

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

Utility Name: California Water Service Company

Date Mailed to Service List: 07/23/2025

District: Bakerfield

CPUC Utility #: U-60-W

Protest Deadline (20th Day): 08/22/2025

Advice Letter #: 2559

Review Deadline (30th Day): 08/22/2025

Tier: ☐ 1 ☒ 2 ☐ 3 ☐ Compliance

Requested Effective Date: 08/29/2025

Authorization: General Order 96-B & D.20-08-047

Rate Impact: no immediate impact
to Bakersfield
customers

Description: Expansion of Service Area Map to include
Casa Loma Water Company

The protest or response deadline for this advice letter is August 22, 2025. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Todd Pray

Utility Contact: Kyle Wang

Phone: 408-367-8250

Phone: (408) 367-8250

Email: tpray@calwater.com

Email: kwang@calwater.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE

STAFF

COMMENTS

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

[] APPROVED

[] WITHDRAWN

[] REJECTED

Signature: _____

Comments: _____

Date: _____



CALIFORNIA WATER SERVICE COMPANY

1720 NORTH FIRST STREET

SAN JOSE, CA 95112 ☎ (408) 367-8200 F (408) 367-8428

July 23, 2025

Advice Letter No. 2559

CALIFORNIA WATER SERVICE COMPANY (U 60 W)

To The Public Utilities Commission of the State of California:

California Water Service Company (“Cal Water”) respectfully submits this Tier 2 advice letter requesting approval for the acquisition of Casa Loma Water Company by Cal Water, and, once the transaction between Cal Water and Casa Loma is closed, for authority to make the changes to the below tariff sheets applicable to its Bakersfield ratemaking area. ***Please note that this advice letter will only be distributed electronically to the Water Division and the attached service lists.***

C.P.U.C.		Canceling
		C.P.U.C.
<u>Sheet No.</u>	<u>Title of Sheet</u>	<u>Sheet No.</u>
XXXXX	Service Area Map, Bakersfield	XXXXXX
XXXXX	Table of Contents – Page 14	XXXXXX
XXXXX	Table of Contents – Page 1	XXXXXX

Summary

Cal Water requests approval to acquire Casa Loma Water Company (Casa Loma) located near Cal Water’s facilities in its Bakersfield District. Cal Water requests under Water Industry Rule 7.3.2 (8) that its service area be expanded to encompass the service area of the Casa Loma Water Company after Cal Water acquires Casa Loma.

Cal Water also requests under Water Industry Rule 7.3.2 (1) that the Commission authorize Cal Water to apply its current Bakersfield District tariff rates to Casa Loma customers.

Finally, Cal Water requests approval of the above items in 30 days (August 29, 2025) but proposes to delay updating its tariffs on Cal Water’s website until after the acquisition transaction closes.

Background

Cal Water and Casa Loma have signed an agreement for Cal Water to purchase its water system, subject to Commission and other regulatory approvals. Casa Loma is a distressed water system in a disadvantaged community that serves approximately 237 residential and 11 commercial service connections in Bakersfield. Casa Loma is about 3.2 miles northeast of Cal Water’s Bakersfield H Street Operations Yard and surrounded by Cal Water’s existing Bakersfield service area.



Discussion

Since Cal Water's Bakersfield District and Casa Loma are physically contiguous, the spacing is well within the 2,000-foot maximum allowed by General Order 96-B, Water Industry Rule 8.1, to be considered appropriate as an advice letter filing. In accordance with Water Industry Rule 7.3.2 paragraphs (1), (8), and (9), this filing is considered a Tier 2 Advice Letter that may be approved by Commission staff.

Small System Acquisitions

Cal Water will acquire Casa Loma's distribution system, wells, tanks, and pumps. The agreement calls for a purchase price of \$1 for these water system assets. Cal Water is requesting that Casa Loma's customers be charged on Bakersfield's flat-rate schedule on an interim basis while customers are converted to metered use (further discussion below).

The Commission has previously recognized the benefits of small water system acquisitions. Per Resolution W-5080 approving California American Water's acquisition of Adams Ranch Mutual Water Company, the Commission stated:

The State of California and the Commission encourage mergers of water systems especially when small systems can no longer economically provide adequate and safe water supplies. In Resolution No. 2008-0048 the State Water Resources Control Board noted that small or disadvantaged communities cannot "provide the economies of scale necessary to build and maintain adequate water and wastewater systems."

Casa Loma currently has two technical violations, but no primary (health) or secondary (aesthetic) water quality violations. Casa Loma is unlikely to be able to address these violations, which increases the risk of Casa Loma incurring other violations. Further, Casa Loma has faced several managerial, technical, and financial difficulties that have left it unable to properly service its customers. By acquiring Casa Loma, Cal Water would be able to address these deficiencies and ensure that Casa Loma's facilities are operating in compliance with applicable laws and Cal Water's own operating standards. In addition to the above, the Division of Drinking Water (DDW) has been supportive of Cal Water's acquisition of the Casa Loma water system. Please see Appendix B. for a letter of support from DDW regarding Cal Water's acquisition of Casa Loma.

