

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of California-American Water Company (U 210-W) for an order authorizing it to change its rates for water service in its Village District to decrease revenues by (\$1,254.0) or (6.36%) in the year 2005, to decrease revenues by (\$24.9) or (0.13%) in 2006, and to increase revenues by \$4.7 or 0.03% in 2007.

A.04-03-024

**PROTEST OF THE OFFICE OF RATEPAYER ADVOCATES TO THE APPLICATION OF CALIFORNIA-AMERICAN WATER COMPANY FOR AUTHORITY TO ADJUST RATES IN ITS VILLAGE DISTRICT**

Pursuant to Rules 6(a)(2) and 44.1 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Office of Ratepayer Advocates (“ORA”) files this protest to Application (“A.”) 04-03-024 of California-American Water Company (“Cal-Am”) for authority to change its rates for water service in its Village District.

While ORA has not completed its review of Cal-Am’s application, ORA has identified several issues that it intends to review and address in evidentiary hearing. Those issues include, among other things, Cal-Am’s requested cost of capital, its forecast of sales and operating revenue, its estimated expenses, and its proposed additions to plant.

ORA also notes concerns with Cal-Am’s proposal to defer rate decreases that would otherwise occur in 2005 and 2006. It appears from Cal-Am’s statements in paragraph 3.8 of its application that deferral of rate adjustments is permitted by

Commission decision (“D.”) 02-12-068. Cal-Am is incorrect. This decision defers only rate increases and not rate decreases. (D.02-12-068, Appendix B, Condition 1.) Cal Am’s proposed rate decreases in 2005 and 2006 should not be deferred. In addition, if the Commission ultimately decides that there should be a rate decrease in 2007, this decrease also should not be deferred.

ORA agrees with Cal-Am’s proposed categorization of this proceeding as ratesetting and agrees that hearings will be necessary to resolve these and other issues raised in Cal-Am’s application. Accordingly, ORA requests that the Commission hold a prehearing conference to set a date for a public participation hearings and to establish a schedule for the remainder of the proceeding.

ORA requests that the Commission consolidate this application with Cal-Am’s Application 04-03-023 for its Coronado District. ORA proposes the following schedule that is based, in part, upon the rate case plan schedule for two districts adopted by the Commission in D.90-08-003. ORA departs from the schedule to allow Cal Am an opportunity to file rebuttal testimony, to give parties adequate time to discuss settlement prior to hearings, and to allow for reply briefs.

Cal-Am updates due	April 21, 2004
Public Participation Hearings	May 17-21, 2004
ORA testimony issued	July 6, 2004
Cal-Am issues rebuttal testimony	July 21, 2004
Settlement discussions	July 26-30, 2004
Hearings	August 11-13, 2004
Opening Briefs	September 2, 2004
Reply Briefs	September 9, 2004

Respectfully submitted,

/s/ Monica McCrary

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April 21, 2004

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the foregoing document  
**“PROTEST OF THE OFFICE OF RATEPAYER ADVOCATES TO THE  
APPLICATION OF CALIFORNIA-AMERICAN WATER COMPANY FOR  
AUTHORITY TO ADJUST RATES IN ITS VILLAGE DISTRICT”** in  
A.04-03-024.

A copy was served as follows:

[ X ] **BY E-MAIL:** I sent a true copy via e-mail to all known parties of record  
who have provided e-mail addresses.

[ X ] **BY MAIL:** I sent a true copy via first-class mail to all known parties of  
record.

Executed in San Francisco, California, on the 21st day of April, 2004.

/s/ NELLY SARMIENTO

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NELLY SARMIENTO