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Commissioner : Dian Grueneich
Admin. Law Judge : Regina DeAngelis
DRA Project Mgr. : Victor Chan
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DIVISION OF RATEPAYER ADVOCATES

CALIFORNIA PUBLIC UTILITIES COMMISSION

**REPORT ON THE
RESULTS OF OPERATIONS
OF
GOLDEN STATE WATER COMPANY
Region I
Administrative Offices
Low Income Ratepayer Assistance Program
for
Test Year 2008 and Escalation Years 2009 and 2010
In Consolidated Proceeding Application 07-01-009 et al.**

San Francisco, California
May 14, 2007

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APPENDIX A: QUALIFICATIONS AND PREPARED TESTIMONY

1 **MEMORANDUM**

2 In this Report, the Division of Ratepayer Advocates (DRA) of the California
3 Public Utilities Commission (Commission) presents its analyses, findings, and
4 recommendations pertaining to (i) the Low Income Ratepayer Assistance Program
5 (LIRA) and (ii) expenses for the three administrative offices in the Region I:
6 Headquarter, Coastal District, and Northern District Offices. The expenses for these
7 Offices and LIRA are allocated among the seven Districts in Region I, which will
8 affect the final revenue requirement of each District.

9 The DRA Project Coordinator for this Report is Victor Chan, and
10 Cleveland Lee is the DRA Legal Counsel for this proceeding. The DRA
11 witnesses' qualifications are set forth at Appendix A of this Report.

12

1 **EXECUTIVE SUMMARY**

2 **I. INTRODUCTION**

3 On January 5, 2007, Golden State Water System (GSWC) filed general rate
4 case applications, A. 07-01-009 – A. 07-01-015, requesting authorizations to
5 increase rates for water services in each of its seven Region I Districts. The
6 expenses recommended by DRA in this Report for the three administrative Offices
7 and the LIRA program, will be allocated among each of the seven Districts.
8 Concurrently with this Report, DRA is submitting a Cost of Capital Report and a
9 Report of Results of Operation for each of the seven Districts.

10 **II. SUMMARY OF RECOMMENDATION**

11 This Report constitutes DRA’s prepared direct testimony pertaining to
12 LIFA and the three Offices mentioned above. A summary of DRA’s
13 recommendations by chapter in this Report is as follows:

14 **a. Chapter 1- Region I Headquarter**

15 DRA recommends disallowing an Account Analyst II position; a change of
16 methodology for several expense categories; and disallowing capital projects, such
17 as vehicle replacement, computer hardware and software, and office furniture.
18 GSWC is requesting a Region I General Office expense of \$1,348,100 for Test
19 Year 2008. DRA recommends \$1,218,900.

20 **b. Chapter 2-Coastal District Office**

21 DRA recommends disallowing an Engineering Tech III position; and
22 disallowing capital projects, such as vehicle replacement, computer hardware and
23 software, and office furniture. GSWC is requesting a General Office expense of
24 the Coastal District of \$391,900 for Test Year 2008. DRA recommends \$384,700.

25 **c. Chapter 3-Northern District Office**

26 DRA recommends disallowing three employment positions: SCADA
27 Technician, Engineering Tech III, and Water Conservation Coordinator. DRA

1 also recommends disallowing capital projects, such as vehicle replacement,
2 computer hardware and software, and office furniture. GSWC is requesting a
3 Northern District General Office expense of \$356,300 for Test Year 2008. DRA
4 recommends \$270,100.

5 **d. Chapter 4- Low Income Ratepayer**
6 **Assistance Program**

7 DRA recommends that the Commission approve GSWC's request with a
8 minor change. DRA recommends a subsidy of 50% of the service charge in each
9 area with a \$15 cap, as compared to GSWC's proposal for a subsidy of 15% of the
10 average bill in each ratemaking area. DRA's proposal will provide greater rate
11 relief to the neediest customers while preserving water conservation, which is
12 consistent with the Water Action Plan.

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List of DRA Witnesses and Respective Chapters

<u>Chapter Number</u>	<u>Description</u>	<u>Witness</u>
-	Executive Summary	Victor Chan
1	Region I Headquarter	Max Gomberg
2	Northern District Office	Max Gomeberg
3	Coastal District Office	Max Gomberg
4	Low Income Program	Lindsey Fransen
	Appendix A (Qualifications and Prepared Testimony)	

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3

1 **CHAPTER 1: REGION I HEADQUARTER**

2 **A. Introduction**

3 This section presents DRA’s analyses and recommendations regarding
4 GSWC General Office Operation and Maintenance (O&M) and Administration
5 and General Office (A&G) expenses for GSWC’s Region I Headquarter Office.
6 GSWC’s Region I consists of two Districts, Coastal and Northern, which are
7 comprised of seven Customer Service Areas (CSAs). Geographically, it stretches
8 from the Sacramento area to Ventura County. The Region I Headquarter Office
9 currently has a staff of 19 that includes engineers, financial and administrative
10 analysts, and technical and administrative support staff. The Office is managed by
11 the Vice President for Customer Service.

12 **B. Summary of Recommendations**

13 GSWC is requesting a Region I General Office expense of \$1,348,100 for
14 Test Year 2008. DRA recommends \$1,217,500. The difference is due to an
15 Account Analyst position that GSWC is requesting and which DRA finds
16 unjustified. Also at issue is the methodology for calculating the Administrative
17 and General Expense categories of Office Supplies & Expenses and Outside
18 Services. GSWC used five-year averages that included years with anomalous
19 expenses. DRA removed those anomalous expenses to normalize averages. Table
20 1 below summarizes the differences between GSWC’s requests and DRA’s
21 recommendations.

22 For rate base, GSWC is requesting \$197,400 for General Plant in Test Year
23 2008 and \$158,900 for General Plant in Attrition Year 2009. DRA recommends
24 \$130,600 in 2008 and \$78,200 in 2009. The difference is due to DRA’s
25 disallowance of capital projects, such as vehicle replacement, computer hardware
26 and software, and office furniture as well as lower overhead and contingency rates.
27 Tables 2 – 4 in the Plant section summarize the differences between GSWC’s
28 request and DRA’s recommendation.

1 Table 1: Comparison of 2008 GSWC request and DRA Recommendation for Summary
 2 of Earnings (In Thousand Dollars)
 3

Expense Category	GSWC Request	DRA Recommendation	GSWC Exceeds DRA
Operation Labor	30.2	28.0	2.2
Office Supplies & Expenses	290.5	260.2	30.3
Outside Services	87.3	42.6	44.7
A&G Labor	571.6	529.1	42.5
A&G Expenses Capitalized	(238.4)	(239.2)	(0.8)
Depreciation & Amortization	234.6	228.1	6.5
Payroll Taxes	48.5	44.9	3.6
Total Operating Expenses	1,348.1	1,217.5	130.6

4

5 **C. Discussion**

6 **1. Requested Positions**

7 **a) Water Quality Manager- Region I**
 8 **Headquarter (HQ)**

9 In 2002, GSWC filled the Water Quality Manager position in order to
 10 manage increased treatment requirements and administrative work related to
 11 permitting and public disclosure. This position has an annual salary of \$119,577.¹
 12 The Company documented an increased number of wells impacted by
 13 contamination, additional contaminants that it must treat, and increased CEQA

¹ GSWC Region I Workpapers, Labor, Location, (Excel worksheet), February 26, 2007.