Cal Water can immediately begin serving Casa Loma water through an existing but inactive intertie, but at least two new connections would need to be installed to ensure reliable service. These connections would improve fire flow, system hydraulics and maintain good water quality throughout Casa Loma. Other future investments by Cal Water in Casa Loma would likely be spread out over multiple rate cycles. System tie-ins and meter installations would be prioritized first, and main replacements, services, and hydrants would be spread out over future years. The transaction would also incur estimated one-time, non-recurring fees of approximately \$3,000 for title, escrow, and insurance costs.



Adequacy of Water Supply

In lieu of the Water Supply and Certification Questionnaire (WSQ) for the service area expansion discussed above, please see the Bakersfield District's 2020 Urban Water Management Plan (UWMP). The UWMPs provide proof that Cal Water "already has a water supply adequate to serve the areas or a plan to obtain such a supply," as required by GO 96-B, Water Industry Rule 8.1. Each area's document is publicly available on the Cal Water website.¹

- Chapter 3 of each UWMP provides a description of the system. Chapter 4 focuses on system water use, with a breakdown of actual water demand by use type in Table 4-1, projections through 2045 for baseline water demand in Table 4-2, and a historical water loss summary from 2016 through 2020 in Table 4-4.
- Chapter 6 discusses system supplies and provides a summary of actual water supplies in Table 6-8 as well as projected water supplies in Table 6-9.
- Together, Table 4-1 and Table 6-8 demonstrate that developments added to the district's service area have had sufficient water supplied.
- Together, Table 4-2 and Table 6-9 demonstrate that projected growth will have sufficient water supplied.

The UWMPs were finalized in June 2021 and submitted to the California Department of Water Resources in July 2021. The next UWMPs will be available sometime in 2026, as the studies are completed on a five-year cycle.

Unfortunately, Cal Water was unable to obtain reliable production records from Casa Loma. However, using the average usage per customer and unaccounted for water factor from D.24-03-042², Cal Water estimates that additional production from these new customers could be approximately 197 AF. The latest annual production data for Cal Water's Bakersfield District from 2024 shows the district used 56,220 AF of water. If Casa Loma customers are added, assuming the same level of production and based upon the estimate for new customers, Cal Water's production would be approximately 56,417 AF. This figure is well within the UWMP's 2025 projected water use of 60,439 AF and its future growth estimates.

Rates and Tariffs

Casa Loma's customers currently receive unmetered water and are billed flat rates for their service based on lot size and type of structure. However, upon closing of the transaction, Cal Water proposes to apply the existing flat-rate tariff in its Bakersfield District on an interim basis until meters can be installed. The Bakersfield District's flat rate tariff is based solely on lot size, irrespective of structure type. Since the move to Bakersfield District flat rates are planned to be temporary while the meter conversion takes place, it would cause an undue burden and expense to modify Cal Water's billing system to mimic Casa Loma's current rate structure. Cal Water was

¹ The UWMPs for all districts can be found here: <https://www.calwater.com/conservation/uwmp2020/>.

² CPUC decision resolving Cal Water's 2021 General Rate Case (GRC).



CALIFORNIA WATER SERVICE COMPANY

Advice Letter 2559, Bakersfield Map Extension for Casa Loma Acquisition
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originally going to cancel the flat rate tariff after resolution of its 2024 GRC as it no longer has existing flat rate customers. Cal Water now proposes to keep the Bakersfield District flat rate tariff until after Casa Loma customers are fully converted to meters and will cancel at that time. Further, according to state regulation AB 2572, water suppliers must install water meters in all customer connections by January 1, 2025, so a conversion to meters would have been necessary regardless.

For administrative efficiency, Cal Water proposes to have any capital and expense changes as a result of the acquisition be incorporated into a future GRC revenue requirement for review at that time. Accordingly, Cal Water proposes no changes to the revenue requirement for 2025. Therefore, Cal Water is not asking for an immediate rate change associated with the approval of this advice letter.

Timing

- Cal Water proposes incorporating the Casa Loma customers at current Bakersfield rates upon completion of the acquisition.
- As part of a future GRC process, Cal Water will propose changes reflecting the Casa Loma acquisition so that all customers (Casa Loma customers and existing Bakersfield customers) receive the full benefits of the acquisition described above.

Potential Bill Impacts

The table below shows the anticipated bill impact to Casa Loma's customers by moving to Cal Water's current flat rate schedule.

