



January 12, 2021

Dear County of Lake Board of Supervisors:

I am writing on behalf of Golden State Water Company (Golden State Water) to address Agenda Item 7-2 for the January 12, 2021 Board of Supervisors Meeting. Attached to that agenda item is a draft letter of opposition regarding the General Rate Case (GRC) and proposed rate adjustment for Clearlake customers. We appreciate and always encourage our community to participate in the GRC process; however, we felt it was important to respond to several statements presented in the letter that are inaccurate.

As you know, Golden State Water's rates are determined by the California Public Utilities Commission (CPUC) to reflect the full cost of providing water service, maintaining the infrastructure and making needed system improvements. Every three years, Golden State Water is required to file a GRC with the CPUC to determine rates consistent with the level of service we provide.

Golden State Water filed its 2022-24 GRC in July 2020, and the rate adjustments and infrastructure investments proposed for 2022-24 are pending review and approval through the GRC process. Any adjustment to current rates would not be implemented until Jan. 1, 2022 at the earliest.

The letter cites a "survey" stating that the average Golden State Water bill in Clearlake is \$168 per month. That is inconsistent with our data which indicates that the average water bill (5 CCF with standard 5/8x3/4 meter) in our Clearlake service area as of Jan. 1, 2021 was approximately \$93.63 per month. It's also worth noting that this figure is relatively flat compared to what Clearlake customers were paying three years ago in 2017.

While the letter references the rate increases approved in past GRCs, it fails to account for rate decreases and expired surcharges over that same period to ensure customer bills are aligned with the approved costs to operate and maintain the water system (regardless of the increases approved in the GRC). For example, our Clearlake customers benefitted from a 4.33 percent rate decrease in June 2018 when we filed to pass through the savings from the lower tax requirement approved in The Tax Cuts and Jobs Act of 2017.

The letter also notes Clearlake's poverty rate but does not recognize that Golden State Water offers a bill credit for low-income customers through our California Alternative Rates for Water (CARW) program. This bill assistance program is typically not available from public water agencies. Approximately 27 percent of our customers in Clearlake are enrolled in the CARW program (as of Dec. 31, 2020) and receive a monthly bill credit of \$29.10. This is an important program to note, as it provides bill assistance for those customers who qualify as low-income members of the community. Information regarding the CARW program can be found on our website ([gswater.com](http://gswater.com)) or by calling our 24 hour Customer Service Center at 1-800-999-4033.

Water rates are primarily driven by infrastructure investments, and that impact can be larger in a service area like Clearlake where the costs are shared by the customer base of approximately 2,019 connections. Golden State Water has invested more than \$4,000,000 over the last five years to maintain and improve the local water system. This includes more than \$2,500,000 for nearly 9,000 feet of new pipelines and hydrants to protect service reliability and firefighting capacity. We have also invested to fortify our system to address the Power Safety Power Shutoff (PSPS) events, an emerging threat in California.

Golden State Water's proposals to consolidate the Clearlake system into a larger ratemaking area have been opposed by local officials in the past. We remain confident in this solution and will review ratemaking consolidation in our 2023 GRC filing.



We are proud of our track record serving Clearlake. We appreciate the Board of Supervisors' engagement and always encourage participation in the GRC process.

If you have any questions or concerns, please reach out to me directly at 916-853-3636.

Thank you for all that you do to serve the local community.

Sincerely,



Paul Schubert  
General Manager, Northern District  
Golden State Water Company