

BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA



FILED

12-05-12
04:59 PM

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)

**COMMENTS ON WORKSHOP 2 OF THE
DIVISION OF RATEPAYER ADVOCATES**

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December 5, 2012

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I. INTRODUCTION

The Division of Ratepayer Advocates ("DRA") submits these Comments pursuant to Administrative Law Judge ("ALJ") Weatherford's November 14, 2012 *Administrative Law Judge's Ruling Modifying Schedule and Requesting Comments* ("ALJ Ruling").

The ALJ Ruling requests that parties file and serve written statements that address the discussion at Workshop 2, held on November 6-7, 2012, and the High Cost and Affordability Framework ("framework") developed by staff. More specifically, the ALJ Ruling requests comments on 13 topics pertaining to the proposed framework. As DRA does not support implementation of the framework, these comments are not responsive to the specific topics identified in the ALJ Ruling, but, instead, propose an alternative, simpler approach to address the original focus of this Rulemaking, and of the six express objectives of the California Public Utilities Commission's ("Commission") 2010 Water

Action Plan (“Water Action Plan”), *i.e.*, balancing investment, conservation, and affordability.

II. DISCUSSION

Although conceptually innovative and useful for discussion purposes, the framework appears to be an overly prescriptive and unnecessarily complex screening process to identify existing mechanisms for use by privately owned water utilities (“water utilities”) to address high cost and/or affordability issues. Implementation of the framework would likely create a new administrative burden for the water utilities without necessarily improving the status quo.

Instead, DRA urges the Commission to consider the original focus of this Rulemaking and an express objective of the Water Action Plan, *i.e.*, to balance investment, conservation and affordability, in deciding how best to move forward. To this end, DRA suggests that in order to simplify the identification of mechanisms for use by water utilities to appropriately balance investment, conservation and affordability, the Commission should develop a comprehensive guidance document that explains the purpose and applicable eligibility criteria for each mechanism. Water utilities could use such a guidance document during their general rate case (“GRC”) proceedings to identify suitable mechanisms and to determine, on a case-by-case basis, whether applicable eligibility criteria for each identified mechanism are satisfied. As a starting point, DRA recommends that the following list of mechanisms, organized in accordance with the three noted purposes, be included in the proposed guidance document.

1. **Purpose: Efficient and Cost Effective Investment**

- a) Consolidation
 - Rate Consolidation
 - Operational Consolidation
- b) Cost reduction and efficiency mechanisms
- c) System leak detection and remediation

2. **Purpose: Meeting Conservation Goals**

- a) Conservation programs
 - b) Implementation of targeted low income conservation programs
 - c) System leak detection and remediation
 - d) Rate design
3. **Purpose: Keeping Rates Affordable for All Ratepayers**
- a) Conservation programs
 - b) Broader deployment of low income assistance programs (“LIRA”)
 - c) Implementation of targeted low income conservation programs
 - d) Phased-in rates
 - e) Public grants or loans
 - f) Rate design
 - g) Rate support fund

Respectfully submitted,

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