

CPUC Public Agenda 3529

Thursday, June 29, 2023, 11:00 a.m.

Commissioners:

Alice Reynolds, President

Genevieve Shiroma

Darcie L. Houck

John Reynolds

Karen Douglas

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California Public
Utilities Commission

CPUC Mission

We Empower California through:

- Assuring utility services are clean and safe.
- Providing for critical services and infrastructure.
- Designing rates that are fair and reasonable.
- Protecting the interests of consumers and ratepayers

CPUC Core Values



Accountability



Excellence



Integrity



**Open
Communication**



Stewardship

Commissioner Code of Conduct

- I. Commissioners should conduct themselves in a manner that demonstrates respect for the public, for fellow Commissioners, and for Commission staff.
- II. Commission meetings should be opportunities for a full and respectful exchange of ideas and the responsible execution of Commission duties.
- III. Serving on the Commission is an honor and Commissioners should treat their colleagues at the Commission with respect for the varied backgrounds, skills and interests that each one brings.
- IV. Commissioners are public officials who should uphold the integrity of their office at all times.

Public Comment

- Per Resolution ALJ-252, any member of the public (excluding parties and their representatives) who wishes to address the CPUC about matters before the Commission must call in to toll-free number:



1-800-857-1917

Passcode: 9899501

- ***Para escuchar esta reunión en español, por favor llame: (800) 857-1917, código de acceso: 3799627.***
- Once called, each speaker has 1 minute at the discretion of the Commission President. If there are a large number of callers wishing to speak, the time limit may be changed to accommodate all callers.
- A bell will ring when time has expired.
- **Written comments on a specific proceeding can be submitted via the CPUC's docket card. Please visit www.cpuc.ca.gov/docket, input the proceeding number, then click on the public comment tab. You can also visit the Public Advisor's Office webpage at www.cpuc.ca.gov/pao for further information.**
- Public Comment is not permitted on the following items:
- 29, 37

Public Agenda Changes

Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each CPUC meeting.

- Items on Today's Consent Agenda are:
1, 3, 4, 8, 9, 10, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 40, 41, 42, 43, 44, 45, 46, 47, and 48.
- Any Commissioner, with consent of the other Commissioners, may request an item from the Regular Agenda be moved to the Consent Agenda prior to the meeting.
- **No Item** from the Regular Agenda has been added to the Consent Agenda.
- Any Commissioner may request an item be removed from the Consent Agenda for discussion on the Regular Agenda prior to the meeting.
- **Items 18, and 19** have been moved to the Regular Agenda.
- **Item 27** has been withdrawn.
- The following items have been held to future Commission Meetings:
 - **Held to: 7/13/2023 2, 6, 7, 11 and 39.**
 - **Held to: 8/31/2023 5.**

Regular Agenda

- Each item on the Regular Agenda (and its alternate if any) will be introduced by the assigned Commissioner or CPUC staff and discussed before it is moved for a vote.
- For each agenda item, a summary of the proposed action is included on the agenda; the CPUC's final decision may, however, differ from that proposed.
- The complete text of every Proposed Decision or Draft Resolution is available for download on the CPUC's website: www.cpuc.ca.gov
- Late changes to agenda items are available on the Virtual Escutia Table; or in paper format or via QR Code at the Commission Meeting site.

Regular Agenda | Orders and Resolutions

Item #2 [21528] – General Rate Case for Golden State Water Company

A.20-07-012

In the matter of the Application of the Golden State Water Company for an order (1) authorizing it to increase rates for water service by \$49,518,400 or 14.97% in 2022; (2) authorizing it to increase rates by \$16,107,100 or 4.22% in 2023 and increase rates by \$17,207,900 or 4.31% in 2024 in accordance with the Rate Case Plan; and (3) adopting other related rulings and relief necessary to implement the Commission's ratemaking policies.

Ratesetting

(Comr. Houck - Judge Ferguson)

PROPOSED OUTCOME:

- Approves Partial Settlement; Denies Consolidation of Two Rate Areas; Approves Request for Two New Balancing Accounts.
- Closes the proceeding.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this decision.

ESTIMATED COST:

- Average rate increase of all ratemaking areas combined is 8.1 percent of the rates in effect during 2021, rather than the 14.97 percent Golden State Water Company initially requested.

