

Minutes from the Public Hearing

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**Notice of California Public Utilities Commission
Public Participation Hearing
California Water Service Company - King City Service Area
Application No. 06-07-019**

California Water Service Company (Cal Water) has filed an Application requesting rate increases in the KING CITY district of \$890,400 or 57.62% in July 2007, \$48,500 or 1.99% in July 2008, and \$48,500 or 1.95 % in July 2009. The California Public Utilities Commission will hold a Public Participation Hearing on November 16, 2006 in King City on the Company's Application to hear customers' views on the proposed increases and any other aspect of the company's operations. 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 is proposing this increase primarily because it is constructing two wells in 2006 and two 500,000-gallon reservoirs, one in 2006 and one in 2007. Other reasons for Cal Water's requested rate increase are a request for a fair rate of return on common equity, increased operating expenses, pension and benefits cost increases, an increase in district payroll costs, and an increase in contract maintenance expense due to well rehabilitation.

In addition, Cal Water proposes to increase rates by no more than \$124,200 or 5% to reflect costs of common administrative and employee benefits expenses that may be approved by the Commission in 2008. This change would only apply after a decision by the Commission in Cal Water's 2007 general rate case filing.

Cal Water has also proposed a revenue adjustment mechanism (RAM) that will track water sales above and below normal. This provision may result in future temporary surcharges or surcredits to recover or refund revenue changes that result from these sales changes. Along with this proposal, Cal Water has requested that the Commission develop a conservation rate design in a second phase of this application. Cal Water will be proposing an increasing block rate structure based on average winter use and average annual use by customer class. If your consumption is higher than average your rates may be impacted more than shown below. However, you will receive further notice when Cal Water files its rate design.

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 Rates	7/1/2007 Rates	7/1/2008 Rates	7/1/2009 Rates
Meter Sizes				
5/8 x 3/4-inch	\$14.25	\$17.00	\$17.85	\$17.85
3/4-inch	\$21.35	\$25.50	\$26.78	\$26.78
1-inch	\$36.00	\$42.50	\$44.63	\$44.63
1 1/2-inch	\$60.00	\$85.00	\$89.25	\$89.25
2-inch	\$83.00	\$136.00	\$142.80	\$142.80
3-inch	\$146.00	\$255.00	\$267.75	\$267.75
4-inch	\$206.00	\$425.00	\$446.25	\$446.25
6-inch	\$320.00	\$688.74	\$723.17	\$723.17
8-inch	\$510.00	\$1,097.68	\$1,152.56	\$1,152.56
10-inch	\$970.10	\$1,955.00	\$2,052.75	\$2,052.75
12-inch	\$1,391.60	\$2,805.00	\$2,945.25	\$2,945.25
14-inch	\$1,897.95	\$3,825.00	\$4,016.25	\$4,016.25
Quantity Charges (Per Ccf)				
Potable Water	\$0.9327	\$1.7221	\$1.7460	\$1.6868

(Continued on back)

Notes: 7/1/2008 rates include effect of requested updated common administrative costs. The rates shown do not include the effect of an increasing block rate structure Cal Water proposes to submit in a second phase of this proceeding. You will be provided notice of any proposed conservation rate design when that is proposed.

Under Cal Water's proposal, rates for each year would become effective on July 1. Rate increases for fiscal years 2008-2009 and 2009-2010 are derived using inflation factors provided by the Commission. The factors used to calculate rates in these years will be the most recent inflation at that time. In accordance with the Commission's rate case plan, Cal Water has requested authority from the Commission to increase its rates by actual inflation without further notice to customers. This means that if inflation is greater than that assumed here, rates for fiscal years 2008-2009 and 2009-2010 may be higher than shown in this notice.

Almost all residential customers in the King City District have 5/8" x 3/4" meters. The average customer using about 19 Ccf of water per month would see a monthly water bill increase of \$17.75 or 55.5% from \$31.97 at present rates to \$49.72 in mid-2007, of \$1.30 or 2.6% to \$51.02 in mid-2008, and a monthly bill decrease of \$1.13 or 2.2% to \$49.90 in mid-2009.

