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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the matter of the Application of the Golden State Water Company (U133W) for an order authorizing it to increase rates for water service by \$20,327,339 or 20.12% in 2010; by \$2,646,748 or 2.18% in 2011; and by \$4,189,596 or 3.37% in 2012 in its Region II Service Area and to increase rates for water service by \$30,035,914 or 32.67% in 2010; by \$1,714,524 or 1.39% in 2011; and by \$3,664,223 or 2.92% in 2012 in its Region III Service Area.

Application 08-07-010  
(Filed July 1, 2008)

And Related Matter.

Application 07-01-014

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

**1. Summary**

This scoping memo determines the issues to be considered in this proceeding, confirms the categorization and the need for hearings, sets a schedule for the proceeding, and resolves other procedural matters.

**2. Procedural Background**

On November 22, 2010, the Commission issued Decision (D.) 10-11-035. On December 22, 2010 the Division of Ratepayer Advocates (DRA) and Golden State Water Company (Golden State) filed separate applications for rehearing of D.10-11-035. On July 28, 2011, the Commission issued D.11-07-057, granting

DRA's request for rehearing of D.10-11-035 and denying Golden State's request for rehearing.

**3. Scope of the Proceeding**

D.11-07-057 ordered that the rehearing of D.10-11-035 include the issues set forth in Ordering Paragraph No. 3 of D.11-07-057. In addition, D.11-07-057 ordered Golden State to provide the Director of the Commission's Division of Water and Audits (DWA), within 30 days, with copies of all information it has regarding the La Serena project costs. (D.11-07-057 at 35, Ordering Paragraph No. 2.) The record in this proceeding shall include, among other things, the Commission's DWA audit of Golden State concerning the La Serena Project costs, and DWA's audit of Golden State's 2008 annual report for Regions II and III. (D.11-07-057 at 38, Ordering Paragraph No. 8.) Unless otherwise stated, Golden State has the burden of producing information responsive to those issues set forth in Ordering Paragraph No. 3 of D.11-07-057, including:

- a. What is the total cost of the La Serena project?
- b. How much of the La Serena project costs are already in Golden State's rate base? On what date(s) were the costs placed in rate base and for how long were/are they in rate base?
- c. If the La Serena project costs are in rate base, what amounts were placed there and under what authorization were those costs placed into Golden State's rate base?
- d. Did Golden State seek authorization from the Commission for the La Serena project prior to undertaking it? If so, when? If not, why not?
- e. Did Golden State inform the Commission during the La Serena project that the project was being constructed? Did Golden State inform the Commission during construction of any cost overruns? If so, when? If not, why not?

- f. What, if any, amount of cost overruns resulted from the La Serena project?
- g. What were the causes of the cost overruns for the La Serena project?
- h. Did Golden State seek facilities fees from each of the developers concerning the La Serena project? If so, in what amount(s), and why and how were the facilities fees calculated? If not, why not?
- i. What are the names and business addresses of the persons employed at each of the construction project development companies that Golden State management and/or its consultants, agents, or employees informed of the facilities fees with respect to the La Serena project costs?
- j. Did Golden State provide each of the four construction project developers with updated information concerning the actual costs of the La Serena project? If so, when and by what means?
- k. If the answer to (j.) above is no, who was involved in deciding that Golden State would not provide each of the four construction project developers with updated information concerning the actual costs of the La Serena project? State the names and business addresses of all the persons involved.
- l. Why did Golden State not collect updated facilities costs from each of the four developers with respect to the La Serena project?
- m. Are all of the La Serena costs just and reasonable? If so, state the supporting evidence?
- n. What amount of credit may be due Golden State's Region I ratepayers concerning the La Serena project, and what is the basis for any credit?
- o. For the purpose of the general office expense allocation in Application (A.) 08-07-010, what evidentiary basis supports the Commission permitting any deviation from the methodology used in D.07-11-037 to determine the number of customer for Golden State and its unregulated affiliate(s)?
- p. Provide the legal authority that allows expenses incurred during the preparation and processing of a general rate case to be amortized

and recovered from ratepayers over the subsequent three-year rate case cycle?

q. Did Golden State receive Commission authorization to book the CH2MHill consultant costs totaling \$450,000 for Regions II and III into a memorandum account or any other account? If not, how, when, where and by whom were these costs booked into Golden State's Uniform System of Accounts, Account 146 and/or 797?

r. Explain Uniform System of Accounts, Accounts 146 and 797.

s. Did Golden State's 2008 annual report for Regions II and III concerning rate charges to its water customers include regulatory expenses that are attributable to Golden State's Bear Valley Electric Company?

Parties are advised that testimony should address the results of DWA's audit of Golden State concerning the La Serena Project costs, as well as the results of DWA's audit of Golden State's 2008 annual report for Regions II and III.

