Golden State
Water Company
A Subsidiary of American States Water Company

About the 2014 General Rate Case

A Commitment to Quality Water Service

City of Los Alamitos
City Council Meeting

August 18, 2014

ABOUT US

Golden State
Water Company
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- Subsidiary of American States Water Company
- Providing water service since 1929
- Operates 38 water systems, serving 75 communities in 10 counties
- Approximately 257,000 service connections
- 2,700 miles of pipeline

WHAT WE DO FOR YOU

Golden State Water Company
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- Deliver high-quality, reliable water that is pressurized and meets all state and federal drinking standards
- Make critical water system improvements, including the replacement of aging infrastructure, to protect the resource now and for future generations
- Provide customers with information and resources to manage their bills and maximize water-use efficiency
- Serve as a strong community partner and support local events and organizations throughout the year
- Provide exceptional customer service
  - 24-hour Customer Service Center: 800-999-4033
  - Website: www.gswater.com

ABOUT YOUR SERVICE AREA

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Los Alamitos CSA Office
10852 S. Cherry St.

- The Los Alamitos Customer Service Area also includes Cypress, Stanton, Rossmoor, portions of Seal Beach and surrounding communities
- Serves 27,200 customers – approx. 3,100 in Los Alamitos
- Your local water service provider for 85 years (since 1929)
- Average customer uses 12 Ccf or about 9,000 gallons of water per month

WHERE YOUR WATER COMES FROM

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- Local groundwater wells pumping water from the Orange County Water Basin managed locally by Orange County Water District (OCWD)
- Import water from the Colorado River Aqueduct and from the State Water Project supplied by the Metropolitan Water District of Southern California (MWD) through its member agency the Municipal Water District of Orange County (MWDOC)

ABOUT LOCAL WATER RATES

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- Water rates are Golden State Water's only source of revenue to support ongoing operations and capital improvements
- Two Rate Structures:
  - Residential: Three-tiered structure implemented in 2010; Four-tiered structure proposed for particular CSAs in 2016
  - Non-Residential: Single tier
- Two Rate Components:
  - Service Charge: Covers approximately 30% of the fixed costs to operate and maintain the water system, regardless of water usage. A water utility's fixed costs are approximately 70% of total costs.
  - Quantity Charge: Cost of the actual water used

    (100 cubic feet or 748 gallons = 1Ccf)

HOW RATES ARE SET

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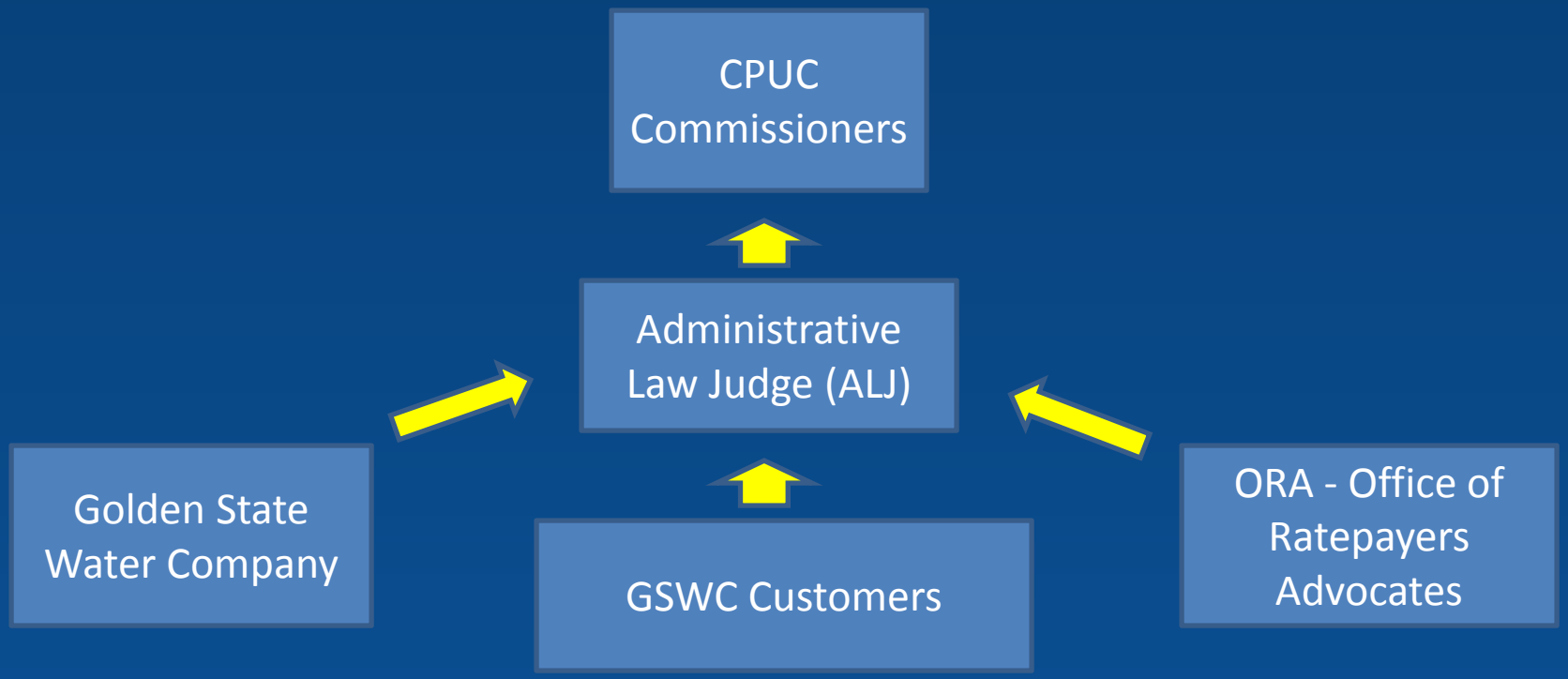
- The California Public Utilities Commission (CPUC) is the state agency charged with the regulatory oversight of investor-owned utilities in California and determines the water rates charged by GSWC
- GSWC is required to participate in a General Rate Case every three years
- The rate setting process takes approximately 18 months to complete
- CPUC encourages all GSWC customers to provide input into the ratemaking process through written, e-mail or public comments at public participation hearings
- Office of Ratepayer Advocates (ORA), an independent arm of the CPUC created by the Legislature to represent interests of all utility customers, participates in the rate case process

