

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of California Water Service Company (U60W), a California corporation, for an order 1) authorizing it to increase rates for water service by \$92,765,000 or 19.4% in test year 2014, 2) authorizing it to increase rates on January 1, 2015 by \$17,240,000 or 3.0%, and on January 1, 2016 by \$16,950,000 or 2.9% in accordance with the Rate Case Plan, and 3) adopting other related rulings and relief necessary to implement the Commission's ratemaking policies.

Application 12-07-007
(Filed July 5, 2012)

DECISION GRANTING COMPENSATION TO THE UTILITY REFORM NETWORK FOR SUBSTANTIAL CONTRIBUTION TO DECISION 14-08-011

Intervenor: The Utility Reform Network (TURN)	For contribution to: D. 14-08-011
Claimed (\$): \$120,208.51	Awarded (\$): \$87,827.78 (reduced 27%)
Assigned Commissioner: Catherine J.K. Sandoval	Assigned ALJ: Robert M. Mason III

PART I: PROCEDURAL ISSUES

A. Brief Description of Decision:	The Final Decision adopts a revenue requirement for all of the serving areas of California Water Service Company (“CalWater”) for the 2014-2016 general rate case cycle. The Decision adopts a multi-party settlement between CalWater, ORA, TURN and other intervenors resolving most revenue requirement and rate design issues pending in the docket. Further, the Final Decision resolves specific concerns raised by individual parties regarding aspects of the settlement as well as two litigated issues regarding Sales Reconciliation Mechanisms and Working Cash.
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**B. Intervenor must satisfy intervenor compensation requirements set forth in
Pub. Util. Code §§ 1801-1812:**

	Intervenor	CPUC Verified
Timely filing of notice of intent to claim compensation (NOI) (§ 1804(a)):		
1. Date of Prehearing Conference:	October 29, 2012	Verified.
2. Other Specified Date for NOI:	N/A	
3. Date NOI Filed:	November 26, 2012	Verified.
4. Was the NOI timely filed?		Yes.
Showing of customer or customer-related status (§ 1802(b)):		
5. Based on ALJ ruling issued in proceeding number:	A.09-09-013	Verified.
6. Date of ALJ ruling:	January 7, 2010	Yes.
7. Based on another CPUC determination (specify):		TURN's Showing of Significant Financial Hardship, the ALJ Ruling in Rulemaking (R.) 11-11-008 on January 3, 2012, also addresses its Customer Status.
8. Has the Intervenor demonstrated customer or customer-related status?		Yes.
Showing of "significant financial hardship" (§ 1802(g)):		
9. Based on ALJ ruling issued in proceeding number:	R.11-11-008	Verified.
10. Date of ALJ ruling:	January 3, 2012	Verified.
11. Based on another CPUC determination (specify):		
12. Has the Intervenor demonstrated significant financial hardship?		Yes.
Timely request for compensation (§ 1804(c)):		
13. Identify Final Decision:	D.14-08-011	Verified.
14. Date of Issuance of Final Order or Decision:	August 18, 2014	Verified.
15. File date of compensation request:	October 17, 2014	Verified.
16. Was the request for compensation timely?		Yes.

C. Additional Comments on Part I

#	Intervenor's Comments	CPUC Discussion
5.9	<p>The Commission has not issued a ruling on the Notice of Intent filed by TURN in this proceeding. Rather than re-state the basis for TURN's eligibility, we rely on the showing made in the still-pending NOI.</p>	<p>In TURN's NOI filed on November 26, 2012, TURN claims customer status, within Category 3. Within this category, representatives authorized by its articles of incorporation or bylaws, may represent residential customers, small commercial customers, or another eligible group.</p> <p>TURN refers to its articles of incorporation submitted in the NOI for A.98-02-017 and in A.99-12-024.</p> <p>In this claim, TURN cites the January 7, 2010 ALJ ruling in A.09-09-013 which confirms its customer status. An ALJ's Ruling on Showing of Significant Hardship was also issued 1/3/2012 in R.11-11-008. That ruling, within one year of the date the NOI was filed, also confirms TURN's customer-related status under Category 3.</p> <p>In Part III of TURN's NOI, Showing of Significant Financial Hardship, TURN states as the basis of its significant financial hardship a rebuttable presumption, a Section 1802(g) finding of significant financial hardship in another proceeding, within one year prior to the commencement of this proceeding. The cited ALJ ruling, dated 1/3/2012, was issued in R.11-11-008.</p>

PART II: SUBSTANTIAL CONTRIBUTION

A. Did the Intervenor substantially contribute to the final decision (see § 1802(i), § 1803(a), and D.98-04-059).

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<p>1. In this state-wide general rate case for California American Water Company, TURN took a focused approach to the issues. TURN filed testimony from two witnesses, with an emphasis on rate design</p>	<p>Final Decision at p. 85; Finding of Fact 6.</p> <p>Direct Testimony of David E. Peterson on behalf of the Utility</p>	<p>Verified.</p>

<p>and low-income programs. TURN worked with the other active parties in the docket to achieve a settlement of the majority of issues.</p> <p>TURN, ORA, and CalWater submitted a joint settlement, along with numerous other district-specific intervenors, that describes, at a high level, CalWater’s initial proposals and the agreed-upon outcome for the proposals covered by the settlement. The Commission should find that the resulting settlement reflects TURN’s substantial contribution on each of the TURN-disputed issues covered by the settlement, as listed below. As is often the case for a GRC settlement, due to the number and range of disputed issues the settlement does not address each and every issue or proposal put forth by TURN or other parties in any level of detail. In some instances the settled outcome may represent a combination or blending of issues to create a mutually acceptable agreement. D.14-08-011 approves the Settlement, and declares that the settlement “commands broad support among the participants” [including TURN representing ratepayers] and is a “balance between the original positions as otherwise litigated in the pleadings and prepared testimony of the parties.”</p> <p>The Commission should find that TURN’s advocacy and dedication to the issues in this docket, constituted a substantial contribution that led to the development of this settlement and resulting benefits to CalWater ratepayers.</p>	<p>Reform Network, 3/23/13</p> <p>Direct Testimony of Scott J. Rubin on behalf on The Utility Reform Network, 3/23/13</p> <p>Supplemental Testimony of Scott J. Rubin on behalf of The Utility Reform Network, 4/5/13</p> <p>Second Supplemental Testimony of Scott J. Rubin on behalf of the Utility Reform Network, 4/30/13</p> <p>Motion to Adopt Settlement Agreement between California Water Service Company, the Office of Ratepayer Advocates, the City of Carson, the City of Lancaster, the City of Selma, the City of Visalia, the County of Kern, the County of Lake, the Leona Valley Town Council, Residents Against Water Rates, the Utility Reform Network, and Jeffrey Young, October 30, 2013, Appendix B, (Settlement Agreement).</p>	
<p><i>Overall Outcome:</i></p> <p>In its Application, CalWater requested an increase in its revenue requirement of over \$125 million to be recovered between 2014 and 2016 with the vast majority reflected in 2014 rates. Its proposal would have increased 2014 rates by 19.4%</p>	<p>Application of California Water Company, A.12-07-007, filed July 5, 2012.</p> <p>Final Decision at p. 11-14.</p>	<p>Verified.</p>

