

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 \$94,838,100 or 16.5% in test year 2017, (2) authorizing it to increase rates by \$22,959,600 or 3.4% on January 1, 2018, and \$22,588,200 or 3.3% on January 1, 2019, in accordance with the Rate Case Plan, and (3) adopting other related rulings and relief necessary to implement the Commission's ratemaking policies.

Application 15-07-015
(Filed July 9, 2015)

JOINT MOTION TO ADOPT THE PROPOSED SETTLEMENT AGREEMENT OF CALIFORNIA WATER SERVICE COMPANY (U-60-W), THE OFFICE OF RATEPAYER ADVOCATES, THE CALIFORNIA WATER UTILITY COUNCIL (THE UTILITY WORKERS UNION OF AMERICA, AFL-CIO), THE CITY OF VISALIA, THE COUNTY OF KERN, THE COUNTY OF LAKE, TIMOTHY GROOVER-MERRICK, THE LEONA VALLEY TOWN COUNCIL, AND JEFFREY YOUNG

I. INTRODUCTION

Pursuant to Rule 12.1 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), California Water Service Company (“Cal Water”), the Office of Ratepayer Advocates (“ORA”), the California Water Utility Council (the Utility Workers Union of America, AFL-CIO), the City of Visalia, the County of Kern, the County of Lake, Mr. Timothy Groover-Merrick (customer in the Kern River Valley District), the Leona Valley Town Council (“LVTC”), and Mr. Jeffrey Young (customer in the Coast Springs area of the Redwood Valley District) (jointly, referred to as the “Settling Parties”) hereby respectfully submit this *Joint Motion to Adopt the Proposed Settlement Agreement* (“Motion”).

A. SUMMARY OF THE SETTLING PARTIES' SUPPORT OF THE SETTLEMENT AGREEMENT

- Cal Water fully supports the Settlement Agreement in its entirety.
- ORA fully supports the Settlement Agreement in its entirety.
- The California Water Utility Council - the Utility Workers Union of America, AFL-CIO (“CWUC”) (representing approximately 665 operations, construction, maintenance, and clerical employees of Cal Water). The CWUC supports the portions of this Agreement relating to employee wages, the pension plan, 401(k), and employee “on-call” premiums.
- The City of Visalia (located in the Visalia District). It is the Parties’ understanding that staff is recommending that the City of Visalia generally support this Agreement, but not the rate increase proposed for the Visalia District under the Agreement. This recommendation must be brought before the governing body of the City of Visalia.
- The County of Kern (for ratepayers in the Kern River Valley and Bakersfield Districts). It is the Parties’ understanding that staff is recommending that the County of Kern generally support this Agreement, but not the rate increase proposed for the Kern River Valley and Bakersfield Districts under the Agreement. This recommendation must be brought before the governing body of the County of Kern.
- Mr. Timothy Groover-Merrick (customer in the Kern River Valley District). Mr. Groover-Merrick generally supports this Agreement but does not support the rate increase proposed for the Kern River Valley District under the Agreement.
- The Leona Valley Town Council (“LVTC”) (for customers located in the separately-tariffed Leona Valley area in the Antelope Valley District). LVTC supports the portions of this Agreement relating to affordability, consolidation, main replacement, and issues specific to Leona Valley.
- Mr. Jeffrey Young (customer in the Coast Springs area of the Redwood Valley District) supports the portions of this Agreement relating to affordability, consolidation, main replacement, and issues specific to Coast Springs.
- In addition, the County of Lake (“Lake County”) (for ratepayers in portions of the Lucerne ratemaking areas of the Redwood Valley District). The County of Lake actively participated in confidential settlement discussions on certain issues, and it is the Parties’ understanding that this proposed Settlement Agreement will soon be brought before the governing body of

the County of Lake, and the official outcome will be conveyed to the service list.

Based on the information provided below and elsewhere in the record, the Settling Parties jointly move that the Commission issue an order adopting the proposed Settlement Agreement they have negotiated and entered into resolving most of the outstanding issues that are currently before the Commission in Application (“A.”) 15-07-015.

