

Cal Water, Golden State plan water rate hikes

Contributed by Sophie Annan Jensen
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LAKE COUNTY ‐ Water corporations Golden State Water Co. and California Water Service, which both serve areas of Lake County, seek rate increases to improve their ability to attract capital investment. The companies applied on May 1 with the California Public Utilities Commission (CPUC). Increases would cover the period from January 1, 2009 through December 31, 2011.

The CPUC held a prehearing conference on the increases Monday, June 23, in San Francisco. The rate increases were not opposed by the Lucerne Community Water Organization (LCWO), which formed in 2005 to intervene in a rate increase proposal that year.

LCWO President Craig Bach said he has communicated with the CPUC Division of Ratepayer Advocates (DRA) and the administrative law judge on the case, Douglas M. Long, but the organization made no attempt to intervene in the case.

Third District supervisor Denise Rushing said LCWO and the county have discussed the case, but "we haven't been asked to formally intervene at this point"

Bach said neither he nor the few other people who regularly attend LCWO meetings have had the time to attend San Francisco hearings or announce a local meeting on the current proposal.

The group's next meeting will be at 7 p.m. Thursday, July 10, at the Lucerne Alpine Senior Center, 10th Avenue and Country Club Drive.

In Lucerne, where it has approximately 1,900 customers, Cal Water asks for a \$.62 hike per 100 cubic feet. The company says the proposal would increase the average monthly bill for 700 cubic feet of water per month from the current \$67.04 to \$71.35 in mid-2009.

The company recently announced a scheduled \$17.34 monthly surcharge will start when the company's new plant on Highway 20 goes online soon. Company representatives were unable to say exactly how soon, although both July 1 and September 1 have been mentioned as goals. The surcharge will repay an \$8 million zero-interest state loan for the plant.

Golden State serves approximately 2,164 customers in the city of Clearlake, covering the lakefront area north to Park Lane, and south into Borax Lake, Country Club and South Olympic, according to Paul Schubert, the Clearlake system manager. Their customers would see a monthly increase of 16 cents per 100 cubic feet.

Golden State's current charge per 100 cubic feet is \$3.782, with a service charge of \$42.15 for the typical residential 5/8 x 3/4-inch meter. A four cent surcharge per 100 cubic feet covers discounts for participants in the California Alternative Rates for Water (CARW).

The current Cost of Capital (COC) proposals are intended to make the companies' stocks more attractive to investors, according to an announcement from Cal Water, which said the increase will assist the company in "maintaining an investment grade rating." The applications have been consolidated by the CPUC for procedural reasons, Schubert said.

Golden State Water's parent company, American States Water Co. (NYSE:AWR), reported a drop in 2008 first-quarter earnings of nine cents per share from the same period in 2007.

California Water Service Group (NYSE:CWT) announced 2008 first-quarter net income of \$0.2 million and diluted earnings per common share of \$0.01, a drop from net income of \$1.6 million and diluted earnings per common share of \$0.07 for the first quarter of 2007.

The company's April 30 press release noted "a decline in investment income." Despite that, on January 23, 2008, Cal Water announced a dividend of \$0.29250, the highest since 1992, the earliest date on its Web site.

E-mail Sophie Annan Jensen at sannan@lakeconews.com.

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