<p>The Final Decision approves the multi-party Settlement resulting in a 9.2% increase in CalWater’s revenue requirement, almost half of CalWater’s initial request. Indeed, the Final Decision adopts a \$45 million increase in revenue requirement for 2014, compared to CalWater’s request for over \$92 million. The Final Decision calculates that every district will see some increase in the “average bill;” however, the settlement spared every district the larger increases proposed by CalWater. For example, in the Livermore district the average bill is \$10 lower under the Settlement (\$61) than it would have been under CalWater’s Application (\$71).</p>		
<p><i>1. Settlement- Low Income Rate Assistance</i></p> <p>Changes to CalWater’s LIRA program, and the impact of those changes on rates throughout CalWater’s serving areas, were a significant focus of the parties’ settlement discussions.</p> <p>TURN not only included proposals to expand and strengthen CalWater’s LIRA program in its direct testimony but was an active participant in the settlement talks to re-design the LIRA program. LIRA issues were critical to TURN’s work on the settlement because for LIRA customers, especially those living in high cost areas, “the existing rate structure, even with RSF, still results in extremely high water bills that force customers to make life-affecting decisions and trade-offs, as the Commission heard at some of the public participation hearings.” (Rubin Direct, p. 40.)</p> <p>In the Final Decision, the Commission echoes Mr. Rubin’s comments regarding the economic landscape, “We must address the question of whether the rate increases</p>	<p>Direct Testimony of Scott Rubin, March 23, 2013 at p. 40-42; Second Supplemental Testimony of Scott Rubin, April 30, 2013 at p. 4-11.</p> <p>Settlement Agreement at p. 5</p> <p>Final Decision, p. 22-23.</p>	<p>See Section III.D. CPUC Disallowances and Adjustments, Item 6.</p>

<p>are reasonable in view of the economic concerns ratepayers and parties raised in this proceeding.” The Final Decision finds that the Settlement is reasonable in that it takes the economic concerns raised by CalWater ratepayers into account and, for example, proposes an enhanced LIRA Program that increases benefits by up to 50% in non-RSF and 150% in RSF areas. These LIRA caps in the Settlement are higher than CalWater proposed in its Application where it would have increased the uniform cap only by \$2 per month thus not adjusting for low income customers in high cost areas.</p> <p>Although the Settlement does not incorporate Mr. Rubin’s entire LIRA proposal, it reflects TURN’s recommendation to expand the LIRA program and focus attention on low income customers in high cost areas. TURN, with its witness, worked very closely with the settling parties to calculate the cost of the revised LIRA program and the scope of the benefit. Using detailed calculations with CalWater’s data, TURN helped move the settlement talks forward. The resulting settlement benefits not only CalWater’s ratepayers that receive the subsidy but those ratepayers who must pay the surcharge to support the programs.</p>		
<p><i>2. Settlement- Rate Support Fund</i></p> <p>CalWater is the only Commission-regulated water utility to have a Rate Support Fund. In its testimony, CalWater proposed to expand this Fund to support additional high-cost districts.</p> <p>TURN recommended eliminating the RSF and, instead, expanding LIRA. TURN argued this would not only provide additional support for low-income customers but mitigate the surcharges necessary to support these affordability mechanisms that in some instances provide</p>	<p>Direct Testimony of Scott Rubin, March 23, 2013 at p. 37-40 Settlement Agreement, p. 6-8</p> <p>Final Decision 24-26</p>	<p>Verified.</p>

<p>subsidy to families who do not need assistance.</p> <p>Here too, settling parties spent significant time and resources working on a package of LIRA and RSF support that would effectively and meaningfully assist low-income CalWater ratepayers, while not over-burdening those paying the surcharge to support these programs.</p> <p>Recognizing the potential for conflicting public policies as discussed in Mr. Rubin’s testimony, the Settlement approves a more limited expansion of the RSF into new districts than the utility’s original proposal, but imposes a set of strict criteria that Cal Water must review before expanding the program further.</p> <p>To address conservation concerns and concerns that the RSF subsidizes wasteful usage, the Settlement also imposes a usage limit for the quantity rate discount. If a ratepayer in an RSF district exceeds the usage limit, the household will receive the RSF discount only up to the usage limit and the rest of the bill will be charged at full rates.</p>		
<p><i>3. Settlement- Tiers/Rate Design</i></p> <p>In the face of a proposal by CalWater that recommends maintaining the status quo for rate design, TURN proposed a detailed set of rate design criteria to update the current rates and then, using CalWater data, developed rate design proposals for each district. However TURN recommended that the next GRC cycle would be the appropriate time to further revise the rate design to update tier differentials and gradually move toward the industry standard 30%/70% revenue requirement ratio. TURN also proposed that customers with the same meter size should have the same rates regardless of whether the customer is residential or business.</p>	<p>Rubin Direct, p. 11, 14-15, p. 16-27; Rubin Supplemental, April 5, 2013, p. 2-6.</p> <p>Settlement Agreement at p. 9-12.</p> <p>Final Decision p. 26-30</p>	<p><i>See Section III.D. CPUC Disallowances and Adjustments, Item 6.</i></p>