1 review.² DRA concurs with GSWC that complying with water quality regulations
2 requires uniform and efficient coordination. DRA believes GSWC’s justification
3 of the Water Quality Manager position is sufficient. Therefore, DRA recommends
4 Commission approval for the Water Quality Manager position.

5 **b) Account Analyst II – Region I HQ**

6 GSWC is requesting a new position, Account Analyst II, with an annual
7 salary of \$43,272.³ The Company believes this position is necessary “primarily
8 due to the increasing workload associated with Sarbanes Oxley compliance
9 requirements (SOX).” GSWC has retained auditors from Jefferson Wells and
10 Price WaterhouseCoopers to ensure compliance with SOX. These auditors are
11 contracted “[o]n an ongoing basis.”⁴ GSWC claims that, “[a]s the auditors collect
12 more data, the tests for SOX compliance become more and more complex year
13 after year.”⁵ GSWC provided data showing that the company has spent 116
14 additional hours per month fulfilling SOX requirements since January 1, 2004.⁶
15 GSWC also argues that the SOX burden has caused the Region I Accounting
16 Department to cease producing O&M budget variance analyses for the rate
17 making areas and Region-wide.⁷

18 DRA is unconvinced by GSWC’s justifications. As GSWC staff becomes
19 more familiar with SOX reporting, compliance should become less complex.
20 Thus, the SOX compliance workload should decrease, not increase. GSWC
21 should be able to distinguish between suggestions that are essential for compliance
22 and those that serve more to perpetuate the “need” for outside auditors.

² Edwin DeLeon, Response to DRA Data Request MGX-3, March 26, 2007, Response 5.

³ GSWC Region I Workpapers, Labor, Location, (Excel worksheet), February 26, 2007.

⁴ Edwin DeLeon, Response to DRA Data Request MGX-3, March 26, 2007, Response 8.

⁵ Ibid.

⁶ Ibid, SOX Labor Impact attachment (PDF), 2 and 6.

⁷ Ibid, Response 8.

1 Furthermore, GSWC has adjusted for the additional accounting workload by
2 temporarily reassigning an Administrative Analyst. This Administrative Analyst
3 began the reassignment in October 2006 and will continue at least through the 3rd
4 quarter of 2007.⁸ Evidently, GSWC has sufficient internal flexibility to meet SOX
5 requirements. If GSWC can adjust for reassignment of the Administrative
6 Analyst's prior duties for at least a year, the temporary reassignment appears
7 likely to become permanent if needed. Moreover, GSWC could hire temporary
8 workers for any particularly demanding administrative periods. In addition, while
9 the O&M budget variance analyses are useful for tracking expenditures, they are
10 not an essential part of GSWC's operations nor are they required by law.
11 Switching from monthly to quarterly reports will not unduly hamper GSWC's
12 ability to track expenditures.⁹ DRA finds insufficient justification for adding
13 another position to rate base solely for financial analysis support. Thus, DRA
14 recommends disallowing the Account Analyst II position.

15 **2. Other Adjustments for Labor**

16 **a) Merit Increase**

17 In A. 06-02-023, DRA found that GSWC did not justify the need for a
18 1.28% merit increase in GSWC's General Office and Region II Headquarter.¹⁰
19 The Commission's decision in that matter is still pending. In his testimony, Edwin
20 DeLeon states that the merit adjustment "is necessary to maintain its experienced
21 and higher performing employees." Mr. DeLeon, however, did not provide any
22 support for this claim. Furthermore, as DRA noted in A. 06-02-023, GSWC
23 already has a "Discretionary Bonus" program to reward high performing

⁸ Adam Rue, Response to DRA Data Request MGX-1, February 8, 2007, Response 2b.

⁹ Email communication from Edwin DeLeon, April 10, 2007.

¹⁰ Division of Ratepayer Advocates, Report of the General Office and Region II Headquarters of Golden State Water Company for Test Year 2007 and Escalation Years 2008 and 2009, Application 06-02-023, May 25, 2006, 2-32.

1 employees.¹¹ Hence, there is no need for an additional merit program.¹² DRA
2 recommends disallowing the 1.28% merit adjustment.

3 **3. Administrative and General Expenses**

4 **a) Office Supplies and Expenses**

5 GSWC is requesting \$291,500 for Test Year 2008; DRA recommends
6 \$260,200. The difference is that DRA has taken a 4-year average, removing an
7 anomalous amount spent in 2003. Office Supplies and Expenses totaled between
8 \$210,000 and \$246,700 for 2002, 2004, 2005, and 2006. It was \$329,200 in 2003.
9 The main additional expenses that year were for transportation and leased
10 telephone lines. GSWC did not provide an explanation for why these expenses
11 were so large. DRA finds the 2003 amount anomalous and unreasonable and
12 excluded it to normalize the average.

13 **b) Outside Services**

14 GSWC requests \$87,300 in Outside Services for the 2008 Test Year; DRA
15 recommends \$42,600. The difference is due to DRA having removed the years
16 2004 and 2005 from the calculation of the average because they have large legal
17 fees. GSWC had \$131,855 in legal fees in 2004 and \$45,120 in 2005, whereas it
18 had less than \$18,000 in legal fees in 2002, 2003, and 2006. The majority of the
19 2004 and 2005 legal fees are recorded as Region I PUC Issues.¹³ GSWC did not
20 further explain or support these expenses. GSWC has not requested similar
21 amounts for the Test and Attrition Years. Further, GSWC did not prove that the
22 2004 and 2005 legal expenses were GRC related. These are non-recurring

¹¹ Division of Ratepayer Advocates, Report of the General Office and Region II Headquarters of Golden State Water Company for Test Year 2007 and Escalation Years 2008 and 2009, Application 06-02-023, May 25, 2006, 2-32.

¹² Division of Ratepayer Advocates, Report of the General Office and Region II Headquarters of Golden State Water Company for Test Year 2007 and Escalation Years 2008 and 2009, Application 06-02-023, May 25, 2006, 2-32.

¹³ Email communication from Adam Rue, April 16, 2007.

1 expenses and therefore are inappropriate for forecasting future Outside Services
2 expenses.

