



Water-rate hike proposal irks residents

By Julian J. Ramos/Staff Writer jramos@santamariatimes.com | Posted: Wednesday, June 16, 2010 11:39 pm

Water ratepayers from Nipomo to Orcutt voiced their displeasure Wednesday with a proposed rate spike of more than 28 percent over two years from the Golden State Water Company.

Already struggling with making ends meet in the stubborn recession on a fixed income, most of the 12 speakers at the first of two California Public Utilities Commission (PUC) public-participation hearings Wednesday at the Radisson Hotel in Santa Maria described the proposed Golden State Water Company (GSWC) hikes as unconscionable.

About 40 ratepayers — mostly retired seniors — attended the first meeting.

Beginning in January 2011, more than 13,000 Central Coast GSWC water customers could see their rates go up 25.2 percent.

San Dimas-based GSWC serves customers in all or portions of Santa Maria, Orcutt, Nipomo, San Luis Obispo, and portions of San Luis Obispo and Santa Barbara counties.

GSWC operates five water systems in the Santa Maria Customer Service Area — Lake Marie, Nipomo, Orcutt, Sisquoc and Tanglewood.

In January, GSWC filed an application with the California Public Utilities Commission (PUC) to set new rates meant to cover the escalating cost to operate and maintain the local water system, and to fund more than \$14.1 million in capital improvements.

New rates would take effect Jan. 1, 2011, and would end Dec. 31, 2012.

If approved, a residential customer with a 5/8-inch meter using 21 units of water a month — one unit is equal to 100 cubic feet of water or 748 gallons — could expect to pay \$11.55 more per month in 2011 and an additional \$1.56 per month in 2012.

Based on the same average, the hike would be 25.2 percent for 2011 and 3.1 percent more for 2012.

The cost of a gallon of water would still be less than a penny with the proposed rates, according to GSWC officials.

As an alternative, GSWC has proposed a levelized increase of 18.2 percent in 2011 and 15 percent in 2012.

GSWC said costs — such as wholesale water, electricity, postage, and liability insurance — have increased, while sales have decreased since 2007. Also, funding is needed for water system improvements, according to GSWC.

Doug Long, the administrative law judge who will preside over the formal PUC hearings on the proposed increases, said the intent of Wednesday hearings was to hear testimony from customers before he drafts his recommendation to the commission.

Long said he expects to prepare a proposed decision for the commission to decide on by the end of this year.

Settlement conferences began last week in the matter, and hearings are set to begin Monday in San Francisco, Long said.

The PUC's Division of Ratepayer Advocates (DRA) is recommending a 5.5-percent rate increase along with GSWC spending cuts.

The May DRA report also calls for GSWC to cut its costs by several million dollars, including \$5.3 million in capital

investments, \$411,000 in operational maintenance, \$330,000 in administration and general expenses and \$1.7 million in other reductions.

Victor Chan, a DRA senior utilities engineer, said he intends to fight for his division's recommendations during the PUC hearings next week.

The bulk of GSWC proposed capital projects are to maintain existing wells, said John Garon, GSWC regulatory affairs manager. He also mentioned GSWC has a subsidy program to help low-income customers.

Don Ward of the Orcutt Area Advisory Group suggested GSWC should do some belt tightening of its own to avoid or reduce the rate hike and re-examine its proposed capital projects list.

"It is clear that GSWC is oblivious to the fact we are in the middle of the deepest recession since the Great Depression," Ward said.

Among the items, Ward pointed to a \$85,000 for a backhoe purchase and a \$50,000 trailer to tow the new backhoe.

Ward also recommended the PUC hold off a decision until GSWC can produce a report on internal cost-cutting measures to cut back on the rate increase.

Ed Letman, a resident of the Quail Meadows East mobile-home park in Orcutt, said a rate increase would hit him in the wallet when it comes to choosing whether to go to a movie or eat at a restaurant.

Retired and on a fixed income, Letman said he has not seen a Social Security increase.

The DRA recommendation is much more reasonable than the GSWC proposal, said Kathy Staples.

"We don't want something that we cannot afford," she said of the rate spike.

Judy Stevens, a resident of the Galaxy Mobile Home Park in Nipomo, described a string of proposed GSWC rate increase going back to 2007 as "endless."

Another Nipomo resident, Bob Reitmeyer, said the water system there has many problems, including poor quality, hard water.