<p>The Settlement covers rate design issues and agrees with TURN’s testimony that the fundamental effort must be toward compliance with industry standard revenue recovery at a 30%/70% ratio and acknowledges that this move must be done gradually to avoid rate shock.</p> <p>The Final Decision also echoes TURN’s recommendation that the goal is to ensure its adopted rate designs “gradually” move toward a ratio of 30%/70% cost recovery through fixed charges and volumetric charges and approves the Settlement because it achieves this goal.</p> <p>TURN also proposed that in districts without tiered rates, residential and non-residential customers should have the same rates. This proposal is reflected in the Settlement and ensures that the issue will be addressed in CalWater’s next GRC.</p> <p>While the Settlement does not adopt TURN’s tiered rate proposal, TURN’s extensive analysis and support for its proposal, in turn allowed the parties to analyze different rate impacts more closely and clearly review current CalWater rate designs to ensure they are meeting Commission goals of neutrality, conservation and fairness.</p> <p>One way that the Settlement proposes to make this gradual change is to ensure that future rate case applications will have enough data to enable parties to the GRC to propose modifications to the residential tier breakpoints using consistent and understandable criteria. Through TURN’s testimony, detailed proposals and detailed involvement in the Settlement negotiations, it became clear that CalWater could not supply the type of data and analysis needed for this purpose. Therefore, through TURN’s participation in the Settlement ensures that CalWater and the other parties will be better-positioned and have the</p>		
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<p>appropriate data and information in the next GRC to propose and analyze additional changes in rate design to get to the 30%/70% ratio.</p>		
<p><i>4. Sales Reconciliation Mechanism</i> CalWater requested the Commission to implement a sales reconciliation mechanism (SRM) to allow it to adjust its forecasts annually to account for inaccuracies in the adopted sales forecast. This adjustment would impact the rates for each escalation year where an adjustment is made.</p> <p>TURN witness Mr. Rubin filed testimony opposing the adoption of an SRM as “single-issue ratemaking” that may upset the delicate balance among the different ratesetting factors allowing the utility to pick isolated factors to adjust to their benefit.</p> <p>The Final Decision acknowledged ORA’s and TURN’s opposition to an SRM and carefully weighed the concerns raised by TURN regarding customer impact from the fluctuating rates imposed by SRM adjustments. However, “after having weighed the pros and the cons, as well as the policy implications both sides have raised”, the Commission agreed to give CalWater “the opportunity” to deploy a SRM in hopes of reducing WRAM balances. Based on the discussion in the final decision, although the Commission agreed to try an SRM, TURN’s testimony and other material in the record, strengthened the record and the Commission’s ability to properly weigh the pros and cons.</p>	<p>Rubin Direct Testimony, March 23, 2013 at p. 33-34 Final Decision at p. 18-20.</p>	<p>Verified.</p>
<p><i>5. Working Capital</i> As part of its General Office testimony, CalWater proposed a methodology to calculate the necessary working cash</p>	<p>Peterson Direct Testimony, March 23, 2013 at p. 4-10. Settlement Agreement, p. 107.</p>	<p>In D. 14-008-011, the Commission ultimately adopted</p>

<p>allowance that compensates its shareholders for providing funds to the company prior to receiving revenues from Accounts Receivables.</p> <p>ORA and TURN both initially challenged CalWater’s working cash methodology. TURN noted that CalWater overstated its working cash requirement by including non-cash transactions in the calculation. These non-cash transactions are not part of the day-to-day cash outlay requirements and can be financed differently than through working capital. Mr. Peterson’s testimony also pointed out that CalWater failed to include a source of working capital (semi-annual long-term debt payments) that would offset the size of the cash working capital requirement.</p> <p>ORA raised different concerns about CalWater’s use of the working cash methodology and CalWater addressed those concerns in its rebuttal testimony. Thus, while TURN briefly discussed possible settlement on this issue with CalWater, such a settlement was difficult in light of the agreement reached between CalWater and ORA on this issue, even before multi-party settlement talks had begun.</p> <p>The settlement does not explicitly address the working capital issue. Where working cash is discussed, relative to treatment of other expenses, it is relevant that the Settlement excludes the amortized portion of a project from working cash calculations. In his testimony, Mr. Peterson recommends that CalWater exclude amortized expenses from the calculation of working cash because it is a non-cash expense. In the settlement, only the “unamortized portion [of tank-coating costs is] included in working cash.” Although not specifically tied to TURN’s</p>	<p>CalWater Opening Brief, November 27, 2013 at p. 9</p> <p>Final Decision at p. 20-22</p>	<p>CalWater’s Working Cash methodology, after working out disagreements with ORA¹.</p> <p>See Section III.D. CPUC Disallowances and Adjustments, Item 6.</p>
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¹ D.14-08-021 at 21.

<p>testimony, some of TURN’s concerns regarding CalAm’s working capital proposals were addressed by the Settlement. In its Brief, after the Settlement was filed, CalWater clarifies that it only includes a certain type of amortized expense in working cash.</p> <p>In the Final Decision, the Commission decided to adopt a “status quo” approach to working cash after “reviewing the arguments and evidence.” So, while the Commission adopted CalWater’s working cash proposal with ORA’s recommended changes, TURN’s work on this issue developed the record by presenting an alternative methodology and requiring CalWater to add additional support to the record for its status quo methodology thus creating a stronger foundation for its treatment of this issue.</p>		
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B. Duplication of Effort (§§ 1801.3(f) & 1802.5):

	Intervenor Assertion	CPUC Discussion
<p>a. Was the Office of Ratepayer Advocates (ORA) a party to the proceeding?</p>	Yes	Verified.
<p>b. Were there other parties to the proceeding with positions similar to yours?</p>	Yes	Verified.
<p>c. If so, provide name of other parties:</p> <p>Other active parties to this docket represented the interests of local governments and agencies in various CalWater serving areas. These parties include the Cities of Carson, Lancaster, Selma and Visalia, Lake County, Kern County, the Leona Valley Town Council, and community groups such as the Residents Against Water Rates (Kern River), the Oroville Historic District and Jeffrey Young (Coast Springs).</p>		Verified.
<p>d. Intervenor’s claim of non-duplication:</p> <p>In light of the scope of the proceeding and the magnitude of the requested rate increase, TURN worked especially hard to coordinate with the other intervenors and, as a result, achieve maximum coverage for ratepayers. There were several intervenors, each with its unique interest and level of sophistication. Each intervenor was active in docket and the resulting settlement negotiations. During settlement discussions (hours coded as “SETT” or “RD”) parties closely coordinated</p>		Verified.

