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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion into Addressing the Commission's Water Action Plan Objective of Setting Rates that Balance Investment, Conservation, and Affordability for the Multi-District Water Utilities of: California-American Water Company (U210W), California Water Service Company (U60W), Del Oro Water Company, Inc. (U61W), Golden State Water Company (U133W), and San Gabriel Valley Water Company (U337W).

Rulemaking 11-11-008
(Filed November 10, 2011)

**ADMINISTRATIVE LAW JUDGE'S RULING
MODIFYING SCHEDULE AND REQUESTING COMMENTS**

1. Summary

This ruling modifies the schedule set out in the Commissioner's Scoping Ruling and Memo of June 20, 2012, and requests comments on Workshop 2 (November 6-7, 2012) and materials related to that workshop.

2. Background

The Commission initiated this proceeding to pursue the Water Action Plan's policy objective of setting rates that balance investment, conservation, and affordability for five multi-district investor-owned water utilities. Two 2012 workshops, Workshop 1 on July 17 and 18 and Workshop 2 on November 6 and 7, have been held to foster party discussion of the issues scoped in the

rulemaking. A draft integrative framework flow chart, with a high cost track and an affordability track, and an accompanying outline, both prepared by the Division of Water and Audits, were circulated in advance of Workshop 2 and discussed at that workshop. Also discussed at Workshop 2 were possible changes in the schedule for the proceeding to accommodate comments by the parties on the Workshop 2 materials and discussion, as well as on the upcoming draft staff workshop report.

3. Discussion

3.1. Modified Schedule

Based on Workshop 2 discussion the schedule presented in the June 20, 2012 Commissioner’s Scoping Memo and Ruling is modified as follows:

November 6-7, 2012	Workshop # 2, Commission Courtyard Room, State Office Building 505 Van Ness Avenue San Francisco, CA
December 5, 2012	Comments filed on Workshop #2, including staff draft flow chart and outline.
February 12, 2013	Draft Staff Workshop Report filed.
March 14, 2013	Comments on Draft Workshop Report filed.
March 30, 2013	Reply Comments filed.

May 1, 2013	Final Workshop Report filed.
July, 2013	Proposed Decision mailed for Comment.
August, 2013	Decision on Commission Agenda.

3.2. Request for Comments and Additional Data

3.2.1. High Cost and Affordability Framework: Staff Draft Flow Chart and Outline

Party comments in general are requested on the Workshop 2 discussion and staff draft flow chart and accompanying text (outline), with particular emphasis to be placed on following topics:

1. The affordability and high cost measures, thresholds, and benchmarks;
2. Comment, as warranted, on each of the framework elements, including the corresponding text outline;
3. Possible consideration in the affordability screening process of affordability issues that could occur in circumstances where distinct geographical service areas exist within one ratemaking area but represent different socioeconomic and water usage characteristics (e.g., Golden State Water Company’s CSA’s in Region 3);
4. Elaboration of the High Cost Drivers identified in the framework;
5. Benefits, disadvantages and concerns related to the different mechanism/tools identified in the framework (different consolidation levels, intra-company grant/funding, rate design, “Targeted” high cost fund, expansion of low-income programs) for mitigation of high cost and/or affordability issues, and any additional considerations that these mechanisms should take into account;

6. Identification of any additional mechanisms or tools that could, on a case by case basis, be explored to help mitigate high cost and or/affordability concerns, but are not yet captured in the framework;
7. The possibility of applying several mitigation mechanisms simultaneously;
8. Assuming no change in the 1992 Consolidation Guidelines' purpose of achieving regulatory efficiencies, how could or should the proximity guideline be revised, if at all?
9. How might the 1992 Consolidation Guidelines be incorporated, if at all, within the proposed framework's two-track approach to balanced rates? Please explain why the 1992 Guidelines should or should not be incorporated into the framework;
10. Propose any additional modifications to the draft flowchart;
11. Discuss how the Framework Principles (see page 3 of the October 15, 2012 draft circulated to the parties before Workshop 2), might be enhanced and suggest additions, deletions, modifications, and/or restating of those fundamental principles that could further ensure that the framework promotes rates that balance investment, conservation, and affordability and address high cost and/or affordability issues;
12. What role might the various levels of consolidation listed in the framework play in balancing rates between investment, conservation, and affordability?
13. List and discuss any additional considerations in the setting of balanced rates that may not be adequately reflected in the framework or discussed at Workshop 1 and Workshop 2.

3.2.2. Additional Comments and Data Sought

In addition to the foregoing topics, the parties are requested to provide the following:

1. Corrections and/or comments, if any, on the staff summary of Workshop 1.
2. Multi-district utilities should submit the following information for each of its ratemaking areas:
 - a) Adopted Revenue Requirement per One Hundred Cubic Feet (Ccf) of adopted water sales;
 - b) Residential customer bill at 10 Ccf; identify current applicable bill surcharges separately;
 - c) Residential customer bill at average usage; identify average usage and current applicable surcharges separately;
 - d) Median household income; and
 - e) For utilities with distinct geographical service areas within a larger ratemaking district, such as Golden State Water Companies' Community Service Districts (CSA), please also identify both data sets 3 and 4 above for each CSA.

3.3.E-mail Ruling Confirmed and Memorialized

This will confirm and memorialize the Administrative Law Judge e-mail ruling of October 16, 2012, which included a notice of the then upcoming Workshop 2 (November 6 and 7, 2012) and enclosed copies of 1) a staff draft of an integrative framework flow chart and related outline and 2) a staff draft summary of Workshop 2.

IT IS RULED that:

1. The schedule for this proceeding is modified as provided in subsection 3.1. of this ruling.
2. The parties are requested to file comments and/or data on the subjects identified in subsection 3.2. of this ruling by Wednesday, December 5, 2012. The comments may be joint or separate.

3. The e-mail Administrative Law Judge ruling of October 16, 2012, is confirmed and memorialized.

Dated November 14, 2012, at San Francisco, California.

/s/ PHILIP SCOTT
WEISMEHL for

Gary Weatherford
Administrative Law Judge