CASE NO. S269099 (CONSOLIDATED WITH S271493)

In the Supreme Court of the State of California

GOLDEN STATE WATER COMPANY,
CALIFORNIA-AMERICAN WATER COMPANY,
CALIFORNIA WATER SERVICE COMPANY,
LIBERTY UTILITIES CORP.
AND CALIFORNIA WATER ASSOCIATION
Petitioners,

V

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA *Respondent*.

AMICUS CURIAE NATIONAL ASSOCIATION OF WATER COMPANIES' MOTION FOR JUDICIAL NOTICE

After Decision Nos. 20-08-047 and 21-09-047

Of the Public Utilities Commission of the State of California

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TO THE HONORABLE PRESIDING JUSTICE PATRICIA GUERRERO AND THE HONORABLE ASSOCIATE JUSTICES OF THE CALIFORNIA SUPREME COURT:

Pursuant to Rules 8.520(g) and 8.252 of the California Rules of Court ("CRC"), the *amicus curiae* National Association of Water Companies ("NAWC") hereby moves for judicial notice of five exhibits that are relevant to NAWC's proposed *amicus* brief in support Petitioners in this consolidated petition for writ of review proceeding challenging two decisions of the California Public Utilities Commission (the "CPUC"). Judicial notice of the exhibits to this Motion will support NAWC's *amicus* brief and help inform the Court's consideration of this matter by illustrating how NAWC was prevented from participating in Phase 1 of the underlying proceeding as a result of the CPUC's failure to comply with Public Utilities Code section 1701.1(c), its own rule governing scoping memos, and Commission precedent.¹

NAWC seeks judicial notice of the following five documents:

- 1. 7/22/20 NAWC Motion for Party Status in Rulemaking ("R.") 17-06-024;
- 2. 8/27/20 Administrative Law Judge ("ALJ") Ruling Granting Party Status in R.17-06-024;
- 3. 9/17/20 Motion for Reconsideration in R.17-06-024;
- 4. 4/30/15 Third Amended Scoping Memo in R.11-11-008 (Pages 2-4);
- 5. NAWC Active Members Web Page, accessed 1/12/23; and
- 6. NAWC Chapters Web Page, accessed 1/12/23.²

Exhibits 1 through 3 are official records of the CPUC and part of the official Docket Card for the underlying proceeding R.17-06-024, a copy of which was attached as Exhibit 1 to the parties' June 16, 2022 joint

stipulation, and which is already part of the record under review in this Petition for Review.³ These materials are appropriate for judicial notice pursuant to Evidence Code section 452(d), which grants this Court authority to take judicial notice of "[r]ecords of . . . any court of this state This provision has been interpreted to include records, files, and orders of state agencies, including those of the CPUC.⁴ Judicial notice of Exhibit 2 (ALJ Ruling) is also proper pursuant to Evidence Code section 452(c), which permits courts to take judicial notice of "[o]fficial acts of the legislative, executive, and judicial departments of . . . any state of the United States" since the CPUC is a quasi-executive state agency. These official records of the underlying CPUC Rulemaking are relevant to show NAWC's efforts to participate in Phase 1 of the underlying proceeding as soon as NAWC became aware from issuance of the July 3, 2022 Proposed Decision that the continuation of the Water Revenue Adjustment Mechanism ("WRAM") and Modified Cost Balancing Account ("MCBA") ratemaking mechanisms were at issue. The documents likewise confirm CPUC's denial of NAWC's attempts to become a party and submit comments on the Proposed Decision.⁵

Exhibit 4 is the Third Amended Scoping Memo and Ruling issued by the Assigned Commissioner in the Commission's *Order Instituting Rulemaking Addressing the Commission's Water Action Plan Objectives*.

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¹ (See Pub. Util. Code § 1701.1(c); 20 CCR § 7.3; Southern California Edison v. Cal. Pub. Util Comm. (2006) 140 Cal. App.4th 1085.)

² None of these exhibits relate "to proceedings occurring after the order or judgment that is the subject of the appeal." (CRC 8.252(a)(2)(D).)

³ (June 1, 2022 Order Re: Record.) Because these materials are considered part of the underlying procedural record of this proceeding, it was not necessary for the CPUC to officially notice them. (See CRC 8.252(a)(2)(B).)

⁴ (Pratt v. Coast Trucking, Inc. (1964) 228 Cal. App. 2d 139, 143-44.)

⁵ (See also NAWC Proposed Amicus Brief at 14.)

Like Exhibit 2 described above, this Scoping Memo is also an official record and ruling of the CPUC and judicial notice of Exhibit 4 is proper under Evidence Code sections 452 (d) and (c). This Scoping Memo is relevant to NAWC's amicus brief and CPUC's Answer Brief because it shows that the CPUC itself has recognized that "water sale forecasting" and the WRAM and MCBA ratemaking mechanisms are distinct issues by separately defining them in its Scoping Memo issued in this prior rulemaking.⁶ NAWC also notes that this Scoping Memo and Ruling is already part of the Appendix of Exhibits to the Petition for Writ of Review as Exhibit I; however, pages 2-4 are missing from that Appendix as well as pages 13 through 22 and the attachments to the Scoping Memo.⁷ Because NAWC only references page 2 in its proposed amicus brief and in the interest of completeness, it is attaching pages 2 through 4 of the Scoping Memo as a proposed exhibit to this request for judicial notice.⁸

Exhibits 5 and 6 are facts regarding the members and chapters constituting NAWC's membership with a substantial interest in the statutory compliance, fair notice, and due process issues in this appellate matter. Judicial notice of these exhibits is proper under Evidence Code section 452(h), which permits courts to take judicial notice of "[f]acts and propositions that are not reasonably subject to dispute and are capable of immediate and accurate determination by resort to sources of reasonably indisputable accuracy." Although these materials were not presented to the

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may also be given in evidence.").)

