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suffers a disability does not diminish the desirability of treating the client with attention and respect. See also Rule 1.02(c) and Rule 1.05, Comment 17.

Rule 1.04. Fees

(a) A lawyer shall not enter into an arrangement for, charge, or collect an illegal fee or unconscionable fee. A fee is unconscionable if a competent lawyer could not form a reasonable belief that the fee is reasonable.

(b) Factors that may be considered in determining the reasonableness of a fee include, but not to the exclusion of other relevant factors, the following:

- (1) the time and labor required, the novelty and difficulty of the questions involved, and the skill requisite to perform the legal service properly;
- (2) the likelihood, if apparent to the client, that the acceptance of the particular employment will preclude other employment by the lawyer;
- (3) the fee customarily charged in the locality for similar legal services;
- (4) the amount involved and the results obtained;
- (5) the time limitations imposed by the client or by the circumstances;
- (6) the nature and length of the professional relationship with the client;
- (7) the experience, reputation, and ability of the lawyer or lawyers performing the services; and
- (8) whether the fee is fixed or contingent on results obtained or uncertainty of collection before the legal services have been rendered.

(c) When the lawyer has not regularly represented the client, the basis or rate of the fee shall be communicated to the client, preferably in writing, before or within a reasonable time after commencing the representation.

(d) A fee may be contingent on the outcome of the matter for which the service is rendered, except in a matter in which a contingent fee is prohibited by paragraph (e) or other law. A contingent fee agreement shall be in writing and shall state the method by which the fee is to be determined. If there is to be a differentiation in the percentage or percentages that shall accrue to the lawyer in the event of settlement, trial or appeal, the percentage for each shall be stated. The agreement shall state the litigation and other expenses to be deducted from the recovery, and whether such expenses are to be deducted before or after the contingent fee is calculated. Upon conclusion of a contingent fee matter, the lawyer shall provide the client with a written statement describing the outcome of the matter and, if there is a recovery, showing

the remittance to the client and the method of its determination.

(e) A lawyer shall not enter into an arrangement for, charge, or collect a contingent fee for representing a defendant in a criminal case.

(f) A division or arrangement for division of a fee between lawyers who are not in the same firm may be made only if:

(1) the division is:

- (i) in proportion to the professional services performed by each lawyer; or
- (ii) made between lawyers who assume joint responsibility for the representation; and

(2) the client consents in writing to the terms of the arrangement prior to the time of the association or referral proposed, including:

- (i) the identity of all lawyers or law firms who will participate in the fee-sharing agreement, and
- (ii) whether fees will be divided based on the proportion of services performed or by lawyers agreeing to assume joint responsibility for the representation, and
- (iii) the share of the fee that each lawyer or law firm will receive or, if the division is based on the proportion of services performed, the basis on which the division will be made; and

(3) the aggregate fee does not violate paragraph (a).

(g) Every agreement that allows a lawyer or law firm to associate other counsel in the representation of a person, or to refer the person to other counsel for such representation, and that results in such an association with or referral to a different law firm or a lawyer in such a different firm, shall be confirmed by an arrangement conforming to paragraph (f). Consent by a client or a prospective client without knowledge of the information specified in subparagraph (f)(2) does not constitute a confirmation within the meaning of this rule. No attorney shall collect or seek to collect fees or expenses in connection with any such agreement that is not confirmed in that way, except for:

- (1) the reasonable value of legal services provided to that person; and
- (2) the reasonable and necessary expenses actually incurred on behalf of that person.

(h) Paragraph (f) of this rule does not apply to payment to a former partner or associate pursuant to a separation or retirement agreement, or to a lawyer referral program certified by the State Bar of Texas

in accordance with the Texas Lawyer Referral Service Quality Act, Tex. Occ. Code 952.001 et seq., or any amendments or recodifications thereof.

Comment:

1. A lawyer in good conscience should not charge or collect more than a reasonable fee, although he may charge less or no fee at all. The determination of the reasonableness of a fee, or of the range of reasonableness, can be a difficult question, and a standard of "reasonableness" is too vague and uncertain to be an appropriate standard in a disciplinary action. For this reason, paragraph (a) adopts, for disciplinary purposes only, a clearer standard: the lawyer is subject to discipline for an illegal fee or an unconscionable fee. Paragraph (a) defines an unconscionable fee in terms of the reasonableness of the fee but in a way to eliminate factual disputes as to the fee's reasonableness. The Rule's "unconscionable" standard, however, does not preclude use of the "reasonableness" standard of paragraph (b) in other settings.

Basis or Rate of Fee

2. When the lawyer has regularly represented a client, they ordinarily will have evolved an understanding concerning the basis or rate of the fee. If, however, the basis or rate of fee being charged to a regularly represented client differs from the understanding that has evolved, the lawyer should so advise the client. In a new client-lawyer relationship, an understanding as to the fee should be promptly established. It is not necessary to recite all the factors that underlie the basis of the fee, but only those that are directly involved in its computation. It is sufficient, for example, to state that the basic rate is an hourly charge or a fixed amount or an estimated amount, in order to identify the factors that may be taken into account in finally fixing the fee. When developments occur during the representation that render an earlier estimate substantially inaccurate, a revised estimate should be provided to the client. A written statement concerning the fee reduces the possibility of misunderstanding, and when the lawyer has not regularly represented the client it is preferable for the basis or rate of the fee to be communicated to the client in writing. Furnishing the client with a simple memorandum or a copy of the lawyer's customary fee schedule is sufficient if the basis or rate of the fee is set forth. In the case of a contingent fee, a written agreement is mandatory.

Types of Fees

3. Historically lawyers have determined what fees to charge by a variety of methods. Commonly employed are percentage fees and contingent fees (which may vary in accordance with the amount at stake or recovered), hourly rates, and flat fee arrangements, or combinations thereof.

4. The determination of a proper fee requires consideration of the interests of both client and lawyer. The determination of reasonableness requires consideration of all relevant circumstances, including those stated in paragraph (b). Obviously, in a particular situation not all of the factors listed in paragraph (b) may be relevant and factors not listed could be relevant. The fees of a lawyer will vary according to many factors, including the time required, the lawyer's experience, ability and reputation, the nature of

the employment, the responsibility involved, and the results obtained.

5. When there is a doubt whether a particular fee arrangement is consistent with the client's best interest, the lawyer should discuss with the client alternative bases for the fee and explain their implications.

6. Once a fee arrangement is agreed to, a lawyer should not handle the matter so as to further the lawyer's financial interests to the detriment of the client. For example, a lawyer should not abuse a fee arrangement based primarily on hourly charges by using wasteful procedures.

Unconscionable Fees

7. Two principal circumstances combine to make it difficult to determine whether a particular fee is unconscionable within the disciplinary test provided by paragraph (a) of this Rule. The first is the subjectivity of a number of the factors relied on to determine the reasonableness of fees under paragraph (b). Because those factors do not permit more than an approximation of a range of fees that might be found reasonable in any given case, there is a corresponding degree of uncertainty in determining whether a given fee is unconscionable. Secondly, fee arrangements normally are made at the outset of representation, a time when many uncertainties and contingencies exist, while claims of unconscionability are made in hindsight when the contingencies have been resolved. The "unconscionability" standard adopts that difference in perspective and requires that a lawyer be given the benefit of any such uncertainties for disciplinary purposes only. Except in very unusual situations, therefore, the circumstances at the time a fee arrangement is made should control in determining a question of unconscionability.

8. Two factors in otherwise borderline cases might indicate a fee may be unconscionable. The first is overreaching by a lawyer, particularly of a client who was unusually susceptible to such overreaching. The second is a failure of the lawyer to give at the outset a clear and accurate explanation of how a fee was to be calculated. For example, a fee arrangement negotiated at arm's length with an experienced business client would rarely be subject to question. On the other hand, a fee arrangement with an uneducated or unsophisticated individual having no prior experience in such matters should be more carefully scrutinized for overreaching. While the fact that a client was at a marked disadvantage in bargaining with a lawyer over fees will not make a fee unconscionable, application of the disciplinary test may require some consideration of the personal circumstances of the individuals involved.

Fees in Family Law Matters

9. Contingent and percentage fees in family law matters may tend to promote divorce and may be inconsistent with a lawyer's obligation to encourage reconciliation. Such fee arrangements also may tend to create a conflict of interest between lawyer and client regarding the appraisal of assets obtained for client. See also Rule 1.08(h). In certain family law matters, such as child custody and adoption, no res is created to fund a fee. Because of the human relationships involved and the unique character of the proceedings, contingent fee arrangements in domestic relations cases are rarely justified.

Division of Fees

10. A division of fees is a single billing to a client covering the fee of two or more lawyers who are not in the same firm. A division of fees facilitates association of more than one lawyer in a matter in which neither alone could serve the client as well, and most often is used when the fee is contingent and the division is between a referring or associating lawyer initially retained by the client and a trial specialist, but it applies in all cases in which two or more lawyers are representing a single client in the same matter, and without regard to whether litigation is involved. Paragraph (f) permits the lawyers to divide a fee either on the basis of the proportion of services they render or if each lawyer assumes joint responsibility for the representation.

11. Contingent fee agreements must be in a writing signed by the client and must otherwise comply with paragraph (d) of this Rule.

12. A division of a fee based on the proportion of services rendered by two or more lawyers contemplates that each lawyer is performing substantial legal services on behalf of the client with respect to the matter. In particular, it requires that each lawyer who participates in the fee have performed services beyond those involved in initially seeking to acquire and being engaged by the client. There must be a reasonable correlation between the amount or value of services rendered and responsibility assumed, and the share of the fee to be received. However, if each participating lawyer performs substantial legal services on behalf of the client, the agreed division should control even though the division is not directly proportional to actual work performed. If a division of fee is to be based on the proportion of services rendered, the arrangement may provide that the allocation not be made until the end of the representation. When the allocation is deferred until the end of the representation, the terms of the arrangement must include the basis by which the division will be made.

13. Joint responsibility for the representation entails ethical and perhaps financial responsibility for the representation. The ethical responsibility assumed requires that a referring or associating lawyer make reasonable efforts to assure adequacy of representation and to provide adequate client communication. Adequacy of representation requires that the referring or associating lawyer conduct a reasonable investigation of the client's legal matter and refer the matter to a lawyer whom the referring or associating lawyer reasonably believes is competent to handle it. See Rule 1.01. Adequate attorney-client communication requires that a referring or associating lawyer monitor the matter throughout the representation and ensure that the client is informed of those matters that come to that lawyer's attention and that a reasonable lawyer would believe the client should be aware. See Rule 1.03. Attending all depositions and hearings or requiring that copies of all pleadings and correspondence be provided a referring or associating lawyer is not necessary in order to meet the monitoring requirement proposed by this rule. These types of activities may increase the transactional costs, which ultimately the client will bear and unless some benefit will be derived by the client, they should be avoided. The monitoring requirement is only that the referring lawyer be reasonably informed of the matter, respond to client questions, and assist the handling lawyer when necessary. Any referral or association of other counsel should be made based solely on the client's best interest.

14. In the aggregate, the minimum activities that must be undertaken by referring or associating lawyers pursuant to an arrangement for a division of fees are substantially greater than those assumed by a lawyer who forwarded a matter to other counsel, undertook no ongoing obligations with respect to it, and yet received a portion of the handling lawyer's fee once the matter was concluded, as was permitted under the prior version of this rule. Whether such activities, or any additional activities that a lawyer might agree to undertake, suffice to make one lawyer participating in such an arrangement responsible for the professional misconduct of another lawyer who is participating in it and, if so, to what extent, are intended to be resolved by Texas Civil Practice and Remedies Code, ch. 33, or other applicable law.

15. A client must consent in writing to the terms of the arrangement prior to the time of the association or referral proposed. For this consent to be effective, the client must have been advised of at least the key features of that arrangement. Those essential terms, which are specified in subparagraph (f)(2), are 1) the identity of all lawyers or law firms who will participate in the fee-sharing agreement, 2) whether fees will be divided based on the proportion of services performed or by lawyers agreeing to assume joint responsibility for the representation, and 3) the share of the fee that each lawyer or law firm will receive or the basis on which the division will be made if the division is based on proportion of service performed. Consent by a client or prospective client to the referral to or association of other counsel, made prior to any actual such referral or association, but without knowledge of the information specified in subparagraph (f)(2) does not constitute sufficient client confirmation within the meaning of this rule. The referring or associating lawyer or any other lawyer who employs another lawyer to assist in the representation has the primary duty to ensure full disclosure and compliance with this rule.

16. Paragraph (g) facilitates the enforcement of the requirements of paragraph (f). It does so by providing that agreements that authorize an attorney either to refer a person's case to another lawyer, or to associate other counsel in the handling of a client's case, and that actually result in such a referral or association with counsel in a different law firm from the one entering into the agreement, must be confirmed by an arrangement between the person and the lawyers involved that conforms to paragraph (f). As noted there, that arrangement must be presented to and agreed to by the person before the referral or association between the lawyers involved occurs. See subparagraph (f)(2). Because paragraph (g) refers to the party whose matter is involved as a "person" rather than as a "client," it is not possible to evade its requirements by having a referring lawyer not formally enter into an attorney-client relationship with the person involved before referring that person's matter to other counsel. Paragraph (g) does provide, however, for recovery in quantum meruit in instances where its requirements are not met. See subparagraphs (g)(1) and (g)(2).P

17. What should be done with any otherwise agreed-to fee that is forfeited in whole or in part due to a lawyer's failure to comply with paragraph (g) is not resolved by these rules.

18. Subparagraph (f)(3) requires that the aggregate fee charged to clients in connection with a given matter by all of the lawyers involved meet the standards of paragraph (a)—that is, not be unconscionable.

Fee Disputes and Determinations

19. If a procedure has been established for resolution of fee disputes, such as an arbitration or mediation procedure established by a bar association, the lawyer should conscientiously consider submitting to it. Law may prescribe a procedure for determining a lawyer's fee, for example, in representation of an executor or administrator, or when a class or a person is entitled to recover a reasonable attorney's fee as part of the measure of damages. All involved lawyers should comply with any prescribed procedures.

Rule 1.05. Confidentiality of Information

(a) "Confidential information" includes both "privileged information" and "unprivileged client information." "Privileged information" refers to the information of a client protected by the lawyer-client privilege of Rule 503 of the Texas Rules of Evidence or of Rule 503 of the Texas Rules of Criminal Evidence or by the principles of attorney-client privilege governed by Rule 501 of the Federal Rules of Evidence for United States Courts and Magistrates. "Unprivileged client information" means all information relating to a client or furnished by the client, other than privileged information, acquired by the lawyer during the course of or by reason of the representation of the client.

(b) Except as permitted by paragraphs (c) and (d), or as required by paragraphs (e) and (f), a lawyer shall not knowingly:

(1) Reveal confidential information of a client or a former client to:

- (i) a person that the client has instructed is not to receive the information; or
- (ii) anyone else, other than the client, the client's representatives, or the members, associates, or employees of the lawyer's law firm.


(2) Use confidential information of a client to the disadvantage of the client unless the client consents after consultation.

(3) Use confidential information of a former client to the disadvantage of the former client after the representation is concluded unless the former client consents after consultation or the confidential information has become generally known.

(4) Use privileged information of a client for the advantage of the lawyer or of a third person, unless the client consents after consultation.

(c) A lawyer may reveal confidential information:

(1) When the lawyer has been expressly authorized to do so in order to carry out the representation.

 KeyCite Yellow Flag - Negative Treatment
Disagreed With by Hong v. Bennett, Tex.App.-Fort Worth, November
22, 2006

916 S.W.2d 515
Court of Appeals of Texas,
Austin.

CITY OF EL PASO, Appellant,
v.
PUBLIC UTILITY COMMISSION OF TEXAS
and El Paso Electric Company, Appellees.

No. 03-94-00250-CV.

|
Aug. 16, 1995.

|
Order Withdrawing Judgment March 13, 1996.

Synopsis

City sought judicial review of Public Utility Commission (PUC) order determining expenses electric utility and city should recover for costs city and utility incurred in litigating two prior Commission rate case dockets concerning prudence of utility's investment in nuclear power plant and sale and leaseback of unit of plant. The District Court, Travis County, 331st Judicial District, Paul R. Davis, Jr., J., affirmed. City appealed. The Court of Appeals, Aboussie, J., held that: (1) assuming utility failed to follow evidentiary procedural requirements set out in hearings examiner's order, that fact, in itself, did not indicate that Commission erroneously failed to apply strict-scrutiny review to evidence or that evidence did not support conclusion that costs were reasonable and necessary; (2) utility cost reimbursement was supported by substantial evidence; (3) fact that evidence before hearings examiner on remand from Commission, by itself, was inadequate to establish reasonableness of utility's prudence audit expenses did not result in Commission failing to hold utility accountable for its burden of proof; and (4) substantial evidence supported Commission's disallowance of portion of hourly charge requested for assistant city attorney's services respecting costs that were not out-of-pocket costs.

Trial court judgment vacated and cause dismissed in accord with settlement agreement.

West Headnotes (23)

- [1] Administrative Law and Procedure
 ⇨ Substantial evidence

In conducting substantial-evidence review of administrative agency decision, Court of Appeals must first determine whether evidence as a whole is such that reasonable minds could have reached conclusion that agency must have reached to take disputed action.

1 Cases that cite this headnote

- [2] Administrative Law and Procedure
 ⇨ Record

Administrative Law and Procedure
 ⇨ Wisdom, judgment or opinion

In conducting substantial-evidence review of administrative agency decision, Court of Appeals may not substitute its judgment for that of agency and may consider only record on which agency based its decision.

Cases that cite this headnote

- [3] Administrative Law and Procedure
 ⇨ Burden of showing error

For purposes of substantial-evidence review of administrative agency decision, appealing party bears burden of demonstrating lack of substantial evidence.

Cases that cite this headnote

- [4] Administrative Law and Procedure
 ⇨ Substantial evidence

For purposes of substantial-evidence review of administrative agency decision, appealing party cannot meet burden of demonstrating lack of substantial evidence merely by showing that evidence preponderates against agency decision.

2 Cases that cite this headnote

[5] Administrative Law and Procedure

↪ Substantial evidence

In conducting substantial-evidence review of administrative agency decision, if substantial evidence would support either affirmative or negative findings, Court of Appeals must uphold agency decision and resolve any conflicts in favor of agency decision.

1 Cases that cite this headnote

[6] Electricity

↪ Proceedings before commissions

Assuming that electric utility failed to follow evidentiary procedural requirements set out in hearings examiner's order in proceeding in which Public Utility Commission (PUC) issued order determining expenses electric utility should recover for costs it incurred in litigating two prior Commission rate case dockets, that fact, in itself, did not indicate that Commission erroneously failed to apply strict-scrutiny review to evidence or that evidence did not support conclusion that costs were reasonable and necessary; examiner's order only offered guidelines constituting nothing more than suggestions for type and extent of testimony and other evidence Commission might expect in support of request for reimbursement of rate case expenses. ¹ Vernon's Ann. Texas Civ. St. art. 1446c, § 39(a).

Cases that cite this headnote

[7] Administrative Law and Procedure

↪ Weight and sufficiency

Public Utilities

↪ Review and determination in general

State agency like Public Utility Commission (PUC) is judge of weight to be accorded evidence before it.

Cases that cite this headnote

[8] Public Utilities

↪ Operating expenses

Public Utility Commission (PUC) has broad discretion to determine which of public utility's requested rate case expenses should be allowed. ¹ Vernon's Ann. Texas Civ. St. art. 1446c, § 39(a).

1 Cases that cite this headnote

[9] Public Utilities

↪ Proceedings Before Commissions

Public Utility Commission (PUC) has discretion to proceed on ad hoc basis in its attempts to define proper standards to apply to cases where it has not had sufficient experience.

Cases that cite this headnote

[10] Electricity

↪ Proceedings before commissions

Public Utility Commission (PUC) order determining expenses electric utility should recover for costs it incurred in litigating two prior Commission rate case dockets was supported by substantial evidence, despite fact that consultant affidavits respecting their work on prior dockets did not include itemized statements of hours worked or hourly rates charged but included only sworn affirmances that hours worked and rates charged were reasonable; there was evidence of nature and complexity of prior docket cases, responsibilities attorneys and consultants assumed, and amount of money charged for attorney and consultant services.

¹ Vernon's Ann. Texas Civ. St. art. 1446c, § 39(a).

1 Cases that cite this headnote

[11] Public Utilities

↪ Operating expenses

Public utility's requested rate case expenses will be reimbursed if Public Utility Commission (PUC) finds them to be

reasonable. ^W Vernon's Ann.Texas Civ.St. art. 1446c, § 39(a).

Cases that cite this headnote

[12] Electricity

^W Proceedings before commissions

City's agreement to submit affidavits in lieu of live testimony was not tantamount to stipulation that all affidavits proffered were admissible in proceeding in which Public Utility Commission (PUC) issued order determining expenses electric utility should recover for costs it incurred in litigating two prior Commission rate case dockets.

^W Vernon's Ann.Texas Civ.St. art. 1446c, § 39(a).

Cases that cite this headnote

[13] Electricity

^W Judicial review and enforcement

City waived its right to object on appeal to admissibility of consultant affidavits on basis of hearsay in proceeding in which Public Utility Commission (PUC) issued order determining expenses electric utility should recover for costs it incurred in litigating two prior Commission rate case dockets; parties contemplated filing of affidavits to reduce expenses of having consultants testify, parties provided mechanism to remedy admission of hearsay if opposing party so objected, and parties contemplated from the outset that consultant affidavits could, in effect, contain

hearsay. ^W Vernon's Ann.Texas Civ.St. art. 1446c, § 39(a); V.T.C.A., Civil Practice & Remedies Code § 18.001(c).

Cases that cite this headnote

[14] Electricity

^W Proceedings before commissions

Assuming statute governing affidavit concerning cost and necessity of services applied to administrative agency proceeding, consultant affidavits would still have been

admissible in proceeding in which Public Utility Commission (PUC) issued order determining expenses electric utility should recover for costs it incurred in litigating two prior Commission rate case dockets, despite contention that affidavits were hearsay; statute did not address admissibility of affidavit concerning cost and necessity of services, but only sufficiency of affidavit to support finding of fact that charge was reasonable or service was necessary. Vernon's

Ann.Texas ^W art. 1446c, § 39(a); V.T.C.A., Civil Practice & Remedies Code §§ 18.001, 18.001(b, c).

2 Cases that cite this headnote

[15] Affidavits

^W Use in evidence

Statute governing affidavit concerning cost and necessity of services does not address admissibility of affidavit concerning cost and necessity of services, but only sufficiency of affidavit to support finding of fact that charge was reasonable or service was necessary. V.T.C.A., Civil Practice & Remedies Code §§ 18.001, 18.001(b).

2 Cases that cite this headnote

[16] Electricity

^W Judicial review and enforcement

Fact that evidence before hearings examiner on remand from Public Utility Commission (PUC), by itself, was inadequate to establish reasonableness of electric utility's prudence audit expenses did not result in Commission failing to hold utility accountable for its burden of proof in proceeding in which Commission issued order determining expenses utility should recover for costs it incurred in litigating two prior Commission rate case dockets concerning prudence of utility's investment in nuclear power plant and sale and leaseback of unit of plant; remand evidence that Commission ordered merely confirmed that underlying documentation already referred to and sworn

to in consultants' affidavits in original hearing actually existed, and bore simply on mathematical accuracy of requested expenses.

■ Vernon's Ann.Texas Civ.St. art. 1446c, § 39(a).

Cases that cite this headnote

[17] Electricity

⚡ Judicial review and enforcement

By failing to timely object to electric utility's spreadsheet exhibits when they were offered as evidence into agency record, city waived any objections to form of evidence introduced before hearings examiner on remand from Public Utility Commission (PUC) in proceeding in which Commission issued order determining expenses utility should recover for costs it incurred in litigating two prior Commission rate case dockets. ■ Vernon's Ann.Texas Civ.St. art. 1446c, § 39(a).

1 Cases that cite this headnote

[18] Electricity

⚡ Proceedings before commissions

In determining expenses city should recover for costs it incurred in litigating two prior Commission electric utility rate case dockets concerning prudence of utility's investment in nuclear power plant and sale and leaseback of unit of plant, substantial evidence supported Public Utility Commission's (PUC) disallowance of portion of hourly charge requested for assistant city attorney's services respecting costs that were not out-of-pocket costs, despite contention that reasonableness of disallowed costs was unrebutted. ■ Vernon's Ann.Texas Civ.St. art. 1446c, § 24(a).

Cases that cite this headnote

[19] Electricity

⚡ Proceedings before commissions

City had burden to prove reasonableness of its electric utility rate case expenses, and none of other parties had obligation to disprove reasonableness of city's rate case expense reimbursement request, in proceeding in which Public Utility Commission (PUC) issued order determining expenses city should recover for costs it incurred in litigating two prior Commission electric utility rate case dockets. ■ Vernon's Ann.Texas Civ.St. art. 1446c, § 24(a).

1 Cases that cite this headnote

[20] Public Utilities

⚡ Operating expenses

For purposes of statute governing reimbursement of municipality for its public utility rate case expenses, reimbursement contemplates actual expenditure. ■ Vernon's Ann.Texas Civ.St. art. 1446c, § 24(a).

Cases that cite this headnote

[21] Electricity

⚡ Proceedings before commissions

In determining expenses city should recover for costs it incurred in litigating two prior Commission electric utility rate case dockets, Commission was not required to accept city's conclusion of what was reasonable and award it amount in excess of actual costs. ■ Vernon's Ann.Texas Civ.St. art. 1446c, § 24(a).

1 Cases that cite this headnote

[22] Costs

⚡ Duties and proceedings of taxing officer
Reasonableness of attorney fees is question of fact.

Cases that cite this headnote

[23] Administrative Law and Procedure

⚡ Substantial evidence

In reviewing administrative agency fact findings, Court of Appeals will affirm agency decision if substantial evidence supporting agency action exists in record.

Cases that cite this headnote

Attorneys and Law Firms

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Kerry McGrath, Clark, Thomas, & Winters, Austin, Dan Morales, Attorney General, for El Paso Electric.

Liz Bills, Assistant Attorney General, Energy Division, Austin, for Public Utility Commission.

Before CARROLL, C.J., and ABOUSSIE and JONES, JJ.

Opinion

ABOUSSIE, Justice.

The City of El Paso brings this suit for judicial review of an order of appellee Public Utility Commission of Texas (the "Commission") in Docket No. 8018. See Tex. Public Util. Comm'n, *Inquiry into the Rate Case Expenses of El Paso Electric Company and the City of El Paso in Docket Nos. 7460 and 7172*, Docket No. 8018, 17 Tex.P.U.C.Bull. 545 (Sept. 20, 1991). In Docket No. 8018, the Commission determined the expenses appellee El Paso Electric Company ("El Paso Electric") and the City should recover from ratepayers for the costs El Paso Electric and the City incurred in litigating two prior Commission dockets. The City contends that the Commission should have disallowed some of El Paso Electric's requested expenses and should have allowed the City to recover a greater amount for its expenses. The district court affirmed the Commission's order. *519 We will affirm the judgment of the district court.

FACTUAL AND PROCEDURAL BACKGROUND

The Commission established Docket No. 8018 in 1988 to determine El Paso Electric's and the City's reasonable

and necessary expenses in litigating issues ("rate case expenses") before the Commission in Docket Nos. 7460 and 7172. See Tex. Public Util. Comm'n, *Application of El Paso Electric Company for Authority to Change Rates and Application of El Paso Electric Company for Review of the Sale and Leaseback of the Palo Verde Nuclear Generating Station Unit 2*, Docket Nos. 7460 & 7172, 14 Tex.P.U.C.Bull. 929, 1206 (June 18, 1988).¹ It is undisputed that the Public Utility Regulatory Act ("PURA")² permits public utilities and municipalities to recover those expenses that the Commission finds reasonable. See PURA, Tex. Rev. Civ. Stat. Ann. art. 1446c, §§ 24(a), 39(a) (West Supp.1995).³

At a prehearing conference, the parties discussed methods of proving expenses and their reasonableness in the least burdensome and costly manner. Instead of using live testimony, the parties agreed to file affidavits of consultants well in advance of the hearing; if necessary, individual consultants would be available at the hearing for cross-examination. Examiner's Order No. 3 outlined the guidelines discussed at the prehearing conference for the offering of sufficient proof at the hearing. Most notably, the examiner observed that rate case expenses are subject to a strict-scrutiny standard of review: "[T]he Commission must be able to determine that the rate case expenses have been properly scrutinized and that the evidence is sufficient to support the recommendations in the Examiner's Report." The examiner also suggested that invoices and other supporting documentation for rate case expenses not be included as exhibits to testimony or affidavits, but be made available in discovery. Instead, the examiner suggested that the testimony of each witness offered to support rate case expenses should expressly state that the witness informally audited invoices and other documentation, and based on his or her review of the documentation, the witness should affirm that: (1) the individual charges and rates were reasonable as compared to usual charges for such services; (2) the amount of each service was reasonable; (3) the calculation of charges was correct; (4) no double billing of charges occurred; (5) no charges had already been recovered through *520 reimbursement for other expenses; (6) no charges should have been assigned to other jurisdictions; and (7) any allocation of charges between jurisdictions was reasonable.

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Following a four-day hearing on the merits, the hearings examiner, in a report revised to correct previous miscalculations, recommended that El Paso Electric be allowed \$10,758,627 and the City be allowed \$1,104,405 as rate case expenses. The recommendation disallowed portions of expense reimbursement requested by both parties. The Commission remanded the proceedings to the hearings examiner to determine if underlying documentation supporting an award of \$7,109,551 to El Paso Electric for expenses for a prudence audit of the Arizona Nuclear Power Project (the "ANPP")⁴ existed in the form required by Examiner's Order No. 3.

