

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's own Motion to Consider a Comprehensive Policy Framework for Recycled Water.

FILED
PUBLIC UTILITIES COMMISSION
NOVEMBER 19, 2010
SAN FRANCISCO OFFICE
RULEMAKING 10-11-014

**ORDER INSTITUTING RULEMAKING
TO CONSIDER A COMPREHENSIVE POLICY FRAMEWORK
FOR RECYCLED WATER**

1. Summary

This Order Instituting Rulemaking (OIR) initiates a rulemaking to develop a comprehensive policy framework for recycled water for regulated Class A and B water utilities and comparably-sized sewer utilities. The Commission recognizes that recycled water¹ is an important source of water that may augment or replace local water supplies for approved non-potable and indirect potable reuse.² While a number of regulated water utilities have provided recycled water to their commercial, industrial and/or residential customers for

¹ Recycled water is defined by California Water Code Section 13050(n) as "water which, as a result of treatment of waste, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource."

² "Regulatory Aspects of Direct Potable Reuse in California," J. Crook, The National Water Research Institute, April, 2010, describes that indirect potable reuse is "generally defined as the augmentation of a drinking water source (surface or groundwater) with recycled water, followed by an environmental buffer that precedes normal drinking water treatment."

over two decades,³ no comprehensive policy framework has guided the Commission's regulation of recycled water development, production and sales. While this OIR anticipates that the Commission's regulation of recycled water will remain for regulatory consideration in distinct General Rate Cases, the principles and guidelines to be addressed in this rulemaking are meant to guide considerations of recycled water in all General Rate Cases.

In particular recognition of the State's long-term need for augmenting local water supplies, the Commission opens this rulemaking to establish a comprehensive policy framework for recycled water which will address water use efficiency, local water supply development and prioritization, water supply reliability, and greenhouse gas (GHG) emissions reductions. The goals for this proceeding also include the enumeration of guiding principles of rate design and the setting of parameters for determining recycled water rates; the reduction and/or elimination of barriers to collaboration between wholesale and retail recycled water purveyors; and the facilitation and/or incentivizing of the use of cost-effective recycled water where it is or can be made available. Finally, this proceeding will address recent, State policy and legislation governing the State's goals for the production, delivery, and use of recycled water, as well as interagency coordination and collaboration to implement recycled water production, sales, and delivery guidelines pursuant to existing state and federal statutes.

³ The table in Attachment A provides a summary of current and potential water recycling by Class A water utilities as reported in party comments in Investigation 07-01-022 on January 27, 2009.

2. Background

In Investigation (I.) 07-01-022 (Water Conservation proceeding), the Commission is considering the relationship between water conservation and water use efficiency measures such as the production and use of recycled water by utilities. As part of the Water Conservation proceeding, Commission staff hosted a June 2009 workshop⁴ which included representatives from Class A water utilities, municipal water agencies and municipal water utilities which have partnered with some Class A water utilities in the production and sales of recycled water, as well as an array of State water regulatory agencies which regulate the production and use of recycled water.

The workshop featured panel discussions and dialogues among the attendees regarding their collaborative regional experiences in the production and delivery of three distinct treatment levels of recycled water,⁵ and identified obstacles which continue to impede the expansion of recycled water production, distribution, and sales by both those utilities currently engaged in purveying recycled water, and those interested in expanding their businesses to include recycled water products. The workshop also considered the requirements of both longstanding recycled water policy, e.g., the Water Recycling Act of 1991, as

⁴ Staff workshop, "Integrated Water Resource Management: Challenges and Opportunities for Water Re-use," was held on June 24, 2009.

