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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Golden Hills Sanitation Company (U438SWR) for Authority to Increase Rates Charged for Sewer Service by \$148,076 or 120% in January 2012, \$148,076 or 54% in January 2013, and \$148,076 or 35% in January 2014.

Application 11-08-019
(Filed August 26, 2011)

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

Summary

Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure (Rules),¹ this Scoping Memo and Ruling sets forth the procedural schedule, assigns the presiding officer, and addresses the scope of this proceeding and other procedural matters following the prehearing conference held on January 5, 2012.

Background

On August 26, 2011, Golden Hills Sanitation Company (GHSC) filed Application (A.) 11-08-019, its *Application of GOLDEN HILLS SANITATION COMPANY (U 438- SWR) for Authority to Increase Rates Charged for Sewer Service*

¹ All references to rules are to the Commission's Rules of Practice and Procedure, which are available on the Commission's website at http://docs.cpuc.ca.gov/word_pdf/RULES_PRAC_PROC/70731.pdf.

by \$148,076 or 120% in January 2012, \$148,076 or 54% in January 2013, and \$148,076 or 35% in January 2014 (Application).

On September 8, 2011, Resolution ALJ-176-3280 preliminarily determined that this proceeding was ratesetting and that hearings would be necessary. On September 15, 2011, David Stegal filed a protest and on September 26, 2011, Barbara Miller filed a protest. GHSC replied to both protests On October 11, 2011. On December 19, 2011, the assigned Administrative Law Judge (ALJ) issued a ruling confirming her December 16, 2011 ruling via electronic mail, in which she granted interim rates of \$62,099 to GHSC.

On January 5, 2012, a prehearing conference (PHC) took place in San Francisco to establish the service list for the proceeding, discuss various motions filed, discuss the scope of the proceeding, and develop a procedural timetable for the management of the proceeding.

Category, Need for Hearing, and *Ex Parte* Rules

The Commission preliminarily categorized this Application as ratesetting as defined in Rule 1.3(e) and anticipated that this proceeding would require evidentiary hearings. The parties did not oppose the Commission's preliminary categorization. This ruling affirms the preliminary categorization of ratesetting.

In order to err on the side of caution, as noted in the schedule below and in accordance with Rule 7.3(a), today's scoping memo adopts a procedural schedule that includes hearings. In a ratesetting proceeding, *ex parte* rules as set forth in Rules 8.1, 8.2, 8.3, 8.5 and Pub. Util. Code § 1701.3(c)² apply, until such time as we make a final determination regarding the need for hearings.

² All section references are to the Public Utilities Code.

Discovery

If parties have discovery disputes they are unable to resolve by meeting and conferring, they should raise these disputes with the presiding officer, pursuant to Rule 11.3.

Scope of Proceeding

Through the Application, the protests to the Application, the reply to the protest, and discussions during the PHC, parties conducted an exchange that has helped to refine the scope of the Application. This proceeding will not address any rehearing of previous applications. This proceeding will examine the reasonableness of GHSC's request to increase rates, in particular:

1. Are the operating expenses requested by GHSC reasonable?
 - a. If not, what level of operating expenses should be authorized for GHSC?
2. Are the costs related to the filing of advice letters, in particular Advice Letter 3-SWR, included in GHSC's request?
 - a. If so, are these costs reasonable?
3. Are the operating revenues requested by GHSC reasonable?
 - a. If not, what level of operating revenues should be authorized for GHSC?
4. Is the rate base requested by GHSC reasonable?
 - a. If not, what level of rate base should be authorized for GHSC?
5. Is the rate of return requested by GHSC reasonable?
 - a. If not, what level of rate of return should be authorized for GHSC?
6. Are the rates requested by GHSC reasonable?

- a. If not, what level of rates should be authorized for GHSC?
7. Should GHSC institute a low-income rate assistance program?
 - a. If so, how should this program be funded?

