

**NOTICE OF PUBLIC PARTICIPATION HEARING
CALIFORNIA WATER SERVICE COMPANY
GENERAL RATE INCREASE APPLICATION NO. 12-07-007
ANTELOPE VALLEY SERVICE AREA**

The California Public Utilities Commission (CPUC) wants to hear from you! On July 5, 2012, California Water Service Company (Cal Water) filed General Rate Increase Application No. 12-07-007 (A.12;-07-007) requesting a revenue increase in the **Antelope Valley District** of \$1,157,000, or 59.7%, in January 2014; followed by an increase of \$73,900, or 2.4%, in January 2015; and an increase of \$74,100, or 2.3%, in January 2016.

A Public Participation Hearing (PPH) has been scheduled for customers in the Antelope Valley District at the date, time and location noted below. Either the CPUC Administrative Law Judge (ALJ) assigned to this proceeding or another ALJ will be presiding at this PPH to listen to concerns, comments and opinions on the proposed application.

May 23, 2013 • 6:00 p.m.
Lancaster City Hall Council Chambers
44933 North Fern Avenue • Lancaster, CA 93534-2461

If you are unable to attend the hearing, you may submit written comments directly to the Public Advisor's Office (PAO) at the address noted at the bottom of this notice. If you need special assistance such as sign language interpreters or foreign language interpreters, please contact the PAO five (5) days prior to the hearing.

CAL WATER'S APPLICATION PROPOSAL

In A.12-07-007, Cal Water proposes to phase in the increase over three years to lessen the initial rate impact to customers. Cal Water also proposed to include a Rate Support Fund credit (RSF) for Leona Valley and Lancaster customers, as well as an increase in the RSF credit to Fremont Valley and Lake Hughes customers. The phase-in proposal would partially delay some of the increases Cal Water has estimated it needs to operate in 2014, and Cal Water would collect the balance in the second and third years with interest. Cal Water believes the phase-in will lessen the impact of the full increase in the first year that GRC rates are effective. With a phase-in, the increase in revenues would become \$608,000, or 31.4%, in 2014; followed by an increase in revenue by \$608,000, or 23.9%, in 2015; and \$608,000, or 14.2%, in 2016.

Effective Date of Revenue Increase	No Phase-In	Phase-In
January 2014	\$1,157,000	\$608,000
January 2015	\$73,900	\$608,000
January 2016	\$74,100	\$608,000
Total	\$1,305,000	\$1,824,000
Additional Cost to ratepayers with Phase-In		\$519,000

Based on water usage patterns in your area that have decreased significantly since Cal Water's last filing, if the CPUC approves Cal Water's proposed application, rates **with the phase-in** would increase the typical residential customer's monthly bill as follows:

- In Leona Valley, by \$24.88, or 21.3%, in 2014; \$38.41, or 27.1%, in 2015; and \$25.62, or 14.2%, in 2016. .
- In Lancaster, by \$23.16, or 21.0%, in 2014; \$34.11, or 25.5%, in 2015; and \$23.86, or 14.2%, in 2016.
- In Fremont Valley and Lake Hughes, by \$7.81, or 13.6%, in 2014; \$20.35, or 31.2%, in 2015; and \$12.16, or 14.2%, in 2016.

Under the **no phase-in option**, the typical residential customer's monthly bill would increase as follows:

- In Leona Valley, by \$70.55, or 60.4%, in 2014; \$5.83, or 3.1%, in 2015; and \$4.56, or 2.4%, in 2016.
- In Lancaster, by \$66.84, or 60.5%, in 2014; \$5.44, or 3.1%, in 2015; and \$4.32, or 2.4%, in 2016.
- In Fremont Valley and Lake Hughes, by \$28.68, or 61.0%, in 2014; \$3.41, or 3.2%, in 2015; and \$2.59, or 2.4%, in 2016.

Most costs of operating the water system are fixed, regardless of the level of usage. With lower water usage in your area, rates then have to be increased to cover the fixed costs.

Cal Water is proposing this change in rates due to the following factors:

- Cal Water is requesting \$671,000 for water infrastructure improvements between 2013 and 2016
- Cal Water is requesting \$151,000 for district operations and maintenance costs needed to maintain and operate the water system
- Cal Water is requesting \$93,000 to retain quality employees in the district
- Cal Water's state and federal taxes for serving this area are \$43,000
- Cal Water is requesting \$38,000 for the allocation of General Office operation expenses

Cal Water believes that approval of the proposed rates would allow Cal Water to continue to maintain the system of water supply sources, pipes, tanks, fire hydrants, and equipment needed to provide safe and reliable water service.

