



August 17, 2011

California Public Utilities Commission  
Public Advisor's Office  
320 West 4<sup>th</sup> Street, Suite 500  
Los Angeles, CA 90013

**Subject:** Opposition to Rate Increase Application No. 11-07-017

To Whom It May Concern:

I am writing on behalf of the City Council of the City of Stanton to inform the Commission of our opposition to Golden State Water Company's (GSWC) proposal to increase water rates (Application No. 11-07-017).

The information and justification from GSWC cites increased cost of purchased water, increase pumping cost, and improvements to infrastructure to promote the efficient use of water as reasons for the proposed rate increase. While the City recognizes that there are increasing economic factors that influence the cost of water delivery, we feel that there are extenuating circumstances to oppose the proposed rate case.

- 1) According to survey results, GSCW customers pay some of the highest water rates in Orange County. GSWC's proposed water rate increase amounts to a 16 % increase. This seems very excessive especially considering that a 20.7 % increase was approved by the PUC less than 2 years ago back in November 2010.
- 2) GSWC is planning on undertaking a number of capital improvement projects, none of which are in Stanton. This is a major concern to the City as the age of the water system and lack of improvements subjects the water system to failure during a major disaster such as an earthquake.

- 3) The area is too diverse and separated to have a uniform regional rate. As a built-out City, Stanton would never benefit from the infrastructure improvements that are planned for other GSWC service areas. Please see the attached map as reference.
- 4) The current difficult economic times for residents and public agencies are not being taken into consideration. GSWC claims decreased profits due to successful water conservation efforts despite near record precipitation last winter. We believe that GSWC's profit margin is fair, just, and reasonable per California Law and any increases are unjustified.

Based on these circumstances, we feel that this proposed rate increase is helping GSWC balance some of the costs of their projects on the backs of Stanton residents, who do not benefit from these system improvements. In their rate case application, GSWC acknowledges that the Region III ratemaking area represents a diverse geographic area, ranging from the mountains of Wrightwood to the desert of Apple Valley. This diverse geographic of Region III requires a separate sales forecast, whereas, the Region II ratemaking area for GSWC is a concentrated geographic area and allows for a single set of climate data. The City believes that the Orange County portion of Region III should be pulled out into a sub-region of Region III, as water is "spread" across the vast geographic area that Region III encompasses.

We feel that GSWC needs to provide alternatives to their consumers, as their proposed rate increase structure will severely impact our residential and commercial entities. Should you have any questions, please contact Nick Guilliams, Public Works Director at (714) 379-9222.

Sincerely,

*Carol Jacobs*

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City Manager  
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cc: City Council

Attachments: Region III Area Map

