



**FILED**

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

05-04-11  
04:59 PM

Application Of CALIFORNIA-AMERICAN WATER COMPANY (U-210-W), CALIFORNIA WATER SERVICE COMPANY (U-60-W), GOLDEN STATE WATER COMPANY (U-133-W), PARK WATER COMPANY (U-314-W) AND APPLE VALLEY RANCHOS WATER COMPANY (U-346-W) to Modify D.08-02-036, D.08-06-002, D.08-08-030, D.08-09-026, D.08-11-023, D.09-05-005, D.09-07-021, and D.10-06-038 regarding the Amortization of WRAM-Related Accounts.

Application 10-09-017

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**CALIFORNIA WATER SERVICE COMPANY (U-60-W)**

**COMPLIANCE FILING**

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**Vice President, Regulatory Matters**  
**California Water Service Company**

Dated: May 4, 2011

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

Application of California-American Water Company (U210W), California Water Service Company (U60W), Golden State Water Company (U133W), Park Water Company (U314W) and Apple Valley Ranchos Water Company (U346W) to Modify D.08-02-036, D.08-06-002, D.08-08-030, D.08-09-026, D.08-11-023, D.09-05-005, D.09-07-021, and D.10-06-038 regarding the Amortization of WRAM-related Accounts.

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APPLICATION 10-09-017  
(Filed September 20, 2010)

**CALIFORNIA WATER SERVICE COMPANY (U-60-W)  
COMPLIANCE FILING**

On December 20, 2010, Administrative Law Judge Walwyn issued a ruling on customer notice that stated:

The notice for each district should contain an illustrative surcharge rate under the existing amortization formula and under the proposed amortization formula and a rate impact for average usage.<sup>1</sup>

Additional directives include:

1. Each applicant shall, as soon as possible, provide customer notice of this application pursuant to Rule 3.2(d) of the Commission's Rules of Practice and Procedure.<sup>2</sup>
2. Applicants shall obtain pre-approval of the customer notice from the Public Advisor.<sup>3</sup>

Notice of the proposed temporary surcharge rate increase for California Water Service Company ("Cal Water") was mailed directly to Cal Water customer as bill inserts between March 4, 2011 and April 1, 2011 for monthly customers. For customers on a bi-monthly billing schedule, Cal Water noticed customers via special mailing within the same time frame. Included as Attachment A are a copy of the affidavit of mailing and the Bear Gulch District's customer notice as a sample.

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<sup>1</sup> Administrative Law Judge Ruling on December 20, 2010, page 5.

<sup>2</sup> Administrative Law Judge Ruling on December 20, 2010, ordering paragraph 1.

<sup>3</sup> Administrative Law Judge Ruling on December 20, 2010, ordering paragraph 2.

Respectfully Submitted,

/s/ THOMAS F. SMEGAL

**THOMAS F. SMEGAL**

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**Vice President, Regulatory Matters  
California Water Service Company**

Dated: May 4, 2011

## CERTIFICATE OF SERVICE

I hereby certify that on this date I served the foregoing **SUPPLEMENT TO COMPLIANCE FILING OF CALIFORNIA WATER SERVICE COMPANY (U-60-W)** by electronic mail or U.S.

Mail delivery on the Service List for **A.10-09-017** below:

### By Electronic Mail:

leigh@parkwater.com  
ed@parkwater.com  
kswitzer@gswater.com  
aly@cpuc.ca.gov  
tsmegal@calwater.com  
dstephen@amwater.com  
gmilleman@valenciawater.com  
dadelloso@sgvwater.com  
jgaron@gswater.com  
nancitran@gswater.com  
robert.maclean@amwater.com  
tom@alcowater.com  
jhawks\_cwa@comcast.net  
mlane@nossaman.com

mmattes@nossaman.com  
tguster@greatoakswater.com  
palle\_jensen@sjwater.com  
davidmorse9@gmail.com  
cmw@cpuc.ca.gov  
lwa@cpuc.ca.gov  
mfg@cpuc.ca.gov

### By U.S. Mail Delivery:

Christine M. Walwyn  
California Public Utilities Commission  
Division of Administrative Law Judges  
505 Van Ness Avenue  
San Francisco, CA 94102-3214

Executed this **4<sup>th</sup> day of May 2011**, at San Jose, California.

/s/ THOMAS F. SMEGAL

Thomas F. Smegal

# Attachment A



**CALIFORNIA WATER SERVICE COMPANY**

1720 NORTH FIRST STREET • SAN JOSE, CA 95112-4598

(408) 367-8200

## **AFFIDAVIT OF MAILING**

STATE OF CALIFORNIA )

) ss.

COUNTIES OF ALAMEDA, BUTTE, FRESNO, GLENN, KERN, LAKE, LOS ANGELES, MARIN, MONTEREY, SAN JOAQUIN, SAN MATEO, SANTA CLARA, SANTA CRUZ, SOLANO, SONOMA, TULARE, VENTURA, and YUBA)

Robert L Norton, being first duly sworn, deposes and says: That he is now and during all the time herein mentioned the Operations Manager of Information Technology for California Water Service Company, including the Districts of Bakersfield, Bear Gulch, Chico, Dixon, East Los Angeles, Rancho Dominguez, King City, Livermore, Los Altos, Marysville, Oroville, Salinas, Bayshore, Selma, Stockton, Visalia, Willows, Westlake, Antelope Valley, Kern River Valley, and Redwood Valley, all within the State of California.

