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)

PREHEARING CONFERENCE STATEMENT
OF GOLDEN STATE WATER COMPANY (U-133-W)

GOLDEN STATE WATER COMPANY
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January 10, 2011

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PREHEARING CONFERENCE STATEMENT
OF GOLDEN STATE WATER COMPANY (U-133-W)

I. INTRODUCTION

In response to Administrative Law Judge's request for additional information at the December 3, 2010 Prehearing Conference, Golden State Water Company (U-133-W) ("GSWC") respectfully submits this Prehearing Conference Statement.

II. QUESTIONS AND RESPONSES

GSWC submits the following in response to questions raised by ALJ Walwyn during the Pre-hearing Conference held on December 3, 2010.

Question 1:
Provide an analysis of PU Code section 454(a) as to whether it requires customer notice of this proceeding.

Response to Question 1:

Submitted joint response through separate filing on December 10, 2010.

Question 2:

Data on the impact of the request in a required format – the required format was passed out in hard copy.

Response to Question 2:

See Attachment 1 data on Region 2 and 3; See Attachment 2 for data on Region 1

Question 3:

The date that GSWC is required to submit/provide its Financial Statements for 2010.

Response to Question 3:

March 11, 2011

Question 4:

What would be the "re-statement" amounts using FIFO?

Response to Question 4:

GSWC's outside auditors will inform GSWC of what actions are necessary based on the facts at the time we finalize our books. Those facts will include the progress of this proceeding, the balances of the 2008, 2009 and 2010 WRAMs and MCBA's and the percent of forecasted surcharges collected to date.

GSWC will argue that a "re-statement" is not justified but rather GSWC should report a "change in accounting estimates" which is to be accounted for prospectively (and not retrospectively as in a restatement). Based on current estimates and using FIFO GSWC would be faced with a $275,000 write off at the end of 2011 in its Region 2 if it were allowed to rely on a change in accounting estimates.

If GSWC were to rely on a change in accounting estimates and FIFO only, without a change in amortization periods, GSWC would be facing additional shortfalls/write offs in excess of $1.5 million at the end of 2012.

Question 5:

A statement on customer impact and Low-income customer impact.

Response to Question 5:

See column Z and AA on Attachment 1 for average customer bill impact and low-income customer bill impact bill impact for Region 2 and 3. See column X and Y on Attachment 2 for average customer bill impact and low-income bill impact for Region 1 ratemaking areas.

Conservation rates and bill impact on low income customers were thoroughly reviewed and consider by GSWC and DRA in the joint settlements for GRC applications A.08-07-010 (Region 2 & 3) & A.10-01-009 (Region 1) which were subsequently approved by the Commission in D.10-11-035 (Region 2 & 3) & D.10-12-059 (Region 1). GSWC will revisit low income programs in the upcoming GRC filing in July 2011.

Though GSWC is willing to make any adjustments to its California Alternate Water Rate ("CAWR") program the Commission deems appropriate, GSWC believes the GRC is the appropriate vehicle to address this issue. GSWC will be filing an all company GRC in July 2011.

Question 6:

What other options were considered to resolve the problem with the FASB rules and the timing of recovery.

Response to Question 6:

If utilities were authorized to follow the amortization periods outlined in Standard Practice U-27 and request recovery whenever the balance in the WRAMs exceeded 2% this would allowing for a shorter recovery period and would be in compliance with

current ETIF 92-7. However this would be contrary to the settlements authorized between GSWC and DRA in D.08-08-030 and D.09-05-005 and would involve filing for multiple surcharges a year which would require additional work Commission Staff and could prove confusing to the customer.

Another option is to allow treatment of WRAM & MCBA treatment used for the Energy Companies whereby the Companies file an advice letter in September or October requesting amortization of their balancing accounts, based on estimated balances at of the end of the year, over a 12 month period starting January 1, of the following year. Again this would be contrary to the settlements authorized between GSWC and DRA in D.08-08-030 and D.09-05-005.

