

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of California-American Water Company (U210W) and Garrapata Water Company (U212W) for an Order Authorizing Garrapata Water Company to Sell and California-American Water Company to Purchase the Assets of Garrapata Water Company.

Application 12-05-010
(Filed May 8, 2012)

**WITHDRAWAL OF PROTEST OF
THE DIVISION OF RATEPAYER ADVOCATES**

I. INTRODUCTION

Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission, the Division of Ratepayer Advocates (“DRA”) hereby withdraws its Protest to the above-captioned proceeding. DRA’s earlier protest of this proceeding raised issues about the future rates Garrapata customers would be paying for the water, the possible need for a public participation hearing, the degree that Garrapata’s future rates would be integrated with those of Cal-Am’s Monterey service territory, expressed concerns about the adequacy of the customer notice that was sent to Garrapata customers about the proposed acquisition and expressed opposition to Cal-Am’s proposal to incorporate its Garrapata acquisition expenses into its rate base.

On June 21, DRA met with representatives of Cal-Am and the Division of Water and Audits to discuss the acquisition application. During the meeting most of DRA’s concerns about the application were alleviated, or found to be unimportant. For example, Cal-Am informed DRA that Garrapata’s customers’ rates will not be integrated with those of its Monterey service territory and that Garrapata customers will probably see their rates drop as a result of the

acquisition. In addition, Garrapata is an extremely affluent community, thus possible rate increases are not as large an issue in this service territory as in other parts of Cal-Am's system. Moreover, thus far DRA is unaware of any customer interest in this application, making a public participation hearing unnecessary. Finally, Cal-Am agreed with DRA's proposal that the acquisition costs of the Garrapata system should be treated as an expense item rather than a rate base item.

With the withdrawal of this protest; DRA proposes that Cal-Am and DRA enter into a short stipulation agreement that could be approved by the Commission via a Resolution, instead of a formal Commission decision. Thus, it is unnecessary for the Commission to assign an Administrative Law Judge and/or a Commissioner to this application. In the near future, DRA anticipates that it will be in a position to present a stipulation agreement that will form the basis of a resolution to resolve this case.

II. CONCLUSION

Cal-Am's application for the acquisition of the Garrapata Water Company should be approved via a resolution process once DRA and Cal-Am have been able to prepare a stipulation agreement setting out the terms of the acquisition. This application should be treated with alacrity by the Commission.

Respectfully submitted,

/s/ JASON ZELLER

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