WHAT IS A RATE CASE?

CPUC Rate Making Process



18-MONTH PROCESS TO PROTECT CUSTOMERS

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July 2014
Application Filed

January 2015
ORA Testimony

February 2015
Intervener Testimony

March 2015
Formal Settlement Negotiations (ADR)-start

April 2015
Formal Settlement Negotiations (ADR)-end
Evidentiary Hearings Start

May 2015
Evidentiary Hearings End

October 2015
ALJ's Proposed Decision Mailed
Comments on Proposed Decision

November 2015
Commission Meeting

REVENUE REQUIREMENT FOR LOS ALAMITOS CSA

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2016: Net Increase of $.86M

2017: Net Increase of $3.1M

2018: Net Increase of $3.5M

- Several customer service areas will have residential customers that experience a bill decrease in 2016.
- Revenue requirement for the company can be different than the local rate impact; company may request an overall increase in revenue, but customers could see a bill or rate decrease.

NEW RATE DESIGN PROPOSED TO IMPROVE AFFORDABILITY

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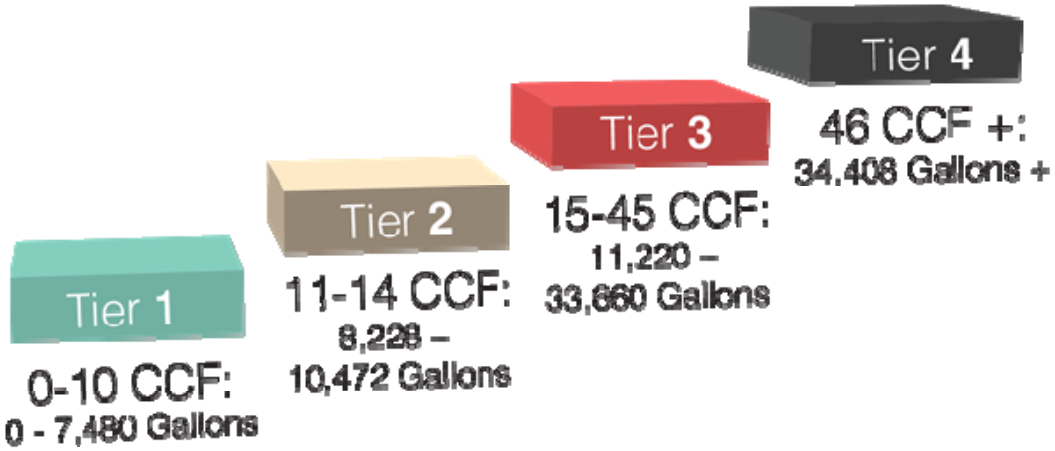

- Community-based tier levels better reflect the local community's water demand.
- Creating a fourth tier encourages water-use efficiency and reduces rates in tier one, two and three, where the majority of customers fall.
- This will improve the opportunity for residential customers that use water wisely to achieve overall cost savings.