⁵ Recycled water includes water treated to three different treatment levels including primary (physical processes removes some of the suspended solids and organic matter), secondary (biological processes involving microorganisms which remove residual organic matter and suspended material), and tertiary/advanced (combinations of chemical, physical and or/biological processes to further remove suspended and dissolved material, and often involves chemical disinfection, and filtration processes) as described in the Department of Water Resources, Water Facts No.23: Water Recycling (<http://www.wue.water.ca.gov/recycle/docs/WaterFact23>).

well as recent State policy changes that have emphasized the importance of recycled water as a source of local water supply for non-potable and indirect potable reuses.⁶ Among other significant water regulatory policies affecting the production and use of recycled water, the workshop also included discussions concerning the Air Resources Board's Scoping Plan for implementation of the Global Warming Solutions Act (Assembly Bill (AB) 32, Nunez, 2006), which calls for enhancing the production and use of recycled water supplies to reduce the consumption of more energy-intensive imported water supplies associated with higher GHG emissions.

The workshop particularly elucidated seven issue areas which must be addressed in order for the water utilities to enhance their production and/or sale of recycled water products. The workshop panelists and participants identified the following issue areas for consideration in a rulemaking dedicated to recycled water:

- Cost allocation for recycled water projects among and between regional and local stakeholders including customers and municipal and investor-owned water and sewer utilities;

⁶ Significant State regulatory policy, regulations and legislation governing recycled water have developed primarily over the past two decades. The major policies, regulations, and/or statutes relevant to this proceeding include the Water Recycling Act of 1991 (California Water Code Section 13575 et seq.); California Code of Regulations Title 22 governing water quality standards for recycled water and associated permit issuance; California Water Code Sections 460 et seq. (the Water Reuse Law of 1974); the Water Recycling Law (California Water Code Section 13500 et seq.); Public Utilities Code Section 455.1; California Public Utilities Commission 2005 Water Action Plan; Air Resources Board Scoping Plan for the Global Warming Solutions Act of 2006; Department of Water Resources Bulletin 160 Update 2009; State Water Resources Control Board 2009 Water Recycling Policy; and the 2010 California 20x2020 Water Conservation Plan (incorporated into 2009 Senate Bill (SB) X7 7, Chapter 4 of the 7th Extraordinary Session).

- Appropriate rate structures and designs for recycled water;
- State water resource and regulatory agency coordination processes for addressing inter- and intra-regional water resource management issues where competing beneficial uses, e.g., enhanced consumption of recycled water by upstream water users versus groundwater recharge commitments by downstream water purveyors, may impact water utilities' recycled water production and use;
- Environmental regulatory issues including those associated with California Environmental Quality Act (CEQA) review requirements and AB 32 implementation; and
- Incentives, goals, penalties for failing to meet goals, and reporting requirements for recycled water production including the consideration of guidelines matching use to type of recycled water.

3. Preliminary Scoping Memo

As required by Rule 7.1(d)⁷ of the Commission's Rules of Practice and Procedure (Rules), this OIR includes a Preliminary Scoping Memo. In this Preliminary Scoping Memo, we describe the issues to be considered in this proceeding and the timetable for resolving the proceeding.

The goal is to develop a comprehensive policy framework for recycled water for Class A and Class B water utilities and comparably-sized sewer utilities. As provided in General Order 96-B, a water utility is designated Class A if it serves over 10,000 service connections, and Class B if it serves 2,001 through 10,000 service connections. While sewer utilities are not classified by

⁷ An order instituting rulemaking shall preliminarily determine the category and need for hearing, and shall attach a preliminary scoping memo. The preliminary determination is not appealable, but shall be confirmed or changed by assigned Commissioner's ruling pursuant to Rule 7.3, and such ruling as to the category is subject to appeal under Rule 7.6.

size, the recycled water policy framework should be applied to comparably-sized sewer utilities, i.e., those with 2,001 or more service connections.

Through the development of a comprehensive recycled water policy framework, we plan to provide greater clarity and guidance to water and sewer utilities that are currently engaged in or anticipate entry into the development, production, conveyance, and/or sale of recycled water products. This proceeding will include workshops addressing the issue areas identified below and will bring groups of relevant experts together to consider the questions enumerated below.

