Date of Issuance 9/28/10

WATER/RSK/JB5/MCV/jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION NO. W-4840
September 23, 2010

R E S O L U T I O N

(RES. W-4840), GOLDEN STATE WATER COMPANY (GSWC), REGION I. ORDER AUTHORIZING SURCHARGES TO RECOVER $1,227,490 FOR GSWC'S REGION I SERVICE AREA FOR LOST REVENUES FROM REDUCED WATER CONSUMPTION BY CUSTOMERS.

SUMMARY

This resolution grants Golden State Water Company (GSWC) the authority to recover in rates $1,227,490 for Region I service area by adding the surcharges listed below to each customer's bill in the respective district. The increases requested are to recover lost revenues tracked in GSWC's Water Conservation Memorandum Accounts (WCMAs) for each district resulting from reduced water consumption by customers during the period of August 14, 2008, through August 31, 2009.

This Resolution approves $167,302 in lost revenues for the Arden Cordova District and a 12-month corresponding surcharge of $0.335 per hundred cubic feet (Ccf) to be added to each customer's bill in Arden Cordova District for Schedule AC-1, General Metered Service.

This Resolution approves $361,220 in lost revenues for the Bay Point District and a 24-month corresponding surcharge of $0.1449 per Ccf to be added to each customer's bill in Bay Point District for Schedules BY-1-R, Residential General Metered Service, and BY-1-NR, Non-Residential Metered Service.

This Resolution approves $50,688 in lost revenues for the Clearlake District and a 12-month corresponding surcharge of $0.2752 per Ccf to be added to each customer's bill in Clearlake District for Schedule CL-1, General Metered Service.

This Resolution approves $120,719 in lost revenues for Los Osos District and a 12-month corresponding surcharge of $0.2038 per Ccf to be added to each customer's bill in Los Osos District for Schedules LO-1-R, Residential Metered Service, and LO-1-NR, Non-Residential Metered Service.

This Resolution approves $175,197 in lost revenues for the Ojai District and a 12-month corresponding surcharge of $0.1845 for the rate schedules listed above per Ccf to be added to each customer's bill in Ojai District for Schedules OJ-1, General Metered Service, and OJ-7ML, Public Park Metered Service.

This Resolution approves $171,197 in lost revenues for the Santa Maria District and a 12-month corresponding surcharge of $0.0399 per Ccf to be added to each customer's bill in Santa Maria District for Schedules SM-1-R, Residential Metered Service, SM-1-NR, Non-Residential Metered Service, and SM-3ML, Limited Metered Irrigation Service.

This Resolution approves $180,561 in lost revenues for the Simi Valley District and a 12-month corresponding surcharge of $0.0503 per Ccf to be added to each customer's bill in Simi Valley District for Schedules SI-1-R, Residential Metered Service, and SI-1-NR, Non-Residential Metered Service.

BACKGROUND

GSWC, a California corporation, is a Class A utility and a subsidiary of American States Water Company. As one of California's largest Commission-regulated water utilities, it serves approximately 250,000 customers in three regions which are comprised of nine rate-making areas. GSWC's Region I service territory includes roughly 55,600 customers in seven districts which include Arden Cordova, Bay Point, Clearlake, Los Osos, Ojai, Santa Maria, and Simi Valley.

On July 18, 2008, GSWC filed AL 1284-W for its Region I districts requesting Commission authority to establish a Water Conservation Memorandum Account (WCMA) for each district to track extraordinary expenses and revenue shortfalls associated with GSWC's water conservation measures that it implemented as a result of the Governor's June 4, 2008 executive order declaring drought conditions in the State of California.[1] GSWC requested authority to record in the WCMA revenue shortfalls, incremental public relations expenses, incremental water conservation material expenses, and other operations and maintenance and administrative and

1. See Attachment A for a summary of GSWC's conservation efforts.

general expenses associated with the implementation of the conservation practices outlined in the Governor's Executive Order. GSWC planned to seek recovery of amounts recorded in the WCMA in its next general rate case, or other regulatory proceeding as directed by the Commission. GSWC's AL 1284-W became effective on August 18, 2008, 30 days after filing, pursuant to Section 7.3.4(1) of General Order 96-B.

