GENERAL RATE CASE
INFRASTRUCTURE INVESTMENTS AND WATER RATES FOR 2019, 2020 AND 2021

A MESSAGE FROM YOUR GENERAL MANAGER

Golden State Water Company (Golden State Water) has been serving reliable, quality water to Californians for more than 90 years. We always put our customers first, because we understand that water is a critical part of your everyday life.

On May 30, 2019, Golden State Water’s General Rate Case (GRC) was approved by the State of California to set water rates for 2019, 2020 and 2021 and authorize proposed infrastructure investments for the local system. Water rates and infrastructure investments are closely related, as investments to protect the reliability of the water system are a key driver of rates.

New rates approved through the GRC will be implemented on June 8, 2019, and customers may notice the adjustment on their June 2019 water bills. Since the GRC approval was delayed nearly six months (originally expected before Jan. 1, 2019) by factors outside of Golden State Water’s control, the difference between actual rates and approved rates for the period from Jan. 1 – June 7, 2019, will be reconciled at a later time.

If you have any questions, please visit our website at gswater.com/central-basin-east for more information or call us anytime at 800.999.4033.

On behalf of everyone at Golden State Water, thank you for being a valued customer.

Sincerely,
Richard Mathis
General Manager
Central District
Golden State Water Company

WATER RATES

Golden State Water delivers quality drinking water and reliable service 24 hours a day, 7 days a week, to approximately 20,000 customers in the Central Basin East service area which includes all or portions of Artesia, Cerritos, Downey, Hawaiian Gardens, La Mirada, Lakewood, Long Beach, Norwalk, Santa Fe Springs and adjacent county territory.

Beginning when new rates are implemented on June 8, 2019, an average residential customer in the Central Basin East Customer Service Area with a 5/8 x 3/4” meter using 9 Ccf per month would see a monthly bill increase of $3.29 from $51.17 to $54.46 compared to 2018 (excluding any applicable surcharges).

The rate adjustment factors the 3.94 percent rate decrease that was implemented in July 2018 to pass cost savings from the lower federal income tax requirement through to customers (Tax Cuts and Jobs Act of 2017).

EXPENSES
Approximately 76% of the costs to operate, maintain and improve the water system don’t change when customers use less/more water.

REVENUE
Approximately 70% of the revenue collected from water bills is variable. When usage decreases, rates must eventually increase to cover fixed costs.

*Figures shown represent companywide average and vary by ratemaking area.

Golden State Water Company
HOW WATER RATES ARE SET

Golden State Water is regulated by the State of California to ensure rates are reasonable and reflect the full cost to provide water service, maintain the infrastructure and make needed system improvements.

Every three years, Golden State Water is required to file a GRC with the state to propose a rate structure that recovers the revenue needed to meet operating expenses and necessary infrastructure improvements over a three-year period. Golden State Water filed its GRC application for the years 2019, 2020 and 2021 on July 19, 2017.

The GRC process is thorough and takes approximately 18 months to ensure rates are fair and provide reliable, quality water service. Customers are encouraged to participate in the ratemaking proceedings, and their interests are protected throughout the process by the state’s Public Advocates Office.

BENEFIT TO CUSTOMERS

Golden State Water invests to protect the safety and reliability of the local water system. We employ proactive maintenance programs and update our aging pipeline infrastructure on a replacement schedule of approximately 100 years. For comparison, the American Society of Civil Engineers published a report on the country’s water infrastructure concerns, noting a national average replacement schedule of 200 years on pipes designed to last 75-100 years.¹

In the approved 2019-21 GRC application, Golden State Water proposed infrastructure investments totaling approximately $8,059,000 for the Central Basin East Customer Service Area to address water supply, storage and distribution needs.


KEY PROJECTS

Following are capsule summaries of key upcoming projects:

• Pipeline Replacement Program: More than $1,726,000 is approved to replace aging water pipes to improve water system operation and reliability.

• Studebaker Well Construction: To improve water supply reliability and limit the need to purchase more-costly imported water for the Norwalk System, a new groundwater well with larger capacity is approved to replace the more than 85-year-old Imperial Well No. 3 at the Studebaker Plant. The project represents a capital investment of approximately $1,348,000.

• Meters and Services Installation: Approximately $1,895,000 is approved to install new meters and connections.

TO LEARN MORE about local infrastructure investments, water rates or conservation programs/rebates available in your area, please visit gswater.com/Central-Basin-East, follow us on Twitter @GoldenStateH2O or call us anytime at 800.999.4033.