

**NOTIFICATION OF FILING FOR A GENERAL RATE CASE INCREASE
BY CALIFORNIA AMERICAN WATER COMPANY FOR ITS
SACRAMENTO DISTRICT, APPLICATION NO. 09-01-013**

On January 23, 2009, California American Water filed Application 09-01-013 (A. 09-01-013) with the California Public Utilities Commission (CPUC) for a General Rate Case (GRC) increase in its Sacramento District. This GRC application will set rates for years 2010 and 2011. The requested increase is intended to reflect increased plant investment and operating costs to provide service to customers since the last GRC request filed in January 2007. The following table shows the requested revenue increase for the Sacramento District.

Sacramento District Rate Increase Request		
Year (a)	Revenue Increase (b)	Percent Increase (c)
2010	\$17,537,800	51.29%
2011	\$5,339,800	10.25%

The main cost drivers of the rate increase in the Sacramento District are plant and plant-related items. Plant investment is increasing significantly, which in addition to the revenues necessary to support the capital investment, also requires additional depreciation, property taxes and income taxes. The plant investment includes new and replacement wells and treatment, new purchased water connections, installation of meters, and replacement mains, services and production facilities. The other main cost drivers are payroll and payroll benefits, purchased water costs, chemicals, regulatory costs, increased vehicle costs (including lease and fuel costs), increased membership fees in local area water committees and forums, and other Administrative and General (A&G) expense. The increase in other A&G expense is driven by the inclusion of conservation costs in the revenue requirement.

THE CPUC'S PROCESS

As part of this application proceeding, evidentiary hearings (EHs) may be held whereby parties of record will present their testimony and present evidence. EHs are open for the public to attend and listen. Only formal parties may participate in the hearing by presenting evidence and cross-examining witnesses. The CPUC's independent Division of Ratepayer Advocates (DRA) will review the recommendations made by California American Water in its GRC application. Analysts, engineers, economists, and other regulatory professionals are employed by DRA to represent the long-term interests of all utility ratepayers. DRA will prepare an analytical report on this application, which will be available on DRA's website at www.dra.ca.gov.

After considering all proposals and evidence presented during the formal hearing process, the assigned ALJ will then issue a proposed decision, which the CPUC may accept in whole or in part, or the CPUC may issue a different decision. The assigned Commissioner may offer his or

her own alternate decision. The CPUC's final decision in this matter may be different from the original requests made by California American Water.

PUBLIC COMMENT

The Public Advisor's Office (PAO) was established to assist members of the public and utility customers to participate in CPUC proceedings. This means sending comments, opinions or protests on proceedings before the CPUC or to participate in CPUC-sponsored Public Participation Hearings (PPHs). When PPHs are scheduled, California American Water's customers will be notified, via a bill insert notice or separate mailer, of the dates, times, and locations of the hearings. PPHs provide an opportunity for members of the public and customers of California American Water to give their comments and opinions on this application filing. You may also write or e-mail the PAO at the address shown below. All communications are circulated to the Commissioners, the assigned ALJ, and assigned staff. All correspondence becomes part of the formal correspondence record, and part of the formal record, for this proceeding.

PROTESTING THE APPLICATION

If you wish to participate in these proceedings or if you would like to send comments or protest this application, please notify the CPUC's PAO at the address listed below. Please refer to GRC A. 09-01-013 when sending an e-mail or writing a letter.

CPUC

Public Advisor's Office

505 Van Ness Avenue

San Francisco, CA 94102

Toll Free: 1-866-849-8390 or 1-415-703-2074

TTY Toll Free: 1-866-836-7825 or 1-415-703-5282

E-mail: public.advisor@cpuc.ca.gov

A copy of the application may be inspected at the business offices of California American Water at 4701 Beloit Drive, Sacramento, CA 95838, or at the CPUC's Central Files Office, Room 2002, 505 Van Ness Avenue, San Francisco, CA 94102.