

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



**FILED**

09-28-10  
04:59 PM

In the Matter of the Application of )  
VALENCIA WATER COMPANY (U-342-W), )  
a Corporation, for an Order Authorizing It to )  
Increase Rates Charged for Water Service in ) Application No. 10-01-006  
Order to Realize Increased Annual Revenues of ) (Filed January 4, 2010)  
\$4,751,000 or 18.78% in a Test Year Beginning )  
January 2011, \$1,957,000 or 6.40% in a Test Year )  
Beginning January 2012, \$701,000 or 2.16% in an )  
Escalation Year Beginning January 1, 2013, and to )  
Make Further Changes and Additions to Its Tariff )  
for Water Service. )  
\_\_\_\_\_ )

**NOTICE OF EX PARTE COMMUNICATION**

In accordance with Rule 8.3 of the Rules of Practice and Procedure ("Rules") of the California Public Utilities Commission ("Commission"), Valencia Water Company ("Valencia") hereby provides notice of a written ex parte communication that occurred on Thursday, September 23, 2010, with respect to the above-captioned proceeding.

On September 23, at 12:07 pm, Martin Mattes of Nossaman LLP, counsel for Valencia, transmitted a message by electronic mail to Administrative Law Judge ("ALJ") Bruce DeBerry at the e-mail address associated with his employment at the Commission, at 505 Van Ness Avenue, San Francisco, CA 94102.. The electronic message addressed certain proposals submitted in Valencia's Opening Brief under the heading, "Other Requests for Relief," and the opposition to those proposals by the Division of Ratepayer Advocates ("DRA") in its Reply Brief. The message particularly noted and explained Valencia's requests for a finding of compliance with water quality standards and for a finding that Valencia's Water Management Program is adequate. In accordance with Rule 8.2(c)(3), a copy of Mr. Mattes' message to ALJ DeBerry was sent concurrently to all parties to this proceeding.

A copy of the electronic message is attached to this notice.

To obtain a copy of this notice, please contact:

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Respectfully submitted,

NOSSAMAN LLP

/S/ MARTIN MATTES

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Attorneys for Applicant, VALENCIA WATER COMPANY

September 27, 2010

**Mattes, Martin**

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**From:** Mattes, Martin  
**Sent:** Thursday, September 23, 2010 12:07 PM  
**To:** 'bmd@cpuc.ca.gov'  
**Cc:** 'djg@cpuc.ca.gov'; 'davidmorse@gmail.com'; 'bjohnson@valenciawater.com'; 'gmilleman@valenciawater.com'; 'md7@cpuc.ca.gov'; 'jrc@cpuc.ca.gov'; 'lfr@cpuc.ca.gov'; Lane, Mari  
**Subject:** A.10-01-006: Valencia Water Company's "Other Requests for Relief"

Your Honor --

Valencia Water Company, Applicant in the above-referenced general rate case, directs this ex parte communication to your attention due to the unusual circumstances regarding certain requests for relief presented in Valencia's Opening Brief, at pages 17 to 23. These "Other Requests for Relief" were matters that Valencia considered to be routine and non-controversial. However, in its reply brief, the Division of Ratepayer Advocates took the position that the Commission should deny *all* of Valencia's "Other Requests for Relief." DRA Reply Brief, at 6-7.

Several of Valencia's "Other Requests for Relief" were matters that Valencia had requested in its Application and direct testimony and that had not previously been opposed or even referenced by any party -- including the request for authorization of escalation year rate adjustments (p. 18), the request for a finding of compliance with water quality standards (p. 21), the request for a finding that Valencia's Water Management Program is adequate (p. 22), and the request for minor changes to Tariff Rules 9 and 11 (p. 23). Others were intended simply to call attention to accounting "loose ends" that might otherwise have been overlooked and left unresolved -- including disposition of the Water Quality Litigation Memorandum Account (p. 19), the proposal for a single customer surcharge or surcredit (p. 20), and procedures to implement terms of Valencia's two settlements with DRA (pp. 18-19, 22-23). DRA's broad opposition to all these requests came as a real surprise to Valencia.

Although DRA doesn't mention it specifically, DRA's request that the Commission deny *all* of Valencia's "Other Requests for Relief" includes Valencia's request for a finding of compliance with water quality standards (Valencia Opening Brief, at 21). The Commission's active oversight of water quality compliance is an important protection for both water utilities and their ratepayers, and the Commission's most recent Rate Case Plan decision specifically "require[s] that any proposed decision in a GRC proceeding make specific findings and recommendations concerning the utility's water quality compliance." D.07-05-062, at 26.

Of greatest concern to Valencia is DRA's opposition to Valencia's request for a finding that its Water Management Program is adequate (DRA Reply Brief, at 11-12). DRA appears to object to the difference in wording of this request from what Valencia asked for in its Application, p. 30 -- a finding that "Valencia's Urban Water Management Plan is sufficient for the Commission's purposes." DRA appears to see a great difference between these two requests, but Valencia does not share that perception.

Submitting Water Management Programs (WMPs) for review in GRCs has been required since 1994, pursuant to D.92-09-084, Ordering Paragraph 7: "Effective January 1, 1994, each Class A water company shall as part of its next general rate case (i) file an updated water management program, and (ii) evaluate the performance of its water management program." The current Rate Case Plan includes a related requirement: The Minimum Data Requirements at the end of the Rate Case Plan appendix to D.07-05-062, at Section II.E.1, requires a demonstration of compliance with Section 10620 of the Water Code by providing a copy of a DWR letter affirming submission of a completed Urban Water Management Plan (UWMP).

At times, the Commission has used the terms "Water Management Plan" and "Water Management Program" interchangeably or has treated the two types of report as identical. See, e.g., *Re California Water Service Co.*, D.96-06-034; *Re California Water Service Co.*, D.05-07-022. It is unclear whether the Minimum Data Requirements provision supersedes the longstanding requirement of D.92-09-084. In order to be sure of complying with the Commission's requirements, Valencia included in A.10-01-006 its most recent UWMP (Exhibit 12), the most recent Santa Clarita Valley Water Report (Exhibit 13), and

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extensive testimony about water supply issues (Exhibit 9), and requested a finding that the UWMP is "sufficient for the Commission's purposes." Because Valencia's evidentiary showing regarding its management of water resources was broader than just the UWMP, Valencia requested a finding that its WMP is adequate. The specific wording of the finding the Commission chooses to render is less important than that there be a finding confirming Valencia's compliance with its water management obligations -- which DRA has never denied.

Respectfully submitted,

**Martin A. Mattes**

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**CALIFORNIA PUBLIC UTILITIES COMMISSION**  
**Service Lists**

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**PROCEEDING: A1001006 - IN THE MATTER OF THE**  
**FILER: VALENCIA WATER COMPANY**  
**LAST CHANGED: AUGUST 31, 2010**

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**Parties**

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