C	<b>GRC - limiting rebuttal</b>	Place limits on number of pages that may be submitted during rebuttal. Use compressed discovery time frames related to rebuttal testimony and strict enforcement of RCP provisions limiting scope of rebuttal. (p.7)			***** Reply to DRA: Existing RCP is already sufficiently restrictive in the limited time permitted for preparation of rebuttal testimony. (p.3)				***** Reply to DRA: Against DRA proposal to limit rebuttal testimony. (p.2)		***** Reply to DRA: DRA's recommendation to limit number of pages of rebuttal testimony makes no sense. Goal of GRC is to fully address issues. DRA's unspecified limit is arbitrary. It will also force utilities to introduce rebuttal through time-consuming oral testimony at hearings. It will also lead intervenors to have more extensive cross-examinations in order to understand the artificially abbreviated rebuttal testimony. DRA can always object during hearings, if it believes prepared rebuttals are too long. (pp. 11-12)
14 A B C C	<b>GRC - CPUC staff training</b>								Staff development for CPUC staff should be given high priority. Park would gladly participate in training CPUC staff in areas such as Water utility operations, maintenance, new technologies. (p.3)		***** Reply to Park: Agrees that CPUC staff training to enhance efficiency should be given high priority. (p.2)
15 A C C C	<b>GRC - PPH</b>								Request that a PPH(public participation hearing) be scheduled (p.4)		

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16	A A C C C	<b>GRC - stipulations</b>	Develop consensus proposals early on in areas with no real differences (p.6)			Allow more time and opportunity for settlement negotiations and informal discussion of disputed issues. (p.7)						
17	A B C C C	<b>GRC - scoping memo</b>				Scoping Memo should set forth all issues relating to the utility and compatibility with the Utility's DWR Water Management Plan, among other issues addressed in WAP. (p.3)						
18	A A A B C	<b>GRC - water quality report</b>				Include report on Water Quality with application (p.4)						
19	A A A C	<b>GRC - staff report</b>				Preview of staff report - wants draft copy of staff report and then meet-and-confer session with WD staff before issuance of final staff report. (p.7)						
20	A A A C	<b>GRC - alternative dispute resolution (ADR)</b>			Supports ADR. (p.3)	Supports Alternative Dispute Resolution ("ADR"). (p.7)						***** Reply to CalAm and CWA, supports ADR. (p. 2)