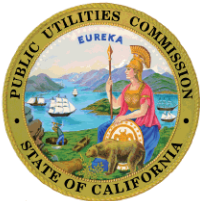


| | |
|--------------------------|----------------------|
| Docket | A.17-07-010 |
| Exhibit Number | ORA- _____ |
| Commissioner | Martha Guzman Aceves |
| Administrative Law Judge | Gerald F. Kelly |
| ORA Witness | Justin Menda |



**OFFICE OF RATEPAYER ADVOCATES
CALIFORNIA PUBLIC UTILITIES COMMISSION**

Report on Plant – Region 1

**Golden State Water Company
Test Year 2019 General Rate Case
A.17-07-010**

**San Francisco, California
February 16, 2018**

Memorandum

This Report on Plant – Region 1 is prepared by Justin Menda under the general supervision of Richard Smith, Program Manager of the *Office of Ratepayer Advocates (ORA) - Water Branch*. Shanna Foley serves as ORA legal counsel, and Pat Ma as project coordinator.

Report on Plant – Region 1

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1 **Chapter 1. Executive Summary**

2 **A. Introduction**

3 This report presents ORA’s recommendations on GSWC’s Region 1 capital (plant) requests in its
4 General Rate Case Application 17-07-010 (GRC A.17-07-010). Region 1 consists of six
5 Customer Service Areas (CSAs) and two District Offices.

6 ORA reviewed the utility’s pre-application and application submittals, prior GRC decisions,
7 relevant reports and regulations, information gathered through informal discussions with the
8 utility and field investigation, responses to the Commission’s Minimum Data Requirements
9 (MDRs)¹ and ORA’s data requests (DRs), and information from other agencies.² ORA staff
10 conducted its field investigation of the water systems in Region 1 in August-October 2017.³

11 ORA’s recommendations are based on the latest available information, take into consideration
12 the needs of the water system and its customers, and allow the utility to operate the water system
13 safely, reliably, and at reasonable costs to its ratepayers.

14 **B. GSWC’s Requests and ORA’s Recommendations**

15 GSWC presents its operating district plant additions requests in two separate sets of testimony
16 and workpapers.

17 (1) GSWC Prepared Testimony of Robert McVicker, Mark Insko, Todd Waltz, and Divya
18 Agrawalla (“GSWC Capital Testimony”) – Operating District Capital Additions. This
19 testimony and its associated workpapers present new capital project budgets for 2018-
20 2020.

¹ Rate Case Plan D.07-05-052 (Minimum Data Requirements for Utility General Rate Case Application and Testimony, in Appendix A).

² The State Water Resources Control Board’s Division of Drinking Water.

³ Arden Cordova Customer Service Area (CSA) on 8/14/2017; Bay Point CSA on 9/18/2017; Clearlake CSA on 8/15/2017; Los Osos CSA on 10/05/2017; Santa Maria CSA on 10/04/2017; and Simi Valley CSA on 10/03/2017.

1 (2) GSWC’s Prepared Testimony of Ernest A. Gisler, Elizabeth V. McDonough, Emory K.
 2 Phillips, and Dane T. Sinagra – Operating District Construction Work in Progress
 3 (“GSWC CWIP Testimony”). This testimony and its associated workpapers⁴ present
 4 projects that are “currently in design and/or under construction” and “projects where the
 5 construction and project invoicing are complete but final closeout paperwork is still being
 6 processed.”⁵ GSWC expects to close these projects in 2017, 2018 or 2019; these
 7 projects’ budgets are in addition to the capital budgets requested in GSWC Capital
 8 Testimony described above.

9 The table below presents a summary of GSWC’s request and ORA’s recommendation for
 10 Region 1 capital budgets for 2017-2020.

11 **Table 1-1: Capital Budgets – Region 1⁶**

| Description | 2017 | 2018 | 2019 | 2020 | TOTAL |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| Capital Testimony: | | | | | |
| GSWC | \$ - | \$ 10,663,364 | \$ 17,521,372 | \$ 15,832,425 | \$ 44,017,161 |
| ORA | \$ - | \$ 7,713,664 | \$ 15,486,272 | \$ 11,966,925 | \$ 35,166,861 |
| GSWC > ORA | \$ - | \$ 2,949,700 | \$ 2,035,100 | \$ 3,865,500 | \$ 8,850,300 |
| CWIP Testimony: | | | | | |
| GSWC | \$ 18,165,454 | \$ 7,300,744 | \$ 2,700,000 | \$ - | \$ 28,166,198 |
| ORA | \$ 14,604,063 | \$ 2,193,744 | \$ - | \$ - | \$ 16,797,807 |
| GSWC > ORA | \$ 3,561,391 | \$ 5,107,000 | \$ 2,700,000 | \$ - | \$ 11,368,391 |
| TOTAL: | | | | | |
| GSWC | \$ 18,165,454 | \$ 17,964,108 | \$ 20,221,372 | \$ 15,832,425 | \$ 72,183,360 |
| ORA | \$ 14,604,063 | \$ 9,907,408 | \$ 15,486,272 | \$ 11,966,925 | \$ 51,964,669 |
| GSWC > ORA | \$ 3,561,391 | \$ 8,056,700 | \$ 4,735,100 | \$ 3,865,500 | \$ 20,218,691 |
| ORA as % of GSWC | 80.39% | 55.15% | 76.58% | 75.58% | 71.99% |

⁴ GSWC Workpaper Spreadsheet “CWIP 123116 Asset mngmnt ALL.”

⁵ GSWC CWIP Testimony, page 2.

⁶ ORA’s Capital Budget amounts reflect 2017 Blanket Budget adjustments, if any, presented in ORA Report on Plant – General Issues.

1 ORA presents its adjustments to GSWC's Region 1 plant requests in the following chapters:

2 Chapter 2: Arden Cordova CSA

3 Chapter 3: Bay Point CSA

4 Chapter 4: Clear Lake CSA

5 Chapter 5: Los Osos CSA

6 Chapter 6: Santa Maria CSA

7 Chapter 7: Simi Valley CSA

8 Chapter 8: Northern and Coastal District Offices

9 ORA's recommended adjustments to new or CWIP budgets/projects are also presented in ORA
10 Report on Plant – General Issues.

11 [END OF CHAPTER]

Chapter 2. Arden Cordova CSA

A. Introduction

This chapter presents ORA's recommended adjustments to GSWC's capital budget requests for the Arden Cordova CSA, which consists of the Arden and Cordova water systems.

B. Summary of Recommendations

The table below presents a comparison of GSWC's and ORA's recommended plant additions for 2017-2020.

Table 2-1: Capital Budgets – Arden Cordova CSA⁷

| Description | 2017 | 2018 | 2019 | 2020 | TOTAL |
|---------------------------|--------------|--------------|--------------|--------------|---------------|
| Capital Testimony: | | | | | |
| GSWC | \$ - | \$ 4,544,594 | \$ 5,737,797 | \$ 5,963,660 | \$ 16,246,051 |
| ORA | \$ - | \$ 4,080,694 | \$ 4,638,897 | \$ 2,971,560 | \$ 11,691,151 |
| GSWC > ORA | \$ - | \$ 463,900 | \$ 1,098,900 | \$ 2,992,100 | \$ 4,554,900 |
| CWIP Testimony: | | | | | |
| GSWC | \$ 5,147,102 | \$ 3,200,000 | \$ 1,700,000 | \$ - | \$ 10,047,102 |
| ORA | \$ 3,139,460 | \$ - | \$ - | \$ - | \$ 3,139,460 |
| GSWC > ORA | \$ 2,007,642 | \$ 3,200,000 | \$ 1,700,000 | \$ - | \$ 6,907,642 |
| TOTAL: | | | | | |
| GSWC | \$ 5,147,102 | \$ 7,744,594 | \$ 7,437,797 | \$ 5,963,660 | \$ 26,293,154 |
| ORA | \$ 3,139,460 | \$ 4,080,694 | \$ 4,638,897 | \$ 2,971,560 | \$ 14,830,612 |
| GSWC > ORA | \$ 2,007,642 | \$ 3,663,900 | \$ 2,798,900 | \$ 2,992,100 | \$ 11,462,542 |
| ORA as % of GSWC | 60.99% | 52.69% | 62.37% | 49.83% | 56.40% |

Significant adjustments reflected in ORA's recommended capital budgets above are:

- (1) Cordova – Coloma Water Treatment Plant (WTP) Filter Backwash (\$403,500): The Commission should deny this project because the current filter backwash system should not be replaced until GSWC determines the optimal improvements for the Coloma WTP.

⁷ ORA's Capital Budget amounts reflect 2017 Blanket Budget adjustments, if any, presented in ORA Report on Plant – General Issues.

- 1 (2) Cordova – Replace Disinfection Facilities at South Bridge Plant (\$110,400): The
2 Commission should only allow funding for the repairs highlighted in the inspection report
3 and not for replacement of the existing buildings with a new single building;
4 correspondingly, the project’s budget should be reduced to \$39,019.
- 5 (3) Cordova – Main Replacement Projects (\$4,700,700): See ORA’s Report on Plant –
6 General Issues regarding its recommendation to deny the Saltana Way and Agnes Circle
7 Area main replacement projects. This results in reducing the total authorized cost to
8 \$620,600 for proposed main replacement projects in the Cordova system.
- 9 (4) Arden – Trussel Plant Well, Reservoir, and Booster Pump Station (\$4,943,771): This
10 project is not needed because the current Arden system has sufficient capacity to meet
11 system’s demand.
- 12 (5) Cordova – Pyrite Underdrain Replacement (\$394,000): The authorized cost for this
13 project should be reduced to \$250,202 based on the underdrain system recommended in
14 GSWC’s Technical Memorandum.

15 **C. GSWC Capital Testimony’s Requested 2018-2020 Budgets**

16 The tables below show GSWC’s and ORA’s capital budget summaries, respectively. The
17 following subsections present ORA’s project-specific adjustments in greater detail.

1

Table 2-2: GSWC Capital Budget – Arden Cordova CSA⁸

| Budget Group | Description | 2018 Proposed Budget | 2019 Proposed Budget | 2020 Proposed Budget |
|--------------|--|----------------------|----------------------|----------------------|
| | Arden | | | |
| 51- | Greenhills Plant, Site improvements | - | - | 120,000 |
| 51- | Rushden Plant, Site improvements | - | 12,900 | 89,800 |
| | Cordova | | | |
| 51- | Coloma WTP, Convert disinfection system | 350,200 | - | - |
| 51- | Coloma WTP, Filter backwash | 403,500 | - | - |
| 51- | Coloma WTP, Facility alternatives study | 1,052,900 | - | - |
| 51- | Coloma WTP, Recoat Res #3 | 142,100 | 829,000 | - |
| 51- | Coloma WTP, Recoat clarifier | 17,500 | 122,200 | - |
| 51- | Coloma WTP, Upgrade fencing | - | 230,600 | - |
| 51- | Folsom South Canal, Site Improvements | 12,600 | 87,700 | - |
| 51- | Folsom South Canal, Intake improvements | 10,200 | 71,200 | - |
| 51- | South Bridge Plant, Disinfection residual facilities | 13,800 | 96,600 | - |
| 51- | South Bridge Plant, Emergency generator | - | 316,000 | - |
| | TOTAL WATER SUPPLY | 2,002,800 | 1,766,200 | 209,800 |
| 52- | Misc Street Improvements | 35,074 | 37,992 | 42,265 |
| | TOTAL STREET IMPROVEMENTS | 35,074 | 37,992 | 42,265 |
| | Arden | | | |
| 53- | Rushden Dr Area Main Replacements | - | 12,700 | 251,000 |
| | Cordova | | | |
| 53- | Saltana Way Area Main Replacements | 51,500 | 854,800 | - |
| 53- | Folsom Blvd, w/o McGregor to Hwy 50 overpass | 9,400 | 187,400 | - |
| 53- | Folsom Blvd, Zinfandel to w/o Don Juan | 15,700 | 313,500 | - |
| 53- | Agnes Circle Area Main Replacements | - | 181,700 | 2,992,100 |
| 53- | Las Casas Way Area Main Replacements | - | - | 94,600 |
| | TOTAL DISTRIBUTION IMPROVEMENTS | 76,600 | 1,550,100 | 3,337,700 |
| 54- | Pyrites WTP, Replace filter media | 130,200 | - | - |
| 54- | Coloma WTP, Replace filter media (S3&S4) | - | 178,400 | - |
| 54- | Coloma WTP, Replace filter media (N4&S2) | - | - | 137,600 |
| | TOTAL WATER QUALITY | 130,200 | 178,400 | 137,600 |
| 55- | Urban Water Management Plan, Cordova System | - | - | 65,000 |
| | TOTAL MISCELLANEOUS | - | - | 65,000 |
| 57- | Contingency | 109,520 | 105,005 | 103,395 |
| | TOTAL CONTINGENCY | 109,520 | 105,005 | 103,395 |
| 60- | New Business Funded by GSWC | - | - | - |
| | TOTAL NEW BUSINESS | - | - | - |
| AC, B-01- | Meters | 465,400 | 386,500 | 321,500 |
| AC, B-02- | Services | 937,200 | 962,500 | 988,500 |
| AC, B-02- | Services (Meter Retrofit Program) | 500,000 | 500,000 | 500,000 |
| AC, B-06- | Minor Main Replacements | 76,200 | 78,200 | 80,300 |
| AC, B-07- | Minor Pumping Plant Equipment | 91,300 | 93,700 | 96,300 |
| AC, B-08- | Minor Purification Equipment | 43,300 | 44,500 | 45,700 |
| AC, B-09- | Office Furniture and Equipment | 26,000 | 26,700 | 27,400 |
| AC, B-10- | Transportation Equipment | 43,200 | - | - |
| AC, B-11- | Tools & Safety Equipment | 7,800 | 8,000 | 8,200 |
| | TOTAL BLANKETS | 2,190,400 | 2,100,100 | 2,067,900 |
| | TOTAL NET COST | 4,544,594 | 5,737,797 | 5,963,660 |

2

⁸ GSWC Workpaper Spreadsheet “2018-20 Budget Project List RI.”

