Docket		A. 23-08-010
Exhibit Number	:	Cal Adv - #
Commissioner	:	Genevieve Shiroma
Administrative Law Judge	:	Amin Nojan
Public Advocates Office	:	Sam Lam
Witness(es)	:	

PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION

Report and Recommendations on Golden State Water Company's General Office Expenses Budget, Conservation Program Budget, Special Request #2 and #3 [PUBLIC VERSION]

Los Angeles, California
February 27, 2024

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MEMORANDUM

The Public Advocates Office at the California Public Utilities Commission ("Cal Advocates") examined application material, data request responses, and other information presented by Golden State Water Company ("GSWC") in Application ("A.") 23-08-010 to provide the California Public Utilities Commission ("Commission" or "CPUC") with recommendations in the interests of ratepayers for safe and reliable service at the lowest cost. Mr. Mehboob Aslam is Cal Advocates project lead for this proceeding. Mr. Victor Chan is the oversight supervisor, and Ms. Crystal Yu and Mr. Brett Palmer are the legal counsels.

Although every effort was made to comprehensively review, analyze, and provide the Commission with recommendations on each ratemaking and policy aspect presented in the Application, the absence from Cal Advocates' testimony of any particular issue connotes neither agreement nor disagreement of the underlying request, methodology, or policy position related to that issue.

CHAPTER 1 – Conservation Program Budget

I. INTRODUCTION

This chapter presents Cal Advocates' analysis and recommendations related to GSWC's Conservation Program budget. GSWC's Conservation Program is a mix of conservation messaging, water-efficient technology rebates and installation, and water-use audits.[1]

GSWC proposes to maintain the current level of conservation programs and expenses approved in its 2020 GRC, escalated to a Test Year (TY) 2025 program budget of $1,116,189. The TY 2025 budget request is an 11% increase over the latest recorded five-year average of recorded program expenses.[2] Table 1-1 below presents the program budget breakdown for each district in TY 2025.

Table 1-1: GSWC's TY 2025 Conservation Program Budget Request[3]

District	TY 2025 Request
Arden Cordova	$ 132,488.0
Baypoint	$ 12,252.0
Clearlake	$ 4,143.0
Los Osos	$ 13,964.0
Santa Maria	$ 72,830.0
Simi Valley	$ 47,047.0
Region 2	$ 389,511.0
Region 3	$ 443,954.0
Total	$ 1,116,189.00

[1] https://www.gswater.com/conservation (accessed before February 27, 2024) and Testimony of Edwin DeLeon.

[2] Between 2018 – 2022.

[3] Testimony of Edwin DeLeon.

II. SUMMARY OF RECOMMENDATIONS

The Commission should adopt a conservation program expense budget of $1,116,189 for TY 2025. Both GSWC and Cal Advocates find the proposed budget reasonably support ratepayers to better comply with various ongoing and upcoming conservation legislations.[4] [5] The Commission should order GSWC to implement the following recommendations:

A. Allocate more monies to conservation measures that directly impact water-use efficiency.
B. Track and measure the change in water usage of customers participating in the audit programs, outdoor incentives program, and the direct install program.
C. Present post conservation program participation data in its next GRC.

III. ANALYSIS

GSWC's conservation program includes drought and conservation messaging, conservation initiatives, and the implementation of conservation efficient technology across its service districts.[6] The conservation program's spending level can vary from year to year. For example, COVID-19 had an unexpected impact on in-person community events between 2019 – 2022.[7] Between 2018 – 2022, the average annual Conservation Program cost is $1,007,379.

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[4] Testimony of Edwin DeLeon at 7.

[5] Legislations: AB 1668, SB 606, SB 555, SB 552.

[6] Testimony of Edwin DeLeon at 7.

[7] Response to DR SLM-007 (Conservation Expenses), Q.10. Attachment 1-1.

Table 1-2: District Breakdown of Recorded Conservation Program Expenses (2018 – 2022)

District	2018	2019	2020	2021	2022	Average
Arden Cordova	$ 40,332.00	$ 158,384.00	$ 115,466.00	$ 48,614.00	$ 113,666.00	$ 95,292.40
Baypoint	$ 10,887.00	$ 10,217.00	$ 342.00	$ 26,198.00	$ 4,387.00	$ 10,406.20
Clearlake	$ (1,173.00)	$ 313.00	$ 316.00	$ 11,800.00	$ 2,183.00	$ 2,687.80
Los Osos	$ 10,572.00	$ 2,728.00	$ 1,259.00	$ 22,905.00	$ 3,921.00	$ 8,277.00
Santa Maria	$ 17,390.00	$ 36,361.00	$ 3,619.00	$ 103,510.00	$ 36,556.00	$ 39,487.20
Simi Valley	$ 32,428.00	$ 3,459.00	$ 15,435.00	$ 122,248.00	$ 29,209.00	$ 40,555.80
Region 2	$ 554,082.00	$ 140,585.00	$ 212,450.00	$ 815,498.00	$ 290,340.00	$ 402,591.00
Region 3	$ 361,783.00	$ 651,140.00	$ 430,562.00	$ 250,160.00	$ 346,762.00	$ 408,081.40
Total	$ 1,026,301.00	$ 1,003,187.00	$ 779,449.00	$ 1,400,933.00	$ 827,024.00	$ 1,007,378.80

GSWC's TY 2025 conservation program expense budget request is $1,116,189. The budget request is an 11% increase over the average spent in the last recorded five-years. The proposed increase to the budget maintains similar level of conservation program expenditures as approved in GSWC's 2020 GRC and should assist ratepayers to comply with ongoing conservation legislation in this GRC cycle.[8]

Cal Advocates support cost-effective water conservation measures that improve water-use efficiency to advance the state's policy to make water conservation a way of life. Cal Advocates agrees with GSWC in reducing the budget allocated towards rebates and to increase the direct install budget allocation.[9] GSWC identified that some of the residential rebate applications for water-efficient appliances were for remodeling purposes.[10] For example, rebates would be offered to program applicants who would have purchased a water-efficient toilet regardless of whether a rebate was offered, thereby reducing the program's cost-effectiveness. Thus, the rebate program's budget should be reduced and allocated towards more valuable conservation measures.

It is necessary to reduce the budget GSWC allocates to conservation workshops. Conservation workshops are educational and do not have industry expectations that it will

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[8] Testimony of Edwin DeLeon at 7.

[9] Testimony of Edwin DeLeon at 11.

[10] Testimony of Edwin DeLeon at 23.

produce any measurable water savings.[11] While conservation workshops and messaging may be positive conservation measures, allocating more budget to conservation measures that are more likely to result in greater water-use efficiency increases the program's cost effectiveness.

Conservation program expenses should reflect a maximum allocation of 20% of the total budget towards conservation messaging and workshop related measures. The remaining 80% (or more) of the budget should be allocated to measurable conservation measures like the (1) residential audit program, (2) CII audits, (3) outdoor incentives, and (4) the direct install program. A customer's participation in water use audits and installation of water-efficient appliances can produce a measurable change in water use.

GSWC anticipates increasing spending on direct installs for California Alternate Rates for Water (CARW) customers.[12] GSWC should begin to track the percentage of conservation program participants that are CARW customers. This information is vital to ensure equal access and participation for all customers. At this moment, GSWC does not track whether a program participant is a CARW customer or not.[13] Under the direct install program, GSWC installs water-efficient products for residential and Commercial, Industrial, and Institutional (CII) customers and can bring forth measurable customer usage changes.[14] [15]

Lastly, GSWC should begin to track and collect the usage data from customers participating in the water audits, outdoor incentives, and direct install programs. It is important to understand the water conservation potential that is possible from each of the

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[11] Response to DR SLM-007 (Conservation Expense), Question 13. Attachment 1-1.

[12] Testimony of Edwin DeLeon at 11.

[13] Response to DR SLM-007 (Conservation Expense), Question 6, 12, 16, and 17. Attachment 1-1.

[14] Testimony of Edwin DeLeon at 21.

[15] CII customers are Commercial, Industrial, and Institutional customers.

conservation measures. This data can aid the Commission in measuring and assessing the performance of GSWC's conservation program.

IV. CONCLUSION

The Commission should authorize a TY 2025 conservation expense budget of $1,116,189. A maximum of 20% of the service area's conservation program budget should be allocated to conservation messaging and workshop related activities. The remaining 80% (or more) of the expense budget should be allocated to implementing conservation measures that directly impact water-use efficiency. GSWC should track the post-participation usage data from program participants and to track the CARW participation rate in conservation programs.

CHAPTER 2 – Executive Compensation Budget

I. INTRODUCTION

The TY 2025 Executive Compensation Budget covers the overall compensation of GSWC's eight executive officers. The compensation structure includes three components: (1) base salary, (2) short-term cash incentives (aka short-term incentives program or STIP), and (3) equity grants (aka long-term incentives program or LTIP). The eight executive officer positions are:[16]

1. President and Chief Executive Officer
2. Senior Vice President – Finance, Chief Financial Officer, and Secretary
3. Senior Vice President – Regulated Water Utility
4. Vice President – Asset Management
5. Vice President – Environmental Quality
6. Vice President – Finance, Treasurer, and Assistant Secretary
7. Vice President – Regulatory Affairs
8. Vice President – Water Operations

GSWC requests a TY 2025 Executive Compensation Budget of $8,060,600, summarized in Table 2-1.

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[16] Testimony of Jon Pierotti at 2.

Table 2-1: GSWC Executive Compensation Budget Request (TY 2025)[17]

GSWC Executive Compensation Budget Request (TY 2025)	
Compensation Component	**TY 2025 Amount**
Base Salary	$ 3,590,200
STIP	$ 1,877,200
LTIP	$ 2,593,200
Total	*$ 8,060,600*

GSWC requests to include $2,821,900 of the base salary budget in the annual revenue requirement for TY 2025.[18] The remaining portion of the base salary budget is recovered as part of the corporate overhead for capital projects, also to be paid for by ratepayers.[19] The STIP budget is derived based on the projected base salary and the target STIP award percentages.[20] The LTIP budget is based on the target grant awards.[21] In the 2014 GRC, the Commission authorized recovery of 50% of the annual STIP cost and denied recovery of the annual LTIP costs.[22] In this GRC, GSWC is requesting full recovery of the STIP and LTIP.

II. SUMMARY OF RECOMMENDATIONS

The Commission should authorize a TY 2025 Executive Compensation Budget of $3,153,700,[23] summarized in Table 2-2.

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[17] Testimony of Jon Pierotti at 21.

[18] Testimony of Jon Pierotti at 22.

[19] IBID.

[20] IBID.

[21] IBID.

[22] Decision 16-12-067.

[23] A budget difference of $4,906,900 = $8,060,600 - $3,153,700.

Table 2-2: Cal Advocates Recommended Executive Compensation Budget (TY 2025)

GSWC Executive Compensation Budget Recommendation (TY 2025)	
Compensation Component	**TY 2025 Amount**
Base Salary	$ 3,153,700
STIP	$ -
LTIP	$ -
Total	*$ 3,153,700*

The Commission should reaffirm its decision to deny the cost recovery of the LTIP. In addition, the Commission should deny the cost recovery of the STIP as it is tied to meeting specific performance targets that primarily benefit shareholders rather than ratepayers. Authorization of the STIP and LTIP budgets will burden ratepayers even if the STIP/LTIP performance targets are not met under GSWC's executive compensation requests. In essence, the total amount of performance-based compensation (STIP and LTIP) awarded is not guaranteed and ratepayers are not the primary beneficiary. Ratepayers should not pay for the incentives to GSWC executives to perform their basic management duties for which they already receive a base salary. Lastly, the Commission should direct GSWC to include municipal water utilities in future base salary related compensation analysis.

III. ANALYSIS

A. Base Salary

The Commission should adopt a TY 2025 executive base salary budget of $3,153,700. GSWC's proposed increase in executive salaries is unreasonable. <<BEGIN CONFIDENTIAL>>[redacted]

[redacted].[24] [redacted][25]

[redacted]

<<END CONFIDENTIAL>>

Cal Advocates recommend a TY 2025 executive base salary budget of $3,153,700, consistent to the compensation level last authorized. Still, ratepayers are on average compensating a significant amount of GSWC's executive salaries. The Commission should apply the same standards setting executive salary recovery from ratepayers and protect ratepayers from paying unreasonably large executive base salary compensations.[26]

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[24] RO Model, Workpaper: SEC-41_CONFIDENTIAL_Labor

[25] RO Model, Workpaper: SEC-41_CONFIDENTIAL_Labor

[26] Alternate Proposed Decision in (A.) 21-07-002 at 101.

GSWC presented a Peer Group compensation comparison, consisting of companies in similar industries (water, gas, electric utilities) and in similar size (annual revenues, net income, and market capitalization).[27] Notably, municipal water utilities are missing from the list of Peer Group compensation. The Commission should direct GSWC to include municipal water utilities in future base salary related compensation analysis. Whilst municipal water utilities may not be in similar *size* to GSWC (relative to annual revenues, net income, or market capitalization), they do share similar operations in providing a safe and adequate water supply to users.

B. Short-Term Incentives Program (STIP)

The Commission should deny GSWC's request to require ratepayers to pay for STIP costs. GSWC's STIP unfairly compensates executives for managing utility operations and for managing operations unrelated to GSWC.

There are 12 STIP objective performance measures applicable to GSWC executive officers.[28] Eight of the performance measures determine the STIP award for the Administrative and General Officers (which includes the President, the CFO, and the VP – Finance) and six of the performance measures determine the STIP award for the Operations Officers (which includes the Senior VP of Regulated Water Utility, the VP of Operations, Environmental Quality, Asset Management, and Regulatory Affairs).[29] The STIP performance measures are evaluated on a one-year basis and is a cash-based incentive.[30] Cal Advocates reviewed each STIP performance measure, regardless of which executive officer it applies to.

The 12 STIP objective performance measures are:[31]

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[27] Testimony of Jon Pierotti at 9.

[28] Testimony of Jon Pierotti at 14.

[29] Testimony of Jon Pierotti at 16.

[30] IBID.

[31] IBID.

(I.) Adjusted Earnings per Share of GSWC

(II.) Adjusted Earnings per Share of American States Water (AWR) Consolidated

(III.) Adjusted Earnings per Share of Regulated Utilities

(IV.) Adjusted Earnings per Share of American States Utility Services, Inc. (ASUS).

(V.) Capital Expenditure for GSWC

(VI.) Capital Expenditure for Regulated Utilities

(VII.) Customer Complaints for GSWC

(VIII.) Supplier Diversity Spending for GSWC

(IX.) Supplier Diversity Spending for Regulated Utilities

(X.) Safety Recordable Work Incident Rate for GSWC

(XI.) Sarbanes-Oxley Deficiencies for Regulated Utilities

(XII.) Sarbanes-Oxley Deficiencies for ASUS

In D.16-12-067 (GSWC 2014 GRC), the Commission found that STIP operating and individual performance metrics benefit ratepayers in ensuring that officers are carrying out directives and activities to ensure the operational safety and reliability of GSWC's utility systems.[32] This finding is no longer true. The Commission should deny recovery of the STIP budget from ratepayers as ratepayers should not pay for the cost of providing incentives to executives for non-GSWC related performances. Ratepayers also should not pay for the cost of providing incentives to executives for performing their basic and required management duties to manage utility operations.

1. Earnings per Share Related Metrics

Four of the 12 STIP performance measures are related to earnings per share metrics.[33]

[32] Decision 16-12-067 at 103.

[33] IBID.

(I.) Adjusted Earnings per Share American States Water (AWR) Consolidated – represents AWR Corporate earnings adjusted to remove certain one-time events.

(II.) Adjusted Earnings per Share Regulated Utilities – represents the earnings of AWR's two regulated utilities (Golden State and Bear Valley Electric Services, Inc.) adjusted to remove certain one-time events.

(III.) Adjusted Earnings per Share Golden State – represents the earnings of Golden State adjusted to remove certain one-time events.

(IV.) Adjusted Earnings per Share American States Utility Services, Inc. (ASUS) – represents earnings of ASUS adjusted to remove certain one-time events.

GSWC attempts to connect ratepayer benefits with shareholder benefits from achieving a targeted earnings per share through operational cost control under these STIP metrics.[34] However, achieving a targeted earnings per share primarily seeks to benefit shareholders. While it is true that the utility must keep costs under control to achieve earnings per share targets, ratepayers do not actually feel the impact of this cost control since rates have already been set in the GRC. It is hard to fathom why ratepayers should bear the sole responsibility of incentivizing effective cost control.

In GRC proceedings, the Commission sets rates based on a forecast of the utility's cost of operation. If the utility achieves efficiencies that result in cost reductions and budget savings, shareholders will receive that benefit because the utility's net income will be higher. A higher net income will then result in greater earnings per share. Meanwhile, ratepayer bills will not be lowered during the rate case cycle despite these budget savings.

Considering that shareholders can fund the STIP and LTIP from savings from the authorized budget, this can incentivize effective cost control whilst simultaneously reward the utility for effective cost control without increasing ratepayer's burden. Given that ratepayers have already funded the portion of expenses that are now a cost-savings, that portion of cost-saved can then be used to fund the STIP and LTIP.

[34] Testimony of Jon Pierotti at 26.

Three of the four earnings per share related performance measures applicable to GSWC executive officers extend beyond just GSWC's operations.[35] Furthermore, the Commission should prevent recovery from water ratepayers for costs related to AWR, Bear Valley Electric Services, Inc. (BVES), and ASUS.

2. Capital Expenditure Related Metrics

Two of the 12 performance measures are related to capital expenditure metrics.[36]

(I.) Capital Expenditure Regulated Utilities – represents the dollar amount of capital expenditures for AWR's two regulated utilities (GSWC and BVES).

(II.) Capital Expenditures GSWC – represents the total amount of capital expenditures for GSWC.

These two performance measures can create a conflict of interest. Suppose that the utility could save $100 in capital expenditures due to some operational savings but by doing so, it would mean a failed objective related to capital expenditure performance measures. Thus, the utility's executives have an incentive to spend the $100 in unnecessary capital expenditures to meet said performance measures. In addition, artificial capital expenditure goals may produce the Averch-Johnson effect, where rate of return regulation encourages a firm to invest more than necessary to maximize its return.[37]

3. Reasonable Operations

Ratepayers should also not pay for the cost of providing incentives to executives for managing utility operations which are measured through metrics such as "supplier diversity spending", "safety recordable work incident rate", and "customer complaints." The utility executives already are compensated by the ratepayers through the base salary

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[35] Testimony of Jon Pierotti at 14.

[36] IBID.

[37] Body of Knowledge on Infrastructure Regulation, Averch-Johnson Effect. Attachment 2-1.

to manage utility operations to ensure safe and reliable service, and to comply with regulatory standards and state policies. For more information relating to customer service, please see Cal Advocates Report and Recommendations on Customer Service, Environmental and Social Justice Action Plan and Robbins Expenses by Ama Serwaa.

C. Long-Term Incentives Program (LTIP)

The Commission should reaffirm its decision to deny the cost recovery of GSWC's LTIP budget from ratepayers. GSWC's LTIP grants are awarded annually, and it is a stock-based compensation that has both a time-vested aspect and a performance-based aspect, measured over a three-year period.[38] The LTIP performance metrics are:[39]

(I.) Total Shareholder Return (TSR) – The total shareholder return of AWR stock, including reinvestment of dividends, compared to the total shareholder return for each of the members of the TSR Peer Group over the three year performance period;[40]

(II.) Golden State Operating Expenses – The cumulative operating expenses (less adjustments) of the water operations of Golden State over the three-year performance period; and

(III.) ASUS Cumulative Net Earnings – The cumulative net income of ASUS and its subsidiaries over the three-year performance period.

Like the STIP performance measures, LTIP performance measures of total shareholder return (TSR) and operating expenses primarily benefit shareholders and not ratepayers, consistent with the Commission's finding in D. 16-12-067.[41] The third LTIP performance measure relates to the net earnings of ASUS (an unregulated affiliate of GSWC), and not to GSWC ratepayers. In addition, the LTIP provides incentives that the

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[38] IBID.

[39] IBID.

[40] The TSR Peer Group used to determine the TSR metric includes: American Water Works Company, Inc., Essential Utilities Inc., California Water Service Group, SJW Group, Middlesex Water Company, York Water Company and Artesian Resources Corporation.

[41] Decision 16-12-067 at 104.

STIP already provides, it is unclear why ratepayers should pay twice for that incentive. The Commission should reaffirm its previous decision and not authorize any cost recovery related to GSWC's LTIP.

IV. CONCLUSION

Ratepayers already pay for the base salaries of GSWC executive officers, with the expectation that they manage utility operations to ensure safe and reliable service, and to comply with regulatory standards and state policies. Ratepayers should not pay for the cost of providing incentives for executives to perform these basic duties, or to meet metrics that are primarily designed to benefit shareholders. Therefore, the Commission should adopt a TY 2025 Executive Compensation Budget of $3,153,700 to support the cost of the executive officers' base salaries and deny the recovery of costs related to STIP and LTIP from ratepayers.

CHAPTER 3 - General Office Administrative and General (A&G) Expenses

I. INTRODUCTION

This chapter contains analysis and recommendations for GSWC's General Office (GO) Administrative and General (A&G) expenses for Test Year (TY) 2025. Table 3-1 below shows GSWC's TY 2025 GO A&G expense forecast request.

Table 3-1: GSWC TY 2025 GO A&G Expenses Forecast Request

District	A&G Expenses Forecast
GO - Corporate Support	$ 30,908,998.0
GO - Utility Support	$ 4,904,263.0
GO - Central Operations	$ 19,854,265.0
GO - Total	$ 55,667,526.0

A&G expenses include (1) payroll expenses such as proposed positions and performance-based compensation for executives,[42] (2) pensions and benefits, (3) insurance expenses, and (4) injuries and damages expenses. GSWC's TY2025 budget request is a 31.8% increase over the last authorized budget of $42,229,500 (TY 2022).[43] GSWC's 2022 recorded GO A&G expenses is $41,642,276, the TY2025 budget request is a 33.7% increase over the 2022 recorded expenses.[44]

II. SUMMARY OF RECOMMENDATIONS

The Commission should adopt a TY 2025 GO A&G expenses budget of $48,934,051. Table 3-2 below summarizes the expense forecast recommendation breakdown by district. GSWC's payroll and benefits expenses should be adjusted to reflect Cal Advocates' elimination of 11 of 15 requested new positions. The Commission should also deny GSWC's request to require ratepayers to pay for non-executive

[42] Executive Compensation is discussed in Chapter 2 of this report.

[43] Minimum Data Request – Golden State Water Company – General Office, Item No.5.

[44] GSWC Results of Operations Model, W_Reports_All, SOE Summary.

performance-based compensation (Annual Bonus Program and Stock-Based Awards) because it is unnecessary and unreasonable for ratepayers to incentivize the standard managerial duties. Cal Advocates TY 2025 GO A&G budget recommendation is a 17.5% increase over the last authorized budget of $42,229,500 (TY 2022). Cal Advocates' budget recommendation is 12% (or $6,733,475) less than GSWC's budget request.

Table 3-2: Cal Advocates TY 2025 GO A&G Expenses Forecast Recommendation[45]

District	A&G Expenses Forecast
GO - Corporate Support	$ 26,343,206.0
GO - Utility Support	$ 4,607,944.0
GO - Central Operations	$ 17,982,901.0
GO - Total	$ 48,934,051.0

III. ANALYSIS

A. Historical Expenses Review

Cal Advocates reviewed GSWC's recorded expenses to evaluate if any non-recurring and significant expense items should be removed prior to escalation.[46] Expenses booked in a memorandum or balancing account should also be removed from forecasting rates in this GRC. Historical expenses also reflect expense reclassification, accruals, and various other accounting procedures, all of which contribute to the TY expense forecast foundation.

Cal Advocates conducted a random sample review of the 2022 recorded expenses in WUDF Accounts 79600 - Business Meals, 79700 - Regulatory Expenses, 79800 – Outside Services, and 79900 – Miscellaneous. The four accounts recorded expenses amounting to $10,406,704.74 in 2022. During discovery, GSWC provided information

[45] Cal Advocates Results of Operations Model, W_Reports_All, SOE Summary.

[46] Decision 04-06-018 at 44, significant expenses as being equal to or greater than 1% of TY gross revenues.

and explanations on whether an expense (1) is tracked in a memorandum account, and (2) if the expense was removed from forecasting rates in this GRC. Cal Advocates reviewed the nature of the transactions and the business relations between GSWC and its various venders. As a result of the review, Cal Advocates did not make any additional adjustments to the historical expenses.

B. New Positions

GSWC proposes to add a net of fifteen (15) positions in the General Office.[47] The Commission should adopt GSWC's request to eliminate the seven positions summarized in Table 3-2. GSWC identified seven adopted positions that are no longer needed.[48] The Commission should adopt GSWC's request to change the reporting assignment for the Customer Service Representatives (CSR) from the local customer service areas (CSA) to the Customer Service Center (CSC) and relating position title changes.[49] Table 3-3 summarizes Cal Advocates' new position recommendation.

Table 3-2: Position Eliminations

Position #	Title	GSWC Request	Cal Adv. Recommendation
9	Executive Support Associate	Eliminate	Adopt
84	General Clerk III	Eliminate	Adopt
87	General Clerk II	Eliminate	Adopt
89	General Clerk II	Eliminate	Adopt
90	General Clerk II	Eliminate	Adopt
113	Executive Support Associate	Eliminate	Adopt
262	Environmental Quality Support Analyst	Eliminate	Adopt

[47] Testimony of Jenny Darney-Lane at 3.

[48] Testimony of Jenny Darney-Lane at 2.

[49] Testimony of Paul J Rowley at 10.

Table 3-3: New Positions

Position #	Title	GSWC Request	Cal Adv. Recommendation
633X	Public Policy & Gov Affairs Manager	New Position	Deny
634X	Supply Chain Mgmt Analyst	New Position	Deny
635X	Sr. Digital Transform Analyst	New Position	Adopt
641X	Learn & Dev Administrator	New Position	Deny
642X	Cybersecurity Analyst	New Position	Adopt
643X	Service Desk Support Analyst, Sr.	New Position	Deny
644X	Systems Administrator	New Position	Deny
653X	Security Administrator	New Position	Deny
654X	Treatment/WQ Engineer	New Position	Deny
655X	SCADA Manager	New Position	Adopt
656X	Procurement Coordinator	New Position	Deny
660X	Inspector II	New Position	Deny
661X	Inspector II	New Position	Deny
662X	EAM Manager	New Position	Adopt
663X	Grant Administrator	New Position	Deny

1. Elimination of 7 Previously Authorized Positions

The Commission should adopt GSWC's request to eliminate the 7 previously adopted positions listed in Table 3-2. GSWC evaluated these positions and determined that they are no longer needed.[50] Table 3-4 below summarizes the position's authorization date and previous hire date.[51]

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[50] Testimony of Jenny Darney-Lane at 2.

[51] Response to DR SLM-012 (New Positions), Question 1.

Table 3-4: Position Elimination Request

Position #	Location	Title	Position Authorized	Previous Hire Date
9	GO-COPS	Executive Support Associate	D.07-11-037	Filled until July 2021
84	GO-Utility	General Clerk III	As early as GSWC's 1992 GRC.	Filled until November 2021
87	GO-Utility	General Clerk II	As early as GSWC's 1992 GRC.	Filled until April 2022
89	GO-Utility	General Clerk II	As early as GSWC's 1992 GRC.	Filled until December 2017
90	GO-Utility	General Clerk II	D.10-11-035	Filled until May 2012
113	GO-COPS	Executive Support Associate	D.10-11-035 (Transfer)	Filled until November 2020
262	GO-COPS	Environmental Quality Support Analyst	D.10-11-035 (Transfer)	Filled until April 2020

As GSWC states, these positions are currently unfilled and GSWC determined that the positions are no longer needed in its request to eliminate the positions.[52] Note that two of the positions have been unfilled prior to 2020; General Clerk II (Position #90) has been unfilled as of May 2012 and General Clerk II (Position #89) has been unfilled as of December 2017.

2. New Position Request: Public Policy & Government Affairs Manager (633X)

The Commission should deny GSWC's request to require ratepayers to pay for a new position, Public Policy & Government Affairs Manager, to represent GSWC's interests beyond the CPUC regulatory environment.[53] The Senior Vice President (Sr. VP) of Regulated Water Utility in conjunction with the Vice Presidents (VP) that report

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[52] Testimony of Jenny Darney-Lane at 2.

[53] Response to DR SLM-012 (New Positions), Question 21. Attachment 3-1.

to the Sr. VP of Regulated Water Utilities monitor the Federal and State legislative, regulatory and public policies.[54] Policy monitoring activities are distributed among the various departments reporting to each VP.[55] The position creates redundancy as the Sr. VP of Regulated Water Utility is the single point of contact that all policy monitoring activities flows to. The Commission should deny GSWC's request to require ratepayers to pay for this new position.

3. New Position Request: Supply Chain Management Analyst (634X) and Procurement Coordinator (656X)

The Commission should deny GSWC's request to require ratepayers to pay for two new positions because the utility has not properly demonstrated the need for the Supply Chain Management Analyst and Procurement Coordinator. GSWC presented the number of transactions growth and explained that the two new positions would ensure there are adequate resources to effectively support the timely bidding and execution of contracts for construction and operational projects.[56] However, GSWC did not present actual instances or examples of concern. It is not evident that GSWC has had any issues with the timely bidding and execution of contracts for construction and operational projects. The Commission should deny GSWC's request to require ratepayers to pay for these two new positions to support workload gaps that do not exist.

4. New Position Request: Sr. Digital Transform Analyst (635X)

The Commission should adopt this new position request. The Sr. Digital Transform Analyst will assist with digitizing existing paper-based business processes in addition to supporting the Data Warehouse Project. More information regarding the Data

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[54] IBID.

[55] IBID.

[56] Testimony of Paul J Rowley at 29.

Warehouse Project can be found in the Cal Advocates Report on the General Office Plant and Cost Adders by Justin Menda.

5. New Position Request: Learning and Development Administrator (641X)

The Commission should deny GSWC's request to require ratepayers to pay for a new position, Learning and Development Administrator (L&D Admin). The position is a reclassification of the Environmental Quality Support Analyst position (elimination requested in this GRC). GSWC explains that the L&D Admin will assist GSWC's Operators with Department of Drinking Water (DDW) certification exams and renewals, in addition to help make learning more engaging and effective.[57] At this time, GSWC has over 200 certified operators and shows that there is no issue with the existing process.[58] GSWC's operators are capable of the certification renewal process and the position request adds little to no value for ratepayers. As such, GSWC's ratepayers should not pay for the cost of an unnecessary position.

6. New Position Request: IT Positions - Cybersecurity Analyst (642X), Service Desk Support Analyst Sr. (643X), Systems Administrator (644X)

The Commission should adopt the Cybersecurity Analyst (642X) position request. Hiring a Cybersecurity Analyst will increase GSWC's cybersecurity resources from two (2) to three (3) staff.[59] The increase in cybersecurity resources allow GSWC to achieve the recommended protection against cybersecurity threats, consistent with the assessment and findings of the Cyber Defense Group (CDG).[60]

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[57] Testimony of Paul J Rowley at 28.

[58] IBID.

[59] Testimony of Daniel Diaz at 52.

[60] IBID.

The Commission should deny GSWC's request to require ratepayers to pay for a new position, Service Desk Support Analyst Sr. (643X). GSWC currently employs 4 full time Service Desk staff with consultants to maintain a reasonable IT service level for GSWC employees.[61] As such, GSWC's current Service Desk staffing level is reasonable and sufficient. In addition, the proposed hiring of this position does not reflect a decrease in consultant needs. The Commission should deny this position request because GSWC's current IT service level is sufficient.

The Commission should deny GSWC's request to require ratepayers to pay for a new position, Systems Administrator (644X). GSWC provides a study from the Computer Economics on Server Support Staffing Ratios to support its understaffing claims.[62] Despite what the study claims, GSWC has demonstrated that current staff is able to support the existing workload at their 102 physical servers and 376 Virtual Servers across multiple remote offices.[63] As such, the Commission should deny this position request.

7. New Position: Physical Site Security Administrator (653X)

The Commission should deny GSWC's request to require ratepayers to pay for a new position, Physical Site Security Administrator (Security Admin) (653X). GSWC suggests that the position is needed to manage the centralization and strengthening of GSWC security systems to manage risk, protect GSWC employees, and to safeguard GSWC assets.[64] Referring to Cal Advocates Report and Recommendations on Customer Service, Environmental and Social Justice Action Plan and Robbins Expenses by Ama Serwaa, GSWC's existing security measures sufficiently meet the Commission's

[61] Testimony of Daniel Diaz at 54.

[62] Testimony of Daniel Diaz at 58.

[63] Testimony of Daniel Diaz at 59.

[64] Testimony of Paul J Rowley at 24.

standards. GSWC should continue to approach security measures on a project by project and facility by facility basis, with local staff overseeing the implementation of access control, intrusion and surveillance systems.[65] Alternatively, GSWC should contract third-party services to develop a Companywide comprehensive physical security program for all GSWC facilities, including plant sites, reservoirs, offices, and water system assets,[66] and the utility can seek cost recovery in the next GRC, subject to a prudency review.

8. New Position: Treatment/Water Quality Engineer (654X)

The Commission should deny GSWC's request to require ratepayers to pay for a new position, Treatment/Water Quality Engineer (654X) (WQE). The Environmental Quality department has seven WQE positions – one associated with each district.[67] Given the disparity in the size of the various GSWC districts, the WQE team provides cross-district support maintaining regulatory and technical compliance, maintaining reports, and conducting field inspections across all districts.[68] The position request is unnecessary and is redundant. Each WQE can provide district specific knowledge and support the utility's regulatory and technical compliance needs, in addition to providing support to other districts as needed.

9. New Position: SCADA Manager (655X)

The Commission should adopt the SCADA Manager (655X) position request. The SCADA Manager will support GSWC's SCADA program and reduce GSWC's reliance on consultant services. In addition, this request will help ratepayers save $220,000

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[65] Testimony of Paul J Rowley at 25.

[66] IBID.

[67] Testimony of Paul J Rowley at 19.

[68] IBID.

annually in SCADA related consultant costs and is reflected in the adjustments to the GO's A&G expenses.[69]

10. New Position: Two Construction Inspector II (660X and 661X)

The Commission should deny GSWC's request to require ratepayers to pay for two Construction Inspector II (660X and 661X) positions. GSWC suggests that additional staff is necessary because capital expenditure has increased. Capital expenditure is not a good measure of workload as material costs can affect capital expenditure. For example, if construction material costs increased from the year prior, that does not represent an increased workload. In addition, GSWC fails to demonstrate how the mix of existing staffing level and consultant services fails to manage the workload. In addition, the two position requests do not reflect any costs savings as even with the additional positions, GSWC will still need to retain consultant services.[70]

11. New Position: Enterprise Asset Management Manager (662X)

The Commission should adopt the Enterprise Asset Management Manager (662X) position request. The position will assist with the implementation of the Enterprise Asset Management System (EAMS) and help coordinate asset management activities.[71] See Cal Advocates Report on the General Office Plant and Cost Adders by Justin Menda for more information on EAMS.

12. New Position: Grant Administrator (663X)

The Commission should deny GSWC's request to require ratepayers to pay for a new position, Grant Administrator (663X). GSWC explains that existing staff applies for

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[69] Testimony of Paul J Rowley at 33.

[70] Testimony of Paul J Rowley at 36.

[71] IBID.

grant funding when the opportunity arises and has shown capability in managing grant applications that span across multiple years.[72] For example, a $7.2 million funding application for the construction of improvements in the Robbins community spans across multiple years and is sufficiently lead by the water quality manager.[73] The Grant Administrator position request is unnecessary given the current process.

C. Healthcare Insurance Expenses

The Commission should reject GSWC's healthcare insurance budget forecast of $7,251,735 for TY 2025 and instead adopt a TY 2025 healthcare insurance budget of $6,145,539.[74] GSWC forecasts its health insurance premiums based on the recommendations of its insurance broker.[75] The insurance broker estimates growth of approximately 13.8% per year for the preferred provider and HMO options of the Medical Plan and 6.2% for the two dental insurance options.[76] "GSWC's estimates are higher than trend rates for the medical insurance cost nationwide"[77] and GSWC's estimates are unjustified. Table 3-4 below compares the National Health Expenditure (NHE) trend projections versus GSWC's trend projections.

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[72] Response to DR SLM-012 (New Positions), Question 12. Attachment 3-1.

[73] IBID.