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.

An Administrative Law Judge from the California Public Utilities Commission will conduct a Public Participation Hearing on Thursday, November 16, 2006, at 7:00 p.m. in the King City Council Chambers, 212 South Vanderhurst Avenue in King City.

The Public Utilities Commission encourages you to attend this hearing and express your views. If specialized accommodations are needed, such as sign language or other interpreters, please contact the Commission's Public Advisor's Office at (415) 703-2074, toll-free at 1-866-849-8390, TTY toll-free at 1-866-836-7825, or regular TTY at (415) 703-5282 at least 5 working days before the event.

If you cannot attend a Public Participation Hearing, you may submit written comments to: 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. Please mention that you are writing about Application 06-07-019. Your comments will be circulated to the Commissioners and will become part of the correspondence file available to the Commission as it decides this application.

Evidentiary hearings devoted to analyzing the need for the requested rate increase and ways of allocating any approved increases among different classes of customers are scheduled to begin on January 16, 2007 at the Commission's Offices in San Francisco. Please confirm the schedule by visiting the Commission's website at www.cpuc.ca.gov, then clicking on the Daily Calendar link. These are technical hearings at which the Commission receives the testimony of experts on both sides who have examined Cal Water's application in great detail. Evidentiary hearings are open to the public but only those presenting evidence or cross-examining witnesses may participate. For more information about becoming a party and participating in the evidentiary hearings, contact the Commission's Public Advisor at the address above.

Parties at the evidentiary hearings may offer proposals that differ from those requested by Cal Water. After considering all proposals and evidence presented during the formal hearing process, the Commission will issue a final decision on Application 06-07-019 that may adopt all or part of Cal Water's proposal, amend or modify it, or deny the application. The Commission's final decision may be different from Cal Water's proposal.

A copy of Cal Water's Application and further information may be obtained from the company's local offices by calling (831) 385-5486. You may also contact the company's headquarters at 1720 North First Street, San Jose, CA 95112-4598, or by calling (408) 367-8200.

CALIFORNIA WATER SERVICE COMPANY

1 KING CITY, CALIFORNIA, NOVEMBER 16, 2006 - 7:07 PM

2 * * * * *

3 ADMINISTRATIVE LAW JUDGE WETZELL: On the record.

4 The Commission will be order.

5 This is the time and the place set by the
6 California Public Utilities Commission for the public-
7 participation hearings in Application 06-07-019. This
8 is an Application by California Water Service Company
9 for authority to increase its rates in the King City
10 District.

11 Good evening.

12 My name is Administrative Law Judge Mark
13 Wetzell.

14 I've been assigned by the Public Utilities
15 Commission to preside at tonight's hearing.

16 The purpose of this public-participation
17 hearing is to provide members of the public,
18 particularly those in the King City District, an
19 opportunity to speak directly to the Commission.

20 We'll creating an official transcript --
21 you'll notice we have a court reporter up at the front
22 of the room -- and the transcript will be made available
23 to all of the members of the Public Utilities
24 Commission, including Commissioner John Bohn who is the
25 assigned Commissioner for oversight of this Application.

26 Judge Christine Walwyn, who is unable to be
27 here tonight, is the permanently signed Administrative
28 Law Judge for this Application.

1 Her job over the next several months will be
2 to conduct a fair evidentiary hearing for this
3 Application.

4 In so doing she will develop a complete record
5 on the proceeding, and at the end of the development of
6 the record she will then prepare and propose a decision
7 for the Commission's consideration.

8 Her proposed decision will recommend how much,
9 if at all, California Water Service Company can increase
10 its rates in the King City District.

11 This process will, indeed, take several
12 months. As I understand the schedule for this
13 proceeding, the plan is that the Commission will issue
14 its final decision in June of next year.

15 Now, large water companies, like Cal Water,
16 are required to file General Rate Case Applications on a
17 triennial or every-three-year basis, and in these
18 General Rate Cases the Commission systematically
19 examines the reasonable of the company's operations, the
20 forecast of operating costs, the quality of service, and
21 a determination of a fair allowance for profit which is
22 called the return on equity.

