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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of California Water Service Company (U60W), a corporation, for authority to Implement a Low-Income Ratepayer Assistance Program in compliance with Decision 03-09-021 in Application 01-09-062.

Application 05-10-035
(Filed October 28, 2005)

**ASSIGNED COMMISSIONER'S AND ADMINISTRATIVE LAW
JUDGE'S SCOPING MEMO AND RULING**

1. Summary

Pursuant to Decision (D.) 06-11-053, California Water Service Company (CWS) implemented its Low-Income Ratepayer Assistance (LIRA) program on January 1, 2007 in all of its ratemaking districts. CWS now proposes certain changes to the LIRA program, which provides assistance to qualifying low income ratepayers by discounting their monthly service charge. This subsidy is to be funded by a surcharge paid by ratepayers not participating in the LIRA program.

Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure,¹ this Scoping Memo and Ruling sets forth the procedural schedule, designates the

¹ All references to Rules are to the Commission's Rules of Practice and Procedure.

presiding officer, and addresses the scope of this proceeding, following the prehearing conference (PHC) held on April 18, 2012.

2. Factual and Procedural Background

On February 9, 2012, CWS filed "Petition to Modify D.06-11-053 Authorizing a 'Low-Income Ratepayer Assistance' Program" (Petition). CWS asserts that, because the rate of enrollment in the LIRA program has been unexpectedly high, there is a significant deficit in the funds collected through the surcharge on non-LIRA customers. CWS asks for the following changes to bring the costs more in line with the current situation: (1) increase the LIRA surcharge rate; (2) implement a temporary surcharge to recover past amounts undercollected; (3) create a LIRA balancing account; and (4) adopt a mechanism to allow annual adjustment and true up of balances pursuant to a Tier 1 Advice Letter. In discussing the urgency of these requests, CWS cites the fact that LIRA program enrollment is expected to increase when, beginning later in 2012, automatic enrollment takes effect. Under automatic enrollment, customers who have qualified for low-income assistance with their energy accounts will be automatically enrolled in the LIRA program.

On March 9, 2012, Division of Ratepayer Advocates (DRA) filed a response requesting that a PHC be set and that more time be allowed for DRA's analysis of the issues raised in the Petition.

The parties filed a joint PHC statement on April 16, 2012, stating that the parties were in settlement discussions and intended to file a settlement agreement and motion to accept settlement agreement by the end of April 2012. The joint PHC statement also included a list of undisputed material facts and a proposed schedule. At the PHC, the parties confirmed that they believed a motion and settlement agreement would be filed by the end of April.

3. Scope of Issues

In determining the scope of this proceeding, the Commission has considered the Petition, DRA's response, the joint PHC statement and the PHC.

The parties expect to resolve each of the issues identified below in the settlement agreement, and intend to file the settlement agreement with a motion providing "a statement of the factual and legal considerations adequate to advise the Commission of the scope of the settlement and of the grounds on which adoption is urged." (Joint PHC Statement at 2, citing Rule 12.1.)

The issues to be determined in this proceeding are (a) whether CWS's requests, outlined below, should be implemented, and, if so, (b) how they should be implemented:

- (1) Request for temporary surcharge and amortization of the current undercollection in the LIRA memo account.
- (2) Request for an increased surcharge to prevent future shortfalls.
- (3) Request for a balancing account to track non-discretionary charges for the LIRA program, including the following changes to the existing tracking method:
 - a. create a balancing account for nondiscretionary charges;
 - b. continue the existing memo account to track administrative costs; and
 - c. stop tracking franchise fees or uncollectibles in either account.
- (4) Request for a mechanism to allow annual adjustment and true up of balances in the balancing account pursuant to a Tier 1 Advice Letter.

Parties will address these requests in the settlement agreement, and, in the associated motion, will provide sufficient information to meet the standard for settlement approval. Where appropriate, parties shall include specific citation to

the California Public Utilities Code, applicable Commission Decisions and case law.

4. Discovery

The parties believe that discovery is not necessary. Therefore, no discovery is authorized for this proceeding.

5. Schedule

Event	Date
Prehearing Conference	April 18, 2012
Settlement Agreement	May 15, 2012
Draft Decision	July 2012

The parties shall file the settlement agreement and motion no later than May 15, 2012. If the parties are unable to reach a settlement by May 15, 2012, the parties shall file a status report on May 15 setting forth settlement progress and anticipated schedule.

The schedule may be modified by the Administrative Law Judge (ALJ) as required to promote the efficient and fair resolution of the Petition, including adjusting the schedule to accommodate future settlement discussion or hearings if appropriate.

Because no hearings are included in the schedule, a party seeking to include prepared testimony in the evidentiary record must make a written motion.

6. Filings and Service of Documents

All documents required to be filed in the proceeding shall be filed with the Commission's Docket Office in accordance with the Rules. Article 1 of the Rules contains all of the Commission's filing requirements. The parties must serve all prepared testimony and other documents required to be filed in this proceeding on each other, with a copy to the assigned ALJ, by the deadlines stated in this

ruling. Service must be via personal delivery, facsimile, overnight mail or by e-mail. 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.

E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: A.05-10-035, California Water Service Company. In addition, the party sending the e-mail should briefly describe the nature of the attached communication; for example, *Comments*. 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, the service list, and the ALJ. Prior to serving any document, each party must ensure that it is using the most up-to-date service list. The service 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.

7. Exhibits

The parties must comply with Rule 13.7 regarding exhibits.

8. Proceeding Category and Need for Hearing

This ruling confirms this is a ratesetting proceeding and no hearings are necessary.

9. Assignment of Proceeding

Commissioner Catherine J.K. Sandoval is the assigned Commissioner and

ALJ Jeanne M. McKinney is the presiding officer.

Therefore **IT IS RULED** that:

1. Rules 8.2, 8.3 and 8.4 governing *ex parte* communications apply to this proceeding.
2. The scope, issues, and schedule are set forth in the body of this ruling unless amended by a subsequent ruling or order of the presiding officer.
3. Pursuant to Rule 13.2(a), the presiding officer is Administrative Law Judge Jeanne M. McKinney.
4. This is a ratesetting proceeding; the preliminary determination that there is not a need for evidentiary hearings is affirmed.

Dated May 14, 2012, at San Francisco, California.

/s/ CATHERINE J.K. SANDOVAL

Catherine J.K. Sandoval
Assigned Commissioner

/s/ JEANNE M. MCKINNEY

Jeanne M. McKinney
Administrative Law Judge