Single-Family Residential ³	Casa Loma	Cal Water	\$ Increase	% Increase
6,000 sq. ft., or less	\$ 87.20	\$ 129.08	\$ 41.88	48%
6,001 to 10,000 sq. ft.	\$ 87.20	\$ 148.60	\$ 61.40	70%
10,001 to 16,000 sq. ft.	\$ 87.20	\$ 185.35	\$ 98.15	113%
16,001 to 22,000 sq. ft.	\$ 87.20	\$ 234.98	\$ 147.78	169%
22,001 to 33,000 sq. ft.	\$ 103.75	\$ 234.98	\$ 131.23	126%
33,001 to 43,000 sq. ft.	\$ 120.30	\$ 234.98	\$ 114.68	95%
43,000 sq. ft. +	\$ 138.80	\$ 234.98	\$ 96.18	69%

Once meters are installed, Casa Loma customers will have control over their water bill because the more water is conserved, the lower the bill. Metered residential customers in Cal Water's Bakersfield District typically average 12 ccf (8,977 gallons) of water use each month. At that level, the bill would be approximately \$50.59 based on current residential metered rates (without surcharges, fees, or local taxes), substantially less than Casa Loma's lowest flat rate. There was not sufficient data to determine the typical usage of customers in Casa Loma, but it is likely that their usage will fall in line with the average customer in Bakersfield once meters are installed. While a decrease in average bills is not guaranteed, meters can result in reduced water bills by providing



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data transparency and a disincentive against excessive water use.

With the transition to Cal Water, customers will have access to full time customer service representatives to handle issues, access its website, and other online services such as online payment and paperless billing. Additionally, Casa Loma customers who qualify will have access to Cal Water's Customer Assistance Program (CAP), which can mitigate an increase in rates for certain low-income customers. Customers will also be able to utilize Cal Water's conservation programs.

Service Area Map Modifications

With Cal Water's purchase of Casa Loma Water Company, Casa Loma's service area will be incorporated into that of Bakersfield District. Cal Water has determined that the service area map of Bakersfield included areas already being served by Casa Loma Water Company. The service area map submitted with this advice letter specifically identifies the Casa Loma area being acquired.

Required Documentation

Cal Water complies with the data elements approved in D.20-08-047. Please refer to the checklist in Appendix A.

Please see below for a list of workpapers provided to the Water Division that are referenced in Appendix A:

- Workpaper A. Casa Loma Asset Purchase Agreement
- Workpaper B. Estimated Cost for Tie-ins
- Workpaper C. Insurance Payment
- Workpaper D. Statement of Earnings
- Workpaper E. Casa Loma Rate Impact
- Workpaper F. Bakersfield Service Area Map
- Workpaper G. DAC Documentation
- Workpaper H. Letter of Support from the Division of Drinking Water

Requested Effective Date

Cal Water requests an effective date of **August 29, 2025** for Commission approval of this advice letter, and for approved tariffs to be posted on Cal Water's website only upon completion of the acquisition

Notice

Customer Notice: Customer notice has been provided to Casa Loma customers in the form of a letter mailed **July 21, 2025**. A copy of the notice is provided in Appendix C Cal Water will also be hosting a town hall in the Casa Loma area on August 13, 2025, to provide new customers with additional information regarding the acquisition. Since there is no change in existing rates as a



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result of the transaction, no special notice is being provided to existing Bakersfield customers under Water Industry Rule 3.1 of General Order 96-B.

As the town hall for Casa Loma will be held on August 13, 2025, one day after the normal 20-day protest period ending on August 12, 2025, Cal Water proposes to extend the protest period to **August 22, 2025**. With this extension to the protest period, new customers will have additional time to process the topics discussed during the town hall and file protests as needed.

Service List: In accordance with General Order 96-B, General Rule 4.3 and 7.2 and Water Industry Rules 4.1 and 4.2, a copy of this advice letter will be transmitted electronically on **July 23, 2025**, to competing and adjacent utilities and other utilities or interested parties having requested such notification, including the Local Agency Formation Commission (LAFCO). ***Please note that this advice letter will only be distributed electronically to the Water Division and the attached service lists.***

Response or Protest

Anyone may respond to or protest this advice letter. When submitting a response or protest, please include the utility name and advice letter number in the subject line. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds are:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided such a protest may not be made where it would require relitigating a prior order of the Commission.)

A protest shall provide citations or proofs where available to allow staff to properly consider the protest. A response or protest must be made in writing or by electronic mail and must be received by the Water Division by **August 29, 2025**. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
water.division@cpuc.ca.gov

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to Cal Water at the following address:



CALIFORNIA WATER SERVICE COMPANY

Advice Letter 2559, Bakersfield Map Extension for Casa Loma Acquisition
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Natalie Wales
California Water Service Company
1720 North First Street,
San Jose, California 95112
Fax 408/367-8430 or
E-mail cwsrates@calwater.com

Cities and counties requiring Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division within the protest period noted above so a late-filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on. The advice letter process does not provide for any responses, protests or comments, except for the utility's reply, after the comment period.

