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**NOTICE OF APPLICATION FOR RATE INCREASE BY
GOLDEN STATE WATER COMPANY
BAY POINT SERVICE AREA
REQUEST FOR PUBLIC COMMENTS
APPLICATION NO. 10-01-009**

Dear Valued Customer,

The California Public Utilities Commission (CPUC) is seeking public comments from Golden State Water Company's (GSWC) customers in the Bay Point Service Area regarding a proposed request by GSWC to increase rates for service in 2011 and 2012. 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 10-01-009 on January 13, 2010 with the CPUC requesting authorization to increase revenue in the Bay Point Service Area by \$1,782,400 or 33.21% over present revenue for 2011, and a decrease of \$66,200 or 0.93% in 2012. As an alternative, GSWC is recommending that the requested increases should be levelized between 2011 and 2012. Under GSWC's alternate recommendation, the requested increases would be \$1,206,800 or 22.62% over present revenue for 2011 and an additional increase of \$1,152,300 or 17.60% in 2012.

The proposed requested rate increases are necessary because the present rates are insufficient as they do not produce adequate revenue to allow for investment in plant, property and other equipment devoted to providing quality utility service to customers. GSWC contends that the increase in rates is necessary by the effects of the Company's investment in water system improvements, as well as increased operating costs for items such as the cost of wholesale water, postage, liability insurance, depreciation, materials, purchased services, the General Office allocated costs, labor and payroll taxes. If approved, the rate increases would fund more than \$2 million in local capital investments from now through 2012 that are critical to providing reliable, high quality water to the area.

The current 2010 escalation year adopted levels for Bay Point presented in Application No. 10-01-009 include revenues and expenses associated with a pending GSWC Application No. 09-08-004 filing to implement corrective measures for water quality and fluoridate the water. GSWC has reflected the capital additions and the change in operating expenses that it requested approval for in A.09-08-004 in this proceeding and therefore the revenue increase included in this application incorporates the rate increases also requested in A.09-08-004. GSWC has a reasonable expectation that the application will be approved before the resolution of this proceeding.

GSWC amended A.10-01-009 on January 27, 2010 to request amortization of the under-collection in the Supply Cost Balancing Account in the Bay Point Customer Service Area as of August 31, 2009 by \$233,612 or 4.35% over present revenue for 2011.

The table below shows the average monthly bill by customer class for metered customers with the un-levelized increase.

Year	Residential				Commercial			
	Monthly Bill for a 5/8 x 3/4" meter using 11 CCF				Monthly Bill for a 5/8 x 3/4" meter using 88 CCF			
	Current	Proposed	Dollar Increase	% Increase	Current	Proposed	Dollar Increase	% Increase
2011	\$63.04	\$84.04	\$21.00	33.32%	\$321.18	\$427.94	\$106.76	33.24%
2012	\$84.04	\$83.33	-\$0.71	-0.84%	\$427.94	\$424.46	-\$3.47	-0.81%

	Industrial				Public Authority			
	Monthly Bill for a 2" meter using 2084 CCF				Monthly Bill for a 2" meter using 149 CCF			
Year	Current	Proposed	Dollar Increase	% Increase	Current	Proposed	Dollar Increase	% Increase
2011	\$7,162.42	\$9,539.75	\$2,377.33	33.19%	\$706.30	\$942.56	\$236.26	33.45%
2012	\$9,539.75	\$9,473.38	-\$66.36	-0.70%	\$942.56	\$930.40	-\$12.16	-1.29%

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. 10-01-009 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.

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 who independently evaluate the proposals of utilities and present their recommendations to the CPUC.

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.

FOR FURTHER INFORMATION AND TO OBTAIN A COPY OF THE APPLICATION

A copy of GSWC’s Application No. 10-01-009 and related exhibits may be examined at the following GSWC locations:

- Bay Point Customer Service Area Office located at 53 Manor Dr., Suite B, Bay Point, California 94565;
- GSWC General Office located at 630 East Foothill Blvd., San Dimas, California 91773.

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.

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.

GOLDEN STATE WATER COMPANY