23 California Water Service Company indicates in
24 its Application that it owns and operates water systems
25 in 24 districts throughout California.

26 We are here tonight to talk about the
27 company's King City District.

28 For this District the company states in its

1 Application that there are several cost items that are
2 contributing to its requests for the rate increase.

3 These cost items include the following:

4 Investments in two new wells in 2006;

5 Investments in a 500,000 gallon reservoir in
6 2006 and a similar reservoir in 2007;

7 An increased cost of capital to operate the
8 company, increasing from 8.6 percent, as previously and
9 currently authorized by the Commission, to 9.89 percent;

10 Increased costs for pensions and benefits and
11 General Office personnel;

12 Increased payroll costs for the King City
13 District; and

14 Increased contract maintenance expenses.

15 At this time the company's present rates
16 are -- well, they are detailed, but for a customer with
17 a 5/8ths by 3/4 inch customer connection, the present
18 rates in the King City District are \$14.25 monthly
19 service charge plus a commodity charge of 93.27 per 100
20 cubic feet.

21 If Cal Water's request is granted in full by
22 the Commission, these rates would increase on July 1,
23 2007, to a \$17 monthly service charge plus a commodity
24 charge of \$1.72.21 -- a dollar seventy-two plus a little
25 more -- as a commodity charge.

26 In addition, the company has proposals that
27 would change rates again on July 1, 2008, and again on
28 July 1, 2009.

1 In a couple of moments I'll give an
2 opportunity for a representative of the company to
3 explain this proposal in more detail, including what
4 it's proposing for the subsequent years.

5 Again, as indicated, we have a court reporter
6 tonight, so your statements will be taken down by the
7 Commission.

8 At this time, then, I will ask Mr. Smegal of
9 California Water Service to make a brief statement on
10 behalf of the company and introduce other representa-
11 tives of the company.

12 Mr. Smegal.

13 STATEMENT OF MR. SMEGAL

14 MR. SMEGAL: Thank you, your Honor.

15 I want to thank you both for coming out
16 tonight and meeting with us.

17 My name is Tom Smegal. I am the Manager of
18 Rates for California Water Service Company. I manage
19 all the rate filings that our company makes with the
20 Public Utilities Commission.

21 I have here three people who you've met a
22 couple of weeks ago. But I'll introduce them on the
23 record: Terry Hughes, who is our local Manager; and Jim
24 Smith, who is our District Manager and in Salinas --
25 Salinas oversees the King City operation; and also Mike
26 Jones who is the Assistant District Manager for the
27 Salinas and King City Districts.

28 We are available if -- at the end of what I

1 say and -- and everybody talking up here, if you have
2 any questions of us, we'd be happy to answer those for
3 the benefit of the Commission, any information that you
4 need, we would be happy to provide it if we have it.

5 As the Judge mentioned, we have asked for a
6 very large rate increase in July of 2007 in this
7 District.

8 The Commission's current policy for ratemaking
9 for large, Class A, water utilities, which is -- which
10 covers all of Cal Water's districts, are that we have a
11 single test -- what's called a test period where we're
12 examining the rates, and that is from July 1 of 2007 to
13 July -- or to June 30 of 2008.

14 That's the period on which we have made
15 estimates of what our costs are going to be and what our
16 level of investment is going to be in the system here in
17 King City.

18 And based on those estimates we figured that
19 we needed \$890,000 additional, which equates to a 57-1/2
20 percent rate increase for that test period.

21 The Commission allows us only to come in once
22 every three years, and so you'll see there are a second
23 year and a third year of rate changes.

24 Those are a result of changes in the utility's
25 investment in facilities here in King City as well as
26 inflation that's determined by the Commission at a later
27 date. And so those -- those numbers are fairly
28 formulaic based upon what happens for -- for that first

1 year, which starts in 2007 and ends in 2008.