A.20-07-012 Golden State Water GRC

Changes to Proposed Decision (Rev. 1) from Dais



California Public
Utilities Commission

Section 5.4, pp. 25-6

Original

5.4. Approval of Group Health Insurance Memorandum Account

While GSW settled on the above figure discussed in Section 5.3, we nonetheless find the testimony, approach, reasoning, and conclusions thoughtfully detailed in Mr. Currie's testimony for GSW and supported by his relevant experience, persuasive regarding the group health insurance issue. We also find Mr. Currie's thorough analysis reflects that GSW conducted a prudent and reasonable effort to project and purchase its group health insurance costs for Test Year 2022. With that, we will progress to a determination whether GSW has

¹⁹ ~~Exh.~~ Cal PA 3 (Aslam), at 48 lines 5-7
²⁰ ~~Exh.~~ Cal PA 3 (Aslam), at 47 lines 20-23
²¹ Appendix A, hereto, at 109.
²² ~~Ibid.~~

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met its burden to establishing a two-way balancing account (or memorandum account).²³

Revision

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~~met its burden to establishing a two-way balancing account (or memorandum account).²³~~

Section 5.4, p. 26 footnote

Original

Revision

²³ Settlement Agreement preserves GSW's right to ask for a balancing account. Cal Advocates argued that, as a policy matter, the Commission must deny GSW's request for a balancing account, lest GSW behave in a cavalier, self-serving manner when purchasing insurance during the balance of this rate cycle. There is no evidence in the record to support such that any such thing would ever happen. On the contrary, the record demonstrates that GSW makes prudent and reasonable efforts to develop insurance costs projections that are as sound as market conditions will allow. Mr. Aslam's and his counsel's opinions about GSW's future conduct are sheer speculation with no record evidence to support them. Furthermore, for this proceeding we will only permit GSW to open two, new memorandum accounts which moots Cal Advocates' concern about balancing accounts promoting lax behavior.

~~²³ Settlement Agreement preserves GSW's right to ask for a balancing account. Cal Advocates argued that, as a policy matter, the Commission must deny GSW's request for a balancing account, lest GSW behave in a cavalier, self-serving manner when purchasing insurance during the balance of this rate cycle. There is no evidence in the record to support such that any such thing would ever happen. On the contrary, the record demonstrates that GSW makes prudent and reasonable efforts to develop insurance costs projections that are as sound as market conditions will allow. Mr. Aslam's and his counsel's opinions about GSW's future conduct are sheer speculation with no record evidence to support them. Furthermore, for this proceeding we will only permit GSW to open two, new memorandum accounts which moots Cal Advocates' concern about balancing accounts promoting lax behavior.~~

Section 5.4, p. 27

Original

GSW and Cal Advocates identified the same, seminal Commission authority setting out the criteria for opening balancing accounts. To qualify for a balancing or memorandum account, GSW must present admissible evidence sufficient to constitute a preponderance of evidence²⁶ case on each of the following four criteria:

1. The unpredictability of the expense is caused by an event of an exceptional nature that is not under GSW's control;
2. The unpredictability of the expense could not have been foreseen in GSW's last rate case and has arisen or will arise before GSW's next scheduled rate case;
3. The potential expense is of a substantial nature; and
4. Ratepayers will benefit from the account, if authorized.

Revision

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3. The potential expense is of a substantial nature; and
4. Ratepayers will benefit from the account, if authorized.

Section 5.4, p. 28

Original

As to the second criteria specifically, all the circumstances surrounding pandemic and the ripple effects were far beyond GSW's knowledge or control during its prior GRC. No amount of tabulating pre-pandemic health insurance costs in the previous GRC, or reliance on the forecasting formula in the Rate Case Plan, would or could have predicted the emergence and re-emergence of the disease and its mutations and their effects on the healthcare system in California. That is precisely why the first two criteria for opening a balancing or memorandum account are satisfied.

Revision

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Section 5.4, p. 29

Original

Finally, Cal Advocates' witness contends that because we denied a request for a group health balancing account in D.20-09-019, we should do so here. The circumstances and record leading to that decision are dissimilar to the circumstances leading up to and the record in this proceeding. Thus, D.20-09-019 is inapposite here, and we are ordering creation of a memorandum, instead of balancing, account.

The criteria for creation of a memorandum account for group health insurance costs have been met. We will authorize that it be implemented. If the actual cost to GSW of group health insurance policies for the test year and/or the first attrition year exceeded the projections contained in the Settlement Agreement, the excess of what GSW paid should be recorded in the memorandum account. Similarly, if the projections for group health insurance premiums were greater than what GSW paid or is paying, the differences should be recorded in that account. The amortization and/or continuance of the memorandum account can be addressed in GSW's next GRC.