Question 7:

Proposals for interim treatment (interim measure to keep things from getting worse while our application is being considered).

Response to Question 7:

GSWC request that the Commission issue an interim order allowing applicants to file an Advice Letter requesting an interim surcharge to recover the projected 2008 and 2009 shortfalls at the end of 2011 in compliance with ETIF 92-7. The sooner this surcharge is put into place, the smaller the impact will be on customers.

III. CONCLUSION

An interim decision addressing the 2008 and 2009 balances would be beneficial to both GSWC and its customers.

Respectfully submitted on January 10, 2011.

By /s/ *John Garon*

JOHN GARON

Regulatory Affairs Manager

GOLDEN STATE WATER COMPANY

CERTIFICATE OF SERVICE

I hereby certify that on this date, I served the foregoing **PREHEARING CONFERENCE STATEMENT OF GOLDEN STATE WATER COMPANY (U-133-W)** by Electronic Mail or by U.S Mail on the Service List for A.10-09-017 below:

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By U.S. Mail:

Christine M. Walwyn
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Executed this 10th day of January 10, 2011 at San Dimas, California.

/s/ *Nanci Tran*

NANCI TRAN

GOLDEN STATE WATER COMPANY
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Golden State Water Company

A.10-09-017 - Response to ALJ Question 2: Attachment 1

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA
GSWC Ratemaking Areas	2009 WRAM/MCBA	2010 WRAM/MCBA Surcharge (Current)	Existing 2010 Quantity Rate (without Surcharge)	Existing 2010 Quantity Rate (with Surcharge under existing methodology)	Est. 2010 WRAM/MCBA	% of Adopted RR	# of Months Amortized	2010 WRAM/MCBA Surcharge under Existing Authorized	2011 WRAM/MCBA Surcharge under Existing Authorized	Projected 2011 Quantity Rate (excluding Surcharge)*	$ Change in Quantity Rate (without Surcharge)	% Change in Quantity Rate (without Surcharge)	Existing 2011 Quantity Rate (with Surcharge under existing	$ Change in Quantity Rate (with Surcharge)	% Change in Quantity Rate (with Surcharge)	Est. 2009 Residual as of Dec. 31, 2011	Proposed WRAM/MCBA Surcharge from Residual of 2009 WRAM/MCBA	Proposed 2010 WRAM/MCBA Surcharge	Proposed 2011 