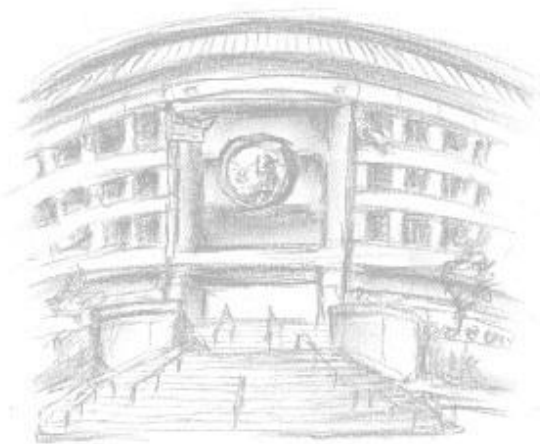




Assembly Utilities and Commerce Committee Assembly Aging and Long-Term Care Committee



Division of Water and Audits
Rami Kahlon, Director

February 3, 2014





Overview

- **116 Water Utilities**
 - 10 Class A water utilities (over 10,000 connections)
 - 6 Class B water utilities (over 2,000 connections)
 - 23 Class C water utilities (over 500 connections)
 - 77 Class D water utilities (500 connections or less)
- 14 Sewer utilities, less than 1,000 connections
- Serving over 6 million Californians, or about 16% of the state's population
- \$1.4 Billion in total revenue





