



California Water Service

November 13, 2017

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Joint Workshop on Water System Consolidations & SB 623

California Public Utilities Commission &
State Water Resources Control Board

Topics

- Overview of Cal Water
- West Goshen System Consolidation
- Lucerne Ratemaking Consolidation
- Key Takeaways

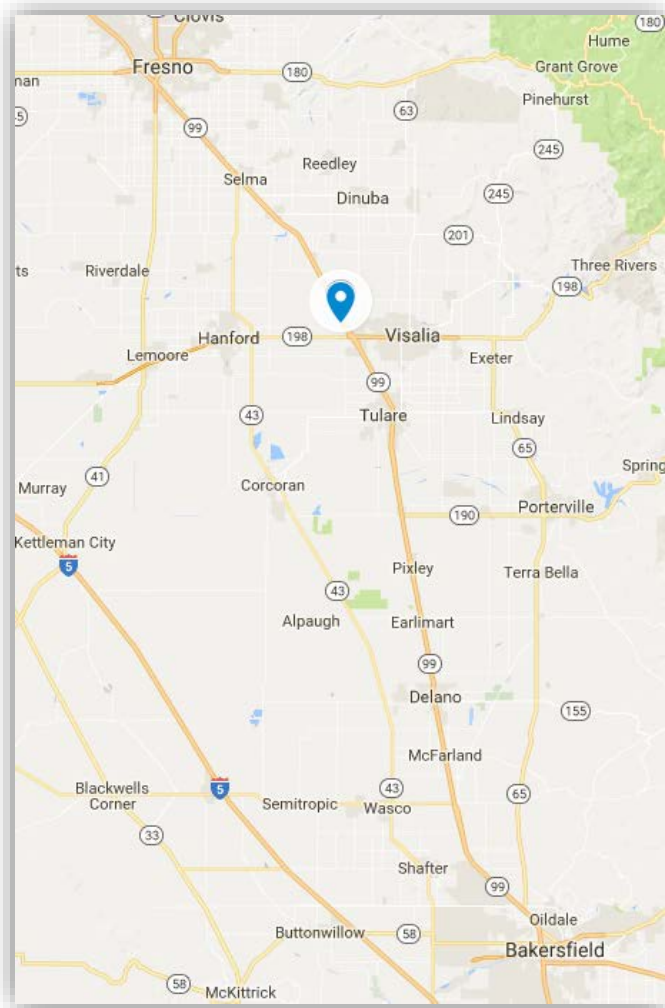


California Water Service (Cal Water)



- Established in 1926
- Largest water utility regulated by the California Public Utilities Commission
- Provide service to nearly 2 million Californians through 500,000 service connections
- 28 Customer & Operations Centers across the state

West Goshen Consolidation



- Unincorporated community about 2 miles west of the City of Visalia
- Population of about 500
- Water utility service was provided by West Goshen Mutual Water Company
- History of water quality issues, including nitrate contamination
- Wells began failing in 2012
- 350-foot section of distribution main collapsed in 2013, causing a complete loss of service



