



COM/KDL/cg7 08/25/2026

FILED

08/25/26

10:32 AM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

CL604015

San Rafael Homeowners United, an
unincorporated association,

Complainant,

vs.

Case 26-04-015

San Rafael Housing Opportunities, LLC,

Defendant.

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

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

1. Background

On April 9, 2026, San Rafael Homeowners United (Complainant) filed this complaint against San Rafael Housing Opportunities, LLC (Defendant). The complaint alleges that since Defendant acquired the mobile home park where Complainant's members reside, Defendant has charged a "service fee" of over \$50 per resident per month on top of the cost of water usage. Complainant alleges that the "service fee" does not represent the actual costs of maintaining

the water system and requests the Commission set the permitted rate at the cost of the actual rent plus actual repair costs. Complainant requests a refund to its residents for all excessive fees charged since 2021.

On June 22, 2026, Defendant filed a Motion to Dismiss the Complaint alleging that the Commission lacks subject matter jurisdiction over municipal water systems, that Pub. Util. Code Section 2707.5 does not apply to municipally supplied water, and that the complaint should be dismissed for failure to state a claim under the Commission's authority under Pub. Util. Code Section 2707.5.

On July 2, 2026, Complainant filed an Opposition to the Motion to Dismiss the Complaint. In the motion, Complainant argues that Defendant is incorrect as a matter of law and alleges that Defendant's motion relies on a non-existent statute and fabricated citations, which "suggests the Motion was prepared using Artificial Intelligence (AI), which hallucinated the citations." Complainant asserts that California and federal courts have recently admonished attorneys that use AI to prepare legal briefs and do not review the citations for accuracy.

On July 2, 2026, Defendant filed a Motion to Withdraw the Motion to Dismiss. Defendant stated that "[a]fter reviewing Complainant's Opposition filed earlier today, counsel for Defendant discovered that the Motion may contain erroneous legal citations and incorrect statutory references. Specifically, due to a failure in counsel's internal drafting and verification process, the motion mistakenly relied on statutory sections and Commission decisions using the incorrect references."

On July 6, 2026, a status conference was held to discuss why Defendant had failed to file an answer. The assigned Administrative Law Judge (ALJ) granted Defendant leave to late-file an answer. An answer was filed on July 9, 2026.

A prehearing conference was held on July 27, 2026 to determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. After considering the complaint, answer, and discussion at the prehearing conference, 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. Does the service fee charged by Defendant to Complainant's members violate a law, Commission rule, or Commission order upon which the Commission can grant relief?
2. Does the complaint adequately state a claim upon which the Commission can grant relief, as required for the filing of a complaint pursuant to Rule 4.1 of the Commission's Rules of Practice and Procedure and Pub. Util. Code 1702?
3. What relief, if any, is Complainant entitled to?

3. Need for Evidentiary Hearing

At the prehearing conference, Complainant and Defendant agree that an evidentiary hearing is necessary. At this time, I determine that a hearing is necessary.

4. Allegations Regarding Defendant's Motion to Dismiss Filing

To assess whether further process is needed to address Complainant's allegations regarding Defendant's Motion to Dismiss, this Scoping Memo seeks a written statement from Defendant's counsel on several issues, outlined below.

1. Identify all erroneous legal citations and statutory references in Defendant's Motion to Dismiss filing.
2. Provide a detailed explanation of how erroneous legal citations and statutory references were included in the Motion to Dismiss filing, including an explanation of how

a failure in Defendant's internal drafting and verification process led to the use of "mistakenly rel[ying] on statutory sections and Commission decisions using the incorrect references," as stated in Defendant's Motion to Withdraw the Motion to Dismiss.

3. Provide a response as to whether Defendant's Motion to Dismiss filing violated Rule 1.1 of the Commission's Rules of Practice and Procedure. If yes, what penalty should be imposed by the Commission?

