



FILED

02-13-12
12:44 PM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of California-American Water Company (U210W) for Authorization to increase its Revenues for Water Service by \$4,134,600 or 2.55% in the year 2011, by \$33,105,800 or 19.68% in the year 2012, by \$9,897,200 or 4.92% in the year 2013, and by \$10,874,600 or 5.16% in the year 2014.

Application 10-07-007
(Filed July 1, 2010)

And Related Matter.

Application 11-09-016

ADMINISTRATIVE LAW JUDGE'S RULING SETTING ASIDE SUBMISSION AND REOPENING THE RECORD FOR THE LIMITED PURPOSE OF SEEKING CLARIFYING INFORMATION FROM THE PARTIES, AND RULING ON VARIOUS PROCEDURAL ISSUES

1. Summary

This ruling seeks clarifying information from the parties on various issues contained in the settlements and briefs. Therefore, submission is set aside and the record is reopened for this purpose.

This ruling also formalizes extension requests made and granted via email, rules on outstanding motions, and corrects an error in the proceeding schedule.

2. Clarifying Information

Diligent review of the record in this proceeding has revealed several apparent inconsistencies or omissions. Efficiency is best served by requesting

that the parties clarify the record or refer the presiding officer to the part of the record addressing her concerns. Therefore, submission is set aside and the record reopened for the narrow purpose of receiving clarifying information from the parties. The issues and requests are set forth below. Parties have five business days from the date of this ruling to file responses. Parties have five business days from the date the clarifying documents are filed to respond.

- Seaside Mains - This is a disputed issue in the Opening Briefs of the Division of Ratepayer Advocates (DRA) and California American Water, Inc. (Cal Am). The reply briefs of both Cal Am and DRA state that the issue is settled. However, I cannot locate any of the settlement documents that address the issue.

Please clarify whether or not the Seaside Mains issue is still in dispute. If not, please specify the section of the settlement where the issue is resolved.

- Domestic Production Activities Deduction (DPAD) - This is a disputed issue, but the primary focus of the parties' testimony is whether or not Cal Am is eligible to take the DPAD. DRA and The Utility Reform Network recommend that the Commission calculate the DPAD using past methodologies, but provide no calculations of their own, or comment on whether the DPAD figures for each district contained in Cal Am's Direct Testimony is an accurate calculation.

The reference given for the DPAD figures in Cal Am's Exhibit A, Chapter 6, Table 6.2 for each of the districts is EXP-700 Wkpr. Cal Am should clarify if the referenced workpaper contains its calculation of the Exhibit A DPAD and specify where this information is in the record. If EXP-700 Wkpr does not provide the calculations of the DPAD figures contained in Exhibit A, please specify the document in the record that contains this information.

- General Office Allocation - In the revenue requirement settlement, parties have agreed that the general office allocation methodology set forth in Cal Am's application should be used. Cal Am's Exhibit A, general office for each district, states, "For a

computation and explanation of these costs, please see the separate General Office and Service Company exhibit. These exhibits explain how those expenses were allocated to each California American operating district.”

Cal Am, please specify the exhibit containing the computation and explanation of the general office expense allocation referenced above.

In addition, Cal Am should provide an Excel spreadsheet of its requested general office allocation calculation containing the aggregate totals for each factor used and allocating the general office expenses by dollar amount and percentage among the districts and any subcategories.

Other parties should provide an Excel spreadsheet of their respective recommended general office allocation calculation containing the aggregate totals for each factor used and allocating the general office expenses by dollar amount and percentage among the districts and any subcategories. Where their respective recommendations differ from Cal Am’s, please provide the basis for the difference including a cite to the recommended adjustment contained in the party’s testimony and/or briefs.

