



FILED

09-10-10

09:08 AM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
California-American Water Company (U210W)
for an Order Authorizing the Transfer of Costs
Incurred in 2009 for Its Long-Term Water Supply
Solution for the Monterey District to Its Special
Request 1 Surcharge Balancing Account.

Application 10-04-004
(Filed April 1, 2010)

**JOINT SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER
AND ADMINISTRATIVE LAW JUDGE**

This ruling sets forth the procedural schedule, establishes the scope of the issues, confirms the categorization, establishes a procedure for requesting oral argument, and assigns the presiding officer for this proceeding. This scoping memo ruling follows the prehearing conference held on September 1, 2010.

Background

On April 1, 2010, California American Water Company (Cal-Am) filed Application (A.) 10-04-004 requesting authorization to transfer a total of \$5,432,221 in preconstruction costs for the Coastal Water Project that have been tracked in the authorized memorandum accounts to its Special Request 1 Surcharge balancing account for recovery from its ratepayers.¹

¹ In A.04-09-019, Cal-Am has applied for a Certificate of Public Convenience and Necessity to construct and operate a desalination plant and associated facilities proposed to address long-term water supply problems on the Monterey Peninsula. This proposal is known as the Coastal Water Project. Decision (D.) 03-09-022 authorized Cal-Am to establish a memorandum account to book costs associated with preliminary engineering studies, environmental studies, analysis of necessary permitting

Footnote continued on next page

Cal-Am filed and served this application in accordance with the settlement agreement adopted in D.08-12-034. The Division of Ratepayer Advocates (DRA) timely filed a protest. On September 1, 2010, the assigned Administrative Law Judge (ALJ) convened a prehearing conference (PHC) to determine parties, finalize a service list, identify issues within the scope of this proceeding, develop a schedule, and address other matters as necessary to proceed with the Application.

Categorization and Need for Hearings

This ruling confirms the Commission's preliminary categorization in Resolution ALJ 176-3251 (April 8, 2010) of this proceeding as ratesetting and its determination that evidentiary hearings are necessary. This ruling, only as to categorization, is appealable under the provisions of Rule 6.4 of the Commission's Rules.

Ex Parte Communications

Since this is a ratesetting proceeding, ex parte communications with Commissioners and the ALJ are generally prohibited. The limited exceptions to this prohibition are described at Pub. Util. Code § 1701.3(c) and in Article 8 of the Commission's Rules of Practice and Procedure, specifically Rules 8.2(c), 8.3, and 8.5.

Scope or Proceeding

The scope of the proceeding includes the issues presented in the Application and the protest of DRA. These include:

requirements, and development of cost estimates for the Coastal Water Project. D.06-12-040 authorized the Special Request 1 Surcharge to allow recovery of prudently-incurred preconstruction costs.

1. Whether Cal-Am has demonstrated the reasonableness of the 2009 pre-construction costs at issue in this proceeding;
2. Whether the Commission should authorize Cal-Am to recover costs incurred outside the reporting period (January to December 2009); and
3. Whether Cal-Am should be authorized to transfer \$5,432,221 in costs to the Special Request 1 Surcharge balancing account.

Schedule

At the PHC, parties discussed and agreed upon the schedule for this proceeding. The schedule proposed by Cal-Am has been modified to accommodate the anticipated schedule in its current General Rate Case application, A.10-07-007.

We certainly anticipate that Cal-Am and DRA will be able to arrive at a mutually-agreeable settlement of the issues in this proceeding, as has occurred with previous applications of this type. While we do not expect that evidentiary hearings will be required, we have included hearings on the schedule set forth below. The ALJ Division can provide a trained mediator who can assist parties with their negotiations. Please contact ALJ Minkin or the ALJ Division Alternative Dispute Resolution Coordinator, ALJ Jean Vieth, at xjv@cpuc.ca.gov.

SCHEDULE	
EVENT	DATE
Application Filed	April 1, 2010
PHC	September 1, 2010
DRA Testimony	November 1, 2010
Rebuttal Testimony	November 19, 2010
Formal Settlement Negotiations	December, 2010
Evidentiary Hearings	January 6, 2011, 10:00 a.m. Commission Courtroom State Office Building 505 Van Ness Avenue San Francisco, CA 94102
Concurrent Opening Briefs	January 18, 2011
Concurrent Reply Briefs	January 25, 2011
ALJ's Proposed Decision	February 2011
Final Decision on Commission Agenda	March 2011

The adopted dates in the Proposed Schedule may be changed by an ALJ ruling. Assuming an unopposed settlement is filed and evidentiary hearings are not convened, briefing will not be necessary.

