

DRAFT NOTICE TO EAST PASADENA WATER COMPANY CUSTOMERS

April __, 2020

East Pasadena Water Company
3725 East Mountain View Avenue
Pasadena, CA 91107

**Re: California American Water's Application to Purchase East Pasadena Water Company
(California Public Utilities Commission Application 20-__-__)**

Dear Customers:

As you may know, California-American Water Company (California American Water) recently agreed to buy the assets of your water provider, East Pasadena Water Company (East Pasadena). The California Public Utilities Commission (CPUC) must approve the sale.

On _____, 2020, California American Water and East Pasadena submitted application A.20-_____ to the CPUC. The application seeks CPUC approval of California American Water's acquisition of East Pasadena's assets, permission for California American Water to service East Pasadena's customers, and immediately consolidate East Pasadena's service territory for operational purposes. If this purchase is approved, California American Water will in a future General Rate Case (GRC) seek to consolidate its East Pasadena customers with those of other Southern California areas for ratemaking purposes.

Based on the requests in the application, the average residential East Pasadena customer is not expected to see any rate or bill impact from the purchase by California American Water until 2024. Subsequent potential rate increases will be addressed through a GRC process. California American Water expects to file its next GRC in July of 2022, for rates to take effect in 2024. California American Water is also proposing East Pasadena be consolidated into the Los Angeles District for operational purposes.

For comparative purposes, a chart is provided below. The chart shows the average monthly bill based on East Pasadena's current rates and the same based on California American Water's proposal that would allocate, and recover over time, part of the purchase price of the East Pasadena system over all California American Water customers. The projected average bill total includes the proposal to increase costs over time to recover a portion of the East Pasadena purchase price.

Average Monthly Bill Comparison

East Pasadena Current and California American Water Proposed Rates

Customer Class	Residential	Non-Residential
Average Usage (CGL)	XX.XX	XX.XX
East Pasadena Customer's Average Monthly Bill	\$XX.XX	\$XX.XX
Projected Average Monthly Bill with California American Water	\$XX.XX	\$XX.XX
\$ Increase /(Decrease)	\$XX.XX	\$XX.XX
% Increase /(Decrease)	XX.XX%	XX.XX%

OBTAINING A COPY OF THE APPLICATION

Non-confidential portions of the application and its attachments will be made available upon request. Such requests should be directed to Johnathan Morse at jonathan.morse@amwater.com; 4701 Beloit Drive, Sacramento, CA 95838; (916) 568-4237. The application may also be reviewed online on the CPUC's Docket Card webpage at <https://apps.cpuc.ca.gov/apex/f?p=401:1:0>. Type the application number (20-__-__) without dashes into the Proceeding Number Search box. The application may also be reviewed in person at the CPUC's Central Files Office by appointment. For more information, contact aljcentralfilesid@cpuc.ca.gov or (415) 703-2045.

CPUC PROCESS

This application will be assigned to an Administrative Law Judge (Judge) who will determine how to receive evidence and other related documents necessary for the CPUC to establish a record upon which to base its decision. Evidentiary hearings may be held where parties of record will present their testimony and may be subject to cross-examination before the Judge. These hearings are open to the public, but only those who are parties of record may present evidence or cross-examine witnesses. After considering all proposals and all evidence presented during the formal hearing process, the Judge will issue a draft decision which may adopt all or part of application's requests, modify, or deny the application. Any of the five CPUC Commissioners may sponsor an alternate decision and the issue will be voted on at a scheduled CPUC Voting Meeting.

The Public Advocates Office is reviewing this application. The Public Advocates Office is the independent consumer advocate within the CPUC with a legislative mandate to represent

investor-owned utility customers. For more information about the Public Advocates Office, please call (415) 703-1584, email PublicAdvocatesOffice@cpuc.ca.gov or visit the Public Advocate's website at <http://www.publicadvocates.cpuc.ca.gov/>.

STAY INFORMED

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at: <http://subscribecpuc.cpuc.ca.gov/>.

If you would like to learn how you can participate in the proceeding, have informal comments, or have questions about the CPUC processes, you may access the CPUC's Public Advisor's Office webpage at <http://consumers.cpuc.ca.gov/pao/>. You may also contact the Public Advisor's Office as follows:

Write: CPUC Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102
Email: public.advisor@cpuc.ca.gov
Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074
1-866-836-7825 (toll-free) or TTY 1-415-703-5282

Please refer to **California American Water's East Pasadena Water Company Purchase Request Application No. XXX** in any communications with the CPUC regarding this matter. These comments will become part of the public correspondence file for this proceeding and made available for review to the assigned Judge, Commissioners, and appropriate CPUC staff.

Sincerely,

East Pasadena Water Company

DRAFT

DRAFT NOTICE TO CALIFORNIA-AMERICAN WATER COMPANY CUSTOMERS

April __, 2020

**NOTICE OF APPLICATION REQUESTING THE SALE OF EAST PASADENA
WATER COMPANY TO CALIFORNIA-AMERICAN WATER COMPANY –
APPLICATION NO. A.XXX**

On April __, 2020, California-American Water Company (California American Water) submitted Application A.XXX to the California Public Utilities Commission (“CPUC”). The application seeks CPUC approval of California American Water’s acquisition of East Pasadena’s assets, permission for California American Water to service East Pasadena’s customers, and consolidation of those customers immediately for operational purposes as part of California American Water’s Los Angeles County District.

East Pasadena includes approximately 2,980 customer service connections, distribution facilities, infrastructure and approximately 1407.7 acre-feet of prescriptive water pumping rights in the Main San Gabriel Basin. The integration of the East Pasadena system into California American Water’s systems is expected to create greater economies of scale and synergies, which would benefit both existing customers and East Pasadena customers over time. The acquisition also helps to ensure the provision of safe and reliable water service for East Pasadena and California American Water customers now and in the future.

The average residential California American Water customer is not expected to see any rate or bill impact from the purchase of East Pasadena Water until 2024. California American Water has requested a portion of the purchase price of the East Pasadena system to be included in the California American Water General Office costs and recovered from all California American Water customers. If approved, this would result in an approximately ___% increase to all customers of California American Water. For a typical residential California American Water customer with a \$___ monthly bill, the increase would amount to ___ cents per month.

If this purchase is approved, California American Water will in a future GRC seek to consolidate its East Pasadena customers with those of other Southern California areas for ratemaking purposes. Potential rate increases will be addressed in future GRCs. California American Water recently filed its current GRC in July of 2019 for rates to take effect in 2021 and expects to file its next GRC in July of 2022, for rates to take effect in 2024. You will receive notice of the GRC proceedings.

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