1

Table 2-3: ORA Capital Budget – Arden Cordova CSA

| Budget Group | Description | 2018 Proposed Budget | 2019 Proposed Budget | 2020 Proposed Budget |
|--------------|--|-------------------------|-------------------------|-------------------------|
| | Arden | | | |
| 51- | Greenhills Plant, Site improvements | - | - | 120,000 |
| 51- | Rushden Plant, Site improvements | - | 12,900 | 89,800 |
| | Cordova | | | |
| 51- | Coloma WTP, Convert disinfection system | 350,200 | - | - |
| 51- | Coloma WTP, Filter backwash | - | - | - |
| 51- | Coloma WTP, Facility alternatives study | 1,052,900 | - | - |
| 51- | Coloma WTP, Recoat Res #3 | 142,100 | 829,000 | - |
| 51- | Coloma WTP, Recoat clarifier | 17,500 | 122,200 | - |
| 51- | Coloma WTP, Upgrade fencing | - | 230,600 | - |
| 51- | Folsom South Canal, Site Improvements | 12,600 | 87,700 | - |
| 51- | Folsom South Canal, Intake improvements | 10,200 | 71,200 | - |
| 51- | South Bridge Plant, Disinfection residual facilities | 4,900 | 34,200 | - |
| 51- | South Bridge Plant, Emergency generator | - | 316,000 | - |
| | TOTAL WATER SUPPLY | 1,590,400 | 1,703,800 | 209,800 |
| 52- | Misc Street Improvements | 35,074 | 37,992 | 42,265 |
| | TOTAL STREET IMPROVEMENTS | 35,074 | 37,992 | 42,265 |
| | Arden | | | |
| 53- | Rushden Dr Area Main Replacements | - | 12,700 | 251,000 |
| | Cordova | | | |
| 53- | Saltana Way Area Main Replacements | - | - | - |
| 53- | Folsom Blvd, w/o McGregor to Hwy 50 overpass | 9,400 | 187,400 | - |
| 53- | Folsom Blvd, Zinfandel to w/o Don Juan | 15,700 | 313,500 | - |
| 53- | Agnes Circle Area Main Replacements | - | - | - |
| 53- | Las Casas Way Area Main Replacements | - | - | 94,600 |
| | TOTAL DISTRIBUTION IMPROVEMENTS | 25,100 | 513,600 | 345,600 |
| 54- | Pyrites WTP, Replace filter media | 130,200 | - | - |
| 54- | Coloma WTP, Replace filter media (S3&S4) | - | 178,400 | - |
| 54- | Coloma WTP, Replace filter media (N4&S2) | - | - | 137,600 |
| | TOTAL WATER QUALITY | 130,200 | 178,400 | 137,600 |
| 55- | Urban Water Management Plan, Cordova System | - | - | 65,000 |
| | TOTAL MISCELLANEOUS | - | - | 65,000 |
| 57- | Contingency | 109,520 | 105,005 | 103,395 |
| | TOTAL CONTINGENCY | 109,520 | 105,005 | 103,395 |
| 60- | New Business Funded by GSWC | - | - | - |
| | TOTAL NEW BUSINESS | - | - | - |
| AC, B-01- | Meters | 465,400 | 386,500 | 321,500 |
| AC, B-02- | Services | 937,200 | 962,500 | 988,500 |
| AC, B-02- | Services (Meter Retrofit Program) | 500,000 | 500,000 | 500,000 |
| AC, B-06- | Minor Main Replacements | 76,200 | 78,200 | 80,300 |
| AC, B-07- | Minor Pumping Plant Equipment | 91,300 | 93,700 | 96,300 |
| AC, B-08- | Minor Purification Equipment | 43,300 | 44,500 | 45,700 |
| AC, B-09- | Office Furniture and Equipment | 26,000 | 26,700 | 27,400 |
| AC, B-10- | Transportation Equipment | 43,200 | - | - |
| AC, B-11- | Tools & Safety Equipment | 7,800 | 8,000 | 8,200 |
| | TOTAL BLANKETS | 2,190,400 | 2,100,100 | 2,067,900 |
| | TOTAL NET COST | 4,080,694 | 4,638,897 | 2,971,560 |

2

1 **1. Cordova – Coloma WTP Filter Backwash (\$403,500)**

2 The Commission should reject GSWC’s request for \$403,500 in 2018 to modify the existing
3 filter backwash system at the Coloma WTP.⁹ GSWC should first complete its study to determine
4 the optimal improvements for the Coloma WTP.

5 a. GSWC’s Request

6 GSWC states that modifying the existing filter backwash system would improve the operational
7 efficiency of the Coloma WTP by maintaining a more consistent production of system water,
8 pressure, and water quality.¹⁰

9 b. ORA’s Analysis and Recommendation

10 In this GRC, GSWC also requests funding for the Coloma WTP Facilities Alternatives Study
11 (“Alternatives Study”), to determine the best method to address the rehabilitation or replacement
12 of existing facilities at the treatment plant.¹¹ The three alternatives that GSWC seeks to evaluate
13 as part of the Alternatives Study are: 1) high-rate clarification/gravity filtration; 2) pressure
14 contact clarification/pressure filtration; and 3) membrane filtration.¹² Alternatives 1 and 2
15 consist of a backwash and air scour system, and Alternative 3 consists of a backwash cleaned
16 with chlorine, sodium hydroxide and citric acid solution.¹³ The result of the Alternatives Study

⁹ GSWC Capital Testimony, pages 29-30.

¹⁰ GSWC Capital Testimony, page 30.

¹¹ GSWC Capital Testimony, page 31. GSWC conducted a study of existing Coloma WTP (Coloma WTP Evaluation Report CWIP project) to evaluate the existing facilities. The study also evaluated conceptual improvements alternatives to rehabilitate the existing facilities. GSWC identifies the Coloma WTP Evaluation Report GSWC as a CWIP project that is planned or completed but not previously approved (category five). GSWC discusses the Coloma WTP Evaluation Report CWIP project on page 6 of its CWIP Testimony.

¹² GSWC Capital Testimony, page 32.

¹³ GSWC Capital Testimony, Volume 3 of 7, Attachment AC02, pages 31-35.

1 would determine how the backwash system should be modified to be compatible with the new
2 treatment system.¹⁴

3 It is not prudent to proceed with the proposed filter backwash modification before GSWC
4 evaluates the other alternatives being considered in GSWC's Alternatives Study. GSWC should
5 first complete the Alternatives Study and select the best option based on that Study's results
6 before modifying the existing backwash system. Therefore, the Commission should reject
7 GSWC's request at this time.

8 **2. Cordova – Replace Disinfection Facilities at South Bridge Plant (2018: \$13,800, 2019:**
9 **\$96,600)**

10 The Commission should deny GSWC's request for \$110,400 to replace two existing chemical
11 feed buildings at the South Bridge Street Plant because it is more reasonable and cost effective to
12 repair the buildings than to construct a new building. The Commission should authorize \$39,019
13 to make repairs to the buildings.

14 **a. GSWC's Request**

15 GSWC requests a total of \$110,400 to replace the existing chemical feed buildings for Wells
16 22A and 22B at the South Bridge Street Plant.¹⁵ GSWC requests construction of a new building
17 to replace the two existing buildings due to their age and condition.¹⁶

¹⁴ GSWC Capital Testimony, Volume 3 of 7, Attachment AC02, pages 28-35. For Alternative 1, the pressure filters would be replaced with new gravity contact clarifiers and new granular media gravity filters. For Alternative 2, the flocculation/sedimentation basins would be replaced. For Alternative 3, the sedimentation basins and pressure filters would be replaced with a membrane filtration process.

¹⁵ GSWC Capital Testimony, page 38.

¹⁶ GSWC Capital Testimony, page 38.

1 **b. ORA’s Analysis and Recommendation**

2 GSWC hired a consultant to inspect the buildings at the South Bridge Plant.¹⁷ The inspection
3 report prepared by Wood Rodgers notes the deficiencies of the existing building and provides a
4 cost estimate to address the deficiencies.¹⁸ In addition, the report provides the cost to replace the
5 existing building with a new building. The report includes the following improvements to
6 prolong the life of the chemical building for Well 22A: 1) reinforcing, cleaning and sealing
7 existing surfaces; 2) replacing spalling masonry units; and 3) installing splash guards.¹⁹ The
8 report also makes the following recommendations for the chemical building for Well 22B: 1)
9 reinforcing, cleaning and sealing existing surfaces; 2) replacing damaged fascia board; and 3)
10 installing splash guards.²⁰

11 GSWC estimates that it would cost \$110,400 to construct a new building, compared to a
12 combined cost of \$39,019 to repair both buildings.²¹ Given these options, it is more reasonable
13 and cost effective to make the recommended repairs versus constructing a new building. The
14 Commission should only allow \$39,019 to repair these two buildings.

15 **3. Cordova – Main Replacement Projects**

16 See ORA’s Report on Plant – General Issues regarding its recommendation to reject the Saltana
17 Way and Agnes Circle Area main replacement projects.

¹⁷ GSWC Capital Testimony, Volume 3 of 7, Attachment AC06. Wood Rodger Incorporated inspected the buildings and prepared a report dated January 13, 2017.

¹⁸ GSWC Capital Testimony, Volume 3 of 7, Attachment AC06.

¹⁹ GSWC Capital Testimony, Volume 3 of 7, Attachment AC06, page 33.

²⁰ GSWC Capital Testimony, Volume 3 of 7, Attachment AC06, page 33.

²¹ GSWC Capital Testimony, Volume 3 of 7, Attachment AC06, pages 34-35.

1 **D. GSWC CWIP Testimony's Requested 2017-2019 Budgets**

2 In its CWIP Testimony, GSWC requests additional funding “for the purpose of closing and
3 completing its capital projects that are currently booked in the Company’s CWIP account.”²²
4 ORA recommends adjustments to the following CWIP projects.

5 **1. Arden – Trussel Plant’s Reservoir, Well & Booster Pump (Category 6, #1151451-01)**

6 The Commission should deny GSWC request for \$4,943,771 to construct a 0.4 million gallon
7 (MG) reservoir, a well with a capacity of 1,000 gallons per minute (gpm) and a booster pump at
8 the Trussel site²³ for the following reasons.

- 9 • The Commission already denied GSWC’s request for the three projects in the 2014 GRC,
10 finding that additional capacity is not needed.
11 • The current Arden system has sufficient capacity to meet the system’s demand.

12 As a result, the Commission should remove the following amounts from GSWC’s CWIP project
13 funding request: \$322,303 in 2016, \$721,468 in 2017, \$2,200,000 in 2018, and \$1,700,000 in
14 2019.

15 **a. GSWC’s Request**

16 GSWC requests a total of \$4,943,771 to fund the above described three projects, and
17 appropriately classified these projects as Category 6 (Projects Denied in the Previous GRC).

18 GSWC states that a new well is needed to provide additional water supply to the Arden system.²⁴
19 GSWC also states that the 0.4 MG reservoir is to provide sufficient peak hour flow and

²² GSWC CWIP Testimony, page 3. As described by GSWC, these projects fall into one of the following categories: Category 1 – Blankets; Category 2 – New Business Projects; Category 3 – Project Funded by Others; Category 4 – Projects Approved in the Previous GRC; Category 5 – Projects Not Submitted in a GRC; Category 6 – Projects Denied in the Previous GRC. See GSWC CWIP Testimony for detailed description of the categories.

²³ GSWC CWIP Testimony, pages 48-50.

²⁴ GSWC CWIP Testimony, page 49.

1 emergency supply to the Arden system,²⁵ and the booster station is needed to convey water from
 2 the aforementioned 0.4 MG reservoir to the distribution system.²⁶ The table below presents a
 3 cost breakdown of the three projects proposed for the Trussel site.

4 **Table 2-4: Arden System - CWIP Trussel Plant Request²⁷**

| Project Description | 2016 | 2017 | 2018 | 2019 | Total |
|---------------------------------|------------------|------------------|--------------------|--------------------|--------------------|
| Trussel Plant: Equip Well & BPS | \$29,149 | \$0 | \$200,000 | \$1,700,000 | \$1,929,149 |
| Trussel Plant: Reservoir | \$600 | \$200,000 | \$2,000,000 | \$0 | \$2,200,600 |
| Trussel Well | \$292,554 | \$521,468 | \$0 | \$0 | \$814,022 |
| Total | \$322,303 | \$721,468 | \$2,200,000 | \$1,700,000 | \$4,943,771 |

6 **b. ORA's Analysis and Recommendation**

7 **i. Projects already denied in the last GRC**

8 GSWC previously requested to construct a new well, reservoir, and booster pump station at the
 9 Trussel Plant in the last GRC, A.14-07-006. In D.16-12-067, the Commission denied these
 10 projects stating:

11 The current system at the Trussel Plant is able to meet projected demand and fire
 12 protection needs within this GRC cycle given the recent reduction of demand, the
 13 Governor's water reduction mandate, and interconnection with other systems that can
 14 be relied upon in emergency cases.²⁸

15 In this GRC, GSWC requests funding for the same well, reservoir, and booster pump projects.
 16 The supply capacity has not changed since the last GRC's analysis and findings, and customer
 17 demand has further declined. Therefore, the Commission's earlier determination regarding the
 18 lack of need for these projects still applies.