3.1. Issues to be Addressed

In developing this comprehensive recycled water policy framework for water and sewer utilities, the issues to be considered in this proceeding include, but may not be limited to, the following:

Issues Related to Planning

- Determination of quantity, type(s), and use(s) of recycled water currently produced and/or served by the water/sewer utilities.
- Determination of quantity, type(s) and use(s) of recycled water potentially to be produced and/or served by the water/sewer utilities.
- Studies planned or completed by water/sewer utilities on the development and/or retail of recycled water.
- Establishment of mandatory or voluntary delivery and/or production goals for recycled water by type of recycled water.
- Determination of whether the Commission should require utilities to submit recycled water plans.
- Determination of whether the Commission should require public outreach and education to consumers by utilities

engaged in the production, sale, and/or delivery of recycled water.

- Determination of the process for adjudicating service area disputes between Commission-regulated utilities and public/municipal water systems also producing and delivering recycled water.

Issues Regarding Cost Allocation

- Determination of how costs of recycled water infrastructure should be allocated among stakeholders, including customers, investor-owned utilities, and public agencies not regulated by the Commission.
- Determination of whether the Commission should require utilities pursuing joint recycled water projects with public agencies to seek public funds to fund project costs in advance of Commission applications, and whether the Commission should grant interim or partial approval until joint projects under consideration for public funds receive notification regarding funding status.

Issues Regarding Rate Design

- Determination of appropriate rate structures and rate designs for recycled water, such as declining block rates, contracts, and funding of infrastructure by customers expected to receive discounts as a result of the project.
- Determination of how utilities can recover lost revenues if recycled water requires lower rates to incentivize its use.

Issues Related to Inter-agency Coordination

- Development of the process for and the roles of the Commission and utilities in addressing inter- and intra-

regional situations where competing beneficial uses exist in adjudicated water basins where utilities operate.⁸

- Exploration of the prospects for broadening access to public funding for utilities for recycled water projects including identifying the role agencies such as the California Department of Water Resources, the U.S. Environmental Protection Agency, the California Department of Public Health, and the State Water Resources Control Board can play in expanding potential funding recipients to include investor-owned utilities solely, or in collaboration with public agencies.
- Determination of how the California Department of Public Health requirements governing water quality for recycled water affect Commission recycled water policy development.

Issue Regarding Environmental Matters

- Determination of when the Commission should serve as lead agency or responsible agency under CEQA for the evaluation of recycled water projects.
- Evaluation of AB 32-related GHG emissions reduction implications in establishing a recycled water policy and related implications for the overall AB 32 policy implementation framework.⁹

Issues Related to Accountability

- Determination of whether there should be incentives for utilities to meet recycled water goals.

⁸ Competing beneficial uses might exist, for example, if proposed recycled water projects would reduce return flows to a river, thereby reducing the water supply downstream that could be used to recharge local groundwater supplies.

⁹ Enhancing the production and use of recycled water is one of six measures included in the AB 32 Scoping Plan targeting GHG emissions reductions in the water and wastewater sector.

- Determination of whether there should be penalties for utilities failing to meet recycled water goals.
- Establishment of utility reporting requirements for recycled water or inclusion of such water recycling plans as part of a utility's general rate case proceeding.

We also invite parties to identify additional issues that the Commission should consider in this rulemaking.

3.2. Questions

We pose the following questions for all interested parties to address in comments filed in this proceeding. Parties should identify the question to which they are responding.

Questions Related to Planning

1. For each water/sewer company district, what are the quantity, type(s), and use(s) of recycled water currently produced and/or served to customers?
2. For each water/sewer company district, what are the potential quantity, type(s) and use(s) of recycled water which might be produced and/or served to customers?
3. What studies have been planned or completed by water/sewer utilities on the development and/or retail of recycled water?
4. What sources of public funding have been sought by water/sewer utilities either solely, or in partnership with a public agency, for the production and/or delivery of recycled water?
5. With which public agencies have utilities partnered in the production, sales, and/or delivery of recycled water in the past, and with which agencies do they plan future partnerships? Provide a contact person and full address for each identified agency.
6. What should be the mandatory and/or voluntary production and delivery goals for recycled water by water and/or sewer utilities? Should these goals be enumerated by type and/or end use of recycled water?

