

# Water Rate Update

## Bakersfield District



### After 25-Month Process, CPUC Sets Cal Water's Rates for 2014 to 2016

On August 14, 2014, the California Public Utilities Commission (CPUC) issued a final decision in its 2012 review of California Water Service Company's (Cal Water) utility rates. The decision marks the end of a lengthy process, during which time the CPUC's Water Division and Office of Ratepayer Advocates scrutinized Cal Water's operations, finances, costs, and proposed water system improvements.

The final decision essentially approves the Settlement Agreement reached after 26 weeks of deliberations between Cal Water, the CPUC, and numerous other parties to the case. In addition to authorizing increases in water utility rates needed to continue providing customers with safe, reliable service, the decision approves an increase in the discount provided to qualified low-income customers.

Cal Water is required by the CPUC to undergo this rigorous rate review process every three years to ensure that rates accurately reflect the costs of providing water utility service. The next required rate review will begin in 2015 and end in 2017.

### What the Decision Means for Bakersfield Customers

The table to the right shows new service and quantity rates for Bakersfield customers in 2014. With these new rates, a Bakersfield customer with a standard 5/8 by 3/4-inch meter who uses the average 15,708 gallons (21 Ccf) per month will pay service and quantity charges of \$50.57. With the low-income discount, the same usage would amount to \$43.25.

In contrast, a Bakersfield customer with higher-than-average water usage would see a significantly higher bill. At 19,448 gallons (26 Ccf), the service and quantity charges amount to \$59.56 without the low-income discount, and \$52.23 with the low-income discount.

The service charge is a fixed monthly charge based on the size of your water meter. The service charge only covers about 30% of the cost of providing water utility service.

The quantity charge is a variable monthly charge based on the amount of water used. It is broken into tiers, and the cost per unit increases as you use more water. The quantity charge covers about 70% of the cost of providing water utility service.

*Please see reverse for information on additional charges and credits.*

#### New Service & Quantity Rates

| Residential Monthly Service Charge  | New (Without LIRA) | New (With LIRA) |
|-------------------------------------|--------------------|-----------------|
| 5/8" x 3/4" meter size              | \$14.65            | \$7.33          |
| Residential Quantity Charge per Ccf | New                |                 |
| Tier 1 (1-13 Ccf)                   | \$1.66             |                 |
| Tier 2 (14-34 Ccf)                  | \$1.80             |                 |
| Tier 3 (35+ Ccf)                    | \$2.09             |                 |

Note that the examples on the front include only the service charge and the quantity rate, not other charges on the Bakersfield bill, which may include:

**Public Purpose Programs (PPP)\*:** Includes the cost of the Low-Income Ratepayer Assistance (LIRA) and Rate Support Fund programs.

**WRAM charge or credit\*:** The WRAM, or Water Revenue Adjustment Mechanism, is a way of correcting the over- or under-collection of revenue that occurs in the previous year if water sales for the entire district differ from the sales forecasted when rates were set. If water use in a district is higher than anticipated, Cal Water collects more revenue than the CPUC deemed necessary to provide safe, reliable service. In this case, a temporary credit is applied to customers' bills. If water usage in a district is lower than anticipated, Cal Water collects less revenue than the CPUC deemed necessary. In this case, a temporary surcharge is placed on customers' bills. The WRAM prevents Cal Water from collecting more or less revenue than is necessary to provide service to its customers.

**CPUC fee\*:** This is a charge of 1.5% that Cal Water is required to collect and submit to the CPUC to cover the costs of its oversight.

**Other charges or credits:** Typically small, temporary charges or credits. As an example, there was recently a one-half of one percent RSF surcharge for non-LIRA customers.

The cost of water for everyday tasks is low.



**Low-income program credit:** Discount on the service charge provided to customers who meet maximum income guidelines and are enrolled in Cal Water's LIRA program. The maximum LIRA credit increased from \$12 to \$18 per month.

Because the CPUC's decision was delayed, Cal Water has been authorized to recover the difference between the rates paid from January 1, 2014, to the time when the new rates became effective. This difference will be recovered via a temporary surcharge beginning in mid-September, and will appear in the "Other Charges and Credits" line on the bill. More information about this will accompany your next bill.

\* These charges will vary based on a customer's actual monthly water use.

### Sample Bill Charges

| Customer With Typical (21 Ccf) Usage             | New (Without LIRA) | New (With LIRA) |
|--|--------------------|-----------------|
| Service Charge (5/8 x 3/4" water meter)          | \$14.65            | \$7.33          |
| Quantity Charge - Tier 1*                        | \$21.54            | \$21.54         |
| Quantity Charge - Tier 2*                        | \$14.38            | \$14.38         |
| Quantity Charge - Tier 3*                        | \$0.00             | \$0.00          |
| <b>Total Monthly Bill (excluding surcharges)</b> | \$50.57            | \$43.25         |

| Customer With Higher (26 Ccf) Usage              | New (Without LIRA) | New (With LIRA) |
|--|--------------------|-----------------|
| Service Charge (5/8 x 3/4" water meter)          | \$14.65            | \$7.33          |
| Quantity Charge - Tier 1*                        | \$21.54            | \$21.54         |
| Quantity Charge - Tier 2*                        | \$23.36            | \$23.36         |
| Quantity Charge - Tier 3*                        | \$0.00             | \$0.00          |
| <b>Total Monthly Bill (excluding surcharges)</b> | \$59.56            | \$52.23         |

Figures may vary slightly due to rounding.