

Advice Letter 516-A (Filed 2/14/2020, Notice Date 2/20/2020, Protest Deadline 3/10/2020)

Questions & Answers

1. How are DOWC's rates determined?
 - a. The water rates are designed to cover DOWC's cost of providing safe, continuous, reliable water service, which includes power, lab testing, labor, facilities maintenance, and many other elements. The rates also include a profit percentage, determined by the California Public Utilities Commission (CPUC), which DOWC is allowed to earn on its investment in a district. The profit component is NOT guaranteed, and many districts fall below the authorized target percentage.
2. Do you get to charge whatever you want?
 - a. DOWC's rates are set by an independent third party, the CPUC. The CPUC's mission is to protect utility customers and ensure the rates charged by all utilities are fair and reasonable.
3. Why are all districts having their rates adjusted?
 - a. The Camp Fire of November 2018 reduced DOWC's total customer base by 26%, and DOWC is proposing to reallocate its operating expenses throughout the state, requiring rate adjustments in all districts.
4. Why are all customers going to be subject to the same increase? Isn't it usually different for each district and meter size?
 - a. DOWC was required to review all districts' rates by the expiration of the \$10.54 Lost Revenue Surcharge at May 31, 2020, and during the ratemaking process considered many alternatives. In consultations with the CPUC, DOWC determined that increasing rates equally for all customers was the fairest way to distribute the necessary revenue adjustment and increased operating expenses since your last rate adjustment.
5. You've already raised my bill \$10.54 for the Camp Fire, and now you're going up another \$20.00?
 - a. The Lost Revenue Surcharge was a temporary measure to help offset over \$1.2 million in lost revenue and keep DOWC operational while recovering from the Camp Fire and determining how to adjust the rates. This rate case actually changes the Readiness to Serve component of your rates. The Lost Revenue Surcharge will expire on May 31, 2020 and be reviewed by the CPUC to determine its disposition.
6. How can I protest this increase?
 - a. The information for protesting or responding to the rate case is on the notice which was mailed by February 20, 2020. Protests and responses must be received by the CPUC and DOWC by March 10, 2020.
7. When do these rates go into effect?
 - a. The CPUC will consider DOWC's proposal, but ultimately, the CPUC will set the final rates after analyzing DOWC's proposal and considering any responses or protests received. The effective date of any rate change will be determined by the CPUC. DOWC estimates that the rate change will happen in May or June 2020.
8. Can't PG&E and insurance claims cover the lost revenue?
 - a. We are participating in the lengthy Class Action Suit against PG&E, and we are in litigation with our insurance agent and company as well. At this time, we cannot predict what relief, if any, that DOWC will receive from these actions.