Replies: The utility shall reply to each protest and may reply to any response. Each reply must be received by the Water Division within 5 business days after the end of the protest period and shall be served on the same day to the person who filed the protest or response. If you have not received a reply to your protest within 10 business days, contact California Water Service Company at (408) 367-8200, and ask for the Rates Department.

CALIFORNIA WATER SERVICE COMPANY

/s/

Todd Pray, Regulatory Program Manager

Enclosures

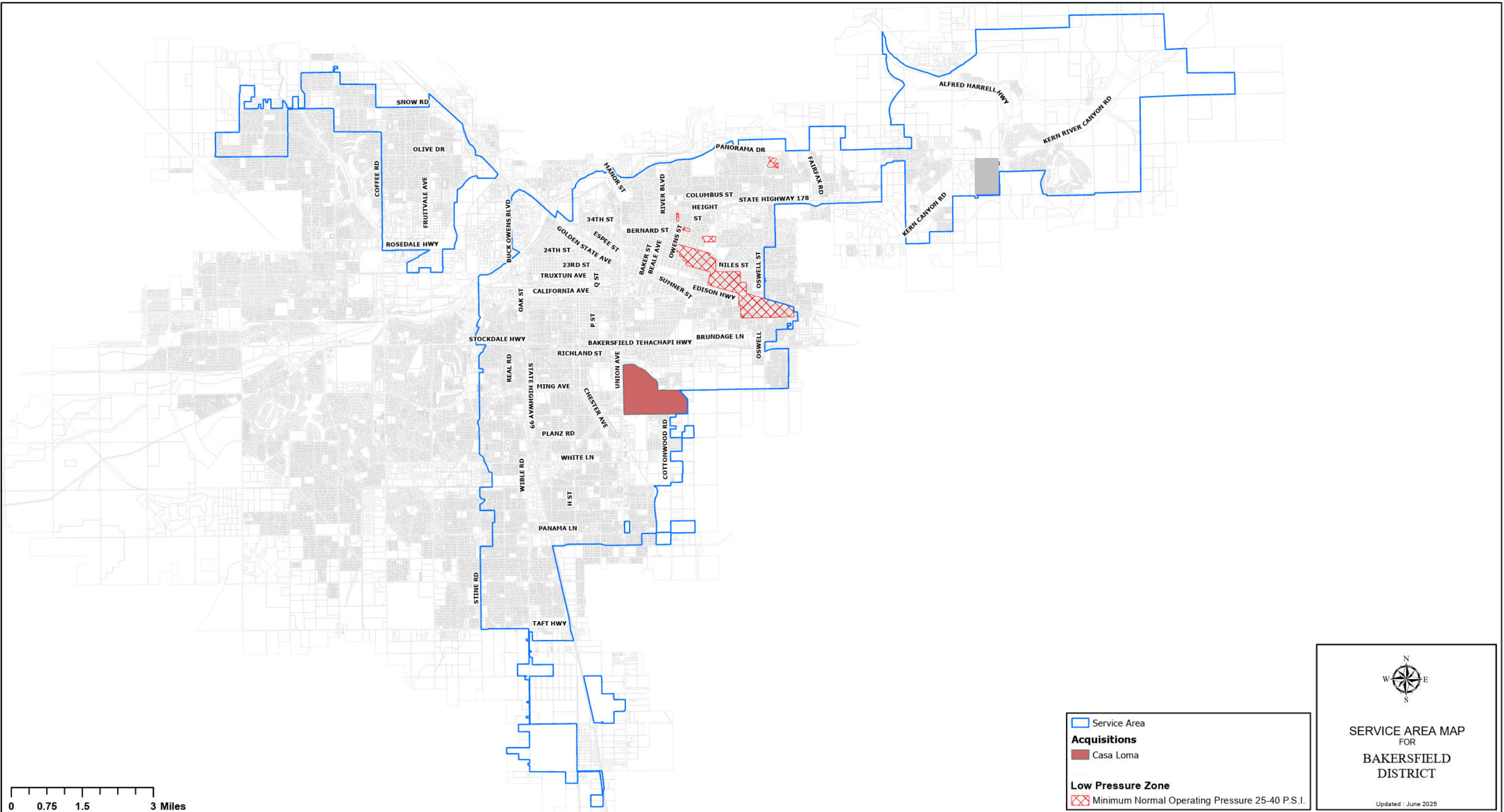
cc: Syreeta Gibbs (Public Advocates Office), PublicAdvocatesWater@cpuc.ca.gov



CALIFORNIA WATER SERVICE
1720 North First Street, San Jose, CA 95112
(408) 367 - 8200

Revised _____ Cal. P.U.C. Sheet No. _____

Cancelling _____ Cal. P.U.C. Sheet No. _____



NOTE :
This map may not be considered by the Public Utilities Commission of the State of California as a final conclusive determination or establishment of the dedicated area of service or any other portion thereof.

(To be inserted by Utility)

Advice Letter No. : _____

Decision No. : _____

Issued By
Greg Milleman
NAME
Vice President of Rates
& Regulatory Affairs
TITLE

(To be inserted by Cal. P.U.C.)