On October 16, 2009, GSWC filed ALs 1352-W, 1353-W, 1354-W, 1355-W, 1356-W, 1357-W, and 1358-W to seek recovery of $1,381,640 in total lost revenues for its seven districts in Region I through a surcharge that would be applied over 12 months, except for the Bay Point District where the surcharge would be in place for 24 months in accordance with D.03-06-072, Appendix A, at 3. Table 1 provides a list of the lost revenues requested by GSWC and corresponding surcharges. GSWC is not seeking to recover administrative, implementation, and other program-related expenses as indicated in its July 18, 2008 WCMA request because GSWC was still incurring expenses at the time its revenue shortfall request ALs were filed. GSWC will request cost recovery of these expenses via a separate AL filing.[2] GSWC however is requesting cost recovery of expenses associated with noticing customers regarding its request to implement a surcharge to recover the revenue shortfalls in these ALs. The total costs for customer notices amounted to $27,882 ($7,034 for Arden Cordova, $2,468 for Bay Point, $1,379 for Clearlake, $1,875 for Los Osos, $ 1,461 for Ojai, $5,607 for Santa Maria, $5,762 for Simi Valley, and $2,297 for mailing costs.) GSWC's proposed surcharges are intended to recover the lost revenues for the period of August 14, 2008, through August 31, 2009. Table 1 below provides a breakdown of GSWC's estimated revenue shortfalls and the proposed surcharge for each district.

Table 1

Golden State Region I			
Advice Letter No.	**District**	**Lost Revenues Requested**	**Proposed Surcharge/Ccf**
1352-W	Arden Cordova	$225,425	$0.0452
1353-W	Bay Point	$367,039	$0.1472
1354-W	Clearlake	$53,120	$0.2884
1355-W	Los Osos	$123,235	$0.2080
1356-W	Ojai	$180,170	$0.1898
1357-W	Santa Maria	$200,559	$0.0466
1358-W	Simi Valley	$232,092	$0.0647
Total Revenue		**$1,381,640**	

2. Per GSWC's April 28, 2010 response to DWA's informal information request.

GSWC's present rates for all Region I districts became effective on January 1, 2010, which were authorized by D.08-01-043, Order Paragraph 3, for escalation year 2010.

On September 1, 2009, the Commission approved a conservation rate design and revenue decoupling mechanism, the Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA), for all of GSWC's Region I service areas except for its Clearlake District.[3] For all Region I districts except for Clearlake, GSWC's WRAMs will be used to track any lost revenues associated with its conservation rates and programs from September 1, 2009, and on.

NOTICE AND PROTESTS

GSWC gave public notices of its rate increase requests for its Region I districts in accordance with GO 96-B, Industry Rule 3.1. The publications and bill inserts indicated the proposed increases to the applicable rate schedules. Thirty-four letters in opposition were received with most of them stating that GSWC's request is unreasonable and unjust during these tough economic times. Several letters also voiced opposition to a rate increase being implemented simultaneously with GSWC's general rate case in Application 10-01-009. Several customers also did not understand why they are being asked to pay more for conserving water.

GSWC served copies of ALs 1352-W, 1353-W, 1354-W, 1355-W, 1356-W, 1357-W, and 1358-W in accordance with GO 96-B, Industry Rule 4.1 and the relevant General Rules.

DISCUSSION

GSWC seeks to recover the balances in the WCMAs for its Region I districts in the amount of $1,381,640 for reduced water consumption by customers resulting from GSWC's implementation of voluntary water measures described in Attachment A, during the period of August 14, 2008, through August 31, 2009.

3. The WRAM will track the difference between total quantity rate revenues authorized by the Commission and the total quantity rate revenues actually recovered via quantity charge. The MCBA will track the differences between adopted and actual costs for purchased water, power and pump tax.