The schedule for this proceeding is as follows:

<b>Division of Water and Audits Reports Released</b>	March 23, 2012
<b>Golden State Opening Testimony</b>	June 6, 2012
<b>DRA Opening Testimony</b>	August 20, 2012
<b>Settlement Negotiations/Alternate Dispute Resolution (ADR) starts</b>	September 2012
<b>Rebuttal Testimony</b>	September 19, 2012
<b>Settlement Negotiations/ADR ends</b>	October 2012
<b>Cross Examination Estimates</b>	October 15, 2012
<b>Evidentiary Hearings</b>	October 23-25, 2012
<b>Opening Briefs</b>	November 26, 2012
<b>Reply Briefs</b>	December 17, 2012

<b>Proposed Decision Issued</b>	March 2013
<b>Final Commission Decision</b>	April 2013

Unless changed by later ruling of the assigned Commissioner or presiding officer, evidentiary hearings will be held at 10:00 a.m., in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco.

**4. Assigned Commissioner; Presiding Officer**

Catherine J.K. Sandoval is the assigned Commissioner. Pursuant to Rule 3.2, Administrative Law Judge Linda A. Rochester is designated as the Presiding Officer.

**5. Ex Parte Communications**

Since this proceeding has been categorized as Ratesetting, *ex parte* communications with the assigned Commissioner, other Commissioners, their advisors, and the Presiding Officer are subject to the requirements of Rule 8.3(c).<sup>1</sup> However, pursuant to Ordering Paragraph No. 6 of D.11-07-057, “Ex parte communications related to any Staff investigation related to the hearing ordered herein are prohibited.”

**6. Discovery**

Discovery will be conducted according to Article 11 of the Rules. If the parties have discovery disputes they are unable to resolve through meet and confer sessions, they must raise these disputes under the Commission’s Law and Motion procedure as soon as possible to avoid unnecessary delay in the proceeding. (See Rule 11.3)

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<sup>1</sup> All subsequent references to “Rules” or “Rule” are to the Commission’s Rules of Practice and Procedure. The full text of the Commission’s Rules are available on the Commission’s website at [www.cpus.ca.gov/PUBLISHED/RULES\\_Prac\\_Proc/](http://www.cpus.ca.gov/PUBLISHED/RULES_Prac_Proc/).

## **7. Final Oral Argument**

Pursuant to Rule 13.13(b), a party in a Ratesetting proceeding has the right to make a final oral argument before the Commission if the final oral argument is requested within the time and manner specified in the scoping memo or later ruling. In this proceeding, any party requesting to present a final oral argument must file and serve the request no later than 10 days after the deadline for filing reply briefs. The request must state the subjects to be addressed at oral argument, the amount of time requested, any recommended procedure and order of presentation, and all other relevant information necessary for the Commission to rule on the request and to provide an efficient, fair and productive final oral argument. If more than one party requests final oral argument; parties shall use their best efforts to present a joint request. Responses to the request may be filed.

## **8. Filing, Service and Service List**

The official service list is on the Commission's website. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process Office, the service list and the Judge. 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 web site meets that definition.

Electronic service is now the standard under Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Parties are reminded that, when serving copies of documents, the document format must be consistent with the requirement set forth in Rule 10.1(a).

Rules 1.9 and 1.10 govern service of documents only and do not change the Rules regarding the tendering of documents for filing. Parties can find information about electronic filing of documents at the Commission's Docket Office at [www.cpuc.ca.gov/PUC/efiling](http://www.cpuc.ca.gov/PUC/efiling). All documents formally filed with the Commission Docket Office must include the caption approved by the Docket Office and this caption must be accurate.

Other documents, including prepared testimony, are served on the service list but not filed with the Docket Office. We will follow the electronic service protocols adopted by the Commission in Rule 1.10, whether formally filed or just served. This Rule provides for electronic service of documents, in a searchable format, unless the appearance or state service list member did not provide an e-mail address. If no e-mail address was provided, service should be made by United States mail. **In addition to electronic copies of all documents served or filed, paper format copies shall be provided to the Administrative Law Judge.**

E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: A.08-07-010 GSWC Rehearing. In addition, the party sending the e-mail should briefly describe the attached communication; for example, *Brief*.

Therefore, **IT IS RULED** that:

1. This proceeding is still categorized as ratesetting.
2. Evidentiary hearings are necessary and will be held in San Francisco.
3. The issues to be considered and the timetable for the proceeding are set forth in section 4 of this ruling.
4. The Commission's rules governing *ex parte* communications in ratesetting apply to this proceeding; however, *ex parte* communications related to any Staff investigation associated with this rehearing proceeding are prohibited.

5. The Division of Water and Audits audit reports regarding Golden State Water Company's La Serena Project costs and 2008 annual report for its Regions II and III are included in the record of this proceeding.

6. Administrative Law Judge Linda A. Rochester is designated as the Presiding Officer.

7. Any party wishing to make a final oral argument before the Commission must file a written request and serve it on all parties, the assigned Commissioner and the Presiding Officer no later than 10 days after the deadline for filing reply briefs.

Dated March 7, 2012, at San Francisco, California.

/s/ CATHERINE J.K. SANDOVAL  
Catherine J.K. Sandoval  
Assigned Commissioner

/s/ LINDA A. ROCHESTER  
Linda A. Rochester  
Administrative Law Judge