[74] A difference of $1,106,196.

[75] Testimony of Matt Currie at 21.

[76] IBID.

[77] IBID.

Table 3-4: Projected Healthcare Annual Trends (2024-2027)[78]

Year	Medical Annual Trend		Dental Annual Trend		Vision Annual Trend	
	NHE Trend Projection	GSW Trend Projection	NHE Trend Projection	GSW Trend Projection	NHE Trend Projection	GSW Trend Projection
2024	5.1%	13.8%	5.2%	6.2%	N/A	2.0%
2025	5.4%	13.8%	4.6%	6.2%	N/A	2.0%
2026	5.3%	13.8%	4.2%	6.2%	N/A	2.0%
2027	5.3%	13.8%	3.9%	6.2%	N/A	2.0%

GSWC claims that its increase request falls within the expected range for health care cost increases across all industries but that is simply untrue.[79] For example, GSWC's medical annual trend projection is 150.9% greater than the annual nationwide trend.[80] It is unclear why GSWC's healthcare insurance premiums are projected to increase at a rate greater than the NHE's projections. Alternatively, healthcare insurance cost projections by the Centers for Medicare & Medicaid Services (CMS), Health Affairs, and the Congressional Budget Office falls closer to the (5.1% - 5.4%) NHE trend projections.[81] The Commission should authorize a healthcare insurance budget of $6,145,539 for TY 2025 as the budget better reflects market projections by the NHE. The recommended budget is a 15.25% ($1,106,196) reduction of GSWC's budget request.[82]

D. Defined Benefit Pension Plan

The Commission should adopt a TY 2025 Defined Benefit (DB) Pension Plan expense forecast of $3,653,533. The expense forecast is based on the historic 5-year recorded average. GSWC's forecasts a TY 2025 DB Pension Plan expense forecast of

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[78] Response to DR SLM-008 (Insurance), Attachment SLM-008 Q.13c Trend Projections 2023 GRC. Attachment 3-2.

[79] Testimony of Matt Currie at 24.

[80] 155.55% = (13.8% - 5.5%) / (5.5%)

[81] Attachments 3-3, 3-4, 3-5.

[82] A budget difference of $1,106,196 = $7,251,735 - $6,145,539

$5,790,600, based on the estimates from the actuary, Mercer.[83] However, actual results may differ significantly from the costs currently anticipated for reasons such as changes in the discount rate and actual return on plan assets.[84] Given the volatility related to this expense, the Commission has previously authorized GSWC to establish and continue using a two-way Pension and Benefits Balancing Account (PBBA) to track the differences between the forecasted annual pension expenses adopted in rates and the actual annual expenses to be recorded in accordance with Accounting Standards Codification (ASC) No. 715.[85] As of June 30, 2023, GSWC has a net over-collection of $1,150,1000 accumulated and recorded in the PBBA.[86] The Commission should adopt a conservative TY 2025 DB Pension Plan expense forecast given the unknown volatility of this expense and to prevent ratepayers from paying a premium on said expense prior to it being actually incurred.

E. Defined Contribution Program

The Commission should adopt a TY 2025 Defined Contribution Program expense forecast of $1,001,193 per GSWC's request. The forecast is based on the recorded 5-year average (2018 – 2022) and adjusted for recorded participation growth. The recorded growth is based on the increase in participation resulting from either retirements or employee turnover.

F. Annual Bonus Program

The Commission should deny GSWC's request to recover the Annual Bonus Program expenses (of $899,000 in TY 2025) from ratepayers.[87] GSWC's annual bonus

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[83] Testimony of Gladys Farrow at 3.

[84] IBID.

[85] Testimony of Gladys Farrow at 5.

[86] Testimony of Gladys Farrow at 6.

[87] Testimony of Gladys Farrow at 20.

program provides a cash incentive to managers and directors (non-officer level employees) for achievement of selected performance goals, such as "achieving the combined total budgeted amounts", capital expenditure metrics, customer service metrics, and for compliance with regulatory and federal standards.[88] This program is similar to GSWC's STIP. Ratepayers already compensate GSWC managers and directors fairly through the base salary, they should not be burdened with additional costs to incentivize reasonable and just water services.

G. Stock-Based Awards

The Commission should deny GSWC's request to recover the Stock-Based Awards expenses (of $312,700 in TY 2025) from ratepayers.[89] GSWC's Stock-Based Awards program grants time-vested stock-based awards to managers and directors (non-officer level employees).[90] Like GSWC's LTIP, the Commission should reaffirm its decision to deny GSWC's request to recover this cost from ratepayers.[91]

H. Office and Field Location Study

The Commission should deny GSWC's request to recover an additional $500,000 from ratepayers in TY 2025 to perform a study on the benefits of owning property for office and field locations. The Commission should reaffirm its stance on the "used and useful" doctrine of ratemaking, ratepayers should only be required to bear reasonable costs of those projects which provide direct and ongoing benefits or are used and useful in providing adequate and reasonable service to ratepayers. It is uncertain if the land survey is likely to be used and useful during this GRC. As such, the Commission should

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[88] Response to DR SLM-016 (Director and Manager Bonus Plan), Attachment SLM-016 Q1 2022 GSWC Director Manager Bonus Plan Final. Attachment 3-6.

[89] Testimony of Gladys Farrow at 21.

[90] Response to DR SLM-016 (Director and Manager Bonus Plan), Attachment SLM-016 Q1 2022 GSWC Director Manager Bonus Plan Final. Attachment 3-6.

[91] Decision 16-12-067.

refrain from allowing GSWC to recover the costs of this survey from ratepayers at this time.

IV. CONCLUSION

The Commission should adopt a TY 2025 GO A&G expenses budget of $48,934,051. GSWC's payroll and benefits expenses should be downwardly adjusted to consider the number of positions authorized rather than the number requested by GSWC, while performance-based executive compensation should be eliminated to protect ratepayers from unreasonably burdensome rates.

CHAPTER 4 – General Office Operation and Maintenance (O&M) Expenses

I. INTRODUCTION

This chapter contains Cal Advocates' analysis and recommendations for GSWC's General Office (GO) Operation and Maintenance (O&M) expenses for Test Year (TY) 2025. Table 4-1 below shows the TY 2025 GO O&M expense forecast.

Table 4-1: GSWC TY 2025 GO O&M Expenses Forecast

District	O&M Expense Forecast
GO - Total	$ 5,382,404.0

O&M expenses are comprised of Common Customer Account, Postage, Operation Labor, and all other O&M expenses. TY 2025 forecasts are estimated based on the historical averages, trends, and specific test year estimates in accordance with the Rate Case Plan (Decision 07-05-062).

II. SUMMARY OF RECOMMENDATIONS

The Commission should adopt a TY 2025 GO O&M expenses budget of $5,028,211.9. The forecast reflects estimates based on a five-year inflation adjusted average and denying recovery of various one-time expenses that do not benefit ratepayers. Cal Advocates' budget recommendation is 6.6% (or $354,192.07) less than GSWC's budget request.

III. ANALYSIS

A. One Time Adjustments

The Common Customer Account expenses are mainly for billing supplies. The Commission should deny GSWC's request to include an additional $110,197 in expenses added to the Utility Support Services to support the transitioning of 97,000 customers from bi-monthly billing to monthly billing.[92] The conversion process is on track to be completed in 2023.[93] As the process is set to complete before this GRC's TY2025, the increased costs related to transitioning customers from bi-monthly billing to monthly billing has been accounted for in the rates the Commission adopted in the last GRC. Thus, the request to add an additional $110,197 to O&M expenses is redundant.

Postage expenses are related to customer billing and notices.[94] The Commission should deny GSWC's request to include an additional $254,602 to the Centralized Operations Support to support the transitioning of customers from bi-monthly billing to monthly billing.[95] Similar to the Common Customer Account expenses, the increased cost related to transitioning 97,000 customers from bi-monthly to monthly billing prior to TY 2025 has been captured by the last GRC's adopted rates. Thus, the request to add an additional $254,602 to O&M expenses is redundant.

IV. CONCLUSION

The Commission should adopt a TY 2025 GO O&M expenses budget of $5,028,211.9. The forecast reflects estimates based on a five-year inflation adjusted average and deny recovery of various one-time expenses that do not benefit ratepayers.

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[92] Testimony of Marcus Gomez at 37.

[93] IBID.

[94] IBID.

[95] Testimony of Marcus Gomez at 38.

CHAPTER 5 – General Office Allocations

I. INTRODUCTION

This chapter presents Cal Advocates' analysis and recommendations regarding GSWC's proposed allocation of the General Office (GO) costs among the subsidiaries of American States Water Company (AWR). AWR subsidiaries consists of three wholly owned subsidiaries: GSWC, Bear Valley Electric Services, Inc. (BVES), and American States Utility Services, Inc. (ASUS).[96]

GSWC proposes the following GO allocation rates, calculated based on the four-factor allocation method:[97]

Table 5-1: GSWC Proposed GO Allocation Rates

General Office Allocation (Dollars in Thousands)									
	Utility Plant		Customers		Expenses		Labor		Four Factor
GSWC	$ 2,100,097	67.5%	263,096	91.4%	$ 156,857	79.8%	$ 18,978	61.6%	75.1%
BVES	$ 177,165	5.7%	24,681	8.6%	$ 23,113	11.8%	$ 3,493	11.3%	9.3%
ASUS	$ 834,195	26.8%	8	0.0%	$ 16,646	8.5%	$ 8,319	27.0%	15.6%
TOTAL	$ 3,111,457	100.0%	287,785	100.0%	$ 196,616	100.0%	$ 30,790	100.0%	100.0%

II. SUMMARY OF RECOMMENDATIONS

The Commission should adopt Cal Advocates' recommended allocation rates to allocate GO expenses and plant investments across AWR subsidiaries, presented in Table 5-2 below.

Table 5-2: Cal Advocates Recommended GO Allocation Rates

General Office Allocation (Dollars in Thousands)									
	Utility Plant		N/A		Expenses		Labor		Three Factor
GSWC	$ 2,100,097	67.5%	-		$ 156,857	79.8%	$ 18,978	61.6%	69.6%
BVES	$ 177,165	5.7%	-		$ 23,113	11.8%	$ 3,493	11.3%	9.6%
ASUS	$ 834,195	26.8%	-		$ 16,646	8.5%	$ 8,319	27.0%	20.8%
TOTAL	$ 3,111,457	100.0%	-		$ 196,616	100.0%	$ 30,790	100.0%	100.0%

[96] Testimony of Jenny Darney-Lane at 28.

[97] Testimony of Jenny Darney-Lane at 37.

Cal Advocates' recommended allocation rates removes the number of customers factor from the Commission's four-factor methodology. The recommended GO allocation methodology eliminates the unfair treatment of using the number of customers as a factor to allocate more costs to GSWC's ratepayers. Elimination of the number of customers factor ensures that GSWC ratepayers do not unfairly subsidize the costs of ASUS operations. The Commission should direct GSWC to calculate the number of customers served under ASUS' military contracts so that the Four-Factor methodology can be properly used to allocate GO expenses.

III. ANALYSIS

A. Affiliate Relations

American States Water (AWR) is the parent company of GSWC, Bear Valley Electric Services, Inc. (BVES), and American States Utility Services, Inc. (ASUS).[98] There are no employees at the AWR parent level, and it performs no functions.[99] GSWC's Corporate Support performs the functions and services expected of the AWR's corporate office and allocates these costs to AWR's subsidiaries, GSWC, ASUS, and BVES.[100] BVES provides electrical services in San Bernardino County adjacent to Big Bear and Baldwin Lake.[101] ASUS provides water and/or wastewater utility services on eleven military bases located throughout the United States, with each military contract representing a customer in GSWC's GO allocation methodology.[102]

[98] Testimony of Jenny Darney-Lane at 26.

[99] Testimony of Jenny Darney-Lane at 27.

[100] IBID.

[101] IBID.

[102] Testimony of Jenny Darney-Lane at 29.

B. Number of Customers Factor

Using the number of contracts as a substitute for the number of customers ASUS serves in the traditional four-factor allocation unfairly allocates a larger portion of GO expenses to GSWC. Said substitution does not accurately reflect the nature and extent of the services provided by ASUS. Table 5-3 below compares the number of customers with the 2022 recorded revenues of each entity.[103]

Table 5-3: Comparison of Number of Customers and Revenue for GSWC and Affiliates

Number of Customers and Revenue (Dollars in Thousands)					
Entity	Revenue		Customers		Revenue per Customer
GSWC	$ 340,602	69.3%	263,096	91.4%	$ 1.29
BVES	$ 39,986	8.1%	24,681	8.6%	$ 1.62
ASUS	$ 110,940	22.6%	8	0.003%	$ 13,867.50
TOTAL	*$ 491,528*	*100.0%*	*287,785*	*100.0%*	

ASUS customers represent 0.003% of all customers served by AWR while generating 22.6% of AWR's total revenues. Using the number of contracts as the number of customers for ASUS in the four-factor allocation methodology does not accurately reflect the size of the enterprise being studied and shifts a larger than necessary portion of GO expenses to GSWC.

In contrast, the Commission found that using the total labor costs as a factor for allocating general office costs between GSWC and its affiliates is more reasonable, as labor cost reflect the nature and extent of the work actually performed for the entity under consideration.[104] The same misrepresentation found in the number of employees factor exists in the number of customers factor when ASUS contracts are presented as a single customer.

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[103] Response to DR SLM-013 (GO Allocation), Q.6. Attachment 5-1.

[104] Finding of Fact 16 in Decision 07-11-037.

However, revenues are not a suitable substitute for the number of customers according to the CPUC's Four Factor Memo: "Gross revenues are not used, since the allocations are made for the purpose of fixing service rates and such revenues would change with a change in rates, thereby changing the allocated amounts."[105]

ASUS was awarded a 50-year contract by the U.S. government to operate, maintain, and provide construction management services for the water distribution and wastewater collection facilities at Naval Air Station Patuxent River (on August 17, 2023) and awarded a $45,000,000 firm-fixed-price contract for water and wastewater utility services at Joint Base Cape Cod (on September 29, 2023).[106] GSWC's GO Four-Factor Allocation calculation is based on recorded 2022 data and does not reflect the two new contracts.[107] In addition, substitution of the number of customers factor with a revenues factor in the GO Four-Factor Allocation calculation would ignore the revenues from these two new contracts and again, unfairly shift more GO costs to GSWC ratepayers.

The Commission should uphold its decision in D.12-04-009, where it rejected Suburban Water Systems' (Suburban) request to count its affiliate contracts as equivalent customers and removed the number of customers factor from GO allocations.[108] The decision states that "Counting each contract as a single customer, while counting Suburban as over 75,000 customers, is not credible, therefore it is not fair or reasonable." [109] Despite discovery efforts, GSWC did not provide the number of customers served on the military base and as a result, the number of customers factor should not be used in

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[105] CPUC Standard Practice U-6-W at 2.

[106] Per Advice Letters filed on September 1, 2023 and October 23, 2023. Attachment 5-2 and 5-3, respectively.

[107] Response to DR SLM-013, Q.1. Attachment 5-1.

[108] Suburban Water Systems GRC A. 11-04-009, Decision 12-04-009 at 17.

[109] IBID.

this GRC to allocate GO expenses.[110] The Commission should direct GSWC to calculate the number of customers served under ASUS' military contracts so that the Four-Factor methodology can be properly used to allocate GO expenses.

IV. CONCLUSION

Cal Advocates' recommended allocation rates removes the number of customers factor from the Commission's four-factor methodology. The recommended GO allocation methodology eliminates the unfair treatment of using the number of customers as a factor to allocate more costs to GSWC's ratepayers. This ensures that GSWC ratepayers do not unfairly subsidize the costs of ASUS operations.

[110] Response to DR SLM-013 (GO Allocations), Q.5.a. Attachment 5-1.

CHAPTER 6 - Special Request #2 (Water Conservation Advancement Plan) and Special Request #3 (Sales Reconciliation Mechanism)

I. INTRODUCTION

In 2020, the Commission concluded its Water Revenue Adjustment Mechanism (WRAM) pilot program.[111] The program was implemented for the primary purpose of conservation and to protect utilities from revenue shortfalls from lower than adopted sales due to conservation from implementation of conservation rate design and conservation programs.[112] Ultimately, the Commission found that the WRAM pilot program has proven to be ineffective in achieving its primary goal of conservation.[113]

As a result, the Commission ordered the WRAM utilities[114] to transition from using the WRAM/Modified Cost Balancing Account (MCBA) and to utilize a Monterey-Style WRAM/Incremental Cost Balancing Account (ICBA) in each utility's next General Rate Case (GRC).[115] For GSWC, the timing of the transition is the current GRC. The Commission finds that to keep rates just and reasonable, [the Commission] must preclude use of the WRAM/MCBA mechanism in future GRCs, while continuing to allow use of the M-WRAM with an ICBA.[116]

New legislation[117] requires the Commission to *consider* reinstituting a revenue decoupling program in a water utility's GRC. GSWC requests authority to implement a

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[111] Decision 20-08-047 at 2.

[112] Decision 20-08-047 at 52.

[113] Decision 20-08-047 at 2.

[114] The five WRAM utilities are: California Water Service, Golden State Water Company, California-American Water, The Park Water Company, and Apple Valley Ranchos Water.

[115] Decision 20-08-047 at 72.

[116] Decision 20-08-047 at 99.

[117] Senate Bill 1469, as amended, codified Section 727.5 of the Public Utilities Code on September 30, 2022.

revenue decoupling program, the Water Conservation Advancement Plan (WCAP), in this GRC. The WCAP includes two new balancing accounts: the Water Consumption Revenue Balancing Account (WCRBA) and the Water Consumption Cost Balancing Account (WCCBA).[118] The WCAP is designed to accommodate fully decoupled revenues and sales; tracking the differences between recorded and Commission-authorized volumetric revenues and expenses.[119] The WCRBA and the WCCBA balancing accounts operate identical to the WRAM and MCBA that GSWC has used since 2008.[120] GSWC's proposed WCAP tracks the difference between actual and Commission-authorized volumetric (quantity-rate) revenues and costs, like the previous WRAM pilot program. Although GSWC has presented a new name for its proposed decoupling mechanism, the WCAP would function identically to the WRAM, which was eliminated in two Commission decisions (Decision 20-08-047 and Decision 21-09-047) that the Commission is currently defending before the California Supreme Court.[121]

Having compared the conservation result of water utilities with WRAM to those with the M-WRAM, the Commission found that "the flaws and negative customer experience with [WRAM] outweigh any benefits it does achieve."[122] The revenue and rate impacts of the WRAM/MCBA amounts are implemented through balancing accounts for recovery through surcharges or sur-credits. When actual sales are less than adopted sales used in establishing a revenue requirement, the revenue shortfall, less offsetting marginal expenses, is surcharged to customers in addition to their regular tariffed rates.[123] Despite having an insignificant impact on conservation, the WRAM produced significant

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[118] Testimony of Keith Switzer at 2.

[119] IBID.

[120] Testimony of Keith Switzer at 3.

[121] Case No. S269099, *Golden State Water Company v. Public Utilities Commission*.

[122] Decision 20-08-047 at 69.

[123] Decision 20-08-047 at 55.

impacts on ratepayers' bills, largely in the form of misunderstood surcharges. It is unlikely that the average customer understands how the WRAM works, consequently, customers experience frustrating multiple rate increases due to GRC test year, attrition year, WRAM/MCBA, and other offsets.[124] As a result, the WRAM has produced hundreds of millions of dollars in additional revenue and profit for utilities during the decade in which it operated.[125]

The Commission found that the WRAM/MCBA transfers risk for utility operations from shareholders to ratepayers, eliminates the incentives to efficiently manage water production expenses, and eliminates the incentive to accurately forecast sales in a GRC.[126] In addition, both the WRAM/MCBA and the M-WRAM/ICBA mechanisms are independent of low-income ratepayer impacts.[127] Both mechanisms are also independent of ratepayer conservation efforts that are primarily driven by rate design considerations and that rate design and rate impacts are independent of whether a utility has a WRAM or M-WRAM.[128] The M-WRAM/ICBA grants water utilities a rate adjustment mechanism that is more limited and allows water utilities to recover lost revenues constrained to the difference between conservation tiered rates and single, uniform rates.[129]

II. SUMMARY OF RECOMMENDATIONS

The Commission should consider new and compelling evidence that further demonstrates the harm caused by WRAM and that there was marginal difference in

[124] Decision 20-08-047 at 56.

[125] Refer to Schedule E of the Annual Reports of Class A Water Utilities (2009 to 2021).

[126] Decision 20-08-047 at 53.

[127] IBID.

[128] IBID.

[129] Decision 20-08-047 at 71.

conservation outcomes when comparing WRAM and M-WRAM utilities over the 10+ year pilot program. The Commission should affirm its decision to eliminate the WRAM and deny GSWC's request to implement the functionally identical WCAP.

The Commission should instead transition GSWC to a M-WRAM but require a renaming of this mechanism to remove its misleading association with Monterey, California, and to avoid needless confusion with the eliminated WRAM mechanism. The M-WRAM should be renamed to the Conservation Revenue Adjustment Program. The new name better relates the M-WRAM to the Commission's finding that the M-WRAM grants water utilities a rate adjustment mechanism that is more limited and allows water utilities to recover lost revenues constrained to the difference between conservation tiered rates and single, uniform rates.[130]

The Commission should reject GSWC's request to maintain its existing Sales Reconciliation Mechanism (SRM) with proposed modifications. The modifications are:

1. The adjustment would be made to all adopted sales forecast in a ratemaking area, if the trigger is met.
2. A semi-annual evaluation of the difference between recorded and adopted sales, in addition to the current annual evaluation.
3. No upward adjustment in adopted sales would occur if Schedule 14.1 is active in the ratemaking area.

III. ANALYSIS

The WRAM pilot program provided the Commission with a natural experiment that has produced useful empirical data demonstrating what the WRAM actually does (or does not) accomplish. The pilot program allowed for data collection of more than a million customers over a decade, with far fewer uncontrolled variables than what might be possible again.[131] The Commission's experiment allows for a comparison of actual

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[130] Decision 20-08-047 at 71.

[131] An uncontrolled variable is a variable in an experiment that has the potential to negatively impact the relationship between the independent and dependent variable. This can cause false correlations, improper analysis of results and incorrect rejections of a null hypothesis.

consumption results of the nine investor-owned water utilities in the state of California, operating within a single regulatory jurisdiction with similar state-wide conservation messaging over the same period. The WRAM pilot program has produced observable results, where one need not speculate on what might or might not have happened.

The WRAM tracks the difference between authorized quantity rate revenues and actual billed quantity-rate revenues over a calendar year period and recovers any shortfall or returns any over-collected amount via a quantity-based surcharge or a meter-based sur-credit, respectively.[132] The MCBA tracks the difference in authorized water production expenses (purchased water, purchased energy, and pump taxes) and actual water production expenses over a calendar-year period.[133]

The M-WRAM was adopted to protect the utility from reduced revenues collected under tiered rates (conservation rate design) as compared to a uniform rate design.[134] The M-WRAM tracks the difference in billed quantity-rate revenues at actual sales over a calendar year period between the adopted tiered rate design and a revenue-neutral uniform rate.[135] The ICBA tracks the differences in the authorized prices of water production components and actual water production price components.[136] The ICBA protects utilities from changes in the prices of water production components from what was adopted in establishing authorized rates.[137] The M-WRAM/ICBA better captures the revenue and expense changes from conservation related changes in consumption.[138]

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[132] Decision 20-08-047 at 51.

[133] Decision 20-08-047 at 52.

[134] IBID.

[135] IBID.

[136] IBID.

[137] IBID.

[138] Decision 20-08-047 at 71.

A. WRAM's Marginal Impact on Conservation

The WRAM and MCBA were first implemented in 2008 and were developed as part of a pilot program to promote water conservation. The WRAM/MCBA (1) severed the relationship between sales and revenue with the intention of removing disincentives for the utility to implement conservation rates and programs.[139] The WRAM/MCBA adjusts for all water consumption reductions, not just consumption reductions due to implementing conservation.[140] It is difficult to parse out consumption declines due to the sole effects of conservation programs and rate designs from other contributing factors such as weather, drought, economic effects, or inaccurate sales forecast. Therefore, the WRAM/MCBA goes well beyond removing a utility's disincentive to promote conservation.[141]

GSWC states that GSWC and other WRAM companies have achieved greater reduction in per capita usage than the companies with a M-WRAM, a comparison of a 29% reduction in per capita usage amongst WRAM utilities versus a 24% reduction for M-WRAM utilities.[142] It would be unfair to assume that the WRAM pilot program is the sole reason behind the additional water savings for WRAM utilities when compared to M-WRAM utilities. The Commission has found that multitude of factors, such as conservation programs and rate designs effects, can affect conservation efforts.[143]

While annual changes in consumption varied considerably from 2010 to 2021, the pattern of change is not significantly different between water utilities with WRAM and without WRAM. Figure 1[144] below presents the data provided by all Class A water

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[139] Decision 20-08-047 at 55.

[140] IBID.

[141] IBID.

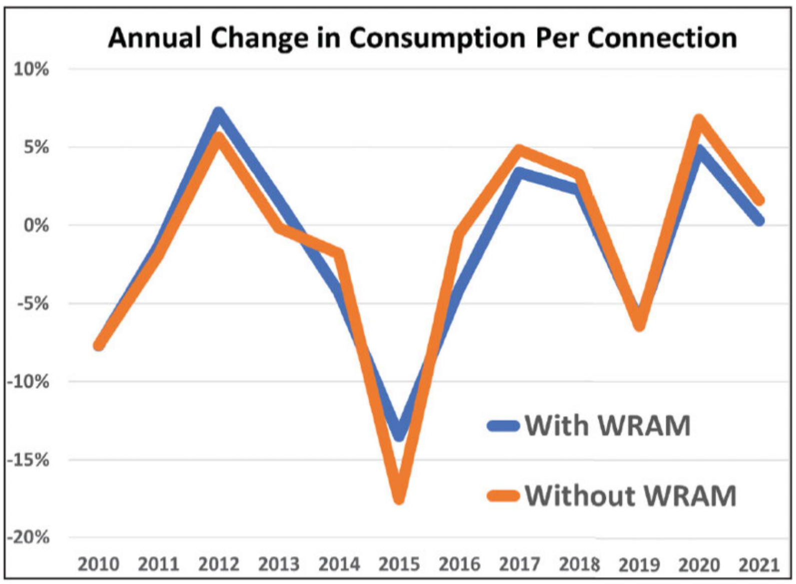
[142] Testimony of Keith Switzer at 3.

[143] Decision 20-08-047 at 101, Finding of Facts 7.

[144] Public Advocates Office Report and Recommendations on Cal Am's Special Request #1 at 6.

utilities in their most recent Annual Reports to the Commission. For all practical purposes, there is little difference in water consumption pattern between the customers of WRAM and non-WRAM utilities. A ratepayer's water consumption will fluctuate regardless of if the water utility has a WRAM or non-WRAM. Consumption can change due to effects of conservation programs, rate designs, weather, drought, economic effects, or inaccurate sales forecast.[145] The WRAM is not a conservation measure, the WRAM merely adjusts for the changes in water consumptuion from the adopted sales forecast. In addition, the Commission found that conservation for WRAM utilities measured as a percentage change during the last 5 years is less than conservation achieved by non-WRAM utilities.[146]

Figure 1



GSWC unfairly compares the collective reduction in per capita usage between WRAM and non-WRAM utilities.[147] A proper comparison of WRAM versus M-WRAM (without WRAM) per capita reduction in water consumption between the nine Class A

[145] Decision 20-08-047 at 101, Findings of Fact 7.

[146] Decision 20-08-047 at 102, Finding of Facts 14.

[147] Testimony of Keith Switzer at 3.

water utilities would consider the utilities' rate design structure and conservation programs. In fact, conservation is not driven by whether WRAM exists or not; conservation of water use is by customers, not the utility.[148]

The major purpose of adopting the WRAM/MCBA was to decouple sales from revenues and thus promote conservation.[149] However, the WRAM/MCBA adjusts for all water consumption reductions, not just consumption reductions due to implementing conservation.[150] As such, the WRAM (and GSWC's WCAP request) is unfit for conservation revenue adjustment purposes. The M-WRAM better protects utility from reduced revenues collected due to conservation programs and conservation rate designs as the M-WRAM tracks the difference in revenues collected under a tiered rate design (conservation rate design) compared to a uniform rate design.

In fact, observing the conservation efforts within the different GSWC customer service areas further support that the WRAM has had a marginal effect on customer's conservation efforts. Table 5-2 below shows the annual usage per customer across GSWC's customer service areas between 2008 through 2022.[151] GSWC implemented conservation rates and the WRAM in 7 of its 8 ratemaking districts. The Clearlake district (highlighted in Table 5-2 below) did not have conservation rate design and WRAM due to the low level of water usage in that district already.[152] Despite not having a conservation rate design nor a WRAM in the Clearlake district, customers still managed to conserve through the years, albeit at a relative lower percentage given their already low water usage relative to other districts. For reference, an average residential customer in the Clearlake district uses 5.92 CCF of water per month in 2008 (or 71 CCF per

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[148] Decision 20-08-047 at 102, Findings of Fact 12.

[149] Decision 20-08-047 at 101, Findings of Fact 4.

[150] Decision 20-08-047 at 101, Findings of Fact 7.

[151] Testimony of Keith Switzer at 19.

[152] IBID.

year).[153] The Commission defined 6 CCF as the monthly quantity of water necessary for basic human needs for a household (aka essential indoor usage per household).[154] Dating back to 2008, residential customers in the Clearlake district consumes water at a level close to what the Commission defines as a household's essential use per month in 2022. It would be unreasonable to expect customers in the Clearlake district to conserve at a similar level (or percentage conserved) as customers in other districts. However, it is evident that without WRAM and a conservation rate design, ratepayers in Clearlake still managed to make positive progress in conservation through other conservation measures.

Table 5-2

Annual Usage per Customer
Residential Customers
(ccf/customer/year)

	REGION 1						REGION 2	REGION 3
	Arden Cordova	Bay Point	Clearlake	Los Osos	Santa Maria	Simi Valley	Region 2	Region 3
2008	201	131	71	143	275	208	150	202
2009	203	110	70	134	263	184	141	186
2010	202	102	68	116	229	158	131	168
2011	240	100	65	109	224	159	132	166
2012	224	101	67	108	239	170	132	174
2013	230	102	70	105	238	171	133	172
2014	180	92	63	90	217	162	128	168
2015	142	81	57	72	168	129	111	133
2016	144	82	58	68	162	129	111	136
2017	161	86	60	68	165	135	113	141
2018	159	86	57	68	171	143	146	146
2019	156	87	57	66	160	136	137	137
2020	171	95	63	71	174	147	117	151
2021	161	91	62	71	175	151	112	148
2022	142	86	57	68	160	125	104	135
Percent change in average usage between 2008 and 2022								
	-29.3%	-34.2%	-19.5%	-52.5%	-41.9%	-39.8%	-30.6%	-33.2%

Thus, WRAM does not appear to be the sole driving force behind the success in conservation for WRAM utilities as GSWC suggests. We can reasonably observe that other conservation factors impact consumption, consistent with the Commission's

[153] 5.92 CCF per Month = 71 CCF per year ÷ 12 months

[154] Decision 20-08-047 at 105.

finding.[155] Thus, eliminating WRAM and transitioning GSWC to the M-WRAM will not negatively impact water conservation efforts.

B. WRAM Harms Ratepayers

Despite WRAM having little direct impact on ratepayers' water consumption, it has had a profound impact on ratepayers' monthly bills. Between 2010 through 2022, GSWC ratepayers have paid a total of $192 million dollars in WRAM and MCBA related surcharges.[156] As of November 30, 2023, GSWC's WRAM and MCBA account balances is an under collection of $46.6 million. By the end of the WRAM and MCBA's pilot program lifecycle (2010 – 2024), GSWC's ratepayers would have paid in excess of $238.6 million in surcharges.[157] The WRAM has caused an extraordinary amount of additional financial stress and confusion to ratepayers since its inception. GSWC's WCAP request will be no different, given that the WCAP's balancing accounts (WCRBA and WCCBA) operate like the WRAM/MCBA.

1. WRAM Can Generate Extraordinary Profits

The operation of WRAM allows utilities to collect the unearned revenues that were once assumed to be necessary, rather than the revenue needed to provide water service. This allows utilities to not only exceed authorized return without any regulatory oversight for reasonableness, but also enables utilities to receive additional profits at times when the utility is already exceeding its authorized profit.

Consider this example presented in Cal Advocates' report in California American Water Company's GRC (Application 22-07-001).[158] A hypothetical utility has an annual

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[155] Decision 20-08-047 at 102, Findings of Fact 7.

[156] Response to DR SLM-010 (Water Conservation Advancement Plan), Q.3 WRAM/MCBA Surcharges and Refunds. Attachment 6-1.

[157] IBID.

[158] Public Advocates Office Report and Recommendations on Cal Am's Special Request #1 (A.22-07-001).

budget (i.e., revenue requirement) authorized at $100, which includes the cost of financing.[159] During the year, a decline in sales results in total revenue of $95 and not the estimated revenue of $100 used to set rates and meet the assumed cost of operations. During the same period, the actual cost of operations turns out to be only $90, once again including the cost of financing. Shareholders have already received their authorized profit contained within the $90 cost of operations plus they receive an additional $5 in profits as the difference between the revenue collected ($95) and the actual costs of operations ($90). This is traditional utility ratemaking, and the excess profit is typically allowed under the assumption that the reduced cost of operations is the result of the utility achieving productivity improvements.[160]

At significant and unnecessary ratepayer expense, the WRAM can add another layer of utility profit on top of the excess profits already generated. In keeping with the above example, WRAM does not calculate the difference between the revenue collected ($95) and the actual costs of operating the system ($90), as doing so would cause the utility to return the $5 in excess profits. Rather insidiously, WRAM calculates the difference between the revenue collected ($95) and the revenue that was assumed to be necessary ($100), which generates an additional $5 in excess profit on top of the $5 in excess profit the utility has already received.

The Commission should reaffirm its decision (D. 20-08-047) and deny GSWC's WCAP request as the proposed program is similar to the WRAM pilot program, in which the Commission ordered water utilities to transition away from.

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[159] The cost of financing is typically the interest a utility pays on debt and the profits paid to shareholders.

[160] In actuality, the reduced cost of operations can be for any reason, including the utility not completing all the programs or capital spending that it forecasted and included in customer rates.

2. WRAM Unfairly Shifts Risk from Utility to Ratepayers[161]

Forecasting is a foundational core of ratemaking, and it is undeniable that the decoupling WRAM is inextricably tied to water sales forecasting.[162] A utility must develop forecasts and there is always a risk that a forecast will deviate from reality. Hence, a utility and its shareholders are compensated for that risk through the Commission-authorized rate of return. However, as seen in the example provided above, when actual sales are lower than forecasted, the WRAM immunizes utilities from all risks and instead, places the risk of inaccurate forecasting onto ratepayers.[163]

For a water utility with WRAM, any loss in revenues from housing foreclosures, earthquakes, fires, floods, mudslides, or any other natural or man-made disaster can be automatically attributed to conservation efforts and recovered from ratepayers through surcharges. The elimination of WRAM/MCBA and rejection of the WCAP is necessary to provide the utility the incentive to more accurately forecast sales while still providing the utility the ability to earn a reasonable rate of return.[164]

C. Financial Disincentive to Promote Conservation Does Not Exist

There is a notion that the WRAM eliminates the financial disincentive to implement conservation rates and programs,[165] but this is untrue. The general idea that because utility revenues are tied to sales volume and thus, any conservation program that reduces water consumption also reduces utility revenue streams makes theoretical sense. However, this financial disincentive to promote conservation does not exist in a GRC

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[161] Decision 21-08-047 at 53.

[162] Decision 21-09-047 at 5.

[163] IBID.

[164] Decision 20-08-047 at 104.

[165] Testimony of Keith Switzer at 12.

environment as the conservation effects already are embedded in the adopted conservation (tiered) rates. The tiered rates adopted in a GRC cycle include consideration of revenue and expense forecasts, such that rates are set to be revenue neutral and that utility shareholders earn a reasonable rate of return. In order to support a utility's operations and to achieve revenue neutrality, the GRC enables a utility to charge higher prices for each unit of water to accommodate a reduction in sales.

