



GREAT OAKS WATER COMPANY

P.O. Box 23490
San Jose, CA 95153
(408) 227-9540
jliem@greatoakswater.com

February 13, 2026

California Public Utilities Commission Water
Division
Room 3102
505 Van Ness Avenue
San Francisco, CA 94102-3298

**Advice Letter 335-W
Great Oaks Water Company (U-162-W) to the California Public Utilities
Commission
Establishing a Per- and Polyfluoroalkyl Substances Memorandum
Account**

Great Oaks Water Company (“Great Oaks”) submits this Tier 2 Advice Letter filing requesting authorization to establish a Per- and Polyfluoroalkyl Substances (“PFAS”) Memorandum Account (“PFASMA”) to track and record expenses associated with PFAS-related activities. This Advice Letter is submitted pursuant to Water Industry Rule 8.2 of General Order 96-B, which states that:

A utility may submit an advice letter requesting approval, authorization, or other relief similar to that accorded another utility by Commission order. The advice letter shall cite each decision or resolution relied upon and shall demonstrate that the utility submitting the advice letter is similarly situated in all material respects and is requesting the same relief and relying on the same justification as in the cited order(s).

Great Oaks submits this Advice Letter in reliance on California Public Utilities Commission (“Commission”) Resolution W-5226 (Attachment A) which approved

the establishment of PFAS-related memorandum accounts on August 13, 2020, for California Water Service, Suburban Water Systems, San Gabriel Valley Water Company, and Golden State Water Company.

The following changes to tariff schedules applicable to Great Oaks’ entire service area are proposed:

CPUC Sheet No.	Title of Tariff Sheet	Canceling Sheet No.
1111-W	Preliminary Statement (Continued) PFASMA	NEW
1112-W	Table of Contents	1110-W

Background

On December 16, 2025, the State Water Resources Control Board Division of Drinking Water (“DDW”), issued General Order DW-2025-0002-DDW (“the Order”), requiring public water systems to conduct initial testing of PFAS in accordance with the National Primary Drinking Water Regulations.¹ Great Oaks conducted Unregulated Contaminant Monitoring Rule (“UCMR”) 5 sampling on December 17, 2025, the day following issuance of the Order. On January 13, 2026, UCMR 5 test results confirmed detection of PFAS exceeding the Notification Levels in four of Great Oaks’ nineteen active groundwater wells. DDW subsequently confirmed that the UCMR 5 test results would be accepted as satisfying the initial PFAS testing requirement under the Order.

Notification Levels are a precautionary health-based measure established by DDW for concentrations in drinking water that warrant notification and further monitoring and assessment. Public water systems are encouraged to test their water for contaminants with Notification Levels, and in some circumstances may be ordered to test. If systems conduct such testing, they are required to report exceedances to their governing boards and the DDW, and are urged to report this information to customers.

Great Oaks timely notified the Commission of the confirmed detection of PFAS above the notification levels on February 3, 2026, in compliance with Health and Safety Code section 116455. Following these test results, Great Oaks will continue to conduct additional rounds of testing and will increase its PFAS monitoring at its active drinking water sources in compliance with the Order’s

¹ California Water Resources Control Boards, December 12, 2025:
https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/pfas_ddw_general_order/docs/2-pfas-general-order-2025-draft.pdf

requirements.

Great Oaks has begun scheduling additional rounds of testing and monitoring for wells that have confirmed PFAS detections at concentrations near or above the Notification Level. Great Oaks anticipates incurring significant additional costs following the confirmed detections. These costs include, but are not limited to, the following:

- Sampling.
- Laboratory testing and monitoring.
- Customer/public notifications.
- Alternative water supply sources.

Great Oaks received unanticipated test results with confirmed PFAS detections that required additional testing and monitoring at the impacted well sites. Great Oaks did not include PFAS-related costs in its revenue requirement requested in its most recent General Rate Case for test years 2025 through 2028. Great Oaks will track and record PFAS-related costs that are not otherwise reflected in or recoverable through its current authorized revenue requirement.