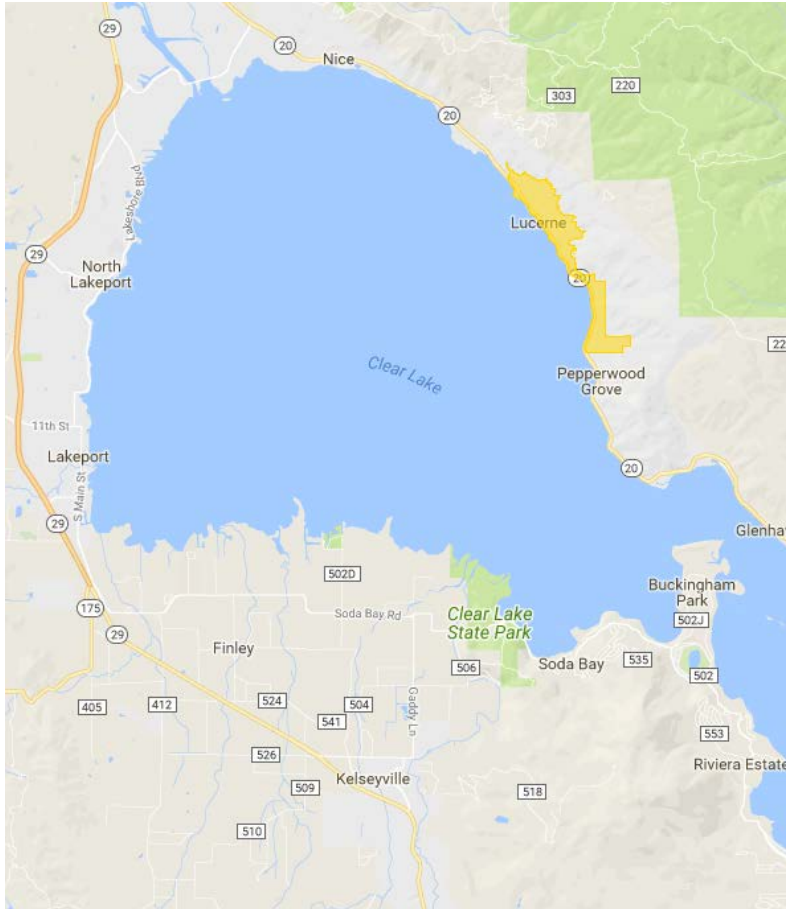
West Goshen Consolidation



- \$3 million in SRF funding secured to install about 2 miles of water main, connecting Cal Water's Visalia system to West Goshen's
- Cal Water worked with several non-profits - Self Help Enterprises and the Community Water Center, Tulare County, and the State
- Construction began in March 2014 and system interconnection was completed in April 2014



Lucerne Ratemaking Consolidation

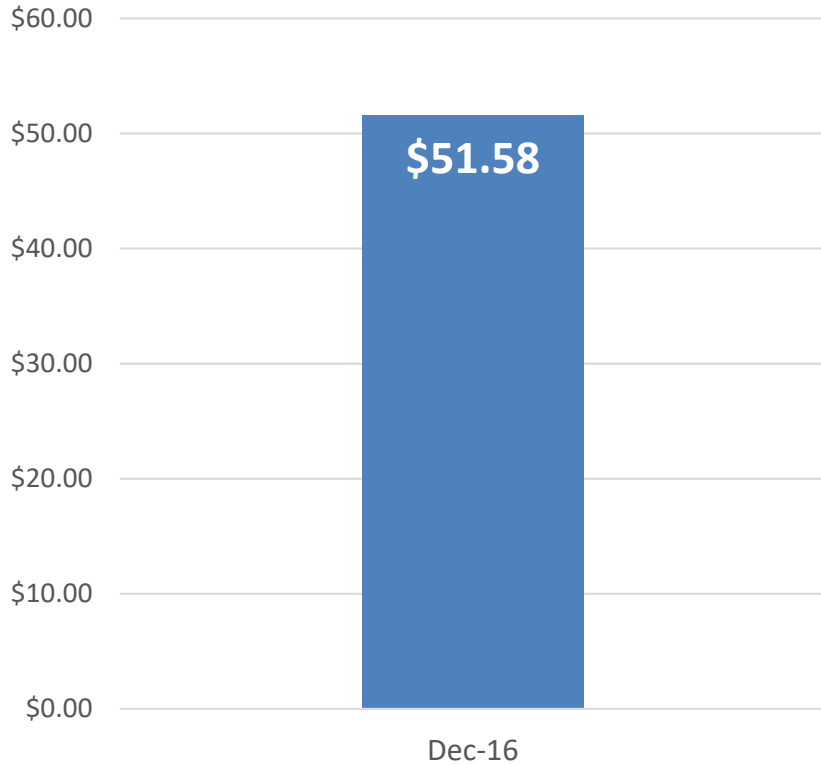


- Cal Water has served community of Lucerne since 2000
- Unincorporated community in Lake County, about 100 miles west of Sacramento
- Population of about 3,000
- About 1,200 service connections
- Significant infrastructure needs resulted in relatively high water utility rates

