

Antelope Valley Press

Parris: Screw water agency

By: Julie Drake

LANCASTER - Mayor R. Rex Parris wants to bring the hammer down on investor-owned, for-profit San Jose-based California Water Service Company, whose Lancaster customers saw their water bills increase more than 215% over the past 12 years.

About 100 of the water company's customers, many dressed in blue, filled about two-thirds of the seats in council chambers Tuesday night in support of a resolution to support a statewide coalition of communities calling for the introduction and passage of statewide legislation to reform the rate-making process for investor-owned, for-profit water utilities in California.

"We cannot budget our water; it is unpredictable. We don't know if it's going to be \$200 or \$2,000," Cal Water customer Lauren Karnstedt said.

Karnstedt and her family of four, living in a 1,940-square-foot home, received a \$705 monthly water bill from Cal Water. When she disputed the charge, the company said it was erroneously low and should have been nearly \$1,000. Her meter was tested by another water company that is an investor in California Water. Cal Water replaced the meter and Karnstedt's water bill dropped to \$240.

"It makes no sense. If it makes no sense, it has to be criminal and I believe that is what's being done to us and other residents in the Antelope Valley," Karnstedt said.

Karnstedt, a local real estate broker, asked for the city's support in their grassroots campaign.

Parris asked whether the city can make it a crime to turn the water off.

The only remedy is state legislative action, City Attorney Allison Burns said.

"I don't want to be here three years from now talking about the same thing," Parris said. "I want all of our collective heads brought together and find out a way to screw this company. It's not right what's happening here and it gets worse, not better."

Parris asked how long until he will see something.

"I will definitely look into the crime to turn the water off and report back to you, if not something for you, at the next meeting. As far as legally screwing them, that may take a little longer," Burns said.

"We make the rules; let's make one that hurts," Parris said.

The west Lancaster customers, including those in Park Somerset neighborhood, formed the Coalition to End Water Rate Abuse, which now includes the San Jose-based Water Rates Advocates for Transparency, Equity, and Sustainability. That group is fighting on behalf of more than 100,000 rate-payers.

Jim Kross, a retired assistant fire chief who also is a Cal Water customer, said the coalition's goal is to pass legislation to reform the way in which water rates and regulations are set for investor-owned water companies in the state. In addition to Cal Water, the list includes California American Water, Golden State Water and San Jose Water Company.

"This is indeed a David vs. Goliath battle as has already been mentioned, and Goliath, as you know, is a billion-dollar, giant-wielding industry trade group such as the California Water Association that supports what they're doing," Kross said.

Kross added the California Public Utilities Commission has helped water barons raise the ceiling on water pricing. He urged the City Council to adopt Resolution No. 17-58 in support of the coalition and to call for the introduction and passage of statewide legislation to reform the ratemaking process for investor-owned, for profit water utilities in California.

The council approved the resolution 4-0, with Councilman Raj Malhi absent.

Parris also asked whether the city can ask Los Angeles County to purchase the water company.

City Manager Mark Bozigian said there have been preliminary discussions about it, noting Supervisor Kathryn Barger also is very concerned about the issue.

Parris asked whether the city can subpoena the company's executives, who are based in Northern California.

Burns said the city does have legislative subpoena power.

"We could have a good, old-fashioned stoning. If the PUC isn't willing to investigate this, maybe we should," Parris joked.

Parris added he understands the stress high water bills place on families when they are in danger of losing their homes because of a high water bill.

Sabrina Joy, a Cal Water customer who has an international MBA in sustainability and environmental compliance, talked about the unintended environmental impacts of extreme water conservation measures brought on by prohibited pricing.

"Gouging by Cal Water has led most residents to stop watering completely. Lack of water leads to a lack of oxygenation, altered soil ecology and decreased absorption," Joy said.

She added many trees are dying or are dead from lack of water, which has led many residents to remove them. The destruction of the residential tree canopy means less oxygen and creates heat islands.

In addition, those customers who installed drought-tolerant yards saw their bills increase.

"This coalition is not seeking to abuse water consumption. We will continue to conserve. We are simply asking for reasonable, affordable rates for a necessary life resource," Joy said.

Cal Water also is charging its customers for water it did not sell during the drought when customers were ordered to conserve water.

"Our problem is the CPUC because they're there to protect us and make sure that our utilities are properly regulated and they're not doing that," Karnstedt said.

Cal Water is requesting the California Public Utility Commission grant an increase in the annual rate of return on its stockholders' equity from the current return rate of 8.31% to 10.75%.

The proposed rate increase, proposed to take effect Jan. 1, will boost the company's income for its Los Angeles region, which serves about 3,400 people in parts of west Lancaster, Lake Hughes, Leona Valley and north of California City, as well as 70,000 in the Palos Verdes area from \$50.3 million in revenue in 2017 to \$50.7 million in 2018, the application said.

Cal Water says the rate increase would raise the typical Lancaster customer's monthly bill from \$97.07 to \$97.81, an increase of less than 1%.

California Water Service Group describes itself as the third largest publicly traded water utility in the United States. Traded on the New York Stock Exchange under the symbol "CWT," the company has six wholly owned subsidiaries operating in California, Washington, New Mexico and Hawaii.

The company has more than 509,000 customer connections and more than \$400 million in annual revenue.

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