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A2501001

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN GABRIEL VALLEY WATER COMPANY (U337W) for Authority to Increase Rates Charged for Water Service in its Los Angeles County Division by \$13,758,500 or 13.2% in July 2026, \$4,535,700 or 3.8% in July 2027, and \$4,867,900 or 4.0% in July 2028, and in its Fontana Water Company division by \$12,335,200 or 12.7% in July 2026, \$4,368,100 or 3.9% in July 2027, and \$4,467,900 or 3.9% in July 2028, and related relief.

Application 25-01-001

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

On January 2, 2025, San Gabriel Valley Water Company (San Gabriel Water or the Applicant) filed its application for authority to increase rates charged for water services in its Los Angeles County Division and Fontana Water Company Division (Application).

On February 3, 2025, the Public Advocates Office of the California Public Utilities Commission (Cal Advocates)¹ timely filed a protest (Protest). On February 7, 2025, San Gabriel filed its reply (Reply).

A prehearing conference (PHC) was held on April 10, 2025, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. After considering the Application, Protest, Reply and discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo.

2. Issues

The issues to be determined or otherwise considered are:

1. The adoption of just and reasonable rates that will permit San Gabriel Water to provide safe and reliable service and provide an opportunity for it to earn a reasonable return on investment;
2. Whether San Gabriel Water adequately justified the requested increases and other reliefs it seeks in its application such that the Commission should authorize it to increase its rates and grant the requested reliefs it seeks as set forth in the application;
3. Whether San Gabriel Water's estimated revenue, expenses, plant, and rate base for Test Year 2026-2027 (and escalation years 2027-2028 and 2028-2029) are just and reasonable;
4. Whether San Gabriel Water's results of operations model and all other calculation methods are both reliable and just and reasonable, including but not limited to escalation rates, contingencies, depreciation, pension and benefits accruals, projected tax expenses, tax deferrals, and treatment of any excess deferred tax reserves, etc.;

¹ Cal Advocates is the Public Advocates Office as defined by Senate Bill 854 (Chapter 51, Statutes of 2018).

5. Whether San Gabriel Water's estimates for operating expenses, capital additions, and its operations are reliable and just and reasonable;
6. Whether to grant, modify, or deny the five special requests:
 - a. To authorize San Gabriel Water's request to transfer the balances recorded in the Catastrophic Event Memorandum Accounts, Water Conservation Memorandum Accounts, and Payment Options Memorandum Account to the previously authorized balancing accounts for each division, and to the extent the one-way Conservation Program Balancing Accounts are under-spent (*i.e.* over-collected) as of June 30, 2026, refund such balances by Tier 2 advice letter, or to the extent such balancing accounts are over-spent (*i.e.* under collected) as of June 30, 2026, reset the July 1, 2026 balance(s) to zero;
 - b. To authorize San Gabriel Water's request to open a balancing account to record and track for future refund or recovery through rates the differences between the actual costs recorded for postretirement benefits other than pension and the amounts adopted for ratemaking purposed in this and future General Rate Cases;
 - c. To authorize San Gabriel Water's request to incorporate into the final rates adopted in this proceeding, the most recent escalation rates published by Cal Advocates as well as the most recent annual change in the consumer price index;
 - d. To authorize San Gabriel Water's request that the Commission should issue an interim decision allowing San Gabriel to implement interim rates at the levels reflected in the potential settlement agreement, subject to adjustments when a final decision is adopted; and
 - e. To authorize San Gabriel Water's request to incorporate into the final decision any changes to base rates that occur after the filing of this Application and before the start of the Test Year beginning July 1, 2026. These

changes include, but are not limited to, escalation years filings, water and power cost offset filings, and changes in San Gabriel Water's adopted rate of return.

7. Whether San Gabriel Water's water quality meets all applicable state and federal drinking water standards and other provisions of General Order 103-A and whether San Gabriel Water complies with all Commission rules, decisions, and statutes;
8. Evaluate the adequacy of San Gabriel Water's customer service;
9. Whether there are any safety concerns include, but are not limited to, water quality, operational safety, asset safety or consumer safety; and
10. Whether the Application aligns with or impacts the achievement of any of the goals of the Commission's Environmental and Social Justice Action Plan.

3. Need for Evidentiary Hearing

Cal Advocates protested the Application. Many of the issues are contested, resulting in material issues of fact which are in dispute. It is likely parties will require evidence on these disputed factual issues to be presented. As such, I find that evidentiary hearings are needed.

