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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of San Jose Water Company (U168W) for an Order authorizing it to increase rates charged for water service by \$47,394,000 or 21.51% in 2013, by \$12,963,000 or 4.87% in 2014, and by \$34,797,000 or 12.59% in 2015.

Application 12-01-003
(Filed January 3, 2012)

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 February 13, 2012.

Background

On January 3, 2012, San Jose Water Company (SJWC) filed Application (A.) 12-01-003, its *Application of San Jose Water Company (U168W) for an Order authorizing it to increase rates charged for water service by \$47,394,000 or 21.51% in*

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.

2013, by \$12,963,000 or 4.87% in 2014, and by \$34,797,000 or 12.59% in 2015 (Application).

On January 12, 2012, Resolution ALJ-176-3287 preliminarily determined that this proceeding was ratesetting and that hearings would be necessary. On February 6, 2012, the Division of Ratepayer Advocates (DRA) filed a protest. On January 30, 2012, the assigned Administrative Law Judge (ALJ) issued a ruling setting a prehearing conference (PHC) for February 13, 2012.

On February 13, 2012, the PHC took place in San Francisco to establish the service list for the proceeding, discuss the oral motion for party status and to late file a protest, discuss the scope of the proceeding, and develop a procedural timetable for the management of the proceeding. The Six Mutual Water Companies (Mutuals)² provided a verbal motion at the PHC for party status and for leave to late file a protest to the current application. The assigned ALJ granted the motion for party status as well as the motion for leave to late file a protest to the current proceeding. I confirm the assigned ALJ's ruling.

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.

² The Six Mutual Water Companies consist of Bid Redwood Park Mutual Water Co., Brush & Old Well Rd Mutual Water Co., Mountain Summit Mutual Water Co., Oakmont Mutual Water Co., Ridge Mutual Water Company, and Villa Del Monte Mutual Water Co.

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)³ apply, until such time as we make a final determination regarding the need for hearings.

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 protests, and discussions during the PHC, parties conducted an exchange that has helped to refine the scope of the Application. This proceeding will examine the reasonableness of SJWC's request to increase rates, in particular:

1. Forecasts of sales, operating and other revenues, and operating expenses for a 2013 test year and 2014-2015 escalation years;
2. Determine whether the forecast mechanism and formulas are properly set;
3. Rate base for a 2013 test year and 2014-2015 escalation years;
4. Revenue requirements, rate design, and rates for a 2013 test year and 2014-2015 escalation years;
 - i. Determine the appropriate number of rate tiers;
 - ii. Based on the appropriate number of tiers, how should rates be designed? ;

³ All section references are to the Public Utilities Code.

- iii. Based on the number of tiers, determine the appropriate quantities for each tier;
5. Rate design of meter charge, quantity rate, and other fees or charges applicable to mutual water utilities that receive service from SJWC;
6. Water conservation programs;
7. Non-tariffed services;
8. Compliance with prior decisions;
9. Additional employee positions;
10. Reflection of all tax benefits in proposed rates;
11. New memorandum accounts; and
12. What is the appropriate type of rate adjustment mechanism for SJWC – Full-decoupling Water Rate Adjustment Mechanism (WRAM) or Monterey style WRAM?
 - i. How would the appropriate type of rate adjustment mechanism affect: the number of rate tiers; and forecast of revenues, expenses and quantities.

Since the Commission is addressing SJWC's request for approval of project costs and recovery for upgrading the Montevina Water Treatment Plant (Montevina) in A.10-09-019, the Commission will not address issues regarding Montevina in the current proceeding.

In their opening and rebuttal testimony, parties should address only issues 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.

Description	Dates
Interested Parties Testimony Served	April 30, 2012
Rebuttal Testimony Served	May 21, 2012
Public Participation Hearing	May 21, 2012 at 7:00 p.m. Corinthian Event Center 196 North 3rd Street San Jose, CA
Settlement Discussions and ADR	May 24 - June 3, 2012
Hearings	June 4-8 and 11, 2012, at 10:00 a.m. Commission Courtroom State Office Building at 505 Van Ness Avenue San Francisco, CA 94102
Opening Briefs Filed	July 9, 2012
Reply Briefs Filed	July 23, 2012

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 August 13, 2013.

Intervenor Compensation

The PHC in this matter was held on February 13, 2012. Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by March 13, 2012.

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.12-01-003 – SJWC 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. This proceeding is categorized as ratesetting.
3. This proceeding will require evidentiary hearings.
4. *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).

5. 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 March 15, 2012, at San Francisco, California.

/s/ CATHERINE J.K. SANDOVAL

Catherine J.K. Sandoval
Assigned Commissioner