Standard Practice U-27-W

Pursuant to Water Standard Practice U-27-W, regulated entities are permitted to establish Memorandum Accounts to track costs that the Commission has directed to be tracked, provided that certain requirements are met. Great Oaks' request to establish a PFASMA meets those requirements, as addressed below.

1. The expense is caused by an event of an exceptional nature that is not under the utility's control.

The PFAS related expenses that Great Oaks requests to track in the PFASMA are the result of the Order issued by DDW requiring monitoring for PFAS and the implementation of actions in the event of confirmed detections. Great Oaks is legally obligated to comply with the Order, including sampling, testing, regulatory reporting, and technical evaluation. This requirement did not previously exist and is outside of Great Oaks' management control.

2. The expenses cannot have been reasonably foreseen in the utility's last general rate case and will occur before the utility's next general rate case.

Great Oaks tested UCMR 5 as required and cannot reasonably have foreseen whether confirmed PFAS detection would occur in its water source. Therefore, these expenses were not contemplated or reflected in Great Oaks' currently

authorized rates. The Order was issued on December 16, 2025, after the 2024 general rate case application was prepared and submitted.

3. The expense is of a substantial nature as to the amount of money when any offsetting cost decreases are taken into account.

The PFAS related expenses that Great Oaks requests to record in the PFASMA are substantial in amount, even after considering any potential offsetting cost decreases. The monitoring, sampling, regulatory compliance activities, and use of alternative water sources can impose significant incremental costs when incurred across multiple water sources and over multiple monitoring rounds, resulting in cumulative expenditures that are meaningful relative to Great Oaks' size and authorized revenue requirement.

4. The ratepayers will benefit by the memorandum account treatment.

According to DDW health effects information, some people who drink water containing PFHxS and/or PFOS in excess of the maximum contaminant level ("MCL") over many years may have increased health risks such as immune, thyroid, cardiovascular, and liver effects, as well as increased incidence of certain types of cancers including liver cancer.² In addition, there may be increased risks of developmental and immune effects for people who drink water containing PFHxS and PFOS in excess of the MCL following repeated exposure during pregnancy and/or childhood.³

Great Oaks' customers will benefit from the establishment of this memorandum account because it will enable Great Oaks to continue additional testing and monitoring, provide timely notification to customers and undertake appropriate response actions when detected levels of PFAS exceed the state's established Notification or Response Levels.

As shown above, the requirements of Water Standard Practice U-27-W are fully satisfied, and the request is consistent with Commission precedent and sound ratemaking principles.

No Effect on Water Service

This Advice Letter filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

² California Water Resources Control Boards, December 12, 2025: www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/pfas_ddw_general_order/docs/exhibit-b-consumer-confidence-report.pdf

³ Id.

Effective Date

Great Oaks requests that the Tariff Sheets submitted with this Advice Letter be effective as of December 16, 2025, to coincide with the Order issued by DDW.

Tier Designation

This is a Tier 2 Advice Letter pursuant to General Order 96-B and Water Industry Rule 7.3.1(3).

Notice and Service

As this Advice Letter is filed pursuant to a Commission order and has no effect on rates, no additional notice to customers is required. The Advice Letter is being published on Great Oaks' website and is being served upon the distribution list provided below.

Protests and Responses

Anyone may protest or respond to this Advice Letter. 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 specific grounds on which it is based. These grounds may be based upon the following:

- (1) The utility did not properly serve or give notice of the Advice Letter;
or
- (2) The relief requested in the Advice Letter would violate a statute or Commission order, or is not authorized by statute or Commission order on which the utility relies; or
- (3) The analysis, calculations, or data in the Advice Letter contain material errors or omissions; or
- (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 that such a Protest may not be made where it would require re-litigating a prior order of the Commission).

Any protest or response must be made in writing or by electronic mail and must be received by the Water Division of the Commission within 20 days of the date this Advice Letter is filed. The Advice Letter process does not provide for any protests, responses or other comments, except for a reply by Great Oaks, after

the 20-day comment period expires. The address for mailing or delivering a Protest or Response 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 any Protest or Response is submitted to the Water Division, the protesting or responding person, entity, or party must serve a copy of the Protest or Response on Great Oaks addressed to:

Juan Liem
Great Oaks Water Company
P.O. Box 23490
San Jose, CA 95153
jliem@greatoakswater.com

Sincerely,

/s/Juan Liem

Juan Liem
Chief Financial Officer
Great Oaks Water Company

VERIFICATION

I am an officer of the Great Oaks Water Company and am authorized to make this verification on its behalf. The statements in the foregoing document, Great Oaks Water Co.'s Advice Letter 335-W, are true of my own knowledge, except as to matters that are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 13, 2026 at Dallas, Texas.

