

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



FILED
04-20-12
04:59 PM

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
OF APPLICANTS CALIFORNIA WATER SERVICE COMPANY (U60W),
GOLDEN STATE WATER COMPANY (U133W),
PARK WATER COMPANY (U314W), AND
APPLE VALLEY RANCHOS WATER COMPANY (U346W)**

Pursuant to Rule 8.4 of the Commission's Rules of Practice and Procedure (“Rules”), Applicants California Water Service Company (U60w), Golden State Water Company (U133W), Park Water Company (U314W), and Apple Valley Ranchos Water Company (U346W) (“Applicants”) hereby give notice of ex parte communications relating to the above-captioned proceeding on April 19, 2012.

At approximately 1:00 a.m. on that date, Martin Mattes of Nossaman LLP, attorneys for Applicants, transmitted the attached electronic messages to Lester Wong, Advisor to Commissioner Peevey; Stephen St. Marie, Advisor to Commissioner Sandoval; and Charlotte TerKeurst, Chief of Staff to Commissioner Ferron. Copies of these messages were sent to the service list in the above-captioned proceeding on the same day.

Thereafter, between 8:30 and 9:00 a.m., Mr. Mattes spoke by telephone with Mr. St. Marie and Ms. TerKeurst and left a voice message for Mr. Wong, all conveying a summary version of the contents of the previous electronic messages.

To obtain a copy of this notice, please contact:

Ms. Jeannie Wong
NOSSAMAN LLP
50 California Street, 34th Floor
San Francisco, CA 94111-4799
e-mail: jwong@nossaman.com

In accordance with Rule 8.3(b), this notice is being served electronically today on all persons appearing on the Commission's electronic service list for the above-captioned proceeding.

Respectfully submitted,

NOSSAMAN LLP

By /S/ MARTIN A. MATTES
Martin A. Mattes

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San Francisco, CA 94111
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Attorneys for Applicants,
California Water Service Company, Golden State
Water Company, Park Water Company, and
Apple Valley Ranchos Water Company

April 20, 2012

Mattes, Martin

From: Mattes, Martin
Sent: Thursday, April 19, 2012 12:58 AM
To: Lester L. Wong (llj@cpuc.ca.gov)
Cc: 'Smegal, Tom'; Leigh Jordan; Garon, John; Wales, Natalie; Switzer, Keith; Tran, Nanci
Subject: A.10-09-017 -- Urgent Request for Further Change to Revised Proposed Decision of ALJ Walwyn Lester --

The revised Proposed Decision in the WRAM Amortization proceeding grants Applicants adequate relief in the short term, but imposes a very constraining 10% cap on the total of all WRAM/MCBA surcharges to be effective in the first Test Year of each Applicant's pending or next GRC proceeding. Before that 10% cap goes into effect, the revised PD requires, per Ordering Paragraph 4, "a more vigorous review of the WRAM/MCBA mechanisms and options to the mechanisms, as well as sales forecasting, . . . in each applicant's pending or next GRC proceeding." Applicants are directed to provide testimony that "at a minimum" addresses five options, including replacing the existing WRAM with a Monterey-style WRAM, adopting a banding mechanism that disallows recovery of portions of higher percentage WRAM undercollections, imposing WRAM surcharges only on higher tier usage, eliminating the WRAM entirely, and extending increasing block rate design and the WRAM to all customer classes. Ordering Paragraph 4 ends with this statement: "For current GRC proceedings for Golden State and Park, the assigned Administrative Law Judges to those proceedings may choose to not require supplemental testimony on these options but rather to conduct a different WRAM/MCBA mechanism review."

The revised PD presents a very worrisome prospect for Golden State and Park. If conducted in the context of a GRC in which the Applicant has time to prepare testimony on a normal schedule, the "more vigorous review" of WRAM/MCBA options and sales forecasting that the revised PD would require will allow for the development and evaluation of options that may be compatible with the very constraining 10% cap on the total of all WRAM/MCBA surcharges that the revised PD would impose in the next GRC Test Year. But for Golden State and Park, in the context of their present GRCs, there is no realistic possibility of developing and presenting the sort of analysis of potential options and issues that is necessary in the fact of that threatening 10% cap. The provision of Ordering Paragraph 4 that would give the ALJs in those current GRCs unlimited discretion "to conduct a different WRAM/MCBA mechanism review" presents a very real risk of arbitrary and prejudicial results.

The only reasonable solution to this problem, in the context of the revised PD, is to revise Ordering Paragraph 4 and the related discussion and Conclusion of Law 5 in order to eliminate their application to currently pending GRCs. This would simply defer implementation of the 10% cap to the next Cal Water and Apple Valley Ranchos GRCs and to the next Golden State and Park GRCs that follow. Most importantly, it would allow the reform of the WRAM/MCBA mechanisms, if reform proves to be appropriate, to be proposed, evaluated, fashioned, and adopted in a careful and deliberate manner that gives adequate attention to the complex issues and interests involved.

Please encourage President Peevey to condition his support for the revised PD on this simple change to the discussion, Conclusion of Law 5, and Ordering Paragraph 4.

Best regards,

Marty

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4/19/2012



Attorneys for Apple Valley Ranchos Water Company, California Water Service Company, Golden State Water Company, and Park Water Company

Mattes, Martin

From: Mattes, Martin
Sent: Thursday, April 19, 2012 1:00 AM
To: Stephen St. Marie (sst@cpuc.ca.gov)
Cc: 'Smegal, Tom'; Leigh Jordan; Garon, John; Wales, Natalie; Switzer, Keith; Tran, Nanci
Subject: FW: A.10-09-017 -- Urgent Request for Further Change to Revised Proposed Decision of ALJ Walwyn Steve --

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Please encourage Commissioner Sandoval to condition her support for the revised PD on this simple change to the discussion, Conclusion of Law 5, and Ordering Paragraph 4.

Best regards,

Marty

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4/19/2012



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Mattes, Martin

From: Mattes, Martin
Sent: Thursday, April 19, 2012 1:02 AM
To: 'cft@cpuc.ca.gov'
Subject: FW: A.10-09-017 -- Urgent Request for Further Change to Revised Proposed Decision of ALJ Walwyn Charlotte --

The revised Proposed Decision in the WRAM Amortization proceeding grants Applicants adequate relief in the short term, but imposes a very constraining 10% cap on the total of all WRAM/MCBA surcharges to be effective in the first Test Year of each Applicant's pending or next GRC proceeding. Before that 10% cap goes into effect, the revised PD requires, per Ordering Paragraph 4, "a more vigorous review of the WRAM/MCBA mechanisms and options to the mechanisms, as well as sales forecasting, . . . in each applicant's pending or next GRC proceeding." Applicants are directed to provide testimony that "at a minimum" addresses five options, including replacing the existing WRAM with a Monterey-style WRAM, adopting a banding mechanism that disallows recovery of portions of higher percentage WRAM undercollections, imposing WRAM surcharges only on higher tier usage, eliminating the WRAM entirely, and extending increasing block rate design and the WRAM to all customer classes. Ordering Paragraph 4 ends with this statement: "For current GRC proceedings for Golden State and Park, the assigned Administrative Law Judges to those proceedings may choose to not require supplemental testimony on these options but rather to conduct a different WRAM/MCBA mechanism review."

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Please encourage Commissioner Ferron to condition his support for the revised PD on this simple change to the discussion, Conclusion of Law 5, and Ordering Paragraph 4.

Best regards,

Marty

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