Date Filed : _____

Effective : _____

Resolution No. : _____

CALIFORNIA WATER SERVICE COMPANY

1720 North First Street

San Jose, CA 95112

(408) 367-8200

Revised
Cancelling

Cal. P.U.C. Sheet No. XXXXX-W

Cal. P.U.C. Sheet No. XXXXX-W

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Service Area Maps

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Service Area Map**Service Area****CPUC Sheet No.****General Location of Districts**

3027-W

Antelope Valley District (in the Los Angeles County Region)

Fremont Valley

13418-W

Leona Valley

13421-W

Lake Hughes

13419-W

Lancaster

13420-W

Bakersfield District

XXXXXX-W (C)

Bayshore District (in the Bay Area Region)

Mid Peninsula

13789-W

South San Francisco

13423-W

Bear Gulch District

13608-W

Chico-Hamilton City District (in the North Valley Region)

13812-W

Dixon District

13427-W

Dominguez District (in the South Bay Region)

13577-W

East Los Angeles District

13429-W

Grand Oaks District

13430-W

Hermosa-Redondo District (in the South Bay Region)

13578-W

King City District (in the Salinas Valley Region)

13441-W

(Continued)

(To be inserted by utility)

Issued By

(To be inserted by CPUC)

Advice Letter 2559Greg Milleman

Date Filed _____

Decision

Vice President

Effective _____

Rates and Regulatory Affairs

Resolution _____

CALIFORNIA WATER SERVICE COMPANY

1720 North First Street

San Jose, CA 95112

(408) 367-8200

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Cal. P.U.C. Sheet No. XXXXX-W

Cal. P.U.C. Sheet No. XXXXX-W

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The following listed tariff sheets contain all effective rates and rules affecting the rates and service of the Utility together with information relating thereto:

<u>Sheet</u>	<u>Subject Matter</u>	<u>Service Area</u>	<u>Schedule No.</u>	<u>CPUC Sheet No.</u>
	Title Page			13288-W
Table of Contents				
Page 1	Table of Contents		XXXXX-W	(C)
Page 2	Preliminary Statements		13574-W	
Page 3	Preliminary Statements		13573-W	
Page 4	Preliminary Statements		13781-W	
Page 5	Preliminary Statements		13805-W	
Page 6	Rate Schedules - All Districts		13795-W	
Page 7	Rate Schedules - All Districts		13305-W	
Page 8	Rate Schedules - District Specific		13810-W	
Page 9	Rate Schedules - District Specific		13760-W	
Page 10	Rate Schedules - District Specific		13759-W	
Page 11	Rate Schedules - District Specific		13804-W	
Page 12	Rate Schedules - District Specific		13772-W	
Page 13	Rate Schedules - District Specific		13794-W	
Page 14	Service Area Maps		XXXXX-W	(C)
Page 15	Service Area Maps		13816-W	
Page 16	Service Area Maps		13582-W	
Page 17	Rules		13295-W	
Page 18	Rules		13294-W	
Page 19	Rules		13293-W	
Page 20	Rules		13292-W	
Page 21	Sample Forms		13291-W	
Page 22	Sample Forms		13290-W	
Page 23	Sample Forms		13820-W	

(Continued)

(To be inserted by utility)	Issued By	(To be inserted by CPUC)
Advice Letter <u>2559</u>	<u>Greg Milleman</u>	Date Filed _____
Decision	<u>Vice President</u>	Effective _____
	<u>Rates and Regulatory Affairs</u>	Resolution _____

APPENDIX A

APPENDIX A
D.20-08-047 Minimum Data Requirements (MDRs)

