

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



Draft Resolution No. W-4812
Agenda ID #9061

November 19, 2009

TO: All Interested Parties in Golden State Water Company's Advice Letter No. 1362-W

Enclosed is draft Resolution No. W-4812 of the Division of Water and Audits. It will be on the Commission's December 17, 2009 agenda. The Commission may then act on this Resolution or it may postpone action until later.

When the Commission acts on the draft resolution, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare a different resolution. Only when the Commission acts does the resolution become binding on the parties.

Parties to this matter may file comments on this draft resolution. An original and 2 copies of the comments, with a certificate of service, should be submitted to:

Division of Water and Audits, Third Floor
Attention: James Boothe
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Parties may submit comments on or before December 9, 2009. The date of submission is the date the comments are received by the Division of Water and Audits. Parties must serve a copy of their comments on all persons on the service list attached to the draft Resolution, on the same date that the comments are submitted to the Division of Water and Audits.

Comments shall be limited to five pages in length plus a subject index listing the recommended changes to the draft resolution, a table of authorities and appendix setting forth the proposed findings and ordering paragraphs.

Comments shall focus on factual, legal, or technical errors in the draft resolution and shall make specific reference to the record or applicable law. Comments which fail to do so will be accorded no weight and are not to be submitted.

/s/ JAMES A. BOOTHE for
Rami Kahlon, Director
Division of Water and Audits

Enclosures: Draft Resolution No. W-4812
Certificate of Service
Service List

DWA/RSK/JB5/jrb

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory BranchRESOLUTION NO. W-4812
December 17, 2009R E S O L U T I O N

(RES. W-4812), GOLDEN STATE WATER COMPANY (GOLDEN STATE). ORDER APPROVING REQUEST TO DISCONTINUE FLAT-RATE WATER SERVICE FOR THE CALIPATRIA-NILAND CUSTOMER SERVICE AREA, TRANSFER ALL FLAT-RATE CUSTOMERS TO METERED RATES UNDER TARIFF SCHEDULE NO. R3-1-R, AND REMOVE TARIFF SCHEDULE NO. R3-2.

By Advice Letter No. 1362-W, filed on November 16, 2009.

SUMMARY

This Resolution grants Golden State Water Company (Golden State) the authority requested in Advice Letter 1362-W to: (1) discontinue flat-rate water service to customers in the Calipatria-Niland customer service area; (2) transfer all flat-rate customers to metered rates under Tariff Schedule No. R3-1-R; and (3) remove the flat-rate Tariff Schedule No. R3-2 from its tariffs.

Golden State submitted Advice Letter 1362-W with a Tier 3 designation in accordance with General Order 96-B, Water Industry Rule 7.3.3(11) for withdrawal of service. Pursuant to Section 4.2 of General Order 96-B, Golden State sent a notice of Advice Letter No. 1362-W to all affected customers in the Calipatria-Niland customer service area. This followed an earlier letter to each flat-rate customer and a meeting on October 29, 2009 to communicate the reason for the transfer from flat rate to metered service, the impact on each customer's average winter and summer bills, and what customers can do to prevent high bills under the metered service rate schedule.

BACKGROUND

The Commission in Decision (D.) 97-05-061 adopted a Settlement resolving a complaint arising out of an earlier Golden State (then known as Southern California Water Company) effort to move to metered service by refusing to provide flat-rate service to new customers. The Settlement required Golden State to complete the task of metering

all service in the Calipatria-Niland customer service area at the earlier of: (1) time when 90% of the services are metered or (2) the year 2010. Golden State reports that earlier in 2009 it completed meter installation to all customers in the Calipatria-Niland customer service area.

The Settlement and D.97-05-061 provide that once all services are metered Golden State will apply to the Commission to discontinue its flat-rate service. By Advice Letter No. 1362-W, Golden State seeks Commission authorization to discontinue its flat-rate service, Tariff Schedule No. R3-2, and move all customers to metered service. Golden State is requesting that Advice Letter 1362-W be made effective January 1, 2010 to coincide with the rate changes expected in its current general rate case for Region 3 (A.08-07-010) that includes the Calipatria-Niland customer service area.

DISCUSSION

In D.97-05-061, the Commission concluded that:

The plan for installing water meters throughout the District by 2010 is in the public interest since metering could allow the utility to defer long-term capital investment to meet future increased customer demand and more stringent water quality standards. (Conclusion of Law No. 4)

This conclusion remains as valid today as when D.97-05-061 was issued. One of the objectives outlined in our December 2005 *Water Action Plan* is to strengthen water conservation programs. We identified metered water service when coupled with increasing block rate design is identified as the principal means to strengthen water conservation incentives. The existing increasing block rates for metered residential water service in Golden State's Region 3 when combined with moving customers to metered service in the Calipatria-Niland customer service area will strengthen water conservation efforts in this service area.

