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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Park Water)
Company (U 314 W) for Authority to Increase)
Rates Charged for Water Service by \$6,491,200)
or 26.16% in 2013, \$1,182,595 or 3.77% in)
2014, and \$1,801,937 or 5.53% in 2015.)
_____)

APPLICATION NO. A.12-01-001

**PARK WATER COMPANY'S (U 314 W)
MOTION FOR INTERIM RATE RELIEF**

David A. Ebershoff, Attorney
Joseph Park, Attorney
Fulbright & Jaworski L.L.P.
555 South Flower Street, 41st Floor
Los Angeles, California 90071
Telephone: (213) 892-9329
Facsimile: (213) 892-9494
Email: debershoff@fulbright.com
Email: jpark@fulbright.com
Attorneys for Applicant
PARK WATER COMPANY

August 13, 2012

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In the Matter of the Application of Park Water)
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**PARK WATER COMPANY’S (U 314 W)
MOTION FOR INTERIM RATE RELIEF**

I. INTRODUCTION

Pursuant to the California Public Utilities Code (“PUC Code”) § 455.2, the rate case plan (“RCP”) for Class A water utilities adopted by the California Public Utilities Commission (“Commission”) in Decision (“D.”) 04-06-018, and the revised RCP for Class A water utilities adopted by the Commission in D.07-05-062, Park Water Company (“Park”) respectfully submits this Motion for Interim Rate Relief (“Motion”). Park seeks this relief only if the Commission is unable to adopt a final decision in this proceeding in time for Park to implement new rates on January 1, 2013.

The Assigned Commissioner’s Ruling and Scoping Memo was issued in application (“A.”) 12-01-001 on March 30, 2012 (“Scoping Memo”), setting a schedule that allows for rates adopted in this proceeding to become effective January 1, 2013, the first day of the first test year in this proceeding. PUC Code § 455.2 requires that the Commission issue a proposed decision on this application for increased rates “in a manner that ensures that the Commission’s decision becomes effective on the first day of the first test year [January 1, 2013]” in a general rate case (“GRC”). If the Commission is unable to adopt a final decision in this proceeding by its December 20, 2012 meeting, Park requests that the Commission authorize it to implement interim rates, effective January 1, 2013, subject to refund or surcharge based on the rates ultimately approved by the Commission.

Park is concerned that a final decision by the Commission may be delayed beyond December 20, 2012. If a final decision were delayed until January 2013 or later, in the absence of interim rates approved by the Commission, the new rates established by the decision in A.12-01-001 could not become effective as of January 1, 2013.

Accordingly, pursuant to PUC Code § 455.2, Park hereby moves the Commission for interim rate relief effective January 1, 2013. Park is entitled to relief under the California Public Utilities Code, Commission precedent supports granting the requested relief, and it is in the public interest to grant interim rate relief to Park. Park requests that the interim rates be based upon the existing rates, subject to upward or downward adjustment to January 1, 2013, consistent with the final rates adopted by the Commission in this proceeding.

II. THE CRITERIA FOR INTERIM RATE RELIEF HAVE BEEN MET

Under the PUC Code, a Class A water utility may request interim rates if the water utility's GRC is not completed by the first day of the first test year in the application:

- (a) The Commission shall issue its final decision on a general rate case application of a water corporation with greater than 10,000 service connections in a manner that ensures that the Commission's decision becomes effective on the first day of the first test year in the general rate increase application.
- (b) If the Commission's decision is not effective in accordance with subdivision (a), the applicant may file a tariff implementing interim rates that may be increased by an amount equal to the rate of inflation as compared to existing rates. The interim rates shall be effective on the first day of the first test year in the general rate case application. These interim rates shall be subject to refund and shall be adjusted upward or downward back to the interim rate effective date, consistent with the final rates adopted by the Commission.

CAL. PUB. UTIL. CODE § 455.2.

There are three criteria to be considered in granting interim rate relief: (1) whether the utility has made a substantial showing that supports a rate increase at least equal to the rate of inflation; (2) whether the delay in completing the GRC proceeding is due to actions by the water utility; and (3) whether interim rate relief is in the public interest. *See* D.06-12-017; D.04-06-018, at 21-24. Park has satisfied each of these criteria.