That during the period of March 4, 2011 to April 1, 2011, he observed the depositing to the United States Mail, with postage prepaid, notices of CPUC "Notification of Application Filing" for California Water Service's Bakersfield, Atherton, Menlo Park, Portola Valley, Woodside, Chico, Hamilton City, Dixon, Los Angeles, Commerce, Montebello, Vernon, Bell, Carson, Compton, Torrance, Long Beach, Harbor City, Palos Verdes, Palos Verdes Estates, Rolling Hills, Rolling Hills Estates, Lomita, Hermosa Beach, Redondo Beach, King City, Livermore, Los Altos, Sunnyvale, Cupertino, Mountain View, Marysville, Oroville, Salinas, Watsonville, San Carlos, San Mateo, South San Francisco, Selma, Stockton, Visalia, Willows, Westlake Village, Mojave, Lake Hughes, Leona Valley, Lancaster, Wofford Heights, Bodfish, Onyx, Kernville, Lake Isabella, Squirrel Valley, Guerneville, Dillon Beach, Santa Rosa, Duncan Mills, and Lucerne customers. "The purpose of the proposed application is to shorten the time periods over which balances in two CPUC-approved regulatory accounts are recovered through bill surcharges".

(1)



**CALIFORNIA WATER SERVICE COMPANY**

1720 NORTH FIRST STREET • SAN JOSE, CA 95112-4598  
(408) 367-8200

The mailing occurred on the following dates to the affected customers:

**Normal Processing**

| <b>Date Mailed</b> | <b>Billing Cycle</b>  |
|--------------------|---|
| March 4, 2011      | M-01  |
| March 7, 2011      | M-02  |
| March 8, 2011      | M-03  |
| March 9, 2011      | M-04  |
| March 10, 2011     | M-05  |
| March 11, 2011     | M-06  |
| March 14, 2011     | M-07  |
| March 15, 2011     | M-08  |
| March 16, 2011     | M-09  |
| March 17, 2011     | M-10  |
| March 18, 2011     | M-11  |
| March 21, 2011     | M-12  |
| March 22, 2011     | M-13  |
| March 23, 2011     | M-14  |
| March 24, 2011     | M-15  |
| March 25, 2011     | M-16  |
| March 28, 2011     | M-17  |
| March 29, 2011     | M-18  |
| March 30, 2011     | M-19  |
| March 31, 2011     | M-20  |
| April 1, 2011      | Special Mailing (Antelope Valley-Mojave-Even Numbered Month<br>Bi-Monthly Customers)    |
| April 1, 2011      | Special Mailing (Kern River Valley-Bodfish-Even Numbered Month<br>Bi-Monthly Customers) |
| April 1, 2011      | Special Mailing (Redwood Valley-Lucerne -Even Numbered Month<br>Bi-Monthly Customers)   |

**OPERATIONS MANAGER**

**ROBERT L. NORTON**  
**CALIFORNIA WATER SERVICE CO.**  
1720 North First Street  
San Jose, CA 95112



**NOTICE OF APPLICATION FILING BY CALIFORNIA WATER SERVICE COMPANY TO REVIEW THE RECOVERY PERIOD FOR THE WATER REVENUE ADJUSTMENT MECHANISMS (WRAM) AND MODIFIED COST BALANCING ACCOUNTS (MCBA)**

**TEMPORARY SURCHARGE ADJUSTMENT  
BEAR GULCH DISTRICT**

**Application No. 10-09-017**

The California Public Utilities Commission (CPUC) is seeking public comment on proposed Application 10-09-017 filed on September 20, 2010 by Class A water utilities: California Water Service Company, California American Water Company, Golden State Water Company, Park Water Company and Apple Valley Ranchos Water Company. Class A water utilities have more than 10,000 customers. Each water company is providing separate bill insert notices to their own customers.

The purpose of the proposed application is to shorten the time periods over which balances in two CPUC-approved regulatory accounts are recovered through bill surcharges. The two regulatory accounts, Water Revenue Adjustment Mechanisms (WRAMs) and Modified Cost Balancing Accounts (MCBAs), track the differences between actual and adopted water sales and production costs as part of a water conservation program.

This proposed Application requests approval to reduce the time period for recovery of the net WRAM and MCBA balances to 18 months or less. This is necessary to ensure that the utilities' financial records are kept in accordance with Generally Accepted Accounting Principles (GAAP), which requires that balances tracked during the year are collected within 24 months from the end of that year.