In the hearing on remand, El Paso Electric made available additional documentation of its prudence audit expenses and filed spreadsheets summarizing those documents. After the hearing, the hearings examiner advised the Commission that underlying documentation which supported reimbursement of the \$7,109,551 existed. The Commission's final order adopted the revised recommendations of the hearings examiner, including the \$7,109,551 award to El Paso Electric. The City sought judicial review of the Commission's order in the district court. *See Administrative Procedure Act, Tex. Gov't Code Ann. § 2001.171* (West 1995); *PURA, §§ 24(b), 69* (West Supp.1995). The district court affirmed the Commission's order. The City appeals from that judgment, contending that the Commission should have disallowed some of El Paso Electric's requested rate case expenses and should have allowed the City to recover a greater amount for its rate case expenses.

DISCUSSION

I. Prudence Audit Expenses

In its first point of error, the City contends that the district court erred by affirming the Commission's order allowing El Paso Electric to recover costs that were not supported by substantial evidence in the form the Commission required. Specifically, the City asserts that El Paso Electric failed to present any evidence to support its claim that the expenses of \$7,109,551 the ANPP charged El Paso Electric for the prudence audit ("prudence audit expenses") were reasonable and necessary.

[1] [2] [3] [4] [5] In conducting a substantial evidence review, we must first determine whether the evidence as a whole is such that reasonable minds could

have reached the conclusion the agency must have reached in order to take the disputed action. *Texas State Bd. of Dental Examiners v. Sizemore*, 759 S.W.2d 114, 116 (Tex.1988), *cert. denied*, 490 U.S. 1080, 109 S.Ct. 2100, 104 L.Ed.2d 662 (1989); *Texas Health Facilities Comm'n v. Charter Medical-Dallas, Inc.*, 665 S.W.2d 446, 453 (Tex.1984). We may not substitute our judgment for that of the agency and may consider only the record on which the agency based its decision. *Sizemore*, 759 S.W.2d at 116. The appealing party bears the burden of demonstrating a lack of substantial evidence. *Charter Medical*, 665 S.W.2d at 453. The appealing party cannot meet this burden merely by showing that the evidence preponderates against the agency decision. *Id.* at 452. If substantial evidence would support either affirmative or negative findings, we must uphold the agency decision and resolve any conflicts in favor of the agency decision. *Auto Convey Co. v. Railroad Comm'n*, 507 S.W.2d 718, 722 (Tex.1974).

The Evidence

At the initial hearing, El Paso Electric introduced testimony from Ivor Samson, an *521 attorney who based his conclusions on his experience as lead attorney in a California case concerning the prudence of nuclear power plant expenses and his general familiarity with similar cases. Samson's testimony was offered to establish that the *efforts* El Paso Electric took to demonstrate prudence were reasonable. Samson reviewed El Paso Electric's actions in preparing evidence of prudence for hearings, including the company's cost-sharing arrangements allowing it to "piggyback" on the efforts of other co-owners of the ANPP; he concluded this method was "more cost effective, less duplicative and the only practicable way" for a comparatively small utility like El Paso Electric to have prepared the comprehensive testimony necessary to demonstrate prudence to the Commission. Samson also reviewed the reasonableness of the consultant efforts and charges for the establishment of prudence. He testified that although some of the hourly consultant charges were quite expensive, the rates were "simply a reflection of the marketplace" and that the specific measures used to control consultant costs and numbers had been effective. Samson acknowledged that he had not verified the reasonableness of the *costs* El Paso

Electric incurred in the rate case proceedings as far as the prudence audits were concerned.

El Paso Electric also introduced testimony from Raymond Hobbs, a representative of the Arizona Public Service Company, who was responsible for coordinating the monitoring of costs incurred in the prudence audits and the verification of the accuracy of costs charged to El Paso Electric. Hobbs testified about the specific steps taken to insure the accuracy and reasonableness of costs charged to El Paso Electric; he discussed budgeting processes that addressed needs, resources available to meet those needs, costs, and time constraints. He also discussed invoice verification procedures to ensure that services rendered were technically and professionally satisfactory and that duplicate billings and inadvertent over-expenditures did not occur. He testified about accounting procedures used and affirmed the mathematical accuracy of those procedures. Hobbs also explained two exhibits summarizing and breaking down El Paso Electric's costs into categories such as consultant, legal, and contractor costs; the summaries include invoice logs detailing costs allocated to El Paso Electric for prudence audit expenses. Hobbs additionally testified about steps taken to ensure cost-effective use of consultants. On cross-examination, Hobbs testified that he had an opportunity to review, to his knowledge, every invoice submitted by consultants to satisfy himself of the accuracy of costs and had reviewed all costs presented for reimbursement. Hobbs concluded that the costs El Paso Electric incurred were reasonable and properly supported in the sense that they were mathematically accurate.

El Paso Electric additionally introduced affidavits from numerous consultants involved in the prudence audits whose expenses El Paso Electric included in its reimbursement request. The affidavits identified the type and scope of the consultants' work and conformed with the guidelines contained in Examiner's Order No. 3 by indicating that the affiant had informally audited the invoices related to the proceeding and affirmed that the charges and rates were reasonable, the amount of each service was reasonable, the calculation of charges was correct, there was no double billing, and that none of the charges were recovered through reimbursement for other expenses. El Paso Electric also introduced the affidavit of George Lyons, an attorney, which discussed the legal services his law firm performed for El Paso Electric during the audits and the services of eight of the consultants

whose affidavits had not been prepared in time for filing before the hearing in Docket No. 8018. El Paso Electric did not submit an affidavit that itemized the number of hours the individual consultants worked or the hourly rates charged.

On remand to the hearings examiner, El Paso Electric offered into the record without objection two exhibits of spreadsheets listing the hourly rates and number of hours charged for each consultant or attorney who worked on the prudence issues or audits. The exhibits were created from information contained in seventeen banker's boxes, sixteen of which were available in the hearing room during the remand hearing.

*522 The City's Substantial Evidence Challenges

Initial Hearing

[6] [7] [8] [9] The City challenges El Paso Electric's evidence of the reasonableness and necessity of its costs incurred during the prudence audits on several grounds. First, the City asserts that because all the evidence El Paso Electric presented regarding costs of the prudence audits was not in the form designated in Examiner's Order No. 3, the Commission, by concluding that El Paso Electric's costs were reasonable and necessary, failed to enforce its own strict-scrutiny standard and its conclusion is thus not supported by substantial evidence. Assuming without deciding that El Paso Electric failed to follow the evidentiary procedural requirements set out in Examiner's Order No. 3, we conclude that this fact, in itself, does not indicate that the Commission erroneously failed to apply strict-scrutiny review to the evidence or that the evidence does not support a conclusion that the costs were reasonable and necessary. A state agency like the Commission is the judge of the weight to be accorded evidence before it. *Southern Union Gas Co. v. Railroad Comm'n*, 692 S.W.2d 137, 141 (Tex.App.—Austin 1985, writ rel'd n.r.e.); see *Gulf States Utils. Co. v. Public Util. Comm'n*, 841 S.W.2d 459, 474 (Tex.App.—Austin 1992, writ denied). The Commission thus has broad discretion to determine which requested expenses should be allowed. In any event, Examiner's Order No. 3 acknowledges that it only offered "guidelines" constituting "nothing more than suggestions for the type and extent of testimony and other evidence the Commission may expect in support of request for reimbursement of rate case expenses."⁵ The City's

substantial evidence challenge on this ground is without merit.

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[10] [11] The City next submits that the Commission's decision is not supported by substantial evidence because the Commission failed to consider its own identified factors in determining the reasonableness of requested expenses constituting legal and consulting fees. A utility's requested rate case expenses will be reimbursed if the Commission finds them to be reasonable. See PURA § 39(a) (providing for utility rates to be set at levels allowing utility to recover its "reasonable and necessary operating expenses"). However, neither PURA nor Texas case law defines "reasonable" as it should be applied to the Commission's review of requested rate case expenses in the form of consulting and legal fees. The Commission thus argues that its determination of reasonableness is analogous to the trial court's determination of the reasonableness of attorney's fees and costs of litigation and includes consideration of factors like: (1) time and labor required; (2) nature and complexities of the case; (3) amount of money or value of property or interest at stake; (4) extent of responsibilities the attorney assumes; (5) whether the attorney loses other employment because of the undertaking; and (6) benefits to the client from the services. See *Nguyen Ngoc Giao v. Smith & Lamm*, P.C., 714 S.W.2d 144, 148-49 (Tex.App.—Houston [1st Dist.] 1986, no writ). The City does not disagree with the Commission's attorney's fees analogy, but instead argues that El Paso Electric failed to present evidence of the identified *Smith & Lamm* factors or of usual or customary fees, see Tex.Civ.Prac. & Rem.Code Ann. §§ 38.001, .003 (West 1986), and that the Commission abused its discretion by determining reasonableness without considering any of the identified factors.

Even assuming that the *Smith & Lamm* factors govern the Commission's determination of reasonableness of requested expenses, we note that these are only factors "to be considered." 714 S.W.2d at 148. Thus, we recognize that the Commission may consider other factors in addition to or in place of the *Smith & Lamm* factors. Nevertheless, contrary to the City's assertion, the agency record contains some evidence of the *Smith & Lamm* factors, including, but not limited to, the nature and complexity of the two prior docket cases, the responsibilities attorneys and consultants assumed, and the amount of *523 money charged for attorney and

consultant services. Since the record contains evidence of some *Smith & Lamm* factors, we cannot say, without indication to the contrary, that the Commission abused its discretion by failing to consider those factors or that the Commission's decision is not supported by substantial evidence because the Commission failed to consider those factors.

Looking at the agency record evidence from the initial hearing as a whole, we conclude that reasonable minds could have reached the same conclusion as the Commission in regard to the reasonableness of the requested prudence audit fees. Substantial evidence of the reasonableness of the fees exists in the form of Samson's expert testimony that El Paso Electric's prudence efforts were reasonable (i.e., that the amount of services provided was reasonable), Hobb's testimony that the prudence audit costs were carefully budgeted, monitored, and verified, and consultant affidavit testimony that consultant services were performed, that charges related to those services as well as the amount of services were reasonable, and that charges were correctly calculated.

[12] The City maintains that the consultant affidavits are not substantial evidence of reasonableness of costs because they are hearsay⁶ not in compliance with section 18.001(c) of the Civil Practice and Remedies Code. See Tex.Civ.Prac. & Rem.Code Ann. § 18.001(c) (West 1986). El Paso Electric, admitting at the initial hearing that the consultant affidavits are hearsay, contends that the parties intended the affidavits to be hearsay. As such, El Paso Electric submits that the City, by agreeing to the presentation of proof by affidavits, waived any objection to that procedure. At the prehearing conference, the City's attorney stated:

I'm trying to minimize expenses ... whereby we submit that [outside consultant] information by affidavit which, with the agreement of the parties, can become part of the record and that information can be there sufficiently in advance of the hearing so that if a particular party has some difficulty with the statements or the information contained therein or ... [the hearing examiner] wants to examine that particular individual or someone on those particular bills, we can set that up for the hearing. If we file those in advance and get it before everybody—otherwise, they can be admitted—

that would be, I would think, a preferable procedure and save expense.

The City responds to El Paso Electric's waiver argument by stating that it could not anticipate that El Paso Electric would attempt to submit inadmissible affidavits; it claims that its agreement to submit affidavits in lieu of live testimony is not tantamount to a stipulation that all affidavits proffered are admissible. We agree. Regardless of the procedures the parties agreed to in regard to the filing of affidavits, some of the affidavits may still have been inadmissible. Upon timely objection on proper grounds, the City could have preserved its argument that the Commission should not have considered the affidavits.

[13] Nevertheless, we conclude that the City waived its right to object to the admissibility of the affidavits on the basis of hearsay. Although Examiner's Order No. 3 does not specifically refer to the procedures for admitting affidavits into the agency record, the prehearing conference offers insight into the parties' intentions in regard to the affidavits. As illustrated in the excerpt quoted above, the parties clearly contemplated the filing of affidavits to reduce the expenses of having the consultants testify. As such, the possibility existed that some affidavits could contain hearsay statements. The parties provided a mechanism to remedy the admission of hearsay if an opposing party so objected; if a party decided cross-examination of an individual consultant was necessary, that consultant would appear at the hearing. The hearings examiner summarized the affidavit procedure in its report to the Commission:

At the May 31, 1988, prehearing conference, the parties discussed the possibility *524 of using affidavits instead of live testimony. It was decided to set up a procedure whereby the consultant's (sic) who participated in either the prudence case or the rate case would file affidavits well in advance of the hearing. If a party decided it was necessary to cross-examine the individual consultant then that consultant would be brought to the hearing.... All the parties agreed to this procedure.

Because the parties contemplated from the outset that the consultant affidavits could, in effect, contain hearsay, we conclude the City cannot complain about the inadmissibility of the affidavits on hearsay grounds.

[14] [15] However, even if the City did not waive its right to make a hearsay objection, and assuming section 18.001 of the Civil Practice and Remedies Code applies to an agency proceeding, the affidavits would still be admissible over the City's particular objection. Section 18.001 does not address the *admissibility* of an affidavit concerning cost and necessity of services but only the *sufficiency* of the affidavit to support a finding of fact that a charge was reasonable or a service was necessary. Section 18.001 provides in pertinent part:

[A]n affidavit that the amount a person charged for a service was reasonable at the time and place that the service was provided and that the service was necessary is *sufficient evidence to support a finding of fact* by judge or jury that the amount charged was reasonable or that the service was necessary.

Tex.Civ.Prac. & Rem.Code Ann. § 18.001(b) (West 1986) (emphasis added). Moreover, in order to constitute sufficient evidence, the affidavit must: (1) be taken by an officer with authority to administer oaths; (2) be made by the provider of the service or the person in charge of records showing the service provided and the charge made; and (3) include an itemized statement of the service and charge. *Id.* § 18.001(c). Section 18.001 makes no reference to requirements for admissibility of affidavits.

We conclude that even though the consultant affidavits did not include itemized statements of hours worked or hourly rates charged but included only sworn affirmances that the hours worked and rates charged were reasonable, substantial evidence still exists to support the Commission's order allowing El Paso Electric's prudence audit expenses.

On Remand

[16] The City also asserts substantial evidence challenges to the remand proceedings. The City contends that the evidence on remand was totally lacking in probative value to establish the reasonableness of El Paso Electric's prudence audit expenses and that the Commission thus failed to hold El Paso Electric accountable for its burden of proof. We agree with the City that, by itself, the remand evidence is inadequate to establish the reasonableness of El Paso Electric's prudence audit expenses. However, the City acknowledges that the remand did not provide for additional presentation on the issue of reasonableness; the examiner concluded that the question of whether El Paso Electric's requested prudence audit expenses were reasonable and necessary was outside the scope of the remand.

Even though El Paso Electric's remand evidence did not establish reasonableness, the Commission did not fail to hold El Paso Electric accountable for its burden of proof. The agency record from the initial hearing contains substantial evidence to establish the reasonableness of El Paso Electric's requested prudence audit expenses in the amount of \$7.1 million. In addition, the remand evidence was effectively before the Commission in the initial hearing. On remand, El Paso Electric produced boxes of invoices and other documentation available through discovery and filed as exhibits spreadsheets summarizing the documentation contained in the boxes. The spreadsheets listed the hourly rates and number of hours charged by each consultant or attorney who worked on the prudence case. The information summarized in the spreadsheets is directly referred to in each consultant affidavit, which affirms that "the individual charges and rates are reasonable" and "the amount of each service is reasonable."

Examiner's Order No. 3 provided that the underlying documentation referred to in the *525 affidavits should not be included as exhibits to testimony or affidavits because, by itself, the documentation would not substantiate a request for reimbursement. The examiner explained at the prehearing conference: "The invoices and other supporting documentation for the rate case expenses are not in and of themselves demonstrative of the reasonableness of that expense. I think they

probably are very helpful in determining the mathematical accuracy of the requested amounts...." The remand evidence the Commission ordered thus merely confirms that the underlying documentation already referred to and sworn to in the consultants' affidavits actually exists and instead of establishing reasonableness, bears simply on the mathematical accuracy of the requested expenses. The Commission held El Paso Electric to the proper burden of proof.

[17] The City further argues that since the spreadsheets introduced on remand did not exist at the time of the original hearing or at the time of the remand order, they cannot be considered evidence within the meaning of the remand order. However, the City has waived any objections to the form of the evidence introduced on remand because it did not timely object to the spreadsheet exhibits when they were offered as evidence into the agency record.

Because we conclude that the record contains substantial evidence to support the Commission's conclusion that El Paso Electric's requested prudence audit expenses were reasonable and necessary and that the remand hearing did not involve proof of reasonableness nor did it need to, we overrule the City's first point of error.⁷

II. The City's Disallowed Expenses

[18] [19] In its second point of error, the City asserts that the district court erred by affirming the order of the Commission to the extent that the Commission's order did not allow the City to recover all reasonable costs of its participation in Docket Nos. 7460 and 7172. See PURA § 24(a). Specifically, the City complains that the Commission abused its discretion by limiting the City's recovery for the services of the assistant city attorney to an hourly rate of \$39.54 when there was no evidence that the City's requested reimbursement amount for a \$75 hourly rate was not reasonable.⁸

The hourly rate requested by the City was composed of the following elements:

Salary and Fringe Benefits for Assistant City Attorney Nanette Williams	\$ 36,590
75% of Salary for Ms. Williams's Legal Secretary	17,308

5% of Salaries of the City Attorney and First Assistant City Attorney	6,100
5% of Administration Costs for Contractual Services and Materials	9,453
Office Space (1/22 of the City's Municipal Building at \$8.50/sq. ft.)	6,375
5% of Overhead Costs	11,611
5% of Annual Cost of Mayor and City Council	23,179
Total Annual Costs	\$110,616

The City divided the annual cost by 1,400 billable hours⁹ to obtain an hourly rate of \$79.01. The City then rounded that figure down to a \$75.00 hourly rate. The \$39.54 hourly rate the Commission allowed was based on a disallowance of the City's requests to recover five percent of the annual salaries of the city attorney and first assistant city attorney, \$8.50/sq.ft. for office space allocated to Williams, and five percent of the \$526 annual costs of the mayor and city council. The other elements of the City's request were fully allowed resulting in a total annual cost of \$74,962. The Commission divided that figure by 1,896 annual billable hours, based on eight-hour work days.

[20] The reimbursement allowed limited the City's recovery to its out-of-pocket costs directly attributable to its participation in the case; in other words, the Commission limited the City's recovery to costs actually incurred. PURA provides that municipalities may be reimbursed for the "reasonable costs" of litigation services in ratemaking proceedings. PURA § 24(a). The Commission has thus interpreted section 24(a) of PURA to allow recovery only for a municipality's "reasonable costs incurred" for litigation services in ratemaking proceedings. We agree with the Commission's interpretation: a reimbursement contemplates an actual expenditure. The examiner's initial report to the Commission explained: "Section 24 of PURA ... requires that before rate case expenses can be reimbursed, they must actually be incurred."

[21] [22] [23] The City does not appear to challenge the Commission's determination that some of the costs the City requested were not out-of-pocket costs. Instead, the City challenges the Commission's interpretation of PURA by stating that no Texas cases support the Commission's

determination to disallow its other requested expenses. As support for its argument, the City cites to Texas and federal cases discussing the recovery of reasonable attorney's fees. Assuming the validity of the City's analogy of its disputed expenses to attorney's fees,¹⁰ we note the reasonableness of attorney's fees is a question of fact. *Tesoro Petroleum Corp. v. Coastal Ref. & Mktg., Inc.*, 754 S.W.2d 764, 767 (Tex.App.—Houston [1st Dist.] 1988, writ denied). Consequently, we are constrained by the well-known rules governing our review of agency fact findings: we will affirm the agency decision if substantial evidence supporting the agency action exists in the record.

Charter Medical, 665 S.W.2d at 452. We conclude that substantial evidence supports the Commission's award of the City's expenses as calculated. The City's argument that the Commission erred in disallowing some requested expenses since the reasonableness of the disallowed costs was un rebutted is unpersuasive. The law does not require the Commission to accept the City's conclusion of what is reasonable and award it an amount in excess of actual costs. *El Paso Electric Co. v. Public Util. Comm'n*, 903 S.W.2d 425, 441–42 (Tex.App.—Austin 1995, no writ h.) (on rehearing); see PURA § 24(a) (allowing reimbursement for reasonable costs). We overrule the City's second point of error.

CONCLUSION

Substantial evidence in the record supports the Commission's allowance of El Paso Electric's prudence audit expenses and the disallowance of the City's requested costs that were not incurred during the ratemaking proceedings in Docket Nos. 7460 and 7172. Having

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overruled both of the City's points of error, we affirm the judgment of the district court.

Affirmed.

PER CURIAM.

The parties have filed a joint motion to dismiss. The parties' joint motion is granted in part and overruled in part. Tex.R.App.P. 59(a)(1)(A).

The judgment of this Court, dated August 16, 1995, is withdrawn; the judgment of the trial court is vacated and the cause is dismissed in accord with the settlement agreement of the parties. The opinion of this Court dated August 16, 1995 is not withdrawn.

Judgment Vacated and Cause Dismissed on Joint Motion.

All Citations

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Footnotes

- 1 Docket Nos. 7460 and 7172 addressed the prudence of El Paso Electric's investment in Units 1 and 2 of the Palo Verde Nuclear Generating Station, also known as the Arizona Nuclear Power Project, and the propriety of a sale and leaseback of Unit 2. Docket Nos. 7460 and 7172 established rates which included El Paso Electric's "uncontested" rate case expenses. The rate case expenses at issue here were El Paso Electric's contested rate case expenses that were not decided in the two prior dockets and the rate case expenses requested by the City in the two prior dockets but excluded from the final rates set.
- 2 The 74th Legislature recodified PURA, effective April 5, 1995. See Public Util. Regulatory Act of 1995, 74th Leg., R.S., ch. 9, §§ 2-4, 1995 Tex.Sess.Law Serv. 31, 87-88 (West). The recodification constituted a nonsubstantive revision of PURA. See *id.* § 3(a), 1995 Tex.Sess.Law Serv. at 87. The instant cause is governed by the law in effect prior to the recodification, and for sake of convenience we cite to the pre-Code statutory provisions.
- 3 PURA § 38(a), applying to public utilities like El Paso Electric, provides:
In fixing the rates of a public utility the regulatory authority shall fix its overall revenues at a level which will permit such utility a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public over and above its reasonable and necessary operating expenses.
(Emphasis added).
PURA § 24(a), applying to municipalities like the City, provides:
The governing body of any municipality participating in or conducting ratemaking proceedings shall have the right to select and engage rate consultants, accountants, auditors, attorneys, engineers, or any combination thereof, to conduct investigations, present evidence, advise and represent the governing body, and assist with litigation in public utility ratemaking proceedings before the governing body, any regulatory authority, or in court. *The public utility engaged in such proceedings shall be required to reimburse the governing body for the reasonable costs of such services to the extent found reasonable by the applicable regulatory authority.*
(Emphasis added).
- 4 Utilities from the states of California, Arizona, New Mexico, and Texas, including El Paso Electric, owned interests in the ANPP, and in 1984 agreed to bear the costs of an audit of the construction prudence of the ANPP. The costs were incurred in anticipation of prudence hearings before the utilities' respective public utility commissions. The 1984 audit was never completed; El Paso Electric voluntarily withdrew after unilaterally concluding that the audit would be unfairly biased against it. In Docket 8018, El Paso Electric sought to recover its costs incurred during the 1984 audit as well as its expenses for audit procedures it participated in after the dissolution of the 1984 audit.
- 5 The Commission has discretion to proceed on an ad hoc basis in its attempts to define proper standards to apply to cases where it has not had sufficient experience. *City of El Paso v. Public Util. Comm'n*, 883 S.W.2d 179, 188-89 (Tex.1994).
- 6 See Tex.R.Civ.Evid. 801. Rules of evidence, as applied in nonjury civil cases in district court, apply to agency contested case proceedings. Administrative Procedure Act, Tex.Gov't Code Ann. § 2001.081 (West 1995).
- 7 Because we conclude substantial evidence exists in the agency record from the initial hearing supporting the Commission's final reimbursement award for El Paso Electric's prudence audit expenses, we do not address the City's other substantial evidence challenges complaining about discovery, the absence of testimony of an attorney from the

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law firm providing services to El Paso Electric for the prudence audit, and the alleged reliance of Commission staff on a Coopers & Lybrand audit instead of reviewing underlying documentation of expenses.

8 We initially note that the City had the burden to prove the reasonableness of its rate case expenses. None of the other parties had an obligation to disprove the reasonableness of the City's request.

9 This figure was calculated based on six-hour work days.

10 We note that technically, PURA § 24 does not authorize a municipality to recover its reasonable attorney's fees, but only reimbursement for its reasonable costs. See PURA § 24(a).

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Bonn, Shannon

From: Huffman, Jeff
Sent: Thursday, March 14, 2019 2:24 PM
To: Bonn, Shannon
Subject: FW: Wells Fargo Nine-Month 2018 Check-In Survey Results
Attachments: 3Q18 Results Final.pdf

From: peter.haugh@wellsfargo.com [mailto:peter.haugh@wellsfargo.com]
Sent: Wednesday, December 05, 2018 4:27 PM
Cc: anne.ashey@wellsfargo.com
Subject: Wells Fargo Nine-Month 2018 Check-In Survey Results



THE PRIVATE BANK

Legal Specialty Group

*Wells Fargo Legal Specialty Group*

Nine-Month 2018 Check-In Survey Results

Continued strength within the economy and a perceived downshift from the Fed actions of the first half of the year, combined with very strong transactional volume, have delivered near perfect conditions for revenue growth and profitability. The financial results through the third quarter of 2018 almost certainly assure that the industry will report its strongest annual performance in a decade; however, success in converting substantial levels of inventory into cash will, in many cases, be the difference between a good year and a spectacular one.

Results based on 120 firms reporting (62 Am Law 100 firms, 32 Am Law 101-200 firms and 26 regional and boutique firms) confirm that the performance seen through the first two quarters of 2018 have been sustained through the third quarter and will likely continue through year end. Through the first nine months of 2018, revenue was up 7.0% over the comparable period in 2017, while net income to equity partners grew by 7.7%. This performance was fueled by healthy rate increases coupled with an improvement in demand. Demand, as evidenced by attorney billable hours logged, rose 3.3% compared to 1.4% for the prior year period and 2.9% for the first six months of 2018. The average attorney hourly rate increased 4.8% compared to 3.8% for the prior year period, although down modestly from 5.0% for the first six months of 2018. The top line increase was attained with controlled growth – attorney headcount grew by 2.1% while equity partner headcount was flat. This slight uptick in leverage was achieved with minimal impact to margins.

Overall, net income margin improved 20 basis points year-over-year, with salary expense margins flat, and general expenses being leveraged against the revenue gains. However, firms in the Am Law 100 fared much better than the Second Hundred, with the Am Law 100 net income margin increasing 20 basis points while the Am Law 101-200 experienced margin degradation from both salaries and general expenses, resulting in a 70 basis point reduction in net income margin. Among the Am Law 100, the top 50 firms offset modest salary pressures with savings in general expenses, while the Am Law 51-100 improved both salary and general expense margins generating a 100 basis point boost to net income margin.

As the below chart shows, there remains a meaningful delta between the gains seen by the 50 largest firms and the remaining firms in the survey. The Am Law 1-50 group is growing at a faster rate with a 3.2% increase in FTE attorneys, compared to 1.6% growth for the Am Law 51-100 and 0.4% decline for the 101-200 group. Despite this bump in headcount for the 1-50 group, attorney productivity improved by 1.1% and RPL improved by 4.9%. We note that equity partner growth remains tightly controlled, with an increase of just 0.6% for the 1-50 group. Revealingly, the High Profit group, which is essentially a subset of the Am Law 1-50, saw headcount growth of 4.4% while improving attorney productivity by 2.1%. Consistent with the 2018 mid-year reporting, inventory growth for the 1-50 remains high at 12.1%, compared to 12.3% at

mid-year and 8.3% for the same period in 2017. Inventory for the high profit group was similarly up 12.3%.

	Revenue	Attorney Billable Hours Logged	Revenue per Lawyer	Total Inventory
High Profit Firms	+ 9.5%	+ 6.6%	+ 4.8%	+ 12.3%
Am Law 1 - 50	+ 8.2%	+ 4.3%	+ 4.9%	+ 12.1%
Am Law 51 - 100	+ 5.7%	+ 2.5%	+ 4.0%	+ 5.2%
Am Law 101 - 200	+ 2.3%	- 0.2%	+ 2.7%	+ 1.6%

Firms in the bottom half of the Am Law 100 performed well in their own right, with revenue and net income to equity partners up 5.7% and 9.5%, respectively, over the prior year. Attorney billable hours grew by 2.5%, ahead of an attorney headcount increase of 1.6%. The most telling statistic of the relative strength of current year's performance is inventory, which was up 5.2% through the first nine months of 2018, compared to a 4.4% decline through nine months of 2017.

Firms in the Am Law 101-200 are on track to marginally exceed performance in 2018 while experiencing relatively flat demand. For the first nine months of 2018 these firms saw a 2.3% revenue increase on a 0.2% decline in demand and 0.4% decline in attorney FTE. This is an improvement over the same period in 2017, which saw a 1.0% increase in revenue on a 1.8% decline in demand and 0.1% decline in attorney FTE. The most notable statistic is the 3.5% decline in equity partner FTE in 2018, as 75% of firms reported a decline in partner headcount, with several double-digit decreases. It should be noted that conclusions here for the Am Law 101-200 group are somewhat muted given the substantial variance in performance evident in the reporting firms.