On January 13, 2012, Adrian Maaskant filed a motion which requested that various costs associated with the filing of a revised GHSC's Advice Letter 3-SWR not be charged to ratepayers, that GHSC customers be noticed of and charged the correct level of interim rates pursuant to ALJ Wilson's ruling, and that Advice Letter 3-SWR be corrected. As regulatory expenses are addressed as part of the application and written and oral testimony of a general rate case, we have added Mr. Maaskant's concern to the scope of this proceeding. The Commission's Division of Water and Audits is responsible for ensuring that the correct level of interim rates is authorized. Since I have addressed Mr. Maaskant's concerns, but not in the way he requested in his motion, I deny Mr. Maaskant's motion without prejudice.

In their opening and rebuttal testimony, parties should address only issues that are within the scope of this proceeding on which factual information may be helpful to explain or support their positions.

Proceeding Schedule

The following schedule best accommodates the diverse interests and prior commitments of the parties and their representatives.

Event	Date
Interested Party Testimony Served	April 9, 2012
Rebuttal Testimony Served	May 7, 2012
Hearings	May 14 and 15, 2012 10:00 a.m. Commission Courtroom, State Office Building 505 Van Ness Avenue San Francisco, CA 94102
Public Participation Hearing	To Be Determined
Opening Briefs	May 30, 2012
Reply Briefs	June 6, 2012
Proposed Decision Issued	September 2012
Commission Decision Issued	October 2012

Parties also agreed that Opening Comments on the proposed decision would be filed 10 days after issuance of the proposed decision, and Reply Comments would be filed five days after that.

Consistent with Pub. Util. Code § 1701.5, the Commission anticipates that this proceeding will be completed within 18 months of the date of this scoping memo, which is June 19, 2013.

Presiding Officer

Pursuant to Rule 13.2, I designate ALJ Seaneen M. Wilson as the Presiding Officer.

Filing, Service, and Service List

In this proceeding, there are several different types of documents participants may prepare. Each type of document carries with it different obligations with respect to filing and service.

Parties must file certain documents as required by the Commission Rules or in response to rulings by either the assigned Commissioner or the assigned ALJ. All formally filed documents must be filed with the Commission's Docket Office and served on the service list for the proceeding. Article 1 of the Rules contains all of the Commission's filing requirements. Parties must file and serve all pleadings and serve all testimony as set forth in Article 1 of the Commission's Rules. Parties are encouraged to file and serve electronically, whenever possible, as it speeds processing of the filings and allows them to be posted on the Commission's website. More information about electronic filing is available at <http://www.cpuc.ca.gov/puc/efiling>.

This proceeding will follow the electronic service protocols adopted by the Commission in Rule 1.10 for all documents, whether formally filed or just served. This Rule provides for electronic service of documents, in a searchable format, unless the party or state service list member did not provide an e-mail address. If no e-mail address was provided, service should be made by U.S. mail. Concurrent e-mail service to ALL persons on the service list for whom an e-mail address is available, including those listed under "Information Only," is required. Parties are expected to provide paper copies of served documents upon request.

E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: A.11-08-019 – GHSC General Rate Increase Request. In addition, the party sending the e-mail should briefly describe the attached communication; for example, *Comments*. Both an electronic and a hard copy should be served on the ALJ.

The official service list for this proceeding is available on the Commission's web page. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process Office. Prior to serving any document, each party must ensure that it is using the most up-to-date service list. The list on the Commission's website meets that definition.

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures should contact the Commission's Public Advisor at (866) 849-8390, or (415) 703-2074, or (866) 836-7825 (TTY-toll free), or send an e-mail to public.advisor@cpuc.ca.gov.

IT IS RULED that:

1. The issues and schedule are as set forth in the body of this ruling unless amended by a subsequent amended scoping memo or ruling of the Presiding Officer.
2. Adrian Maaskant's motion of January 13, 2012 is denied without prejudice.
3. Application 11-08-019 is categorized as ratesetting.
4. Application 11-08-019 will require evidentiary hearings.
5. *Ex parte* communications are subject to Rules 8.1, 8.2, 8.3, 8.5 of the Commissions' Rules of Practice and Procedure, and Pub. Util. Code § 1701.3(c).

6. Pursuant to Rule 13.2 of the Commission's Rules of Practice and Procedure, Administrative Law Judge Seaneen M. Wilson is the Presiding Officer.

Dated January 23, 2012, at San Francisco, California

/s/ MICHEL PETER FLORIO

Michel Peter Florio
Assigned Commissioner