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Water utility ordered to refund Bay Point residents \$1.5 million

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Contra Costa Times

Posted: 12/20/2011 11:36:21 AM PST

Updated: 12/20/2011 08:49:34 PM PST

The private utility that controls Bay Point residents' water overcharged them and will have to pay them back \$1.56 million over the next three years, according to a settlement with the state.

Golden State Water has customers across California and will pay them a total of \$9.5 million, according to a Dec. 15 draft decision by administrative Judge Douglas Long of the California Public Utilities Commission.

The bulk of the refunds will go to customers in Bay Point, Sacramento and Clear Lake.

Under the agreement, Golden State will have to come up with a plan for refunding the money to its customers, and that hasn't happened yet. But according to its website, Golden State serves about 4,800 customers in Bay Point -- households, businesses, warehouses and government buildings -- and that averages out to about \$324 in refunds to each customer, or about \$9 a month for three years.

The state investigation into Golden State began in 2007 when a former senior officer at the utility told PUC attorneys about an internal investigation that may have revealed some engineering contracts being awarded with improper bidding, Long wrote.

The utility applied in July for permission from the PUC to increase rates for customers across the state. Many Bay Point residents were outraged, saying they already pay among the highest rates in Contra Costa County. Golden State said the increase was necessary to pay for rising costs and expensive capital

improvements.

In addition, the utility will have to lower annual Bay Point rates by a total of almost \$300,000, or an average of \$62.50 a customer per year.

Golden State will also have to pay the state a \$1 million fine, Long wrote, "for not informing the Commission of internal control failures."

Golden State's CEO, Robert Sprowls, said "the company had long ago put in place safeguards to ensure that such a problem would not happen again." He said the company disputes much of what the PUC concluded about its business practices, but settled anyway to "avoid the uncertainty of a costly legal battle."

Bay Point resident Val Mojica, who has rallied many of his neighbors against the proposed rate hikes, said that despite the settlement, residents are still coping with a 21 percent rate increase that took effect in January.

"The \$9 a month doesn't go anywhere near the 21 percent rate hike," Mojica said. "(Golden State) can't hide from the fact that they are simply ripping Bay Point residents off."

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