⁶ (See also NAWC Proposed Amicus Brief at 13-14.)

⁷ NAWC is unaware of whether this Scoping Memo was presented to the CPUC in Phase 1 of the underlying proceeding. (See CRC 8.252(a)(2)(B).) ⁸ (See also Evid. Code § 356 ("Where part of [a] . . . writing is given in evidence by one party, the whole on the same subject may be inquired into by an adverse party; . . .; and when a detached . . . writing is given in evidence, any other . . . writing which is necessary to make it understood

CPUC, the facts relating to NAWC's membership composition on NAWC's webpages are not reasonably subject to dispute. These materials are important to show the composition of NAWC, including its broad-based national perspective, and the importance of the CPUC's compliance with the statutory and administrative notice requirements surrounding Scoping Memos to provide adequate notice to non-parties like NAWC.⁹

Respectfully submitted, BRB Law LLP

By: /s/ Sarah J. Banola

Patrick M. Rosvall
*Sarah J. Banola
Attorneys for National
Association of Water Companies

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⁹ (See also NAWC Proposed Amicus Brief at 15.)

MOTION	FOR JUDICIA	L NOTICE IS:
	Granted	
	Denied	
Date:		
		(SIGNATURE OF PRESIDING JUSTICE)

CASE NO. S269099 (CONSOLIDATED WITH S271493)

In the Supreme Court of the State of California

GOLDEN STATE WATER COMPANY,
CALIFORNIA-AMERICAN WATER COMPANY,
CALIFORNIA WATER SERVICE COMPANY,
LIBERTY UTILITIES CORP.
AND CALIFORNIA WATER ASSOCIATION
Petitioners,

v.

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA Respondent.

PROPOSED EXHIBITS FOR JUDICIAL NOTICE

After Decision Nos. 20-08-047 and 21-09-047

Of the Public Utilities Commission of the State of California

The following Exhibits are attached to *Amicus Curiae* NAWC's Motion for Judicial Notice:

EXH NO.	DESCRIPTION	DATE	PAGE NOS.
1.	NAWC Motion for Party Status, R. 17-06-024	7/22/20	9-13
2.	ALJ Ruling Granting Party Status, R. 17-06-024	8/27/20	14-18
3.	Motion for Reconsideration, R. 17-06-024	9/17/20	19-46
4.	4. Third Amended Scoping Memo, R.11-11-008 (Pages 2-4)		47-50

EXH NO.	DESCRIPTION	DATE	PAGE NOS.
5.	NAWC Active Members Web Page	1/12/23	51-54
6.	NAWC Chapters Web Page	1/12/23	55-57

Exhibit 1

CPUC Rulemaking 17-06-024 National Association of Water Companies Motion for Party Status

July 22, 2020

DEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA



Order Instituting Rulemaking Evaluating the Commission's 2010 Water Action Plan Objective of Achieving Consistency between Class A Water Utilities' Low-Income Rate Assistance Programs, Providing Rate Assistance to All Low-Income Customers of Investor-Owned Water Utilities, and Affordability.

Rulemaking 17-06-024 (Filed June 29, 2017)

NATIONAL ASSOCIATION OF WATER COMPANIES MOTION FOR PARTY STATUS

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July 22, 2020

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OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Evaluating the Commission's 2010 Water Action Plan Objective of Achieving Consistency between Class A Water Utilities' Low-Income Rate Assistance Programs, Providing Rate Assistance to All Low-Income Customers of Investor-Owned Water Utilities, and Affordability.

Rulemaking 17-06-024 (Filed June 29, 2017)

NATIONAL ASSOCIATION OF WATER COMPANIES MOTION FOR PARTY STATUS

Pursuant to Rule 1.4 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the National Association of Water Companies ("NAWC") respectfully moves for party status in Rulemaking 17-06-024.

I. NATIONAL ASSOCIATION OF WATER COMPANIES

NAWC represents regulated water and wastewater companies, as well as ones engaging in partnerships with municipal utilities. NAWC members provide 73 million Americans with safe and reliable water service every day and have an exceptional record of compliance with federal and state health and environmental regulations.

Founded in 1895 by a handful of small water companies, today NAWC has members located throughout the nation, ranging in size from large companies owning, operating or partnering with hundreds of utilities in multiple states to individual utilities serving a few hundred customers. Our members' businesses include ownership of state-regulated drinking water and wastewater utilities and many forms of public-private partnerships. Through NAWC, our members collaborate, share best practices and leverage their strengths to benefit the communities they serve.

II. NAWC'S INTEREST IN AND EXPECTED PARTICIPATION IN THIS PROCEEDING

NAWC's member companies share a deep understanding of the importance of uninterrupted delivery of quality water and wastewater services. Water plays an essential role in any thriving community and our nation's economy. Our water infrastructure systems are the backbone upon which communities survive and prosper. NAWC shares the Commission's interest in issues concerning affordability of clean, safe drinking water for low-income customers and disadvantaged communities.

Now more than ever, access to quality water and wastewater services is critical for the containment of COVID-19 and the preservation of public health and sanitation. Our member companies are working to combat the spread of COVID-19 by ensuring the communities they serve have unimpeded access to clean water in order to promote personal hygiene and overall public health. As the COVID-19 pandemic continues to evolve, NAWC is committed to the health of our nation's water systems by offering the information and resources we have at our disposal to communities in need. NAWC can draw upon the experience of member companies nationwide and provide insight as to industry best practices.

NAWC expects to file comments when given the opportunity and participate in workshops to the extent possible. NAWC's participation will not raise new issues in this proceeding, will not prolong or delay this proceeding, and will not adversely affect the interests of existing parties.

III. SERVICE

NAWC requests that the following individual be added to the service list as a party:

2

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Page 12

IV. CONCLUSION

Based on the foregoing, NAWC respectfully requests that the Commission grant it party status and allow it to participate in this proceeding.

