



CALIFORNIA WATER SERVICE COMPANY
 1720 NORTH FIRST STREET
 SAN JOSE, CA 95112 • (408) 367-8200 • F (408) 367-8428

This tariff has been filed with the California Public Utilities Commission and is effective 1/1/12, subject to refund, until final commission approval.

December 29, 2011

Advice Letter No. 2055

CALIFORNIA WATER SERVICE COMPANY (U 60 W)

To The Public Utilities Commission of the State of California:

California Water Service Company (“Cal Water”) hereby transmits for filing the following changes in its tariff schedules and five copies of each are attached hereto:

<u>C.P.U.C.</u>	<u>Schedule</u>	<u>Canceling</u>
<u>Sheet No.</u>	<u>No.</u>	<u>C.P.U.C.</u>
<u>Title of Sheet</u>		<u>Sheet No.</u>
9145-W	Preliminary Statement AH	New
9146-W	Table of Contents (Page 1)	9144-W

Summary

The purpose of this advice letter filing is to implement a Cost of Capital Interim Rate Memorandum Account pursuant to the December 14, 2011 Administrative Law Judge’s (“ALJ’s”) ruling granting the Division of Ratepayer Advocate’s (“DRA’s”) motion for a memorandum account in Application (“A.”) 11-05-001. In light of the Commission’s continued consideration of A.11-05-001, in which Cal Water requested a new cost of capital beginning January 1, 2012, DRA sought “interim rates” in the form of a memorandum account that will allow the final rates adopted in A.11-05-001 to be trued up to January 1, 2012.

Discussion

Cal Water filed its Cost of Capital Application (A.11-05-001) on May 2, 2011 to request a cost of capital increase related to financing costs of Cal Water. The new cost of capital would go into effect on January 1, 2012, and would affect the rates for all regulated operating districts of Cal Water.

Because a new cost of capital will not be in effect by January 1, 2012, on December 9, 2011, DRA requested a memorandum account to essentially provide for interim rate treatment back to January 1, 2012 based on final rates adopted in the proceeding. On December 14, 2011, the ALJ found as follows:



- *None of the applicants was responsible for delay. The applicants and DRA had reached a timely settlement of all issues; delay beyond the end of 2011 results from [the ALJ's] ruling requiring additional evidentiary support for the settlement.*
- *The requested rates are appropriate for submitting to the Commission via advice letter.*
- *The interim rates for each applicant will be effective as of January 1, 2012.¹*

The ALJ therefore ruled that:

2. *Each applicant shall file a Tier 1 advice letter to establish a memorandum account to track, beginning January 1, 2012, the difference between the then-authorized rates based on the most recent cost of capital authorized for such applicant and the final rates reflecting the new cost of capital adopted in this proceeding.²*

Requested Effective Date

Pursuant to the Administrative Law Judge's ruling on December 14, 2011, this filing is a Tier 1 advice letter, effective beginning January 1, 2012.

Notice

This advice letter does not request for a change in rates. No further customer notice is required at this time. In accordance with General Order 96-B, General Rule 4.3 and 7.2 and Water Industry Rule 4.1, a copy of this advice letter will be mailed or electronically transmitted on December 29, 2011 to competing and adjacent utilities and other utilities or interested parties having requested such notification.

Response or Protest

Anyone may respond to or protest this advice letter. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds are:

- (1) The utility did not properly serve or give notice of the advice letter;

¹ Administrative Law Judge's Ruling Granting Motion for Interim Rates, in A.11-05-001 *et. seq.*, (December 14, 2011) at 3.

² *Id.*



(2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;

(3) The analysis, calculations, or data in the advice letter contain material error or omissions;

(4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or

(5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or

(6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require relitigating a prior order of the Commission.)

A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

A response or protest must be made in writing or by electronic mail and must be received by the Division of Water and Audits within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Division of Water and Audits, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
water_division@cpuc.ca.gov

On the same date the response or protest is submitted to the Division of Water and Audits, the respondent or protestant shall send a copy by mail (or e-mail) to us, addressed to:

Darin Duncan
California Water Service Company
1720 North First Street,
San Jose, California 95112
Fax 408/367-8430 or
E-mail dduncan@calwater.com.

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Division of Water and Audits, within the 20 day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

The advice letter process does not provide for any responses, protests or comments, except for the utility's reply, after the 20 day comment period.

Replies: The utility shall reply to each protest and may reply to any response. Each reply must be received by the Division of Water and Audits within 5 business days after the end



CALIFORNIA WATER SERVICE COMPANY

Advice Letter 2055, 2012 Steps Increase for Flat Districts

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of the protest period, and shall be served on the same day to the person who filed the protest or response.

If you have not received a reply to your protest within 10 business days, contact California Water Service Company at 408/367-8200.

CALIFORNIA WATER SERVICE COMPANY

A handwritten signature in cursive script that reads "Darin T. Duncan".