From a regional standpoint, the top performing groups were the Northeast and Southern California. In the all-important Revenue per Lawyer statistic, the Northeast and Southern California groups increased by 6.5% and 5.7%, respectively, compared to 4.8% for all survey participants. As was the case in the mid-year report, the Mid-Atlantic, Florida and Texas/Southwest regions report the softest performance, with the Texas/Southwest group being the lone region to report declining demand (at -1.2%), likely reflecting the influx of out-of-market firms to Texas in recent years.

Standard rate increases continue to be a primary driver of industry revenue growth. Standard attorney rate growth for all survey participants through the third quarter of 2018 was 4.8%. The range of rate increases spanned a high of 5.2% for the Am Law 1-50 to a low of 3.0% for the Am Law 101-200. An interesting observation is that overall standard rate growth for associates of 5.8% noticeably exceeded all other attorney classifications possibly relating to the earlier associate salary decisions. As part of our interim survey, we asked participants to report budgeted standard rate increases for 2019. The average for all participants was 5.1% with both the Am Law 100 and 101-200 averaging in excess of 5.0%. An analysis of standard rates as compared to effective rates shows that the level of discounting encountered by firms has not increased materially over the past 3 years perhaps fueling the more aggressive rate growth.

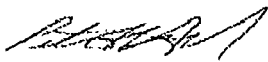
Outlook for 2018

As noted earlier, the outlook for 2018 remains positive with key financial metrics expected to outpace 2017. Firm budgets for the full year 2018 support this expectation with 64% of firms projecting net income growth of 2% or more, of which 31%

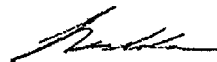
expect income growth of greater than 10%. Looking forward, it may be challenging to begin 2019 with the same lift from inventory that firms benefited from in 2018. In fact, we have heard from several sources that activity in the fourth quarter of 2018 has started off a little slow. Additional headwinds that could constrain growth in 2019 include the outcome of the Brexit vote, rising interest rates, continued trade tensions and a stalemate in additional regulatory loosening as a result of the recent mid-term elections.

We thank you for your participation; should you like a tailored presentation comparing your firm to a specific group or geographic collection please contact your banker directly and we will be happy to provide.

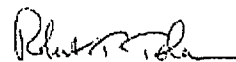
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Wells Fargo 2018 Nine-Month Interim Survey Results

		Overall		
Summary Metrics				
		% Change		
1	Total Equity Partners	0.0%		
2	Total Attorneys	2.1%		
3	Gross Revenue	7.0%		
4	Number of Hours Logged - All Attorneys	3.3%		
5	Average Standard Rate - All Attorneys	4.8%		
6	Average Effective Rate - All Attorneys	4.5%		
7	Total Accounts Receivable and Unbilled Time	9.6%		
Financial Metrics				
8	Gross Revenue	7.0%		
9		Max % Chg 20%+	Min % Chg -20%+	Median % Chg 6.1%
		% of Firms		
10	% of firms with > 5% increase	56.8%		
11	% of firms with > 10% increase	22.9%		
12	% of firms with > 5% decrease	3.4%		
		% Change		
13	Salaries	7.1%		
14	General Expenses	5.7%		
15	Total Expenses	6.6%		
16	Net Income to Equity Partners	7.7%		
		Nine-Month 2017	Nine-Month 2018	% Change
17	Salary Expense Margin	43.1%	43.1%	0.1%
18	General Expense Margin	23.5%	23.3%	-1.2%
19	Net Income Margin	33.4%	33.6%	0.7%
Profitability & Revenue Summary		Nine-Month 2017	Nine-Month 2018	% Change
20	Total Revenue / Equity Partner	\$2,353,762	\$2,517,752	7.0%
21	Total Revenue / Attorney	\$596,580	\$625,012	4.8%
22		Max % Chg 20%+	Min % Chg -19.4%	Median % Chg 4.9%
23	Salary Expenses / Attorney	\$257,049	\$269,609	4.9%
24	General Expenses / Attorney	\$140,444	\$145,399	3.5%
25	Total Expenses / Attorney	\$397,493	\$415,008	4.4%
26	Value per Lawyer (Net Income / Lawyer)	\$199,087	\$210,004	5.5%
27	Profits per Equity Partner (Net Income / EP)	\$785,481	\$845,964	7.7%
28		Max % Chg 20%+	Min % Chg -20%+	Median % Chg 8.2%

Wells Fargo 2018 Nine-Month Interim Survey Results

		Overall		
Human Capital				
Full-Time Equivalent Staffing (FTE)		% Change		
1	Equity Partners	0.0%		
2	Non-Equity Partners	2.1%		
3	Associates	2.8%		
4	Other Attorneys	4.1%		
5	Total Attorneys	2.1%		
6	Paralegals	-0.6%		
7	Other Timekeepers (Non-Attorney)	7.6%		
8	Total Timekeepers	2.3%		
9	Legal Secretaries	-2.2%		
10	Other Non-Legal Staff (excl. Legal Secr.)	2.8%		
11	Total Non-Legal Staff	1.2%		
Staffing Metrics		Nine-Month 2017	Nine-Month 2018	% Change
12	Attorney Leverage (Attorney / Equity Partner)	2.95	3.03	2.8%
13	Attorney / Secretary	3.92	4.10	4.4%
14	Non-Legal Staff (excl. Legal Secr.) / Attorney	0.52	0.52	0.7%
15	Total Non-Legal Staff / Attorney	0.77	0.76	-0.9%

Wells Fargo 2018 Nine-Month Interim Survey Results

		Overall			
Productivity					
Billable Hours Logged		% Change			
1	Equity Partners	0.8%			
2	Non-Equity Partners	2.7%			
3	Associates	4.1%			
4	Other Attorneys	5.8%			
5	Total Attorneys	3.3%			
6	Paralegals	0.4%			
7	Other Timekeepers	4.8%			
8	Total Timekeepers	3.2%			
Annualized Productivity Ratios		Nine-Month 2017	Nine-Month 2018	% Change	
9	Equity Partners	1,533	1,545	0.8%	
		Max % Chg 15.3%	Min % Chg -13.6%	Median % Chg 1.0%	
10	Non-Equity Partners	1,485	1,494	0.6%	
		Max % Chg 20%+	Min % Chg -20%+	Median % Chg 0.3%	
11	Associates	1,718	1,741	1.3%	
		Max % Chg 20%+	Min % Chg -13.9%	Median % Chg 1.7%	
12	Other Attorneys	1,471	1,495	1.6%	
		Max % Chg 20%+	Min % Chg -20%+	Median % Chg 1.0%	
13	Total Attorneys	1,606	1,625	1.1%	
		Max % Chg 13.8%	Min % Chg -12.8%	Median % Chg 1.1%	
14	Paralegals	1,270	1,282	1.0%	
		Max % Chg 20%+	Min % Chg -20%+	Median % Chg 0.2%	
15	Other Timekeepers	1,090	1,061	-2.6%	
		Max % Chg 20%+	Min % Chg -20%+	Median % Chg -5.0%	
16	Total Timekeepers	1,531	1,544	0.8%	
		Max % Chg 13.8%	Min % Chg -14.5%	Median % Chg 1.3%	

Wells Fargo 2018 Nine-Month Interim Survey Results

Overall

Standard and Effective Rates

Standard Value of Billable Hours Logged			% Change
1	Equity Partners		5.6%
2	Non-Equity Partners		8.0%
3	Associates		10.2%
4	Other Attorneys		8.3%
5	Total Attorneys		8.2%
6	Paralegals		5.1%
7	Other Timekeepers		8.1%
8	Total Timekeepers		8.1%

Average Hourly Standard Rates

Average Hourly Standard Rates		Nine-Month 2017	Nine-Month 2018	% Change
9	Equity Partners	\$872	\$913	4.8%
10	Non-Equity Partners	\$691	\$726	5.1%
11	Associates	\$563	\$596	5.8%
12	Other Attorneys	\$607	\$621	2.3%
13	Total Attorneys	\$661	\$692	4.8%
14	Paralegals	\$269	\$282	4.7%
15	Other Timekeepers	\$275	\$284	3.1%
16	Total Timekeepers	\$607	\$636	4.8%

Effective Value of Billable Hours Logged

Effective Value of Billable Hours Logged		% Change
17	Equity Partners	5.5%
18	Non-Equity Partners	8.0%
19	Associates	10.0%
20	Other Attorneys	7.1%
21	Total Attorneys	8.0%
22	Paralegals	4.6%
23	Other Timekeepers	8.1%
24	Total Timekeepers	7.9%

Average Hourly Effective Rates

Average Hourly Effective Rates		Nine-Month 2017	Nine-Month 2018	% Change
25	Equity Partners	\$809	\$847	4.7%
26	Non-Equity Partners	\$638	\$671	5.1%
27	Associates	\$525	\$555	5.6%
28	Other Attorneys	\$564	\$571	1.2%
29	Total Attorneys	\$614	\$642	4.5%
30	Paralegals	\$248	\$259	4.3%
31	Other Timekeepers	\$262	\$270	3.1%
32	Total Timekeepers	\$565	\$590	4.6%

Wells Fargo 2018 Nine-Month Interim Survey Results

Overall				
Realization, Inventory, Debt and Capital				
Realization				
1	Total Value of Fees Billed	% Change 7.7%		
		Nine-Month 2017	Nine-Month 2018	% Change
2	Conversion Rate (\$Billed/Std Logged)	78.7%	78.4%	-0.3%
3	Net Realization Rate (Fees Collected/Billed)	89.4%	88.8%	-0.7%
4	Gross Realization Rate (Fees Coll/Std Log)	70.3%	69.6%	-1.0%
5	Effective Realization Rate (Fees Coll/Eff Log)	75.6%	75.0%	-0.8%
Inventory				
		% of Total	% of Total	% Change
6	A/R 1-90 Days	69.7%	70.2%	9.7%
7	A/R 91-180 Days	17.5%	17.3%	7.4%
8	A/R 181-365 Days	12.9%	12.5%	5.8%
9	Total Accounts Receivable			8.8%
10	UBT 1-90 Days	71.3%	70.1%	8.9%
11	UBT 90-180 Days	15.4%	15.9%	14.1%
12	UBT 181-365 Days	13.4%	14.0%	16.1%
13	Total Unbilled Time, excl. Contingency			10.7%
		% Change 9.6%		
14	Total Inventory (A/R + UBT)			
		Nine-Month 2017	Nine-Month 2018	% Change
15	A/R + UBT / Attorney	\$349,822	\$375,582	7.4%
16	Average Day Turnover of A/R	87	88	1.7%
17	Average Day Turnover of UBT	74	77	3.4%
18	Average A/R + UBT Turnover	161	165	2.5%
		% Change -6.9%		
19	Contingency UBT			
		Nine-Month 2017	Nine-Month 2018	% Change
20	Contingency UBT as a % of Total UBT	8.7%	7.4%	-14.7%
21	Contingency UBT / Attorney	\$15,425	\$14,059	-8.9%
Debt and Capital				
		Nine-Month 2017	Nine-Month 2018	% Change
22	Balance under Lines of Credit	\$5,845,655	\$6,512,780	11.4%
23	Long Term Debt Outstanding	\$6,475,100	\$5,467,603	-15.6%
24	Permanent Capital	\$56,649,541	\$59,940,878	5.8%
25	Undistributed Income	\$32,265,992	\$37,478,784	16.2%
26	Total Net Worth	\$301,767,649	\$330,798,807	9.6%
27	Permanent Capital / Equity Partner	\$367,333	\$388,589	5.8%
28	Permanent Capital / Attorney	\$93,103	\$96,464	3.6%
29	Total Net Worth / Attorney	\$495,954	\$532,362	7.3%

Wells Fargo 2018 Nine-Month Interim Survey Results

Questions		Overall	
Recruiting Staff as % of Total HR Staff		% of Total HR	
1	Full-Time Equivalent (FTE)	37%	
2	Compensation Expense	34%	
2019 Budgeted Standard Rate Increase		Average	
3	Attorneys (blended average)	5.1%	
4	Equity Partners	4.7%	
5	Associates	6.4%	
Revenue, Net Income and Hours			
2018 actual expectation compared to fiscal year end 2017 actual results and 2018 budgeted			
Gross Revenues		To FY17 Actual % of Firms	To FY18 Budget % of Firms
6	Up +2% or more	68.0%	44.6%
7	2-5% up	39.7%	68.9%
8	6-10% up	42.6%	24.4%
9	>10% up	17.6%	6.7%
10	Flat +/- 2%	26.0%	44.6%
11	Down -2% or more	6.0%	10.9%
12	2-5% down	50.0%	72.7%
13	6-10% down	33.3%	27.3%
14	>10% down	16.7%	0.0%
Net Income			
15	Up +2% or more	64.0%	48.5%
16	2-5% up	43.8%	55.1%
17	6-10% up	25.0%	24.5%
18	>10% up	31.3%	20.4%
19	Flat +/- 2%	21.0%	37.6%
20	Down -2% or more	15.0%	13.9%
21	2-5% down	53.3%	42.9%
22	6-10% down	26.7%	42.9%
23	>10% down	20.0%	14.3%
Gross Hours Logged			
24	Up +2% or more	50.5%	38.4%
25	2-5% up	62.0%	73.7%
26	6-10% up	30.0%	15.8%
27	>10% up	8.0%	10.5%
28	Flat +/- 2%	28.3%	44.4%
29	Down -2% or more	21.2%	17.2%
30	2-5% down	71.4%	52.9%
31	6-10% down	14.3%	41.2%
32	>10% down	14.3%	5.9%

Wells Fargo 2018 Nine-Month Interim Survey Results

		Am Law 1 - 50			Am Law 51 - 100			Am Law 1 - 100			Am Law 101-200		
Summary Metrics		% Change			% Change			% Change			% Change		
1	Total Equity Partners	0.6%			1.1%			0.8%			-3.5%		
2	Total Attorneys	3.2%			1.6%			2.7%			-0.4%		
3	Gross Revenue	8.2%			5.7%			7.6%			2.3%		
4	Number of Hours Logged - All Attorneys	4.3%			2.5%			3.9%			-0.2%		
5	Average Standard Rate - All Attorneys	5.2%			3.6%			4.9%			3.0%		
6	Average Effective Rate - All Attorneys	5.1%			2.7%			4.7%			2.8%		
7	Total Accounts Receivable and Unbilled Time	12.1%			5.2%			10.7%			1.6%		
Financial Metrics		% Change			% Change			% Change			% Change		
8	Gross Revenue	8.2%			5.7%			7.6%			2.3%		
9		Max % Chg 20%+	Min % Chg -2.4%	Median % Chg 8.2%	Max % Chg 20%+	Min % Chg -13.3%	Median % Chg 6.1%	Max % Chg 20%+	Min % Chg -13.3%	Median % Chg 7.1%	Max % Chg 12.5%	Min % Chg -20%+	Median % Chg 1.7%
		% of Firms			% of Firms			% of Firms			% of Firms		
10	% of firms with > 5% increase	70.6%			57.7%			65.0%			37.5%		
11	% of firms with > 10% increase	38.2%			7.7%			25.0%			6.3%		
12	% of firms with > 5% decrease	0.0%			3.8%			1.7%			6.3%		
		% Change			% Change			% Change			% Change		
13	Salaries	9.0%			4.8%			8.0%			3.2%		
14	General Expenses	7.2%			2.7%			6.1%			3.6%		
15	Total Expenses	8.4%			4.1%			7.3%			3.3%		
16	Net Income to Equity Partners	7.9%			9.5%			8.2%			0.1%		
		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
17	Salary Expense Margin	41.6%	42.0%	0.8%	46.9%	46.5%	-0.8%	42.9%	43.0%	0.3%	44.3%	44.7%	0.9%
18	General Expense Margin	23.1%	22.9%	-0.9%	24.4%	23.7%	-2.8%	23.4%	23.1%	-1.4%	24.1%	24.4%	1.2%
19	Net Income Margin	35.3%	35.2%	-0.3%	28.7%	29.7%	3.6%	33.7%	33.9%	0.6%	31.6%	30.9%	-2.2%
Profitability & Revenue Summary		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
20	Total Revenue / Equity Partner	\$2,940,978	\$3,163,067	7.6%	\$1,809,188	\$1,890,941	4.5%	\$2,567,183	\$2,741,621	6.8%	\$1,766,163	\$1,872,232	6.0%
21	Total Revenue / Attorney	\$648,068	\$679,822	4.9%	\$525,856	\$546,794	4.0%	\$615,025	\$644,272	4.8%	\$523,030	\$537,404	2.7%
22		Max % Chg 15.9%	Min % Chg -3.9%	Median % Chg 4.9%	Max % Chg 14.2%	Min % Chg -19.4%	Median % Chg 5.1%	Max % Chg 15.5%	Min % Chg -19.4%	Median % Chg 5.0%	Max % Chg 19.4%	Min % Chg -9.5%	Median % Chg 4.0%
23	Salary Expenses / Attorney	\$269,823	\$285,199	5.7%	\$246,589	\$254,443	3.2%	\$263,592	\$277,030	5.1%	\$231,811	\$240,269	3.6%
24	General Expenses / Attorney	\$149,776	\$155,630	3.9%	\$128,453	\$129,820	1.1%	\$144,023	\$148,742	3.3%	\$125,931	\$131,003	4.0%
25	Total Expenses / Attorney	\$419,599	\$440,829	5.1%	\$375,041	\$384,263	2.5%	\$407,616	\$425,772	4.5%	\$357,743	\$371,273	3.8%
26	Value per Lawyer (Net Income / Lawyer)	\$228,469	\$238,992	4.6%	\$150,815	\$162,531	7.8%	\$207,410	\$218,500	5.3%	\$165,287	\$166,131	0.5%
27	Profits per Equity Partner (Net Income / EP)	\$1,036,809	\$1,111,981	7.3%	\$518,873	\$562,069	8.3%	\$865,751	\$929,799	7.4%	\$558,140	\$578,776	3.7%
28		Max % Chg 20%+	Min % Chg -20%+	Median % Chg 6.1%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg 11.7%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg 6.7%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg 7.1%

Wells Fargo 2018 Nine-Month Interim Survey Results

		Am Law 1 - 50			Am Law 51 - 100			Am Law 1 - 100			Am Law 101-200		
Human Capital													
Full-Time Equivalent Staffing (FTE)		% Change				% Change				% Change			
1	Equity Partners	0.6%				1.1%				0.8%	-3.5%		
2	Non-Equity Partners	3.9%				-0.4%				2.5%	2.6%		
3	Associates	3.4%				2.8%				3.2%	-1.2%		
4	Other Attorneys	6.4%				1.9%				4.9%	3.8%		
5	Total Attorneys	3.2%				1.6%				2.7%	-0.4%		
6	Paralegals	-1.4%				0.7%				-0.7%	-0.8%		
7	Other Timekeepers (Non-Attorney)	10.0%				2.2%				8.5%	2.7%		
8	Total Timekeepers	3.4%				1.5%				2.9%	-0.2%		
9	Legal Secretaries	-1.2%				-2.9%				-1.8%	-4.2%		
10	Other Non-Legal Staff (excl. Legal Secr.)	5.2%				1.1%				4.0%	-0.5%		
11	Total Non-Legal Staff	3.2%				-0.2%				2.1%	-1.9%		
Staffing Metrics													
		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
12	Attorney Leverage (Attorney / Equity Partner)	3.54	3.65	3.2%	2.44	2.46	0.7%	3.17	3.26	2.6%	2.38	2.48	4.5%
13	Attorney / Secretary	4.35	4.54	4.5%	3.56	3.72	4.6%	4.11	4.30	4.6%	3.18	3.31	4.0%
14	Non-Legal Staff (excl. Legal Secr.) / Attorney	0.50	0.51	2.0%	0.56	0.56	-0.5%	0.51	0.52	1.2%	0.55	0.55	-0.1%
15	Total Non-Legal Staff / Attorney	0.73	0.73	0.0%	0.84	0.82	-1.8%	0.76	0.75	-0.6%	0.86	0.85	-1.4%

Wells Fargo 2018 Nine-Month Interim Survey Results

Am Law 1 - 50				Am Law 51 - 100				Am Law 1 - 100				Am Law 101-200			
Productivity															
	Billable Hours Logged	% Change			% Change			% Change			% Change		% Change		
1	Equity Partners	1.4%			1.2%			1.3%			-2.7%				
2	Non-Equity Partners	3.9%			0.3%			2.8%			3.5%				
3	Associates	4.9%			3.7%			4.6%			-0.8%				
4	Other Attorneys	8.2%			4.2%			6.8%			2.1%				
5	Total Attorneys	4.3%			2.5%			3.9%			-0.2%				
6	Paralegals	-0.3%			2.4%			0.6%			-0.7%				
7	Other Timekeepers	7.3%			-4.8%			4.7%			9.3%				
8	Total Timekeepers	4.2%			2.1%			3.7%			0.3%				
Annualized Productivity Ratios															
		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change		
9	Equity Partners	1,557	1,569	0.8%	1,517	1,520	0.2%	1,544	1,553	0.6%	1,507	1,519	0.8%		
10		Max % Chg 7.9%	Min % Chg -4.6%	Median % Chg 1.1%	Max % Chg 5.6%	Min % Chg -8.7%	Median % Chg 0.4%	Max % Chg 7.9%	Min % Chg -8.7%	Median % Chg 0.7%	Max % Chg 8.1%	Min % Chg -13.6%	Median % Chg 0.9%		
11	Non-Equity Partners	1,535	1,536	0.0%	1,451	1,460	0.7%	1,507	1,511	0.3%	1,437	1,450	0.9%		
12		Max % Chg 20%+	Min % Chg -9.6%	Median % Chg 0.4%	Max % Chg 13.2%	Min % Chg -8.8%	Median % Chg 0.0%	Max % Chg 20%+	Min % Chg -9.6%	Median % Chg 0.3%	Max % Chg 9.1%	Min % Chg -16.3%	Median % Chg 0.7%		
13	Associates	1,710	1,735	1.4%	1,751	1,767	0.9%	1,719	1,742	1.3%	1,728	1,735	0.4%		
14		Max % Chg 8.0%	Min % Chg -3.5%	Median % Chg 1.9%	Max % Chg 10.3%	Min % Chg -6.7%	Median % Chg 2.0%	Max % Chg 10.3%	Min % Chg -6.7%	Median % Chg 1.9%	Max % Chg 15.6%	Min % Chg -13.0%	Median % Chg 0.9%		
15	Other Attorneys	1,505	1,529	1.6%	1,463	1,496	2.2%	1,491	1,518	1.8%	1,415	1,391	-1.7%		
16		Max % Chg 12.8%	Min % Chg -9.0%	Median % Chg 1.6%	Max % Chg 15.0%	Min % Chg -10.9%	Median % Chg 1.2%	Max % Chg 15.0%	Min % Chg -10.9%	Median % Chg 1.5%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg -2.4%		
17	Total Attorneys	1,632	1,650	1.1%	1,590	1,604	0.9%	1,620	1,638	1.1%	1,559	1,563	0.3%		
18		Max % Chg 6.4%	Min % Chg -3.8%	Median % Chg 1.4%	Max % Chg 5.1%	Min % Chg -4.1%	Median % Chg 1.3%	Max % Chg 6.4%	Min % Chg -4.1%	Median % Chg 1.3%	Max % Chg 6.3%	Min % Chg -12.8%	Median % Chg -0.3%		
19	Paralegals	1,315	1,329	1.1%	1,220	1,240	1.6%	1,283	1,299	1.2%	1,254	1,256	0.1%		
20		Max % Chg 18.5%	Min % Chg -13.7%	Median % Chg 0.3%	Max % Chg 12.8%	Min % Chg -10.3%	Median % Chg -1.1%	Max % Chg 18.5%	Min % Chg -13.7%	Median % Chg 0.2%	Max % Chg 12.5%	Min % Chg -20%+	Median % Chg -0.9%		
21	Other Timekeepers	1,073	1,047	-2.4%	1,312	1,222	-6.8%	1,118	1,078	-3.6%	836	890	6.5%		
22		Max % Chg 15.4%	Min % Chg -20%+	Median % Chg -2.6%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg -8.9%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg -4.4%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg -1.0%		
23	Total Timekeepers	1,554	1,565	0.8%	1,533	1,542	0.6%	1,548	1,559	0.7%	1,460	1,466	0.5%		
24		Max % Chg 7.1%	Min % Chg -4.8%	Median % Chg 1.3%	Max % Chg 5.5%	Min % Chg -4.0%	Median % Chg 0.6%	Max % Chg 7.1%	Min % Chg -4.8%	Median % Chg 1.1%	Max % Chg 8.5%	Min % Chg -14.5%	Median % Chg -0.1%		

Wells Fargo 2018 Nine-Month Interim Survey Results

Am Law 1 - 50					Am Law 51 - 100			Am Law 1 - 100			Am Law 101-200		
Standard and Effective Rates													
Standard Value of Billable Hours Logged					% Change			% Change			% Change		
1	Equity Partners	6.9%			4.8%			6.3%			0.6%		
2	Non-Equity Partners	10.2%			4.4%			8.6%			6.4%		
3	Associates	11.4%			8.2%			10.8%			2.4%		
4	Other Attorneys	9.9%			6.8%			9.0%			5.3%		
5	Total Attorneys	9.7%			6.2%			9.0%			2.8%		
6	Paralegals	4.5%			8.6%			5.7%			1.9%		
7	Other Timekeepers	9.2%			5.4%			8.4%			9.8%		
8	Total Timekeepers	9.6%			6.3%			8.8%			3.0%		
Average Hourly Standard Rates					Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
9	Equity Partners	\$1,024	\$1,079	5.4%	\$722	\$748	3.5%	\$926	\$972	4.9%	\$694	\$718	3.4%
10	Non-Equity Partners	\$799	\$847	6.0%	\$605	\$629	4.1%	\$737	\$779	5.7%	\$522	\$537	2.8%
11	Associates	\$613	\$652	6.2%	\$469	\$490	4.4%	\$582	\$617	6.0%	\$445	\$460	3.3%
12	Other Attorneys	\$674	\$684	1.6%	\$544	\$558	2.6%	\$630	\$643	2.0%	\$485	\$500	3.2%
13	Total Attorneys	\$728	\$766	5.2%	\$571	\$591	3.6%	\$686	\$720	4.9%	\$537	\$553	3.0%
14	Paralegals	\$291	\$305	4.8%	\$250	\$265	6.1%	\$278	\$292	5.1%	\$237	\$244	2.7%
15	Other Timekeepers	\$281	\$286	1.7%	\$243	\$269	10.7%	\$273	\$283	3.6%	\$299	\$300	0.5%
16	Total Timekeepers	\$669	\$704	5.1%	\$526	\$547	4.1%	\$631	\$662	5.0%	\$495	\$509	2.7%
Effective Value of Billable Hours Logged					% Change			% Change			% Change		
17	Equity Partners	6.9%			3.6%			6.0%			1.3%		
18	Non-Equity Partners	10.3%			3.5%			8.6%			6.5%		
19	Associates	11.2%			7.6%			10.6%			2.1%		
20	Other Attorneys	9.7%			5.2%			8.7%			1.9%		
21	Total Attorneys	9.7%			5.3%			8.7%			2.6%		
22	Paralegals	4.6%			6.3%			5.1%			1.8%		
23	Other Timekeepers	8.4%			7.6%			8.3%			10.0%		
24	Total Timekeepers	9.5%			5.4%			8.6%			2.8%		
Average Hourly Effective Rates					Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
25	Equity Partners	\$957	\$1,009	5.4%	\$659	\$675	2.3%	\$860	\$900	4.7%	\$639	\$665	4.1%
26	Non-Equity Partners	\$744	\$789	6.1%	\$548	\$565	3.2%	\$681	\$719	5.6%	\$481	\$496	3.0%
27	Associates	\$574	\$609	6.1%	\$434	\$451	3.8%	\$544	\$575	5.7%	\$412	\$424	2.9%
28	Other Attorneys	\$623	\$632	1.4%	\$495	\$505	1.9%	\$580	\$591	1.8%	\$464	\$464	-0.2%
29	Total Attorneys	\$680	\$715	5.1%	\$523	\$537	2.7%	\$638	\$668	4.7%	\$497	\$511	2.8%
30	Paralegals	\$271	\$285	4.9%	\$224	\$232	3.9%	\$256	\$268	4.5%	\$220	\$226	2.6%
31	Other Timekeepers	\$265	\$268	1.0%	\$237	\$268	13.1%	\$259	\$268	3.4%	\$289	\$291	0.6%
32	Total Timekeepers	\$625	\$657	5.1%	\$482	\$498	3.2%	\$586	\$614	4.8%	\$460	\$471	2.6%