3 **4. Plant**

4 GSWC requests a weighted average ratebase of \$1,942,900 for the 2008
5 Test Year and \$1,856,500 for the 2009 Attrition Year. DRA recommends a
6 weighted average rate base of \$1,842,400 for the 2008 Test Year and \$1,691,500
7 for the 2009 Attrition Year. The difference is due to DRA's recommendations
8 disallowing capital projects, such as vehicle replacement, computer hardware and
9 software, and office furniture as well as lower overhead and contingency rates.¹⁴

10 Table 2 below summarizes the differences between GSWC and DRA for 2007;
11 Table 3 for 2008; and Table 4 for 2009.

12 **a) 2007 Capital Projects**

13 Table 2: Comparison between GSWC Request and DRA Recommendation for
14 Capital Projects 2007.

Budget Item	GSWC 2007	DRA 2007	GSWC Exceeds DRA
Training Room Videoconferencing Modifications	\$9,000	Disallow	\$9,000
Small Conference Room Modification	\$5,000	Disallow	\$5,000
Facility Phone System Upgrade	\$32,000	\$15,000	\$17,000
Upgrade Videoconferencing System	\$7,000	Disallow	\$7,000
Miscellaneous Furniture and Partitions	\$11,000	\$3,000	\$8,000
Miscellaneous Computers and Office Equipment	\$24,000	\$16,000	\$8,000
Total	\$173,400	\$103,100	\$70,300

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¹⁴ DRA's proposed overhead and contingency rates were prepared by DRA witness Mehboob Aslam. Refer to his testimony for the derivation of these rates.

1 **(1) Training Room Video conferencing Modifications**
2 **(\$9,000)**

3 GSWC is requesting expense recovery for replacing an audio visual (A/V)
4 cabinet and rewiring an A/V system. GSWC would like to purchase a new
5 videoconferencing system for its main conference room (discussed below) and
6 move the existing system to a smaller conference room. GSWC did not justify as
7 reasonable its request for a new videoconferencing system. The present A/V
8 cabinet and the wiring should not be changed. Contrary to GSWC’s claim, there is
9 not a “cumbersome mass of component wiring around the [A/V] cabinet and
10 equipment.”¹⁵ Therefore, DRA recommends disallowing this request.

11 **(2) Small Conference Room Modifications (\$5,000)**

12 GSWC wants to wire the small conference room to move the current
13 videoconferencing equipment there. As noted above, GSWC’s need for an
14 additional videoconferencing system is unjustified. Thus, there is no need for
15 GSWC to wire the small conference room for the existing videoconferencing
16 equipment, which should remain in the large conference room. Therefore, DRA
17 recommends disallowing this request.

18 **(3) Facility Phone System Software Upgrade (\$32,000)**

19 GSWC wants to upgrade or replace its 7-year old phone system because the
20 current vendor will not support the existing service contract. When questioned
21 about what problems the current phone system presented, Kenneth Baird stated
22 that every time the company wants to add a new user it requires the vendor’s
23 assistance.¹⁶ This does not seem like a problem requiring an entirely new system.
24 GSWC is currently conducting a cost comparison with other phone vendors. DRA
25 believes GSWC’s focus should be on renegotiating the vendor contract for a price
26 below system replacement. Regardless of GSWC’s approach, spending \$32,000

¹⁵ Gisler, at 114.

¹⁶ Discussion between Kenneth Baird and Max Gomberg, February 22, 2007.

1 on a new phone system when the existing one presents no major malfunctions, is
2 an unreasonable rate burden. DRA recommends a total of \$15,000 for phone
3 system upgrades.

4 **(4) Upgrade Facility Videoconferencing System**
5 **(\$7,000)**

6 GSWC wants to use its videoconference equipment with locations that do
7 not have access to an ISDN type of data network. GSWC did not, however, justify
8 the need for videoconferencing instead of teleconferencing. No data showed that
9 the locations in question were unable to communicate with the headquarters
10 offices via phone. The ratepayers should not have to bear additional rate burdens
11 for videoconferencing expenses that appear unnecessary. Therefore, DRA
12 recommends disallowing this request.

13 **(5) Miscellaneous Furniture and Partitions (\$11,000)**

14 GSWC wants to replace “older desks, workstations, and cubicle
15 components.”¹⁷ During its site visit, DRA did not see any evidence that these
16 items needed to be replaced. Moreover, Mr. Baird indicated only one work area
17 was going to be replaced. The expense for this work area replacement should not
18 exceed \$3,000. Therefore, DRA recommends allowing \$3,000 for this budget
19 item.

20 **(6) Miscellaneous Computers and Office Equipment**
21 **(\$24,000)**

22 This budget item covers “PCs, desktop printers, fax equipment, postage
23 meters, small copiers, and software upgrades.” Mr. Baird did not indicate plans to
24 replace more than a few of these units. GSWC’s past five years of spending on
25 these items has fluctuated from between \$11,000 and \$44,000.¹⁸ It is important to
26 note, however, that GSWC has not had a full GRC during that time. DRA

¹⁷ Gisler, at 116.

¹⁸ Adam Rue, Response to DRA Data Request MGX-1, February 8, 2007, Response 12.

1 believes GSWC should strive to reduce costs by purchasing this equipment only
2 when necessary. DRA recommends \$16,000 be allocated to this budget item

3 **b) 2008 Capital Projects**

4 Table 3: Comparison between GSWC Request and DRA Recommendation for
5 Capital Projects 2008.
6

Budget Item	GSWC 2008	DRA 2008	GSWC Exceeds DRA
Miscellaneous Furniture and Partitions	\$11,000	\$3,000	\$8,000
E&P Color Copier, Scanner And Printer (11"x17" format)	\$30,000	Disallow	\$30,000
Miscellaneous Computers and Office Equipment	\$24,000	\$16,000	\$8,000
Total	\$197,400	\$130,600	\$66,800

7 **(1) Color Copier, Scanner, & Printer (11" x 17"**
8 **format) (\$30,000)**

9 GSWC would like to produce color documents and exhibits in 11" x 17"
10 format. GSWC did not indicate any Commission requirement to produce large-
11 scale color documents. In addition, GSWC already has a relatively new color
12 printer (purchased in January 2006) that can produce documents up to legal size
13 (8.5" x 14"). Therefore, DRA recommends disallowing this expense proposal.

14 **(2) Miscellaneous Furniture and Partitions (\$11,000)**

15 As stated above, DRA found no evidence to support this entire amount.
16 DRA recommends rate recovery for only \$3,000 of this request.

17 **(3) Miscellaneous Computers and Office Equipment**
18 **(\$24,000)**

19 As stated above, DRA believes this is an unreasonable and unjustified
20 expense request given the actual equipment needs of the Region I Office. DRA
21 recommends a rate recovery of only \$16,000 for this expense.