7. Should the Commission require water and/or sewer utilities to submit recycled water plans? If so, when and what should the plans contain?
8. Should and, if so, how should the Commission require public education and outreach regarding recycled water?
9. What process should be used for adjudicating service area disputes between Commission-regulated utilities and public/municipal water systems also producing and delivering recycled water?

Questions Regarding Cost Allocation

10. How should the costs of recycled water infrastructure be allocated among stakeholders, including customers, investor-owned utilities, and public agencies not regulated by the Commission?
11. Should the Commission require utilities pursuing joint recycled water projects with public agencies to seek public funds to fund project costs prior to the Commission's consideration of project applications? Should the Commission grant interim, partial, or conditional approval pending the outcome of requests for project funding from public funding sources?

Questions Regarding Rate Design

12. What are appropriate rate structures and rate designs for recycled water, such as declining block rates, contracts, and funding of infrastructure by customers expected to receive discounts as a result of the project?
13. If recycled water requires lower rates to incentivize its use, and utilities lose revenue, how should they recover lost revenues, e.g., water revenue adjustment mechanisms and/or modified cost balancing accounts?

Questions Related to Inter-agency Coordination

14. What actions should the Commission and/or regulated utilities take to address inter- and intra-regional situations involving

- utilities where competing beneficial uses exist in adjudicated water basins?
15. How might the access to public funding for recycled water projects be broadened to expand funding resources available to utilities? What role should agencies such as the California Department of Water Resources, the U.S. Environmental Protection Agency, the California Department of Public Health, and the State Water Resources Control Board play in expanding potential funding recipients to include investor-owned utilities solely, or collaboration with public agencies?
 16. How do water quality requirements for recycled water established by the California Department of Public Health affect Commission recycled water policy development?
 17. Should and, if so, how should the Commission's recycled water development goals be coordinated with other State agency goals for recycled water development, reductions in imported water, and reductions in greenhouse gas emissions?

Question Regarding Environmental Matters

18. How should the Commission's recycled water policies consider AB 32 greenhouse gas emissions reductions goals and measures?
19. How should the Commission's recycled water policies consider the State's water use efficiency and energy efficiency goals?
20. When should the Commission serve as lead agency or a responsible agency under CEQA environmental review of recycled water projects?

Questions Related to Accountability

21. What, if any, incentives should be established for utilities to meet recycled water goals?
22. What, if any, penalties should be established for utilities that fail to meet recycled water goals?
23. What should be the reporting requirements regarding recycled water production and sales? Should water recycling plans be included as part of a utility’s general rate case proceeding?

4. Proposed Schedule

For purposes of addressing the issues in this rulemaking, we establish the following tentative schedule, which is subject to change by the assigned Commissioner or the assigned Administrative Law Judge (ALJ):

Proposed Schedule

November 19, 2010	Issuance of OIR
December 8, 2010	Respondents’ Responses to Question 5 (see Section 5 below)
January 18, 2011	Prehearing Conference Statements, including responses to issues and questions in the OIR
February 15, 2011	Responses to Prehearing Conference Statements
March 2011	Prehearing Conference
April 2011	Scoping Memo
May 2011	Workshops
June 2011	Comments on Workshop Issues
July 2011	Reply Comments on Workshop Issues
October 2011	Proposed Decision Mailed for Comment
November 2011	Final Decision on Commission Agenda

Respondents must file responses to Question 5 above by December 8, 2010, as explained in Section 5 below. Respondents are required to, and other parties may, file Prehearing Conference Statements no later than January 18, 2011, which should include responses to the issues and questions identified in the preliminary scoping memo. Responses to questions should be complete and provide a rationale for the response. Comments should include recommended alternative approaches, and discuss the anticipated impact of the recommended approach. All parties may offer any other suggestions regarding policies, practices, rules and procedures to be established for Class A and Class B water utilities and comparably-sized sewer utilities regarding recycled water. The Prehearing Conference Statements should follow the requirements of Rule 6.2, and should include any objections to the preliminary scoping memo regarding the category, need for hearing, issues to be considered, or schedule. Responses to the Prehearing Conference Statements may be filed no later than February 15, 2011.