²⁵ GSWC CWIP Testimony, page 48.

²⁶ GSWC CWIP Testimony, page 49.

²⁷ GSWC Workpaper Spreadsheet "CWIP123116 Asset mngmnt ALL," tab CWIP - Details, cells O8:R8;
 O9: R9; and O10:R10.

²⁸ GSWC 2014 GRC D.16-12-067, page 137. Finding of Facts #40.

1 **ii. The current Arden system has sufficient capacity to meet the system demand**

2 ORA evaluated the current Arden system to verify whether it still has sufficient capacity to meet
3 the current demand of the system, including the system’s Maximum Day Demand (MDD) and
4 Peak Hour Demand (PHD). Title 22 of the California Code of Regulations on drinking water
5 standards (“California Waterworks Standards”) defines the system’s MDD as the highest day of
6 water use demand during the past ten years.²⁹ The PHD can be estimated by multiplying the
7 MDD by a factor of at least 1.5.³⁰

8 *Decreasing demand*

9 The Arden system has experienced a significant decrease in demand since 2006 for a number of
10 reasons, including the implementation of conservation rate design in 2009, the conversion from
11 flat to metered services, and the need to comply with Senate Bill X7-7.³¹ The 2014 Arden
12 system inspection report issued by the State Water Resources Control Board’s Division of
13 Drinking Water (“2014 DDW Arden Inspection Report”) also notes that water consumption has
14 decreased since 2010.³²

15 Yet, GSWC’s 2016 Arden Master Plan continues to use the 2006 MDD as the basis of its
16 analysis.³³ The figure below shows that the demand of the system has been steadily decreasing
17 since 2006, with a brief increase occurring in 2012.

²⁹ California Code of Regulations, Title 22, Division 4, Chapter 16, Article 2, Section 64554 (b) (1).

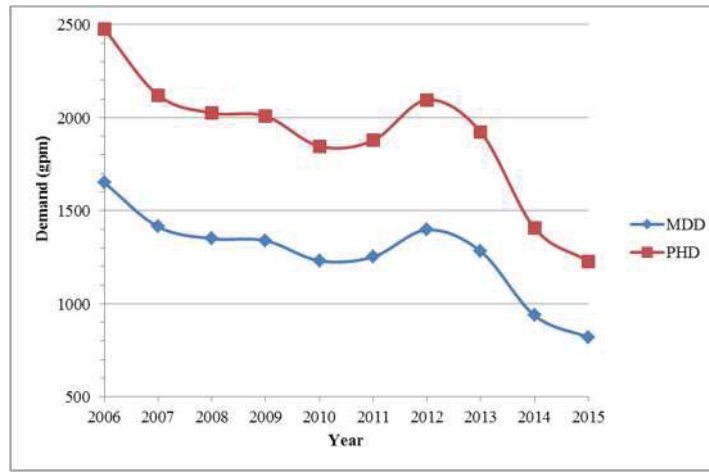
³⁰ California Code of Regulations, Title 22, Division 4, Chapter 16, Article 2, Section 64554 (b) (1).

³¹ Senate Bill X7-7 sets an overall goal to reduce capita urban water use by 20% by December 31, 2020 (and 10% by December 31, 2015).

³² 2014 DDW Arden Inspection Report, page 5. The 2014 DDW Arden Inspection Report is the most recent report for the Arden system provided by GSWC in its application for this rate case.

³³ GSWC 2016 Arden Master Plan, page 3-3.

1

Figure 2-1: Arden System - 2006-2015 Demand in gpm³⁴

2

3 Using the 2006 MDD significantly overstates the system's supply needs,³⁵ resulting in
 4 overbuilding supply infrastructure and increasing rates unnecessarily (*see* also ORA's Report on
 5 Plant – General Issues, Chapter 2). The DDW has indicated that a utility may request a waiver
 6 from the use of the highest MDD in the last 10 years as the basis for projecting demand, as long
 7 as the utility can demonstrate that the alternative MDD value can be as protective, i.e., ensure the
 8 safe and reliable provision of drinking water.³⁶ Moreover, 2006 demand data is no longer part of
 9 the 10-year period that should be under consideration at this time.

10 Considering the decreasing demand and the inappropriate inclusion of 2006 data in GSWC's
 11 analysis, it is more reasonable to estimate supply capacity requirements based on more recent
 12 demand data. GSWC should use the 2012 MDD and PHD of 1,397 gpm and 2,096 gpm,
 13 respectively. The 2012 demand figures are the highest in recent years, since 2008.³⁷

³⁴ GSWC 2016 Arden Master Plan, page 3-2.

³⁵ 2006 MDD of 1,651 gpm is 18% higher than 2012 MDD of 1,397 gpm.

³⁶ Annual DDW-CPUC Meeting with California Water Service Company on July 14, 2017.

³⁷ GSWC 2016 Arden Master Plan, page 3-2. The PHD is calculated by multiplying the MDD by 1.5.

1 Sufficient supply and storage capacity

2 The Arden system consists of five groundwater wells with a total capacity of 2,950 gpm.³⁸ The
3 table below shows the system's total well capacity.

4 **Table 2-5: Arden System - Sources of Supply³⁹**

| Well | Capacity (gpm) |
|----------------------------|----------------|
| Morse #8 | 500 |
| Rushden #6 | 600 |
| Watt #2 | 600 |
| Greenhills #5 | 600 |
| Shadowglen #1 | 650 |
| Well Capacity Total | 2,950 |

5
6 In addition to the five groundwater wells, GSWC has two interconnections with the Sacramento
7 Suburban Water District with a combined supply capacity of 2,400 gpm.⁴⁰ GSWC states that it
8 uses the interconnections for any of the following situations:

9 catastrophic loss of power, a fire event that exceeds the system's ability to meet
10 necessary demand, and the loss of wells due to equipment failure or water quality
11 issues that require the use of outside water to flush or maintain system pressure,
12 demand, and fire protection and/or ensure public health safety.⁴¹

13 Based on the most recent data available, GSWC has not had to use its two emergency
14 interconnections in the past 13 years (2004-2016).⁴²

³⁸ GSWC 2016 Arden Master Plan, page 2-2.

³⁹ GSWC 2016 Arden Master Plan, page 2-2. The Arden system is supplied solely by groundwater.

⁴⁰ GSWC 2016 Arden Master Plan, page 2-3.

⁴¹ A.14-07-006 (GSWC Test Year 2016 GRC) GSWC Response to ORA Data Request AL7-002, Item 2.c.

⁴² A.14-07-006 (GSWC Test Year 2016 GRC) GSWC Response to ORA Data Request AL7-002, Item 2.a. states that the interconnections had not been used in 10 years (2004-2014). GSWC Workpaper Spreadsheet "AC-SUPP," 5 yrs Hist tab, lines 17 to 21 shows that the only purchased water in the Arden Cordova CSA in the past five years (2011-2016) is due to purchased water from the Carmichael Water District for the Cordova system. The 2014 DDW Arden Inspection Report also states that these two interconnections have not been historically used.

1 The California Waterworks Standards states that public water systems shall have the capacity to
2 meet the system's MDD.⁴³ The Waterworks Standards also states:

3 For systems with 1,000 or more service connections, the system shall be able meet
4 four hours of PHD with source capacity, storage capacity, and/or emergency source
5 connections.⁴⁴

6 The Commission's General Order 103-A does not require existing supply and storage facilities to
7 meet the total demand of MDD plus fire flow demand. This requirement only applies to new
8 portions of a system.⁴⁵

9 In determining supply adequacy, GSWC's Master Plan uses the highest MDD from 2006-2015
10 as the basis of its analysis.⁴⁶ As explained above, the 2012 MDD and PHD should be used
11 instead of the 2006 data. The table below presents the supply and demand analysis from the
12 GSWC 2016 Arden Master Plan but updated with the 2012 demand data.

⁴³ California Code of Regulations, Title 22, Division 4, Chapter 16, Article 2, Section 64554 (a) (1).

⁴⁴ California Code of Regulations, Title 22, Division 4, Chapter 16, Article 2, Section 64554 (a) (2).

⁴⁵ G.O. 103-A, page 11 Section II.2.B.(3) (b) states: "if a system provides potable water for fire protection service, new portions of the system shall have supply and storage facilities that are designed to meet MDD plus the required fire flow at the time of design." (Emphasis added).

⁴⁶ GSWC 2016 Arden Master Plan, page 3-3.

1 **Table 2-6: Arden System – Supply and Demand Analysis, Table 5-7 from GSWC 2016**
 2 **Arden Master Plan updated with 2012 demand data⁴⁷**

| | | Planning Scenario | | | |
|------------------------------|----------------|-------------------|-------|---------|-------|
| | | MDD | | PHD | |
| Duration (hrs.) | | 24 | | 4 | |
| Demand | | gpm | MG | gpm | MG |
| Main Zone | | 1,397 | 2.012 | 2,095.5 | 0.503 |
| Total Demand | | 1,397 | 2.012 | 2,095.5 | 0.503 |
| Supply | Capacity (gpm) | | | | |
| Wells | 2,950 | 2,300 | 3.312 | 2,300 | 0.552 |
| Reservoir | - | - | - | - | - |
| Total Supply | | 2,300 | 3.312 | 2,300 | 0.552 |
| Supply Exceeds Demand | | 903 | 1.300 | 204.5 | 0.049 |
| Supply Meets Demand | | YES | | YES | |

3
 4 The calculation in the table above shows that the Arden system has sufficient capacity in both the
 5 MDD and PHD planning scenarios, even with its largest producing well out of service.⁴⁸ Thus,
 6 the additional capacity from the Trussel projects is not needed. The Commission should reaffirm
 7 its decision from the last GRC and deny GSWC's CWIP funding request for these three projects.

8 **2. Cordova – Pyrites Underdrain Replacement (Category 5, #1151751-02)**

9 The Commission should deny GSWC's request for \$394,000 to repair the underdrain system of
 10 the Actifloc unit at the Coloma WTP.⁴⁹ The Commission should instead authorize \$250,202 in
 11 2017 for this project, consistent with the cost of the underdrain system recommended in GSWC's
 12 Technical Memorandum (with GSWC's capital cost adders⁵⁰).

⁴⁷ GSWC 2016 Arden Master Plan, page 5-6. The capacity GSWC uses in its calculation does not include the highest producing well (Shadowglen #1). Therefore, GSWC estimates the well capacity of the Arden system as follows: 2,950 gpm – 650 gpm = 2,300 gpm.

⁴⁸ GSWC does not include the capacity of the two interconnections in their supply and demand analysis in Table 5-7 of the GSWC 2016 Arden Master Plan.

⁴⁹ GSWC CWIP Testimony, page 7.

⁵⁰ Company cost, contingency and overhead rates used in GSWC's capital workpapers.

1 a. GSWC's Request

2 GSWC requests \$394,000 in 2017 to repair the underdrain system of the Actifloc unit at the
3 Coloma WTP.⁵¹ GSWC states that the existing underdrain unit has failed, resulting in the
4 “easterly treatment unit [being] nonfunctional.”⁵² In response to ORA’s inquiry, GSWC
5 provided an update on the progress of the project.⁵³ GSWC plans to start the construction
6 portion of the project by the third quarter of 2018 and expects to complete the project by the end
7 of 2018.⁵⁴

8 b. ORA's Analysis and Recommendation

9 GSWC’s original cost estimate is based on a generic underdrain system cost of \$300,000.⁵⁵
10 GSWC performed a study to evaluate and determine the optimal solution to fix the Actifloc unit
11 and evaluate underdrain systems from four different manufacturers.⁵⁶ GSWC’s Technical
12 Memorandum recommends replacing the Pyrites underdrain with the Leopold manufacturer
13 Type XA unit, which only costs \$182,000.⁵⁷ The cost of the project should be adjusted based on
14 this latest available information.

⁵¹ GSWC CWIP Testimony, page 7.

⁵² GSWC CWIP Testimony, page 7.

⁵³ GSWC Response to ORA Data Request JMI-009, Items 1.c and 1.d.

⁵⁴ GSWC Response to ORA Data Request JMI-009, Items 1.c and 1.d.

⁵⁵ GSWC Response to ORA Data Request JMI-001, Attachment 1-2.

⁵⁶ GSWC Response to ORA Data Request JMI-009, Attachment GSWC Technical Memo Summary Evaluation-Actifloc Underdrain Replacement 11-3-17. The technical memorandum evaluated the four underdrain systems based a weighted average of the following criterion: 1) capital costs; 2) number of installation/years in business; 3) service history/maintenance; 4) operational issues; 5) operations and maintenance costs; and 6) anticipated life of the unit.

⁵⁷ GSWC Response to ORA Data Request JMI-009, Attachment GSWC Technical Memo Summary Evaluation-Actifloc Underdrain Replacement 11-3-17, pages 4-5.

1 ORA applies similar cost factors for contingency, overhead, and company-related costs to the
 2 Technical Memorandum’s \$182,000 cost estimate to arrive at ORA’s recommended total, as
 3 shown below. The Commission should only allow \$250,202 for this project.

