

Decision \_\_\_\_\_

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of California-American Water Company (U210W) for an Order Authorizing it to Increase its Rates for Water Service in its Los Angeles District to Increase Revenues by \$2,020,466 or 10.88% in the year 2007; \$634,659 or 3.08% in the year 2008; and \$666,422 or 3.14% in the year 2009.

Application 06-01-005  
(Filed January 9, 2006)

**ORDER MODIFYING DECISION 07-08-030****Summary**

This decision grants an August 29, 2007 Petition to Modify Decision (D.) 07-08-030 (petition) filed by California-American Water Company (Cal-Am). In the petition, Cal-Am requests the Commission include additional tables in D.07-08-030 that would allow Cal-Am to implement the revenue requirement adopted in the decision under Cal-Am's existing rate design until the Commission completes the rate design phase (Phase 2) of this proceeding. We find good cause exists to grant this petition because in D.07-08-030 the Commission removed from consideration in Phase 2 key elements of a pending settlement, thereby changing the scope and schedule of Phase 2.

Specifically, in D.07-08-030 the Commission found that the proposed Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) mechanisms contained in a pending Phase 2 settlement between Cal-Am and the Commission's Division of Ratepayer Advocates (DRA)

should not be considered in this proceeding because these mechanisms and other possible tools to encourage conservation should happen in an industry-wide proceeding.<sup>1</sup>

### **Discussion**

Prior to issuance of D.07-08-030, the Phase 2 schedule provided that Cal-Am and DRA incorporate the Phase 1 adopted revenue requirement into their proposed conservation rate design settlement within 30 days of a final Phase 1 decision. With the procedure and schedule now uncertain, a prehearing conference (PHC) on October 17, 2007 has been scheduled by separate ruling.<sup>2</sup>

No party filed comments on the petition. Accompanying the petition is a separate motion seeking expedited review and approval of the petition. This motion requests the Commission shorten time for comment and grant the petition by September 20, 2007. In order to allow parties adequate time to review the petition and its tables, we did not grant the motion. However, we are expeditiously addressing the petition.

Based on the discussion above, we should modify D.07-08-030 to include as Attachment 4 the four exhibits attached to Cal-Am's petition. Exhibit A to the petition provides adopted quantities for the Los Angeles district, Exhibit B provides a bill comparison and revenue calculation, Exhibit C provides the necessary tariff sheets, and Exhibit D provides the workpapers for the revenue

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<sup>1</sup> D.07-08-030, mailed on August 24, 2007, *mimeo.* at 2-3.

<sup>2</sup> See Administrative Law Judge ruling issued October 4, 2007. Since January 1, 2007, Cal-Am has been authorized under D.06-012-012 to collect an interim rate increase.

calculation. Cal-Am asserts that with this additional information in the record, it can submit an advice letter filing for new rates using its existing rate design.

**Waiver of Comment Period**

This is an uncontested matter that pertains solely to a water corporation as defined in Public Utilities Code Section 241. Pursuant to Rule 14.7 of our Rules of Practice and Procedure, we waive the otherwise applicable 30-day comment period for this decision.

**Assignment of Proceeding**

John A. Bohn is the assigned Commissioner and Christine M. Walwyn is the assigned Administrative Law Judge in this proceeding.

**Findings of Fact**

1. On August 29, 2007, Cal-Am filed a Petition to Modify D.07-08-030 (petition) requesting the Commission include as an attachment to D.07-08-030 additional information that would allow Cal-Am to implement the decision under its existing rate design while Phase 2 of this proceeding is pending. The material requested to be attached to D.07-08-030 are Exhibits A-D of the petition.
2. On August 29, 2007, Cal-Am separately filed a motion for expedited review and approval of its petition by September 20, 2007. The motion did not provide the Commission and parties adequate time to review the attached tables.
3. Good cause exists to grant Cal-Am's petition because in D.07-08-030 the Commission changed the scope and procedural schedule of Phase 2.
4. This is an uncontested matter that pertains solely to a water corporation as defined in Public Utilities Code Section 241.

**Conclusions of Law**

1. We should grant Cal-Am's August 29, 2007 Petition to Modify D.07-08-030.

2. The Commission should modify D.07-08-030 to include Exhibits A-D of the petition (attached hereto as Appendix A) as Attachment 4 to D.07-08-030, and add the following Conclusions of Law 12 and 13:

12. Cal-Am should file an advice letter to implement the new rates adopted in this decision using the tables at Attachment 4. Cal-Am will then modify these rates in accordance with the Commission decision on rate design at the end of Phase 2 of this proceeding.

13. The surcharge to true-up the interim rates authorized in D.06-12-012 should be based on the methodology set forth in D.07-06-028 and should be filed by a compliance letter.

3. Cal-Am's August 29, 2007 motion for expedited treatment should be denied.

4. Pursuant to Rule 14.7 of our Rules of Practice and Procedure, we waive the otherwise applicable 30-day comment period for this decision.

**IT IS ORDERED** that:

1. Decision (D.) 07-08-030 is modified as follows:
  - a. Conclusion of Law 12. California-American Water Company (Cal-Am) should file an advice letter to implement the new rates adopted in this decision using the tables at Attachment 4. Cal-Am will then modify these rates by advice letter in accordance with a Commission decision on rate design at the end of Phase 2.
  - b. Conclusion of Law 13: The surcharge to true-up the interim rates authorized in D.-06-12-012 should be based on the methodology set forth in D.07-06-028 and should be filed by a compliance letter.
  - c. Ordering Paragraph 10. Cal-Am is authorized to file in accordance with General Order 96-B, and to make effective on filing, tariffs as contained in Attachment 4. The revised rates calculated using the information in Attachment 4 shall apply to service rendered on and after the tariff's

effective date. Cal-Am shall then modify these rates in accordance with a Commission decision on rate design at the end of Phase 2.

- d. Ordering Paragraph 11: The surcharge to true-up the interim rates authorized in D.07-06-028 shall be based on the methodology set forth in D.07-06-028 and shall be filed by compliance letter.

2. Exhibits A-D of Cal-Am's petition (attached to this order as Appendix A) should be attached to D.07-08-030 as Attachment 4 and incorporated therein.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.