

Minutes from the Public Hearing

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The Tri-Valley Herald

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Legal No. **818648**

Notification of Public Participation Hearing

Application No. 07-07-001 for a General Rate Increase
California Water Service Company - Livermore Service Area

On July 1, 2007 California Water Service Company (Cal Water) filed Application 07-07-001 requesting rate increases in the LIVERMORE district of \$3,960,900 or 31.2% in July 2008, \$942,200 or 5.6% in July 2009, and \$942,200 or 5.4% in July 2010. As part of the hearing, Cal Water is also seeking your comment on its Urban Water Management Plan filed with the Application. Copies of the plan are available from Cal Water's offices and will be provided at the hearings.

- Cal Water's capital improvement program will add \$14.4 million in utility plant from July 1, 2005 through June 30, 2010.
- The unit cost of purchased water has increased.
- Cal Water's benefits costs for health care, pension, and retiree health care have increased faster than the general rate of inflation.
- Cal Water's general operating costs including insurance and regulatory compliance have increased. These costs are allocated to the operating districts.
- Cal Water's costs for payroll in general operations, including experts in water quality, operations, information systems, accounting and finance, engineering, purchasing, field maintenance, regulatory compliance, and administration are increasing due to additional personnel.

The following table shows Cal Water's forecasted rate changes by connection type:

Monthly Metered Service Charge	Rates Proposed in Cal Water's Application			
	Present	7/1/2008	7/1/2009	7/1/2010
Meter Sizes	Rates	Rates	Rates	Rates
5/8 x 3/4-inch	\$8.66	\$13.50	\$14.26	\$15.03
3/4-inch	\$13.25	\$20.25	\$21.40	\$22.54
1-inch	\$22.09	\$33.75	\$35.66	\$37.57
1 1/2-inch	\$40.23	\$65.44	\$69.14	\$72.84
2-inch	\$55.58	\$90.40	\$95.52	\$100.63
3-inch	\$102.69	\$167.03	\$176.48	\$185.93
4-inch	\$169.38	\$275.50	\$291.09	\$306.68
6-inch	\$280.54	\$456.31	\$482.13	\$507.95
8-inch	\$706.91	\$1,080.00	\$1,141.12	\$1,202.25
10-inch	\$1,016.18	\$1,552.50	\$1,640.36	\$1,728.23
12-inch	\$1,457.99	\$2,227.50	\$2,353.57	\$2,479.63
14-inch	\$1,988.17	\$3,037.50	\$3,209.41	\$3,381.31

Quantity Charges (Per Ccf)				
Potable Water Tier 1	\$1.9552	\$2.4287	\$2.5450	\$2.6613

The California Public Utilities Commission (CPUC) will hold a Public Participation Hearing (PPH) on the above application filing in Livermore CA, on Friday, November 9, 2007 at 7:00 pm, in the Livermore City Council Chambers, 3575 Pacific Avenue, Livermore CA. The purpose of the hearing is to allow customers of Cal Water to present their views and comments on the proposed increases and any other aspect of the company's operations.

The rates shown do not include the effect of an increasing block rate structure that is expected to be approved in another proceeding. You will be provided notice of any proposed conservation rate design when that is proposed.

(Continued on back)

Cal Water's Proposal

Under Cal Water's proposal, rates for each year would become effective on July 1. Rate increases for 2009 and 2010 are derived using inflation factors provided by the CPUC. The factors used to calculate rates in these years will be the most recent inflation at that time. In accordance with the CPUC's rate case plan, Cal Water has requested authority from the CPUC to increase its rates for 2009-2010 and 2010-2011 by actual inflation without further notice to customers. This means that if inflation is greater than assumed here, rates for fiscal years 2009-2010 and 2010-2011 may be higher than shown in this notice.

• Almost all residential customers in the Livermore District have 5/8" x 3/4" meters. The average customer uses about 18 Ccf of water per month and would see their monthly water bill increase by \$13.37 or 30.5% from \$43.85 at present rates to \$57.22 in mid-2008, of \$2.85 or 5.0% to \$60.07 in mid-2009, and of \$2.86 or 4.8% to \$62.93 in mid-2010.