Respectfully submitted,

By: /S/ April A. Ballou
April A. Ballou

Vice President of Legal and State Regulatory Affairs National Association of Water Companies Two Liberty Place 50 South 16th Street, Suite 2725 Philadelphia, PA 19102 (703) 969-3203 april@nawc.com

July 22, 2020

Exhibit 2

CPUC Rulemaking 17-06-024 ALJ Karen Camille Watts-Zagha E-mail Ruling Granting Party Status to National Association of Water Companies

August 27, 2020



ALJ/KWZ/kz1 8/27/2020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Evaluating the Commission's 2010 Water Action Plan Objective of Achieving Consistency between Class A Water Utilities' Low-Income Rate Assistance Programs, Providing Rate Assistance to All Low – Income Customers of Investor-Owned Water Utilities, and Affordability.

Rulemaking 17-06-024

E-MAIL RULING GRANTING PARTY STATUS TO NATIONAL ASSOCIATION OF WATER COMPANIES

Dated August 27, 2020, at San Francisco, California.

/s/ CAMILLE WATTS-ZAGHA
Camille Watts-Zagha
Administrative Law Judge

-1-

Page 15

From: Watts-Zagha, Camille < Camille.WattsZagha@cpuc.ca.gov>

Sent: Thursday, August 27, 2020 7:55 AM

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To the service list of Rulemaking (R.) 17-06-024:

This ruling grants party status to the National Association of Water Companies.

A second amended Scoping Memo was issued on June 2, 2020, initiating Phase II of this proceeding to consider the Commission's response to the COVID-19 pandemic.

On July 22, 2020, the National Association of Water Companies filed a Motion for Party Status describing how its expertise would enhance consideration of Phase II issues and highlighted its "interest in issues concerning the affordability of clean, safe drinking water for low-income customers and disadvantaged communities."

Ruling 1.4 of our Rules of Practice and Procedure states the requirements for becoming a party to a proceeding. Specifically, under Rule 1.4(b):

A person seeking party status by motion....shall:

- (1) Fully disclose the persons or entities in whose behalf the filing, appearance or motion is made, and the interest of such persons or entities in the proceeding; and
- (2) State the factual and legal contentions that the person intends to make and show that the contentions will be reasonably pertinent to the issues already presented.

I find that the National Association of Water Companies has complied with our rules with respect to Phase II of this proceeding and therefore grant them party status to participate in Phase II of this proceeding. This ruling does not extend the time for any filing in this proceeding.

The Commission's Docket Office shall formally file this ruling.

Camille Watts-Zagha

Administrative Law Judge California Public Utilities Commission <u>camille.wattszagha@cpuc.ca.gov</u> (415) 703-2599

Exhibit 3

CPUC Rulemaking 17-06-024 National Association of Water Companies Motion for Reconsideration

September 17, 2020

DEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA



Order Instituting Rulemaking Evaluating the Commission's 2010 Water Action Plan Objective of Achieving Consistency between Class A Water Utilities' Low-Income Rate Assistance Programs, Providing Rate Assistance to All Low-Income Customers of Investor-Owned Water Utilities, and Affordability.

Rulemaking 17-06-024 (Filed June 29, 2017)

MOTION OF THE NATIONAL ASSOCIATION OF WATER COMPANIES FOR RECONSIDERATION OF THE AUGUST 27, 2020 ADMINISTRATIVE LAW JUDGE RULING DETERMINATION ON PARTY STATUS AND MOTION TO SHORTEN TIME FOR RESPONSES

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September 16, 2020

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Evaluating the Commission's 2010 Water Action Plan Objective of Achieving Consistency between Class A Water Utilities' Low-Income Rate Assistance Programs, Providing Rate Assistance to All Low-Income Customers of Investor-Owned Water Utilities, and Affordability.

Rulemaking 17-06-024 (Filed June 29, 2017)

MOTION OF THE NATIONAL ASSOCIATION OF WATER COMPANIES FOR RECONSIDERATION OF THE AUGUST 27, 2020 ADMINISTRATIVE LAW JUDGE RULING DETERMINATION ON PARTY STATUS AND MOTION TO SHORTEN TIME FOR RESPONSES

I. INTRODUCTION

Pursuant to Rule 11.1(a) of the Rules of Practice and Procedure of the California Public Utilities Commission ("CPUC"), the National Association of Water Companies ("NAWC") moves for the Commission to reconsider the August 27, 2020 email ruling by the Administrative Law Judge Camille Watts-Zagha ("Ruling") on NAWC's Motion for Party Status filed in this proceeding, in which NAWC was granted party status for Phase II of this proceeding. NAWC respectfully requests that the Commission reconsider the Ruling and, in addition to the authorization granted for Phase II, authorize NAWC to participate as a party in Phase I of the proceeding such that (1) its comments on the Phase I Proposed Decision that ultimately became Decision ("D.") 20-08-047 would be accepted for filing and made part of the record in the proceeding and (2) it may potentially file an Application for Rehearing of D.20-08-047, and to participate as a party in any subsequent phases of the proceeding beyond

Phase II. Given the quickly approaching deadline of October 5, 2020 to file an Application for Rehearing of D.20-08-047, NAWC also respectfully requests that the Commission shorten the time for responses to this motion to **September 28, 2020** and expeditiously rule on this motion so that, if granted, NAWC would have sufficient time to potentially prepare a timely Application for Rehearing.

II. BACKGROUND

NAWC filed and served its Motion for Party Status in this proceeding on July 22, 2020. On July 27, 2020, NAWC filed and served its opening comments on the Phase I Proposed Decision issued in this proceeding (**Attachment A** to this motion). On August 3, 2020, NAWC filed its reply comments on the Phase I Proposed Decision (**Attachment B** to this motion). At its August 27, 2020 voting meeting, the Commission voted to adopt a revised draft of the Phase I Proposed Decision, which was later issued as D.20-08-047 on September 3, 2020.

