

Decision 08-11-026 November 6, 2008

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of California-American Water Company (U210W) for an order authorizing it to increase its rates for water service in its Los Angeles District to increase revenues by \$2,020,466 or 10.88% in the year 2007; by \$634,659 or 3.08% in the year 2008; and by \$666,422 or 3.14% in the year 2009.

Application 06-01-005
(Filed January 9, 2006)

ORDER MODIFYING DECISION 08-06-002

Summary

This decision grants the September 22, 2008 joint petition of California-American Water Company and the Division of Ratepayer Advocates to modify Decision 08-06-002 to include a conservation memorandum account with a budget capped at \$100,000 for 2008 and \$260,000 for 2009 and to allow the account to be expanded to include one additional staff person to conduct customer audits of water usage.

Procedural Background

In Decision (D.) 08-06-002, issued on June 16, 2008, the Commission adopted a conservation rate design settlement for California-American Water Company's (Cal-Am) Los Angeles district sponsored by Cal-Am, Division of Ratepayer Advocates (DRA) and the City of Duarte. The settlement proposed a two year pilot program and a commitment by Cal-Am to undertake a

comprehensive monitoring and data collection effort to assess customer response to conservation rate design.

On September 22, 2008, Cal-Am and DRA filed a joint petition to modify D.08-06-002 to include a conservation memorandum account. The joint petitioners state that this memorandum account was initially proposed by Cal-Am in the proceeding and agreed to by DRA. The issue was inadvertently omitted from the settlement by the joint petitioners and the omission only recently discovered. The joint petitioners request the Commission grant the request on an expedited and ex parte basis so that Cal-Am will have the ability to hire conservation personnel for the Los Angeles district as soon as possible.

No protests to the petition were filed.

Discussion

The joint petitioners state that DRA had originally concurred with Cal-Am's proposed caps for conservation memorandum accounts in the amounts of \$206,300 for Test Year 2007, and \$263,000 and \$290,900 for Escalation Years 2008 and 2009, respectively. As Test Year 2007 is now over, and Escalation Year 2008 is almost over, the joint petitioners request a lower amount for Escalation Year 2008 and a higher amount than requested for Escalation Year 2009; no request is made for Test Year 2007. Specifically, the joint petitioners request the Commission modify D.08-06-002 to include the following:

1. The conservation memorandum account requested by Cal-Am should be adopted with the budget capped at \$100,000 for 2008 and \$260,000 for 2009.
2. The conservation memorandum account can be expanded to include one additional staff person (not to exceed an addition of \$75,000 per year total cost for that employee) to conduct customer audits of water usage.

Based on the record here, we find it is in the public interest to modify D.08-06-002 as requested, and to do so in an expedited manner.

Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

Assignment of Proceeding

John A. Bohn is the assigned Commissioner and Christine M. Walwyn is the assigned ALJ in this proceeding.

Findings of Fact

1. Authorization of a conservation memorandum account for the Los Angeles district was inadvertently omitted from the settlement adopted in D.08-06-002.
2. The conservation memorandum account proposed by the joint petitioners is consistent with the original proposal by Cal-Am in this proceeding and will allow Cal-Am to track the costs necessary to perform important conservation activities in its Los Angeles district.

Conclusions of Law

1. D.08-06-002 should be modified to adopt a conservation memorandum account with a budget capped at \$100,000 for 2008 and \$260,000 for 2009 and to authorize the conservation memorandum account to be expanded to include one additional staff person (not to exceed an addition of \$75,000 per year total cost for that employee) to conduct customer audits of water usage.
2. For good cause shown, the otherwise applicable 30-day period for public review and comment on the proposed decision should be waived.
3. Today's decision should be made effective immediately.

O R D E R

IT IS ORDERED that:

1. Decision 08-06-002 is modified to adopt a conservation memorandum account for California-American Water Company's Los Angeles district with a budget capped at \$100,000 for 2008 and \$260,000 for 2009 and to authorize the conservation memorandum account to be expanded to include one additional staff person (not to exceed an addition of \$75,000 per year total cost for that employee) to conduct customer audits of water usage.

2. Application 06-01-005 is closed.

This order is effective today.

Dated November 6, 2008, at San Francisco, California.

MICHAEL R. PEEVEY

President

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

TIMOTHY ALAN SIMON

Commissioners