• The effect on your water bill will vary depending on whether you use more or less water than these averages, or if you have a meter larger than 5/8" x 3/4".

The rates shown on your monthly water bill may vary slightly from the existing rates shown above due to temporary surcredits or surcharges currently in effect in your area.

In addition to the general rate increase, Cal Water's application requests a surcharge to recover of a balance in the water supply balancing account of \$223,340. Cal Water is proposing a surcharge of \$0.046 per Ccf for metered customers for 12 months to amortize the balance. Cal Water's application also requests surcharges to recover the balance in the general office synergies memorandum account of \$66,760. Cal Water is proposing a surcharge of \$0.31 per customer per month for 12 months to amortize the balance.

CPUC Process

The CPUC's Division of Ratepayer Advocates (DRA) will review the Application and submit its independent analysis and recommendations in written reports for the CPUC's consideration. Once completed, the report is available to the public upon request, or by downloading from DRA's website. DRA consists of engineers, auditors, and other professional staff who represent the long-term interest of all utility ratepayers.

Evidentiary hearings will be held whereby parties of record will present their testimony and will be subject to cross-examination before the assigned Administrative Law Judge (ALJ). These evidentiary hearings are open to the public to attend and listen, but only parties of record participate in the actual evidentiary hearing. Parties at these hearings may offer proposals to the CPUC that differ from those proposed by Cal Water. After considering all proposals and evidence presented during these formal hearings, the ALJ will issue a draft proposed decision. In its final decision on this application the CPUC may adopt all or part of the ALJ's proposed decision.

Public Advisor's Office and Public Comment

If you would like to protest this filing or present your comments on the proposed application filing you may do so by contacting the CPUC's Public Advisor's Office at: CPUC, Public Advisor's Office, 505 Van Ness Avenue, San Francisco, CA 94102, or by email to public.advisor@cpuc.ca.gov. You may also call 866-849-8390 (toll free) or 415-703-2074.

If you are unable to attend the PPH, you may submit written comments to the Public Advisor at the address listed above. Please reference the application (A.07-07-001) when writing to the CPUC. All comments received are circulated to the assigned Commissioner and ALJ in this proceeding for review, and also serve as formal comments.

If you are attending the hearing, and need specialized accommodations please contact the CPUC's Public Advisor's Office at the phone number listed above at least 3-5 working days in advance of the hearing.

A copy of Cal Water's Application and further information may be obtained from the company's local offices by calling (925) 447-4900. You may also contact the company's headquarters at 1720 North First Street, San Jose, CA 95112-4596, or by calling (408) 367-8200.

CALIFORNIA WATER SERVICE COMPANY
The Tri-Valley Herald, #818648
October 20, 2007

PROOF OF PUBLICATION

In the matter of:

Notification of Public Participation Hearing

The undersigned below, deposes and says that he/she was the public Notice Advertising Clerk of the TRI-VALLEY HERALD a newspaper of general circulation as defined by Government Code Section 6000 adjudicated as such by the Superior Court of the State of California, County of Alameda (Order Nos. 205 370 AND 240 625) which is published and circulated daily in said county and state.

The

PUBLIC NOTICE

was published in every issue of the TRI-VALLEY HERALD, on the following dates:

October 20, 2007

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.


Public Notice Advertising Clerk

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1 LIVERMORE, CALIFORNIA, NOVEMBER 9, 2007 - 7:00 P.M.

2 * * * * *

3 ADMINISTRATIVE LAW JUDGE MC VICAR: Please come to
4 order.

5 Good evening. This is the time and place set
6 by the California Public Utilities Commission for the
7 public participation hearing in Application 07-07-001,
8 the application of California Water Service Company for
9 rate increases in various California districts including
10 here in the Livermore District.

11 I'm Administrative Law Judge Jim McVicar with
12 the Commission, and the Commission has scheduled this
13 hearing here today to receive your comments on the
14 proposed increase.

15 Everyone wishing to express his or her views
16 this evening will get an opportunity to do that. As you
17 can see, we have a court reporter here who is taking a
18 verbatim transcript of this evening's proceeding, and he
19 will be taking a verbatim transcript of your statements
20 as well when you make them.

21 Also the Commission has received many letters
22 and e-mails about this proposal, and those e-mails and
23 letters are available to the commissioners and to the
24 assigned administrative law judge in making a decision
25 in this case.

