FILED
03-17-10
04:59 PM

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Application of Great Oaks Water Company (U-162-W) for Authority to Establish its Authorized Cost of Capital Pursuant to the Rate Case Plan for Water Utilities	)))))))	Application No.: A-09-05-007 (Filed May 1, 2009)

REPLY BRIEF OF

GREAT OAKS WATER COMPANY

COST OF CAPITAL

Timothy S. Guster
General Counsel
Great Oaks Water Company
PO Box 23490
San Jose, CA 95153
T: 408-227-9540
F: 408-227-7126
tguster@greatoakswater.com

March 17, 2010

TABLE OF CONTENTS

TABLE OF AUTHORITIES

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Application of Great Oaks Water Company (U-162-W) for Authority to Establish its Authorized Cost of Capital Pursuant to the Rate Case Plan for Water Utilities	Application No.: A-09-05-007 (Filed May 1, 2009)

REPLY BRIEF OF

GREAT OAKS WATER COMPANY

COST OF CAPITAL

I. Introduction

The Division of Ratepayer Advocates ("DRA") in its Opening Brief ("DRA Opening Brief") advocates that the Commission utilize the same methodology and same kind of evidence used to determine cost of capital and rate of return for other Class A water companies when determining the cost of capital and rate of return for Great Oaks Water Company. Commission practice and legal authorities, however, do not support the automatic application of a single methodology and a generic body of evidence to determine cost of capital and rate of return, but instead require an approach that is based upon the evidence presented on the specific issues relevant to the cost of capital and rate of return determination for each utility. In other words, the concept of "what is good for one is good for all" does not and will not stand up to legal scrutiny when clear and convincing evidence establishes material differences in operational and financial risks among utilities.

The evidence in this proceeding clearly and convincingly establishes what the Commission has already recognized, that Great Oaks' "operational and financial risks may be readily distinguished from the other larger companies."[1] The evidence presented and the Opening Brief of Great Oaks Water Company ("Great Oaks' Opening Brief") address the different operational and financial risks faced by Great Oaks, as compared to the other, larger Class A water companies, in the context of cost of capital considerations, while DRA's Opening Brief does not even acknowledge the Commission's statement that Great Oaks' risks are distinguishable from the other Class A companies.[2] The result is two entirely different approaches to making the same determination, the appropriate rate of return for Great Oaks.

In this Reply, Great Oaks will address the arguments made in DRA's Opening Brief in the order presented. Only when necessary for a full discussion of an issue will Great Oaks repeat the statements and arguments made in its Opening Brief. In all other instances, Great Oaks will provide appropriate references to its arguments already made.

II. Discussion of the Issues

A. <u>Great Oaks is Entitled to a Fair Hearing</u>.

In the Introduction to the DRA Opening Brief, the statement is made: "Despite the ALJ's warning to Great Oaks that its cost of capital request is contrary to the Commission's market-based approach in setting rates of return for Class A water companies, Great Oaks filed supplemental testimony on November 13, 2009

---

[1] Assigned Commissioner's Scoping Memo and Ruling, dated June 23, 2009 ("June 2009 Scoping Memo"), at p. 4.

[2] The only reference in DRA's Opening Brief to the June 2009 Scoping Memo relates to a procedural finding. *See* DRA Opening Brief, at p. 1.

supporting its request."[3] No citation to a record is provided to support this statement even though DRA clearly intends for the statement to be considered factual. No other reference is made to a scoping memorandum or other ruling supporting this statement.

The implication of DRA's statement is that ALJ Long has already expressed support for DRA's recommended approach in this proceeding and has warned Great Oaks against utilizing any other approach. No such communication has been made to Great Oaks. DRA's statement, therefore, presents a potentially serious question going beyond merely a procedural point.

Great Oaks has addressed the issues in this proceeding on the basis that it will receive a fair and impartial hearing. Great Oaks is mindful of the risks inherent in any litigation and has so far experienced no bias or predisposition other than that routinely exhibited through opposition. Hopefully DRA's statement will be proven wrong and full and fair consideration will be given to Great Oaks' evidence and arguments.

B. <u>Legal Requirements and Burden of Proof</u>.

1. <u>The Commission is Not Limited to One Method in Determining a Reasonable Rate of Return</u>.

As evidenced by Great Oaks' Opening Brief, Great Oaks is fully conversant with the standard of proof and legal requirements applicable in this proceeding.[4] Apparently, however, DRA believes that a market-based approach for determining rate of return is part of that legal standard, arguing that Great Oaks' approach would

---

[3] DRA Opening Brief, at p. 2.
[4] Great Oaks' Opening Brief, at pp. 9-12.

go against Commission precedent.[5] To the contrary, a market-based approach is one of several methods adopted by the Commission to meet the legal standard set by Pub.Util.Code §727.5(e), which provides only that the Commission "may utilize a capital structure and payback methodology" in establishing rate of return.[6] Another method regularly utilized by the Commission to set rate of return is the rate of margin analysis requested by Great Oaks.

The key point here is that regardless of size or class, the Commission is held to the same standard when establishing rate of return, a standard requiring that rates and charges established by the Commission must "[p]rovide revenues and earnings sufficient to afford the utility an opportunity to earn a reasonable return on its used and useful investment, to attract capital for investment on reasonable terms and to ensure the financial integrity of the utility."[7]

Also, while DRA cited and quoted from the United States Supreme Court decision in *Bluefield Waterworks & Improvement Co. v. Public Service Commission of West Virginia* (1923) 262 U.S. 679 ("Bluefield"),[8] one aspect of that decision overlooked consistently by DRA throughout this proceeding is that establishing a reasonable rate of return is not subject to automatic application of a single methodology or the use of generic market statistics. Instead, as stated by the Court in *Bluefield*: "What annual rate will constitute just compensation depends upon many

[5] DRA Opening Brief, at p. 4.
[6] Pub.Util.Code §727.5(e)(emphasis added to highlight discretionary language of statute). *See* discussion in Great Oaks' Opening Brief, at p. 10.
[7] Pub.Util.Code §701.10(a); *see also Pacific Telephone & Telegraph v. Public Utilities Commission* (1965) 62 Cal.2d 634, 647.
[8] DRA Opening Brief, at p. 3.

circumstances, and must be determined by the exercise of a fair and enlightened judgment, having regard to all relevant facts."[9]

Great Oaks' presentation of evidence and arguments seeks a fair and enlightened judgment on the issues of this proceeding, rather than the rote application of a single, generic method advocated by DRA that avoids looking at evidence particular to Great Oaks.

