

**NOTICE OF PUBLIC PARTICIPATION HEARING:
CALIFORNIA WATER SERVICE'S REQUEST TO INCREASE RATES IN ITS GENERAL RATE CASE APPLICATION NO. A.15-07-015
BAKERSFIELD SERVICE AREA**

**March 22, 2016 • 6:30 p.m.
Kern County Board of Supervisors
1115 Truxtun Avenue, 5th floor
Bakersfield, CA 93301**

The California Public Utilities Commission (CPUC) wants to hear from you. A Public Participation Hearing (PPH) has been scheduled for customers in the Bakersfield District at the date, time, and location noted above to receive your comments about California Water Service's (Cal Water) General Rate Case (GRC) application (A.15-07-015). A CPUC Administrative Law Judge (Judge) will preside at the PPH to listen to concerns, comments, and opinions on the proposed application.

The hearing location is wheelchair accessible. A Spanish language interpreter will be at the hearing for those who need it. If you need a different non-English language interpreter or special assistance, please contact the CPUC's Public Advisor's Office (PAO) at the address listed at the bottom of this notice at least five days in advance of the hearing date. If you cannot attend the PPH, you may submit your comments via a letter or email to the PAO.

CAL WATER'S APPLICATION

Every three years, Cal Water is required to file a GRC with the CPUC. On July 9, 2015, Cal Water filed its 2015 GRC application (A. 15-07-015) requesting approval to increase rates so that water rates reflect the cost of providing water service. Also included in A.15-07-015 is Cal Water's proposal to gradually merge the costs of its Bakersfield and Kern River Valley Districts. This cost consolidation will improve affordability and develop administrative efficiencies.

A. With Cost Consolidation – If this consolidation is approved by the CPUC as proposed, the portion of the requested revenue increase for Bakersfield customers would be \$8,100,000, or 11.3%, for 2017; \$3,162,000, or 3.9%, for 2018; and \$3,090,000, or 3.7%, for 2019. With consolidation, the total revenue increase over the three years would be \$14,352,000, or 19.9%.

Bakersfield Revenue Increases with Consolidation (by type of service)

<i>Type of Service Provided</i>	<i>2017 Increase</i>		<i>2018 Increase</i>		<i>2019 Increase</i>	
Residential Metered Service	\$ 17,367,000	64.9%	\$ 1,742,000	3.9%	\$ 1,704,000	3.7%
Residential Flat Rate Service	\$ (10,569,000)	-48.3%	\$ 447,000	3.9%	\$ 437,000	3.7%
Total Residential	\$ 6,798,000	14.0%	\$2,189,000	3.9%	\$ 2,141,000	3.7%
Nonresidential Metered Service*	\$ 1,302,000	5.6%	\$ 973,000	3.9%	\$ 949,000	3.7%

*Nonresidential Metered Service applies to all customer classes that are not residential (such as business, multi-family, and public authority customers) and do not have a separate tariff.

Typical Customer Impact with Consolidation – If Cal Water's proposed consolidation of the Bakersfield and Kern River Valley Districts is approved, the bills for a typical residential customer in Bakersfield with a 5/8" x 3/4" meter using 17,953 gallons (24 Ccf) of water per month, and a flat-rate service customer with a lot size between 6,001 and 10,000, would resemble those below. **These numbers do not include surcharges and credits.**

Bakersfield Typical Residential Customer Bill Increase with Consolidation

	<i>Jul 2015</i>	<i>2017</i>		<i>2018</i>		<i>2019</i>				
<i>Residential Customer</i>	<i>Bill</i>	<i>Increase</i>	<i>Bill</i>	<i>Increase</i>	<i>Bill</i>	<i>Increase</i>	<i>Bill</i>			
5/8" x 3/4" meter	\$56.64	\$5.09	9%	\$61.73	\$2.54	4.1%	\$64.27	\$2.39	3.7%	\$66.66
Flat-rate	\$82.83	\$7.53	9.1%	\$90.36	\$3.73	4.1%	\$94.09	\$3.49	3.7%	\$97.58

B. Without Cost Consolidation – If consolidation is not approved, Cal Water requests revenue increases for its Bakersfield District of \$7,853,000, or 10.9%, for 2017; \$3,434,000, or 4.3%, for 2018; and \$3,355,000, or 4%, for 2019. Without consolidation, the total revenue increase over the three years would be \$14,642,000, or 20.3%.