The Commission also concluded in D.97-05-061 that:

Since parties have on their own accord agreed on a plan for installing water meters throughout the District by the year 2010, there is no requirement for the Commission to make § 781 findings with regard to the proposed plan. (Conclusion of Law No. 3)

The Commission has previously concluded that the findings provide for in Public Utilities Code § 781 need only be made when the Commission mandates metering.¹ Assembly Bill 975 (Ch. 495, 2009-2010 Session) modified Public Utilities Code § 781 by having the previous findings, now found in § 781.5, apply only to Class D water companies, those with 500 or fewer service connections. As such, our approval to discontinue flat-rate service and move all existing flat-rate customers to metered service for the Calipatria-Niland customer service area of a Class A water company does not require that we make findings provided for in Public Utilities Code § 781.5.

NOTICE

In compliance with Section 4.2 of General Order 96-B, a notice of Advice Letter No. 1362-W was mailed to all affected customers in the Calipatria-Niland customer service area by first-class mail on November 16, 2009.

COMMENTS

Public Utilities Code § 311(g)(1) provides that resolutions must generally be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. This Resolution was mailed on November 19, 2009 to parties based on the service list attached to Advice Letter 1360, Golden State's earlier request in this matter. Parties are provided 20 days until December 9, 2009 to submit comments. The Commission has shortened its review period of the comments to allow this matter to be considered at the Commission December 17, 2009 meeting that would make Advice Letter No. 1362-W to be effective January 1, 2010. Comments were received from _____ on _____.

FINDINGS AND CONCLUSIONS

1. Golden State Water Company requests authority to: (1) discontinue flat-rate water service to customers in the Calipatria-Niland customer service area; (2) transfer all flat-rate customers to metered rates under Tariff Schedule No. R3-1-R; and (3) remove the flat-rate Tariff Schedule No. R3-2 from its tariffs.
2. Golden State Water Company, a Class A water utility, has approximately 1200 service connections in the Calipatria-Niland customer service area.

¹ See Application of PG&E Co. (1980), D92489, mimeo. P. 14; reaffirmed in Graeagle Water Company, 36 CPUC2d at 571.

3. Golden State Water Company filed Advice Letter No. 1362-W on November 16, 2009 as a Tier 3 filing pursuant to General Order 96-B, Water Industry Rule 7.3.3(11) for withdrawal of service.
4. Pursuant to Section 4.2 of General Order 96-B, Golden State Water Company sent a notice of Advice Letter 1362-W on November 16, 2009 to all affected customers in the Calipatria-Niland customer service area.
5. Decision 97-05-061 adopts a Settlement that requires Golden State Water Company to meter all service in the Calipatria-Niland customer service area by 2010.
6. Golden State Water Company has completed its meter installation program in the Calipatria-Niland customer service area.
7. Ordering Paragraph No. 3 of Decision 97-05-061 provides that once all services are metered, Golden State shall apply to the Commission to discontinue its flat-rate service.
8. Public Utilities Code § 781.5 is not applicable to a Class A water utility.
9. Moving customers to metered service in the Calipatria-Niland customer service area will strengthen water conservation efforts in this service area.
10. Golden State Water Company's request to discontinue flat-rate service throughout the Calipatria-Niland customer service area and transfer existing flat-rate customers to metered service is consistent with the Commission's December 2005 Water Action Plan and in the public interest since metering water service could allow the utility to defer long-term capital investment to meet future increased customer demand and more stringent water quality standards.
11. This is an uncontested matter not subject to the public notice comment pursuant to Public Utilities Code § 311(g)(3).
12. Golden State Water Company's Advice Letter No. 1362-W should be approved.
13. Golden State Water Company's Tariff Schedule No. R3-2 for flat-rate service in the Calipatria-Niland customer service area should be discontinued and existing flat-rate customers should be transferred to metered rates under Tariff Schedule No. R3-1-R effective January 1, 2010.

THEREFORE, IT IS ORDERED THAT:

1. Golden State Water Company's Advice Letter No. 1362-W is approved.
2. Effective January 1, 2010, Golden State Tariff Schedule No. R3-2, flat-rate service, is discontinued and all existing flat-rate customers in the Calipatria-Niland customer service area shall be transferred to residential metered service under Schedule No. R3-1-R
3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 17, 2009; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of Draft Resolution No. W-4812 on all parties in this filing or their attorneys as shown on the attached list.

Dated November 19, 2009, at San Francisco, California.

/s/ JOSIE R. BABARAN

Josie R. Babaran

NOTICE

Parties should notify the Division of Water and Audits, Third Floor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on which your name appears.

SERVICE LIST
DRAFT RESOLUTION No. W-4812

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608 Heber Avenue
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City of El Centro Water Co.
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El Centro, CA 92244

Herber Public Utility District
P O Box H
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City of Holtville Water Co
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