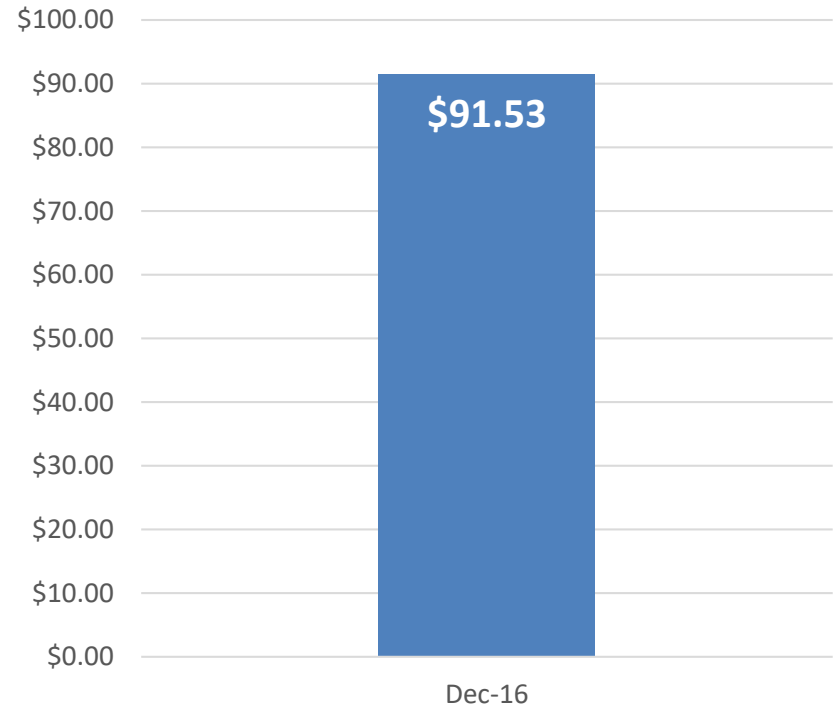


Lucerne Ratemaking Consolidation

Monthly Service Charge



Total Monthly Water Bill for 3,740 Gallons of Water



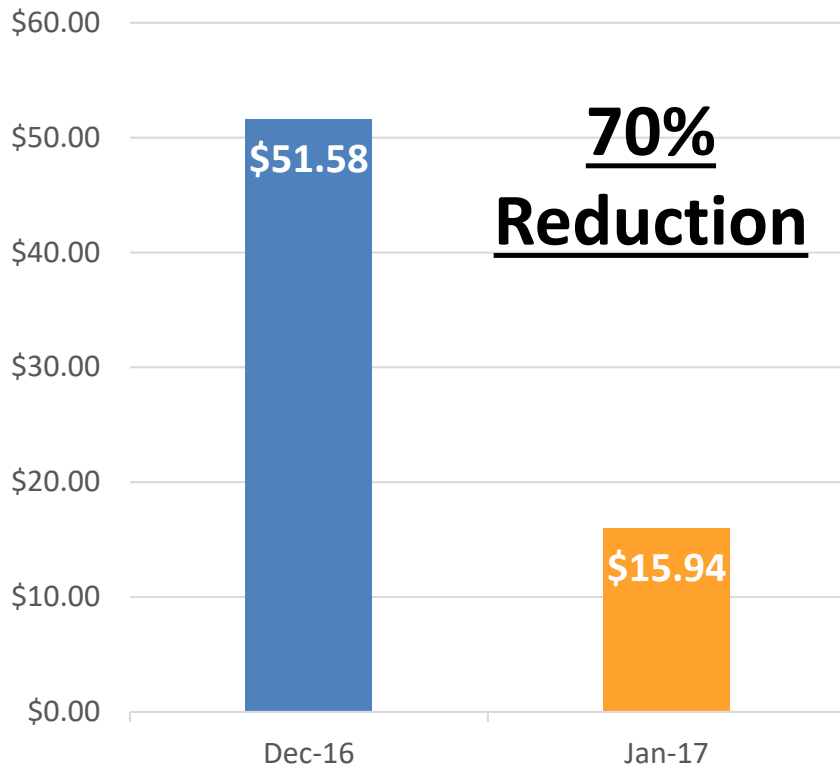
Lucerne Ratemaking Consolidation

- During the CPUC's 2015 review of Cal Water's rates, operations, expenses, and infrastructure projects, Cal Water requested permission to establish regional cost-sharing – ratemaking consolidation – between the Lucerne service area and the much larger Bayshore service area in the Bay Area.
- The CPUC approved the proposal in late 2016, and it was implemented in January 2017.
- Result was significant rate relief for Cal Water's customers in Lucerne, and extremely modest increases in the Bayshore service area.