4 **Table 2-7: Cordova System – Project Cost Estimate, Updated with Technical**
 5 **Memorandum’s Recommended Underdrain Cost**

| Cost Estimate | | |
|------------------------------|----------------|------------|
| Item | Percent Factor | Cost |
| Capital (From Tech Memo) | n/a | \$ 182,000 |
| Company Costs | 15.00% | \$ 27,300 |
| Project Cost Subtotal | | \$ 209,300 |
| Contingency | 5.00% | \$ 10,465 |
| Subtotal | | \$ 219,765 |
| Overhead | 13.85% | \$ 30,437 |
| Total | | \$ 250,202 |

6

7 **E. Conclusion**

8 The Commission should adopt ORA’s adjustments to GSWC’s proposed capital budgets to
 9 ensure that GSWC’s water rates reflect only prudent infrastructure investment. The adjusted
 10 plant estimates presented in this chapter are reflected in ORA’s Results of Operations Tables
 11 report.

12

[END OF CHAPTER]

Chapter 3. Bay Point CSA

A. Introduction

This chapter presents ORA's recommended adjustments to GSWC's capital budget requests for the Bay Point CSA, which consists of the Bay Point water system.

B. Summary of Recommendations

The table below presents a comparison of GSWC's and ORA's recommended plant additions for 2017-2020.

Table 3-1: Capital Budgets – Bay Point CSA⁵⁸

| Description | 2017 | 2018 | 2019 | 2020 | TOTAL |
|---------------------------|--------------|------------|--------------|--------------|--------------|
| Capital Testimony: | | | | | |
| GSWC | \$ - | \$ 498,780 | \$ 1,058,265 | \$ 1,428,595 | \$ 2,985,640 |
| ORA | \$ - | \$ 498,780 | \$ 1,010,065 | \$ 1,094,295 | \$ 2,603,140 |
| GSWC > ORA | \$ - | \$ - | \$ 48,200 | \$ 334,300 | \$ 382,500 |
| CWIP Testimony: | | | | | |
| GSWC | \$ 1,595,896 | \$ - | \$ - | \$ - | \$ 1,595,896 |
| ORA | \$ 1,456,501 | \$ - | \$ - | \$ - | \$ 1,456,501 |
| GSWC > ORA | \$ 139,395 | \$ - | \$ - | \$ - | \$ 139,395 |
| TOTAL: | | | | | |
| GSWC | \$ 1,595,896 | \$ 498,780 | \$ 1,058,265 | \$ 1,428,595 | \$ 4,581,536 |
| ORA | \$ 1,456,501 | \$ 498,780 | \$ 1,010,065 | \$ 1,094,295 | \$ 4,059,641 |
| GSWC > ORA | \$ 139,395 | \$ - | \$ 48,200 | \$ 334,300 | \$ 521,895 |
| ORA as % of GSWC | 91.27% | 100.00% | 95.45% | 76.60% | 88.61% |

Significant adjustment reflected in ORA's recommended capital budgets above is as follows:

- (1) Bay Point – Replace Hill Street Plant Control Room Building (\$435,000): Only funding for the repairs highlighted in the inspection report should be allowed rather than replacing the entire building; correspondingly, the project's budget should be reduced to \$52,515.

⁵⁸ ORA's Capital Budget amounts reflect 2017 Blanket Budget adjustments, if any, presented in ORA Report on Plant – General Issues.

1 **C. GSWC Capital Testimony's Requested 2018-2020 Budgets**

2 The tables below show GSWC's and ORA's capital budget summaries, respectively. The
 3 following subsections present ORA's project-specific adjustments in greater detail.

4 **Table 3-2: GSWC Capital Budget – Bay Point CSA⁵⁹**

| Budget Group | Description | 2018 Proposed Budget | 2019 Proposed Budget | 2020 Proposed Budget |
|--------------|---|----------------------|----------------------|----------------------|
| 51- | Hill Street Plant, Raze Reservoirs #1&2 | - | - | 88,600 |
| 51- | Hill Street Plant, Control room | - | 54,800 | 380,200 |
| | TOTAL WATER SUPPLY | - | 54,800 | 468,800 |
| 52- | Misc Street Improvements | - | - | - |
| | TOTAL STREET IMPROVEMENTS | - | - | - |
| 53- | Extend Evora Main | - | 20,300 | 400,000 |
| 53- | Gerald Ct, n/o Virginia | 58,600 | - | - |
| 53- | Ambrose Ave, Willow Pass to Hill | 19,700 | 392,300 | - |
| 53- | Enes Ave, Clement to s/o EBMUD | 5,100 | 102,300 | - |
| 53- | Manor Dr, Willow Pass to Beverly | - | - | 13,600 |
| 53- | Manuel Ct & Driftwood Dr connection | - | - | 6,700 |
| | TOTAL DISTRIBUTION IMPROVEMENTS | 83,400 | 514,900 | 420,300 |
| 54- | | - | - | - |
| | TOTAL WATER QUALITY | - | - | - |
| 55- | Urban Water Management Plan, Bay Point System | - | - | 65,000 |
| | TOTAL MISCELLANEOUS | - | - | 65,000 |
| 57- | Contingency | 19,780 | 23,265 | 22,595 |
| | TOTAL CONTINGENCY | 19,780 | 23,265 | 22,595 |
| 60- | New Business Funded by GSWC | - | - | - |
| | TOTAL NEW BUSINESS | - | - | - |
| | BP, B-01- Meters | 24,200 | 83,900 | 60,300 |
| | BP, B-02- Services | 211,300 | 217,000 | 222,800 |
| | BP, B-06- Minor Main Replacements | 120,600 | 123,800 | 127,100 |
| | BP, B-07- Minor Pumping Plant Equipment | 18,100 | 18,600 | 19,100 |
| | BP, B-08- Minor Purification Equipment | 600 | 600 | 600 |
| | BP, B-09- Office Furniture and Equipment | 14,000 | 14,400 | 14,800 |
| | BP, B-10- Transportation Equipment | - | - | - |
| | BP, B-11- Tools & Safety Equipment | 6,800 | 7,000 | 7,200 |
| | TOTAL BLANKETS | 395,600 | 465,300 | 451,900 |
| | TOTAL NET COST | 498,780 | 1,058,265 | 1,428,595 |

5

⁵⁹ GSWC Workpaper Spreadsheet "2018-20 Budget Project List RI."

1

Table 3-3: ORA Capital Budget – Bay Point CSA

| Budget Group | Description | 2018 Proposed Budget | 2019 Proposed Budget | 2020 Proposed Budget |
|--------------|---|----------------------|----------------------|----------------------|
| 51- | Hill Street Plant, Raze Reservoirs #1&2 | - | - | 88,600 |
| 51- | Hill Street Plant, Control room | - | 6,600 | 45,900 |
| | TOTAL WATER SUPPLY | - | 6,600 | 134,500 |
| 52- | Misc Street Improvements | - | - | - |
| | TOTAL STREET IMPROVEMENTS | - | - | - |
| 53- | Extend Evora Main | - | 20,300 | 400,000 |
| 53- | Gerald Ct, n/o Virginia | 58,600 | - | - |
| 53- | Ambrose Ave, Willow Pass to Hill | 19,700 | 392,300 | - |
| 53- | Enes Ave, Clement to s/o EBMUD | 5,100 | 102,300 | - |
| 53- | Manor Dr, Willow Pass to Beverly | - | - | 13,600 |
| 53- | Manuel Ct & Driftwood Dr connection | - | - | 6,700 |
| | TOTAL DISTRIBUTION IMPROVEMENTS | 83,400 | 514,900 | 420,300 |
| 54- | | - | - | - |
| | TOTAL WATER QUALITY | - | - | - |
| 55- | Urban Water Management Plan, Bay Point System | - | - | 65,000 |
| | TOTAL MISCELLANEOUS | - | - | 65,000 |
| 57- | Contingency | 19,780 | 23,265 | 22,595 |
| | TOTAL CONTINGENCY | 19,780 | 23,265 | 22,595 |
| 60- | New Business Funded by GSWC | - | - | - |
| | TOTAL NEW BUSINESS | - | - | - |
| BP, B-01- | Meters | 24,200 | 83,900 | 60,300 |
| BP, B-02- | Services | 211,300 | 217,000 | 222,800 |
| BP, B-06- | Minor Main Replacements | 120,600 | 123,800 | 127,100 |
| BP, B-07- | Minor Pumping Plant Equipment | 18,100 | 18,600 | 19,100 |
| BP, B-08- | Minor Purification Equipment | 600 | 600 | 600 |
| BP, B-09- | Office Furniture and Equipment | 14,000 | 14,400 | 14,800 |
| BP, B-10- | Transportation Equipment | - | - | - |
| BP, B-11- | Tools & Safety Equipment | 6,800 | 7,000 | 7,200 |
| | TOTAL BLANKETS | 395,600 | 465,300 | 451,900 |
| | TOTAL NET COST | 498,780 | 1,010,065 | 1,094,295 |

2

3 **1. Bay Point - Replace Hill Street Plant Control Room Building (2019: \$54,800, 2020:**
4 **\$380,200)**

5 The Commission should deny GSWC's request for \$435,000 to replace the existing Control
6 Room building at the Hill Street Plant⁶⁰ because it is more reasonable and cost effective to repair

⁶⁰ GSWC Capital Testimony, page 50.

1 the building than to construct a new building. The Commission should authorize \$52,515 to
2 allow GSWC to make repairs to the building as recommended by GSWC's consultant, Wood
3 Rodger.

4 a. **GSWC's Request**

5 GSWC requests funds to replace the Control Room building, stating that the building needs to be
6 replaced due to its age and condition.⁶¹

7 b. **ORA's Analysis and Recommendation**

8 GSWC's consultant Wood Rodger evaluated and prepared a report on the conditions of the
9 Control Room building, recommending improvements and associated costs.⁶² The report
10 recommends the following improvements:

- 11 (1) repair cracked and deteriorated stucco finish (including pressure washing the building);
12 (2) re-roof the entire building;
13 (3) clean and refinish exposed wood framing and trim;
14 (4) saw-cut and remove concrete slab-on-ground.⁶³

15 The report recommends making repairs to extend the useful life of the building; however, GSWC
16 proposes to replace the building instead of making the recommended repairs.⁶⁴ GSWC estimates
17 that it would cost \$435,000 to construct a new building, compared to \$52,515 to repair the
18 building.⁶⁵ Given these options, it is more reasonable and cost effective to make the

⁶¹ GSWC Capital Testimony, page 51.

⁶² GSWC Capital Testimony, Volume 3 of 7, Attachment BP02. The report was conducted by Wood Rodger Incorporated.

⁶³ GSWC Capital Testimony, Volume 3 of 7, Attachment BP02, page 5.

⁶⁴ GSWC Capital Testimony, Volume 3 of 7, Attachment BP02, page 5.

⁶⁵ GSWC Capital Testimony, Volume 3 of 7, Attachment BP02, page 39. ORA applies GSWC's capital cost adders such as contingency, overhead, and escalation to the base repair cost of \$34,513.50 listed in the Wood Rodger report.

1 recommended repairs versus constructing a new building. The Commission should only allow
2 \$52,515 to repair the building.

3 **D. Conclusion**

4 The Commission should adopt ORA's adjustments to GSWC's proposed capital budgets to
5 ensure that GSWC's water rates reflect only prudent infrastructure investment. The adjusted
6 plant estimates presented in this chapter are reflected in ORA's Results of Operations Tables
7 report.

8 [END OF CHAPTER]

Chapter 4. Clearlake CSA

A. Introduction

This chapter presents ORA's recommended adjustments to GSWC's capital budget requests for the Clearlake CSA, which consists of the Clearlake water system.

B. Summary of Recommendations

The table below presents a comparison of GSWC's and ORA's recommended plant additions for 2017-2020.

Table 4-1: Capital Budgets – Clearlake CSA⁶⁶

| Description | 2017 | 2018 | 2019 | 2020 | TOTAL |
|---------------------------|--------------|------------|--------------|--------------|--------------|
| Capital Testimony: | | | | | |
| GSWC | \$ - | \$ 429,565 | \$ 1,464,025 | \$ 1,084,910 | \$ 2,978,500 |
| ORA | \$ - | \$ 429,565 | \$ 1,464,025 | \$ 1,084,910 | \$ 2,978,500 |
| GSWC > ORA | \$ - | \$ - | \$ - | \$ - | \$ - |
| CWIP Testimony: | | | | | |
| GSWC | \$ 1,283,009 | \$ - | \$ - | \$ - | \$ 1,283,009 |
| ORA | \$ 1,250,652 | \$ - | \$ - | \$ - | \$ 1,250,652 |
| GSWC > ORA | \$ 32,357 | \$ - | \$ - | \$ - | \$ 32,357 |
| TOTAL: | | | | | |
| GSWC | \$ 1,283,009 | \$ 429,565 | \$ 1,464,025 | \$ 1,084,910 | \$ 4,261,509 |
| ORA | \$ 1,250,652 | \$ 429,565 | \$ 1,464,025 | \$ 1,084,910 | \$ 4,229,152 |
| GSWC > ORA | \$ 32,357 | \$ - | \$ - | \$ - | \$ 32,357 |
| ORA as % of GSWC | 97.48% | 100.00% | 100.00% | 100.00% | 99.24% |

C. GSWC Capital Testimony's Requested 2018-2020 Budgets

The tables below show GSWC's capital budget summary. ORA makes no adjustment to these budgets.

⁶⁶ ORA's Capital Budget amounts reflect 2017 Blanket Budget adjustments, if any, presented in ORA Report on Plant – General Issues.

