

Preliminary Statement
Los Osos Groundwater Adjudication Memorandum Account

TT. LOS OSOS GROUNDWATER ADJUDICATION MEMORANDUM ACCOUNT

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1. **Purpose:** The purpose of the Los Osos Groundwater Adjudication Memorandum Account ("LOAMA") is to track legal expenses related to the adjudication of the Los Osos groundwater, pursuant to the Settlement Agreement in D. 10-12-059.

The LOAMA shall include all outside services including consultants and legal associated with Legal expenses related to the Los Osos Groundwater Interlocutory Stipulated Judgment process in order to draft, negotiate, implement and defend the establishment of a Basin Management Plan - Prepare for and attend meetings and hearings including committee meetings necessary to draft and/or negotiate a Basin Management Plan (e.g., finance committee, water resources, administrative, interagency and other committees); Review and respond to board and committee memoranda; Meetings with stakeholders re: same including area cities and water rights holders, local elected officials, water board members, utilities and industry; Provide public testimony as needed; Legal and policy research to defend and support positions to protect ratepayers; Identify, analyze, and propose statutory changes to defend and support positions to protect ratepayers; attend meetings and hearings, including committee meetings, as needed; Legal research and other actions including employment of experts to defend against any legislation that has a negative impact on rates, water supply reliability or water rights affecting ratepayers; Review and preparation of legal documents; Review and preparation of technical documents; Meetings with technical staff and experts; Review and respond to various settlement approaches; Legal research to support and defend positions; Policy research to support and defend positions; Legal research re: potential litigation to protect ratepayers' long term storage costs; Identify, analyze, defend and propose statutory changes to protect long term storage benefits to ratepayers; Draft pleadings and other court documents re: same; Prepare for and attend meetings with potential litigants; Conduct discovery and file motions; Employ expert witnesses as necessary.

The legal expenses recorded in the LOAMA is capped at \$400,000 for 2011 and 2012 (\$200,000 for 2011 and \$200,000 for 2012).

2. **Applicability:** The LOAMA does not have a rate component.

GSWC shall maintain the LOAMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to the LOAMA at the end of each month to record the expenses.
- b. A debit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entry (a.), at a rate equal to one-twelfth of the rate on three month Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
3. **Effective Date:** The LOAMA shall have the effective date of January 1, 2011.
4. **Disposition:** GSWC may seek rate recovery of costs recorded in the LOAMA in its next general rate case or other formal proceeding with the California Public Utilities Commission.

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(Continued)

(To be inserted by utility)

Advice Letter No. 1441-W
Decision No. 10-12-059

Issued By
R. J. SPROWLS
President

(To be inserted by P.U.C.)

Date Filed March 30, 2011
Effective January 1, 2011
Resolution No. _____