



DRA

*Division of Ratepayer Advocates
California Public Utilities Commission*

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Dana S. Appling, Director

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April 17, 2007

Honorable Dave Jones
State Capitol, Room 3146
Sacramento, CA 95814

RE: AB 690 (Jones) Support

Dear Assemblymember Jones:

The Division of Ratepayer Advocates (DRA) supports your AB 690, which would prohibit water companies regulated by the Californian Public Utilities Commission (CPUC) from receiving a profit on infrastructure or water supply investments made from sources other than the water companies' owners and investors.

Water Companies are authorized by the CPUC to establish reasonable customer rates and also earn a reasonable return on its investments to recover the costs and expenses of provisioning water service. AB 690 would prohibit water companies from raising their customer rates to earn a profit on investments made by third parties such as developers, public agencies and ratepayers, or from monetary awards the water company may receive as a result of litigation regarding contamination of their water supply, equipment or facilities. In the event a water company is awarded such monetary compensation, AB 690 would ensure the funds are reinvested in a replacement water source to sufficiently meet its customers' needs and maintain affordable rates.

DRA supports your bill's efforts to protect ratepayers from unreasonably high water rates while promoting safe, high quality and reliable water service and looks forward to working with you to pass this important legislation.

If you have any questions or would like to discuss this matter further, please call Matthew Marcus our Legislative Director at (916) 327-3455 or me at (415) 703-2544.

Sincerely,

Dana S. Appling, Director
Division of Ratepayer Advocates