

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

January 27, 2004

**Agenda ID #3213**  
**Quasi-Legislative**

TO: PARTIES OF RECORD IN RULEMAKING 03-09-005

Enclosed is the draft decision of Administrative Law Judge (ALJ) Bushey. The parties may file and serve written opening and reply comments, and participate in workshops and oral argument on the draft decision as set out below:

Opening Comments Filed and Served	February 17, 2004
Water Division Workshops (exact dates TBD)	February 4-27, 2004
Reply Comments Filed and Served	February 27, 2004
Oral Argument Before Assigned ALJ and Commissioner	March 4, 2004 10 a.m. Commission Hearing Rooms

The page limitations found in Rule 77.3 of the Commission's Rules of Practice and Procedure shall not apply to the opening and reply comments.

The decision is currently scheduled to be placed on the Commission's agenda for the March 16, 2004 meeting. The Commission may act then, or it may postpone action until later. When the Commission acts on the draft decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Other than as set out above, parties' comments on the draft decision shall comply with Article 19 of the Commission's Rules of Practice and Procedure. These rules are accessible on the Commission's Website at <http://www.cpuc.ca.gov>. Finally, comments must be served separately on the ALJ and the Assigned Commissioner, and for that purpose I suggest hand delivery, overnight mail, or other expeditious method of service.

/s/ ANGELA K. MINKIN  
Angela K. Minkin, Chief  
Administrative Law Judge

ANG:hkr

Attachment

Decision DRAFT DECISION OF ALJ BUSHEY (Mailed 1/27/2004)**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the Commission's Own Motion to Evaluate Existing Practices and Policies for Processing General Rate Cases and to Revise the General Rate Case Plan for Class A Water Companies.

Rulemaking 03-09-005  
(Filed September 4, 2003)

**ORDER ADOPTING RATE CASE PLAN****I. Summary**

This decision adopts a revised Rate Case Plan (RCP) that requires Class A water utilities (i.e., those with more than 10,000 service connections) to submit general rate case (GRC) applications on a three-year cycle as required by § 455.2.<sup>1</sup> To accommodate this cycle, we must timely complete our review. We adopt two major process changes designed to ensure that we complete the process within the designated review period. First, we require water utilities to provide all necessary information at the initial stage of the proceeding, rather than over a several month period. Second, we adopt a simplified, inflation-based escalation methodology for two years of the three-year cycle. With these changes, and others reflected in the RCP, the three-year GRC cycle is feasible.

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<sup>1</sup> All citations are to the Public Utilities Code unless otherwise indicated.

## II. Background

The Commission opened this proceeding to update the RCP adopted in 1990. The purpose of the RCP is to provide Class A water utilities with (1) rate case application content guidance, (2) a filing schedule for all Class A water utilities, and (3) a Commission review and evaluation timeline. The impetus for this updating process is § 455.2, which states, in part, that the Commission “shall establish a schedule to require every [Class A] water corporation . . . to file an application . . . every three years.”<sup>2</sup> The current RCP does not provide for a mandatory rate case filing schedule.

The Commission attached a draft revised RCP to its September 4, 2003, order instituting this rulemaking (OIR). That draft contained revised timelines for filing and changes in the content of rate case applications necessary to meet

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<sup>2</sup> Section 455.2 states: (a) The Commission shall issue its final decision on a general rate case application of a water company with greater than 10,000 service connections in a manner that ensures that the Commission’s decision becomes effective on 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 test 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. The Commission may authorize a lesser increase in interim rates if the Commission finds the rates to be in the public interest. If the presiding officer in the case determines that the Commission’s decision cannot be effective on the first day of the first test year due to actions by the water corporation, the presiding officer or Commission may require a different effective date for the interim rates or final rates.

(c) The Commission shall establish a schedule to require every water corporation subject to the rate case plan for water corporations to file an application pursuant to the plan every three years. The plan shall include a provision to allow the filing requirements to be waived upon mutual agreement of the Commission and water corporation.

(d) The requirements of subdivisions (a) and (b) may be waived at any time by mutual consent of the Executive Director of the Commission and water corporation.”

the requirements of § 455.2. The Commission's Water Division held workshops before and after issuance of the OIR, and the parties filed written comments and reply comments on the draft RCP.

### **III. Discussion**

#### **A. Changes Necessary to Implement the Three-Year Rate Case Cycle Created by § 455.2**

Fundamental changes are needed to enable the Commission to comply with the three-year GRC cycle required by § 455.2. The cycle drastically diminishes the Commission's flexibility in conducting its review of GRC applications. We no longer have the option of rescheduling an application to a future date, because all future dates and available staff are fully booked pursuant to the three-year cycle. Similarly, we cannot stretch out a procedural schedule for a particular GRC because other GRC applications (involving the same staff and sometimes other districts of the same utility) will be filed before the GRC is resolved. In the workshops and comments, this interdependence is referred to as the "domino effect."

To avoid the domino effect, each GRC must be filed and processed in accord with the RCP. When the Legislature enacted § 455.2, the Commission explained that it required additional resources to process a GRC for each Class A water utility in the three-year cycle. These additional resource needs are detailed in the Senate Appropriations Committee's analysis of Assembly Bill 2838. Due to budget limitations, these additional resources have not been forthcoming. Consequently, to comply with the three-year requirement with existing resources, we must accelerate our review of GRC applications. Our new RCP accomplishes this goal by making more productive use of the early stages of the proceeding by requiring that utility file all necessary information with the application, and replacing the second test year, with its account-by-account

revenue requirement review, with an inflation-based escalation formula. As stated by the Office of Ratepayer Advocates (ORA): “The revised Proposed RCP makes certain essential changes to current practice that offer the only practical means for the Commission and ORA to meet this increased workload.”

One benefit of the mandatory three-year cycle is that it should nearly obviate the need to rely on interim rates for delayed GRC decisions. The unrelenting cycle will require that each GRC is timely processed.

In the draft RCP attached to the OIR, our staff identified several opportunities for simplification and made proposals. These proposals were discussed in the workshops and comments. Before addressing each major issue, we observe that most comments ignored the need for simplification, and criticized staff’s proposal, without presenting an alternative proposal. Such comments unrealistically assume that the status quo is an option. Simply put, GRC application content and processes must change to enable us to meet the requirements of § 455.2. While we are open to considering other proposals in later refinements to the RCP, to date only our staff has offered a feasible means to meet the requirements of § 455.2.