C. Great Oaks' Methodology and D.92-03-093.

1. DRA'a Criticism of Great Oaks' Application and Evidence Is Unfounded.

Section III of the DRA Opening Brief is devoted to a broadside attack on Great Oaks' application. While the details of DRA's argument are addressed separately below, it is necessary to point out that large portions of DRA's Section III argument consist of entirely unsupported assumptions followed by inappropriate conclusions, the epitome of DRA's criticism of Great Oaks.

DRA generally criticizes Great Oaks for not providing "any quantitative analysis or empirical evidence" to support its cost of capital request.[10] This is quite untrue. Great Oaks did, in fact, present evidence to support a quantitative analysis of Great Oaks' risks, and then, using the same risk premium methodology of DRA's cost of capital expert in prior proceedings, calculated an appropriate risk premium for Great Oaks in the event the Commission decides to employ a rate of return on rate base methodology to establish rate of return.[11] With respect to "empirical evidence," DRA's criticism is very odd, given that most of Great Oaks' presentation was based

[9] *Bluefield, supra*, at 692.
[10] DRA Opening Brief, at p. 4.
[11] Great Oaks' Opening Brief, at pp. 33-39; see also Exhibit GO-5.

precisely upon its actual experience and addressed Great Oaks' specific and unique circumstances and business results.[12] By way of contrast, DRA has studiously avoided examination of the empirical evidence pertaining to Great Oaks, focusing instead on the financial data of entirely dissimilar water and gas utilities.[13]

2. <u>A Proper Application of D.92-03-093 Supports Great Oaks' Methodology</u>.

Also, it is in Section III of the DRA Opening Brief that first mention is made of D.92-03-093, the authority cited by DRA as support for its opposition to Great Oaks' rate of margin request.[14] When examined closely, D.92-03-093 does not lend support or authority for the automatic application of a single methodology to determine cost of capital for all Class A water companies. In fact, with D.92-03-093, the Commission decided that traditional methods of setting authorized rates of return should not be applied when the actual facts and circumstances of a utility demand a different approach to provide a reasonable rate of return. D.92-03-093 provides, in its summary:

> [T]he Commission in this order finds that the approximately 200 investor-owned small water utilities in California face a growing economic crisis that threatens their ability to deliver clean, safe drinking water to their customers. The Commission also finds that traditional ratemaking policies that are satisfactory for large water utilities are only sporadically successful in coping with the problems

---

[12] *See, e.g.*, Exhibit GO-1 (Cost of Capital Application providing data on Great Oaks' actual rates of return over a 5-year period); Exhibit GO-2 (Supplemental Testimony providing same data); Exhibit GO-5 (Rate of Return data and calculation of coefficient of variation).

[13] Exhibit DRA-1, p. 3.

[14] *See, e.g.*, DRA Opening Brief, at p. 11, citing D.92-03-093 for its conclusion that Class B water companies are required to use the same, traditional rate of return on rate base methodology as Class A water companies. D.92-03-093 actually states: "As to rate of return, we will continue to deal with Class B utilities on a case by case basis." D.92-03-093, at p. 30.

> of Class D water companies (serving fewer than 500 connections) and Class C water companies (serving 500 to 2,000 connections).[15]

As a result of D.92-03-093, Class C and D water companies were released from the same kind of automatic application of the return on rate base methodology used for Class A water companies that DRA advocates should be practiced here upon Great Oaks. Instead, the actual facts, circumstances and risks of small utilities were given genuine consideration, perhaps for the first time.

D.92-03-093 proves that the Commission is not so inflexible and doctrinal as DRA suggests. Great Oaks will discuss below how D.92-03-093 and other Commission decisions evidence the Commission's continuing willingness to loosen the ties to traditional methods of ratemaking when evidence and circumstances warrant.

3. <u>DRA's Arguments Demonstrate Unsound Legal Reasoning</u>.

DRA's misunderstanding of the concept of legal precedent is fully demonstrated in Section III of the DRA Opening Brief. DRA argues that using the methodology (market-based analysis) it advocates has been established through "decades of legal precedent," and that "[i]n keeping with Commission precedent," the imputation of a capital structure upon Great Oaks is required.[16] This is not sound legal reasoning. The judicial and administrative use of prior decisions as precedent, often referred to as the doctrine of *stare decisis*, must be more carefully and properly applied.

---

[15] D.92-03-093, at p. 3.
[16] DRA Opening Brief, at p. 6.

"[U]nder the doctrine of stare decisis a case is important only for what it decides – for the "what," not for the 'why,' and not for the 'how.'"[17] DRA uses prior Commission decisions to support its rationale and methodology (the "why" and the "how"), rather than for applying the result (the "what") to a factual situation. This is improper use of precedents, for "[i]nsofar as precedent is concerned, *stare decisis* is important only for the decision, for the detailed consequences following a detailed set of facts."[18]

In order for a prior decision to constitute binding legal precedent, a close examination of the facts of both the prior decision and the current case is required.

> A judicial precedent attaches a specific legal consequence to a detailed set of facts in an adjudged case or judicial decision, which is then considered as furnishing a rule for the determination of a subsequent case involving identical or similar material facts and arising in the same court or a lower court in the judicial hierarchy.[19]

As will be shown more in depth when discussing the individual issues below, lacking from DRA's analysis and references to "precedent" is a detailed examination and comparison of the facts of prior decisions to the facts of this proceeding. Instead, DRA seeks to have Commission apply the *rationale* of prior decisions to the facts of this proceeding, and by doing so, DRA confuses application of the doctrine of *stare decisis* with argumentation. The Commission should not adopt DRA's confused advocacy over sound legal reasoning.

D. <u>The Commission Is Committed to Considering Company-Specific Risks in Ratemaking Proceedings</u>.

---

[17] *In re Osborne*, 76 F.3d 306, 309 (9th Cir. 1996).
[18] *Id*.
[19] *Allegheny General Hospital v. NLRB*, 608 F.2d 965, 969-970 (3rd Cir. 1979)(cited and quoted in *In re Osborne*, *supra*, at 309).