2 The bulk of the increase in our Application of
3 the \$890,000 increase that we've proposed we have
4 estimated -- excuse me for one second -- we have
5 estimated that the cost of new facilities for the
6 District is \$717,000.

7 And the facilities that the Judge described
8 are two new wells which we have drilled here in the
9 District this year. We have not yet put those wells
10 into service. They need to have equipment, pumps put on
11 them. But the wells have been drilled and they've been
12 tested, and the water quality is good and the production
13 is good out of those wells. So they'll be contributing
14 to the water source of the community probably early next
15 year.

16 MR. HUGHES: (Nodding head) Uh-huh.

17 MR. SMEGAL: And then we have two additional
18 facilities -- large facilities that we are planning on
19 constructing, two storage tanks, half-million-gallon
20 storage tanks. And the purpose of a storage tank in
21 system like this is to allow the system to meet the peak
22 demands with the well capacity that it has.

23 Rather than building four new wells, you can
24 build two new tanks and have the same ability to produce
25 water for the peak afternoon demand periods; and so we
26 feel the tanks are more cost-effective.

27 They also provide fire-flow opportunity for
28 us.

1 And so these facilities are in the process of
2 being constructed or planned, in the case of the -- of
3 the tanks; they are necessary to meet the needs of the
4 community right now.

5 We have -- I think Terry was telling me
6 earlier that we have nine existing wells before the two
7 new wells, and of those nine, four --

8 MR. HUGHES: Five.

9 MR. SMEGAL: -- five are shut off due to high
10 nitrates, and so the District has at times had nine
11 wells to provide water service to the community, and
12 because of the contamination of nitrates, we're not able
13 to use those by the order of the Department of Health
14 Services.

15 MR. HUGHES: (Nodding head)

16 MR. SMEGAL: And so we do need new supplies to
17 replace those supplies that have been lost.

18 We also do expect growth here. And I was
19 touring around today with Terry, and there's obviously
20 growth occurring here in the District.

21 We have estimated that growth for purposes of
22 a rate case. That growth also contributes money to the
23 system in the form of a per-lot special-facilities fee;
24 and right now that's set at about \$450 --

25 MR. HUGHES: Uh-huh.

26 MR. SMEGAL: -- and we've asked the Commission to
27 raise that fee to \$1,000 per residential lot, and that's
28 an effort to get that development to pay -- to keep the

1 rates fair and neutral to the existing customers.

2 And so we would expect, as development occurs,
3 that the rates would be stable for the foreseeable
4 future after these major investments have been made.

5 Certainly our increase requests of 2 percent
6 and 2 percent in two thousand -- in 2008 and 2009
7 reflect less-than-inflationary increases since we expect
8 inflation typically to be about 3 percent.

9 So that's a reflection that we expect growth
10 to contribute to the revenue of the system, and we
11 expect therefore the rates to be stable.

12 The only other reason that I'm here tonight is
13 to introduce to you -- and I think you grabbed a copy of
14 it, is the California Water Service Company Urban Water
15 Management Plan.

16 In the Notice for the meeting tonight we
17 indicated that this was a -- a hearing that we were
18 taking the opportunity to introduce to the community
19 this plan and provide an opportunity for you to comment
20 on it.

21 It has been available at our office, but you
22 didn't get one at our office before.

23 So you're not forced to make comments on it
24 now or forever hold your peace.

25 There is contact information in here. If you
26 read over it and you find something that you disagree
27 with or find -- find in any way you have a question
28 about, there is a way to contact Cal Water and provide

1 your input on that plan.

2 The plan has been also distributed to the --
3 the City and to the County --

4 MR. HUGHES: (Nodding head)

5 MR. SMEGAL: -- for their review. So they have an
6 opportunity.

7 This is a requirement of the Commission that
8 we make this plan; it's also a requirement of the
9 Department of Water Resources that we make a plan and
10 we're cognizant of the water needs of the community and
11 how we're going to meet those water needs in the future.

12 This has, I think, a 20 -- 25-year planning
13 horizon in it. So it gives you an idea of how we're
14 going to meet the demands of the community for a longish
15 period of time.

