



LRI/UNC/vm1/ek4 10/6/2016

FILED
10-06-16
09:38 AM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Del Oro Water Company, Inc. [U61W] and Benbow Water Company [U21W] for an Order Authorizing Benbow Water Company To Sell and Del Oro Water Company, Inc. to Purchase the Assets of Benbow Water Company and to Establish Rates for Service.

Application 16-07-008
(Filed July 14, 2016)

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND JOINT RULING WITH ADMINISTRATIVE LAW JUDGE

Summary

This Scoping Memo and Ruling sets forth the category, issues, need for hearing, schedule, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure.¹

1. Background

On July 11, 2016, Del Oro Water Company (Del Oro) and Benbow Water Company (Benbow) filed jointly an Application seeking authority for Benbow to sell and Del Oro to purchase the assets of Benbow and to establish rates for service. No protests or responses to Application (A.) 16-07-008 were filed.

Del Oro is a public utility water company that has been providing water service to the general public in portions of the State of California since 1963 under the regulatory jurisdiction of the California Public Utilities Commission.

¹ California Code of Regulations, Title 20, Division 1, Chapter 1; hereinafter, Rule or Rules.

Del Oro currently serves customers in nine counties including: 5,679 in Butte County; 458 in Shasta County; 775 in Humboldt County; 398 in Tuolumne County; 90 in Kern County; 135 in Colusa County; 1,135 in Tulare County; 29 in Fresno County; and 85 in Glenn County.

Benbow serves the residential and commercial population of Benbow, a census-designated place in Humboldt County, California located beside the South Fork Eel River two miles south-southeast of Garberville. The Benbow system consists of one active sub-surface collector well with 200 feet of 12-inch collector piping supplying a 6-foot diameter wet well, operating at approximately 21 feet depth to water with a nominal pumping capacity of approximately 210 gallons per minute (GPM).

A surface water treatment plant is located adjacent to the collector well, and has a maximum rated capacity of approximately 210 GPM. The treatment plant consists of one inclined primary clarifier and two direct filtration treatment trains with two secondary pressure clarifiers and three multi-media filters. There are 135 metered service connections. Distribution storage consists of one 105,000 gallon steel tank in Pressure Zone 1, one 5,000 gallon polyethylene tank in Pressure Zone 2, two 5,000 gallon polyethylene tanks and one 105,000 gallon steel tank in Pressure Zone 3. Pipelines are of various diameters (primarily 6-inch asbestos cement and PVC) and provide water services to the customers.

Del Oro states that the Benbow system can be profitably and efficiently consolidated with the regulated water systems Del Oro currently owns and operates. If the sale is approved, Benbow will operate as one of Del Oro's districts under the direction of the Regional Superintendent, who has been with the company for over 30 years. Under his direction, an Assistant Regional Superintendent, currently stationed near Ferndale, California (approximately

60 miles from Benbow), will also be responsible for operation of the new district. Del Oro states that all field personnel are appropriately licensed in accordance with the operational requirements of the particular system.

Applicants state that Benbow will be acquired by Del Oro and will receive a capital contribution for the acquisition by Del Oro's parent, Utility Management Services, Inc.

By written ruling, the assigned Administrative Law Judge (ALJ) set a telephonic prehearing conference (PHC) for September 27, 2016. On that date, the assigned ALJ convened the PHC to determine parties, discuss the scope, the schedule and other procedural matters. As of the date of this Scoping Ruling, this proceeding is uncontested.

2. Scope

Based on the application and discussion at the PHC, the Commission will consider the following issues:

1. Is Del Oro's acquisition of Benbow reasonable and to the benefit of customers? This will include a review of test results of bacterial and chemical analysis of water supplies to ensure the public safety.
2. Does Del Oro's acquisition of Benbow meet the requirements of Pub. Util Code §§ 851-854 and Rule 3.6(a-h)?
3. Are there any other safety concerns raised by the application?

3. Categorization

The Commission in Resolution ALJ 176-3382, issued on August 18, 2016, preliminarily determined that the category of the proceeding is ratesetting. This scoping memo confirms the categorization. Anyone who

disagrees with this categorization must file an appeal of the categorization no later than ten days after the date of this scoping ruling. (*See* Rule 7.6.)

4. Need for Hearing

The Commission in Resolution ALJ 176-3382 also preliminarily determined that hearings are required. An evidentiary hearing is not necessary at this time; however, it is possible hearings may be needed at a later date. Therefore, the Scoping Ruling does not disturb the Commission's preliminary determination regarding hearings.