1

Table 4-2: GSWC Capital Budget – Clearlake CSA⁶⁷

| Budget Group | Description | 2018 Proposed Budget | 2019 Proposed Budget | 2020 Proposed Budget |
|--------------|--|----------------------|----------------------|----------------------|
| 51- | Lakeshore Plant, Install generator | 114,000 | - | - |
| 51- | Sonoma WTP, Site security improvements | 15,100 | 104,900 | - |
| 51- | Sonoma & Lakeshore Plants, Install VFD's | - | - | 496,900 |
| | TOTAL WATER SUPPLY | 129,100 | 104,900 | 496,900 |
| 52- | Misc Street Improvements | - | - | - |
| | TOTAL STREET IMPROVEMENTS | - | - | - |
| 53- | Mesa Dr, Lakeshore to Lakeshore | 18,000 | 359,700 | - |
| 53- | Lower Lakeshore Dr, Lakeshore to end | 19,600 | 390,500 | - |
| 53- | Scenic Rd, Morgan to Huntington | 5,600 | 112,700 | - |
| 53- | Napa St, Lakeshore tee to end | 8,100 | 161,200 | - |
| 53- | San Jose Ave, Lakeshore to San Joaquin | - | 11,100 | 220,400 |
| 53- | Buckeye St, Austin to Olympic | - | - | 16,000 |
| | TOTAL DISTRIBUTION IMPROVEMENTS | 51,300 | 1,035,200 | 236,400 |
| 54- | | - | - | - |
| | TOTAL WATER QUALITY | - | - | - |
| 55- | Trailer-mounted vacuum assembly | - | - | 82,600 |
| | TOTAL MISCELLANEOUS | - | - | 82,600 |
| 57- | Contingency | 11,865 | 15,425 | 12,810 |
| | TOTAL CONTINGENCY | 11,865 | 15,425 | 12,810 |
| 60- | New Business Funded by GSWC | - | - | - |
| | TOTAL NEW BUSINESS | - | - | - |
| CL, B-01- | Meters | 27,700 | 45,000 | 35,000 |
| CL, B-02- | Services | 84,100 | 86,400 | 88,700 |
| CL, B-06- | Minor Main Replacements | 56,600 | 58,100 | 59,700 |
| CL, B-07- | Minor Pumping Plant Equipment | 18,900 | 19,500 | 20,000 |
| CL, B-08- | Minor Purification Equipment | 40,400 | 41,500 | 42,600 |
| CL, B-09- | Office Furniture and Equipment | 5,200 | 5,400 | 5,500 |
| CL, B-10- | Transportation Equipment | - | 48,000 | - |
| CL, B-11- | Tools & Safety Equipment | 4,400 | 4,600 | 4,700 |
| | TOTAL BLANKETS | 237,300 | 308,500 | 256,200 |
| | TOTAL NET COST | 429,565 | 1,464,025 | 1,084,910 |

2

3

[END OF CHAPTER]

⁶⁷ GSWC Workpaper Spreadsheet “2018-20 Budget Project List RI.”

Chapter 5. Los Osos CSA

A. Introduction

This chapter presents ORA's recommended adjustments to GSWC's capital budget requests for the Los Osos CSA, which consists of the Los Osos and Edna Road water systems.

B. Summary of Recommendations

The table below presents a comparison of GSWC's and ORA's recommended plant additions for 2017-2020.

Table 5-1: Capital Budgets – Los Osos CSA⁶⁸

| Description | 2017 | 2018 | 2019 | 2020 | TOTAL |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Capital Testimony: | | | | | |
| GSWC | \$ - | \$ 354,940 | \$ 1,336,300 | \$ 1,588,400 | \$ 3,279,640 |
| ORA | \$ - | \$ 354,940 | \$ 1,336,300 | \$ 1,203,200 | \$ 2,894,440 |
| GSWC > ORA | \$ - | \$ - | \$ - | \$ 385,200 | \$ 385,200 |
| CWIP Testimony: | | | | | |
| GSWC | \$ 3,114,127 | \$ 1,000,000 | \$ 1,000,000 | \$ - | \$ 5,114,127 |
| ORA | \$ 3,096,789 | \$ - | \$ - | \$ - | \$ 3,096,789 |
| GSWC > ORA | \$ 17,338 | \$ 1,000,000 | \$ 1,000,000 | \$ - | \$ 2,017,338 |
| TOTAL: | | | | | |
| GSWC | \$ 3,114,127 | \$ 1,354,940 | \$ 2,336,300 | \$ 1,588,400 | \$ 8,393,767 |
| ORA | \$ 3,096,789 | \$ 354,940 | \$ 1,336,300 | \$ 1,203,200 | \$ 5,991,229 |
| GSWC > ORA | \$ 17,338 | \$ 1,000,000 | \$ 1,000,000 | \$ 385,200 | \$ 2,402,538 |
| ORA as % of GSWC | 99.44% | 26.20% | 57.20% | 75.75% | 71.38% |

Significant adjustments reflected in ORA's recommended capital budgets above are:

- (1) Edna Road – Construct Country Club Reservoir (\$385,200): This project should be approved only as an Advice Letter project⁶⁹ with cost recovery contingent on whether the

⁶⁸ ORA's Capital Budget amounts reflect 2017 Blanket Budget adjustments, if any, presented in ORA Report on Plant – General Issues.

⁶⁹ Advice Letter project treatment is appropriate when there is some level of uncertainty in the project's timing, scope and costs. It allows the utility to proceed with the project and file an Advice Letter to request rate recovery up the specified cap.

1 associated housing development is built. The Advice Letter project's cap should be
2 \$385,200.

3 (2) Edna Road – Install Edna Well (\$2,053,343): This project should be approved only as an
4 Advice Letter project because GSWC still has not found a suitable well site. The Advice
5 Letter project's cap should be \$2,053,343.

6 **C. GSWC Capital Testimony's Requested 2018-2020 Budgets**

7 The tables below show GSWC's and ORA's capital budget summaries, respectively. The
8 following subsections present ORA's project-specific adjustments in greater detail.

1

Table 5-2: GSWC Capital Budget – Los Osos CSA⁷⁰

| Budget Group | Description | 2018 Proposed Budget | 2019 Proposed Budget | 2020 Proposed Budget |
|--------------|---|----------------------|----------------------|----------------------|
| | Los Osos | | | |
| 51- | Alamo Plant, Replace reservoir | - | - | 631,700 |
| 51- | Cabrillo Plant, Replace reservoir | - | 239,600 | - |
| 51- | Calle Cordoniz Plant, Recoat reservoir | - | 285,500 | - |
| 51- | Skyline Plant, Well improvements | - | 180,400 | - |
| 51- | South Bay Plant, Well improvements | - | - | 188,500 |
| | Edna Road | | | |
| 51- | Country Club Plant, Site improvements | 13,600 | 95,300 | - |
| 51- | Country Club Zone, Construct reservoir | - | - | 385,200 |
| 51- | Country Club Reservoirs, Retaining wall | 50,600 | - | - |
| | TOTAL WATER SUPPLY | 64,200 | 800,800 | 1,205,400 |
| 52- | Miscellaneous Street Improvements | - | - | - |
| | TOTAL STREET IMPROVEMENTS | - | - | - |
| | Los Osos | | | |
| 53- | Binscarth Rd, e/o Nancy to Maple | 19,500 | - | - |
| 53- | Doris Ave, Los Osos Valley to Woodland | 2,700 | 53,200 | - |
| 53- | Cabrillo Plant discharge piping | - | 3,600 | 71,000 |
| 53- | Los Osos Valley Rd, Palisades to Tenth | - | - | 18,000 |
| | Edna Road | | | |
| 53- | Caballeros Ave, Hacienda to Crestmont | 12,600 | 251,900 | - |
| | TOTAL DISTRIBUTION IMPROVEMENTS | 34,800 | 308,700 | 89,000 |
| | Los Osos | | | |
| 54- | | - | - | - |
| | Edna Road | | | |
| 54- | Country Club Plant, Residual analyzer | 40,900 | - | - |
| | TOTAL WATER QUALITY | 40,900 | - | - |
| 55- | | - | - | - |
| | TOTAL MISCELLANEOUS | - | - | - |
| 57- | Contingency | 10,240 | 10,800 | 14,000 |
| | TOTAL CONTINGENCY | 10,240 | 10,800 | 14,000 |
| 60- | New Business Funded by GSWC | - | - | - |
| | TOTAL NEW BUSINESS | - | - | - |
| LO, B-01- | Meters | 14,600 | 20,800 | 41,200 |
| LO, B-02- | Services | 31,600 | 32,400 | 33,300 |
| LO, B-06- | Minor Main Replacements | 64,100 | 65,800 | 67,600 |
| LO, B-07- | Minor Pumping Plant Equipment | 65,000 | 66,700 | 68,500 |
| LO, B-08- | Minor Purification Equipment | 25,200 | 25,900 | 26,600 |
| LO, B-09- | Office Furniture and Equipment | 2,500 | 2,600 | 2,700 |
| LO, B-10- | Transportation Equipment | - | - | 38,200 |
| LO, B-11- | Tools & Safety Equipment | 1,800 | 1,800 | 1,900 |
| | TOTAL BLANKETS | 204,800 | 216,000 | 280,000 |
| | TOTAL NET COST | 354,940 | 1,336,300 | 1,588,400 |

2

⁷⁰ GSWC Workpaper Spreadsheet “2018-20 Budget Project List RI.”

1

Table 5-3: ORA Capital Budget – Los Osos CSA

| Budget Group | Description | 2018 Proposed Budget | 2019 Proposed Budget | 2020 Proposed Budget |
|--------------|---|-------------------------|-------------------------|-------------------------|
| | Los Osos | | | |
| 51- | Alamo Plant, Replace reservoir | - | - | 631,700 |
| 51- | Cabrillo Plant, Replace reservoir | - | 239,600 | - |
| 51- | Calle Cordoniz Plant, Recoat reservoir | - | 285,500 | - |
| 51- | Skyline Plant, Well improvements | - | 180,400 | - |
| 51- | South Bay Plant, Well improvements | - | - | 188,500 |
| | Edna Road | | | |
| 51- | Country Club Plant, Site improvements | 13,600 | 95,300 | - |
| 51- | Country Club Zone, Construct reservoir | - | - | - |
| 51- | Country Club Reservoirs, Retaining wall | 50,600 | - | - |
| | TOTAL WATER SUPPLY | 64,200 | 800,800 | 820,200 |
| 52- | Miscellaneous Street Improvements | - | - | - |
| | TOTAL STREET IMPROVEMENTS | - | - | - |
| | Los Osos | | | |
| 53- | Binscarth Rd, e/o Nancy to Maple | 19,500 | - | - |
| 53- | Doris Ave, Los Osos Valley to Woodland | 2,700 | 53,200 | - |
| 53- | Cabrillo Plant discharge piping | - | 3,600 | 71,000 |
| 53- | Los Osos Valley Rd, Palisades to Tenth | - | - | 18,000 |
| | Edna Road | | | |
| 53- | Caballeros Ave, Hacienda to Crestmont | 12,600 | 251,900 | - |
| | TOTAL DISTRIBUTION IMPROVEMENTS | 34,800 | 308,700 | 89,000 |
| | Los Osos | | | |
| 54- | | - | - | - |
| | Edna Road | | | |
| 54- | Country Club Plant, Residual analyzer | 40,900 | - | - |
| | TOTAL WATER QUALITY | 40,900 | - | - |
| 55- | | - | - | - |
| | TOTAL MISCELLANEOUS | - | - | - |
| 57- | Contingency | 10,240 | 10,800 | 14,000 |
| | TOTAL CONTINGENCY | 10,240 | 10,800 | 14,000 |
| 60- | New Business Funded by GSWC | - | - | - |
| | TOTAL NEW BUSINESS | - | - | - |
| LO, B-01- | Meters | 14,600 | 20,800 | 41,200 |
| LO, B-02- | Services | 31,600 | 32,400 | 33,300 |
| LO, B-06- | Minor Main Replacements | 64,100 | 65,800 | 67,600 |
| LO, B-07- | Minor Pumping Plant Equipment | 65,000 | 66,700 | 68,500 |
| LO, B-08- | Minor Purification Equipment | 25,200 | 25,900 | 26,600 |
| LO, B-09- | Office Furniture and Equipment | 2,500 | 2,600 | 2,700 |
| LO, B-10- | Transportation Equipment | - | - | 38,200 |
| LO, B-11- | Tools & Safety Equipment | 1,800 | 1,800 | 1,900 |
| | TOTAL BLANKETS | 204,800 | 216,000 | 280,000 |
| | TOTAL NET COST | 354,940 | 1,336,300 | 1,203,200 |

2

1 **1. Edna Road – Construct Country Club Reservoir (\$385,200)**

2 GSWC requests \$385,200 in 2020 to construct a 250,000-gallon reservoir in the Edna Road
3 system.⁷¹ The Commission should only authorize this project as an Advice Letter project
4 because of the uncertainties related to the housing development associated with this project.

5 **a. GSWC’s Request**

6 GSWC states that the proposed tank is needed to provide storage to a new housing development
7 and additional storage capacity to the Edna Road system.⁷²

8 **b. ORA’s Analysis and Recommendation**

9 The developer Jack Ranch is planning a housing development in the Edna Road system’s service
10 area.⁷³ Jack Ranch informed GSWC that a 50,000-gallon storage tank is needed to serve the new
11 development.⁷⁴ GSWC’s requests funding for 80% of the proposed 250,000-gallon tank because
12 it claims that its Edna Road system also requires 200,000 gallons of additional storage.⁷⁵

13 GSWC states that the developer anticipates appearing before the San Luis Obispo County Board
14 of Supervisors in early to mid-2018 to seek approval of the final subdivision.⁷⁶ GSWC also
15 states that, as with most private development projects, existing and forecasted market conditions
16 will determine when and if a development project can proceed.⁷⁷

17 These housing development uncertainties translate to uncertainty in the need and scope of this
18 project. Moreover, GSWC plans on building the proposed tank on land owned by the

⁷¹ GSWC Capital Testimony, pages 75-76.