Following the Prehearing Conference, the assigned Commissioner will issue a scoping memo that determines the category, need for hearing, scope, and schedule of this rulemaking. The ruling, only as to category, may be appealed under the procedures in Rule 7.6. Through the scoping memo and other rulings, the assigned Commissioner, or the assigned ALJ with the assigned Commissioner's concurrence, may adjust the timetable as necessary during the course of the proceeding and establish the schedule for remaining events.

This proceeding will conform to the statutory case management deadline for quasi-legislative matters set forth in Public Utilities Code Section 1701.5 of 18 months.

5. Coordination with Other State Agencies and Local Agencies

The Commission invites comments and encourages participation from governmental entities with interests related to the scope of this proceeding. These entities include the California Air Resources Board, the California Energy Commission, the California Department of Public Health, the California Department of Water Resources, and the State Water Resources Control Board.

We also invite comments from the Association of California Water Agencies and/or its member agencies.

Respondents, which will be bound by the outcome of this proceeding, are listed in Attachment B, and include all Class A and B water utilities including Apple Valley Ranchos Water Company, California Water Service Company, California-American Water Company, Golden State Water Company, Great Oaks Water Company, Park Water Company, San Gabriel Valley Water Company, San Jose Water Company, Suburban Water Systems, Valencia Water Company, Alisal Water Corporation doing business as Alco Water Company, Del Oro Water Company, Inc., East Pasadena Water Company, and Fruitridge Vista Water Company; and all sewer utilities with 2,001 or more service connections, including California-American Water Company-Monterey Wastewater District.

Respondents shall file their responses to Question 5, enumerating the public agencies with which they have previously partnered in the production, sales, and delivery of recycled water, or with which they expect to partner in the future, by December 8, 2010 and shall include a contact person and full address for each entity identified. The assigned Commissioner and/or ALJ should

ensure that all such identified agencies are sent a copy of this OIR, to allow them the opportunity to participate in or monitor the proceeding.

6. Proceeding Category and Need for Hearing

Rule 7.1(d) of the Commission's Rules of Practice and Procedure provides that a rulemaking order "shall preliminarily determine the category and need for hearing, and shall attach a preliminary scoping memo." This rulemaking is preliminarily determined to be quasi-legislative, as that term is defined in Rule 1.3(d). Rule 1.3 (d) states " 'quasi-legislative' proceedings are proceedings that establish policy or rules (including generic policies or rules) affecting a class of regulated entities, including those proceedings in which the Commission investigates rates or practices for an entire regulated industry or class of entities within the industry." This rulemaking will focus on policies and rules of general application. Further, we preliminarily determine that evidentiary hearings are not needed in this proceeding.

Any person who objects to the preliminary categorization of this rulemaking, the determination that hearings are not required, or the schedule shall state their objections in their Prehearing Conference Statements and responses to Prehearing Conference Statements. The assigned Commissioner will make a final category determination in the scoping memo. The final determination as to category is subject to appeal, as set forth in Public Utilities Code § 1701.5 and Rule 7.6(a).

7. Parties and Creation of the Official Service List

The Commission will create an official service list for this proceeding, which will be available at http://www.cpuc.ca.gov/published/service_lists. We anticipate that the official service list will be posted before the first filing deadline in this proceeding. Before serving documents at any time during this

proceeding, parties shall ensure they are using the most up-to-date official service list by checking the Commission's website prior to each service date.

