



# PUBLIC PARTICIPATION HEARING

## California-American Water Company – Southern Division

### General Rate Case Application (A.22-07-001)

April 11, 2023

#### What is this Rate Application About?

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Every three years, the California Public Utilities Commission (CPUC) requires California-American Water Company (Cal-Am) to file a General Rate Case (GRC) application. Pursuant to this requirement, on July 1, 2022 Cal-Am filed Application (A) 22-07-001 requesting an increase in revenues for 2024, 2025, and 2026. Subsequently, in response to new legislation, Cal-Am requested an opportunity to update its application to propose a decoupling mechanism, the Water Resources Sustainability Plan (WRSP), as an alternative to the Monterey-Style Water Revenue Adjustment Mechanism (M-WRAM) contained in its original application.<sup>1</sup>

Cal-Am was granted permission and on January 27, 2023 filed its Updated Application. In its Updated Application, Cal-Am also incorporated recent approved rate changes and revised demand forecasts. This Fact Sheet reflects the numbers in Cal-Am's Updated Application.

This application allows the CPUC to take a broad, in-depth look at Cal-Am's income and expenses and consider quality of service and other factors, and then decide whether to raise or lower Cal-Am's rates, and whether to require other changes in Cal-Am's operations.

#### What Increases in Revenue is Cal-Am Requesting to be Funded Through Customer Water Bills for the Period of 2024-2026?<sup>2</sup>

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California American Water is requesting a Southern Division revenue increase of \$11,970,900 or 9.29% in 2024, \$8,797,800 or 6.24% in 2025, and \$7,520,400 or 5.02% in 2026 under the WSRP proposal. Under the M-WRAM proposal, California American Water is requesting a revenue increase of \$11,515,800 or 8.87% in 2024, \$8,812,900 or 6.22% in 2025, and \$7,520,000 or 5.00% in 2026.

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<sup>1</sup> Senate Bill 1469, adopted September 30, 2022, amends Section 727.5 of the Public Utilities Code to require the Public Utilities Commission to consider for authorization the implementation of a mechanism that separates a water corporation's revenues and its water sales.

<sup>2</sup> The amount of revenue to be authorized is based on the forecasted operating and capital costs of doing business. This, combined with forecasted water sales and number of customers, produces the necessary changes in rates.



The original proposed revenue increases for the Central District can be found under July 2022 customer notices on the Public Advisor's webpage, <https://www.CPUC.ca.gov/PAO>.

### **What Types of Additional Costs Does Cal-Am Say it Needs to Recover?**

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Cal-Am is requesting to recover costs for proposed new capital investments to replace and upgrade its water system and facilities as well as for additional administrative, general, and labor costs. Cal-Am's application requests:

#### **Proposed new capital investments:**

- **Infrastructure Improvements:** \$9.7 million 3-year capital expenditure budget increase for capital investments in facility retirements, improvements, and replacements; replacement wells; and improved water treatment systems

#### **Increases for costs of operation over the three-year GRC period:**

- **Small System Consolidation Support:** \$1.2M to consolidate small water systems with California-American Water
- **Employee Labor Costs:** \$2.3 million increase for staffing, wages, and benefits
- **Inflationary Increases:** \$1.8 million increase for inflationary costs
- **Reduction in demand:** \$7.4 million under WRSP, \$6.3 million under M-WRAM



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| <b>Updated Proposed Revenue Increase for Southern Division –With WRSP</b>   |                     |            |                    |            |                    |            |                     |
|---|---------------------|------------|--------------------|------------|--------------------|------------|---------------------|
| (Includes Service Areas in Baldwin Hills, Duarte, San Marino, Rio Plaza, Thousand Oaks, Newbury Park, Camarillo, San Diego, East Pasadena, Bellflower, and Piru) <sup>3</sup> |                     |            |                    |            |                    |            |                     |
|   | 2024                |            | 2025               |            | 2026               |            |                     |
| Customer Class  | \$ Increase         | % Increase | \$ Increase        | % Increase | \$ Increase        | % Increase | Total Increase      |
| Residential   | \$5,364,313         | 6.78%      | \$5,396,276        | 6.38%      | \$4,513,880        | 5.02%      | \$15,274,469        |
| Commercial  | \$4,745,387         | 14.24%     | \$2,288,932        | 6.00%      | \$2,028,580        | 5.02%      | \$9,062,899         |
| Industrial  | \$502,751           | 11.62%     | \$359,746          | 7.39%      | \$262,422          | 5.02%      | \$1,124,919         |
| Public Authority  | \$1,057,288         | 10.45%     | \$640,043          | 5.75%      | \$590,102          | 5.02%      | \$2,287,433         |
| Other   | \$87,294            | 49.48%     | \$22,709           | 8.35%      | \$14,777           | 5.02%      | \$124,780           |
| Construction  | \$74                | 1.35%      | \$(1,464)          | -26.29%    | \$206              | 5.02%      | \$(1,184)           |
| Irrigation Gravity  | \$23,942            | 18.80%     | \$8,859            | 5.86%      | \$8,034            | 5.02%      | \$40,835            |
| Residential Fire Protection Service   | \$73,778            | 19.09%     | \$55,761           | 10.57%     | \$29,275           | 5.02%      | \$158,814           |
| Private Fire Protection Service   | \$108,852           | 11.58%     | \$0                | 0.00%      | \$52,853           | 5.02%      | \$161,705           |
| <b>Total</b>  | <b>\$11,963,679</b> |            | <b>\$8,770,862</b> |            | <b>\$7,500,129</b> |            | <b>\$28,234,670</b> |