IMPACT OF INCREASE TO CUSTOMERS

Under Cal Water's proposal, rates for each year would become effective on January 1st. Rate increases for 2015 and 2016 are derived using

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inflation factors provided by the CPUC. The factors used to calculate rates in these years will be the most recent inflation at that time. In accordance with the CPUC's Rate Case Plan, Cal Water has requested authority from the CPUC to increase its rates for 2015 and 2016 by actual inflation without further notice to customers. This means that if inflation is greater than assumed here, rates for 2015 and 2016 may be higher than shown in this notice.

The following table shows the bill increase that a residential customer with typical water usage would see if Cal Water's proposed rates for 2014 were adopted. Also shown are the increases that a typical customer could expect in 2015 and 2016.

LEONA VALLEY: A Typical Residential Metered Customer	Usage (Ccf)	Monthly Bill w/ No Phase-In	Monthly Bill w/ Phase-In
At Current Rates	21	\$116.87	\$116.87
At Requested January 2014 Rates	21	\$187.42	\$141.76
At Requested January 2015 Rates	21	\$193.25	\$180.17
At Requested January 2016 Rates	21	\$197.81	\$205.78

LANCASTER: A Typical Residential Metered Customer	Usage (Ccf)	Monthly Bill w/ No Phase-In	Monthly Bill w/ Phase-In
At Current Rates	29	\$110.54	\$110.54
At Requested January 2014 Rates	29	\$177.38	\$133.70
At Requested January 2015 Rates	29	\$182.82	\$167.81
At Requested January 2016 Rates	29	\$187.14	\$191.67

FREMONT VALLEY/LAKE HUGHES: A Typical Residential Metered Customer	Usage (Ccf)	Monthly Bill w/ No Phase-In	Monthly Bill w/ Phase-In
At Current Rates	7	\$57.37	\$57.37
At Requested January 2014 Rates	7	\$86.05	\$65.18
At Requested January 2015 Rates	7	\$89.46	\$85.53
At Requested January 2016 Rates	7	\$92.05	\$97.69

Almost all residential customers in the Antelope Valley District have 5/8" x 3/4" meters. The effect on your water bill will vary depending on whether you use more or less water than these averages, or if you have a meter larger than 5/8" x 3/4". Additionally, the rates shown on your monthly water bill may vary slightly from the existing rates shown above due to temporary surcredits or surcharges currently in effect in your area.

ADDITIONAL INFORMATION

A copy of Cal Water's application and further information may be obtained from the company's local offices by calling (800) 680-1160, or by going to <http://www.calwater.com/rates/grc>. You may also contact the headquarters at 1720 North First Street, San Jose, CA 95112-4598 or by calling (408) 367-8200. Copies are also available to review at the CPUC's Central Files Office at 505 Van Ness Avenue, San Francisco, CA, between 8 a.m. to noon daily.

CPUC PROCESS

The CPUC's Division of Ratepayer Advocates (DRA) will review the application and submit its independent analysis and recommendations in reports for the CPUC's consideration. DRA consists of engineers, auditors, and other multidisciplinary staff who represent the interest of all utility ratepayers.

EVIDENTIARY HEARINGS

Evidentiary Hearings (EHs) may be held whereby parties of record will present their testimony and will be subject to cross-examination before the assigned ALJ. These EHs are open to the public, but only those who are formal parties of record are allowed to participate. Parties at the EHs may offer proposals to the CPUC that differ from those proposed by Cal Water. After considering all proposals and evidence presented during these formal hearings, the ALJ will issue a draft proposed decision. In the final decision on this application, the CPUC may adopt all or part of the ALJ's proposed decision.

CONTACT THE PUBLIC ADVISOR'S OFFICE AND PROVIDE YOUR COMMENTS

If you would like to provide comments or protest this filing, you can send an email, written correspondence, or phone the Public Advisor's Office at the address below. Please reference the formal application A.12-07-007 when writing to the CPUC. All comments will be circulated to the Commissioners, assigned ALJ, and other CPUC staff working on this proceeding.

Public Advisor's Office
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