Revision

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The criteria for creation of a memorandum account for group health insurance costs have been met. We will authorize that it be implemented. If the actual cost to GSW of group health insurance policies for the test year and/or the first attrition year exceeded the projections contained in the Settlement Agreement, the excess of what GSW paid should be recorded in the memorandum account. Similarly, if the projections for group health insurance premiums were greater than what GSW paid or is paying, the differences should be recorded in that account. ~~The amortization and/or continuance of the memorandum account can be addressed in GSW's next GRC.~~

Section 5.6, pp. 32-3

Original

5.6. Approval of a General Liability Insurance Memorandum Account

While GSW settled on the above figure discussed in Section 5.5, we find the testimony, approach, reasoning, and conclusions thoughtfully detailed in Mr. Currie's testimony for GSW and supported by his relevant experience, persuasive regarding the group health insurance issue. We also find Mr. Currie's thorough analysis reflects that GSW conducted a prudent and reasonable effort to project and purchase its general liability insurance costs for Test Year 2022. We therefore conclude that GSW's reliance on Mr. Currie's projections of future increases in the premiums for liability insurance as well as the process used by GSW to select insurers to cover its liability risks³⁷ is designed to produce

³⁷ Exh. Cal PA 3 (Aslam), at 45, lines 3-16.

³⁸ Appendix A, hereto, at 107.

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reasonably accurate prices for the policies in ordinary market conditions.⁴⁰ We will now determine if there is sufficient indicia of unpredictability in the markets for liability coverages to authorize a memorandum or balancing account.

Revision

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~~reasonably accurate prices for the policies in ordinary market conditions.⁴⁰ We will now determine if there is sufficient indicia of unpredictability in the markets for liability coverages to authorize a memorandum or balancing account.~~

Section 5.6, pp. 33-4

Original

To the risks affecting premium prices that Mr. Currie identified, we can add other well-known world events, with potential to affect liability insurance premiums. Corroborative and illustrative of Mr. Currie's testimony on this issue, is United States Bureau of Labor statistics⁴² show that the "all items" 12-month

⁴² Exh. GSW-11 (Currie Prepared), at 10, lines 18 -26.

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index was 2.5 percent on January 2020; increased 6.1 percent between January 2021 and January 2022 (from 1.4 percent to 7.5 percent); and the 12-month average at the end of January 2023 was 6.4 percent.⁴³ In addition to the rapid growth of inflation, we take official notice that Hurricane Ian, which struck the State of Florida in September 2022, has been assessed by the United States National Oceanic and Atmospheric Administration (NOAA)⁴⁴ as the costliest hurricane ever to strike that state, causing over \$100 billion of damage.⁴⁵ NOAA also noted that it was the fifteenth storm to strike the US in 2022 and cause over one billion dollars of damage.⁴⁶ We also take official notice of the fact that there remains some residual and continuing ripple effects of the pandemic.

We further note the wide discrepancies in what GSW had to pay for

Revision

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We further note the wide discrepancies in what GSW had to pay for

Section 5.6, p. 36

Original

Upon weighing the evidence, we authorize GSW to continue its prudent purchasing efforts that are the product of Mr. Currie's extensive experience managing GSW's liability insurance purchases and Aon's proprietary database

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and expert consulting advice, and we order the use of a memorandum, instead of balancing, account as an added measure during the current unstable market conditions.

Revision

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PROPOSED DECISION (Rev. 1)

and expert consulting advice, and we [order-will allow](#) the use of a memorandum, instead of balancing, account as an added measure during the current unstable market conditions.

Section 5.7, p. 39

Original

Here, the record does not support a conclusion that the cost of an essential amount of water rose in either of the two Los Osos service areas. GSW and Cal Advocates offered different competing proxies.

The proxies offered by GSW are of the median household incomes of the two zip codes that were not comparable, similar, or otherwise reliable statistical proxies for median household income of its two service areas in Los Osos.

