

Golden State Water Company
A Subsidiary of American States Water Company
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San Dimas, CA 91773

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Si necesita asistencia en Español, tenemos representantes de servicio al cliente disponibles para ayudarle cuando lo solicite, por favor llame al número 1-800-999-4033.

**NOTICE OF APPLICATION FOR A GENERAL RATE INCREASE BY
GOLDEN STATE WATER COMPANY
CLEARLAKE SERVICE AREA
APPLICATION NO. 11-07-017**

REQUEST FOR PUBLIC COMMENTS

Dear Valued Customer,

The California Public Utilities Commission (CPUC) is seeking public comments from Golden State Water Company's (GSWC) customers in the Clearlake Service Area regarding a proposed request by GSWC to increase rates for service in 2013, 2014, and 2015. As part of its decision-making process, the CPUC is interested in your comments on any aspect of the company's operation including proposed rates, service quality or any other issue of concern.

GSWC filed Application 11-07-017 on July 21, 2011 with the CPUC requesting the following increase over authorized 2011 revenues for the Clearlake Service Area: \$85,100, or 4.00% over present revenue for 2013, an additional increase of \$86,100, or 3.90% in 2014, and an additional increase of \$88,200 or 3.80% in 2015.

GSWC's Clearlake Service Area serves approximately 2,170 customers in all or portions of the City of Clearlake and vicinity, Lake County.

These increases are necessary to keep up with increased purchased water and pumping costs which are out of GSWC's control and to meet GSWC's goals to ensure a safe and reliable source of supply, improve infrastructure and to promote the efficient use of water.

On May 2, 2011, in a separate proceeding GSWC filed its Cost of Capital Application No. 11-05-004 with the CPUC. In the Application, GSWC requested that the CPUC review and authorize a cost of capital for 2012, 2013, and 2014. The authorized cost of capital determines the amount of money GSWC is allowed in rates as a return on its invested capital. Revenue GSWC receives for cost of capital is used to pay off debt and provide shareholders a return on their investment. The approval of this application may impact rates in the Clearlake Customer Service area.

8/19/2011

The table below shows the average monthly bill by customer class for metered rate customers:

| | Residential | | | | Commercial | | | |
|------|--------------------------------------------------------|----------|-----------------|------------|---------------------------------------------------------|----------|-----------------|------------|
| | Monthly Bill for a 5/8 x 3/4" meter using 6 CCF | | | | Monthly Bill for a 5/8 x 3/4" meter using 13 CCF | | | |
| Year | Current | Proposed | Dollar Increase | % Increase | Current | Proposed | Dollar Increase | % Increase |
| 2013 | \$78.15 | \$84.32 | \$6.17 | 7.9% | \$111.23 | \$126.64 | \$15.41 | 13.9% |
| 2014 | \$84.32 | \$87.40 | \$3.08 | 3.7% | \$126.64 | \$131.15 | \$4.51 | 3.6% |
| 2015 | \$87.40 | \$90.66 | \$3.26 | 3.7% | \$131.15 | \$135.93 | \$4.79 | 3.7% |

FOR FURTHER INFORMATION AND TO OBTAIN A COPY OF THE APPLICATION

A copy of GSWC’s Application No. 11-07-017 and related exhibits may be examined at the following GSWC location:

- Clearlake Customer Service Area Office located at 14595 Olympic Dr., Suite A, Clearlake, CA 95422.

If you need additional information, you may visit www.gswater.com or call our 24-hour Customer Service Center; toll free, at 1-800-999-4033, TTY 1-877-933-9533.

PUBLIC COMMENT

If you wish to comment on this filing as a customer of GSWC, you may do so by e-mail or writing to the Public Advisor’s Office (PAO). Written public comments by GSWC customers is very much desired by the CPUC and may be sent to the Public Advisor’s Office at 505 Van Ness Ave., San Francisco, CA 94102 or via e-mail to public.advisor@cpuc.ca.gov. Please refer to Golden State Water Company’s Application No. 11-07-017 on any written or e-mail correspondences. All public comments received by the PAO are provided to the CPUC Commissioners and the Administrative Law Judge (ALJ) assigned to the proceeding. All e-mails and written correspondences become part of the formal file under public comments. Participating Divisions within the CPUC who are reviewing the request by GSWC will also receive a copy of all public comments.

EVIDENTIARY HEARINGS

The CPUC may hold Evidentiary Hearings (EH) whereby parties of record present their proposals in testimony and are subject to cross-examination before an Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are parties of record can present evidence or cross-examine witnesses during EH. Members of the public may attend these hearings, but are not allowed to participate.

After considering all proposals and evidence presented during the hearing process, the ALJ will issue a draft decision. When the CPUC acts on this application, it may adopt all or part of GSWC’s request, amend or modify it, or deny the application. The CPUC’s final decision may be different from GSWC’s proposed application.

THE CPUC PROCESS

The CPUC’s Division of Ratepayer Advocates (DRA) will review this Application. DRA is an independent arm of the CPUC created by the Legislature to represent the interests of all utility customers throughout the state and obtain the lowest possible rate for service consistent with reliable and safe service levels. DRA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. DRA’s views do not necessarily reflect those of the CPUC. Other parties of record will also participate.

Copies of the proposed application filing are also available for review at the California Public Utilities Commission’s Central Files office at 505 Van Ness Ave., San Francisco, CA 94102 from 8:00 a.m. to noon daily.

GOLDEN STATE WATER COMPANY