The Commission in D.90-08-055 and D.91-10-042 established the method for computing revenue losses resulting from mandatory and voluntary conservation programs.[4] D.91-10-042, Ordering Paragraph 3, authorized the recovery of revenue losses resulting from implementation of mandatory or voluntary water conservation programs contingent upon the following:

1. approval of the utility's water management program;
2. reduction of the memorandum account balance pursuant to the risk reduction adjustment set-forth in D.91-10-042; and
3. offset of the memorandum account balance, where applicable, by water rationing fines collected in a utility's suspense account.

GSWC's (formerly Southern California Water Company) water management programs for Region I districts were approved by D.91-10-042. Since then GSWC, per Senate Bill 318,[5] is required to prepare an Urban Water Management Plan (UWMP) every five years and to submit this plan to the California Department of Water Resources. Class A and B water utilities also submit their UWMPs to the Commission as part of their General Rate Cases (GRCs.) GSWC submitted to the Commission its 2005 UWMP for the Region I districts as part of its 2007 GRC, and is currently preparing an updated plan for 2010. DWA reviewed GSWC's UWMPs for the Region I districts and determined that it meets the water management plant requirements established by D.90-08-055 which include having: 1) clear and specific goals for reducing water usage, 2) multiple approaches for conserving water, 3) long-term solutions for reducing water consumption (including incentive-based programs), 4) a cost-effectiveness analysis for the programs, and 5) a method for measuring the effectiveness of the programs.[6]

GSWC calculated the revenue shortfall associated with the water conservation measures outlined in Attachment A of this Resolution in accordance with the methodology authorized in D.90-08-055 and D.91-10-042.[7] DWA reviewed GSWC's calculations and confirmed that it followed the methodology adopted in D.90-08-055 and D.91-10-042. DWA approves of GSWC's calculations of the revenue shortfalls,

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4. The Commission's Order Instituting Investigation (I.) 89-03-005, *Measures to Mitigate the Effect of Drought on Regulated Water Utilities, Their Customers, and the General Public.*

5. Senate Bill 318 requires urban water suppliers with more than 3,000 service connections or water use of more than 3,000 acre-feet per year to submit a UWMP every five years to the California Department of Water Resources.

6. D.90-08-055, at 46.

7. D.90-08-055, at 21, and D.91-10-042, Ordering Paragraph 3.

except as discussed below, and finds reasonable for the Commission to authorize the recovery of the revenue shortfalls as calculated in this Resolution and reflected in Table 2 below.

The third contingency established by Ordering Paragraph 3 in D.91-10-042, listed above, does not apply in this case, given that the water conservation measures instituted by GSWC were voluntary and did not carry any penalties. DWA therefore finds that GSWC met the requirements set forth in D.90-08-055 and D.91-10-042.

DWA also finds reasonable for the Commission to authorize the recovery of the revenues shortfalls, as calculated in this Resolution and provided in Table 2 below, for the following reasons: 1) GSWC acted in good faith when it opted to implement the voluntary water conservation measures in response to the Governor's June 4, 2008 Executive Order that declared drought conditions in the State of California, which resulted in the unanticipated lower water sales than those projected in GSWC's General Rate Case; and 2) GSWC is not seeking to recover revenues beyond those authorized in D.08-01-043. For these reasons DWA recommends approval of GSWC's revenue recovery request in ALs 1352-W through 1358-W, as revised by this Resolution and including the lost revenue and surcharge calculations reflected in Table 2 below.

DWA also recommends closing the WCMAs for GSWC's Region I districts given that the Commission has authorized WRAMs for all districts, except for Clearlake, and that the WRAM is the mechanism that will be used to track, from September 1, 2009 and on, the difference between the total quantity rate revenues authorized by the Commission and the total quantity rate revenues actually recovered via quantity charge, including reduction in water sales that may result from water conservation. DWA also recommends closing the WCMA for GSWC's Clearlake District as this area serves very few customers who have a low consumption on average. Given the absence of tiered rates, revenue losses from conservation efforts in this district will be negligible. GSWC shall seek recovery of any remaining balances in these memorandum accounts in its next general rate case (GRC), and recovery of any of these balances shall be subject to the Commission's review for reasonableness in the GRC proceeding.