1. Adopting Great Oaks' Approach to Establishing a Rate of Return Will Not Result in "Special Treatment."

After first repeating many of the same criticisms already addressed, DRA argues that "granting Great Oaks' request would set bad precedent that would encourage other Class A water utilities to request this type of special treatment."[20] Quite the opposite is true, for the foundation of Great Oaks' approach in this proceeding is that the Commission is required to examine the specific facts and circumstances of each regulated water company, including readily distinguished operational and financial risks, to first determine the proper methodology for establishing rate of return and then, employing that methodology, to establish a fair and reasonable rate of return for that water company. Following this approach would not be "bad precedent," but would instead be responsible and lawful ratemaking.

Arguing that other Class A water companies may seek "special treatment" if the Commission follows the methodology proposed by Great Oaks implies that actually examining the evidence pertaining to a water company and basing a decision upon that evidence is "special treatment." Great Oaks suggests that this approach should be Commission practice in every ratemaking proceeding.

2. The Commission Has Consistently Modified Its Ratemaking Methodologies When Traditional Methods Fail to Address Changing Circumstances.

It is DRA's position that because the Commission has "consistently relied upon a market-based analysis to determine a reasonable rate of return for Class A water companies," Great Oaks is precluded from using a rate of margin analysis to

[20] DRA Opening Brief, at p. 7.

establish rate of return.[21] This argument in favor of automatic application of a single ratemaking methodology for Class A water company ratemaking is erroneous. The Commission has, instead, consistently demonstrated that it is not wed to tradition, but will modify its practices when circumstances warrant.

As already discussed in Section II. C., above, D.92-03-093 exemplifies the Commission's willingness to responsibly modify ratemaking methodologies when traditional methods fail to provide legally required fair rates of return. Moreover, D.92-03-093 recognizes that the traditional method of establishing rate of return for water companies (return on equity, cost of debt and return on rate base) is not the only method that produces reasonable (and legally-sustainable) rates of return. Even DRA recognizes that the Commission has used various models to determine a reasonable rate of return for water companies, albeit DRA only mentions "market-based models."[22] Presently, the Commission authorizes rates of return for water companies in both traditional terms (return on equity, cost of debt, capital structure and return on rate base) and in less-than-traditional terms (rate of margin).

That the Commission refuses to stand pat, but instead continuously seeks better, more accurate and efficient means of ratemaking is further evidenced by D.07-05-062, the current rate case plan. Leading up to its decision, comments were provided by various water companies, DRA and interested parties on the topic of establishing cost of capital proceedings separate from general rate cases. As it has done so here, DRA opposed any change to existing methodology and advocated the

[21] *Id*., at p. 7. DRA is in error in saying that a rate of margin analysis sets return on equity and rate of return. A rate of margin analysis considers operating expenses, not capital structure. *See* Commission Standard Practice U-5-SM, Section 12, p. 3.
[22] DRA Opening Brief, at p. 8.

status quo.[23] San Gabriel Valley Water Company ("San Gabriel") expressed concern that "one consolidated cost of capital proceeding cannot effectively address the variety of capital models and other financial variations among Class A water utilities."[24] Park Water Company ("Park") argued "consolidated cost of capital proceedings will hinder the ability of utilities to present company-specific risk data."[25] After reviewing the expressed comments and concerns, the Commission stated:

> [W]e conclude that consolidation of cost of capital proceedings will serve to streamline our regulatory process, consistent with the objectives of the Water Action Plan 2005. <u>In these consolidated proceedings, we intend to consider company-specific factors. Accordingly, the concerns of parties that company-specific risks will be overlooked are unfounded</u>.[26]

Clearly, the Commission determined that a cost of capital proceeding must examine company-specific risk factors and that the methodology used to determine rate of return for each water company would not overlook those company-specific risks. Great Oaks expects the Commission to utilize a methodology to establish a rate of return in keeping with the intentions expressed in D.07-05-062. Put another way, to honor the intentions declared in D.07-05-062, the Commission may not overlook Great Oaks' company-specific risks by using a methodology that is based upon market data that fails to take Great Oaks' company-specific risk factors into account.

Accepting DRA's approach in this proceeding will bring reality to the concerns expressed by San Gabriel and Park that financial variations and company-

---

[23] D.07-05-062, at pp. 13-14.
[24] *Id*., at p. 14.
[25] *Id*.
[26] *Id*., at pp. 14-15 (emphasis added).

specific risk factors would not be considered in the new, separate cost of capital proceedings established by the Commission in D.07-05-062. DRA's "market-based" approach did not at any point examine or consider evidence addressing Great Oaks' operational and financial risks, but instead relied upon proxy groups having virtually no characteristics similar to Great Oaks.[27] In fact, DRA's witness admitted that he did not know what common operational characteristics existed between Great Oaks and the companies in DRA's water proxy group, but instead looked solely to the financial data pertaining to the proxy group companies for DRA's "market-based" approach.[28]

The argument that only a "market-based" approach may be used in this proceeding is not supported by the Commission's responsiveness to necessary changes in ratemaking procedures and methodology or its stated intention to address company-specific risk factors in determining rate of return.

3. <u>The Same Risk Factors Underlying the Commission's Change from Traditional Rate of Return Methodology to Rate of Margin Analysis for Small Water Companies Exist for Great Oaks</u>.

DRA appears to argue that because the Commission only addressed company-specific risk factors of small water companies (Class C and D) eighteen years ago when modifying rate of return methodology (D.92-03-093), the Commission may not respond in a like manner to a similar set of circumstances now facing Great Oaks, because Great Oaks is a Class A water company and not a Class C or D water company.[29] Accepting this argument would defy the Commission's promise in D.07-

[27] *See* discussion in Great Oaks' Opening Brief, at pp. 16-19.
[28] *Id*., at pp. 17-18 (referencing TR 185/6-10).
[29] DRA Opening Brief, at pp. 8-11.

05-062 to address company-specific risk factors for each Class A water company, as well as the already recognized readily distinguishable operational and financial risks Great Oaks faces when compared to all other Class A water companies. Just as importantly, however, is that applying the Commission's analysis in DRA's D.92-03-093 to the facts of the instant proceeding results in the conclusion that the rate of margin analysis is appropriate to establish Great Oaks' rate of return.