If the OIR names you as a respondent, you are already a party, will be placed on the official service list using the information in Attachment B, and will be bound by the outcome of this proceeding. You or your representative should inform the Process Office of any needed changes to the official service list. All others seeking to be added to the service list shall inform the Commission's Process Office of the below noted information no later than 14 days after the issuance date of this rulemaking via electronic mail

(Process_Office@cpuc.ca.gov) or by postal mail (Process Office, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California 94102):

- Name and entity represented, if any
- Address
- Telephone number
- Email address
- Request for Party, State Service, or Information Only status.¹⁰
- Specify the docket number of this rulemaking in the subject line of the email or letter.

Upon receipt of your information, the Process Office will place your name on the official service list posted on the Commission's website as soon as practicable.

¹⁰ Party status is, in addition to respondents, for those planning to actively participate in this rulemaking through, at a minimum, submission of written comments on the questions raised herein. State Service status is for employees of the State of California who will not be submitting comments. Information Only status is for those who wish to follow the proceeding and receive electronic service of documents associated with it, but who will not be actively participating.

In addition, interested persons may be added to the official service list after this 14-day period, but will only receive service of documents that are filed subsequent to their addition to the service list. You may become a party beyond this 14-day period by filing comments in response to this rulemaking pursuant to Rule 1.4(a)(2) or by making a motion to become a party pursuant to Rule 1.4(a)(3) or (a)(4). A person seeking party status pursuant to Rule 1.4(a)(3) or (a)(4) shall comply with Rule 1.4(b). After the expiration of this 14-day period, you also may have your name added to the official service list, either as State Service or Information Only, upon request to the Process Office (Rule 1.9(e)). A person may change the mailing address or e-mail address for service or the designation of a person for service by sending a written notice to the Process Office and serving a copy of the notice on each person on the official service list (Rule 1.9(e)).

The Executive Director shall serve a copy of this OIR on each respondent (as listed in Attachment B) and on each person on the service list for I.07-01-022 (Water Conservation proceeding). In addition, the Executive Director shall serve a copy of this OIR on the persons listed in Attachment C.

Service and receipt of this order does not confer party status on any person, other than respondents, and does not result in that person being placed on the official service list for this proceeding. You must follow the procedures explained above to become a party and/or have your name placed on the official service list.

8. Service of Documents

After the official service list is issued, parties must use the most up-to-date official service list on the Commission's website when serving documents. In addition, service of all documents filed with the Commission's Docket Office

must be done consistent with Rule 1.9 and Rule 1.10. These rules permit electronic mail (e-mail) service of documents, in searchable format. In this proceeding, parties shall provide concurrent e-mail service to all persons on the official service list for whom an e-mail address is available, including “Party,” “State Service,” and “Information Only” designations.

We encourage electronic filing and e-mail service in this proceeding. Parties can find information about electronic filing of documents at <http://www.cpuc.ca.gov/PUC/efiling>. E-mail service should be made according to Rule 1.10. Parties providing e-mail service should also provide a paper copy to the assigned Commissioner and ALJ. The electronic copy should be in Microsoft Word or Excel formats to the extent possible. The paper copy should be double-sided. E-mail service of documents should occur no later than 5:00 p.m. on the date that service is scheduled to occur.

If you have questions about the Commission’s filing and service procedures, contact the Commission’s Docket Office.

9. Commission’s Public Advisor’s Office

Any person interested in participating in this rulemaking and who is unfamiliar with the Commission’s procedures should contact the Commission’s Public Advisor’s Office in San Francisco at (866) 849-8390 or (415) 703-2074, (TTY-toll free) (866) 836-7825 or (TTY) (415) 703-5282, or in Los Angeles at (866) 849-8391 or (213) 649-4782, or send an e-mail to public_advisor@cpuc.ca.gov. More information about the Public Advisor’s Office is available at the Commission’s website, <http://www.cpuc.ca.gov>.