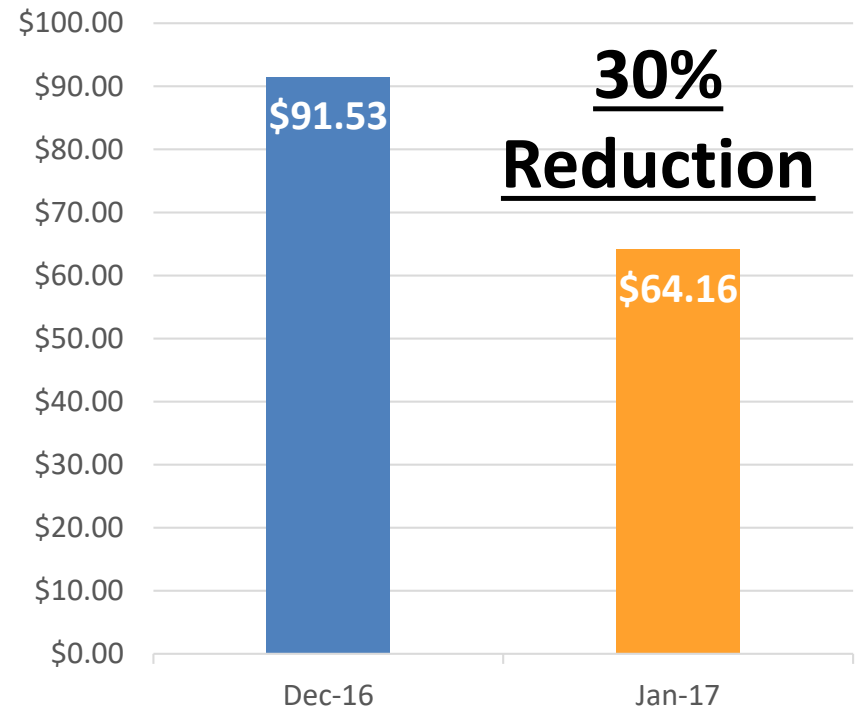


Lucerne Ratemaking Consolidation

Monthly Service Charge



Monthly Water Bill for 3,740 Gallons of Water



Key Takeaways

- Don't wait for a crisis
 - Consolidation of the West Goshen service area was not seriously considered until residents literally did not have water
- Streamline consolidation process (approval & funding)
 - Actual construction of the interconnection with West Goshen only took about one month; approval and funding for the project took about 10 months
- SRF loans are not a panacea
 - Cal Water secured a zero-interest SRF loan to fund construction of a new treatment plant in Lucerne
 - Repayment of the loan itself is about 0.8% of MHI



Thank you.



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