

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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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.

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

**NOTICE OF EX PARTE COMMUNICATION BY THE
DIVISION OF RATEPAYER ADVOCATES**

In accordance with Article 8, Rule 8.2 and 8.4 of the California Public Utilities Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates ("DRA") respectfully submits this notice of ex parte communication.

On April 13, 2012, at 2:30 p.m., Ms. Lisa Bilir, DRA Water Branch Supervisor, and Ms. Mandy Rasmussen, DRA Utilities Engineer, and Ms. Martha Perez, DRA counsel met with Mr. Michael Colvin and Ms. Charlotte TerKeurst, respectively Advisor and Chief of Staff to Commissioner Mark Ferron, at the Commission's offices at 505 Van Ness Avenue, in San Francisco, Ca 94102. Ms. Bilir initiated the meeting, which lasted approximately 30 minutes.

During the meeting, Ms. Bilir provided the history of the proceeding, explaining that the WRAMs/MCBAs were implemented as part of a pilot program and that the application involved nine specific requests. Ms. Bilir and Ms. Rasmussen discussed DRA's support for the Proposed Decision ("PD") of Administrative Law Judge Christine Walwyn in A.10-09-017. DRA pointed out that the PD provides safeguards by

establishing a limit on annual WRAM/MCBA surcharges. Ms. Rasmussen explained that there are benefits to having a district-by-district review. With these kinds of safeguards in place, all districts that happen to reach the 22.5% cap will then act as a “red flag” to DRA and the Commission during a utility’s GRC to inform DRA staff that the WRAM/MCBAs need to be reviewed for those districts on a going forward basis.

Ms. Rasmussen also added that GRC review will enable the Commission and DRA to examine why the large undercollections occurred and what can be done to prevent similar undercollections from happening in the future. Ms. Rasmussen further clarified that a large undercollection does not necessarily mean that the WRAM/MCBA balance should not be recovered. In particular, because there is a “presumption of reasonableness” associated with the WRAM/MCBA and all other balancing accounts, adjustments to a remaining balance would only be considered in extraordinary situations.

DRA cited Public Utilities Code sections 739.8 (c) and (d) related to the implementation of programs related to water conservation goals and the caution of ensuring the ability of communities to support these programs. DRA explained why it believes the PD is consistent with these Public Utilities Code sections.

DRA then provided a brief description of Appendix D to the PD (provided to Mr. Colvin and Ms. TerKeurst during the meeting as Table 1). Ms. Bilir pointed to the districts with the highest undercollection balances, explained that the PD’s safeguard will impact only a few districts, that those particular districts have a small number of customers, and that Table 1 reflects only 2010 balances.

Finally, Ms. Rasmussen described DRA’s three proposed modifications to the PD, including its recommendation for a GRC customer notice requirement, changes to the PD’s Finding of Fact to remove language indicating the utilities have an “incentive” to agree to a high sales forecast, and a technical correction to clarify a statement in the PD describing which revenues are captured in the WRAM/MCBA mechanisms. DRA also explained that these proposed modifications are fully presented in its April 9, 2012 opening comments.

DRA provided Mr. Colvin and Ms. Terkeurst written materials during the meeting. They are attached to this notice of ex parte communication.

Copies of this Notice and the attachments can be obtained by calling or sending e-mail to Sue Muniz at (415) 703-1858.

Respectfully submitted,

/s/ MARTHA PEREZ

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