Wells Fargo 2018 Nine-Month Interim Survey Results

Realization, Inventory, Debt and				Am Law 1 - 50			Am Law 51 - 100			Am Law 1 - 100			Am Law 101-200		
Realization															
1	Total Value of Fees Billed			% Change	% Change			% Change			% Change				
				9.6%	5.5%			8.7%			1.9%				
2	Conversion Rate (\$Billed/Std Logged)	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change		
3	Net Realization Rate (Fees Collected/Billed)	79.3%	79.3%	0.1%	81.3%	80.8%	-0.7%	78.8%	78.6%	-0.2%	84.7%	83.8%	-1.0%		
4	Gross Realization Rate (Fees Coll/Std Log)	86.5%	85.4%	-1.3%	88.8%	89.0%	0.1%	88.1%	87.3%	-1.0%	90.8%	91.1%	0.4%		
5	Effective Realization Rate (Fees Coll/Eff Log)	68.6%	67.7%	-1.2%	72.3%	71.8%	-0.6%	69.4%	68.6%	-1.1%	76.9%	76.4%	-0.7%		
		73.4%	72.6%	-1.2%	78.8%	79.0%	0.2%	74.6%	74.0%	-0.9%	82.9%	82.4%	-0.5%		
6	Inventory	% of Total	% of Total	% Change	% of Total	% of Total	% Change	% of Total	% of Total	% Change	% of Total	% of Total	% Change		
7	A/R 1-90 Days	70.2%	71.1%	12.5%	70.3%	69.6%	4.9%	70.2%	70.7%	10.8%	67.5%	68.6%	2.5%		
8	A/R 91-180 Days	17.7%	17.5%	9.5%	17.4%	17.7%	8.0%	17.7%	17.5%	9.1%	16.2%	15.4%	-4.4%		
9	A/R 181-365 Days	12.1%	11.5%	5.6%	12.3%	12.7%	9.8%	12.1%	11.7%	6.6%	16.3%	16.1%	-0.8%		
	Total Accounts Receivable			11.2%			6.0%			10.0%			0.9%		
10	UBT 1-90 Days	69.1%	67.7%	10.8%	75.3%	76.0%	5.1%	70.3%	69.2%	9.6%	80.5%	80.2%	2.4%		
11	UBT 90-180 Days	17.0%	17.4%	16.4%	12.4%	12.2%	2.3%	16.1%	16.5%	14.3%	9.1%	9.6%	8.4%		
12	UBT 181-365 Days	13.9%	14.9%	20.9%	12.3%	11.8%	-0.1%	13.6%	14.3%	17.3%	10.4%	10.2%	0.6%		
13	Total Unbilled Time, excl. Contingency			13.1%			4.1%			11.4%			2.7%		
14	Total Inventory (A/R + UBT)	% Change			% Change			% Change			% Change				
		12.1%			5.2%			10.7%			1.6%				
15	A/R + UBT / Attorney	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change		
16	Average Day Turnover of A/R	\$402,670	\$437,584	8.7%	\$287,536	\$297,777	3.6%	\$371,468	\$400,114	7.7%	\$246,396	\$251,387	2.0%		
17	Average Day Turnover of UBT	88	91	2.7%	86	86	0.4%	88	90	2.2%	78	77	-1.4%		
18	Average A/R + UBT Turnover	82	86	4.5%	64	63	-1.4%	78	80	3.5%	51	51	0.4%		
		170	176	3.6%	150	149	-0.4%	165	170	2.8%	129	128	-0.7%		
19	Contingency UBT	% Change			% Change			% Change			% Change				
		-20.0%			10.4%			-2.5%			-6.1%				
20	Contingency UBT as a % of Total UBT	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change		
21	Contingency UBT / Attorney	4.0%	2.8%	-28.4%	16.7%	17.5%	5.0%	6.8%	6.0%	-11.8%	20.6%	19.2%	-6.9%		
		\$8,003	\$6,210	-22.4%	\$24,614	\$26,754	8.7%	\$12,726	\$12,073	-5.1%	\$25,317	\$23,879	-5.7%		
22	Debt and Capital	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change		
23	Balance under Lines of Credit	\$12,707,843	\$15,736,784	23.8%	\$4,170,063	\$3,840,851	-7.9%	\$8,945,431	\$10,494,508	17.3%	\$2,416,667	\$2,288,300	-5.3%		
24	Long Term Debt Outstanding	\$11,411,292	\$8,327,945	-27.0%	\$9,474,366	\$8,664,370	-8.5%	\$10,543,015	\$8,478,757	-19.6%	\$2,085,512	\$2,525,550	21.1%		
25	Permanent Capital	\$137,743,992	\$147,564,217	7.1%	\$49,764,640	\$51,895,166	4.3%	\$100,700,054	\$107,282,511	6.5%	\$16,263,027	\$16,350,459	0.5%		
26	Undistributed Income	\$89,900,578	\$99,909,873	11.1%	\$12,739,120	\$20,461,007	60.6%	\$57,633,059	\$66,685,802	15.7%	\$11,696,255	\$11,758,481	0.5%		
27	Total Net Worth	\$739,544,104	\$821,342,577	11.1%	\$241,212,787	\$260,402,406	8.0%	\$525,850,095	\$580,647,157	10.4%	\$96,419,747	\$97,660,643	1.3%		
28	Permanent Capital / Equity Partner	\$491,709	\$523,532	6.5%	\$275,475	\$284,189	3.2%	\$424,852	\$449,158	5.7%	\$197,652	\$205,885	4.2%		
29	Permanent Capital / Attorney	\$108,352	\$112,520	3.8%	\$80,069	\$82,178	2.6%	\$101,783	\$105,551	3.7%	\$58,532	\$59,097	1.0%		
30	Total Net Worth / Attorney	\$581,739	\$626,286	7.7%	\$388,102	\$412,355	6.2%	\$531,504	\$571,274	7.5%	\$347,025	\$352,984	1.7%		

Wells Fargo 2018 Nine-Month Interim Survey Results

		Am Law 1 - 50	Am Law 51 - 100	Am Law 1 - 100	Am Law 101-200
Questions					
Recruiting Staff as % of Total HR Staff		% of Total HR	% of Total HR	% of Total HR	% of Total HR
1	Full-Time Equivalent (FTE)	36%	34%	35%	41%
2	Compensation Expense	34%	28%	32%	38%
2019 Budgeted Standard Rate Increase		Average	Average	Average	Average
3	Attorneys (blended average)	5.4%	5.5%	5.4%	5.2%
4	Equity Partners	5.4%	4.7%	5.1%	4.6%
5	Associates	6.0%	6.7%	6.3%	7.2%
Revenue, Net Income and Hours					
2018 actual expectation compared to fiscal					
year end 2017 actual results and 2018 budgeted					
Gross Revenues		To FY17 Actual	To FY18 Budget	To FY17 Actual	To FY18 Budget
		% of Firms	% of Firms	% of Firms	% of Firms
6	Up +2% or more	81.5%	53.8%	75.0%	50.0%
7	2-5% up	40.9%	78.6%	26.7%	90.0%
8	6-10% up	36.4%	14.3%	66.7%	10.0%
9	>10% up	22.7%	7.1%	6.7%	0.0%
10	Flat +/- 2%	18.5%	42.3%	25.0%	50.0%
11	Down -2% or more	0.0%	3.8%	0.0%	0.0%
12	2-5% down	n/a	100.0%	n/a	n/a
13	6-10% down	n/a	0.0%	n/a	n/a
14	>10% down	n/a	0.0%	n/a	n/a
Net Income					
15	Up +2% or more	70.4%	46.2%	80.0%	55.0%
16	2-5% up	57.9%	58.3%	37.5%	81.8%
17	6-10% up	15.8%	25.0%	37.5%	9.1%
18	>10% up	26.3%	16.7%	25.0%	9.1%
19	Flat +/- 2%	22.2%	46.2%	20.0%	35.0%
20	Down -2% or more	7.4%	7.7%	0.0%	10.0%
21	2-5% down	50.0%	100.0%	n/a	100.0%
22	6-10% down	50.0%	0.0%	n/a	0.0%
23	>10% down	0.0%	0.0%	n/a	0.0%
Gross Hours Logged					
24	Up +2% or more	61.5%	40.0%	60.0%	20.0%
25	2-5% up	50.0%	80.0%	66.7%	75.0%
26	6-10% up	31.3%	10.0%	25.0%	25.0%
27	>10% up	18.8%	10.0%	8.3%	0.0%
28	Flat +/- 2%	26.9%	56.0%	40.0%	75.0%
29	Down -2% or more	11.5%	4.0%	0.0%	5.0%
30	2-5% down	100.0%	100.0%	n/a	0.0%
31	6-10% down	0.0%	0.0%	n/a	100.0%
32	>10% down	0.0%	0.0%	n/a	0.0%

Wells Fargo 2018 Nine-Month Interim Survey Results

	High Profit				New York / Northeast			New York / Northeast, excl High Profit			Pennsylvania / Delaware		
Summary Metrics		% Change			% Change			% Change			% Change		
1 Total Equity Partners		1.7%			0.7%			1.5%			-0.8%		
2 Total Attorneys		4.4%			2.3%			3.1%			1.5%		
3 Gross Revenue		9.5%			9.0%			8.7%			6.1%		
4 Number of Hours Logged - All Attorneys		6.6%			4.3%			4.4%			2.9%		
5 Average Standard Rate - All Attorneys		4.4%			5.5%			5.8%			3.7%		
6 Average Effective Rate - All Attorneys		4.4%			4.8%			4.7%			4.1%		
7 Total Accounts Receivable and Unbilled Time		12.3%			8.7%			9.1%			9.6%		
Financial Metrics		% Change			% Change			% Change			% Change		
8 Gross Revenue		9.5%			9.0%			8.7%			6.1%		
9		Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg
		19.2%	1.1%	8.8%	19.7%	-5.7%	8.1%	17.9%	-5.7%	7.2%	20%+	-1.4%	4.4%
		% of Firms			% of Firms			% of Firms			% of Firms		
10 % of firms with > 5% increase		84.2%			64.0%			53.3%			41.7%		
11 % of firms with > 10% increase		47.4%			32.0%			20.0%			16.7%		
12 % of firms with > 5% decrease		0.0%			4.0%			6.7%			0.0%		
		% Change			% Change			% Change			% Change		
13 Salaries		9.6%			7.1%			7.9%			7.6%		
14 General Expenses		9.1%			6.6%			7.8%			4.1%		
15 Total Expenses		9.4%			6.9%			7.8%			6.4%		
16 Net Income to Equity Partners		9.6%			12.9%			11.2%			5.3%		
		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
17 Salary Expense Margin		37.0%	37.0%	0.1%	41.0%	40.3%	-1.7%	47.3%	46.9%	-0.8%	45.2%	45.9%	1.5%
18 General Expense Margin		21.7%	21.7%	-0.3%	24.1%	23.5%	-2.2%	25.3%	25.0%	-0.9%	24.1%	23.7%	-1.9%
19 Net Income Margin		41.3%	41.3%	0.1%	34.9%	36.2%	3.5%	27.5%	28.1%	2.2%	30.6%	30.4%	-0.7%
Profitability & Revenue Summary		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
20 Total Revenue / Equity Partner		\$3,640,195	\$3,918,393	7.6%	\$2,925,955	\$3,167,698	8.3%	\$2,276,608	\$2,439,783	7.2%	\$2,020,724	\$2,159,992	6.9%
21 Total Revenue / Attorney		\$783,880	\$821,843	4.8%	\$672,912	\$716,965	6.5%	\$552,593	\$582,932	5.5%	\$550,041	\$574,826	4.5%
		Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg
		19.4%	-3.5%	6.3%	15.9%	-7.3%	6.4%	11.2%	-7.3%	6.0%	20%+	-0.3%	4.7%
23 Salary Expenses / Attorney		\$290,166	\$304,485	4.9%	\$275,697	\$288,710	4.7%	\$261,127	\$273,238	4.6%	\$248,816	\$263,910	6.1%
24 General Expenses / Attorney		\$170,330	\$177,969	4.5%	\$162,042	\$168,808	4.2%	\$139,571	\$145,893	4.5%	\$132,772	\$136,137	2.5%
25 Total Expenses / Attorney		\$460,496	\$482,455	4.8%	\$437,739	\$457,518	4.5%	\$400,698	\$419,132	4.6%	\$381,588	\$400,047	4.8%
26 Value per Lawyer (Net Income / Lawyer)		\$323,384	\$339,389	4.9%	\$235,173	\$259,446	10.3%	\$151,895	\$163,800	7.8%	\$168,454	\$174,779	3.8%
27 Profits per Equity Partner (Net Income / EP)		\$1,501,737	\$1,618,140	7.8%	\$1,022,578	\$1,146,287	12.1%	\$625,786	\$685,563	9.6%	\$618,860	\$656,757	6.1%
28		Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg
		20%+	-6.2%	9.2%	20%+	-20%+	10.5%	20%+	-20%+	10.2%	20%+	-3.6%	1.4%

Wells Fargo 2018 Nine-Month Interim Survey Results

High Profit				New York / Northeast			New York / Northeast, excl High Profit			Pennsylvania / Delaware			
Human Capital													
Full-Time Equivalent Staffing (FTE)		% Change		% Change			% Change			% Change			
1	Equity Partners	1.7%		0.7%			1.5%			-0.8%			
2	Non-Equity Partners	8.2%		7.3%			5.6%			1.5%			
3	Associates	4.7%		2.0%			1.8%			0.8%			
4	Other Attorneys	5.6%		5.2%			14.5%			8.8%			
5	Total Attorneys	4.4%		2.3%			3.1%			1.5%			
6	Paralegals	-0.7%		-0.9%			2.6%			3.1%			
7	Other Timekeepers (Non-Attorney)	5.6%		1.1%			5.4%			13.1%			
8	Total Timekeepers	4.1%		1.9%			3.2%			2.7%			
9	Legal Secretaries	-1.1%		-1.2%			1.2%			-2.9%			
10	Other Non-Legal Staff (excl. Legal Secr.)	2.9%		3.5%			6.8%			4.0%			
11	Total Non-Legal Staff	1.8%		2.1%			5.0%			1.6%			
Staffing Metrics													
		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
12	Attorney Leverage (Attorney / Equity Partner)	3.64	3.77	3.4%	3.35	3.42	2.1%	3.12	3.19	2.1%	2.67	2.76	3.1%
13	Attorney / Secretary	4.42	4.67	5.6%	4.12	4.26	3.5%	3.76	3.83	1.9%	3.13	3.27	4.5%
14	Non-Legal Staff (excl. Legal Secr.) / Attorney	0.55	0.54	-1.4%	0.57	0.58	1.2%	0.56	0.58	3.7%	0.61	0.62	2.5%
15	Total Non-Legal Staff / Attorney	0.77	0.75	-2.6%	0.81	0.81	-0.2%	0.83	0.84	1.9%	0.93	0.93	0.1%

Wells Fargo 2018 Nine-Month Interim Survey Results

High Profit				New York / Northeast			New York / Northeast, excl High Profit			Pennsylvania / Delaware			
Productivity													
Billable Hours Logged				% Change			% Change			% Change			
1	Equity Partners	3.1%		1.4%			1.7%			-0.2%			
2	Non-Equity Partners	8.8%		8.6%			5.2%			2.7%			
3	Associates	7.1%		4.5%			4.0%			2.6%			
4	Other Attorneys	10.0%		8.1%			16.8%			10.6%			
5	Total Attorneys	6.6%		4.3%			4.4%			2.9%			
6	Paralegals	2.7%		-0.7%			-2.0%			3.4%			
7	Other Timekeepers	4.4%		5.5%			19.2%			12.9%			
8	Total Timekeepers	6.3%		4.0%			4.8%			3.7%			
Annualized Productivity Ratios				Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	
9	Equity Partners	1,651	1,673	1.4%	1,575	1,587	0.7%	1,540	1,543	0.2%	1,480	1,489	0.6%
10		Max % Chg 7.9%	Min % Chg -8.7%	Median % Chg 0.9%	Max % Chg 7.5%	Min % Chg -8.7%	Median % Chg 0.9%	Max % Chg 7.5%	Min % Chg -8.5%	Median % Chg 1.3%	Max % Chg 11.8%	Min % Chg -2.7%	Median % Chg 0.9%
11	Non-Equity Partners	1,650	1,658	0.5%	1,514	1,532	1.2%	1,531	1,523	-0.5%	1,433	1,450	1.2%
12		Max % Chg 20%+	Min % Chg -3.9%	Median % Chg 3.8%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg 1.0%	Max % Chg 9.1%	Min % Chg -20%+	Median % Chg -0.3%	Max % Chg 20%+	Min % Chg -8.8%	Median % Chg 1.4%
13	Associates	1,755	1,796	2.3%	1,686	1,728	2.4%	1,628	1,663	2.2%	1,712	1,743	1.8%
14		Max % Chg 8.0%	Min % Chg -2.2%	Median % Chg 2.1%	Max % Chg 10.6%	Min % Chg -10.0%	Median % Chg 2.1%	Max % Chg 10.6%	Min % Chg -10.0%	Median % Chg 2.3%	Max % Chg 20%+	Min % Chg -2.4%	Median % Chg 2.2%
15	Other Attorneys	1,584	1,649	4.1%	1,512	1,554	2.8%	1,406	1,434	2.0%	1,488	1,513	1.7%
16		Max % Chg 15.0%	Min % Chg -7.9%	Median % Chg 2.7%	Max % Chg 18.5%	Min % Chg -20%+	Median % Chg 3.3%	Max % Chg 18.5%	Min % Chg -20%+	Median % Chg 3.3%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg 2.3%
17	Total Attorneys	1,709	1,745	2.1%	1,634	1,666	2.0%	1,579	1,599	1.3%	1,571	1,592	1.4%
18		Max % Chg 6.4%	Min % Chg -2.8%	Median % Chg 2.7%	Max % Chg 8.3%	Min % Chg -7.0%	Median % Chg 2.2%	Max % Chg 8.3%	Min % Chg -7.0%	Median % Chg 1.3%	Max % Chg 13.8%	Min % Chg -1.9%	Median % Chg 1.3%
19	Paralegals	1,335	1,381	3.5%	1,155	1,157	0.2%	1,073	1,025	-4.4%	1,250	1,253	0.2%
20		Max % Chg 18.5%	Min % Chg -12.6%	Median % Chg 4.4%	Max % Chg 14.6%	Min % Chg -14.4%	Median % Chg -1.2%	Max % Chg 9.6%	Min % Chg -14.4%	Median % Chg -2.6%	Max % Chg 10.8%	Min % Chg -3.8%	Median % Chg 0.2%
21	Other Timekeepers	973	963	-1.1%	1,010	1,053	4.3%	1,150	1,300	13.0%	1,264	1,262	-0.2%
22		Max % Chg 20%+	Min % Chg -20%+	Median % Chg 0.1%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg 2.6%	Max % Chg 20%+	Min % Chg 20%+	Median % Chg 8.8%	Max % Chg 12.6%	Min % Chg -20%+	Median % Chg 4.4%
23	Total Timekeepers	1,620	1,654	2.1%	1,534	1,566	2.1%	1,492	1,515	1.5%	1,513	1,527	1.0%
24		Max % Chg 7.1%	Min % Chg -2.7%	Median % Chg 2.1%	Max % Chg 8.5%	Min % Chg -6.9%	Median % Chg 1.8%	Max % Chg 8.5%	Min % Chg -6.9%	Median % Chg 1.5%	Max % Chg 13.8%	Min % Chg -1.2%	Median % Chg 0.9%

Wells Fargo 2018 Nine-Month Interim Survey Results

High Profit					New York / Northeast			New York / Northeast, excl High Profit			Pennsylvania / Delaware		
Standard and Effective Rates													
Standard Value of Billable Hours Logged		% Change			% Change			% Change			% Change		
1	Equity Partners	8.5%			6.6%			5.5%			3.7%		
2	Non-Equity Partners	15.0%			16.7%			11.0%			7.6%		
3	Associates	12.4%			11.1%			12.2%			7.3%		
4	Other Attorneys	9.9%			11.9%			20.6%			12.4%		
5	Total Attorneys	11.3%			10.1%			10.5%			6.7%		
6	Paralegals	8.6%			5.2%			0.2%			10.3%		
7	Other Timekeepers	8.6%			9.0%			17.2%			18.3%		
8	Total Timekeepers	11.2%			9.9%			10.3%			7.2%		
Average Hourly Standard Rates					Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
9	Equity Partners	\$1,191	\$1,254	5.3%	\$1,068	\$1,123	5.1%	\$805	\$835	3.7%	\$773	\$803	3.9%
10	Non-Equity Partners	\$976	\$1,032	5.7%	\$692	\$743	7.5%	\$621	\$655	5.6%	\$677	\$709	4.7%
11	Associates	\$720	\$756	5.0%	\$669	\$711	6.3%	\$548	\$591	7.8%	\$475	\$496	4.5%
12	Other Attorneys	\$814	\$813	-0.1%	\$774	\$801	3.5%	\$584	\$603	3.3%	\$530	\$539	1.6%
13	Total Attorneys	\$847	\$884	4.4%	\$768	\$810	5.5%	\$620	\$656	5.8%	\$591	\$613	3.7%
14	Paralegals	\$318	\$337	5.7%	\$278	\$295	5.9%	\$245	\$250	2.2%	\$265	\$283	6.7%
15	Other Timekeepers	\$331	\$344	4.0%	\$332	\$343	3.4%	\$291	\$286	-1.7%	\$242	\$254	4.8%
16	Total Timekeepers	\$788	\$825	4.6%	\$707	\$747	5.6%	\$572	\$602	5.3%	\$539	\$558	3.4%
Effective Value of Billable Hours Logged		% Change			% Change			% Change			% Change		
17	Equity Partners	8.6%			6.4%			5.8%			3.9%		
18	Non-Equity Partners	15.0%			16.5%			11.3%			7.8%		
19	Associates	12.3%			10.1%			9.7%			8.3%		
20	Other Attorneys	9.8%			11.8%			20.5%			11.7%		
21	Total Attorneys	11.3%			9.4%			9.3%			7.1%		
22	Paralegals	7.4%			2.9%			-0.7%			6.1%		
23	Other Timekeepers	7.8%			10.9%			23.3%			18.4%		
24	Total Timekeepers	11.1%			9.2%			9.4%			7.4%		
Average Hourly Effective Rates					Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
25	Equity Partners	\$1,146	\$1,207	5.3%	\$1,012	\$1,061	4.9%	\$742	\$772	4.1%	\$702	\$731	4.1%
26	Non-Equity Partners	\$947	\$1,002	5.8%	\$643	\$690	7.3%	\$573	\$607	5.9%	\$616	\$647	4.9%
27	Associates	\$691	\$725	4.9%	\$627	\$661	5.4%	\$490	\$516	5.4%	\$437	\$461	5.5%
28	Other Attorneys	\$776	\$775	-0.2%	\$734	\$758	3.3%	\$545	\$562	3.1%	\$483	\$488	1.0%
29	Total Attorneys	\$814	\$850	4.4%	\$722	\$757	4.8%	\$563	\$589	4.7%	\$540	\$562	4.1%
30	Paralegals	\$306	\$319	4.5%	\$262	\$272	3.6%	\$228	\$231	1.3%	\$236	\$243	2.6%
31	Other Timekeepers	\$318	\$328	3.2%	\$323	\$340	5.2%	\$289	\$299	3.5%	\$224	\$235	4.9%
32	Total Timekeepers	\$758	\$792	4.6%	\$666	\$699	5.0%	\$521	\$544	4.4%	\$492	\$510	3.7%

Wells Fargo 2018 Nine-Month Interim Survey Results

High Profit					New York / Northeast			New York / Northeast, excl High Profit			Pennsylvania / Delaware		
Realization, Inventory, Debt and Realization													
1	Total Value of Fees Billed	% Change 11.0%			% Change 9.0%			% Change 8.6%			% Change 5.9%		
		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
2	Conversion Rate (\$Billed/Std Logged)	81.4%	81.3%	-0.2%	73.3%	72.7%	-0.9%	80.5%	79.3%	-1.5%	80.8%	79.8%	-1.2%
3	Net Realization Rate (Fees Collected/Billed)	84.6%	83.5%	-1.3%	92.2%	92.2%	0.0%	87.6%	87.6%	0.1%	90.8%	91.0%	0.2%
4	Gross Realization Rate (Fees Coll/Std Log)	68.9%	67.9%	-1.6%	67.6%	67.0%	-0.8%	70.5%	69.5%	-1.4%	73.3%	72.6%	-1.1%
5	Effective Realization Rate (Fees Coll/Eff Log)	71.7%	70.6%	-1.5%	71.7%	71.6%	-0.2%	77.4%	76.9%	-0.6%	80.4%	79.3%	-1.3%
Inventory													
		% of Total	% of Total	% Change	% of Total	% of Total	% Change	% of Total	% of Total	% Change	% of Total	% of Total	% Change
6	A/R 1-90 Days	68.4%	70.6%	14.1%	69.6%	70.6%	7.6%	69.3%	68.0%	4.9%	68.8%	68.5%	7.6%
7	A/R 91-180 Days	18.7%	17.3%	2.7%	19.2%	18.5%	2.2%	18.0%	19.3%	14.2%	17.4%	17.3%	7.8%
8	A/R 181-365 Days	12.9%	12.1%	3.1%	11.2%	10.9%	3.8%	12.7%	12.7%	7.0%	13.8%	14.2%	11.1%
9	Total Accounts Receivable			10.5%			6.1%			6.9%			8.1%
10	UBT 1-90 Days	63.7%	62.8%	12.4%	64.7%	63.0%	8.4%	70.4%	67.6%	7.3%	74.7%	73.8%	9.8%
11	UBT 90-180 Days	19.1%	19.3%	15.4%	18.8%	20.4%	20.7%	16.3%	18.5%	26.6%	12.3%	13.0%	17.2%
12	UBT 181-365 Days	17.2%	17.8%	18.6%	16.5%	16.6%	11.8%	13.3%	13.9%	16.4%	13.0%	13.3%	13.8%
13	Total Unbilled Time, excl. Contingency			14.0%			11.3%			11.7%			11.2%
Total Inventory (A/R + UBT)													
		% Change 12.3%		% Change 8.7%		% Change 9.1%		% Change 9.6%					
14		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
15	A/R + UBT / Attorney	\$518,792	\$557,997	7.6%	\$451,467	\$479,640	6.2%	\$338,618	\$358,219	5.8%	\$281,633	\$304,104	8.0%
16	Average Day Turnover of A/R	89	89	1.0%	92	89	-2.6%	92	90	-1.7%	75	76	2.0%
17	Average Day Turnover of UBT	93	96	4.1%	92	94	2.1%	76	78	2.7%	65	68	4.9%
18	Average A/R + UBT Turnover	181	186	2.6%	184	183	-0.3%	168	168	0.3%	140	145	3.3%
Contingency UBT													
		% Change -10.5%		% Change -8.0%		% Change 14.7%		% Change 1.1%					
19		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
20	Contingency UBT as a % of Total UBT	3.3%	2.6%	-21.0%	5.2%	4.3%	-16.6%	9.0%	9.2%	2.4%	16.0%	14.7%	-7.8%
21	Contingency UBT / Attorney	\$8,995	\$7,707	-14.3%	\$12,280	\$11,041	-10.1%	\$15,133	\$16,831	11.2%	\$24,915	\$24,817	-0.4%
Debt and Capital													
		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
22	Balance under Lines of Credit	\$3,888,268	\$11,387,174	192.9%	\$7,030,166	\$6,923,687	-1.5%	\$7,163,077	\$7,566,923	5.6%	\$7,804,417	\$6,199,500	-20.6%
23	Long Term Debt Outstanding	\$7,176,416	\$5,662,127	-21.1%	\$8,431,070	\$6,961,311	-17.4%	\$6,863,711	\$4,965,437	-27.7%	\$4,717,501	\$4,989,458	5.8%
24	Permanent Capital	\$113,208,734	\$122,619,790	8.3%	\$48,785,830	\$53,251,328	9.2%	\$18,131,717	\$18,817,915	3.8%	\$65,693,645	\$70,489,659	7.3%
25	Undistributed Income	\$119,508,940	\$126,940,716	6.2%	\$67,275,688	\$79,612,781	18.3%	\$5,603,356	\$6,538,732	16.7%	\$40,081,728	\$43,524,131	8.6%
26	Total Net Worth	\$725,305,242	\$802,858,328	10.7%	\$334,919,994	\$370,759,586	10.7%	\$142,603,484	\$154,984,069	8.7%	\$295,988,212	\$322,454,069	8.9%
27	Permanent Capital / Equity Partner	\$553,688	\$589,593	6.5%	\$437,588	\$474,357	8.4%	\$212,797	\$217,649	2.3%	\$357,338	\$386,439	8.1%
28	Permanent Capital / Attorney	\$119,231	\$123,661	3.7%	\$100,637	\$107,364	6.7%	\$51,651	\$52,002	0.7%	\$97,267	\$102,841	5.7%
29	Total Net Worth / Attorney	\$763,890	\$809,677	6.0%	\$690,881	\$747,517	8.2%	\$406,231	\$428,291	5.4%	\$438,247	\$470,444	7.3%