Water Utility Geographic Reach



▲ CLASS A WATER COMPANIES
Headquarter Offices

All Water Company Customer Service Areas

**▲ CLASS A WATER COMPANIES
CUSTOMER SERVICE AREAS**
More than 10,000 Service Connections

◆ CLASS B WATER COMPANIES
2,000 - 10,000 Service Connections

● CLASS C WATER COMPANIES
500 - 2,000 Service Connections

■ CLASS D WATER COMPANIES
Less than 500 Service Connections





Water Industry

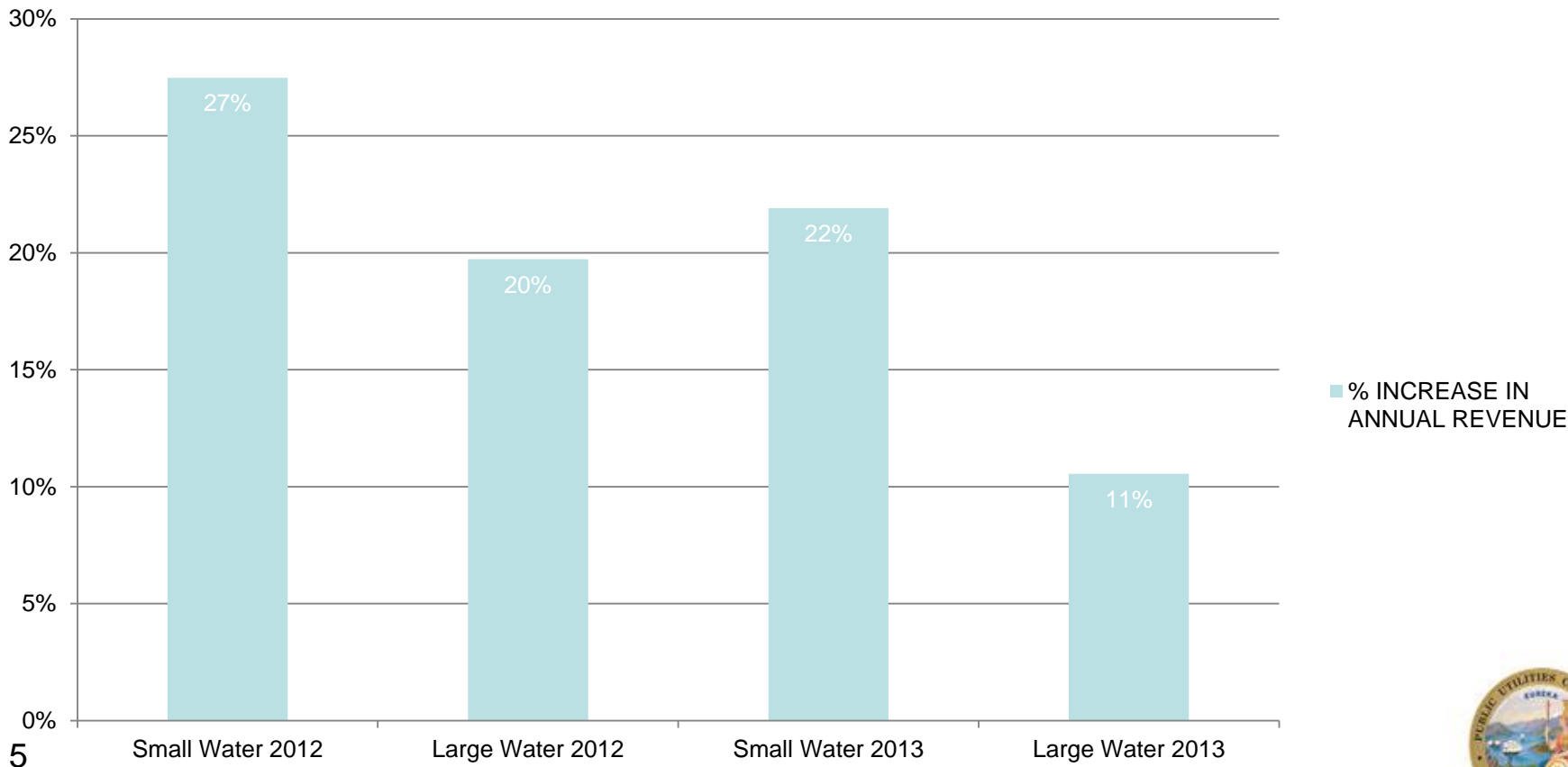
- CPUC Charter: Clean, safe, and reliable water service at just and reasonable rates.
- Challenges and Cost Drivers
 - More stringent water quality standards
 - Aging infrastructure
 - Declining water use
 - Recession
 - Conservation mandates
 - Drought