The Settling Parties have worked closely together to reach mutually agreeable positions on numerous issues in dispute in this proceeding. Settlement negotiations commenced on May 3, 2016 and continued up to the filing of this Motion, and the attached proposed Settlement Agreement is the result of the Settling Parties’ efforts. A copy of the proposed Settlement Agreement is attached as Exhibit A to this Motion.

The Settling Parties represent to the Commission as follows: (1) that the Settlement Agreement commands the sponsorship of the Settling Parties; (2) that the Settling Parties are fairly representative of the affected interests; (3) that no terms of the Settlement Agreement contravene any statutory provision or any decision of the Commission; (4) that the Settlement Agreement, together with the record in the proceeding, conveys to the Commission sufficient information to permit the Commission to discharge its regulatory obligations on the issues addressed by the Settlement Agreement; and (5) that the Settlement Agreement is reasonable in light of the entire record and in the public interest, and it fulfills the criteria that the Commission requires for approval of such a settlement. Therefore, the Settling Parties respectfully request that the Commission grant this motion and adopt the proposed Settlement Agreement.

II. PROCEDURAL HISTORY

Cal Water filed its General Rate Case (“GRC”) A.15-07-015 along with its opening testimony on July 9, 2015 pursuant to Decision (“D.”) 07-05-062 (“Rate Case Plan”), seeking an order (1) authorizing it to increase rates for water service by \$94,838,100 or 16.5% in test year 2017, (2) authorizing it to increase rates by

\$22,959,600 or 3.4% on January 1, 2018, and \$22,588,200 or 3.3% on January 1, 2019, and several special requests. On February 17, 2016, ORA filed a motion requesting extension of time to serve testimony. The Motion was granted by Administrative Law Judge (“ALJ”) Jeanne McKinney on February 19, 2016.¹ ORA served its report on March 2, 2016. Testimony was also submitted by the following intervenors with the exception of Mr. Groover-Merrick (Kern River Valley) on March 18, 2016: the City of Visalia, LVTC, the City of Bakersfield, the County of Kern, the County of Lake, and Mr. Young (Redwood Valley District). Mr. Groover-Merrick served his opening testimony on March 24, 2016.² Cal Water and Mr. Young served rebuttal testimonies on April 28, 2016.

A Prehearing Conference was held on September 21, 2015 at 9:00 a.m. at the Commission’s headquarters located in San Francisco, California. An informational workshop was held on February 10, 2016 at 10:00 a.m. at the Commission’s headquarters.³ Public Participation Hearings (“PPHs”) were held on March 22, 2016 at 6:30 p.m. in the City of Bakersfield, California; on March 23, 2016 at 4:00 p.m. in the City of Lake Isabella; on March 24, 2016 at 5:00 p.m. in the City of Palmdale, California; on April 26, 2016 at 6 p.m. in the City of Chico, California; April 27, 2016 at 6:30 p.m. in Marysville, California; April 28, 2016 at 6:00 p.m. in the City of Dixon, California; August 23, 2016 at 6:00 pm at Guerneville, California; and August 25, 2016 at 1:00 p.m. and 6:00 p.m. at Lucerne, California.⁴ A telephonic Status Conference was held on July

¹ E-mail Ruling of ALJ McKinney dated February 19, 2016 changed the due date for the parties’ testimonies to the following: ORA’s testimony was due on March 2, 2016; Intervenors’ testimony was due on March 18, 2016, and Cal Water’s rebuttal testimony was due on April 28, 2016.

² E-mail Ruling of ALJ McKinney dated April 1, 2016 granted Timothy Groover-Merrick’s motion for extension of time to serve opening testimony providing a new due date of March 25, 2016.

³ A telephonic conference line was provided for parties that were not able to attend the workshop in person.

⁴ Additional PPHs are scheduled on the following dates at the specified locations: (1) September 6, 2016 at 6:00 p.m. at Montebello, California; (2) September 7, 2016 at 6:00 p.m. at West Lake Village, California; (3) September 8, 2016 at 6:00 p.m. at Visalia, California; and (4) September 14 at 6:00 p.m. at King City, California. *See Administrative Law Judge’s Ruling Setting Public Participation Hearings* dated August 22, 2016.