26 I probably should turn this on. Is this
27 working? Is it okay? You can hear me all right?

28 UNIDENTIFIED SPEAKER: Needs to be a little

1 louder. I have a hearing problem.

2 ALJ MC VICAR: Off the record.

3 (Off the record)

4 ALJ MC VICAR: Back on the record.

5 As I mentioned earlier, everybody who would
6 like to speak this evening should sign up with Rosalina
7 White, Public Advisor's Office here. And I have
8 actually two speakers signed up, and that's probably
9 about everybody who is here actually. I see at least
10 three members, four members of the public I guess.

11 First thing I'm going to do this evening is
12 introduce the other folks who are here. And with
13 California Water Service Company we have Mr. Smegal, who
14 is going to in a moment introduce his people and explain
15 what it is the company is asking for and why they feel
16 it's justified. And then I also have somebody here from
17 the Commission's public Division of Ratepayer Advocates
18 that advocates on behalf of ratepayers, and he will
19 explain what their division does and what they will be
20 doing in this case to examine the company's
21 presentation.

22 I also have Rosalina White over here with the
23 Public Advisor's Office of the Commission. The Public
24 Advisor's purpose is to assist members of the public to
25 understand the Commission process and to participate in
26 formal proceedings. They will let any members of the
27 public who want to participate. They've got plenty of
28 publications and so forth that explain how to get

1 involved in these cases. So if you have any of those
2 kinds of questions, Rosalina will be more than happy to
3 help you out.

4 So first, Mr. Smegal, if you'd on behalf of
5 the company explain what it is the company is asking for
6 and why they feel it's justified.

7 MR. SMEGAL: Thank you, your Honor.

8 Let me first give a little bit of background
9 because I don't think that has come up yet. California
10 Water Service Company, as you may have guessed by all
11 the people from the Public Utilities Commission being
12 here tonight, were regulated for rates by the Public
13 Utilities Commission. And they have a very standard
14 process by which we can ask for a change in our rates,
15 and that process involves us coming in once every three
16 years for a rate proposal. So we last came in in 2004.
17 We file typically in July of the year, and the rates are
18 not effective until July of the following year. It's
19 about a one-year process in order to get the rates to
20 become effective.

21 In the 2004 rate case decision we actually
22 ended up with a small rate decrease for the Livermore
23 district, and that decrease went into effect in July of
24 2005. You have also been -- had your rates increased
25 slightly each year in January as we passed along the
26 costs to our company from the Zone 7 water wholesaler.
27 And so every January you have a small increase in your
28 bill that reflects the increases in costs there.

1 But this is our filing that we made in July of
2 2007. We are in the midst of that process right now.
3 Mr. Cabrera, who is as far away from me as he possibly
4 can get at the table, is going to tell you a little bit
5 about what his group does. But just briefly, this
6 filing, which was 31.3 percent request for us for rate
7 increase in July of 2008 followed by 5.7 percent
8 increase July of 2009 and a 5.4 percent increase in July
9 of 2010, this increase is our proposal to the
10 Commission. It is not what is going to be adopted by
11 the Commission. The ratepayer advocate group that Mr.
12 Cabrera represents is going to be reviewing and in fact
13 is reviewing the application that we made, and they're
14 going to have a different recommendation. And it will
15 quite possibly be lower than the recommendation that we
16 made to the Commission. Cannot be higher. They cannot
17 give us a greater rate increase than we requested back
18 in July.

19 The rate increase that we did request, just to
20 give you an idea of how we feel that it affects most of
21 the customers here in Livermore, a typical customer over
22 the course of the year uses about 1800 cubic feet of
23 water per month. And so your summer bill is obviously
24 higher than that, and your winter bills you probably use
25 less than that. But this 18 units of water we
26 anticipate under our proposal, the rates would increase
27 about \$13.37 next July followed by increases of about
28 \$2.86 in the following July and the July after that.