<p>through phone calls and emails discussing strategy and substantive issues, particular on issues relating to low income and high cost affordability mechanisms.</p> <p>TURN was in contact with representatives of these intervenors. While some of them focused on issues specific to their own CalWater serving areas, which TURN did not address, many of them were also interested in issues impacting company-wide costs to the extent those issues impacted their city’s share of the costs. TURN discussed strategy and procedure with these parties. For example, TURN worked with the Residents Against Water Rates and Jeffrey Young closely on issues of LIRA design and rate design to ensure any negative impact from TURN’s proposals and settlement discussions was mitigated in their areas.</p> <p>TURN worked closely with ORA to avoid undue duplication while maximizing each group’s effectiveness and to ensure consistency and efficiency of work effort. ORA’s work focused on the district-specific plant issues, in addition to company-wide expense analysis. TURN did not address district-specific issues in testimony or briefs, and, instead focused on areas where we could make our own unique proposals and also supplement ORA’s proposals (working capital, low income proposals, rate design).</p> <p>In sum, the Commission should find that TURN's participation was efficiently coordinated with the participation of other intervenors wherever possible, so as to avoid undue duplication and to ensure that any such duplication served to supplement, complement, or contribute to the showing of the other intervenor.</p>	
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PART III: REASONABLENESS OF REQUESTED COMPENSATION

A. General Claim of Reasonableness (§§ 1801 & 1806):

<p>a. Intervenor’s claim of cost reasonableness:</p> <p>TURN’s request for \$120,208.51 reflects a significant amount of work that produced tangible benefits for CalWater ratepayers. Ratepayers in every district benefitted from TURN’s advocacy resulting in a settlement for smaller-than-requested increases in CalWater’s revenue requirement and lower average bills compared to CalWater’s proposal. Additionally, TURN’s work contributed to redesigns and improved efficiency of the Low Income Rate Assistance and Rate Support Fund programs. TURN also helped to create a more concrete commitment and plan of action from CalWater, and the Commission, to gradually shift CalWater’s rate design to more closely reflect the industry goal of a 30%/70% revenue requirement ratio to allow customers to benefit more from conservation and maintain greater control over their bills. The outcome of the settlement significantly reduced CalWater’s initial request for a revenue requirement increase in excess of \$125,000,000 over the three-year period. The Final Decision reduces CalWater’s revenue requirement increase in 2014 alone by over \$45,000,000 compared to the utility’s request.</p>	<p style="text-align: center;">CPUC Discussion</p> <hr/> <p>The adopted settlement reduces the revenue requirement by \$45,000,000 in 2014. Therefore, we can clearly conclude that TURN’s overall participation in settlement negotiations, resulted in significant benefits to ratepayers, by lowering the revenue requirement, and thus, rates.</p> <p>TURN has made substantial contribution through its participation by sponsoring its own</p>
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<p>TURN’s requested compensation represents a fraction of the overall savings produced by Final Decision’s rulings on the issues TURN addressed in testimony and settlement. In this case, TURN’s proposals, and their incorporation into the Settlement, are difficult to quantify. As a result of the Settlement, low income customers throughout CalWater’s districts will benefit from more meaningful discounts and broader eligibility. Customers in high cost areas will benefit from the limited expansion of the RSF while ensuring subsidy amounts are effective in mitigating large total bills. Perhaps the largest savings for CalWater’s entire customer base comes from TURN’s detailed analysis and calculations during settlement to ensure that the surcharges on CalWater customer bills are reasonable and that the benefits provided to these low income customers and customers in high cost districts do not promote wasteful water usage. Customers will save hundreds of thousands of dollars each year through the changes implemented by the Settlement.</p> <p>On issues such as rate design and LIRA where parties settled or the Commission did not adopt TURN’s proposal, TURN’s participation still provided benefit to ratepayers. For these issues, TURN did an extensive data analysis to ensure rates were being developed and revenue allocated in a fair and equitable manner. During settlement, TURN was an active participant with detailed analysis and calculations to ensure customer impacts were positive and parties settled on a rate design that is fair and effective. TURN’s analysis added to the debate in the docket on this issue and was necessary to properly analyze CalWater’s current rate design to ensure it met the Commission’s goals and industry standard requirements. TURN’s advocacy also created a more clear path forward to ensure during the next GRC, CalWater will be on notice to produce specific data and analysis required to update key elements of its rate design and to gradually move closer to the industry standards using the guidelines created in the settlement and cited by the Final Decision.</p> <p>The Commission should therefore conclude that TURN’s overall request is reasonable in light of the substantial benefits to CalWater’s ratepayers that were directly attributable to TURN’s participation in the case.</p>	<p>proposals and counter-proposals on the LIRA, WC, and TR issues. TURN’s work provided the Commission information and analysis that assisted the Commission by providing a “unique perspective” in its decision. <i>The Utility Reform Network v. Public Utilities Com</i>², states, “where an unsuccessful intervener has provided a unique perspective adding to the PUC’s understanding of a complex proceeding... the critical factor ...is whether the intervener has assisted the PUC in carrying out its statutory mandate to regulate public utilities in the public interest.”</p> <p>TURN’s participation on the LIRA issues, supplemented the Commission record by providing additional information and analysis regarding rate structure impacts to customer bills.</p> <p>While TURN’s TR proposal was not adopted, the Settlement ultimately agreed to move towards a rate design structure similar to TURN’s recommendation for a</p>
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² 166 Cal. App. 4th 522, 535.

	<p>30%/70% rate structure ratio for the monthly service charge, relative to the quantity charges.</p> <p>On WC issues, TURN claims for 10% of its total hours for the work, on WC, which consisted of a discrete recommendation to exclude depreciation, deferred taxes, and amortization expenses from the lead-lag study, and to include semi-annual long-term debt payments. The amount of time requested for this issue is excessive, and given the narrow scope of this issue, should be reduced.</p>
<p>b. Reasonableness of Hours Claimed</p> <p>TURN Hours</p> <p>TURN’s attorneys and consultants recorded a reasonable amount of hours in light of the significance of this case. This overall level of work effort is consistent with TURN’s work in other general rate cases. We tend to address a broad range of topics typically second only to ORA in terms of breadth of coverage. In these cases, TURN devotes hours to careful issue identification, discovery, coordination efforts with other parties, detailed testimony preparation, hearing participation and substantial briefs on issues we are covering.</p> <p><i>TURN Attorneys and Advocates:</i></p> <p>Nina Suetake was TURN’s lead attorney for this case. She was responsible for coordinating work between the other attorneys and consultants working for TURN. In addition she was primarily responsible for coordinating TURN’s work with the other intervenors. She assisted the consultants in discovery preparation and represented TURN in many follow up discussions and clarifications regarding discovery. Ms. Suetake was also an integral part of the settlement process. She attended most of the</p>	<p>We exclude 50% of hours claimed on WC, TR, and LIRA issues as excessive, for reasons described on page 12.</p> <p><i>See Discussion in Section III. D.CPUC Disallowances and Adjustments, Item 6.</i></p>

settlement meetings, coordinated TURN's expert presence and worked with CalWater and ORA.