6, 2016 at 10:30 a.m. with ALJs Jeanne McKinney and Dan Burcham.⁵ An Evidentiary Hearing was held on July 18, 2016. A telephonic status conference was held on August 17, 2016 at 10:00 a.m. in which the remaining schedule for the filing of this Motion and proposed Settlement Agreement and briefing schedule was established.⁶

Pursuant to Rule 12.1(b), the Settling Parties convened settlement conferences beginning on May 3, 2016, with notice and opportunity to participate provided to all interested persons. The following representatives of the parties were in attendance for the May 3, 2016 settlement conference and for various settlement conferences that followed: Cal Water, ORA, City of Bakersfield, City of Visalia, Lake County, LVTC, County of Kern, Mr. Young, CWUC, City of Chico⁷ and Mr. Groover-Merrick. The proposed Settlement Agreement was executed by the Settling Parties on September 2, 2016.

III. ISSUES RESOLVED BY THE PROPOSED SETTLEMENT AGREEMENT

The proposed Settlement Agreement reasonably represents all affected interests and resolves the following issues listed in the January 7, 2016 Scoping Memo in this proceeding:⁸

A. The just and reasonable test year 2017 revenue requirements.

Cal Water's application proposed to increase test year 2017 revenue requirements by \$94.8 million or 16.5%, while ORA recommended \$20.4 million or 3.5%. The Settlement Agreement reflects an overall increase in Test Year 2017 revenue requirement of \$44.97 million or 7.5%. Attachment 1 of the Settlement Agreement presents the Summary of Earnings tables for each district.

⁵ During the July 6, 2016 telephonic status conference, ALJ McKinney notified the parties that ALJ Dan Burcham would also be presiding over the case going forward.

⁶ See Status Conference Transcript, vol. 8.

⁷ The City of Chico participated in the May 3, 2016 settlement conference call but did not participate in subsequent settlement discussions.

⁸ See Scoping Memo at 10-16.

1. Expenses

The Settlement Agreement resolves all operation and maintenance costs, administrative and general expenses, payroll expenses, pension and benefits, insurance costs, and conservation expenses. For example, the settlement includes a \$6.2 million reduction in payroll and benefit expenses from Cal Water's original request, and excludes the Supplemental Executive Retirement Plan costs from the Pension Cost Balancing Account 3. This reduction outlined in the Settlement Agreement reasonably balances Cal Water's need to attract and retain competent and high performing individuals and also maintain reliable water services with the need to ensure that rates are affordable for ratepayers.

2. Capital Investment

The Settlement Agreement also resolves various plant issues by ensuring that only those capital expenditures that are deemed reasonable and necessary within the time frame covered by this rate proceeding are authorized. The capital budgets agreed to in the Settlement Agreement are lower than originally requested by Cal Water. The settlement addressed programmatic expenditures (such as the main replacement program)⁹ and district-level project requests.¹⁰ The proposed capital budgets and associated capital programs and projects as outlined in the Settlement Agreement will allow Cal Water to provide safe and reliable water service.

3. Rate Base

In recognition of the large carry-over project totals proposed by Cal Water, the Settlement Agreement includes a rate base carry-forward reduction of \$89.6 million in 2016 that will serve to reduce Cal Water's revenue requirement for the years 2017 through 2019. Attachment 2 of the Settlement Agreement presents test year 2017 rate base amounts, by district, that reflect the \$89.6 million adjustment and estimated plant additions corresponding to the settled capital expenditures.

⁹ Exhibit A (Settlement Agreement) of this motion, Chapter 12 – Global Plant Issues.

¹⁰ *Id.*, Chapters 13 to 37 – Customer Support Services and District-Specific Capital Budgets.