Cal Advocates offered proxies based on United States Census Bureau data for the entire census tract that includes the whole town of Los Osos⁵⁶ and the entire census tract for the city of Santa Maria⁵⁷ when the indisputable record facts are that GSW serves only 3,294 customers in Los Osos and only 14,394 customers in six, non-contiguous service areas in the City of Santa Maria, two of which are as far as 25 miles apart from each other and one of which is not even in the city of Santa Maria. Cal Advocates' proxies too under these circumstances were not comparable, similar, or otherwise reliable statistical proxies for median household income of its two service areas in Los Osos for determining the median household income amongst GSW's 3,294 customers in its Los Osos service areas nor amongst its 14,394 customers in its Santa Maria service areas.⁵⁸

The proxies (income data from zip code areas and census tracts) offered by the parties are neither sufficient nor reliable evidence for us to make the necessary finding on the level of median household income for GSW's customers. Accordingly, this decision denies GSW's request for consolidation in

Revision

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Section 7, pp. 41-2

Original

7. Comments on Proposed Decision

The proposed decision of ALJ Charles Ferguson in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on May 1, 2023, by GSW and by Cal Advocates on May 3, 2023, and a reply was filed on May 8, 2023, by GSW.

In its Opening Comments, GSW recommended language be added to the decision to better align the decision to technical aspects of the Settlement Agreement and certain requests in GSW's Application that we approve, as well as to improve the mechanics for incorporating the interim rates, which became effective January 1, 2022, into the tariff schedules that are approved in this

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decision. Cal Advocates did not object to these recommendations.⁶⁰ We have incorporated all of those recommended revisions in this decision.

Revision

7. Comments on Proposed Decision

The proposed decision of ALJ Charles Ferguson in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on May 1, 2023, by GSW and by Cal Advocates on May 3, 2023, and a reply was filed on May 8, 2023, by GSW. [In response to comments on the proposed decision, corrections and clarifications have been made throughout this decision as appropriate.](#)

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as to improve the mechanics for incorporating the interim rates, which became effective January 1, 2022, into the tariff schedules that are approved in this decision. ~~Cal Advocates did not object to these recommendations.⁶⁰~~ We have incorporated all of those recommended revisions in this decision.

Section 7, p. 42

Original

GSW also recommended attaching eight additional appendices to the decision. These additional appendices include summaries of earnings, rate base, income taxes, the quantifications of customers, sales, and production, supply expenses, tariffs, and surcharges/~~surcredits~~ in balancing and memorandum accounts.⁶¹

Both GSW and Cal Advocates object to that part of the proposed decision rejecting GSW's request for consolidation of GSW's Los Osos ratemaking areas with Santa Maria's ratemaking areas.⁶² The record in this proceeding does not show that the proxies offered by the parties were comparable, similar, or otherwise reliable statistical proxies. The record also does not show that the cost of water in Los Osos has reached a benchmark percentage signaling water is likely unaffordable for GSW customers in its Los Osos service areas. As such, GSW's request for a consolidation of its Los Osos ratemaking areas is denied.

Cal Advocates' next comment concerns the ordering paragraphs in the proposed decision granting GSW's request for two new balancing accounts for its purchases of group health insurance coverages and for general liability insurance coverages. Cal Advocates argues that because the proposed decision

Revision

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Section 7 p. 42, footnotes

Original

⁶⁰ Cal Advocates' continued opposition to the creation of two new balancing accounts is addressed below.

⁶¹ See Appendices B through and including I, attached to this decision.

⁶² Cal Advocates approves of the ALJ's proposed result but criticizes the proposed decision's reason for rejecting the consolidation.

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Revision

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Section 7, p. 43

Original

improperly took official notice of numerical data computed and published by the California Department of Health⁶³, the balancing accounts should be denied.

We find no merit in Cal Advocates' objections to taking official notice of these figures. The officially noticed figures were sourced from government agencies that are responsible for compilation and publication of such data.⁶⁴ These officially noticed facts were not necessary to reach our conclusion on the balancing (or memorandum) accounts but merely illustrative of GSW's witness's testimony. GWC's witness testimony by itself was sufficient to carry the burden of proof, without the officially noticed data, for the two requested balancing accounts and the memorandum accounts which we are substituting for them, as discussed in this decision.

