

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED

04/17/26

04:03 PM

A2407003

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 \$140,558,101 or 17.1% in test year 2026, (2) authorizing it to increase rates on January 1, 2027 by \$74,162,564 or 7.7%, (3) authorizing it to increase rates on January 1, 2028 by \$83,574,190 or 8.1% in accordance with the Rate Case Plan, and (4) adopting other related rulings and relief necessary to implement the Commissions ratemaking policies.

Application 24-07-003

**PUBLIC ADVOCATES OFFICE
NOTICE OF EX PARTE MEETING**

Pursuant to Rule 8.4(a) of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) provides notice of an ex parte meeting initiated by Cal Advocates. The purpose of this meeting was to discuss the details of the proposed decision (PD) in the above captioned matter, issued on March 13, 2026, that adopts rate increases for California Water Service Company (Cal Water) for 2026 through 2028.

The meeting was with Kourtney Vaccaro, Chief of Staff to Commissioner Douglas. The meeting occurred via WebEx on April 14, 2026, from approximately 1:33 p.m. to 1:56 p.m. Syreeta Gibbs, Program Manager, Eddie Scher, Project & Program Supervisor, and Megan Delaporta, Attorney, attended on behalf of Cal Advocates.

During the meetings, Cal Advocates expressed its support for aspects of the PD, such as the PD's adoption of Cal Advocates' proposed Interest During Construction (IDC) rate to finance Construction Works in Progress (CWIP).

Cal Advocates also emphasized two major issues with the PD: affordability and contingency. First, Cal Advocates explained that the PD's adopted 11.1% increase for test year (TY) 2026 and additional 5% increases for escalation years 2027 and 2028 are not justified. Cal Advocates explained that its engineers and analysts calculated its proposed 3% decrease in rates for the TY by revising specific cost assumptions and removing specific projects that do not provide service or benefit to ratepayers or that are redundant or unjustified.

Second, Cal Advocates emphasized that excluding contingency from rates is an important policy the Commission should uphold. Cal Advocates also explained that the 10% cap across districts was arbitrary, and that while contingency is a standard practice in a competitive market, it does not belong in rates. This is because, in ratemaking, ratepayers will pay added contingency costs regardless of whether the costs are actually incurred by the utility. Cal Advocates also clarified that Cal Water can request recovery for any unforeseen cost overruns in its next GRC, should they occur. Cal Advocates also noted that past precedent supports exclusion of contingency from rates. Cal Advocates added that, while the Commission is not bound by its own precedent, the Commission correctly denied contingency in rates in the previous GRC decision, consistent with ratemaking principles.

Finally, Cal Advocates discussed its support for the PD's adoption of its proposed IDC rate. Cal Advocates clarified that the PD's adopted IDC rate still allows Cal Water to recover the actual costs of financing these projects, it simply does not allow recovery of unearned profit on the construction of those projects. Cal Advocates also suggested that the PD could be strengthened by additional findings of fact to support the adopted IDC rate.

Respectfully submitted,

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