Wells Fargo 2018 Nine-Month Interim Survey Results

Questions		High Profit	New York / Northeast	New York / Northeast, excl High Profit	Pennsylvania / Delaware
Recruiting Staff as % of Total HR Staff		% of Total HR	% of Total HR	% of Total HR	% of Total HR
1	Full-Time Equivalent (FTE)	38%	36%	34%	30%
2	Compensation Expense	35%	32%	38%	27%
2019 Budgeted Standard Rate Increase		Average	Average	Average	Average
3	Attorneys (blended average)	5.0%	5.6%	5.7%	5.3%
4	Equity Partners	5.0%	4.7%	4.6%	5.0%
5	Associates	5.0%	6.5%	6.7%	7.6%
Revenue, Net Income and Hours 2018 actual expectation compared to fiscal year end 2017 actual results and 2018 budgeted		To FY17 Actual % of Firms	To FY18 Budget % of Firms	To FY17 Actual % of Firms	To FY18 Budget % of Firms
Gross Revenues		% of Firms	% of Firms	% of Firms	% of Firms
6	Up +2% or more	80.0%	42.9%	57.1%	35.7%
7	2-5% up	33.3%	83.3%	12.5%	80.0%
8	6-10% up	50.0%	16.7%	75.0%	20.0%
9	>10% up	16.7%	0.0%	12.5%	0.0%
10	Flat +/- 2%	13.3%	57.1%	35.7%	42.9%
11	Down -2% or more	6.7%	0.0%	7.1%	21.4%
12	2-5% down	100.0%	n/a	0.0%	33.3%
13	6-10% down	0.0%	n/a	100.0%	66.7%
14	>10% down	0.0%	n/a	0.0%	0.0%
Net Income		% of Firms	% of Firms	% of Firms	% of Firms
15	Up +2% or more	66.7%	35.7%	50.0%	35.7%
16	2-5% up	40.0%	80.0%	28.6%	40.0%
17	6-10% up	40.0%	0.0%	14.3%	0.0%
18	>10% up	20.0%	20.0%	57.1%	60.0%
19	Flat +/- 2%	26.7%	64.3%	28.6%	42.9%
20	Down -2% or more	6.7%	0.0%	21.4%	21.4%
21	2-5% down	100.0%	n/a	68.7%	0.0%
22	6-10% down	0.0%	n/a	0.0%	66.7%
23	>10% down	0.0%	n/a	33.3%	33.3%
Gross Hours Logged		% of Firms	% of Firms	% of Firms	% of Firms
24	Up +2% or more	80.0%	35.7%	50.0%	28.6%
25	2-5% up	66.7%	60.0%	42.9%	50.0%
26	6-10% up	16.7%	20.0%	57.1%	0.0%
27	>10% up	16.7%	20.0%	0.0%	50.0%
28	Flat +/- 2%	13.3%	64.3%	14.3%	35.7%
29	Down -2% or more	6.7%	0.0%	35.7%	35.7%
30	2-5% down	0.0%	n/a	60.0%	40.0%
31	6-10% down	100.0%	n/a	20.0%	40.0%
32	>10% down	0.0%	n/a	20.0%	20.0%

Wells Fargo 2018 Nine-Month Interim Survey Results

		Midwest			Mid-Atlantic			Southeast			Florida		
Summary Metrics		% Change			% Change			% Change			% Change		
1	Total Equity Partners	-0.2%			-0.8%			0.4%			1.8%		
2	Total Attorneys	2.1%			1.5%			2.8%			1.9%		
3	Gross Revenue	7.2%			3.0%			7.5%			5.9%		
4	Number of Hours Logged - All Attorneys	2.8%			1.4%			5.2%			2.5%		
5	Average Standard Rate - All Attorneys	5.5%			5.0%			3.2%			4.2%		
6	Average Effective Rate - All Attorneys	5.7%			4.7%			1.9%			3.1%		
7	Total Accounts Receivable and Unbilled Time	13.1%			9.7%			9.2%			6.0%		
Financial Metrics		% Change			% Change			% Change			% Change		
8	Gross Revenue	7.2%			3.0%			7.5%			5.9%		
9		Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg
		11.7%	-2.8%	4.6%	20%+	-20%+	-0.4%	14.8%	1.8%	7.6%	16.0%	2.1%	6.0%
		% of Firms			% of Firms			% of Firms			% of Firms		
10	% of firms with > 5% increase	46.7%			23.1%			78.6%			72.7%		
11	% of firms with > 10% increase	13.3%			7.7%			28.6%			18.2%		
12	% of firms with > 5% decrease	0.0%			23.1%			0.0%			0.0%		
		% Change			% Change			% Change			% Change		
13	Salaries	8.1%			4.9%			6.3%			6.5%		
14	General Expenses	4.7%			6.4%			4.6%			10.9%		
15	Total Expenses	6.9%			5.5%			5.7%			7.9%		
16	Net Income to Equity Partners	7.8%			-2.7%			11.5%			0.9%		
		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
17	Salary Expense Margin	43.3%	43.7%	0.8%	44.2%	45.0%	1.9%	44.8%	44.3%	-1.2%	49.6%	49.9%	0.5%
18	General Expense Margin	22.2%	21.7%	-2.4%	25.0%	25.9%	3.4%	23.8%	23.2%	-2.7%	22.5%	23.6%	4.7%
19	Net Income Margin	34.5%	34.7%	0.5%	30.8%	29.1%	-5.5%	31.4%	32.5%	3.7%	27.8%	26.5%	-4.8%
Profitability & Revenue Summary		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
20	Total Revenue / Equity Partner	\$2,592,206	\$2,786,613	7.5%	\$2,253,220	\$2,339,932	3.8%	\$2,086,467	\$2,233,264	7.0%	\$1,558,269	\$1,621,066	4.0%
21	Total Revenue / Attorney	\$565,730	\$594,066	5.0%	\$649,205	\$658,365	1.4%	\$514,609	\$538,032	4.6%	\$444,092	\$461,737	4.0%
		Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg
		10.4%	-4.6%	4.9%	15.6%	-19.4%	1.8%	16.8%	-2.1%	4.6%	19.1%	-0.9%	4.8%
23	Salary Expenses / Attorney	\$245,060	\$259,344	5.8%	\$286,629	\$296,267	3.4%	\$230,586	\$238,263	3.3%	\$220,442	\$230,455	4.5%
24	General Expenses / Attorney	\$125,669	\$128,846	2.5%	\$162,447	\$170,259	4.8%	\$122,602	\$124,682	1.7%	\$99,973	\$108,802	8.8%
25	Total Expenses / Attorney	\$370,730	\$388,190	4.7%	\$449,077	\$466,526	3.9%	\$353,189	\$362,946	2.8%	\$320,414	\$339,257	5.9%
26	Value per Lawyer (Net Income / Lawyer)	\$195,000	\$205,876	5.6%	\$200,128	\$191,839	-4.1%	\$161,421	\$175,086	8.5%	\$123,678	\$122,480	-1.0%
27	Profits per Equity Partner (Net Income / EP)	\$893,502	\$965,713	8.1%	\$694,592	\$681,827	-1.8%	\$654,475	\$726,748	11.0%	\$433,972	\$430,004	-0.9%
		Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg
28		20%+	-13.4%	10.4%	20%+	-20%+	-5.2%	20%+	-0.5%	12.1%	20%+	-20%+	2.6%

Wells Fargo 2018 Nine-Month Interim Survey Results

		Midwest			Mid-Atlantic			Southeast			Florida		
Human Capital													
Full-Time Equivalent Staffing (FTE)		% Change			% Change			% Change			% Change		
1	Equity Partners	-0.2%			-0.8%			0.4%			1.8%		
2	Non-Equity Partners	0.8%			3.5%			-0.5%			1.6%		
3	Associates	3.9%			2.1%			4.1%			2.9%		
4	Other Attorneys	1.6%			3.1%			9.1%			-0.2%		
5	Total Attorneys	2.1%			1.5%			2.8%			1.9%		
6	Paralegals	0.7%			-3.7%			0.8%			-3.5%		
7	Other Timekeepers (Non-Attorney)	9.8%			6.9%			3.7%			6.4%		
8	Total Timekeepers	2.7%			1.5%			2.7%			1.4%		
9	Legal Secretaries	-1.7%			-1.8%			-3.6%			-3.0%		
10	Other Non-Legal Staff (excl. Legal Secr.)	3.6%			3.3%			2.3%			2.4%		
11	Total Non-Legal Staff	1.8%			1.5%			0.2%			0.4%		
Staffing Metrics		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
12	Attorney Leverage (Attorney / Equity Partner)	3.58	3.69	3.0%	2.47	2.55	3.4%	3.05	3.15	3.2%	2.51	2.51	0.1%
13	Attorney / Secretary	4.96	5.16	3.9%	3.67	3.79	3.4%	3.71	3.95	6.7%	3.16	3.32	5.1%
14	Non-Legal Staff (excl. Legal Secr.) / Attorney	0.40	0.40	1.4%	0.51	0.52	1.7%	0.51	0.51	-0.5%	0.52	0.53	0.5%
15	Total Non-Legal Staff / Attorney	0.60	0.60	-0.3%	0.78	0.78	0.0%	0.78	0.76	-2.5%	0.84	0.83	-1.5%

Wells Fargo 2018 Nine-Month Interim Survey Results

		Midwest			Mid-Atlantic			Southeast			Florida		
Productivity													
Billable Hours Logged		% Change			% Change			% Change			% Change		
1	Equity Partners	0.6%			-1.7%			3.5%			2.5%		
2	Non-Equity Partners	0.4%			2.1%			1.7%			1.8%		
3	Associates	4.6%			2.3%			4.4%			4.2%		
4	Other Attorneys	2.6%			3.5%			17.2%			-3.1%		
5	Total Attorneys	2.8%			1.4%			5.2%			2.5%		
6	Paralegals	1.9%			-6.6%			2.2%			-1.7%		
7	Other Timekeepers	6.6%			-6.3%			1.6%			-1.5%		
8	Total Timekeepers	2.9%			0.3%			4.7%			1.9%		
Annualized Productivity Ratios		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
9	Equity Partners	1,431	1,444	0.9%	1,558	1,545	-0.8%	1,553	1,601	3.1%	1,476	1,486	0.7%
10		Max % Chg 3.4%	Min % Chg -5.7%	Median % Chg 2.0%	Max % Chg 6.2%	Min % Chg -13.6%	Median % Chg -2.6%	Max % Chg 7.3%	Min % Chg -2.8%	Median % Chg 3.3%	Max % Chg 15.3%	Min % Chg -4.0%	Median % Chg 1.2%
11	Non-Equity Partners	1,485	1,479	-0.4%	1,519	1,499	-1.3%	1,461	1,493	2.2%	1,471	1,475	0.3%
12		Max % Chg 7.6%	Min % Chg -16.3%	Median % Chg -0.1%	Max % Chg 16.2%	Min % Chg -9.6%	Median % Chg -3.2%	Max % Chg 20%+	Min % Chg -6.0%	Median % Chg 1.7%	Max % Chg 6.5%	Min % Chg -10.6%	Median % Chg 0.1%
13	Associates	1,687	1,697	0.6%	1,761	1,765	0.2%	1,792	1,797	0.3%	1,726	1,749	1.3%
14		Max % Chg 15.6%	Min % Chg -4.0%	Median % Chg 0.2%	Max % Chg 11.2%	Min % Chg -13.0%	Median % Chg 1.5%	Max % Chg 10.7%	Min % Chg -9.2%	Median % Chg 0.1%	Max % Chg 20%+	Min % Chg -13.9%	Median % Chg 1.4%
15	Other Attorneys	1,368	1,383	1.1%	1,530	1,537	0.5%	1,466	1,575	7.5%	1,349	1,310	-2.9%
16		Max % Chg 4.9%	Min % Chg -7.7%	Median % Chg -0.1%	Max % Chg 8.0%	Min % Chg -20%+	Median % Chg -2.4%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg 4.7%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg -1.6%
17	Total Attorneys	1,556	1,566	0.6%	1,640	1,637	-0.2%	1,613	1,650	2.3%	1,544	1,552	0.6%
18		Max % Chg 7.2%	Min % Chg -6.4%	Median % Chg 2.4%	Max % Chg 4.8%	Min % Chg -12.8%	Median % Chg -0.4%	Max % Chg 13.7%	Min % Chg -2.8%	Median % Chg 2.4%	Max % Chg 7.2%	Min % Chg -4.1%	Median % Chg 0.9%
19	Paralegals	1,364	1,380	1.2%	1,315	1,275	-3.0%	1,189	1,206	1.4%	1,334	1,359	1.9%
20		Max % Chg 12.8%	Min % Chg -12.6%	Median % Chg -1.1%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg -2.0%	Max % Chg 11.5%	Min % Chg -11.5%	Median % Chg 2.0%	Max % Chg 9.2%	Min % Chg -10.4%	Median % Chg 2.5%
21	Other Timekeepers	1,000	971	-2.9%	1,331	1,167	-12.3%	1,337	1,310	-2.0%	1,613	1,494	-7.4%
22		Max % Chg 20%+	Min % Chg -20%+	Median % Chg -2.6%	Max % Chg 12.8%	Min % Chg -20%+	Median % Chg -8.9%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg -7.0%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg -20%+
23	Total Timekeepers	1,487	1,490	0.2%	1,590	1,572	-1.1%	1,539	1,569	1.9%	1,520	1,528	0.5%
24		Max % Chg 3.4%	Min % Chg -4.6%	Median % Chg 0.7%	Max % Chg 3.5%	Min % Chg -14.5%	Median % Chg -2.4%	Max % Chg 8.8%	Min % Chg -4.8%	Median % Chg 2.5%	Max % Chg 6.7%	Min % Chg -4.4%	Median % Chg 1.5%

Wells Fargo 2018 Nine-Month Interim Survey Results

		Midwest			Mid-Atlantic			Southeast			Florida		
Standard and Effective Rates													
Standard Value of Billable Hours Logged		% Change			% Change			% Change			% Change		
1	Equity Partners	6.2%			3.5%			7.8%			6.2%		
2	Non-Equity Partners	6.4%			7.3%			6.5%			6.6%		
3	Associates	11.4%			8.4%			9.4%			9.5%		
4	Other Attorneys	6.5%			7.7%			12.4%			0.8%		
5	Total Attorneys	8.4%			6.5%			8.6%			6.7%		
6	Paralegals	5.4%			-1.6%			5.8%			3.7%		
7	Other Timekeepers	10.5%			-1.9%			4.4%			3.0%		
8	Total Timekeepers	8.4%			5.9%			8.3%			6.5%		
Average Hourly Standard Rates		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
9	Equity Partners	\$863	\$910	5.6%	\$918	\$966	5.3%	\$666	\$694	4.1%	\$689	\$713	3.6%
10	Non-Equity Partners	\$753	\$799	6.0%	\$820	\$862	5.1%	\$611	\$639	4.7%	\$611	\$639	4.7%
11	Associates	\$520	\$554	6.6%	\$588	\$623	6.0%	\$449	\$471	4.9%	\$389	\$408	5.1%
12	Other Attorneys	\$599	\$622	3.7%	\$634	\$659	4.0%	\$435	\$417	-4.1%	\$532	\$553	4.0%
13	Total Attorneys	\$641	\$677	5.5%	\$707	\$742	5.0%	\$532	\$549	3.2%	\$545	\$568	4.2%
14	Paralegals	\$269	\$278	3.4%	\$279	\$293	5.4%	\$246	\$254	3.6%	\$246	\$259	5.5%
15	Other Timekeepers	\$232	\$241	3.6%	\$365	\$382	4.7%	\$242	\$249	2.7%	\$248	\$260	4.6%
16	Total Timekeepers	\$585	\$616	5.3%	\$655	\$692	5.6%	\$484	\$501	3.4%	\$503	\$526	4.5%
Effective Value of Billable Hours Logged		% Change			% Change			% Change			% Change		
17	Equity Partners	6.3%			3.2%			7.9%			5.1%		
18	Non-Equity Partners	6.7%			6.8%			6.0%			5.6%		
19	Associates	11.6%			8.0%			8.7%			8.9%		
20	Other Attorneys	5.8%			7.7%			3.4%			-2.3%		
21	Total Attorneys	8.6%			6.1%			7.2%			5.7%		
22	Paralegals	5.1%			-1.3%			11.4%			3.9%		
23	Other Timekeepers	10.3%			-4.0%			4.7%			-0.3%		
24	Total Timekeepers	8.5%			5.5%			7.3%			5.5%		
Average Hourly Effective Rates		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
25	Equity Partners	\$815	\$861	5.6%	\$839	\$881	4.9%	\$594	\$619	4.2%	\$618	\$633	2.5%
26	Non-Equity Partners	\$718	\$763	6.3%	\$742	\$776	4.5%	\$545	\$568	4.2%	\$544	\$565	3.7%
27	Associates	\$495	\$528	6.8%	\$537	\$568	5.6%	\$405	\$422	4.2%	\$358	\$374	4.5%
28	Other Attorneys	\$556	\$573	3.1%	\$571	\$593	4.0%	\$419	\$370	-11.7%	\$483	\$487	0.9%
29	Total Attorneys	\$608	\$642	5.7%	\$644	\$674	4.7%	\$481	\$490	1.9%	\$492	\$507	3.1%
30	Paralegals	\$256	\$264	3.1%	\$251	\$265	5.7%	\$212	\$231	9.0%	\$221	\$233	5.7%
31	Other Timekeepers	\$218	\$226	3.4%	\$339	\$347	2.4%	\$231	\$238	3.0%	\$263	\$266	1.2%
32	Total Timekeepers	\$555	\$584	5.4%	\$597	\$628	5.2%	\$437	\$448	2.5%	\$455	\$471	3.5%

Wells Fargo 2018 Nine-Month Interim Survey Results

				Midwest			Mid-Atlantic			Southeast			Florida		
Realization, Inventory, Debt and															
Realization				% Change			% Change			% Change			% Change		
1	Total Value of Fees Billed			9.6%			5.0%			6.9%			4.2%		
2		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change		
3	Conversion Rate (\$Billed/Std Logged)			77.8%	78.7%	1.2%	79.3%	78.6%	-0.8%	80.2%	79.2%	-1.2%	75.8%	74.1%	-2.2%
4	Net Realization Rate (Fees Collected/Billed)			91.0%	89.0%	-2.2%	88.2%	86.4%	-2.0%	91.2%	91.7%	0.5%	86.6%	88.1%	1.7%
5	Gross Realization Rate (Fees Coll/Std Log)			70.8%	70.1%	-1.0%	69.9%	67.9%	-2.8%	73.1%	72.6%	-0.7%	65.6%	65.3%	-0.5%
6	Effective Realization Rate (Fees Coll/Eff Log)			74.7%	73.9%	-1.2%	76.7%	74.8%	-2.4%	81.0%	81.1%	0.2%	72.6%	72.9%	0.5%
Inventory				% of Total			% of Total			% of Total			% of Total		
7	A/R 1-90 Days			71.1%	70.8%	12.2%	70.2%	69.9%	10.0%	67.9%	68.6%	9.8%	65.8%	65.0%	1.0%
8	A/R 91-180 Days			16.8%	16.6%	11.5%	17.7%	18.1%	13.1%	15.6%	15.9%	10.4%	16.8%	17.9%	9.3%
9	A/R 181-365 Days			12.1%	12.6%	12.1%	12.1%	12.1%	10.3%	16.4%	15.5%	15.5%	17.4%	17.0%	0.1%
10	Total Accounts Receivable			12.7%			10.6%			8.7%			2.3%		
11	UBT 1-90 Days			69.4%	67.2%	9.9%	81.1%	80.5%	7.5%	76.4%	78.4%	12.7%	73.1%	72.3%	9.6%
12	UBT 90-180 Days			16.8%	17.7%	19.9%	11.0%	10.8%	6.3%	11.5%	10.9%	4.4%	15.4%	15.0%	7.6%
13	UBT 181-365 Days			13.8%	15.1%	24.0%	7.9%	8.6%	18.5%	12.1%	10.7%	-2.9%	11.4%	12.7%	22.9%
14	Total Unbilled Time, excl. Contingency			13.5%			8.2%			9.9%			10.8%		
Total Inventory (A/R + UBT)				% Change			% Change			% Change			% Change		
15	A/R + UBT / Attorney			\$343,855	\$380,892	10.8%	\$351,529	\$379,730	8.0%	\$274,989	\$291,995	6.2%	\$248,316	\$258,273	4.0%
16	Average Day Turnover of A/R			83	87	5.1%	91	98	7.4%	84	85	1.1%	86	83	-3.5%
17	Average Day Turnover of UBT			84	89	5.8%	57	60	5.1%	62	64	2.2%	67	70	4.6%
18	Average A/R + UBT Turnover			166	176	5.5%	148	158	6.5%	146	149	1.6%	153	153	0.0%
19	Contingency UBT			% Change			% Change			% Change			% Change		
20	Contingency UBT as a % of Total UBT			-26.8%			-4.0%			-12.2%			-11.0%		
21	Contingency UBT / Attorney			Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
22	Contingency UBT / Attorney			5.7%	3.7%	-34.2%	14.3%	12.9%	-9.9%	13.1%	10.7%	-18.0%	11.0%	9.1%	-17.9%
23	Contingency UBT / Attorney			\$10,397	\$7,453	-28.3%	\$22,545	\$21,312	-5.5%	\$17,590	\$15,014	-14.6%	\$13,475	\$11,774	-12.6%
Debt and Capital				Nine-Month 2017			Nine-Month 2018			Nine-Month 2017			Nine-Month 2018		
24	Balance under Lines of Credit			\$10,617,646	\$13,106,153	23.4%	\$15,352,939	\$17,309,116	12.7%	\$192,119	\$142,278	-25.9%	\$2,951,000	\$6,384,273	116.3%
25	Long Term Debt Outstanding			\$2,867,397	\$4,050,241	41.3%	\$7,951,301	\$7,941,518	-0.1%	\$7,203,046	\$6,916,855	-4.0%	\$4,826,813	\$1,546,764	-68.0%
26	Permanent Capital			\$76,613,040	\$81,725,503	6.7%	\$73,596,110	\$76,107,460	3.4%	\$24,139,670	\$25,980,232	7.6%	\$27,041,039	\$27,757,190	2.6%
27	Undistributed Income			\$57,795,926	\$52,900,405	-8.5%	\$13,812,288	\$20,093,700	45.5%	\$16,094,906	\$26,649,144	65.6%	\$9,662,562	\$10,306,618	-6.7%
28	Total Net Worth			\$509,277,516	\$558,720,748	9.7%	\$296,527,787	\$325,564,004	9.8%	\$165,099,149	\$188,972,175	14.5%	\$127,940,016	\$134,626,863	5.2%
29	Permanent Capital / Equity Partner			\$322,003	\$344,301	6.9%	\$429,382	\$447,833	4.3%	\$215,547	\$230,950	7.1%	\$213,105	\$214,794	0.8%
30	Permanent Capital / Attorney			\$70,275	\$73,400	4.4%	\$123,715	\$126,003	1.8%	\$53,163	\$55,640	4.7%	\$60,733	\$61,181	0.7%
31	Total Net Worth / Attorney			\$467,144	\$501,803	7.4%	\$498,465	\$539,000	8.1%	\$363,597	\$404,707	11.3%	\$287,347	\$296,737	3.3%

Wells Fargo 2018 Nine-Month Interim Survey Results

		Midwest		Mid-Atlantic		Southeast		Florida	
Questions									
Recruiting Staff as % of Total HR Staff		% of Total HR		% of Total HR		% of Total HR		% of Total HR	
1	Full-Time Equivalent (FTE)	34%		38%		39%		30%	
2	Compensation Expense	30%		35%		38%		29%	
2019 Budgeted Standard Rate Increase		Average		Average		Average		Average	
3	Attorneys (blended average)	5.4%		4.9%		5.1%		4.8%	
4	Equity Partners	5.6%		5.5%		4.4%		4.2%	
5	Associates	6.4%		5.8%		6.7%		7.3%	
Revenue, Net Income and Hours									
2018 actual expectation compared to fiscal									
year end 2017 actual results and 2018 budgeted									
Gross Revenues		To FY17 Actual	To FY18 Budget	To FY17 Actual	To FY18 Budget	To FY17 Actual	To FY18 Budget	To FY17 Actual	To FY18 Budget
		% of Firms	% of Firms	% of Firms	% of Firms	% of Firms	% of Firms	% of Firms	% of Firms
6	Up +2% or more	55.6%	20.0%	30.0%	10.0%	92.9%	76.9%	90.9%	63.6%
7	2-5% up	80.0%	50.0%	33.3%	0.0%	53.8%	60.0%	50.0%	71.4%
8	6-10% up	0.0%	50.0%	33.3%	0.0%	38.5%	40.0%	40.0%	28.6%
9	>10% up	20.0%	0.0%	33.3%	100.0%	7.7%	0.0%	10.0%	0.0%
10	Flat +/- 2%	33.3%	60.0%	50.0%	60.0%	7.1%	23.1%	0.0%	36.4%
11	Down -2% or more	11.1%	20.0%	20.0%	30.0%	0.0%	0.0%	9.1%	0.0%
12	2-5% down	100.0%	100.0%	50.0%	66.7%	n/a	n/a	0.0%	n/a
13	6-10% down	0.0%	0.0%	0.0%	33.3%	n/a	n/a	100.0%	n/a
14	>10% down	0.0%	0.0%	50.0%	0.0%	n/a	n/a	0.0%	n/a
Net Income									
Up +2% or more		55.6%	50.0%	30.0%	20.0%	92.9%	69.2%	81.8%	63.6%
15	2-5% up	60.0%	60.0%	0.0%	50.0%	61.5%	44.4%	66.7%	57.1%
16	6-10% up	20.0%	40.0%	33.3%	0.0%	23.1%	33.3%	22.2%	42.9%
17	>10% up	20.0%	0.0%	66.7%	50.0%	15.4%	22.2%	11.1%	0.0%
18	Flat +/- 2%	22.2%	30.0%	10.0%	20.0%	7.1%	30.8%	9.1%	36.4%
19	Down -2% or more	22.2%	20.0%	60.0%	60.0%	0.0%	0.0%	9.1%	0.0%
20	2-5% down	50.0%	100.0%	50.0%	50.0%	n/a	n/a	0.0%	n/a
21	6-10% down	50.0%	0.0%	33.3%	33.3%	n/a	n/a	0.0%	n/a
22	>10% down	0.0%	0.0%	16.7%	16.7%	n/a	n/a	100.0%	n/a
Gross Hours Logged									
Up +2% or more		33.3%	30.0%	20.0%	10.0%	64.3%	76.9%	70.0%	55.6%
23	2-5% up	66.7%	100.0%	50.0%	0.0%	66.7%	70.0%	85.7%	100.0%
24	6-10% up	33.3%	0.0%	50.0%	0.0%	22.2%	20.0%	14.3%	0.0%
25	>10% up	0.0%	0.0%	0.0%	100.0%	11.1%	10.0%	0.0%	0.0%
26	Flat +/- 2%	44.4%	60.0%	20.0%	40.0%	28.6%	15.4%	20.0%	33.3%
27	Down -2% or more	22.2%	10.0%	60.0%	50.0%	7.1%	7.7%	10.0%	11.1%
28	2-5% down	100.0%	100.0%	66.7%	60.0%	100.0%	100.0%	0.0%	100.0%
29	6-10% down	0.0%	0.0%	0.0%	40.0%	0.0%	0.0%	100.0%	0.0%
30	>10% down	0.0%	0.0%	33.3%	0.0%	0.0%	0.0%	0.0%	0.0%

Wells Fargo 2018 Nine-Month Interim Survey Results

			Texas / Southwest			Southern California			Northern California / Northwest		
Summary Metrics			% Change			% Change			% Change		
1	Total Equity Partners		-2.5%			2.0%			-0.7%		
2	Total Attorneys		-1.6%			3.5%			3.8%		
3	Gross Revenue		3.7%			9.4%			7.4%		
4	Number of Hours Logged - All Attorneys		-1.2%			6.0%			3.7%		
5	Average Standard Rate - All Attorneys		4.1%			4.5%			3.2%		
6	Average Effective Rate - All Attorneys		4.1%			4.9%			2.8%		
7	Total Accounts Receivable and Unbilled Time		0.6%			10.8%			7.8%		
Financial Metrics			% Change			% Change			% Change		
8	Gross Revenue		3.7%			9.4%			7.4%		
9			Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg
			12.2%	-2.4%	4.3%	20%+	0.3%	7.7%	13.2%	0.6%	7.7%
			% of Firms			% of Firms			% of Firms		
10	% of firms with > 5% increase		44.4%			66.7%			71.4%		
11	% of firms with > 10% increase		22.2%			41.7%			14.3%		
12	% of firms with > 5% decrease		0.0%			0.0%			0.0%		
			% Change			% Change			% Change		
13	Salaries		3.7%			8.2%			8.9%		
14	General Expenses		3.4%			9.8%			0.3%		
15	Total Expenses		3.6%			8.8%			5.9%		
16	Net Income to Equity Partners		4.0%			10.3%			10.9%		
			Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
17	Salary Expense Margin		42.0%	42.0%	0.0%	38.2%	37.8%	-1.1%	45.8%	46.4%	1.4%
18	General Expense Margin		22.8%	22.7%	-0.4%	23.3%	23.4%	0.4%	24.2%	22.6%	-6.7%
19	Net Income Margin		35.2%	35.3%	0.3%	38.5%	38.8%	0.8%	30.0%	31.0%	3.2%
Profitability & Revenue Summary			Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
20	Total Revenue / Equity Partner		\$1,906,189	\$2,027,747	6.4%	\$2,941,732	\$3,155,287	7.3%	\$2,021,393	\$2,186,833	8.2%
21	Total Revenue / Attorney		\$561,397	\$591,821	5.4%	\$759,494	\$803,110	5.7%	\$563,679	\$583,322	3.5%
22			Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg
			17.0%	-1.3%	6.0%	20%+	-7.3%	5.3%	7.3%	-3.0%	4.0%
23	Salary Expenses / Attorney		\$235,849	\$248,513	5.4%	\$290,495	\$303,861	4.6%	\$258,004	\$270,724	4.9%
24	General Expenses / Attorney		\$128,083	\$134,547	5.0%	\$176,764	\$187,649	6.2%	\$136,573	\$131,917	-3.4%
25	Total Expenses / Attorney		\$363,932	\$383,060	5.3%	\$467,259	\$491,509	5.2%	\$394,577	\$402,641	2.0%
26	Value per Lawyer (Net Income / Lawyer)		\$197,465	\$208,761	5.7%	\$292,235	\$311,601	6.6%	\$169,102	\$180,681	6.8%
27	Profits per Equity Partner (Net Income / EP)		\$670,481	\$715,275	6.7%	\$1,131,906	\$1,224,228	8.2%	\$606,412	\$677,360	11.7%
28			Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg	Max % Chg	Min % Chg	Median % Chg
			20%+	-18.7%	12.9%	20%+	-4.9%	4.8%	20%+	-8.9%	6.9%