Finally, only a few months ago, in *Securus Technologies, LLC v. Public Utilities Comm. (Securus)*, 88 Cal. App. 5th 787 (Cal. App. 2nd Dist. 2023) a California Court of Appeals held that it was proper for the Commission to take official notice of the price per minute of telecommunication service found in a press release prepared by the California Department of Corrections and Rehabilitation and for the Commission to base its Decision (D.) 21-08-037 on that price point. Our formal records of that proceeding indicate that Cal Advocates actively participated in the proceeding that culminated in D.21-08-037 and

Revision

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Section 7 p. 43, footnotes

Original

⁶³ Statistical data officially noticed were general pandemic health-related numbers in the state; numerical data published by the U.S. Department of Labor indicating the rate of inflation in the country; and an estimated figure for the dollar amount of damage from Hurricane Ian published by U.S. National Oceanic and Atmospheric Administration.

⁶⁴ The officially noticed statistics serve to illustrate the testimony of GSW witness Mathew Currie. However, his testimony, by itself, was enough to establish the need for memorandum accounts. Furthermore, removal of the officially noticed statistics from the proposed decision, if we were inclined to remove them, would not change our conclusion that memorandum accounts are appropriate in this instance.

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Revision

~~⁶³ Statistical data officially noticed were general pandemic health-related numbers in the state; numerical data published by the U.S. Department of Labor indicating the rate of inflation in the country; and an estimated figure for the dollar amount of damage from Hurricane Ian published by U.S. National Oceanic and Atmospheric Administration.~~

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Section 7 p. 44

Original

argued in support of the Commission's similar an indistinguishable use of official notice there.⁶⁵

Cal Advocates also contends that it was prevented from having an opportunity to contest the facts officially noticed in the proposed decision before the evidentiary record closed.⁶⁶ Cal Advocates was afforded all process it is due.

Next, Cal Advocates objected to the treatment in the proposed decision of the prepared testimony of the only witness Cal Advocates offered to counter the testimony of GSW's primary witness in support of the new balancing accounts. We find no merit in Cal Advocates' objection. The record reflects that Cal Advocates' witness did not present sufficient evidence to counter GSW's witnesses' preponderance of evidence.

Finally, Cal Advocates contends that we should disregard the proposed decision's approval for balancing accounts for GSW's group healthcare and general liability insurance expenses because the proposed decision did not follow Cal Advocates' understanding of the instructions in the Rate Case Plan for how to project insurance costs. Cal Advocates contends that the Rate Case Plan sets forth a process for projecting all three years of the rate cycle:

The Commission has used the [Rate Case Plan] process to forecast expenses in the test year and then escalate those expenses in the attrition year for all utility General Rate

Revision

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~~The Commission has used the [Rate Case Plan] process to forecast expenses in the test year and then escalate those expenses in the attrition year for all utility General Rate~~

Section 7 p. 44, footnotes

Original

⁶⁵ In its objections, Cal Advocates did not mention its position favoring official notice in that governing and recent proceeding nor the *Securus* appellate decision itself.

⁶⁶ Cal Advocates claims entitlement to prior notice and an opportunity to contest officially noticed facts. Moreover, nothing in either the Commission's Rules of Practice and Procedure or the applicable statutory provisions of the California Evidence Code bars the taking of official notice in these proceedings after an evidentiary record closes. Indeed, the Law Commission Notes to Evidence Code section 452(h) explicitly states that probably "notice is not compulsory."

- 44 -

Revision

⁶⁵ In its objections, Cal Advocates did not mention its position favoring official notice in that governing and recent proceeding nor the *Securus* appellate decision itself.

⁶⁶ Cal Advocates claims entitlement to prior notice and an opportunity to contest officially noticed facts. Moreover, nothing in either the Commission's Rules of Practice and Procedure or the applicable statutory provisions of the California Evidence Code bars the taking of official notice in these proceedings after an evidentiary record closes. Indeed, the Law Commission Notes to Evidence Code section 452(h) explicitly states that probably "notice is not compulsory."

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Section 7 p. 45

Original

Cases since the Rate Case Plan took effect. (Emphasis added.)⁶⁷

However, the cited portion of the Rate Case Plan does not address the forecast of test year expenses. Its focus is on projecting expenses for the escalation and attrition years, for which it proposes multiplying the prior year's expenses by a CPI-U statistic calculated by the U.S. Department of Labor. The Rate Case Plan does not require, recommend, or promote the use of the same process to project a utility's test year expenses. The Rate Case Plan leaves the projection of test year expenses to whatever prudent, reasonable method the Commission finds appropriate in the circumstances.

Upon review of the record, we have substituted creation of memorandum accounts in place of the balancing accounts, as reflected in this decision.