Bakersfield Estimated Revenue Increases without Consolidation (by type of service)

<i>Type of Service Provided</i>	<i>2017 Increase</i>		<i>2018 Increase</i>		<i>2019 Increase</i>	
Residential Metered Service	\$ 15,420,000	57.6%	\$,1,814,000	4.3%	\$ 1,772,000	4%
Residential Flat Rate Service	\$ (9,915,000)	-45.3%	\$ 515,000	4.3%	\$ 503,000	4%
Total Residential	\$ 5,505,000	11.3%	\$ 2,329,000	4.3%	\$ 2,275,000	4%
Nonresidential Metered Service*	\$ 2,348,000	10.1%	\$ 1,105,000	4.3%	\$1,080,000	4%

*Nonresidential Metered Service applies to all customer classes that are not residential (such as business, multi-family, and public authority customers) and do not have a separate tariff.

Typical Customer Impact without Consolidation – If Cal Water’s proposal is adopted **without consolidation**, the bill of a typical residential customer with a 5/8” x 3/4” meter using 17,953 gallons (24 Ccf) of water per month, and a flat-rate service customer with a lot size between 6,001 and 10,000 square feet, would resemble those below. **These numbers do not include surcharges and credits.**

Bakersfield Typical Residential Customer Bill Increase without Consolidation

	Jul 2015	2017		2018		2019				
<i>Residential Customer</i>	<i>Bill</i>	<i>Increase</i>	<i>Bill</i>	<i>Increase</i>	<i>Bill</i>	<i>Increase</i>	<i>Bill</i>			
5/8” x 3/4” meter	\$56.64	\$4.90	8.7%	\$61.54	\$2.55	4.1%	\$64.09	\$2.58	4%	\$66.67
Flat-rate	\$82.83	\$7.25	8.7%	\$90.08	\$3.74	4.2%	\$93.82	\$3.78	4%	\$97.60

REASONS FOR INCREASE

Cal Water has been providing water to California communities for nearly 90 years, and many of the facilities used for water service have reached the end of their useful lives. For the Bakersfield District, most of Cal Water’s requested revenue increases are made up of the following components:

- Projected water supply costs (36.8%)
- Water infrastructure improvements (55.7%)
- Projected operation and maintenance expenses (7.5%)

Cal Water’s proposed rates for 2017-2019 would become effective on January 1, 2017. The rate increases for 2018 and 2019 are derived using the most recent inflation factors provided by the CPUC. The CPUC requires that Cal Water use a simplified, inflation-based, escalation methodology for its proposed rates for 2018 and 2019.

OBTAINING A COPY OF THE APPLICATION

A copy of Cal Water’s proposed GRC application and related exhibits may be reviewed at Cal Water’s office, located at 3725 South H Street, Bakersfield, CA 93304, (661) 837-7200. An electronic or paper copy of said application and related exhibits will be furnished by Cal Water upon written request to California Water Service Company, 1720 North First Street, San Jose, CA 95112-4598. Copies are also available to review at the CPUC’s Central Files Office in San Francisco by appointment. For more information, please contact them at aljcentralfilesid@cpuc.ca.gov or (415) 703-2045.

THE CPUC’S PROCESS

This application has been assigned to a Judge who will determine how to receive evidence and other related documents necessary for the CPUC to establish a record upon which to base its decision. Evidentiary hearings may be held where utilities, consumer advocacy groups, and other entities which have been given official status as “parties” will present their testimony and may be subject to cross-examination by other parties. These evidentiary hearings are open to the public, but only those who are parties may participate. The hearings and documents submitted in the proceeding become part of the formal record that the Judge relies upon when writing a proposed decision to present to the Commissioners for their consideration.

After considering all proposals and all evidence presented during the formal hearing process, the Judge will issue a proposed decision determining whether to adopt Cal Water’s request, modify it, or deny it. Any of the CPUC’s Commissioners may sponsor an alternate decision. The proposed decision and any alternate decisions will be discussed and voted upon at a scheduled Commission Voting Meeting.

As a party of record, the Office of Ratepayer Advocates (ORA) has reviewed this application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting, and engineering. For more information about ORA, please call (415) 703-1584, e-mail ora@cpuc.ca.gov, or visit ORA’s website at www.ora.ca.gov.

STAY INFORMED

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC’s free subscription service. Sign up at <http://subscribecpuc.cpuc.ca.gov/>.

If you would like to learn how you can participate in the proceeding, have informal comments, or have questions about the CPUC’s processes, you may access the CPUC’s Public Advisor’s webpage at <http://consumers.cpuc.ca.gov/pao/>. You may also contact the Public Advisor as follows:

- Email: public.advisor@cpuc.ca.gov Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074
- Write: CPUC
 Public Advisor’s Office 1-866-836-7825 (toll-free) or TTY 1-415-703-5282
 505 Van Ness Avenue
 San Francisco, CA 94102

Please reference **Cal Water’s GRC Application No. 15-07-015** in any communications you have with the CPUC regarding this matter. All public comments will become part of the public correspondence file for this proceeding and be made available for review for the assigned Judge, the Commissioners, and appropriate CPUC staff.