/s/ Juan Liem
Chief Financial Officer

Certificate of Service

I hereby certify that I have this day served a copy of Great Oaks Water Co.'s Advice Letter 335-W on the parties listed on the following Distribution List by mailing a properly addressed copy by first class mail with postage prepaid or by email to those marked with an (e).

Executed on February 13, 2026 at Dallas, Texas.

/s/ Juan Liem
Chief Financial Officer

Great Oaks Water Co.
Distribution List

Municipal Water System
City of San Jose
3025 Tuers Road
San Jose, CA 95121

County Clerk
County of Santa Clara
70 W. Hedding Street
San Jose, CA 95110

Safe Drinking Water Office
Department of Water Resources
1416 9th Street, Room 804
Sacramento, CA 95814

Office of Regulatory Affairs (e)
California Water Service Company
1720 North First Street
San Jose, CA 95112
(via email: rateshelp@calwater.com)

Santa Clara Valley Water District (e)
5750 Almaden Expressway
San Jose, CA 95118
(via email:
cnarayanan@valleywater.org and
dtaylor@valleywater.org)

State Water Resources Control Board
Division of Drinking Water
850 Marina Bay Parkway
Building P, 2nd Floor
Richmond, CA 94804

Richard Rauschmeier (e)
Public Advocates Office
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
(via email:
Richard.rauschmeier@cpuc.ca.gov)

Edward Scher (e)
Public Advocates Office
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
(via email: Edward.Scher@cpuc.ca.gov)

Legal Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Regulatory Affairs (e)
San Jose Water Company
110 West Taylor Street
San Jose, CA 95156
(via email:
regulatoryaffairs@sjwater.com)

**Proposed Tariff
Sheets Advice
Letter 335-W**

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(To be inserted by utility)

Issued by

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

Advice Letter No. 335-W

Juan Liem

Date Filed _____

Decision No. _____

Treasurer and Secretary
TITLE

Effective _____

**Advice Letter
335-W
Attachment A
Resolution W-5226**

DATE OF ISSUANCE: 08/13/2020

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION W-5226

August 6, 2020

RESOLUTION

(RES. W-5226) GOLDEN STATE WATER COMPANY, SUBURBAN WATER SYSTEMS, SAN GABRIEL VALLEY WATER COMPANY, AND CALIFORNIA WATER SERVICE COMPANY. THIS RESOLUTION REVERSES WATER DIVISION'S REJECTION OF GOLDEN STATE WATER COMPANY'S, SUBURBAN WATER SYSTEMS', AND SAN GABRIEL VALLEY WATER COMPANY'S REQUESTS AND GRANTS THE REQUEST OF CALIFORNIA WATER SERVICE COMPANY TO ESTABLISH MEMORANDUM ACCOUNTS FOR COSTS RELATED TO POLYFLUOROALKYL SUBSTANCES.

By Golden State Water Company's Advice Letter 1795-W-A, Suburban Water System's Advice Letter 343-W-A, San Gabriel Valley Water Company's Advice Letter 545-W, and California Water Service Company's Advice Letter 2376; filed on October 31, 2019, December 6, 2019, January 7, 2020, and March 4, 2020, respectively.

SUMMARY

This Resolution responds to requests by Golden State Water Company (Golden State), Suburban Water Systems (Suburban) and San Gabriel Valley Water Company (San Gabriel), collectively "the Utilities", for review of Water Division's rejection of Golden State's Advice Letter No. 1795-W-A, Suburban's Advice Letter No. 343-W-A, and San Gabriel's Advice Letter No. 545-W, each of which requested the establishment of a Polyfluoroalkyl Substance Memorandum Account (PFASMA). This Resolution reverses Water Division's disposition rejection of Advice Letters 1795-W-A, 343-W-A, and 545-W. In addition, this Resolution grants the request of California Water Service Company

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(Cal Water) in Advice Letter 2376 to establish a PFASMA that is currently pending with Water Division.