B. Cal Water’s Special Requests (1 through 21):

1. Special Request: Affordability and District Consolidation.

The Settlement Agreement resulted from numerous discussions and in depth consideration of proposals in order to ensure that rates remain affordable for all ratepayers while balancing the benefits and disadvantages to Cal Water’s proposed consolidations. The Settlement fully consolidates the Monterey Region (Salinas and King City Districts) and the Los Angeles County Region (Palos Verdes and Antelope Valley Districts). The Settlement effectuates a transitional consolidation for the Bay Area Region (Redwood Valley¹¹ and Bayshore Districts) where full consolidation will be achieved in a future GRC to reduce the impact of the consolidation on the Bayshore District. The Settlement Agreement states that there will be no consolidation for the Kern County Region (Bakersfield and Kern River Valley Districts) and the Northern Area Region (Chico, Oroville, Willows, and Marysville Districts) in this rate case period.

a. Modification to the Region Consolidation Settlement

There are several PPHs that are scheduled to occur after the filing of the proposed Settlement Agreement and the Settlement Agreement provides that customers in the affected regions should be given adequate notice and opportunity to voice their opinion regarding the consolidation portion of the Settlement Agreement. Therefore, Cal Water agrees to provide communication to the affected regional customers in the Monterey Region, Bayshore District, and Palos Verdes informing them of the bill impacts before upcoming PPHs /Informal Meetings. In addition, because there is no formal PPH currently scheduled for the Palos Verdes District in this rate case, Cal Water and ORA agree to host an Informal Meeting for that District to explain the proposed Los Angeles County regional consolidation. Cal Water agrees to provide communication to customers in the Redwood District within 90 days after the filing date for this Settlement Agreement.

¹¹ Currently consisting of three ratemaking areas: Coast Springs, Lucerne, and Unified.

The Settlement Agreement allows the parties to revisit or terminate the regional consolidation section of the Settlement, dependent upon customer feedback at PPHs or through other means, and also allows the parties to propose alternative consolidation and/or rate design approaches or terminate the consolidation section of the Settlement Agreement if final customer impact estimates are higher than Cal Water’s customer notices for this GRC application. Any modification of this section of the Settlement Agreement is subject to Commission approval prior to implementation.

2. Special Request: Phasing out the Rate Support Fund (“RSF”) Program.

The Settlement discontinues the RSF in the Antelope Valley District,¹² modifies the RSF in the Kern River Valley District, and temporarily continues RSF funding for the Redwood Valley District during the transitional consolidation. All customers will be assessed an RSF surcharge, except for Low Income Ratepayer Assistance (“LIRA”) customers in an RSF area¹³ and fire protection service customers, which are the same exclusions as exist currently. The RSF calculation methodology remains the same as currently approved by the Commission. However, the Discounted RSF Quantity Rate is updated to \$5.28 per one hundred cubic feet to correspond to the updated system-wide average rate. Cal Water agrees to notify affected regional customers of the bill impacts.

3. Special Request: Remove Cap on LIRA Benefits.

The Settlement retains the overall benefit methodology that provides a discount of 50% of the 5/8” residential service charge. In addition, the Settlement Agreement increases the cap on the monthly benefit to \$48 for all districts for this GRC cycle.

4. Special Request: Monthly Cross-Connection Fee.

The Settlement Agreement includes a Cross-Connection Control Manager’s salary of \$125,000 in Customer Support Services payroll expense for 2017 because all

¹² Currently, RSF credits are provided to the Leona Valley and Fremont Valley/Lake Hughes tariff areas, but not the Lancaster tariff area.

¹³ Under the Agreement, the Kern River Valley District is the only remaining district eligible to receive the Discounted RSF Quantity Rate on their bills for the first 10 CCF of usage.

customers benefit from an enhanced cross-connection control program, not just customers with an installed cross-connection assembly. Therefore, this cost should be paid by all customers.

5. Special Request: East Los Angeles Recycled Water Tariff.

The Settlement Agreement calculates the recycled water rate using the non-residential service charge rate that is in effect at the time the Commission adopts the Settlement Agreement. The recycled water quantity rate will be calculated based on Central Basin's recycled water rate, plus the difference between Cal Water's non-residential potable water rate and Central Basin's potable water rate. The Settlement Agreement supports providing authorization to Cal Water to add a new recycled water tariff for the East Los Angeles District via a Tier 1 advice letter.

6. Special Request: Requesting Construction Work in Progress ("CWIP") in Rate Base.

Under the Settlement Agreement, Cal Water withdraws its proposal to include CWIP in rate base in this rate case. The Settlement Agreement provides that Cal Water will include capitalized financing costs of its projects in project totals consistent with California utility industry practices approved by the Commission and the Commission's Uniform System of Accounts.