2012 / 13 Revenue Increases Granted

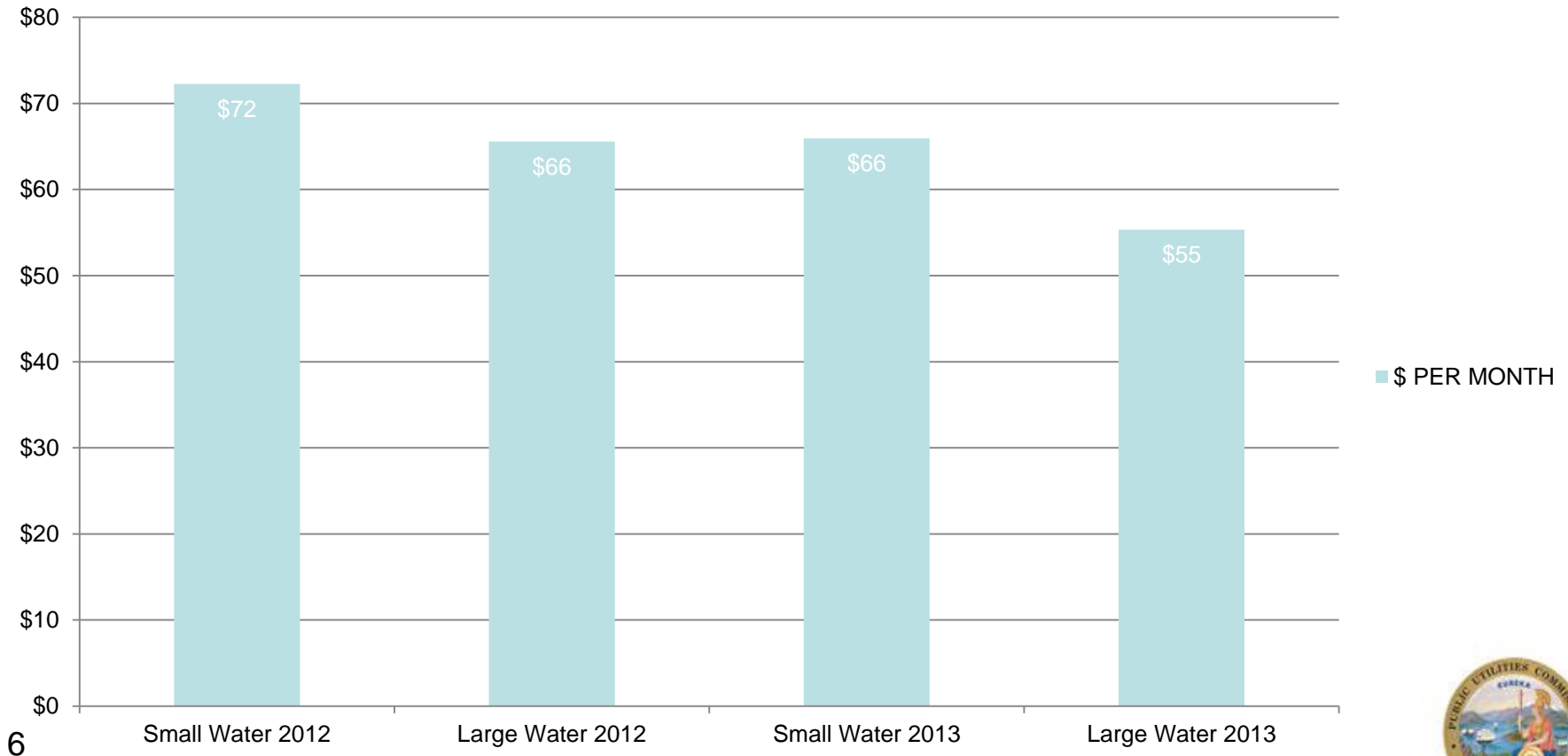
AVERAGE REVENUE INCREASE





Average Monthly Bills

AVERAGE MONTHLY BILL





State Auditor's Report

- Southeastern Los Angeles County
 - “examine why water rate increases have occurred since 2008 and why the price for buying the same quantity of water from different suppliers can vary significantly.”
- Report Released January 2013
 - Rates charged by Golden State Water had risen mostly due to the increase in wholesale water rates.
 - CPUC uses its ratepayer advocacy arm to protect the interests of consumers; recommended that other retail water suppliers adopt such a practice.
- The State Auditor is currently conducting another audit into water rates charged in the Antelope Valley in Southern California.





Water Action Plan

- Principles
 - Safe, high quality water
 - Highly reliable water supplies
 - Efficient use of water
 - Reasonable rates and viable utilities
- Six Objectives including “Assist Low-Income Ratepayers”
- Actionable Action Items
 - Establish low-income programs
 - Increase penetration rates
 - Low Income Oversight Board
 - Standardize discounts





Low Income Ratepayer Assistance

- All large (Class A) water utilities offer low-income bill assistance programs.
- Approximately 251,914 CPUC-regulated residential water customers, who qualified based on income criteria similar to that applied by the energy low-income programs, are estimated to have participated in the low-income water assistance programs and received a discount on their water rates.
- Huge increase in participation rates in 2013
 - Auto enrollment program with data exchange between the energy and water utilities.

