Submitted by James Riley
at 5/6/14 Public Outreach Committee
Item - Public Comment

May 6, 2014

To The Board Members of the Monterey Peninsula Water Management District:

MPWMD is a party to the proceeding before the CPUC regarding Cal Am's state wide application to increase its water and wastewater rates. Our Wastewater Coalition represents the 700 ratepayers of Oak Hills and Spreckels and is also a party to the proceeding and is protesting Cal Am's rate wastewater increases. Within the MPWMD's boundaries, Cal Am has 800 wastewater customers; 1,900 Cal Am customers are within in Supervisor Potter's District.

Under CPUC Rule 11.6 Motion for an Extension of Time, the Coalition may seek other party's permission to request an extension of time from the current deadline of May 15 to June 15 to file a brief on behalf of the Central Coast Coalition of Communities for Wastewater Equity regarding Cal Am's request for rate increases: A 13-07-002

The reason we are seeking the extension is over the last six months, Cal Am has very simply refused to provide us with the specific costs of operation and improvements to the Spreckels and Oak Hills systems. What has been provided shows costs of $260,000 versus revenue of $1.5million for the years 2010-12. The Spreckels and Oak Hills systems are simple "passive systems", with the only equipment being a couple pumps and grinders. Such an accounting is the definition of simple.

In as much as the Coalition represents only a fraction of those impacted by this application, this delay will have minimal impact on the process as a whole.

Sincerely,

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California Public Utilities Commission
Rules of Practice and Procedure

11.6. (Rule 11.6) Motion for Extension of Time.

Motions for extension of time limits established in these rules or in a ruling of an Administrative Law Judge or Commissioner may be made orally, by e-mail, or by letter to the Administrative Law Judge. **If other parties to the proceeding are affected by the extension, the party requesting the extension must first make a good-faith effort to ask such parties to agree to the extension.** The party requesting the extension must report the results of this effort when it makes its request. If the extension is granted, the party requesting the extension shall notify all other parties to the proceeding of the extension, unless the grant of the extension is by oral ruling delivered on the record of the proceeding. If the extension is in regard to the time to file a document, the opening paragraph of the document shall indicate that the Administrative Law Judge has granted the extension.

Comments by The Central Coast Coalition of Communities for Wastewater Equity

To the Chualar Public Participation Hearing April 24, 2014

Main Issues Confronting the 700 Oak Hills and Spreckels Wastewater Customers of Cal Am

- Lack of Accountability from Cal Am in Costs, Improvements and Planning $260,000 in costs produced to Coalition versus $1.5million in revenue.
- Failure to provide the community, in accessible public location, hard copies of its application with all supporting testimony and work papers despite $108,000 submitted as the cost for processing the wastewater piece of A.13
- A Shoddy SSMP/CPS for Monterey County Wastewater Customers. A Six Year $445,000 fiasco with another proposed over the next 3 years for $377,000 or slightly more than ½ the cost for a similar project for all of Los Angeles County.

Background and Backsliding

The Oak Hills and Spreckels wastewater systems are simple "passive" operations. Effluent flows downhill into large ponds. The only mechanical devices are a couple pumps and grinders for each. The Spreckels system was originally built by Claus Spreckels in 1898 and continuously operated by the factory and factory personnel even under successor companies until WaterTek was bought out by Cal Am in 2004. Oak Hills was owned by WaterTek until bought out along with Spreckels in 2004. We are small towns and know when work is done. We have an "institutional" memory for what has occurred.

In its 2004 application to the PUC, Cal Am promised lower rates in the first 2 years with nominal quarterly increases of $1 and $2 in years 3 and 4. (This is basically what it also promised Las Palmas residents when it bought their system in 2002.) Along with lower rates, it promised expertise, expanded resources and specific improvements valued at over $200,000.

In its 2008 GRC, Cal Am dropped the hammer and sought to combine all its Monterey County ww systems into one group with the same rate meaning 160% increases for Spreckels, Oak Hills and other passive systems; a 90% increase Las Palmas and the active systems.

In the 2008 Chualar Hearing, then as now, Cal Am had refused to be full and forthcoming in providing the communities the information necessary to evaluate its rate increase. Eventually, the Coalition found, that based on the information presented by Cal Am, Cal Am had only invested $9,306 in Spreckels rather than the $65,000 promised in 2004, and $45,000 spent rather than the $90,000 promised Oak Hills. (Later figures provided indicate $20,000 spent for Spreckels and $47,000 for Oak Hills. Even at these figures only $67,000 invested out of $155,000 promised).

In 2011, we met with both Cal Am officials Mr. Stephenson and Mr. Simon. Specific costs, digital spreadsheets and copies of invoices were provided by Mr. Simon to us. The accounts attributable to each separate system easily identifiable under the JDE accounting program: Oak Hills=054605, Spreckels=054705.

In 2013, when we initially met with Mr. Sabolsice, he provided us with a paper copy of costs by account to our systems totaling $261,000 for years 2010,11 and half of 2012. This compares to revenue for these years of $1.5 million.

Pencils, Paper Clips and Pensions

Since that time, and after pointing out the problems with the SSMP/CPS (which resulted in Cal Am coming out with a version 3 in PDF) the only additional costs presented to us were on a disk received April 11 that can be summarized as pencils, paperclips and pensions, with $4,400 specific to Oak Hills, $9,400 in Administrative and General Costs for all systems, $299,000 in Pension costs and invoices for $277,000 for a Vacuum Combination truck.

Cal Am has made clear that it does not feel any obligation to provide a break down of costs and improvements for each of its separate wastewater facilities, only "active, passive, or all" with its new SAP accounting system. Note in response to a complaint at the Oldemeyer hearing that the new water bills do not show charts of historical water use, Mr. Sabolsice responded that the new SAP did not allow for such a comparison and a unit cost.

The simple history has been that when Cal Am is required to be specific about its plans and costs, the numbers have often proven to be an embarrassment to them and they therefore do not provide particulars or stall the process.

ALJ Bushey PPH Order and Draft Decision 2008

After testimony at the 2008 Chualar PPH, Judge Bushey (transcript pages 42-45) ordered Cal Am:

> To provide hardcopies of Application materials, including the application and its associated exhibits and supporting documents, including workpapers, at the Buena Vista County Library, Spreckels Post Office.
>
> To prepare a spreadsheet that will show district specific investment in O&M with the understanding that some costs well be able to be shown as direct billed to the specific districts, and other costs will need to be distributed among the districts using some sort of allocation methodology. To the Extent an allocation is used, it will be explained.
>
> Hardcopies will be provided to all interested parties.

The Draft Decision of Judge Bushey denied combining all wastewater units together for rate design but into active and passive for more "equitable rate design among differing wastewater systems", and further went on to state, "As shown by the comments opposing this settlement, Cal-Am needs to improve its relationship with its customers and especially its explanation of costs and operational plans for these systems. The public interest will be furthered by better customer consultation in advance of the next rate filing".

We request that information tonight.

CoChairs: Arthur McLoughlin Oak Hills , James Riley Spreckels, Recording Secretary Ken Dursa

Website: ccwwcoalition.wordpress.com