7. Special Request: Eliminating 10% Cap on Water Revenue Adjustment Mechanism ("WRAM") Amortization.

Under the Agreement, Cal Water withdraws its request to eliminate the existing annual 10% cap on WRAM/Modified Cost Balancing Account amortization.

8. Special Request: Continuation of the Sales Reconciliation Mechanism ("SRM").

The Settlement Agreement allows Cal Water to keep the currently approved drought SRM methodology in place as a pilot for this GRC cycle. The drought SRM will be reviewed in Cal Water's next GRC. In addition, the Settlement Agreement eliminates the SRM Balancing Account (Preliminary Statement AR) from Cal Water's tariff.

9. Special Request: Continued Authorization for Balanced Payment Plan.

The Settlement Agreement gives Cal Water continued authority to implement a Balanced Payment Plan (“BPP”) with the same conditions specified in the 2012 GRC Settlement.¹⁴ The Settlement Agreement also provides that, in the event that Cal Water does not implement a BPP in this GRC cycle, Cal Water must re-justify any request for authority to implement a BPP in its next GRC.

10. Special Request: Increase in Water Supply Fees.

The Settlement Agreement modifies the Water Supply Fees and related language in Cal Water’s Tariff Rule 15. In some areas, in lieu of any domestic water supply requirement covered under Section C.1.b. of Rule 15, a special facilities fee for water supply will be included in the advance to the utility.

11. Special Request: Separate Applications for Building Improvements.

In this Special Request, Cal Water described four building construction projects that it believed may be appropriate as separate applications filed outside its general rate case cycle. ORA considers this Special Request as “information only.” The Settlement Agreement specifies that Cal Water has informed ORA and the Commission of these possible applications in the broader context of a rate case and is not precluded from pursuing such projects via separate application even though recovery for the projects is not specifically discussed in this GRC.

12. Special Request: Waiver of Additional Customer Notice.

Cal Water requested an order from the Commission waiving the notice requirement under Rule 3.2 (c-d) or General Order 96B if the actual escalation year increase in a given district exceeds the rates reflected in notices given to customers for this GRC application.¹⁵ In the Settlement Agreement, Cal Water agrees to withdraw this

¹⁴ See D.14-08-011, Exhibit A (Settlement Agreement) at 26-27.

¹⁵ See Exhibit CWS-1, at p. 17.

request. This ensures that ratepayers will continue to receive notification of the actual escalation year increases in their respective district.

13. Special Request: Coordination with Certain Open Commission proceedings.

To the extent that outcomes in other matters before the Commission impact the rates or tariffs adopted in this GRC, the Settlement Agreement authorizes Cal Water to incorporate those outcomes into the tariffs implemented for this GRC. The Settlement Agreement provides that there are two components for integrating subsequent rate changes into new GRC rates: (1) to correct the “present adopted revenue requirement” that will appear in the Commission’s final decision (for the purposes of comparing “present adopted revenue requirement” against the newly adopted revenue requirement); and (2) to ensure that the revenue requirement model used to calculate the new rates includes the rate changes that have been approved since the July 2015 Application.

14. Special Request: Permanent Conservation Rate Design.

The “pilot” conservation rate design that has been in effect for Cal Water since 2008 is considered permanent going forward, without limiting the possibility for future modifications and improvements.

15. Special Request: Recognize Subsequent Offsets in Final Rates.

Revenue requirement changes approved by the Commission after the July 2015 filing of Cal Water’s GRC Application will be incorporated into the calculation of new rates. Cal Water will provide a bill insert that notifies customers of the changes utilizing language similar to that specified in the Settlement Agreement.

16. Special Request: Additional Memo and Balancing Accounts Requests.

The Settlement Agreement includes the status and appropriate disposition of Cal Water’s balancing and memo accounts, including modification and elimination as appropriate.

17. Special Request: Permanent Credit Card Program.

The Settlement Agreement refunds \$74,307 in the Credit Card Pilot Program Memorandum Account to customers as a credit via the filing of a Tier 2 advice letter. The Settlement Agreement recommends permanent authorization of Cal Water’s credit/debit card payment program and elimination of the related memo account after the credit is given. When the amortization period is complete, and the remaining amounts are rolled over into the District-Specific Balancing Accounts, Cal Water may file a Tier 1 advice letter to eliminate Preliminary Statement J2.