⁷² GSWC Capital Testimony, pages 75-76.

⁷³ GSWC Capital Testimony, page 75.

⁷⁴ GSWC Capital Testimony, page 75.

⁷⁵ GSWC Capital Testimony, Volume 4 of 7, Attachment LO08, page 1.

⁷⁶ GSWC Response to ORA Data Request JMI-011, Item 1.a.i.

⁷⁷ GSWC Response to ORA Data Request JMI-011, Item 1.b.

1 developer.⁷⁸ In the event that the housing development does not go through, GSWC would not
2 build the 200,000 gallons of additional storage at this time and would reevaluate its storage
3 options in the system.⁷⁹ GSWC does not own land of sufficient size or elevation to install a
4 tank.⁸⁰ Since the proposed tank is contingent on the housing development being built, the
5 Commission should only allow this project as an Advice Letter project.

6 **D. GSWC CWIP Testimony’s Requested 2017-2019 Budgets**

7 In its CWIP Testimony, GSWC requests additional funding “for the purpose of closing and
8 completing its capital projects that are currently booked in the Company’s CWIP account.”⁸¹
9 ORA recommends adjustments to the following project.

10 **1. Edna Road – Install Edna Well (Category 4, #1451251-02)**

11 GSWC requests a total of \$2,053,343 to design and construct a new well in the Edna Road
12 system. The Commission should authorize this project only as an Advice Letter project because
13 GSWC has not been able to secure a site to construct the well. Therefore, the Commission
14 should remove the following amounts from GSWC’s CWIP project funding request: \$53,343 in
15 2016, \$1,000,000 in 2018, and \$1,000,000 in 2019.

16 **a. GSWC’s Request**

17 GSWC states that the well is needed to provide an additional source of supply to the Edna Road
18 system.⁸²

⁷⁸ GSWC Capital Testimony, page 75.

⁷⁹ GSWC Response to ORA Data Request JMI-011, Item 1.d.

⁸⁰ GSWC Capital Testimony, page 75.

⁸¹ GSWC CWIP Testimony, page 3.

⁸² A.11-07-017 (GSWC Test Year 2013 GRC) GSWC Capital Testimony, page 86.

1 **b. ORA’s Analysis and Recommendation**

2 This project was first authorized in D.13-05-011, adopting the 2011 GRC Settlement
3 Agreement.⁸³ GSWC originally planned to have the new well completed in 2013.⁸⁴ D.16-12-
4 067 adopted the 2014 GRC Settlement allowing funding in CWIP for both the acquisition of land
5 for the well site and the construction of the well.⁸⁵ In this GRC, GSWC states that it expects to
6 complete this project in 2019.⁸⁶

7 When this well project was approved in the 2011 GRC, GSWC originally expected the land
8 purchase to be completed in 2012.⁸⁷ In response to ORA’s inquiry regarding the status of this
9 project, GSWC states that the project is currently in the design process and the well design is
10 dependent on the well location.⁸⁸ It has been five years since GSWC was authorized to build this
11 well and GSWC still has not found a suitable well site.⁸⁹ GSWC provides no indication that the
12 necessary well siting and property acquisition is likely or imminent. Due to the continuing
13 uncertainty in locating and acquiring the well site, the Commission should only allow this well
14 design and construction project as an Advice Letter project.

15 **E. Conclusion**

16 The Commission should adopt ORA’s adjustments to GSWC’s proposed capital budgets to
17 ensure that GSWC’s water rates reflect only prudent infrastructure investment. The adjusted

⁸³ A.11-07-017 (GSWC Test Year 2013 GRC) GSWC Capital Testimony, page 86.

⁸⁴ GSWC 2011 GRC D. 13-05-011, Adopted GSWC 2011 Settlement Agreement, page 51.

⁸⁵ GSWC 2014 GRC D. 16-12-067, Adopted GSWC 2014 Settlement Agreement, Appendix E. The decision states that the acquisition of land for the well site would be completed in 2014. The decision also states that the well would be completed in 2015.

⁸⁶ GSWC Workpaper Spreadsheet “CWIP123116 Asset mngmnt ALL,” tab “CWIP - Details,” cell R122.

⁸⁷ GSWC 2011 GRC D.13-05-011, Adopted GSWC 2011 Settlement Agreement, page 51.

⁸⁸ GSWC Response to ORA Data Request JMI-001, Attachment A1707010 ORA DR JMI-001 (CWIP Reg 1) CWIP.

⁸⁹ GSWC Response to ORA Data Request JMI-001, Attachment A1707010 ORA DR JMI-001 (CWIP Reg 1) CWIP.

1 plant estimates presented in this chapter are reflected in ORA's Results of Operations Tables
2 report.

3 [END OF CHAPTER]

Chapter 6. Santa Maria CSA

A. Introduction

This chapter presents ORA's recommended adjustments to GSWC's capital budget requests for the Santa Maria CSA, which consists of the following water systems: Cypress Ridge, Lake Marie, Nipomo, Orcutt, Sisquoc, and Tanglewood.

B. Summary of Recommendations

The table below presents a comparison of GSWC's and ORA's recommended plant additions for 2017-2020.

Table 6-1: Capital Budgets – Santa Maria CSA⁹⁰

| Description | 2017 | 2018 | 2019 | 2020 | TOTAL |
|---------------------------|--------------|--------------|--------------|--------------|---------------|
| Capital Testimony: | | | | | |
| GSWC | \$ - | \$ 4,338,665 | \$ 6,171,585 | \$ 4,453,150 | \$ 14,963,400 |
| ORA | \$ - | \$ 1,852,865 | \$ 5,283,585 | \$ 4,299,250 | \$ 11,435,700 |
| GSWC > ORA | \$ - | \$ 2,485,800 | \$ 888,000 | \$ 153,900 | \$ 3,527,700 |
| CWIP Testimony: | | | | | |
| GSWC | \$ 6,017,621 | \$ 3,100,744 | \$ - | \$ - | \$ 9,118,365 |
| ORA | \$ 4,838,074 | \$ 2,193,744 | \$ - | \$ - | \$ 7,031,818 |
| GSWC > ORA | \$ 1,179,547 | \$ 907,000 | \$ - | \$ - | \$ 2,086,547 |
| TOTAL: | | | | | |
| GSWC | \$ 6,017,621 | \$ 7,439,409 | \$ 6,171,585 | \$ 4,453,150 | \$ 24,081,765 |
| ORA | \$ 4,838,074 | \$ 4,046,609 | \$ 5,283,585 | \$ 4,299,250 | \$ 18,467,518 |
| GSWC > ORA | \$ 1,179,547 | \$ 3,392,800 | \$ 888,000 | \$ 153,900 | \$ 5,614,247 |
| ORA as % of GSWC | 80.40% | 54.39% | 85.61% | 96.54% | 76.69% |

Significant adjustments reflected in ORA's recommended capital budgets above are:

⁹⁰ ORA's Capital Budget amounts reflect 2017 Blanket Budget adjustments, if any, presented in ORA Report on Plant – General Issues.

- 1 (1) Cypress Ridge system: GSWC should complete the proposed Water Reliability Study to
2 determine the optimal alternative to address the concerns in the Cypress Ridge system;
3 the Commission should not approve the following:
- 4 ▪ Fowler Well #3 Well Improvements (\$177,500)
 - 5 ▪ System-wide Nitrate Treatment (\$153,900)
 - 6 ▪ Transmission Main to El Campo Plant (\$941,500)
 - 7 ▪ Interconnection with Nipomo Community Services District (NCSD) (\$2,254,800)
 - 8 ▪ Cypress Ridge/NCSD Pipeline (\$50,000)
 - 9 ▪ El Campo Pipeline (\$1,907,000)
- 10 (2) Orcutt – Olive Hill Well (\$1,213,506): This project should be reclassified as a
11 contributed project (excluded from rate base).

12 **C. GSWC Capital Testimony’s Requested 2018-2020 Budgets**

13 The tables below show GSWC’s and ORA’s capital budget summaries, respectively. The
14 following subsections present ORA’s project-specific adjustments in greater detail.

1

Table 6-2: GSWC Capital Budget – Santa Maria CSA⁹¹ (1 of 2)

| Budget Group | Description | 2018 Proposed Budget | 2019 Proposed Budget | 2020 Proposed Budget |
|--------------|---|----------------------|----------------------|----------------------|
| | Orcutt | | | |
| 50- | Orcutt/Patterson Zone, Acquire land for storage | - | 743,300 | - |
| | TOTAL LAND | - | 743,300 | - |
| | Lake Marie | | | |
| 51- | | - | - | - |
| | Orcutt | | | |
| 51- | Sunrise Plant, Site improvements | 30,500 | 213,000 | - |
| 51- | Systemwide, Complete SCADA installation | 74,000 | 518,000 | - |
| 51- | Dartmouth Plant, Site improvements | 36,700 | - | - |
| 51- | Mira Flores #3 Plant, Well improvements study | 72,300 | - | - |
| 51- | Orcutt Hill Plant, Recoat Res #2 | - | 507,500 | - |
| 51- | Mira Flores #4 & #7 Plant, Well improvements | 257,100 | - | - |
| 51- | Crescent Plant, Well improvements | - | 264,300 | - |
| 51- | Oak Plant, Well improvements | - | - | 281,700 |
| | Sisquoc | | | |
| 51- | Foxen Canyon Plant, Relocate generator | - | 32,700 | - |
| 51- | Foxen Canyon Plant, Access road | - | 49,800 | - |
| 51- | Foxen Canyon Plant, Construct reservoir | - | 93,400 | 648,300 |
| 51- | Foxen Canyon Well #4 Plant, Well improvements | - | - | 258,100 |
| | Tanglewood | | | |
| 51- | | - | - | - |
| | Nipomo | | | |
| 51- | Alta Mesa Plant, Discharge piping | 10,200 | 71,500 | - |
| 51- | Osage Plant, Install SCADA | - | 96,700 | - |
| 51- | Eucalyptus Plant, Odor control study | - | - | 76,400 |
| 51- | Eucalyptus Plant, Well improvements | - | - | 271,800 |
| 51- | Systemwide, Portable generator | - | 288,400 | - |
| | Cypress Ridge | | | |
| 51- | Systemwide, Water reliability study | 361,500 | - | - |
| 51- | Systemwide, SCADA System | 131,500 | 766,600 | - |
| 51- | Systemwide, Generator connections | 9,500 | 66,800 | - |
| 51- | Systemwide, Nitrate treatment | - | - | 153,900 |
| 51- | Fowler Plant, Well improvements | 177,500 | - | - |
| | TOTAL WATER SUPPLY | 1,160,800 | 2,968,700 | 1,690,200 |
| | Orcutt | | | |
| 52- | Miscellaneous Street Improvements | - | - | - |
| | TOTAL STREET IMPROVEMENTS | - | - | - |

2

⁹¹ GSWC Workpaper Spreadsheet “2018-20 Budget Project List RI.”

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Table 6-2: GSWC Capital Budget – Santa Maria CSA⁹² (2 of 2)

| | | | | |
|-----------|--|------------------|------------------|------------------|
| | Lake Marie | | | |
| 53- | Pipeline to Oil Patch Area | - | 7,600 | 149,300 |
| 53- | Private Dr n/o Fallen Leaf Dr | - | 5,200 | 101,700 |
| | Orcutt | | | |
| 53- | Derrick Ln, Union to Clark | 5,100 | 101,700 | - |
| 53- | Waller Ln & Orcutt Rd, Complete loop | 8,100 | 162,800 | - |
| 53- | Raymond Ave, Flower to Dickson | - | 4,000 | 78,400 |
| 53- | Country Club PRV, Relocate | - | 7,400 | 51,600 |
| 53- | Turtle Creek & Del Cielo, Complete loop | 96,900 | - | - |
| 53- | Orcutt Rd, Shirley to Winter | - | 64,200 | 1,057,300 |
| | Sisquoc | | | |
| 53- | | - | - | - |
| | Tanglewood | | | |
| 53- | | - | - | - |
| | Nipomo | | | |
| 53- | Venus Ct & Mars Ct, e/o Starlite | - | 83,000 | - |
| | Cypress Ridge | | | |
| 53- | Transmission main to El Campo Plant | 53,500 | 888,000 | - |
| 53- | Interconnection with NCSD | 2,254,800 | - | - |
| | TOTAL DISTRIBUTION IMPROVEMENTS | 2,418,400 | 1,323,900 | 1,438,300 |
| | Sisquoc | | | |
| 54- | Systemwide, Residual analyzers | - | 49,500 | - |
| | Tanglewood | | | |
| 54- | Willowood Plant, Nitrate monitoring | - | 34,400 | 238,000 |
| | TOTAL WATER QUALITY | - | 83,900 | 238,000 |
| 55- | Urban Water Management Plan, Orcutt System | - | - | 65,000 |
| | TOTAL MISCELLANEOUS | - | - | 65,000 |
| 57- | Contingency | 36,165 | 50,085 | 48,650 |
| | TOTAL CONTINGENCY | 36,165 | 50,085 | 48,650 |
| 60- | New Business Funded by GSWC | - | - | - |
| | TOTAL NEW BUSINESS | - | - | - |
| SM, B-01- | Meters | 37,200 | 56,600 | 76,300 |
| SM, B-02- | Services | 310,300 | 318,700 | 327,300 |
| SM, B-06- | Minor Main Replacements | 110,100 | 113,000 | 116,100 |
| SM, B-07- | Minor Pumping Plant Equipment | 200,500 | 205,900 | 211,500 |
| SM, B-08- | Minor Purification Equipment | 17,500 | 18,000 | 18,500 |
| SM, B-09- | Office Furniture and Equipment | 7,500 | 7,500 | 7,500 |
| SM, B-10- | Transportation Equipment | 36,200 | 277,900 | 211,500 |
| SM, B-11- | Tools & Safety Equipment | 4,000 | 4,100 | 4,300 |
| | TOTAL BLANKETS | 723,300 | 1,001,700 | 973,000 |
| | TOTAL NET COST | 4,338,665 | 6,171,585 | 4,453,150 |

2

⁹² GSWC Workpaper Spreadsheet “2018-20 Budget Project List RI.”

