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**NOTIFICATION OF FILING FOR AN AUTHORIZED COST OF CAPITAL FOR
GOLDEN STATE WATER COMPANY
APPLICATION NO. 11-05-004**

On May 2, 2011, Golden State Water Company (GSWC) filed Application No. 11-05-004 (A.11-05-004) with the California Public Utilities Commission (CPUC). In this application filing, GSWC has 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. In this proceeding, the CPUC will determine a reasonable capital structure, the costs of long-term debt, and an appropriate rate of return on common equity. GSWC's proposed request is summarized in the following table:

Year	Cost Factor	Cost	Capital Structure (Weight)	Weight Cost
2012	Long Term Debt	6.99%	44.4%	3.10%
	Common Equity	11.50%	55.6%	<u>6.39%</u> 9.49%
2013	Long Term Debt	7.06%	44.4%	3.13%
	Common Equity	11.50%	55.6%	<u>6.39%</u> 9.52%
2014	Long Term Debt	7.12%	44.4%	3.16%
	Common Equity	11.50%	55.6%	<u>6.39%</u> 9.55%

If the CPUC approves GSWC's request, the rates in each GSWC service territory will be increased to reflect the proposed cost of capital beginning on January 1, 2012. Overall, the proposed changes to the cost of capital will increase GSWC's currently authorized revenues by \$6.2 million (2.1%) in 2012. The increase in annual revenues will vary by ratemaking area. The following table shows the proposed increase in 2012 for each of the ratemaking areas served by GSWC.

	Increase	
	Amount (\$000)	%
Region 1		
Arden Cordova	\$167.9	1.5%
Bay Point	\$121.5	2.0%
Clearlake	\$54.9	2.6%
Los Osos	\$92.1	2.5%
Ojai	\$161.5	3.0%
Santa Maria	\$228.9	2.3%

	Increase	
	Amount (\$000)	%
Simi Valley	\$95.7	0.8%
Region 2	\$2,821.8	2.2%
Region 3	\$2,497.2	2.1%
Total	\$6,241.5	2.1%

The impact on customer bills will also vary by ratemaking area. The following table shows the effect on a customer's bill, based on the average usage as shown on the table for the respective service areas. The impact on any particular customer's bill will depend on the customer's actual usage level and meter size as well as the implementation of the rate increase in the rate structure.

District	Average Usage (Ccf)	Billed @ Authorized 2011 Rates	Billed @ Proposed Rates	Bill Increase	
				Amount	%
Region 1					
Arden Cordova (Residential Metered)	21	\$28.43	\$28.85	\$0.41	1.5%
Arden Cordova (Flat)		\$49.40	\$50.10	\$0.70	1.4%
Arden Cordova (Non-Residential Metered)	119	\$180.21	\$183.04	\$2.83	1.6%
Bay Point (Residential)	9	\$66.11	\$67.45	\$1.33	2.0%
Bay Point (Non-Residential)	16	\$93.83	\$95.74	\$1.91	2.0%
Clearlake (Residential)	6	\$78.15	\$80.15	\$2.00	2.6%
Clearlake (Non-Residential)	13	\$111.23	\$114.17	\$2.94	2.6%
Los Osos (Residential)	10	\$67.76	\$69.47	\$1.71	2.5%
Los Osos (Non-Residential)	33	\$159.28	\$163.18	\$3.9	2.0%
Ojai (Residential)	13	\$77.08	\$79.45	\$2.37	3.1%
Ojai (Non-Residential)	13	\$77.08	\$79.45	\$2.37	3.1%
Santa Maria (Residential)	21	\$49.19	\$50.24	\$1.05	2.1%
Santa Maria (Non-Residential)	33	\$67.46	\$68.92	\$1.46	2.2%
Simi Valley (Residential)	17	\$62.96	\$63.46	\$0.51	0.8%
Simi Valley (Non-Residential)	137	\$520.78	\$524.80	\$4.01	0.8%
Region 2 (Residential)	13	\$59.20	\$60.58	\$1.39	2.3%
Region 2 (Non-Residential)	33	\$119.25	\$121.96	\$2.71	2.3%
Region 3 (Residential)	17	\$62.20	\$63.48	\$1.28	2.1%
Region 3 (Non-Residential)	85	\$233.02	\$237.92	\$4.91	2.1%

FOR FURTHER INFORMATION AND TO OBTAIN A COPY OF THE APPLICATION

A copy of GSWC's Application No. 11-05-004 may be obtained on our website at www.gswater.com or at your local district office. If you need additional information, you may call our 24-hour Customer Service Center; toll free, at 1-800-999-4033, TTY 1-877-933-9533.

Copies are also available for review at the California Public Utilities Commission's Central Files, Monday – Friday, 8am – 12 noon, at 505 Van Ness Ave., San Francisco, CA 94102.

PUBLIC COMMENT

If you wish to comment on or protest 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 are very much desired by the CPUC and may be sent to the PAO at the address shown below. 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.

PROTESTING THE APPLICATION

Formal protests to this application must be filed with the CPUC no later than **June 2, 2011**. The CPUC's PAO was established to assist members of the public who want to protest or otherwise participate in the CPUC's proceedings. For assistance in filing a formal protest with the CPUC or otherwise participating in the formal proceeding, please contact the Public Advisor's Office at 505 Van Ness Avenue, San Francisco, California 94102, or via e-mail to public.advisor@cpuc.ca.gov or in Southern California at 320 West 4th St., Ste. 500, Los Angeles, CA 90013 or via e-mail to public.advisor.la@cpuc.ca.gov. Please refer to Golden State Water Company's Application No. 11-05-004 on any written or e-mail correspondences.

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.

The CPUC may hold Evidentiary Hearings (EH) whereby parties of record present their proposals in testimony and are subject to cross-examination before an 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.

GOLDEN STATE WATER COMPANY