

Water Rate Update

Redwood Valley District, Lucerne System



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 changes in service and quantity rates needed to continue providing customers with safe, reliable service, the decision approves an increase in both the discount provided to qualified low-income customers and the Rate Support Fund discount to certain higher cost districts, including Lucerne.

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 Lucerne Customers

The table to the right shows new service and quantity rates for Lucerne customers in 2014. A Lucerne customer with a standard 5/8 by 3/4-inch meter who uses 3,740 gallons (5 Ccf) per month will pay \$72.86 for service and quantity rates.

Service & Quantity Rates (see reverse for other charges & credits)

Residential Monthly Service Charge	New (Without LIRA)	New (With LIRA)
5/8" x 3/4" meter size	\$50.26	\$25.13
Residential Quantity Charge	New	
Per Ccf	\$14.65	
RSF credit for first 10 Ccf	(\$10.13) per Ccf	

With the Rate Support Fund (RSF) credit, the first 10 Ccf used will cost \$4.52 per Ccf (\$14.65 - \$10.13 = \$4.52).

Lucerne customers benefit from our Rate Support Fund (RSF) program, which offsets a portion of the cost of service in relatively high-cost districts. The RSF is supported by Cal Water's customers across the state; it provides local customers with a discount of about \$10.13 per billing unit for the first 7,480 gallons (10 Ccf) of water used. Without the benefit of Cal Water's Rate Support Fund, the typical residential customer in Lucerne would pay \$123.52 for service and quantity rates in 2014.

Customers in Lucerne will also benefit from an increase to the maximum monthly benefit under our Low-Income Ratepayer Assistance (LIRA) program. A typical Lucerne customer who uses 3,740 gallons (5 Ccf) per month and participates in LIRA will see the amount they pay for service and quantity rates **decrease** to \$47.73.

Lucerne customers with higher water usage would see significantly higher charges. At 11,220 gallons (15 Ccf), the service and quantity rates amount to \$168.72 without the low-income discount, and \$143.59 with the low-income discount. Cal Water has a range of conservation programs to help you reduce your water use.

Please see reverse for additional charges and credits.

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Este informe contiene información importante. Tradúzcalo o hable con alguien que lo entienda bien.

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

Service charge: 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.

Quantity charge*: A variable monthly charge based on the amount of amount of water used. The quantity charge covers about 70% of the cost of providing water utility service.

Service charge for SRF (based on meter size): Repays the zero-interest State Revolving Fund loan Cal Water secured to construct its treatment plant in Lucerne, which allows us to provide customers with high-quality water.

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.

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.

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

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 \$30 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.

Sample Bill Charges

Customer With Typical (5 Ccf) Usage	New (Without LIRA)	New (With LIRA)
Service Charge (5/8 x 3/4" water meter)	\$50.26	\$50.26
Quantity Charge *	\$73.26	\$73.26
Safe Drinking Water State Revolving Fund Loan	\$16.52	\$16.52
CPUC Fee *	\$2.07	\$2.07
WRAM Charges or Credits *	\$14.58	\$14.58
Public Purpose Programs *	\$3.57	\$0.00
Low-Income Program Credit	\$0.00	(\$25.13)
Rate Support Fund Credit	(\$50.66)	(\$50.66)
Total Monthly Bill	\$109.60	\$80.90

Customer With Higher (15 Ccf) Usage	New (Without LIRA)	New (With LIRA)
Service Charge (5/8 x 3/4" water meter)	\$50.26	\$50.26
Quantity Charge *	\$219.79	\$219.79
Safe Drinking Water State Revolving Fund Loan	\$16.52	\$16.52
CPUC Fee *	\$4.71	\$4.71
WRAM Charges or Credits *	\$43.73	\$43.73
Public Purpose Programs *	\$7.87	\$0.00
Low-Income Program Credit	\$0.00	(\$25.13)
Rate Support Fund Credit	(\$101.32)	(\$101.32)
Total Monthly Bill	\$241.56	\$208.55

Figures may vary slightly due to rounding.

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

If you have any questions, please call us at (707) 274-6624 or e-mail infoRV@calwater.com.