WRAM/MCBA Surcharge (2009 + 2010 WRAM + 2009 Residual)	2011 Quantity Rate (with Surcharge under proposed methodology)	$ Change in Quantity Rate (over 2010 rate with Surcharge)	% Change in Quantity Rate (over 2010 rate with Surcharge)	2011 $ Change in Quantity Rate with surcharge (Propose - Authorized)	% Change in Quantity Rate (over 2011 with surcharge under current methodology)	Avg Residential Bill Impact 2011 rates (with surcharge under proposed methodology vs. authorized)	Avg Low Income Bill Impact 2011 rates (with surcharge under proposed methodology vs. authorized)
				D+C					C+J		K-D	L+D	K+J	N-E	O+E				C+R+S	K+T	U-E	V+E	U-N	X+N		
REGION 2	$ 8,136,407				$ 3,123,507	2.52%	12-Month									$ 2,556,973	Amort over 12-M	Amort over 12-Months							$1.16 or 1.8% Increase	$1.16 or 2.1% Increase
Residential Tier 1:		$ 0.143	$3.382	$ 3.525				$ 0.128	$ 0.271	$3.417	$0.035	1.0%	$ 3.688	$ 0.163	4.6%		$ 0.087	$ 0.128	$ 0.358	$3.775	$0.250	7.09%	$0.087	2.36%		
Residential Tier 2:		$ 0.165	$3.889	$ 4.054				$ 0.148	$ 0.313	$3.930	$0.041	1.1%	$ 4.243	$ 0.189	4.7%		$ 0.100	$ 0.148	$ 0.413	$4.343	$0.289	7.13%	$0.100	2.36%		
Residential Tier 3:			$4.472	$ 4.472				$ 0.170	$ 0.170	$4.519	$0.047	1.1%	$ 4.689	$ 0.217	4.9%		$ 0.116	$ 0.170	$ 0.286	$4.805	$0.333	7.45%	$0.116	2.47%		
Non-Residential		$ 0.131	$2.934	$ 3.065				$ 0.119	$ 0.250	$2.965	$0.031	1.1%	$ 3.215	$ 0.150	4.9%		$ 0.094	$ 0.119	$ 0.344	$3.309	$0.244	7.96%	$0.094	2.92%		
REGION 3	$ 10,163,294				$ 8,947,005	7.54%	24-Month									$ 3,046,013	Amort over 12-M	Amort. Over 18 Mo							$2.34 or 2.9% Increase	$2.34 or 3.2% Increase
Residential Tier 1:		$ 0.164	$2.634	$ 2.634				$ 0.152	$ 0.316	$2.673	$0.039	1.5%	$ 2.989	$ 0.355	13.5%		$ 0.083	$ 0.202	$ 0.449	$3.122	$0.488	18.53%	$0.133	4.45%		
Residential Tier 2:		$ 0.189	$3.029	$ 3.029				$ 0.175	$ 0.364	$3.074	$0.045	1.5%	$ 3.438	$ 0.409	13.5%		$ 0.096	$ 0.232	$ 0.517	$3.591	$0.562	18.55%	$0.153	4.45%		
Residential Tier 3:			$3.483	$ 3.483				$ 0.201	$ 0.201	$3.535	$0.052	1.5%	$ 3.736	$ 0.253	7.3%		$ 0.110	$ 0.267	$ 0.377	$3.912	$0.429	12.32%		0.00%		
Non-Residential		$ 0.154	$2.469	$ 2.469				$ 0.149	$ 0.303	$2.489	$0.020	0.8%	$ 2.792	$ 0.323	13.1%		$ 0.117	$ 0.199	$ 0.470	$2.959	$0.490	19.85%	$0.167	5.98%		