	<u>Requirements</u>	<u>Reference</u>
1.	Estimate the potential monthly incremental cost impact on existing and acquired customers following the actual results of the Buyer's most recently authorized tariffs.	See Workpaper E. for the acquired customers. There are no changes for existing customers. Casa Loma's customers currently receive unmetered water and are billed flat -rates for their service. Upon closing of the transaction, Cal Water proposes to apply the existing flat-rate tariff in its Bakersfield district on an interim basis until meters can be installed. Installing meters is anticipated to take approximately six months.
1.a	If a Buyer has pending request before the Commission to change rates, it must also calculate the above using data as proposed in its pending request.	Workpaper E.
2.	If the Buyer is seeking authority to increase the acquired system's rates to a certain level, please state the basis for the targeted rate and period of time for such targeted rate to be implemented.	See Advice Letter discussion on changes to customer rates.
3.	Provide the annual depreciation expense using the proposed rate base of the acquired assets. If the exact depreciation expense is not available, provide the best estimate of the annual depreciation expense. Show how the depreciation expense is calculated.	Since Cal Water is acquiring the assets for \$1, the proposed rate base of the acquired assets is \$1. Hence there is no depreciation expense component.
4.	Provide an estimate of the annual revenue requirement of the system proposed to be acquired. Provide the assumptions for the annual revenue requirement, including expected rate of return, expected depreciation expense, O&M expenses, etc.	No separate revenue requirement is proposed for this acquisition.
5.	Other than the revenue requirement data requested above, separately identify all other approved and/or intended impacts to customer bills (i.e., surcharges, passthrough fees, etc.).	Workpaper E.
6.	Provide a listing of any entities that currently receive free service from the acquired utility.	None, to our knowledge
7.	If the acquired utility has increased rates in the last year, please state the date of the increase and provide a copy of the new rate schedule and the total annual revenues projected under the new rates.	None, to our knowledge
8.	Are there any leases, easements, and access to public rights-of-way that Buyer expects to be needed in order to provide service which will not be conveyed at closing? If yes, identify when the conveyance will take place and whether there are expected to be additional costs involved.	None, to our knowledge. All infrastructure to be acquired is believed to be located in the public right of way or through fee simple parcels.
9.	Provide a breakdown of the estimated transaction and closing costs. Provide invoices to support any transaction and closing costs that have already been incurred.	Reference section 4.6 of the APA for the agreed split of closing costs. Per the APA, Cal Water will pay 100% of ALTA Extended Title Insurance (est \$1000), 100% of Endorsements (est \$200), and 50% of escrow fees (est \$500). Additionally, see Workpaper C. for a \$1,200 payment for insurance. There may also be a search fee that is variable.
10.	Describe known and anticipated general expense savings and efficiencies under Buyer's ownership. State the basis for assumptions used in developing these savings and efficiencies and provide all supporting documentation for the assumptions.	See Advice Letter and and Workpaper D.
11.	Provide a copy of the Seller's request for proposals (if there was one) and any accompanying exhibits with respect to the proposed sale of the water system or water system assets.	There were no requests for proposals. Please see Workpaper A. for the proposed sale agreement.
12.	Provide a copy of the response to the request for proposals (if there was one) of the Buyer for the purchase of the acquired water system or water system assets.	None
13.	For each Utility Valuation Expert (UVE) providing testimony or exhibits, please provide the following:	N/A, rate base is \$1.
13.a	A list of valuations of utility property performed by the UVE in the last two years;	N/A, rate base is \$1.

APPENDIX A
D.20-08-047 Minimum Data Requirements (MDRs)

	<u>Requirements</u>	<u>Reference</u>
13.b	A list of appraisals of utility property performed by the UVE in the last two years;	N/A, rate base is \$1.
13.c	A list of all dockets in which the UVE submitted testimony to a public utility commission or regulatory authority related to the acquisition of utility property in the last two years; and	N/A, rate base is \$1.
13.d	An electronic copy of or electronic link to written testimony in which the UVE testified on public utility fair value acquisitions in the past two years.	N/A, rate base is \$1.
14.	Explain each discount rate used in the appraisals and valuations, including explanations of the capital structure, cost of equity and cost of debt. State the basis for each input. Provide all sources, documentation, calculations and/or workpapers used in determining the inputs.	N/A, rate base is \$1.
15.	Explain whether the appraisal/valuation used replacement cost or reproduction cost and why that methodology was chosen.	N/A, rate base is \$1.
16.	Explain the basis for any comparable acquisitions used in the appraisal/valuation including the purchase price and number of customers for each comparable acquisition.	N/A, rate base is \$1.
17.	Are there any outstanding compliance issues, including but not limited to water quality violations, that the Seller's system has pending with the Board's Division of Drinking Water? If yes, provide the following information:	There are no outstanding compliance issues at this time; however, technical violations most likely will be issued from missed reporting or previously occurred issues, such as missed sampling events or other requirements with past due dates.
17.a	Identify the compliance issue(s);	Casa Loma is most likely to receive a technical violation due to failure to collect routine samples (i.e., monthly bacteriological and triennial lead and copper sampling), operating without a certified operator, and failure to submit required reports such as the Electronic Annual Report, the Consumer Confidence Report, and the Cross-Connection Plan.
17.b	Provide an estimated date of compliance;	Cal Water will not receive any violations related to the Casa Loma system once the acquisition is finalized based on DDW's approval reference.
17.c	Explain Buyer's anticipated or actual plan for remediation;	Once the transfer is complete, Cal Water's ownership of the system will resolve the certification issue and personnel will catch up on any missed sampling and reporting.
17.d	Provide Buyer's estimated costs for remediation; and,	Plan development, sampling, and reporting to ensure compliance are considered part of normal course of work for Cal Water staff. Any additional costs for providing service to these customers is projected to be minimal. However, any remediation costs that arise from the assessments will not be known until Cal Water acquires the system.
17.e	Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.	N/A, rate base is \$1.
18.	Are there any outstanding compliance issues that the Seller's system has pending with the US Environmental Protection Agency? If yes, provide the following information:	Yes.
18.a	Identify the compliance issue(s);	Casa Loma has two technical violations related to lead and service line inventory (LSLI).
18.b	Provide an estimated date of compliance;	Casa Loma is unlikely to address its current technical violations and may receive further technical violations for missed deadlines. Once the system is acquired, Cal Water anticipates submitting a draft LSLI plan for review and approval within the first couple of months after acquisition.
18.c	Explain Buyer's anticipated or actual plan for remediation;	Once the transfer of ownership is complete, Cal Water will initiate the LSLI process, which will bring the system back into compliance. The service lines will be included and assessed using the same methodology Cal Water currently uses to determine the number of service line verifications required.
18.d	Provide Buyer's estimated costs for remediation; and	Plan development and reporting to ensure compliance are considered part of normal course of work for Cal Water staff. Any additional costs for providing this service to customers is projected to be minimal. However, any remediation costs that arise from the assessments will not be known until Cal Water acquires the system.