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c) 2009 Capital Projects

Table 4: Comparison between GSWC Request and DRA Recommendation for Capital Projects 2009.

Budget Item	GSWC 2009	DRA 2009	GSWC Exceeds DRA
Training Room Computers (6)	\$10,000	\$5,000	\$5,000
Miscellaneous Furniture and Partitions	\$11,000	\$3,000	\$8,000
Vehicle Replacement E&P Mgr.	\$39,000	Disallow	\$39,000
Miscellaneous Computers and Office Equipment	\$24,000	\$16,000	\$8,000
Total	\$158,900	\$78,200	\$80,700

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(1) Training Room Computers (\$10,000)

GSWC has no corporate replacement policy for this type of equipment. Further, GSWC did not prove the need to replace these training computers and monitors when they are still running training software. DRA recommends rate recovery of only \$5,000 for this expense request, based on the average lifetime of a PC of five years.

(2) Miscellaneous Furniture and Partitions (\$11,000)

As stated above, GSWC did not support this expense request with quantitative data and other support. DRA recommends a rate recovery of only \$3,000 for this expense.

(3) Vehicle Replacement-Engineering & Planning Manager (\$39,000)

This vehicle is a 2003 Dodge Intrepid that is anticipated to exceed 110,000 miles in 2009. In its decision D-06-01-025, the Commission adopted the California Department of General Services (DGS) guidelines for vehicle replacement. DGS guidelines state that fleet sedans and light duty trucks should

1 be replaced after 120,000 miles.¹⁹ Therefore, this vehicle should be replaced in
2 2010 and not included in this GRC.

3 **(4) Miscellaneous Computers and Office Equipment**
4 **(\$24,000)**

5 As stated above, GSWC has not justified as reasonable this expense
6 request, considering the current and actual equipment needs of the Region I office.
7 DRA recommends only \$16,000 of this expense for rate recovery.

8 **D. Conclusion**

9 GSWC has the burden of justifying as reasonable the expenses requested
10 above. It has not met that burden, and the Commission should therefore disallow
11 GSWC's requests and instead adopt DRA's recommendations.

¹⁹ California Public Utilities Commission, D-06-01-025 (2006).

1 **CHAPTER 2: NORTHERN DISTRICT**

2 **A. Introduction**

3 This Chapter presents DRA’s analyses and recommendations regarding
4 GSWC General Office Operation and Maintenance (O&M) and Administration
5 and General Office (A&G) expenses for GSWC’s Northern District Office. The
6 Northern District has three CSAs: Arden Cordova, Bay Point, and Clearlake. The
7 Northern District office currently has a staff of eight and is located in the Region I
8 Headquarters Office.

9 **B. Summary of Recommendations**

10 GSWC is requesting a Northern District General Office expense of
11 \$356,300 for Test Year 2008. DRA’s recommendation is \$270,100. The
12 difference is due to three positions that DRA recommends disallowing. Those
13 positions are Engineering Tech III, SCADA Technician, and Water Conservation
14 Coordinator. Table 1 below summarizes the differences between GSWC’s request
15 and DRA’s recommendation.

16 GSWC is requesting rate recovery of \$63,300 for General Plant in Test
17 Year 2008 and \$83,600 for General Plant in Attrition Year 2009. DRA
18 recommends \$41,100 in 2008 and \$6,700 in 2009. The difference is due to DRA’s
19 recommendations disallowing capital projects, such as vehicle replacement,
20 computer hardware and software, and office furniture as well as lower overhead
21 and contingency rates.²⁰ Tables 2 – 4 in the Plant section summarize the
22 differences between GSWC’s request and DRA’s recommendation.

²⁰ See footnote 17.

1 Table 1: Comparison of 2007 GSWC request and DRA recommendation for
 2 Summary of Earnings (In Thousand Dollars)

3

Expense Category	GSWC Request	DRA Recommendation	GSWC Exceeds DRA
Operation Labor	90.3	60.5	29.8
A&G Labor	150.0	100.4	49.6
Depreciation & Amortization	27.7	27.5	0.2
Payroll Taxes	19.4	13.0	6.4
Total Operating Expenses	356.3	270.1	86.2

4 **C. Discussion**

5 **1. Requested Positions**

6 **a. Engineering Technician III – Northern**
 7 **District Office**

8 GSWC posted this position in 2000 in order to monitor New Business
 9 projects. The position’s salary is \$63,660.²¹ The Company asserts that the
 10 increase in capital improvement projects “requires additional labor to ensure that
 11 adequate inspection and documentation of projects occur[s].”²² From 1995 –
 12 1999, the Northern District had an average of 17.4 projects per year (87 projects
 13 total) in New Business.²³ From 2000 – 2005, the Northern District had an average
 14 of 20.17 projects per year (121 projects total) in New Business.²⁴

15 While the increase in capital improvement projects may increase the
 16 workload, GSWC has sufficient staff to handle them. The average number of
 17 projects between 2000 and 2005 increased by 2.77 over the prior five-year period.
 18 The engineering staffs in the Northern District office and the Region I

²¹ GSWC Region I Workpapers, Labor, Location, (Excel worksheet), February 26, 2007.

²² Testimony of Roland Tanner, January 2007, at 24.

²³ Edwin DeLeon, Response to DRA Data Request MGX-3, March 26, 2007, Response 6.

²⁴ Testimony of Roland Tanner, January 2007, at 24.

1 Headquarters office, which are contiguous, were capable of handling the workload
2 without an additional Engineering Technician. The Northern District office has a
3 District Engineer who is responsible for overseeing capital improvement projects.
4 The Northern District office also has a currently vacant CAD Tech I position. The
5 Region I Headquarters office contains a CAD Tech I and an Engineering Tech III,
6 both of whose job duties include “[ensuring] that all new construction is
7 completed in accordance with Plans, Specifications, Special Provision, Standard
8 Drawings and Approved Material List.”²⁵ From 2000-2005 over 90% of New
9 Business in Region I occurred in the Northern District.²⁶ Since the Region I office
10 and the Northern District office are located contiguously, the Region I engineering
11 personnel can perform tasks of the Northern District engineering personnel. DRA
12 sees no reason why GSWC needed to hire an additional Engineering Tech III
13 when an Engineering Tech III and two CAD Techs I already worked in the same
14 building. Therefore, DRA recommends disallowing the Engineering Technician
15 III position.

16 **b. SCADA Technician – Northern**
17 **District office**

18 GSWC posted this position in 2001. Mr. Tanner’s testimony states,
19 however, that the justification for this position came from an internal request in
20 2004. The position has a salary of \$76,818.²⁷ GSWC claims that it could save
21 50% of \$1,470,000 in current and future project costs (2006-2011) by hiring a
22 SCADA Technician and using internal staff to complete projects. GSWC did not
23 specify what the \$1,470,000 in projects consist of, nor provide work papers or

²⁵ Master Data Request, Volume I, Attachment IV. A.1., Engineering Job Function, Regional Engineering/Planning Job Family, 1 and 4.