For a residential customer in Arden Cordova District on Schedule AC-1 with a 5/8 x ¾-inch meter using 17 Ccfs in a month, the increase would be $0.57 or 3.1% increase from $18.20 to $18.77 per month.

For a residential customer in Bay Point District on Schedule BY-1-R with a 5/8 x ¾-inch meter using 16 Ccfs in a month, the increase would be $2.32 or 2.8% increase from $83.01 to $85.32 per month. For a commercial customer on Schedule BY-1-NR with a 1-

inch meter using 16 Ccfs in a month, the increase would be approximately $2.3 or 2.0% increase from $118.67 to $121.03 per month.

For a residential customer in Clearlake District on Schedule CL-1 with a 5/8 x ¾-inch meter using 7 Ccfs in a month, the increase would be $1.93 or 2.8% increase from $69.21 to $71.13 per month.

For a residential customer in Los Osos District on Schedule LO-1-R with a 5/8 x ¾-inch meter using 15 Ccfs in a month, the increase would be $3.06 or 4.3% increase from $70.97 to $74.03 per month. For a commercial customer on Schedule LO-1-NR with a 1-inch meter using 15 Ccfs in a month, the increase would be approximately $3.12 or 2.9% increase from $107.50 to $110.62 per month.

For a residential customer in Ojai District on Schedule OJ-1 with a 5/8 x ¾-inch meter using 25 Ccfs in a month, the increase would be $4.61 or 4.8% increase from $96.65 to $101.26 per month. For a public park metered service customer on Schedule OJ-7ML with a 5/8 x ¾-inch meter using 65 Ccfs in a month, the increase would be approximately $12.33 or 7.9% increase from $156.41 to $168.74 per month.

For a residential customer in Santa Maria District on Schedule SM-1-R with a 5/8 x ¾-inch meter using 26 Ccfs in a month, the increase would be $1.04 or 1.9% increase from $53.27 to $54.30 per month. For a commercial customer on Schedule SM-1-NR with a 1-inch meter using 26 Ccfs in a month, the increase would be approximately $1.21 or 1.6% increase from $76.90 to $78.11 per month. For an irrigation customer on Schedule SM-3ML with a ¾-inch meter using 128 Ccfs in a month, the increase would be approximately $5.96 or 3.9% increase from $153.31 to $159.27 per month.

For a residential customer in Simi Valley District on Schedule SI-1-R with a 5/8 x ¾-inch meter using 21 Ccfs in a month, the increase would be $1.06 or 1.8% increase from $60.02 to $61.08 per month. For a commercial customer on Schedule SI-1-NR with a 1-inch meter using 21 Ccfs in a month, the increase would be approximately $1.36 or 1.8% increase from $76.63 to $77.99 per month.

As discussed below, DWA recommends that GSWC seek recovery, in its next GRC, of the costs associated with providing customer notices of these AL and of administrative, implementation, and other program-related expenses associated with its water conservation measures specified in Attachment A.

COMMENTS

Public Utilities Code Section 311(g) (1) generally requires that resolutions must be served on all parties and be subject to at least 30 days public review and comment prior to a vote of the Commission. Accordingly, this draft Resolution was mailed to all parties for comment on August 3, 2010.

Nine comment letters were received by DWA on the draft Resolution. Seven letters were submitted by customers in GSWC's Region I service area, and the Division of Ratepayer Advocates (DRA) and GSWC each submitted a letter. All of the letters filed by GSWC's customers discussed a recent increase to the monthly service charge for customers with 1-inch meters. This issue however is outside the scope of this Resolution. Because this issue should be addressed in GSWC's GRC (A.) 10-01-009, Staff will provide these letters to the Administrative Law Judge presiding over this application and to the DRA.

In its comments, DRA raises the following issues: 1) GSWC's lost revenues calculation should only use base rates and exclude surcharges to avoid double recovery; 2) cost recovery of GSWC's administrative, implementation and other program related expenses should be done through GSCW's GRC and not through this Resolution, so that expenses can be reviewed in the context of all GRC expenses; and 3) the Resolution should clarify that by closing the WCMAs for Region I district, the Commission does not imply that GSWC is authorized to transfer the balances in these accounts for amortization.