Decision 20-08-047 states that sales forecasts should incorporate the following factors:

> 1. Impact of revenue collection and rate design on sales and revenue collection.
> 2. Impact of planned conservation programs.
> 3. Changes in customer counts.
> 4. Previous and upcoming changes to building codes requiring low flow fixtures and other water-saving measures, as well as any other relevant code changes.
> 5. Local and statewide trends in consumption, demographics, climate population density and historic trends by ratemaking area.
> 6. Past sales trends.

As such, a financial disincentive to promote conservation does not exist in a GRC environment as the disincentives are accounted for and mitigated through adopted rates.

D. WRAM is Not Necessary to Promote Conservation

Cal Advocates promotes cost-effective conservation and water-use efficient measures. In each GRC, Cal Advocates reviews and supports millions of dollars for water conservation programs. In the current GRC, Cal Advocates supports a conservation program budget exceeding $3 million.[166]

The WRAM's theoretical basis requires the assumption that any reduction in water usage is the result of unplanned (yet intentional) actions taken by the utility between GRCs. In contrast, the actual thoughtful and deliberate conservation programs

[166] See Chapter 1 of this Report for Cal Advocates' conservation program budget recommendation.

implemented by the utilities are planned, evaluated, and implemented within GRCs. Furthermore, the costs of these conservation programs and the anticipated reduction in water usage and revenue are incorporated within customer rates as a part of the ratemaking process in a GRC. As such, the utility suffers no loss to its authorized profits for achieving the anticipated conservation goals. Continued monitoring and adjustment of the conservation programs ensures that both ratepayer funds are spent prudently and that the water utility's authorized profit remains completely unaffected by achieving conservation goals.

The WRAM is part of a larger package of actions to promote conservation[167] and the Commission found the WRAM proven to be ineffective in achieving its primary goal of conservation.[168] The need and ability to achieve water conservation did not originate with WRAM and will not end with the elimination of this costly and ineffective program.

E. WRAM Does Not Incentivize Low-Income and Low-Use Customer Conservation

GSWC claims that the WRAM and MCBA program has been proven to incentivize conservation and provide financial benefits to low-use and low-income customers. That is false. The WRAM (and related WCAP request) does not incentivize low-income and low-use customers to conserve. An appropriately crafted conservation rate design sends price signals to customers to conserve and provides financial incentives to low-use customers. The low-income ratepayer relief program (previously known as Low-Income Rate Assistance program or the Customer Assistance Program) is responsible for low-income ratepayer rate relief. Contrary to GSWC's claims, the WRAM (and related WCAP request) does not enable GSWC to maintain its conservation rate design.[169] The Commission has found rate design and rate impacts to be independent

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[167] Testimony of Keith Switzer at 17.

[168] Decision 20-08-047 at 2.

[169] Testimony of Edwin DeLeon at 6.

of whether a utility has a WRAM or M-WRAM; the WRAM and M-WRAM are also independent of low-income ratepayer impacts.[170]

The benefits of the conservation rate design and the low-income ratepayer relief program should not be attributed to WRAM. Conservation rate design and low-income programs (or mechanisms) can continue to exist without the WRAM. In fact, it is hard to fathom how a pilot program that resulted in an estimated excess of $238.6 million in surcharges (since 2010) protects GSWC's low-income and low-use customers who have actively helped the State reach conservation goals. The Commission found no evidence that eliminating the WRAM will decrease conservation incentives for customers but found the impact of the unanticipated WRAM surcharges on low-income and low-use customers problematic.[171]

F. Water Consumption Cost Balancing Account (WCCBA)

The Commission should reject GSWC's request to utilize the WCCBA in conjunction with the M-WRAM.[172] Instead, the Commission should authorize GSWC to transition to the M-WRAM and ICBA in this GRC. The WCCBA tracks the differences between actual supply-related costs (including the cost incurred for purchase water, purchased power, groundwater assessment fees) and adopted supply-related costs, like the existing Modified Cost Balancing Accounts (MCBA).[173] The Commission should reaffirm its decision to transition water utilities from the WRAM/MCBA to the M-WRAM/ICBA in D. 20-08-047.[174]

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[170] Decision 20-08-047 at 54.

[171] Decision 20-08-047 at 68.

[172] Testimony of Keith Switzer at 75.

[173] Testimony of Keith Switzer at 63.

[174] Decision 20-08-047 at 72.

G. Sales Reconciliation Mechanism

The continued authorization of the SRM is problematic because it enables GSWC to modify the sales forecast in between GRCs and thereby significantly modifying the cost of service outside the GRC process. This is a departure from the Commission's Rate Case Plan (Decision 07-05-062), which provides for significant rate changes only within the GRC proceeding. The SRM also has the potential to create administerial issues for the Commission. For example, a cost-of-service calculation would be performed based on the outcome of GSWC's GRC and then again after each year to accommodate the SRM adjustments. In addition, the SRM creates issues with customer planning, forecasting, and billing. Ratepayers could experience multiple rate changes in a single year under the proposed modifications, leading to further confusion and frustration with the GRC's ratemaking process. The SRM and with its proposed modifications do not provide benefits to ratepayers and reduces the importance of the adopted sales forecast. Lastly, with the elimination of WRAM, the SRM will no longer serve its intended purposes to stabilize large WRAM balances.[175] The Commission should remove the SRM in this GRC.

IV. CONCLUSION

Whether its performance is reviewed in aggregate or individually, the WRAM pilot program has demonstrably failed to achieve its primary purposes of conservation.[176] WRAM has had insignificant conservation effects, but it has produced a significant impact on ratepayers' bill and increased ratepayers' confusion and frustration with the related surcharges. Between 2010 through 2022, GSWC has amassed a cumulative balance of $192 million in WRAM surcharges that are collected from all ratepayers (including low-income customers and low-use customers). The Commission should

[175] Alternate Proposed Decision in (A.) 21-07-002 at 113.

[176] Decision 20-08-047 at 2.

reaffirm the two prior decisions it is currently defending before the California Supreme Court to eliminate the WRAM pilot program. In keeping with these decisions, the Commission should deny the WCAP and instead, authorize GSWC to transition to a M-WRAM program, renamed the Conservation Revenue Adjustment Program.

The Commission should reject GSWC's request to maintain its existing SRM with modifications for all the districts if the Commission rejects the WCAP request (Special Request #2). The SRM was authorized to help stabilize revenues and to control increasingly large WRAM balances.[177] Thus, the SRM is no longer necessary with the elimination of the WRAM. In addition, the SRM does not provide benefit to ratepayers and may lead to further confusion and frustration with the GRC's ratemaking process.

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[177] Preliminary Statement part BT.

ATTACHMENTS

ATTACHMENT 1-1: Response to DR SLM-007 (Conservation Expenses).

September 27, 2023

To: Sam Lam, Public Advocates Office
CALIFORNIA PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Subject: Data Request SLM-007 (A.23-08-010) Conservation Expenses
Due Date: September 21, 2023 Extension Due Date: September 27, 2023

Dear Sam Lam,

In response to the above referenced data request number, we are pleased to submit the following responses:

Question 1:
Provide the recorded annual conservation expenses between 2018 – 2022, separated by conservation program, in Excel format.

a. Provide the authorized annual conservation expense budget between 2018 – 2022, separated by conservation program, in Excel format.

Response 1:
Response is pending and will be send by September 29.

Question 2:
Explain how residential, commercial, industrial, institutional ("CII"), and public customers can apply and participate in "Outdoor Landscape" programs (p.9).

Response 2:
GSWC's income-qualified, residential, commercial, industrial, institutional ("CII"), and public customers can apply and participate in all of GSWC's conservation programs including "Outdoor Landscape" programs by logging into GSWC's website - https://www.gswater.com/conservation and selecting Conservation Rebates & Programs.

Customers select their appropriate service area and scroll to RESIDENTIAL or COMMERCIAL (Commercial/Institutional and Large Landscape Programs). Some service areas are directed to regional partner programs, such as the Metropolitan Water District's SoCalWaterSmart program to apply for rebates, which GSWC generally matches.

GSWC's RESIDENTIAL customers can download the Residential Terms and Conditions & Rebate Application under "Download Application" https://acrobat.adobe.com/link/review?uri=urn%3Aaaid%3Ascds%3AUS%3Ab43a06db-8977-4968-b13b-bc6675fd45cf

Customers can follow the Application Steps on the right side of the application.

Per instructions on the page – "You can inquire about these programs by contacting us at conservation_dept@gswc.com or call us at (800) 999-4033."

GSWC'S Commercial/Institutional and public customers can download the Commercial Terms and Conditions & Rebate Application Terms & Conditions and Application at the end of the Commercial section - https://acrobat.adobe.com/link/review?uri=urn%3Aaaid%3Ascds%3AUS%3A4a65543d-acdb-458f-9d82-30cdf5d446cd

Customers can follow the Application Steps on the right side of the application.

Per instructions on the page – "You can inquire about these programs by contacting us at conservation dept@gswater.com or call us at (800) 999-4033."

Question 3:
Explain how multifamily and commercial/public institutions can apply and participate in (1) audits and (2) indoor/outdoor retrofits and measurement (p.9).

Response 3:
Please see Response to Question 2 as the same application contact information applies for these customers as well.

Question 4:
Explain how Homeowner Associations can apply and participate in (1) audits and (2) landscape retrofits (p.10).

Response 4:
Please see Response to Question 2 as the same application contact information applies for these customers as well.

Question 5:
Explain how Low-Income customers can apply and participate in indoor product delivery and installs (p.10).

a. Do Low-Income customers have access to other conservation programs beyond the indoor product delivery and install program? If yes, list what conservation programs Low-Income customers can participate in, and explain how said customers can apply for such programs.
b. "[Indoor product delivery and install] will continue to be provided in some capacity" (p.10).
   i. Explain what "some" capacity means.
   ii. Is this a reduction in the capacity of how Low-Income customers can participate in conservation programs?
   iii. How does this new capacity differ from the historic (2018-2022) capacity in which Low-Income customers can participate in conservation programs?

Response 5:

a. In addition to indoor product delivery and installation, all GSWC conservation and rebate programs are available to income-qualified customers. The Region 2 list of conservation programs for Region 2 Income Qualified customers can be found on GSWC's conservation website (Southwest Rebates and Programs) https://www.gswater.com/sites/main/files/file-attachments/southwest-csa.pdf?1593474357

   Income Qualified customers can apply online at https://www.gswater.com/conservation, inquire about these programs by contacting GSWC's Conservation Department at dept@gswater.com, or by calling GSWC's Customer Service Department at (800) 999-4033. Customers apply for all rebates through GSWC, except where noted in Region 2 and parts of Region 3. Programs noted would apply at www.socalwatersmart.com. GSWC's partners fund and manage the noted rebate programs. For example, West Basin Municipal Water District has grant funded programs that target disadvantaged communities ("DAC") that GSWC partners with and provides supplemental marketing.

b.
   i. "Some" capacity is dependent on locating income-qualified customers willing to participate in the income qualified program. Apartment and multifamily complexes are generally not owned by renters or tenants. GSWC offers income qualified program and conducts them based on the owner agreeing to participate in the programs.
   ii. No, this is not a reduction in the capacity of how income-qualified customers can participate in conservation programs.
   i. This capacity does not differ from the historic (2018-2022) capacity in which Low-Income customers can participate in conservation programs.

Question 6:
Historically, what percentage of customers participating in GSWC's conservation rebate program are low-income customers? Provide supporting documents if possible.

Response 6:
GSWC does not know what percentage of customers participating in GSWC's conservation rebate program are low-income customers. GSWC does not track rebates by income status and has not tracked income-qualified customers applying for rebates.

Question 7:
What is the total proposed TY 2025 budget for direct distribution and install for targeted California Alternate Rates for Water (CARW) customers in GSWC's systems? What percentage of this budget is a direct result of the proposed decrease to the rebate program?

Response 7:
"Multifamily Direct Install Program – Multifamily complexes where tenants do not directly pay for water and have a low awareness of their water use[,] are a significant opportunity for the direct install of UHETs and other high efficiency products. The water savings opportunities are much higher on a per capita basis than residential." (Prepared Testimony of Edwin DeLeon 25, 29, 31, 33, 35, 38). GSWC is requesting dollars for the Multifamily Direct Install program, but the total amount budgeted in this program for CARW customers cannot be determined. GSWC does not know the number of (CARW) customers that will participate.

Question 8:
Does GSWC's proposed significant reduction to in-house rebates for high-efficiency clothes washers, residential ultra-high efficiency toilets (UHET), outdoor incentives, and drip irrigation programs affect residential, commercial, industrial, institutional, and multifamily customers across the board?

a. Is the proposed reduction for residential customers only? If so, explain why.

Response 8:

a. "GSWC is proposing a significant reduction in in-house rebate processing as well as incentive levels for the following products/programs…", "GSWC proposes to reduce or discontinue residential rebates for UHETs and focus on direct distribution and install for targeted California Alternate Rates for Water ("CARW") customers in our systems." (Prepared Testimony of Edwin DeLeon p. 11). It was anticipated that the proposed reduction would be for residential customers. GSWC can pivot as needed and offer these rebates but needs to have flexibility to help meet future drought conditions and AB 1668/SB 606 water use standards.

Question 9:
Are there any costs associated with GSWC's partnership with the regional programs listed on p. 12 – 13? If so, please explain what the costs are.

a. Does GSWC have prior experience in partnership with the regional programs listed on p. 12 – 13? If so, explain the capacity in what the partnership was and how it benefited GSWC's customers for all past partnership agreements between 2018 – 2022.

Response 9:

a. Yes, GSWC has had prior experience in partnership with regional programs.

    1. Statewide - CalWEP (Previously California Urban Water Conservation Council). Please see attached CalWEP/AWE invoices for associated costs. Per CalWEP' s website, "CalWEP's mission is to maximize urban water efficiency and conservation throughout California. We do this by supporting and integrating innovative technologies and practices; encouraging effective public policies; advancing research, training, and public education; and building collaborative approaches and partnerships. https://calwep.org/
    2. Regional Water Authority – Please see attached Regional Water Authority invoices for associated costs. Please see attached RWEP_2022_RWEP_EndYear Report describing benefits to customers. The partnership can strengthen regional and conservation messaging. https://rwah2o.org/about-rwa/
    3. Contra Costa Water District – No costs for partnership. GSWC customers can take advantage of conservation programs and rebates offered by Contra Costa Water District. The partnership can strengthen regional and conservation messaging. https://www.ccwater.com/1043/Water-Efficiency
    4. Los Osos Community Services District – No costs for partnership. The GSWC and Los Osos Community Services District partnership can share conservation program and rebate information. The partnership can strengthen regional and conservation messaging. https://www.losososcsd.org/water-conservation
    5. Santa Barbara County Water Agency – No costs paid for partnership 2018-2022. Customers can benefit from using Waterwise in Santa Barbara County website. https://www.countyofsb.org/221/Waterwise The partnership can strengthen regional and conservation messaging.
    6. Metropolitan Water District of Southern California – Costs for this partnership are paid through members purchasing water from MWD. Customers within the MWD service territory can apply for residential rebates at https://socalwatersmart.com/en/residential/rebates/ and CII customers can apply

for rebates at https://socalwatersmart.com/en/commercial/. "The most significant partner is the Metropolitan Water District of Southern California ("MWDSC") that provides program management through its regional SoCalWaterSmart program as well as incentive and program funding. This is either provided as an allocation to its 26 member agencies through an allocation process or directly to customers through its online application program at www.socalwatersmart.com. These programs support both residential and Commercial, Industrial and Institutional ("CII") customer with the primary requirement that they can be identified as a customer of either a member agency or one of their retailers in the service area." (Direct Testimony of Edwin DeLeon p. 14). https://www.mwdh2o.com/

7. Calleguas Municipal Water District – No costs for partnership. The GSWC and Calleguas Municipal Water District partnership can share conservation program and rebate information. The partnership can strengthen regional and conservation messaging. https://www.calleguas.com/
8. Central Basin Municipal Water District – No costs for partnership. The GSWC and Central Basin Municipal Water District partnership can share conservation program and rebate information. The partnership can strengthen regional and conservation messaging. https://www.centralbasin.org/
9. West Basin Municipal Water District – No costs for partnership. West Basin Municipal Water District has grant funded programs that target disadvantaged communities ("DAC"). GSWC's partnership may provide supplemental marketing to GSWC customers within West Basin MWD's service area. Each participating city, government agency, or retail water supplier pays for their own marketing and customer participation. https://www.westbasin.org/
10. Various Cities – Torrance, Hawthorne (Please see attached - South Bay Council of Governments Invoices 2018 – 2022 and Partnership 2019 – Culver City Utility Sustainable Business Certificate Award)
    - South Bay Council of Governments – Sustainable Business - $7,500 annually. Program partner with West Basin MWD.
        - Green Business Assist Program /CA Green Business Network The cities of Torrance, El Segundo and Hawthorne received a grant from the California Green Business Network (CAGBN), which provides a certification program to help businesses become more environmentally sustainable and responsible.
        - The program emphasizes reducing greenhouse gas emissions, reducing waste, conserving water and reducing pollution. Green Business Assist Program (GBAP) is a FREE service offered by the South Bay Cities Council of Governments (SBCCOG) designed to

encourage sustainable actions in our local business community. Green Business Assist Program /CA Green Business Network The cities of Torrance, El Segundo and Hawthorne received a grant from the California Green Business Network (CAGBN), which provides a certification program to help businesses become more environmentally sustainable and responsible.

- The program emphasizes reducing greenhouse gas emissions, reducing waste, conserving water and reducing pollution. Green Business Assist Program (GBAP) is a FREE service offered by the South Bay Cities Council of Governments (SBCCOG) designed to encourage sustainable actions in our local business community. Green Business Assist Program /CA Green Business Network. https://Southbaycities.org/programs/green-business-assist program/

11. Municipal Water District of Orange County (MWDOC) – No costs for partnership 2018-2022. During the drought in 2021, MWDOC and GSWC partnered in a Flume Pilot Program with GSCW customers receiving 300+ Flume devices. The Flume devices helped customers better understand their water usage. This data helped the customer better manage their water use habits. The GSWC and MWDOC partnership can share Regional conservation program and rebate information. The partnership can strengthen regional and conservation messaging. https://www.mwdoc.com/
12. Three Valleys Municipal Water District - No costs for partnership. The GSWC and Three Valleys Municipal Water District partnership can share Regional conservation program and rebate information. The partnership can strengthen regional and conservation messaging. https://www.threevalleys.com/home
13. Upper San Gabriel Valley Municipal Water District - No costs for partnership. The GSWC and Upper San Gabriel Valley Municipal Water District partnership can share Regional conservation program and rebate information. The partnership can strengthen regional and conservation messaging. https://upperdistrict.org/
14. Mojave Water Agency - No costs for partnership. In 2022 during the drought, the City of Barstow, the County of San Bernardino, the Mojave Water Agency and GSWC partnered in a large landscape project to reduce the large amount of water being used in the region. The Mojave Water Agency funded upwards of $500,000 with GSWC funding $26,470 for the landscape planning and design. The GSWC and Mojave Water Agency partnership can share Regional conservation program and rebate information. The partnership can strengthen regional and conservation messaging. https://www.mojavewater.org/

Question 10:
GSWC is a Environmental Protection Agency (EPA) WaterSense Partner and participates and sponsors a number of community events including Earth Day, Fix-A-Leak Week, Water Awareness Month, and other local events (p.16). Are the community events in GSWC's districts and for GSWC's customers only?

Response 10:
Due to COVID-19 from 2019-2022, GSWC did not participate in any in-person community events. EPA-WaterSense Partner program information was distributed to GSWC customers through the company's website (gswater.com) and through social media.

Question 11:
What is the annual participation rate of student's parents or guardians for a conservation kit request? How many conservation kit request postcards are issued versus how many are used (2018 – 2022)?

a. How does this differ from the annual number of conservation kits issued prior to the request postcard change (2018 – 2022).

Response 11:

a. In 2018-2019, GSWC used Resource Action Programs to conduct its school conservation programs in the Arden-Cordova, Bay Point, Clearlake, Los Osos, Santa Maria and Simi Valley CSAs. This vendor was later purchased by AM Conservation. Discovery Science Center conducted the school conservation programs in Region 2 and Region 3. With the Covid-19 Pandemic and schools moving to virtual learning, GSWC did not implement using the conservation kit request postcards.

Question 12:
Regarding the Workshop conservation program (p.17), what percentage of participants are low-income (CARW) customers?

Response 12:
GSWC does not know what percentage of participants are low-income (CARW) customers. GSWC is requesting Workshop conservation programs and funding in this GRC for 2025-2027. GSWC cannot anticipate how many income-qualified customers will participate in these workshops.

Question 13:

Provide the establishment of water budgets and tracking of actual use (that is, benchmarking of actual versus efficiency use during each billing cycle) GSWC has completed for customers participating in Workshops between 2018 – 2022 in Excel format.

Response 13:
With COVID-19 and the drought, GSWC offered few online workshops and had to cancel others due to poor attendance. Workshops are considered educational and do not have industry expectations that will produce any measurable savings. GSWC does not apply water budgets or track customer use for customers that participate in workshops.

Question 14:
Has GSWC tracked the water usage of a customer participating in the Residential Audits (p.18) between 2018 – 2022? If so, provide the tracked conservation progress in Excel format.

Response 14:
No. GSWC has not tracked the water usage of a customer participating in the Residential Audits.

Question 15:
What percentage of customers participating in the Outdoor Incentives program (p.19) are low-income (CARW) customers?

Response 15:
GSWC does not track rebates by income status and has not tracked income-qualified customers applying for rebates.

Question 16:
What is the annual cost of GSWC's partnership with the California Water Efficiency Partnership (CalWEP) for Rachio Smart Irrigation Controllers rebates between 2018 – 2022?

a. How many Ranchio Smart Irrigation Controllers have been installed by GSWC's customers between 2018 – 2022? What is the total annual cost of the installation rebates?
b. What percentage of customers participating in this program are low-income (CARW) customers?

Response 16:

a. No Administrative fees are charged by CalWEP for GSWC's participation in the Rachio rebate program.
    a. GSWC does not track the model of smart irrigation controllers applied for in rebates although model submitted for rebates are verified as qualifying against the MWD and EPA WaterSense qualifying product lists.
    b. GSWC entered an agreement with CalWEP in October 2021 with program marketing starting in December 2021. No Rachio products were invoiced in 2021 - $0.00. 420 Rachio Smart Irrigation Controllers were sold in 2021. GSWC does not have information on the number that were installed.
    c. Installation costs were the responsibility of the customer.
b. GSWC does not know what percentage of customers participating in this program are low-income (CARW) customers. GSWC does not track rebates by income status and has not tracked income-qualified customer applying for rebates.

Question 17:

What is the annual cost of GSWC's partnership with CalWEP for FLUME Flow Monitoring Devices rebates between 2018 – 2022?

a. How many FLUME Flow Monitoring Devices have been installed by GSWC's customers between 2018 – 2022? What is the total annual cost of the install rebates?
b. What percentage of customers participating in this program are low-income (CARW) customers?

Response 17:

a. No administrative fees are charged by CalWEP for GSWC participation in the Flume Flow Monitoring rebate program.
b. GSWC entered into an agreement with CalWEP to participate in the Flume rebate program with marketing beginning in early November 2021. In 2021, 270 devices were purchased and by the end of 2021, 123 devices were installed (46%). Flume initiated a follow-up program to remind customers to install and activate their purchased Flume devices.
c. GSWC does not know what percentage of customers participating in this program are low-income (CARW) customers. GSWC does not track rebates by income status and has not tracked income-qualified customers applying for rebates.

Question 18:

What contractor(s) did GSWC use for Direct Install programs between 2018 – 2022?

a. How are the contractors selected for the Direct Install program?
b. Are there multiple contractor bids for the Direct Install programs? If so, provide the contractor bids for Direct Installs between 2018 – 2022.

c. In Excel format, separated by year, list the Direct Install project and the contractor bids ($) received for each Direct Install Project between 2018 - 2022. Highlight the contractor selected for the project.

Direct Install Project	Contractor Bid #1	Contractor Bid #2	Contractor Bid #3	Contractor Bid #X
DI #1				

Direct Install Project	Contractor Bid #1	Contractor Bid #2	Contractor Bid #3	Contractor Bid #X
DI #2				

Response 18:

a. The CII Direct Install Program is a rebate program paid to qualified contractors based on a fixed rebate value determined by GSWC. No bids were required by contractors. This was vetted and approved by GSWC's Centralized Purchasing Department. Contractors are responsible for developing projects, requesting authorization from GSWC, and implementing the direct install projects. Contractors and manufactures assume all liability.
b. Not Applicable – Does not apply.
c. Not Applicable – Does not apply.

END OF RESPONSE

Golden State
Water Company
A Subsidiary of American States Water Company

September 29, 2023

To: Sam Lam, Public Advocates Office
CALIFORNIA PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Subject: Data Request SLM-007 (A.23-08-010) Conservation Expenses
Partial Response 2 - Last
Due Date: September 21, 2023 Extension Due Date: September 29, 2023

Dear Sam Lam,

In response to the above referenced data request number, we are pleased to submit the following responses:

Question 1:
Provide the recorded annual conservation expenses between 2018 – 2022, separated by conservation program, in Excel format.

a. Provide the authorized annual conservation expense budget between 2018 – 2022, separated by conservation program, in Excel format.

Response 1:

a. Please see the attached 2018 – 2022 spreadsheets. They are in Excel format and show conservation expense budgets, CPUC authorized conservation dollars, and are separated by conservation program.

Question 2:
Explain how residential, commercial, industrial, institutional ("CII"), and public customers can apply and participate in "Outdoor Landscape" programs (p.9).

Response 2:
Response provided September 27, 2023

Question 3:
Explain how multifamily and commercial/public institutions can apply and participate in (1) audits and (2) indoor/outdoor retrofits and measurement (p.9).

Response 3:
Response provided September 27, 2023

Question 4:
Explain how Homeowner Associations can apply and participate in (1) audits and (2) landscape retrofits (p.10).

Response 4:
Response provided September 27, 2023

Question 5:
Explain how Low-Income customers can apply and participate in indoor product delivery and installs (p.10).

a. Do Low-Income customers have access to other conservation programs beyond the indoor product delivery and install program? If yes, list what conservation programs Low-Income customers can participate in, and explain how said customers can apply for such programs.
b. "[Indoor product delivery and install] will continue to be provided in some capacity" (p.10).
    i. Explain what "some" capacity means.
    ii. Is this a reduction in the capacity of how Low-Income customers can participate in conservation programs?
    iii. How does this new capacity differ from the historic (2018-2022) capacity in which Low-Income customers can participate in conservation programs?

Response 5:
Response provided September 27, 2023

Question 6:
Historically, what percentage of customers participating in GSWC's conservation rebate program are low-income customers? Provide supporting documents if possible.

Response 6:
Response provided September 27, 2023

Question 7:
What is the total proposed TY 2025 budget for direct distribution and install for targeted California Alternate Rates for Water (CARW) customers in GSWC's systems? What

percentage of this budget is a direct result of the proposed decrease to the rebate program?

Response 7:
Response provided September 27, 2023

Question 8:
Does GSWC's proposed significant reduction to in-house rebates for high-efficiency clothes washers, residential ultra-high efficiency toilets (UHET), outdoor incentives, and drip irrigation programs affect residential, commercial, industrial, institutional, and multifamily customers across the board?

a. Is the proposed reduction for residential customers only? If so, explain why.

Response 8:
Response provided September 27, 2023

Question 9:
Are there any costs associated with GSWC's partnership with the regional programs listed on p. 12 – 13? If so, please explain what the costs are.

a. Does GSWC have prior experience in partnership with the regional programs listed on p. 12 – 13? If so, explain the capacity in what the partnership was and how it benefited GSWC's customers for all past partnership agreements between 2018 – 2022.

Response 9:
Response provided September 27, 2023

Question 10:
GSWC is a Environmental Protection Agency (EPA) WaterSense Partner and participates and sponsors a number of community events including Earth Day, Fix-A-Leak Week, Water Awareness Month, and other local events (p.16). Are the community events in GSWC's districts and for GSWC's customers only?

Response 10:
Response provided September 27, 2023

Question 11:
What is the annual participation rate of student's parents or guardians for a conservation kit request? How many conservation kit request postcards are issued versus how many are used (2018 – 2022)?

a. How does this differ from the annual number of conservation kits issued prior to the request postcard change (2018 – 2022).

Response 11:
Response provided September 27, 2023

Question 12:
Regarding the Workshop conservation program (p.17), what percentage of participants are low-income (CARW) customers?

Response 12:
Response provided September 27, 2023

Question 13:
Provide the establishment of water budgets and tracking of actual use (that is, benchmarking of actual versus efficiency use during each billing cycle) GSWC has completed for customers participating in Workshops between 2018 – 2022 in Excel format.

Response 13:
Response provided September 27, 2023

Question 14:
Has GSWC tracked the water usage of a customer participating in the Residential Audits (p.18) between 2018 – 2022? If so, provide the tracked conservation progress in Excel format.

Response 14:
Response provided September 27, 2023

Question 15:
What percentage of customers participating in the Outdoor Incentives program (p.19) are low-income (CARW) customers?

Response 15:
Response provided September 27, 2023

Question 16:
What is the annual cost of GSWC's partnership with the California Water Efficiency Partnership (CalWEP) for Rachio Smart Irrigation Controllers rebates between 2018 – 2022?

a. How many Ranchio Smart Irrigation Controllers have been installed by GSWC's customers between 2018 – 2022? What is the total annual cost of the installation rebates?
b. What percentage of customers participating in this program are low-income (CARW) customers?

Response 16:
Response provided September 27, 2023

Question 17:
What is the annual cost of GSWC's partnership with CalWEP for FLUME Flow Monitoring Devices rebates between 2018 – 2022?

a. How many FLUME Flow Monitoring Devices have been installed by GSWC's customers between 2018 – 2022? What is the total annual cost of the install rebates?
b. What percentage of customers participating in this program are low-income (CARW) customers?

Response 17:
Response provided September 27, 2023

Question 18:
What contractor(s) did GSWC use for Direct Install programs between 2018 – 2022?

a. How are the contractors selected for the Direct Install program?
b. Are there multiple contractor bids for the Direct Install programs? If so, provide the contractor bids for Direct Installs between 2018 – 2022.
c. In Excel format, separated by year, list the Direct Install project and the contractor bids ($) received for each Direct Install Project between 2018 - 2022. Highlight the contractor selected for the project.

Direct Install Project	Contractor Bid #1	Contractor Bid #2	Contractor Bid #3	Contractor Bid #X
DI #1				

Direct Install Project	Contractor Bid #1	Contractor Bid #2	Contractor Bid #3	Contractor Bid #X
DI #2				

Response 18:
Response provided September 27, 2023

END OF RESPONSE

ATTACHMENT 2-1: Body of Knowledge on Infrastructure Regulation, Averch-Johnson Effect.

Body of Knowledge on Infrastructure Regulation

Averch-Johnson Effect (AJ Effect)

Glossary -> A

Named after two economist who developed a stylized model of the rate-of-return regulated firm. They found that when firms are subject to rate-of-return regulation, if the allowed return is greater than the required return on capital, the firm will tend to over-invest in capacity. This incentive to increase the level of capital beyond what is needed for economically efficient production involves a number of assumptions about future allowed returns and the future cost of capital.

ATTACHMENT 3-1: Response to DR SLM-012 (New Positions), with Confidentiality Declaration.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the matter of the Application of the **GOLDEN STATE WATER COMPANY (U 133 W)** for an order (1) authorizing it to increase rates for water service by $87,060,700 or 22.95% in 2025; (2) authorizing it to increase rates by $20,699,200 or 4.42% in 2026, and increase rates by $22,408,200 or 4.57% in 2027 in accordance with the Rate Case Plan; and (3) adopting other related rulings and relief necessary to implement the Commission's ratemaking policies	Application 23-08-010

DECLARATION OF CONFIDENTIALITY

I, Jon Pierotti, declare as follows under penalty of perjury:

1. I am an officer of Golden State Water Company ("Golden State"), and as such duly authorized to declare documents and information submitted to the California Public Utilities Commission ("Commission") to be confidential under General Order 66-D.

2. The following person may be contacted regarding the potential release of the confidential information identified by this Declaration:

   Name: Jenny Darney-Lane Email: jadarneylane@gswater.com

3. The document attached hereto, **"SLM-012 New Positions Response"**, **specifically page 8**, includes confidential information that is protected under California Public Utilities Code Section 583.

4. All pages that include confidential information in these documents are separately marked as confidential. If only certain information in these documents is confidential, then only that information is marked as confidential.

5. These documents include personnel, medical or similar files protected under California Government Code Section 7927.700. Specifically, the protected information includes: **Confidential individual employee compensation details.**

6. These documents include personnel information, medical information, or other similar information, the disclosure of which would constitute an unwarranted invasion of personal privacy.

7. I have personally authorized the markings of confidentiality within these documents and if called upon, I could and would testify competently as to their justification and basis.

Sworn to this 13 day of November, at San Dimas, California.

Jon Pierotti Digitally signed by Jon Pierotti
Date: 2023.11.13
08:43:45 -08'00'

Jon Pierotti,
Vice President of Regulatory Affairs
Golden State Water Company
630 East Foothill Boulevard
San Dimas, California 91773

November 13, 2023

Golden State Water Company
A Subsidiary of American States Water Company

November 13, 2023

To: Sam Lam, Public Advocates Office
CALIFORNIA PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Subject: Data Request SLM-012 (A.23-08-010) New Positions - **CONFIDENTIAL**
Due Date: November 3, 2023 Extension Due Date: November 13, 2023

Dear Sam Lam,

In response to the above referenced data request number, we are pleased to submit the following responses:

Question 1:
Referring to Table JDL-1 in the Testimony of Jenny Darney-Lane.

a. List when each position was authorized.
b. List if any of the positions were hired previously and provide the date of hire.

Response 1:
GSWC first assigned position numbers to its organization in its 2011 GRC (A.11-07-017). Identifying exactly when a position, which existed prior to the 2011 GRC, was first authorized is challenging. However GSWC has made a good faith effort to provide the requested information in the table below.

Positions #	Location	Title	a. Position Authorized	b. Previous hire date
9	Regulated Activities-Senior Executive (GO-COPS)	Executive Support Associate	D.07-11-037	Position was filled at time of original authorization and was eliminated in July 2021

Positions #	Location	Title	a. Position Authorized	b. Previous hire date
84	Cash Processing (GO-Utility)	General Clerk III	Exact date of approval is not known, but position existed at least as early as GSWC's 1992 GRC	Position was filled until November 2021
87	Cash Processing (GO-Utility)	General Clerk II	Exact date of approval is not known, but position existed at least as early as GSWC's 1992 GRC	Position was filled until April 2022
89	Cash Processing (GO-Utility)	General Clerk II	Exact date of approval is not known, but position existed at least as early as GSWC's 1992 GRC	Position was filled until December 2017
90	Cash Processing (GO-Utility)	General Clerk II	D.10-11-035	Position was filled until May 2012
113	Asset Management (GO-COPS)	Executive Support Associate	Position and incumbent were transferred from Region 3 to GO-COPS in D.10-11-035	Position was filled until November 2020
262	Environmental Matters (GO-COPS)	Environ Quality Support Analyst	Position and incumbent were was transferred from Region 3 to GO-COPS in D.10-11-035	Position was filled until April 2020

Question 2:
Referring to the Testimony of Paul J Rowley, p.13.

a. Were the listed nine (9) customer service center (CSC) positions vacated during the COVID-19 stay-at-home period (03-19-2020 through 06-15-2021)?[2] If not, provide the time period in which the positions were filled.
   i. Were the listed nine (9) positions vacated between 2018 – 2022 (with exception to the above stated COVID-19 stay-at-home period). If not, provide the time period in which the positions were filled.
   ii. If the position was filled, did the staff leave or were they let go?

[2] Position #203, #271, #287, #318, #363, #364, #561, #562, #575.

b. Provide the monthly recorded over-time hours for the CSC between January 2020 through June 2023, in Excel format.

Response 2:

a. The nine (9) positions were not vacated during the COVID stay-at-home period.
   i. All nine (9) positions were vacated between 2018 and 2022, prior to and or after the COVID stay-at-home period.
   ii. Three (3) of the staff were promoted, one (1) moved to another GSWC office, three (3) voluntarily left GSWC, and one (1) was terminated for just cause.

b. See attachment in Excel format **"SLM-012 2b. CSC OT Hours"**.