#### **B. Components of The New Three-Year Rate Case Cycle**

The current RCP provides for two consecutive test years, followed by one attrition year for January filers and two attrition years for July filers. A “test year” is a 12-month period over which projected costs and revenue are evaluated to determine if a rate change is required. This evaluation includes specific review of all projected costs and forecasts of consumer use. In contrast, an “attrition year” provides for rate increases based on an adopted formula.

In the draft RCP that accompanied the OIR, staff proposed eliminating the second test year and attrition year(s) and replacing them with two

“escalation” years. Staff’s ultimate proposal for the two escalation years provided for escalating labor and non-labor costs based on indices published by ORA,<sup>3</sup> and for routine capital investment to be projected based on a five-year average; major capital projects would require specific approval outside the escalation process.

Eliminating the second test year is the cornerstone of staff’s simplification proposal. Going from two test years to one significantly diminishes the staff review needed for a GRC. By building off the test year data, the rates for the final two years in the three-year cycle can be determined within the time constraints of the RCP.

Many of the components of the new three-year rate case cycle were addressed and resolved in the workshops. The definition of “test year” in § 455.2, with its implications for interim rates, and the escalation process, however, require further work. We resolve these issues in the next two sections.

#### **1. “Test Year” as Used in § 455.2**

Standard ratemaking practice uses “test year” to refer to the period over which the cost of service and proposed rates will be evaluated. Two types of test years are used: historical and forecasted (or future) test years. The Commission’s current practice for water utilities is to use two forecasted test years. Using a forecast allows the utility to project expected costs and determine the revenue required to recover those costs, and the Commission to tailor the rate changes to match anticipated cost changes.

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<sup>3</sup> No party objected to the use of these indices.

The Legislature's use of "test year" in § 455.2 requires interpretation because it does not define "test year" and has no clear relation to the Commission's current practice. In adopting § 455.2, the Legislature directed the Commission to "issue its final decision on a general rate case application . . . in a manner that ensures that the commission's decision becomes effective on the first day of the first test year . . . ." The first day of the first test year, however, does not always coincide with the expected effective date of rates sought in the GRC application. Test years are selected based on data availability and utility budgeting schedules, and often, but not always, correspond to calendar years. Under the Commission's current RCP, utilities that file in January use the next calendar year as the test year. Since rates are expected to be effective on January 1 of that next year, the expected effective date corresponds to the first day of the first test year. In contrast, however, utilities that file in July also use the next calendar year as the first test year but the expected effective date is not January 1, the first day of the first test year. The expected effective date is July 1. Thus, as used in § 455.2, "the first day of the first test year" seemingly requires different treatment of January and July filers, but no such intent appears in the statute; indeed, for one utility to have a faster GRC than another utility merely on the basis of the filing date seems inconsistent with the legislative intent. We, therefore, will interpret "test year" so as to enable us to even-handedly apply this statute.

One solution would be to schedule all GRC filings for January, using the following year as the test year. That "solution" would create insuperable workflow and workload issues, and, again, there is nothing in § 455.2 to suggest the Legislature intended to make the RCP harder to implement. Another solution that is easily manageable for both the Commission and the utilities would be to interpret "first day of the first test year" in § 455.2 to

mean the expected effective date of new rates, as provided in the RCP. This interpretation accords the same treatment to January and July filers. It is also consistent with § 455.2 taken as a whole, and with the clear statutory objective of getting rates in place in accordance with the RCP schedule. We, therefore, will adopt it.

Through the workshop process, the parties discussed a variety of specific effective dates for January and July filers. To derive these effective dates, several other dates in the GRC cycle were also discussed. Consensus dates were derived, and we use these dates for the GRC cycle we adopt. (See Appendix, Part II.)

## **2. Escalation of Labor and Non-Labor Expenses, Rate Base Additions**

The utilities generally did not oppose eliminating the second test year but objected to some aspects of the proposed escalation methodology. Staff's initial proposal for escalation years only provided for wage escalation. At the conclusion of the workshops, staff accepted the utilities' recommendation to escalate non-labor costs as well. We approve escalation year rate adjustments for both wage and non-labor costs, using an advice letter process to do so.

Specifically, no less than 60 days before the start of the escalation year, the utility may file an advice letter setting out its calculations and supporting analysis for the escalation year rates. The most recent "Estimates of Non-labor and Wage Escalation Rates" as published by ORA, Energy Cost of Service Branch (ECSB) shall be used as the escalation rates. The test year adopted quantity for the following Summary of Earnings line items shall be increased by the applicable ECSB rate:

LINE ITEM	ESCALATION RATE
Purchased Chemicals	Non-Labor
Payroll	Wage
Pensions and Benefits	Wage
Other O&M and A&G	Non-Labor
Payroll Taxes	Wage
Other Taxes (excluding income)	Non-Labor

For utilities organized with a general office structure, the prorated comparable general office items may also be escalated by the applicable escalation rate. No other amounts may be escalated.

The utility shall also include with its advice letter all data and calculations necessary to show the Weather Normalized Pro-Forma Rate of Return on Recorded Operations, as specified in Guidelines for Normal Ratemaking Adjustments in Connection with the Calculation of Weather Normalized Pro-Forma Rate of Return on Recorded Operations for Water Utilities (10/30/85). The escalation year increase shall be proportionally decreased to the extent the pro-forma rate of return exceeds the authorized rate of return for the 12 months ending in September for January filers and in April for July filers prior to the escalation year.

Besides non-labor costs the utilities would include rate base additions in the escalation adjustments for years two and three of the GRC cycle, but they disagreed among themselves on a methodology for including such additions. Park Water Company recommends using a five-year average percentage increase to escalate rate base for years two and three. California Water Association states that: “a mechanism for escalation of utility plant in

years two and three of the rate case cycle must be allowed,” but offers no specific proposal.

Our staff divided capital additions into two types – routine and major projects. Routine additions are plant investment that the utility makes on a recurring basis, e.g., replacing aged mains, typically with modest costs. In contrast, major projects are unusual and often represent significant levels of cost. Our staff recommended that a five-year average of routine capital investment be added to rate base in each escalation year advice letter filing. For major capital additions, however, staff recommended thorough Commission review in the GRC or a separate application.

We prefer to review proposed capital additions based on a utility’s capital budget. Prudent utility practice would suggest that capital additions be planned and budgeted well in advance. We will, therefore, require water utilities to include a three-year capital budget in each GRC.

Routine capital additions in the escalation years shall be forecasted by the simple average of the last five years of recorded actual capital investment. The recorded actual capital investments shall be adjusted to reflect only routine capital additions and to exclude major capital projects or other nonrecurring items.