Wells Fargo 2018 Nine-Month Interim Survey Results

		Texas / Southwest			Southern California			Northern California / Northwest		
Human Capital										
Full-Time Equivalent Staffing (FTE)		% Change			% Change			% Change		
1	Equity Partners	-2.5%			2.0%			-0.7%		
2	Non-Equity Partners	0.8%			6.8%			5.9%		
3	Associates	-1.9%			3.5%			5.9%		
4	Other Attorneys	-1.6%			4.4%			4.3%		
5	Total Attorneys	-1.6%			3.5%			3.8%		
6	Paralegals	-10.9%			2.6%			-0.7%		
7	Other Timekeepers (Non-Attorney)	3.7%			9.0%			13.9%		
8	Total Timekeepers	-1.8%			3.8%			4.3%		
9	Legal Secretaries	-4.0%			-0.8%			-2.3%		
10	Other Non-Legal Staff (excl. Legal Secr.)	0.0%			1.1%			2.5%		
11	Total Non-Legal Staff	-1.3%			0.5%			1.0%		
Staffing Metrics		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
12	Attorney Leverage (Attorney / Equity Partner)	2.40	2.43	1.3%	2.87	2.93	1.9%	2.59	2.75	6.3%
13	Attorney / Secretary	3.49	3.58	2.5%	4.20	4.38	4.3%	3.88	4.12	6.2%
14	Non-Legal Staff (excl. Legal Secr.) / Attorney	0.59	0.60	1.7%	0.55	0.54	-2.3%	0.55	0.54	-1.3%
15	Total Non-Legal Staff / Attorney	0.87	0.87	0.3%	0.79	0.76	-2.8%	0.81	0.78	-2.7%

Wells Fargo 2018 Nine-Month Interim Survey Results

Texas / Southwest				Southern California			Northern California / Northwest					
Productivity												
Billable Hours Logged				% Change			% Change					
1	Equity Partners	-2.3%		4.0%			-1.0%					
2	Non-Equity Partners	1.6%		9.9%			6.0%					
3	Associates	-2.1%		6.6%			6.3%					
4	Other Attorneys	2.4%		4.9%			2.1%					
5	Total Attorneys	-1.2%		6.0%			3.7%					
6	Paralegals	-8.4%		8.2%			1.0%					
7	Other Timekeepers	-1.6%		15.0%			0.3%					
8	Total Timekeepers	-1.7%		5.6%			3.3%					
Annualized Productivity Ratios				Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
9	Equity Partners	1,526	1,529	0.2%	1,711	1,744	2.0%	1,557	1,552	-0.3%		
10		Max % Chg 3.9%	Min % Chg -3.8%	Median % Chg 2.0%	Max % Chg 8.1%	Min % Chg -8.8%	Median % Chg 0.2%	Max % Chg 3.8%	Min % Chg -4.3%	Median % Chg 2.2%		
11	Non-Equity Partners	1,391	1,401	0.7%	1,571	1,617	2.9%	1,616	1,618	0.1%		
12		Max % Chg 7.8%	Min % Chg -9.5%	Median % Chg 0.3%	Max % Chg 8.2%	Min % Chg -3.1%	Median % Chg 0.0%	Max % Chg 2.1%	Min % Chg -3.9%	Median % Chg 0.0%		
13	Associates	1,778	1,775	-0.2%	1,724	1,775	3.0%	1,731	1,739	0.5%		
14		Max % Chg 9.7%	Min % Chg -4.5%	Median % Chg 2.4%	Max % Chg 9.6%	Min % Chg -10.4%	Median % Chg 2.2%	Max % Chg 4.2%	Min % Chg -4.3%	Median % Chg 0.3%		
15	Other Attorneys	1,224	1,273	4.0%	1,716	1,723	0.4%	1,558	1,524	-2.2%		
16		Max % Chg 20%+	Min % Chg -10.3%	Median % Chg -1.1%	Max % Chg 8.7%	Min % Chg -7.9%	Median % Chg 4.6%	Max % Chg 1.6%	Min % Chg -15.4%	Median % Chg -2.9%		
17	Total Attorneys	1,574	1,581	0.4%	1,707	1,749	2.5%	1,643	1,642	0.0%		
18		Max % Chg 5.7%	Min % Chg -3.7%	Median % Chg 0.9%	Max % Chg 6.3%	Min % Chg -9.6%	Median % Chg 1.5%	Max % Chg 3.6%	Min % Chg -3.8%	Median % Chg -1.1%		
19	Paralegals	1,210	1,243	2.8%	1,357	1,432	5.5%	1,255	1,277	1.8%		
20		Max % Chg 20%+	Min % Chg -5.4%	Median % Chg 1.4%	Max % Chg 18.5%	Min % Chg -12.2%	Median % Chg 3.2%	Max % Chg 14.8%	Min % Chg -5.7%	Median % Chg -0.7%		
21	Other Timekeepers	508	482	-5.1%	1,139	1,203	5.6%	1,061	935	-11.9%		
22		Max % Chg 3.6%	Min % Chg -20%+	Median % Chg -10.0%	Max % Chg 20%+	Min % Chg -20%+	Median % Chg -1.8%	Max % Chg 5.5%	Min % Chg -20%+	Median % Chg -15.0%		
23	Total Timekeepers	1,430	1,431	0.1%	1,642	1,686	2.7%	1,550	1,535	-1.0%		
24		Max % Chg 7.6%	Min % Chg -3.6%	Median % Chg 1.3%	Max % Chg 7.1%	Min % Chg -7.4%	Median % Chg 2.3%	Max % Chg 2.0%	Min % Chg -4.0%	Median % Chg -1.7%		

Wells Fargo 2018 Nine-Month Interim Survey Results

Texas / Southwest				Southern California				Northern California / Northwest			
Standard and Effective Rates											
Standard Value of Billable Hours Logged			% Change	% Change				% Change			
1	Equity Partners	1.6%		8.6%			3.5%				
2	Non-Equity Partners	4.6%		15.8%			6.4%				
3	Associates	2.7%		11.9%			11.2%				
4	Other Attorneys	5.8%		7.9%			3.7%				
5	Total Attorneys	2.9%		10.8%			7.0%				
6	Paralegals	-4.5%		12.2%			3.9%				
7	Other Timekeepers	3.6%		17.8%			0.5%				
8	Total Timekeepers	2.6%		11.0%			6.7%				
Average Hourly Standard Rates			Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
9	Equity Partners	\$786	\$818	4.1%	\$1,033	\$1,078	4.4%	\$822	\$859	4.5%	
10	Non-Equity Partners	\$627	\$646	3.0%	\$859	\$905	5.3%	\$517	\$519	0.4%	
11	Associates	\$482	\$506	4.9%	\$700	\$735	5.1%	\$533	\$557	4.6%	
12	Other Attorneys	\$587	\$607	3.3%	\$804	\$827	2.9%	\$515	\$523	1.6%	
13	Total Attorneys	\$600	\$625	4.1%	\$807	\$843	4.5%	\$605	\$624	3.2%	
14	Paralegals	\$261	\$272	4.2%	\$330	\$342	3.7%	\$255	\$263	2.9%	
15	Other Timekeepers	\$254	\$268	5.2%	\$307	\$315	2.4%	\$256	\$257	0.2%	
16	Total Timekeepers	\$563	\$588	4.5%	\$755	\$786	4.1%	\$555	\$573	3.3%	
Effective Value of Billable Hours Logged			% Change	% Change				% Change			
17	Equity Partners	1.7%		9.5%			1.8%				
18	Non-Equity Partners	4.0%		17.4%			6.5%				
19	Associates	2.8%		11.9%			11.3%				
20	Other Attorneys	5.9%		8.1%			4.8%				
21	Total Attorneys	2.8%		11.2%			6.6%				
22	Paralegals	-4.6%		11.8%			3.3%				
23	Other Timekeepers	6.2%		17.4%			1.0%				
24	Total Timekeepers	2.6%		11.4%			6.3%				
Average Hourly Effective Rates			Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
25	Equity Partners	\$732	\$762	4.1%	\$974	\$1,025	5.3%	\$752	\$774	2.8%	
26	Non-Equity Partners	\$568	\$582	2.4%	\$798	\$852	6.8%	\$486	\$489	0.5%	
27	Associates	\$445	\$467	5.0%	\$658	\$692	5.0%	\$496	\$519	4.6%	
28	Other Attorneys	\$534	\$552	3.4%	\$753	\$776	3.1%	\$478	\$491	2.7%	
29	Total Attorneys	\$553	\$576	4.1%	\$759	\$796	4.9%	\$560	\$575	2.8%	
30	Paralegals	\$236	\$246	4.2%	\$314	\$324	3.3%	\$237	\$242	2.3%	
31	Other Timekeepers	\$246	\$266	8.0%	\$288	\$294	2.0%	\$244	\$245	0.7%	
32	Total Timekeepers	\$519	\$542	4.5%	\$710	\$742	4.5%	\$514	\$529	2.9%	

Wells Fargo 2018 Nine-Month Interim Survey Results

Texas / Southwest				Southern California			Northern California / Northwest			
Realization, Inventory, Debt and										
Realization										
1	Total Value of Fees Billed	% Change		% Change			% Change			
		3.4%		10.9%			7.1%			
		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
2	Conversion Rate (\$Billed/Std Logged)	83.6%	84.1%	0.7%	81.9%	81.9%	-0.1%	81.9%	82.1%	0.3%
3	Net Realization Rate (Fees Collected/Billed)	90.1%	90.4%	0.3%	85.7%	84.5%	-1.4%	86.3%	86.6%	0.3%
4	Gross Realization Rate (Fees Coll/Std Log)	75.3%	76.1%	1.1%	70.2%	69.2%	-1.4%	70.7%	71.1%	0.6%
5	Effective Realization Rate (Fees Coll/Eff Log)	81.6%	82.5%	1.1%	74.6%	73.3%	-1.8%	76.3%	77.0%	1.0%
Inventory										
		% of Total	% of Total	% Change	% of Total	% of Total	% Change	% of Total	% of Total	% Change
6	A/R 1-90 Days	71.5%	73.7%	4.8%	69.3%	71.5%	15.1%	69.7%	71.3%	9.2%
7	A/R 91-180 Days	16.6%	16.1%	-1.6%	16.8%	16.3%	8.4%	18.4%	17.4%	0.8%
8	A/R 181-365 Days	11.8%	10.2%	-12.2%	13.9%	12.1%	-3.2%	11.9%	11.3%	0.9%
9	Total Accounts Receivable			1.7%			11.4%			6.7%
10	UBT 1-90 Days	77.4%	79.4%	1.6%	70.8%	69.5%	8.0%	74.6%	75.0%	10.1%
11	UBT 90-180 Days	12.4%	11.4%	-9.1%	15.4%	14.1%	0.7%	13.4%	13.9%	13.2%
12	UBT 181-365 Days	10.2%	9.3%	-10.1%	13.8%	16.4%	30.8%	12.0%	11.1%	1.8%
13	Total Unbilled Time, excl. Contingency			-0.9%			10.0%			9.5%
		% Change		% Change			% Change			
14	Total Inventory (A/R + UBT)	0.6%		10.8%			7.8%			
		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
15	A/R + UBT / Attorney	\$289,615	\$296,137	2.3%	\$456,709	\$488,990	7.1%	\$325,519	\$338,089	3.9%
16	Average Day Turnover of A/R	81	80	-1.9%	91	91	1.8%	95	95	-0.7%
17	Average Day Turnover of UBT	60	57	-4.4%	75	76	0.6%	63	64	1.9%
18	Average A/R + UBT Turnover	141	137	-3.0%	165	167	1.3%	158	159	0.4%
		% Change		% Change			% Change			
19	Contingency UBT	3.2%		2.2%			-2.4%			
		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
20	Contingency UBT as a % of Total UBT	15.9%	16.4%	3.5%	6.6%	6.1%	-6.6%	4.4%	4.0%	-10.4%
21	Contingency UBT / Attorney	\$23,233	\$24,381	4.9%	\$14,687	\$14,515	-1.2%	\$5,989	\$5,634	-5.9%
Debt and Capital										
		Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change	Nine-Month 2017	Nine-Month 2018	% Change
22	Balance under Lines of Credit	\$2,169,730	\$2,086,802	-3.8%	\$414,265	\$284,622	-31.3%	\$0	\$0	n/a
23	Long Term Debt Outstanding	\$6,489,202	\$4,730,031	-27.1%	\$2,872,239	\$789,076	-72.5%	\$14,313,042	\$11,182,793	-21.9%
24	Permanent Capital	\$29,794,656	\$29,373,253	-1.4%	\$79,267,907	\$83,335,722	5.1%	\$97,488,509	\$102,035,393	4.7%
25	Undistributed Income	\$24,136,935	\$23,440,425	-2.9%	\$19,030,618	\$22,771,155	19.7%	\$15,736,773	\$22,032,583	40.0%
26	Total Net Worth	\$178,437,061	\$178,066,526	-0.2%	\$362,713,867	\$399,019,794	10.0%	\$365,102,295	\$395,597,015	8.4%
27	Permanent Capital / Equity Partner	\$235,324	\$237,947	1.1%	\$530,309	\$546,583	3.1%	\$451,814	\$476,292	5.4%
28	Permanent Capital / Attorney	\$69,306	\$69,448	0.2%	\$136,915	\$139,121	1.6%	\$125,991	\$127,047	0.8%
29	Total Net Worth / Attorney	\$415,066	\$421,005	1.4%	\$626,494	\$666,125	6.3%	\$471,848	\$492,570	4.4%

Wells Fargo 2018 Nine-Month Interim Survey Results

Questions		Texas / Southwest		Southern California		Northern California / Northwest	
Recruiting Staff as % of Total HR Staff		% of Total HR		% of Total HR		% of Total HR	
1	Full-Time Equivalent (FTE)	32%		44%		40%	
2	Compensation Expense	25%		44%		39%	
2019 Budgeted Standard Rate Increase		Average		Average		Average	
3	Attorneys (blended average)	5.0%		4.8%		4.7%	
4	Equity Partners	3.8%		4.8%		4.7%	
5	Associates	6.8%		5.1%		5.0%	
Revenue, Net Income and Hours							
2018 actual expectation compared to fiscal year end 2017 actual results and 2018 budgeted		To FY17 Actual	To FY18 Budget	To FY17 Actual	To FY18 Budget	To FY17 Actual	To FY18 Budget
Gross Revenues		% of Firms	% of Firms	% of Firms	% of Firms	% of Firms	% of Firms
6	Up +2% or more	62.5%	50.0%	80.0%	30.0%	71.4%	57.1%
7	2-5% up	40.0%	75.0%	25.0%	33.3%	20.0%	100.0%
8	6-10% up	40.0%	25.0%	37.5%	33.3%	60.0%	0.0%
9	>10% up	20.0%	0.0%	37.5%	33.3%	20.0%	0.0%
10	Flat +/- 2%	37.5%	25.0%	10.0%	60.0%	28.6%	42.9%
11	Down -2% or more	0.0%	25.0%	10.0%	10.0%	0.0%	0.0%
12	2-5% down	n/a	100.0%	100.0%	100.0%	n/a	n/a
13	6-10% down	n/a	0.0%	0.0%	0.0%	n/a	n/a
14	>10% down	n/a	0.0%	0.0%	0.0%	n/a	n/a
Net Income							
15	Up +2% or more	62.5%	50.0%	60.0%	40.0%	71.4%	71.4%
16	2-5% up	20.0%	75.0%	16.7%	50.0%	40.0%	60.0%
17	6-10% up	20.0%	25.0%	50.0%	25.0%	20.0%	20.0%
18	>10% up	60.0%	0.0%	33.3%	25.0%	40.0%	20.0%
19	Flat +/- 2%	37.5%	37.5%	20.0%	50.0%	14.3%	28.6%
20	Down -2% or more	0.0%	12.5%	20.0%	10.0%	14.3%	0.0%
21	2-5% down	n/a	0.0%	100.0%	0.0%	0.0%	n/a
22	6-10% down	n/a	100.0%	0.0%	100.0%	100.0%	n/a
23	>10% down	n/a	0.0%	0.0%	0.0%	0.0%	n/a
Gross Hours Logged							
24	Up +2% or more	25.0%	37.5%	60.0%	40.0%	57.1%	28.6%
25	2-5% up	50.0%	100.0%	50.0%	50.0%	50.0%	100.0%
26	6-10% up	50.0%	0.0%	50.0%	50.0%	25.0%	0.0%
27	>10% up	0.0%	0.0%	0.0%	0.0%	25.0%	0.0%
28	Flat +/- 2%	37.5%	37.5%	20.0%	60.0%	28.6%	57.1%
29	Down -2% or more	37.5%	25.0%	20.0%	0.0%	14.3%	14.3%
30	2-5% down	100.0%	0.0%	50.0%	n/a	100.0%	100.0%
31	6-10% down	0.0%	100.0%	50.0%	n/a	0.0%	0.0%
32	>10% down	0.0%	0.0%	0.0%	n/a	0.0%	0.0%

STATE BAR OF TEXAS

DEPARTMENT OF RESEARCH & ANALYSIS



2015 HOURLY FACT SHEET

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Analysis by Invariance Dynamics Consulting – Nils Greger Olsson, PhD

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Introduction

This hourly rate report is published periodically about the economics of law practice in Texas. To make such information available to attorneys, the State Bar's Department of Research and Analysis conducted the Texas Attorney Survey – Status 2015 on March 21, 2016. A goal of the survey was to obtain information on hourly rates charged in 2015 by Texas attorneys.

This report presents the data collected on the hourly rates of 4,260 licensed and practicing, full-time private practitioners who provided hourly rate information for the calendar year 2015. The report provides detailed breakdowns of hourly rates by sex, race, ethnicity, age, law firm size, years of experience, area of practice, and region of the state. A comparison to 2013 hourly rates is also provided for select demographics.

The questionnaire was emailed on March 21, 2016, to all active State Bar of Texas attorneys who have not opted out of taking surveys (N = 94,150). The survey's response rate was 12.5 percent, with a total of 11,793 attorneys responding to at least a portion of the survey. A more detailed description of the methodology and a copy of the questionnaire are included at the end of this report (Appendix A).

This report on hourly rates displays the median hourly rates by category. The median hourly rate is the preferred measure of average hourly rates, rather than the mean, because it more accurately represents the typical rates. Rates are only reported on categories with 6 or more responses.

2015 HOURLY RATE FACT SHEET

2015 and 2013 Overall Hourly Rates¹: Distribution Statistics

This *distribution statistics* table on the right shows the following statistics of 2015 hourly rates:

- i. The **mean (average)**: of reported hourly rates.
- ii. The **75th percentile²**: 75 percent of attorneys charge at or less.
- iii. The **median (50th percentile)**: the hourly rate charged at the midpoint of a rank ordering of attorneys' rates (50 percent of attorneys charge the median or less).
- iv. The **25th percentile**, the rate that 25 percent of attorneys charge at or less than.

When possible, the 2013 hourly rate medians are shown for the comparison.

¹If an attorney's hourly rate varied by area of practice, a simple average for that attorney was calculated.

2015 Hourly Rate	
	Private Practitioners (n= 4,260)
Average (Mean)	\$288
75th Percentile	\$350
Median (50th Percentile)	\$260
25th Percentile	\$200

2013 Hourly Rate	
	Private Practitioners (n= 4,951)
Median	\$242
Increase or decrease in medians (2015 - 2013)	\$18
Percent change in medians (2015 - 2013) / 2013	7.4%

Hourly Rate Summary Findings

Below are summary findings from the 2015 survey. Articles will be published in the *Texas Bar Journal* to provide detailed information on notable findings.

All hourly rate information provided in this report is for full-time private practitioners only.

Hourly Rates by Demographic Category

- The median hourly rate reported for all full-time private practitioners increased by 7.4 percent (\$242 to \$260) from 2013 to 2015.
- The median hourly rate reported for women attorneys increased by 9.6 percent (\$228 to \$250) from 2013 to 2015. This compares to a 11.3 percent (\$247 to \$275) increase for male attorneys.
- The median hourly rate reported for racial minority attorneys increased by 14.7 percent (\$218 to \$250) from 2013 to 2015. This compares to a 6.1 percent increase (\$245 to \$260) for white attorneys.
- There is a direct relationship between median hourly rates and years of experience, age, and firm size. Information on median hourly rates reported in 2015 for these categories include:
 - Years of experience: Rates increase as attorneys obtain more experience. In 2015, rates ranged from \$200 for attorneys who had 2 or less years of experience to \$300 for attorneys who had more than 25 years of experience.
 - Age: Rates increase as attorneys age. In 2015, rates ranged from \$180 for attorneys who were 21 to 25 years of age to \$300 for attorneys who were more than 65 years of age.
 - Firm size: Rates increase as firm sizes increase. In 2015, rates ranged from \$250 for attorneys who worked as solo practitioners to \$425 for attorneys who were in firms with more than 400 attorneys.
- Detailed information on hourly rates reported by practice area can be found on pages 6-7, and 9-11.

Hourly Rates by Geographic Region

- Overall median hourly rate findings by geographic region include:
 - All metropolitan regions: Rates for attorneys in metropolitan regions increased by 8.2 percent (\$243 to \$263) from 2013 to 2015.
 - Non-metropolitan areas: Rates for attorneys in non-metropolitan areas increased by 20.6 percent (\$199 to \$240) from 2013 to 2015.
 - Out of state/country: Rates for attorneys out of state/country increased by 9.7 percent (\$269 to \$295) from 2013 to 2015.
- Detailed information on hourly rates by geographic region can be found on pages 8-13.

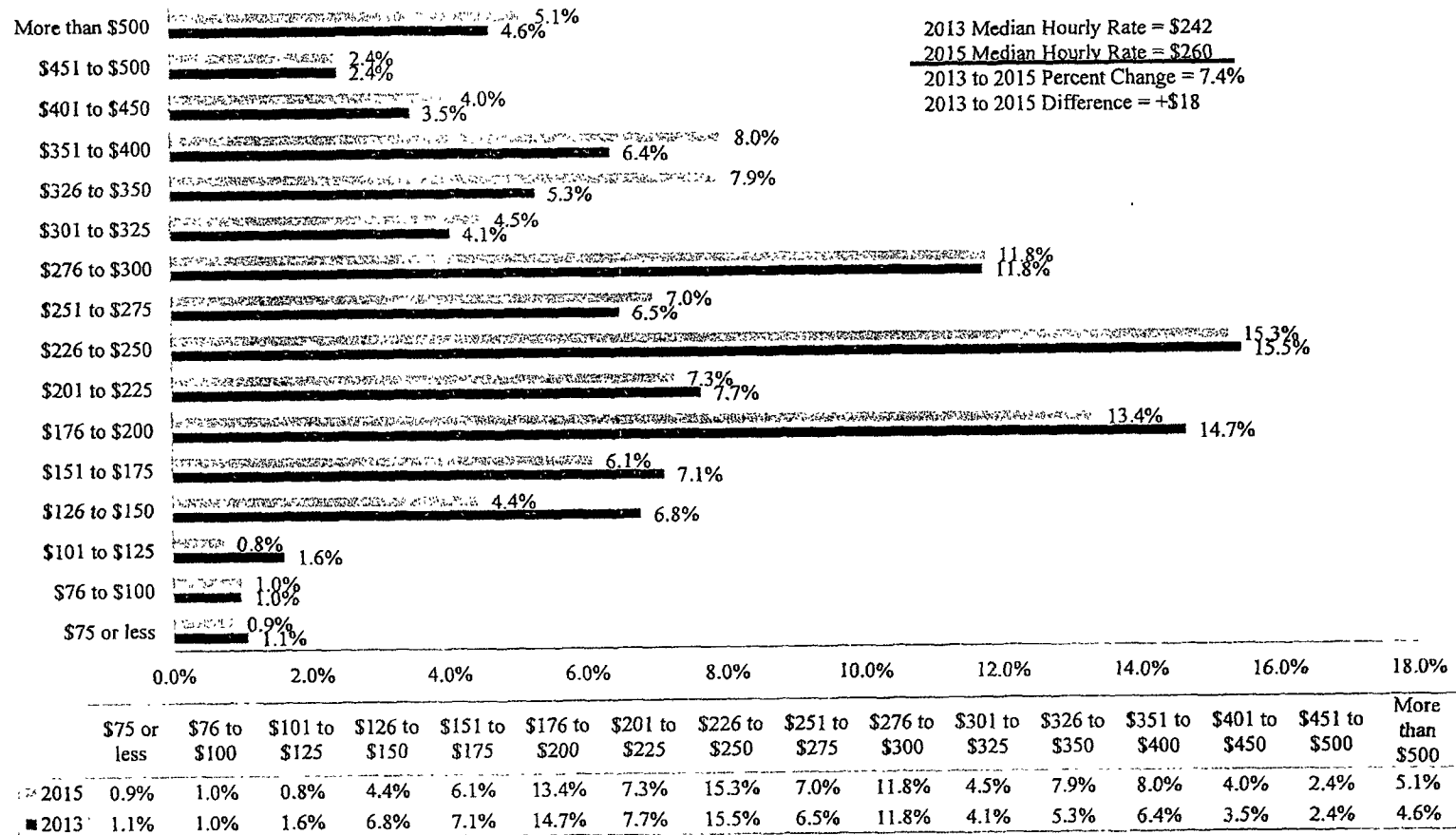
2015 HOURLY RATE FACT SHEET

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2015 HOURLY RATE FACT SHEET

Median Hourly Rates by Demographic Category
Hourly Rate Ranges of 2015 and 2013 – Full-Time Private Practitioners



*Note: If an attorney's hourly rate varied by area of practice, a simple average was calculated.

2015 HOURLY RATE FACT SHEET

Hourly Rates by Demographic Category
2013 and 2015 Median Hourly Rate by Sex, Race, and Ethnicity

	Median Hourly Rates		Change from 2013 to 2015	
	2013	2015	Difference	Percent Change
All Full-Time Private Practitioners				
Full-Time attorneys	\$242 (N = 4,951)	\$260 (N = 4,260)	\$18	7.4%
Sex				
Male	\$247 (N = 3,271)	\$275 (N = 2,749)	\$28	11.3%
Female	\$228 (N = 1,458)	\$250 (N = 1,406)	\$22	9.6%
Race				
White	\$245 (N = 3,958)	\$260 (N = 3,730)	\$15	6.1%
All Racial Minorities (For 2013, this included Hispanic or Latino)	\$218 (N = 732)	\$250 (N = 371)	\$32	14.7%
Black or African American	\$220 (N = 132)	\$250 (N = 110)	\$30	13.6%
American Indian or Alaska Native	\$200 (N = 14)	\$250 (N = 24)	\$50	25.0%
Asian (above was "Asian/Pacific Islander in 2013)	\$230 (N = 107)	\$250 (N = 89)	\$20	8.7%
Native Hawaiian or Other Pacific Islander	N/A	~	N/A	N/A
Two or More Races	\$233 (N = 65)	\$264 (N = 74)	\$31	13.2%
Other Race	\$238 (N = 53)	\$250 (N = 70)	\$12	5.0%
Ethnicity				
Hispanic or Latino	\$203 (N = 361)	\$250 (N = 376)	\$47	23.2%
Not Hispanic or Latino	N/A	\$265 (N = 3,721)	N/A	N/A

If multiple rates provided, by practice area, they were averaged for overall hourly rate. Rates are reported only for groups with six or more observations. Otherwise the tilde is shown (~).