We have also made corrections or clarifications to the body of the proposed decision where necessary in order to establish two memorandum accounts in place of the balancing accounts described in the ALJ's proposed decision.

Revision

~~Cases since the Rate Case Plan took effect. (Emphasis added.)⁶⁷~~

~~However, the cited portion of the Rate Case Plan does not address the forecast of test year expenses. Its focus is on projecting expenses for the escalation and attrition years, for which it proposes multiplying the prior year's expenses by a CPI-U statistic calculated by the U.S. Department of Labor. The Rate Case Plan does not require, recommend, or promote the use of the same process to project a utility's test year expenses. The Rate Case Plan leaves the projection of test year expenses to whatever prudent, reasonable method the Commission finds appropriate in the circumstances.~~

~~Upon review of the record, we have substituted creation of memorandum accounts in place of the balancing accounts, as reflected in this decision.~~

~~We have also made corrections or clarifications to the body of the proposed decision where necessary in order to establish two memorandum accounts in place of the balancing accounts described in the ALJ's proposed decision.~~

Section 7 p. 45, footnotes

Original

⁶⁷ Cal Advocates Opening Comments, at 16 (citing D.07-05-062).

Revision

~~⁶⁷ Cal Advocates Opening Comments, at 16 (citing D.07-05-062).~~

Ordering Paragraph 8, p. 57

Original

insurance shall be identified either as a deficit or surplusage; and (f) the next general rate case proceeding shall review and determine the appropriate disposition of the balance in the Group Health Insurance Memorandum Account and shall also review whether the Memorandum account is still necessary.

Revision

insurance shall be identified either as a deficit or surplusage; and (f) the next general rate case proceeding shall review and determine the appropriate disposition of the balance in the Group Health Insurance Memorandum Account and ~~shall also review whether the Memorandum account is still necessary~~the Memorandum account will be closed.

Regular Agenda | Orders and Resolutions

Item #2 [21528] – General Rate Case for Golden State Water Company

A.20-07-012

In the matter of the Application of the Golden State Water Company for an order (1) authorizing it to increase rates for water service by \$49,518,400 or 14.97% in 2022; (2) authorizing it to increase rates by \$16,107,100 or 4.22% in 2023 and increase rates by \$17,207,900 or 4.31% in 2024 in accordance with the Rate Case Plan; and (3) adopting other related rulings and relief necessary to implement the Commission's ratemaking policies.

Ratesetting

(Comr. Houck - Judge Ferguson)

PROPOSED OUTCOME:

- Approves Partial Settlement; Denies Consolidation of Two Rate Areas; Approves Request for Two New Balancing Accounts.
- Closes the proceeding.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this decision.

ESTIMATED COST:

- Average rate increase of all ratemaking areas combined is 8.1 percent of the rates in effect during 2021, rather than the 14.97 percent Golden State Water Company initially requested.

Regular Agenda | Orders and Resolutions (continued)

Item #18 [21636] – Local Agency Technical Assistance Grant Funding for Nine Non-Tribal Local Agency Applications

Res T-17793

PROPOSED OUTCOME:

- Recommends approval of \$5,120,972 in Local Agency Technical Assistance applications for Nine Non-Tribal Local Agency Applications, Exhausting the \$45M in Non-Tribal Local Agency funds.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- \$5,120,972.

Regular Agenda | Orders and Resolutions (continued)

Item #19 [21637] – California Advanced Services Fund Adoption Account Funding from the January 2023 Application Round

Res T-17786

PROPOSED OUTCOME:

- Approves one project proposal for \$135,625 and conditional approval of one project proposal for \$27,030 from the California Advanced Services Fund Broadband Adoption Account submitted in the January 2023 application round.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- \$162,655.00.

Regular Agenda | Energy Orders

Item #49 [21250] – Methodology to Calculate Unrealized Revenues Resulting from Public Safety Power Shutoffs

A.20-02-009, A.20-04-002 and A.20-06-001 - Related matters.

Application of Pacific Gas and Electric Company for Compliance Review of Utility Owned Generation Operations, Portfolio Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric resources, Utility Owned Generation Fuel Procurement, Diablo Canyon Seismic Studies Balancing Account, and Other Activities for the Record Period January 1 Through December 31, 2019.

