

## A MESSAGE from your General Manager



Golden State Water Company (Golden State Water) has been serving reliable, quality water to Californians for more than 85 years. Over those eight decades we always put our customers first, because we understand that water is a critical part of our customers' lives. It's our responsibility to ensure every customer has quality water available

from their tap when they need it.

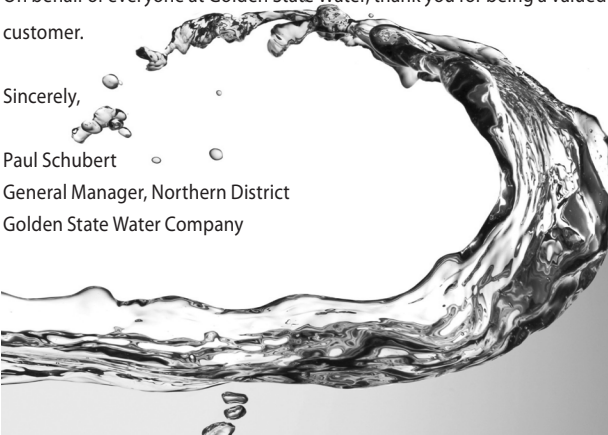
All water providers have a duty to maintain and improve their infrastructure to ensure the safety and reliability of drinking water service. At Golden State Water, we take that responsibility seriously. That's why we employ one of the most-aggressive infrastructure maintenance programs in the industry and plan years ahead to address community needs.

As part of the required rate-setting process with the State of California, we recently filed a General Rate Case application for years 2019, 2020 and 2021. We've detailed the needed infrastructure investments proposed in the General Rate Case, so you are fully informed on the state of your water system and Golden State Water's plans to maintain the system in the future. If you have any questions, please visit our website at [gswater.com/Clearlake](http://gswater.com/Clearlake) or call us anytime at 800.999.4033.

On behalf of everyone at Golden State Water, thank you for being a valued customer.

Sincerely,

Paul Schubert  
General Manager, Northern District  
Golden State Water Company



## Clearlake Benefit to Customers

Golden State Water Company (Golden State Water) invests to protect the safety and reliability of the local water system. We employ proactive maintenance programs and update our aging pipeline infrastructure on a replacement schedule of approximately 100 years. For comparison, the American Society of Civil Engineers recently published a report on the country's water infrastructure concerns, noting a national average replacement schedule of 200 years on pipes designed to last 75-100 years.<sup>1</sup>

In this 2019-21 GRC application, Golden State Water is proposing infrastructure investments totaling approximately \$2,979,000 for the Clearlake Customer Service Area to address water supply, storage and distribution needs.

<sup>1</sup> <https://www.infrastructurereportcard.org/wp-content/uploads/2017/01/Drinking-Water-Final.pdf>



## KEY PROJECTS (proposed)

### Following are capsule summaries of key upcoming projects:

- **Pipeline Replacement Program:** An investment of approximately \$1,323,000 is proposed to replace aging water pipes to improve water system operation and reliability.
- **Plant Upgrades:** To increase operational efficiency and ensure the continuation of a reliable water supply to our Clearlake customers, approximately \$731,000 is proposed to implement upgrades to the Sonoma and Lakeshore Plants. The project will include upgrading booster pumps and improving security at the Sonoma Water Treatment Plant, as well as installing new generator connection panels for backup power at the Lakeshore Plant.
- **Meters and Services Installation:** Approximately \$367,000 is proposed to install new meters and domestic services.

This was not reviewed or approved by the CPUC. It is meant solely as supplemental information, from Golden State Water, to the official notice.

## Why Water Rates Are Increasing



Water system  
improvements



Taxes



Supply and  
operating costs

## 2019-21: PROPOSED WATER RATES

Golden State Water Company (Golden State Water) delivers quality drinking water and reliable service 24 hours a day, 7 days a week, to approximately 2,100 customers in the Clearlake service area.

The rate adjustments and infrastructure investments proposed for 2019-2021 are pending approval through the General Rate Case (GRC) process. Any adjustment to current rates would not be implemented until Jan. 1, 2019 at the earliest.

If the GRC is approved as filed, local customers would see the following rate impact:

- An average residential customer in the Clearlake Customer Service Area with a 5/8 x 3/4" meter, using 3,740 gallons (500 cubic feet or 5 Ccf) of water per month, would see a monthly bill increase of \$4.93 from \$85.90 to \$90.83 compared to 2017 (excluding any applicable surcharges).

## HOW WATER RATES Are Set

Golden State Water Company (Golden State Water) is regulated by the State of California to ensure rates are reasonable and reflect the full cost to provide water service, maintain the infrastructure and make needed system improvements.

Every three years, Golden State Water is required to file a General Rate Case (GRC) with the state to propose a rate structure that recovers the revenue needed to meet operating expenses and necessary infrastructure improvements over a three year period. Golden State Water filed its GRC application for the years 2019, 2020 and 2021 on July 19, 2017.

The GRC process is thorough and includes several layers of check and balances over an 18 month period to ensure customers receive a fair rate for reliable, quality water service. Customers have an opportunity to participate in the ratemaking proceedings, and their interests are protected throughout the process by the state's Office of Ratepayer Advocates.



### EXPENSES

Approximately 76% of the costs to operate, maintain and improve the water system don't change when customers use less/more water.

### REVENUE

Approximately 70% of the revenue collected from water bills is variable. When usage decreases, rates must eventually increase to cover fixed costs.

**RATES**



**TO LEARN MORE** about local infrastructure investments, water rates or conservation programs/rebates available in your area, please visit [gswater.com/Clearlake](http://gswater.com/Clearlake), follow us on Twitter @GoldenStateH2O or call us anytime at 800.999.4033.



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# Proposed Infrastructure Investments and Water Rates for 2019, 2020 & 2021



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\*Figures shown represent companywide average and vary by ratemaking area