Proposals for years 2 and 3 major capital projects may also be presented in the GRC application<sup>4</sup> and must include need analysis, cost comparison and evaluation, conceptual designs, and overall budget. In the GRC decision, the Commission may approve the project and authorize its inclusion in

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<sup>4</sup> The utility also has the option of seeking Commission approval for a major capital addition through the application process.

rate base via an advice letter process, which requires that the utility file an advice letter demonstrating that the project has been constructed as planned and approved, and is ready to be placed in service. ORA and other interested parties would have the opportunity to review the filing and submit a protest if warranted.

Subsequent GRC applications shall be based on actual plant in service, and shall include a report comparing actual capital additions to the authorized amounts included in each of the three years of the previous GRC cycle. The Commission may use this comparison as the basis for adjusting future capital addition estimates for the escalation years.

### **C. Access to Utility Information**

Making the new RCP process work requires that the Commission and its staff have early access to complete information supporting the requested rate increase. In the following sections, we discuss obligations of utilities and other parties to respond to requests for information. We have divided our discussion into three sections based on the stage of the GRC cycle.

#### **1. While No Application or Proposed Application Is Pending**

Pursuant to the Public Utilities Code, the Commission has virtually unlimited access to public utility information at any time. For example, § 314 authorizes the Commission to inspect the “accounts, books, papers, and documents of any public utility.” The Commission is required to audit each public utility with more than 1,000 customers at least once every three years by § 314.5.

ORA has similarly far-reaching authority. As provided in § 309.5(e), ORA “may compel the production or disclosure of any information it deems necessary to perform its duties from entities regulated by the

commission . . . .” Thus, ORA may at any time compel a public water utility to produce any information ORA deems necessary.<sup>5</sup>

Unlike Commission and ORA staffs, prospective intervenors have little basis under the Public Utilities Code for requiring a water utility to disclose information outside of a formal proceeding. However, we encourage utilities to comply with prospective intervenors’ reasonable requests for information.<sup>6</sup>

## **2. While ORA Is Reviewing the Proposed Application**

The purpose of ORA’s review of the proposed application (PA) is to ensure that all information and analysis needed by the Commission to evaluate the rate request is fully presented in the application. To the extent ORA determines that the information in the PA does not meet the applicable standards, ORA will issue a deficiency letter and allow the utility to cure the defects within 15 days.

Thus, during this stage of the process, the utility has the affirmative burden of providing information to ORA. To the extent the utility fails to meet this burden, ORA can issue a deficiency letter. Should the utility disagree with the deficiency letter, the utility may appeal the letter through to the Executive Director.<sup>7</sup>

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<sup>5</sup> While neither § 309(e) nor § 314 is self-executing, the Commission can enforce these statutes through its own processes or by resort to the state courts.

<sup>6</sup> Of course, anyone is entitled to inspect a utility’s tariffs (see § 489(a)), and applications and advice letters submitted to the Commission are public records. Utilities increasingly are providing Internet access to this information, a practice we encourage and, in many cases, require. See, e.g., Decision 01-07-026.

<sup>7</sup> The deficiency letter appeal process is set out in the Appendix at Part IV.3.

### 3. After the Application Is Filed

The formal process begins with the utility filing its application. During the pendency of the GRC application itself, information access is generally subject to the usual rules and procedures governing discovery in Commission proceedings.

Keeping the rate case process on track requires a well-explained and supported GRC application that includes complete workpapers with tables, analysis, calculations, and back-up detail.<sup>8</sup> This information is necessary for the parties to begin their evaluation of the rate request, and inclusion of this information will limit the need for discovery.

To the extent additional information is required, parties can continue to rely on the current system for making discovery requests and resolving discovery disputes through the Rules of Practice and Procedure and our Law and Motion process. We will, however, require a meet and confer process. Specifically, to the extent a utility contends that information sought by a data request is not subject to discovery, the utility must:

1. Meet and confer with the requesting party within five days of receiving the request.
2. Explain the basis for the objection and offer other means to provide the requested information.
3. If the utility asserts that information is privileged, the utility shall maintain a privilege log showing exactly which documents exist, what portions of documents are alleged to be privileged, and the specific basis for each claim of privilege.

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<sup>8</sup> Any information upon which the utility relies but which is not readily available to other parties must be included in the workpapers. A table of contents and cross-references are also essential to comprehensible workpapers.

4. If the parties are unable to resolve the matter, the requesting party may file a motion to compel, and any response to the motion shall be filed and served no later than five days after the motion is filed.

#### **D. Common Forecasting Methodology**

ORA proposed that the final RCP adopt a common forecasting methodology for the number of customers and per customer usage for residential and small commercial customer classes. In its reply comments, ORA proposed modifications to its proposal as a result of continuing discussions with the utilities. We adopt these proposals, as modified.

California American Water Company (Cal-Am) did not oppose adopting common forecasting methodologies, so long as the utility may also propose alternatives. Cal-Am did, however, propose a refinement for treating drought years. Cal-Am noted that ORA proposed to exclude all drought years from the forecast of average consumption per customer. Cal-Am stated that excluding all drought years would tend to result in lower consumption. Cal-Am recommended that the RCP only exclude drought years where the Commission had authorized the utility to recover the lost revenues due to lower consumption through a memorandum account.

Suburban Water Systems (Suburban) opposed ORA's initial proposal to use a simple five-year average for sales forecasting. Suburban stated that such a forecasting methodology would be a major departure from current practice and would result in significant revenue changes for many utilities. Suburban explained that a statistically-sound forecasting methodology based on annual amounts, as ORA proposed, would require 45 to 74 years of annual data to provide sufficient data for a reliable regression analysis. As such data are not available, Suburban concluded that the two methods based on annual data "fall

far short.” Suburban recommended using a particular forecasting methodology with 20 years of monthly data (240 periods) and limiting independent variables to rainfall and temperature.

In reply comments, ORA changed its proposal to the “New Committee Method,” which relies on a multiple regression methodology based on Standard Practice No. U-2 and Supplement to Standard Practice No. U-25. ORA also included several improvements, including using a five-year average for customer growth, basing temperature and rain on a 30-year average, and removing recognized drought periods, but supplementing with additional historical data to obtain 10 years of monthly data.

ORA’s proposal limited rate case participants to using this forecasting method for the first two years of the first three-year rate case cycle. ORA would then require that the Water Division conduct workshops and report to the Commission (no later than June 2005) on whether to change or retain this forecasting methodology.

