

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Southern California Water Company (U
133 W) for an Order pursuant to Public
Utilities Code Section 851 Approving a
Settlement Agreement that will Convey
Water Rights in the Culver City
Customer Service Area.

Application 02-07-021

**NOTICE OF EX PARTE COMMUNICATION
OF THE OFFICE OF RATEPAYER ADVOCATES**

The Office of Ratepayer Advocates (ORA) submits this Notice in accordance with Rule 7.1 of the CPUC's Rules of Practice and Procedure and the Order Instituting Rulemaking in this Proceeding.

The communication was between Jonathan Lakritz (advisor to Commissioner Wood) and James Scarff, ORA counsel. The communication was a telephone call initiated by Mr. Lakritz and occurred at the CPUC headquarters on July 2, 2004 at around 3:30 pm and lasted less than ten minutes. The communication was entirely oral and there were no written handouts.

Mr. Lakritz requested information about the settlement between the City of Santa Monica and the Southern California Water Company (SCWC), particularly with respect to the characterization of the "Assignment Payment" the City would make to SCWC for the diminution in value of SCWC's plant in the Charnock Basin as a consequence of the sale of the water rights.

Mr. Scarff stated that the settlement agreement itself could be found as an attachment to SCWC's application. He noted that under the settlement the City's

payment of the Assignment Payment does not cause the City to acquire title to SCWC's plant in Charnock Basin, nor does the City even acquire a lease or other usufructuary right to this plant. The Assignment Payment was in the nature of damages rather than a sale, and thus does not come under Public Utilities Code §790 for reinvestment in new plant because § 790 applies only to assets that are sold.

Copies of this Notice can be obtained by calling or sending e-mail to Sue Ann Muniz at (415) 703-1973 (e-mail= sam@cpuc.ca.gov).

Respectfully submitted,

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