16 And that -- I'm all done.

17 ALJ WETZELL: All right. Thank you.

18 We also have a representative of the
19 Commission's Division of Ratepayer Advocates.

20 Would you like to state your name and
21 introduce yourself and describe the role of the DRA.

22 STATEMENT OF MS. CHAN

23 MS. CHAN: Thank you.

24 Yes.

25 My name is Yoke Chan. I'm from DRA. I'm the
26 Project Manager.

27 I'm responsible for the preparation and
28 coordination of our report which will be prepared by

1 several staff members.

2 DRA is an independent Division in the
3 Commission which advocates for lower rates on behalf of
4 the customers of the regulated gas, electric, telephone,
5 and water utilities.

6 DRA's mission is to ensure that the customers
7 get safe and reliable service at reasonable rates.

8 After Cal Water filed their Applications, we
9 conducted a field investigation of the service area
10 accompanied by Cal Water staff. They showed us the
11 project that they have completed and also the project
12 that they are proposing to add in the budget.

13 We will review the estimate of the revenues,
14 expenses, plant investment. We also send out data
15 requests asking for additional information.

16 Cal Water has requested to add two new wells
17 and also two storage tanks.

18 Our plant witness will review these items and
19 see if they are needed.

20 We may adjust the cost estimate or defer the
21 project to a later year.

22 Based upon our findings, we -- our
23 recommendation will be included in our report.

24 In many cases we do not accept the company's
25 numbers, we adjusted their numbers; so our
26 recommendation will have a lower percentage overall
27 increase. In some cases we even recommend a rate
28 reduction.

1 So if you have any comments or any questions,
2 please feel free to discuss with us.

3 And thank you for attending the meeting.

4 ALJ WETZELL: Thank you, Ms. Chan.

5 MS. RAQUINIO: Thank you.

6 ALJ WETZELL: Well, you've heard enough from us.
7 It's time to hear from you folks.

8 We are a very small crowd tonight. In fact, I
9 think the company alone out numbers you, the Commission
10 alone out numbers you --

11 (Laughter)

12 ALJ WETZELL: -- together we totally outnumber you
13 folks.

14 But this is your opportunity to speak to the
15 Commission on the formal record, and your voice will
16 then be a part of the Commission's deliberations in this
17 proceeding.

18 And again, if you want to speak -- and I see
19 that you both have signed up, and you're welcome to do
20 that -- I would ask you that come forward to the podium
21 next to the court reporter. That helps the court
22 reporter make sure that we hear everything -- he hears
23 everything. He's the important person in this room
24 tonight.

25 (Laughter)

26 ALJ WETZELL: So at this time I would call on Jan
27 Raquinio?

28 I hope I said your last name right.

1 MS. RAQUINIO: Raquinio (pronounced Ra-ke-ne-oh).

2 ALJ WETZELL: Raquinio.

3 MS. RAQUINIO: That's close. That works.

4 THE REPORTER: Could you spell your last name,
5 make sure I --

6 MS. RAQUINIO: R-a-q-u-i-n-i-o.

7 THE REPORTER: Thank you.

8 STATEMENT OF MS. RAQUINIO

9 MS. RAQUINIO: Yeah. My husband and I had come to
10 the last meeting, and we had concerns regarding the
11 amount of the increase. It just seemed like an awful
12 large amount.

13 Some of our concerns were in regard to a new
14 development and how that was affecting what you're doing
15 as far as expenses and things; and you did inform us
16 that some of the expenses -- or, well, most of the
17 expenses are being paid by the developer as far as lines
18 and things out there.

19 There are a lot of people here that are on
20 fixed incomes that have difficulty meeting their
21 expenses, and that's part of the concern that we have as
22 well as others that I've spoken to that haven't been
23 able to come today.