Table 2 below provides a comparison of GSWC's and DRA's lost revenue calculation with and without surcharges, and the agreed lost revenue amounts by GSWC and DRA, which is discussed below.

Table 2

	GSWC's Region I Districts							
	Arden Cordova	**Bay Point**	**Clearlake**	**Los Osos**	**Ojai**	**Santa Maria**	**Simi Valley**	**Total**
Lost Revenues								
GSWC's Request	$225,425	$367,039	$53,039	$123,235	$180,170	$200,559	$232,092	$1,381,641
DRA's Re-calculation	$161,188	$359,294	$50,071	$118,716	$171,655	$167,504	$179,689	$1,208,117
Agreed amounts by GSWC's and DRA's, and DWA recommended Amounts	$167,302	$361,220	$50,688	$120,719	$175,197	$171,803	$180,561	$1,227,490
Surcharges ($ per Ccf)								
DWA Recommended Surcharges	$0.0335	$0.1449*	$0.2752	$0.2038	$0.1845	$0.0399	$0.0503	

* This surcharge amount is for amortization of the $361,220 in lost revenues for Bay Point over a 24-month period.

On September 10, 2010, GSWC filed reply comments and, for the most part, agrees with DRA's comments. GSWC agrees with DRA that it improperly included in the lost revenue calculations recurring surcharges and that in these calculations it should have included only the interim rate surcharge for Region I, which is a non-recurring surcharge and which has a balance of $26,000, and no other surcharges.[8] GSWC therefore agrees to reduce its request by $154,000 from $1,381,640 to $1,227,490 to reflect the excluded surcharges. GSWC also agrees to write-off below the line the remaining balance of $26,000 for the Region I interim rate surcharge because it is addressed in the WCMA surcharge. DRA agrees with GSWC's revised lost revenue amounts provided in Table 2 above.

8. GSWC's interim rate surcharge is for recovery of revenue shortfall resulting from the difference between the authorized rates in January 1, 2008 and the final rates in February 5, 2008 in the Region I districts. The interim surcharge was authorized to be in effect over a 12-month period; therefore, the surcharge falls within the period at issue in this Resolution.

DWA agrees with DRA's comments that GSWC improperly included recurring surcharges in its lost revenue and surcharge calculations. Table 2 provides the revised lost revenue amounts, without the recurring surcharges, and the associated surcharges that DRA and GSWC have agreed upon. DWA reviewed the lost revenue amount and surcharge calculations and concurs with these amounts and recommends their approval.

In regards to the administrative and implementation costs associated with the GSWC conservation programs addressed in this Resolution, GSWC also agrees with DRA's recommendation for GSWC to seek recovery for these costs in its next GRC. DWA concurs with DRA and GSWC and recommends adopting this recommendation.

In regards to DRA's third issue, DWA clarifies that the closing of the WCMAs for GSWC's Region I district does not imply that GSWC is authorized to transfer the balances in these accounts for amortization. Instead, GSWC's should seek recovery of any remaining balances in these memorandum accounts in its next GRC, where these costs will be subject to the Commission's review for reasonableness.

FINDINGS AND CONCLUSIONS

1. On October 16, 2009, Golden State Water Company filed Advice Letters 1352-W, 1353-W, 1354-W, 1355-W, 1356-W, 1357-W, and 1358-W for its Region I Districts. In these Advice Letters, GSWC requests authority to implement a surcharge in each district to recover lost revenues tracked in its Water Conservation Memorandum Accounts (WCMAs) from reduced water consumption by customers during the period of August 14, 2008 through August 31, 2009, resulting from implementation of GSWC's implementation of voluntary water measures described in Attachment A.

2. Division of Water and Audits received thirty-four protests from customers to Golden State Water Company's advice letter filings.

3. The Commission Decisions 90-08-055 and 91-10-042 established the method for computing revenue losses resulting from mandatory and voluntary conservation programs.

4. Commission Decision 91-10-042, Ordering Paragraph 3, authorized recovery of revenue losses resulting from implementation of these types of water conservation measures contingent upon the following:

a. approval of the utility's water management program;
b. reduction of the memorandum account balance pursuant to the risk reduction adjustment set-forth in Decision 91-10-042; and
c. offset of the memorandum account balance, where applicable, by water rationing fines collected in a utility's suspense account.