<sup>3</sup> East Pasadena, Bellflower, and Piru service areas have been acquired by Cal-Am since the original July 1, 2022 GRC application.



| <b>Updated Proposed Revenue Increase for Southern Division –With M-WRAM</b>   |                     |            |                    |            |                    |            |                     |
|---|---------------------|------------|--------------------|------------|--------------------|------------|---------------------|
| <b>(Includes Service Areas in Baldwin Hills, Duarte, San Marino, Rio Plaza, Thousand Oaks, Newbury Park, Camarillo, San Diego, East Pasadena, Bellflower, and Piru)</b> |                     |            |                    |            |                    |            |                     |
|   | 2024                |            | 2025               |            | 2026               |            |                     |
| Customer Class  | \$ Increase         | % Increase | \$ Increase        | % Increase | \$ Increase        | % Increase | Total Increase      |
| Residential   | \$5,083,411         | 6.38%      | \$5,400,683        | 6.36%      | \$4,511,048        | 5.00%      | \$14,995,142        |
| Commercial  | \$4,653,708         | 13.84%     | \$2,294,958        | 5.99%      | \$2,030,687        | 5.00%      | \$8,979,353         |
| Industrial  | \$427,315           | 9.75%      | \$355,504          | 7.33%      | \$260,202          | 5.00%      | \$1,043,021         |
| Public Authority  | \$978,534           | 9.58%      | \$637,191          | 5.72%      | \$588,761          | 5.00%      | \$2,204,486         |
| Other   | \$104,172           | 58.82%     | \$24,551           | 8.48%      | \$15,688           | 5.00%      | \$144,411           |
| Construction  | \$655               | 11.84%     | \$(1,626)          | -26.28%    | \$228              | 5.00%      | \$(743)             |
| Irrigation Gravity  | \$23,410            | 18.38%     | \$8,799            | 5.84%      | \$7,972            | 5.00%      | \$40,181            |
| Residential Fire Protection Service   | \$124,973           | 32.34%     | \$62,082           | 10.59%     | \$32,408           | 5.00%      | \$219,463           |
| Private Fire Protection Service   | \$108,852           | 11.58%     | \$0                | 0.00%      | \$52,642           | 5.00%      | \$161,494           |
| <b>Total</b>  | <b>\$11,505,030</b> |            | <b>\$8,782,142</b> |            | <b>\$7,499,637</b> |            | <b>\$27,786,809</b> |

**What Other Requests are Pending for Cal-Am?**

Besides this GRC, there are other pending applications for Cal-Am regarding the acquisition of the Bass Lake Water Company, debt securities, and an amended Water Purchase Agreement for the Pure Water Monterey Groundwater Replenishment Project.



## How Can I Have My Voice Heard and Find Out More?

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The CPUC will hold 8 Public Participation Hearings for Cal-Am customers to have their voices heard. The assigned Administrative Law Judge will preside at these hearings and a court reporter will transcribe the hearings. For further information on these hearings, please visit <https://www.CPUC.ca.gov/PPH/>.

Customers can also submit electronic comments specific to this proceeding and review all other public comments submitted by using the “Add Public Comment” tab of the docket card for A.22-07-001 at <https://apps.CPUC.ca.gov/c/A2207001>.

To view all formal filings in this proceeding, including Cal-Am’s original and updated application, as well as the proposed decision when issued, go to <https://apps.CPUC.ca.gov/p/A2207001>.

The Public Advocates Office is an independent consumer advocate within the CPUC who will review, audit, and submit formal testimony on Cal-Am’s application. Its website is: <https://www.publicadvocates.cpuc.ca.gov>.