ORA stated that the modified proposal resulted from its “continuing discussions with the utilities.” The modified proposal addresses Suburban’s and Cal-Am’s most significant concerns. We will, therefore, adopt ORA’s proposal, including the two-year experimental period followed by a recommendation from the Water Division.

We adopt a similar approach for forecasting the return on equity component of cost of capital. We will require that the utilities calculate and report an average of the results from two market-based models—Discounted Cash Flow and Risk Premium—using the proposed new format. The utility shall include this information in its PA and application. In addition, the utility may include any other method for calculating return on equity in support of its requested return on equity.

### **E. Interim Rate Relief**

Section 455.2 permits a utility that is subject to the RCP to request interim rate relief if the Commission has not resolved the utility's GRC by the "first day of the first test year." Here, we discuss the implementation issues raised by interim rate relief.

Before turning to § 455.2, we note that § 454 requires that all rate increases be "justified" through a showing to the Commission. Consequently, any request for interim rate relief must demonstrate that the utility has made a substantial showing in the application supporting a rate increase at least equal to the rate of inflation.

Earlier in today's decision, we interpreted the statutory deadline to refer to the expected effective date of new rates for that filer, as set in the RCP. Another predicate to the award of interim rate relief is that the Commission determine whether interim relief is "in the public interest." A further consideration is the cause for the delay in issuing the final decision. That delay should not be "due to actions by the water corporation."

To request that the Commission make these determinations and award interim relief as appropriate, the utility may file a motion in the proceeding. As provided in our Rules of Practice and Procedure, other parties will have an opportunity to respond to the request. The Presiding Officer will then prepare a decision for the Commission's consideration.

The presiding officer's decision shall address whether the delay in completing the GRC proceeding is "due to actions by the water corporation." Section 455.2(b) authorizes the presiding officer or the Commission to set a different effective date for interim or final rates where the water utility caused the delay. The presiding officer's decision shall specify the utility's actions that

caused the delay and shall include a proposed effective date for interim or final rates.

Where we decide that interim rate relief is appropriate, § 455.2 directs the use of the rate of inflation as a cap in increasing the existing rate. To implement this directive, we will use ECSB's "Estimates of Non-labor and Wage Escalation Rates," as discussed in Section III.B.2 of today's decision.

#### **F. "Companion" Order Instituting Investigation**

ORA requests that the Commission issue an Order Instituting Investigation (OII) for each GRC application to enable the Commission to "hear proposals other than the applicants', and to enable the Commission to enter orders on matters regarding revenue requirements, rates, service, practices, maintenance and facilities." Cal-Am opposes this request. It contends that an OII would only confuse and fragment the rate case process.

We conclude that an OII need not be routinely issued for all GRC applications. The Commission has extensive authority to make appropriate orders in furtherance of the public interest. As provided in Rule 6.3 of the Commission's Rules of Practice and Procedure, the Assigned Commissioner determines the scope of a particular GRC proceeding. The Assigned Commissioner will determine, based on the pleadings and specific facts of the proceeding, which issues will be addressed. All the issues listed by ORA, among other parties, are among the issues the Assigned Commissioner may consider for inclusion in a particular proceeding. Thus, a routine OII is unnecessary.

In extraordinary circumstances, such as the circumstances discussed in the next section, however, an OII may be appropriate. In those circumstances, we will issue an OII, and take other procedural actions as, in our discretion, seem useful or necessary in the exercise of our duties.

### **G. Penalties**

As discussed above, complying with each RCP filing date is essential to maintaining the three-year GRC cycle. Each Class A water utility is responsible for timely filings. In most cases, the possibility of a needed rate increase should ensure timely filings, and penalties will be unnecessary to deter noncompliance.

We can foresee two very different scenarios that could lead to a failure to comply with the schedule, one caused by inadvertent tardiness and the other by recalcitrance. The tardiness scenario could result from poor planning or unanticipated problems in preparing the application. While our current RCP allows us some flexibility to accommodate tardy filings, we are confident that our Class A water utilities will take heed of our insistence on the absolute requirement for timely filings and understand the firmness of the filing dates in this RCP. Utilities that require a short period, i.e., less than 10 days, to complete an application may be able to reach an agreement with ORA for slight schedule modification. Absent such an agreement, however, utilities must adhere to the schedule.

The recalcitrant utility scenario is more troublesome. A utility may wish to avoid Commission rate review where it is currently or anticipates earning above its authorized rate of return. Extraordinary revenue from unexpected sources may also provide an incentive for avoiding GRC review.

Pursuant to § 702, “every public utility shall obey and comply with every order, decision, direction, or rule made or prescribed by the commission . . . .” The Commission has determined that because such compliance is necessary to the proper functioning of the regulatory process, disregarding a statutory or Commission directive is a severe offense. (See Decision 98-12-075, 84 CPUC 2d 155, 188.) The Commission considers severity of

the offense and conduct of the utility as its two general factors in setting fines for violations. The Public Utilities Code gives the Commission discretion in setting fines between \$500 and \$20,000 per offense (§ 2107), and each day of a continuing offense is a separate offense (§ 2108). Thus, any utility that fails to timely file a PA or application is subject to the provisions of these statutes.<sup>9</sup>

While the statutory penalty provisions discussed above will apply in considering a belated GRC from a recalcitrant utility, the Commission may also need to resort to other remedies. For example, the Commission may issue an OII to review the utility's operations and order any actions found necessary. The Commission could also issue an Order To Show Cause (OSC) and direct the utility to justify its failure to timely file its GRC application.

#### **H. Changes to GRC Filing Schedule**

A specific schedule setting out the filing date for each utility, and each district of the multi-district utilities, is included in the RCP (see Appendix, Part V). Section 455.2(c) allows the GRC filing requirement to be waived by mutual agreement of the Commission and the utility. Thus, where the Commission staff and the water utility agree that a GRC filing as provided in the RCP is not needed, the agreement should be presented to the Commission for approval via the advice letter process. The advice letter request for approval must be made on or before the date for filing the PA, and must contain a thorough analysis of current and projected revenue requirements and earnings. Any waiver agreement must also address rescheduling the GRC filing.

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<sup>9</sup> Defects listed in a deficiency letter, and not removed on appeal, must be corrected on or before the due date for the application. The statutory provisions discussed above apply to utility filings that fail to comply with the content requirements or the due date for the application.

#### **IV. Need for a Hearing**

The parties participated in workshops with the Commission staff, filed several rounds of written comments, and presented oral argument to the Assigned Commissioner and ALJ. An evidentiary hearing was not anticipated in the OIR and is not required.