5. Request for Supplemental Information²

At the September 27, 2016 PHC, the assigned ALJ requested additional information in order to conduct a thorough and complete review of the application. Del Oro agreed to file on October 11, 2016, on behalf of Del Oro and Benbow, a response to the ALJ's request for information. The response will include the following information:

- 1) An explanation of the expenditures in Line 8 of Schedule B in Exhibit G of the application: Estimated System Cost.
- 2) An explanation of the proposed rate increase contained in Exhibit H of the application and an explanation of how customers benefit from the acquisition of Benbow despite the proposed rate increase.
- 3) An explanation of where in the exhibits information is found to show compliance with Rule 3.6(d) and 3.6(f).

² During the PHC, it came to the light that the Commission's Docket Card does not contain a complete application including all attachments/exhibits. Del Oro will rectify this situation with the Commission's Docket Office and will keep the assigned ALJ apprised of its progress.

6. Ex Parte Communications

In a ratesetting proceeding such as this one, *ex parte* communications with the assigned Commissioner, other Commissioners, their advisors or the ALJ are only permitted as described at Pub. Util. Code § 1701.3(c) and Article 8 of the Rules.

7. Intervenor Compensation

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by October 27, 2016, 30 days after the PHC. At this juncture, this proceeding is uncontested and intervenor compensation is not anticipated.

8. Assigned Commissioner and Presiding Officer

Liane M. Randolph is the assigned Commissioner and Melissa K. Semcer is the assigned ALJ. Pursuant to Pub. Util. Code § 1701.3 and Rule 13.2, Melissa K. Semcer is designated as the Presiding Officer.

9. Filing, Service and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process Office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocols set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Parties are reminded, when serving copies of documents, the document format must be consistent with the

requirements set forth in Rules 1.5 and 1.6. Additionally, Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents.

Rules 1.9 and 1.10 govern service of documents only and do not change the Rules regarding the tendering of documents for filing. Parties can find information about electronic filing of documents at the Commission's Docket Office at www.cpuc.ca.gov/PUC/efiling. All documents formally filed with the Commission's Docket Office must include the caption approved by the Docket Office and this caption must be accurate.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

10. Discovery

In the event that party status is granted to any organization not yet present in this proceeding, discovery may be conducted by the parties consistent with Article 10 of the Rules. Any party issuing or responding to a discovery request shall serve a copy of the request or response simultaneously on all parties. Electronic service under Rule 1.10 is sufficient, except Rule 1.10(e) does not apply to the service of discovery and discovery shall not be served on the ALJ. Deadlines for responses may be determined by the parties. Motions to compel or limit discovery shall comply with Rule 11.3.

11. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures is encouraged to obtain more information at

<http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

12. Schedule

The adopted schedule is:

EVENT	DATE
Prehearing Conference	September 27, 2016
Response to ALJ Request for Supplemental Information Filed and Served	October 11, 2016
Proposed Decision	November 2016 (anticipated)
Comments on Proposed Decision	Within 20 Days of Service of the Proposed Decision
Replies to Comments on Proposed Decision	Within 5 Days of Service of Comments
Anticipated Commission Meeting/Decision	30 Days after but no later than 60 days after the Proposed Decision

The proceeding will stand submitted upon the filing of the October 11, 2016 Response to ALJ Request for Supplemental Information.

The assigned Commissioner or assigned ALJ may modify this schedule as necessary to promote the efficient management and fair resolution of this proceeding.

It is the Commission's intent to complete this proceeding within 18 months of the date this Scoping Memo is filed. This deadline may be extended by order of the Commission. (Pub. Util. Code § 1701.5(a).)

Although not anticipated, if there are any workshops in this proceeding, notice of such workshops will be posted on the Commission's Daily Calendar to

inform the public that a decision-maker or an advisor may be present at those meetings or workshops. Parties shall check the Daily Calendar regularly for such notices.

IT IS RULED:

1. The category of this proceeding is ratesetting. Appeals as to category, if any, must be filed and served within ten days from the date of this scoping memo.
2. Administrative Law Judge Melissa K. Semcer is designated as the Presiding Officer.
3. The scope of the issues for this proceeding is as stated in "Section 2. Scope" of this ruling.
4. Hearings may be necessary but are not scheduled at this time.
5. Del Oro Water Company on behalf of itself and Benbow Water Company shall file and serve by October 11, 2016, a response to the information requested by the Administrative Law Judge at the September 27, 2016 prehearing conference (and contained in Section 5 of this Scoping Ruling).
6. The schedule for the proceeding is set in "Section 12. Schedule" of this ruling. The assigned Commissioner or Presiding Officer may adjust this schedule as necessary for efficient management and fair resolution of this proceeding.

7. With limited exceptions that are subject to reporting requirements, ex parte communications are prohibited. (See Public Utilities Code Section 1701.3(c); Article 8 of the Rules.)

Dated October 6, 2016, at San Francisco, California.

/s/ LIANE M. RANDOLPH

Liane M. Randolph
Assigned Commissioner

/s/ MELISSA K. SEMCER

Melissa K. Semcer
Administrative Law Judge