2015 HOURLY RATE FACT SHEET

Hourly Rates by Demographic Category
2013 and 2015 Median Hourly Rate by Years of Experience

	Median Hourly Rates		Change from 2013 to 2015	
	2013	2015	Difference	Percent Change
Years of Experience				
2 or less years	\$185 (N = 590)	\$200 (N = 475)	\$15	8.1%
3 to 6 years	\$218 (N = 790)	\$250 (N = 759)	\$32	14.7%
7 to 10 years	\$239 (N = 533)	\$250 (N = 483)	\$11	4.6%
11 to 15 years	\$245 (N = 498)	\$258 (N = 483)	\$13	5.4%
16 to 20 years	\$261 (N = 437)	\$300 (N = 382)	\$39	14.9%
21 to 25 years	\$264 (N = 504)	\$300 (N = 383)	\$36	13.6%
Over 25 years	\$281 (N = 1,399)	\$300 (N = 1,194)	\$19	6.8%

Note: Years of experience based on year first licensed in any jurisdiction

2015 HOURLY RATE FACT SHEET

Hourly Rates by Demographic Category
2013 and 2015 Median Hourly Rate by Age

	Median Hourly Rates		Change from 2013 to 2015	
	2013	2015	Difference	Percent Change
Age				
21 to 25 years	\$150 (N = 26)	\$180 (N = 49)	\$30	20.0%
26 to 30 years	\$192 (N = 624)	\$200 (N = 567)	\$8	4.2%
31 to 35 years	\$227 (N = 686)	\$250 (N = 672)	\$23	10.1%
36 to 40 years	\$237 (N = 512)	\$250 (N = 466)	\$13	5.5%
41 to 45 years	\$240 (N = 499)	\$254 (N = 444)	\$14	5.9%
46 to 50 years	\$262 (N = 500)	\$290 (N = 398)	\$28	10.7%
51 to 55 years	\$268 (N = 530)	\$275 (N = 426)	\$7	2.6%
56 to 60 years	\$269 (N = 546)	\$300 (N = 428)	\$31	11.5%
61 to 65 years	\$270 (N = 397)	\$300 (N = 367)	\$30	11.1%
More than 65 years	\$279 (N = 401)	\$300 (N = 325)	\$21	7.5%

2015 HOURLY RATE FACT SHEET

Hourly Rates by Demographic Category
2013 and 2015 Median Hourly Rates by Firm Size

Firm Size	Median Hourly Rates		Change from 2013 to 2015	
	2013	2015	Difference	Percent Change
Solo Practitioners	\$230 (N = 1,539)	\$250 (N = 1,101)	\$20	8.7%
2 to 5 attorneys	\$237 (N = 1,336)	\$250 (N = 1,101)	\$13	5.5%
6 to 10 attorneys	\$236 (N = 488)	\$250 (N = 511)	\$14	5.9%
11 to 24 attorneys	\$231 (N = 468)	\$250 (N = 437)	\$19	8.2%
25 to 40 attorneys	\$236 (N = 271)	\$250 (N = 264)	\$14	5.9%
41 to 60 attorneys	\$248 (N = 114)	\$280 (N = 123)	\$32	12.9%
61 to 100 attorneys	\$266 (N = 129)	\$257 (N = 84)	-\$9	-3.5%
101 to 200 attorneys	\$304 (N = 117)	\$333 (N = 93)	\$29	9.6%
201 to 400	\$378 (N = 117)	\$359 (N = 137)	-\$19	-5.1%
More than 400 attorneys	\$452 (N = 347)	\$425 (N = 318)	-\$27	-6.0%

2015 HOURLY RATE FACT SHEET

Hourly Rates by Demographic Category
2013 and 2015 Median Hourly Rates by Practice Area

Practice Area	Median Hourly Rates		Change from 2013 to 2015	
	2013	2015	Difference	Percent Change
Administrative and Public	\$243 (N = 132)	\$271 (N = 88)	\$28	11.6%
ADR	\$278 (N = 65)	\$300 (N = 30)	\$22	7.9%
Antitrust	\$463 (N = 19)	\$485 (N = 13)	\$22	4.8%
Appellate	\$258 (N = 190)	\$295 (N = 162)	\$37	14.3%
Aviation	\$230 (N = 11)	\$310 (N = 11)	\$80	34.8%
Bankruptcy	\$259 (N = 218)	\$300 (N = 106)	\$41	15.8%
Business	\$248 (N = 841)	\$285 (N = 879)	\$37	14.9%
Construction	\$235 (N = 197)	\$250 (N = 215)	\$15	6.4%
Consumer	\$233 (N = 128)	\$243 (N = 88)	\$10	4.1%
Creditor-Debtor	\$211 (N = 200)	\$250 (N = 159)	\$39	18.5%
Criminal	\$190 (N = 519)	\$200 (N = 149)	\$10	5.3%
Elder Law	\$228 (N = 97)	\$250 (N = 58)	\$22	9.6%
Entertainment	\$307 (N = 15)	\$300 (N = 19)	-\$7	-2.3%
Environmental	\$321 (N = 59)	\$308 (N = 54)	-\$14	-4.2%
Ethics-Legal Malpractice	\$279 (N = 29)	\$273 (N = 30)	-\$7	-2.3%
Family	\$227 (N = 1,071)	\$250 (N = 916)	\$23	10.1%
Government/Administrative	\$196 (N = 143)	\$225 (N = 126)	\$29	14.8%
Health Care	\$247 (N = 116)	\$255 (N = 112)	\$8	3.2%
Immigration	\$196 (N = 87)	\$270 (N = 12)	\$74	37.8%

Note: Attorneys could report working in more than one practice area. For example, if an attorney reported working in both family law and criminal law they were counted in both.

2015 HOURLY RATE FACT SHEET

Hourly Rates by Demographic Category
2013 and 2015 Median Hourly Rates by Practice Area (Continued)

Practice Area	Median Hourly Rates		Change from 2013 to 2015	
	2013	2015	Difference	Percent Change
Insurance	\$183 (N = 269)	\$195 (N = 271)	\$12	6.6%
Intellectual Property	\$331 (N = 267)	\$365 (N = 208)	\$34	10.3%
International	\$350 (N = 36)	\$385 (N = 31)	\$35	10.0%
Juvenile	\$147 (N = 47)	\$100 (N = 27)	-\$47	-32.0%
Labor-Employment	\$256 (N = 335)	\$278 (N = 282)	\$22	8.4%
Law Office Management	\$241 (N = 15)	~	N/A	N/A
Litigation, Commercial	\$265 (N = 1,299)	\$283 (N = 1209)	\$18	6.6%
Litigation: Personal Injury	\$189 (N = 599)	\$185 (N = 431)	-\$4	-2.1%
Military	~	~	N/A	N/A
Oil & Gas	\$240 (N = 350)	\$255 (N = 302)	\$15	6.3%
Other	\$237 (N = 265)	\$260 (N = 183)	\$23	9.7%
Public Utility Law	\$259 (N = 44)	\$308 (N = 30)	\$49	18.7%
Real Estate	\$237 (N = 731)	\$250 (N = 612)	\$13	5.5%
School Law	\$208 (N = 56)	\$225 (N = 48)	\$17	8.2%
Securities Law	\$338 (N = 83)	\$385 (N = 78)	\$47	13.9%
Social Security Law	\$194 (N = 12)	~	N/A	N/A
Taxation	\$292 (N = 151)	\$350 (N = 172)	\$58	19.9%
Technology	\$290 (N = 30)	\$375 (N = 25)	\$85	29.3%
Wills-Trusts-Probate	\$232 (N = 867)	\$250 (N = 602)	\$18	7.8%

Note: Attorneys could report working in more than one practice area. Rates are reported only for groups with six or more observations. Otherwise the tilde is shown (~).

2015 HOURLY RATE FACT SHEET

Hourly Rates by Geographic Region
2013 and 2015 Median Hourly Rates by Region

Region	Median Hourly Rates		Change from 2013 to 2015	
	2013	2015	Difference	Percent Change
All Metropolitan Regions	\$243 (N = 4,234)	\$263 (N = 3,644)	\$20	8.2%
Houston-The Woodlands-Sugarland MSA	\$249 (N = 1,257)	\$275 (N = 1,134)	\$26	10.4%
Dallas-Fort Worth-Arlington MSA	\$249 (N = 1,368)	\$275 (N = 1,144)	\$26	10.4%
Austin-Round Rock MSA	\$259 (N = 574)	\$300 (N = 449)	\$41	15.8%
San Antonio-New Braunfels MSA	\$225 (N = 358)	\$250 (N = 341)	\$25	11.1%
El Paso MSA	\$203 (N = 61)	\$200 (N = 62)	-\$3	-1.5%
Corpus Christi MSA	\$229 (N = 59)	\$250 (N = 50)	\$21	9.2%
Beaumont-Port Arthur MSA	\$218 (N = 46)	\$232 (N = 42)	\$14	6.4%
Central Texas MSAs	\$199 (N = 55)	\$225 (N = 51)	\$26	13.1%
East & NE Texas MSAs	\$225 (N = 162)	\$250 (N = 139)	\$25	11.1%
South Texas MSAs	\$198 (N = 97)	\$225 (N = 79)	\$27	13.6%
West Texas MSAs	\$224 (N = 197)	\$225 (N = 153)	\$1	0.4%
Non-Metro Areas	\$199 (N = 191)	\$240 (N = 154)	\$41	20.6%
Out of State/Country	\$269 (N = 251)	\$295 (N = 278)	\$26	9.7%

2015 HOURLY RATE FACT SHEET

Hourly Rates by Practice Area by Geographic Region
2015 Median Hourly Rates

Practice Area by	2015 Median Hourly Rates by Practice Area by Region												
	Houston- The Woodlands - Sugarland MSA	Dallas- Fort Worth- Arlington MSA	Austin- Round Rock MSA	San Antonio- New Braunfels MSA	El Paso MSA	Corpus Christi MSA	Beaumont- Port Arthur MSA	Central Texas MSAs	East & NE Texas MSAs	South Texas MSAs	West Texas MSAs	Non- Metro Areas	Out of State/ Country
Administrative and Public	\$300 (N = 15)	\$250 (N = 13)	\$300 (N = 37)	\$200	~	~	~	~	~	~	~	~	\$208
ADR	\$350 (N = 8)	\$385 (N = 8)	~	~	~	~	~	~	~	~	~	~	~
Antitrust	~	~	~	~	~	~	~	~	~	~	~	~	~
Appellate	\$325 (N = 45)	\$275 (N = 46)	\$340 (N = 19)	\$250 (N = 9)	~	~	~	~	~	~	\$195 (N = 11)	~	\$198 (N = 12)
Aviation	~	~	~	~	~	~	~	~	~	~	~	~	~
Bankruptcy	\$300 (N = 31)	\$340 (N = 39)	~	~	~	~	~	~	~	~	~	~	\$355 (N = 8)
Business	\$300 (N = 240)	\$300 (N = 282)	\$300 (N = 79)	\$278 (N = 62)	\$245 (N = 8)	\$250 (N = 7)	\$275 (N = 9)	\$250 (N = 10)	\$250 (N = 36)	\$250 (N = 11)	\$225 (N = 34)	\$238 (N = 18)	\$305 (N = 63)
Construction	\$240 (N = 59)	\$250 (N = 71)	\$275 (N = 21)	\$250 (N = 23)	~	~	~	~	~	\$200 (N = 8)	~	~	\$280 (N = 11)
Consumer	\$200 (N = 20)	\$225 (N = 25)	\$275 (N = 9)	\$250 (N = 7)	~	~	~	~	~	~	~	~	\$250 (N = 9)
Creditor-Debtor	\$250 (N = 45)	\$265 (N = 45)	\$250 (N = 10)	\$200 (N = 11)	~	~	~	~	\$250 (N = 6)	~	\$195 (N = 9)	~	\$230 (N = 13)
Criminal	\$200 (N = 27)	\$238 (N = 30)	\$190 (N = 8)	\$200 (N = 14)	~	~	~	~	\$160 (N = 7)	~	\$175 (N = 6)	\$175 (N = 20)	\$238 (N = 12)
Elder Law	\$233 (N = 8)	\$250 (N = 17)	\$263	\$225 (N = 7)	~	~	~	~	~	~	~	\$225 (N = 6)	~
Entertainment	~	\$300 (N = 7)	~	~	~	~	~	~	~	~	~	~	~

Note: Attorneys could report working in more than one practice area. Rates are reported only for groups with six or more observations. Otherwise a tilde is shown (~).

2015 HOURLY RATE FACT SHEET

Hourly Rates by Practice Area by Geographic Region (continued)
2015 Median Hourly Rates

Practice Area by Region	2015 Median Hourly Rates by Practice Area by Region (Continued)												
	Houston- The Woodlands -Sugarland MSA	Dallas- Fort Worth- Arlington MSA	Austin- Round Rock MSA	San Antonio- New Braunfels MSA	El Paso MSA	Corpus Christi MSA	Beaumont -Port Arthur MSA	Central Texas MSAs	East & NE Texas MSAs	South Texas MSAs	West Texas MSAs	Non- Metro Areas	Out of State/ Country
Environmental	\$388 (N = 12)	\$418 (N = 6)	\$300 (N = 16)	~	~	~	~	~	~	~	~	~	\$330 (N = 12)
Ethics-Legal Malpractice	\$350 (N = 7)	\$240 (N = 12)	~	~	~	~	~	~	~	~	~	~	~
Family	\$260 (N = 219)	\$250 (N = 242)	\$268 (N = 82)	\$225 (N = 98)	\$213 (N = 10)	\$213 (N = 8)	\$200 (N = 7)	\$219 (N = 26)	\$250 (N = 47)	\$250 (N = 17)	\$250 (N = 38)	\$250 (N = 61)	\$250 (N = 23)
Government/Administrative	\$250 (N = 24)	\$213 (N = 24)	\$263 (N = 24)	\$238 (N = 6)	~	~	~	~	~	\$200 (N = 10)	~	\$225 (N = 7)	\$225 (N = 8)
Health Care	\$200 (N = 17)	\$240 (N = 32)	\$340 (N = 16)	\$180 (N = 15)	~	~	~	~	~	~	~	~	\$300 (N = 10)
Immigration	\$295 (N = 6)	~	~	~	~	~	~	~	~	~	~	~	~
Insurance	\$200 (N = 92)	\$185 (N = 61)	\$213 (N = 24)	\$175 (N = 20)	\$175	~	~	~	~	\$200 (N = 7)	\$190 (N = 7)	~	\$185 (N = 27)
Intellectual Property	\$345 (N = 48)	\$370 (N = 68)	\$400 (N = 39)	~	~	~	~	~	\$350 (N = 9)	~	~	~	\$400 (N = 25)
International	\$435 (N = 13)	\$313 (N = 6)	~	~	~	~	~	~	~	~	~	~	\$525 (N = 7)
Juvenile	~	\$100 (N = 8)	~	~	~	~	~	~	~	~	~	\$100	~
Labor-Employment	\$285 (N = 65)	\$280 (N = 81)	\$300 (N = 33)	\$258 (N = 24)	\$205 (N = 10)	~	~	~	\$240 (N = 9)	\$225 (N = 10)	\$225 (N = 6)	~	\$300 (N = 21)
Law Office Management	~	~	~	~	~	~	~	~	~	~	~	~	~
Litigation: Commercial	\$295 (N = 367)	\$300 (N = 350)	\$300 (N = 101)	\$263 (N = 83)	\$275 (N = 17)	\$250 (N = 13)	\$250 (N = 15)	\$250 (N = 13)	\$250 (N = 38)	\$275 (N = 22)	\$250 (N = 43)	\$250 (N = 31)	\$320 (N = 77)

Note: Attorneys could report working in more than one practice area. Rates are reported only for groups with six or more observations. Otherwise a tilde is shown (~).

2015 HOURLY RATE FACT SHEET

Hourly Rates by Practice Area by Geographic Region (continued)
2015 Median Hourly Rates

Practice Area by Region	2015 Median Hourly Rates by Practice Area by Region (Continued)												
	Houston- The Woodlands- Sugarland MSA	Dallas- Fort Worth- Arlington MSA	Austin- Round Rock MSA	San Antonio- New Braunfels MSA	El Paso MSA	Corpus Christi MSA	Beaumont- Port Arthur MSA	Central Texas MSAs	East & NE Texas MSAs	South Texas MSAs	West Texas MSAs	Non- Metro Areas	Out of State/ Country
Litigation: Personal	\$200 (N = 135)	\$185 (N = 104)	\$200 (N = 20)	\$175 (N = 42)	\$160 (N = 13)	\$160 (N = 11)	\$200 (N = 11)	~	\$160 (N = 9)	\$175 (N = 15)	\$160 (N = 17)	~	\$200 (N = 29)
Military	~	~	~	~	~	~	~	~	~	~	~	~	~
Oil & Gas	\$300 (N = 100)	\$268 (N = 48)	\$300 (N = 14)	\$250 (N = 17)	~	\$250 (N = 7)	~	~	\$250 (N = 18)	~	\$245 (N = 34)	\$250 (N = 25)	\$275 (N = 19)
Other	\$250 (N = 49)	\$278 (N = 36)	\$250 (N = 19)	\$300 (N = 16)	~	~	~	~	~	\$200	\$225 (N = 9)	\$283 (N = 12)	\$295 (N = 22)
Public Utility Law	~	~	\$320 (N = 12)	~	~	~	~	~	~	~	~	~	~
Real Estate	\$275 (N = 150)	\$285 (N = 162)	\$275 (N = 60)	\$250 (N = 57)	\$213 (N = 10)	\$250 (N = 11)	\$250 (N = 9)	\$250	\$250 (N = 20)	\$250 (N = 11)	\$200 (N = 18)	\$200 (N = 44)	\$275 (N = 35)
School Law	\$250 (N = 9)	\$205 (N = 11)	\$249 (N = 6)	~	~	~	~	~	~	~	~	~	~
Securities Law	\$400 (N = 26)	\$375 (N = 23)	\$375 (N = 15)	~	~	~	~	~	~	~	~	~	\$465 (N = 7)
Social Security Law	~	~	~	~	~	~	~	~	~	~	~	~	~
Taxation	\$350 (N = 62)	\$400 (N = 42)	\$325 (N = 20)	\$288 (N = 12)	~	~	~	~	~	~	~	~	\$325 (N = 16)
Technology	~	\$350 (N = 9)	\$368 (N = 8)	~	~	~	~	~	~	~	~	~	~
Wills-Trusts-Probate	\$275 (N = 147)	\$275 (N = 134)	\$275 (N = 48)	\$250 (N = 65)	\$225 (N = 7)	\$213 (N = 14)	\$250 (N = 7)	~ (N = 11)	\$250 (N = 35)	\$260 (N = 9)	\$250 (N = 32)	\$250 (N = 58)	\$300 (N = 15)

Note: Attorneys could report working in more than one practice area. Rates are reported only for groups with six or more observations. Otherwise a tilde is shown (~).

2015 HOURLY RATE FACT SHEET

Hourly Rates by Geographic Region by Years of Experience
2015 Median Hourly Rates

Region by Years of Experience	2015 Median Hourly Rates by Region by Years of Experience						
	2 or less years	3 to 6 years	7 to 10 years	11 to 15 years	16 to 20 years	21 to 25 years	Over 25 years
Houston-The Woodlands-Sugarland MSA	\$213 (N = 145)	\$250 (N = 211)	\$265 (N = 125)	\$257 (N = 130)	\$300 (N = 92)	\$300 (N = 103)	\$300 (N = 322)
Dallas-Fort Worth-Arlington MSA	\$217 (N = 155)	\$250 (N = 210)	\$250 (N = 161)	\$300 (N = 113)	\$300 (N = 99)	\$300 (N = 112)	\$350 (N = 292)
Austin-Round Rock MSA	\$225 (N = 44)	\$250 (N = 89)	\$300 (N = 52)	\$300 (N = 65)	\$308 (N = 46)	\$350 (N = 41)	\$306 (N = 112)
San Antonio-New Braunfels MSA	\$200 (N = 52)	\$200 (N = 68)	\$250 (N = 39)	\$250 (N = 40)	\$284 (N = 32)	\$288 (N = 14)	\$300 (N = 96)
El Paso MSA	~	\$175 (N = 9)	~	\$233 (N = 6)	\$225 (N = 12)	~	\$275 (N = 21)
Corpus Christi MSA	\$188 (N = 6)	~	~	~	~	~	\$269 (N = 24)
Beaumont-Port Arthur MSA	~	~	~	~	~	\$250 (N = 6)	\$275 (N = 19)
Central Texas MSAs	~	\$214 (N = 14)	~	\$215 (N = 9)	~	~	\$259 (N = 14)
East & NE Texas MSAs	\$175 (N = 10)	\$200 (N = 21)	\$240 (N = 12)	\$235 (N = 15)	\$263 (N = 12)	\$275 (N = 19)	\$275 (N = 50)
South Texas MSAs	\$160 (N = 6)	\$185 (N = 7)	\$225	\$200 (N = 13)	\$238 (N = 6)	\$231 (N = 14)	\$250 (N = 28)
West Texas MSAs	\$180 (N = 20)	\$200 (N = 34)	\$200 (N = 23)	\$238 (N = 16)	\$250 (N = 12)	\$273 (N = 14)	\$275 (N = 34)
Non-Metro Areas	\$175 (N = 8)	\$190 (N = 16)	\$250 (N = 11)	\$225 (N = 19)	\$225 (N = 15)	\$250 (N = 7)	\$250 (N = 78)
Out of State/Country	\$191 (N = 10)	\$250 (N = 56)	\$280 (N = 29)	\$295 (N = 35)	\$323 (N = 36)	\$260 (N = 28)	\$307 (N = 84)

Note: Attorneys could report working in more than one practice area. Rates are reported only for groups with six or more observations. Otherwise a tilde is shown (~).

2015 HOURLY RATE FACT SHEET

Hourly Rates by Geographic Region by Firm Size
2015 Median Hourly Rates

2015 Hourly Rate Fact Sheet										
Firm Size by Region	Median Hourly Rates by Firm Size and Region									
	Solo Practitioners	2 to 5 attorneys	6 to 10 attorneys	11 to 24 attorneys	25 to 40 attorneys	41 to 60 attorneys	61 to 100 attorneys	101 to 200 attorneys	201 to 400	Over 400
Houston-The Woodlands-Sugarland MSA	\$250 (N = 264)	\$250 (N = 306)	\$250 (N = 133)	\$270 (N = 118)	\$250 (N = 65)	\$253 (N = 20)	\$246 (N = 32)	\$350 (N = 33)	\$354 (N = 42)	\$450 (N = 107)
Dallas-Fort Worth-Arlington MSA	\$275 (N = 265)	\$270 (N = 301)	\$250 (N = 126)	\$228 (N = 112)	\$250 (N = 86)	\$335 (N = 53)	\$295 (N = 27)	\$360 (N = 25)	\$345 (N = 41)	\$392 (N = 99)
Austin-Round Rock MSA	\$268 (N = 110)	\$297 (N = 122)	\$300 (N = 58)	\$295 (N = 44)	\$250 (N = 23)	\$285 (N = 11)	\$250 (N = 7)	\$305 (N = 8)	\$408 (N = 22)	\$459 (N = 40)
San Antonio-New Braunfels MSA	\$250 (N = 107)	\$225 (N = 93)	\$216 (N = 50)	\$215 (N = 40)	\$210 (N = 8)	\$263	~	~	\$293 (N = 7)	\$421 (N = 16)
El Paso MSA	\$250 (N = 17)	\$200 (N = 27)	~	\$171 (N = 8)	~	~	~	~	~	~
Corpus Christi MSA	\$250 (N = 27)	\$225	\$208 (N = 10)	~	~	~	~	~	~	~
Beaumont-Port Arthur MSA	\$230 (N = 9)	\$225 (N = 14)	\$264 (N = 6)	~	~	~	~	~	~	~
Central Texas MSAs	\$213 (N = 15)	\$200 (N = 13)	~	\$225 (N = 10)	~	~	~	~	~	~
East & NE Texas MSAs	\$250 (N = 48)	\$250 (N = 54)	\$250 (N = 19)	\$248 (N = 14)	~	~	~	~	~	~
South Texas MSAs	\$225 (N = 27)	\$230 (N = 21)	\$188 (N = 11)	\$200 (N = 14)	~	~	~	~	~	~
West Texas MSAs	\$225 (N = 34)	\$200 (N = 35)	\$224 (N = 22)	\$209 (N = 28)	\$241 (N = 20)	\$205 (N = 10)	~	~	~	~
Non-Metro Areas	\$200 (N = 79)	\$250 (N = 59)	\$250 (N = 10)	~	~	~	~	~	~	~
Out of State/Country	\$256 (N = 52)	\$275 (N = 50)	\$225 (N = 33)	\$288 (N = 26)	\$250 (N = 25)	\$308 (N = 9)	\$270 (N = 9)	\$308 (N = 12)	\$368 (N = 19)	\$465 (N = 39)

Rates are reported only for groups with six or more observations. Otherwise a tilde is shown (~).

2015 HOURLY RATE FACT SHEET

APPENDIX**Method****Data Collection**

Attorney hourly rate information was collected in the Texas Attorney Survey – Status 2015. The questionnaire (Appendix A) was emailed on March 21, 2016, to 94,150 active attorneys licensed by the State Bar of Texas, maintaining active membership in the State Bar of Texas, and who did not opt out of receiving survey mailings.

The survey's results are presented in part by geographic region, which is broken down into 13 economic areas. The metropolitan areas (Metropolitan Statistical Areas or MSAs) were defined by the Federal Office of Management and Budget.

Response Rate

The cutoff date of the survey was April 18, 2016. As of the deadline there were 11,793 who completed the questionnaire, for an overall response rate of 12.5 percent. Response rates for each region are shown in the table below. Information below is on respondents who provided information on the county they practiced in.

	2015 Hourly Rate Fact Sheet - Response Rates				
	Active State Bar of Texas Members	% of State Bar Membership	SBOT Survey Respondents	% of Respondents	Response Rate
Houston-The Woodlands-Sugarland MSA	28,224	28.6%	2,711	29.1%	9.6%
Dallas-Fort Worth-Arlington MSA	26,853	27.2%	2,704	29.0%	10.1%
Austin-Round Rock MSA	11,781	11.9%	1,411	15.1%	12.0%
San Antonio-New Braunfels MSA	6,754	6.8%	799	8.6%	11.8%
El Paso MSA	1,278	1.3%	161	1.7%	12.6%
Corpus Christi MSA	1,088	1.1%	134	1.4%	12.3%
Beaumont-Port Arthur MSA	795	0.8%	84	0.9%	10.6%
Central Texas MSAs	1,034	1.0%	140	1.5%	13.5%
East & NE Texas MSAs	2,270	2.3%	284	3.0%	12.5%
South Texas MSAs	1,923	1.9%	219	2.3%	11.4%
West Texas MSAs	2,540	2.6%	332	3.6%	13.1%
Non-Metro Areas	3,417	3.5%	395	4.2%	11.6%
Out of State/Country	10,714	10.9%	1,069	11.5%	10.0%
Total attorneys identified by work location	98,671	100.0%	10,443	100.0%	10.6%
Response rate including all attorneys who responded, even if not identified by location			11,793		12.5%

*Numbers are based on attorneys who have reported the county they practiced in.

