

From: Hall, Thomas A.
Sent: 8/11/2010 3:16:04 PM
To: Hall, Thomas A. (thomas.hall@cpuc.ca.gov)
Cc:
Bcc:
Subject: DRA Protests Massive Cal-Am Water Rate Hike Proposal

FOR IMMEDIATE RELEASE

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DRA Protests Massive Cal-Am Water Rate Hike Proposal

SAN FRANCISCO, August 11, 2010 – The Division of Ratepayer Advocates (DRA), an independent consumer advocacy division of the California Public Utilities Commission (CPUC), today announced it has filed a formal protest with CPUC opposing California-American Water Company's (Cal-Am) massive rate increase proposal. Cal-Am has requested a 40.7 percent revenue increase and rate increases of up to 40 percent for some 630,000 customers in Los Angeles, Monterey, Sacramento, San Diego, Sonoma, and Ventura counties.

DRA's protest raises questions about the overall justification of Cal-Am's rate increase request, which includes 36 special requests for rate design changes, expense recovery and interest rates. DRA's protest also questions the justification of specific expense items, such as a dramatic 31.4 percent increase in costs allocated from American Water, its publicly traded parent company, and the magnitude of its planned capital investment expenditures.

DRA also said it is particularly concerned that Cal-Am is proposing projects designed to improve its balance sheet rather than meet customer needs.

“Asking for rate increases as high as 40 percent in this difficult economy is cause for serious concern,” said acting head of DRA Joe Como. “DRA will aggressively investigate Cal-Am’s rationale for these huge hikes in order to protect consumers.”

DRA engineers and financial and policy analysts will review Cal-Am’s requests and make recommendations to the CPUC based on protecting ratepayers from excessive rate increases.

To receive a copy of DRA’s formal protest, visit www.dra.ca.gov/DRA/h20 or e-mail Tom Hall at tbh@cpuc.ca.gov.

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