On August 27, 2020, the Assigned Administrative Law Judge issued the Ruling addressing NAWC's Motion for Party Status, finding "that the National Association of Water Companies has complied with our rules with respect to Phase II of this proceeding and therefore grant them party status to participate in Phase II of this proceeding." However, the Ruling did not expressly address whether NAWC was authorized to participate in Phase I of the proceeding or subsequent phases beyond Phase II.

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¹ E-Mail Ruling Granting Party Status to National Association of Water Companies (August 27, 2020), p. 4.

On September 8, 2020, NAWC received an email from the Commission's Administrative Law Judge Division, Records Management Unit (<u>Attachment C</u> to this Motion) indicating that the Ruling authorized NAWC to participate in Phase II of the proceeding only and that its reply comments on the Phase I Proposed Decision should not have been accepted for filing and is therefore removed from the filing record. The email further explained that the "Comments and Reply Comments on the Phase I Proposed Decision are not accepted for filing and are not a part of the record in the Proceeding."²

III. DISCUSSION

The issues in both Phase I and II of this proceeding are of great importance to NAWC and its member companies nationally. When it filed its Motion for Party Status, it was always NAWC's intent to participate in all phases of this proceeding, as evidenced by its attempts to timely file and serve opening and reply comments on the Phase I Proposed Decision on the same date as other parties to the proceeding. Indeed, in both NAWC's opening and reply comments on the Phase I Proposed Decision, it drew from the experience of its member companies nationwide and provided insights as to industry best practices, just as it had explained it would do in the Motion for Party Status ³

In particular, NAWC focused on the Phase I Proposed Decision's elimination of the Water Revenue Adjustment Mechanism, highlighting the fact that such

² See Attachment C.

³ See National Association of Water Companies Motion for Party Status (July 22, 2020), p. 2 ("NAWC can draw upon the experience of member companies nationwide and provide insight as to industry best practices.").

decoupling conservation adjustments have been viewed as a water industry best practice and that the implementation of such progressive water conservation mechanisms has expanded nationally, particular in states where water is scarce and in other states where conservation is an important public policy.⁴ This issue is one of critical importance for NAWC and its member companies as other states often look towards California for leadership on innovative water conservation policies.

Moreover, to the extent that the Commission explores additional issues in subsequent phases, it is likely that they will be of similar interest to NAWC and its member companies. NAWC should not have to separately file for party status in subsequent phases of the proceeding, a burden that would not apply to other parties.

Accordingly, NAWC respectfully requests that the Commission reconsider the Ruling to instead expressly authorize it to participate in all phases of this proceeding. This would allow the valuable and unique national perspective provided by NAWC's opening and reply comments on the Phase I Proposed Decision to be incorporated into the record and to afford NAWC an opportunity to potentially file an Application for Rehearing of D.20-08-047 to alert the Commission of legal errors in that decision.

IV. CONCLUSION

For the reasons discussed above, NAWC respectfully requests that the Commission reconsider the ruling to instead grant NAWC express authorization to participate in all phases of this proceeding, such that its earlier opening and reply comments on the Phase I Proposed Decision be made part of the record in this

⁴ Attachment A, p. 5 (explaining that water revenue decoupling mechanisms are viewed as a water industry best practice that is being implemented in an increasing number of states); Attachment B, p. 3 (highlighting the national trend states adopting water revenue decoupling mechanisms)

proceeding and that it may potentially file an Application for Rehearing of D.20-08-047. Given the pending deadline for a timely Application for Rehearing, NAWC also respectfully requests that the Commission shorten the time for responses to this motion and to act expeditiously on it.

Respectfully submitted,

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September 17, 2020

Attachment A

6

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Evaluating the Commission's 2010 Water Action Plan Objective of Achieving Consistency between Class A Water Utilities' Low-Income Rate Assistance Programs, Providing Rate Assistance to All Low-Income Customers of Investor-Owned Water Utilities, and Affordability.

Rulemaking 17-06-024 (Filed June 29, 2017)

COMMENTS OF THE NATIONAL ASSOCIATION OF WATER COMPANIES MOTION ON THE PROPOSED DECISION OF COMMISSIONER GUZMAN ACEVES

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July 27, 2020

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OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Evaluating the Commission's 2010 Water Action Plan Objective of Achieving Consistency between Class A Water Utilities' Low-Income Rate Assistance Programs, Providing Rate Assistance to All Low-Income Customers of Investor-Owned Water Utilities, and Affordability.

Rulemaking 17-06-024 (Filed June 29, 2017)

COMMENTS OF THE NATIONAL ASSOCIATION OF WATER COMPANIES ON THE PROPOSED DECISION OF COMMISSIONER GUZMAN ACEVES

I. INTRODUCTION

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission ("CPUC"),¹ the National Association of Water Companies ("NAWC") respectfully submits these comments on the *Proposed Decision of Commissioner Guzman Aceves* ("Proposed Decision").² NAWC's membership includes regulated drinking water and wastewater utilities that collectively provide safe and reliable water services to more than 73 million Americans nationwide. Through NAWC, our members collaborate, share best practices and leverage their strengths to benefit the communities they serve.

¹ Assigned Administrative Judge Haga confirmed via email on July 6, 2020 that the deadline for opening comments is July 27, 2020 and the deadline for reply comments is August 3, 2020.

² NAWC filed a motion for party status on July 22, 2020. As of the date of this filing, no ruling has been issued on this motion.