Darin T. Duncan
Manager of Rates

Enclosures

cc: Ting-Pong Yuen, DRA

**CALIFORNIA PUBLIC
UTILITIES COMMISSION
DIVISION OF WATER AND
AUDITS
Advice Letter Cover Sheet**

(Date Filed / Received Stamp by CPUC)

AL # 2055	Date Mailed to Service List: December 29, 2011	Requested Effective Date: January 1, 2012	Requested Tier: <input checked="" type="checkbox"/> Tier 1 <input type="checkbox"/> Tier 2 <input type="checkbox"/> Tier 3
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Replacing AL#: n/a	Authorized by: Administrative Law Judge Ruling on December 14, 2011	Compliance Filing? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Rate Impact	\$	n/a
				%	n/a

<u>The public has 20 days from Date Mailed (above) to protest this advice letter. If you chose to protest or respond to the advice letter, send Protest and/or Correspondence within 20 days to:</u>	Director Division of Water and Audits 505 Van Ness Ave. San Francisco, CA 94102
<u>and if you have email capability, also email to:</u>	water_division@cpuc.ca.gov
<u>Your protest also must be served on the Utility</u>	(see attached advice letter for more information and grounds for protest)

Company Name: California Water Service Company	CPUC Utility Number: WTA U-60-W
Address: 1720 North First Street	
City, State, Zip: San Jose, CA 95112	

	Contact Name:	Phone No.	Fax No.	Email Address:
Filer	DARIN DUNCAN	408-367-8200	408-367-8340	dduncan@calwater.com
Alternate	TU RASH	408-367-8229	408-367-8426	turash@calwater.com

Description:
In this space or on the back of this form:

1. Explain justification for requested Tier – Tier 1 in compliance with ALJ ruling on December 14, 2011.
2. Describe service affected and how it is affected – adds a new Preliminary Statement AH
3. Describe differences from related Advice Letters (Similar service, replacement filing): n/a

(FOR CPUC USE ONLY)

WTS Budget/Activity/Type _____/_____/_____	Process as: <input type="checkbox"/> Tier 1 <input type="checkbox"/> Tier 2 <input type="checkbox"/> Tier 3
Project Manager: _____	20th Day _____ 30th Day _____
Analyst: _____	Suspended on: _____
Due Date: Completion Date: _____	Extended on: _____
	Resolution No.: _____
	AL/Tariff Effective Date: _____

Table of Contents

The following listed tariff sheets contain all effective rates and rules affecting the rates and service of the Utility together with information relating thereto:

<u>Sheet Subject Matter</u>	<u>Cal. P.U.C. Sheet No.</u>
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Preliminary Statement F8312-W
Preliminary Statement G6479-W
Preliminary Statement H6686-W
Preliminary Statement I6757-W
Preliminary Statement J6759-W
Preliminary Statement K7313-W
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Preliminary Statement AA8634-W
Preliminary Statement ABA8635-W
Preliminary Statement AC8637-W
Preliminary Statement AD8807-W
Preliminary Statement AE9022-9023-W
Preliminary Statement AF9025-W
Preliminary Statement AG9032-W
Preliminary Statement AH9145-W (N)

(continued)

Preliminary Statement
(continued)

AH. Cost of Capital Interim Rate Memorandum Account (CCIMA)

1. PURPOSE: track the difference between the rates charged beginning January 1, 2012, and the rates that would have been charged if the final rates from a decision in Application 11-05-001 had been in effect beginning January 1, 2012.
2. APPLICABILITY: Applicable to all districts served by California Water Service Company.
3. ACCOUNTING PROCEDURE: The difference in revenues resulting from the change in the rate of return in Application 11-05-001 and the resulting change from the current rates authorized in Decision 10-12-017, should be treated as follows (including interest at the 90-day commercial paper rate).
 - a. California Water Service Company ("Cal Water") shall create a liability account to track the changes in the current rates from January 1, 2012 through the effective date of the decision for Application 11-05-001.
 - b. There will be a credit entry to the liability account to recognize the resulting changes in rates from a change in the rate of return.
 - c. The difference in between the current rates and the new effective rates will be tracked in this memorandum account and any balance shall be trued-up in accordance with Commission rules.
 - d. Interest calculated on the balance will be credited to this liability account.

(Continued)

(To be inserted by utility)
Advice Letter No. 2055
Decision No. -

Issued by
THOMAS F. SMEGAL
NAME
Vice President
TITLE

(To be inserted by Cal. P.U.C.)
Date Filed _____
Effective _____
Resolution No. _____

CALIFORNIA PUBLIC UTILITIES COMMISSION

Service Lists

PROCEEDING: A1105001 - CALIFORNIA WATER SER
FILER: CALIFORNIA WATER SERVICE COMPANY
LIST NAME: LIST
LAST CHANGED: DECEMBER 14, 2011

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