Christine Mailloux is a staff attorney with water general rate case experience. Ms. Mailloux supported Ms. Suetake in coordinating TURN's work in the docket and filled in for Ms. Suetake when she was unavailable. Ms. Mailloux brought her experience in rate design to bear when working with Mr. Rubin and CalAm on detailed discovery disputes and additional rounds of rate design testimony. As part of the TURN team, she participated in several conference calls and discussions about case strategy, issue identification and coordination with other intervenors. She attended settlement meetings by phone to ensure continuity of representation. Ms. Mailloux took over the lead attorney role toward the conclusion of the docket when Ms. Suetake left TURN.

Regina Costa is TURN's research director and played an integral part of this case. Her hours reflect the fact that the main task of analyzing the CalWater application and discovery responses, for the purpose of issue identification and research, fell largely to her expertise as research director. This work resulted in a higher level of hours coded as "GP," "RR," and "RD" than the other advocates on this case. Due to her integral role in settlement development and negotiation, Ms. Costa was called upon to be generally familiar with the issues in the case and to work closely with the consultants on case strategy and settlement. Along with Ms. Suetake, she also devoted many hours to working with other intervenors to ensure strong consumer representation and minimal duplication of effort. She attended several settlement meetings to serve as TURN representative and the consultant proxy because both of TURN's consultants are based on the East Coast.

Other TURN attorneys with expertise on certain issues such as low income energy issues were occasionally consulted by the main GRC team. This compensation request includes a small amount of time for Haley Goodson. Her time spent on this case is minimal but these consultations served a critical role to help the TURN advocates more effectively participate in the docket.

Expert Hours

David Peterson

As discussed below, Mr. Peterson has extensive experience on water utility general rate cases. Mr. Peterson provided expert testimony for TURN on a narrow revenue requirement issue but also used his expertise and analysis to review the CalWater application, analyze discovery responses and propound additional discovery in order to identify revenue requirement

issues for TURN to address in the case and to develop testimony on the identified issues. Ms. Suetake and Mr. Peterson also analyzed ORA's testimony and worked with ORA to ensure limited overlap and duplication of effort. Mr. Peterson also worked with TURN advocates on the technical settlement talks regarding working capital methodologies. Mr. Peterson was not cross examined and as a result he did not have to travel or spend time in the hearing room or assist with briefing. Mr. Peterson was critical in assisting in TURN's efforts, working with ORA, ensuring success on TURN's issues, and ultimately benefitting CalWater's ratepayers.

Scott Rubin

Mr. Rubin extensively reviewed the CalWater Application on rate design and customer service, and conducted discovery to assist TURN in case strategy and issue identification. TURN relied on his experience with rate design theory and practice around the country to review and analyze CalWater's California rate design policies. Further, Mr. Rubin worked diligently under tight time lines to prepare and serve two rounds of supplemental testimony after working with CalWater to obtain data on LIRA usage. He worked closely with ORA and CalWater during the settlement process to extensively analyze billing data, consumption figures and other data to develop mutually acceptable proposals for LIRA and RSF subsidies for settlement purposes and to develop a recommendation on the treatment of CalWater rate design.

Miscellaneous Issues

There are some hourly entries that reflect meetings attended by two or more of TURN's attorneys and expert witnesses. The Commission should view these meetings as critical to TURN's efforts to coordinate with its own internal team as well as external partners. These meetings and time entries do not reflect duplication of effort. As discussed above, for the meetings that were among TURN's attorneys and expert witnesses, such meetings are essential to the effective development and implementation of TURN's strategy for this proceeding especially as Ms. Suetake had other commitments that pulled her from the case and when the team had to prepare for her departure. None of the attendees are there in a duplicative role because each advocate and consultant has his or her own expertise and knowledge of certain issues and procedures to bring to the discussion. As a result of this collaborative process, TURN is able to identify new and unique issues and angles that would almost certainly never come to mind individually.

There were also meetings with other parties (particularly in the settlement discussion setting) at which more than one attorney or advocate represented TURN on occasion. The Commission should understand that

this is often essential in a case such as this one, with a wide range of issues and multiple intervenor interests that no single person is likely to master. TURN's requested hours do not include hours for any TURN attorney or expert witness where his or her presence at a meeting was not necessary in order to achieve the meeting's purpose. As discussed above, TURN also has the situation where its witnesses are remote and one of its advocates is also remote. This leaves those in San Francisco to participate more fully while the consultants or Ms. Mailloux monitor by phone. TURN submits that such meetings can be part of an intervenor's effective advocacy before the Commission, and that intervenor compensation can and should be awarded for the time of all participants in such meetings where, as here, each participant needed to be in the meeting to advance the intervenor's advocacy efforts.

TURN submits that the recorded hours are reasonable, both for each TURN staff member and expert witness and in the aggregate. Given some of the different circumstances present here including the extensive settlement discussions, number of active intervenors, creation of two supplemental rounds of testimony for Mr. Rubin and several procedural issues that had to be addressed, TURN's hours are reasonable. Therefore, TURN seeks compensation for all of the hours recorded by our staff members and outside consultants as included in this request.

Compensation Request Preparation Time: TURN is requesting compensation for approximately 14 hours devoted to preparation of this request for compensation. TURN submits that this is a reasonable figure in light of the size and complexity of the request for compensation itself. Ms. Mailloux was solely responsible for drafting this request. Ms. Mailloux took extra caution in reviewing the reasonableness and accuracy of each advocates' time entries.

Hourly Rates of TURN Staff and Consultants

TURN's request for compensation covers work performed in 2012, 2013 and 2014.