Existing CPUC policy mandates recovery of some balances over periods of up to 36 months. If approved, the proposed Application would affect how customers are billed, but not the total amount that is collected. Reducing the length of time for recovery will result in **a higher surcharge** (temporary rate increase) that lasts for a shorter time period. Under the current regulation, **existing surcharges are lower**, but last for a longer time period. Annual net WRAM and MCBA balances that are less than 5% of a district's annual revenue requirement will not be affected. In addition, future bill surcredits (or refunds) that may result from over-collections of revenue tracked in the WRAM and MCBA accounts will not be affected.

For example, the average monthly bill of a residential customer using 26 Ccf in the **Bear Gulch District** is \$115.62 plus a surcharge for the WRAM and MCBA balances. The sample illustrative chart reflects the surcharge adjustment a typical residential customer would have to pay. Under the CPUC's current rules, a monthly surcharge of \$4.02 (3.5% of the bill) for the same usage would end

after 24 months. If the Application is approved, the monthly surcharge would be \$5.36 (4.6% of the bill) for the same usage, but would end after 18 months. This is illustrated by the chart below.

### Average Monthly Bill for Residential Customers with a 5/8" meter size

|   | Current       | After 24 months | Proposed      | After 18 months |
|---|---------------|-----------------|---------------|-----------------|
| <b>Average Monthly Bill</b>                     | \$ 115.62     | \$ 115.62       | \$ 115.62     | \$ 115.62       |
| <b>Surcharge</b>                                | \$ 4.02       | \$ -            | \$ 5.36       | \$ -            |
| Duration  | for 24 months |                 | for 18 months |                 |
| <b>Total Monthly Bill</b>                       | \$ 119.63     | \$ 115.62       | \$ 120.97     | \$ 115.62       |
| Total surcharge collected*                      |               | \$ 96.40        |               | \$ 96.40        |
| <b>Impact of Temporary Surcharge Adjustment</b> |               |                 |               |                 |
| Monthly increase (in dollars)                   |               |                 | \$ 1.34       |                 |
| Monthly increase (as percentage of bill)        |               |                 | 1.2%          |                 |

### Average Monthly Bill for non-Residential Customers with a 5/8" meter size

|   | Current       | After 24 months | Proposed      | After 18 months |
|---|---------------|-----------------|---------------|-----------------|
| <b>Average Monthly Bill</b>                     | \$ 202.61     | \$ 202.61       | \$ 202.61     | \$ 202.61       |
| <b>Surcharge</b>                                | \$ 7.16       | \$ -            | \$ 9.55       | \$ -            |
| Duration  | for 24 months |                 | for 18 months |                 |
| <b>Total Monthly Bill</b>                       | \$ 209.77     | \$ 202.61       | \$ 212.16     | \$ 202.61       |
| Total surcharge collected*                      |               | \$ 171.88       |               | \$ 171.88       |
| <b>Impact of Temporary Surcharge Adjustment</b> |               |                 |               |                 |
| Monthly increase (in dollars)                   |               |                 | \$ 2.39       |                 |
| Monthly increase (as percentage of bill)        |               |                 | 1.2%          |                 |

\*Does not include interest.

### Obtaining a Copy of the Application

The Application and related exhibits may be obtained from the company's local office by calling (661) 943-9001. You may also contact the company's headquarters at 1720 North First Street, San Jose, CA 95112-4598, or by calling (408) 367-8200. In addition, the Application may be inspected at the CPUC's Central Files Office in San Francisco at 505 Van Ness Avenue, San Francisco, California 94102 between the hours of 8:00 a.m. to noon daily.

### Evidentiary Hearings

The CPUC may hold formal Evidentiary Hearings (EH's) whereby the formal parties of record provide testimony and are subject to cross examination before the CPUC's assigned Administrative Law Judge (ALJ). These EH's are open to the public to listen, but only those who are formal parties of record are allowed to participate. The CPUC has their own court reporters who will take the comment of those formal parties of record participating in the EH's. The water companies that submitted the proposed Application will provide testimony at the hearings. The Division of Ratepayer Advocates (DRA) consists of engineers, accountants, economists and attorneys who independently evaluate the proposals of utilities for and present their analyses and recommendations for the CPUC at EH's. Once hearings are completed, the ALJ will consider all of the evidence presented and release the proposed draft decision. When the CPUC issues a final decision, it may adopt, amend, or modify all or part of the ALJ's draft decision. The final decision may differ from the requests in the proposed applications filed by each water utility listed above.

## **Public Comments**

If you wish to comment on this proposed application filing or informally protest this filing as a customer of Cal Water, you may do so by contacting the CPUC's Public Advisor's Office (PAO). Written public comment by Cal Water's customers is very much desired by the CPUC and may be sent to the Public Advisor's Office at 505 Van Ness Avenue, San Francisco, California 94102, or via e-mail to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov). Please state that you are writing about California Water Service Company's Application 10-09-017 when sending your written correspondence or e-mail. All public comments become part of the formal public comment file. These public comments will be circulated to the assigned Administrative Law Judge (ALJ), the assigned Commissioner and appropriate line Division CPUC staff for review.

**Public Advisor's Phone Number:**

415-703-2074

Toll Free: 1.866-849-8390

DRAFT