

19. CALIFORNIA WATER SERVICE COMPANY

TYPE AND EXTENT OF SERVICES

California Water Service Company (Cal Water) is a private company based in San Jose which provides water service in numerous locations throughout California. The Company's Los Altos-Suburban District serves Los Altos and the vicinity. Cal Water is the largest investor-owned water utility in the western United States and is a subsidiary of the California Water Service Group. Within its Los Altos- Suburban District, Cal Water serves 18,310 connections. The source of supply includes both groundwater and treated surface water provided by SCVWD. Cal Water operates under the oversight and authority of the California Public Utilities Commission (CPUC).

The service area of Cal Water is currently being updated to include corrections and additions. The latest service area map is awaiting CPUC approval.

Cal Water is a private entity and is not subject to LAFCO purview; therefore no determinations have been included. Cal Water is included in the report to ensure a comprehensive review of water service in Santa Clara County. California Water Service Company was last reviewed in 2005 as part of the Countywide Water Service Review.

ACCOUNTABILITY AND GOVERNANCE

Cal Water is a private entity operated under the direction of a Board of Directors. Directors are elected by majority vote of outstanding shareholders. Cal Water maintains a website to provide information to its customers.

MANAGEMENT AND STAFFING

Cal Water has nearly 1,000 employees companywide. The company has established management practices in order to increase efficiency and maximize profits by centralizing several departments, such as engineering and water quality, with operation and maintenance being managed at the district level. The Company is investor-owned and must meet certain levels of performance per investor expectations.

POPULATION AND PROJECTED GROWTH

Cal Water currently provides service to the connections within its Los Altos-Suburban District shown in Figure 19-1. The Company estimates that it serves approximately 55,270 residents.

Figure 19-1: Connections Served by Cal Water

Cal Water's Los Altos District is growing at a relatively slow rate of 0.13 percent based on growth in total services over the past five years. The growth rate has averaged 0.15 percent annually over the last ten years. Based on available space and past experiences little growth is expected within this service area over the next twenty years. Cal Water's projected average annual growth rate for Los Altos is 0.13 percent.¹¹⁴

Type	Connections	Percentage
Residential	16,787	91.68%
Multi-residential	150	0.82%
Commercial	1,152	6.29%
Industrial	5	0.03%
Governmental	198	1.08%
Other	18	0.10%
Total	18,310	100.00%

The land within the Los Altos Suburban District service area that can sustain development is limited and other retail water purveyors surround the District; therefore, Cal Water does not anticipate any significant growth other than from redevelopment.

FINANCING

Cal Water declined to provide proprietary financial information for this review as the financial data is commingled with all other Cal Water operations. The Company did note that planned capital improvements for the Los Altos- Suburban District are \$3.3 million for FY 10-11.

Supply Rates

The Company pays a groundwater production service charge of \$520 per acre foot pumped to SCVWD to cover the costs associated with the District's groundwater recharge program. The Company pays \$620 per acre foot for contract treated water and \$570 per acre foot for non-contract treated water.

¹¹⁴ Cal Water, *Los Altos District UWMP*, July 2011, p. 22.

Figure 19-3: Cal Water Residential Water Rates, FY 11-12Demand Rates

Cal Water must receive approval from CPUC for any rate changes. The Company charges a flat monthly service charge depending on

meter size and a tiered rate depending on quantity of water usage. Residential meter service rates are shown in Figure 19-3.

Service Charge	Per meter Per month
For 5/8 x 3/4- inch meter	\$13.27
For 3/4- inch meter	\$19.90
Quantity	Rates
For the first 1,000 cubic feet, per 100 cubic feet	\$2.98
For the next 1,700 cubic feet, per 100 cubic feet	\$3.17
For all over 2,700 cubic feet, per 100 cubic feet	\$3.80

WATER SUPPLY

Cal Water's depends on a combination of groundwater (29 percent) and treated water purchased from SCVWD (71 percent) for its water supply. Data provided by SCVWD indicated that the Company extracted 3,396 acre feet of groundwater in 2010. Groundwater management and recharge is performed by SCVWD.

Treated water from SCVWD is delivered to Los Altos from the Rinconada treatment plant through a large-diameter high pressure pipeline that runs through Cupertino and along Foothill Expressway. This pipeline is commonly referred to as the West Pipeline. The Los Altos District takes SCVWD water at four locations in the system. In 2010, SCVWD sold 8,252 acre of treated water to the Company. In order to address future growth in demand, the Company anticipates increasing purchases of SCVWD water by 21 percent by 2035. The Company anticipates a one percent increase in groundwater use over that same period.

When surface water supplies are plentiful, SCVWD authorizes the sale of "Non Contract" water in order to facilitate conjunctive use storage of surplus supply in the groundwater aquifers in the region. Because there is usually a slight economic advantage to purchasing this "Non-Contract" water, the Cal Water reduces its production of groundwater and increases the purchase of surface deliveries from SCVWD. When supplies are scarce, the SCVWD has imposed both voluntary and mandatory reductions in the overall use of water. Because surplus supplies are stored underground by SCVWD when available, during shortages Cal Water maintains groundwater production at fairly constant level and drastically reduces the direct purchase of water from SCVWD.

Recycled water is not available within the Company's service area.

Emergency Preparedness

Cal Water's well capacity is sufficient to accommodate moderate treated water reductions. However, it could not supply maximum day or peak hour demands if treated water was eliminated completely. Additional wells would need to be installed

WATER DEMAND

In 2010, Cal Water delivered 11,648 acre feet of water to its customers.¹¹⁵ The Company projects that by 2035 total water deliveries will equal 13,440 acre feet, which is equivalent to approximately 15 percent growth in demand over the 25 year period. As discussed previously, this increase in demand is anticipated to be largely addressed through increased purchases of SCVWD water.

The Company's UWMP asserts that the combination of SCVWD purchased water and groundwater supplies will be sufficient to provide an adequate amount of water to Cal Water's Los Altos District even in times of prolonged drought.¹¹⁶

WATER INFRASTRUCTURE AND FACILITIES

Figure 19-2: Cal Water Infrastructure

The Company has no treatment facilities. Cal Water provides both groundwater and treated local surface water within the Los Altos-Suburban service area. The water infrastructure is described in Figure 19-2. The Company operates under the authority of the CPUC, which sets standards for system capacity and service reliability.

Facility	Quantity
Pipelines	297 miles
Reservoirs (Tanks)	45
Total Water Storage Volume	14.6 mg
Booster Stations	41
Wells	21
Total Well Pumping Capacity	21.9 mgd
Pressure Zones	18

Shared facilities

Cal Water does not have any shared facilities.

¹¹⁵ Errors in the 2010 water production data result in a negative value for unaccounted for water. Total water use was likely higher. This could not be resolved prior to the writing of the UWMP.

¹¹⁶ Cal Water, *Los Altos District UWMP*, July 2011, p. 54.