- Overland’s General Office Adjustments - The Overland Report lists 16 recommended adjustments to Cal Am’s general office expense. The settlement resolves 12 of the items and three are disputed items discussed in briefs. Adjustment #6, Non-Dept. (Admin. Expense) is neither settled nor covered in briefs. Please clarify the status of this item.
 - Table 2-1 of the Overland Report (Ex. 31) represent that Cal Am requests general office O&M expense for 2012 of \$37,848, 460 and DRA recommends adjustments that would result in \$27,081,22 of general office O&M expense, yet the table on page 63 of the settlement lists the 2012 general office revenue requirement, with the Overland adjustments, as \$39,237,060. Please reconcile these figures and provide an explanation.

- Settlement of Non-Revenue Water Volumes – On page 4 of the settlement on non-revenue issues, Table 2 proposes non-revenue water figures for the Monterey systems. Granting there is an argument for moving to volumes rather than percentages, the settling parties should also show the proposed outcomes as percentages for comparison purposes with the forecasts in the last general rate case, which is stated in percentages. Therefore, please provide a table that converts the figures in Table 2 to percentages.
- Cal Am/DRA/NRDC settlement and Cal Am/NRDC Settlement
Section I of the Cal Am/NRDC settlement is clearly incorporated into the Cal Am/DRA/NRDC settlement, however, no cost information associated with the development of action plans are included in the settlement. Parties should jointly specify whether or not there are costs associated with these sections of the settlements and if so, where the expenses are reflected in the revenue requirement request.

3. Ruling on Requests for an Extension to Serve Direct Testimony

Via email on February 2, 2012, DRA requested a two-week extension to serve its direct testimony since Cal Am's direct testimony was served late. Via e-mail DRA was granted a one-week extension, until March 9, 2012, to serve its direct testimony.

Via e-mail on February 2, 2012, Towne Development of Sacramento requested an extension, similar to that granted to DRA, for all intervenors to serve their direct testimony. Via e-mail all intervenors were granted a one-week extension, until March 9, 2012, to serve their direct testimony.

These rulings are confirmed here.

4. Ruling on Outstanding Motions

On April 22, 2011 Cal Am filed a motion to incorporate by reference materials from the record of A.07-01-036 regarding consolidation of the Larkfield

District with the Sacramento District. Consolidation of the districts is not within the scope of this proceeding, therefore, the motion is denied.

On May 13, 2011, the Mark West Area Communities Services Committee filed a motion to end the conservation rate design program in the Larkfield District and the associated water revenue adjustment mechanism and balancing account as well as the conservation program. These are issues in the ongoing proceeding, therefore the motion is denied.

5. Proceeding Schedule Correction

In the course of responding to the extension requests, an error in the hearing schedule of the December 12, 2011 revised scoping memo was discovered. May 16, 2012 is listed as the deadline for serving rebuttal testimony. This is incorrect. The correct date for service of rebuttal testimony is March 16, 2012. In all other respects the revised scoping memo remains unchanged.

6. Co-Assigned Judges

Although the co-assigned judges will confer on all matters, primary responsibility for the issues in Phase 2 of this proceeding has been assigned as follows:

Judge Rochester – Procedural Issues, Special Facilities Fees, Rate Design for all districts other than Monterey and the Larkfield Moratorium;

Judge Long – WRAM/MCBA review and Monterey Rate Design.

IT IS RULED that:

1. Submission of Application 10-07-007 is set aside.
2. Parties have five business days from the date of this ruling to respond to the requests for clarification contained in Section 2.

3. Parties have five business days from the date the clarifying documents are filed to respond.

4. All intervenors have a one-week extension, until March 9, 2012, to serve direct testimony.

5. Cal Am's April 22, 2011 motion to incorporate by reference materials from the record of A.07-01-036 is denied.

6. The Mark West Area Community Services Committee's May 13, 2011 motion to end the conservation rate design program and all associated mechanisms is denied.

7. The proceeding schedule is corrected to reflect March 16, 2012 as the date for service of rebuttal testimony. In all other respects, the December 12, 2012 revised scoping memo remains unchanged.

8. The primary responsibility for specific issues in the proceeding are assigned to the co-assigned judges as described in Section 5 of this ruling.

Dated February 13, 2012, at San Francisco, California.

/s/ LINDA A. ROCHESTER

Linda A. Rochester
Administrative Law Judge