PPE_DATE - Year			2020	2021	2022	2023
District	Rate Type	PPE_DATE - Month	HOURS	HOURS	HOURS	HOURS
Customer Support Services	OT/DT	January	366	179	229	700
		February	318	125	66	448
		March	233	27	166	729
		April	29	36	96	354
		May	384	23	44	383
		June	150	86	238	450
		July	215	167	232	
		August	76	37	224	
		September	106	72	535	
		October	15	61	473	
		November	240	388	730	
		December	95	250	603	
Total			**2,226**	**1,449**	**3,634**	**3,064**

Question 3:
Prior to the transferring of the customer service activities and customer service representatives (CSR) to the CSC, how did GSWC provide oversight of customer service activities across the customer service activities offices?

Response 3:
Prior to the COVID pandemic, the customer service activities were assigned to both the CSC and the local customer service offices. There were two types of customer service representatives (CSR): the Customer Service Center CSR and the Customer Service Area (CSA) CSR.

The CSC CSR is assigned the business tasks associated with the customer service center. The customer service center provides 24 hour/ 7-day per week call services and supports a variety of centralized customer focused services. The CSC CSR interfaces with the Customer Care and Billing system to initiate customer requested services such as new customer applications, starting/stopping service, billing inquiries, service issues such as leak, water pressure or water quality questions. The CSC CSR reports to the CSC Supervisors.

The CSA CSR was assigned customer service tasks that occurred at the local CSA offices. The local CSA offices provided walk-in customer services. These services included taking payments, new service applications, starting/stopping service, billing inquiries, service oriented inquiries such as leaks, water quality, water pressure inquires, fire hydrant meter applications, service upgrade/new service installation activities, fire flow requests, meter reading audit activities, opening/closing field activities, assisting with informal complaint processing and cash reconciliation and bank deposit activities. The CSA CSR reported up to the CSA Superintendent and not the CSC. The local CSA CSR would only take CSC calls during high volume periods if they were able to do so. The CSC CSR would often transfer a call to the CSA when a customer had a question related to the specific CSA.

Question 4:
Since the transfer of the customer service activities and CSRs to the CSC, how is GSWC overseeing the ongoing customer service activities?

Response 4:
The CSC oversees the ongoing customer service activities, as follows:

- Meter Reading Data and Route Optimization Management – The CSC works with the GIS team to design, test, and implement route changes for efficiency. The CSC remotely assigns, via Internet, the daily meter reading routes to each meter reader's device for all twenty (20) customer service areas (CSA). At the end of the day, the CSC electronically collects all meter reads for billing purposes using the Itron Mobile and Field Collection System (FCS). The CSC FCS team also resolves meter reading exceptions to ensure timely and accurate billing and works with all CSA meter reading staff on meter reading software and handheld device updates and configurations, and in resolving FCS system access issues to ensure their ability to receive their meter reading routes and the CSC's ability to remotely collect the recorded meter reads for nightly batch processing.
- Annual Large Meter Testing Program – A CSC supervisor manages the annual large meter testing program for all CSAs by coordinating with the third-party tester and all CSA superintendents on the testing schedule. The CSC supervisor also ensures the meter test field activities are assigned as scheduled to the vendor's mobile device to facilitate the remote completion of these meter tests using the Mobile Workforce Management system (MWM). There is an interface to electronically upload the meter test results to the customer care and billing system. The CSC supervisor also tracks follow-up action that ensues in failed test cases.
- Billing and Collections – On a daily basis, the CSC resolves all billing exceptions and ensures all bill print and e-Bill files are processed timely by the appropriate

vendors. The CSC also ensures that all online and lockbox processed payment files are successfully posted to customers' accounts and resolves payment exceptions utilizing payment processing vendors' online portals, to ensure accurate payment posting to customers' accounts. The CSC maintains the MyGSWater customer account portal that allows customers to view and pay their bills, manage their water account profiles and consumption. They work with the vendor to test software changes and additional functionalities before implementation. The CSC also ensures timely electronic and paper notification of customers on past due balances to avoid disconnection for non-payment. The CSC also tests and implements rate changes in the customer care and billing system.

- Field Activities Oversight – The CSC dispatchers monitor all CSAs' field activity shifts and assignments using the Mobile Workforce Management (MWM) system and assists CSA superintendents and staff with assignment changes, and in resolving issues to avoid completion backlogs. The CSC also provides MWM user support by conducting training, testing software changes for implementation, coordinating periodic iPad upgrades and user access support.
- Customer Inquiries and Complaints Resolution – The CSC receives and responds to customer inquiries and complaints for all twenty (20) CSAs. The CSC maintains the call center systems and well-trained customer service staff to provide 24/7 coverage on the phones, and via the online Customer Support portal where customers submit online service requests, in addition to the MyGSWater customer account portal. The CSC supervisors have streamlined the processes, and oversee the completion, for all CSAs, of all high bill investigations, courtesy adjustment requests, and responses to all informal complaints.
- Customer Notifications – The CSC maintains, for all CSAs, the customer communication profiles, notification templates, mailing lists, and deploys emergency, ad hoc, and or recurring customer notifications deployed through GSWC's customer alerts and notification system (SMS, email, and voice message) and or its third-party printer. These notifications include emergency alerts, water service and account updates. The CSC works with all CSAs and internal stakeholders in ensuring that the customer notifications are sent to the impacted customers in a timely manner, and the appropriate follow-up actions ensue, as needed.

Question 5:
Confirm if the following statement is correct, GSWC is transferring 31 CSRs from all the CSA offices to the CSC and is requesting 8 additional positions to be added to the CSC in this GRC.

Response 5:
The statement is only partially correct. GSWC is transferring 31 CSRs to the CSC and is requesting to eliminate nine (9) CSR positions while adding eight (8) positions with the updated job descriptions and higher-level skill sets required to support the expanded staff,

business applications and customer support services provided by the CSC, as described in Responses 4 and 6. The requests result in a net change of minus one (-1) in overall positions.

Question 6:
Referring to the Testimony of Paul J Rowley, p.12, explain what applications have been updated and what applications are new. Elaborate on what these applications are and what function the application pertains to.

a. Explain how the application update(s) has affected customer service activities. How is it different than before the transferring of customer service activities and CSRs from the CSA offices to the CSC?
b. Explain how the new application(s) has affected customer service activities. How is it different than before the transferring of customer service activities and CSRs from the CSA offices to the CSC?

Response 6:

a. The customer service-related capabilities resulting from the MWM system update allows the remote assignment and completion of large meter testing field activities by the third-party tester are discussed in Response 4, under the Annual Large Meter Testing Program section. Before the transfer of the program's oversight from the CSAs to the CSC, the third-party vendor was provided paper field activities that were completed manually, and meter test results were also entered manually in the customer care and billing system by the CSA staff.
b. The customer service-related capabilities resulting from the implementation of the two new cloud-based systems, Itron Mobile and FCS and the customer alerts and notification system are discussed in Response 4, under the Meter Reading Data and Route Optimization Management and Customer Notifications sections. Prior to the transfer of these activities to the CSC, there were at least twenty (20) CSA staff involved daily in the meter reading data management while there is an FCS team of five (5) to manage the same tasks. The customer alerts and notification system replaced the reverse 911 notification for emergencies. The system also now provides ad hoc or recurring alerts for non-emergency water service and account updates. Notification templates and customer contacts are stored in the system, allowing for the automated selection of alerts and target customers, and the timely distribution of the alerts by the CSC for all CSAs. This has reduced the need for the CSAs to prepare customer notices locally, and to hand-deliver ad hoc notices to customers in impacted areas.

Question 7:
Referring to the Testimony of Paul J Rowley, p.17.

a. Explain what the "specific services" provided by the functional group are.

b. How did GSWC provide training to the CSRs previously in the CSA offices. Was the training provided in person or virtual? Provide examples of a CSR training session with supporting documents.
c. Explain what the “more complex tasks assigned to the functional group” means.
d. List all “complex tasks.”
e. “The CSC is organized by function to accommodate the additional services.”
    i. Explain what these additional services are.
f. Explain what “each of the functional areas” are.

Response 7:

a. The specific services are identified and explained under Response 4.
b. Newly hired CSA CSRs received customer care and billing system user training (two sets of slides attached) by the CSC, both in person and online. CSA CSRs were given hands on training by more senior CSRs in the local offices. See attachments **“SLM-012 Q7b. CCB Navigation”** and **“SLM-0012 Q7b. CCB Basics”**.
c. The specific services and tasks are listed under Response 4.
d. The specific services and complex tasks are listed under Response 4.
e. The specific services that were added under the CSC are listed under Response 4.
f. The specific services by function are described under Response 4.

Question 8:

For positions #220, #227, #418, #479, #521, #535, and #544 from p.15-16 of the Testimony of Paul J Rowley, confirm if each of the positions are currently vacant and how long the position has been vacant for.

a. Provide when each of the position was authorized.
b. If the position is filled, provide when the position was filled.
c. Are there salary/benefit changes associated with the title and cost center changes?
    i. If so, provide what the salary/benefit changes are. Provide a comparison of the two positions’ salary and benefits before and after the title change and cost center changes.

Response 8:

See table below for responses to 8a and 8b..

a. GSWC first assigned position numbers to its organization in its 2011 GRC (A.11-07-017). Identifying exactly when a position, which existed prior to the 2011 GRC, was first authorized is challenging. However GSWC has made a good faith effort to provide the requested information in the table below.

CONFIDENTIAL MATERIALS protected under Cal. Gov't Code § 7927.700 and Pub. Util. Code § 583.

Position #	**a. Position Authorization**	**b. Position Vacant**	**Position Filled**
220	D.13-05-011	No	Last filled November 2023
227	D.16-12-067	No	Last filled June 2017
418	Position number was assigned in D.13-05-011. GSWC believes that the position was previously in rates, because no additional CSRs were requested in at least the two previous GRCs.	Yes	Vacant since October 2021
479	Position number was assigned in D.13-05-011. GSWC believes that the position was previously in rates, because no additional CSRs were requested in at least the two previous GRCs. The position was moved from Orange County to GO-COPS (CSC) in D.23-03-024.	Yes	Vacant since October 2020
521	During or before GSWC's 1990 GRC (D.90-12-118)	Yes	Vacant since June 2021
535	During or before GSWC's 1992 GRC (D.93-06-035)	Yes	Vacant since October 2021
544	During or before GSWC's 1990 GRC (D.90-12-118)	Yes	Vacant since April 2020

c. There are no changes in benefits. The salary comparisons are shown below:

Position No.	**New Title**	**New Salary**	**Old Salary**
220	Quality Assurance Analyst	$86,623	$74,298
227	QA & Business Systems Adm Supervisor	***BEGIN CONFIDENTIAL [redacted] ***END CONFIDENTIAL	***BEGIN CONFIDENTIAL [redacted] ***END CONFIDENTIAL
418, 479, 521, 535	Field Customer Service Specialists	$67,140	$53,284
544	Office Assistant II	$57,573	$53,284

Question 9:
Provide the recorded monthly over-time hours for the Environmental Quality Department between 2018 – 2022, in Excel format, for each Water Quality Engineer (WQE).

a. Were any of the WQE positions vacant between the 2018 – 2022 time period? If so, for how long was the position vacated?

Response 9:
Water Quality Engineers are exempt employees therefore we do not track OT hours.

a.

		No. of Days Position remain vacant				
Position Title	Position No	2018	2019	2020	2021	2022
Water Quality Engineer	269		29			
Water Quality Engineer	304	180			10	86
Water Quality Engineer	389		143	26		
Assoc. Water Quality Engineer	461			84		
Water Quality Engineer	509					20

Question 10:
Are there any additional costs associated with the development of a companywide comprehensive physical security program for all GSWC facilities, with the exception of the Physical Site Security Administrator's labor cost?[3]

Response 10:
At this time, there are no planned additional costs above the current expenses associated with the costs for security related projects. The task of the Physical Site Security Administrator will be to analyze and leverage existing systems by setting security standards and developing system improvements and providing ongoing security system management to achieve company-wide cost efficiencies. This position will also be responsible for evaluating the overall Company-wide security needs and assist in developing strategies for more effective implementation of the security related projects.

Question 11:
Between 2018 – 2022, what is the annual cost (in dollars) that GSWC lost from criminal activities?[4]

Response 11:
As mentioned in the testimony, GSWC has experienced several instances of criminal activities at our facilities over the years. It is important to note here that in addition to the costs associated with these activities, there are several other factors including risks to the

[3] Testimony of Paul J Rowley, p.25.
[4] Testimony of Paul J Rowley, p.24.

Health and Safety of our employees, compromising integrity of our plant sites, impacts to water quality, and other operational risks associated with these incidents. One example of the cost associated with these activities include $200,000 in contractor costs alone from fire hydrant vandalism and thefts in our Southwest District from 2018 -2022. This cost does not include company inventory, labor, and equipment used to repair the hydrants. These activities have occurred in several of our Districts and have been escalating in recent years, with Central District losing 42 hydrants in 2020 alone. These criminal activities also present risks to our customers and impact the fire department's ability to suppress fire during emergencies, endangering both lives and property.

Another example of costs associated with vandalism include a breaking and entering incident in the Foothill District Office in 2022, where $24,000 worth of equipment was stolen. Additionally in 2022, there was $25,000 worth of theft of catalytic converters and vandalism to company vehicles. The damage to the company vehicles impacts our ability to effectively respond to customer call outs and any other operational emergencies that may happen. This is approximately a seventy percent increase in costs associated with vehicle vandalism costs over previous years.

Question 12:
What is GSWC's existing process (or steps) to secure State and Federal grants between 2018 - 2022?[5]

a. Please elaborate on the nature and purpose of the grants in question.

Response 12:
GSWC currently has no formal process to secure state and federal grants. Existing staff, in addition to their primary responsibilities, have taken on tasks to apply for grant funding when opportunities arise. The staff working on grant funding are primarily in the Water Quality department since most of our grant applications have been to the State Water Resource Control Board. Following initial application submittal for grant funding, we have found that additional requests for data and documentation are overwhelming, as are tracking all of the components and documents and ensuring that the process moves forward. Execution of a funding agreement requires legal review and several iterations between DFA staff and our staff and also requires a company Board resolution. Once the agreement is executed, we must ensure that our bidding and contracting process meets the requirements of the grant. The project expenses and activities must be tracked and reported to the funder.

The new grant administrator will track the steps involved and ensure that all requirements are adhered to. The process will be streamlined so that more grant funding can be sought and also so that we can expand our source of grant funding from different agencies, when appropriate, including the State Water Resources Control Board.

[5] Testimony of Paul J Rowley, p.26.

Some examples of current funding projects that GSWC staff is working on include:

- Prop 68 funding for O&M expenses for groundwater treatment in disadvantaged communities served by our Central District. Our WQE in Central learned of this funding opportunity and took the initiative to apply on behalf of the communities in the Central District. While the funding application required a fair amount of effort, the back and forth, meetings and negotiations took a significant expenditure of time over more than two years. That effort resulted in $3,295,000 of funding.
- Bottled water grant funding of $299,695 was received for Robbins so that the community has safe drinking water while the new well and treatment plant are being constructed. The WQE in Northern applied for this grant and is currently working on another bottled water grant for the community served by our newly acquired South Shore system (Crescent Bay). The process, particularly the steps needed for approval, required regular time invested for a year before a funding agreement was executed.
- We have also been working for several years on a funding application for the construction of improvements needed to bring the Robbins community safe drinking water. The Water Quality Manager has taken the lead on this grant project but many staff have invested a lot of time into the process. A funding agreement is expected shortly but continued monitoring, reporting and invoicing will be ongoing in order to satisfy the conditions of the grant. The grant is expected to be $7.2 million.

There are several other grant projects in the early stages and other opportunities that are waiting. A grant administrator position can streamline and track all of the administrative activities. The staff listed above will continue to work on funding projects but in a more efficient way that allows us to more fully take advantage of the grant opportunities currently available.

Question 13:
Is Position #262 (reclassification to Position #641) currently vacant?

a. If so, what is the time period of vacancy?
b. When was Position #262 authorized?

Response 13:
Yes.

a. See response 1b.
b. See response 1a.

Question 14:
Provide the estimated number of annual transactions and the number of annual Purchase Order (PO) or contract amounts for this GRC cycle.

Response 14:
Over the span of 2018 to 2022, the table below draws a comparison between the 5-year average transactions and the 4-year average GRC Cycle. Notably, there's a significant 15.31% increase between the average data points.

Year	Number of Transactions	% increase /decrease	Annual PO or Contract Amounts	% increase /decrease
2018	8,793	-	$144,646,185	-
2019	8,877	1.0%	$129,032,238	-10.8%
2020	8,896	0.2%	$127,359,867	-1.3%
2021	9,217	3.6%	$128,751,288	1.1%
2022	9,827	6.6%	$167,711,869	30.3%
Average (5 year)	9122		$139,500,289	
2023	10090		$178,006,721	
2024	11699		$178,909,677	
2025	10756		$164,485,690	
2026	9530		$145,744,689	
Average (4 year - GRC Cycle)	10519	15.31%	$166,786,694	19.56%

Question 15:
Provide the monthly recorded over-time hours for the Centralized Procurement Services Department, in Excel format, separated by positions between 2018 – 2022.

Response 15:
No overtime hours incurred for exempt employees.

Question 16:
Provide all examples where GSWC failed to timely bid and execute construction and operational projects between 2018 - 2022.

a. If applicable, explain why each of the incidence(s) occurred.

Response 16:
None. CPSD staff, as exempt employees, extend their working hours (unrecorded) to competitively bid on projects and fulfill contract obligations, responding to the heightened workload.

Question 17:
Referring to the Testimony of Paul J Rowley, p.33.

a. Provide the contract agreement between GSWC and the consultant for the SCADA Program.
b. Has the associated consultant cost ($430,000) been removed from the recorded expenses in the GRC application to reflect the cost-savings of this position request?
    i. If so, indicate where in the General Ledger and the RO Model this adjustment was made.

Response 17:

a. Please see four PDF attachments **"SLM-012 Q.17a"**.
b. The cost of the consultant was capitalized, and therefore has not been removed from recorded expenses in the GRC application.
    i. n/a

Question 18:

Provide the job duties statement of the Technology Services Manager.

a. Provide the monthly recorded over-time hour for this position between 2018 – 2022, in Excel format.

Response 18:

The Technology Services Manager supervises and directs the Technology Services Department staff in all activities associated with the management of technology systems supporting Regulated Water Utilities (Regulated Utilities) business operations. The Manager leads the Regulated Utilities group digital transformation and ensures that all technology-related activities in Regulated Utilities comply with Company policies and procedures, meet the needs of business operations, and are aligned with the Company's IT Department policies. The Manager acts as the Lead Program Manager on all Regulated Utilities' technology related business transactions and activities.

The Manager is focused on identifying, developing, and implementing technology deployments for Regulated Utilities, with the goal of driving increased efficiency, controls, and standardization across all aspects of the businesses. The Manager recommends the strategic direction of technology within the Regulated Utilities segment of the organization, with input from internal stakeholders, subject matter experts, and based on industry trends and best practices. The Manager is responsible for facilitating the completion and documentation of the Regulated Utilities Technology Strategic Plan, which identifies technology deployments on a 5-year roadmap.

Manager position is exempt and therefore do not track OT hours.

Question 19:

Provide the recorded annual costs paid to the temporary full-time Inspectors, in Excel format, between 2018 – 2022[6]

[6] Testimony of Paul J Rowley, p.35.

a. Provide supporting document(s).

Response 19:
Between the years of 2018 and 2022, we utilized five different temporary full-time inspectors from Project Partners Inc. and one temporary full-time inspector from Amtec. Please refer to the Excel files named **"SLM-012 Q.19 PPI"** for the annual costs associated with the inspectors from Project Partners Inc., and **"SLM-012 Q.19 Amtec"** for the annual costs associated with the inspector from Amtec.

Question 20:
Referring to the Testimony of Paul J Rowley, p.36.

a. What is the estimated annual cost to retain services from staffing and consultant agencies in this GRC cycle?

Response 20:
The estimated annual cost to retain services from staffing and consultant agencies in this GRC cycle is between $190,800 and $221,665 for 2024, between $198,241 and $230,310 for 2025, and between $205,972 and $239,292 for 2026, using the escalation rates presented in the 2023 GRC application which were 4% for 2024 and 3.9% for 2025 and 2026. Please note that the number of temporary full-time inspection staff varies by area and is dependent on the projects that require inspection services.

Question 21:
Regarding the position request of a Public Policy and Governmental Affairs Manager, how does the duties differ from the existing position of Vice President – Regulatory Affairs.

a. Provide the job duty statement of the VP – Regulatory Affairs.
b. Who at GSWC currently monitors Federal and State legislative, regulatory and public policies?

Response 21:

a. Please refer to PDF file **"SLM-012 Q.21a VP Regulatory Affairs"**.
b. The Sr. VP of Regulated Water Utility in conjunction with the VP's that report to the Sr. VP currently monitor the Federal and State legislative, regulatory and public policies. The monitoring activities are distributed among the various departments reporting to each VP. The departments that oversee compliance with current regulations or requirements also monitor Federal, State legislative, regulatory and public policies that impact their areas of responsibility.
   The VP-Regulatory Affairs manages Federal, State and local relationships in the context of CPUC regulatory activities. The Public Policy and Governmental Affairs Manager represents GSWC's interests beyond the CPUC regulatory environment. The Manager monitors Federal and State legislative, regulatory and public policy priorities, and briefs and recommends actions to executives on the implications of these activities for GSWC. The Manager coordinates with GSWC's outside lobbyists

and communication consultants to further the public policy objectives, and maintains overall responsibility for implementation of GSWC's public policy and government affairs strategy. They will be the single point of contact for all Federal, State legislative, regulatory and public policies. The monitoring activities currently performed by the various departments across the Regulated Water Utility organization will be assigned to the Public Policy and Governmental Affairs Manager.

Question 22:
How many cybersecurity attacks has GSWC faced between 2018 – 2022, in total and for each year in question?

a. Describe the nature of the cybersecurity attack for each instances.
b. Provide related documentations.
c. How many cybersecurity attacks were a result of vulnerability patching issues?

Response 22:
See attachment in Excel format **"SLM-012 Q.22_Cybersecurity Attacks_2018-2022".**

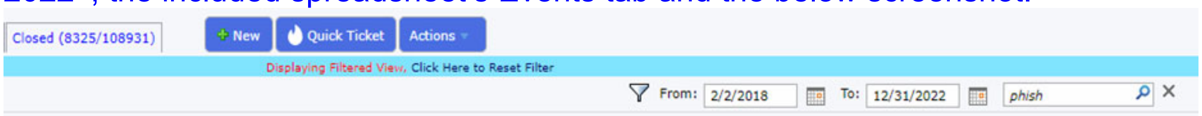
a. There are a number of attack scenarios that have been experienced.
    - Unauthorized Access from remote (including foreign) IP addresses
    - Vulnerability scanning from unknown (including foreign) IP addresses
    - Virus-like activity
    - Brute-force login attempts (accounts and Multi-Factor Authentication system)
    - Botnet-like activity
    - Distributed Denial of Service attempts
    - Potential Data Theft
    - Unauthorized Application Use
    - Unauthorized Critical Group Account modification

    These numbers do not include email-based attacks (attachments in PDF format **"SLM-012 Q.22_ProofPoint Top Email Firewall Rules October 2023**" and **"SLM-012 Q.22_ProofPoint Top Virus Types Rules October 2023"**), as that system does not forward data to our event collector (due to pricing of the option to do so). We are able to retrieve short-term history reports from our email protection system, but due to technical limitations we cannot retrieve the entire requested history.

    In the last 30 days (the longest report we can pull) we have seen the following:
        - 52,534 messages identified as phishing (not delivered)
        - 67 attempts to deliver executables (removed)
        - 46 attempts to spoof company executives
        - 27 emails containing viruses
        - 2,252 messages containing other unspecified malicious content

Further, between 2/1/2018 and 12/31/2022, there were 8,325 messages submitted by employees as potential phishing messages delivered to their mailboxes.

b. See attachment in Excel format **"SLM-012 Q.22_Cybersecurity Attacks_2018-2022"**, the included spreadsheet's Events tab and the below screenshot.



c. The lack of necessary cybersecurity staffing levels places Golden State Water at a higher risk of being compromised, which is unacceptable to the business and – most importantly – our water customers. Both the benchmarking study with several other utilities on cybersecurity staffing levels (GSWC Prepared Testimony Daniel Diaz, Confidential Attachment 4) and the 3rd party study conducted by CDG (GSWC Prepared Testimony Daniel Diaz Confidential Attachment 3, pg. 5), confirmed that our current staffing levels for achieving a reasonable level of day to day support and vulnerability patching was drastically insufficient and recommended that additional resources be acquired for this critical function. The two current Cybersecurity Analysts daily duties include primary administration, support and maintenance of several security systems and the analysis of potential threats to our systems and employees. Additionally, the two current Cybersecurity Analysts are assigned rotational on-call duties to provide 24/7/365 response to developing situations. The issue is further compounded when one of them takes vacation, sick time or are away traveling for business. Up to this point we have not been compromised by vulnerability patching issues that we are aware of, but – as stated – we are at a much higher risk with a lack of cybersecurity resources.

Question 23:
Regarding the Service Desk,[7]

a. Provide the recorded annual costs paid to consultants for service desk support work between 2018 – 2022, in Excel format.
b. What is the annual fully loaded cost (including benefits, taxes, etc.) of the position (643X) request?
c. What is the average time to respond for GSWC's existing service desk support team? Provide the annual metric for years 2018 – 2022.

Response 23:

a. See attachment in Excel format **"SLM-012 Q.23a_Response - Consultant Costs for Service Desk 2018-2022"**.
b. Position 643X is vacant, therefore we used the midpoint of salary grade 19 as the 2023 base salary, which is $78,361. The fully loaded cost is dependent on several factors including benefits, which differ according to employee selections. In prior

[7] Testimony of Daniel Diaz, p.54.

GRCs GSWC has used 44.23% as the benefit loading factor. Using this factor the annual fully loaded cost, including inflation is $123,058 in 2025.

c. See attachment in Excel format **"SLM-012 Q.23c_Avg days to respond and resolve 2018-2022"**.

Question 24:
Provide the recorded monthly over-time hours of GSWC's three Systems Adminstrator.[8]

a. Provide the recorded monthly vacation or sick hours of GSWC's three Systems Administrator.

Response 24:
Systems Administrators are exempt employees and do not record hours worked including over-time hours. Please keep in mind that identified cybersecurity vulnerabilities are patched to the best of our ability with the current staff working consistently over 40 hours per week, as confirmed by the CDG study, "Team members are putting in excessive time afterhours to address patching" (GSWC Prepared Testimony Daniel Diaz Confidential Attachment 3, pg. 5). Even with the excessive number of hours worked, we are not able keep up with the vulnerability patching workload, which places GSWC at a higher risk to be compromised. Dedicating any of our Systems administrators wholly to the patching effort would significantly hinder our ability to provide adequate monitoring of systems, project implementation and system support during normal business hours. The three System Administrators are also required to take on rotational on-call duty so we are able to provide 24/7/365 coverage support, this requirement further strains the ability to provide adequate vulnerability patching and overall support to the business who serve our water customers. Please refer to the benchmarking study (GSWC Prepared Testimony Daniel Diaz, Confidential Attachment 6, pg. 8 and 9), confirming our insufficient resources based on two key industry benchmarks, Physical servers per server support staff member and OS instances per server support staff member. The above issues are further compounded when one of the Systems Administrators take vacation, sick time or are away traveling for business.

a. See attachment **"SLM-012 Q.24a_Vacation and Sick Taken by Month Sys Admin 2018-2022"**.

Question 25:
Does GSWC conduct exit interviews for employees leaving the company?

a. If so, provide all exit interviews conducted between 2018 – 2022.

Response 25:
GSWC objects to this question as it is unduly burdensome, seeks the disclosure of confidential and proprietary personnel information and is unduly prejudicial.

END OF RESPONSE

[8] Testimony of Daniel Diaz, p.60.

ATTACHMENT 3-2: Response to DR SLM-008 (Insurance).

Golden State Water Company
A Subsidiary of American States Water Company

October 12, 2023

To: Sam Lam, Public Advocates Office
CALIFORNIA PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Subject: Data Request SLM-008 (A.23-08-010) Insurance Response
Due Date: October 5, 2023 Extension Due Date: October 12, 2023

Dear Sam Lam,

In response to the above referenced data request number, we are pleased to submit the following responses:

Referring to the Prepared Testimony of Matthew Currie regarding GSWC's employee insurance and benefits.

Question 1:
Provide the recorded annual insurance expenses between 2018 – 2022, separated by years in Excel format.

Response 1:
See RO model spreadsheet SEC-40_EXP_Pension Benefits, tab titled "In_Recorded P&B", for recorded employee health, life and EAP insurance expenses by area for 2018-2022, which are identified by P&B type "Insurance Empl Benefits" in column C.

	2018	2019	2020	2021	2022
Insurance Empl Benefits Expenses	5,435,692	5,658,347	6,073,698	5,891,757	5,800,978

Question 2:
Regarding the Request for Information process in June of 2016, explain how AON, Marsh & McLennan Companies, Inc., and Willis Towers Watson were chosen to present proposals for broker services.

a. Were other companies considered for a Request for Information? If yes, which companies were considered and why? If not, why not?
b. Why weren't other companies invited to present a proposal for broker services through a Request for Information?
c. Are there expenses associated with a Request for Information process in which brokers present proposals for broker services? If yes, what is the cost per Request for Information?
d. Why did GSWC go through a Request for Information process in June of 2016?

Response 2:

a. Yes, other companies were considered. We considered the top 10 brokers due to the size and specialty nature of our insurance program.
b. Each company was to do oral in-person presentations as well as written presentations so we felt securing more than 3 would be time consuming, burdensome, and inefficient as well as not likely to have favorable results for us or the brokers. Some brokers are not willing to go through the amount of effort and expense it takes to respond when they know there are many contenders. Limiting it to a reasonable number of three candidates helped proposing brokers know that they had a realistic and competitive opportunity at our business.
c. There are many expenses to the brokers as well as to GSWC by investing time to prepare presentations and information, engage in numerous telephonic discussions and in-person meetings, and reviewing, analyzing, and evaluating the various proposals to determine the best course of action for the Company as well as its ratepayers.
d. During the 2014 rate case the public advocates had recommended that we go through the Request for Information process. In the Settlement Agreement adopted in D.16-12-067, it was agreed that GSWC would issue a Request for Information to prospective insurance brokers including AON before its next GRC application filing.

Question 3:
AON, Marsh & McLennan Companies, Inc., and Willis Towers Watson "presented proposals and the broker fees proposed ranged from $165,000.00 per year to $350,000.00 per year. Based on these proposals we renewed with AON" (p.2).

a. Explain which broker proposed what fees and provide supporting documents.
b. Provide the proposals presented by each broker.
c. Why did GSWC ultimately renew with AON?

Response 3:

a. ****CONFIDENTIAL BEGIN**** [redacted] ****CONFIDENTIAL END****
   See response to 3.b for documentation.
b. Please see the CONFIDENTIAL pdf files **"SLM-008 Q.3b Proposal 1 CONFIDENTIAL"**, **"SLM-008 Q.3b Proposal 2 CONFIDENTIAL"**, and **"SLM-008 Q.3b Proposal 3 CONFIDENTIAL"**.
c. ****CONFIDENTIAL BEGIN**** [redacted] ****CONFIDENTIAL END****

Question 4:

Provide the recorded annual conservation expenses between 2018 – 2022, separated by conservation program, in Excel format.

a. Provide the authorized annual conservation expense budget between 2018 – 2022, separated by conservation program, in Excel format.

Response 4:

Please refer to Data Request SLM-007, Question 1 response.

Question 5:

GSWC's current policy period is February 01, 2023 – February 1, 2024, does the insurance policy renew annually? If not, how often does GSWC renew its insurance policy.

Response 5:

There are multiple policies and all but two of them renew annually. Please refer to the Comments column on table A of the testimony. The two policies that are on 3-year terms are Environmental and Crime.

Question 6:
Define "most viable" regarding the insurance placement process where GSWC's Risk Services department, the Broker's subject matter experts, GSWC's Senior Vice President/Chief Financial Officer and President/Chief Executive Officer review the summary of proposals and reach a consensus regarding the most viable carrier to be awarded for each line of coverage for the upcoming insurance period (p.3).

Response 6:
Most viable is the practical, realistic, and reasonable option of the choices presented given, among other reasons, a myriad of factors and based on the totality of the circumstances while trying to always act in the best interests of the Company and its ratepayers.

Question 7:
How many "line(s) of coverage" exist for an insurance program in a policy term?

a. Does the "most viable" carrier for each line of coverage represent the most affordable option? Provide supporting documents and examples between 2018 – 2022 where the selected carrier was the most affordable option for the line of coverage.

Response 7:
While the most viable carrier is often the most affordable, the most affordable is not necessarily the most viable. There are several reasons for this. One is that the most affordable may have term or conditions that are less favorable than the most viable. In addition, there is value to having a history and partnership with some carriers that results in long-term favorable conditions. Each insurance carrier has ratings based on size and financial strength as well as varying claims handling histories and these as well as many other factors and market conditions are all taken into consideration when determining which carrier is the most viable. See response to Question 22.

Question 8:
Has the Risk Service's department received notices of potential claims or lawsuits and contacted operations, customer service, Human Capital Management (HCM) department, outside counsel and the Third Party Administrators (TPA) to assist with any representation issues or identify any concerns or reporting requirements included in the lines of coverage between 2018 – 2022?

a. Provide supporting documents for instances involving any notices of potential claims or lawsuits.

Response 8:
Yes. Table C on page 19 of the testimony lists the number of general liability and auto claims. Risk Services gets notified of each of these claims, oftentimes prior to them getting reported to the TPA. Depending on the facts leading to the claim and the severity of the claim, Risk Services often contacts HCM, outside counsel, and/or the TPA. Please see PDF file **"SLM-008 Q.8 examples".**

Question 9:
Has GSWC had any employee-related claims/lawsuits between 2018 – 2022?

a. Provide supporting documents for instances involving any employee-related claims or lawsuits.

Response 9:
Yes, we had one lawsuit filed between 2018-2022. However, there were two pending lawsuits that were resolved during that timeframe. Please see PDF file **"SLM-008 Q.9".**

Question 10:
Given that "[The] major difference between [Self-Insured Retentions] and Deductibles involve the insurer responsibilities in the event of a loss, collateral requirements, defense costs, certificates of insurance, and limits erosion" (p.5). Does a policy being a Self-Insuranced Retention (SIR) policy or a Deductibles policy affect the insurance premiums?

Response 10:
Not necessarily although it may depending on whether an insurance carrier handles the claims within the deductible or if claims become the insured's responsibility to hire a Third Party Administrator to address the claims. Usually it's the amount of the SIR or deductible that has the biggest effect on the premiums.

Question 11:
Provide AON'S projection of premiums and actual premiums for all policy items in Table A (p.7) between 2018 – 2022 in Excel format, separated by years.

Item	Policy Item Cost Forecast ($)	Policy Item Cost Recorded ($)
Property Coverage		
General, Excess, Umbrella Liability		
…		
TPA Admin. – GL/Auto		

Response 11:
See Excel file **"SLM-008 Q.11 Premiums CONFIDENTIAL".**

Question 12:
Explain the need to add a "Wage and Hour" coverage.

a. What type of risk is covered by this coverage?
b. How was the premium estimate developed?

Response 12:
Wage and Hour claims represent over 90% of the employment class actions filed every year, and these sorts of cases usually entail extremely high defense expenses along with high levels of liability exposure in terms of compensatory and potentially punitive damages, civil fines and penalties, attorneys' fees and costs, and others. Employment laws and regulations continue to evolve every year, which elevates compliance requirements and exposures to employer's such as GSWC while operating in California.

a. Coverage for these claims include employment misclassification, employee v. independent contractor, exempt v. non-exempt, meal and rest break violations, regular rate claims, failure to timely pay wages upon termination, failure to pay wages for off-the-clock and/or overtime work, donning and doffing claims, compliance with pay stubs, tip credit issues, and failure to include bonuses and/or commissions.
   Wage and Hour insurance covers judgments, settlements, civil fines and penalties, defense expenses, pre and post-judgment interest, and punitive, exemplary, and restitutionary damages.
b. Risk Services provided basic employment data to Aon, and Aon then provided the indication for coverage.