4. Schedule

The following schedule is adopted here and may be modified by the assigned Commissioner or Administrative Law Judge (ALJ) as required to promote the efficient and fair resolution of the Application:

Event	Proposed Schedule
Application Filed	January 2, 2025
Protests Due	February 3, 2025
Prehearing Conference	April 10, 2025
Public Participation Hearings	July 8 and July 9, 2025
Intervenor Testimony Served	July 25, 2025 ²
Rebuttal Testimony	September 16, 2025
Alternative Dispute Resolution Process	September 22, 2025
Status Conference	September 25, 2025
Completion of Settlement Discussion	Monday, October 6, 2025
Evidentiary Hearings (if required)	October 13 through 17, 2025
Opening Briefs Filed and Served	November 17, 2025
Reply Briefs Filed and Served (with Comparison Exhibit)	December 12, 2025 ³
Water Division Technical Conference	December 15, 2025
Proposed Decision Mailed	May 2026
Commission Meeting	No sooner than 30 days from the issuance of the Proposed Decision

The purpose of the September 25, 2025 status conference is to ascertain whether, pursuant to Rule 13.8(c), the parties stipulate to the receipt of prepared testimony into evidence without direct or cross examination or other need to convene an evidentiary hearing or, in the alternative, the parties' resources, readiness and needs for the effective remote conduct of the evidentiary hearing,

² Cal Advocates has 204 days to prepare its testimony.

³ ALJ and Commissioner have 178 days to write and review proposed decision.

including estimates of time requested for cross-examination and identification of anticipated exhibits.

The proceeding will stand submitted upon the filing of reply briefs, unless the assigned Commissioner or ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Public Utilities Code Section 1701.5.

5. Alternative Dispute Resolution (ADR) Program and Settlements

The Rate Case Plan for Class A Water Utilities⁴ requires the appointment of an ALJ neutral to meet with the parties as needed throughout the proceeding. The ALJ neutral and the parties will plan and schedule the specific ADR processes that are appropriate for this proceeding, which may include mediation, early neutral evaluation, or other ADR processes as agreed to by the parties. All active parties must participate in an initial session of ADR and each active party must have an official at such meeting with decision-making authority. For additional information on the Commission's ADR program, see Resolution ALJ-185. Parties are directed to submit their request for an ADR neutral to the assigned ALJ as soon as practicable to accommodate competing schedules.

The schedule set forth in this Scoping Memo includes a date for the completion of settlement talks. No later than this date, the parties will submit to the assigned ALJ a status report of their efforts, identifying agreements reached and unresolved issues requiring hearing. Any settlements between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Commission's Rules of Practice and Procedure (Rule(s)) and shall be served in writing. Such settlements shall include a complete explanation of the settlement

⁴ See D.07-05-062, Appendix A.

and a complete explanation of why it is reasonable in light of the whole record, consistent with the law, and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

6. Category of Proceeding and Ex Parte Restrictions

In Resolution ALJ 176-3558, issued on January 30, 2025, preliminary categorized this proceeding as ratesetting. The parties do not object. This ruling confirms the Commission's preliminary determination⁵ that this is a ratesetting proceeding. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

7. Public Outreach

Pursuant to Public Utilities Code Section 1711(a), where feasible and appropriate, before determining the scope of the proceeding, the Commission sought the participation of those likely to be affected, including those likely to derive benefit from, and those potentially subject to, a decision in this proceeding. This matter was noticed on the Commission's daily calendar. Where feasible and appropriate, this matter was incorporated into engagements conducted by the Commission's External Affairs Division with local governments and other interested parties.

8. Intervenor Compensation

Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by May 12, 2025, 30 days after the prehearing conference.

⁵ Resolution ALJ 176-3558 at 2.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/public-advisors-office> or contact the Commission’s Public Advisor at 866-849-8390 or 866-836-7825 (TTY) or send an e-mail to public.advisor@cpuc.ca.gov.

11. Filing, Service, and Service List

The official service list has been created and is on the Commission’s website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission’s Process office, the service list, and the assigned ALJ. Persons may become a party pursuant to Rule 1.4.⁶

When serving any document, each party must ensure that it is using the current official service list on the Commission’s website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10.

All parties to this proceeding shall serve documents and pleadings using

⁶ The form to request additions and changes to the Service list may be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 requires service on the assigned ALJ of both an electronic and a paper copy of filed or served documents.

However, until further notice, parties shall only submit electronic documents, both public and confidential versions, to the assigned Commissioner and ALJ via e-mail.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission’s subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

12. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission.

Please add “@cpuc.ca.gov” to your email safe sender list and update your e-mail screening practices, settings and filters to ensure receipt of e-mails from the Commission.

13. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Minh LeQuang is the assigned ALJ and presiding officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearing is needed.
4. The presiding officer is Administrative Law Judge Minh LeQuang.
5. The category of the proceeding is ratesetting.

The order is effective today.

Dated July 14, 2025, at San Francisco, California.

/S/ DARCIE L. HOUCK

Darcie L. Houck
Assigned Commissioner