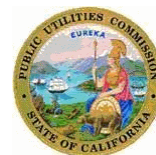


**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

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Joint Application of Liberty Utilities Co., Liberty WWH, Inc., Western Water Holdings, LLC, Park Water Company (U 314 W), and Apple Valley Ranchos Water Company (U-346-W) for Authority for Liberty Utilities Co. to Acquire and Control Park Water Company and Apple Valley Ranchos Water Company.

Application 14-11-013
(Filed November 24, 2014)

**JOINT STATUS UPDATE OF
THE OFFICE OF RATEPAYER ADVOCATES,
LIBERTY UTILITIES CO., LIBERTY WWH, INC., WESTERN
WATER HOLDINGS, LLC, PARK WATER COMPANY (U 314 W),
AND APPLE VALLEY RANCHOS WATER COMPANY (U-346-W)**

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RANCHOS WATER COMPANY

June 24, 2015

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In accordance with Article 1 of the Commission’s Rules of Practice and Procedure, Liberty Utilities Co. (“Liberty Utilities”), Liberty WWH, Inc., Western Water Holdings, LLC (“Western Water”), Park Water Company (“Park Water”), and Apple Valley Ranchos Water Company (“AVR”) (collectively, the “ Joint Applicants”) and the Office of Ratepayer Advocates (“ORA”) (together with the Joint Applicants, the “Settling Parties”) hereby jointly submit their Joint Status Update in compliance with the ruling of Administrative Law Judge (“ALJ”) Kim that was delivered to the parties to this proceeding by electronic mail on June 22, 2015 (the “E-Mail Ruling”).

A. The Settling Parties’ Position on the Questions Presented

As directed by the E-Mail Ruling, the Settling Parties hereby state their joint position on each of the questions presented in that ruling.

- (1) Did the proposed Settlement Agreement resolve all three issues outlined in Section 2 of the Scoping Memo Ruling dated April 27, 2015? If so, explain.

Yes. The proposed Settlement Agreement fully resolves all three issues specified in the Assigned Commissioner and Administrative Law Judge's Scoping Memo and Ruling, issued April 27, 2015, in this proceeding. Specifically:

1. The Transaction, subject to the terms of the Settlement Agreement, is consistent with the law and in the public interest, including Pub. Util. Code §851 *et seq.* In particular, the 26 Regulatory Commitments, some including multiple commitments, that are specified in Part 3 of the Settlement Agreement, will serve the public interest with respect to the future governance and operations of Park Water and AVR, including particularly the relationship between and among the two water utilities, their current and future parent company, Western Water, and Western Water's future parent company, Liberty Utilities.

a. The Transaction meets the "ratepayer indifference standard" set out in Decision 11-12-007.

b. No adverse consequences or impacts of the Transaction to ratepayers have been identified, and the Settling Parties are not aware of any such possible adverse impacts.

c. No adverse safety or reliability impacts of the Transaction have been identified, and the Settling Parties are not aware of any such possible adverse impacts.

d. The Transaction addresses the factors set forth in §854(b) as follows:

(1) The Transaction provides benefits to ratepayers by ensuring the future continuity of ownership and management by Liberty Utilities, a known and capable operator of public utilities comparable to Park Water and AVR, beyond the anticipated winding up within a few years of Carlyle Infrastructure Partners, L.P., the current indirect owner of Western Water.

(2) The Transaction does not allocate benefits, but no such allocation is required under the “ratepayer indifference standard” set out in Decision 11-12-007.

(3) The Transaction will not adversely affect competition, since Park Water and AVR will continue to operate as regulated monopolies in the provision of public utility water service within their respective Commission-authorized service areas.

e. Because no possible adverse consequences of the Transaction have been identified, and the Settling Parties are not aware of any such possible adverse consequences, there is no need as contemplated by §854(d) to consider “options” other than the proposed Settlement Agreement.

2. The Transaction does not restrict the Commission’s future authority or discretion over the utilities being proposed for acquisition. To the contrary, Paragraph 3.1 of the proposed Settlement Agreement specifically provides that the Transaction “shall have no effect on the Commission’s authority over the provision of public utility service to the public” by Park Water and AVR. Paragraph 3.25(d) of the proposed Settlement Agreement similarly provides that “Park Water and AVR shall provide service to their customers in compliance with all rules, regulations and decisions issued by the Commission.” See also, Joint Application, pp. 16-18 (§VI.G).

3. The Transaction does fall within an exemption under the California Environmental Quality Act (“CEQA”), Pub. Res. Code (§21000 *et seq.*). Specifically, §15061(b)(3) of the CEQA Guidelines provides that a project is exempt from CEQA if the project is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect of the environment. Because it can be seen with certainty that there is no possibility that the Transaction – or the Commission’s approval of the

proposed Settlement Agreement – may have a significant effect of the environment, neither the Transaction nor the Commission’s approval of the proposed Settlement Agreement is subject to CEQA. This issue was thoroughly addressed in the Joint Application, pp. 18-21 (§VII), and no party has differed with the Joint Applicants’ contention that:

Because the proposed Transaction will not result in any physical changes and, therefore will not cause a direct or reasonably foreseeable indirect change to the environment, CEQA does not apply to the Application. Alternatively, based on CEQA Guidelines Section 15061(b)(3) and Commission decisions applying that regulation, because it can be seen with certainty that the proposed Transaction will not have a significant effect on the environment, the Transaction is exempt from CEQA environmental review.

Joint Application, pp. 20-21.

- (2) Are there any remaining contested issues of material facts requiring an evidentiary hearing because they were not resolved by the Settlement Agreement?

The Settling Parties are not aware of the existence of any such issues, and therefore believe that no evidentiary hearing is required.

- (3) Are there any remaining contested legal issues requiring a briefing schedule because those issues were not resolved by the Settlement Agreement? If so, explain.

The Settling Parties are not aware of the existence of any such issues, and therefore believe that no briefing is required.

B. Conclusion

Based on this Status Update, the Settling Parties respectfully urge ALJ Kim and the Commission to take off-calendar the evidentiary hearing currently scheduled for July 1-2, to consider any comments that may be filed in response to the previously filed Joint Motion for Approval of Settlement Agreement, and to timely approve and adopt the Settlement Agreement as proposed.

Respectfully submitted,

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June 24, 2015