BACKGROUND

Golden State Water Company (Golden State), Suburban Water Systems (Suburban), San Gabriel Valley Water Company (San Gabriel), and California Water Service Company (Cal Water) each requested to establish a Polyfluoroalkyl Substance Memorandum Account (PFASMA) to recover costs they expect to incur including:

- Laboratory testing and monitoring – due to the specialized nature of the analyses (new and developing methods, low detection limits and sensitivity for sample contamination) the cost for each analysis is much greater than routine monitoring tests.
- Customer/public notifications
- Alternative sources of supply
- Chemical and operating costs for treatment
- Special studies related to treatment options, engineering design, and distribution system hydraulic modeling
- Incremental plant investment for treatment facilities to remove PFAS, including potential Granular Activated Carbon (GAC) and/or Ion Exchange treatment processes

Polyfluoroalkyl Substances

On August 23, 2019, the California State Water Resources Control Board (SWRCB) announced updated guidelines for local water agencies to follow in detecting and reporting the presence of perfluorooctanoic (“PFOA”) and perfluorooctanesulfonic acid (“PFOS”) in drinking water.¹ The SWRCB also announced it has begun the process of establishing regulatory standards for these chemicals. The updated state guidelines lower the current notification levels from 14 parts per trillion (“ppt”) to 5.1 ppt for PFOA and from 13 ppt to 6.5 ppt for PFOS. Notification levels are a precautionary health-based measure for concentrations in drinking water that warrant notification and further monitoring and assessment. Public water systems are encouraged to test their water for contaminants with notification levels, and in some circumstances may be ordered to test. If the systems do test, they are required to report exceedances to their

¹ State Water Board Media Release, August 23, 2019:

https://www.waterboards.ca.gov/press_room/press_releases/2019/pr082319_pfoa_pfos_guidelines_news_release.pdf

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governing boards and the SWRCB and are urged, but not required, to report this information to customers.

On July 31, 2019, California Governor Gavin Newsom approved Assembly Bill No. 756 (“AB 756”) which authorizes the SWRCB to order a public water system to monitor for PFAS more broadly. AB756 took effect on January 1, 2020. Under AB 756, if PFAS concentrations above the response level are detected at a given water source, water systems are required to either take that source out of service or notify their customers of the response level exceedance. A response level is set higher than a notification level and represents a recommended chemical concentration level at which water systems consider taking a water source out of service or provide treatment. On February 6, 2020, the SWRCB lowered the response levels to 10 ppt for PFOA and 40 ppt for PFOS, down from a combined 70 ppt for both chemicals.

In addition to the updated notification and response levels, the SWRCB has requested that the California Environmental Health Hazard Assessment (“OEHHA”) develop public health goals (“PHGs”) for both PFOA and PFOS, the next step in the process of establishing regulatory standards, known as maximum contaminant levels (MCLs), in drinking water. Other chemicals in the broader group of PFAS may be considered later, either individually or grouped, as data permits. Unlike other states, California has not developed its own MCLs at this time.²

The SWRCB is currently conducting a statewide assessment to determine the scope of contamination by PFAS, including PFOA and PFOS, in water systems and groundwater. In the first phase, pursuant to Health and Safety Code section 116400, in March 2019 public water systems were ordered to sample (quarterly for one year) about 600 drinking water supply wells located near airports and landfills, where contamination is more likely, and near locations where PFAS was previously found under the federal Environmental Protection Agency’s Unregulated Contaminant Monitoring Rule 3. Following this initial phase, the assessment will likely focus on sampling water sources near industrial sites and at wastewater treatment facilities. Currently, there are only a few labs in California that are accredited for analysis of PFAS which causes public water systems to pay for a rushing fee to meet the criteria directed in the order from the SWRCB.

