

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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In the Matter of the Application of
Apple Valley Ranchos Water Company
(U 346 W) for Authority to Increase
Rates Charged for Water Service by
\$3,127,463 or 14.88% in 2015;
\$2,056,455 or 8.48% in 2016; and
\$2,160,731 or 8.19% in 2017.

Application 14-01-002
(Filed January 2, 2014)

**REPLY COMMENTS
OF THE OFFICE OF RATEPAYER ADVOCATES
ON THE PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGE TSEN**

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I. INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission (“Commission”)’s Rules of Practice and Procedure, the Office of Ratepayer Advocates (“ORA”) hereby submits its reply comments on Administrative Law Judge Tsen’s Proposed Decision (“PD”) in Application (“A.”)14-01-002. These reply comments will focus on the comments filed by Apple Valley Ranchos Water Company (“Ranchos”).

II. RANCHOS’ DISCUSSION OF THE IMPACT OF THE MAIN REPLACEMENT BUDGET ON UNACCOUNTED FOR WATER IS NOT SUPPORTED

ORA continues to support the Settlement Agreement between Ranchos and ORA (“Settlement Agreement”), including the main replacement budget. However, Ranchos’ discussion of the impact of the main replacement budget on ‘unaccounted for water’ is not supported.¹ Ranchos claims “the 6.0% unaccounted for water percentage adopted in the settlement is a significant reduction to the 7.0% rate [Ranchos] proposed in its rebuttal . . .”But Ranchos actually revised its ‘unaccounted for water’ rate to 6.0% in its own rebuttal testimony, relying on recorded ‘unaccounted for water’ data from 2013 to 2014.²

III. IN THE EVENT THAT RANCHOS DECLINES TO ACCEPT ANY MODIFICATION OF THE SETTLEMENT AGREEMENT BY THE COMMISSION UNDER SECTION 1.8, AN INTERIM DECISION IS APPROPRIATE

ORA supports the Settlement Agreement, but does not currently intend to exercise its right under Section 1.8 of the Settlement Agreement to decline to accept the PD’s modification of the Settlement Agreement. Should Ranchos decline to accept the PD’s modification of the Settlement Agreement,³ then ORA agrees that an interim decision based on the PD is appropriate.

¹ See Ranchos’ Opening Comments, at 9.

² Ex. A-12, Edward Jackson’s Rebuttal Testimony, at 2 (“[Ranchos] recommends that the Commission authorize a 6.0% unaccounted for water for the domestic system.”).

³ If the Commission ultimately decides to adopt the PD’s modification in a final decision.

IV. RANCHOS' NEW REQUEST FOR A PILOT SALES RECONCILIATION MECHANISM IS INAPPROPRIATE AND SHOULD BE REJECTED

The PD correctly declines to grant Ranchos' request for a Sales Reconciliation Mechanism ("SRM"), stating that it should be the subject of an industry-wide proceeding.⁴ In response, Ranchos makes a new request in comments for a Pilot SRM.⁵ Not only is it inappropriate to make a new request for a Pilot SRM in comments, but Ranchos' comments offer no legal, technical, or factual error that justifies changing the PD's conclusion on the SRM. Further, a similar mechanism was rejected in D.15-04-007 because California Water Service Company's SRM is of a "complex[] and experimental nature" and "authorizing further pilot programs based on Cal Water's mechanism before a review is completed could lead to flawed designs and unintended consequences being replicated in other pilot programs."⁶ Thus, the PD's rejection of the Ranchos SRM should be upheld. Furthermore, Ranchos' proposed Conclusion of Law #13 should be rejected.

V. TABLE I OF THE PD SHOULD BE CLARIFIED

ORA agrees with Ranchos that the last two columns of Table I should be modified to make clear that they "refer to the rate increase and not revenue requirements."⁷

VI. CONCLUSION

For the foregoing reasons, ORA respectfully requests that the Commission: 1) adopt the settlement agreement without modification, 2) continue to reject Ranchos' SRM requests, 3) approve Ranchos' conservation budget as an aggregate three-year budget, and 4) adopt the PD as an interim decision should the Commission decide to modify the Settlement Agreement and Ranchos decide to exercise its right to decline to accept that modification.

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⁴ PD, at 26.

⁵ Ranchos' Opening Comments, at 20.

⁶ D.15-04-007, at 21.

⁷ Ranchos' Opening Comments, at 23.

Respectfully submitted,

/s/ JOHN REYNOLDS

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