APPENDIX A
D.20-08-047 Minimum Data Requirements (MDRs)

<u>Requirements</u>		<u>Reference</u>
18.e	Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.	N/A, rate base is \$1.
19.	Provide copies of all notices of a proposed acquisition given to affected customers.	Casa Loma customers were notified via mail about Cal Water's acquisition of Casa Loma. There will be a town hall held for Casa Loma residents on August 13, 2025.
20.	Provide copies of all disclosures and customer notices required by Pub. Util. Code § 10061 related to the sale and disposal of utilities owned by municipal corporations.	N/A
21.	Describe other requests to be included in the application, including but not limited to requests for approval of:	See Advice Letter.
21.a	Consulting, transition of service, water wholesaling, or other agreements;	None
21.b	Interim rate increases outside of a general rate case proceeding or other special rate treatment (e.g., CPI-U rate increases, or rate increases under Class C/D requirements);	None
21.c	Facilities construction;	Please see Workpaper B for estimated tie-in construction costs and new facility construction. All other estimated costs are listed under #25.
21.d	Memorandum or Balancing Accounts.	N/A
22.	Identify the ratepayer benefits that accrue to current ratepayers of the system being acquired due to this transaction.	The current volunteer Board of Directors and staff does not have the technical expertise to manage the water system in a safe and efficient manner. Further, the system is under financial distress. The State Water Board Division of Drinking Water has requested Cal Water consolidate the Casa Loma customers into Cal Water's Bakersfield District.
23.	Identify all actions the applicant has taken with governmental agencies related to obtaining required permits and/or approvals to effectuate the acquisition.	Once the transfer of ownership is complete, the newly acquired sources will need to be re-permitted with the Division of Drinking Water (DDW) in accordance with current regulations. Also, an inquiry regarding submission of a new TMF has been made to DDW, but no response has been received to date.
24.	Provide all workpapers that support the testimony for each of the witnesses that accompany the application, in native format where possible.	N/A
25.	A list of recommended, proposed or required capital improvements to the acquired water system known at the time of the application, with cost estimates, if available;	1. Flat to AMI Metered conversion = ~235 connections x \$700 per service = \$165K 2. Additional interconnections = \$261,722.89 (see Workpaper B for quote and advice letter for further detail). 3. Fire hydrant upgrade - no current estimate; expected timeframe to address is 2-5 years from consolidation 4. Main replacement - no current estimate; any identified projects will be incorporated and prioritized in CWS' main replacement program in future GRC's
26.	If applicable, supporting documentation for the designation of Disadvantaged Community; and	see Workpaper G and H
27.	If applicable, documents required by Pub. Util. Code Section 10061(c).	N/A

<u>Agreed-upon data elements approved by D.99-10-064</u>		<u>Reference</u>
1.	A copy of the purchase agreement	Workpaper A.
2.	A copy of any appraisals conducted in the past five years;	N/A
3.	A forecast of the results of operation for (1) the acquiring utility, (2) the acquired utility, and (3) the combined operation;	Workpaper D.
4.	A list of all assets funded by the state or federal government and other contributions;	N/A
5.	Assets funded by contributions; and	N/A
6.	Indication of compliance orders for failures to meet drinking water standards	Yes; compliance orders for failures to comply with the LSLI requirements.

APPENDIX B

State Water Resources Control Board

Division of Drinking Water

February 7, 2025

Sophie James, VP WQ & ENV
CWS - Bakersfield (CA1510003)
1720 North First Street
San Jose, CA 95112

Consolidation Support of CWS-Bakersfield and Casa Loma Water Company to Secure Long-Term Drinking Water Sustainability

In recognition of significant challenges commonly faced by small water systems, the State Water Resources Control Board (State Water Board) promotes consolidation as a sustainable pathway to provide safe and reliable drinking water. Small water systems are often less resilient to natural disasters such as drought and wildfire, have more difficulty meeting regulatory requirements, and struggle to fund infrastructure maintenance and replacement. Consolidation strengthens drinking water resiliency of communities and reduces water system fragmentation across California.