24 I can understand where the expense is coming
25 from.

26 Does this mean you're going to have more
27 personnel in your office as well?

28 MR. HUGHES: Yep.

1 MS. RAQUINIO: As well as in the field?

2 That was one of the -- one of the things that
3 was mentioned.

4 Just out of curiosity, Terry.

5 MS. HUGHES: Everything's being looked at.

6 MS. RAQUINIO: You're looking at it, huh?

7 Rounded out.

8 Yeah. It just -- it just seems like an awful
9 lot, especially all at one time, in 2007.

10 Distribution of that may be a little more even
11 when you -- or looked at a little differently, and I see
12 you are going to do an evaluation which I didn't -- I
13 wasn't privy to before. In regards to how much of an
14 increase was possible, since it's going to be reviewed
15 and looked at by Ms. Chan, I feel a little more
16 comfortable about that.

17 But I -- I'm still, you know, kind of
18 concerned about the development and how it's going to
19 effect the residents who have been here forever. And,
20 you know, we're -- we're pretty low-key here.

21 So, you know, our concerns are economic, and
22 you know, the impact of these housing and how it affects
23 us in the long run over time.

24 You know, we're pretty simple around here
25 about, you know, expenses and what goes on, and -- and a
26 lot of people kind of don't really pay much attention,
27 and we should.

28 I'd also like to ask if there's a financial

1 statement available to the public regarding what you
2 have done in the past, say, last year or whatever, so
3 that we can look at what -- you know, what's been going
4 on in the company until then.

5 MR. SMEGAL: Yes.

6 ALJ WETZELL: Yes.

7 Mr. Smegal, why don't you go ahead and address
8 that.

9 MR. SMEGAL: Thanks.

10 Just a little formal (indicating).

11 In the material -- and I'll show you
12 afterwards -- that you've already grabbed there's some
13 financial statements for district --

14 MS. RAQUINIO: Okay.

15 MR. SMEGAL: -- explaining what we've done over
16 the last five or six years with the rates.

17 MS. RAQUINIO: Okay. I'll be taking a look at
18 that. Yeah.

19 MR. SMEGAL: And I'll show you where that is.

20 Yeah.

21 MS. RAQUINIO: But, Yeah. That's basically, you
22 know, just -- just the concerns of -- you know, the --
23 such a large increase at this time for us and, you know,
24 how it's going to effect us in the long run, and what is
25 coming into play as far as, you know, your request --
26 which you've explained very well -- but that's basically
27 why we came: we want to be informed and -- and kind of
28 pass it on to other people because it's -- when this

1 increase does take effect, people are going to go "What
2 happened?"

3 MR. SMEGAL: Uh-huh.

4 MS. RAQUINIO: You know, "Where did that come
5 from?"

6 You know, because a lot of people don't read
7 their information, and luckily I did this time.

8 (Laughter)

9 MS. RAQUINIO: But, anyway, thank you for your
10 time.

11 MR. SMEGAL: Thank you.

12 ALJ WETZELL: Thank you, Ms. Raquinio. We very
13 much appreciate your taking the time to come and speak
14 tonight.

15 Mr. Smegal, I understand -- the speaker
16 mentioned, you know, that there are people on fixed
17 incomes here in this community.

18 I understand that there's a proceeding
19 involving low-income.

20 I wonder if you might briefly describe that to
21 them.

22 MR. SMEGAL: Thank you. I didn't -- I don't know
23 if Mr. Ferraro mentioned that a couple weeks ago, but we
24 filed an Application with the Commission, now eight or
25 nine months ago, to institute a Low-Income Ratepayer
26 Assistance Program, and that program is modeled off of
27 the PG&E CARE program.

28 MS. RAQUINIO: Uh-huh.

1 MR. SMEGAL: It actually has the same income
2 requirements to be involved in the program.

3 And what our proposal now says is that it
4 would reduce the service charge by 50 percent.

5 And so the service charge is currently that
6 component which is \$14.25 which we've proposed to go to
7 \$17; so for the low-income customer it would knock \$7 or
8 \$8 off of their water bill every month.

9 And we believe the Commission is going to
10 approve that by the first of the year.

11 I have some understanding that the
12 Administrative Law Judge assigned to that case is
13 preparing a decision for the Commission's December --
14 first December agenda, so it's very likely that that's
15 going to go forward early in the year; and, if so, that
16 should provide some help for -- for those on fixed
17 incomes.

