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4 **BEFORE THE PUBLIC UTILITIES COMMISSION**
5 **OF THE STATE OF CALIFORNIA**
6

7 Application of California-American Water
8 Company (U210W) for Authorization to
9 Increase its Revenues for Water Service by
10 \$23,903,700 or 9.78% in the year 2021, by
11 \$10,085,200 or 3.76% in the year 2022, and
12 by \$10,713,400 or 3.85% in the year 2023

Application 19-07-XXX
(Filed July 1, 2019)

13 **DIRECT TESTIMONY OF GARRY HOFER**
14 **(PROPOSED APPLICATION)**

15 ****PUBLIC VERSION****

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27 Dated: May 1, 2019
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1 **X. OTHER SPECIAL REQUESTS**

2 **A. Special Request No. 15 - Proposed Operational Tariff Modifications**

3 Q193. Please provide an overview of the proposed operational tariff modifications.

4 A193. The proposed operational tariff modifications discussed below are intended to improve
5 the customer experience by clarifying responsibilities between the customer and Utility
6 and by reducing inequities between customers. Specifically, the proposals below are
7 designed to address areas of the Company's tariffs that have repeatedly caused customer
8 confusion or complaints.

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10 **1. AMR/AMI Opt-Out Program**

11 Q194. What is California American Water's request with respect to implementing an
12 AMR/AMI Opt-Out Program?

13 A194. California American Water is requesting authorization to implement an opt-out program
14 (1) to allow customers who do not wish to have an AMR or AMI meter to opt out of
15 installation of an AMI meter or have their AMR/AMI meter replaced, and (2) to allow
16 California American Water to recover opt-out costs from the opt-out customers. The
17 Commission previously recognized that it was appropriate for California's regulated
18 energy utilities to provide an opt-out option and to recover costs associated with
19 providing an opt-out option from the opt-out customers.¹¹ California American Water is
20 requesting similar treatment.

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22 Q195. Why does California American Water propose an AMR/AMI Opt-Out Program now?
23
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25

26 ¹¹ D.14-12-078, *Decision Regarding SmartMeter Opt-Out Provisions*, December 18, 2014 (adopting fees
27 and changes for residential energy customers who do not wish to have a wireless smart meter); D.12-02-
28 014, *Decision Modifying Pacific Gas and Electric Company's SmartMeter Program to Include an Opt-
Out Option*, February 1, 2012, (modifying PG&E's SmartMeter Program to include an opt out provision
for customer who did not want a wireless smart meter).

1 A195. California American Water has received multiple requests from customers to opt out of
2 AMR/AMI meters. In its Ventura District pilot, 13 of 1300 customers, or 1%, requested
3 not to receive an AMI meter. The opt-in process operated in the Monterey District pilot
4 added additional barriers to customers' abilities to realize the benefits of AMI. Because it
5 was a voluntary process, there is not a comparable percentage available. Because we are
6 requesting a full AMI deployment in the Ventura District and the Central Division, the
7 time is ripe for implementing this program.

8
9 Q196. What is California American Water proposing for its AMR/AMI Opt-Out Program?

10 A196. California American Water would like to create a statewide program for customers to opt
11 out of a wirelessly communicating (automated) meter – either AMI or AMR.

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13 Q197. What are the proposed fees and costs associated with the AMR/AMI Opt-Out Program?

14 A197. All charges and provisions of the customer's standard tariff shall apply. Opt-out
15 customers will also be charged as follows:

16
17 Initial Fee: \$70.00

18
19 Monthly Charge: \$13.00/month

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21 Q198. How were the initial fee and monthly charge determined?

22 A198. The charts below outline the assumptions and costs used to calculate the initial fee and
23 monthly charge. The initial fee is intended to capture one-time costs associated with
24 actually replacing the AMR/AMI meter. The monthly fee is intended to capture the
25 ongoing additional costs associated with reading an analog meter, which is more
26 laborious. A service order must be created, dispatched, and worked, which involves
27 effort from the back office, as well as the field service technician, who must drive to the
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premise and manually read the meter. Cost considerations also include systems integration, meter selection, maintaining multiple systems to obtain reads, and revision of internal processes, all resulting from opt-outs.

Baseline Assumptions	
Total CAW Customers	176,301
Opt-Out Rate	0.20%
Total Opt-Out Customers	352.60
Average Meter Technician Hourly Cost with Burden	\$48.94

One-Time Costs	
Average Drive Time for Service Order (round trip)	26 min
Average Time at Customer Premise for Opt-Out Order	60 min
Total Opt-Out Service Order Time	86 min
Average Meter Technician Hourly Cost with Burden	\$48.94 per hr
Total Meter Technician Labor Cost	\$70.15
Proposed Initial Fee for Opt-Out Customers	\$70.00

Monthly Costs	
Expected Opt-Out Rate	0.20%
Expected Number of Opt-Out Customers	352.602
Number of Days Required to Read Opt-Out Meters	12 days
Number of Hours Required to Read Opt-Out Meters	96 hours
Number of Times Opt-Out Meters Read per Year	12
Total Annual Opt-Out Meter Reading Labor	1152 hours
Total Annual Opt-Out Meter Reading Labor Costs	\$56,379
Total Costs to Perform Opt-Out Meter Reading Per Year	\$56,379
Proposed Monthly Fee for Opt-Out Customers	\$13.00

Q199. What additional terms is California American Water proposing with respect to fees for the AMR/AMI Opt-Out Program?

1 A199. Additional terms regarding opt-out program fees are as follows:

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- 3 • Charges will apply following the metering equipment change from an
- 4 automated meter to a non-transmitting meter. If an equipment change is
- 5 not required, charges will apply following affirmative election of the opt-
- 6 out option by the customer.
- 7
- 8 • The initial fee is only applicable if automated metering equipment is
- 9 required to be removed from the customer premises.
- 10
- 11 • The initial fee and monthly charge shall be applied on a per-location, not
- 12 per-meter basis.
- 13

14 California American Water will perform a review of the costs associated with the
15 AMR/AMI Opt-Out Program within two years of the effective date to determine if the fee
16 amounts or any other provisions need to be modified.

17

18 Q200. What are the other proposed terms and conditions of the AMI/AMR Opt-Out Program?

19 A200. The full list of the proposed terms and conditions for the AMR/AMI Opt-Out Program
20 are included in Attachment 5 to the Direct Testimony of Wes Owens.

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22 **2. Residential Fire Protection Service (RFPS “Multi-Use Customer**

23 **Discount)**

24 Q201. What rate changes to Residential Fire Protection Service (RFPS) are being proposed by
25 California American Water and why?

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