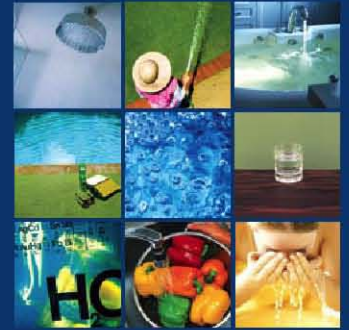


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The Weekly Wrap



July 6, 2012

No. 2012-27

TO: CWA Member Companies
FROM: Jack Hawks, Executive Director
SUBJECT: Highlights for the Week Ending July 6, 2012

Legislature Passes Extension for Water Bond Ballot Measure— By votes of 72-7 and 34-2, respectively, the California State Assembly and Senate approved Assembly Bill 1422 (Perea) on July 5th, postponing the precarious \$11.14 billion water bond until the 2014 general election. Originally titled the *Safe, Clean, and Reliable Drinking Water Supply Act of 2012*, AB 1422, by Assembly Member Henry Perea (D-Fresno), which was designed to finance a safe drinking water and water supply reliability program, now authorizes the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law, upon approval by the voters on November 4, 2014, statewide general election.

Earlier during the committee consideration of the bill, the Senate Natural Resources & Water Committee rejected a motion by Sen. Lois Wolk (D-Davis) to repeal the bond measure entirely. She cited a long list of issues with the bond in its current form on the floor, saying it should be repealed entirely. But she also said she decided to support the move because keeping it on this year's ballot would be "disastrous" for Gov. Jerry Brown's tax measure, which will also be up for in November.

The bond measure, which was originally crafted in 2009, was expected to face long odds on the ballot this year. Critics -- and even some legislators who voted for the bond -- say it is too large and contains too many appropriations not directly related to water infrastructure development and conservation. But even members who spoke against the bill in the Senate voted to move the bond to 2014. The Legislature originally approved legislation placing the bond measure on the November 2010 ballot as part of the 2009 water package. Lawmakers voted in August 2010 to move the bond to the November 2012 ballot, citing the state's economic woes and the need to focus on budget issues this year.

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Senate President Pro Tem Darrell Steinberg said while the bond itself is being delayed, work on a deal to trim the size of the current bond should happen sooner rather than later. "If we're really serious about passing a bond measure in 2014, which I fully support, if we're serious about it, get to work now," Steinberg said. "With human nature, inertia and politics being what they are now, this is merely a band aid and we need the water investment, that's the key. We need to pass a bond. Let's get to it."

Agenda Highlights for the July 12th California PUC Open Meeting—The California PUC has posted its agenda for the July 12th Open Meeting, which starts at 9:00 a.m. Relevant water agenda items are summarized below. If you want to view any of the related documents, just copy and paste the website link into your Internet browser.

Consent Agenda

Item 4 – C11-03-020; Dismissal of Case 11-03-020. Wendy Wood and Robert F. Spohr vs. Tahoe Park Water Company. Proposed outcome: Dismisses the Complaint as the Commission is an improper forum. Estimated cost: None. (Comr Ferron - ALJ Colbert). http://docs.cpuc.ca.gov/Cyberdocs/AgendaDoc.asp?DOC_ID=E61246

Item 6 – C12-01-010; Dismissal of Case 12-01-010. BudSco Chemical Enterprises, Inc. vs. Robert T. Adcock, Patricia Adcock, Alisal Water Corporation dba Alco Water Service. Proposed outcome: Dismisses BudSco Chemical Enterprises, Inc.'s complaint against Robert T. Adcock, Patricia Adcock, and Alisal Water Corporation, dba Alco Water Service. Closes the proceeding. Estimated cost: None. (Comr Sandoval - ALJ Mason). http://docs.cpuc.ca.gov/Cyberdocs/AgendaDoc.asp?DOC_ID=584743