²⁶ As noted above, the Northern District had \$23,170,800 of New Business during this period. The Coastal District, in contrast, had only \$2,212,172 in New Business during the same period. The Coastal District New Business Summary can be found in Response 7 to MGX-3.

²⁷ GSWC Region I Workpapers, Labor, Location, (Excel worksheet), February 26, 2007.

1 quantitative data to support that amount of projects. Furthermore, GSWC did not
2 explain specifically how the SCADA Technician would save \$735,000 in project
3 costs. Without such justifications and proof, DRA found the claimed savings
4 lacking credibility.

5 GSWC claims hiring a SCADA Technician would be cost-effective. In
6 1999 – 2004, GSWC represents spending \$753,763 on outside services for
7 SCADA projects.²⁸ However, DRA found that \$130,471 of that amount was spent
8 on Y2K safeguards.²⁹ The yearly average without Y2K projects was \$103,882.³⁰
9 While this is a higher amount than the SCADA Technician’s salary, the difference
10 does not include pension, benefits, or payroll taxes. Moreover, the Northern
11 District SCADA budget from 2007-2009 appears to DRA to be less than
12 \$200,000.³¹ For this rate case cycle, GSWC has not shown that it will need to
13 spend on outside services for SCADA an amount that would exceed more than a
14 SCADA Technician’s salary. For all of the above reasons, DRA recommends
15 disallowing the SCADA Technician position.

16 **c. Water Conservation Coordinator –**
17 **Northern District office**

18 GSWC is proposing the Water Conservation Coordinator position to fulfill
19 the Water Forum Agreement (Agreement) that it signed in 2006. This position
20 would have a salary of \$69,674.³² Currently, the Water Conservation Coordinator
21 position is not justified because it is premature. GSWC should not hire
22 Conservation Coordinators at the regional level until it develops a comprehensive

²⁸ Edwin DeLeon, Response to DRA Data Request MGX-3, March 26, 2007, Response 4 (PDF).

²⁹ Ibid.

³⁰ DRA calculated this figure by taking the six-year average without Y2K expenditures.

³¹ DRA derived this estimate by adding SCADA-related projects in the Northern District CSAs to SCADA-related projects in the Region I and Northern District office capital budgets.

³² GSWC Region I Workpapers, Labor, Location, (Excel worksheet), February 26, 2007.

1 water conservation policy. DRA will be presenting this argument formally in the
2 Conservation OIR.

3 DRA would like to see Class A Water Utilities like GSWC proactively
4 address conservation in a systematic way that includes implementing the
5 Commission’s Water Action Plan. One proactive step GSWC could take is to hire
6 a high-level Water Conservation Manager who would have broad authority for
7 conservation measures and who would report directly to senior management. This
8 person could advance proposals for conservation rate design, appropriate
9 conservation personnel throughout all three districts, and other programs such as
10 public outreach. DRA would like to see GSWC create such a position for its next
11 Region II Headquarters GRC. In the future, the Water Conservation Manager
12 could provide testimony about why a water conservation position in a given region
13 was justified.

14 This Water Conservation Coordinator position would only cover the Arden-
15 Cordova CSA and its holder would have little ability to affect company-wide
16 policy, including ratemaking. Therefore, DRA recommends disallowing the Water
17 Conservation Coordinator position.

18 **2. Plant**

19 GSWC requests a weighted average ratebase of \$303,300 for the 2008 Test
20 Year and \$182,000 for the 2009 Attrition Year. DRA recommends a weighted
21 average ratebase of \$242,800 for the 2008 Test Year and \$83,400 for the 2009
22 Attrition Year. The difference is due to DRA’s recommendations disallowing
23 capital projects, such as vehicle replacement, computer hardware and software,
24 and office furniture as well as lower overhead and contingency rates.³³ Table 2
25 below summarizes the differences for 2007, while Table 3 summarizes the
26 differences for 2008, and Table 4 summarizes the differences for 2009.

³³ See footnote 17.

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(a) 2007 Capital Projects

Table 2: Comparison between GSWC Request and DRA Recommendation for Capital Projects 2007.

Budget Item	GSWC 2007	DRA 2007	GSWC Exceeds DRA
Computer Software Upgrades	\$10,000	Disallow	\$10,000
Replace Vehicle #586	\$32,000	Disallow	\$32,000
Miscellaneous Tools and Safety Equipment	\$5,000	Disallow	\$5,000
Total	\$76,000	\$21,900	\$54,100

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(1) Software Upgrades (\$10,000)

GSWC is requesting rate recovery of \$10,000 for miscellaneous software and upgrades. GSWC did not, however, state what software needed to be purchased or upgraded. Moreover, GSWC has several major software additions included in its Region I Headquarters budget. GSWC did not justify as reasonable this proposed expense recovery. Therefore, DRA recommends disallowing this request.

(2) Replace Vehicle No. 586 (\$32,000)

GSWC claims that the condition of this vehicle, which had 68,000 miles in October 2006, has deteriorated and the anticipated increase in maintenance costs will exceed its value. During 2005 and 2006, however, GSWC spent only \$631.27 on this vehicle. Hence, there is no evidence that it is unfit for use. Therefore, DRA recommends disallowing this request.

1 **(3) Miscellaneous Safety Equipment (\$2,000)**

2 GSWC’s Region I budget for safety equipment is \$2,000. GSWC’s Region
 3 I and Northern District offices are contiguous. GSWC needs only one safety
 4 budget item for both offices. GSWC failed to prove that \$2,000 is insufficient for
 5 this purpose. Therefore, DRA recommends disallowing this request.

6 **(b) 2008 Capital Projects**

7 Table 3: Comparison between GSWC Request and DRA Recommendation
 8 for Capital Projects 2008.
 9

Budget Item	GSWC 2008	DRA 2008	GSWC Exceeds DRA
Computer Software Upgrades	\$10,000	Disallow	\$10,000
Miscellaneous Tools and Safety Equipment	\$5,000	Disallow	\$5,000
Total	\$63,300	\$41,100	\$22,200

10

11 **(1) Software Upgrades (\$10,000)**

12 DRA recommends disallowing this request. See 2007 Capital Projects.

13 **(2) Miscellaneous Safety Equipment (\$5,000)**

14 DRA recommends disallowing this request. See 2007 Capital Projects.

15 **(c) 2009 Capital Projects**

16 Table 4: Comparison between GSWC Request and DRA Recommendation
 17 for Capital Projects 2009.
 18

Budget Item	GSWC 2008	DRA 2008	GSWC Exceeds DRA
Replace Workstation (5)	\$10,000	Disallow	\$10,000
Computer Software Upgrades	\$10,000	Disallow	\$10,000
Replace Vehicle #2000	\$39,000	Disallow	\$39,000
Miscellaneous Tools and Safety Equipment	\$5,000	Disallow	\$5,000
Total	\$83,600	\$6,700	\$76,900

19

1 (1) **Replace Workstation (5) (\$10,000)**

2 GSWC claims that “these computers are currently aging and will no longer
3 be able to accommodate the software upgrades envisioned to be industry standard
4 in 2009.”³⁴ GSWC provided no justification, however, for why these computers
5 would require new software or why they would be unable to accommodate new
6 software. DRA does not believe GSWC should purchase new hardware unless
7 existing hardware is incapable of running essential programs. DRA recommends
8 disallowing this request.