A. A Rate Increase Equal to the Rate of Inflation is Warranted

As to the first criterion, Park requests an interim rate increase equal to the rate of inflation. Pursuant to extensive testimony and workpapers submitted in support of A.12-01-001, Park has made a strong showing in support of rate increases for 2013 that are in excess of the CPI inflation rate and its current rates. In its Application, Park sought to increase rates by 26.16% for 2013. In DRA's testimony served in support of DRA's protest, DRA proposed an increase of 18.3%. Park and DRA subsequently reached a settlement of all contested issues and, although the Parties have not yet finalized the calculations for the exact rate increases resulting from the Parties' settlement, the increases will be between 18.3% and 26.16%. Thus, there is no question that the rate increases resulting from this Application will exceed the rate of inflation given that the CPI-U for the most recent 12 month period, ending June 30, 2012, was 1.7%. *See* Rate Case Plan, D.07-05-062, at 19 ("Under Section 455.2, interim rate relief is limited to the "rate of inflation." In D.04-06-018, we adopted an index for determining the rate of inflation, the most recent 12 month-ending change in the U.S. Cities CPI-U published by the U.S. Bureau of Labor Statistics.... Consistent with D.04-06-018, this index will be applied to all revenue requirement components except those items included in balancing accounts.")

Given that rates will clearly increase more than the rate of inflation, it would be unfair to require Park to wait until after January 1, 2013 for rate relief, as the establishment of interim rates is a prerequisite to adjusting rates after permanent rates are set by the Commission. Any over-collection or under-collection of rates, plus interest, will be subject to refund or surcharge, respectively, in accordance with PUC Code § 455.2(b). Thus, consideration of the first factor weighs in favor of granting Park's Motion.

B. Park Has Not Caused Any Delay in This Proceeding

The second factor to consider is whether the delay in processing the water GRC is "due to actions by the water corporation." CAL. PUB. UTIL. CODE § 455.2. If the Commission concludes that it is, then the Commission or presiding officer may deny Park's request for interim rates or set a different effective date for the interim or final rates than the date specified in PUC Code § 455.2.

Pursuant to the RCP, Park timely filed its Application on January 3, 2012. Park's Application included a proposed schedule consistent with the 14 month schedule adopted by the RCP. Under Park's proposed schedule, testimony by DRA and other Parties would have been

served by April 9, 2012 and evidentiary hearings, if required, would have been held during the May 7-11, 2012 period. Based on Park's proposed schedule, Park's counsel ensured that their schedules would permit their participation in evidentiary hearings in May.

In its protest to Park's Application, DRA sought a 30-day extension to file its testimony and proposed a schedule which reflected a 30 day extension for DRA to serve its testimony and an approximate 30 day extension on all subsequent dates. Under DRA's proposed schedule, evidentiary hearings would have been held during the June 11-15, 2012 period. In responding to DRA's proposed schedule, Park noted that its counsel were unavailable during the June hearing dates proposed by DRA. At the prehearing conference, ALJ Rochester requested that the Parties submit a joint proposed schedule that worked for both Parties.

Per the joint schedule submitted by the Parties, which was incorporated into the Scoping Memo, evidentiary hearings in this Proceeding, if necessary, were to be held during the July 9-13, 2012 period – two months later than originally proposed in Park's Application. Per the Scoping Memo, all subsequent dates were similarly extended by approximately 60 days, with the proposed decision to be issued on October 30, 2012 instead of August 28, 2012, as originally proposed in Park's Application. On April 27, 2012, ALJ Rochester granted DRA's request for an additional extension for to serve its testimony – from April 27, 2012 to May 2, 2012 – and also extended Park's time to serve its Rebuttal testimony, from May 18, 2012 to May 23, 2012.

On July 3, 2012, prior to the start of evidentiary hearings, the Parties informed ALJ Rochester that they had settled all disputed issues. ALJ Rochester directed the Parties to file their settlement by August 10, 2012. ALJ Rochester subsequently granted the Parties' joint request for a one week extension, such that their settlement would be filed by August 17, 2012. The Parties are in the process of finalizing their settlement agreement to permit the filing of the agreement and related motion for approval of the settlement by August 17, 2012.

The above described events, which resulted in an approximate 60 day delay compared to the schedule originally proposed by Park, were not caused by any action or failure of action by Park. As the Commission noted in D.05-12-024, the new RCP requires the parties to adhere to an ambitious, expedited schedule. If a delay in processing this GRC precludes new rates from becoming effective on January 1, 2013, it is not "due to actions by the water corporation." CAL. PUB. UTIL. CODE § 455.2. Accordingly, the second factor favors granting Park's Motion.