For **Christine Mailloux**, the Commission has previously approved an hourly rate of \$430 for work performed in 2013 (D.14-04-021). Consistent with Resolution ALJ-267, TURN seeks compensation for her 2014 work at the same previously approved hourly rate. If the Commission determines that a Cost of Living increase is appropriate for work performed in 2014, TURN requests that the Commission apply the COLA to her currently approved rate.

For **Nina Suetake**, the Commission has previously authorized an hourly

rate of \$315 for work performed in 2012 (D.13-12-028) and \$320 for work in 2013 (D.14-02-014). Ms. Suetake also has an approved rate for 2014 of \$320 adopted in D.14-04-021. TURN requests compensation for Ms. Suetake's work at these approved rates.

Regina Costa also has approved rates for 2012 (\$285, D.13-06-020) and 2013 (\$290, D.14-02-021). Ms. Costa has limited hours for work performed in 2014. TURN is requesting compensation for Ms. Costa's 2014 work at her approved rate for 2013. However, TURN is not waiving its right to request a higher rate for Ms. Costa in a future compensation claim.

As discussed above, TURN's primary advocates also consulted with Ms. Goodson in a very limited capacity. Due to the very small amount of time for Ms. Goodson in this request, TURN used her last approved rate for 2013 of \$325.

TURN also hired experienced consultants to assist in case preparation, litigation strategy, testimony and hearing preparation. These consultants do not have previously approved rates from this Commission. Relative to the level of expertise and years of experience shared by these consultants, their hourly rates are extremely reasonable and should be approved.

Scott Rubin

To present testimony on behalf of TURN on rate design and affordability issues, TURN hired Scott Rubin. Mr. Rubin has worked for TURN on previous water GRCs, and has an approved rate of \$165 from the Commission for work performed in 2012. With this compensation request, we are requesting an increase for Mr. Rubin to \$175 for his work performed in 2013 to reflect his billed rate to TURN. Relative to his level of expertise and years of experience, his hourly rate is extremely reasonable and should be approved.

Mr. Rubin holds a Bachelor's Degree from Pennsylvania State University and a Juris Doctorate from George Washington University. Early in his career he worked for the Pennsylvania Office of Consumer Advocate from 1983 to 1994 where he was a supervisory attorney and helped set policy on water and electric matters. He testified as an expert witness on behalf of the Office of Consumer Advocate on rate design and cost of service issues. Since 1994, Mr. Rubin has worked as an independent consultant and attorney on matters affecting the public utility industry.

In addition to extensive expert witness experience on water and electric matters for over twenty years, Mr. Rubin has published and presented on

the issues extensively. He has served as faculty for the Institute for Public Utilities at Michigan State University and for the American Water Works Association and he served as chair of the Water Committee for the National Association of State Utility Consumer Advocates. He has also worked at National Regulatory Research Institute.

TURN notes that Mr. Rubin has over 25 years of experience, yet the requested \$175 hourly rate is on the low end of the \$165-\$410 range approved by the Commission in ALJ-287 for experts with thirteen or more years of experience. His experience level and depth of knowledge are directly on point to this rate case and are unquestionably sufficient for the Commission to approve his hourly rates. Further, Mr. Rubin is eligible for a COLA increase under ALJ-287 for work performed in 2013. With this COLA increase and increase to ensure his rate is commensurate with his experience level, Mr. Rubin's rate is reasonable.

David Peterson, Chesapeake Regulatory Consultants

TURN also hired expert witness David Peterson. Mr. Peterson has not worked at the Commission before this case and does not have an approved rate. TURN is requesting \$175 per hour for his work performed in 2013, which is his billed rate to TURN.

Like Mr. Rubin, Mr. Peterson has extensive experience in the review and analysis of public utility operations, including water companies. Mr. Peterson is employed as a public utility rate consultant by Chesapeake Regulatory Consultants, Inc. Mr. Peterson has over thirty-seven years of experience analyzing regulated public utility ratemaking and service matters including three years as a member of a state regulatory commission staff and thirty-four years as a consultant. Mr. Peterson specializes in utility revenue requirement and cost of service analyses. He has presented testimony in more than 140 proceedings before twenty state regulatory commissions, the Delaware House Energy Subcommittee, and the Federal Energy Regulatory Commission. Mr. Peterson holds an MBA and BA in Economics from the University of South Dakota.

TURN has attached Mr. Peterson's resume to this compensation request. TURN is requesting a rate of \$175 per hour for Mr. Peterson's work. In light of his extensive background and expertise in this area, TURN submits that \$175 per hour is extremely reasonable. Mr. Peterson's experience can be compared to other expert witnesses with similar levels of experience qualifications, such as Tom Catlin and Gayatri Shilberg. These experts have between 25 and 30 years of experience working on similar projects as Mr. Peterson. The Commission has consistently approved their rates. Mr. Catlin and Ms. Schilberg have approved rates of \$200 for work performed in 2011 and, for Ms. Schilberg, much earlier than 2011. This rate is well

<p>above the \$175 we are requesting for Mr. Peterson.</p> <p>The Commission has a wide range of reasonable rates, \$165-410, for experts with more than 13 years of experience. (ALJ-287) Mr. Peterson’s rate of \$175 is on the lower end of the range despite his 30-plus years of experience. This rate is below the figure one would expect using the Commission’s own scale and thus should be found reasonable.</p> <p>TURN submits that the above information is more than sufficient for the Commission to grant the requested hourly rates for these three consultants. However, should the Commission disagree and believe that it needs more information to support the request, TURN asks that we be informed of the additional information that is necessary and given an opportunity to provide that information before a draft decision issues on this compensation request.</p> <p>Reasonableness of Expenses</p> <p>TURN requests that the Commission approve its expenses associated with its participation in this case. The expenses consist of photocopying expenses, postage, phone, and a small charge for legal research conducted via Lexis/Nexis. The phone costs include conference call charges and personal phone expenses due to the lengthy calls for settlement meetings among the parties and coordination efforts among intervenors. The photocopying includes charges from TURN’s experts as well as copies of testimony and pleadings in the docket. The Commission should find TURN’s direct expenses reasonable.</p>	
<p>c. Allocation of Hours by Issue</p> <p>TURN has allocated its time entries asset for in the attachments by the following codes:</p> <p>GP General Preparation- work that generally does not vary with the number of issues that TURN addresses in the case</p> <p>GH General Hearing- Hearing related work that was not issue specific. For example, time spent waiting in the hearing room for specific witnesses, time spent discussing witness scheduling, hearing procedure, etc.</p> <p>SETT Settlement-related work including time spent discussing and coordinating settlement schedules, meeting with individual parties and internally with TURN witnesses and attorneys, these entries generally do not include substantive issues which are coded more specifically</p> <p>RR Revenue Requirement- Wherever possible, TURN allocated time to a specific issue area. However, use of</p>	<p><i>See Discussion in Section III. A.a. and III. D.CPUC Disallowances and Adjustments, Item 6.</i></p>