1 We do recognize it's a very large increase in
2 percentage terms, and certainly we don't relish the idea
3 of bringing an increase to our districts. We do have a
4 need for capital improvements in the district. That's
5 the major cause of the rate increase request. Probably
6 a quarter to a third of the rate increase request has to
7 do with the capital improvements that we are doing or
8 have done since the Commission last looked at our rates
9 in 2004/2005. And some of those, just to give you an
10 idea, are approximately one mile of replacement water
11 mains in the system; an additional purchased water
12 connection to the wholesaler Zone 7 that will help us
13 operate more reliably certainly in the case of an
14 emergency with one of our wells; two new storage tanks
15 in the system, again, that will enhance the system
16 reliability; and two backup generators to enhance the
17 ability of the system to operate during a power outage
18 situation or an emergency situation. So capital
19 improvements are the major aspect of this.

20 The second major aspect of our rate increase
21 request has to do with providing benefits to our
22 employees. And the last time the Commission looked at
23 our benefits costs was in the 2004 rate case, and the
24 benefits costs for Cal Water have increased dramatically
25 from that time to the time that we project, and that
26 would be for next year. Those costs are healthcare
27 costs which have been going up historically about 15
28 percent per year for our company, retiree healthcare

1 costs, which are going up at a similar rate, as well as
2 a cost for us to provide a pension to our workers and
3 other benefits to our workers.

4 We have not asked the Commission to enhance
5 the benefits of our workers. These are just costs to
6 continue to pay the same level of benefits that we have
7 been paying to our employees for the entire time. And I
8 know that we do get questions from some people in the
9 audience because I know that pensions are becoming
10 scarce and a lot of companies are doing away with that
11 sort of thing.

12 And I do want to remind people that Cal Water
13 is a company that over the state has about 900 people
14 working for it, and most of those people are working out
15 in the field in districts. They're water system
16 operators or customer service professionals. And those
17 people are in high demand, particularly the water
18 service professionals. They have to be certified by the
19 State of California. We're out there competing with
20 cities and special districts and other water districts
21 for those excellent high quality water service workers.
22 And so for Cal Water to go the way of taking away
23 pensions would probably mean it would be very difficult
24 for us to hire people because those entities, cities,
25 counties and special districts, typically have a very
26 favorable retirement and other benefits packages. So
27 that's the reason we feel that we need to continue to
28 offer those benefits. But that is a major cost that

1 we're trying to pass along in this rate increase
2 process.

3 I do want to make a special note here in
4 Livermore because a number of people are affected by
5 this: The City of Livermore has required customers
6 moving into the system, I think for about the last 20
7 years, to install a residential fire sprinkler system in
8 their home if it's new construction. And this
9 necessitates a customer getting a 1-inch meter from Cal
10 Water. But it's our understanding and we have expressed
11 to the Commission that those customers also have a flow
12 restricting device behind the meter to the house that
13 splits the fire sprinkler facilities from the house
14 facilities. And over the years we have given a
15 discounted rate to those customers that have a 1-inch
16 service strictly for that fire protection service. That
17 is a rate that is close to what you would pay if you
18 were a 5/8-inch customer, and that is because the
19 service that they're getting is a 5/8-inch service and
20 only the fire sprinkler system, which hopefully is not
21 used and if it is used is used very rarely, then that's
22 the service that they're getting, the 5/8-inch service.

23 The special condition that we've established
24 for this limited the lot size of those individuals to
25 10,000 square feet. So even though all of the people
26 would have a similar device, flow restricting device,
27 those that have a lot size of 10,002 square feet or
28 11,000 square feet or what have you would be paying a

1 much higher rate for their service than those that had a
2 slightly smaller lot size. So we're asking the
3 Commission to get rid of this, to treat all of those
4 customers the same, and we do hope that the Commission
5 will abide by that request.

6 Lastly, I want to introduce -- I know this is
7 not a question and answer session, but I do want to
8 introduce several people that we have here from the
9 company. If after the hearing is over if you'd like to
10 ask us any questions, we'd be happy to answer them. So
11 they're sitting in the front row here. I'll just go in
12 order. Dan Amandarus [phonetic] is our superintendent
13 here in Livermore. Theresa Daniel is our Customer
14 Service Manager. John Freeman is our District Manager.
15 And Tara Henry is a Water Quality Project Manager
16 serving the Livermore District. And Ted Coughlan
17 [phonetic] is our engineer who works on projects here in
18 Livermore. So they're here to answer really any
19 question that you might have about what's going on here
20 in the Livermore District.