Golden State Water company

a. 10-09-017 - Responste to ALJ Question #2: Attachement 2

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y
GSWC Ratemaking Areas	2009 WRAM/MCBA	2010 WRAM/MCBA Surcharge (Current)	Existing 2010 Quantity Rate (without Surcharge)	Existing 2010 Quantity Rate (with Surcharge under existing methodology)	Est. 2010 WRAM/MCBA	% of Adopted RR	# of Months Amortized	2010 WRAM/MCBA Surcharge under Existing Authorized	2011 WRAM/MCBA Surcharge under Existing Authorized (2009+2010 WRAM)	Projected 2011 Quantity Rate (excluding Surcharge)*	$ Change in Quantity Rate (without Surcharge)	% Change in Quantity Rate (without Surcharge)	Existing 2011 Quantity Rate (with Surcharge under existing methodology)	$ Change in Quantity Rate (with Surcharge)	% Change in Quantity Rate (with Surcharge)	Proposed 2010 WRAM/MCBA Surcharge	Proposed 2011 WRAM/MCBA Surcharge (2009 + 2010 WRAM)	2011 Quantity Rate (with Surcharge under proposed methodology)	$ Change in Quantity Rate (over 2010 rate with Surcharge)	% Change in Quantity Rate (over 2010 rate with Surcharge)	2011 $ Change in Quantity Rate with surcharge (Propose - Authorized)	% Change in Quantity Rate (over 2011 with surcharge under current methodology)	Avg Residential Bill Impact 2011 rates (with surcharge under proposed methodology vs. authorized)	Avg Low Income Bill Impact 2011 rates (with surcharge under proposed methodology vs. authorized)
				D+C					C+J		K-D	L÷D	K+J	N-E	O÷E		C+Q	S+K	S-E	T÷E	S-N	V÷N		
Arden Cordova	$ 327,926				$ 1,105,291	9.91%	24-Months																	
Metered		$ 0.080	$ 0.627	$ 0.71				$ 0.140	$ 0.220	$ 0.961	$ 0.33	53.27%	$ 1.181	$ 0.47	67.04%	$ 0.187	$ 0.267	$ 1.228	$ 0.521	73.7%	$ 0.047	3.98%	$0.80 or 2.8% Increase	$0.80 or 3.4% Increase
Flat		$ (0.700)	$ -					$ 0.616	$ (0.084)							$ (0.821)	$ (1.521)							
Bay Point	$ 566,888				$ 1,657,068	26.34%	36-Months																$5.85 or 8.0% Increase	$5.85 or 9.6% Increase
	$ (494,755)	offset by Premium																						
Residential Tier 1:		$ 0.085	$ 3.309	$ 3.394				$ 0.639	$ 0.724	$ 4.526	$ 1.22	36.78%	$ 5.250	$ 1.86	54.68%	$ 1.278	$ 1.363	$ 5.889	$ 2.495	73.5%	$ 0.639	12.17%		
Residential Tier 2:		$ 0.098	$ 3.805	$ 3.903				$ 0.735	$ 0.833	$ 5.205	$ 1.40	36.79%	$ 6.038	$ 2.14	54.70%	$ 1.470	$ 1.568	$ 6.773	$ 2.870	73.5%	$ 0.735	12.17%		
Residential Tier 3:		$ 0.113	$ 4.376	$ 4.489				$ 0.845	$ 0.958	$ 5.986	$ 1.61	36.79%	$ 6.944	$ 2.46	54.69%	$ 1.691	$ 1.804	$ 7.790	$ 3.301	73.5%	$ 0.846	12.18%		
Non-Residential		$ 0.059	$ 3.335	$ 3.394				$ 0.469	$ 0.528	$ 4.080	$ 0.75	22.34%	$ 4.608	$ 1.21	35.77%	$ 1.406	$ 1.465	$ 5.545	$ 2.151	63.4%	$ 0.937	20.33%		
Los Osos	$ 136,205				$ 524,786	16.56%	36-Month																$2.95 or 4.0% Increase	$2.95 or 4.8% Increase