NAWC shares the Commission's interest in issues concerning affordability of clean, safe drinking water for low-income customers and disadvantaged communities.³ NAWC and our members are accurately aware of how increasing rates impact our low-income customers, and we are committed to working with regulators and other key stakeholders to craft a holistic solution to this complex challenge. NAWC members are also committed to protecting the environment and to using our most precious resource – water – as wisely as possible. For water companies, sustainability is essential and NAWC members have a strong track record of helping communities improve their water conservation practices.

NAWC is concerned with the CPUC's proposal to eliminate the water revenue adjustment mechanism/modified cost balancing account ("WRAM/MCBA") for several reasons. First, the issue of elimination of the WRAM/MCBA was never identified as part of the scope of this proceeding, therefore preventing interested parties from participating in the CPUC's consideration of this issue. Second, eliminating the WRAM/MCBA will deprive the CPUC and the water utilities it regulates of a highly successful conservation tool that is considered an industry best practice. Third, the transition to less aggressive conservation rate designs will result in rate increases for low-income customers and efficient water users, while rewarding customers with higher water usage. The shift in costs to low-income customers will constitute an ongoing burden for those who are most vulnerable. NAWC recommends that the Commission

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³ NAWC has demonstrated its commitment to affordability through its advocacy before Congress for a federal support program for water customers, similar to the current federal Low Income Home Energy Assistance Program (LIHEAP). The National Association of Regulatory Utility Commissioners (NARUC) Board of Directors also recently adopted a resolution in support of a LIHEAP-like program for water. https://pubs.naruc.org/pub.cfm?id=B28DF0A6-155D-0A36-3159-E406229FC71A

revise the Proposed Decision to allow the continued use of the decoupling WRAM/MCBA. To the extent the CPUC believes that it needs to further consider this issue, it should open a separate proceeding to allow all interested parties to participate.

II. SCOPE

In its Order Instituting Rulemaking for this proceeding, the CPUC indicated that it was beginning a review of the existing low-income customer assistance programs of the Class A water utilities in order to assess consistency and potential expansion to small CPUC-regulated water utilities.⁴ Additionally, the CPUC stated that it would consider potential revenue sources to assist with affordability, including revenue from bottled water, and that it would also work with the State Water Resources Control Board.⁵ The CPUC also stated that it would "examine standardizing water sales forecasting" in a subsequent phase.⁶

The Proposed Decision claims that by mentioning forecasting, interested entities should have known that the CPUC would consider eliminating the WRAM/MCBA.⁷ Elimination of the WRAM/MCBA does not standardize water sales forecasting, however. Therefore, nothing in this Order provided notice to potential parties that the CPUC might eliminate the WRAM/MCBA as part of this proceeding.

⁴ Order Instituting Rulemaking evaluating the Commission's 2010 Water Action Plan Objective of Achieving Consistency between the Class A Water Utilities' Low-Income Rate Assistance Programs, Providing Rate Assistance to All Low-Income Customers of Investor-Owned Water Utilities, Affordability and Sales Forecasting, July 10, 2017, p. 2.

⁵ *Id.*

⁶ *Id*., p. 8.

⁷ Proposed Decision, p. 52.

The initial scoping memo issued in this proceeding similarly omits any mention of the WRAM/MCBA.⁸ While the adopted forecast is one of the inputs to the WRAM calculation, the WRAM/MCBA itself is not a forecasting mechanism. Including the issue of the "guidelines or mechanisms" the Commission can "put in place to improve or standardize water sales forecasting for Class A water utilities" does not provide an indication that the Commission might consider elimination of the WRAM/MCBA.

The subsequently issued amended scoping memo is similarly silent on the WRAM/MCBA issue.¹⁰ The amended scoping memo added two new issues to the proceeding: (1) designing rates to provide a basic amount of water at a low quantity rate, and (2) sharing of low-income customer data by regulated investor-owned energy utilities with municipal water utilities.¹¹ Neither of this issues are related to the possible elimination of the WRAM/MCBA.

Under the CPUC's rules, the purpose of the scoping memo is to determine the schedule and issues to be addressed. The scoping memo is particularly important in providing transparency for parties who may appear before the CPUC less frequently and may not have the resources to participate in multiple proceedings or monitor every document issued by the CPUC. The CPUC's failure to disclose in its scoping memos that it might eliminate the WRAM/MCBA deprived interested entities of the opportunity to participate in CPUC's process.

⁸ Scoping Memo and Ruling of the Assigned Commissioner, January 9, 2018.

⁹ *Id.*, p. 3.

¹⁰ Amended Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, July 9, 2018.

¹¹ *Id.*, p. 3.

¹² CPUC Rule 7.3.

III. CONSERVATION

NAWC has long taken a leadership role in promoting constructive and effective regulatory practices for the water industry across the country. Decoupling conservation adjustments are viewed as a best practice by NAWC and the usage of these mechanisms has been expanding each year. Currently, water decoupling mechanisms have been adopted in Arizona, Connecticut, ¹³ Maine, New York, Nevada, Illinois, Pennsylvania, and Rhode Island.

Acting as responsible stewards of scarce water resources will increase financial pressure on water service providers as fixed costs must still be recovered despite decreasing per capita sales volumes. Decoupling rates from sales volumes can help address both the need to more efficiently use water while keeping the utility financially sound. If we want utilities to aggressively promote conservation and efficiency, we must remove the disincentives to them for doing so.

Despite the claims made in the Proposed Decision,¹⁴ the Monterey-style WRAM does not provide the same benefits as the WRAM/MCBA because it does not decouple sales from revenues. Since it does not address fluctuations in usage, it does not provide the same incentives for water utilities to aggressively target high-usage customers through tiered rate designs.

The California water companies with WRAM/MCBAs achieved remarkable conservation results before, during, and after the most recent drought. If the decoupling WRAM/MCBA is eliminated, however, these companies will likely modify their current

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¹³ Due its success as a conservation tool, expansion of decoupling to municipal water utilities is also being considered in Connecticut.