21 And lastly I just want to thank you all for
22 coming out tonight. And we appreciate your comments,
23 whatever they may be. Thank you.

24 ALJ MC VICAR: Thank you, Mr. Smegal. I'd like to
25 introduce Jose Cabrera with the Commission's Division of
26 Ratepayer Advocates. His team will be looking very
27 closely at the company's proposal going through the
28 numbers and so on, and I'd ask him to explain a little

1 bit about his staff team and what they do.

2 MR. CABRERA: Thank you, your Honor. Has anybody
3 heard of DRA? Is that a familiar term? I always ask
4 this question. I'd like to know how many. We're a
5 quasi-independent division within the California Public
6 Utilities Commission. Quasi means we're not quite a
7 hundred percent independent, but we do have a separate
8 budget. We do have a separate director, a separate
9 legal team. And our job is to take an objective,
10 independent review of the application of all of the
11 Class A water companies when they come in for rate
12 increases.

13 Right now our team is about 10 or 12 people,
14 and everybody is assigned a different topic area, for
15 example, administrative and general expenses or O&M or
16 operations and maintenance expenses. We have two
17 witnesses looking at the proposed plant investment or
18 capital improvements. So every aspect of the
19 application is looked over for reasonableness.

20 Our job is to try to limit the increase as
21 much as possible. Typically a utility will come in for
22 a rate increase by forecasting their plant investment
23 and expenses pretty high. So what we do is we try to
24 ask the question, what's reasonable? What do they
25 really need in order to run their business in the fiscal
26 year which starts in July of 2008? So it's very common
27 that the increase that they get is very much different
28 from what they've asked for in the application. It's

1 very common.

2 We do issue a report. It's made available to
3 the public. Our report will be issued approximately
4 January of the new year. And the report will detail how
5 we got our conclusions, what was the company's request
6 and what was our recommendation. And it's up to the
7 Commission to make the ultimate decision.

8 Basically we forecast, we try to create an
9 independent forecast of all the operating expenses and
10 plant expenditures for the test year. And that's just a
11 summary, sums it up. If you have any questions later,
12 I'd be happy to answer them.

13 ALJ MC VICAR: Thank you, Mr. Cabrera.

14 As Mr. Smegal referred to, tonight's hearing
15 is not a question and answer session; but I do want to
16 make sure that if you have any questions, they get
17 answered. The purpose this evening is to take your
18 statements for the Commission's record. And after we've
19 finished taking the statements, both the company and the
20 staff representatives have said they'll stay and make
21 themselves available for as long as necessary to answer
22 any questions on an informal one-on-one basis. And I'll
23 also be here for at least some period of time if there's
24 any question about the Commission's role in this.

25 Two reminders: We have a court reporter here.
26 You can't see, but his fingers back here are busily
27 flying across the keys making the transcript of
28 tonight's hearing, and he'll be doing that when you give

1 your statements. I'd ask you to speak clearly and not
2 so fast that he can't keep up. He's very good at what
3 he does and at a normal speed he'll do fine, but we do
4 find some folks who speak very quickly. So I'd you ask
5 you to be just real clear in your statements if you
6 would.

7 And we have a fairly short list this evening,
8 only have two speakers signed up. In some of these
9 hearings we have a very long list and in those cases I
10 reserve the right to limit the amount of time that
11 people take. I'm not going to do that this evening
12 because it's obviously not going to be necessary.
13 However, if somebody does take an excessive length of
14 time, I reserve the right to ask them to sum up at some
15 point. That almost certainly won't be necessary I'm
16 sure this evening.

17 Again, if you want to speak you should sign
18 up. So far I have two speakers signed up, and I think
19 we're ready to begin with those statements. So the
20 first one is Jim Leavitt. Mr. Leavitt, if you would
21 come to the podium and state your name, spell your name
22 for the reporter, and tell us what area you live in.