Residential Tier 1:		$ 0.309	$ 3.210	$ 3.519				$ 0.285	$ 0.594	$ 4.486	$ 1.28	39.75%	$ 5.080	$ 1.56	44.36%	$ 0.571	$ 0.880	$ 5.366	$ 1.847	52.5%	$ 0.286	5.63%		
Residential Tier 2:		$ 0.355	$ 3.692	$ 4.047				$ 0.328	$ 0.683	$ 5.159	$ 1.47	39.73%	$ 5.842	$ 1.80	44.35%	$ 0.657	$ 1.012	$ 6.171	$ 2.124	52.5%	$ 0.329	5.63%		
Residential Tier 3:		$ 0.408	$ 4.246	$ 4.654				$ 0.377	$ 0.785	$ 5.933	$ 1.69	39.73%	$ 6.718	$ 2.06	44.35%	$ 0.756	$ 1.164	$ 7.097	$ 2.443	52.5%	$ 0.379	5.64%		
Non-Residential		$ 0.344	$ 3.367	$ 3.711				$ 0.403	$ 0.747	$ 3.722	$ 0.36	10.54%	$ 4.469	$ 0.76	20.43%	$ 0.807	$ 1.151	$ 4.873	$ 1.162	31.3%	$ 0.404	9.04%		
Ojai	$ 160,388				$ 500,027	11.50%	36-Months																$2.27 or 2.8% Increase	$2.27 or 3.3% Increase
Residential Tier 1:		$ 0.170	$ 2.581	$ 2.751				$ 0.167	$ 0.337	$ 3.340	$ 0.76	29.41%	$ 3.677	$ 0.93	33.66%	$ 0.334	$ 0.504	$ 3.844	$ 1.093	39.7%	$ 0.167	4.54%		
Residential Tier 2:		$ 0.183	$ 2.779	$ 2.962				$ 0.180	$ 0.363	$ 3.596	$ 0.82	29.40%	$ 3.959	$ 1.00	33.66%	$ 0.359	$ 0.542	$ 4.138	$ 1.176	39.7%	$ 0.179	4.52%		
Residential Tier 3:		$ 0.214	$ 3.247	$ 3.461				$ 0.210	$ 0.424	$ 4.202	$ 0.96	29.41%	$ 4.626	$ 1.17	33.66%	$ 0.420	$ 0.634	$ 4.836	$ 1.375	39.7%	$ 0.210	4.54%		
Santa Maria	$ 216,058				$ 1,133,391	11.81%	36-Months																$1.82 or 3.5% Increase	$1.82 or 4% Increase
Residential Tier 1:		$ 0.034	$ 1.434	$ 1.468				$ 0.083	$ 0.117	$ 1.579	$ 0.15	10.11%	$ 1.696	$ 0.23	15.53%	$ 0.166	$ 0.200	$ 1.779	$ 0.311	21.2%	$ 0.083	4.89%		
Residential Tier 2:		$ 0.040	$ 1.649	$ 1.689				$ 0.095	$ 0.135	$ 1.816	$ 0.17	10.13%	$ 1.951	$ 0.26	15.51%	$ 0.191	$ 0.231	$ 2.047	$ 0.358	21.2%	$ 0.096	4.92%		
Residential Tier 3:		$ 0.046	$ 1.896	$ 1.942				$ 0.109	$ 0.155	$ 2.088	$ 0.19	10.13%	$ 2.243	$ 0.30	15.50%	$ 0.220	$ 0.266	$ 2.354	$ 0.412	21.2%	$ 0.111	4.95%		
Non-Residential		$ 0.039	$ 1.445	$ 1.484				$ 0.096	$ 0.135	$ 1.504	$ 0.06	4.08%	$ 1.639	$ 0.16	10.44%	$ 0.191	$ 0.230	$ 1.734	$ 0.250	16.8%	$ 0.095	5.80%		
Simi Valley	$ 556,589				$ 826,664	7.69%	24-Months																$0.72 or 1.1% Increase	$0.72 or 1.2% Increase
Residential Tier 1:		$ 0.098	$ 2.191	$ 2.289				$ 0.124	$ 0.222	$ 2.847	$ 0.66	29.94%	$ 3.069	$ 0.78	34.08%	$ 0.165	$ 0.263	$ 3.110	$ 0.821	35.9%	$ 0.041	1.34%		
Residential Tier 2:		$ 0.113	$ 2.520	$ 2.633				$ 0.143	$ 0.256	$ 3.274	$ 0.75	29.92%	$ 3.530	$ 0.90	34.07%	$ 0.190	$ 0.303	$ 3.577	$ 0.944	35.9%	$ 0.047	1.33%		
Residential Tier 3:		$ 0.130	$ 2.898	$ 3.028				$ 0.164	$ 0.294	$ 3.765	$ 0.87	29.92%	$ 4.059	$ 1.03	34.05%	$ 0.219	$ 0.349	$ 4.114	$ 1.086	35.9%	$ 0.055	1.36%		
Non-Residential		$ 0.095	$ 2.337	$ 2.432				$ 0.128	$ 0.223	$ 3.013	$ 0.68	28.93%	$ 3.236	$ 0.80	33.06%	$ 0.171	$ 0.266	$ 3.279	$ 0.847	34.8%	$ 0.043	1.33%		