The CPUC’s Public Advisor can be contacted by email at [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov) or by phone at 866-849-8390.

The CPUC’s Water Division provides information on the regulatory process for water utilities at: <https://www.cpuc.ca.gov/about-cpuc/divisions/water-division/>.



**What are the Residential Bill Impacts Based on Requested Revenue Increases?**

| Los Angeles - Baldwin Hills – Average Residential Bill - With WRSP   |            |                           |              |             |               |            |
|--|------------|---------------------------|--------------|-------------|---------------|------------|
| Year   | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024   | 5/8-inch   | 89.1                      | \$88.01      | \$0.92      | \$88.93       | 1.04%      |
| 2025   | 5/8-inch   | 89.1                      | \$88.93      | \$5.54      | \$94.47       | 6.24%      |
| 2026   | 5/8-inch   | 89.1                      | \$94.47      | \$4.74      | \$99.21       | 5.02%      |
| Los Angeles – Baldwin Hills – Average Residential Bill – With M-WRAM |            |                           |              |             |               |            |
| Year   | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024   | 5/8-inch   | 89.1                      | \$88.10      | \$1.45      | \$89.55       | 1.64%      |
| 2025   | 5/8-inch   | 89.1                      | \$89.55      | \$5.57      | \$95.12       | 6.22%      |
| 2026   | 5/8-inch   | 89.1                      | \$95.12      | \$4.75      | \$99.87       | 5.00%      |

| Los Angeles – Duarte & Rio Plaza – Average Residential Bill - With WRSP   |            |                           |              |             |               |            |
|---|------------|---------------------------|--------------|-------------|---------------|------------|
| Year  | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024  | 5/8-inch   | 106.7                     | \$98.73      | \$2.18      | \$100.02      | 2.21%      |
| 2025  | 5/8-inch   | 106.7                     | \$100.92     | \$6.29      | \$107.21      | 6.24%      |
| 2026  | 5/8-inch   | 106.7                     | \$107.21     | \$5.38      | \$112.59      | 5.02%      |
| Los Angeles – Duarte & Rio Plaza – Average Residential Bill – With M-WRAM |            |                           |              |             |               |            |
| Year  | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024  | 5/8-inch   | 107.2                     | \$99.23      | \$1.87      | \$101.11      | 1.89%      |
| 2025  | 5/8-inch   | 107.2                     | \$101.11     | \$6.29      | \$107.40      | 6.22%      |
| 2026  | 5/8-inch   | 107.2                     | \$107.40     | \$5.37      | \$112.76      | 5.00%      |



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| Los Angeles – San Marino – Average Residential Bill - With WRSP   |            |                           |              |             |               |            |
|---|------------|---------------------------|--------------|-------------|---------------|------------|
| Year  | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024  | 5/8-inch   | 121.9                     | \$113.04     | \$0.63      | \$113.66      | 0.55%      |
| 2025  | 5/8-inch   | 121.9                     | \$113.66     | \$7.09      | \$120.75      | 6.24%      |
| 2026  | 5/8-inch   | 121.9                     | \$120.75     | \$6.06      | \$126.81      | 5.02%      |
| Los Angeles – San Marino – Average Residential Bill – With M-WRAM |            |                           |              |             |               |            |
| Year  | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024  | 5/8-inch   | 122.8                     | \$113.84     | (\$0.36)    | \$113.48      | -0.31%     |
| 2025  | 5/8-inch   | 122.8                     | \$113.48     | \$7.06      | \$120.54      | 6.22%      |
| 2026  | 5/8-inch   | 122.8                     | \$120.54     | \$6.02      | \$126.56      | 5.00%      |

| East Pasadena – Average Residential Bill - With WRSP   |            |                           |              |             |               |            |
|--|------------|---------------------------|--------------|-------------|---------------|------------|
| Year   | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024   | 5/8-inch   | 143.4                     | \$77.92      | \$3.93      | \$81.86       | 5.05%      |
| 2025   | 5/8-inch   | 143.4                     | \$81.86      | \$5.10      | \$86.96       | 6.24%      |
| 2026   | 5/8-inch   | 143.4                     | \$86.96      | \$4.36      | \$91.32       | 5.02%      |
| East Pasadena – Average Residential Bill – With M-WRAM |            |                           |              |             |               |            |
| Year   | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024   | 5/8-inch   | 143.4                     | \$77.92      | \$3.57      | \$81.49       | 4.58%      |
| 2025   | 5/8-inch   | 143.4                     | \$81.49      | \$5.07      | \$86.56       | 6.22%      |
| 2026   | 5/8-inch   | 143.4                     | \$86.56      | \$4.33      | \$90.88       | 5.00%      |