Question 13:
Provide supporting documents for "GSWC's Insurance broker for these [Employee Insurance and Benefits] plans estimates the trend rate to be approximately 13.8% per year for the preferred provider and HMO options for the Medical Plan and 6.2% for the two dental insurnace options."

a. Is this estimate for the period between 2024 – 2027?
b. Provide how this estimate is factored within the GSWC RO Model. Provide all related workpaper, tab, and cell references.
c. Provide the Oliver Wyman National trend survey to support the above estimates.
d. Does GSWC consider average trend rates by another party other than Oliver Wyman National trend survey?
    i. If yes, provide other average trend rate studies.
    ii. If not, explain why not?
e. Has GSWC used the Oliver Wyman National trend survey before to estimate trend rate for Employee Insurance and Benefits cost between 2018 – 2022?
    i. If so, how does the annual rate estimate compare to the actual rate increases annually? Provide supporting documentation for each year between 2018 – 2022.

Response 13:

a. Yes, this is an estimate for 2024 – 2027 as the only published data available from Oliver Wyman at the time was for 2022. Trend surveys are not always available on a prospective basis, which is why estimates are based on data published at a point in time and then analyzed and projected over a 5-year period with an expected change.
b. GSWC created specific escalation codes that it used to escalated medical and dental insurance expense forecasts. See RO model spreadsheet titled "X_GBL_Info", tab named "GBL_Labor Inflation Rates, escalation codes E13 and E14 (cells J37 to N38). Medical and Dental expense forecasts are escalated using these specific inflation factors, as can be seen in the RO model spreadsheet titled "SEC-40_EXP_Pension Benefits", tab named "WS-05 Health Insurance Forecast". All medical premium expenses are escalated using Escalation Code E13, and all dental premium expenses are escalated using Escalation Code E14.
c. The projected GSWC trends provided were based on the Oliver Wyman 100th percentile, averaged for the time period 2018-2022. See PDF attachment "**SLM-008 Q.13c Trend Projections 2023 GRC"**. In preparing this response, GSWC discovered that an out of date projection was provided in the original supporting workpapers. The attachment provided with this response is the correct source for this information. Below is a snapshot of how the 13.8% and 6.2% were derived.

Report Month	Jul 2018	Jul 2019	Jul 2020	Jul 2021	Jan 2022	Avg
Percentile	*100th*	*100th*	*100th*	*100th*	*100th*	
PPO	12.50%	11.00%	11.00%	22.20%	11.00%	*13.8%*
HMO	11.00%	11.00%	11.00%	24.90%	12.30%	
DPPO	6.50%	6.50%	6.50%	10.50%	6.90%	*6.2%*
DHMO	5.00%	5.00%	5.00%	5.00%	5.00%	

d. Yes, we also include National Health Expenditure Data (NHE) projections for Private Health Insurance published by Centers for Medicare and Medicaid Services (CMS). There are other trend reports available, however, those reports are not available on a prospective basis.
   i. See attached Excel file **"SLM-008 Q.13d NHE Amounts thru 2030"**.

e. Oliver Wyman was first used for the 2020 GRC trend projection. See PDF file "**SLM-008 Q.13e Trend Projections 2020 GRC**".
   i. Projections provided in GSWC's 2020 GRC Application were as follows:

	Medical	Dental
2021	11.0%	6.5%
2022	11.0%	6.5%

Actual renewals experienced by GSWC for these years are as follows:

	Medical	Dental
2021	0.0%	0.0%
2022	2.0%	0.0%

   ii. Prior to the 2020 GRC the trend projections were prepared by a different broker to the current broker. The previous broker did not use the Oliver Wyman surveys.

Question 14:
Provide documentation regarding the broker's view of current and expected market conditions for insurance coverages listed in Q.11.

Response 14:
Please see PDF file **"SLM-008 Q.14 CONFIDENTIAL".**

Question 15:
Does the (1) Reported Claims/Losses Paid and (2) Recoveries provided in Table B affect GSWC's ratemaking process?

a. If yes, explain how the two amounts are accounted for in the ratemaking process in this GRC application. Provide all related workpaper, tab, and cell references within the GSWC RO Model.

Response 15:
Yes, reported claims/losses paid and recoveries related to the general liability (including auto claims) and the workers' compensation reserve accounts are reflected in the ratemaking process in this GRC application. GSWC considers and records each reserve separately on an accrual basis that includes estimates from third parties (i.e., actuaries), and calculates its forecasted cost based on a five-year average of historical costs (see the prepared testimony of Gladys Farrow beginning at page 22). Both the claims paid net of any recoveries as well as estimated accruals are part of the historical amounts (see RO Model workbook SEC-40_OM AG Non-Standard, tab "IN_2023 Ins Other Forecast" cell F25, and tab "IN_2023 Ins Exp Forecast by Esc" cell E62) used to derive the GRC forecasted cost (see RO Model workbook SEC-40_OM AG Non-Standard, tab "WS-10.1 I&J Other Forecast" cell H25, and tab "WS-10 Ins Forecast by Esc" cell F62).

Question 16:
Provide support for the claim that "GSWC's increase request falls within the expected range for health care cost increases across all industries."

a. Are non water-utility industries included?
b. Are non-utility industries included?
c. Does GSWC's increase request fall within the expected range for health care cost increase in the water-utility industry? Provide supporting documentation for your response.

Response 16:
The Oliver Wyman surveys includes trend information from approximately 80 health insurance carriers nationwide. Refer to response 13.c, and also see answers in 16a, 16b and 16c below.

a. Yes, non-water utilities are included.
b. Yes, non-utility industries are included.
c. GSWC based its forecast on increases provided to it by Oliver Wyman for GSWC projected trends. See Response to question 13c above.

Question 17:
Provide the recorded year end balance for the Medical Cost Balancing Account, separated by years, in Excel format. Provide supporting documentation and full debit/credit record.

Response 17:
GSWC did not record balancing accounts for medical expense during 2018-22.

Question 18:
Provide the recorded year end balance for the Liability Insurance Balancing Account , separated by years, in Excel format. Provide supporting documentation and full debit/credit record.

Response 18:
GSWC did not record balancing accounts for liability insurance expense during 2018-22.

Question 19:
Provide the policy's dollar amount and deductibles or Self-Insured Retention (SIR) for all policy items in Table A (p.7) in Excel format for the table below.

Item	Policy Item Dollar Amount ($)	Deductibles or SIR	Deductibles or SIR Amount ($)
Property Coverage			
General, Excess, Umbrella Liability			
…			
TPA Admin. – GL/Auto			

a. Does a recommended range of dollar amount coverage for each policy item exist? If yes, provide that range for each item.
b. Can the policy item's dollar amount coverage be adjusted? Does this affect the insurance rates?

Response 19:
Please see Excel file **"SLM-008 Q.19 CONFIDENTIAL".**

a. Not on a year-to-year basis, but our broker may make recommendations on policy limits of the various coverages based on, among other things, market conditions, peer purchasing analysis, and actuarial reports in any given year.
b. There are typically policy limit options. Yes, usually the limits selected would affect the rates.

Question 20:
How are AON'S Broker Fee's calculated and estimated?

a. Provide broker fee estimates and actual recorded broker fees between 2018 – 2022, separated by years.

Response 20:
Aon's goal is to develop value based fees consistently throughout the firm that are aligned with the appropriate level of resources allocated given GSWC's service objectives. Aon's fee calculations are based on two factors:

- The core costs to maintain and provide their service team to GSWC, calculated on the basis of their time, expense, and the current demand for their services; and
- The impact of Aon's professional services on GSWC's ability to mitigate its cost of risk, coupled with Aon's assistance to GSWC in achieving its business plan goals.

a. ****CONFIDENTIAL BEGIN**** [redacted] ****CONFIDENTIAL END****

Question 21:
Provide documentation to support AON'S cost forecast on p.11.

Response 21:
Please see **"SLM-008 Q.21 CONFIDENTIAL".**

Question 22:
For all policy items in Table A (p.7), provide all the coverage costs insurers provided in response to AON'S request for proposals between 2018 – 2022, in Excel format, separated by years.[2] Indicate which insurer was selected by highlighting the cell.

[2] P.30 of Decision 23-06-024.

Insurance Request for Proposal

Item	Insurer A ($)	Insurer B ($)	Insurer C ($)	…
Property Coverage				
General, Excess, Umbrella Liability				
…				
TPA Admin. – GL/Auto				

Response 22:
Please see Excel file **“SLM-008 Q.22 CONFIDENTIAL”.**

END OF RESPONSE

ATTACHMENT 3-3: Ahead Of Print/ National Health Spending Projected to Hit $7.2 Trillion by 2031 | Health Affairs.

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Ahead Of Print: National Health Spending Projected to Hit $7.2 Trillion by 2031

Health Affairs

JUNE 14, 2023 10.1377/forefront.20230614.256627

New estimates released today from the Office of the Actuary (OACT) at the Centers for Medicare and Medicaid Services (CMS) and published online today in *Health Affairs* <https://health-policy.healthaffairs.org/keehan/july2023issue/aop> project a rate of national health spending growth of 4.3 percent for 2022, with expenditures projected to have reached $4.4 trillion. Health spending over the course of 2022–31 is expected to grow 5.4 percent per year on average.

This study will also appear in the July 2023 issue of *Health Affairs*. The link to the full study, once the embargo lifts, will be https://health-policy.healthaffairs.org/keehan/july2023issue/aop <https://health-policy.healthaffairs.org/keehan/july2023issue/aop>

Economic growth is expected to have outpaced growth in national health spending in 2022, causing ta decrease in the projected health spending share of gross domestic product (GDP) from 18.3 percent in 2021 to 17.4 percent in 2022. However, over the course of the 2022–31 period, nominal

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"Ahead Of Print: National Health Spending Projected to Hit $7.2 Trillion by 2031", Health Affairs Forefront, June 14, 2023.

DOI:
10.1377/forefront.20230614.256627

GDP is expected to grow 4.6 percent annually—0.8 percentage point lower than average growth in national health expenditures—resulting in health spending accounting for 19.6 percent of GDP by 2031.

"Recent legislation is anticipated to affect trends in health insurance enrollment and health care spending over the course of the next decade," says Sean Keehan, an economist in the OACT at CMS and the *Health Affairs* study's first author. "Altogether, and consistent with its past trend, health spending for the next ten years is expected to grow more rapidly, on average, than the overall economy."

In 2022, the insured share of the population is projected to have reached a historic high of 92.3 percent, driven by gains in enrollment in both Medicaid and Marketplace plans. Although the expiration of the public health emergency is expected to result in reductions in Medicaid enrollment, from a projected 90.4 million in 2022 to 81.1 million in 2025, the insured share of the population is expected to remain higher than 90 percent during that time, partly because of further projected increases in enrollment in private health insurance from enhanced Marketplace subsidies.

Medicare spending growth is projected to accelerate from 4.8 percent in 2022 to 8.0 percent in 2023, with expenditures expected to exceed $1.0 trillion, despite the end of the public health emergency in 2023 and the associated expirations of the Skilled Nursing Facility 3-Day Rule Waiver and the 20 percent payment increase for inpatient COVID-19 admissions.

The Inflation Reduction Act of 2022 is projected to result in lower out-of-pocket spending on prescription drugs for 2024 and beyond as Medicare beneficiaries incur savings associated with several provisions from the legislation, including the $2,000 annual out-of-pocket spending cap and lower gross prices resulting from negotiations with manufacturers.

The Part D benefit redesign provisions in the Inflation Reduction Act are expected to put upward pressure on Medicare prescription drug spending growth in 2024 and 2025, as the program begins covering expenses formerly paid out of pocket by Part D enrollees, and downward pressure on growth, beginning in 2026, from the act's negotiation and inflation rebate provisions that result in reduced drug prices.

Among the major payers of health care, Medicare spending is expected to grow the fastest over the course of 2022–31 (7.5 percent per year), as the last of the baby boomers enrolls in the program through 2029. Private health insurance spending is expected to grow 5.4 percent annually, whereas Medicaid's average rate of spending growth is projected to be 5.0 percent during the same period.

For the major sectors, hospital spending is expected to grow more quickly on average (5.8 percent) than average spending growth for both physician and clinical services (5.3 percent) and prescription drugs (4.6 percent) over the course of 2022–31. Similarly, average price growth for hospitals (3.2 percent) is projected to be greater than that of prescription drugs (2.2 percent) and physician and clinical services (2.0 percent).

Businesses, households, and other private revenues are expected to sponsor the same proportion of total health spending in 2031 as they did in 2021 (51 percent). Government spending is projected to account for the remaining 49 percent (also the same as 2021). Before the pandemic, in 2019, those shares were 54 percent and 46 percent, respectively.

A chronological look at projected trends:

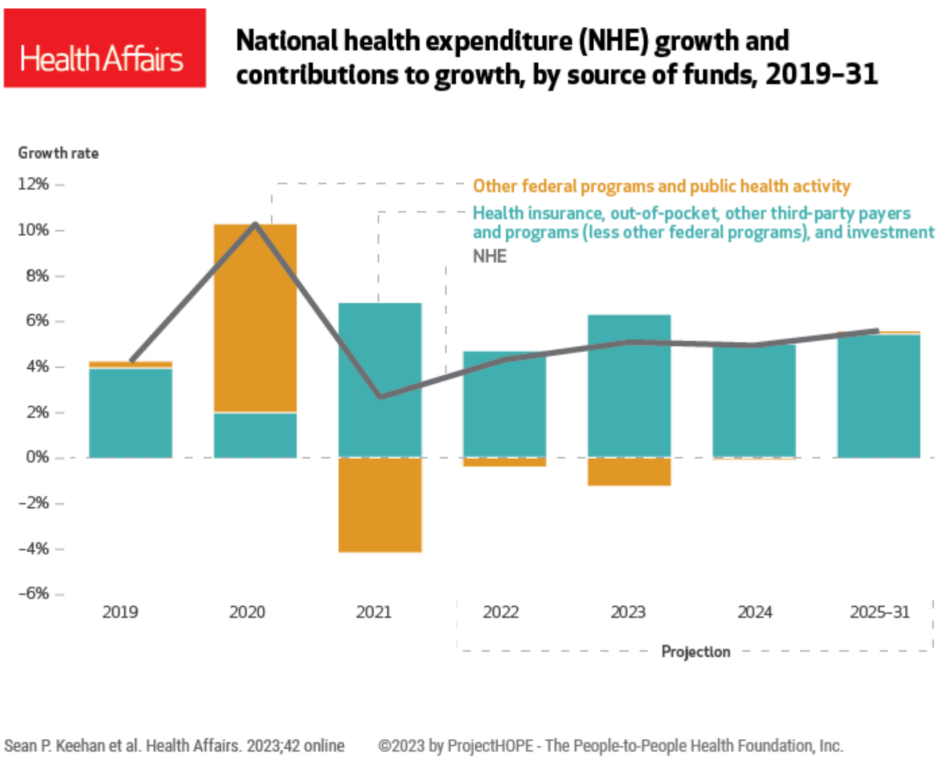
2022

- National health spending is projected to have grown 4.3 percent in 2022, up from 2.7 percent growth in 2021.
- The insured share of the population is projected to have reached a historic high in 2022, with an insurance rate of 92.3 percent related to both growth in the number of Medicaid enrollees (as many who would have otherwise been disenrolled from the program remain enrolled because of the continuous enrollment requirement of the Families First Coronavirus Response Act of 2020) and gains in Marketplace enrollment influenced by the American Rescue Plan Act of 2021's expanded eligibility for subsidized premiums.
- Spending growth on personal health care (or medical services and goods) is expected to have slowed from 5.5 percent in 2021 to 3.0 percent in 2022, led by lower growth in hospital spending, which is projected to have slowed from 4.4 percent in 2021 to 0.8 percent in 2022, in part reflecting labor supply issues.
- Medical price growth, as measured by the Personal Health Care Price Deflator, is projected to have grown just 0.1 percentage point faster than in 2021, at 2.3 percent, despite economy-wide prices, as measured by the GDP Implicit Price Deflator, rising to a forty-year high of 7.0 percent.

2023

- National health spending growth is projected to accelerate to 5.1 percent in 2023.
- The insurance rate of 92.3 percent is not expected to change from 2022, as the beginning of disenrollments from Medicaid (0.8 million) after the end of the public health emergency are offset by an increase in direct-purchase insurance enrollment (1.8 million).

- Medicare expenditures are projected to grow 8.0 percent in 2023 compared with 4.8 percent in 2022, driven by Medicare hospital spending growth, which is expected to grow 11.0 percent in 2023, up from 0.9 percent in 2022.
- Private health insurance spending is expected to increase 7.7 percent in 2023 versus 3.0 percent in 2022.
- Growth in economy-wide prices is expected to decelerate (to 3.4 percent, down from 7.0 percent in 2022), whereas the Personal Health Care Price Deflator is projected to rise by 0.5 percentage point to 2.8 percent in 2023.
- There is also a significant decline projected in other federal programs and public health activity in 2023 (see exhibit below) associated with large reductions in projected outlays for the Public Health and Social Services Emergency Fund.



2024

- National health expenditures and personal health care spending are both expected to grow 5.0 percent in 2024.
- Medicaid enrollment is anticipated to decline by 8.9 percent, or 8 million people in 2024. Medicaid spending is expected to contract by 2.1 percent in 2024, even as per enrollee spending is projected to increase 7.4 percent, reflecting the disenrollments of healthier beneficiaries after the end of the public health emergency.
- The insured share of the population is expected to decline from 92.3

in 2023 to 91.5 percent in 2024, as many who disenrolled from Medicaid had comprehensive insurance coverage from another source (such as through an employer).
- Growth in medical prices is expected to accelerate to 3.3 percent, outpacing economywide price growth of 2.4 percent.

2025–31

- National health spending is projected to increase at an average rate of 5.6 percent over the course of 2025–31, which is higher than the average rate of growth of 4.2 percent projected for GDP in the same period. The health share of the GDP is expected to be 19.6 percent in 2031.
- Medicare is expected to experience the highest rate of growth among the major payers, at 7.8 percent per year over the course of 2025–31 (including average enrollment growth of 2.0 percent). The provision from the Inflation Reduction Act that puts a cap on Part D out-of-pocket spending at $2,000 is expected to put upward pressure on Medicare spending growth as the program covers expenses formerly paid by beneficiaries that exceed that threshold, beginning in 2025. However, slower growth in Medicare spending is expected toward the final years of the projection period as the program begins to realize savings related to lower negotiated prices for certain high-cost Part D drugs and the linking of drug price increases to the Consumer Price Index.
- Medicaid expenditures are expected to average 5.6 percent annual growth over the course of 2025–31, with enrollment growth projected to average 0.6 percent during that period.
- Private health insurance spending is expected to grow 5.2 percent per year over the course of 2025–31, which is lower than both Medicare and Medicaid, in part because of its comparatively slower annual enrollment growth of 0.1 percent per year. This slow enrollment growth includes the impact from a projected decline in direct-purchase insurance in 2026 of about 2 million people related to expiring Marketplace premium subsidies called for under current law.
- Average out-of-pocket spending growth is projected to be 4.1 percent over the course of 2025–31, which is slower than the projected growth for all major health insurance payers. This spending trend is affected by the Inflation Reduction Act's Part D benefit redesign, as well as its negotiation and inflation rebate provisions.

On a regular basis, the OACT at CMS releases an analysis based on current law of how Americans are expected to spend their health care dollars in the years ahead. The projected growth rates for national health spending over the course of 2022–31 reflect the latest expectations from the OACT and update its 2021 report, which covered 2021–30 and was published in March 2022, appearing in the April 2022 issue of *Health Affairs*.

ATTACHMENT 3-4: CBO Publishes New Health Insurance Coverage Projections for 2023 to 2033 | Congressional Budget Office.

‹ Blog

CBO Publishes New Health Insurance Coverage Projections for 2023 to 2033

Posted by Carrie H. Colla and Sarah Masi on May 24, 2023

Today, CBO released updated projections (https://healthpolicy.healthaffairs.org/hanson/june2023issue/aop) of health insurance coverage for people under age 65 in the journal *Health Affairs*. In that paper, CBO's analysts detailed the agency's May 2023 baseline projections of health insurance, which were produced largely using CBO's health insurance simulation model, or HISIM2. The model is updated annually to incorporate the most recent data, recently enacted legislation and other policy changes, and CBO's demographic and economic forecasts. Estimates from HISIM2 are augmented by estimates from the staff of the Joint Committee on Taxation (JCT) and from CBO's Medicaid and Medicare models. Also today, at a press briefing that *Health Affairs* organized, CBO's analysts presented an overview of the updated projections, and the agency posted updated baseline tables on federal subsidies for health insurance.

The Share of People Under Age 65 Who Are Uninsured Is at a Historic Low

Enrollment in Medicaid and enrollment in marketplace plans have reached historic highs in 2023, mostly because of temporary policies (put in place during the pandemic) that kept beneficiaries enrolled in Medicaid and that enhanced the subsidies for health insurance purchased through marketplaces. The share of the population under age 65 that is uninsured is at an unprecedented low of 8.3 percent. Medicaid enrollment grew from 60.5 million in 2019 to 76.6 million in 2022. In 2023, Medicaid covers 28.1 percent of the under-65 population, and subsidized marketplace plans cover 5.2 percent. Employment-based insurance covers more than half (57.3 percent) of that population.

Low-income people have seen the largest gains in coverage and the largest drops in the share who lack insurance. For people with income below 150 percent of the federal poverty level, the share of people lacking insurance fell from 17 percent in 2019 to 10 percent in 2023.

In the latest updates to its microsimulation model, CBO has expanded its capacity for distributional analyses by race and ethnicity. Many factors drive variation in coverage by race and ethnicity, but employment, income, and immigration status are especially important. By CBO's estimates, the share of the Hispanic population that is uninsured, at around 15 percent, is the highest among the shares for the groups examined.

The Share of People Lacking Insurance Is Projected to Increase

Over the next year and a half, CBO expects substantial declines in enrollment in Medicaid, as the continuous eligibility provisions put in place during the pandemic unwind. CBO projects that 6.2 million of the people leaving Medicaid will become uninsured. Additionally, if the enhanced subsidies expire after 2025, as scheduled, 4.9 million fewer people are estimated to enroll in marketplace coverage, instead enrolling in unsubsidized nongroup or employment-based coverage or becoming uninsured. By 2033, the share of people who are uninsured is projected to be 10.1 percent.

Projected Growth in Private Health Insurance Premiums Is Highest in the Near Term

Private health insurance premiums are an important component of the agency's coverage projections. CBO estimates higher short-term growth rates for premiums (6.5 percent in 2023 and an average of 5.9 percent in 2024 and 2025), partly reflecting a bouncing back of medical spending from the suppressed levels of utilization early in the pandemic. Then, CBO projects lower growth rates (an average of 5.7 percent during 2026 and 2027 and of 4.6 percent over the 2028–2033 period).

Federal Subsidies for Health Insurance Reach $1 Trillion

Today, CBO also published updated baseline tables for federal subsidies for health insurance coverage for people under age 65. In CBO and JCT's projections, net federal subsidies in 2023 for insured people under age 65 are $1.0 trillion. In 2033, that annual amount is projected to reach $1.6 trillion (or 4 percent of gross domestic product). Over the 2024–2033 period, subsidies are projected to total $12.5 trillion—with employment-based coverage accounting for 40 percent; Medicaid and the Children's Health Insurance Program, 39 percent; Medicare, 13 percent; and subsidies for coverage obtained through the marketplaces or the Basic Health Program, 8 percent.

In early fall, CBO plans to publish a report that expands its analysis of health insurance. The report will include estimates of health insurance coverage and federal subsidies for people of all ages and people in territories, nursing facilities, and correctional facilities.

Carrie H. Colla is CBO's Director of Health Analysis, and Sarah Masi is a Senior Adviser in the Budget Analysis Division.

ATTACHMENT 3-5: CMS Office of the Actuary Releases 2021-2030 Projections of National Health Expenditures | CMS.

CMS.gov Centers for Medicare & Medicaid Services

Press release

CMS Office of the Actuary Releases 2021-2030 Projections of National Health Expenditures

Mar 28, 2022 | Affordable Care Act, Medicaid & CHIP, Medicare Part C, Medicare Part D, Medicare Parts A & B

Report shows slower projected national health spending growth after the rapid 2020 growth associated with the COVID-19 pandemic

Today, the Centers for Medicare & Medicaid Services (CMS) released the 2021-2030 National Health Expenditure (NHE) report, prepared by the CMS Office of the Actuary, that presents health spending and enrollment projections for the coming decade. The report notably shows that despite the increased demand for patient care in 2021, the growth in national health spending is estimated to have slowed to 4.2%, from 9.7% in 2020, as supplemental funding for public health activity and other federal programs, specifically those associated with the COVID-19 pandemic, declined significantly.

The NHE has been published annually since 1960, and is often referred to as the "official" estimates of U.S. health spending. The historical and projected estimates of NHE measure total annual U.S. spending for the delivery of health care goods and services by type of good or service (hospital, physician, prescription drugs, etc.), type of payer (private health insurance, Medicare, Medicaid, etc.), and type of sponsor (businesses, households and federal/state governments). The NHE report also includes spending on government public health, investment in structures and equipment, and noncommercial research, as well as information on insurance enrollment and uninsured estimates.

The report finds that annual growth in national health spending is expected to average 5.1% over 2021-2030, and to reach nearly $6.8 trillion by 2030. Growth in the nation's Gross Domestic Product (GDP) is also projected to be 5.1% annually over the same period. As a result of the comparable projected rates of growth, the health share of GDP is expected to be 19.6% in 2030, nearly the same as the 2020 share of 19.7%.

Near-term expected trends in health spending and insurance enrollments are significantly influenced by the COVID-19 public health emergency (PHE). In 2021, spending for other federal programs and public health activity (the NHE Accounts categories that include the federal COVID-19 supplemental funding) is expected to have declined from $417.6 billion in 2020 to $286.8 billion. Additionally, following the declines observed in 2020, health care utilization is expected to rebound starting in 2021 and then normalize through 2024. As COVID-19 federal supplemental funding is expected to wane between 2021 and 2024, the government's share of national health spending is expected to fall to 46% by 2024, down from an all-time high of 51% in 2020.

The average annual growth in national health spending over the latter half of the next decade (2025-2030) is projected to be 5.3% and is expected to be driven primarily by more traditional elements, including economic, demographic, and health-specific factors. During this time, upward pressure on spending growth for Medicaid is expected, in part due to the expiration of Disproportionate Share Hospital payment cap reductions statutorily scheduled to end in 2027. Conversely, downward pressure on spending growth is expected for Medicare (related to the end of the Baby Boomers' enrollments), as well as for private health insurance and out-of-pocket spending in lagged response to slowing income growth earlier in the period.

The percentage of the population with health insurance is expected to be 91.1% in 2021 and 2022 (mainly due to gains in Medicaid enrollment that are, in large part, due to special rules in effect only during the COVID-19 PHE). After the end of the COVID-19 PHE, enrollments are projected to begin returning to pre-pandemic distributions. The 2030 insured rate is projected to be 89.8%.

Selected highlights in national health expenditures by major payer include:

Medicare: Medicare spending growth is projected to average 7.2% over 2021-2030, the fastest rate among the major payers. Projected spending growth of 11.3% in 2021 is expected to be mainly influenced by an assumed acceleration in utilization growth, while growth in 2022 of 7.5% is expected to reflect more moderate growth in use, as well as lower fee-for-service payment rate updates and the phasing in of sequestration cuts. Spending is projected to exceed $1 trillion for the first time in 2023. By 2030, Medicare spending growth is expected to slow to 4.3% as the Baby Boomers are no longer enrolling and as further increases in sequestration cuts occur.

Medicaid: Average annual growth of 5.6% is projected for Medicaid spending for 2021-2030. Medicaid spending growth is expected to have accelerated to 10.4% in 2021, associated with rapid gains in enrollment. Over 2022 and 2023, Medicaid spending growth is expected to slow to 5.7% and 2.7%, respectively, as a result of projected enrollment declines, after the end of the COVID-19 PHE, when the continuous enrollment condition under the Families First Coronavirus Response Act expires and states begin to disenroll beneficiaries no longer eligible for Medicaid. Over 2025-2030, spending growth is projected to increase an average 5.6%, in part due to the expiration of Disproportionate Share Hospital payment cap reductions set for late-2027. Spending is projected to exceed $1 trillion for the first time in 2028.

Private Health Insurance and Out-of-Pocket: For 2021-2030, private health insurance spending growth is projected to average 5.7%. A rebound in utilization is expected to primarily influence private health insurance spending growth over 2021 (6.3%) and 2022 (8.3%), and then normalize through 2024. Over 2025-2030, as health spending trends by private payers tend to be influenced on a lagged basis by changes in income growth, average growth for private health insurance spending is then expected to slow to 4.8% by 2030 in response to slowing income growth earlier in the projection period. Out-of-pocket expenditures are projected to grow at an average rate of 4.6% over 2021-2030 and to represent 9% of total spending by 2030 (ultimately falling from its current historic low of 9.4% in 2020).

Selected highlights in projected health expenditures for the three largest goods and services categories are as follows:

Hospital: Hospital spending growth is projected to average 5.7% for 2021-2030. In 2021, hospital spending growth is expected to be 5.7%, a deceleration from 6.4% in 2020, largely due to declining federal supplemental payments. However, growth in hospital spending for Medicare, Medicaid, and private health insurance are expected to have grown faster compared to 2020 due to a partial rebound in utilization. Demand for care is expected to remain elevated in 2022, along with a projected acceleration in price growth; as a result, hospital spending growth is likewise expected to accelerate to 6.9% in 2022. Over 2023 and 2024, growth is expected to normalize (5.6% per year) and transition away from pandemic-related impacts on utilization, federal program funding, and changes in insurance enrollment, and remain similar on average through 2030 (5.5% per year). Key factors influencing hospital spending growth over 2025-30 is faster projected growth in Medicaid spending due to the scheduled expiration of Disproportionate Share Hospital payment cap reductions, as well as slower expected growth in Medicare spending (slower enrollment growth and larger sequestration-based cuts) and private health insurance spending (in lagged response to slowing income growth).

Physician and Clinical Services: Physician and clinical services spending is projected to grow an average of 5.6% per year over 2021-2030. In 2021, growth in physician and clinical services spending is expected be 5.1%, which is slower than growth of 5.4% in 2020, mainly due to declines in supplemental funding more than offsetting expected utilization increases among Medicare and private health insurance enrollees. Consumers are expected to return to more typical use patterns in 2022 resulting in 6.2% growth. Pandemic-related effects are expected to diminish through 2024. Through 2030, average total physician and clinical services spending growth of 5.5% is expected to primarily reflect decelerating spending growth for private health insurance enrollees in lagged response to projected slower growth in incomes earlier in the period.

Retail Prescription Drugs: Spending growth for retail prescription drugs is projected to increase over 2021-2030 at an average rate of 5%. In 2021, growth is expected to accelerate (4.7%) compared to 2020 (3%) due to faster growth in utilization by Medicaid beneficiaries and those enrolled in private health insurance. In 2022, however, overall retail prescription drug spending growth is projected to slow to 4.3%, as declines in Medicaid enrollment are expected to lead to slower drug spending for that program and more than offset faster Medicare spending for drugs in that year. New drugs expected to be approved from 2021-2026 are expected to influence retail prescription drug spending utilization and prices over the remainder of the projection period; over 2025-2030, retail prescription drug spending growth is anticipated to average 5.2%.

The Office of the Actuary's report will appear at: http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-

Reports/NationalHealthExpendData/NationalHealthAccountsProjected.html

An article about the study is also being published by Health Affairs and is available here:

https://www.healthaffairs.org/

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7500 Security Boulevard, Baltimore, MD 21244

ATTACHMENT 3-6: Response to DR SLM-016 (Director and Manager Bonus Plan).

Golden State
Water Company
A Subsidiary of American States Water Company

November 21, 2023

To: Sam Lam, Public Advocates Office
CALIFORNIA PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Subject: Data Request SLM-016 (A.23-08-010) Director and Manager Bonus Plan
Due Date: November 21, 2023

Dear Sam Lam,

In response to the above referenced data request number, we are pleased to submit the following responses:

Question 1:
Provide a copy of Director and Manager Bonus Plan for the years 2020 – 2022.[2]

Response 1:
See pdf attachments **SLM-016 Q1 2020 GSWC Director Manager Bonus Plan Final**, **SLM-016 Q1 2021 GSWC Director Manager Bonus Plan Final**, and **SLM-016 Q1 2022 GSWC Director Manager Bonus Plan Final**,

Question 2:
Does GSWC's Board of Director receive compensation or any benefits associated with the position?

a. If so, explain what the compensation and benefits are and if the related expenses are recovered through rates. Indicate where this information can be found in the RO model.

[2] Similar to GSWC's Response to DR AMX-004 (A.20-07-012).

Response 2:
As described in more detail within our Proxy disclosures, we compensate our Board of Directors for their services on the Board in the form of cash and stock awards. We pay each director in cash an annual retainer for their service on the Board. Directors that chair a committee also receive an additional annual retainer, which include the audit and finance committee, nominating and governance committee, and compensation committee. In addition, each Board of Director receives an annual grant of stock awards pursuant to the terms of a Directors Plan. There are no other incentive compensation, deferred compensation or pension plans for the Board of Directors.

a. The recorded expenses are reflected in the RO model in the workbook titled "SEC-40_EXP_OM AG Standard" and can be found on line 1531 of the "IN_REC OM AG Exp" tab. (WUDF 799, Object 8700, CSA Code 9011.) GSWC used a 5-year inflation adjusted average to forecast the 2025 expenditure level.

Question 3:
Does GSWC's Compensation Committee members receive compensation or any benefits associated with the position?

a. If so, explain what the compensation and benefits are and if the related expenses are recovered through rates? Indicate where this information can be found in the RO model.

Response 3:
See Response to question 2.

END OF RESPONSE

ATTACHMENT 5-1: Response to DR SLM-013 (GO Allocation).

Golden State Water Company
A Subsidiary of American States Water Company

November 13, 2023

To: Sam Lam, Public Advocates Office
CALIFORNIA PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Subject: Data Request SLM-013 (A.23-08-010) GO Allocation
Due Date: November 3, 2023 Extension Due Date: November 13, 2023

Dear Sam Lam,

In response to the above referenced data request number, we are pleased to submit the following responses:

Question 1:
Refer to the attached Advice Letter[2] filed by GSWC on 09/01/2023 (Description: Information-Only Filing, Creation of a New Affiliate).

a. Does the creation of the new affiliate affect the GO allocation factors presented in the Testimony of Jenny Darney-Lane?
b. If so, provide updated GO allocation factors and supporting explanations and documents.
c. What is the estimated number of connections to be served by the new affiliate?

[2] Attachment: GSWC Information-Only Filing - Patuxent River Utility Services

Response 1:

a. The GO Four-Factor Allocation calculation is based on recorded 2022 data. The creation of the new affiliate with Patuxent River Utilities Service, effective August 18, 2023, does not affect the results of the four factor allocation presented by GSWC in the General Rate Case application.
b. N/A
c. The estimated number of water/wastewater connections to be served by PRUS is 1,046. This is a preliminary estimate since operations are expected to start in 2024.

Question 2:
Refer to the attached Advice Letter[3] filed by GSWC on 10/23/2023 (Description: Information-Only Filing, Creation of a New Affiliate).

a. Does the creation of the new affiliate affect the GO allocation factors presented in the Testimony of Jenny Darney-Lane?
b. If so, provide updated GO allocation factors and supporting explanations and documents.
c. What is the estimated number of connections to be served by the new affiliate?

[3] Attachment: GSWC Information-Only Filing - Bay State Utility Services

Response 2:

a. The GO Four-Factor Allocation calculation is based on recorded 2022 data. The creation of the new affiliate with Bay State Utility Service LLC, that was awarded September 29, 2023, does not affect the results of the four factor allocation presented by GSWC in the General Rate Case application.
b. N/A
c. The estimated number of water/wastewater connections to be served by BSUS is 436. This is a preliminary estimate since operations are expected to start in 2024.

Question 3:

Referring to the Testimony of Jenny Darney-Lane, p.31:

a. Explain what the payroll function for ASUS is.[4]
b. Provide the recorded annual costs (labor, system subscriptions, system maintenance, etc.) of the Accounting Department between 2018 – 2022, in Excel format.
    i. Provide the related general ledger entries, in Excel format, separated by year (2018 – 2022).

[4] "[The] payroll function for ASUS, and its subsidiaries, and Golden State are all handled by the Accounting Department at the Golden State General Office" (Testimony of Jenny Darney-Lane p.31).

Response 3:

a. Corporate Support provides payroll functions for ASUS employees and its subsidiaries, as well as for GSWC and BVESI.
b. Payroll are categorized in business units 61 – payroll and 67 – General Accounting. These costs are allocated between GSWC, BVESI and ASUS using the adopted four-factor calculation percentages.
    i. CalPA has been provided with the detailed general ledger for 2018-2022. Reference files provided on August 17, 2023.