In D.92-03-093, the authority relied upon by DRA to support much of its argument, the Commission systematically examined a number of key risk factors facing all classes of water companies, including customer growth per year, operating expense per customer, net plant turnover ratio and return on investment.[30] The Commission also compared relative risk among water companies.[31] When that form of risk analysis and comparison is performed here, it becomes clear that Great Oaks faces the same kinds of problems and uncertain future that caused the Commission to shift away from traditional rate of return methodologies for smaller water companies.

The evidence shows that Great Oaks has experienced and continues to experience essentially no customer growth. Great Oaks has fewer total customers now than it had in 2006.[32] Over the time period from 2003 through 2008, customer growth averaged 0.4% per year, and customer growth over the course of this rate case cycle is projected to be 0.3% in 2010-2011, 0.2% in 2011-2012 and 0.1% in 2012-2013.[33]

---

[30] D.92-03-093, at pp. 6-7. Risk data was collected for all classes of water companies.
[31] *Id.*
[32] Exhibit GO-3, at p. A-1.
[33] *Id.*

During the same time periods, Great Oaks' operating expenses per customer have increased and are projected to continue increasing. From 2003 to 2008, operating expenses per customer increased from $384.31 to $474.39.[34] Operating expenses per customer are projected to increase to $483.19 in 2010-2011, $491.52 in 2011-2012 and $497.53 in 2012-2013.[35]

When comparing Great Oaks' net plant to gross water revenues ("net plant turnover ratio"), this, too, demonstrates a risk unique among Class A water companies. The table below shows that when comparing net plant to gross water revenues over the time period from 2003 through 2008, in only one year did Great Oaks' gross water revenues exceed its net plant, and in that year (2007), the revenues exceeded net plant by only one percent (1%).

Net Plant Turnover Ratio[36]
Great Oaks Water Company
2003 – 2008

Year »	2003	2004	2005	2006	2007	2008
GWR*	$8,349,620	$10,182,502	$10,389,760	$10,372,410	$11,801,948	$11,769,223
Net Plant	$10,340,820	$10,739,797	$11,415,804	$11,176,734	$11,650,385	$11,888,532
Ratio	0.81	0.95	0.91	0.93	1.01	0.99

* Gross Water Revenues

Further, when projected into the future, Great Oaks' net plant/rate base will decline considerably and at a rate averaging greater than ten percent (10%) per year, as shown in the table below.

Great Oaks' Declining Rate Base
2010-2013

Year »	2010-2011	2011-2012	2012-2013
Net Plant/Rate Base	$10,572,319	$9,534,019	$8,439,226

34 *Id.*, at p. A-9.
35 *Id.* (calculated using projected customer numbers and projected operating expenses for each year).
36 Exhibit GO-3 (water service revenues, at p. A-6; net plant, at p. A-10 (Total Rate Base)).

Percentage Change from Prior Year	-11.1%	-9.8%	-11.5%

With respect to return on investment, Great Oaks has already shown that it has consistently been unable to earn its authorized rate of return on rate base, establishing a higher relative risk compared to any other Class A water company.[37] Even DRA's witness agreed that Great Oaks faces risk approximately three and one-half times the risk faced by Valencia Water Company, the next largest Class A water company in size to Great Oaks.[38]

The evidence in this proceeding clearly and convincingly shows that Great Oaks is facing significantly higher risks than other Class A water companies.[39] Moreover, when compared to the risks faced by smaller water companies, as analyzed by the Commission in D.92-03-093, it is equally clear that Great Oaks is facing the kinds of risks the Commission found were sufficient to require a shift from the traditional rate of return methodology to a rate of margin analysis.

Far from being authority to deny Great Oaks' request for a rate of margin analysis, D.92-03-093 demonstrates that the Commission does consider company-specific risks when choosing the rate of return methodology most appropriate to establish legally required reasonable rates of return.

4. Class B Water Companies, Too, Receive Consideration of Company-Specific Risk Factors.

DRA's claim that if Great Oaks received Class B rate of return treatment, "the rate of margin method could still not be used to calculate its rate of return" is

[37] See discussion of risk premium in Great Oaks' Opening Brief, at pp. 33-39.
[38] TR 182/18-21 (referring to Exhibit GO-5).
[39] This statement is consistent with the Commission's earlier observation that Great Oaks' "operational and financial risks may be readily distinguished from the other larger companies." *See* June 2009 Scoping Memo, at p. 4.

incorrect.[40] For Class B water companies, the Commission looks at each utility on a case-by-case basis to establish a company-specific rate of return.[41] In setting the rate of return for Class B water companies, the same kind of examination of company-specific risk factors requested by Great Oaks is utilized, as opposed to a generic "market-based" approach that focuses on financial data of alleged proxy companies, as advocated and employed by DRA in this proceeding.

In making its argument on this point, DRA makes several unsupported assertions. Citing Res. W-4524, DRA states: "[T]he rate of margin of a Class B water company is only calculated and used for one purpose: to calculate the authorized rate of margin for Class C and D companies."[42] However, at no point in Res. W-4524 does the Commission make such a statement.

DRA then cites D.92-03-093 for the proposition: "The Commission's Division of Water and Audit's [sic] determines the return on equity for Class B water companies by averaging the most recently authorized rates of return of Class A and Class C water companies."[43] However, when the cited portion of D.92-03-093 is checked, all that is found is the statement: "As to rate of return, we will continue to deal with Class B utilities on a case by case basis."[44]

Given that the Commission decides the rate of return for Class B water companies by looking at specific risk factors on a case-by-case basis, it is difficult to find fault with Great Oaks' statement:

---

[40] DRA Opening Brief, at p. 11.
[41] Res. W-4524, Attachment A, Item 36 (Page 1 of 5) ("For Class B utilities the Audit and Compliance Branch will determine a utility specific reasonable ROR.").
[42] DRA Opening Brief, at p. 11, fn. 39.
[43] *Id.*, at p. 12.
[44] D.92-03-093, at p. 30.

