

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

In the Matter of the Application of San Gabriel Valley Water Company (U 377 W) for Authority to Implement a Low-Income Rate in Its Los Angeles Division in Compliance with Decision 02-10-058 in Application 01-10-028.

Application 03-04-025

**JOINT ASSIGNED COMMISSIONER AND  
ADMINISTRATIVE LAW JUDGE'S RULING  
SETTING PREHEARING CONFERENCE**

**Summary**

This ruling sets a prehearing conference (PHC) and encourages all interested parties to file and serve PHC statements.

**Background**

San Gabriel Valley Water Company (San Gabriel) filed this application to comply with Decision (D.) 02-10-058. In that decision, the Commission directed San Gabriel to re-file its low-income rate proposal and to address several program design and ratemaking issues:

San Gabriel's proposed California Alternative Rates for Water tariff is rejected. Within 180 days of the effective date of this order and in consultation with the Commission's Water Division, San Gabriel shall file an application with a low-income water rate proposal that fully and completely addresses the matters discussed in this Order and contained in Pub. Util. Code § 739.8 including but not limited to: availability of the program to all low income families served with water directly or indirectly by San Gabriel; costs of the program; conservation effects of the program; and ratemaking treatment of program costs.

D.02-10-058, Ordering Paragraph 12.

In this application, San Gabriel has proposed a California Alternative Rates for Water (CARW) tariff that is substantially similar to the proposed tariff rejected in D.02-12-058. Here, however, San Gabriel has included testimony that addresses some of the issues raised by the Commission.

On May 28, 2003, the Commission's Office of Ratepayer Advocates (ORA) filed a protest to San Gabriel's application. ORA stated that the Commission should dismiss the application without prejudice and open an industry-wide rulemaking to address low-income rates.

**Additional Information Required**

As quoted above, the Commission directed San Gabriel to address several issues in its revised filing. Additional information is required:

1. Availability of the program to all low income families served with water directly or indirectly by San Gabriel

In D.02-10-058, the Commission observed that the proposed CARW tariff would be available only to customers residing in single-family dwellings, but that multi-family dwellings tend to be more affordable. The Commission concluded that San Gabriel had not demonstrated that its proposed CARW tariff would be equitably offered to low-income persons.

San Gabriel's latest CARW tariff has deleted the explicit requirement for a single-family dwelling. However, the practical implications of the tariff are the same. Only direct customers of San Gabriel are eligible for the reduced rates.<sup>1</sup> As a consequence, "indirect" customers, *e.g.*, apartment residents, will not be able to obtain the discount. An analysis of what fraction of income-eligible

---

<sup>1</sup> San Gabriel included a detailed discussion of its rationale for this requirement.

persons are not direct customers would be helpful in evaluating this component of the proposed tariff.

2. Costs of the program

The estimated costs of San Gabriel's proposed program are needed to enable us to realistically evaluate the proposal, as well as compare it to other possibilities.

**Program Options for Considerations**

San Gabriel, and other interested parties, may want to consider other options for delivering the discount. Two such options are:

- A. Coupons San Gabriel could create and make available to low-income residents in its service territory coupons for water service. The coupons would have a set value, say, \$5.00, and would be redeemable only as payment for a San Gabriel water bill. Direct customers of San Gabriel could redeem the coupons when paying their bill. Indirect customers, however, would have to rely on their landlord to accept the coupons on a dollar-for-dollar basis in rent payments. The landlord would then use the coupons to pay the water bill. Thwarting falsification of coupons is an issue that would need to be addressed, as well as ensuring landlord cooperation.
- B. Electric Bill San Gabriel proposes to use the same eligibility standards for its CARW program as electric utilities use for electric low-income discount programs. Thus, all residents of the San Gabriel service territory who qualify for electric utility discount programs will also qualify for the water service discount. San Gabriel could contract with the electric utility to deliver the water discount via the electric bill. General experience suggests that while many apartment buildings do not separately meter water, many do separately meter electricity. Consequently, more income eligible residents could receive the discount if distributed by the electric bill. Such a program would have enhanced convenience for

participants but would require electric utility cooperation and cost reimbursement.

### **Low-Income Oversight Board**

Pursuant to P.U. Code § 382.1, the Low-Income Oversight Board (LIOB) serves as a liaison for the Commission to low-income gas and electric ratepayers and representatives. The LIOB has experience and expertise in developing and implementing low-income rate proposals. We would welcome any comments and suggestions the LIOB might have on San Gabriel's proposed tariff, as well as other options for water utilities to offer rate relief to low-income persons.<sup>2</sup>

### **Prehearing Conference**

A PHC will be held:

**Thursday, December 11, 2003**  
**1:30 p.m.**  
**Commission Hearing Rooms**  
**505 Van Ness Avenue**  
**San Francisco, California**

The purpose of this PHC is to have a thorough discussion of the general objectives of low-income tariffs, the issues raised by this application, and any other feasible and fair alternatives. We will also consider ORA's recommendation that the Commission consider low-income tariffs in a rulemaking proceeding and dismiss this application.

In advance of the PHC, we encourage the formal parties, and other interested entities as well, to meet and confer regarding these issues. All are also encouraged to file and serve PHC statements setting out any additional issues, information, and policy considerations. San Gabriel shall file and serve a PHC

---

<sup>2</sup> We will add the LIOB on the service list for this proceeding.

statement with an estimate of the number of income eligible service territory residents that would not receive the discount as currently proposed, as well as any other factual or policy statements. PHC statements shall be filed and served no later than December 4, 2003.

**IT IS SO RULED.**

Dated October 21, 2003, at San Francisco, California.

/s/ Maribeth A. Bushey  
Maribeth A. Bushey  
Administrative Law Judge

/s/ Carl W. Wood  
Carl W. Wood  
Assigned Commissioner

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Joint Assigned Commissioner and Administrative Law Judge's Ruling Setting Prehearing Conference on all parties of record in this proceeding or their attorneys of record.

Dated October 21, 2003, at San Francisco, California.

/s/ Antonina V. Swansen  
Antonina V. Swansen

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

\*\*\*\*\*

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, *e.g.*, sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.