23 STATEMENT OF MR. LEAVITT

24 MR. LEAVITT: I'm Jim Leavitt, retired, and I live
25 in Livermore on Helsinki Way. And I just have a couple
26 of questions. And of course, being retired, when I read
27 this flyer that you sent out which I appreciated, I add
28 it up, it comes to 40.3 percent over three years. That

1 seems pretty excessive to me. I know you have new
2 things to put in, and I should give you a compliment.
3 I'm very satisfied with California Water. But again,
4 being retired and retired from General Motors after
5 close to 40 years, I haven't had an increase. Even with
6 cost of living, we don't have that. You're talking
7 about your benefits for your retirees.

8 So I'm here concerned because I do happen to
9 have a 13,000 square foot lot, and my water bill even
10 now runs pretty high because I think I contribute to the
11 thing we're talking about now, the greenhouse gases and
12 warming. So I've got nice lawns. I've got nice trees.
13 Matter of fact, we put in, the wife built a solarium in
14 1983, and we start our tomatoes in the wintertime. And
15 we just harvested some yesterday for a matter of fact.
16 So it cost us quite a bit of water to take care of that.

17 Now, I've got a lot of trees. I've got fruit
18 trees. This is on a little 13,000 square foot lot.
19 I've got apricot, plum, peaches, apple. I got lemon
20 lime. Of course those were in pots. But also
21 blackberries. And this year I planted -- the wife had a
22 little medical problem. So I couldn't see that we
23 couldn't plant tomatoes and this type of thing and we
24 did that. And she starts the tomatoes, by the way, in
25 the solarium. So when I went down to Orchard, they had
26 a sale on, of all things, zucchini and crook neck
27 squash. So what I'm building up to is I did plant those
28 along with the tomatoes and supplied through our church

1 the kitchen pretty much through the summer vegetables.
2 And I supplied apricots and peaches and this type of
3 thing which goes to the local food shelter.

4 So what I'm looking at, I took my bills from
5 2005 and '6 and '7. And you were saying that you got in
6 July of '05 you got your first increase; but I had, for
7 example, in January you had a rate of 172.58. And then
8 you had an increase. You had 170.73, and then it
9 increased in January to 172.58. Then you had another
10 increase in '06 in July which ties in with you to
11 178.04. And those are all reasonable. And again, I'm
12 satisfied with the service I get from your company. And
13 then it went up in November to 178. Well, it was still
14 at 178.01, and went up this year in January to 190.5 and
15 then again in July to 195.2.

16 What I didn't understand in the bill, and I
17 have watched it in the past, going over these things,
18 there's questions in my mind about the service charge.
19 And on the January bill it was 8.49 for the service
20 charge, and it dropped down in August to 8.18 and 8.18
21 clear back to July of '06, about 8.41, and then in
22 November to 8.44. And it stayed at 8.44 until July this
23 year. Went to 8.63 in August to 8.66. That service
24 charge, I don't know why that fluctuates.

25 Then the other question of mine is the other
26 charges in here, which is a surprise to me, is the
27 service charge. It's called other control credits, or
28 credits, and that goes about 20 cents a month right

1 through all this time. Then in August of 2006 all of a
2 sudden there's a new charge which is public purpose
3 program. I'm not sure what that -- I'd like to know
4 what that is. And that got jumped up where it was 43
5 cents, 43, 29, then it dropped back to 20. It dropped
6 back to 9 cents, 5 cents, 11, went up to 30, 32, 74, 91
7 cents finally in June. 80 cents in July, \$1.03 in
8 August, 91 in September, and back to 40 in October.

9 And of course the public utilities fees, and
10 they fluctuate everywhere from, it runs about \$8.18.
11 That dropped all the way down to July of '06 8.41, 8.44,
12 stayed 8.44. And no. I'm wrong in that.

13 Well, any way, these are the things that I'd
14 like to know. I do feel, and you explained part of it,
15 it's not going to come out the same. But again, I'd
16 like to protest the high rate that you have asked.
17 That's the reason I'm here. You did partially explain
18 part of that. I hope to see something that we get some
19 help on that this year. Thank you.

20 ALJ MC VICAR: Thank you, Mr. Leavitt.

21 And I'm sure the company, after we have taken
22 the statements here, the public folks will be happy to
23 sit down with you I would hope and go over your bills
24 with you to whatever degree you'd like. And they can
25 explain things like what the public purpose programs
26 are.