> The fact that Great Oaks is classified as a Class A water company does not serve as justification for denying a fair and reasonable rate of return. Instead, establishing a cost of capital in the manner employed for Class B water companies will provide a much fairer and more reasonable result, allowing Great Oaks to achieve its lawful right to a reasonable rate of return.[45]

5. DRA's Risk Analysis is Faulty and Misleading.

Rather than engage in the form of risk analysis performed by the Commission in D.92-03-093 when deciding to modify the rate of return methodology for Class C and D water companies, DRA attempts to characterize the evidence to fit its argument. Rather than looking at the same risk factors addressed by the Commission in D.92-03-093 as discussed in Section II.F., above, DRA first compares the number of service connections of Class A and D water companies, even though the relative number of service connections is not one of the D.92-03-093 considerations.[46]

DRA's statement that Great Oaks has provided no "support that it will suffer from a shrinkage or stagnation in its customer base,"[47] has already been proven incorrect in Section II.F., above. The term stagnant is highly descriptive of a customer base that has not grown in six years and is not expected to grow over the next three years.

Next, DRA makes the argument that Great Oaks is unlike "very small water companies" because Great Oaks has voluntarily chosen not to sell common stock, seek outside investors, issue mortgage bonds or borrow money from a bank.[48] Here,

---

[45] Exhibit GO-1, at p. 4 (cited disapprovingly by DRA in its Opening Brief, at p. 11).
[46] DRA Opening Brief, at p. 12. The testimony from Great Oaks' CEO in which he states, "[a] company with 50 customers is not the same as Great Oaks, no," while undeniably true, does not speak to the issue of rate of return methodology.
[47] *Id.*, at p. 13.
[48] *Id.*

DRA completely misses the point, which is whether the comparisons made by DRA to other Class A water companies and the proxy group companies are valid. And, Great Oaks' evidence establishes that it is wholly unlike the Class A companies and the proxy group companies included in DRA's "market-based" approach. As a result, it is necessary to examine the company-specific operational and financial risks actually facing Great Oaks and respond accordingly with the appropriate methodology to establish a rate of return.

As will be discussed in detail below, no market or current price exists for Great Oaks' stock that can be plugged into DRA's Discounted Cash Flow ("DCF") model. DRA's Capital Asset Pricing Model ("CAPM") also fails because DRA cannot calculate (and does not attempt to calculate) the input variables necessary to include Great Oaks in the model.

Further, that DRA would argue that Great Oaks has "voluntarily" chosen not to sell common stock or issue mortgage bonds only goes to show that DRA has no understanding of Great Oaks' ownership structure, the laws pertaining to securities offerings or the mortgage bond industry. At the same time it may be noted that Great Oaks also does not issue government revenue bonds, nor could it, as it is not a government agency.[49] DRA's entire argument on this point is nothing more than a distraction from the truths that Great Oaks cannot be validly compared to other Class A water companies and that DRA's water and gas proxy groups and DRA's "market-based" analyses do not apply Great Oaks at all.

---

[49] See Great Oaks' Opening Brief, at pp. 18-19.

E. Capital Structure Determination Must Be Based Upon the Evidence.

1. Great Oaks Is Entitled to a Fair Consideration of the Capital Structure Issue Based Upon the Evidence of Current Operational and Financial Risks.

DRA argues that because a capital structure has been imputed for Great Oaks in the past, it must be imputed in exactly the same way in this proceeding.[50] Given that the Commission has stated its clear intention to review (and not overlook) company-specific risk factors in establishing rate of return,[51] DRA's argument is shallow indeed. Rather than accept DRA's approach, which amounts to no analysis of company-specific risk factors, the Commission should examine if evidence exists requiring an imputed capital structure.

2. Great Oaks' Actual Capital Structure Will Not Result in Higher Comparative Rates for Its Ratepayers.

As discussed in Great Oaks' Opening Brief, DRA simply assumes that an imputed capital structure should be imposed upon Great Oaks without any analysis of the relevant evidence to find justification for such a determination.[52] The lack of analysis continues in the DRA Opening Brief, supplemented by a cursory dismissal of Great Oaks' evidence and an attempt to reframe the issue.[53] Rather than examining whether a capital structure should be imputed, DRA tries to shift the burden to Great Oaks to prove why a capital structure should not be imputed. These are not two sides of the same coin.

More "balanced" capital structures have been imputed by the Commission for

---

[50] DRA Opening Brief, at pp. 15-16.
[51] See Section II.E., above, discussing the rate case plan, D.07-05-062.
[52] Great Oaks' Opening Brief, at pp. 29-31.
[53] DRA Opening Brief, at pp. 16-19.

ratemaking purposes when necessary to avoid burdening ratepayers with higher comparative rates due to a utility's higher than "desirable" equity structure.[54] So, it is first necessary to examine the evidence on whether Great Oaks' actual capital structure would result in higher comparable rates. Great Oaks proved with clear and convincing evidence that its actual capital structure would not produce higher comparable rates for its customers.[55] In fact, Great Oaks' customers would still enjoy more than twenty percent discounts off the rates charged by San Jose Water Company and by California Water Service Company in its Los Altos service area.[56]

In response to the evidence clearly proving that Great Oaks' actual equity structure does not result in higher comparative rates, DRA argues that rates charged by San Jose Water Company cannot be validly compared to those charged by Great Oaks. The only support DRA offers for this argument is the general contention that many factors go into determining rates.[57] Interestingly, however, because of the Commission's standardized minimum data requirements for general rate cases, the very same kind of data that is used to determine Great Oaks' rates is also used to determine the rates for San Jose Water Company and California Water Service Company. Comparing regional water rates to determine if Great Oaks' actual equity structure would create a relative burden on ratepayers is, therefore, highly relevant to the issue of whether a capital structure should be imputed. Based upon the evidence, it is clear that Great Oaks' actual capital structure creates no such burden, eliminating

[54] Great Oaks' Opening Brief, at pp. 31-32 (citing D.07-06-024, at p. 20, fn. 33).
[55] *Id*., at 32-33 (comparing Great Oaks' proposed rates with the actual rates of the two closest in proximity Class A water companies).
[56] *Id*.
[57] DRA Opening Brief, at p. 18.

the justification for imputing a capital structure.

F. DRA's "Market-Based" Approach Does Not Comply With the Requirements of D.07-05-062.

1. DRA's "Market-Based" Analysis Fails to Address Great Oaks' Company-Specific Risks.

As discussed above, when adopting the new rate case plan, D.07-05-062, the Commission allayed concerns that a generic approach to rate of return would be used by stating that it intended to consider and not overlook "company-specific factors."[58] In its Opening Brief, DRA admits that it never intended to look at company-specific factors in Class A cost of capital proceedings, but planned to perform only one analysis for all Class A water companies: "DRA notes that its intention has always been to apply the same cost of capital analysis to all Class A water companies."[59] This is precisely the approach the Commission vowed not to take.