Ratesetting

(Comr. John Reynolds - Judge Lau)

PROPOSED OUTCOME:

- Keeps the proceeding open for further consideration and record development on the issue of whether Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric Company (SDG&E) should return the revenue requirements that were unrealized during the 2019 Public Safety Power Shutoff (PSPS) events in 2019.
- Adopts a methodology to calculate the estimated unrealized revenues PG&E, SCE, and SDG&E will accrue during PSPS events.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this decision.

ESTIMATED COST:

- There are no costs associated with this decision.

Regular Agenda | Energy Orders (continued)

Item #49A [21634] – Commissioner John Reynolds' Alternate to Item 21250

A.20-02-009, A.20-04-002 and A.20-06-001 - Related matters.

Application of Pacific Gas and Electric Company for Compliance Review of Utility Owned Generation Operations, Portfolio Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric resources, Utility Owned Generation Fuel Procurement, Diablo Canyon Seismic Studies Balancing Account, and Other Activities for the Record Period January 1 Through December 31, 2019.

Ratesetting

(Comr. John Reynolds)

PROPOSED OUTCOME:

- Adopts a methodology to calculate the estimated unrealized revenues Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company will accrue during public safety power shutoff events.
- Closes the proceeding.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this decision.

ESTIMATED COST:

- There are no costs associated with this decision.

Regular Agenda | Energy Orders (continued)

Item #50 [21634] – Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2024-2031

A.22-02-005 , A.22-03-003, A.22-03-004, A.22-03-005, A.22-03-007, A.22-03-008, A.22-03-011, and A.22-03-012 - Related matters.

Application of Pacific Gas and Electric Company for Approval of 2024-2031 Energy Efficiency Business Plan and 2024-2027 Portfolio Plan.

Ratesetting

(Comr. Shiroma - Judge Fitch - Judge Kao)

PROPOSED OUTCOME:

- Approves the energy efficiency portfolios of nine portfolio administrators, with a total budget of \$4.3 billion over the period 2024-2027.
- Approves a new Rural Regional Energy Network to deliver efficiency benefits to rural consumers in four different regions of California.
- Includes emphasis on the equity and market support segments of the energy efficiency portfolios, by better defining underserved and hard-to-reach customers and communities, as well giving direction on the setting of goals, metrics, and indicators to evaluate outcomes in these segments.
- Closes the proceedings.

SAFETY CONSIDERATIONS:

- The programs authorized by this decision will contribute to installation of energy efficiency measures in homes and businesses throughout California, improving the reliability of natural gas delivery and the electricity grid by saving energy. Some measures funded by the programs may also improve health and safety, including indoor building air quality.

ESTIMATED COST:

- A total of \$4.3 billion over the four-year period 2024-2027, and a forecasted additional \$4.6 billion over the four-year period 2028-2031, from the ratepayers of Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company.

Management Reports



Item #51 [21659] –

Management Reports and Resolutions



Gas R&D Program Proposed Budget Plan for FY 2023-24

CEC Staff Presentation to CPUC Commissioners

June 29, 2023



Gas R&D Program Background

- Guided by California legislation and CPUC decisions/resolutions.
- Advances gas-related technology innovation and research.
- Supports state energy policy.
- Benefits gas ratepayers.
- Spans energy efficiency, renewable technologies, conservation, and environmental issues.
- Supports collaboration and co-funding opportunities.
- \$24 million annual budget.





Gas R&D Program Impact

\$311+ million awarded to advance **295+ projects** in California since 2004.

70%
OF GAS R&D FUNDS

Invested in projects located in a disadvantaged community, low-income community, or both.

\$6.1+
BILLION

In private investment received by awardees after being selected for a Gas R&D Program award.

23+
PROJECTS

Informed codes, standards, proceedings, or protocols, providing on average an **estimated \$65+ million** per year in energy cost savings.

Note: Estimates based on data through May 2022



Recent Investment Focal Areas



Resiliency, Health, & Safety

\$44 million invested



Gas System Decarbonization

\$16 million invested



Building Decarbonization

\$13 million invested



Low-Emission Transportation

\$16 million invested



Industrial & Agricultural Innovation

\$14 million invested



Proposed Research Areas

FY 2023-2024



*Air Pollutant Exposure Assessment
in CA Homes*



Gas System Decommissioning



Gas Leakage Mitigation



*Leveraging Cost Share
Opportunities*

FY 2024-2025



Fuel-Flexible Power Generation



Gas System Decommissioning



Gas Storage Monitoring



*Onboard storage & fuel
systems*



Air Pollutant Exposure Assessment in California Homes

Purpose: Develop an air pollutant exposure assessment framework to illuminate health implications of different cooking fuels in California residences.