<p>RD</p> <p>LI</p> <p>AFF</p> <p>TR</p> <p>WC</p> <p>COMP</p>	<p>this code represents work on revenue requirement issues more generally to help TURN narrow its focus in the docket. More specific than GP, yet broader than entries specifically related to Working Cash, these entries represent TURN’s work with ORA coordinating revenue requirement issues, researching previous GRCs and analyzing CalWater’s application.</p> <p>Rate Design- This code includes work done by TURN’s rate design consultant and advocates to support TURN’s proposals regarding changes in rate design, LIRA, RSF, SRM, and other affordability measures. This code also include extensive discovery review and data analysis for the purpose of drafting testimony as well as settlement talks. While TURN finds that these entries reflect an integrated work effort that is difficult to disaggregate, it can propose an issue breakdown of: LI- 30%; AFF-20%, TR-30%, SETT-20%.</p> <p>Low Income- work on issues relating to changes in the CalWater LIRA and RSF. These entries cover review of CalWater’s proposals, discovery, data analysis, testimony review and drafting and settlement discussions.</p> <p>Affordability- including testimony and settlement discussions on issues such as the Sales Reconciliation Mechanism, Balanced Billing, and rate phase-in issues.</p> <p>Rate Design/Tier Structure- Unlike the more general category marked as RD, these entries are very specific to work performed by our rate design consultant and TURN advocates to develop and support TURN’s proposal for changes to CalWater’s rate design and WRAM surcharges. This includes extensive data analysis and testimony drafting, as well as work during the settlement discussions.</p> <p>Working Cash- Work on testimony and settlement discussions regarding TURN’s challenge to CalWater’s the Working Cash methodology</p> <p>Compensation- work on TURN’s compensation request and compensation related activities such as the NOI</p>	
<p>TURN submits that under the circumstances this information should suffice to address the allocation requirement under the Commission’s rules. Should the Commission wish to see additional or different information on this point, TURN requests that the Commission so inform TURN and provide a reasonable opportunity for TURN to supplement this showing accordingly.</p>		

B. Specific Claim:*

CLAIMED						CPUC AWARD		
ATTORNEY, EXPERT, AND ADVOCATE FEES								
Item	Year	Hours	Rate	Basis for Rate*	Total \$	Hours	Rate	Total \$
Christine Mailloux	2013	36.50	\$430	D.14-04-021	\$15,695.00	24.2	\$430	\$10,406.00
Christine Mailloux	2014	7.0	\$430	Res. ALJ-287	\$3,010.00	7.0	\$440	\$3,080.00
Nina Suetake	2012	12.75	\$315	D.14-08-022	\$4,016.25	12.75	\$315	\$4,016.25
Nina Suetake	2013	78.50	\$320	D.14-08-022	\$25,120.00	60.40	\$320	\$19,328.00
Nina Suetake	2014	.75	\$320	D.14-08-022	\$240.00	.60	\$320	\$192.00
Regina Costa	2012	25.50	\$285	D.14-04-021	\$7,267.50	25.50	\$285	\$7,267.50
Regina Costa	2013	110.25	\$290	D.14-04-021	\$31,972.50	74.05	\$290	\$21,474.50
Regina Costa	2014	2.25	\$290	Res. ALJ-287	\$652.50	2.25	\$300	\$675.00
Hayley Goodson	2013	1.25	\$325	D.14-08-026	\$406.25	.75	\$325	\$243.75
David Peterson	2013	56.0	\$175	Res. ALJ-287	\$9,800.00	28.00	\$175	\$4,900.00
Scott Rubin	2013	103.75	\$175	D.14-04-021, ALJ-287	\$18,156.25	70.25	\$175	\$12,293.75
Subtotal:					\$116,336.25	Subtotal:		\$83,876.75
INTERVENOR COMPENSATION CLAIM PREPARATION **								
Item	Year	Hours	Rate	Basis for Rate*	Total \$	Hours	Rate	Total \$
Nina Suetake	2012	.5	\$160	1/2 of 2012 rate	\$80.00	0.5	\$157.50	\$78.75
Christine Mailloux	2014	16.0	\$215	1/2 of 2014 rate	\$3,440.00	16.0	\$220	\$3,520.00
Subtotal:					\$3,520.00	Subtotal:		\$3,598.75
COSTS								
#	Item	Detail			Amount	Amount		
	Photocopies	CalWater Application and related			\$ 170.60	\$170.60		

		material, testimony, pleadings			
	Lexis	Computerized research	\$ 31.43	\$31.43	
	Phone/ Conference call	Proceeding-related phone calls and multi-party conference call charges	\$ 108.32	\$108.32	
	Postage	TURN Pleadings and Fed Ex charges	\$ 41.91	\$41.91	
Subtotal:			\$352.26	Subtotal:	\$352.26
TOTAL REQUEST \$:			\$120,208.51	TOTAL AWARD \$:	\$87,827.78

**We remind all intervenors that Commission staff may audit their records related to the award and that intervenors must make and retain adequate accounting and other documentation to support all claims for intervenor compensation. Intervenor’s records should identify specific issues for which it seeks compensation, the actual time spent by each employee or consultant, the applicable hourly rates, fees paid to consultants and any other costs for which compensation was claimed. The records pertaining to an award of compensation shall be retained for at least three years from the date of the final decision making the award.