18 MS. RAQUINIO: Uh-huh.

19 ALJ WETZELL: Thank you, Mr. Smegal.

20 Daniel Raquinio.

21 STATEMENT OF MR. RAQUINIO

22 MR. RAQUINIO: Hi.

23 Ha-ha-ha. I'm not used to speaking in public.

24 I wouldn't be here if I'd have been working.

25 Generally my thoughts are that a good number
26 of people aren't here because they are working.

27 And as far as the prices of everything going
28 up, people are just (indicating) bearing it, and just

1 working and trying to pay for it.

2 And the reason I'm here is because I've been
3 disabled for a good number of years here and haven't
4 been working, and I -- I'm in a position where -- where
5 it is going to hurt me.

6 And maybe the people that are working,
7 they're -- they're just going with the flow.

8 But it just seems as a general rule all
9 businesses are raising their prices and just --
10 everything is just going up and up.

11 And it's generally said that the middle class
12 is disappearing.

13 Well, I feel like I'm that disappearing middle
14 class and I'm pushed into the low-income situation.

15 And when you're talking about having a low-
16 income processes to alleviate them of any added expense,
17 um, I'm in a situation where I'm not low-income but at
18 the same time I'm barely making enough to get through.

19 MR. SMEGAL: Uh-huh.

20 MR. RAQUINIO: So, you know, I thought of a lot of
21 things that I wanted to say, but right now, being up
22 here, I can't think of a one other than that.

23 And just representing just people in general
24 that, you know, I hope the Commission will really look
25 at this and -- and -- and I realize as a business you do
26 have to make some sort of a profit, but it just seems
27 like companies are making a heck of a big profit now,
28 like the oil companies and whatnot.

1 And so there's supposed to be some sort of
2 regulation going on there, but it just seems like the
3 people that are supposed to watch them aren't doing too
4 good of a job of watching and representing the public at
5 large. That's my perception.

6 MR. SMEGAL: Uh-huh.

7 MR. RAQUINIO: And the other issue is I don't have
8 really a lot of the insight on your business. And you
9 guys are doing this 8 hours a day, and I'm just here for
10 the -- and just reading a little bit in the news, and if
11 I tried to talk a bunch of talk I wouldn't know what I'm
12 talking about because I don't have the insight on your
13 business.

14 So all I can say is I hope that the
15 evaluations and, uh -- on their issue will be addressed
16 appropriately as well as looking out for Joe Blow, the
17 little guy.

18 That's about all I have to say right now.

19 Thank you.

20 ALJ WETZELL: Thank you --

21 MR. SMEGAL: Thank you.

22 ALJ WETZELL: -- Mr. Raquinio.

23 And I would just mention that if something
24 does occur to you that you wish you had said tonight but
25 you don't think of it until tomorrow morning, you're
26 free to write --

27 MR. RAQUINIO: That's usually how it works.

28 ALJ WETZELL: It works that way with all of us.

1 (Laughter)

2 ALJ WETZELL: And so, you know, please -- please,
3 if you -- if that comes up, send a letter to the
4 Commission or send an e-mail.

5 And we have representatives of the
6 Commission's Public Advisor here tonight, and they
7 can -- before you leave, if you want, why don't you get
8 the information from them about exactly how to send a
9 letter or e-mail that would be -- become part of the
10 Correspondence File for this proceeding. And again,
11 those are made available to Commissioners as well.

12 So all is not lost if something comes to mind
13 latter on.

14 And again, thank you for taking time out this
15 evening and coming and addressing the Commission.

16 The hour is now 7:30; and I would ask the
17 Public Advisor to confirm that there are no other
18 members the public that have come to speak tonight.

19 MS. COOPER: (Shaking head)

20 ALJ WETZELL: It's now more than half an hour past
21 our scheduled start time.

22 So in view of the fact that there are no other
23 members of the public that want to address the
24 Commission at this point in time, I will declare
25 tonight's hearing adjourned.

