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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Apple Valley Ranchos Water Company (U346W) for Authority to Increase Rates Charged for Water Service by \$3,896,586 or 20.0% in 2012, \$547,241 or 2.35% in 2013, and \$786,254 or 3.32% in 2014.

Application 11-01-001
(Filed January 3, 2011)

**ADMINISTRATIVE LAW JUDGE'S RULING
GRANTING INTERIM RATES**

Pursuant to Section 455.2 of the Pub. Util. Code,¹ this ruling grants Apple Valley Ranchos Water Company's (Ranchos) motion for interim rate relief of 3.8% effective January 1, 2012. The ruling requires Ranchos to track the difference between interim rates and final rates in an interim rate relief memorandum account subject to refund, consistent with the final rates adopted by the Commission in Application 11-01-001.

The Rate Case Plan adopted in Decision 07-05-062, requires the applicant to file a motion for interim rate relief on or before the date for filing its opening brief, unless a different date is designated by the Presiding Officer. Ranchos' September 29, 2011 motion is timely filed and unopposed.

¹ <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=puc&group=00001-01000&file=451-467>

In its motion Ranchos asserts that it made a substantial showing supporting rate increases for 2012, 2013 and 2014 which are in excess of the consumer price index inflation rate and its current rates. Also, the rate increase proposed by the Division of Ratepayer Advocates, while lower than Ranchos', is still higher than the rate of inflation. Therefore, Ranchos has met its burden under § 455.2.

Ranchos claims that its request for interim rate relief is in the public interest because the Commission has found in the past that delays should not result in either the utility foregoing revenues necessary for just and reasonable rates or the ratepayers paying less (or more) than reasonable rates. Ranchos also asserts that any delay is not due to its actions and therefore the rate case plan requires the Commission to grant interim rate relief pursuant to § 455.2.

The general rate case encompasses all aspects of the company's operations necessary to develop the revenue requirement. An extensive record was developed on all disputed items and the settling parties also filed a partial settlement. There is a substantial likelihood that the final decision will not be timely for new rates to become effective on January 1, 2012.

The Commission recognized in past decisions that the public interest dictates utilities should not be financially harmed or ratepayers benefit from deferred rate increases caused by delays in processing general rate cases. Denying Ranchos' request for interim rates would delay implementing rates consistent with the final rates adopted by the Commission in the pending general rate case. This would financially harm Ranchos and is therefore not in the public interest.

Ranchos seeks to increase rates using the most recent 12 month-ending change in the U.S. Cities Consumer Price Index for All Urban Consumers (CPI-U)

published by the U.S. Bureau of Labor Statistics. The CPI-U for the most recent 12 months ending August 2011 was 3.8%.² (Motion at 3.) I will therefore allow Ranchos to increase rates, subject to refund, by 3.8% pending a final decision in this proceeding.

The criteria for granting interim rate relief set forth in Pub. Util. Code § 455.2 have been met and no party has protested the motion for interim rate relief. For these reasons, Ranchos' motion for interim rate relief is granted.

IT IS RULED that Apple Valley Ranchos Water Company (Ranchos) may file a Tier 1 Advice Letter, to implement interim rates and to establish an Interim Rates Memorandum Account. Ranchos must track the difference between the interim rates and the final rates adopted by the Commission in this proceeding. The interim rates must not become effective before January 1, 2012 and must end upon a final decision in this proceeding. The interim increase is 3.8% based on the August 2011 U.S. Cities Consumer Price Index for All Urban Consumers published by the U.S. Bureau of Labor Statistics.

Dated November 21, 2011, at San Francisco, California.

/s/ DOUGLAS M. LONG

Douglas M. Long
Administrative Law Judge

² <http://www.bls.gov/cpi/cpid1108.pdf> (See Table A at 1.)