



April 18, 2012

The Honorable Alex Padilla  
Chair, Senate Committee on Energy, Utilities & Communications  
California State Senate  
State Capitol, Room 4038  
Sacramento, CA 95814

**Re: Senate Bill 1165 (Wright) - Oppose**

Dear Chair Padilla:

On behalf of the California Water Association ("CWA"), the statewide trade group that represents more than 125 water utilities regulated by the California Public Utilities Commission ("CPUC" or "Commission"), I am writing in opposition to Senate Bill 1165 (Wright). CWA members provide safe and reliable water service to nearly 6 million Californians.

SB 1165 proposes to amend Sec. 1802 of the PU Code by including school districts, community college districts and county offices of education in the definition of a utility's "Customer" for the purpose of participating in a proceeding involving a CPUC regulated utility. This is an attempt by the bill's sponsor to enable an educational district to be eligible for intervenor compensation under Sec. 1802. This notion is inconsistent with the Commission's own determination on the question and has been rejected a number of times in the past. We believe that enactment of this legislation will increase costs to utility customers and will reverse three decades of clear legal reasoning that such districts are not eligible for intervenor compensation.

Specifically, in cases dating back to 1982, it was determined that a government entity with taxing authority should not be eligible for intervenor compensation funded by ratepayers because that would place the utility's ratepayers in the perverse position of funding government activities that can and should be funded by taxpayers [see *Re Pacific Gas and Electric Co.* (1982), D.82-06-065].

If this amendment is successful, the educational district will then claim that it is operating under significant financial hardship, that it made a substantial contribution to the outcome of the proceeding, and that it should be compensated for its contribution. Of course, this is effectively applying for monies to pay the law firms representing the educational district in the utility's proceeding.

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It should be noted that all customers are fully represented by the Division of Ratepayer Advocates (DRA), and by outside non-municipal groups like The Utility Reform Network, Consumer Federation of California, The Greenlining Institute and Disability Rights Advocates. Further, these latter groups regularly qualify and receive intervenor compensation.

The bottom line is that utility customers should not be in the business of compensating the law firms of educational districts who feel compelled to intervene in a utility proceeding, especially since customer interests are aggressively represented by DRA and these other groups. Further, the Legislature should not allow the regulated utilities' general rate cases and other rate-setting proceedings to become "profit centers" for education districts' in-house attorneys or outside counsel – especially at additional expense to the utility's customers.

For these reasons, California Water Association must, regretfully, oppose SB 1165. Please do not hesitate to contact me or our legislative advocate, Meg Catzen-Brown of Nossaman LLP, at 916-442-8888, if you have any questions about our position.

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in blue ink that reads "Jack Hawks". The signature is fluid and cursive, with the first name "Jack" and last name "Hawks" clearly legible.

Jack Hawks

Cc: Honorable Members of the Senate Committee on Energy, Utilities & Communications  
Honorable Roderick Wright  
Kellie Smith, Chief Consultant  
Jacqueline Kinney, Principal Consultant  
Kip Wiley, Republican Consultant  
Joanne Roy, Republican Consultant  
Gareth Elliott, Office of the Governor