10. Intervenor Compensation

Any party that expects to claim intervenor compensation for its participation in this rulemaking in accordance with Rule 17.1 of the

Commission's Rules and Practices and Procedure shall file its notice of intent to claim intervenor compensation no later than 30 days after the first prehearing conference or pursuant to a date set forth in a later ruling which may be issued by the assigned Commissioner or ALJ.

11. Ex Parte Communications

This proceeding is subject to Article 8 of the Rules of Practice and Procedure, which specifies standards for engaging in ex parte communications and the reporting of such communications. Pursuant to Rule 8.2(a), ex parte communications will be allowed in this proceeding without any restrictions or reporting requirements unless and until the Commission modifies this determination pursuant to Rule 7.6.

O R D E R

IT IS ORDERED that:

1. The Commission hereby institutes this rulemaking to consider a comprehensive policy framework for recycled water.
2. Class A and B water utilities (Apple Valley Ranchos Water Company, California Water Service Company, California-American Water Company, Golden State Water Company, Great Oaks Water Company, Park Water Company, San Gabriel Valley Water Company, San Jose Water Company, Suburban Water Systems, Valencia Water Company, Alisal Water Corporation doing business as Alco Water Company, Del Oro Water Company, Inc., East Pasadena Water Company, and Fruitridge Vista Water Company), and sewer utilities with 2,001 or more service connections (California-American Water Company-Monterey Wastewater District) are respondents and parties to this

proceeding pursuant to Rule 1.4(d) of the Commission's Rules of Practice and Procedure.

3. The assigned Commissioner or Administrative Law Judge may adjust the schedule identified herein and refine the scope of this proceeding as needed, consistent with the requirements of the Rules of Practice and Procedure.

4. The Executive Director shall cause this Order Instituting Rulemaking to be served on all respondents, as identified in Attachment B; the service list for Investigation 07-01-022; and representatives of California and federal agencies and industry groups, as identified in Attachment C.

5. An official service list for this proceeding shall be created by the Commission's Process Office and posted on the Commission's website (www.cpuc.ca.gov) as soon as practicable. Parties may also obtain the official service list by contacting the Process Office at (415) 703-2021.

6. Interested persons shall follow the directions in Section 7 of this Order Instituting Rulemaking to become a party or be placed on the official service list.

7. The category of this rulemaking is preliminarily determined to be "quasi-legislative" as that term is defined in Rule 1.3(d) of the Commission's Rules of Practice and Procedure.

8. It is preliminarily determined that evidentiary hearings are not needed in this proceeding.

9. Respondents shall file Responses to Question 5 listed in section 3.2 above by December 8, 2010. The assigned Commissioner and/or Administrative Law Judge shall ensure that all agencies identified in the Responses to Question 5 are sent a copy of this Order Instituting Rulemaking,

10. Respondents shall, and other parties may, file Prehearing Conference Statements addressing the issues and questions identified in this order and

scope, schedule, category, need for hearing, and other procedural issues by January 18, 2011. Respondents do not need to repeat information filed previously in their Responses to Question 5, as described in the preceding Ordering Paragraph. Parties may file Responses to the Prehearing Conference Statements by February 15, 2011.

11. Parties serving documents in this proceeding shall comply with Rule 1.10 of the Commission's Rules of Practice and Procedure regarding electronic mail (e-mail) service. Parties providing e-mail service shall also provide a paper copy to the assigned Commissioner and Administrative Law Judge.

12. A party that expects to request intervenor compensation for its participation in this rulemaking shall file its notice of intent to claim intervenor compensation no later than 30 days after the first prehearing conference or pursuant to a date set forth in a later ruling which may be issued by the assigned Commissioner or Administrative Law Judge.

13. Ex parte communications in this rulemaking are governed by Rule 8.2(a) of the Commission's Rules of Practice and Procedure.

This order is effective today.

