

Proposed rate increase for Casmalia under fire

By Malia Spencer/Senior staff writer

Accusations that a local water company is trying to shut down a community flew Wednesday night, as company officials attempted to explain the reason behind a proposed big rate increase.

Residents from the tiny rural community of Casmalia crowded into the Santa Barbara County Board of Supervisors hearing room in Santa Maria to offer their comments on a proposed water-rate increase that many say has the potential to drive away the nearly 200 people that live there.

The meeting was required by the California Public Utilities Commission and run by commission staff member Robert Weissman, who is reviewing the request by Casmite Water Corp. to increase its revenue.

A rate increase would be for customers who receive water from Casmite - which has been owned by Chevron since Chevron bought Unocal in 2005.

Officials from Casmite told residents that the proposed rate structure accurately reflects what it costs to provide water, and that prior to 2005 the company was not collecting fees that covered its cost.

In 2005, Casmite was declared a public utility and placed under PUC regulation, which includes actual statements of cost.

“As a utility we are required to recover costs through rate structure,” said Casmite Vice President Brian Kelly.

Weissman told the somewhat hostile crowd that his review of the application should be finished by the end of January, and then a staff report with his recommendation to the commission would be available upon request. After that, he said, the commission would hold a hearing on the matter to decide the rate structure.

“These are the decision makers, these five individuals,” he said, as he urged residents to contact the commission.

Casmite has provided water to the residents of Casmalia since the 1940s, when the company began oil operations in the area and constructed a water system, according to the 2005 PUC decision to make the company a public utility.

In 1953, Casmite was purchased by Unocal, which continued to provide water to Casmalia and other nearby residents as a “courtesy.” Then, in 1994, Unocal sold its oil fields in the area, but kept the water system. Unocal was purchased in 2005 by Chevron.

There are six metered customers who receive water from Casmite, including the Casmalia Community Services District. The district then serves 52 residential and two commercial customers, according to PUC documents.

Casmite applied Oct. 2 to the PUC to raise water revenue by \$100,300 next year. That is a 138-percent increase over the company's current annual revenue of \$72,700, which has been in place since

September 2006, according to the PUC meeting notice.

Homeowners of the rural community are worried that if the increase is granted, their water rates will rise so high that residents will be forced to abandoned their homes.

“You guys want to shut the town down,” cried Able Cortez from the back of the meeting.

Another man asked what happens when residents can't pay the bills and then the utility doesn't get any money.

People also questioned Chevron's role in the situation, since most Casmite officials are Chevron employees, and why the billion-dollar corporation can't absorb the costs to keep rates at a reasonable level.

Casmite attorney Lori Dolqueist said only Casmite can act as the utility and not Chevron since Casmite is registered with the PUC.

The community already saw its water bills increase after the PUC granted Casmite public-utility status. That came about after the community services district filed a complaint with the commission that Casmite was operating as a utility without the proper authorization.

Terri Stricklin, CSD secretary, said the group went to the PUC because at the time Unocal threatened to shut off the town's water.

Currently, the minimum bill in Casmalia is \$75 a month, but many households pay more, depending on their water use.

Customers of most other water systems in Santa Barbara County pay between \$40 and \$60 for 1,000 cubic feet of water, a baseline amount for a single-family home. In Casmalia, the same basic amount costs \$106.

Casmite officials noted that one of the solutions to the problem would be to merge their system with an existing water system, or the county, and they are attempting to make the Casmite operation more attractive to do so.

Malia Spencer can be reached at 739-2219 or mspencer@santa

mariatimes.com.

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