² New Jersey was the first state to establish regulatory standards for PFAS, with an MCL of 14 ppt for PFOA in 2017 and an MCL 13 ppt for PFOS following. Colorado, Connecticut, Michigan, and Rhode Island have established regulatory standards of 70 ppt for the combined concentrations of several PFAS chemicals. More information can be found through the Interstate Technology Regulatory Council at <https://pfas-1.itrcweb.org/fact-sheets/>.

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Golden State Water Company

On March 15, 2019, the SWRCB ordered Golden State to begin collecting PFOA and PFOS samples on 19 of its 235 wells as part of the Phase 1 initiative, pursuant to Health and Safety Code section 116400 (quarterly for one year). Golden State determined that Imperial Well #2 in the Norwalk District, contained PFOS levels that exceeded the response level and in July 2019, the well was taken offline. As a result of exceeding the response levels, notification letters were sent to the SWRCB, California Public Utilities Commission, and customers on August 21, 2019.

On October 31, 2019, Golden State submitted Advice Letter (AL) 1795-W requesting to establish a PFASMA to recover the costs for collecting and submitting samples to specialized testing facilities, customer/public notifications, chemical and operating costs for treatment, and special studies related to treatment options.

On November 18, 2019, the Public Advocates Office (Cal PA) requested to extend the protest deadline from November 20th to December 4th. Water Division granted the extension and Cal PA did not file a protest. On December 5th, a supplemental advice letter, AL 1795-W-A was submitted to Water Division, which included updates discussed between Cal PA and Golden State. Water Division rejected Golden State's AL 1795-W-A by disposition letter pursuant to General Order 96-B, General Rule 7.6.1 and Water Industry Rule 7.3.2(5) on January 17, 2020. Golden State filed a Request for Review of Water Division's Disposition on January 27, 2020.

Suburban Water Systems

From August to November of 2019, Suburban performed voluntary initial and confirmation of its four Whittier system wells. All four wells detected levels of PFOS and PFOA that were above the notification level but below the response level. Consequently, Suburban sent notification letters to the SWRCB and the CPUC on December 19, 2019.

On December 6, 2019, Suburban submitted AL 343-W, requesting authorization to open a PFASMA; AL 343W was supplemented by 343-W-A on December 18, 2019 to include an inadvertently missing sheet. Water Division requested additional information related to well testing and cost predictions from Suburban on December 12, 2019. Water Division also requested the results of Suburban's voluntary well tests on December 16, 2019; Suburban timely responded to both data requests. On December 18, 2019, the Public Advocates' Office requested a 2-week extension of the protest period which Water Division granted. On January 6, 2020, Water Division suspended AL 343 as

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additional time beyond the initial review period was required; the Public Advocates' Office then timely protested on January 9, 2020. Water Division rejected Suburban's AL 344-W-A by disposition letter pursuant to General Order 96-B, General Rule 7.6.1 and Water Industry Rule 7.3.2(5) on January 17, 2020. Suburban filed a Request for Review of Water Division's Disposition on January 27, 2020.

San Gabriel Valley Water Company

On March 15, 2019, the SWRCB ordered San Gabriel to begin collecting PFOA and PFAS samples from eight of its 66 active wells, pursuant to Health and Safety Code section 116400 (quarterly for one year). San Gabriel also voluntarily sampled its remaining wells and found concentrations of PFOA and PFAS at concentrations above the notification level but below the response level at Wells W1C, W6C, and W6D.

Consequently, notification letters were sent to the SWRCB and CPUC on December 19, 2019. On February 20, 2020, San Gabriel once again notified the Commission of PFAS detections above the notification levels but below the response levels, this time at Wells 2D, 2E, and 2F.

On January 7, 2020, San Gabriel submitted AL 545-W, requesting authorization to open the PFASMA. Water Division requested additional information related to well testing and cost predictions from San Gabriel on January 13, 2019. On January 17, 2020, the Public Advocates' Office requested a 2-week extension of the protest period; this was not granted because Water Division rejected San Gabriel's AL 545-W by disposition letter pursuant to General Order 96-B, General Rule 7.6.1 and Water Industry Rule 7.3.2(5) the same day. San Gabriel filed a Request for Review of Water Division's Disposition on January 27, 2020.