9 (2) **Software Upgrades (\$10,000)**

10 DRA recommends disallowing this request. See 2007 Capital Projects.

11 (3) **Replace Vehicle No. 2000 (\$39,000)**

12 This 2003 vehicle had 54,500 miles as of October 2006. It is not
13 anticipated to exceed 120,000 miles in 2009. In its decision D-06-01-025, the
14 Commission adopted the California Department of General Services (DGS)
15 guidelines for vehicle replacement. DGS guidelines state that fleet sedans and
16 light duty trucks should be replaced after 120,000 miles.³⁵ Therefore, DRA
17 recommends disallowing this request.

18 (4) **Miscellaneous Safety Equipment (\$5,000)**

19 DRA recommends disallowing this request. See 2007 Capital Projects.

20 **D. Conclusion**

21 GSWC has the burden of justifying as reasonable the expenses requested
22 above. It has not met that burden, and the Commission should therefore disallow
23 GSWC’s requests and instead adopt DRA’s recommendations.

³⁴ Gisler, at 124.

³⁵ California Public Utilities Commission, D-06-01-025 (2006).

1 **CHAPTER 3: COASTAL DISTRICT**

2 **A. Introduction**

3 This Chapter presents DRA’s analyses and recommendations regarding
4 GSWC General Office Operation and Maintenance (O&M) and Administration
5 and General Office (A&G) expenses for the GSWC Coastal District Office. The
6 Coastal District has four CSAs: Los Osos, Santa Maria, Ojai, and Simi Valley.
7 The Coastal District Office currently has a staff of seven.

8 **B. Summary of Recommendations**

9 GSWC is requesting a Coastal District General Office expense of \$391,900
10 for Test Year 2008. DRA recommends \$382,800. The difference is due to DRA’s
11 recommendation to disallow an Engineering Tech III position. Table 1 below
12 summarizes the differences between GSWC’s request and DRA’s
13 recommendation.

14 GSWC is requesting \$29,300 for General Plant in Test Year 2008 and
15 \$80,500 for General Plant in Attrition Year 2009. DRA recommends \$11,500 in
16 2008 and \$11,700 in 2009. The difference is due to DRA’s recommendations
17 disallowing capital projects, such as vehicle replacement, computer hardware and
18 software, and office furniture as well as lower overhead and contingency rates.
19 Tables 2 – 4 in the Plant section summarize the differences between GSWC’s
20 request and DRA’s recommendation.

Table 1: Comparison of 2008 GSWC request and DRA recommendation for Summary of Earnings (In Thousand Dollars)

Expense Category	GSWC Request	DRA Recommendation	GSWC Exceeds DRA
Operation Labor	87.5	85.5	2.0
A&G Labor	180.8	176.7	4.1
Depreciation & Amortization	39.1	37.2	1.9
Payroll Taxes	22.2	21.7	0.5
Total Operating Expenses	391.9	382.8	9.1

C. Discussion

1. Requested Positions

a. Engineering Technician III – Coastal District

GSWC claims that the Engineering Tech III position is needed in the Coastal District Office, because several major projects are underway and the District Engineer does not have any support staff. In his testimony, Roland Tanner lists the capital projects underway and discusses the construction of the Los Osos Community Service District’s (LOCSO) wastewater project.³⁶ Mr. Tanner also states that “[T]he Coastal District is the only district within the Company not to have this position on staff ...³⁷ This position has a salary of \$74,920.³⁸

DRA is not convinced by GSWC’s argument. From 2000-2005, the Coastal District managed 76 projects (12.67/year) without the assistance of an

³⁶ Ibid.

³⁷ Ibid.

³⁸ GSWC Region I Workpapers, Labor, Location, (Excel worksheet), February 26, 2007.

1 Engineering Tech III.³⁹ GSWC presented no proof that during the rate cycle in
2 this proceeding the number of projects will significantly increase or that any new
3 projects will require additional labor. District Engineer Terry Maughmer stated
4 during DRA's site visit that he has been relying on CSA supervisors for support
5 and has been managing with this arrangement.⁴⁰ DRA sees no need for an
6 additional position given that the workload is manageable. Furthermore, Mr.
7 Maughmer stated that construction on the LOCSD wastewater project would not
8 likely begin for another two years.⁴¹ Thus, there will not be any significant
9 workload impact due to the LOCSD project until the end of this GRC cycle at the
10 very earliest. Given that the LOCSD project is the focus of major controversy in
11 the community, it may be even longer until construction begins.⁴²

12 Finally, the fact that other districts have Engineering Tech III's does not by
13 itself legitimate the Coastal District's need for an Engineering Tech III. The
14 Coastal District is one of GSWC's smallest, and, for the reasons described above,
15 would be able to complete current and future projects without an Engineering
16 Tech III. Therefore, DRA recommends disallowing the Engineering Tech III
17 position.

18 2. Plant

19 GSWC requests a weighted average ratebase of \$254,100 for the 2008 Test
20 Year and \$260,600 for the 2009 Attrition Year. DRA recommends a weighted
21 average ratebase of \$212,600 for the 2008 Test Year and \$178,200 for the 2009
22 Attrition Year. The difference is due to DRA's recommendations disallowing
23 capital projects, such as vehicle replacement, computer hardware and software,

³⁹ Edwin DeLeon, Response to DRA Data Request MGX-3, March 26, 2007, Response 7.

⁴⁰ Discussion between Terry Maughmer and Max Gomberg, March 5, 2007.

⁴¹ Ibid.

⁴² See http://www.newtimes-slo.com/archives/cov_stories_2000/cov_07062000.html for a summary of the controversy surrounding the sewer project. Website accessed April 11, 2007.

1 and office furniture as well as lower overhead and contingency rates.⁴³ Table 2
2 below summarizes the differences for 2007, while Table 3 summarizes the
3 differences for 2008, and Table 4 summarizes the differences for 2009.

⁴³ See footnote 17.

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(a) 2007 Capital Projects

Table 2: Comparison between GSWC Request and DRA Recommendation for Capital Projects 2007.