2015 HOURLY RATE FACT SHEET

Regions and Counties in Each Region

1 Houston-The Woodlands-Sugar Land MSA

Austin
Brazoria
Chambers
Fort Bend
Galveston
Harris
Liberty
Montgomery
Waller

2 Dallas-Fort Worth-Arlington MSA

Collin
Dallas
Denton
Ellis
Hood
Hunt
Johnson
Kaufman
Parker
Rockwall
Somervell
Tarrant
Wise

3 Austin-Round Rock MSA

Bastrop
Caldwell
Hays
Travis
Williamson

4 San Antonio-New Braunfels MSA

Atascosa
Bandera
Bexar
Comal
Guadalupe
Kendall
Medina
Wilson

5 El Paso MSA

El Paso
Hudspeth

6 Corpus Christi MSA

Aransas
Nueces
San Patricio

7 Beaumont-Port Arthur MSA

Hardin
Jefferson
Newton
Orange

Central Texas MSAs

8 Waco MSA

McLennan
Falls

9 Killeen-Temple MSA

Bell
Coryell
Lampasas

East & NE Texas MSAs

10 College Station-Bryan MSA

Brazos
Burleson
Robertson

11 Longview MSA

Gregg
Rusk
Upshur

12 Sherman-Denison MSA

Grayson

13 Texarkana MSA

Bowie

14 Tyler MSA

Smith

15 Victoria MSA

Goliad
Victoria

16 Wichita Falls MSA

Archer
Clay
Wichita

South Texas MSAs

17 Brownsville-Harlingen MSA

Cameron

18 Laredo MSA

Webb

19 McAllen-Edinburg-Mission MSA

Hidalgo

West Texas MSAs

20 Abilene MSA

Callahan
Jones
Taylor

21 Amarillo MSA

Armstrong
Carson
Oldham
Potter
Randall

22 Lubbock MSA

Crosby
Lubbock
Lynn

23 Midland MSA

Martin
Midland

24 Odessa MSA

Ector

25 San Angelo MSA

Irion
Tom Green

2015 HOURLY RATE FACT SHEET

26 Non-Metropolitan Counties

Anderson	Franklin	Llano	Terrell
Andrews	Freestone	Loving	Terry
Angelina	Frio	Madison	Throckmorton
Bailey	Gaines	Marion	Titus
Baylor	Garza	Mason	Trinity
Bee	Gillespie	Matagorda	Tyler
Blanco	Glasscock	Maverick	Upton
Borden	Gonzales	McCulloch	Uvalde
Bosque	Gray	McMullen	Val Verde
Brewster	Grimes	Menard	Van Zandt
Briscoe	Hale	Milam	Walker
Brooks	Hall	Mills	Ward
Brown	Hamilton	Mitchell	Washington
Burnet	Hansford	Montague	Wharton
Calhoun	Hardeman	Moore	Wheeler
Camp	Harrison	Morris	Wilbarger
Cass	Hartley	Motley	Willacy
Castro	Haskell	Nacogdoches	Winkler
Cherokee	Hemphill	Navarro	Wood
Childress	Henderson	Nolan	Yoakum
Cochran	Hill	Ochiltree	Young
Coke	Hockley	Palo Pinto	Zapata
Coleman	Hopkins	Panola	Zavala
Collingsworth	Houston	Parmer	
Colorado	Howard	Pecos	
Comanche	Hutchinson	Polk	
Concho	Jack	Presidio	
Cooke	Jackson	Rains	
Cottle	Jasper	Reagan	
Crane	Jeff Davis	Real	
Crockett	Jim Hogg	Red River	
Culberson	Jim Wells	Reeves	
Dallam	Karnes	Refugio	
Dawson	Kenedy	Roberts	
Deaf Smith	Kent	Runnels	
Delta	Kerr	Sabine	
De Witt	Kimble	San Augustine	
Dickens	King	San Jacinto	
Dimmit	Kinney	San Saba	
Donley	Kleberg	Schleicher	
Duval	Knox	Scurry	
Eastland	Lamar	Shackelford	
Edwards	Lamb	Shelby	
Erath	La Salle	Sherman	
Fannin	Lavaca	Starr	
Fayette	Lee	Stephens	
Fisher	Leon	Sterling	
Floyd	Limestone	Stonewall	
Foard	Lipscomb	Sutton	
	Live Oak	Swisher	

**INDEX TO THE DIRECT TESTIMONY
OF CASEY WREN (RATE CASE EXPENSES), WITNESS FOR
CROSS TEXAS TRANSMISSION, LLC**

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	Exhibit CW-2 – Schedule Sponsorship List	
	Exhibit CW-3 – Chart of Attorney Responsibilities and Hourly Rates for Cross Texas Transmission Rate Case	
	Exhibit CW-4 – Consulting Support and Billing Rates	

**Chart of Attorney Responsibilities and
Hourly Rates for Cross Texas Transmission Rate Case**

Vinson & Elkins Attorneys/ Rate Case Areas of Responsibility	Hourly Rates (\$)
Dick Adams (admitted 1975) <u>Issues:</u> ROE Primary support for witness Robert Hevert	750
Matt Henry (admitted 1994) Co-Lead Counsel <u>Issues:</u> Overview of Case Corporate Policy Company History Project Development Cost of Service Overview Overall Industry Cost Comparison Control Center History Capital Structure Cost of Debt ROE AFUDC Affiliate Transactions (necessity) Federal Income Tax (external) Accounting (external) Franchise Taxes Rate Design Primary support for witnesses Lawrence Willick, Joe Esteves, Bruce Fairchild	620
Myles Reynolds (admitted 2001) Co-Lead Counsel <u>Issues:</u> Construction (including Control Center) O&M Overview Affiliate Transactions (necessity) Rents/Leases Insurance Personnel (necessity) Control Center Environmental O&M Service Agreements Personnel (necessity)	575

Affiliate Transactions – Provider (reasonableness & necessity) Cost Benchmarking Affiliate Transactions (3rd Party Analysis) Overall Management Prudence Accounting (internal) Affiliate Transactions (reasonableness & necessity) Rate Case Expenses (internal) Control Center Prudence Primary support for witnesses Cameron Fredkin, Eric Schroeder, Joe Myers, Todd Jirovec, Rebecca Beckham	
Tab Urbantke (admitted 2002) <u>Issues:</u> Self-Insurance Reserve Federal Income Tax (internal) ADFIT/Bonus Depreciation (internal) Ad Valorem Taxes/Other Taxes Affiliate Transactions (necessity) Primary support for witnesses Greg Wilson, Suzanne Pepe Robbins	555
Winston Skinner (admitted 2011) Secondary support for witness Gregory Wilson Responsible for discovery and briefing	425
Jake Lewis (admitted 2013) Responsible for discovery	335
Jaren Taylor (admitted 2007)	500
Cort Thomas (admitted 2010)	445
Doris Parker (35 years experience) Paralegal	265
Annette Debose (16 years experience) Senior Project Assistant	150
Jose Cervantes Practice Support	260

Winstead Attorneys/ Rate Case Areas of Responsibility	Hourly Rates
John Arnold (admitted 1999) Issues: Payroll Incentive Compensation Benefits Depreciation Cash Working Capital Rate Case Expenses (external) Primary support for witnesses Marianne Grady, Dane Watson, Charles Loy, Casey Wren	495
Carrie Collier-Brown (admitted 2008)	315

Consulting Support & Billing Rates

Firm	Function	Individuals	Hourly Rate
Alliance Consulting Group	Depreciation	Dane Watson	\$ 260
		Karen Ponder	\$ 185
		Other Consultant/Admin	\$ 65
Lewis & Ellis, Inc.	Self-Insurance	Gregory Wilson	\$ 410
GDS Associates, Inc.	Cash Working Capital	Charles Loy	\$ 230
		Project Consultant	\$ 160
		Associate Analyst	\$ 120
Sussex Economic Advisors, LLC	ROE	Robert Hevert	\$ 350
		Partner	\$ 325
		Principal, Executive Advisor	\$ 295
		Managing Consultant	\$ 275
		Consultant	\$ 250
		Analyst	\$ 175
		Administrative Assistant	\$ 50
FINCAP	Regulatory Issues RFP Schedules	Bruce Fairchild	\$ 400
Strategy&	Affiliate Issues, Prudent Management Benchmarking	Todd Jirovec and all other timekeepers	\$ 500 (blended)
Duggins Wren Mann & Romero, LLP	Rate Case Expenses	Casey Wren	\$ 480
		Beth Watkins (Paralegal)	\$ 170
ScottMadden, Inc.	Operations	Cristin Lyons	\$ 430
		Dave Adams	\$ 325
Miller & Chevalier Chartered	Federal Income Tax	James Warren	\$ 815

KPMG	Federal Income Tax	Partner	\$ 574
		Managing Director	\$ 574
		Manager	\$ 378
		Senior Tax Associate	\$ 266
		Tax Associate	\$ 196

**INDEX TO THE DIRECT TESTIMONY
OF ROBERT A. SCHMIDT, WITNESS FOR
ONCOR ELECTRIC DELIVERY COMPANY LLC**

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Exhibit RAS-1 Rate Case Expenses - Summary
Exhibit RAS-2 Rate Case Expenses - Detail

PUC Docket No. 46957

Schmidt – Direct
Oncor Electric Delivery
2017 Rate Case

- 1 -

1554

**2017 RATE CASE
ONCOR ELECTRIC DELIVERY COMPANY LLC
WORKPAPERS FOR
THE DIRECT TESTIMONY OF
ROBERT A. SCHMIDT**

Estimate of December 2016 Test Year Rate Case Expenses

	<u>Est hours</u>	<u>Est Avg Rate</u>	<u>Total Cost</u>	<u>Rounded</u>
<u>Law Firms</u>				
Vinson & Elkins	10,250	575	5,893,750	\$5,900,000
			0	
Subtotal Legal				\$5,900,000
<u>Consultants</u>				
Alliance Consulting (D. Watson)	1,000	\$200	\$200,000	\$200,000
ScottMadden, Inc. (R. Hevert)	375	\$400	\$150,000	150,000
Miller & Chevallier (J. Warren)	135	\$895	\$120,825	120,000
Hewitt Associates (A. Taper)	325	.475	154,375	150,000
Lewis & Ellis (G. Wilson)	300	425	127,500	125,000
Baker Botts (J. Barkley)	90	810	72,900	75,000
Mgmt Appl. Consulting (G. Goble)	325	240	78,000	75,000
Don Newman	950	95	90,250	90,000
KPMG (M. Smith)	700	440	308,000	300,000
Capgemini	400	100	40,000	40,000
Subtotal Consulting				\$1,325,000
<u>Other Expenses</u>				
Employee Expenses	25 employees X 4 weeks X \$1,000 + Incr Labor			\$160,000
Printing of Rate Filing Package	Based on Last Two Rate Cases			75,000
Newspaper Notice	Based on Last Two Rate Cases			150,000
Hearings Transcripts	4 weeks X 150 pages/day X \$15/page			45,000
Miscellaneous	Copying, supplies, temps, shipping costs			65,000
Subtotal Other				\$495,000
<u>Intervenor Expenses</u>				
Cities (Steering Committee)	Based on Last Two Rate Cases			\$800,000
Alliance of Oncor Cities (AOC)	Based on Last Two Rate Cases			400,000
Subtotal Intervenors				\$1,200,000
Total December 2016 TY Rate Case Expenses				\$8,920,000

Oncor December 2016 Test Year Rate Case Expenses
Listing of Legal and Consulting Hourly Rates

Firm Name	Name	Title	Rate	Rate Range
Vinson & Elkins - Legal	Dick Adams	Partner	\$755	717.25 - 755
	JoAnn Biggs	Partner	\$755	717.25 - 755
	Matt Henry	Partner	\$885	831.75 - 665
	Myles Reynolds	Partner	\$595	565.25 - 595
	Tab Urbantke	Counsel	\$565	536.75 - 565
	Jaren Taylor	Counsel	\$565	536.75 - 565
	Winston Skinner	Senior Associate	\$450	427.50 - 450
	Lauren Freeland	Associate	\$385	365.75 - 385
Alliance Consulting - Depreciation Study	C. Thomas	Senior Associate	\$480	458 - 480
	Dane Watson	Partner	\$280	
	Karen Ponder	Senior Consultant	\$185	
	Rebecca Richards	Senior Consultant	\$185	
	Alan Ponder	Consultant/Admin	\$85	
ScottMadden, Inc. - ROE	Bob Hevert	Partner	\$440	
		Director	\$335	
	Jennifer Nelson	Manager	\$310	
		Senior Associate	\$270	
	Benjamin Thayer	Associate	\$225	
	Heather Pekarovich	Analyst	\$115	
Miller & Chevalier - Federal Tax	Kimberly Dao	Administrative Assistant	\$65	
	Jim Warren	Principal	\$895	865-895
Hawitt Associates LLC - Pension and OPEB	Alan Taper	Lead Actuarial Consultant	\$800	
	Brian Levine	Senior Actuarial Consultant	\$724	
	Brian Walker	Senior Actuarial Consultant	\$724	
	Allison Logan	Actuarial Consultant	\$528	
	Zach Klinsky	Senior Actuarial Analyst	\$432	
	Katie Laughlin	Advanced Actuarial Analyst	\$360	
	Courtney Morris	Actuarial Analyst	\$288	
	Mika Teachout	Administrative Support	\$244	
Lewis & Ellis, Inc. - Insurance Reserve	Gregory Wilson	VP & Principal	\$425	
Baker Botts - Rate Case Expenses	Jim Barkley	Partner	\$810	
	Joyce Banks	Associate	\$490	
Mgmt Applications Cons - Distribution Line Loss Study and Rate Design	Paul Normand	Managing Consultant	\$250	Distribution Loss Study - Flat Fee of \$29,400
	Gary Goble	Consultant	\$250	
	Debbie Gajewski	Consultant	\$225	
	Michael Morganti	Consultant	\$225	
	Administrative Asst	Administrative Support	\$50	
Don Newman & Assoc - Rate Design and CWC	Don Newman	Principal	\$95	
KPMG - Outsourcing	Matt Smith	Partner	\$490	
	Juan Gonzalez III	Partner	\$490	
	Tom Peterson	Partner	\$490	
	Jerry Klawitter	Director	\$440	
	Dan Doyon	Manager	\$390	
	Eric Lambeth	Manager	\$390	
		Senior Associate	\$320	

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3	II-A-1	Cost of Service by Water / Wastewater	Gonzales		607	II-A	II-A-1	WP II-D-1.1, WP II-C-6 (W), WP II-C-6 (WW)
4	II-A-2	Statement of Income	Gonzales		616	II-A	II-A-2	No Workpaper
5	II-A-2.1 (W)	Statement of Income - Water	Gonzales		617	II-A	II-A-2.1 (W)	No Workpaper
6	II-A-2.1 (WW)	Statement of Income - Wastewater	Gonzales		618	II-A	II-A-2.1 (WW)	No Workpaper
7	II-A-2.2	Statement of Income - Test Year Adjusted	Gonzales		619	II-A	II-A-2.2	No Workpaper
8	II-A-2.2 (W)	Statement of Income - Test Year Adjusted - Water	Gonzales		620	II-A	II-A-2.2 (W)	No Workpaper
9	II-A-2.2 (WW)	Statement of Income - Test Year Adjusted - Wastewater	Gonzales		621	II-A	II-A-2.2 (WW)	No Workpaper
10	II-A-2.3	Test Year Affiliate Income	Gonzales	N/A	622	II-A	II-A-2.3	No Workpaper
11	II-A-2.4	Rate of Return on Net Invested Capital	Gonzales	N/A	623	II-A	II-A-2.4	No Workpaper
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20	II-A-3.8	Deferred Asset Accounts	Gonzales		638	II-A	II-A-3.8	No Workpaper
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24	II-A-3.12	Unappropriated Retained Earnings	Gonzales		644	II-A	II-A-3.12	No Workpaper
25	II-A-3.13	Advances to/from Parent Corporation	Gonzales	N/A	645	II-A	II-A-3.13	No Workpaper
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28	II-B (WW)	Rate Base Summary - Wastewater	Gonzales	N/A	648	II-B	II-B (WW)	No Workpaper
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30	II-B-1 (W)	Original Cost of Utility Plant - Water	Gonzales	N/A	650	II-B	II-B-1 (W)	No Workpaper
31	II-B-1 (WW)	Original Cost of Utility Plant - Wastewater	Gonzales	N/A	651	II-B	II-B-1 (WW)	No Workpaper
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33	II-B-1.2	Adjusted Test Year Plant	Gonzales	N/A	653	II-B	II-B-1.2	No Workpaper
34	II-B-1.3	Assets Used for Purposed Other Than Utility	Gonzales	N/A	654	II-B	II-B-1.3	No Workpaper
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51	II-B-7.h (W)	Working Capital - Water	Gonzales	N/A	671	II-B	II-B-7.h (W)	No Workpaper
52	II-B-7.h (WW)	Working Capital - Wastewater	Gonzales	N/A	672	II-B	II-B-7.h (WW)	No Workpaper
53	II-B-7.i	Working Capital - Removal of Amortized Expense	Gonzales	N/A	673	II-B	II-B-7.i	No Workpaper
54	II-B-7.j	Working Capital - Funds Availability Arrangement	Gonzales	N/A	674	II-B	II-B-7.j	No Workpaper
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57	II-B-10	Other Rate Base Items	Gonzales	N/A	677	II-B	II-B-10	No Workpaper
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60	II-C-2	Weighted Average Cost of Capital	Gonzales	N/A	680	II-C	II-C-2	No Workpaper
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63	II-C-5	Weighted Average Cost of Short-Term Debt	Gonzales		684	II-C	II-C-5	No Workpaper
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68	II-C-9.1	Financial Tests and Ratios	Gonzales	N/A	689	II-C-9.1	II-C-9.1	No Workpaper
69	II-C-9.2	Earnings Per Share Calculations	Gonzales	N/A	690	II-C-9.2	II-C-9.2	No Workpaper
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Index of Schedules

Austin Water
Docket No: 49189
Index of Schedules

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NOTICE OF PROPOSED RATE CHANGE
TO BE PROVIDED TO CUSTOMERS
PURSUANT TO TEX. WATER CODE § 13.187

AFFIDAVIT

STATE OF TEXAS

COUNTY OF TRAVIS

I, David Anders, Assistant Director of Financial Services, being duly sworn, file this
NOTICE OF PROPOSED RATE CHANGE as City of Austin, Austin Water that, in such capacity,
I am qualified and authorized to file and verify such NOTICE; and that all statements made and
matters set forth herein are true and correct.

I further represent that a copy of the attached NOTICE was provided by email to each customer or
other affected party on or about April 5, 2019.



AFFIANT
(Utility's Authorized Representative)

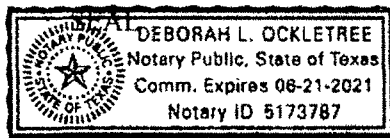
City of Austin -- Austin Water

NAME OF UTILITY

If the Affiant to this form is any person other than the sole owner, partner, officer of the Utility, or
its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME,

this the 1st day of April, 2019, to certify which witness my hand and seal
of office.



NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Deborah L. Ockletree

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES June 21, 2021

P.U.C. DOCKET NO. 49189

**NOTICE OF PROPOSED RATE CHANGE
PURSUANT TO TEX. WATER CODE § 13.187**

City of Austin, Austin Water

11322 and 20636

Company Name

CCN Number(s)

has filed a rate change application with the Public Utility Commission of Texas (Commission or PUC). The application may be reviewed online at interchange.puc.texas.gov. You may also inspect a copy of the rate change application at your utility's office at the address below or at the Commission's office (1701 N. Congress Ave, Austin, TX 78701). The proposed rates will apply to service received after the effective date provided below, unless modified or suspended by the Commission. Persons wishing to intervene in, or comment on, these proceedings should notify the Commission as soon as possible, by filling out the form on the next page as an intervention deadline will be imposed.

EFFECTIVE DATE OF PROPOSED INCREASE:

11/01/2019

(must be at least 35 days after notice is provided to customers and 35 days after application is filed)

(Proposed rates requested by the utility are not final. The Commission may modify the rates and order a refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest.)

Reason(s) for proposed Rate Change:

Austin Water rates for these four wholesale customers were set by PUC order in 2016 at levels below rates set in 2012, and have not been changed since. Austin Water's costs have increased and therefore is proposing to change rates to bring these customers to their identified cost of service.

BILLING COMPARISON SEE ATTACHED SCHEDULES FOR BILL COMPARISONS

Water

Existing	5,000 gallons:	\$ _____	/mo	Proposed	5,000 gallons:	\$ _____	/mo
Existing	10,000 gallons:	\$ _____	/mo	Proposed	10,000 gallons:	\$ _____	/mo
Existing	30,000 gallons:	\$ _____	/mo	Proposed	30,000 gallons:	\$ _____	/mo

Sewer

Existing	5,000 gallons:	\$ _____	/mo	Proposed	5,000 gallons:	\$ _____	/mo
Existing	10,000 gallons:	\$ _____	/mo	Proposed	10,000 gallons:	\$ _____	/mo

Subdivision(s) or System(s) Affected by Rate Change

North Austin MUD, Northtown MUD, WCID #10, and Wells Branch MUD

Company Address City State Zip

Company Phone Number

\$4,308,399 See Detail Below

Annual Revenue Increase

Date Notice Delivered

February 2016 - Due to PUC Order

Date of Last Rate Change

End of month

Date Meters Typically Read

* Prior to providing notice, the utility shall file a request for the assignment of a docket number for the application.

Austin Water

Docket No. 49189

Test Year Ending 9/30/2018

Schedule I- Notice of Intent to Change Rates

Witness: David Anders

Revenue Requirement Summary

	2018 Existing Rate Revenue			2019 Proposed Revenue Requirement			% Changes	
	Water	Wastewater	Total	Water	Wastewater	Total	Water	Wastewater
North Austin MUD	\$ 1,097,717	\$ 1,101,064	\$ 2,198,780	\$ 1,708,916	\$ 1,226,475	\$ 2,935,390	55.7%	11.4%
Northtown MUD	\$ 903,356	\$ 1,129,180	\$ 2,032,536	\$ 1,397,578	\$ 1,281,932	\$ 2,679,510	54.7%	13.5%
Water District 10	\$ 2,738,552	N/A	\$ 2,738,552	\$ 4,569,066	N/A	\$ 4,569,066	66.8%	N/A
Wells Branch MUD	\$ 1,504,939	\$ 1,763,829	\$ 3,268,768	\$ 2,355,245	\$ 2,007,825	\$ 4,363,069	56.5%	13.8%
Total Petitioners	\$ 6,244,564	\$ 3,994,073	\$ 10,238,636	\$ 10,030,804	\$ 4,516,231	\$ 14,547,035	60.6%	13.1%
			Proposed Increase	\$ 3,786,241	\$ 522,158	\$ 4,308,399		

Current and Proposed Rates

	Current Water Rates			Proposed Water Rates		
	Fixed Charge	Volume Rate	Reserve Fund	Fixed Charge	Volume Rate	Reserve Fund
North Austin MUD	\$ 16,652.00	\$ 2.75	\$ -	\$ 15,428.90	\$ 4.62	\$ 0.05
Northtown MUD	\$ 12,304.00	\$ 2.59	\$ -	\$ 12,627.60	\$ 4.22	\$ 0.05
Water District 10	\$ 38,611.00	\$ 2.75	\$ -	\$ 42,084.90	\$ 4.86	\$ 0.05
Wells Branch MUD	\$ 21,133.00	\$ 2.60	\$ -	\$ 21,333.90	\$ 4.31	\$ 0.05

	Current Wastewater Rates		Proposed Wastewater Rates	
	Fixed Charge	Volume Rate	Fixed Charge	Volume Rate
North Austin MUD	\$ 51.00	\$ 4.23	\$ 10.30	\$ 5.21
Northtown MUD	\$ 60.00	\$ 4.15	\$ 10.30	\$ 5.21
Wells Branch MUD	\$ 51.00	\$ 4.14	\$ 10.30	\$ 5.21

Consumption and Flows (in 1,000s)

	2018 Actual		2019 Proposed	
	Consumption	Flows *	Consumption	Flows
North Austin MUD	326,506	235,434	326,506	235,434
Northtown MUD	291,779	246,080	291,779	246,080
Water District 10	827,353	N/A	827,353	N/A
Wells Branch MUD	481,286	385,428	481,286	385,428

* To comply with the January 2016 PUCT Order and fully recover the revenue requirements established by the Commission-Approved Rates, the City has to adjust billed wastewater flows for Inflow & Infiltration (I&I) because the PUCT included an incremental 10.5% of I&I flows in the billing basis for the petitioners in Docket 42857. Without the I&I flow adjustment, the Commission approved rates would not fully recover the approved revenue requirement due to lower billed flow amounts. Proposed rates for the 3 wastewater petitioners in PUC docket 42857 exclude I&I as a billing determinant. Consequently, AW does not expect to make I&I flow adjustments once new rates become effective.

Austin Water
Docket No. 49189
Test Year Ending 9/30/2018
Schedule I- Notice of Intent to Change Rates
Witness: David Anders

NOTICE OF PROPOSED RATE CHANGE - NORTH AUSTIN MUD #1 - WATER

**CURRENT RATES: PUC Ordered Rates
(Effective February 1, 2016)**

Meter Equivalent Charge: including 0 gallons	
Meter Size	Rate
5/8	\$0.00
3/4	\$0.00
1	\$0.00
1 1/2	\$0.00
2	\$0.00
3	\$0.00
4	\$0.00
6	\$0.00
8	\$0.00
10	\$0.00
12	\$0.00

Fixed Minimum Charge: Additional fixed charge	
Monthly Charge:	\$16,652.00

Gallonge Charge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$2.75

Water Revenue Stability Reserve Fund Surcharge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$0.00

**PROPOSED RATES
(Effective November 1, 2019)**

Meter Equivalent Charge: including 0 gallons	
Meter Size	Rate
5/8	\$7.25
3/4	\$10.00
1	\$12.80
1 1/2	\$14.60
2	\$23.70
3	\$69.30
4	\$115.00
6	\$233.70
8	\$443.60
10	\$699.20
12	\$918.30

Fixed Minimum Charge: Additional fixed charge	
Monthly Charge:	\$11,000

Gallonge Charge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$4.62

Water Revenue Stability Reserve Fund Surcharge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$0.05

NOTICE OF PROPOSED RATE CHANGE - NORTH AUSTIN MUD #1 - WASTEWATER

**CURRENT RATES: PUC Ordered Rates
(Effective February 1, 2016)**

Customer Charge: including 0 gallons	
Monthly Charge	\$51.00

Gallonge Charge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$4.23

**PROPOSED RATES
(Effective November 1, 2019)**

Customer Charge: including 0 gallons	
Monthly Charge	\$10.30

Gallonge Charge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$5.21

Austin Water
Docket No. 49189
Test Year Ending 9/30/2018
Schedule I- Notice of Intent to Change Rates
Witness: David Anders

NOTICE OF PROPOSED RATE CHANGE - NORTHTOWN MUD - WATER

CURRENT RATES: PUC Ordered Rates (Effective February 1, 2016)		PROPOSED RATES (Effective November 1, 2019)	
Meter Equivalent Charge: including 0 gallons		Meter Equivalent Charge: including 0 gallons	
Meter Size	Rate	Meter Size	Rate
5/8	\$0.00	5/8	\$7.25
3/4	\$0.00	3/4	\$10.00
1	\$0.00	1	\$12.80
1 1/2	\$0.00	1 1/2	\$14.60
2	\$0.00	2	\$23.70
3	\$0.00	3	\$69.30
4	\$0.00	4	\$115.00
6	\$0.00	6	\$233.70
8	\$0.00	8	\$443.60
10	\$0.00	10	\$699.20
12	\$0.00	12	\$918.30
Fixed Minimum Charge: Additional fixed charge		Fixed Minimum Charge: Additional fixed charge	
Monthly Charge:	\$12,304.00	Monthly Charge:	\$8,500
Gallonge Charge		Gallonge Charge	
Volume	Charge (Per 1,000 Gallons)	Volume	Charge (Per 1,000 Gallons)
All Volumes	\$2.59	All Volumes	\$4.22
Water Revenue Stability Reserve Fund Surcharge		Water Revenue Stability Reserve Fund Surcharge	
Volume	Charge (Per 1,000 Gallons)	Volume	Charge (Per 1,000 Gallons)
All Volumes	\$0.00	All Volumes	\$0.05

NOTICE OF PROPOSED RATE CHANGE - NORTHTOWN MUD - WASTEWATER

CURRENT RATES: PUC Ordered Rates (Effective February 1, 2016)		PROPOSED RATES (Effective November 1, 2019)	
Customer Charge: including 0 gallons		Customer Charge: including 0 gallons	
Monthly Charge	\$60.00	Monthly Charge	\$10.30
Gallonge Charge		Gallonge Charge	
Volume	Charge (Per 1,000 Gallons)	Volume	Charge (Per 1,000 Gallons)
All Volumes	\$4.15	All Volumes	\$5.21

Austin Water
Docket No. 49189
Test Year Ending 9/30/2018
Schedule II-G-6 Tariff
Witness: Joseph Gonzales

NOTICE OF PROPOSED RATE CHANGE - TRAVIS COUNTY WCID #10 - WATER

CURRENT RATES: PUC Ordered Rates (Effective February 1, 2016)
--

Meter Equivalent Charge: including 0 gallons	
Meter Size	Rate
5/8	\$0.00
3/4	\$0.00
1	\$0.00
1 1/2	\$0.00
2	\$0.00
3	\$0.00
4	\$0.00
6	\$0.00
8	\$0.00
10	\$0.00
12	\$0.00

Fixed Minimum Charge: Additional fixed charge	
Monthly Charge:	\$38,611.00

Gallage Charge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$2.75

Water Revenue Stability Reserve Fund Surcharge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$0.00

PROPOSED RATES (Effective November 1, 2019)
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Meter Equivalent Charge: including 0 gallons	
Meter Size	Rate
5/8	\$7.25
3/4	\$10.00
1	\$12.80
1 1/2	\$14.60
2	\$23.70
3	\$69.30
4	\$115.00
6	\$233.70
8	\$443.60
10	\$699.20
12	\$918.30

Fixed Minimum Charge: Additional fixed charge	
Monthly Charge:	\$40,000

Gallage Charge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$4.86

Water Revenue Stability Reserve Fund Surcharge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$0.05

NOTICE OF PROPOSED RATE CHANGE - TRAVIS COUNTY WCID #10 - WASTEWATER

Not Applicable.

Austin Water
Docket No. 49189
Test Year Ending 9/30/2018
Schedule II-G-6 Tariff
Witness: Joseph Gonzales

NOTICE OF PROPOSED RATE CHANGE - WELLS BRANCH MUD - WATER

**CURRENT RATES: PUC Ordered Rates
(Effective February 1, 2016)**

Meter Equivalent Charge: including 0 gallons	
Meter Size	Rate
5/8	\$0.00
3/4	\$0.00
1	\$0.00
1 1/2	\$0.00
2	\$0.00
3	\$0.00
4	\$0.00
6	\$0.00
8	\$0.00
10	\$0.00
12	\$0.00

Fixed Minimum Charge: Additional fixed charge	
Monthly Charge:	\$21,133.00

Gallonge Charge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$2.60

Water Revenue Stability Reserve Fund Surcharge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$0.00

**PROPOSED RATES
(Effective November 1, 2019)**

Meter Equivalent Charge: including 0 gallons	
Meter Size	Rate
5/8	\$7.25
3/4	\$10.00
1	\$12.80
1 1/2	\$14.60
2	\$23.70
3	\$69.30
4	\$115.00
6	\$233.70
8	\$443.60
10	\$699.20
12	\$918.30

Fixed Minimum Charge: Additional fixed charge	
Monthly Charge:	\$19,000

Gallonge Charge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$4.31

Water Revenue Stability Reserve Fund Surcharge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$0.05

NOTICE OF PROPOSED RATE CHANGE - WELLS BRANCH MUD - WASTEWATER

**CURRENT RATES: PUC Ordered Rates
(Effective February 1, 2016)**

Customer Charge: including 0 gallons	
Monthly Charge	\$51.00

Gallonge Charge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$4.14

**PROPOSED RATES
(Effective November 1, 2019)**

Customer Charge: including 0 gallons	
Monthly Charge	\$10.30

Gallonge Charge	
Volume	Charge (Per 1,000 Gallons)
All Volumes	\$5.21

Austin Water
Docket No. 49189
Test Year Ending 9/30/2018
Schedule I-Bill Comparison Current vs Proposed
Witness: David Anders

NOTICE OF PROPOSED RATE CHANGE - MISCELLANEOUS FEES

CURRENT FEES		PROPOSED FEES	
Fee	Charge	Fee	Charge
Tap Fee - Residential	See attached schedule	Tap Fee - Residential	No proposed changes. See attached schedule.
Tap Fee - Large Meters	See attached schedule	Tap Fee - Large Meters	No proposed changes. See attached schedule.
Reconnect Fee - Nonpayment	\$25.00	Reconnect Fee - Nonpayment	\$25.00
Reconnect Fee - Customer Request	\$25.50	Reconnect Fee - Customer Request	\$25.50
Transfer Fee	n/a	Transfer Fee	n/a
Late Charge	5% of unpaid water and wastewater charges	Late Charge	5% of unpaid water and wastewater charges
Returned Check Charge	\$30.00	Returned Check Charge	\$30.00
Deposit - Residential	\$200.00	Deposit - Residential	\$200.00
Deposit - Non-Residential	1/6 of the average annual or estimated billing at the same or comparable service address for the previous 12 months	Deposit - Non-Residential	1/6 of the average annual or estimated billing at the same or comparable service address for the previous 12 months
Meter Test Fee	1st request is \$0.00, 2nd request within 36 months is \$324 if meter tests accurate but \$0.00 if inaccurate	Meter Test Fee	1st request is \$0.00, 2nd request within 36 months is \$324 if meter tests accurate but \$0.00 if inaccurate