

California State Senate

SENATOR
HENRY STERN
TWENTY-SEVENTH SENATE DISTRICT



October 30, 2017

Public Advisor's Office – CPUC
505 Van Ness Ave
San Francisco, CA, 94102

-Via Email: public.advisor@cpuc.ca.gov-

RE: CPUC Case Number A.16-07-002

Dear Public Advisor:

As the State Senator representing the 27th District, I am writing to express my concerns regarding proposed rate hikes by California American Water (Cal-Am) which will affect 47% of the residents and businesses of the City of Thousand Oaks. Depending on water use, rate increases for the first year alone will range from 5%-25%. Ratepayers can expect 14% average increase over three years.

Cal Am announced a new restructuring plan that will consolidate five water systems including Ventura County, where Thousand Oaks is located, with other service areas in Southern California including Los Angeles and San Diego Counties. Cal Am claims the consolidation will result in increases to operations, maintenance, and capital costs, including costs in other water systems throughout Southern California. Cal Am further argues that spreading the costs will ultimately benefit all ratepayers, including those in Ventura County, by reducing the burden on any one community to pay for needed infrastructure or to respond to large swings in imported water costs. While spreading costs among a larger base can make a system more resilient in the face of external forces, it only works if the costs are truly borne by all and one community does not continually subsidize other communities. As proposed, the residents and businesses of Thousand Oaks would be unfairly burdened with a disproportionate rate increase with no assurances that factors driving future rate increases in Ventura County will be spread across the consolidated water system.

In addition, this rate increase will create enormous disparity in water rates among all water companies that serve the City of Thousand Oaks. Within Thousand Oaks, water is provided by Cal Am, California Water Service Company (Cal Water), and the City of Thousand Oaks Water Services Division, with the latter two entities serving 53% of the population. On average

consumer increases by the City Water Services Division and Cal Water are only 3%. Cal Am's proposed rate hike would unfairly quadruple rates.

I am requesting the CPUC reject the proposed rate increases. The residents and businesses should only pay the costs of building, maintaining and operating water infrastructure that they actually need. Moving forward, I hope future decisions on water rates will more fairly distribute costs among all communities involved.

Sincerely,



HENRY STERN
State Senator, District 27