5. The Division of Water and Audits finds that Golden State Water Company's 2005 Urban Water Management Plan meets the water management program requirement established by Decision 91-10-042, Ordering Paragraph 3.

6. The Division of Water and Audits reviewed Golden State Water Company's revenue losses calculations and finds that they are in compliance with methodology adopted in Decisions 90-08-055 and 91-10-042, including the requirements established by Ordering Paragraph 3 in Decision 91-10-042.

7. The third requirement established by Ordering Paragraph 3 in Decision 91-10-042 does not apply in this case given that the water conservation measures instituted by Golden State Water Company were voluntary and did not carry any penalties.

8. Golden State Water Company improperly included recurring surcharges in its lost revenue and surcharge calculations. The corrected lost revenue amounts and surcharges are provided in Table 2 of this Resolution.

9. Division of Water and Audits finds reasonable for the Commission to authorize Golden State Water Company to recover the revenues shortfalls amounts and corresponding surcharges listed in Table 2 of this Resolution with respect to its requests in Advice Letters 1352-W, 1353-W, 1354-W, 1355-W, 1356-W, 1357-W, and 1358-W. The Division also finds these revised shortfall amounts and corresponding surcharges reasonable for the following reasons: 1) Golden State Water Company acted in good faith when it opted to implement the voluntary water conservation measures in response to the Governor's June 4, 2008 executive order that declared drought conditions in the State of California, which resulted in the unanticipated lower water sales than those projected in Golden State Water Company's General Rate Case; and 2) Golden State Water Company is not seeking to recover revenues beyond those authorized in D.08-01-043.

10. The Division of Water and Audits recommends approval of Golden State Water Company's Advice Letters 1352-W, 1353-W, 1354-W, 1355-W, 1356-W, 1357-W, and 1358-W, as revised by this Resolution, and including the revised lost revenue and surcharge calculations reflected in Table 2 of this Resolution.

11. The surcharges reflected in Table 2 of this Resolution would allow Golden State Water Company to recover in rates the $1,227,490 in lost revenues from its for Region I Districts.

12. It is proper for Golden State Water Company to assess a 12-month surcharge for its Arden Cordova, Clearlake, Los Osos, Ojai, Santa Maria, and Simi Valley Districts, and a 24-month surcharge for its Bay Point District.

13. The following tariff schedules attached to Advice Letters 1352-W, 1353-W, 1354-W, 1355-W, 1356-W, 1357-W, and 1358-W should be approved with the revised lost revenue and surcharge calculations contained in Table 2 of this Resolution: For 1352-W, Arden Cordova District, Schedule AC-1, Metered Service; for Advice Letter 1353-W, Bay Point District: 1) Schedule BY-1-R, Residential Metered Service, and 2) Schedule BY-1-NR, Non-Residential Metered Service; for Advice Letter 1354-W, Clearlake District, Schedule CL-1, General Metered Service; for Advice Letter 1355-W, Los Osos District: 1) Schedule LO-1-R Residential Metered Service, and 2) Schedule LO-1-NR, Non-Residential Metered Service; for Advice Letter 1356-W, Ojai District: 1) Schedules OJ-1-R, Residential Metered Service, and 2) OJ-7ML, Public Park Metered Service; for Advice Letter 1357-W, Santa Maria District: 1) Schedules SM-1-R Residential Metered Service, 2) SM-1-NR, Non-Residential Metered Service, and 3) SM-3ML, Limited Irrigation Metered Service; and for Advice Letter 1358-W, Simi Valley District: 1) Schedules SI-1-R, Residential Metered Service, and 2) SI-1-NR, Non-Residential Metered Service.

14. The Division of Water and Audits recommends closing the WCMAs for GSWC's Region I districts, given that the Commission has authorized WRAMs for all districts, except for Clearlake, and that this is the mechanism that will be used to track, from September 1, 2009 and on, the difference between the total quantity rate revenues authorized by the Commission and the total quantity rate revenues actually recovered via quantity charge, including reduction in water sales that may result from water conservation.