18. Special Request: Temporary Metered Service Tariff.

The Settlement Agreement includes a new temporary metered service tariff which allows for the collection of a \$2,400 deposit for a hydrant meter with a backflow assembly (for preventing cross-connections). The Settlement Agreement recommends that Cal Water be authorized to add a tariff for temporary metered service via a Tier 1 advice letter that is substantially similar to the draft provided in Attachment 6 of this Settlement Agreement. .

19. Special Request: Public and Private Fire Protection Tariffs.

The Settlement eliminates the Public Fire Hydrant Tariffs and consolidates all other Fire Protection Tariffs under a single Schedule. Cal Water will implement a new tariff, applicable to all areas, that applies to all fire protection services for governmental and privately-owned properties receiving service for on-site fire sprinklers, stand pipes, fire hydrants, or any other fire protection system that are not owned and maintained by Cal Water, but that are connected to the water system for fire protection purposes only.

20. Special Request: Rule 15 (Main Extensions) Clarifications.

The Settlement Agreement modifies the existing Tariff Rule 15 to clarify the applicability and requirements for Main Extensions. The proposed changes clarify confusing and contradictory language, close unintended loopholes, and update conservation and tax sections. The Settlement Agreement acknowledges that modifications to Rule 15 in this GRC do not preclude the issue from being addressed in

an industry-wide proceeding, and agree to modify Rule 15 with language that clarifies the rule. Cal Water should be authorized to add a modified Rule 15 via a Tier 1 advice letter that is substantially similar to the draft provided in Attachment 6 of this Settlement Agreement.

21. Special Request: Water Quality Finding.

None of the Parties allege that there are any violations of General Order 103-A that Cal Water has failed to address. The Settlement Agreement recommends that the Commission grant Cal Water's Special Request by finding in its decision that Cal Water meets all applicable state and federal water quality requirements.

C. Whether there are any safety considerations pursuant to Pub. Util. Code § 451 raised by Cal Water's Application.

The Settling Parties considered whether Cal Water's Application presented any safety concerns and are not aware of any existing safety concerns. The terms of the Settlement Agreement allow Cal Water to continue to provide safe and reliable water service at reasonable rates.

IV. MATERIAL ISSUES STILL IN DISPUTE

The following issues will be addressed in briefs by interested parties:

A. Escalation and Attrition Year Filings

The Settling Parties were not able to resolve the issue of whether the Commission should require Cal Water to file separate advice letters for each district, proposing new revenue requirements and corresponding revised tariff schedules for Cal Water's 2018 and 2019 attrition filings.¹⁶ The Settling Parties have agreed that this issue will be addressed in briefs according to the schedule established during the August 17, 2016 telephonic status conference.

¹⁶ A.15-07-015, Exhibit ORA-1 at 50, lines 10-13.

B. Recovery for the South Bakersfield Treatment Plant

While cost recovery for the South Bakersfield Treatment Plant (“SBTP”) has been resolved by Cal Water and ORA, the City of Bakersfield continues to contest the issue. Accordingly, Cal Water and the City of Bakersfield have reserved the right to submit briefs on the SBTP issue.

V. THE SETTLEMENT AGREEMENT IS REASONABLE, CONSISTENT WITH THE LAW, AND IN THE PUBLIC INTEREST

Commission Rule 12.1 requires that a settlement be “reasonable in light of the whole record, consistent with law, and in the public interest.” The Settlement Agreement meets these requirements.

A. The Settlement Agreement is Reasonable

The Settlement Agreement is a reasonable resolution of the issues presented in this proceeding. The Settling Parties have entered into the Settlement Agreement based upon extensive independent investigation and analysis performed by each Party’s respective representatives with expertise in various issue subject areas and the record in this proceeding. The Settling Parties have fully evaluated their respective issues and the record in this proceeding and find the Settlement Agreement to be a reasonable and fair resolution of all of the issues addressed in the Settlement Agreement. Further, the Settlement Agreement is supported in its entirety by Cal Water and ORA and for specific issues by the CWUC, The City of Visalia, the County of Kern, Mr. Groover-Merrick, LVTC, and Mr. Young, as defined in Section I.A of this motion. .