¹⁴ Proposed Decision, p. 59.

rate designs so that they are less dependent on revenue recovery from the highest tiers. This will lessen the incentive for these customers to conserve, leading to increased consumption. Water utilities and their customers are increasingly facing water supply issues related to drought, severe weather conditions and the effects of climate change. The Commission should not eliminate such an important conservation tool.

IV. LOW-INCOME CUSTOMERS

If the current WRAM/MCBA water utilities modify their rate designs to recover less revenue from the highest tiers, more cost recovery will shift to the lower tiers. As a result, many low-income customers will experience increased rates. The COVID-19 emergency has highlighted the need for access to safe and reliable water service. The CPUC should ensure that its actions do not create added hardship for people who have lost their jobs or are otherwise suffering economically due to COVID-19.

NAWC sympathizes with the concerns expressed in the PD regarding customer confusion and intergenerational inequity. Solven the substantial harm that would ensue with the elimination of the WRAM/MCBA, particularly to low-income customers, the Commission should consider other options to address these issues, such as increased customer education and more timely recovery of WRAM balances.

¹⁵ Proposed Decision, pp. 48-49, 56.

V. CONCLUSION

For the reasons discussed above, NAWC respectfully requests that the Commission modify the Proposed Decision to allow for the continuation of the decoupling WRAM/MCBA. If the Commission wishes to consider issues associated with the WRAM/MCBA it should do so in a separate proceeding to allow all interested parties to participate.

Respectfully submitted,

By: /S/ April A. Ballou April A. Ballou

Vice President of Legal and State Regulatory Affairs National Association of Water Companies Two Liberty Place 50 South 16th Street, Suite 2725 Philadelphia, PA 19102 (703) 969-3203 april@nawc.com

July 27, 2020

ATTACHMENT 1

FINDINGS OF FACT

13. The WRAM/MCBA mechanism is not the best means to minimize intergenerational transfers of costs when compared to an alternative available to the utilities and the Commission

Tiered rate design causes customers to use less water at increased costs per unit consumed; thus, use of tired rate design is a reasonable means to stabilizing revenues.

14. The Monterey-Style WRAM combined with the ICBA is a method to account for lesser quantity sales and stabilize revenues.

Implementation of a Monterey-Style WRAM means that forecasts of sales become very significant in establishing test year revenues.

CONCLUSIONS OF LAW

- 1. This decision should be effective today to provide timely notice to Class A water utilities in advance of their next GRC filings.
- 2. Consideration of changes to the WRAM/MCBA is and has always been <u>not</u> within the scope of this proceeding as part of our review of how to improve water sales forecasting.
- 3. Elimination of the WRAM/MCBA mechanism is a policy decision not determined by law. The Monterey-style WRAM provides better incentives to more accurately forecast sales while still providing the utility the ability to earn a reasonable rate of return.
- 4. As WRAM utilities have individual factors affecting a transition to Monterey-Style WRAM mechanism, this transition should be implemented in each WRAM utilities' respective upcoming GRC applications.

Attachment B

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Evaluating the Commission's 2010 Water Action Plan Objective of Achieving Consistency between Class A Water Utilities' Low-Income Rate Assistance Programs, Providing Rate Assistance to All Low-Income Customers of Investor-Owned Water Utilities, and Affordability.

Rulemaking 17-06-024 (Filed June 29, 2017)

REPLY COMMENTS OF THE NATIONAL ASSOCIATION OF WATER COMPANIES ON THE PROPOSED DECISION OF COMMISSIONER GUZMAN ACEVES

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August 3, 2020

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OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Evaluating the Commission's 2010 Water Action Plan Objective of Achieving Consistency between Class A Water Utilities' Low-Income Rate Assistance Programs, Providing Rate Assistance to All Low-Income Customers of Investor-Owned Water Utilities, and Affordability.

Rulemaking 17-06-024 (Filed June 29, 2017)

REPLY COMMENTS OF THE NATIONAL ASSOCIATION OF WATER COMPANIES ON THE PROPOSED DECISION OF COMMISSIONER GUZMAN ACEVES

I. INTRODUCTION

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission ("CPUC"),¹ the National Association of Water Companies ("NAWC") respectfully submits these reply comments in response to the opening comments filed on the *Proposed Decision of Commissioner Guzman Aceves* ("Proposed Decision").² NAWC's membership includes regulated drinking water and wastewater utilities that collectively provide safe and reliable water services to more than 73 million Americans nationwide. Through NAWC, our members collaborate, share best practices and leverage their strengths to benefit the communities they serve.

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¹ Assigned Administrative Law Judge Haga confirmed via email on July 6, 2020 that the deadline for opening comments is July 27, 2020 and the deadline for reply comments is August 3, 2020.

² NAWC filed a motion for party status on July 22, 2020. As of the date of this filing, no ruling has been issued on this motion.

II. DISCUSSION

NAWC writes to respond to the assertions in the Opening Comments of the Public Advocates Office ("Cal Advocates") on the Proposed Decision that "the [Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA")] mechanism removes all financial consequences of inaccurate sales forecasting from the water utility and transfers this risk to its customers." According to Cal Advocates, this purportedly "all but guarantees the WRAM-utilities their authorized revenue requirement, at the expense of customers, regardless of other impacts to utility revenue such as weather, general economic cycles, and normal business risks." These statements are unsupported and severely downplay the risk that water utilities face in their day-to-day operations. Even more importantly, Cal Advocates' argument fails to acknowledge the central role that these decoupling mechanisms serve towards facilitating and encouraging robust water conservation programs and policies.

The central purpose of decoupling measures is not to insulate water utilities from sales fluctuations and normal business risks as Cal Advocates alleges, but instead to eliminate the inherent financial disincentive for utilities against conservation naturally arising out of the basic structure of utility ratemaking. As NAWC outlined in its opening comments on the Proposed Decision,⁶ it is for this reason that decoupling conservation

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³ Comments of the Public Advocates Office on the Proposed Decision of Assigned Commissioner (July 27, 2020), p. 6.

