



| STAFF REPORT | |
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| SUBJECT: Discussion and Possible Action Related to the Proposed Request for a Rate Increase by Golden State Water Company (Application 223-08-010) | MEETING DATE: Oct. 5, 2023 |
| SUBMITTED BY: Alan Flora, City Manager | |
| PURPOSE OF REPORT: <input type="checkbox"/> Information only <input checked="" type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item | |

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

Discussing and possible direction related to the proposed Rate Case of Golden State Water Company.

BACKGROUND/DISCUSSION:

The City of Clearlake is fairly unique in that it does not provide any utility services within our jurisdictional boundary. Sewer service is provided by Lake County Special Districts. There are technically five water districts within the City, although since the Cache Fire in 2021, really only three are providing service and Konocti County Water District is in the process of annexing territory that would result in only three remaining districts. The water districts are Konocti County Water District, Highlands Mutual Water Company, and Golden State Water Company. Golden State is a privately owned company that serves approximately 2,163 customers in Clearlake, which is regulated by the California Public Utilities Commission (CPUC). In addition to the Clearlake customers, Golden State also provides water service within more than 80 communities in California with approximately 261,000 customers. Golden State is a subsidiary of American States Water Company that serves over one million people in nine states. A map provided by the California State Water Board of the districts within Clearlake can be accessed [here](#).

For utilities regulated by the California Public Utilities Commission they must file a Rate Case every three years if they wish to raise rates on customers. On August 14, 2023, Golden State filed a proceeding with the CPUC requesting authorization to increase rates for water service throughout its area. Rates would be increased overall by 22.95% (or \$87,060,700) in 2025, 4.42% (or 20,699,200) in 2026 and 4.57% (or 22,408,200) in 2027. Within the Clearlake area two options are proposed. The first is for a consolidation of the Arden Cordova and Clearlake districts for ratemaking purposes. Under this scenario, the Clearlake rates would be frozen for a transition period and then a single combined set of rates would be established. If this request is not approved by the CPUC, the rates in Clearlake would be increased by a total of 40.72% over the three year period, or 22.66% (or \$649,800) in 2025, 8.91% (or \$316,800) in 2026 and 9.17% (or \$357,000) in 2027. Each amount is an increase over the prior year's rate, which would result in over a 40% increase from today's rates. The full request and updates on the process can be viewed [here](#). The request follows a +30% increase authorized in 2020.

The City can provide public comment, and/or become a party to the proceeding. This would include filing a motion to become a party to the proceeding.

Customers interested in more information about this proposal should contact the Public Advocate's Office of the California Public Utilities Commission at 1-415-703-1584 or publicadvocatesoffice@cpuc.ca.gov The Public Advocates Office has already filed a protest to the request, which can be found [here](#).

Public Comment can be submitted online at this [link](#).

FISCAL IMPACT

Provide Direction to Staff.

OPTIONS:

1. Direction to staff to submit public comment regarding the rate increase, and/or
2. Direction to staff to file a motion to become a party to the proceeding.
3. Other direction

FISCAL IMPACT:

None \$ Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$

Affected fund(s): General Fund Measure P Fund Measure V Fund Other: Funds

Comments:

STRATEGIC PLAN IMPACT:

- Goal #1: Make Clearlake a Visibly Cleaner City
- Goal #2: Make Clearlake a Statistically Safer City
- Goal #3: Improve the Quality of Life in Clearlake with Improved Public Facilities
- Goal #4: Improve the Image of Clearlake
- Goal #5: Ensure Fiscal Sustainability of City
- Goal #6: Update Policies and Procedures to Current Government Standards
- Goal #7: Support Economic Development

Attachments:

1. Golden State Water Rate Case Application 2023