#### **V. Comments on Draft Decision**

The draft decision of the ALJ in this matter was mailed to the parties in accordance with Pub. Util. Code § 311(g)(1) and Rule 77.7 of the Rules of Practice and Procedure. Comments were filed on \_\_\_\_\_, and reply comments were filed on \_\_\_\_\_.

#### **VI. Assignment of Proceeding**

Geoffrey F. Brown is the Assigned Commissioner and Maribeth A. Bushey is the assigned ALJ in this proceeding.

#### **Findings of Fact**

1. The Commission staff held workshops on the issues raised by the OIR. The parties filed several rounds of written comment and presented oral argument.
2. To implement the three-year GRC cycle required by § 455.2, especially while limited to existing staff resources, the Commission must revise the existing RCP and methodologies.
3. Reducing the number of test years from two to one substantially reduces the review necessary for the GRC filing.
4. Staff's proposal to escalate both labor and non-labor revenue requirement components from the test year to the two escalation years is a reasonable means for forecasting costs.

5. Requests for approval of proposed major capital projects must include need analysis, cost comparison, conceptual design, and overall budget.
6. Routine capital additions can be reasonably forecasted by a simple average of the last five years' additions.
7. Timely and efficient discovery is essential to processing rate cases as provided in this schedule.
8. Common forecasting methodologies for number of customers and per customer usage are feasible and useful.
9. A methodology for return on equity using an average of the Discounted Cash Flow and Risk Premium Models is reasonable.

### **Conclusions of Law**

1. Pursuant to § 455.2, the Commission must establish a cycle whereby every Class A water utility files a GRC every three years.
2. The term "test year" as used in § 455.2 should be interpreted to mean "expected effective date of revised rates."
3. Capital projects may be proposed and evaluated in either a GRC or other formal application.
4. The Commission and ORA have statutory rights to virtually all utility information.
5. The utility bears the burden of proving that its Proposed Application meets the requirements of today's decision.
6. To ensure that discovery is handled in a timely and efficient manner, the rules set out in the Opinion for a meet and confer process and maintenance of a privilege log should be adopted.
7. ORA's proposal for common forecasting methodologies is reasonable.

8. The new format proposed for return on equity is reasonable. Parties have the option to include additional methodologies if they so desire.

9. Pursuant to § 455.2, the Commission may authorize interim rates under certain conditions for GRCs included in the RCP. Interim rate increases may not exceed the rate of inflation.

10. Requests for interim rate relief should be made by motion of the utility applicant. The Presiding Officer will then prepare a decision for the Commission's consideration.

11. It is not necessary to routinely issue companion OIIs for each GRC, but the Commission may issue an investigation or show cause order whenever, in its discretion, such an order is appropriate.

12. Pursuant to § 702, utilities must comply with the requirements of all Commission orders, including the filing requirements established in today's decision. Failure to comply with a Commission decision is grounds for fines and other sanctions.

13. Waivers pursuant to § 455.2(c) may be approved by the Commission via the advice letter process.

14. The Rate Case Plan for Class A Water Utilities set out in the appendix to today's decision is consistent with § 455.2, is reasonable, and should be adopted.

**IT IS ORDERED** that:

1. The General Rate Case Plan for Class A Water Utilities set out in the appendix to today's decision is adopted.

2. All Class A water utilities shall comply with the schedule and rate case application content requirements set out in the appendix and discussed in today's decision.

3. This proceeding is closed.

This order is effective today.

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

## **APPENDIX**

### **Rate Case Plan for Class A Water Utilities**

#### General Rate Applications

##### I. Introduction

The following rate case plan (RCP) supercedes the RCP adopted in D.90-08-045 on August 8, 1990. The intention of this RCP, like the 1990 RCP, is “to promote timely processing of such cases, to enable the balancing of the workload of the Commission and its staff over time, and to enable a comprehensive Commission review of the rates and operations of all Class A water utilities” by providing for the acceptance of rate case filings on a specified schedule. In addition, Public Utilities Code Section 455.2 now requires all Class A water utilities, and districts thereof, to file a general rate case (GRC) every three years, and that the Commission process the applications consistent with the RCP.

##### II. General Rate Case Structure and Process

Each utility or each district of a multi-district utility is scheduled to file its GRC once every three years,<sup>1</sup> as specified in Section V. The RCP review period for each filing will be 14 months, beginning with the proposed application filing date and ending with the expected effective date of rates. The deadline for the utility to file its proposed application is either January 5<sup>th</sup> or July 5<sup>th</sup> with the requisite application being filed on the following March 1 and September 1, respectively, as provided below:

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<sup>1</sup> The schedule also includes general office filing dates for the utilities that are organized in that way.

	<b>JANUARY FILERS</b>	<b>JULY FILERS</b>
Proposed Application Filed and Served	January 5	July 5
Application Filed and Served, workpapers to staff	March 1	September 1
Test Year	Calendar year after application is filed (1/1 to 12/31)	Fiscal year after application is filed (7/1 to 6/30)
Effective Date of New Rates	March 1, year following filing	September 1, year following filing
Escalation Year 1	Calendar Year after test year (1/1 to 12/31)	Fiscal Year after test year (7/1 to 6/30)
Escalation Year 2	Second Calendar Year after test year (1/1 to 12/31)	Second Fiscal Year after test year (7/1 to 6/30)

**Example using 2005:**

	<b>January Filers</b>	<b>July Filers</b>
Proposed Application Filed and Served	January 5, 2005	July 5, 2005
Application Filed and Served, workpapers to staff	March 1, 2005	September 1, 2005
Test Year	1/1/06 to 12/31/06	7/1/06 to 6/30/07
Effective Date of New Rates	March 1, 2006	September 1, 2006
Escalation Year 1	1/1/07 to 12/31/07	7/1/07 to 6/30/08
Escalation Year 2	1/1/08 to 12/31/08	7/1/08 to 6/30/09

The “Estimates of Non-labor and Wage Escalation Rates” as published by the Office of Ratepayer Advocates, Energy Cost of Service Branch (ECSB) shall be used as the rate of inflation in any utility motion for interim rates. Pursuant to §455.2(b), the Commission shall only authorize an interim rate increase if it determines such an increase to be in the public interest.

The “Estimates of Non-labor and Wage Escalation Rates” shall also be used for Escalation Years 1 and 2 rate increase requests. Such requests shall cover the period specified above, and may be sought by advice letter filed no later than 60 days prior to first day of the escalation year. The advice letter filing shall include all calculations and documentation necessary to support the requested rate increase. The requested rate increase shall be subject to the pro forma earnings test, as specified in the decision.