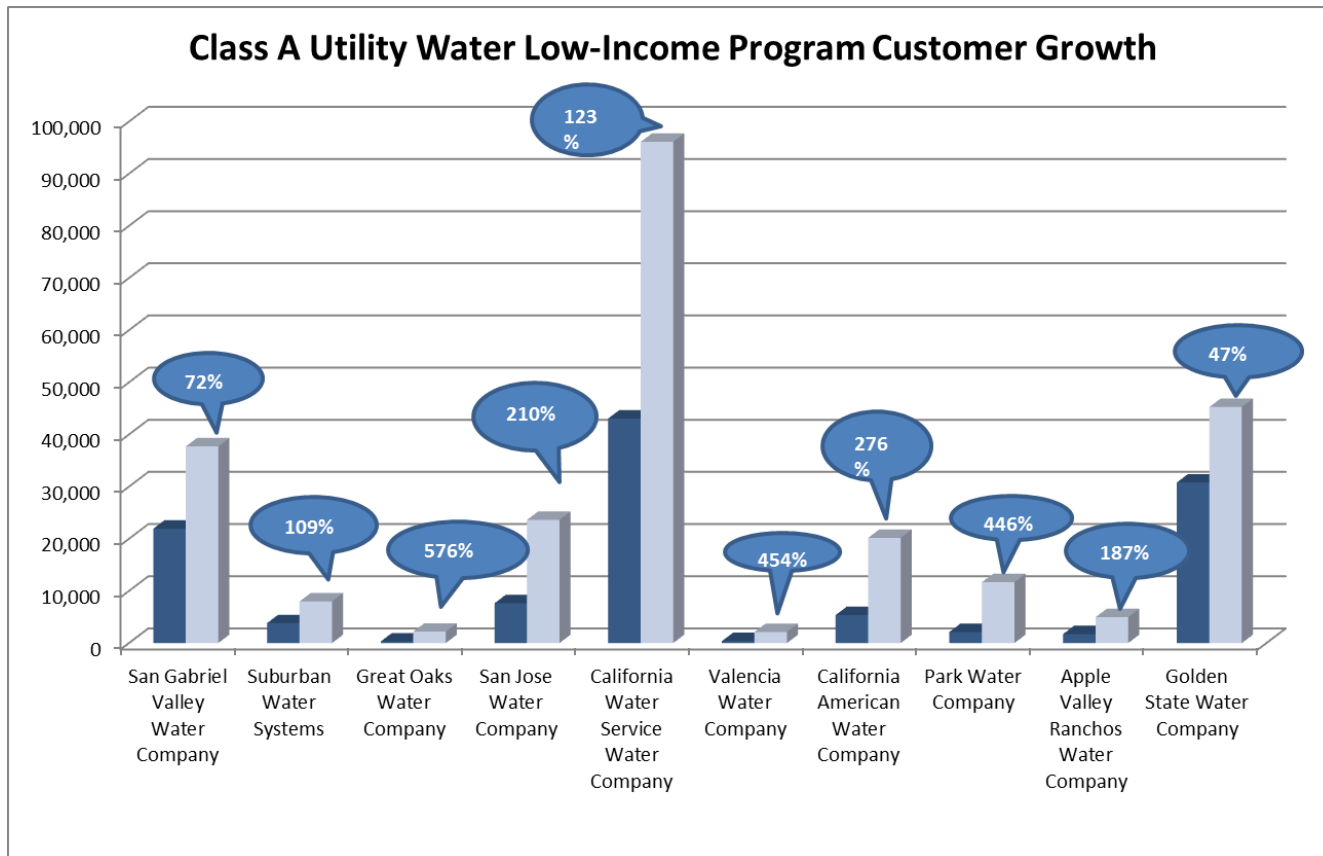


Low-income programs for water started in 2006.