15. The Division of Water and Audits recommends closing the WCMA for GSWC's Clearlake District as this area serves few customers with a low consumption on average, and in the absence of tiered rates, revenue losses from conservation efforts in this district will be negligible.

16. Golden State Water Company should seek recovery of any remaining balances in its WCMAs in its next General Rate Case, where these costs shall be subject to the Commission's review for reasonableness.

17. The Division of Water and Audits recommends that GSWC seek recovery, in its next General Rate Case, of the costs associated with providing customer notices and administrative, implementation, and other program-related expenses associated with its water conservation measures specified in Attachment A. Cost recovery should be subject to the Commission's reasonableness review.

THEREFORE IT IS ORDERED THAT:

1. Golden State Water Company is authorized upon approval of this Resolution to make effective the following rate schedules as modified by Table 2 of this Resolution:

    a. For Advice Letter 1352-W, Arden Cordova District, Schedule AC-1, General Metered Service;
    b. For Advice Letter 1353-W, Bay Point District: 1) Schedules BY-1-R, Residential Metered Service, and 2) BY-1-NR Non-Residential Metered Service;
    c. For Advice Letter 1354-W, Clearlake District, Schedule CL-1, General Metered Service;
    d. For Advice Letter 1355-W, Los Osos District: 1) Schedules LO-1-R, Residential Metered Service, and 2) LO-1-NR Non-Residential Metered Service;
    e. for Advice Letter 1356-W, Ojai District: 1) Schedules OJ-1, Metered Service, and 2) OJ-7ML, Public Park Metered Service;
    f. For Advice Letter 1357-W, Santa Maria District: 1) Schedules SM-1-R Residential Metered Service, 2) SM-1-NR, Non-Residential Metered Service, and 3) SM-3ML, Limited Irrigation Metered Service; and
    g. For Advice Letter 1358-W, Simi Valley District 1) Schedules SI-1-R, Residential Metered Service, and 2) SI-1-NR, Non-Residential Metered Service.

2. Golden State Water Company is authorized to cancel the corresponding tariffs for the presently effective rate schedule listed in Ordering Paragraph 1 above.

3. Golden State Water Company's request to recover costs associated with providing customer notices is denied. Golden State Water Company shall seek recovery, in its next General Rate Case, of the costs associated with providing customer notices, and of administrative, implementation, and other program-related expenses associated with its water conservation measures specified in Attachment A. Cost recovery of these expenses shall be subject to the Commission's review for reasonableness.

4. The Water Conservation Memorandum Accounts for Golden State Water Company Region I Districts are closed, effective September 1, 2009. Golden State Water Company shall seek recovery of any remaining balances in these memorandum accounts in its next General Rate Case, and these costs shall be subject to the Commission's review for reasonableness.

5. Golden State Water Company shall submit, within five days of the effective date of this Resolution, supplemental tariff sheets to Advice Letters 1352-W, 1353-W, 1354-W, 1355-W, 1356-W, 1357-W, and 1358-W, reflecting, on the most recent Commission approved tariffs, the changes authorized by this Resolution. The supplemental filing shall become effective five days after filing.

6. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on September 23, 2010; the following Commissioners voting favorably thereon:

_____

PAUL CLANON
Executive Director

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
TIMOTHY ALAN SIMON
NANCY E. RYAN
Commissioners

Commissioner John A. Bohn, being necessarily absent, did not participate.

ATTACHMENT A

Golden State Water Company's "Voluntary" Conservation Programs

Companywide customer communications

July 2008
The launching of www.gswater.com includes a section on water conservation. A bill insert advertising the Web site as an important information source for conserving is sent to every customer in the summer of 2008.