In Great Oak's Opening Brief, DRA's failure to consider the operational and financial risks specific to Great Oaks was discussed.[60] In place of the company-specific review the Commission intended, DRA offers what it characterizes as a "market-based" approach using DCF and CAPM analyses and a meager defense of the qualifications of its witness.[61] Then, DRA argues that because Great Oaks did not submit the same kind of generic analysis presented by DRA, the Commission should simply accept DRA's position. Rather than provide the Commission with a credible and sustainable result, DRA's approach provides the opposite.

2. All Class A Water Companies Have Company-Specific Risks.

---

[58] See Section II.E., above (quoting from D.07-05-062, at pp. 14-15.).
[59] DRA Opening Brief, at p. 19 (emphasis added).
[60] Great Oaks' Opening Brief, at pp. 19-21.
[61] DRA Opening Brief, at pp. 19-20.

As discussed in Great Oaks' Opening Brief, Great Oaks is materially different from all other Class A water companies.[62] Now, DRA attempts to justify use of other Class A water companies and its water and gas proxy groups by stating: "The relative size of Class A water companies is irrelevant to a market-based analysis in this context because generally all Class A water companies face similar business and regulatory risks."[63] DRA's justification fails for several reasons.

First, DRA's statement directly contradicts the Commission's earlier observation in this proceeding:

> Great Oaks is the smallest of the Class A water companies. As such, its operational and financial risks may be readily distinguished from the other larger companies.[64]

That DRA has completely failed to address Great Oaks' company-specific risks has already been addressed at length and cannot be denied.

Next, DRA's statement contradicts the testimony of DRA's witness, who indicated that Great Oaks' small size is cause for a risk premium.[65] The statement also contradicts the testimony presented by DRA's expert witness in the earlier consolidated cost of capital proceeding where that witness calculated the coefficient of variation for each water company as a measure of relative individual company risk.[66]

Clearly, even DRA's evidence shows that all Class A water companies do <u>not</u> face similar business and regulatory risks. This truth provides further support for the

---

[62] Great Oaks' Opening Brief, at pp. 14-16.
[63] DRA Opening Brief, at p. 21.
[64] June 2009 Scoping Memo, at p. 4.
[65] Exhibit DRA-01, at p. 3.
[66] TR 177/1-13, 22-25; *see also* Great Oaks' Opening Brief, at pp. 34-35.

Commission to consider company-specific risks in ratemaking proceedings such as this, rather than apply a single generic approach to different factual situations.

3. DRA's Proxy Groups Are Not Proxies at All.

That DRA advocates a generic approach to determining rate of return is most evident in its use of proxy groups. And, while Great Oaks does not yet know DRA's response to the evidence conclusively showing that the two proxy groups selected by DRA are materially different from Great Oaks and, therefore, invalid proxies,[67] it does appear that DRA at least recognizes that its gas proxy group may not be valid for comparison purposes.[68] By recommending that the Gas Proxy Group be removed from consideration, DRA must agree, at least conceptually, that the Gas Proxy Group companies are not valid proxies for Great Oaks.

Notably, no effort was made by DRA to establish any common characteristics between Great Oaks and the companies in the Water Proxy Group either. DRA simply points out that all of the Water Proxy Group companies are publicly traded and are covered by an industry reporting service.[69] However, Great Oaks shares none of those characteristics, nor is Great Oaks even remotely similar in size to the "median" company in the Water Proxy Group with its revenues of $90.8 million and net plant of $327 million.[70] If a valid proxy is one with "characteristics similar to the

---

[67] Great Oaks' Opening Brief, at pp. 16-19. The briefing process in ratemaking proceedings is unlike that in judicial proceedings where the party with the burden of proof has both the first and last opportunities to state its positions. Here, Great Oaks must reply to DRA's arguments without knowing DRA's response, if any, to the arguments made and evidence discussed in Great Oaks' Opening Brief.
[68] DRA Opening Brief, at p. 20.
[69] *Id.*, at pp. 20-21.
[70] *Id.*, at p. 21. Note that DRA's use of the "median" figures distorts the true disparity between Great Oaks and the average company in the Water Proxy Group with

utilities that the companies are selected to represent,"[71] DRA has not selected valid proxies.

Finally, DRA states: "Great Oaks contends that DRA's Water Proxy Group is invalid because it would preclude it from earning a reasonable rate of return."[72] DRA cites the Rebuttal Testimony of John W.S. Roeder (Exhibit GO-4) for this statement, but when DRA's citation is checked, what is revealed is Great Oaks' actual testimony:

> The Testimony of Raymond Charvez [of DRA] contains no analysis of the operational and financial risks faced by [Great Oaks], and instead relies upon invalid proxy groups <u>and</u> seeks to eliminate any opportunity for Great Oaks to earn a reasonable rate of return on its used and useful investment. Moreover, the rate of return and cost of capital recommendations in the Charvez Testimony are based not on an analysis of Great Oaks, but are instead based upon rates of return and cost of capital for other larger companies having operational and financial risks readily distinguished from those of Great Oaks. No justifications have been provided for the recommendations contained in the Charvez Testimony, as those recommendations are based entirely upon rote application of so-called standard practices clearly inapplicable to Great Oaks.[73]

The criticisms leveled against DRA's evidence and approach on December 28, 2009, when Exhibit GO-4 was served, remain unanswered to this day, as each action taken and every argument made by DRA has proven the correctness of this criticism.

4. <u>DRA's Discounted Cash Flow Analysis Is Inapplicable to Great Oaks</u>.

While DRA only used the DCF model for generic purposes, clear evidence of

---

revenues of $215.2 million and net plant of $768.7 million. *See* Great Oak's Opening Brief, at p17 for the full discussion on this disparity.

[71] D.09-05-019, at p. 15.

[72] DRA Opening Brief, at p. 21.

[73] Exhibit GO-4, at p. 3.

its inapplicability to Great Oaks is the fact that none of the variables DRA needs to apply its DCF model to Great Oaks are available. Great Oaks does not have a current stock price, pays no dividends on common stock and has no historic growth rates in earnings per share and dividends per share. Of course, no financial data on Great Oaks is reported or tracked by Value Line, First Call, Zack's or Reuters. Obviously, DRA's DCF model can only produce results for companies wholly unlike Great Oaks, like San Jose Water Company, one of the companies in the Water Proxy Group.