AVERAGE LOCAL RESIDENTIAL WATER BILL

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- The average monthly residential water usage in Golden State Water's Los Alamitos Service Area is approximately 9,000 gallons (12 Ccf)
- With the proposed rate adjustment, a residential customer with a 5/8 x 3/4 meter using 12 ccf would see a monthly bill decrease in 2016 of $0.42 or -0.8%

Monthly Service Charge Single-family Residential and total bill using 12 ccf	2014 Rates	2016 Proposed Rates	2017 Proposed Rates	2018 Proposed Rates
For 5/8" x 3/4" meter	$16.15	$16.19	$16.56	$16.99
Total Monthly Bill	$54.72	$54.30	$55.60	$57.09

PROPOSED WATER SYSTEM IMPROVEMENTS 2015-17

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- $14M in proposed capital improvement projects
- Flow Monitoring Equipment at 14 plant sites: $1,210,000 - ensure system performance, reliability and enhance the ability to respond during emergencies
- New Groundwater Well: $4,080,000
- Florista Plant Maintenance: $740,000 - recoat the interior surface of the West Reservoir to prolong the useful life of the tank
- Valley View Well No. 2 Upgrades: $290,000 - improve system operations and stabilize pressure for the West Orange System
- Pipeline Replacement: $1,580,000 - pipes that need replacement or repair in the local system
- Meter Installation and Maintenance: $2,530,000 - install new meters and connections associated with new service requests and to replace leaking services and meters that are not operating properly

CUSTOMER RESOURCES

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Helping Customers Manage Their Bill:

- Water Use Efficiency Programs
- Customer Services: High-bill investigations, conservation rebates
- Low-income customers may be eligible for discount: California Alternate Rate for Water [CARW]

Helping Customers in Need:

- Golden State Water offers a monthly credit for customers who qualify for the California Alternate Rates for Water (CARW) Program
- Customers already participating in the CARE program of participating energy utilities may also qualify for Golden State Water's CARW program by submitting a copy of their current utility bill showing eligibility for CARE
- Qualifications are based on the number of people living in a home and the total household income

ABOUT THE DROUGHT

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- Drought taskforce monitoring water supply and work with neighboring and state regulatory agencies.

- State Water Resources Control Board (State Water Board) recently approved new regulations targeting a reduction in outdoor urban water use.

- The mandatory regulations, became effective July 30:

  - *The direct application of water to any hard surface for washing.*
  - *Watering of outdoor landscapes that cause runoff to adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots or structures.*
  - *Using a hose to wash an automobile, unless the hose is fitted with a shut-off nozzle.*
  - *Using potable water in a fountain or decorative water feature, unless the water is recirculated.*

HELPING YOU USE WATER WISELY

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Golden State Water partners with other agencies to offer various rebate programs as incentives for customers to purchase water-efficient products.

Funding is allocated on a first come, first served basis.

- High-Efficiency Clothes Washer (HECW) Rebates
- High-Efficiency Toilet (HET) Rebates
- Rotating Nozzles and Pressure Regulating Sprinkler Heads
- Weather-Based Irrigation Controller (SmarTimer)
- www.socalwatersmart.com

WATER-USE EFFICIENCY TIPS

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- Fix leaks. A dripping faucet can waste up to 3,280 gallons of water per year.
- An ultra-flow flush toilet can cut a family's total indoor water use by as much as 20%. Bathrooms claim nearly 75% of indoor water use.
- Customers could save up to 240 gallons a month by installing sink aerators to reduce water flow.
- Install water-saving shower heads.
- Avoid outdoor watering on windy days. Water in the early morning for best results. Early-morning watering is also the best way to avoid peak-demand periods.

Questions?

Contact Information

24-hour Customer Service

1-800-999-4033

District Manager

Ken Vecchiarelli

(714) 535-8010 ext. 300

Website

www.gswater.com