Item 9 – Res W-4924; Erskine Creek Water Company, Inc.'s General Rate Increase to Produce Additional Annual Revenue for Test Years 2012 and 2013. Advice Letter 80-W filed on February 8, 2012 - Related matters. Proposed outcome: Erskine Creek to file a supplemental advice letter with revised rate schedules; adopts the quantities used to develop the recommendations; and Erskine Creek to file a Tier 2 advice letter by November 20, 2012 and for Escalation Year 2013 with the rates being effective on January 1, 2013. Estimated cost: \$182,930. http://docs.cpuc.ca.gov/Cyberdocs/AgendaDoc.asp?DOC_ID=583139

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Item 12 – Res W-4925; California American Water Company to Implement a Surcharge to Recover a Portion of the Balance in the Water Contamination Litigation Memorandum Account. Proposed outcome:

- Approves the tariff sheets filed with Advice Letter 905 and attached to this Resolution.
- Authorizes California American Water Company (CAW) to transfer \$1,146,053.61 from its Water Contamination Litigation Memo Account to a balancing account for recovery over a period of twelve months.
- Authorizes CAW to earn interest on the balance in this balancing account, at the 90-day commercial paper rate, from the effective date of this Resolution.
- Orders CAW to provide evidence of insurance against lawsuits including contamination lawsuits, documentation from its insurance company of the amount of all proceeds to offset these litigation costs, and documentation that Cal Am only booked costs in the account associated with water contamination lawsuits filed against the utility when it files for recovery of future balances in the Water Contamination Litigation Memorandum Account.

Estimated cost: \$1,146,053.61.

http://docs.cpuc.ca.gov/Cyberdocs/AgendaDoc.asp?DOC_ID=583394

Item 15 – A04-09-019; Petition to Modify Decision 10-12-016. In the Matter of the Application of California-American Water Company for a Certificate of Public Convenience and Necessity to Construct and Operate its Coastal Water Project to Resolve the Long-Term Water Supply Deficit in its Monterey District and to Recover All Present and Future Costs in Connection Therewith in Rates. Proposed outcome: Decision Grants Motion to Withdraw Petition to Modify Decision 10-12-016. Closes the Proceeding. Estimated cost: None. (Comr Peevey - ALJ Weatherford)

http://docs.cpuc.ca.gov/Cyberdocs/AgendaDoc.asp?DOC_ID=E61763

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Item 19 – A11-05-001, A11-05-002, A11-05-003, A11-05-004 - Related matters; Settlement Agreement with the Commission's Division of Ratepayer Advocates. Application of California Water Service, Golden State Water, San Jose Water and California American Water Co. for Authority to Establish Their Authorized Cost of Capital for the period from January 1, 2012 through December 31, 2014. Proposed outcome: Approves settlement between Division of Ratepayer Advocates and four large Class A Water Companies. Closes the proceeding. Estimated cost: None. (Comr Ferron - ALJ Bemesserfer)

http://docs.cpuc.ca.gov/Cyberdocs/AgendaDoc.asp?DOC_ID=E62379

Item 25 – A08-05-019; Order Extending Statutory Deadline. Application of California Water Service Company for an order confirming its discontinuance of the ESP program as provided in D.07-12-055, Ordering Paragraph 19, approving accounting for the residual affiliate transaction, and confirming under D.07-12-055, Ordering Paragraph 16 that Applicant's residual services to its affiliate CWS Utility Services comply with applicable law. Proposed outcome: Extends the statutory deadline to September 26, 2012. Estimated cost: None. (Comr Florio - ALJ Walwyn)

http://docs.cpuc.ca.gov/Cyberdocs/AgendaDoc.asp?DOC_ID=584004

Item 29 – I07-01-022; Compensation to Disability Rights Advocates. A06-09-006, A06-10-026, A06-11-009, A06-11-010, A07-03-019 - Related matters. Order Instituting Investigation to Consider Policies to Achieve the Commission's Conservation Objectives for Class A Water Utilities. Proposed outcome: Awards Disability Rights Advocates \$14,390.00 for substantial contribution to Decision 11-05-004. Estimated cost: Golden State Water, California Water Service, Park Water, Suburban Water Systems, San Jose Water, Great Oaks Water, Valencia Water, San Gabriel Valley Water, and Apple Valley Ranchos Water will pay \$14,390.00 plus interest. (Comr Peevey - ALJ Mason)