**Travel and Reasonable Claim preparation time typically compensated at ½ of preparer’s normal hourly rate.

ATTORNEY INFORMATION			
Attorney	Date Admitted to CA BAR³	Member Number	Action Affecting Eligibility (Yes/No?) If “Yes”, attach explanation
Christine Mailloux	December 10, 1993	167918	No
Nina Suetake	December 14, 2004	234769	No
Haley Goodson	December 5, 2003	228535	No

C. Attachments Documenting Specific Claim and Comments on Part III:

Attachment or Comment #	Description/Comment
1.	Certificate of Service
2.	Time Sheets for Attorneys, Advocates and Experts
3.	Resume of David Peterson
4.	TURN Expenses
5.	Issue Allocation by Percentage

D. CPUC Disallowances and Adjustments:

Item	Reason

³ This information may be obtained through the State Bar of California’s website at <http://members.calbar.ca.gov/fal/MemberSearch/QuickSearch>

1. Christine Mailloux's 2014 hourly rate.	We apply the 2.58% Cost-of-Living Adjustment (COLA) ⁴ to Mailloux's 2013 hourly rate and adopt for her the rate of \$440 per hour for 2014.
2. Regina Costa's 2014 hourly rate.	For 2014, TURN cites to Resolution (Res.) ALJ-287 for the basis of Costa's hourly rate. However, ALJ-287 pertains to 2013 hourly rates, not 2014. As such, we apply the 2.58% COLA to Costa's 2013 hourly rate per Res. ALJ-303. The rate of \$300 per hour is adopted for Costa for 2014.
3. David Peterson's 2013 hourly rate	<p>We adopt TURN's request of \$175 per hour for David Peterson's 2013 rate, an expert witness on the revenue requirement issues, who also assisted TURN on working capital methodologies in the Settlement. Peterson does not yet have an adopted rate at the Commission.</p> <p>With 37 years of experience in consulting on utility ratemaking and service issues, TURN's request of \$175 per hour falls within the low end of the 2013 rate range, \$165-410, established in Res. ALJ-303 for experts with more than 13 years of experience.</p>
4. Scott Rubin's 2013 hourly rate	<p>TURN requests an hourly rate of \$175 for Scott Rubin's work as an expert witness on rate design and low income issues, a 6% increase from Rubin's 2012 approved rate of \$165 per hour.</p> <p>TURN's 2013 hourly request of \$175, falls within the accepted range of \$165-410 for experts with more than 13 years of experience, in Res. ALJ-303. TURN states that the 2013 rate increase request reflects Rubin's billed rate to TURN, and based on Rubin's 25 years of experience is reasonable and should be approved.</p> <p>Decision 07-01-009 allows individual intervenors up to two annual 5% "step increases" within a rate range level, in order to bring an intervenor's rates in line with their peers with similar training and experience. Rubin's expertise and experience well exceed the minimum 13 years for the referenced rate-level.</p> <p>We apply the COLA adjustment from Res. ALJ-287 and a 5% step increase to adjust Rubin's 2013 rate to \$175, the rate requested by TURN.</p>
5. Nina Suetake's 2012 Claim Preparation Rate	TURN requests \$160 per hour, 50% of Suetake's 2014 rate, for her 2012 work on preparing the Intervenor Compensation claim. We adjust her Claim Preparation rate to reflect her authorized rate in 2012. Suetake's 2012 rate was \$315, resulting in a 50% Claim Preparation rate of \$157.50.
6. Reduction of Hours in LIRA, Tier Structure Rate Design, and Working Capital.	We reduce the timesheet hours which TURN spent on LIRA, TR, and WC issues by 50%. <i>See</i> III.A.a.

⁴ *See* Res. ALJ-303.

PART IV: OPPOSITIONS AND COMMENTS

A. Opposition: Did any party oppose the Claim?	No.
B. Comment Period: Was the 30-day comment period waived (<i>see</i> Rule 14.6(2)(6))?	Yes

FINDINGS OF FACT

1. TURN has made a substantial contribution to D.14-08-011.
2. The requested hourly rates for TURN's representatives, as adjusted herein, are comparable to market rates paid to experts and advocates having comparable training and experience and offering similar services.
3. The claimed costs and expenses, as adjusted herein, are reasonable and commensurate with the work performed.
4. The total of reasonable compensation is \$87,827.78.

CONCLUSION OF LAW

1. The Claim, with any adjustment set forth above, satisfies all requirements of Pub. Util. Code §§ 1801-1812.

ORDER

1. The Utility Reform Network is awarded \$87,827.78.
2. Within 30 days of the effective date of this decision, California Water Service Company (U-60-W) shall pay The Utility Reform Network the total award. Payment of the award shall include interest at the rate earned on prime, three-month non-commercial paper as reported in Federal Reserve Statistical Release H.15, beginning December 31, 2014, the 75th day after the filing of The Utility Reform Network's request, and continuing until full payment is made.
3. The comment period for today's decision is waived.

This decision is effective today.

Dated _____, at San Francisco, California.

APPENDIX**Compensation Decision Summary Information**

Compensation Decision:		Modifies Decision?	No
Contribution Decision(s):	D.14-08-011		
Proceeding(s):	A.12-07-007		
Author:	ALJ Robert Mason		
Payer(s):	California Water Service Company (U-60-W)		

Intervenor Information

Intervenor	Claim Date	Amount Requested	Amount Awarded	Multiplier?	Reason Change/Disallowance
The Utility Reform Network (TURN)	10/17/14	\$120,208.51	\$87,747.76	N/A	Adjustments in hourly rates; reductions for time spent on LIRA, TR, and WC issues.

Advocate Information

First Name	Last Name	Type	Intervenor	Hourly Fee Requested	Year Hourly Fee Requested	Hourly Fee Adopted
Christine	Mailloux	Attorney	TURN	\$430	2013	\$430.00
Christine	Mailloux	Attorney	TURN	\$430	2014	\$440.00
Nina	Suetake	Attorney	TURN	\$315	2012	\$315.00
Nina	Suetake	Attorney	TURN	\$320	2013	\$320.00
Nina	Suetake	Attorney	TURN	\$320	2014	\$320.00
Regina	Costa	Expert	TURN	\$285	2012	\$285.00
Regina	Costa	Expert	TURN	\$290	2013	\$290.00
Regina	Costa	Expert	TURN	\$290	2014	\$300.00
Hayley	Goodson	Attorney	TURN	\$325	2013	\$325.00
David	Peterson	Expert	TURN	\$175	2013	\$175.00
Scott	Rubin	Expert	TURN	\$175	2013	\$175.00

(END OF APPENDIX)