

COST OF CAPITAL application A.1704001

Thank you to all who attended the Public Participation Hearing back in November and have written letters to the appropriate people at the CPUC. The 5 commissioners voted on ALJ Bemserderfer's **REVISED*** proposed decision this Thursday, March 22, 2018. The revised proposed decision can be viewed at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M212/K335/212335370.PDF>

With this vote approving higher than originally proposed* lower return rates. We will see a slight reduction in our rates. i.e. 3/4" meter customers using 15ccfs per month will see their bi-monthly bill reduce by \$3.32.

We believe that if it weren't for the efforts by WRATES and customers writing specific Cost of Capital letters to the appropriate CPUC people, the water utility return rates would be much higher.

***CofC Proposed Decision Time Line**

2/6/18 - ALJ Bemserderfer files his Proposed Decision (PD) resulting in:

Cal Water ROE = 8.22%
Cal Am ROE = 8.23%
Golden State ROE = 8.23%
SJWC ROE = 8.3%

2/14/18 - All 4 water companies begin inundating the 5 commissioners and their advisors with ex parte closed door meetings to influence the commissioners to NOT accept the PD. Ratepayers were not granted this privilege.

2/26/18 - 3/20/18 - The 4 water companies rally their attorneys, lobbyists, unions, special interest groups, leadership groups etc. to write letters to the commissioners and law judge denouncing the PD, the ORA, and even the law judge. 43 letters were submitted in all. (All these groups are paid for by the utilities through direct payment, dues or donations.) Many of the strongly worded letters were insulting to the law judge and the CPUC process because the water companies did not achieve the numbers they wanted.

Attached is the letter from California Water Association (CWA), one of the largest California water lobbyist that the water utilities pay hundreds of thousands of dollars to. CWA was noted in a November 2017 article as ranking in the top 500 of CA Lobbyists that spent the most money influencing legislature (Rank of No. 56). CWA even called the ratepayer activist group out in this letter stating, "CWA acknowledges that the Constitutionally independent Commission is under political pressure from the legislature, the media, **and certain activist groups (dominated by affluent and high-volume water users)** to appear responsive to ratepayer interests..."

CWA describes the PD as woeful, abysmal, abuse of discretion, harmful to customers, error-filled, in violation of regulatory principles, invalid and phony, flawed, misinformed, solely to

benefit customers, egregious assertion, Commissioners' priorities changed, denial of due process, unduly discriminatory, stunning failure, unjust outcome.

This letter alone shows how the commissioners and the law judge were bullied and strong armed into changing the PD.

3/21/18 - 24 hours before the commissioners were to vote on the PD, ALJ Bemenderfer filed a new PD with revised return rates. To take a quote from the CWA letter, "This suggests that external pressures played a large role in shaping this unjust outcome."

Cal Water ROE = 8.22% increased to **9.2%**

Cal Am ROE = 8.23% increased to **9.2%**

Golden State ROE = 8.23% increased to **8.9%**

SJWC ROE = 8.3% increased to **8.9%**

3/22/18 - The 5 commissioners unanimously voted to approve the NEW REVISED Proposed Decision. By doing this, the commissioners and law judge have reinforced the bullying behavior of the IOUs and given them the green light to continue this behavior in future proceedings.

Although WRATES considers this a small win, it is fraught with CPUC failures starting with the decision being changed in the 11th hour. Going forward your support will be needed on the next stage of increases currently being reviewed, the General Rate Case.

Rita Benton

WRATES, Water Rate Advocates for Transparency, Equity, and Sustainability

"Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has." Margaret Meade