Considering the technical, managerial, and financial challenges faced by the Casa Loma Water Company, Inc. (Casa Loma), California Water Service Company, Bakersfield (CWS-Bakersfield) is willing to physically consolidate Casa Loma. An emergency interconnection currently exists between the two adjacent water systems and CWS-Bakersfield is equipped with the resources to provide safe and reliable drinking water to customers. The State Water Board strongly supports the consolidation of Casa Loma to CWS-Bakersfield to secure a long-term sustainable drinking water supply for those currently served by the Casa Loma water system.

Sincerely,

Bryan Potter, P.E.
Senior Water Resource Control Engineer, SAFER – Southern Engagement Unit
State Water Resources Control Board, Division of Drinking Water

cc: Adam Forbes, Visalia District Engineer
State Water Resources Control Board, Division of Drinking Water

E. JOAQUIN ESQUIVEL, CHAIR | ERIC OPPENHEIMER, EXECUTIVE DIRECTOR

APPENDIX C



CALIFORNIA WATER SERVICE

Bakersfield District 3725 South H Street
Bakersfield, CA 93304 Tel: (661) 837-7200

July 21, 2025

Dear Casa Loma Water Company Customer:

As a follow-up to the letter we sent to you earlier this month, we invite you to join us for a Town Hall to help you understand how the sale of Casa Loma Water Company (Casa Loma) to California Water Service (Cal Water) will affect you. Here, we will give you more details and answer any questions you may have. Please join us:

Wednesday August 13, 2025

6:30– 7:30 p.m.

Casa Loma Elementary School, General Purpose Room
525 E. Casa Loma Drive, Bakersfield, CA 93307
(light refreshments provided)

As background, in Bakersfield, we currently provide water utility service to about 445,600 people through 120,000 customer connections in both our regulated water system and the City of Bakersfield's water system, which we operate. We are committed to providing safe, clean, reliable water and excellent service to each customer, every day. We invest in the local water system infrastructure to keep it reliable for customers' and firefighters' everyday and emergency needs. Our quality assurance programs ensure the water we provide meets all water quality and environmental standards. As your water provider, we will do the same for your system.

To complete this acquisition, Cal Water needs approval from the California Public Utilities Commission (CPUC), the state agency that regulates our operations. We are requesting that approval by filing what's referred to as an "advice letter" numbered 2559 (AL 2559) on July 23, 2025. A copy of that request can be found at www.calwater.com/AL2559.

Because Casa Loma customers currently receive water that is not measured through a meter, we propose in AL 2559 to apply the existing flat-rate tariff in our Bakersfield District to Casa Loma customers on an interim basis until we install individual customer meters after closing (meters on all water services are required by state law [AB 2572]). The table below shows the anticipated bill impact to Casa Loma's customers of moving to Cal Water's current flat-rate tariff.¹

Single-Family Residential	Casa Loma	Cal Water	\$ Increase	% Increase
6,000 sq. ft., or less	\$87.20	\$129.08	\$41.88	48%
6,001 to 10,000 sq. ft.	\$87.20	\$148.60	\$61.40	70%
10,001 to 16,000 sq. ft.	\$87.20	\$185.35	\$98.15	113%
16,001 to 22,000 sq. ft.	\$87.20	\$234.98	\$147.78	169%
22,001 to 33,000 sq. ft.	\$103.75	\$234.98	\$131.23	126%
33,001 to 43,000 sq. ft.	\$120.30	\$234.98	\$114.68	95%
43,000 sq. ft. +	\$138.80	\$234.98	\$96.18	69%

¹ Does not include surcharges, fees, or local taxes.





CALIFORNIA WATER SERVICE

Once water meters using “Advanced Metering Infrastructure” (AMI) are installed, you will be able to see how much water you use and will have more control over your water bill, because the more water you conserve, the lower your bill will be. Metered residential customers in our Bakersfield District typically average about 8,977 gallons (12 Ccf) of water use each month. At that level, with a 5/8 x 3/4-inch meter, your monthly bill would be about \$50.59, based on current residential metered rates (without surcharges, fees, or local taxes). We anticipate starting the AMI meter installation soon after the acquisition is completed and finishing all conversions about six months later.

To provide input to the CPUC regarding this proposed acquisition, please see the instructions in AL 2559 at the above link. Comments on AL 2559 must be submitted by **August 22, 2025**. If AL 2559 is approved, note that future rate changes would occur using the CPUC’s usual processes.

If you have any questions at this time, we recommend that you contact Casa Loma at casalomawatercompany@gmail.com or (661) 323-3876. We hope to see you on August 13th!

Regards,

Rafael Molina
Bakersfield District Manager





Bakersfield District

ADVICE LETTER FILING MAILING LIST
PER SECTION III (G) OF GENERAL ORDER NO. 96-A

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ONLY FOR SERVICE AREA MAPS:

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