The Commission's authority to fine or penalize a public utility not in compliance with a Commission rule, order, ruling, regulatory requirement, etc., is set forth in Pub. Util. Code § 2107 (penalties range from \$500 to \$100,000)¹ and 2108 (which provides that every violation is a separate offense and that each day's continuance shall be a separate and distinct offense).²

Defendant's counsel shall file and serve a written statement to the above questions by September 11, 2026.

Following the submission of Defendant's written statement, the Commission may issue a decision on the above issues, or may issue an Order to Show Cause to enable Defendant's counsel to provide additional evidence as to why it did not violate Rule 1.1 and should not be assessed a penalty.

¹ Any public utility that violates or fails to comply with any provision of the Constitution of this state or of this part, or that fails or neglects to comply with any part or provision of any order, decision, decree, rule, direction, demand, or requirement of the commission, in a case in which a penalty has not otherwise been provided, is subject to a penalty of not less than five hundred dollars (\$500), nor more than one hundred thousand dollars (\$100,000) for each offense.

² Every violation of the provisions of this part or of any part of any order, decision, decree, rule, direction, demand, or requirement of the commission, by any corporation or person is a separate and distinct offense, and in case of a continuing violation each day's continuance thereof shall be a separate and distinct offense.

5. Schedule

The following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the complaint.

EVENT	DATE
Defendant's Written Statement on Motion to Dismiss Complaint filed and served	September 11, 2026
Deadline to Complete Discovery	October 31, 2026
Prepared Testimony served	December 11, 2026
Prepared Rebuttal Testimony served	January 8, 2027
Joint Response stating whether Evidentiary Hearings are necessary and if so, providing lists of (1) all disputed material facts, (2) all witnesses and for each witness, the disputed material facts to which the witness will testify, and (3) direct and cross-examination estimate times for each witness a party proposes to conduct direct examination and cross-examination	January 15, 2027
Evidentiary Hearing	February 11, 2027
Opening Briefs due	TBD
Reply Briefs due	TBD

This proceeding will stand submitted upon the filing of reply briefs, unless the assigned ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 12 months from the issuance of this scoping memo as required by Pub. Util. Code Section 1701.2(i).

6. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's ADR program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to

the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.³

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement 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.

7. Categorization of Proceeding and Ex Parte Restrictions

The Commission determined in the Instructions to Answer Notice, issued on May 22, 2026, that the category of the proceeding is adjudicatory. This scoping memo confirms the categorization. Accordingly, *ex parte* communications are prohibited pursuant to Pub. Util. Code Section 1701.2(c) and Article 8 of the Commission's Rules of Practice and Procedure.

8. 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.

9. 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

³ <https://www.cpuc.ca.gov/PUC/adr/>

<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.

10. 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 ALJ. Persons may become a party pursuant to Rule 1.4.

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 with one exception, that all parties are excused from the Rule 1.10 requirement to serve on the ALJ both the electronic and paper copy of filed or served documents. Therefore, when serving documents on Commissioners, their personal advisors, and the ALJ, parties must only provide electronic service, unless otherwise instructed by the ALJ. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m. on the date scheduled for service to occur.

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.

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

12. Discovery

Discovery may be conducted by the parties consistent with Article 10 of the Commission’s Rules of Practice and Procedure. Any party issuing or responding to a discovery request shall serve a copy of the request or response simultaneously on all parties. Electronic service under Rule 1.10 is sufficient, except Rule 1.10(e) does not apply to the service of discovery and discovery shall not be served on the ALJ. Deadlines for responses may be determined by the parties.

13. Assignment of Proceeding

Karen Douglas is the assigned Commissioner and Debbie Chiv is the assigned Administrative Law Judge 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 hearings are deemed necessary.

4. The presiding officer is Administrative Law Judge Debbie Chiv.
5. The category of the proceeding is adjudicatory.
6. Defendant's counsel shall file and serve a written statement in response to the questions posed in Section 4 regarding the Defendant's Motion to Dismiss by September 11, 2026.

Dated August 25, 2026, at San Francisco, California.

/s/ KAREN DOUGLAS

Karen Douglas
Assigned Commissioner