27 The second speaker I have is Patrick Egan.
28 Mr. Egan, state your name, spell your name, and give us

1 the area that you live in for the record.

2 STATEMENT OF MR. EGAN

3 MR. EGAN: Good evening. My name is Patrick Egan,
4 E-g-a-n, and I live in Livermore on Escondido Circle. I
5 represent not only myself but I'm also the treasurer of
6 a homeowners association of approximately 64 families.
7 Of that 64 families roughly 60 percent of those
8 homeowners are retired and they're living on fixed
9 incomes. I myself am retired. These people are living
10 on incomes that are basically tied down to the CPI.
11 Last year the CPI has gone up 2.6 percent. The year
12 before it was something like roughly the same, 2.5 to 3
13 percent, roughly like that. The people's incomes in my
14 neighborhood are basically fixed to that CPI.

15 And although I fully appreciate the need for
16 capital improvements in the water system, I fully
17 appreciate that the employees need to be treated
18 properly and have sound fundamental pensions and
19 healthcare, still, 31, 32 percent plus 5 percent plus 5
20 percent leading up to 40 percent increases over three
21 years, that's well above, I mean that's many orders of
22 magnitude beyond what increases people in my
23 neighborhood are going to be getting in their pensions.
24 So they're looking at increases of several hundred
25 dollars, from 300 to \$600 depending upon the lot size in
26 my neighborhood, people who are really living on
27 pensions, on fixed incomes.

28 I find this just amazing, and I think it's

1 well beyond what I think is needed for the capital
2 improvements in the system and well beyond what would be
3 a sensible approach to employee remuneration. I mean if
4 I got a 32 percent raise this year in something I'd be
5 completely happy. But I'm not going to get it. Many
6 people are looking at -- many people in this economy are
7 looking at reductions in their income, layoffs. And
8 we're seeing a request for 32 percent raise.

9 I just find it -- I'm just shocked. And I
10 hope that the Commission takes into consideration the
11 needs of the people who are living on fixed incomes who
12 can't just find this money out of nowhere.

13 That's all I have. Thank you.

14 ALJ MC VICAR: Thank you, Mr. Egan.

15 Anybody else here who would like to make a
16 statement this evening?

17 (No response)

18 ALJ MC VICAR: All right.

19 MR. SMEGAL: Can I take a minute?

20 ALJ MC VICAR: Do you need to do this on the
21 record?

22 MR. SMEGAL: Yes.

23 ALJ MC VICAR: Yes. Go ahead.

24 MR. SMEGAL: I apologize for not doing this
25 beforehand, but the other thing that we are here for
26 tonight that was noticed in your public notice, Cal
27 Water is required by the Department of Water Resources
28 to put together a long-term urban water management plan.

1 And if you are interested, there are copies of it at the
2 front. Obviously nobody has had a chance to read them.
3 So no one is going to make a comment on this tonight,
4 but feel free to take one home and read it at your
5 leisure. There's contact information in here about if
6 you want to contract Cal Water and make comments on
7 this. It's part of the process that we have to get this
8 plan approved by the Department of Water Resources.
9 Thank you for that.

10 ALJ MC VICAR: Thank you, Mr. Smegal.

11 It's my practice, since we have billed this to
12 begin at 7:00 and run until 10:00 if necessary, it's my
13 practice not to adjourn until at least 8:00 o'clock in
14 case anybody comes in during the first hour. So at this
15 point we're going to go into recess until 8:00 o'clock
16 or until anybody else shows up who would like to speak.
17 And in the meantime I would certainly encourage you to
18 sit down and talk with the company folks or with the
19 Commission staff member who is here tonight or with me
20 if you'd like and to get any questions you might have
21 answered.

22 So we'll be in recess until 8:00 o'clock or
23 until the next person comes in who would like to speak.

24 (Recess taken)

25 ALJ MC VICAR: Please come to order.

26 It's now 8:00 o'clock. No additional members
27 of the public have come in since we took the previous
28 two statements.

1 I want to thank everybody this evening for
2 their participation, and the Commission is adjourned.

3 (Whereupon, at the hour of 8:00 p.m.,
4 this matter having been continued to 7:00
5 p.m., November 13, 2007, at Visalia,
6 California, the Commission then
7 adjourned.)

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