Revenue requirement amounts otherwise subject to rate recovery, e.g., through balancing or memorandum accounts, shall not be subject to escalation.

The Advice Letter shall be effective on the first day of the escalation year, subject to the Water Division's determining full compliance with this order. If it is later determined that the Advice Letter is deficient, the Water Division shall inform the Commission and prepare a Resolution to adjust the rates.

Informal communications between applicant and ORA are encouraged at all stages of the proceedings, including the PA review period, in order to facilitate understanding by the parties of their respective positions, to avoid or resolve discovery disputes, and to avoid unnecessary litigation. All information, however, necessary for the Commission to make its decision must be included in the record. While the Commission supports alternative forms of dispute resolution for GRC filings, any resulting agreement, and the record on which it is based, must meet all applicable rate approval standards as well as the standards for settlements. A complete comparison exhibit, with supporting rationale, is essential to supporting any settlement agreement.

## III. Schedule Summary

The target scheduling dates for timely processing of GRC filings, based on number of districts, are set out below. By mutual agreement, ORA and the utility may modify the date for filing the proposed application by no more than 10 days, with all subsequent dates being moved an equal number of days. The assigned ALJ and/or Commissioner shall set the final schedule for each proceeding at or after the PHC.

EVENT	Day Schedule			
	1	2-4	5-6	7-8
1 Proposed Application Tendered	-60	-60	-60	-60
2 Deficiency Letter Mailed	-30	-30	-30	-30
3 Appeal to Executive Director	-25	-25	-25	-25
4 Executive Director Acts	-15	-15	-15	-15
5 <b>Application Filed</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
6 PHC & PPH, if any, Held	5 - 75	6 - 75	7 - 75	8 - 75
7 ORA & Intervenor(s) distribute Reports	97	102	112	122
8 Utility Distributes Rebuttal to ORA and Intervenor Reports	107	112	122	137
9 Formal Settlement Negotiations	112	117	127	142
10 Hearings	122-127	127-132	137-142	158-163
11 Initial Briefs Filed and Served	147	152	167	188
12 Reply Briefs Filed and Served <sup>2</sup>	154	159	174	198
13 ALJ Memo to Water Division	167	174	192	218
14 Water Division provides Tables	225	230	245	266
15 ALJ's Proposed Decision Mailed	237	242	257	278
16 Comments on Proposed Decision	257	262	277	298
17 Reply Comments	262	267	282	303
18 Commission Meeting	277	282	297	318

<sup>2</sup> The detailed and complete comparison exhibit supporting any settlement agreement shall also be filed at this time.

IV. Detailed Schedule

1. Proposed Application (PA) Filed

Day -60 (All Applications)

A. Filing Dates of PA

No later than January 5 for water utilities scheduled to file the final application on March 1, and no later than July 5 for water utilities scheduled to file on September 1.

B. Number of Copies of PA

Seven copies shall be tendered to the Commission’s docket office. In addition, four copies to ORA for single district filings, five copies for multi-district filings, and a copy to the Commission’s Legal Division. All ORA and Legal copies shall include a full set of workpapers.

Applicant shall furnish copies of the PA and workpapers to interested parties on written request.

C. Required Content of PA

A utility’s application for a rate increase must identify, explain, and justify the proposed increase. The PA shall include, but not be limited to, the following:

**Summary of the Requested Increase**

Compare the proposed amounts to the last adopted and last recorded amounts to determine the difference in dollars and percentages. Show the difference, i.e., the proposed increase, in a table as set out below.

Comparison of Proposed Increase to Last Adopted and Recorded Actual Amounts		
	Last Adopted	Last Recorded Year
Total Rev Req \$		
Total Rev Req %		
Rate Base \$		
Rate Base %		
Operating Expenses \$		
Operating Expenses %		
Rate of Return		

### **List of Primary Cost Increases**

The five most significant issues, in terms of dollars, that the utility believes require the rate increase. Identify the cause of the cost increase and include cross-references to explanatory testimony.

### **List of Contentious Issues**

List all issues on which a different outcome is sought on an issue previously addressed by the Commission, either for this utility or another utility, and all significant issues not previously addressed by the Commission. Include the dollar impact of these issues, and a brief summary of the utility's rationale with cross-references to supporting testimony.

### **Results of Operation**

Include draft testimony, with supporting analysis and documentation, describing the utility's overall results of operations. All significant changes from last adopted and recorded shall be explained. Forecasted amounts shall include an explanation of the forecasting method.

The utility shall use the "New Committee Method" to forecast the number of customers and per customer usage for the residential and small commercial customer classes in general rate cases. The number of customers shall be calculated by using the five-year average growth rate. The customer consumption shall be calculated by using a multiple regression based on the material in the "Standard Practice No. U-2" and the "Supplement to Standard Practice No. U-25" with the following improvements:

- Use monthly data for 10 years, if available. If 10 years data is not available, use all available data, but not less than five years of data. If less than five years of data is available, the utility and ORA will have to jointly decide on an appropriate method to forecast the projected level of average consumption.
- Use 30-year average for forecast values for temperature and rain.
- Remove recognized drought periods from the historical data, but replace with additional historical data to obtain 10 years of monthly data, if available.

All operational and maintenance expenses with the exception of off-settable expenses and management salaries should be computed by using inflation adjusted simple five year average escalated for test and subsequent years.

Show results of operation in summary table as specified by the Water Division.

**Regulated Plant In Service**

Include draft testimony, with supporting analysis and documentation, describing the utility's regulated plant in service. All significant changes from last adopted and recorded shall be explained. Forecasted amounts shall include an explanation of the forecasting method. All significant capital additions shall be identified and justified, and must include need analysis, cost comparison and evaluation, conceptual designs, and overall budget. Also include a comparison of the forecasted capital additions adopted in the last GRC and actual capital additions.

In addition to any other methodology the utility may wish to use, the utility shall derive the test year and projected years' estimates by taking the year-end properly recorded plant balance of the latest recorded year and adding to it the average plant additions of the last five years divided by two.

**Revenue Requirement**

Include draft testimony, with supporting analysis and documentation, describing the utility's revenue requirement. All significant changes from last adopted and recorded shall be explained. Forecasted amounts shall include an explanation of the forecasting method.