Benefits:

- Provides data to improve indoor air quality and inform equitable building decarbonization.
- Responsive to CPUC Resolution G-3571.





Targeted Gas System Decommissioning

Purpose: Conduct gas system research informing decommissioning planning.

Benefits:

- Inform multi-level action and coordination on gas system transition.
- Facilitate strategies for decommissioning.
- Support technology innovation to suit the varied circumstances of gas system users.
- Create attractive and actionable transition pathways for communities.



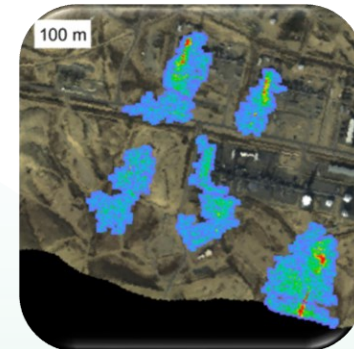


Innovative Gas Leakage Monitoring, Mitigation, and Prevention Solutions

Purpose: Advance technologies and techniques for addressing gas leakage for methane, hydrogen, and blends.

Benefits:

- Improve performance and cost-effectiveness of sensing technologies and leakage mitigation measures.
- Reduce risk of leakage incidents and exposure.
- Reduce climate-warming fugitive emissions.





Leveraging Cost Share Opportunities

Purpose: Provide federal or private cost share for projects consistent with the Gas R&D Program.

Benefits:

- Leverage Infrastructure Investment & Jobs Act and other federal funding.
- Foster state-federal R&D partnerships.
- Support larger R&D projects and co-funding.



Source: CEC Website
(Example of EPIC Cost Share GFO)



Next Steps

- FY2023-2024 Budget Plan Report: Submitted June 1, 2023
- FY 2022-2023 Gas R&D Annual Report: Due October 31, 2023
- FY2024-2025 Budget Plan: Due April 1, 2024

Thank you!

Item #51 [21659] –

Management Reports and Resolutions

CPUC Employee Recognition

1 Quarter 2023

S. Pat Tsen
Deputy Executive Director

June 29, 2023



California Public
Utilities Commission



CPUC Mission Statement

To empower California through access to safe, clean, and affordable utility services and infrastructure.

CPUC Core Values

The CPUC asks our employees to adhere to the standards of:



Accountability



Excellence



Integrity



**Open
Communication**



Stewardship

CPUC Employee Recognition Program

- Once per quarter, we request nominations from all CPUC employees – teams and individuals – of colleagues who merit recognition.
- We also request new volunteers each quarter to read the nominations and reach consensus on the awardees.

CATEGORIES:

Building Morale

Customer Service

Quality Improvement

Core Values

Leadership

Innovation

Outstanding Achievement

CPUC Employee Recognition

COLLABORATION

Executive Division

Melanie Wallace
Lori Misicka

BUILDS MORALE

Energy Division

Rona Banaga

CORE VALUES

Energy Division

Delia Drake

CUSTOMER SERVICE

Executive Division

Jill Walker

CPUC Employee Excellence

OUTSTANDING ACHIEVEMENT

Commissioner Shiroma's Office

Cheryl Wynn
Lisa Paulo
Jack Chang
Scott Mosbaugh
Ritta Merza

News & Outreach

Antoinette Siguenza
Julie Hall
Jill Walker
Maitee Rossoukhi
Eric Sawyer

Administrative Services

Andrew Dugowson
Rosalind Scott
Ryan Metzer
Shoaib Ur-Rehman
Misha Shukla
Jenny Yu
Harsh Thakar

Executive Division

Mark Smith
Kristi Stauffacher

CPUC Employee Excellence

QUALITY IMPROVEMENT

Administrative Services

Ryan Metzger

INNOVATION

Communications Division

William Veroski

LEADERSHIP

Communications Division

Brent Jolley
Lucia Magaña

Item #51 [21659] –

Management Reports and Resolutions

Commissioner's Reports



President
Alice Busching Reynolds



Commissioner
Genevieve Shiroma



Commissioner
Darcie L. Houck



Commissioner
John Reynolds



Commissioner
Karen Douglas

The CPUC thanks you for participating in today's meeting

The next Public Meeting will be:

July 13, 2023

11:00 a.m.

San Francisco





California Public Utilities Commission

cpuc.ca.gov