

Public Comment

If you wish to comment on or informally protest this filing as a customer of California American Water, you may do so by contacting the PAO via phone or e-mail. Written public comment by California American Water customers is very much desired by the CPUC and may be sent to the PAO at the address shown. These comments will become part of the formal correspondence file for this proceeding and will be circulated to the assigned Administrative Law Judge (ALJ), the assigned Commissioner and appropriate CPUC staff.

The PAO was established to assist members of the public who wish to protest or participate as a formal party of record in CPUC proceedings. For assistance in filing comments or protests with the CPUC or to participate in this proceeding, please contact the PAO, 505 Van Ness Avenue, San Francisco, CA 94102 or e-mail public.advisor@cpuc.ca.gov. (415) 703-2074 or toll free at (866) 849-8390. Please refer to this proceeding application number when writing or e-mailing the PAO on all correspondences.

For a Spanish version of this notification, visit our website at www.californiaamwater.com.

NOTIFICATION OF APPLICATION FILING FOR A PROPOSED RATE CASE INCREASE MONTEREY DISTRICT BY CALIFORNIA AMERICAN WATER (APPLICATION NO. 10-07-007)

On July 1, 2010 California American Water filed a Statewide Water and Wastewater Rate Case increase Application 10-07-007 with the Public Utilities Commission (CPUC). The proposed application filing by California American Water seeks authority to increase its Monterey District rates over a three-year period by \$11,949,000 (or 27.6%) in 2012, \$1,612,000 (or 2.94%) in 2013 and \$2,504,000 (or 4.48%) in 2014.

Summary

The proposed revenue increase for the Monterey District is outlined in the chart below and provides a rate comparison for the current and proposed rate increases spread across for customer classes, i.e, residential, commercial, industrial and agricultural.

DISTRICT		2012 Proposed	2013 Proposed	2014 Proposed
Monterey	Revenue increase	\$11,949,000	\$1,612,000	\$2,504,000
	% Revenue increase	27.6%	2.94%	4.48%

Primary Drivers of Rate Increase

The proposed rate increase is critical to sustain and improve the integrity of the area's water supply system and offset increases in operational and maintenance costs. Some of the major infrastructure projects that these rates will help



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fund within the Monterey service district include rehabilitating wells, upgrading a booster station, constructing new water storage tanks, and replacing water mains.

About the Application

The CPUC requires California American Water to submit a general rate case on a three-year cycle. This proposed rate application covers the period for 2012, 2013 and 2014. The table assumes the CPUC approves the full amount of the increase requested by California American Water. The CPUC will render a final decision and the amount of the increase approved by the CPUC could vary from the original proposed request by California American Water. California American Water is requesting the increase take effect January 1, 2012. Additional increases would then take effect January 1, 2013 and January 1, 2014.

The amounts above are for the increases in revenue to the company. How this rate change will impact customers will likely be different, and will be the subject of an August 2010 filing with the CPUC. That filing will deal with “rate design” or how the increase is spread across customers in different classes and at different consumption levels. The company will propose a rate design that rewards those who conserve water. Following the August 2010 filing, you will receive another bill notice outlining the proposed application and the rates will be defined therein.

Obtaining a Copy of the Application

A Copy of California American Water’s proposed General Rate Case Application and related exhibits may be inspected at California American Water’s

Monterey office at 511 Forest Lodge Road #100, Pacific Grove, CA 93950. Copies of the proposed application are also available to review at the CPUC’s Central Files Office between the hours of 8:00 a.m. and 12:00 noon daily in San Francisco at 505 Van Ness Avenue, San Francisco, California 94102.

Evidentiary Hearings

The CPUC may schedule formal evidentiary hearings whereby the formal parties of record provide testimony and are subject to cross examination before the CPUC’s ALJ. These hearings are open to the public, but only those who are formal parties of record can participate. The CPUC has their own court reporters who will take the comment of those formal parties of record participating in the evidentiary hearings. California American Water will provide testimony at the hearings. The Division of Ratepayer Advocates (DRA) consists of engineers, accountants, economists and attorneys who independently evaluate the proposals of utilities for rate changes and present their analyses and recommendations for the CPUC at evidentiary hearings. Once hearings are completed, the ALJ will consider all of the evidence presented and release the draft decision. The CPUC may approve the proposed requests for California American Water, approve the draft decision by the ALJ, or may approve an alternate decision filed by a CPUC Commissioner. The final decision may differ from California American Water’s original proposed request.

Protesting the Application

If you are a formal party to this proceeding, formal protests to this application must be filed with the CPUC’s Docket Office.