Dated November 19, 2010, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
TIMOTHY ALAN SIMON
NANCY E. RYAN
Commissioners

ATTACHMENT A

Class A Water Utilities Recycling Potential¹

Company	Recycled Owner	Current Use (acre-feet (AF))	Irrigation/Potable Reuse/Both	Potential (AF)	Studies	Receive Imported Water	Other
California-American	Yes	826	Irrigation	Unknown	None	Yes	Would use indirect potable reuse in Monterey as part of a regional water supply project
Cal Water	No	5,169	Industrial	102,240	In process	Yes	Master plan includes recycled water feasibility
Golden State	No	830	Irrigation	Unknown	None	Yes	Contribute to UCI Urban Water Research Center
Great Oaks	No	0	None	Unknown	None	No	Prevented recycled water for irrigation due to water quality concerns
Park	No	404	Irrigation	Unknown	None	Yes	LA County Sanitation District Provides Recycled Water
San Gabriel	No	1,101	Irrigation	44,504	None	Yes	1,732 AF proposed in A.08-07-009
San Jose	No	1,400	Irrigation	40,000	In process	Yes	
Suburban	No	0	None	47,342	Completed (2006)	Yes	Regional recycled water master plan has cost shares worked out
Valencia	No	470	Irrigation	23,000	By wholesaler	Yes	"Valencia plans to deliver approximately 12,200 over the next 20 to 30 years."

¹ Presented in I.07-01-022, Supplemental Comments of the Division of Ratepayer Advocates on Phase 2 Issues, Attachments, January 27, 2009.

(END OF ATTACHMENT A)

ATTACHMENT B

Respondents

Alisal Water Corporation
Thomas R. Adcock, President
249 Williams Rd.
Salinas, CA 93905

Apple Valley Ranchos Water Company
Leigh K. Jordan, Senior Vice President
Revenue Requirements
c/o Park Water Company
P.O. Box 7002
Downey, CA 90241

California Water Service Company
Francis S. Ferraro, Vice President
Regulatory Affairs
1720 North First Street
San Jose, CA 95112

California-American Water Company
Lesley Silva, Oper. Superintendent
511 Forest Lodge Rd., Ste. 100
Pacific Grove, CA 93950

California-American Water Company
David P. Stephenson, Rate Regulation Manager
4701 Beloit Dr.
Sacramento, CA 95838

Del Oro Water Company, Inc.
Robert S. Fortino, President
Drawer 5172
Chico, CA 95927

East Pasadena Water Company
Lawrence Morales, Vice President/General
Manager
3725 East Mountain View Avenue
Pasadena, CA 91107

Fruitridge Vista Water Company
Robert C. Cook, Jr., Manager
1108 Second Street, Ste. 204
Sacramento, CA 95814

Golden State Water Company
Keith Switzer, Manager
Tariffs and Special Projects
630 East Foothill Blvd.
San Dimas, CA 91773

Great Oaks Water Company
John Roeder, CEO
20 Great Oaks Blvd., Ste 120
P.O. Box 23490
San Jose, CA 95153

Park Water Company
Leigh K. Jordan, Senior Vice President
Revenue Requirements
P.O. Box 7002
Downey, CA 90241

San Gabriel Valley Water Company
Michael Whitehead, President
11142 Garvey Avenue
P.O. Box 6010
El Monte, CA 91734

San Jose Water Company
Palle Jensen, Director – Regulatory Affairs
110 West Taylor Street
San Jose, CA 95196

Suburban Water Systems
Robert L. Kelly, Vice President – Regulatory
Affairs
1211 East Center Court Dr.
Covina, CA 91724

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Valencia Water Company
Robert Diprimio, Managing Director
24631 Avenue, Rockefeller
Valencia, CA 91355

(END OF ATTACHMENT B)

ATTACHMENT C
State and Federal Agencies and Industry Groups

State Agencies:

James Goldstene, Executive Officer
California Air Resources Board
California Environmental Protection Agency
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