Consistent with law, the issues raised in the Scoping Memo shall be resolved within 18 months of the date of this Scoping Memo. (Pub. Util. Code § 1701.5(a).)

Final Oral Argument

Motions for a final oral argument, if any, shall be filed and served concurrently with opening briefs. The motion shall state the request, subjects to be addressed, amount of time requested, recommended procedure and order of presentations, and anything else relevant to the motion. If more than one party plans to file such a motion, parties shall use their best efforts to present a joint

motion, including a joint recommendation on procedure, order of presentation, and anything else relevant to the motion. A response to the motion may be filed concurrently with the reply briefs.

Settlements

Any settlements between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules of Practice and Procedure. Such settlements shall include a complete explanation of the settlement and complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

Presiding Officer

Pursuant to Pub. Util. Code § 1701.3, ALJ Angela Minkin is designated as the Presiding Officer in this proceeding.

Service List/Filing and Service of Documents

The official service list for this proceeding is on the Commission's Web page.² The parties shall notify the Commission's Process Office of any address, telephone, or electronic mail (e-mail) changes to the service list.

Parties shall file and serve all pleadings as set forth in Article 1 of the Commission's Rules. All documents shall be served electronically, as set forth in Rule 1.10. Testimony shall be served, but not filed.

IT IS RULED that:

1. The final categorization of this proceeding is ratesetting and hearings will be required.

² The service list may be accessed via the following link:
<http://www.cpuc.ca.gov/proceedings/A1004004.htm>.

2. *Ex parte* communications, if any, shall comply with Article 8 of the Commission's Rules, specifically Rules 8.2(c), 8.3, and 8.5.
3. The scope of the proceeding is as set forth above.
4. The schedule is as set forth above unless amended by the assigned Commissioner or the assigned Administrative Law Judge (ALJ).
5. Parties shall follow the procedure stated above in making any request for final oral argument.
6. Any settlements reached between parties shall be filed and served as discussed above.
7. ALJ Minkin is the Presiding Officer in this proceeding.
8. The service list for filing and service of documents and service of testimony in this proceeding is as set forth above.

Dated September 10, 2010, at San Francisco, California.

/s/ ANGELA K. MINKIN
Angela K. Minkin
Administrative Law Judge

/s/ JOHN A. BOHN
John A. Bohn
Assigned Commissioner

INFORMATION REGARDING SERVICE

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated September 10, 2010, at San Francisco, California.

/s/ ANTONINA V. SWANSEN

Antonina V. Swansen

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074 or TDD# (415) 703-2032 five working days in advance of the event.

A.10-04-004 JB2/ANG/avs

***** PARTIES *****

***** SERVICE LIST *****

**Last Updated on 08-SEP-2010 by: AMT
A1004004 LIST**

Allison Brown
Legal Division
RM. 4107
505 VAN NESS AVENUE
San Francisco CA 94102 3298
(415) 703-5462
aly@cpuc.ca.gov
For: DRA

Sarah E. Leeper, Esq.
MANATT, PHELPS & PHILLIPS, LLP
ONE EMBARCADERO CENTER, 30TH FLOOR
SAN FRANCISCO CA 94111
(415) 291-7400
SLeeper@manatt.com
For: California-American Water Company

***** STATE EMPLOYEE *****

Angela K. Minkin
Administrative Law Judge Division
RM. 5017
505 VAN NESS AVENUE
San Francisco CA 94102 3298
(415) 703-1573
ang@cpuc.ca.gov

***** INFORMATION ONLY *****

Robert G. Maclean
CALIFORNIA AMERICAN WATER COMPANY
1033 B AVENUE, SUITE 200
CORONADO CA 92118
(619) 435-7401
robert.maclean@amwater.com

David P. Stephenson
CALIFORNIA-AMERICAN WATER COMPANY
4701 BELOIT DRIVE
SACRAMENTO CA 95838
(916) 568-4222
dstephen@amwater.com
For: California-American Water Company

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