http://docs.cpuc.ca.gov/Cyberdocs/AgendaDoc.asp?DOC_ID=580777

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Item 30 – I07-01-022; Compensation to The Utility Reform Network. A06-09-006, A06-10-026, A06-11-009, A06-11-010, A07-03-019 - Related matters. Order Instituting Investigation to Consider Policies to Achieve the Commission's Conservation Objectives for Class A Water Utilities. Proposed outcome: Awards The Utility Reform Network \$46,288.07 for substantial contribution to Decision 11-05-004. Estimated cost: Golden State Water, California Water Service, Park Water, Suburban Water Systems, San Jose Water, Great Oaks Water, Valencia Water, San Gabriel Valley Water, and Apple Valley Ranchos Water will pay \$42,288.07 plus interest. (Comr Peevey - ALJ Mason)

http://docs.cpuc.ca.gov/Cyberdocs/AgendaDoc.asp?DOC_ID=580743

Regular Agenda - Water/Sewer Orders

Item 37 – A10-11-009; Southern California Edison Company's Catalina Water Company Seeks to Increase Rates by 80%. Application of Southern California Edison Company for Authority to, Among Other Things, Increase Its Authorized Revenues for Santa Catalina Island Water Operations, and to Reflect that Increase in Rates. Proposed outcome:

- Disallows approximately \$1 million of operating expenses; approximately \$8 million in rate base; and by adopting Southern California Edison Company's alternate rate proposal, shifts \$10.7 million of the water company's increased costs as a one-time cost to electric rates.
- The result of our disallowances and adjustments makes no change in the current revenue requirement of \$3.948 million.
- Closes the proceeding.

Estimated cost: \$10.7 million. (Comr Peevey - ALJ Barnett)

http://docs.cpuc.ca.gov/Cyberdocs/AgendaDoc.asp?DOC_ID=584031

Legislative Matters

Item 39 - AB 1541 (Dickinson); Public Utilities Commission: Public Records.

This bill requires the California Public Utilities Commission to comply with the intent of Consumer Public Records Act, that the public be guaranteed access to government documents, unless the information meets specified criteria, such as endangering the public by its release. (Legislative Subcommittee Recommendation: _____).

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Upcoming Industry Meetings/Conferences/Events:

- July 10-12, 2012 – CWA Annual Budget Planning Meeting – Tenaya Lodge; Fish Camp, CA (Yosemite).
- July 11, 2012 – California Dept. of Water Resources – CII Task Force Meeting (10:00a – 3:30 p.m.; San Diego County Water Authority; 4677 Overland Avenue San Diego, CA 92123
- July 12, 2012 – California PUC Open Meeting (9: 00a – 12 :00p; 505 Van Ness Ave., San Francisco 94102)
- July 22-25, 2012 – National Association of Regulatory Utility Commissioners – Annual Summer Committee Meetings (10:45a – 5:15p Committee on Water Meetings; Hilton Hotel - Broadway Room - 921 SW 6th Ave, Portland, OR 97204); J. Hawks is presenting CWA's Small Company Assistance Program to the Water Committee on July 24th).
- August 8, 2012 – California Urban Water Conservation Council Board of Directors Meeting (9:30a – 3:00p; Regional Water Authority, 5620 Birdcage Street, Ste 180, Citrus Heights, CA 95610
- August 9, 2012 - CWA Directors Meeting (9:30a-2:30p; California American Water; 1033 B Ave., Suite 200, Coronado, CA 92118); J. Hawks will attend.
- August 15, 2012 – ACWA Annual Regulatory Summit (8:00a – 5:00p; Doubletree Hotel, 1 Doubletree Dr., Rohnert Park, CA 94928); J. Hawks will attend.
- August 23, 2012 – California PUC Open Meeting (9: 00a – 12 :00p; 505 Van Ness Ave., San Francisco 94102)

—CWA—