Use of such a generic approach is contrary to the Commission's stated intention to consider company-specific risk factors in this proceeding.[74]

5. DRA's Capital Asset Pricing Model Fails to Address Company-Specific Risks.

As with its DCF model, DRA's CAPM fails to do anything other than provide a generic, non-company-specific result. DRA describes CAPM in the following terms:

> The CAPM is a theory of the risk and expected returns of common stock. In the CAPM, two types of risk are associated with a stock: firm-specific risk or unsystemic risk, and market or systemic risk, which is measured by a firm's beta. The only risk that investors receive a return for is systemic risk.[75]

In applying its CAPM, DRA does not address "firm-specific or unsystemic risk." As Great Oaks has consistently stated, the Commission's intention under D.07-05-062 is to examine company-specific risk factors. Instead, DRA's CAPM only looks to market data for the proxy group companies, as opposed to company-specific

---

[74] D.07-05-062, at p. 15.
[75] DRA Opening Brief, at p. 23 (emphasis added).

risk factors for Great Oaks, to arrive at DRA's desired conclusion.

The evidence on CAPM approach taken by DRA in this proceeding consists of a scant two pages in Exhibit DRA-01 and consists entirely of conclusory statements and tables.[76] No explanations of the virtues or limitations of the CAPM approach are provided. In fact, there is no indication that DRA's witness in this proceeding has any understanding of the CAPM approach, how it can be (but was not) used to develop company-specific information or how the results of the CAPM analysis on companies wholly unlike Great Oaks are relevant to this proceeding. Instead, DRA expects the Commission to simply accept its admittedly generic analysis and apply it to Great Oaks. Doing so would defy the Commission's promise of a company-specific rate of return.

Great Oaks has presented a company-specific approach to the rate of return issue, while DRA's position is based upon the faulty premise that all Class A water companies, and perhaps even all regulated water companies across the country, face the same set of risks, negating any need to examine company-specific risk factors. The Commission rejected this kind of generic approach when adopting D.07-05-062, and the Commission must do so here as well.

6. DRA's Risk Review Ignores the Evidence of Company-Specific Risks that Justify a Rate of Margin Analysis for Great Oaks.

DRA's argument that Great Oaks does not face "unique or specific" risks is simply a re-stated version of DRA's approach that all Class A water companies face the same set of risks.[77] In making its argument, DRA reaches many conclusions

[76] Exhibit DRA-01, at pp. 10-12.
[77] DRA Opening Brief, at pp. 25-27.

without actually examining the relevant evidence.

For example, DRA brushes aside the evidence presented by Great Oaks on the issues of its stagnant customer base and illegally levied groundwater charges by the Santa Clara Valley Water District by concluding that "these risks are not unique or specific to Great Oaks" and that Great Oaks is protected by a "robust regulatory environment."[78] Notably absent is an examination of the evidence by DRA on Great Oaks' company-specific risks.

As discussed in Section II. D. 3., above, Great Oaks is experiencing a combination of no customer growth, increasing operating expenses, a declining rate base and an inability to earn authorized returns. None of these risks are the subject of memorandum accounts. Instead, these important risk factors are to be considered in this proceeding, an analysis DRA has not performed and apparently never intended to perform for Great Oaks or any other Class A water company. All DRA has done in this proceeding is offer the same generic presentation of market data it has offered in other cost of capital proceedings without any consideration of company-specific risks.

And, while not addressed in depth in this proceeding,[79] the ongoing litigation by Great Oaks against the Santa Clara Valley Water District challenging illegal groundwater charges (pump tax) presents a completely unique situation. As of this date, Great Oaks has been highly successful in obtaining a trial court judgment finding the Santa Clara Valley Water District to have violated its own enabling act and the California Constitution and declaring the groundwater charges levied against

[78] *Id*., at p. 25.
[79] Outside services (litigation costs) are addressed in Great Oaks' Application A.09-09-001.

Great Oaks illegal.[80] Ironically, DRA argues in this proceeding that a memorandum account is available to address this risk, but has argued in the proceeding on Great Oaks' general rate case application that Santa Clara Valley Water District litigation expenses should not be tracked or otherwise recoverable through rates at all. It seems DRA's idea of a "robust regulatory environment" is one in which DRA is able to argue both sides of an issue without regard to the evidence.

DRA's claim that Great Oaks' financial and ownership situation is not like that of Class C and D water companies addressed in D.92-03-093 is unsupported and incorrect. The primary reason the Commission shifted from return on rate base to rate of margin for smaller water companies was to address the risks presented by the low returns produced by the traditional return on rate base method. In D.92-03-093, the Commission noted with respect to a water company with a small or declining rate base:

> [T]he risk to the company resides not in the cost of capital but in operating expense. The return on a small net investment will not adequately compensate the utility owner for the risk associated with high operating costs. For these small utilities, rate base regulation falls short of providing the necessary compensation for risk.[81]

Great Oaks is now in the same situation Class C and D water companies found themselves in nearly twenty years ago. As compared to all other Class A water companies, Great Oaks has the smallest rate base by far.[82] Operating expenses have

---

[80] *Great Oaks Water Co. v. Santa Clara Valley Water District*, Santa Clara County Superior Court, Case No. 105CV053142, Judgment After Trial By Court entered February 3, 2010. The matter is now on appeal by the Santa Clara Valley Water District in the Court of Appeal for the Sixth Appellate District, Case No. H035260.
[81] D.92-03-093, at p. 8.
[82] Exhibit GO-01, at p. 2; Exhibit GO-02, at pp. 7-8.

increased and are projected to increase further.[83] Great Oaks has consistently been unable to earn its authorized rate of return.[84] If borrowing money becomes necessary, Great Oaks does not have the ability (legal or otherwise) to sell securities, but must instead find lenders willing to loan money on the basis of dwindling utility plant assets. In light of these facts, an increase in expenses above that projected and included in rates could turn an authorized profit into an actual loss. It was precisely for this combination of factors that the Commission moved from the traditional return on rate base to rate of margin in D.92-03-093, and it is precisely for this combination of reasons that the Commission should closely examine Great Oaks' company-specific risks and respond appropriately here.

