

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED
10-29-10
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In the Matter of the Application of San Jose Water Company (U168W) for Authority to Determine Its Cost of Capital and to Apply that Cost of Capital in Rates for the Period From January 1, 2010 through December 31, 2012.	Application 09-05-001 (Filed May 1, 2009)
In the Matter of the Application of Valencia Water Company (U342W) for Authority to Adjust Its Cost of Capital and to Reflect That cost of Capital in Its Rates for the Period from January 1, 2010 through December 31, 2012.	Application 09-05-002 (Filed May 1, 2009)
Joint Application of Park Water Company (U314W) and Apple Valley Ranchos Water Company (U346W) for Authority to Establish Authorized Cost of Capital.	Application 09-05-003 (Filed May 1, 2009)
In the Matter of the Application of San Gabriel Valley Water Company (U337W) for an Authorized Cost of Capital for 2010 through 2012.	Application 09-05-004 (Filed May 1, 2009)
Application of Suburban Water Systems (U339W) For an Authorized Cost of Capital for Utility Operations for 2009.	Application 09-05-005 (Filed May 1, 2009)

**NOTICE OF EX PARTE COMMUNICATION
OF THE DIVISION OF RATEPAYER ADVOCATES**

Pursuant to Rule 8.2 and 8.3 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, the Division of Ratepayer Advocates ("DRA") hereby provides notice of an ex parte communication.

On Tuesday, October 26, 2010, Mr. Danilo Sanchez, DRA Water Branch Manager and Ms. Selina Shek, DRA Counsel, met with Mr. Jason Reiger, advisor to Commissioner Nancy Ryan at 4:05p.m. at the Commission's office in San Francisco. The meeting lasted approximately twenty minutes. Mr. Sanchez initiated the meeting.

Ms. Shek distributed DRA's handout entitled: "Cost of Capital - 5 Class A Water Utilities." She stated that DRA supports the Proposed Decision's ("PD") 10.2% return on equity ("ROE"), but urges the Commission to modify the PD using DRA's new debt forecasts, imputed capital structures, and trigger mechanisms for the Water Cost of Capital Adjustment Mechanism ("WCCAM"). She explained that the PD does not provide a reasoned basis for adopting the Applicants' debt forecasts or capital structures or in the 200 basis points WCCAM lower boundary.

Mr. Sanchez expressed the need to have the PD reflect Valencia Water Company's ("Valencia") new capital and debt balances as requested in Valencia's pending motion to the Commission.

Mr. Sanchez also described how San Jose Water Company has a "Monterey Style" Water Revenue Adjustment Mechanism and a balancing account.

The written materials involved in this communication are attached to this notice of ex parte communication.

Copies of this Notice can be obtained by calling or sending an email to Sue Muniz at (415)703-1858 (email: sam@cpuc.ca.gov).

Respectfully submitted,

/s/ SELINA SHEK

Selina Shek
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October 29, 2010

ATTACHMENT

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document **“NOTICE OF EX PARTE COMMUNICATION OF THE DIVISION OF RATEPAYER ADVOCATES”** in proceedings **A.09-05-001, A.09-05-002, A.09-05-003, A.09-05-004 and A.09-05-005.**

A copy was served as follows:

E-Mail Service: sending the entire document as an attachment to an e-mail message to all known parties of record to this proceeding who provided electronic mail addresses.

U.S. Mail Service: mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed in San Francisco, California, on the 29th day of October, 2010.

/s/ Martha Perez

Martha Perez

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A.09-05-001, et al.

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