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| Bellflower – Average Residential Bill - With WRSP   |            |                           |              |             |               |            |
|---|------------|---------------------------|--------------|-------------|---------------|------------|
| Year  | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024  | 5/8-inch   | 88.9                      | \$56.31      | \$2.62      | \$58.93       | 4.65%      |
| 2025  | 5/8-inch   | 88.9                      | \$58.93      | \$3.67      | \$62.60       | 6.24%      |
| 2026  | 5/8-inch   | 88.9                      | \$62.60      | \$3.14      | \$65.74       | 5.02%      |
| Bellflower – Average Residential Bill – With M-WRAM |            |                           |              |             |               |            |
| Year  | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024  | 5/8-inch   | 88.9                      | \$56.31      | \$2.39      | \$58.70       | 4.25%      |
| 2025  | 5/8-inch   | 88.9                      | \$58.70      | \$3.65      | \$62.35       | 6.22%      |
| 2026  | 5/8-inch   | 88.9                      | \$62.35      | \$3.12      | \$65.47       | 5.00%      |

| San Diego – Average Residential Bill - With WRSP   |            |                           |              |             |               |            |
|--|------------|---------------------------|--------------|-------------|---------------|------------|
| Year   | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024   | 5/8-inch   | 56.7                      | \$77.74      | (\$0.18)    | \$77.56       | -0.23%     |
| 2025   | 5/8-inch   | 56.7                      | \$77.56      | \$4.84      | \$82.40       | 6.24%      |
| 2026   | 5/8-inch   | 56.7                      | \$82.40      | \$4.13      | \$86.53       | 5.02%      |
| San Diego – Average Residential Bill – With M-WRAM |            |                           |              |             |               |            |
| Year   | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024   | 5/8-inch   | 57.4                      | \$78.41      | \$1.32      | \$79.73       | 1.68%      |
| 2025   | 5/8-inch   | 57.4                      | \$79.73      | \$4.96      | \$84.69       | 6.22%      |
| 2026   | 5/8-inch   | 57.4                      | \$84.69      | \$4.23      | \$88.92       | 5.00%      |





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| Ventura – Average Residential Bill - With WRSP |            |                           |              |             |               |            |
|--|------------|---------------------------|--------------|-------------|---------------|------------|
| Year   | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024   | 5/8-inch   | 92.7                      | \$100.75     | \$1.08      | \$101.83      | 1.08%      |
| 2025   | 5/8-inch   | 92.7                      | \$101.83     | \$6.35      | \$108.18      | 6.24%      |
| 2026   | 5/8-inch   | 92.7                      | \$108.18     | \$5.43      | \$113.61      | 5.02%      |

| Ventura – Average Residential Bill – With M-WRAM |            |                           |              |             |               |            |
|--|------------|---------------------------|--------------|-------------|---------------|------------|
| Year   | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024   | 5/8-inch   | 94.1                      | \$102.44     | \$1.34      | \$103.78      | 1.31%      |
| 2025   | 5/8-inch   | 94.1                      | \$103.78     | \$6.46      | \$110.24      | 6.22%      |
| 2026   | 5/8-inch   | 94.1                      | \$110.24     | \$5.51      | \$115.75      | 5.00%      |

| Piru – Average Residential Bill - With WRSP |            |                           |              |             |               |            |
|---|------------|---------------------------|--------------|-------------|---------------|------------|
| Year  | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024  | 5/8-inch   | 201.0                     | \$97.87      | \$6.00      | \$103.87      | 6.13%      |
| 2025  | 5/8-inch   | 201.0                     | \$103.87     | \$6.48      | \$110.35      | 6.24%      |
| 2026  | 5/8-inch   | 201.0                     | \$110.35     | \$5.54      | \$115.88      | 5.02%      |

| Piru – Average Residential Bill – With M-WRAM |            |                           |              |             |               |            |
|---|------------|---------------------------|--------------|-------------|---------------|------------|
| Year  | Meter Size | Average Use (100 gallons) | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2024  | 5/8-inch   | 201.0                     | \$97.87      | \$5.60      | \$103.47      | 5.72%      |
| 2025  | 5/8-inch   | 201.0                     | \$103.47     | \$6.44      | \$109.90      | 6.22%      |
| 2026  | 5/8-inch   | 201.0                     | \$109.90     | \$5.49      | \$115.39      | 5.00%      |