Budget Item	GSWC 2007	DRA 2007	GSWC Exceeds DRA
District Office Furniture	\$15,000	Disallow	\$15,000
Software Upgrades	\$2,000	Disallow	\$2,000
Miscellaneous Tools and Safety Equipment	\$5,000	\$2,000	\$3,000
Total	\$103,500	\$69,900	\$33,600

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(1) District Office Furniture (\$15,000)

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During DRA's site visit, GSWC clarified that this furniture is for the Santa Maria CSA office. DRA did not observe any problems with existing furniture in either the Coastal District or the Santa Maria Offices. Therefore, DRA recommends disallowing this request.

11

(2) Software Upgrades (\$2,000)

12

DRA recommends disallowing this request. See 2007 Northern District Capital Projects.

14

(3) Miscellaneous Safety Equipment (\$5,000)

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DRA recommends \$2,000 for this request. See 2007 Northern District Capital Projects.

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(b) 2008 Capital Projects

Table 3: Comparison between GSWC Request and DRA Recommendation for Capital Projects 2008.

Budget Item	GSWC 2008	DRA 2008	GSWC Exceeds DRA
Miscellaneous Office Furniture	\$10,000	Disallow	\$10,000
Software Upgrades	\$2,000	Disallow	\$2,000
Miscellaneous Tools and Safety Equipment	\$5,000	\$2,000	\$3,000
Total	\$29,300	\$11,500	\$17,800

(1) Miscellaneous Office Furniture (\$10,000)

GSWC argues that these costs are needed to better accommodate the District Electrician and Water Quality Engineer. DRA did not see the need for any reconfiguration during its site visit. DRA believes that GSWC can effectively accommodate the District Electrician and Water Quality Engineer without purchasing additional furniture. Therefore, DRA recommends disallowing this request.

(2) Miscellaneous Safety Equipment (\$5,000)

DRA recommends \$2,000 for this request. See 2007 Northern District Capital Projects.

(3) Software Upgrades (\$2,000)

DRA recommends disallowing this request. See 2007 Northern District Capital Projects.

(c) 2009 Capital Projects

Table 4: Comparison between GSWC Request and DRA Recommendation for Capital Projects 2009.

Budget Item	GSWC 2009	DRA 2009	GSWC Exceeds DRA
Replace Workstations (5)	\$10,000	Disallow	\$10,000

Software Upgrades	\$5,000	Disallow	\$5,000
District Electrician Vehicle	\$40,000	Disallow	\$40,000
Miscellaneous Tools and Safety Equipment	\$5,000	\$2,000	\$3,000
Total	\$80,500	\$11,700	\$68,800

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(1) Replace Workstation (5) (\$10,000)

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DRA recommends disallowing this request. See 2009 Northern District Capital Budget. Moreover, GSWC has a \$7,000 budget item for computer hardware that covers replacement costs.

6

(2) Software Upgrades (\$5,000)

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DRA recommends disallowing this request. See 2007 Northern District Capital Projects.

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(3) Replace District Electrician Vehicle (\$40,000)

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This vehicle is four years old and has 61,072 miles. It was driven 15,597 miles in 2006.⁴⁴ The mileage trending on this vehicle is not anticipated to exceed 120,000 miles in 2009. In its decision D-06-01-025, the Commission adopted the California Department of General Services (DGS) guidelines for vehicle replacement. DGS guidelines state that fleet sedans and light duty trucks should be replaced after 120,000 miles.⁴⁵ Therefore, DRA recommends disallowing this request.

18

19

(4) Miscellaneous Safety Equipment (\$5,000)

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21

DRA recommends \$2,000 for this request. See 2007 Northern District Capital Projects.

22

D. Conclusion

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Where as indicated above GSWC has failed to carry its burden of proof, the Commission should adopt DRA's recommendations.

⁴⁴ Edwin DeLeon, Response to DRA Data Request MGX-3, March 26, 2007, Response 9.

⁴⁵ California Public Utilities Commission, D-06-01-025 (2006).

1 **CHAPTER 4: LOW INCOME RATEPAYER ASSISTANCE**
2 **PROGRAM**

3 **A. INTRODUCTION**

4 This Chapter sets forth DRA’s analysis and recommendations regarding
5 GSWC’s request to implement a low income ratepayer assistance (LIRA) program
6 for Region I customers. GSWC currently operates a LIRA program for customers
7 in Regions II and III. The request to implement a similar program in Region I is
8 submitted in response to a request for such a proposal from ALJ DeAngelis on
9 February 26, 2007.

10 **B. SUMMARY OF RECOMMENDATIONS**

11 DRA recommends that the Commission approve GSWC’s request with the
12 following change: Instead of calculating a subsidy of 15% of the average bill in
13 each ratemaking area as proposed, DRA recommends a subsidy of 50% of the
14 service charge in each area with a \$15 cap. This will provide greater rate relief to
15 the neediest customers. It also decouples the subsidy amount from consumption,
16 so water conservation should not lead to a reduction in the subsidy.

17 **C. DISCUSSION**

18 **1. CARW program in Regions II and III**

19 GSWC currently operates a LIRA program, called the California Alternate
20 Rate for Water (CARW), in its Regions II and III service areas. The CARW
21 program was approved by the Commission in D.00-06-075 and is patterned after
22 the California Alternate Rates for Energy (CARE). Eligibility for CARW is based
23 on household size and income. Income qualification figures are based on an
24 income level at or below 175% of the Federal poverty level.

25 Under the CARW programs, qualifying customers receive a 15% discount
26 for water service, which is applied to the monthly service charge and the quantity
27 charges. Non-qualifying customers support this discount through a surcharge
28 applied to the quantity charge on their monthly bill.

1 **2. Proposed program in Region I**

2 The CARW program is not currently available in Region I because of the
3 structure of rate design in that Region. Regions II and III are each one large
4 ratemaking area with a total customer base of approximately 100,000 customers.
5 Region I, on the other hand, is made up of seven individual ratemaking areas,
6 several of which are small rural districts. Such districts tend to contain a relatively
7 high concentration of low-income customers, which under the CARW program,
8 could unfairly burden non-qualifying customers. To mitigate this concern, GSWC
9 proposes to combine the seven ratemaking areas in Region I for the purposes of
10 the CARW program only.

11 The program proposed for Region I generally follows the pattern of the
12 CARW programs in Regions II and III, with eligibility based on the same criteria
13 and a 15% discount. However, there are two slight differences. While Regions II
14 and III are each single ratemaking areas, there is one average bill from which the
15 15% discount is calculated. Water prices vary among the seven ratemaking areas
16 in Region I, so there are seven averages from which to calculate the 15% discount.
17 Therefore each ratemaking area will have a different subsidy, although the
18 surcharge to cover the subsidy will be distributed evenly throughout the region.
19 DRA supports this method, as it provides assistance where it is most needed (in
20 areas where water prices are higher) without creating an excessive burden for non-
21 qualifying customers in areas with high concentrations of low-income customers.

