



October 7, 2011

California Public Utilities Commission
Public Advisor's Office
320 West 4th Street, Suite 500
Los Angeles, CA 90013

Re: Opposition to Request for Rate Adjustment by Golden State Water Company Application No. 11-07-017

To Whom It May Concern:

On behalf of the City Councils of the cities of Cypress, Los Alamitos and Seal Beach, we are writing to express our opposition to the rate request application submitted by Golden State Water Company (GSWC). GSWC is the primary water purveyor in the cities of Cypress and Los Alamitos, and provides water to portions of Seal Beach.

Primarily, our cities disagree with GSWC's regional approach as justification for rate increase. Our three cities are built out and have established stable water use histories. However, with the regional approach, the rate payers in our cities would be forced to subsidize distant service areas that require substantial infrastructure investment to meet a growing demand for water. In short, our built out residential communities should not be forced to subsidize growth in the Lucerne Valley and San Bernardino County. We do, however, understand the need to maintain existing infrastructure, and, as such, would entertain supporting a rate adjustment that designated specific funding for capital projects in our three cities.

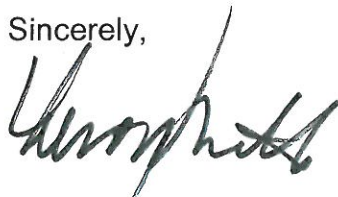
Additionally, we remain concerned that GSWC recently implemented a significant increase in rates paid by its residential and commercial customers. The prior application (No. A08-07-010), decided by the PUC in November 2010, resulted in a 20.7% average increase in water rates. It is simply astonishing that less than two years later, the CPUC will be considering yet another rate increase for GSWC averaging 23% more. There is simply no condition locally that would justify that level of increase. The burden is amplified by a local sluggish economy in which residents and rate payers are taking a very critical look at the cost of services they receive. In an era when residents, taxpayers and local rate payers are telling local officials to make do with less, it appears that GSWC is tone deaf to the sentiment and is plodding along in its efforts to reap profit margins that seem to exceed the "fair, just and reasonable standard" stated in California law.

It is our hope that the CPUC will apply strict scrutiny to the rate request and not act as a "rubber stamp" for another painful increase.

Our cities remain concerned that the requested rate increase appears to have little to do with building and maintaining the infrastructure required to deliver water in our cities. As such, we urge strongly that the California Public Utilities Commission (CPUC) act to deny rate application No. 11-07-017 in its entirety. The rates requested provide no direct benefit to the water delivery system serving our cities and are too much, too soon for our citizens to bear after last year's rate increase.

We appreciate your consideration of our comments.

Sincerely,



Leroy Mills
Mayor
City of Cypress



Ken Stephens
Mayor
City of Los Alamitos



Michael Levitt
Mayor
City of Seal Beach