B. The Settlement Agreement is Consistent with the Law

The Settling Parties are aware of no statutory provision or prior Commission decision that would be contravened or compromised by the Settlement Agreement. The issues resolved in the Settlement Agreement are within the scope of this proceeding. The Settlement Agreement will result in just and reasonable rates.

C. The Settlement Agreement is in the Public Interest

The Commission has held that a settlement that “commands broad support among participants fairly reflective of the affected interests” and “does not contain terms which contravene statutory provisions or prior Commission decisions” serves the public interest.¹⁷ In this proceeding, the primary public interest is the delivery of safe and reliable water service at reasonable rates. The Settlement Agreement advances this interest by ensuring that Cal Water will continue to provide consumers with safe and reliable water service at reasonable rates.

Moreover, the Commission has expressed a “strong public policy” in favor of settlements.¹⁸ This policy supports many worthwhile goals, including the reduction of litigation expenses, conservation of scarce Commission resources, and risk reduction relating to unknown and potentially unacceptable litigation outcomes.¹⁹ As the Commission has recently stated:

This strong public policy favoring settlements weighs in favor of our resisting the temptation to alter the results of the negotiation process. As long as a settlement taken as a whole is reasonable in light of the record, consistent with the law, and in the public interest it should be adopted.²⁰

Here, Commission approval of the Settlement Agreement will provide for the speedy resolution of contested issues, will save the Settling Parties unnecessary litigation expense, and will conserve Commission resources. The Settling Parties have offered extensive testimony and exhibits in support of the Settlement Agreement and have considered all affected interests. The Settlement Agreement reasonably resolves all disputed items in this proceeding with the exception of the escalation and attrition year filings, and the South Bakersfield Treatment Plant with regard to the City of Bakersfield.

¹⁷ *Re San Diego Gas & Elec.*, Decision 92-12-019, 46 CPUC 2d 538, 552.

¹⁸ *See* Decision 05-03-022.

¹⁹ *See* Decision 08-01-043.

²⁰ *Id.* (citing Decision 92-12-019, 46 CPUC 2d 538, 553).

The Settlement Agreement will allow Cal Water to continue to provide safe and reliable water service at reasonable rates.

For the foregoing reasons, the Settlement Agreement is reasonable in light of the whole record, consistent with the law and is in the public interest.

VI. CONCLUSION

For the reasons stated herein, the Settling Parties request that the Commission adopt the Settlement Agreement in the form attached as Exhibit A of this Joint Motion.

Respectfully submitted,

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<p>JEFFREY YOUNG</p> <p>By: _____ /s/ _____ Jeffrey Young 473 Woodley Place Santa Rosa, CA 95409 707-538-7031; jff yng@gmail.com</p>	<p>LEONA VALLEY TOWN COUNCIL</p> <p>By: _____ /s/ _____ Peggy Fuller Chairman, LVTC Water Committee PO Box 795 Leona Valley, CA 93551-7315 (661) 270-0771; pfuller@leonavalleytc.org</p>
<p>CITY OF VISALIA</p> <p>By: _____ /s/ _____ Michael Olmos City Manager 220 N. Santa Fe Street Visalia, CA 93291 559-713-4332; molmos@ci.visalia.ca.us</p>	<p>COUNTY OF LAKE</p> <p>By: _____ /s/ _____ Anita Grant Office of the County Counsel 255 North Forbes Street Lake County, CA 95453 Anita.Grant@lakecountyca.gov</p>

<p>COUNTY OF KERN</p> <p>By: _____/s/ _____ Charles Collins Deputy County Counsel Office of County Counsel 1115 Truxtun Avenue, 4th Floor Bakersfield, CA 93301 661-868-3815; ccollins@co.kern.ca.us</p>	<p>THE CALIFORNIA WATER UTILITY COUNCIL – UTILITY WORKERS UNION OF AMERICA, AFL-CIO</p> <p>By: _____/s/ _____ Carl Wood National Director of Regulatory Affairs 2021 S. Nevada St. Oceanside, CA 92054 (951) 567-1199; carlwood@uwua.net</p>
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<p>September 2, 2016</p>	