⁴ *Id.*, pp. 6-7.

⁵ With water scarcity issues, increasingly stringent environmental standards, declining customer usage, an immense aging infrastructure issue, and steep capital investment needs, water utilities face an extreme amount of risk in their daily operations regardless of decoupling measures.

⁶ Comments of the National Association of Water Companies on the Proposed Decision of Commissioner Guzman Aceves (July 27, 2020), p. 5.

adjustments are viewed nationally as a best practice for utility ratemaking. Indeed, for the electric and gas industry, many states (including California) have long implemented such decoupling mechanisms as a structural fix necessary to properly align the utility's financial incentives with the state conservation and goals. In adopting them, those states have found that decoupling mechanisms are justified because they make possible the accomplishments that we have seen in energy efficiency and conservation that we have seen in that industry over the past few decades.

More recently, decoupling mechanisms for water utilities have been adopted or are being considered in a growing number of states for the same exact purpose, including here in California through the WRAM/MCBA. It is quite notable that the states that have done so have primarily been located in the West where water is scarce and in other states where conservation is an important public policy. These states with water decoupling mechanisms, including California, are currently at the forefront of progressive water conservation policies that others are looking to as a model for developing their own policies. The Proposed Decision's elimination of the WRAM would be a major step backwards for California. For these reasons, NAWC respectfully implores the Commission to keep these important considerations in mind and to reject the misplaced assertions of Cal Advocates regarding the purpose that the WRAM is intended to serve as part of a conservation-focused ratemaking framework for water utilities.

⁷ *Id.* (identifying "Arizona, Connecticut, Maine, New York, Nevada, Illinois, Pennsylvania, and Rhode Island" as states where water decoupling mechanisms have been adopted).

III. CONCLUSION

For the reasons discussed above, NAWC respectfully reiterates its request that the Commission modify the Proposed Decision to allow for the continuation of the decoupling WRAM/MCBA. If the Commission wishes to consider issues associated with the WRAM/MCBA it should do so in a separate proceeding to allow all interested parties to participate.

Respectfully submitted,

By: /S/ April A. Ballou
April A. Ballou

Vice President of Legal and State Regulatory Affairs National Association of Water Companies Two Liberty Place 50 South 16th Street, Suite 2725 Philadelphia, PA 19102 (703) 969-3203 april@nawc.com

August 3, 2020

Attachment C

Dolqueist, Lori Anne

From: Binns, David <David.Binns@cpuc.ca.gov>
Sent: Tuesday, September 8, 2020 6:16 AM
To: Dolqueist, Lori Anne; april@nawc.com

Cc: ALJ Docket Office; Haga, Robert; Watts-Zagha, Camille; Williams, Kale **Subject:** [External] Inadvertent Acceptance of Filing in Proceeding R1706024 (Water)

Good morning National Association of Water Companies (NAWC),

The Ruling for Party Status to NAWC allowed for their participation in Phase II ONLY. Therefore the submitted "Reply Comments of the National Association of Water Companies on the Proposed Decision of Commissioner Guzman Aceves" filed 08/03/20 04:49PM should not have been accepted and is therefore REMOVED from the filing record. The Comments and Reply Comments on the Phase I Proposed Decision are not accepted for filing and are not a part of the record in the Proceeding.

Apologies for the confusion.

Sincerely,

David Troy Binns

Staff Services Manager I ALJ Division, Records Mgmt Unit California Public Utilities Commission (415) 703-5532

David.Binns@cpuc.ca.gov



"Wear a Mask. Slow the Spread"

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Exhibit 4

CPUC Rulemaking 11-11-008 Third Amended Scoping Memo and Ruling Establishing Phase II, pp. 2-4

September 17, 2020

imperative of ensuring that our water conservation programs are effective, and that rate and recovery mechanisms are aligned with conservation incentives and supplying safe, reliable water at just and reasonable rates.

This phase of this Order Instituting Rulemaking (OIR) will evaluate the effectiveness of the Commission's water rate, forecast, charge and recovery mechanisms in achieving the statutory objective of safe, reliable water service at just and reasonable rates, and in promoting water conservation. In particular, Phase II will evaluate current policies and potential improvements in policies related to: (1) rate structures, including conservation rate design, tiered rates, and other rate-design issues including forecast mechanisms especially in light of the recently issued Executive Order; (2) accounting mechanisms such as the Water Revenue Adjustment Mechanisms (WRAMs) and Modified Cost Balancing Account (MCBAs); and (3) in collaboration with the State Water Resources Control Board and the Department of Water Resources the role and use of data¹ and technology to assist in smart conservation among different sectors in the State of California.

1. Background

The Commission opened this OIR to address the policy objective of setting rates for multi-district water utilities that balance investment, conservation, and affordability.² Decision (D.) 14-10-047 resolved and closed Phase I of this

-

¹ Executive Order B-29-15, #9

² This is one of the six policy objectives identified in the Commission's Water Action Plans. The other five objectives are to: (1) maintain highest standards of water quality; (2) strengthen water conservation programs to a level comparable to those of energy utilities; (3) promote water infrastructure investment; (4) assist low income ratepayers; and (5) streamline CPUC regulatory decision-making. See 2005 Water Action Plan at 4; 2010 Water Action Plan at 4.

rulemaking proceeding after finding that no single solution should be adopted to mitigate all high-cost and affordability problems found to exist within one or more districts of multi-district water utilities. D.14-10-047 directed that a Phase II of this proceeding be opened to analyze and propose actions on issues regarding affordability and rate design, including but not limited to conservation rate design such as tiered rate structures, and accounting mechanisms such as WRAMs and MCBAs. In addition, D.14-10-047 directed each multi-district water utility to perform a district-based rate review, report on the review in its next general rate case (GRC) application or in Tier 3 GRC advice letters (ALs), as applicable, and propose one or more appropriate rate balancing solutions to mitigate any high-cost and affordability problems.