Question 4:

Explain how Golden State's General Office staff provides the following List of Services to ASUS.

a. List of Services:
    i. Executive Support – Corporate Governance and Oversight.
    ii. Information Technology.
    iii. Human Capital Management.
    iv. Internal Audit.
    v. Risk Services (Insurance).

vi. Corporate Accounting Support (including financial reporting, payroll, accounts payable, and tax reporting).

b. Provide the recorded annual cost for GSWC to provide each of the services to ASUS, between 2018 – 2022, in Excel format.
   i. Provide the related general ledger entries, in Excel format, separated by year (2018 – 2022).

Response 4:

a.

i. Executive Support – Corporate Governance and Oversight ([1]BU 40) support staff assists the preparation of internal rules, controls, policies and processes to endure that all subsidiaries balance the interest of the company's stakeholders (customers, Senior Managements, shareholders, etc.).

ii. IT (BU 85, 86B, 87 & 89) provides personal computer and mobile device support and implements network and security for ASUS employees located at the General Office.

iii. Human Capital Management (BU 80, 81 & 82) is responsible for the development of policies and procedures related to Compensation, Benefits, Employee Relations, Labor Relations, Recruitment/Selection, Affirmative Action and Equal Employment Opportunity.

iv. Internal Audit (BU 59) performs financial audits of the business processes to provide an independent assurance that the Company's risk management, governance and internal controls processes are operating effectively. Internal Audit helps this organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management procedures in place; controls to prevent and detect fraud and theft of the organization's assets; compliance with laws and regulations; and making recommendations on process improvement.

v. Risk Services (BU 69) facilitates the insurance placement and renewal processes for ASUS.

vi. Corporate Accounting Support (BU 60, 61, 63, 64, 65, 66, 67 & 68) (including financial reporting, payroll, accounts payable, and tax reporting). – Please refer to Report of Operations, GO Chapter 2, Accounting and Finance, pages 2-3 thru 2-5.

b. The costs for all Corporate Support functions are recorded to GO-Corporate Support cost centers indicated above and allocated to ASUS (and GSWC and BVESI) using the adopted four-factor allocation rates. CalPA has been provided

[1] Corresponding Business Unit (BU)

with the detailed general ledger for 2018-2022. Reference files provided on August 17, 2023.

Question 5:
Referring to the Testimony of Jenny Darney-Lane, p.36.

a. Provide the estimated number of connections/population served on each military base or establishments for GSWC.
b. Provide the estimated number of connections/population served on each military base or establishments for ASUS.
c. Provide copies of all GSWC and ASUS-and-subsidiary contracts with various military bases or establishments.

Response 5:

a. GSWC does not know the number of connections within the military bases that it services or how many individuals reside on the base at any one time.

b. See attached Excel file **"SLM-013 Q.5.b. Service Connections - All Locations – CONFIDENTIAL"**. This Excel file is provided as Confidential Materials protected under Cal. Gov. Code 7927.705, Cal. Evid. Code §1060, Civ. Code §3426.1(d), Penal Code §499c(a)(9), and Pub. Util. Code §583 and is not to be released as part of the public record in this proceeding.

c. Refer to files titled:
"SLM-013 Q.5.c SP0600-04-C-8265 FBWS - CONFIDENTIAL"
"SLM-013 Q.5.c SP0600-05-C-8250 TUS – CONFIDENTIAL"
"SLM-013 Q.5.c SP0600-07-C-8251 PSUS – CONFIDENTIAL"
"SLM-013 Q.5.c W9133L-23-F-6900 BSUS – CONFIDENTIAL"
"SLM-013 Q.5.c. SP0600-05-C-8252 ODUS_TRADOC – CONFIDENTIAL"
"SLM-013 Q.5.c. SP0600-05-C-8253 ODUS_Ft Lee – CONFIDENTIAL"
"SLM-013 Q.5.c. SP0600-07-C-8258 ONUS – CONFIDENTIAL"
"SLM-013 Q.5.c. SP0600-16-C-8311 ECUS – CONFIDENTIAL"
"SLM-013 Q.5.c. SP0600-17-C-8328 FRUS – CONFIDENTIAL"
"SLM-013 Q.5.c. SP060023C8356 PRUS – CONFIDENTIAL"
These contracts are submitted as Confidential Material protected under Cal. Gov. Code 7927.705, Cal. Evid. Code §1060, Civ. Code §3426.1(d), Penal Code §499c(a)(9), and Pub. Util. Code §583 and are not to be released as part of the public record in this proceeding. There are no special contracts for the military bases served by GSWC, which are regular water customers.

Question 6:
Provide the following information in Excel format, separated by year:

a. 2018 – 2022 historic gross revenues amount for GSWC, Bear Valley Electric Services (BVES), and American States Utilities Services (ASUS).
b. Reconcile these gross revenues to the parent company, American States Water's (AWR) reported gross revenues on the consolidated basis and explain any differences.

Response 6:
For 6a and 6b, see attached Excel file **"SLM-013 Q.6. Gross Revenues"**.[2]

Question 7:
Provide the following information regarding ASUS:

a. 2018 – 2022 historic gross plant values with major breakdown of asset categories such as wells, main pipelines, reservoirs, treatment plants, equipment etc.
b. Explain whether gross plant mention in Q.2.a. are owned by ASUS, AWR, or by any subsidiaries.
c. Identify the plant assets and the respective values of those assets that are owned by ASUS' customers (such as various military bases) that are necessary for the water or wastewater services provided by ASUS.

Response 7:

a. ASUS does not record on its book of records the plant assets or properties owned by the US government. In accordance with its contracts with the US government, ASUS operates and maintains the water distribution assets/system and wastewater collection assets/system. The water and wastewater assets owned by the US government vary by military base but generally include main pipeline, service pipeline, treatment facilities, reservoirs/storage tanks, generators, main valves, service valves, backflow preventers, post indicator valves, pressure reducing valves, fire hydrants, meters, wells, sand traps, pump stations, collection pipeline, forcemain pipeline, service laterals, treatment facilities, lagoons/ponds, forcemain valves, manholes, cleanouts, lift stations (major and minor), oil water separators, and grease traps. For the breakdown of the ASUS Plant Assets see Excel spreadsheet **"SLM-013 Q.7a ASUS Plant Assets 2018-2022 CONFIDENTIAL"**
b. The gross plant in Q.7.a. or the excel spreadsheet "SLM-013 Q.7a ASUS Plant Assets 2018-2022" is owned by ASUS and its subsidiaries.
c. The gross plant owned by ASUS and its subsidiaries is $38,065,600 out of the $834,195,018 total gross plant value that is utilized in the calculation of the four-factor allocation. The remainder is owned by the customer (various military bases) and is necessary for the water or wastewater services provided by ASUS.

Question 8:
Refer to Table JDL-6 in the Testimony of Jenny Darney-Lane, p.37.

a. Provide a breakdown for the (1) Utility Plant, (2) Expenses, and (3) Labor figures in Table JDL-6, in Excel format, separated by each company (GSWC, BVES, ASUS).

Response 8:

a. For a breakdown of Table JDL-6 in Excel format see the RO Model, file SEC-90_GO_Allocation, Tab "IN_Four Factor".

---

[2] Source: 10K

Question 9:
Refer to the Testimony of Jenny Darney-Lane, p.36.

a. What is the number of connections that GSWC serve with more than one residential customer?[5]
b. What is the estimated population served by this number of connections?

[5] "Golden State serves in excess of 20,000 connections that serve more than one residential customer" Testimony of Jenny Darney-Lane, p.36.

Response 9:

a. As of November 3, 2023, GSWC serves 22,675 multi-family residential customers.
b. GSWC does not know how many individuals reside in the multi-family residential connections served.

END OF RESPONSE

ATTACHMENT 5-2: Advice Letter (September 1, 2023).

CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS

Advice Letter Cover Sheet

Utility Name: GOLDEN STATE WATER COMPANY

District:

CPUC Utility #: 133 W

Advice Letter #: N/A

Tier ☐1 ☐2 ☐3 ☒ Compliance

Authorization D.12-01-042

Description: Information-Only Filing
Creation of a New Affiliate

Date Mailed to Service List: 9/1/2023

Protest Deadline (20th Day):

Review Deadline (30th Day):

Requested Effective Date:

Rate Impact: $ N/A
% N/A

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Yvonne Pinedo
Phone: (909) 394-3600 x 636
Email: ypinedo@gswater.com

Utility Contact: Jenny Darney-Lane
Phone: (909) 394-3600 x 423
Email: jadarneylane@gswater.com

DWA Contact: Tariff Unit
Phone: (415) 703-1133
Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE	STAFF	COMMENTS
________	________	________
		________
________	________	________
		________

[ ] APPROVED [ ] WITHDRAWN [ ] REJECTED

Signature: ____________ **Comments:** ____________

Date: ____________ ____________

Golden State
Water Company
A Subsidiary of American States Water Company

September 1, 2023

Mr. Terrence Shia, Water Division
California Public Utilities Commission
505 Van Ness Avenue, Water Division
San Francisco, CA 94102

by e-mail

Subject: **Golden State Water Company (U-133 W)**
Information-Only Filing – Creation of New Affiliate

Dear Mr. Terrence Shia:

Golden State Water Company submits this timely information-only filing in compliance with Decision No. D.10-10-019, D.11-10-034 and as modified by D.12-01-042.

Rule VIII.D of D.12-01-042 states,

> *New Affiliates. Upon the creation of a new affiliate, the utility shall immediately notify the Commission of its creation, as well as posting notice of this event on its web site. No later than 60 days after the creation of this affiliate, the utility shall file an information-only filing, as provided for in Rule 6.1 of General Order 96-B, with the Director of the Commission's Division of Water and Audits, with service on the Director of the Division of Ratepayer Advocates. The advice letter shall state the affiliate's purpose or activities and whether the utility claims these Rules are applicable to the new affiliate, and shall include a demonstration to the Commission that there are adequate procedures in place that will assure compliance with these Rules. The advice letter may include a request, including supporting explanation, that the affiliate transaction rules not be applied to the new affiliate. If the utility requests that the affiliate transactions rules not be applied to the new affiliate, in lieu of an information-only filing, the utility shall file a Tier 2 advice letter making such a request, including an explanation of why these Rules should not apply to the new affiliate.*

INTRODUCTION

In compliance with California Public Utilities Commission ("CPUC") Decision ("D.") 12-01-042, Golden State Water Company ("GSWC") provides the following information:

Pursuant to Rule VIII.D of the Affiliate Transaction Rules ("Rules"), GSWC submits this Information-Only filing to notify the Commission that, as of August 18, 2023, GSWC's parent, American States Water Company's ("AWR") contracted services subsidiary, American States Utility Service, Inc., ("ASUS") has created a new subsidiary, Patuxent River Utility Services LLC ("PRUS") and thereby by definition is an Affiliate[1] of GSWC.

BACKGROUND

AWR is the parent of GSWC, Bear Valley Electric Service, Inc. ("BVES, Inc.") and ASUS. GSWC and BVES, Inc. are regulated by the California Public Utilities Commission. Through its water utility subsidiary, GSWC, the company provides water service to approximately 263,600 customer connections located within more than 80 communities in Northern, Coastal and Southern California. Through its electric utility subsidiary, BVES, Inc., the company distributes electricity to approximately 24,700 customer connections in the City of Big Bear Lake and surrounding areas in San Bernardino County, California. Through its contracted services subsidiary, ASUS, the company provides operations, maintenance and construction management services for water distribution, wastewater collection, and treatment facilities located on twelve military bases throughout the country through 50-year privatization contracts with the U.S. government.

On August 17, 2023, AWR announced that ASUS was awarded a 50-year contract by the U.S. government to operate, maintain, and provide construction management services for the water distribution and wastewater collection facilities at Naval Air Station Patuxent River, a United States Navy air station located in Maryland. A copy of the Company's press release is attached hereto as **Exhibit A** and has been posted on AWR's website https://americanstateswatercompany.gcs-web.com/news-releases/news-release-details/american-states-water-company-announces-new-privatization.

On August 24, 2023, GSWC notified the Commission by electronic mail, specifically the Director of Water Division and the Director of the Public Advocates Office, of AWR's

[1] Rule II.E of D.12-01-042 states that "'Affiliate' means any entity whose outstanding voting securities are more than 10 percent owned, controlled, directly or indirectly, by a utility, by its parent company, or by any subsidiary of either that exerts substantial operation control."

announcement and provided the August 17, 2023 press release. GSWC advised Water Division and Public Advocates Office that GSWC's information-only filing would be submitted to the Commission no later than 60 days after the creation of this affiliate, as required in Rule VIII.D of D.12-01-042.

Effective August 18, 2023, Patuxent River Utility Services LLC, the new subsidiary, was incorporated in Maryland to enable ASUS to operate, maintain, and provide construction management services for the water distribution and wastewater collection facilities at Naval Air Station Patuxent River. A copy of the Electronic Articles of Organization is attached as **Exhibit B**.

GSWC claims the Affiliate Transaction Rules are applicable to the new affiliate, PRUS. GSWC is not requesting that PRUS be exempt from any of the Affiliate Transaction Rules as stated in D.10-10-019 and Modified in D.11-10-034 and D.12-01-042, and affirms that it has adequate procedures, mechanisms and policies in place to comply with the Affiliate Transaction Rules.

Please call me at (909) 394-3600 ext. 656 with any questions regarding this information-only filing.

Sincerely,

Jon Pierotti
Digitally signed by Jon Pierotti
Date: 2023.09.01 14:21:57 -07'00'

Jon Pierotti
Golden State Water Company
Vice President of Regulatory Affairs

c: Matt Baker, CPUC - Director, Public Advocates Office
Richard Rauschmeier, CPUC – Water Branch, Public Advocates Office
Victor Chan, CPUC- Water Branch, Public Advocates Office
Jenny Darney-Lane, GSWC – Manager, Regulatory Affairs
Brad Powell, GSWC – Manager, Regulatory Affairs

EXHIBIT A

AMERICAN STATES WATER COMPANY'S
PRESS RELEASE

NEW PRIVATIZATION CONTRACT AWARD

American States Water Company Announces New Privatization Contract Award at Naval Air Station Patuxent River, Maryland

August 17, 2023 at 9:00 AM EDT

Initial Contract Value of Nearly $350 Million over a 50-Year Period

SAN DIMAS, Calif.--(BUSINESS WIRE)--Aug. 17, 2023-- American States Water Company (AWR: NYSE) announced today that its contracted services subsidiary, American States Utility Services, Inc. (“ASUS”), has been awarded a 50-year contract by the U.S. government to operate, maintain and provide construction management services for the water distribution and wastewater collection facilities at Naval Air Station Patuxent River, a United States Navy air station located in Maryland. The initial value of the contract is estimated at approximately $349 million over a 50-year period and is subject to annual economic price adjustment. ASUS will also have the opportunity to generate additional revenues under this contract for new construction projects provided through contract modifications with the U.S. government. Under the contract, there is a 6-month transition period to ensure seamless operations are established and inventory assets are fully accounted for in the contract.

“We are very pleased to have been awarded our first Navy contract and we take great pride in our strong relationship with the U.S. government and their continued confidence in our expertise in managing water and wastewater systems on military bases,” stated Robert J. Sprowls, President and CEO of American States Water Company. “We are well positioned to continue competing for new contracts in the future and we consider it a privilege to serve the men and women of the U.S. military.”

Naval Air Station Patuxent River (also known as NAS Pax River) is a United States naval air station located in St. Mary’s County, Maryland, on the Chesapeake Bay near the Patuxent River. NAS Pax River is headquarters to the Naval Air Systems Command, the U.S. Naval Test Wing Atlantic, the Commander, Fleet Readiness Centers, the Naval Air Station Port Operations, the United States Coast Guard Station St. Inigoes, and is responsible for the ship/shore/air excellence integration supporting the Navy’s principal flight and ground test activity. With the addition of NAS Pax River, ASUS will be providing water and wastewater utility services at twelve military bases located within eight states.

Forward Looking Statements

Certain matters discussed in this news release with regard to the Company’s expectations may be forward-looking statements that involve risks and uncertainties. The assumptions and risk factors that could cause actual results to differ materially include those described in the Company’s most recent Form 10-Q and Form 10-K filed with the Securities and Exchange Commission.

About American States Water Company

American States Water Company is the parent of Golden State Water Company, Bear Valley Electric Service, Inc. and American States Utility Services, Inc., serving over one million people in nine states. Through its water utility subsidiary, Golden State Water Company, the company provides water service to approximately 263,600 customer connections located within more than 80 communities in Northern, Coastal and Southern California. Through its electric utility subsidiary, Bear Valley Electric Service, Inc., the company distributes electricity to approximately 24,700 customer connections in the City of Big Bear Lake and surrounding areas in San Bernardino County, California. Through its contracted services subsidiary, American States Utility Services, Inc., the company provides operations, maintenance and construction management services for water distribution, wastewater collection, and treatment facilities located on twelve military bases throughout the country under 50-year privatization contracts with the U.S. government.

American States Water Company has paid dividends to shareholders every year since 1931, increasing the dividends received by shareholders each calendar year for 69 consecutive years, which places it in an exclusive group of companies on the New York Stock Exchange that have achieved that result.

View source version on businesswire.com: https://www.businesswire.com/news/home/20230816431621/en/

Eva G. Tang
Senior Vice President-Finance, Chief Financial Officer,
Corporate Secretary and Treasurer
(909) 394-3600, ext. 707

Source: American States Water Company

EXIBIT B

ARTICLES OF ORGANIZATION

PATUXENT RIVER UTILITY SERVICES LLC

Acknowledgement Number: 5000000008616327

STATE OF MARYLAND
Department of Assessments and Taxation

I, Michael L. Higgs, Director of the State Department of Assessments and Taxation, hereby certify that the attached document, consisting of 1 pages, inscribed with the same Authentication Code, is a true copy of the public record of the

Articles of Organization

for

PATUXENT RIVER UTILITY SERVICES LLC

(Department ID: **W24272395**)

I further certify that this document is a true copy generated from the online service with the State Department of Assessments and Taxation.

In witness whereof, I have hereunto subscribed my signature and affixed the seal of the State Department of Assessments and Taxation of Maryland at Baltimore on this August 18, 2023.

Michael L. Higgs
Director

301 West Preston Street, Baltimore, Maryland 21201
Telephone Baltimore Metro (410) 767-1344 / Outside Baltimore Metro (888) 246-5941
MRS (Maryland Relay Service) (800) 735-2258 TT/Voice

Online Certificate Authentication Code: OfgQ7ORze0K-iFd7eXsZrA
To verify the Authentication Code, visit http://dat.maryland.gov/verify

Articles of Organization

The undersigned, with the intention of creating a Maryland Limited Liability Company files the following Articles of Organization:

(1) The name of the Limited Liability Company is:
Patuxent River Utility Services LLC (W24272395)

(2) The address of the Limited Liability Company in Maryland is:
3414 Pennsylvania Ave, Joint Base Andrews, MD, 20762-5222

(3) In order to operate in Maryland, will the registering entity require a business or industry license that is issued by the state or any other local agency?
Uncertain

(4) The Resident Agent of the Limited Liability Company in Maryland is:
DeAndre R Morrow

whose address is:
20216 Sweet Meadow Lane, Gaithersburg, MD, 20882

(5) Signature(s) of Authorized Person(s):

DeAndre Rasheem Morrow

(6) Signature(s) of Resident Agent(s):

DeAndre R Morrow

I hereby consent to my designation in this document.

(7) Filing party's name and return address:
Mr . DeAndre Morrow, 2101 L STREET NW, Suite 1000, Washington, DC, 20037

ATTACHMENT 5-3: Advice Letter (October 23, 2023).

CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS

Advice Letter Cover Sheet

Utility Name: GOLDEN STATE WATER COMPANY

District:

CPUC Utility #: 133 W

Advice Letter #: N/A

Tier ☐1 ☐2 ☐3 ☒ Compliance

Authorization D.12-01-042

Description: Information-Only Filing
Creation of a New Affiliate

Date Mailed to Service List: 10/23/2023

Protest Deadline (20th Day):

Review Deadline (30th Day):

Requested Effective Date:

Rate Impact: $ N/A
% N/A

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Yvonne Pinedo
Phone: (909) 394-3600 x 636
Email: ypinedo@gswater.com

Utility Contact: Jenny Darney-Lane
Phone: (909) 394-3600 x 423
Email: jadarneylane@gswater.com

DWA Contact: Tariff Unit
Phone: (415) 703-1133
Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE	STAFF	COMMENTS

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Signature: ____________ **Comments:** ____________

Date: ____________

Golden State
Water Company
A Subsidiary of American States Water Company

October 23, 2023

Mr. Terrence Shia, Water Division
California Public Utilities Commission
505 Van Ness Avenue, Water Division
San Francisco, CA 94102

by e-mail

Subject: **Golden State Water Company (U-133 W)**
Information-Only Filing – Creation of New Affiliate

Dear Mr. Terrence Shia:

Golden State Water Company submits this timely information-only filing in compliance with Decision No. D.10-10-019, D.11-10-034 and as modified by D.12-01-042.

Rule VIII.D of D.12-01-042 states,

> *New Affiliates. Upon the creation of a new affiliate, the utility shall immediately notify the Commission of its creation, as well as posting notice of this event on its web site. No later than 60 days after the creation of this affiliate, the utility shall file an information-only filing, as provided for in Rule 6.1 of General Order 96-B, with the Director of the Commission's Division of Water and Audits, with service on the Director of the Division of Ratepayer Advocates. The advice letter shall state the affiliate's purpose or activities and whether the utility claims these Rules are applicable to the new affiliate, and shall include a demonstration to the Commission that there are adequate procedures in place that will assure compliance with these Rules. The advice letter may include a request, including supporting explanation, that the affiliate transaction rules not be applied to the new affiliate. If the utility requests that the affiliate transactions rules not be applied to the new affiliate, in lieu of an information-only filing, the utility shall file a Tier 2 advice letter making such a request, including an explanation of why these Rules should not apply to the new affiliate.*

INTRODUCTION

In compliance with California Public Utilities Commission ("CPUC") Decision ("D.") 12-01-042, Golden State Water Company ("GSWC") provides the following information:

Pursuant to Rule VIII.D of the Affiliate Transaction Rules ("Rules"), GSWC submits this Information-Only filing to notify the Commission that, as of September 29, 2023, GSWC's parent, American States Water Company's ("AWR") contracted services subsidiary, American States Utility Service, Inc., ("ASUS") was awarded a military contract and its subsidiary, Bay State Utility Services LLC thereby by definition is an Affiliate[1] of GSWC.

BACKGROUND

AWR is the parent of GSWC, Bear Valley Electric Service, Inc. ("BVES, Inc.") and ASUS. GSWC and BVES, Inc. are regulated by the California Public Utilities Commission. Through its water utility subsidiary, GSWC, the company provides water service to approximately 263,600 customer connections located within more than 80 communities in Northern, Coastal and Southern California. Through its electric utility subsidiary, BVES, Inc., the company distributes electricity to approximately 24,700 customer connections in the City of Big Bear Lake and surrounding areas in San Bernardino County, California. Through its contracted services subsidiary, ASUS, the company provides operations, maintenance and construction management services for water distribution, wastewater collection, and treatment facilities located on twelve military bases throughout the country through 50-year privatization contracts with the U.S. government.

On September 29, 2023, ASUS and the U.S. Department of Defense announced that ASUS was awarded a $45,000,000 firm-fixed-price contract for water and wastewater utility services at Joint Base Cape Cod, a United States military installation located in Massachusetts. A copy of the announcements are attached hereto as **Exhibit A** and the U.S government announcement can also be found on its website https://www.defense.gov/News/Contracts/Contract/Article/3543791/.

ASUS created a wholly-owned subsidiary, Bay State Utility Services LLC ("BSUS"), on August 15, 2022, to enable ASUS to provide water and wastewater services in Massachusetts. BSUS was a shell entity created in the Commonwealth of Massachusetts

[1] Rule II.E of D.12-01-042 states that "'Affiliate' means any entity whose outstanding voting securities are more than 10 percent owned, controlled, directly or indirectly, by a utility, by its parent company, or by any subsidiary of either that exerts substantial operation control."

without assets, employees or business operations, and therefore by definition not considered an affiliate of GSWC. ASUS created the subsidiary for the sole purpose of facilitating a brief transition period in the event a specific contract in Massachusetts was awarded by the U.S. government in the future.

Effective September 29, 2023, the date the U.S. government awarded the Joint Base Cape Cod contract to ASUS, BSUS enables ASUS to provide water and wastewater services in Massachusetts, and therefore is considered an affiliate of GSWC.

As required in Rule VIII.D of D.12-01-042, GSWC submits this information-only filing to the Commission no later than 60 days after the creation of this affiliate. A copy of the Electronic Articles of Organization is attached as **Exhibit B**.

GSWC claims the Affiliate Transaction Rules are applicable to the new affiliate, BSUS. GSWC is not requesting that BSUS be exempt from any of the Affiliate Transaction Rules as stated in D.10-10-019 and Modified in D.11-10-034 and D.12-01-042, and affirms that it has adequate procedures, mechanisms and policies in place to comply with the Affiliate Transaction Rules.

Please call me at (909) 394-3600 ext. 656 with any questions regarding this information-only filing.

Sincerely,

Jon Pierotti Digitally signed by Jon Pierotti
Date: 2023.10.23 13:05:51 -07'00'

Jon Pierotti
Golden State Water Company
Vice President of Regulatory Affairs

c: Matt Baker, CPUC - Director, Public Advocates Office
Richard Rauschmeier, CPUC – Water Branch, Public Advocates Office
Victor Chan, CPUC- Water Branch, Public Advocates Office
Jenny Darney-Lane, GSWC – Manager, Regulatory Affairs
Brad Powell, GSWC – Manager, Regulatory Affairs

EXHIBIT A

ASUS AND U.S. GOVERNMENT
ANNOUNCEMENTS

American States Utility Services, Inc.

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American States Utility Services, Inc. (ASUS) is excited to announce that we have been awarded a Contract to provide water and wastewater utility services at Joint Base Cape Cod (JBCC) located in Massachusetts. The Contract is the culmination of a collaborative, first-of-its-kind solution to utility divestment under the Exchange Authority for the Federal Government. We look forward to supporting the tenants of JBCC and consider it a privilege to leverage our broad utility expertise to make significant contributions to the Installation and Upper Cape Cod Region in support of the System Owner, Converge.

#asusinc #americanstatesutilityservicesinc #servingthosewhoserve #water #wastewater #waterandwastewater #watercompany #engineers #utilities #utilitysavings #engineering #engineeringexcellence #watertreatment #wastewatertreatment #utilityindustry #sustainabledevelopment #dod #people #management #project #planning #utilitymanagement #community #communitypartners #outreach #opportunities # #innovationleadership #partnershipsofthefuture #partnersmakemorepossible #asusstrong #resilience #resilientcommunities #techinnovation #resilientinfrastructure #militarycommunity #militaryengineering #engineeringsolutions #airforce #JBCC

CONTRACTS

Contracts For Sept. 29, 2023

NAVY

The Charles Stark Draper Laboratory, Cambridge, Massachusetts, is awarded a $2,183,965,410 cost-plus-fixed-fee contract for technical and engineering support necessary to maintain and sustain the Trident II Strategic Weapon System Mark 6 Guidance Subsystem and support the strategic guidance, navigation, and control research and development efforts required to enable follow-on, full-scale development of the Mark 7 Guidance Subsystem, Columbia/Dreadnought ship construction integration efforts, and reentry subsystem. This contract award also benefits a foreign military sale to the United Kingdom. Work will be performed in Cambridge, Massachusetts (80%); Pittsfield, Massachusetts (5%); Washington, D.C., (1%); Odon, Indiana (2%); Huntsville, Alabama (1%); Cape Canaveral, Florida (5%); St. Petersburg, Florida (2%); and various other locations (less than 1.0% each, 4% total). Work is expected to be completed Sept. 30, 2028. United Kingdom funding in the amount of $5,180,553 will be obligated on this award. The remainder of the funding will be obligated subject to the availability of funds. No funds will expire at the end of the current fiscal year. The dollar value of the contract, including all options, if exercised, is $2,183,965,410. This contract is a sole source acquisition pursuant to 10 U.S.C. 3204(a)(1) and was previously synopsized on the Systems for Award Management website. Strategic Systems Programs, Washington, D.C., is the contracting activity.

Lockheed Martin Space, Titusville, Florida, is awarded a $1,200,310,015 fixed-price-incentive-fee, cost-plus-incentive-fee, cost-plus-fixed-fee modification (PZ0001) to previously awarded and announced unpriced letter contract N0003023C0100 for Trident II (D5) missile production and deployed systems support. This contract award also benefits a foreign military sale to the United Kingdom. Work will be performed in Titusville, Florida (22.5%); Magna, Utah (18.8%); Denver, Colorado (14.7%); Kings Bay, Georgia (11.3%); Bangor, Washington (9.1%); Sunnyvale, California (4.8%); Camden, Arkansas (3.8%); Valley Forge, Pennsylvania (3.3%); and other locations (less than 1.0%) each, 11.7% total). Work is expected to be completed Sept. 30, 2028. This action will be awarded subject to the availability of funds. No funds will be obligated under this action and no funds will expire at the end of the current fiscal year. The maximum dollar value of the contract action, including all options, if exercised, is $1,200,310,015. This contract is being awarded as a sole source under 10 U.S. Code 2304(c)(1) and was previously synopsized on the Systems for Award Management website. Strategic Systems Programs, Washington, D.C., is the contracting activity.

Lockheed Martin Corp., Lockheed Martin Aeronautics Co., Fort Worth, Texas, is awarded a $746,266,081 firm-fixed-price, cost-plus-fixed-fee contract to provide program management, non-recurring unique requirements, and training in support of integration efforts for the government of Switzerland into the F-35 Joint Strike Fighter program as a Foreign Military Sales (FMS) customer. Work will be performed in Fort Worth, Texas (95%); Orlando, Florida (3%); and Greenville, South Carolina (2%), and is expected to be completed in December 2030. FMS customer funds in the amount of $746,266,081 will be obligated at time of award, none of which will expire at the end of the current fiscal year. Naval Air Systems Command, Patuxent River, Maryland, is the contracting activity (N0001923C0060).

Northrop Grumman Systems Corp., Melbourne, Florida, is awarded a $150,000,000 cost reimbursable contract modification (P00076) to a previously awarded contract (N0001918C1037). This modification provides for the production and delivery of long lead parts for five E-2D Advanced Hawkeye Aircraft in support of the government of Japan. Work will be performed in Syracuse, New York (25.06%); Rolling Meadows, Illinois (9.52%); Woodland Hills, California (5.87%); Menlo Park, California (5.08%); Greenlawn, New York (3.33%); Aire-sur-l'Adour, France (2.02%); Owego, New York (1.79%); Edgewood, New York (1.41%); Melbourne, Florida (1.35%); Marlboro, Massachusetts (.73%); and various locations within the continental U.S. (43.84%), and is expected to be completed in February 2029. Foreign Military Sales funds in the amount of $150,000,000 will be obligated at the time of award, none of which will expire at the end of the current fiscal year. Naval Air Systems Command, Patuxent River, Maryland, is the contracting activity.

Walsh Federal LLC, Chicago, Illinois, is awarded a $117,599,000 firm-fixed-price contract for design-bid-build air traffic control tower and air operations at Marine Corps Air Station (MCAS) Cherry Point. This contract also contains three unexercised options which, if exercised, would increase the total cumulative value to $120,229,219. Work will be performed at MCAS Cherry Point, North Carolina, and is expected to be completed by February 2026. Fiscal 2019, fiscal 2020, fiscal 2021, and fiscal 2022 military construction (Marine Corps) funds in the amount of $117,599,000 will be obligated at the time of award and will not expire at the end of the current fiscal year. This contract was competitively procured via the sam.gov website, with one offer received. The Naval Facilities Engineering Systems Command Mid-Atlantic, Norfolk, Virginia, is the contracting activity (N4008523C0050).

Krempp Construction Inc.,* Jasper, Indiana (N4008523D0086); Building Associates Inc.,* Bloomington, Indiana (N4008523D0087); CJW Contractors Inc.,* Herndon, Virginia (N4008523D0088); Doyon Management Services,* Fairborn, Ohio (N4008523D0089); Industria Inc.,* Des Plaines, Illinois (N4008523D0090); Enfield Enterprises Inc.,* Springfield, Massachusetts (N4008523D0091); Richard Group LLC,* Chicago, Illinois (N4008523D0098); and Howard W. Pence,* Elizabethtown, Kentucky (N4008523D0099), are awarded combined-maximum-value $95,000,000 firm-fixed-price, indefinite-delivery/indefinite-quantity, multiple-award construction contracts for general construction services for facilities primarily at Naval Support Activity (NSA) Crane, Indiana, and at naval operational support centers within a 450-mile radius of NSA Crane. Fiscal 2023 defense working capital funds in the amount of $6,429,500 are also awarded to Krempp Construction Inc. for the initial task order for Building 3235 batter area upgrades. The other seven awardees will each be awarded $2,500 in order to satisfy the minimum guarantee. Fiscal 2023 operation and maintenance (Navy) funds in the amount of $6,447,000 will be obligated at time of award and will expire at the end of the current fiscal year. Work will be primarily performed in Crane, Indiana, and is expected to be completed by September 2028. This contract was competitively procured via the sam.gov website, with 12 offers received. Naval Facilities Systems Engineering Systems Command Mid-Atlantic, Norfolk, Virginia, is the contracting activity.

Raytheon Co., Tucson, Arizona, is awarded an $85,663,955 cost-plus-fixed-fee and firm-fixed-price contract for Standard Missile depot and intermediate level repair and maintenance and provisioned items ordered spares. This contract includes options which, if exercised, would bring the cumulative value of this contract to $259,478,826. Work will be performed in Tucson, Arizona (50%); Middletown, Connecticut (13%); East Camden, Arkansas (6%); Joplin, Missouri (5%); Chandler, Arizona (3%); Wolverhampton, West Midlands, England (3%); Anaheim, California (2%); Peabody, Massachusetts (1%); Fort Worth, Texas (1%); Camden, Arkansas (1%); and various locations across the U.S., each less than 1% (15%). Work is expected to be completed by September 2024. If all options are exercised, work will continue through September 2028. Fiscal 2023 operations and maintenance (Navy) funds in the amount of $67,891,259 will be obligated at time of award and $67,891,259 will expire at the end of the current fiscal year. This contract was not competitively procured in accordance with 10 U.S. Code 3204(a)(1) (only one responsible source and no other supplies or services will satisfy agency requirements). Naval Sea Systems Command, Washington, D.C., is the contracting activity (N00024-23-C-5408).

NORESCO LLC, Westborough, Massachusetts, was awarded a $78,374,013 firm-fixed-price modification to previously-awarded contract N47408-00-D-8117 for energy improvements at Commander Fleet Activities Yokosuka, Japan. This award brings the total cumulative value of the task order to $438,216,405. The modification will enhance the installation's energy resiliency and security by enabling rapid islanding of the cogeneration system and diesel generator plant. Work will be performed in Yokosuka, Japan, and is expected to be completed by September 2025. No funds will be obligated at time of award. The Energy Policy Act of 1992 authorizes agencies to use private financing to fulfill its requirements for energy savings performance contracts for project implementation. For this project, Commander Fleet Activities Yokosuka, Japan has agreed to pay for the costs of services and construction from project financing which will be obtained by NORESCO LLC. The Naval Facilities Engineering and Expeditionary Warfare Center, Port Hueneme, California, is the contracting activity. (Awarded Sept. 28, 2023)

Raytheon Co., Tucson, Arizona, is awarded a not-to-exceed $74,800,000 fixed-price incentive (firm target), undefinitized contract modification (P00014) to a previously awarded contract (N0001921C0723). This modification adds scope to provide additional non-recurring tooling, equipment, and associated labor required to increase the annual AIM-9X production capacity to 2500 in support of the Navy, Air Force, Army, and Foreign Military partners. Work will be performed in St. Albans, Vermont (18.1%); Simsbury, Connecticut (16.2%); Keyser, West Virginia (10.3%); Tucson, Arizona (9.7%); Murrieta, California (8.1%); St. Petersburg, Florida (5.5%); Midland, Ontario, Canada (4.2%); Anniston, Alabama (4.2%); Vancouver, Washington (4.2%); El Cajon, California (4.2%); Niles, Illinois (4%); Heilbronn, Germany (3.1%); Goleta, California (3.1%); Logan, Utah (1.9%); Anaheim, California (1%); Lexington, Kentucky (1%); and various locations within the continental U.S. (1.2%), and is expected to be completed in July 2026. Fiscal 2023 weapons procurement (Navy) funds in the amount of $59,144,000 will be obligated at the time of award, all of which will expire at the end of the current fiscal year. Naval Air Systems Command, Patuxent River, Maryland, is the contracting activity.