**Cost of Capital**

Include draft testimony, with supporting analysis and documentation, describing the utility's proposed capital structure and rate of return. In addition to any other methodology the utility may wish to use, the utility shall present return on equity calculations based on an average of results from the Discounted Cash Flow and Risk Premium models in the adopted format. All significant changes from last adopted capital structure and cost of capital shall be identified and explained. Present cost of capital information in summary table as set out below:

**Cost of Capital**

Test Year ____			
Escalation Years ____ and ____			
	Capital Structure	Cost	Weighted Cost
Debt			
Preferred Stock			
Common Equity			
Total	100.00 %		

**Transactions with Corporate Affiliates**

Identify and explain all transactions with corporate affiliates involving utility employees or assets, or resulting in costs to be included in revenue requirement. Include all documentation, including contracts, and accounting detail necessary to demonstrate that any services provided by utility officers or employees to corporate affiliates are reimbursed at fully allocated costs.

**Unregulated Transactions**

To the extent the utility uses assets or employees included in revenue requirement for unregulated activities, the utility shall identify, document, and account for all such activities, including all costs and resulting revenue, and provide copies of all contracts.

**Proposed Schedule**

Include a proposed schedule for the case, which shall be consistent with this RCP.

**Test Period**

The test year shall be consistent with this RCP.

**Other Required Information**

To the extent reasonably available, the utility shall include customer and employee demographics on a district-by-district basis, including ages, races, sex, language, and, for customers only, income levels and number of person in household. Discussion of capital plant additions should include information on

the number of jobs created, and the local economic impacts of the new investment, if any.

**Water Supply and Quality**

Include a thorough discussion of all water supply and quality issues, including whether, since the last district's GRC, the utility has complied with Department of Health Services (DHS) safe drinking water standards. Explain in detail each maximum contaminant level (MCL) exceedence and deviation from accepted water quality procedures. Include a copy of the annual consumer confidence report for each year not covered by the last GRC shall be included. Include a copy of DHS citations, if any, last annual inspection report, and information on all responsive actions taken by the utility.

The utility shall also include a concise list of all major water sources, including the permit number or contract, remaining duration of the entitlement, source of supply, and any pending proceedings or litigation concerning any major source.

**Real Property Subject to Water Infrastructure Improvement Act of 1996**

Include a detailed, complete description accounting for all real property that, since January 1, 1996, was at any time, but is no longer, necessary or useful in the performance of the water corporation's duties to the public and explain what, if any, disposition or use has been made of said property since it was determined to no longer be used or useful in the performance of utility duties. The disposition of any proceeds shall also be explained.

**Rate Increase History Since Last GRC Decision**

Include a list of all rate increases since the last GRC decision, and show the date, percentage of typical residential customer's bill, as well as percentage of revenue requirement, and total dollars, of each increase. Also include citations to Commission authorization for each increase. All increases shall be added to show the total increase since the last GRC.

**Proposed Notice to Customers**

Include a proposed notice to customers that has been approved by the Commission's Public Advisor and which spells out the reasons for the requested increase and estimates average bill increase for a typical customer in each customer class.

**ORA Master Data Request**

Include complete responses to all requests in ORA’s master data request.

**Workpapers**

Include in workpapers all supporting analysis, documentation, calculations, back-up detail, and any other information relied on but not readily available to other parties. Workpapers shall also include copies of all electronic spreadsheets or other analytical methods necessary to fully calculate the effect of any revenue requirement change on final rates. All workpapers must include a table of contents, page numbering, and cross-references to issues discussed in testimony, and must be arranged in a logical fashion.

**Any Other Information Necessary to Meet Utility’s Burden of Proof**

The utility bears the burden of proving that its proposed rate increase is justified and must include in the PA all information and analysis necessary to meet this burden.

D. ORA Evaluation of PA

ORA will review and evaluate the PA to determine whether the PA complies with these requirements. No later than 30 days after the PA is tendered, ORA will inform the utility in writing whether the PA complies. If ORA determines that the PA complies with these rules, then ORA will notify the Commission’s docket office that the docket office should accept for filing a GRC application from that utility at any time within the following 30 days. If ORA determines that the PA does not comply with these rules, then ORA will issue a deficiency letter.

2. Deficiency Letter Issued

No later than 30 days after the PA is tendered, ORA shall issue any deficiency letter, and shall also transmit a courtesy electronic copy of the letter to the utility’s representative on the day of issuance. The deficiency letter shall include a list of the topics on which the PA is deficient. To the extent known, ORA shall describe the information and analysis needed to cure the deficiencies. Upon request, ORA shall promptly meet and confer with the utility. Unless and until the defects listed in the deficiency letter are altered pursuant to the appeals process or cured, the GRC application will not be accepted for filing.

3. Appeal to Executive Director

If the utility disagrees with any or all defects listed in the deficiency letter, the utility may file and serve an appeal to the Executive Director. Service shall include copies to the Executive Director, the Director of the Water Division, the assigned ALJ, and ORA. The utility shall concisely identify the points in the deficiency letter with which it disagrees and shall provide all necessary citations and references to the record to support its claim.

4. Executive Director Acts

No later than 5 days after the appeal is filed, the Executive Director shall act on the appeal by letter ruling served on all parties. Electronic courtesy copies shall also be provided on the day of issuance.

5. Application Filed

Day 0 (All Applications)

No later than 60 days after the PA is filed and ORA has notified the docket office that the PA has been accepted, the utility may file its complete GRC application. All data included in the PA shall be updated to include information that was not available when the PA was filed, and all such changes shall be quantified and explained in a comparison exhibit. The application shall conform to the content of the PA, as approved by ORA, and shall include all final versions of the exhibits and testimony provided in the PA. The utility shall serve copies of the application as provided above for the PA.

Under extraordinary circumstances, a water utility may seek discretionary post-application updates. Any such request must, at a minimum, show that the update sought: (1) causes material changes in revenue requirement, (2) is the result of unforeseeable events, (3) is not off-set by other cost changes, and (4) can be fairly evaluated with proposed schedule changes that have been agreed to by all parties. Any request for an update shall be by made by written motion, with an opportunity for other parties to respond, as provided in the Rules of Practice and Procedure. The assigned Commissioner and/or ALJ shall rule on the motion and, if the motion is granted, shall provide the other parties commensurate additional time to respond and shall set a revised expected effective date for rates.

6. PHC and PPH, if any, Held

Day 5 to 75 (All Applications)

The assigned Commissioner and/or ALJ shall convene a PHC and set the procedural schedule for the proceeding. Such a schedule may include Public Participation Hearings (PPH) if necessary due to public interest. The ALJ and/or Commissioner may also direct the applicant to make information about the rate case

available to the public via other communication channels including the Internet and other means of public outreach. The applicant shall provide notice of the hearings in accordance with Rule 52 of the Rules of Practice and Procedure and any supplemental procedures adopted ORA and/or directed by the ALJ pertaining to notice of hearings.