1

Table 6-3: ORA Capital Budget – Santa Maria CSA (1 of 2)

| Budget Group | Description | 2018 Proposed Budget | 2019 Proposed Budget | 2020 Proposed Budget |
|--------------|--|----------------------|----------------------|----------------------|
| | Orcutt | | | |
| 50- | Orcutt/Patterson Zone, Acquire land for storage capacity | - | 743,300 | - |
| | TOTAL LAND | - | 743,300 | - |
| | Lake Marie | | | |
| 51- | | - | - | - |
| | Orcutt | | | |
| 51- | Sunrise Plant, Site improvements | 30,500 | 213,000 | - |
| 51- | Systemwide, Complete SCADA installation | 74,000 | 518,000 | - |
| 51- | Dartmouth Plant, Site improvements | 36,700 | - | - |
| 51- | Mira Flores #3 Plant, Well improvements study | 72,300 | - | - |
| 51- | Orcutt Hill Plant, Recoat Res #2 | - | 507,500 | - |
| 51- | Mira Flores #4 & #7 Plant, Well improvements | 257,100 | - | - |
| 51- | Crescent Plant, Well improvements | - | 264,300 | - |
| 51- | Oak Plant, Well improvements | - | - | 281,700 |
| | Sisquoc | | | |
| 51- | Foxen Canyon Plant, Relocate generator | - | 32,700 | - |
| 51- | Foxen Canyon Plant, Access road | - | 49,800 | - |
| 51- | Foxen Canyon Plant, Construct reservoir | - | 93,400 | 648,300 |
| 51- | Foxen Canyon Well #4 Plant, Well improvements | - | - | 258,100 |
| | Tanglewood | | | |
| 51- | | - | - | - |
| | Nipomo | | | |
| 51- | Alta Mesa Plant, Discharge piping | 10,200 | 71,500 | - |
| 51- | Osage Plant, Install SCADA | - | 96,700 | - |
| 51- | Eucalyptus Plant, Odor control study | - | - | 76,400 |
| 51- | Eucalyptus Plant, Well improvements | - | - | 271,800 |
| 51- | Systemwide, Portable generator | - | 288,400 | - |
| | Cypress Ridge | | | |
| 51- | Systemwide, Water reliability study | 361,500 | - | - |
| 51- | Systemwide, SCADA System | 131,500 | 766,600 | - |
| 51- | Systemwide, Generator connections | 9,500 | 66,800 | - |
| 51- | Systemwide, Nitrate treatment | - | - | - |
| 51- | Fowler Plant, Well improvements | - | - | - |
| | TOTAL WATER SUPPLY | 983,300 | 2,968,700 | 1,536,300 |
| | Orcutt | | | |
| 52- | Miscellaneous Street Improvements | - | - | - |
| | TOTAL STREET IMPROVEMENTS | - | - | - |

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Table 6-3: ORA Capital Budget – Santa Maria CSA (2 of 2)

| | | | | |
|-----------|--|------------------|------------------|------------------|
| | Lake Marie | | | |
| 53- | Pipeline to Oil Patch Area | - | 7,600 | 149,300 |
| 53- | Private Dr n/o Fallen Leaf Dr | - | 5,200 | 101,700 |
| | Orcutt | | | |
| 53- | Derrick Ln, Union to Clark | 5,100 | 101,700 | - |
| 53- | Waller Ln & Orcutt Rd, Complete loop | 8,100 | 162,800 | - |
| 53- | Raymond Ave, Flower to Dickson | - | 4,000 | 78,400 |
| 53- | Country Club PRV, Relocate | - | 7,400 | 51,600 |
| 53- | Turtle Creek & Del Cielo, Complete loop | 96,900 | - | - |
| 53- | Orcutt Rd, Shirley to Winter | - | 64,200 | 1,057,300 |
| | Sisquoc | | | |
| 53- | | - | - | - |
| | Tanglewood | | | |
| 53- | | - | - | - |
| | Nipomo | | | |
| 53- | Venus Ct & Mars Ct, e/o Starlite | - | 83,000 | - |
| | Cypress Ridge | | | |
| 53- | Transmission main to El Campo Plant | - | - | - |
| 53- | Interconnection with NCSD | - | - | - |
| | TOTAL DISTRIBUTION IMPROVEMENTS | 110,100 | 435,900 | 1,438,300 |
| | Sisquoc | | | |
| 54- | Systemwide, Residual analyzers | - | 49,500 | - |
| | Tanglewood | | | |
| 54- | Willowood Plant, Nitrate monitoring | - | 34,400 | 238,000 |
| | TOTAL WATER QUALITY | - | 83,900 | 238,000 |
| 55- | Urban Water Management Plan, Orcutt System | - | - | 65,000 |
| | TOTAL MISCELLANEOUS | - | - | 65,000 |
| 57- | Contingency | 36,165 | 50,085 | 48,650 |
| | TOTAL CONTINGENCY | 36,165 | 50,085 | 48,650 |
| 60- | New Business Funded by GSWC | - | - | - |
| | TOTAL NEW BUSINESS | - | - | - |
| SM, B-01- | Meters | 37,200 | 56,600 | 76,300 |
| SM, B-02- | Services | 310,300 | 318,700 | 327,300 |
| SM, B-06- | Minor Main Replacements | 110,100 | 113,000 | 116,100 |
| SM, B-07- | Minor Pumping Plant Equipment | 200,500 | 205,900 | 211,500 |
| SM, B-08- | Minor Purification Equipment | 17,500 | 18,000 | 18,500 |
| SM, B-09- | Office Furniture and Equipment | 7,500 | 7,500 | 7,500 |
| SM, B-10- | Transportation Equipment | 36,200 | 277,900 | 211,500 |
| SM, B-11- | Tools & Safety Equipment | 4,000 | 4,100 | 4,300 |
| | TOTAL BLANKETS | 723,300 | 1,001,700 | 973,000 |
| | TOTAL NET COST | 1,852,865 | 5,283,585 | 4,299,250 |

2

1 **1. Cypress Ridge – Projects Related to Cypress Ridge System (\$5,846,200)**

2 GSWC requests a total of \$5,846,200 to fund seven projects related to water supply and
3 reliability in the Cypress Ridge system.

4 The Commission should only allow the proposed Water Reliability Study project at this time, for
5 \$361,500 in 2018.

6 **a. GSWC’s Request**

7 GSWC proposes the following related projects: \$361,500 in 2018 for a Water Reliability Study
8 to determine what improvements are necessary to address the water supply issues in the Cypress
9 Ridge system – a water system GSWC recently acquired.⁹³

- 10 ▪ \$177,500 in 2018 to rehabilitate the existing Fowler Well #3.⁹⁴
- 11 ▪ \$153,900 in 2020 to install an ion exchange unit in the Cypress Ridge system.⁹⁵
- 12 ▪ \$941,500 to install a pipeline to allow blending well water at the El Campo Plant.⁹⁶
13 GSWC requests to spend \$53,500 in 2018 and \$888,000 in 2019.⁹⁷
- 14 ▪ \$2,254,800 in 2018 to install a pipeline interconnection with NCS D for supplemental
15 water to blend well water in the system.⁹⁸
- 16 ▪ \$50,000 in CWIP for the NCS D pipeline in order to acquire easements and coordinating
17 with the NCS D for the proposed pipeline described above.⁹⁹

⁹³ GSWC Capital Testimony, pages 109-110.

⁹⁴ GSWC Capital Testimony, pages 116-117.

⁹⁵ GSWC Capital Testimony, pages 115-116. GSWC estimates that the entire project will cost approximately \$760,540. In this rate case, GSWC is only requesting \$153,900 in 2020 for the design portion of the project.

⁹⁶ GSWC 2017 Cypress Ridge Master Plan, page 8-2.

⁹⁷ GSWC Capital Testimony, page 20.

⁹⁸ GSWC 2017 Cypress Ridge Master Plan, page 8-2.

⁹⁹ GSWC CWIP Testimony, page 13.

- 1 ▪ \$1,907,000 to install a redundant pipeline to the middle and northern portions of the
2 Cypress Ridge system.¹⁰⁰

3 **b. ORA’s Analysis and Recommendation**

4 GSWC acquired the Cypress Ridge system in 2015.¹⁰¹ GSWC explains that the Cypress Ridge
5 system needs a detailed evaluation addressing:

- 6 ▪ hydrogeological study of existing and potential new well locations;
7 ▪ evaluation of supply/storage source location;
8 ▪ water treatment alternatives;
9 ▪ distribution system redundancy; and
10 ▪ interconnection alternatives.¹⁰²

11 GSWC states that the study is needed to determine the appropriate course of action for the
12 Cypress Ridge system.¹⁰³ A portion of the Water Reliability Study is to determine the best
13 method to treat nitrates in the well water, whether through treatment at the source or through
14 constructing a pipeline to facilitate blending with another well source.¹⁰⁴

15 It is premature for GSWC to proceed with the proposed projects before completing the study and
16 determining the most cost effective option. Failure to do so could unnecessarily increase water
17 costs to ratepayers in the Santa Maria CSA. Even if the study determines that iron exchange is
18 the most cost effective treatment option, postponing the design for the nitrate treatment system
19 would not affect GSWC’s schedule. This is because GSWC is not planning to request
20 authorization for that treatment project until the next GRC.¹⁰⁵

¹⁰⁰ GSWC 2017 Cypress Ridge Master Plan, page 8-2.

¹⁰¹ GSWC Capital Testimony, page 109.

¹⁰² GSWC Capital Testimony, page 110.

¹⁰³ GSWC Capital Testimony, pages 109-110.

¹⁰⁴ GSWC Capital Testimony, page 110.

¹⁰⁵ GSWC Workpaper Spreadsheet “2018-20 Budget Project List RI,” tab “Project List – DO NOT SORT!,” cell N140.

1 The Water Reliability Study will help determine how the NCS D interconnection capacity affects
2 the supply and treatment options for the system. The NCS D interconnection is intended to
3 provide at least 2,500 acre-feet per year (AFY) to the Nipomo Mesa Management Area, and
4 GSWC intends to purchase 16.66% of that amount.¹⁰⁶ However, at this time the NCS D is only
5 capable of providing 80.65 AFY to the pipeline.¹⁰⁷ It is premature to construct the pipeline in
6 this GRC since the full capacity of the NCS D would not be available until 2023.¹⁰⁸

7 GSWC’s consultant, Water Infrastructure and Management Solution (WIMS), inspected the
8 Fowler Well #3 and provided a memo dated February 8, 2017.¹⁰⁹ The findings by WIMS only
9 support further assessment and not immediate rehabilitation, and are as follows:

10 The Fowler # 3 was drilled and constructed by Arroyo Water Well Supply from
11 Arroyo, California. The well was completed to a depth of 280 with perforations from
12 180 feet to 280 feet. There are no records of the casing diameter or perforation type.

13 Fisher Pump Company replaced the pump and submersible motor on 4-19-2016. The
14 pump design is 225 gpm at 480 feet total dynamic head (TDH). The 9-1-2016
15 efficiency test indicated the pump was producing 231 gpm at 447 feet TDH. The
16 pumping level in the 2016 test was 142.2 feet below ground surface with a specific
17 capacity of 17.8.

18 There isn’t much information in the file on this well or the other Cypress Ridge wells
19 and pumps. It may be prudent to remove the pumping equipment and video log the
20 wells to determine well construction information and to determine the well condition.
21 This would also allow for recording pumping equipment data and possible replacing
22 units if the efficiency is low.

¹⁰⁶ GSWC 2017 Cypress Ridge Master Plan, page 2-4. In 2005, the California State Superior Court of Santa Clara County approved a Settlement Stipulation requiring Nipomo Mesa water purveyors (which includes GSWC) to procure and import supplemental water to the Nipomo Mesa Management Area. The Santa Maria Groundwater Basin has been the subject of ongoing litigation since 1997 due to periods of falling groundwater levels, the potential for saltwater intrusion into the Santa Maria Basin as a result of large depressions in the Nipomo Mesa Sub-basin.

¹⁰⁷ GSWC Response to ORA Data Request JA-007, Item 4.

¹⁰⁸ GSWC Response to ORA Data Request JA-007, Item 4.

¹⁰⁹ GSWC Capital Testimony, Volume 4 of 7, Attachment SM10.

1 In summary, GSWC should complete the Water Reliability Study and assess its findings and
2 recommendation to determine the most cost effective set of actions to address the supply
3 concerns in the Cypress Ridge system. Therefore, the Commission should authorize funding for
4 the Water Reliability Study and defer consideration and approval of the remaining project
5 requests.