22 The other difference is that instead of applying the 15% discount to the
23 service charge and quantity charges of qualifying customers, the discount would
24 be applied only to the service charge (although it will still be calculated as 15% of
25 the total bill in each ratemaking area). DRA supports this change, because it is
26 more conservation-oriented than the program in Regions II and III.

27 The proposal does not indicate how the subsidy will be paid for; in the short term,
28 discounts and administrative costs would be tracked in a balancing account for
29 future recovery. It is likely that when a balance has built up, it will be recovered

1 through a surcharge on non-qualifying customers' bills, applied to the quantity rate
2 as in Regions II and III.

3 **3. DRA's proposed subsidy**

4 DRA proposes a subsidy to qualifying customers of 50% off the meter
5 service charge in each ratemaking area with a \$15/customer cap. As in GSWC's
6 proposal, the surcharge that will cover the subsidy would be distributed evenly
7 among non-qualifying customers throughout the region. Under DRA's proposal,
8 customers in areas with particularly high service charges will see slightly greater
9 relief than under GSWC's proposal, while still being encouraged to conserve since
10 the quantity rates are not discounted.

11 Participating customers in 5 out of 7 districts will see lower bills under the
12 DRA proposal, while customers in only 2 districts will see lower bills under the
13 GSWC proposal. In terms of numbers of customers, 5,975 customers benefit more
14 under the DRA proposal, while 1,316 would see greater benefits under the GSWC
15 proposal. While this translates to a higher surcharge necessary to recover the costs
16 of the subsidies, when distributed among all non-participating customers in the
17 region, the surcharge increases by one cent per Ccf, from 7 cents per Ccf to 8 cents
18 per Ccf. Table 1 compares the subsidy received by customers in each ratemaking
19 area under the two proposals as well as how a surcharge would affect non-
20 participating customers if the discount is recovered in Region I as it is in Regions
21 II and III.

22 Calculations are based on testimony provided by Keith Switzer, Vice
23 President of the Regulatory Affairs Department for GSWC except where noted.

24 **D. CONCLUSION**

25 DRA recommends the Commission approve GSWC's request to implement
26 a LIRA program in Region I, with a subsidy of 50% of the service charge and a
27 \$15 cap. DRA also recommends that the subsidy be recovered through a
28 surcharge on the quantity charge of non-participating customers' bills because this

- 1 will encourage water conservation. DRA supports GSWC's interest in assisting
- 2 low-income customers and approves the change from Region II and III's program
- 3 by displaying the subsidy as a discount to the service charge only.
- 4

1 **Table 1: Comparison of GSWC subsidy of 15% of average bill and DRA subsidy of 50% off the service charge with \$15 cap**

2

District	[A] Total Customers	[B] Eligible Customers	[C] Estimated Participation ⁴⁶ [B]*.65	[D] Quantity Rate	[E] Average Ccf / mo	[F] Average monthly bill	[G] Service Charge	GSWC proposal		DRA proposal	
								[H] Subsidy: 15% of aver bill	[I] Ave participant bill	[J] Subsidy: 50% of svc chg	[K] Ave participant bill
Arden Cordova	4,316	652	424	0.65	20	22.99	10.05	3.45	19.54	5.03	17.97
Arden Cordova flat	11,103	2,684	1,745	NA	19 ⁴⁷	42.45	42.45	6.37	36.08	8.00	34.45
Bay Point	4,875	1,089	708	3.37	16	66.690	28.50	12.36	70.03	14.25	68.14
Clearlake	2,173	900	585	4.14	7	71.95	43.00	10.79	61.16	15.55	56.95
Los Osos	3,285	944	614	3.10	15	74.46	28.00	11.17	63.29	14.00	60.46
Ojai	2,807	557	362	2.8, 3.0, 3.5	30	125.03	28.00	18.75	106.28	14.00	111.03
Santa Maria	13,173	2,924	1,901	1.55	26	62.35	22.00	9.35	53.00	11.00	51.35
Simi Valley	13,065	1,468	954	2.38	20	59.56	12.00	8.93	50.63	6.00	53.56

⁴⁶ 65% of eligible customers; participation rate based on energy CARE program participation levels

⁴⁷ Data not provided; figure estimated based on average of other rate-making areas to contribute to total

1 **Table 2: Cost to non-participants and distribution of subsidy under GSWC and DRA proposals**

District	[A] Total cost of GSWC subsidy	[B] Per Ccf cost of GSWC subsidy: Total subsidy (Table 2, Column A) / total Ccf. Total Ccf is calculated by multiplying average Ccf (Table 2, column E) by total non-participating customers (Table 2, column A – column C)	[C] Total cost of DRA subsidy	[D] Per Ccf cost of DRA subsidy: Total subsidy (Table 2, Column C) / total Ccf. Total Ccf is calculated by multiplying average Ccf (Table 2, column E) by total non-participating customers (Table 2, column A – column C)
Arden Cordova	\$1,461		\$2,130	
Arden Cordova flat	\$11,109		\$13,957	
Bay Point	\$8,748		\$10,087	
Clearlake	\$6,314		\$8,775	
Los Osos	\$6,853		\$8,590	
Ojai	\$6,790		\$5,069	
Santa Maria	\$17,775		\$20,907	
Simi Valley	\$8,525		\$5,725	
Total	\$67,575	\$0.07	\$75,239	\$0.08

1 **APPENDIX A: QUALIFICATIONS AND PREPARED TESTIMONY**

2

3 **Victor Chan, P.E.**

- 4 • Senior Utilities Engineer
- 5 Registered Professional Engineer in California
- 6 • Employed by the P.U.C. since 1996
- 7 • Employed in DRA Water Branch since 2004
- 8 • Sponsoring Sections:
 - 9 ○ Executive Summary

10

11 **Max Gomberg**

- 12 • Masters Degree in Public Policy from UCLA
- 13 • Employed by the P.U.C. since 2006
- 14 • Employed in DRA Water Branch since 2006
- 15 • Sponsoring Sections:
 - 16 ○ Chapter 1 (Region I Headquarter)
 - 17 ○ Chapter 2 (Northern District Office)
 - 18 ○ Chapter 3 (Coastal District Office)

19 **Lindsey Fransen**

- 20 • Bachelor of Arts Degree in Earth and Environmental Science
- 21 • Enroll in Masters Program with Energy and Resource Group at Cal Berkeley
- 22 • Employed in DRA Water Branch since 2006
- 23 • Sponsoring Sections:
 - 24 ○ Chapter 4 (Low Income Ratepayers Assistance Program)