7. Distribution of ORA and Intervener Reports

Day 97 (1 District)  
Day 102 (2 – 4 Districts)  
Day 112 (5 – 6 Districts)  
Day 122 (7 – 8 Districts)

ORA and any intervenors shall serve their exhibits and prepared testimony on all parties listed on the service list to the proceeding. Two sets shall be submitted to the ALJ. Workpapers shall be included with the set for the applicant and all active parties.

8. Utility Distributes Rebuttal to ORA and Intervener Reports

Day 107 (1 District)  
Day 112 (2 – 4 Districts)  
Day 122 (5 – 6 Districts)  
Day 137 (7 – 8 Districts)

The Utility shall distribute any rebuttal testimony to all parties listed on the service list, with workpapers to all active parties, and two copies to the ALJ.

9. Formal Settlement Negotiations

Day 112 (1 District)  
Day 117 (2 – 4 Districts)  
Day 127 (5 – 6 Districts)  
Day 142 (7 – 8 Districts)

In addition to any informal discussions taking place between or among the parties, a formal settlement conference shall be scheduled and noticed as provided in Rule 51.1(b).

10. Hearings

Day 122 - 127 (1 District)  
Day 127 – 132 (2 – 4 Districts)  
Day 137 – 142 (5 – 6 Districts)  
Day 158 – 163 (7 – 8 Districts)

The assigned Commissioner and/or ALJ shall preside over evidentiary hearings and shall take evidence to prepare the formal record. The assigned Commissioner and/or ALJ may require the parties to jointly prepare a late-submitted comparison exhibit identifying differences between the parties' resolution of the issues, the dollar and percentage effect of the differences, and the reasons for them. Other late-submitted exhibits may also be required. At the conclusion of the hearings, the assigned Commissioner and/or ALJ shall set the briefing schedule and set the date for closing the record and submitting the case for decision by the Commission.

11. Initial Briefs Filed and Served

- Day 147 (1 District)
- Day 152 (2 – 4 Districts)
- Day 167 (5 – 6 Districts)
- Day 188 (7 – 8 Districts)

The parties may file concurrent initial briefs setting out their recommendations on specific issues, with supporting references to the record. ORA and the applicant shall include a comprehensive discussion of the issues as well as an overall summary of all changes to revenue requirement, in dollars and percentages, with resulting rate changes. ORA and the applicant shall address in detail each issue identified by the applicant as "contentious" in the application. The assigned Commissioner and/or ALJ may adopt a uniform topic outline for use by all parties.

12. Reply Briefs Filed

- Day 154(1 District)
- Day 159 (2 – 4 Districts)
- Day 174 (5 – 6 Districts)
- Day 198 (7 – 8 Districts)

Each party may file a brief responding to the issues raised by the other parties in their initial briefs.

13. ALJ Memo to Advisory Staff of Water Division

- Day 167 (1 District)
- Day 174 (2 – 4 Districts)
- Day 192 (5 – 6 Districts)
- Day 218 (7 – 8 Districts)

The ALJ will provide the Advisory Staff of the Water Division with the proposed resolution of issues necessary to prepare appendices and tables for the proposed

decision.

14. Water Division provides Tables

- Day 225 (1 District)
- Day 230 (2 – 4 Districts)
- Day 245 (5 – 6 Districts)
- Day 266 (7 – 8 Districts)

The Water Division will prepare the necessary appendixes and tables and provide them to the ALJ.

15. ALJ's Proposed Decision Mailed

- Day 237 (1 District)
- Day 242 (2 – 4 Districts)
- Day 257 (5 – 6 Districts)
- Day 278 (7 – 8 Districts)

The ALJ's proposed decision shall be filed and served consistent with applicable law and regulations.

In addition to relevant issues raised in the proceeding, each decision: (1) shall discuss utility's district-by-district compliance with water quality standards; (2) unless deviation is otherwise expressly justified in the decision, shall include standard ordering paragraphs providing for escalation year increases subject to an earnings test\*; and, (3) shall include a thorough and complete discussion of parameters for any plant additions authorized for Advice Letter rate base offset filing, including but not limited to, detailed design, use and processing descriptions and cost evaluation.

16. Comments on Proposed Decision

- Day 257 (1 District)
- Day 262 (2 – 4 Districts)
- Day 277 (5 – 6 Districts)
- Day 298 (7 – 8 Districts)

Comments on the ALJ's proposed decision shall be filed and served on all parties

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\* Sample ordering paragraph for escalation should be inserted here. The order should be consistent with the escalation provisions of page 3, last complete paragraph.

consistent with Commission rules.

17. Replies to Comments

Day 262 (1 District)  
Day 267 (2 – 4 Districts)  
Day 282 (5 – 6 Districts)  
Day 303 (7 – 8 Districts)

As provided in Commission rules, the parties may file and serve replies to comments on the ALJ's proposed decision.

18. Expected Commission Meeting

Day 277 (1 District)  
Day 282 (2 – 4 Districts)  
Day 297 (5 – 6 Districts)  
Day 318 (7 – 8 Districts)

The proposed decision may be on the agenda for the first regularly scheduled meeting of the Commission occurring 30 or more days after the date the proposed decision of the ALJ is filed.

Rate Case Plan for Class A Water Utility  
 General Rate Applications  
 V. Class A Water Company Schedule

CALIFORNIA PUBLIC UTILITIES COMMISSION					
WATER UTILITY GENERAL RATE CASE FILING SCHEDULE					
Filing Date	Districts	Utility	Filing Date	Districts	Utility
			<b>July 04</b>	8	CalWater <sup>3</sup> & GO
				1	San Gabriel: GO & LA
<b>Jan 05</b>	8	So Cal: Region III & GO	<b>July 05</b>	8	CalWater
	3	CalAm: GO, Monterey Felton		1	Great Oaks
	1	Park: Apple Valley		1	San Gabriel: Fontana
				1	Suburban
<b>Jan 06</b>	1	So Cal: Region II	<b>July 06</b>	8	CalWater
	1	San Jose		1	Valencia
	3	Cal Am LA Districts			
	1	Park: Central & GO			
<b>Jan 07</b>	7	So Cal: Region I			
	2	Cal Am: Sacramento, Larksfield/Coronado Village			

**(END OF APPENDIX)**

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<sup>3</sup> The specific Cal Water districts to be filed each year were not identified in the workshop process but will need to be listed prior to finalizing the schedule.