Oct. 21, 2008
Letter to all Community Leaders calling for a 20 percent reduction in water usage, in alignment with Governor Schwarzenegger's goal

Oct. 24, 2008
Letter to every customer from CEO Floyd Wicks asking customers to reduce by 20 percent to align with Governor Schwarzenegger's goal

Oct. 27, 2008
News release announcing call for 20 percent voluntary reduction

January-March 2009
The Pipeline customer newsletter Volume 1 insert in every bill includes call for everyone to reduce and five great tips to conserve

March 2009
"Save Water Save Money www.gswater.com" printed on back of all billing envelopes

June – July 2009
The Pipeline customer newsletter Volume 2 insert in every bill provides a water shortage update which warns of possible water rationing plans and need to conserve statewide

September 2009
The Pipeline customer newsletter Volume 3 insert in every bill provides a water shortage update an encourages conservation statewide

ATTACHMENT A

Golden State Water Company's "Voluntary" Conservation Programs

Region I water rationing plan communications (Bay Point and Simi Valley)

March 3, 2009
Bay Point Municipal Advisory Council announcement about upcoming water rationing plan meeting (see page 3 of attached March 3 MAC meeting minutes).

March 17, 2009
News release announcing Bay Point public participation hearing for March 31 for water shortage

April 30, 2009
News release announcing more details about Bay Point water shortage plan
Letter to every Bay Point customer announcing water shortage plan and May 26, 2009 informational meeting about plan

May 2009
Bill stuffer containing water rationing plan details for every Bay Point customer
Web site information published about Bay Point plan, including FAQs. Information also provided in Spanish.
Bill statement message about plan and potential for premium charges.

March 24, 2009
Article in Contra Costa Times and Oakland Tribune about Bay Point water rationing plan.

May 26, 2009
Bay Point customer meeting and presentation about water rationing including distribution of water-saving devices. Translator provided.

June 2009
Web site information published about Simi Valley water shortage plan, including FAQs

June 1, 2009
News release about Simi Valley water shortage plan and June 4 public meeting
Statement read to Simi Valley city council about water rationing plan and public meeting June 4

ATTACHMENT A

Golden State Water Company's "Voluntary" Conservation Programs

June 3, 2009
Ad in Simi Valley newspaper inviting customers to June 4 public meeting to discuss water rationing plan (in addition to Regulatory Affairs customer noticing)

June 4, 2009
Simi Valley customer presentation at meeting about water rationing including distribution of water-saving devices.

July 9, 2009
Letter to every Simi Valley customer explaining their individual water allocation, premium charges for exceeding, and water use restrictions.

July 28, 2009
Simi Valley Superintendent Skip Faria presentation to Rotary about water shortage.

Region I community events and activities promoting water conservation (staff present at events with conservation materials)

January 2008
Water Health 2 Outreach event in Los Osos (1/19/08)

May 2008
GET WET event in Folsom (conservation event)

June 2008
Flyer for Bay Point – outdoor water conservation tips in English and Spanish

July 2008
Water Awareness Event in Rancho Cordova (4th of July)

August 2008
Flyer created and used for R1 (northern) "10 Easy Ways to Conserve Water"
Flyer created and used for R1 (coastal) "10 Easy Ways to Conserve Water"
Cordova High School Football Program – Conservation Message included

September 2008
Native American Day Event at the Capitol "Spirit of Land and Water"

ATTACHMENT A

Golden State Water Company's "Voluntary" Conservation Programs

Water Conservation event in Los Osos

November 2008
Added voluntary conservation news release to NEW section on homepage and on the conservation page

Jan 2009
Added Water Action Plan to Homepage on www.gswater.com

Feb 2009
Added link on the homepage of www.gswater.com for customers to receive a FREE conservation kit

April 2009
April 22nd Earth Day event in Rancho Cordova
April 22nd Earth Day event in Clearlake
Added Water Shortage Plan News Release to Bay Point CSA page on www.gswater.com

May 2009
Bay Point Rebate flyer (English / Spanish)
Bay Point Open House 5/26/09
GET WET event in Folsom (conservation event)

June 2009
Water Awareness Open House Edna Road 6/10/09
Added schedule 14.1's, Water Shortage Brochures, and exception forms to Simi Valley pages on gswater.com

July 2009
Water Awareness Event in Rancho Cordova (4th of July)

August 2009
Water Awareness Open House Bay Point 8/27/09
Cordova High School Football Program – Conservation Message included