Northrop Grumman Systems Corp., Mission Systems Sector, Linthicum Heights, Maryland, is awarded a $60,555,041 firm-fixed-price modification to previously awarded contract N00024-20-C-5519 for ancillary hardware and provisioned item spares in support of the full rate production of Surface Electronic Warfare Improvement Program Block 3 Hemisphere systems. Work will be performed in Saginaw, Michigan (29%); Baltimore, Maryland (28%); Passaic, New Jersey (14%); Fort Worth, Texas (5%); Woodridge, Illinois (4%); Hudson, New Hampshire (4%); Ann Arbor, Michigan (2%); Woburn, Massachusetts (1%); San Diego, California (1%); Nashua, New Hampshire (1%); Littleton, Colorado (1%); and miscellaneous locations – each less than 1% (10%), and is expected to be completed by April 2027. Fiscal 2023 other procurement (Navy) funds in the amount of $32,585,440 (54%); fiscal 2023 shipbuilding and conversion (Navy) funds in the amount of $18,774,568 (31%); and fiscal 2022 shipbuilding and conversion (Navy) funds in the amount of $9,195,033 (15%), will be obligated at time of award and will not expire at the end of the current fiscal year. Naval Sea Systems Command, Washington, D.C., is the contracting activity.

Hornbeck Offshore Operators LLC, Covington, Louisiana (N6238715C2507), is being awarded a $44,974,929 modification for the fixed-price portion of a previously awarded firm-fixed-price contract to exercise a one-year option period (P00115) for the operation and maintenance of four modified off-shore supply vessels USNS Arrowhead (T-AGSE 4), USNS Eagleview (T-AGSE 3), USNS Westwind (T-AGSE 2), and USNS Black Powder (T-AGSE 1), for continued service as support vessels in support of Navy operations. The contract includes a 215-day base period, nine one-year option periods, and one 150-day option period. Work for this option period will be performed at sea worldwide, and is expected to be completed by Sept. 30, 2024. This contract includes nine 12-month option periods and one 150-day option period, which, if exercised, would bring the cumulative value of this contract to $436,969,566. Working capital funds (Navy) in the amount of $44,974,929 are obligated for fiscal 2024, and will not expire at the end of the fiscal year. This contract was issued on a basis of other than full and open competition in support of the statute under provisions of 10 U.S. Code 2304(c)(1), as implemented by Federal Acquisition Regulation 6.302-1, only one responsible source and no other supplies or services will satisfy agency requirements. Military Sealift Command, Norfolk, Virginia, is the contracting activity (N6238715C2507).

Raytheon Co., Tucson, Arizona, is awarded a $38,891,067 firm-fixed-price modification to previously awarded contract N00024-20-C-5405 for the procurement of components for Booster Thrust Actuation System, Grimlock Obsolescence, and Independent Flight Termination System Kits in support of Standard Missile-6 production requirements. Work will be performed in Tucson, Arizona, and is expected to be completed by August 2024. Fiscal 2021 weapons procurement (Navy) funds in the amount of $36,575,890 (94%); fiscal 2022 weapons procurement (Navy) funds in the amount of $1,315,177 (3%); and fiscal 2023 weapons procurement (Navy) funds in the amount of $1,000,000

(3%), will be obligated at time of award, of which $36,575,890 will expire at the end of the current fiscal year. Naval Sea Systems Command, Washington, D.C., is the contracting activity.

L3 Harris Technologies Inc. - Interstate Electronics Corp., Anaheim, California, is being awarded a cost-plus-fixed-fee $36,562,287 modification (P00019) to a previously awarded contract (N00003022C2001) for Trident II (D5) Flight Test Instrumentation systems support. This contract award also benefits a foreign military sale to the United Kingdom. Work will be performed in Anaheim, California (56%); Cape Canaveral, Florida (30%); Bremerton, Washington (1%); Kings Bay, Georgia (2%); Washington, D.C (7%); Silverdale, Washington (1%); and Barrow-in-Furness, United Kingdom (3%). Work is expected to be completed Sept. 30, 2024. Subject to the availability of funds, fiscal 2024 operations and maintenance (Navy) funds in the amount of $9,263,477; and fiscal 2024 United Kingdom funds in the amount of $1,096,606 ,will be obligated. Fiscal 2023 research, development, test and evaluation (Navy) funds in the amount of $26,202,204 will be obligated on this award. No funds will expire at the end of the current fiscal year. The total dollar value of the modification is $36,562,287 and the total cumulative face value of the contract, inclusive of all optional line items, is $242,442,229. This contract is being awarded to the contractor on a sole source basis under 10 U.S. Code 2304(c)(1) and was previously synopsized on the System for Award Management online portal. Strategic Systems Programs, Washington, D.C., is the contracting activity.

Ultra Electronics Ocean Systems Inc., Braintree, Massachusetts, is awarded a $32,211,059 firm-fixed-price modification to previously-awarded contract N63394-19-C-0007 for production and spares in support of the Next Generation Surface Search Radar program. Work will be performed in Braintree, Massachusetts (90%); Wake Forest, North Carolina (6%); and Chantilly, Virginia (4%), and is expected to be completed by August 2025.Fiscal 2023 shipbuilding and conversion (Navy) funds in the amount of $11,118,498 (34%); fiscal 2022 shipbuilding and conversion (Navy) funds in the amount of $6,776,814 (21%); fiscal 2021 shipbuilding and conversion (Navy) funds in the amount of $6,640,310 (20%); working capital funds in the amount of $5,721,249 (18%); fiscal 2023 research, development, test and evaluation (Navy) funds in the amount of $898,888 (3%); fiscal 2017 shipbuilding and conversion (Navy) funds in the amount of $663,375 (2%); fiscal 2020 shipbuilding and conversion (Navy) funds in the amount of $271,300 (1%); and fiscal 2018 shipbuilding and conversion (Navy) funds in the amount of $120,625 (1%), will be obligated at time of award and will not expire at the end of the current fiscal year. Naval Sea Systems Command, Washington, D.C., is the contracting activity.

Consortium Management Group Inc., Washington, D.C., is awarded a $32,141,192 cost-plus-fixed-fee agreement in conjunction with Dynetics Inc., Huntsville, Alabama, to design, develop, manufacture, and procure four Medium Range Air Defense Radar prototype systems, and sustain existing Marine Expeditionary Long Range Persistent Sensor test assets, spares and training. The cost-plus-fixed-fee agreement also covers other direct costs and associated engineering, test and integration services. This agreement provides for manufacturing management, engineering, test and evaluation support, program management support, and logistics support. Work will be performed at Huntsville, Alabama (95%); and Arlington, Virginia (5%), with an expected completion date of Sept. 30, 2025. The maximum dollar value is $32,141,192. Fiscal 2023 America's Mid-Band Initiative Team Spectrum 5G (AMBIT/5G) funds in the amount of $11,000,000; and fiscal 2023 research, development, test and evaluation (Marine Corps) funds in the amount of $6,745,843, are obligated at time of award. AMBIT/5G funds do not expire. Agreement funds in the amount of $6,745,843 will expire at the end of fiscal 2024. This agreement was awarded under the authority of 10 U.S. Code 4022 using competitive procedures. Marine Corps Systems Command, Quantico, Virginia, is the contracting activity (M67854-23-9-0023).

VSE Corp., Alexandria, Virginia, is awarded a $32,000,000 cost-plus-fixed-fee, cost-only, undefinitized contract action for Foreign Military Sales (FMS) follow-on technical support for vessel maintenance repair for the Iraqi Navy fleet, consisting of two 60 meter offshore support vessels, 12 35 meter patrol boats, and 26 27-foot "Defender" rigid hull inflatable boats. Also included are material condition assessments for a MSI 30mm gun system and upkeep of the ship repair facility. Work will be performed in Basra, Iraq (94%); Alexandria, Virginia (4%); Baghdad, Iraq (less than 1%); Skopje, Macedonia (less than 1%); and Chesapeake, Virginia (less than 1%). The contract is for a one-year performance period, and work is expected to be completed by September 2024. Non-appropriated FMS case funds in the amount of $16,000,000 will be obligated at time of award and will not expire at the end of the fiscal year. This contract was non-competitively procured on an only-known source basis. Special notice was published via the System for Award Management website. Naval Undersea Warfare Center Division, Keyport, Washington, is the contracting activity (N0025323C5001).

MSI-Defence Systems US LLC,* Rock Hill, South Carolina, is awarded a $29,263,267 firm-fixed-price, indefinite-delivery/indefinite-quantity contract for the procurement of the MK 48 Mod 2 Electro-Optical Sight (EOS), EOS spare parts and transportation cases, and evaluation and repair of EOS subassemblies in support of the MK 38 Mod 4 Machine Gun System for the Navy, Coast Guard, and Military Sealift Command. Work will be performed in Norwich, United Kingdom (56%); and Rock Hill, South Carolina (44%), and is expected to be completed by September 2026. Fiscal 2023 weapons procurement (Navy) funds in the amount of $7,601,246 (57%); and fiscal 2023 shipbuilding and conversion (Navy) funds in the amount of $5,700,936 (43%), will be obligated at time of award; the funding will not expire at the end of the current fiscal year. This contract was not competitively procured via the sam.gov website, with one offer received. This is a sole source action in accordance with Federal Acquisition Regulation 6.302-1, only one responsible source. MSI-Defence Systems US LLC is the original equipment manufacturer of the systems and the only company who can provide the systems and perform the required evaluation and repairs. No other supplies or services will satisfy agency requirements. Naval Surface Warfare Center, Crane Division, Crane, Indiana, is the contracting activity (N0016423DJQ13).

Harkins Builders Inc., Columbia, Maryland, is awarded a $24,794,229 firm-fixed-price contract for a child development center. Work will be performed at Joint Base Andrews, Maryland, and is expected to be completed by December 2025. Fiscal 2019, 2022, and 2023 military construction (Air Force) funds in the amount of $24,794,229 will be obligated at time of award and will not expire at the end of the fiscal year. This contract was competitively procured via the Procurement Integrated

Enterprise Environment website, with 11 offers received. Naval Facilities Engineering Systems Command Washington, D.C., is the contracting activity (N40080-23-C-0015).

Epsilon Systems Solutions, Inc.,* San Diego, California, is awarded a $23,273,043 cost-plus-fixed-fee modification to previously awarded contract N55236-20-C-0003 to exercise options for the accomplishment of a full range of technical and repair support services for the product family divisions. Work will be performed in San Diego, California, and is expected to be completed by Sept. 29, 2024. Fiscal 2023 operations and maintenance funding in the amount of $1,550,000 will be obligated at the time of award and will expire at the end of the current fiscal year. The Southwest Regional Maintenance Center, San Diego, California, is the contracting activity.

Lockheed Martin Corp., Fort Worth, Texas, is awarded a $19,150,289 cost-plus-incentive-fee modification (P00034) to a previously awarded contract (N0001920C0032). This modification provides program management, acquisition, logistics, inspection, production, and fielding for the stand-up of additional field level maintenance to provide additional test and check capability at select shore sites and aboard ships in support of the F-35 Joint Strike Fighter program for the Navy and Marine Corps. Work will be performed in Fort Worth, Texas, and is expected to be completed in March 2027. Fiscal 2022 aircraft procurement (Navy) funds in the amount of $19,150,289 will be obligated at the time of award, none of which will expire at the end of the current fiscal year. Naval Air Systems Command, Patuxent River, Maryland, is the contracting activity.

Champion Aerospace LLC, Liberty, South Carolina, is awarded a $17,806,577 firm-fixed-price contract to procure 480 Transformer Rectifier Units, to include 460 for the Navy and 10 each for the governments of Australia and Kuwait in support of Growler capability modifications and Super Hornet Block III modifications for the F/A-18 E/F fleet and EA-18G squadrons. Work will be performed in Liberty, South Carolina, and is expected to be completed in December 2025. Fiscal 2023 aircraft procurement (Navy) funds in the amount of $17,056,201; and Foreign Military Sales customer funds in the amount of $750,376, will be obligated at time of award, none of which will expire at the end of the current fiscal year. This contract was not competitively procured pursuant to Federal Acquisition Regulation 6.302-1. Naval Air Systems Command, Patuxent River, Maryland, is the contracting activity (N0001923C0050).

Epsilon C5I Inc.,* San Diego, California, is awarded a $17,055,854 cost-plus-fixed-fee order (N6893623F0655) against a previously issued basic ordering agreement (N6893621G0003). This order provides for the ongoing expansion, evolution, implementation, and to furnish VISION technology, a full motion video, multi-intelligence analysis capability that produces analytic capacity leveraging multi-source intelligence to accelerate the find, fix, track, target, engage, and assess process in support of Small Business Innovation Research Phase III topic N101-100 titled, "Multi-Source Imagery and Geopositional Exploitation (MSIGE)". Work will be performed in San Diego, California, and is expected to be completed in March 2025. Fiscal 2023 operations and maintenance (Defense-wide) funds in the amount of $3,300,000; and working capital (Navy) funds in the amount of $2,227,000, will be obligated at the time of award, $3,300,000 of which will expire at the end of the current fiscal year. Naval Air Warfare Center Weapons Division, China Lake, California, is the contracting activity.

Systems Planning and Analysis Inc., Alexandria, Virginia, is being awarded a cost-plus-fixed-fee contract modification (P00024) in the amount of $15,536,922 to a previously awarded contract (N00030-21-C-6019) to exercise fiscal 2024 options that provide support services for the Trident II Submarine Launched Ballistic Missile Strategic Weapons System. Work will be performed in Alexandria, Virginia (86%); and Washington, D.C. (14%). Work is expected to be completed Sept. 30, 2024. This action is awarded subject to the availability of funds. No funds will expire at the end of the current fiscal year. This contract was a sole source acquisition pursuant to 10 U.S. Code 2304(c)(1)(4). Strategic Systems Programs, Washington, D.C., is the contracting activity.

General Dynamics Information Technology Inc., Falls Church, Virginia, is awarded a $13,753,992 cost-plus-fixed-fee contract for in-service engineering agent support of the MK 41 Vertical Launching System. This contract combines purchases for the Navy (81%); and the governments of Spain (14%), Australia (3%), and Canada (2%) under the Foreign Military Sales program. This contract includes options which, if exercised, would increase the cumulative value of this contract to $73,021,846. Work will be performed in Falls Church, Virginia (81%); Spain (14%); Australia (3%); and Canada (2%), and is expected to be completed by October 2024. If all options are exercised, work will continue through October 2028. FMS (Spain) funds in the amount of $463,554 (76%); FMS (Australia) funds in the amount of $100,000 (16%); and FMS (Canada) funds in the amount of $50,000 (8%), will be obligated at time of award and will not expire at the end of the current fiscal year. This contract was competitively procured via the System for Award Management website, with five proposals received. Naval Surface Warfare Center Port Hueneme Division, Port Hueneme, California, is the contracting activity (N6339423C0009).

Northwestern University, Evanston, Illinois, was awarded a $13,437,215 cost-only cooperative agreement N66001-23-2-4041 to develop, improve, and integrate molecular biomarker component technologies that support warfighter readiness. Work will be performed in Evanston, Illinois; Chicago, Illinois; and Arlington, Virginia. Funds in the amount of $2,128,073 will be obligated at the time of award. Fiscal 2023 and 2024 funds will be obligated using research, development, test and evaluation funding from the Defense Advanced Research Projects Agency (DARPA). This is a four-year agreement with no option periods. The period of performance is from Sept. 28, 2023, to Sept. 27, 2027. This agreement was competitively procured via a DARPA broad agency announcement solicitation (HR001122S0044) on the beta.sam.gov website. Naval Information Warfare Center Pacific, San Diego, California, is the contracting activity. (Awarded Sept. 28, 2023)

Hawkeye 360 Inc., Herndon, Virginia, is awarded a firm-fixed-price contract modification in the amount of $12,250,000 to exercise options of previously awarded contract N66001-22-C-0065 for commercial radio frequency data and analytics subscription products, analytical support, and training for identified end users in Southeast Asia, South Asia, and the Pacific Islands. Work will be performed in Herndon, Virginia (91%); and outside the continental U.S. (9%). Work is expected to be completed in September 2024. Funding from Foreign Military Sales (Indonesia, Malaysia, Philippines, and Thailand) in the amount of $6,500,000; and the Department of State Bureau of International Narcotics and Law Enforcement Affairs in the amount of $5,750,000, will be obligated at the time of award. No funds will expire at the end of the current fiscal year. This contract was awarded as a sole-source acquisition pursuant to 10 U.S. Code 2304(c)(1). Naval Information Warfare Center Pacific in San Diego, California, is the contracting activity.

Lockheed Martin Corp., Lockheed Martin Aeronautics Co., Fort Worth, Texas, is awarded an $11,059,563 firm-fixed-price order (N0001923F0548) against a previously issued basic ordering agreement (N0001919G0008). This order procures diminishing manufacturing sources replenishment spares, to include lamp module assemblies and filter packs in support of the operation of F-35 ProSim Projectors for the Air Force, Marine Corps, and Navy. Work will be performed in Wolverhampton, United Kingdom (95%); and Fort Worth, Texas (5%), and is expected to be completed in June 2026. Fiscal 2023 operations and maintenance (Air Force) funds in the amount of $5,541,327; fiscal 2023 operations and maintenance (Marine Corps) funds in the amount of $4,970,022; and fiscal 2023 operations and maintenance (Navy) funds in the amount of $548,213, will be obligated at the time of award, all of which will expire at the end of the current fiscal year. Naval Air Systems Command, Patuxent River, Maryland, is the contracting activity.

Sechan Electronics Inc., Lititz, Pennsylvania, is awarded a $10,895,364 firm-fixed-price contract N00024-23-C-5535 for the production of the Nulka MK 53 Decoy Launch System and MK 54 Decoy Launch Message Convertor subassembly. This contract includes options which, if exercised, would bring the cumulative value of this contract to $85,233,713. Work will be performed in Lititz, Pennsylvania (79%); and Upper Marlboro, Maryland (21%), and is expected to be completed by October 2025. If all options are exercised, work will continue through November 2029. Fiscal 2023 shipbuilding and conversion (Navy) funds in the amount of $5,947,183 (55%); fiscal 2022 shipbuilding and conversion (Navy) funds in the amount of $2,894,230 (27%); fiscal 2023 other procurement (Navy) funds in the amount of $1,182,481 (10%); and fiscal 2021 other procurement (Navy) funds in the amount of $871,470 (8%), will be obligated at the time of award, of which $871,470 will expire at the end of the current fiscal year. This contract was competitively procured via the sam.gov website, with one offer received. Naval Sea Systems Command, Washington, D.C., is the contracting activity.

Saab Inc., Syracuse, New York, is awarded a $10,673,880 firm-fixed-price modification to the previously-awarded contract N00024-22-C-5530 for an additional multi-mode radar. Work will be performed in Gothenburg, Sweden (62%); and Syracuse, New York (38%), and is expected to be completed by September 2027. Fiscal 2023 other procurement (Navy) funds in the amount of $10,673,880 will be obligated at time of award and will not expire at the end of the current fiscal year. Naval Sea Systems Command, Washington, D.C., is the contracting activity.

Alyssa Chouest LLC, Cut Off, Louisiana (N3220519C3514), is being awarded a $10,631,895 option (P00038) for the fixed-price portion of a previously awarded firm-fixed-price contract, with reimbursable elements, to exercise an 11-month option period for a service support vessel which will be utilized for training purposes and will serve as host ship for Naval Special Warfare Command. This is the last option and is part of a firm-fixed-price contract with reimbursable elements for one U.S.-flag Jones Act vessel, MV Alyssa Chouest. This contract includes a 12-month base period, three 12-month option periods, and one 11-month option period. Work will be performed in Virginia Beach, Virginia; and at sea, and is expected to be completed, if all options are exercised, by Sept. 6, 2024. The option is funded by Navy working capital funds for fiscal 2024. Military Sealift Command, Norfolk, Virginia, is the contracting activity (N3220519C3514).

BAE Systems - Norfolk Ship Repair, Norfolk, Virginia, is awarded a $10,000,000 modification to previously awarded contract N00024-23-C-4408 to fund replenishment of growth during execution of the USS Kearsarge (LHD 3) fiscal 2023 docking selected restricted availability. Work will be performed in Norfolk, Virginia, and is expected to be completed by November 2024. Fiscal 2023 operations and maintenance (Navy) funds in the amount of $10,000,000 will be obligated at time of award and will expire at the end of the current fiscal year. The Naval Sea Systems Command, Washington, D.C., is the contracting activity.

Raytheon Missiles & Defense, Marlborough, Massachusetts, is awarded a $9,897,098 firm-fixed-price modification to previously-awarded contract N00024-22-C-5500 for spares in support of the AN/SPY-6(V) family of radars program. Work will be performed in Sykesville, Maryland (32%); Chelmsford, Massachusetts (19%); Andover, Massachusetts (10%); Scottsdale, Arizona (10%); and various locations across the U.S., each less than 1% (29%), and is expected to be completed by November 2025. Fiscal 2018 shipbuilding and conversion (Navy) funds in the amount of $4,963,113 (50%); fiscal 2017 shipbuilding and conversion funds (Navy) in the amount of $2,225,845 (23%); fiscal 2022 shipbuilding and conversion (Navy) funds in the amount of $2,024,187 (20%); and fiscal 2023 shipbuilding and conversion (Navy) funds in the amount of $683,953 (7%) will be obligated at time of award and will not expire at the end of the current fiscal year. Naval Sea Systems Command, Washington, D.C., is the contracting activity (N00024-22-C-5500).

L3Harris Corp., Millersville, Maryland, is awarded an $8,868,545 firm-fixed-price modification to previously awarded contract N00024-16-C-6251. This modification is for the procurement of Navy equipment. Work will be performed in Ashaway, Rhode Island (82%); and Syracuse, New York (18%), and is expected to be completed by June 2025. Fiscal 2023 other procurement (Navy) spares funds in the amount of $8,868,545 will be obligated at time of award and will not expire at the end of the current fiscal year. Naval Sea Systems Command, Washington, D.C., is the contracting activity.

Cardinal Point Captains Inc., San Diego, California, is awarded a $7,406,494 firm-fixed-price, cost-plus-fixed-fee, indefinite-delivery/indefinite-quantity contract for Blueprint Subsea brand ArtemisPRO advanced diver navigation and sonar imaging systems in support of the Navy Standoff

Target Reacquire Identify Detection Expeditionary Navigation Tool program. This contract includes options which, if exercised, would bring the cumulative value of this contract to $40,930,603 and has a base year ceiling amount $8,089,782. Work will be performed in San Diego, California (9%); and Panama City, Florida (91%), and work is expected to be completed by September 2024. If all options are exercised, work will continue through September 2029. Fiscal 2023 appropriation other procurement (Navy) funds in the amount of $7,311,494 (99%); and operation and maintenance (Navy) funds in the amount of $95,000 (1%) will be obligated at time of award, of which $95,000 will expire at the end of the current fiscal year. This contract was not competitively procured via the Federal Business Opportunities sam.gov, per 10 U.S. Code 3204(a)(1) (Only one responsible source and no other supplies or services will satisfy agency requirements) (Federal Acquisition Regulation Part 6.302-1). Naval Surface Warfare Center, Panama City Division, Panama City, Florida, is the contracting activity for (N61331-23-D-0006).

AIR FORCE

Sikorsky Aircraft, Stratford, Connecticut (FA8692-23-D-B001), was awarded an indefinite-delivery/indefinite-quantity $650,000,000 maximum ceiling with a $12,000 minimum guarantee contract for the development of long-term capability upgrades for the HH-60W Combat Rescue Helicopter. The initial delivery order (FA8692-23-F-B001) has also been awarded with a total face value of $91,240,127. This contract provides for the development and integration of the Global Positioning System Anti-Jam, Mobile User Objective System, and Degraded Visual Environment systems on the HH-60W Air Vehicle and its training systems. Work will be performed at Stratford, Connecticut, and is expected to be completed by Sept. 20, 2030. This contract was a sole source acquisition. Fiscal 2023 research, development, test, and evaluation funds in the amount of $5,344,179 are being obligated at time of award. The Air Force Life Cycle Management Center, Wright-Patterson Air Force Base, Ohio, is the contracting activity.

The Boeing Co., St. Louis, Missouri, has been awarded a $55,609,747 indefinite-delivery/indefinite-quantity modification (P00012) to previously awarded contract FA8119-20-D-0002 for repair of KC-135 cowling fan ducts. Work will be performed at St. Louis, Missouri, and is expected to be completed by Feb. 28, 2027. Fiscal 2023 working capital funds in the amount of $53,337,497 are being obligated at time of award. The Air Force Sustainment Center, Tinker Air Force Base, Oklahoma, is the contracting activity.

Lockheed Martin Corp., Colorado Springs, Colorado, was awarded a 10-year indefinite-delivery/indefinite-quantity maximum $45,000,000 contract for the repair of the Weapon System Control Console (WSCC) line replaceable units. This contract is for the repair of 18 WSCC parts. Work will be performed at Colorado Springs, Colorado, and is expected to be completed by Sept. 28, 2034. This contract a sole-source acquisition. Fiscal 2023 ammunition procurement and Consolidated Sustainment Activity Group working capital funds in the amount of $581,909, are being obligated at time of award. The Air Force Sustainment Center Supply Chain Contracting Branch, Hill Air Force Base, Utah, is the contracting activity (FA8206-23-D-0001).

Martin-Baker Aircraft Co., Higher Denham, Near Uxbridge, Middlesex, United Kingdom, was awarded a $45,000,000 firm-fixed-price, indefinite-delivery/indefinite-quantity contract for the T-38A and T-38B escape system upgrade program. This contract provides for the purchase of Mk US16T ejection seats, support equipment, training, and seat installation. Work will be performed in the Higher Denham, Near Uxbridge, Middlesex, United Kingdom, and is expected to be completed by Sept. 30, 2028. This contract was a sole-source acquisition. Fiscal 2021 procurement funds in the amount of $4,991,379; and fiscal 2023 procurement funds in the amount of $12,470,036, are being obligated at the time of award. The Air Force Life Cycle Management Center, Agile Combat Support, Human Systems Division, Wright-Patterson AFB, Ohio is the contracting activity (FA8606-23-D-0001).

Teledyne Defense Electronics LLC, Rancho Cordova, California, has been awarded a $37,632,447 estimated amount firm-fixed-price requirements contract for the repair of 15 National Stock Numbers in support of the AN/ALQ-131, AN/ALQ-161, and AN/ALQ-172 systems. Work will be performed at Warner Robins Logistics Center Depot, Warner Robins, Georgia, and is expected to be completed by Sept. 29, 2028. This contract involves Foreign Military Sales to Romania, Bahrain, Egypt, Thailand, Jordan, Netherlands, and Portugal. This contract was a sole source acquisition. Foreign Military Sales funds in the amount of $3,100,000 are being obligated at time of award. Material Support Division Repair Funds will be used to fund individual delivery orders issued against the basic contract. The Air Force Sustainment Center, Robins Air Force Base, Georgia, is the contracting activity (FA8522-23-D-0005).

Lockheed Martin, Corp., Littleton, Colorado, was awarded a $33,743,301 cost-plus-fixed-fee contract for Joint Emergent Technology Supplying On-orbit Nuclear Power (JETSON) high power mission application program. This contract provides for the JETSON effort to mature the technical design of the JETSON spacecraft systems and subsystems to a preliminary design review level of maturity and to fully develop the overall program development and test program planning through critical design review. Work will be performed in Denver, Colorado; and Stennis Space Center, Hancock County, Mississippi, and is expected to be completed by Dec. 29, 2025. This contract was a competitive acquisition and three offers were received. Fiscal 2022 research, development, test and evaluation funds in the amount of $33,743,301 are being obligated at time of award. The Air Force Research Laboratory, Kirtland Air Force Base, New Mexico, is the contracting activity (FA9453-23-C-X004).

Textron Aviation Defense LLC, Wichita, Kansas, has been awarded a $31,815,635 modification (P00007) to previously awarded contract FA8617-22-C-6238 to incorporate additional work to a Building Partnership Capacity T-6C Program – Tranche 3. The modification brings the total cumulative face value of the contract to $108,746,947. Work will be performed at Wichita, Kansas, and is expected to be completed by Sept. 30, 2026. This contract was a sole source acquisition. Fiscal 2023 and 2024 Building Partnership Capacity funds in the amount of $31,815,635 are being obligated at time of award. The Air Force Life Cycle Management Center, Wright-Patterson Air Force Base, Ohio, is the contracting activity.

Modular Management Group Inc., Fort Worth, Texas, was awarded a $27,047,549 firm-fixed-price delivery order for Next Generation Air Dominance relocatable facilities. This contract provides for the design, fabrication, delivery, and installation of two relocatable secure facilities. Work will be performed at Fort Worth, Texas, with delivery to Edwards Air Force Base, California, and is expected to be completed by Dec. 28, 2024. This contract was a sole source acquisition. Fiscal 2023 research, development, test, and evaluation funds in the amount of $27,047,549 are being obligated at time of award. The Air Force Test Center, Edwards AFB, California, is the contracting activity (FA9301-23-F-0234).

Collins Elbit Vision Systems, Fort Worth, Texas, was awarded a $25,837,392 firm-fixed-price, requirements contract for the Joint Helmet Mounted Cueing System (JHMCS) repairs. This contract provides for the repair and maintenance of the JHMCS hardware and equipment. Work will be performed in Talladega, Alabama; and Fort Worth, Texas, and is expected to be completed by Sept. 28, 2026. This contract involves Foreign Military Sales to Australia, Belgium, Canada, Chile, Colombia, Denmark, Egypt, Finland, Greece, Indonesia, Iraq, Japan, Korea, Morocco, Netherlands, Norway, Oman, Pakistan, Poland, Portugal, Romania, Singapore, Switzerland, Taiwan, and Thailand. This contract was a sole source acquisition. No funds are being obligated at time of award. The Air Force Sustainment Center, Robins Air Force Base, Georgia, is the contracting activity (FA8539-23-D-0003).

The Boeing Co., El Segundo, California, has been awarded a $25,459,443 firm-fixed-price modification (P00155) to previously awarded contract FA8808-10-C-0001 for Wideband Global SATCOM Beam optimization and operations management, and global SATCOM configuration control element enhancements. The modification brings the total cumulative face value of the contract to $2,656,359,136. Work will be performed at El Segundo, California, and is expected to be completed by Sept. 22, 2026. Fiscal 2023 Space Force research, development, test and evaluation funds in the amount of $25,459,443 are being obligated at time of award. Space Systems Command, Los Angeles Air Force Base, California, is the contracting activity.

Fussell Co. Contractors, LLC, Winnsboro, Louisiana, was awarded a $25,000,000 ceiling firm-fixed-price, indefinite-delivery/indefinite-quantity contract for airfield paving. This contract provides for airfield paving efforts at Barksdale Air Force Base, Louisiana. Work will be performed at Barksdale AFB, Louisiana, and is expected to be completed by Sept. 28, 2028. This contract was a competitive acquisition and two offers were received. Fiscal 2023 and operations and maintenance funds in the amount of $500 are being obligated at time of award. The 2d Contracting Squadron, Barksdale AFB, Louisiana, is the contracting activity (FA4608-23-D-0014). (Awarded Sept. 28, 2023)

OES-Pond II JV LLC, Milwaukee, Wisconsin, was awarded a maximum $24,600,000 fixed-price, indefinite-delivery/indefinite-quantity contract for The Advancement of the Next-gen Operational Spaceport. This contract provides for program management and integration office support to oversee the eventual construction of the Spaceport of the Future. Work will be performed at Cape Canaveral Air Force Station and Patrick Space Force Base, Florida, and is expected to be completed by March 27, 2029. This contract was a sole source acquisition. Fiscal 2023 operations and maintenance funds in the amount of $2,114,993 are being obligated at time of award. 45th Contracting Squadron, Patrick SFB, Florida, is the contracting activity (FA2521-23-D-0012).

Sikorsky Aircraft Corp., Stratford, Connecticut, has been awarded a $21,094,352 cost-plus-fixed-fee contract modification (P00254) to previously awarded contract FA8629-14-C-2403 for implementation of avionics software product baseline releases. The modification brings the total cumulative face value of the contract to $6,156,988,995. Work will be performed at Stratford, Connecticut, and is expected to be completed by Dec. 31, 2024. Fiscal 2022 and 2023 research, development, test and evaluation funds in the amount of $9,233,346 are being obligated at time of award. The Air Force Life Cycle Management Center, Wright Patterson Air Force Base, Ohio, is the contracting activity.

Open SAN Consulting, LLC, Atlanta, Georgia, was awarded a $20,678,106 hybrid contract including firm-fixed-price, time and material, cost reimbursable contract line items for capabilities required to achieve the technical and programmatic goals of the Command and Control of the Information Environment program. This contract provides for new development and sustainment of software to provide the Joint Force with an Artificial Intelligence-enabled, Machine Learning, scalable enterprise command and control, situational awareness, and data analytics capability to support globally integrated operations across the Department of Defense. Work will be performed at multiple locations worldwide and is expected to be completed by Sept. 28, 2026. This contract was a competitive acquisition and four offers were received. Fiscal 2023 operation and maintenance funds in the amount of $967,685 are being obligated at time of award. The Air Force Life Cycle Management Center, Joint Base San Antonio, Texas, is the contracting activity (FA8307-23-F-B173).

Communications and Power Industries, Palo Alto, California, was awarded a $19,037,391 indefinite-delivery/indefinite-quantity, firm-fixed-price contract for repair of the AN/ALQ-184 Electronic Countermeasure Pod. Work will be performed at Palo Alto, California, and is expected to be completed by Sept. 28, 2028. This contract was a competitive acquisition and two proposals were received. No funds are being obligated at time of award. The Air Force Sustainment Center, Robins Air Force Base, Georgia, is the contracting activity (FA8522-23-D-0011).

Westinghouse Government Services LLC, Hopkins, South Carolina, was awarded a $16,969,993 cost-plus-fixed-fee contract for the Joint Emergent Technology Supplying On-orbit Nuclear Power (JETSON) high power mission application program. This contract provides for the JETSON effort to mature relevant technologies, conduct analyses, trade studies, and explore risk reduction strategies to investigate how a high power, nuclear fission-system could be implemented from a subsystem, spacecraft, and architecture standpoint. Work will be performed in Hopkins, South Carolina, and is expected to be completed by Dec. 29, 2025. This contract was a competitive acquisition and three offers were received. Fiscal 2022 research, development, test, and evaluation funds in the amount of $16,969,993 are being obligated at time of award. The Air Force Research Laboratory, Kirtland Air Force Base, New Mexico, is the contracting activity (FA9453-23-C-X005).

Lockheed Martin Missile and Fire Control, Orlando, Florida, has been awarded a $16,277,740, cost-plus-fixed-fee modification (P00082) to previously awarded FA8681-18-C-0021 for a period of performance extension. The modification brings the total cumulative face value of the contract to $1,283,629,028 from $1,267,351,288. This contract is for the Air-Launched Rapid Response Weapon. Work will be performed at Orlando, Florida, and is expected to be completed by May 31, 2024. Fiscal 2022 research, development, test, and evaluation funds in the amount of $5,724,329; and fiscal 2023 research, development, test, and evaluation funds in the amount of $10,553,411 are being obligated at time of award. The Air Force Life Cycle Management Center, Eglin Air Force Base, Florida, is the contracting activity (FA8681-18-C-0021). (Awarded Sept. 28, 2023)

Inkit Inc., Wilmington, Delaware, was awarded a $13,858,125 contract for a Document Generation Platform. This contract provides for operation support development for enhancing the software for a Document Generation Platform. Work will be performed at Wright-Patterson Air Force Base, Ohio, and is expected to be completed by Sept. 29, 2025. This contract was a sole source acquisition. Fiscal 2023 research, development, test, and evaluation funds in the amount of $13,858,125 are being obligated at time of award. The Air Force Life Cycle Management Center, Wright-Patterson Air Force Base, Ohio, is the contracting activity (FA8604-23-C-B042).