As a result of the recent Executive Order and in consideration of the current drought, Phase II will necessarily consider ideas to promote smart conservation above and beyond traditional accounting mechanisms.

2. Discussion

Comments in Phase I of this proceeding raised several issues regarding affordability and rates that were not contemplated in the original scope but which are fundamentally related to balanced rates. Therefore, it is appropriate for the Commission to address these issues in Phase II, especially in light of Governor Brown's January 2014 and April 2015 drought declarations. The mandatory water restrictions and higher rates for large water users imposed by the most recent Executive Order and CPUC action regarding this Executive Order make it imperative that we examine these issues to achieve conservation goals and ensure safe and reliable water delivery, consistent with just and reasonable rates. This Phase will analyze issues and propose actions regarding affordability and rate design, including but not limited to, conservation rate

design such as tiered rate structures, technical enhancements, forecast methods, and accounting mechanisms such as Water Revenue Adjustment Mechanisms.

2.1 Tiered Rates and Conservation

The Commission set a new direction in rate structure for water utilities in 2010 based on the principles and objectives of the Water Action Plan (WAP). In particular, D.10-04-031 (the San Gabriel Rate Design Decision)³ adopted two rate design principles that have since been used by the Commission in water ratesetting proceedings. First, a high proportion of total annual revenues – at least 70 percent – are to be derived from quantity charges, that is, charges based on the amount of water received, with only a small portion – less than 30-percent – collected through fixed charges, sometimes called "service charges." The basic principle underlying the 70-percent rule is stated in the Best Management Practices (BMPs) of the California Urban Water Conservation Council (CUWCC).⁴

$$\frac{V}{V+M} \ge 70\%$$

The document does not reveal the provenance of the 70-percent number itself or why 60-percent would be inadequate or 80-percent would be more than sufficient. The second option is not a

Footnote continued on next page

³ D.10-04-031, "Decision Authorizing Changes in Rate Design and Ratesetting Mechanism, and Denying Motion for Establishment of a Memorandum Account," Application (A.) 08-09-008, April 8, 2010.

⁴ Memorandum of Understanding Regarding Urban Water Conservation in California, California Urban Water Conservation Council, originally adopted in September, 1991, and updated most recently, September 14, 2011. The most recent version is available on the website at: http://www.cuwcc.org/. Specifically, see section 1.4, "Retail Conservation Pricing," page 29 and following. On page 30, the MOU offers two options for determining whether the volumetric rate is "sufficiently consistent with the definition of conservation pricing," i.e., high enough. Option 1 is to "Let V stand for the total annual revenue from the volumetric rate(s) and M stand for total annual revenue from customer meter/service (fixed) charges, then:

Exhibit 5

National Association of Water Companies Active Members Web Page

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of

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info@nawc.com

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Exhibit 6

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CHAPTERS

Our grassroots efforts began in 1895 with just a handful of individual companies and member volunteers in Pennsylvania coming together to engage officials, customers and public utility commissioners on water issues. It wasn't until 1971, when we moved to Washington, DC, and adopted our current name and mission, that the National Association of Water Companies began providing member services on a national level.



Today, our chapters located throughout the country bring our national mission to the local level and keep moving water forward through community outreach, public affairs and advocacy efforts. Every chapter and group is unique to its area. All were formed at different times and for different reasons, but what they have in common is a focus on the specific water challenges facing their regions and a commitment to work with others to try and solve them now.

Current NAWC chapters include California, Delaware, Illinois, Indiana, New England, New Jersey, New York, Ohio, Pennsylvania, Southeast, and Texas. NAWC will be announcing new chapters in 2020.

We encourage you to check out some of the initiatives being launched by our chapters by clicking on their individual pages on this website. For information on how you can join or start a chapter, email us at membership@nawc.com.

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CASE NO. S269099 (CONSOLIDATED WITH S271493)

In the Supreme Court of the State of California

GOLDEN STATE WATER COMPANY,
CALIFORNIA-AMERICAN WATER COMPANY,
CALIFORNIA WATER SERVICE COMPANY,
LIBERTY UTILITIES CORP.
AND CALIFORNIA WATER ASSOCIATION
Petitioners,

v.

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA Respondent.

AMICUS CURIAE NATIONAL ASSOCIATION OF WATER COMPANIES' MOTION FOR JUDICIAL NOTICE

After Decision Nos. 20-08-047 and 21-09-047

Of the Public Utilities Commission of the State of California

PROOF OF SERVICE

I am a resident of the State of California. I am over the age of eighteen years, and not a party to this action. My business address is 436 14th Street, Suite 1205, Oakland, California 94612.

On January 13, 2023, I served the following document(s):

AMICUS CURIAE NATIONAL ASSOCIATION OF WATER COMPANIES' MOTION FOR JUDICIAL NOTICE

on each of the parties listed below at the following addresses:

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BY ELECTORNIC SERVICE: On the date specified above, I caused the above-described documents to be delivered from my electronic service address (darren@brblawgroup.com) to the above recipients via TrueFiling and/or email.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on January 13, 2023, at Oakland, California.

/s/ Darren Lee

STATE OF CALIFORNIA

Supreme Court of California

PROOF OF SERVICE

STATE OF CALIFORNIASupreme Court of California

Case Name: GOLDEN STATE WATER COMPANY v. PUBLIC UTILITIES COMMISSION

Case Number: **S269099**

Lower Court Case Number:

- 1. At the time of service I was at least 18 years of age and not a party to this legal action.
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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.					
1/13/2023					
Date					
/s/Darren Lee					
Signature					
Rosvall, Patrick (217468)					

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