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**BEFORE THE PUBLIC UTILITIES COMMISSION**

**OF THE STATE OF CALIFORNIA**

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| In the Matter of the Application of CALIFORNIA WATER SERVICE COMPANY (U-60-W), a California corporation, for an order 1) authorizing it to increase rates for water service by $92,765,000 or 19.4% in test year 2014, 2) authorizing it to increase rates on January 1, 2015 by $17,240,000 or 3.0%, and on January 1, 2016 by $16,950,000 or 2.9% in accordance with the Rate Case Plan, and 3) adopting other related rulings and relief necessary to implement the Commission's ratemaking policies. | Application 12-07-007<br><br>(Filed July 5, 2012) |

**MOTION OF CITY OF LANCASTER FOR PARTY STATUS**


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**MOTION OF CITY OF LANCASTER FOR PARTY STATUS**

## I. INTRODUCTION.

Pursuant to Rule 1.4(a)(4) and Rule 11.1 of the Commission's Rules of Practice and Procedure, the City of Lancaster (the "City") hereby moves to intervene and become a party in the above-captioned proceeding.

## II. DESCRIPTION OF THE CITY OF LANCASTER.

The City is a charter law city and has jurisdiction over the Antelope Valley District-Lancaster Service Area of the California Water Service Company ("Cal Water") and, as such, is directly interested in the rates charged by Cal Water to residences and businesses within the Lancaster Service Area of the Antelope Valley District. The City is interested in participating in

this proceeding for the purpose of working with the parties and arriving at a reasonable rate for affected rate payers.

## III. THE CITY'S INTEREST IN THIS PROCEEDING.

The City is interested in opposing and minimizing Cal Water's proposed rate increases to the residences and businesses within the Lancaster Service Area of the Antelope Valley District, because these customers are already paying exorbitantly high water rates. The City recently performed a study of water rates within the larger Antelope Valley area and prepared a comparative analysis. Assumptions in the analysis included: (1) ¾ inch residential meter, (2) monthly usage of 34 hcf, (3) summer rate comparisons, (4) base elevation/pressure zone applicable to Los Angeles County Waterworks and Palmdale Water District, and (5) total lot size of 10,000 sq. ft. applicable to Quartz Hill Water District and Palmdale Water District. Based upon this analysis, the City concluded the following monthly water rates are currently being charged by retail water purveyors within the Antelope Valley:

| Name | Amount |
|---|---|
| Los Angeles County Waterworks District No. 40 | $50.58 |
| Palm Ranch Irrigation District | $56.64 |
| Quartz Hill Water District | $59.03 |
| Palmdale Water District | $82.61 |
| California Water Service Company – Antelope Valley District | $168.42 |

A public participation hearing was held on Cal Water's General Rate Increase Application No. 12-07-007 on May 23, 2013 at Lancaster City Hall. During that proceeding, Cal Water presented its Application and proposed phased-in rates affecting the Lancaster customers

within the Antelope Valley District. Cal Water represented during the public participation hearing that rates with the proposed phase-in would increase the typical residential customer's monthly water bill as follows:

| Date | Amount of Increase |
|---|---|
| 2014 | $23.16, or 21% |
| 2015 | $34.11, or 25.5% |
| 2016 | $23.86, or 14.42% |

In addition, under the no phase-in option, the typical residential customer's monthly bills in the Lancaster Service Area would increase as follows:

| Date | Amount of Increase |
|---|---|
| 2014 | $66.84, or 60.5% |
| 2015 | $5.44, or 3.1% |
| 2016 | $4.32, or 2.4% |

The City is a working class community with modest homes. Many of Cal Water's customers in the Lancaster Service Area survive on fixed incomes and cannot afford such an enormous rate increase - - and one that may result in rates of more than five times those charged by other retail water suppliers in the Antelope Valley. In addition to directly impacting customers who cannot afford such exorbitant rates, the effect of the rate increase will be to

depress property values and render the area within the Lancaster Service Area of the Antelope Valley District uniquely undesirable due to the disproportionate water rates.

Comments and evidence the City will present if granted party status will be relevant to the issues in this proceeding. The customers of the Antelope Valley District – Lancaster Service Area are not fully represented in this matter. Moreover, the City has unique and specific information relevant to the reasonableness of the requested rate increase. For example, the City is a party to the Antelope Valley Groundwater Adjudication Cases and has knowledge of the status of the proceedings and potential outcomes. A significant portion of Cal Water's proposed rate increase is associated with claimed costs and expenses related to this water rights adjudication. In this regard, Cal Water's proposed rate increase includes $810,000 for a capital project to connect to the Antelope Valley East Kern Water Agency ("AVEK"), a wholesaler of imported water - - a capital outlay Cal Water claims is necessitated by the water rights adjudication. In its Application, Cal Water claims this capital cost is required because of the alleged likelihood of a court-ordered reduction in groundwater production. At best, any capital outlay associated with an AVEK connection is premature. The City will present evidence demonstrating that at this time, there have been no court-ordered reductions in groundwater production. Also, under the various settlement proposals, entities that produce groundwater in excess of allocated production rights will not be required to reduce actual pumping. Instead, if a party pumps groundwater in excess of an allocated water right, that party will simply pay a "Replacement Water Assessment" - - an assessment that will be paid to a court-appointed "Water Master" to purchase imported water from AVEK. Accordingly, it will likely be much less expensive for Cal Water to pay Replacement Water Assessments for over-production that to fund significant new infrastructure at this time and purchase water directly from AVEK.

The comments and evidence of the City will be directly relevant to the issues in this proceeding and party status is sought to enable the City to present a more focused evaluation of whether Cal Water's estimated level of revenues, expenses and rate base are just and reasonable as they relate to the Antelope Valley District – Lancaster Service Area. Therefore, the City requests that it be granted full party status to participate, without limitation, in this proceeding.

## III. THE CITY'S PARTY STATUS WOULD NOT DELAY THE PROCEEDING, ALTER ITS SCHEDULE, PREJUDICE ANY PARTY, DUPLICATE OTHER INTERVENOR'S EFFORTS, OR EXPAND THE SCOPE OF THE PROCEEDING.

This proceeding was commenced on July 2, 2012 and a Pre-Hearing Conference was held on October 29, 2012. A Scope Memo was issued on December 3, 2012.

The granting of party status to the City will not require any alteration of the schedule of this proceeding, will not broaden the scope of issues in the proceeding, and will not otherwise prejudice any party to this proceeding. Furthermore, the City's participation and interest in this proceeding will not duplicate those of any other party.

## IV. NOTICE.

Service on the City of notices, pleadings, orders and other communication in this proceeding should be directed as follows:

City of Lancaster
c/o Douglas J. Evertz, Special Counsel
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## V. CONCLUSION.

For the reasons stated above, the City respectfully requests that its Motion for Party Status in this proceeding be granted.

Respectfully submitted,

DATED: June 6, 2013

MURPHY & EVERTZ LLP

By: _____
Douglas J. Evertz
Special Counsel for the City of Lancaster

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **MOTION OF CITY OF LANCASTER FOR PARTY STATUS** on known parties to Application 12-07-007 by U.S. Mail delivery or electronic mail on the attached official service list.

Executed on June 6, 2013 at Costa Mesa, California.

Stephanie S. Pattis

Stephanie S. Pattis

## NOTICE

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, California 94102, of any change of address and/or email address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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**Application 12-07-007**

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**SERVICE LIST**
**Application 12-07-007**

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