7. DRA's Risk Premium Recommendation for Great Oaks Is Admittedly Flawed.

As pointed out in Great Oaks' Opening Brief, DRA did not perform a correct risk premium calculation for Great Oaks.[85] DRA has now admitted its incorrect risk premium calculation, but recommends that the Commission accept it nonetheless.[86] This position lacks all merit and credibility.[87]

While Great Oaks cannot know DRA's response to Great Oaks' mathematical calculation of an appropriate risk premium for Great Oaks in the event the

---

[83] Exhibit GO-3, at p. A-9.
[84] Exhibit GO-01, at p. 3; Exhibit GO-5.
[85] Great Oaks' Opening Brief, at pp. 33-35.
[86] DRA Opening Brief, at p. 26.
[87] DRA's suggestion that its recommended return on equity is "significantly generous" has no support. The term "generous" is a comparative term. DRA has performed no genuine comparisons between Great Oaks and any other Class A water company, but has instead merely observed that Valencia Water Company is next largest in size and has a similar "imputed" capital structure. A genuine comparison would require an examination of company-specific risks – the kind of examination DRA has admittedly not performed and never intended to perform.

Commission decides to use a return on rate base methodology,[88] DRA will likely resort to criticism based upon matters outside the evidence and not in the record, as it has presented no analysis or expert testimony in this proceeding to support its incorrect risk premium calculation.

At this point, DRA bases its position upon the false assertion that Great Oaks has not met its burden of proof on company-specific risks.[89] As has already been discussed in detail and at great length herein, Great Oaks has clearly proven that it faces "operational and financial risks [that are] readily distinguished from the other larger [Class A] companies."[90] In the event that a return on rate base methodology is used to authorize a rate of return in this proceeding, the risk premium of 192 basis points calculated in Great Oaks' Opening Brief (using the methodology of DRA's expert in prior proceedings and the evidence in this proceeding), is supported by clear and convincing evidence.

III. Conclusion

DRA revealed in its Reply Brief the reason DRA made no attempt to address Great Oaks' evidence of company-specific risk factors and why DRA's recommendations are based upon financial data of companies having no relevance to Great Oaks whatsoever. By admitting that "its intention has always been to apply the same cost of capital analysis to all Class A water companies,"[91] DRA confirmed that it never intended to honor the Commission's D.07-05-062 promise to review company-specific risk factors in establishing rates of return under the current rate

[88] Great Oaks' Opening Brief, at pp. 35-39.
[89] DRA Opening Brief, at p. 26.
[90] Quoting from the June 2009 Scoping Memo, at p. 4.
[91] DRA Opening Brief, at p. 19.

case plan. DRA's generic approach also partially explains DRA's lack of diligence in this proceeding and its choice to use a proxy for the expert it used in prior proceedings: DRA simply expects the Commission to accept DRA's recommendations regardless of merit and credibility or the lack thereof.

Great Oaks and all utilities deserve better. When the Commission adopted the current rate case plan it calmed the concerns that consolidated cost of capital proceedings would prevent results based upon each utility's own set of facts and circumstances by affirmatively stating that "company-specific" risk factors would be considered.[92] Great Oaks' entire presentation is based upon the sound belief that: (1) The Commission will follow through on its intention to examine the evidence supporting its prior observation that Great Oaks has operational and financial risks readily distinguishable from those of the other Class A water companies; and (2) establish a rate of return based upon that company-specific evidence.

DRA has taken extreme positions in both proceedings before the Commission regarding Great Oaks, and has accused Great Oaks of doing the same. No doubt because Great Oaks has no opportunity to respond, DRA's Reply Brief in Great Oaks' general rate case (A.09-09-001) included highly inflammatory, false and decidedly unprofessional remarks. More of the same may come in DRA's Reply Brief in this proceeding, combined with DRA's constant reliance upon the Commission's relaxed view of the rules of evidence to manufacture its opposition. In the end, however, no amount of hyperbole or invective can suppress Great Oaks' rights to due process and a reasonable rate of return based upon company-specific

[92] D.07-05-062, at p. 15.

evidence of its operational and financial risks.

Based upon the evidence presented and the arguments made, Great Oaks requests that a fair and reasonable rate of return be established as requested in Great Oaks' Application A.09-05-007.[93]

______/s/___________
Timothy S. Guster
General Counsel
Great Oaks Water Company

Date: March 17, 2010

[93] Exhibit GO-01.

Verification

I am an officer of Great Oaks Water Company, the applicant in this proceeding, and am authorized to make this verification on its behalf. The statements in the foregoing document, Great Oaks Water Company Reply Brief – Cost of Capital, are true of my own knowledge, except to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

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

Executed on March 17, 2010 at San Jose, California.

_________/s/____________
Timothy S. Guster
Secretary

Certificate of Service

I hereby certify that I have this 17th day of March, 2010, served a copy of the Great Oaks Water Company Reply Brief – Cost of Capital, on the parties listed on the Distribution List attached hereto, by mailing, from San Jose, California, a properly addressed copy by first-class mail with postage prepaid.

_______/S/_________________
Timothy S. Guster

Great Oaks Water Co.
Service List

Municipal Water System
City of San Jose
3025 Tuers Road
San Jose, CA 95121

County Clerk
County of Santa Clara
70 W. Hedding Street
San Jose, CA 95110

Safe Drinking Water Office
Department of Water Resources
1416 9th Street, Room 804
Sacramento, CA 95814

Office of Regulatory Affairs
California Water Service Company
1720 North First Street
San Jose, CA 95112

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118

Fred Curry
Division of Water and Audits
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Danilo E. Sanchez
Division of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Ting-Pong Yuen
Division of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Hani Moussa
Division of Ratepayer Advocates
California Public Utilities Commission
320 West 4th Street, Ste. 500
Los Angeles, CA 90013

Pat Esule
Division of Ratepayer Advocates
California Public Utilities Commission
320 West 4th Street, Ste. 500
Los Angeles, CA 90013

The Honorable Douglas Long
Administrative Law Judge
California Public Utilities Commission
Division of Administrative Law Judges
Room 5008
505 Van Ness Avenue
San Francisco, CA 94102-3214

Commissioner John Bohn
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3214

Legal Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3214

Linda Barrera, Esq.
Legal Counsel
Division of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102