Sikorsky Aircraft Corp., Stratford, Connecticut, has been awarded a $13,598,319 firm-fixed-price, fixed-price-incentive-fee, cost-reimbursement-no-fee contract modification (P00234) to previously awarded FA8629-14-C-2403 for implementation of Modern Air Combat Environment (Engineering Change Proposal 052). The modification brings the total cumulative face value of the contract to $13,598,319. The location of performance is Stratford, Connecticut, and is expected to be completed by April 1, 2027. Fiscal 2021 aircraft procurement funds in the amount of $2,788,795; and fiscal 2023 research, development, test, and evaluation funds in the amount of $ 4,206,472, are being obligated at time of award. The Air Force Life Cycle Management Center, Wright-Patterson Air Force Base, Ohio, is the contracting activity.

Cheming Energetic Devices, Downers Grove, Illinois, was awarded a $9,993,478 firm-fixed-price contract for the procurement and fielding of aircrew flight equipment test equipment. This contract provides for joint combined aircrew system testers and digital system communication and oxygen testers. Work will be performed in Downers Grove, Illinois, and is expected to be completed by March 31, 2025. This contract is a sole source acquisition. Fiscal 2023 procurement funds in the amount of $9,993,478 are being obligated at time of award. The Air Force Life Cycle Management Center, Wright-Patterson Air Force Base, Ohio, is the contracting activity (FA8606-23-C-B001).

Intuitive Machines LLC, Houston, Texas, was awarded a $9,490,214 firm-fixed-price contract for the Joint Emergent Technology Supplying On-orbit Nuclear Power (JETSON) Low Power System program. This contract provides for a new spacecraft concept and design description that employs compact radioisotope power system, electric and/or hybrid propulsion and related support systems in critical areas such as power conversion, power management and distribution, on-orbit mobility, thermal regulation, and radiation shielding/electronic hardening. Work will be performed in Hopkins, South Carolina, and is expected to be completed by Dec. 29, 2025. This contract was a competitive acquisition and three offers were received. Fiscal 2022 research, development, test and evaluation funds in the amount of $9,490,214 are being obligated at time of award. The Air Force Research Laboratory, Kirtland Air Force Base, New Mexico, is the contracting activity (FA9453-23-C-X010).

CORRECTION: The $99,000,000 indefinite-delivery/indefinite-quantity contract award announced on Sept. 28, 2023, for BetterUp Inc., San Francisco, California (FA7014-23-D-0017), for support of leadership coaching was awarded on Sept. 27, 2023.

CORRECTION: The $12,240,077 firm-fixed-price contract award (FA9300-23-C-6019) announced on Sept. 27, 2023, for Stratolaunch, LLC, Mojave, California, for integration and flight testing on the Talon-A hypersonic testbed was awarded on Sept. 28, 2023.

CORRECTION: The $9,214,615 cost-plus-fixed-fee completion contract award announced on Sept. 28, 2023, for Raytheon Co., Goleta, California (FA8750-23-C-0111), for Fast-Framing Low-Noise Range-Gated Shortwave Camera software and hardware is awarded today, Sept. 29, 2023.

ARMY

Professional Contract Service Inc., Austin, Texas, was awarded a $187,261,214 firm-fixed-price contract for grounds maintenance and pest control services. Bids were solicited via the internet with one received. Work locations and funding will be determined with each order, with an estimated completion date of Sept. 30, 2028. Army Field Directorate Office, Fort Eustis, Virginia, is the contracting authority (W9124L-23-D-0009).

M1 Support Services LP, Denton, Texas, was awarded a $129,720,001 modification (P00146) to contract W9124G-17-C-0104 for maintenance activities at Fort Novosel. Work will be performed at Fort Novosel, Alabama, with an estimated completion date of Jan. 15, 2024. Fiscal 2023 operation and maintenance, Army funds in the amount of $25,693,049 were obligated at the time of the award. Army Contracting Command, Redstone Arsenal, Alabama, is the contracting activity.

Southwind Construction,* Edmond, Oklahoma (W912BV-23-D-0021); Robert Trumble Inc.,* Texarkana, Texas (W912BV-23-D-0022); and L. Wallace Construction Co. Inc.,* Blanchard, Oklahoma (W912BV-23-D-0023), will compete for each order of the $80,000,000 firm-fixed-price contract for roof replacement and repair. Bids were solicited via the internet with three received. Work locations and funding will be determined with each order, with an estimated completion date of Sept. 29, 2030. U.S. Army Corps of Engineers, Tulsa, Oklahoma, is the contracting activity.

Brice Construction and Design LLC, Anchorage, Alaska, was awarded a $74,234,500 firm-fixed-price contract to supply fresh, potable water by barge. Bids were solicited via the internet with one received. Work will be performed in New Orleans, Louisiana, with an estimated completion date of Dec. 28, 2023. Fiscal 2023 civil construction funds in the amount of $74,234,500 were obligated at the time of the award. U.S. Army Corps of Engineers, New Orleans, Louisiana, is the contracting activity (W912P8-23-C-0064).

Northrop Grumman Systems Corp, Mclean, Virginia, was awarded a $68,482,308 modification (P00053) to contract W911S0-18-C-0004 for exercise, training and logistics support. Work will be performed at Fort Leavenworth, Kansas, with an estimated completion date of Oct. 14, 2024. Fiscal 2024 operation and maintenance, Army funds were obligated at the time of the award. Army Field Directorate Office, Fort Leavenworth, Kansas, is the contracting activity.

Lockheed Martin Corp., Grand Prairie, Texas, was awarded a $67,532,289.99 hybrid (cost-plus-fixed-fee and firm-fixed-price) contract for the Precision Strike Missile Early Operational Capability Lot 3. Bids were solicited via the internet with one received. Work will be performed in Grand Prairie, Texas, with an estimated completion date of Sept. 30, 2026. Fiscal 2023 aircraft procurement, Army funds in the amount of $67,532,290 were obligated at the time of the award. Army Contracting Command, Redstone Arsenal, Alabama, is the contracting activity (W31P4Q-23-C-0052).

Hensel Phelps Construction Co., Orlando, Florida, was awarded a $52,772,000 firm-fixed-price contract for construction of a propulsion systems lab. Bids were solicited via the internet with four received. Work will be performed at Redstone Arsenal, Alabama, with an estimated completion date of Dec. 7, 2025. U.S. Army Corps of Engineers, Mobile, Alabama, is the contracting activity (W91278-23-C-0029).

HDT Expeditionary Systems Inc., Solon, Ohio, was awarded a $52,013,604 firm-fixed-price contract for the Improved Army Space Heater Type II. Bids were solicited via the internet with one received. Work will be performed in Solon, Ohio, with an estimated completion date of Sept. 30, 2028. Fiscal

2023 Army working capital funds were obligated at the time of the award. U.S. Army Contracting Command, Detroit Arsenal, Michigan, is the contracting activity (W56HZV-23-D-0087).

American States Utility Services Inc., San Dimas, California, was awarded a $45,000,000 firm-fixed-price contract for water and wastewater utility services at Joint Base Cape Cod. Bids were solicited via the internet with one received. Work locations and funding will be determined with each order, with an estimated completion date of Sept. 29, 2038. National Guard Bureau's Directorate of Acquisitions, Operational Contracting Division, Arlington, Virginia, is the contracting activity (W9133L-23-D-6900).

BAE, Kingsport, Tennessee, was awarded a $42,400,610 modification (P00011) to contract W519TC-23-F-0028 for the production and delivery of explosives. Work will be performed in Kingsport, Tennessee, with an estimated completion date of Dec. 21, 2024. Fiscal 2023 Army ammunition procurement, Army funds in the amount of $42,400,610 were obligated at the time of the award. Army Contracting Command, Rock Island Arsenal, Illinois, is the contracting activity.

Five S Group LLC,* Baton Rouge, Louisiana, was awarded a $37,910,731 firm-fixed-price contract for channel excavation, relocation of fencing, and construction of access roads. Bids were solicited via the internet with six received. Work will be performed in Zachary, Louisiana, with an estimated completion date of March 31, 2025. Fiscal 2023 civil operation and maintenance funds in the amount of $37,910,731 were obligated at the time of the award. U.S. Army Corps of Engineers, New Orleans, Louisiana, is the contracting activity (W912P8-23-C-0059).

Great Lakes Dredge and Dock Co. LLC, Houston, Texas, was awarded a $33,573,125 firm-fixed-price contract for shore protection and beach renourishment. Bids were solicited via the internet with two received. Work will be performed in St. Augustine, Florida, with an estimated completion date of Oct. 1, 2024. Fiscal 2019 civil operation and maintenance funds in the amount of $33,573,125 were obligated at the time of the award. U.S. Army Corps of Engineers, Jacksonville, Florida, is the contracting activity (W912EP-23-C-0027).

Callan Marine LTD, Galveston, Texas, was awarded a $29,029,815 firm-fixed-price contract for pipeline dredging. Bids were solicited via the internet with two received. Work will be performed in Galveston, Texas, with an estimated completion date of Jan. 31, 2025. Fiscal 2023 operation and maintenance, Army funds in the amount of $29,029,815 were obligated at the time of the award. U.S. Army Corps of Engineers, Galveston, Texas, is the contracting activity (W912HY-23-C-0023).

American International Contractors Inc., Mclean, Virginia, was awarded a $28,888,000 firm-fixed-price contract to design and build a bulk petroleum, oil and lubricants storage facility. Bids were solicited via the internet with five received. Work will be performed in Jordan with an estimated completion date of Sept. 19, 2026. Fiscal 2019 and 2023 military and construction, Army funds in the amount of $28,888,000 were obligated at the time of the award. U.S. Army Corps of Engineers, Middle East District, is the contracting activity (W912ER-23-C-0008).

Sikorsky Aircraft Corp., Stratford, Connecticut, was awarded a $24,817,409 modification (P00002) to contract W58RGZ-23-F-0389 for blade rotary wing overhaul. Work locations and funding will be determined with each order, with an estimated completion date of Jan. 31, 2026. Army Contracting Command, Redstone Arsenal, Alabama, is the contracting activity.

Kokolakis Contracting Inc., Tarpon Springs, Florida, was awarded a $23,840,198 firm-fixed-price contract for a new automated paint booth and oven at Watervliet Arsenal. Bids were solicited on the internet with two received. Work will be performed in Watervliet, New York, with an estimated completion date of Jan. 14, 2026. Fiscal 2023 operation and maintenance, Army, funds in the amount of $23,840,198 were obligated at the time of the award. U.S. Army Corps of Engineers, New York, New York, is the contracting activity (W912DS-23-C-0027).

Mascaro Construction Co. LP, Pittsburgh, Pennsylvania, was awarded a $21,893,000 firm-fixed-price contract for building renovations. Bids were solicited via the internet with one received. Work will be performed in Chambersburg, Pennsylvania, with an estimated completion date of Sept. 28, 2025. Fiscal 2023 operation and maintenance, Army funds in the amount of $21,893,000 were obligated at the time of the award. U.S. Army Corps of Engineers, Baltimore, Maryland, is the contracting activity (W912DR-23-C-0063).

The Boeing Co., Mesa, Arizona, was awarded a $21,699,854 modification (P00008) to contract W58RGZ-21-C-0015 to provide multi-mission core processors in support of the Apache AH64 program. Work will be performed in Mesa, Arizona, with an estimated completion date of Dec. 31, 2027. Fiscal 2023 aircraft procurement, Army funds in the amount of $21,699,854 were obligated at the time of the award. U.S. Army Contracting Command, Redstone Arsenal, Alabama, is the contracting activity.

Kokatat Inc., Arcata, California, was awarded a $20,751,694 firm-fixed-price contract for all-purpose personal protective ensemble suits. Bids were solicited via the internet with one received. Work locations and funding will be determined with each order, with an estimated completion date of Sept. 28, 2028. U.S. Army Contracting Command, Detroit Arsenal, Michigan, is the contracting activity (W56HZV-23-D-0080).

Chugach Pacific Solutions LLC,* Anchorage, Alaska, was awarded a $20,455,732 firm-fixed-price contract for building renovations. Bids were solicited via the internet with five received. Work will be performed in Boise, Idaho, with an estimated completion date of Sept. 30, 2024. Fiscal 2023 operation and maintenance, Air National Guard funds in the amount of $20,455,732 were obligated at the time of the award. U.S. Property and Fiscal Office, Idaho, is the contracting activity (W50S73-23-C-0003).

Bristol-EDT JV LLC,* Anchorage, Alaska, was awarded a $19,714,107 firm-fixed-price contract for to repai a barracks building. Bids were solicited via the internet with six received. Work will be performed at Fort Stewart, Georgia, with an estimated completion date of Oct. 14, 2025. Fiscal 2023 operation and maintenance, Army funds in the amount of $19,714,100 were obligated at the time of the award. U.S. Army Corps of Engineers, Savannah, Georgia, is the contracting activity (W912HN-23-C-006).

Peter Vander Werff Construction Inc., El Cajon, California, was awarded a $19,628,000 firm-fixed-price contract for design-build construction of maintenance facilities. Bids were solicited via the internet with three received. Work will be performed in Denver, Colorado, with an estimated completion date of Sept. 17, 2025. Fiscal 2023 operation and maintenance, Army Reserve funds in the amount of $19,628,000 were obligated at the time of the award. U.S. Army Corps of Engineers, Louisville, Kentucky, is the contracting activity (W912QR-23-F-0422).

4K Global - ACC JV LLC,* Augusta, Georgia, was awarded a $19,173,486 firm-fixed-price contract for barracks renovations. Bids were solicited via the internet with six received. Work will be performed at Fort Gordon, Georgia, with an estimated completion date of Feb. 28, 2026. Fiscal 2010 operation and maintenance, Army funds in the amount of $19,173,486 were obligated at the time of the award. U.S. Army Corps of Engineers, Savannah, Georgia, is the contracting activity (W912HN-23-C-4005).

Fibertek Inc.,* Herndon, Virginia, was awarded a $16,059,649 modification (P00013) to contract W911QX-22-F-0072 for to provide scientific, engineering and analysis support at the Adelphi Laboratory Center. Work locations and funding will be determined with each order, with an estimated completion date of Sept. 28, 2024. Army Contracting Command, Aberdeen Proving Ground, Maryland, is the contracting activity.

Messer Construction Co., Raleigh, North Carolina, was awarded a $15,884,181 firm-fixed-price contract for supply support at Fort Liberty. Bids were solicited via the internet with two received. Work will be performed at Fort Liberty, North Carolina, with an estimated completion date of Oct. 29, 2025. Fiscal 2023 military construction, defense-wide funds in the amount of $15,884,181 were obligated at the time of the award. U.S. Army Corps of Engineers, Wilmington, North Carolina, is the contracting activity (W912PM-23-C-0021).

Kokosings Industrial Inc., Westerville, Ohio, was awarded a $12,811,304 firm-fixed-price contract for maintenance dredging. Bids were solicited via the internet with four received. Work will be performed in Chesapeake City, Maryland, with an estimated completion date of Feb. 26, 2024. Fiscal 2023 civil operation and maintenance funds in the amount of $12,811,304 were obligated at the time of the award. U.S. Army Corps of Engineers, Philadelphia, Pennsylvania, is the contracting activity (W912BU-23-C-0052).

BAE Systems Ordnance Systems Inc., Radford, Virginia, was awarded a $12,316,284 firm-fixed-price contract to stabilize, repair and overhaul critical equipment and infrastructure at Radford Army Ammunition Plant. Bids were solicited via the internet with one received. Work will be performed in Radford, Virginia, with an estimated completion date of April 30, 2026. Fiscal 2023 procurement, Army funds in the amount of $12,316,284 were obligated at the time of the award. U.S. Army Contracting Command, Rock Island Arsenal, Illinois, is the contracting activity (W519TC-23-F-0548).

Terry Contracting and Materials Inc., Riverhead, New York, was awarded an $11,140,886 firm-fixed-price contract for stormwater runoff repair and maintenance of airfield pavement. Bids were solicited via the internet with four received. Work will be performed in Westhampton Beach, New York, with an estimated completion date of Dec. 15, 2024. Fiscal 2023 military construction, Army National Guard funds in the amount of $11,140,886 were obligated at the time of the award. U.S. Property and Fiscal Office, New York, is the contracting activity (W50S8E-23-C-0005).

Hartech Group LLC, Tampa, Florida, was awarded a $9,250,473 firm-fixed-price contract to upgrade Stratasys equipment. Bids were solicited via the internet with one received. Work will be performed in Wharton, New Jersey, with an estimated completion date of Sept. 28, 2024. Fiscal 2023 research, development, test, and evaluation, Army funds in the amount of $9,250,473 were obligated at the time of the award. U.S. Army Contracting Command, Detroit Arsenal, Michigan, is the contracting activity (W15QKN-23-C-0054).

SSI Technology Inc.,* Sterling Heights, Michigan, was awarded an $8,515,000 firm-fixed-price contract for interface ground kits. Bids were solicited via the internet with three received. Work will be performed in Sterling Heights, Michigan, with an estimated completion date of Dec. 10, 2025. Fiscal 2023 revolving funds in the amount of $8,515,000 were obligated at the time of the award. U.S. Army Contracting Command, Detroit Arsenal, Michigan, is the contracting activity (W56HZV-23-C-0084).

Korte-River City JV, Highland, Illinois, was awarded an $8,272,467 modification (P00006) to contract W912QR-22-C-0002 to renovate a building. Work will be performed at Scott Air Force Base, Illinois, with an estimated completion date of Jan. 8, 2026. Fiscal 2022 operation and maintenance, Air Force funds in the amount of $8,272,467 were obligated at the time of the award. U.S. Army Corps of Engineers, Louisville, Kentucky, is the contracting activity.

DEFENSE LOGISTICS AGENCY

Chico Produce Inc.,* doing business as Pro Pacific Fresh, Durham, California, has been awarded a maximum $67,650,600 fixed-price with economic-price-adjustment, indefinite-delivery/indefinite-quantity contract for fresh fruits and vegetables. This was a competitive acquisition with two responses received. This is a four-year contract with no option periods. Location of performance is Oregon, with a Sept. 25, 2027, ordering period end date. Using customers are Department of Agriculture schools and reservations. Type of appropriation is fiscal 2023 through 2027 defense working capital funds. The contracting activity is the Defense Logistics Agency Troop Support, Philadelphia, Pennsylvania (SPE300-23-D-S763).

JTF Business Systems Corp.,* Springfield, Virginia (SP7000-23-D-0021); and Trident E&P LLC,* Pottstown, Pennsylvania (SP7000-23-D-0022), are sharing a maximum $42,492,749 firm-fixed-price, indefinite-delivery/indefinite-quantity contract under solicitation SP7000-22-R-1006 for leases of A3 multifunctional devices, accessories and office document devices and services. These were competitive acquisitions with six proposals received. These are three-year contracts with no option periods. Locations of performance are Germany, Portugal, Italy, United Kingdom, Belgium, The Netherlands, Luxembourg, Romania, Greece, Poland, Bulgaria, Djibouti, Oman, Bahrain, and Kuwait, with a Sept. 28, 2026, ordering period end date. Using customers are Air Force, Marine Corps, Army, Navy, Coast Guard, and federal civilian agencies. Type of appropriation is fiscal 2023 through 2026 defense working capital funds. The contracting activity is the Defense Logistics Agency Contracting Services Office, New Cumberland, Pennsylvania.

Entergy Louisiana LLC, Jefferson, Louisiana, has been awarded a maximum $16,224,803 modification (P00156) to a 50-year contract (SP0600-10-C-8260) with no option periods for operations and maintenance of the electric utility system at Fort Johnson, Louisiana. The performance completion date is Nov. 30, 2061. Using military service is Army. Type of appropriation is fiscal 2023 Army operations and maintenance funds. The contracting activity is the Defense Logistics Agency Energy, Fort Belvoir, Virginia.

Systems & Technology Research LLC,* Woburn, Massachusetts (SP4701-23-C-0081, $12,288,703); and SRI International, Menlo Park, California (SP4701-23-C-0073, $9,755,355), have each been awarded a cost-plus-fixed-fee contract for the Cognitive Health Assistant that learns and organizes research and development effort. This was a competitive acquisition with 19 responses received through the Scaling Health Applications Research for Everyone broad agency announcement. These are two-year contracts with no option periods. Locations of performance are throughout the continental U.S., with a Sept. 29, 2025, performance completion date. Using customer is Advanced Research Projects Agency for Health. Type of appropriation is fiscal 2022 through 2024 research, development, test and evaluation funds. The contracting activity is the Defense Logistics Agency Contracting Services Office, Philadelphia, Pennsylvania.

University of California San Diego, La Jolla, California, has been awarded a maximum $9,544,174 firm-fixed-price contract for the Healthcare Ransomware Resiliency and Response Program. This was competitive acquisition with 19 responses received through the Scaling Health Applications Research for Everyone broad agency announcement. This is a two-year contract with no option periods. Locations of performance are throughout the continental U.S., with a Sept. 29, 2025, performance completion date. Using customer is the Advanced Research Projects Agency for Health. Type of appropriation is fiscal 2022 through 2024 research, development, test and evaluation funds. The contracting activity is the Defense Logistics Agency Contract Services Office, Philadelphia, Pennsylvania (SP4701-23-C-0075).

DEFENSE HEALTH AGENCY

Deloitte Consulting LLP, Arlington, Virginia, is awarded a one year, firm-fixed-price bridge contract (HT001123C0098) to continue providing various business and technical functions necessary for sustaining all product and project lines by performing a variety of functions, such as configuration management, information assurance, requirements management, contracting and financial services, testing and evaluation services, training support, deployment activities and other business, technical and administrative functions in support of the Defense Health Agency Program Executive Office, Medical Systems, Chief Information Officer. Work will be primarily performed at San Antonio, Texas; along with locations in Fort Detrick, Maryland; and Falls Church, Virginia. Fiscal 2024 research, development, test and evaluation funds in the amount of $569,734 are being obligated; and operation and maintenance funds in the amount of $52,544,614 are subject to the availability of funds for fiscal 2024. The contract was not competitively procured and was prepared under 10 U.S. Code 3204(a)(1) and regulatory authority, as implemented by Federal Acquisition Regulation 6.302-1, Only One Responsible Source. The period of performance is Oct. 1, 2023, through Sept. 30, 2024. The Defense Health Agency, Professional Services Contracting Division, Falls Church, Virginia, is the contracting activity.

3M Health Information Systems Inc., Murray, Utah (HT001523C0009), is awarded $31,397,485 for a firm-fixed-price contract as a result of sole source solicitation HT001523Q0081. The 3M suite of products supports critical Armed Forces Health Longitudinal Technology Application (AHLTA) functionality, including the Healthcare Data Dictionary which allows for data mapping for healthcare data elements, the Enterprise Master Person Index which is a master index for all patients, required for correct patient record mapping, Alert Writer/Wellness Reminders that enable providers to configure reminders for patient-related events, Tuxedo support enables data from the AHLTA Clinical Workstations, local cache servers, and interface systems to be queued, translated, and processed through to the AHLTA Clinical Data Repository, and MEDCIN files ensure the latest Current Procedural Terminology and medical coding data is available within AHLTA. This is a three-year contract with an estimated delivery to begin on Oct. 1, 2023. The contract will be funded with fiscal 2024 operations and maintenance funds in the amount of $10,202,977 for the base year. Place of performance is Falls Church, Virginia. The Defense Health Agency Enterprise Medical Services Contracting Division, San Antonio, Texas, is the contracting activity.

DEFENSE MICROELECTRONICS ACTIVITY

Fortis Native Group LLC, Atmore, Alabama, is being awarded a single award, indefinite-delivery/indefinite-quantity, firm-fixed-price contract (HQ072723D0004) with a five-year ordering period for the Defense Microelectronics Activity (DMEA) Facility Maintenance Services. The contract has a $34,160,000 ceiling. Fiscal 2023 funds in the amount of $2,414,077 are being obligated for the first task order at the time of award. This contract procures facility maintenance services including preventative maintenance, corrective maintenance and operational services for DMEA. The work will be performed at the DMEA campus in McClellan, California. DMEA, McClellan, California, is the contracting activity.

U.S. SPECIAL OPERATIONS COMMAND

Geissele Automatics,* North Wales, Pennsylvania, has been awarded an indefinite-delivery/indefinite-quantity contract (H92403-23-D-0003) with a 10-year ordering period and a maximum ceiling of $29,263,029 to procure a new sniper support weapon, designated marksman, rifle taking advantage of advances in ammunition and weapons technology to improve the intermediate range sniper rifle lethality, reliability and performance when suppressed during 50-1,500 meter engagements. This effort will also provide for complete sustainment over the life cycle of the weapon system, including associated spare parts and vendor support, new equipment training, engineering, and travel. Fiscal 2023 procurement funds in the amount of $4,240,133 are being obligated at time of award on the first delivery order. This contract is a follow-on production contract stemming from a competitive prototype agreement and is being awarded in accordance with 10 U.S. Code 4022(f). U.S. Special Operations Command, MacDill Air Force Base, Florida, is the contracting activity.

DEFENSE ADVANCED RESEARCH PROJECTS AGENCY

Raytheon Technologies, Raytheon Missiles and Defense, Tucson, Arizona, has been awarded a $29,000,000 cost-plus-fixed-fee contract, excluding unexercised options, for the Gambit Phase 2 program. This contract provides for development and demonstration of a rotating detonation engine propulsion system. Work will be performed in East Hartford, Connecticut (78%); Tucson, Arizona (18%); and San Diego, California (4%), with an expected completion date of September 2025. Fiscal 2023 research, development, test and engineering funds in the amount of $5,872,133 are being obligated at time of award. This contract was a competitive acquisition under broad agency announcement HR001122S0048. The Defense Advanced Research Projects Agency, Arlington, Virginia, is the contracting activity (HR0011-23-C-0117).

Two Six Labs LLC, doing business as Two Six Technologies, Arlington, Virginia, has been awarded a $21,806,572 modification (P00006) to their cost-plus-fixed-fee contract HR001121C0193 for additional in-scope work performed under a Defense Advanced Research Projects Agency (DARPA) research project. The modification brings the total cumulative face value of the contract to $32,340,934 from $10,534,362. Work will be performed in Arlington, Virginia, with an expected completion date of March 2025. Fiscal 2023 research, development, test, and engineering funds in the amount of $4,600,000 are being obligated at time of award. DARPA, Arlington, Virginia, is the contracting activity.

Raytheon Co., El Segundo, California, was awarded an $11,786,749 cost-plus-fixed-fee modification (P00003) to previously awarded contract HR0011-23-C-0022 for a Defense Advanced Research Projects Agency project. Work will be performed in El Segundo, California, with an expected completion date of June 2025. Fiscal 2023 research, development, test and evaluation funds in the amount of $3,620,980 are being obligated at time of award. This contract was a competitive acquisition under Broad Agency Announcement HR001122S0025 and 18 offers were received. The Defense Advanced Research Projects Agency, Arlington, Virginia, is the contracting activity.

The University of Washington, Seattle, Washington, has been awarded a $10,410,158 cost-plus-fixed-fee contract, excluding unexercised option, for the RACER Phase 2 program. Work will be performed in Seattle, Washington (90%); and Ellensburg, Washington (10%), with an estimated completion date of September 2024. Fiscal 2023 research and development funds in the amount of $3,538,270 are being obligated at the time of award. This contract is a competitive acquisition in accordance with original Broad Agency Announcement HR001121S0004. The Defense Advanced Research Projects Agency, Arlington, Virginia, is the contracting activity (HR001123C0150).

BAE Systems Information & Electronic Systems Integration Inc., Merrimack, New Hampshire, has been awarded a $7,805,806 modification (P00010) to cost-plus-fixed-fee contract HR001121C0002 to exercise Firefox 2 Options 2 and 3 of the Tactical Boost Glide program. The modification brings the total cumulative face value of the contract to $16,793,497 from $8,987,691. Work will be performed in Merrimack, New Hampshire (94%); and Cambridge, Massachusetts (6%), with an estimated completion date of January 2026. Fiscal 2022 research and development funds in the amount of $6,154,583 are being obligated at the time of award, as well as fiscal 2023 research and development funds in the amount of $1,651,223. The Defense Advanced Research Projects Agency, Arlington, Virginia, is the contracting activity.

*Small business

EXIBIT B

ARTICLES OF ORGANIZATION

BAY STATE UTILITY SERVICES LLC

D

The Commonwealth of Massachusetts

William Francis Galvin
Secretary of the Commonwealth
One Ashburton Place, Room 1717, Boston, Massachusetts 02108-1512

Limited Liability Company
Certificate of Organization
(General Laws Chapter 156C, Section 12)

Federal Identification No.: Intentionally Omitted

(1) The exact name of the limited liability company:

Bay State Utility Services LLC

(2) The street address of the office in the commonwealth at which its records will be maintained:

c/o Bowditch & Dewey, LLP, 311 Main Street, Worcester, MA 01608

(3) The general character of the business:

Provide water and wastewater services and all related aspects thereto, and to engage in any other lawful activity.

(4) Latest date of dissolution, if specified: ______

(5) The name and street address, of the resident agent in the commonwealth:

NAME	ADDRESS
Cogency Global, Inc.	45 School St Suite 202, Boston, MA 02108

(6) The name and business address, if different from office location, of each manager, if any:

NAME	ADDRESS
Robert J. Sprowls	630 E Foothill Blvd San Dimas, CA 91773-1207
Christopher H. Connor	630 E Foothill Blvd San Dimas, CA 91773-1207
Eva G. Tang	630 E Foothill Blvd San Dimas, CA 91773-1207

Managers Continued on Attachment

(7) The name and business address, if different from office location, of each person in addition to manager(s) authorized to execute documents filed with the Corporations Division, and at least one person shall be named if there are no managers:

NAME	ADDRESS

(8) The name and business address, if different from office location, of each person authorized to execute, acknowledge, deliver and record any recordable instrument purporting to affect an interest in real property recorded with a registry of deeds or district office of the land court:

NAME	ADDRESS
Robert J. Sprowls	630 E Foothill Blvd San Dimas, CA 91773-1207
Christopher H. Connor	630 E Foothill Blvd San Dimas, CA 91773-1207

Authorized Persons Cont'd on Attachment

(9) Additional matters: Name reservation for "Bay State Utility Services LLC" was requested by AMERICAN STATES UTILITY SERVICES LLC in association with our entity

Signed by *(by at least one authorized signatory)*: Robert J. Sprowls
2022-08-12 13:23 PDT

Consent of resident agent:

I COGENCY GLOBAL INC.,

resident agent of the above limited liability company, consent to my appointment as resident agent pursuant to G.L. c 156C § 12*

**or attach resident agent's consent hereto.*

BAY STATE UTILITIES SERVICES, LLC

Attachment

(6) The name and business address, if different from office location, of each manger if any:

Name	Address
Glady M. Farrow	630 E Foothill Blvd San Dimas, CA 91773-1207
Susan P. Miller	2023 Harrison Rd Fort Eustis, VA 23604

(8) The name and business address, if different from office location, of each person authorized to execute, acknowledge, deliver and record any recordable instrument purporting to affect an interest in real property record with a registry of deeds or district office of the land court:

Name	Address
Eva G. Tang	630 E Foothill Blvd San Dimas, CA 91773-1207
Glady M. Farrow	630 E Foothill Blvd San Dimas, CA 91773-1207
Susan P. Miller	2023 Harrison Rd Fort Eustis, VA 23604

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are deemed to have been filed with me on:

August 15, 2022 03:08 PM

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

ATTACHMENT 6-1: Response to DR SLM-010 (Water Conservation Advancement Plan).

Golden State
Water Company
A Subsidiary of American States Water Company

October 25, 2023

To: Sam Lam, Public Advocates Office
CALIFORNIA PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Subject: Data Request SLM-010 (A.23-08-010)
Water Conservation Advancement Plan
Due Date: October 25, 2023

Dear Sam Lam,

In response to the above referenced data request number, we are pleased to submit the following responses:

Question 1:
Referring to the Testimony of Keith Switzer, p.7.

a. Given that the Water Conservation Advancement Plan (WCAP) and the associated Water Consumption Revenue Balancing Account (WCRBA) and the Water Consumption Cost Balancing Account (WCCBA) tracks differences between recorded and Commission-authorized volumetric revenues and costs, how does the WCAP differ from the Water Revenue Adjustment Mechanism (WRAM) and the Modified Cost Balancing Account (MCBA)?
b. Explain how low-use and low-income customers will benefit from the WCRBA and the WCCBA.

Response 1:

a. As stated on page 63 in Mr. Switzer's testimony, the WCRBA and the WCCBA are the proposed names for two new balancing accounts that will operate like the WRAM and MCBA that GSWC had used since 2008.
The WCAP (which is the name of the decoupling mechanism and not one of the balancing accounts) is similar to the prior decoupling program (commonly referred to as the WRAM/MCBA), but does include two new aspects: (1) a proposal for a mid-year Sales Reconciliation Mechanism (SRM) that allows for an adjustment to

the sales forecast adopted in the GRC under certain conditions, and (2) a proposal for a pilot SRM-type adjustment mechanism, called the Supply Mix Adjustment Mechanism (SMAM), for supply costs tracked in the WCCBA in GSWC's Region 2. See pages 64-65 of Mr. Switzer's testimony for a description of those proposed improvements. The requests for the SRM and SMAM are set forth (and described in detail) in the testimony of Ms. Darney-Lane at pages 13-25.

b. The benefit to low-income and low-use customers is not from the existence of the WCRBA and the WCCBA per se. The benefit to those customers occurs because the two accounts facilitate full revenue decoupling via the WCAP. With the WCAP, GSWC can maintain rate design structures (including lower monthly service charges and tiered rates) that benefit low usage and low income customers.

Question 2:
Provide the annual recorded WRAM and MCBA balances since 2008, in Excel format, separated by ratemaking areas.

Response 2:
Please see the attached Excel spreadsheet titled **"SLM-010 Q.2 WRAM_MCBA Balances**".

Question 3:
Provide the annual surcharge/refund amount to ratepayers as a result of amortizing the WRAM and MCBA balances since 2008, in Excel format, separated by ratemaking areas.

Response 3:
Please see the attached Excel spreadsheet titled **"SLM-010 Q.3 WRAM_MCBA_Surcharge_Refund"**. The surcharges presented are net of refunds and reflect the activity billed to customers in each year. Since the first advice letters to set the WRAM/MCBA amortization were filed in November 2010, there are no amortization prior to 2010.

Question 4:
Provide the actual sales recorded and the sales forecast authorized since 1990, in Excel format, separated by ratemaking areas.

Response 4:
Please see the attached Excel spreadsheet titled **"SLM-010 Q.4 Sale_Rec_Adop**" for the total recorded and adopted sales.

Question 5:
Referring to the Testimony of Keith Switzer, p.5.

a. Explain how the WCAP provide incentives for greater conservation by high-volume users and lower monthly service charges benefitting low usage customers.

Response 5:
Approval and implementation of the WCAP allows for GSWC to continue rate designs that include lower monthly service charges and volumetric rates with higher tier block rates than would be the case if WCAP (or some other full revenue decoupling mechanism) were not approved. Please refer to pages 67-71 of Mr. Switzer's testimony for a description of the changes to GSWC's rate design (including increasing the percentage of the amount of revenue requirement to be recovered in monthly services charges) that would be needed if the WCAP were not approved. Please also refer to the testimony of Mr. Mitchell, and in particular, the analysis included at pages 26-29, describing how revenue decoupling mechanisms such as the WCAP facilitate rate designs that promote conservation, and how the loss of revenue decoupling, and the resulting necessary changes to rate design that increase the fixed service charge and reduce commodity charges, benefit high-volume water users to the detriment of low-volume water users.

END OF RESPONSE

ATTACHMENT 7-1: Statement of Qualifications

QUALIFICATIONS AND PREPARED TESTIMONY

OF

Sam Lam

Q.1 Please state your name and address.

A.1 My name is Sam Lam, and my business address is 320 West 4th Street, Suite 500, Los Angeles, California 90013.

Q.2 By whom are you employed and what is your job title?

A.2 I am employed by the Public Advocates Office – Water Branch and my job title is Public Utilities Regulatory Analyst.

Q.3 Please describe your educational and professional experience.

A.3 I received a Bachelor of Science degree in Business Administration from the University of Southern California. I have been with the Public Advocates Office – Water Branch since August of 2019.

Q.4 What is your area of responsibility in this proceeding?

A.4 I am responsible for the preparation of Cal Advocates Report and Recommendations on Golden State Water Company's General Office Expenses Budget, Conservation Program Budget, Special Request #2 and #3.

Q.5 Does that complete your prepared testimony?

A.5 Yes, it does.