

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

02-23-11
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Application of Western Water Holdings, LLC
PWC Merger Sub, Inc., Park Water Company
(U 314 W), and Apple Valley Ranchos Water
Company (U-346-W) for Authority for Western
Water Holdings, LLC to Acquire and Control
Park Water Company and Apple Valley Ranchos
Water Company.

APPLICATION 11-01-019

(Filed January 21, 2011)

**PROTEST OF ANGELO S. CICI TO WESTERN WATER HOLDINGS, LLC, PWC
MERGER SUB, INC., PARK WATER COMPANY AND APPLE VALLEY RANCHOS
WATER COMPANY'S APPLICATION**

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February 23, 2011

PROTEST OF ANGELO S. CICI TO WESTERN WATER HOLDINGS, LLC, PWC MERGER SUB, INC., PARK WATER COMPANY AND APPLE VALLEY RANCHOS WATER COMPANY'S APPLICATION

I. Introduction

Pursuant to Rules 1.4 and 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission, I hereby file this protest to the Western Water Holdings, LLC, PWC Merger Sub, Inc., Park Water Company and Apple Valley Ranchos Water Company's Joint Application 11-01-019 filed on January 21, 2011, notice of which was published in the Commission's Daily Calendar on January 26, 2011. I am a Senior Realtor in Apple Valley for a major Realty Company and reside in Apple Valley. I have filed a protest so that I may understand the details of the pending transaction and how I may help to protect the city's water customers long term interests and motivate persons or businesses to come to Apple Valley. Presently, prospective buyers of real estate find Apple Valley homes affordable but water prices unaffordable. This is detrimental to the city and the owners of Apple Valley homes and businesses.

II. PROTEST

Many of Apple Valley's residents pay little interest to where our water comes from or who owns it. With our water utility's pending sale, it may be smart to take notice. It came as a surprise to me when I read in the newspaper that Apple Valley Ranchos (AVR) Water Company was sold to a private global firm. When I first heard about this it appeared that the purchase of a local water company by the world's largest private equity investment firm seemed unlikely.

The Carlyle Group is obviously a major player in the world's biggest, most powerful industries, namely, defense, aerospace, health care, real estate, financial services and transportation. Carlyle is a titan. Experience with water companies is very minimal at best. AVR is attractive because of its predictable profit margin (a minimum of 9%). Because AVR is a regulated utility, you have more

predictability in the returns. Carlyle is in the business of returning interest on their investments. Carlyle has indicated that it will work with management of AVR already in place. That, in and of itself, may be a problem. What the sale means for the residents of Apple Valley remains to be seen. Water is a critical resource, so I am very interested in the transaction and what it means for Apple Valley.

As a realtor, I am facing prospective buyers everyday and attempting to answer questions like “Why are the water rates so high in Apple Valley? Why is it so much less expensive in our adjacent cities like Victorville and Hesperia?” As aforementioned, the homes in Apple Valley are perceived as affordable but the water rates are also perceived as unaffordable. The AVR water rates are presently \$2.10 per 100 ft³ of water or approximately 750 gallons of water. The water rates in adjacent Victorville are \$1.47 per 100 ft³. The water rates in the Spring Valley Lake area located in Victorville are \$0.90 per 100ft³. The water rates in adjacent Hesperia are \$1.49 per 100 ft³. As a matter of fact, the AVR rates have increased 26.6 percent over the past 3 years. My name is Angelo and not Michelangelo but this is not a pretty picture that I have to paint for prospective buyers to Apple Valley.

Residents have reduced landscaping to reduce water consumption but now surcharges are added because of the reduced water usage. AVR has stated that their conservation measures were too successful. The surcharges are added to sustain a 9 percent profit margin. It is also interesting to note that some of the AVR employees do not wear their uniforms in public. Is it a wonder why?

Retention of existing AVR management alone does not necessarily appear to be beneficial for the citizens of Apple Valley. AVR has increased its rate an average of 11 percent over the past 22 years and 26.6 percent over the past 3 years. It would be great to be able to say the economy has increased in parallel with the AVR rate. Apple Valley has been the location of a significant number of senior citizens. Their income is somewhat fixed but for the cost of living increases in their social security

checks. Many other senior citizens also desire to live in Apple Valley. However, when they hear about the cost of water, their desire diminishes.

The city has indicated a desire in owning the water utility. Maybe it is time for this as they would not have the requirement of a fixed profit margin, would be interested in residents first and not profits and would appear to be able to bring the rates down and make Apple Valley affordable. In any event, our community deserves the answer to some questions that should be reviewed during the application process. How will it hit the consumer pocketbooks? The Carlyle Group's top objective, as stated on its website, is to "generate superior investment returns." How does this translate in terms of our monthly water bill and long term water security? Maybe the city knows!

III. Conclusion

Angelo S. Cici requests public participation hearings and evidentiary hearings. I specifically request that public participation hearings be held within or near the town of Apple Valley. I request that evidentiary hearings be held in the California Public Utilities Commission offices in Los Angeles. In this manner, better participation and evidence in this process will be obtained.

For the reasons stated above, I strongly urge the California Public Utilities Commission to deny the current application.

DATED: February 23, 2011

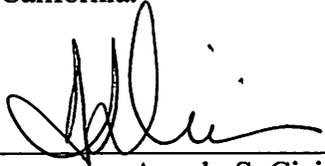
Respectfully submitted,

By:  _____

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the Protest to Applicants Merger A.11-01-019 on all known parties to A.11-01-019 by mailing a properly addressed copy by first class mail with postage prepaid, or transmitting an e-mail message with the document attached to each person named in the official service list. All persons were mailed copies by first class mail with the exception of Barbara Hall and George Butts who by their request will be served by e-mail.

Executed on February 24, 2011 at Apple Valley, California.



Angelo S. Cici



California Public
Utilities Commission

CPUC Home

CALIFORNIA PUBLIC UTILITIES COMMISSION Service Lists

PROCEEDING: A1101019 - WESTERN WATER HOLDIN
FILER: APPLE VALLEY RANCHOS WATER COMPANY
LIST NAME: LIST
LAST CHANGED: FEBRUARY 23, 2011

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