26 And we're off the record.

27 (Off the record)

28 ALJ WETZELL: We're on the record.

1 I had adjourned the hearing a few minutes ago,
2 but just as we were leaving the room, we have another
3 speaker who is here.

4 And, sir, this is your time to speak to the
5 Commission. And I would ask that you state your name
6 and spell it for the court reporter, and then you can
7 proceed to make your statement.

8 STATEMENT OF MR. ZECHENTMAYER

9 MR. ZECHENTMAYER: Yes.

10 My name is Richard Zechentmayer.

11 And that -- Zechentmayer is spelled
12 Z-e-c-h-e-n-t-m-a-y-e-r.

13 And I have submitted a letter to the -- so
14 it's just a matter -- but wanted to make sure that we
15 got in here and did it.

16 At the time that I was still on the City
17 Council, as Mayor Pro Tem, we had a -- it was -- many,
18 many hearings based on the development of Creekbridge
19 and Mills development in here, that there was a need for
20 more water.

21 And one of the things that we were dealing
22 with those developers was that they really needed to
23 make the investment in the water it needs because it
24 wasn't fair for everyone in the City to have to pay
25 those extra fees.

26 So I just -- that's kind of where we're at.

27 And, you know what, it's been three -- three
28 years now or four years now, even, since we've been

1 talking about it, and frequently things like that are
2 forgotten.

3 And anyway, I just wanted to remind the PUC
4 that -- that that was part of the discussion of City
5 Council at that time.

6 ALJ WETZELL: All right. And "that time," just
7 for the record, was -- when was that time period?

8 MR. ZECHENTMAYER: That was when the early
9 development of Creekbridge and the Mills properties just
10 to the north of town, and I think we've got somewhere
11 like 800 homes that were going to be coming on-line.

12 So that was a rather significant jump in water
13 needs, and -- and one thing I want to say is that
14 there's nothing against the water company; the water
15 company here is super.

16 But, you know, it isn't fair for the previous
17 members of the community to have to carry on that
18 additional cost, which was planned by the Council at
19 that time to be the developer's.

20 ALJ WETZELL: All right. Well, thank you for your
21 statement.

22 And just for the record, you have sent a
23 letter to the Public Utilities Commission that
24 summarizes this?

25 MR. ZECHENTMAYER: The first notice that I saw in
26 the newspaper that there was going to be the rate
27 increase, I did send right off -- right off the bat
28 because (indicating) I just got --

1 ALJ WETZELL: Fine.

2 MR. ZECHENTMAYER: -- do it soon. I hope it isn't
3 lost.

4 ALJ WETZELL: Okay. It will be -- it will have
5 been or will be circulated to each of the five members
6 of the Commission as well as the Administrative Law
7 Judge, one of my colleagues who is actually going to
8 preside over the evidentiary part of this proceeding --

9 MR. ZECHENTMAYER: Okay.

10 ALJ WETZELL: -- so it will be received.

11 And it's good that you brought that to the
12 Commission's attention tonight, and it's also on the
13 formal record that way.

14 MR. ZECHENTMAYER: Thank you.

15 I appreciate you reopening the hearing.

16 I'm sorry I was late.

17 And --

18 ALJ WETZELL: You are most welcome.

19 MR. ZECHENTMAYER: -- but I -- you know, I just
20 want to make it clear that it -- that it's none of the
21 members that were on the Council at that time have
22 anything against the water company, because we're --
23 we've been working hand in hand ever since I've known
24 Terry.

25 ALJ WETZELL: All right.

26 MR. ZECHENTMAYER: And -- and they do a good job.

27 ALJ WETZELL: All right. Thank you, sir.

28 We appreciate your statement.

1 MR. ZECHENTMAYER: Thank you.

2 ALJ WETZELL: And thank you for coming to address
3 the Commission tonight.

4 And, with that, we are adjourned.

5 (Whereupon, at the hour of 7:45 p.m.,
6 this public-participation hearing was
7 continued to 7:00 p.m., November 27,
8 2006, at Westlake Village, California,
9 the Commission then adjourned.)

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