

2012 General Rate Case Settlement

Redwood Valley District, Lucerne System

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California Water Service Company (Cal Water) and the California Public Utilities Commission's Office of Ratepayer Advocates (ORA) have submitted a settlement agreement on the company's 2012 General Rate Case. If Lake County and then the Commission approve the settlement agreement as proposed, Cal Water will be authorized to increase rates as shown in the table below and make water system improvements necessary to continue providing a safe, reliable water supply. It will also be allowed to increase the discounts available for low-income customers and also for customers in higher-cost service areas.

What is a settlement agreement?

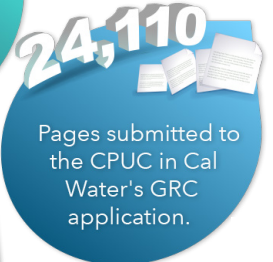
The settlement agreement reflects the compromises and agreement reached by the parties after months of reviewing, debating, and discussing the merits of proposed water system improvements, projected costs, and other elements of Cal Water's General Rate Case filing.

Is this the end of the process?

No, this is just another step in the 18-month review process. The Commission may or may not adopt the settlement agreement as proposed by involved parties.

What are the next steps?

The Administrative Law Judge (ALJ) will issue a proposed decision to the Commissioners. The Commissioners will either adopt the proposed decision or issue an alternate decision. The final decision is expected in early 2014.



Bill based on typical residential customer who uses **3,740** gallons per month (or 5 Ccf).
There are 748 gallons in one Ccf.

Monthly Water Utility Charges

Residential Monthly Service Charge

Meter size	Current	Proposed Settlement
5/8 x 3/4 inch	\$46.11	\$50.26

Residential Quantity Charges

Current	Proposed Settlement
Per Ccf \$7.7062	Rate Support Fund (1 to 10 Ccf) \$4.5224
	Tier 1 (11+Ccf) \$14.6524

In this District, where there are significantly fewer customers to share the costs of local water service, we have implemented a statewide Rate Support Fund (RSF). The proposed settlement includes authorization to increase the RSF subsidy so that the cost for each of the first 10 Ccf of water is lower than the typical Tier 1 rate.

Please note that these figures are not final and only represent estimates based on the proposed settlement. New rates will not become effective before January 1, 2014. Also, the proposed settlement includes smaller inflation-type increases in 2015 and 2016.

	Current	Settlement - Without LIRA	Settlement - With LIRA
Service Charge (5/8 x 3/4" Water Meter)	\$46.11	\$50.26	\$25.13
Quantity Charge (5 Ccf) *	\$38.53	\$22.60	\$22.60
CPUC Fee *	\$1.62	\$2.16	\$2.12
Low-Income Rate Assistance (LIRA) Charge *	\$0.22	\$2.84	\$0.00
Temporary LIRA Surcharge (Ends September 2015) *	\$0.09	\$0.09	\$0.00
Rate Support Fund Charge *	\$0.05	\$0.62	\$0.62
Water Revenue Adjustment Mechanism 1 (Ends March 2014) *	\$3.67	\$3.67	\$3.67
Water Revenue Adjustment Mechanism 2 (Ends August 2014) *	\$6.66	\$6.66	\$6.66
Water Revenue Adjustment Mechanism 3 (Ends February 2016) *	\$6.58	\$6.58	\$6.58
Safe Drinking Water Bond Act Loan	\$4.60	\$4.60	\$4.60
Safe Drinking Water State Revolving Fund Loan	\$16.52	\$16.52	\$16.52
Other Surcharges	\$5.78	\$0.00	\$0.00
Rate Support Fund Credit	(\$24.00)	Included in Quantity Charge	
Total Monthly Bill	\$106.43	\$116.60	\$88.50

* These charges will vary based on a customer's actual monthly water use.

2012 GRC Settlement (continued)

Redwood Valley District, Lucerne System



System Improvements

Just like the tires and brakes on your car, water system infrastructure must be maintained and eventually replaced. We have an obligation to provide safe water and reliable fire protection while meeting increasingly stringent water quality and environmental regulations. This means we must continue to construct capital improvements that meet these needs.



Several water system improvements have been approved in the proposed settlement for the Redwood Valley District, including:

- The replacement of aging water mains to maximize service reliability
- The replacement of aging electrical equipment
- The installation of seismic upgrades at a storage tank to improve reliability in the case of an earthquake
- The construction of a tie-in to a neighboring water utility to be used in case of emergency

Value



24-hour emergency services



Advanced emergency notification system



Water system design & planning



Water quality treatment, sampling & testing



Local employees to serve you



Electronic bill payment & a customer-friendly web page



Conservation programs

Qualified customers receive **50%** off the monthly service charge, up to \$30.

Low-Income Rate Assistance

We know that many of our customers have been affected by the economic downturn. To help lessen the burden, the GRC settlement includes a provision to increase the maximum monthly LIRA discount.

Also included in the settlement is authorization to establish a balanced payment program that will help customers minimize month-to-month fluctuations in their water utility bills.

For those customers that may be struggling to pay their monthly water utility bill, we are here to help and encourage our customers to contact our local Customer Center so that we can assist them in making payment arrangements.

We offer a wide range of water conservation programs, including appliance rebates, high-efficiency plumbing fixtures, and personal water-use surveys to help customers reduce their water use and better control their water bills.

\$25.13

Discount LIRA participants would receive in 2014, which represents 50% off the estimated monthly service charge.