6 **D. GSWC CWIP Testimony’s Requested 2017-2019 Budgets**

7 In its CWIP Testimony, GSWC requests additional funding “for the purpose of closing and
8 completing its capital projects that are currently booked in the Company’s CWIP account.”¹¹⁰
9 ORA recommends adjustments to the following project.

10 **1. Orcutt – Olive Hill Well (Category 4, #1570760-02)**

11 GSWC includes \$1,213,506 for the Olive Hill Well project in its CWIP-to-be-closed funding
12 estimate, as a Category 4 project (previously authorized, company-funded projects). However,
13 in response to ORA’s inquiry, GSWC indicates that this is a contributed project that should be
14 classified as a Category 2 (and excluded from rate base).¹¹¹ ORA reclassifies the project
15 accordingly.

16 **E. Conclusion**

17 The Commission should adopt ORA’s adjustments to GSWC’s proposed capital budgets to
18 ensure that GSWC’s water rates reflect only prudent infrastructure investment. The adjusted
19 plant estimates presented in this chapter are reflected in ORA’s Results of Operations Tables
20 report.

21 [END OF CHAPTER]

¹¹⁰ GSWC CWIP Testimony, page 3.

¹¹¹ GSWC Response to ORA Data Request JMI-001, Attachment A1707010 ORA DR JMI-001 (CWIP Reg 1) CWIP.

Chapter 7. Simi Valley CSA

A. Introduction

This chapter presents ORA's recommended adjustments to GSWC's capital budget requests for the Simi Valley CSA, which consists of the Simi Valley water system.

B. Summary of Recommendations

The table below presents a comparison of GSWC's and ORA's recommended plant additions for 2017-2020.

Table 7-1: Capital Budgets – Simi Valley¹¹²

| Description | 2017 | 2018 | 2019 | 2020 | TOTAL |
|---------------------------|------------|------------|--------------|--------------|--------------|
| Capital Testimony: | | | | | |
| GSWC | \$ - | \$ 470,150 | \$ 1,670,030 | \$ 1,285,570 | \$ 3,425,750 |
| ORA | \$ - | \$ 470,150 | \$ 1,670,030 | \$ 1,285,570 | \$ 3,425,750 |
| GSWC > ORA | \$ - | \$ - | \$ - | \$ - | \$ - |
| CWIP Testimony: | | | | | |
| GSWC | \$ 876,867 | \$ - | \$ - | \$ - | \$ 876,867 |
| ORA | \$ 716,805 | \$ - | \$ - | \$ - | \$ 716,805 |
| GSWC > ORA | \$ 160,062 | \$ - | \$ - | \$ - | \$ 160,062 |
| TOTAL: | | | | | |
| GSWC | \$ 876,867 | \$ 470,150 | \$ 1,670,030 | \$ 1,285,570 | \$ 4,302,617 |
| ORA | \$ 716,805 | \$ 470,150 | \$ 1,670,030 | \$ 1,285,570 | \$ 4,142,555 |
| GSWC > ORA | \$ 160,062 | \$ - | \$ - | \$ - | \$ 160,062 |
| ORA as % of GSWC | 81.75% | 100.00% | 100.00% | 100.00% | 96.28% |

C. GSWC Capital Testimony's Requested 2018-2020 Budgets

The tables below show GSWC's capital budget summary. ORA has no adjustment to these budgets.

¹¹² ORA's Capital Budget amounts reflect 2017 Blanket Budget adjustments, if any, presented in ORA Report on Plant – General Issues.

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Table 7-2: GSWC Capital Budget – Simi Valley CSA¹¹³

| Budget Group | Description | 2018 Proposed Budget | 2019 Proposed Budget | 2020 Proposed Budget |
|--------------|---|----------------------|----------------------|----------------------|
| 51- | Lautenschlager Plant, Recoat Res #1 (N) | 59,600 | 417,100 | - |
| 51- | Niles Plant, Replace forebay | 35,200 | 246,000 | - |
| 51- | Niles Plant, Increase booster capacity | 4,700 | 33,000 | - |
| 51- | Pineview Plant, Replace roof elements | - | 22,000 | 152,500 |
| 51- | Alamo Plant, Site improvements | - | 154,400 | - |
| 51- | Fitzgerald Plant, Booster station | - | - | 73,600 |
| 51- | Tapo Booster Plant, Abandon and raze site | - | 7,200 | 49,200 |
| 51- | Tapo Reservoir Plant, Vault ladder | - | 11,900 | - |
| 51- | Rebecca Plant, Site improvements | - | - | 45,900 |
| 51- | Sycamore Plant, Site improvements | - | - | 13,000 |
| | TOTAL WATER SUPPLY | 99,500 | 891,600 | 334,200 |
| 52- | Miscellaneous Street Improvements | - | - | - |
| | TOTAL STREET IMPROVEMENTS | - | - | - |
| 53- | Upsize Niles Plant discharge pipe | 3,700 | 75,300 | - |
| 53- | Sycamore Dr, Niles Plant to East L.A. | - | 20,600 | 406,500 |
| 53- | Royal St, culvert crossing Arroyo Simi | 17,300 | 343,800 | - |
| | TOTAL DISTRIBUTION IMPROVEMENTS | 21,000 | 439,700 | 406,500 |
| 54- | Systemwide, Nitrification study | - | - | 152,900 |
| | TOTAL WATER QUALITY | - | - | 152,900 |
| 55- | Urban Water Management Plan, Simi Valley System | - | - | 65,000 |
| | TOTAL MISCELLANEOUS | - | - | 65,000 |
| 57- | Contingency | 16,650 | 16,130 | 15,570 |
| | TOTAL CONTINGENCY | 16,650 | 16,130 | 15,570 |
| 60- | New Business Funded by GSWC | - | - | - |
| | TOTAL NEW BUSINESS | - | - | - |
| SV, B-01- | Meters | 30,900 | 49,500 | 48,900 |
| SV, B-02- | Services | 78,900 | 81,000 | 83,200 |
| SV, B-06- | Minor Main Replacements | 53,700 | 55,200 | 56,700 |
| SV, B-07- | Minor Pumping Plant Equipment | 74,200 | 76,200 | 78,200 |
| SV, B-08- | Minor Purification Equipment | 300 | 300 | 300 |
| SV, B-09- | Office Furniture and Equipment | 2,500 | 2,600 | 2,700 |
| SV, B-10- | Transportation Equipment | 88,300 | 53,400 | 36,900 |
| SV, B-11- | Tools & Safety Equipment | 4,200 | 4,400 | 4,500 |
| | TOTAL BLANKETS | 333,000 | 322,600 | 311,400 |
| | TOTAL NET COST | 470,150 | 1,670,030 | 1,285,570 |

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[END OF CHAPTER]

¹¹³ GSWC Workpaper Spreadsheet “2018-20 Budget Project List RI.”

1 **Chapter 8. Northern and Coastal District Offices**

2 **A. Introduction**

3 This chapter presents ORA's recommended adjustments to GSWC's capital budget requests for
 4 Northern and Coastal District Office. GSWC's Northern District Office serves the Arden
 5 Cordova, Bay Point and Clearlake CSAs; its Coastal District Office serves the Los Osos, Santa
 6 Maria and Simi Valley CSAs.

7 **B. Summary of Recommendations**

8 The tables below presents a comparison of GSWC's and ORA's recommended plant additions
 9 for 2017-2020.

10 **Table 8-1: Capital Budgets – Northern District¹¹⁴**

| Description | 2017 | 2018 | 2019 | 2020 | TOTAL |
|---------------------------|-----------|-----------|-----------|-----------|------------|
| Capital Testimony: | | | | | |
| GSWC | \$ - | \$ 14,805 | \$ 15,120 | \$ 15,540 | \$ 45,465 |
| ORA | \$ - | \$ 14,805 | \$ 15,120 | \$ 15,540 | \$ 45,465 |
| GSWC > ORA | \$ - | \$ - | \$ - | \$ - | \$ - |
| CWIP Testimony: | | | | | |
| GSWC | \$ 61,445 | \$ - | \$ - | \$ - | \$ 61,445 |
| ORA | \$ 55,146 | \$ - | \$ - | \$ - | \$ 55,146 |
| GSWC > ORA | \$ 6,299 | \$ - | \$ - | \$ - | \$ 6,299 |
| TOTAL: | | | | | |
| GSWC | \$ 61,445 | \$ 14,805 | \$ 15,120 | \$ 15,540 | \$ 106,910 |
| ORA | \$ 55,146 | \$ 14,805 | \$ 15,120 | \$ 15,540 | \$ 100,611 |
| GSWC > ORA | \$ 6,299 | \$ - | \$ - | \$ - | \$ 6,299 |
| ORA as % of GSWC | 89.75% | 100.00% | 100.00% | 100.00% | 94.11% |

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¹¹⁴ ORA's Capital Budget amounts reflect 2017 Blanket Budget adjustments, if any, presented in ORA Report on Plant – General Issues.

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Table 8-2: Capital Budgets – Coastal District

| Description | 2017 | 2018 | 2019 | 2020 | TOTAL |
|---------------------------|-----------|-----------|-----------|-----------|------------|
| Capital Testimony: | | | | | |
| GSWC | \$ - | \$ 11,865 | \$ 68,250 | \$ 12,600 | \$ 92,715 |
| ORA | \$ - | \$ 11,865 | \$ 68,250 | \$ 12,600 | \$ 92,715 |
| GSWC > ORA | \$ - | \$ - | \$ - | \$ - | \$ - |
| CWIP Testimony: | | | | | |
| GSWC | \$ 69,387 | \$ - | \$ - | \$ - | \$ 69,387 |
| ORA | \$ 50,636 | \$ - | \$ - | \$ - | \$ 50,636 |
| GSWC > ORA | \$ 18,751 | \$ - | \$ - | \$ - | \$ 18,751 |
| TOTAL: | | | | | |
| GSWC | \$ 69,387 | \$ 11,865 | \$ 68,250 | \$ 12,600 | \$ 162,102 |
| ORA | \$ 50,636 | \$ 11,865 | \$ 68,250 | \$ 12,600 | \$ 143,351 |
| GSWC > ORA | \$ 18,751 | \$ - | \$ - | \$ - | \$ 18,751 |
| ORA as % of GSWC | 72.98% | 100.00% | 100.00% | 100.00% | 88.43% |

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C. GSWC Capital Testimony’s Requested 2018-2020 Budgets

4

The tables below show GSWC’s capital budget summary. ORA makes no adjustment to these budgets.

5

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Table 8-3: GSWC Capital Budget – Northern District¹¹⁵

| Budget Group | Description | 2018 Proposed Budget | 2019 Proposed Budget | 2020 Proposed Budget |
|--------------|---|----------------------|----------------------|----------------------|
| 57- | Contingency | 705 | 720 | 740 |
| | TOTAL CONTINGENCY | 705 | 720 | 740 |
| | NDO, B-09- Office Furniture and Equipment | 10,700 | 11,000 | 11,300 |
| | NDO, B-10- Transportation Equipment | - | - | - |
| | NDO, B-11- Tools & Safety Equipment | 3,400 | 3,400 | 3,500 |
| | TOTAL BLANKETS | 14,100 | 14,400 | 14,800 |
| | TOTAL NET COST | 14,805 | 15,120 | 15,540 |

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¹¹⁵ GSWC Workpaper Spreadsheet “2018-20 Budget Project List RI.”

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Table 8-4: GSWC Capital Budget – Coastal District¹¹⁶

| Budget Group | Description | 2018 Proposed Budget | 2019 Proposed Budget | 2020 Proposed Budget |
|--------------------|--------------------------------|----------------------|----------------------|----------------------|
| 57- | Contingency | 565 | 3,250 | 600 |
| | TOTAL CONTINGENCY | 565 | 3,250 | 600 |
| <i>CoDO, B-09-</i> | Office Furniture and Equipment | 3,800 | 3,900 | 4,100 |
| <i>CoDO, B-10-</i> | Transportation Equipment | - | 53,400 | - |
| <i>CoDO, B-11-</i> | Tools & Safety Equipment | 7,500 | 7,700 | 7,900 |
| | TOTAL BLANKETS | 11,300 | 65,000 | 12,000 |
| | TOTAL NET COST | 11,865 | 68,250 | 12,600 |

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[END OF CHAPTER]

¹¹⁶ GSWC Workpaper Spreadsheet “2018-20 Budget Project List RI.”

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Statement of Qualifications – Justin Menda

Q.1 Please state your name, business address, and position with the California Public Utilities Commission (“Commission”).

A1. My name is Justin Menda and my business address is 505 Van Ness Avenue, San Francisco, California 94102. I am a Utilities Engineer in the Communications and Water Policy Branch of the Office of Ratepayer Advocates.

Q2. Please summarize your education background and professional experience.

A2. I received my Bachelors of Science and Masters of Science in Civil Engineering with a concentration in water resources from the University of California Irvine. I have passed the Fundamentals of Engineering exam (E.I.T.) in 2009.

I joined the Office of Ratepayer Advocates - Water Branch as a Utilities Engineer in June 2012. Since that time, I prepared testimony on capital investment in several GRCs: California Water Service Company’s 2012 and 2015 GRCs; California-American Water’s 2013 and 2016 GRCs; San Jose Water Company’s 2015 GRC. In addition, I prepared testimony for California-American Water Company’s proposed Monterey Peninsula Water Supply Project regarding brine disposal, post treatment, and operations and maintenance costs.

Q3. What is your responsibility in this proceeding, GSWC GRC A.17-07-010?

A3. I am responsible for ORA’s Report of Plant – Region 1.

Q4. Does this conclude your prepared direct testimony?

A4. Yes, it does.

[END OF REPORT]