

To CPUC General Rate Case Judges:

The Lake County Board of Supervisors are writing to you today in opposition to the rate increase being offered in the General Rate Case #A2007012. Currently, the application requests for a 21% increase in 2022, a 4.22% increase in 2023, and an increase of 4.57% in 2024. This results in a 29.79% increase in total.

Constituents were surveyed who are served by Golden State Water District. It was found that, on average, the cost of water alone from Golden State Water costs \$168 a month. That is a total of \$2016 spent on water each year. Testimonies from constituents complained of the inability to keep a lawn, as those bills would come in close to \$500 per month. A 29.79% total increase will possibly increase the total amount per year by an extra \$600.57. In a 2015 Comparative Analysis of Utility Services & Rates in California written by the CPUC Policy & Planning Division, it states that the average water bill is \$78 in the summer and \$60 in the winter. For the year that would appear to be an average of \$69 per month. That's \$100 per month or \$1200 per year less than what folks in Clearlake are paying in Golden State Water District. How is this possible that such a poverty-stricken area be allowed to have such high rates?

The poverty rate of Clearlake is 33%. 1 out of every 3 people here in Clearlake lives below the federal poverty level. The average household income in Clearlake is \$28,888. This is not per person, this is per household. That means that the water use for the constituents within the district is costing them approximately 7% of their annual income. And now, an additional rate increase of 29.79% is being planned which will increase the percentage of their annual income spent on water to above 9%. Please let that sink in that on average the people who are served by Golden State Water District, if the rate increase is approved, will spending more than 9% of their income on water. This does not include sewer, electricity, or propane for heat amongst other bills.

The increase is already on top of a similar increase that occurred from 2019-2021. This increase was approved for 16% over the course of three years. So now we are looking at more than 46% increase over the course of six years. You can see the results in the area due to these exorbitant rates. No one has a lawn. Little to no landscaping on occupied properties. Driving through the area leaves little to be desired aesthetically since even if you only use water for the primary reasons such as cooking, drinking, and bathing the costs are already a struggle for this community to afford. Poverty rate and average household incomes need to be a factor in your decision on this rate increase.

In addition, when compared to other areas served by Golden State Water District, the City of Clearlake is the second highest rate and, if approved, will have the greatest increase. Interestingly enough, the average residential usage is lowest in Clearlake compared to all other service areas. Is this due to poverty and the inability to afford a high price water rate? While we all know that a small system is difficult to afford as the regulations on water systems are vast, our costs are 50% more expensive than another system with 50% less customers. This does not add up. The people of Clearlake are being taken advantage of and this cannot continue.

The rate increase is understood when you look at the company and look at the laws that guide this company. Golden State Water District is a private water provider and has little to no access to grant funding to help maintain and expand their infrastructure. This means that every repair and every

enhancement to their infrastructure is an additional burden to those they serve water to. This also means that their system, while providing quality water, does not provide adequate water flow and nearly enough fire hydrants in the area forcing our fire departments to bring a water tanker with them for every call in the area. The reason for this is that to afford such a system would make their water absolutely impossible to afford, therefore those enhancements have not been made to meet the local regulations set by the local Fire District. As you well know, Clearlake and Lake County are high fire threat areas based on the CPUC Fire Threat maps. The Sulphur Fire was within the area that is served by Golden State Water District which swept through 100s of homes before stopping at the lake's shore. Having inadequate water flow and access to fire hydrants is a huge priority that the CPUC rules do not force water providers to meet when new regulations are created to keep us safe.

We can't just write to you about why you shouldn't increase the rates for Golden State Water District. Our job is not to complain, but to provide some background as to why these rates do not work with this community and how it is that we can still maintain quality water and enhance and maintain the water system infrastructure without the need for this rate increase. Water systems are a public need and a public necessity. Upon moving into a home within the district, you do not get a choice of who provides water to you. Water districts should be treated as public agencies and provided the same level access to grant funding as all other water districts. This is complicated by the fact that Golden State Water is a publicly traded private company, but we need to find ways to maintain and enhance infrastructure without placing the burden solely on the people using the system. Poverty stricken areas are being treated with a far greater burden than more affluent areas. The inequity is mind boggling.

American States Water Company, the parent of Golden State Water Company released their 2019 annual report. This report is used to bring in new investors to purchase shares of the company. In it, it states, "we delivered a dividend increase for the 65th consecutive year while improving earnings per share by 33 percent, or 30 percent adjusted." Further in the report it states, "Diluted earnings per share from the water segment for the year ended December 31, 2019 increased by \$0.42 per share as compared to the same period in 2018 largely due to the approval of the water general rate case in May 2019 and effective January 1, 2019." I understand that they are a private company, but how do we explain to our constituents that the burden of the cost of water is so that those who own shares of their stock can see an increase in their net worth? And they are giving the CPUC credit for the increase. If the increase is based on the needs of the infrastructure that is one thing, but if the increase helps to gain more profits for shareholders and the company gets to brag and boast about it, we must question the reasons for the increases. And please remember, we're talking about water here.

Finally, let's discuss the mission of the CPUC. It states on your website that you are dedicated to ensuring that consumers have safe, reliable utility service at reasonable rates. Within this letter we have outlined how the infrastructure from Golden State Water District does not meet the local requirements for fire protection all while existing within a high fire threat area. The water quality is good and reliable, however, there is no definition as to what reasonable rates are. If a community with 33% poverty rate spending 9% of their income on water is reasonable, then our definition of reasonable does not match. Also, if reasonable rates means increasing the amount of profits earned by the shareholders of the parent company, then we do not agree on who should benefit first from these increases, which should be the consumer of the product being offered by Golden State Water District, not the shareholders.

Our request is to deny these rate increases and to find a better way for Golden State Water District to access restricted funds that can only be used for maintenance or improvements to their infrastructure. The burden should not be entirely borne by the end users who cannot afford these levels of increases. These are public utilities for a necessary basic need. Please find new ways to support this company in their needs.