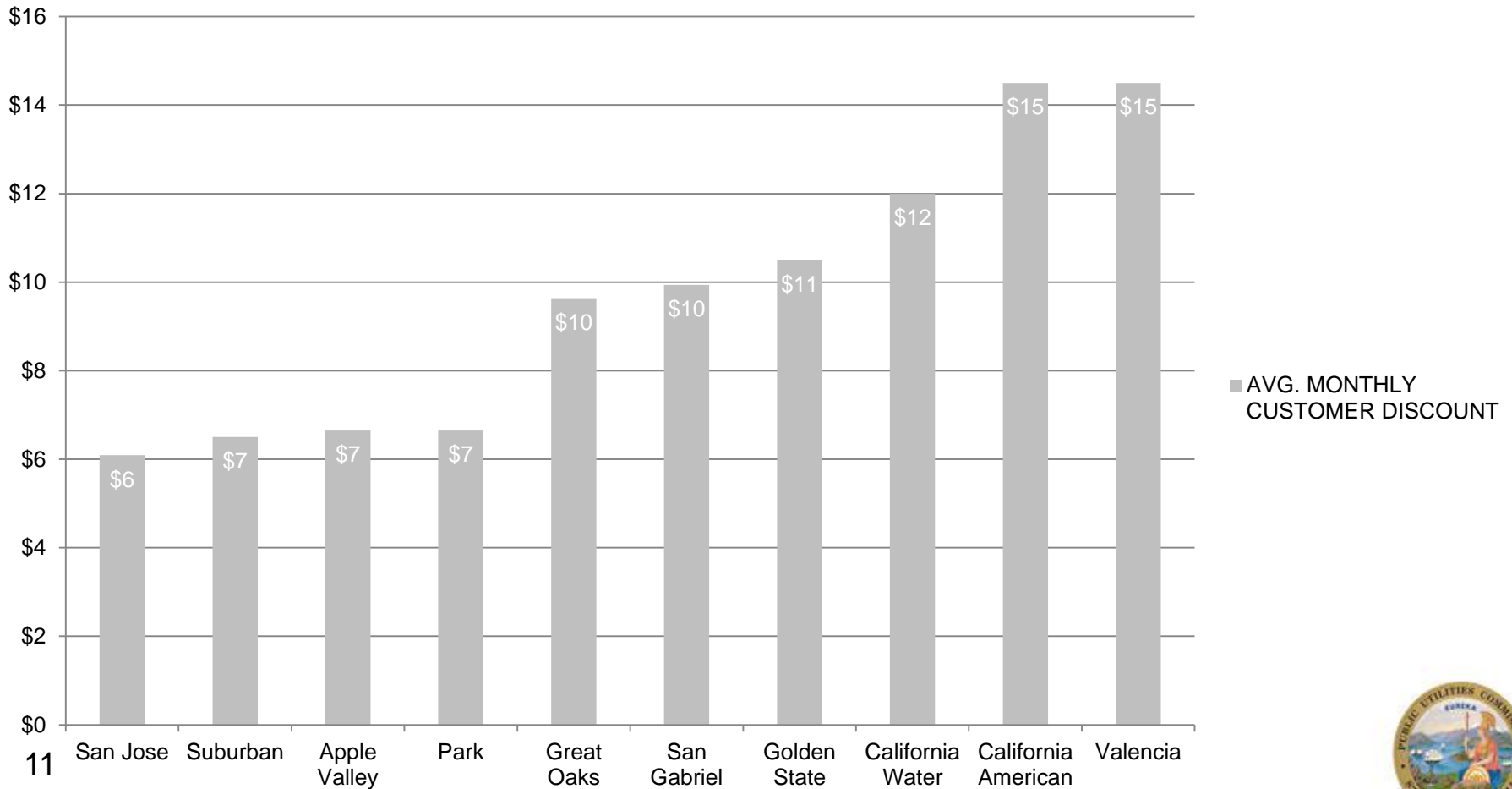
Low-income Program Growth in 2013





Discounts for Low-Income Customers

LOW INCOME MONTHLY DISCOUNT





Looking Forward in 2014

- Drought
 - Governor's State of Emergency declaration
 - Monitoring of water systems
 - Stream sources
 - Wells
- Single Tariff Pricing Rulemaking
 - Consolidation of rate making districts
- Pursuing Water Action Plan Objectives
 - Recycled water decision