California Water Service Company

On March 15, 2019, the SWRCB ordered Cal Water to begin collecting PFOA and PFOS samples on 23 of its 700 plus wells as part of the Phase 1 initiative, pursuant to Health and Safety Code section 116400 (quarterly for one year). In AL 2376, Cal Water did not report any test results from the 23 wells that exceeded either the response level or notification level for PFOA and PFOS.

On March 4, 2020, Cal Water submitted AL 2376, requesting authorization to open a PFASMA. On March 19, 2020, the Public Advocates' Office submitted a timely protest to AL 2376. Cal Water responded to Public Advocates' protest on March 26, 2020. Advice Letter 2376 was suspended by Water Division on April 2, 2020 and currently remains a pending matter.

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NOTICE AND PROTESTS

In accordance with General Rules 4.3 and 7.2 and Water Industry Rule 4.1 of General Order 96-B, Golden State served copies of Advice Letter (AL) 1795-W to adjacent utilities and other parties requesting such notification on October 31, 2019 with AL-1795A being served on December 5, 2019. Suburban served AL 343-W on December 6, 2019, San Gabriel served AL 545-W on January 7, 2020, and Cal Water served AL 2376 on March 4, 2020. In accordance with Water Industry Rule 3.3 (*id.*), Golden State, San Gabriel, Suburban, and Cal Water also posted the advice letters on their respective websites.

No protests were received in response to the filing for Golden State AL 1795-W-A and San Gabriel AL 545-W. Cal PA's January 17, 2020 request for a two-week extension of the protest period for San Gabriel AL 545-W was rendered moot by Water Division disposition letter of AL 545-W on the same day.

On December 18, 2019, the Public Advocates' Office (Cal PA) requested a two-week extension of the protest period for Suburban's Advice Letter 343. Cal PA then timely protested Advice Letter 343 on January 9, 2020.

On March 19, 2020 Cal PA timely protested Cal Water's AL 2376.

REQUEST FOR REVIEW

By letter, submitted in accordance with Section 7.7.1 of G.O.96-B, the Utilities request Commission review of Water Division's disposition of Golden State's AL 1795-W-A, Suburban's AL 343-W-A, and San Gabriel's AL 545-W. Golden State, Suburban, and San Gabriel outline the specific grounds on which they contend that Water Division's action is erroneous, as summarized below.

1. The rejection of each utility's advice letter does not serve the interests of ratepayers by way of delaying remediation of PFAS contamination.
2. Water Division failed to consider the necessary and substantial incremental costs that are expected to be incurred.
3. The full extent of costs that will be incurred is difficult to forecast at this time but are not speculative and will very likely be substantial.
4. Water Division's claims that any needed treatment costs will not occur before the Utilities' next respective rate cases are not true.

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5. Water Division fails to acknowledge that any incremental PFAS-related costs incurred prior to the Utilities' next respective test years can never be recovered if the ALs are rejected.

Subsequent to Water Division's rejection of the three Advice Letters, Cal PA requested the opportunity to respond to the Utilities' Requests for Review, which Water Division granted.

DISCUSSION

As the utilities note, the Commission has previously authorized memo accounts in the interests of other public policy concerns even if the four conditions usually required for a memorandum account are not met. Due to the significant public health concerns associated with PFAS, we believe the utilities have sufficiently made the case that they should be able to record a certain selection of the requested costs to memorandum accounts, to be subject to future recovery.

The emerging PFAS situation certainly represents an exceptional circumstance not under the utilities' control. While the utilities have some flexibility in allocating their budgets, many PFAS-related costs, such as testing and monitoring, alternative sources of supply, and customer notices merit special attention. These costs could not have been foreseen in the utilities' last respective general rate cases and will occur before the next rate case—indeed, the utilities have already begun incurring many of these costs. Even if these operating expenses are *de minimis* at this time as Water Division argues, PFAS-related expenses have the potential to become significant in the near term, given the rapidly changing regulatory landscape around this class of chemicals. It is in the ratepayer interest to ensure the utilities are supported in responding to this public health concern and provide safe, clean, and affordable water service.

Memorandum account treatment provides the utilities an incentive to be proactive in their response by way of testing and monitoring and procurement of alternative water sources. At the same time, as the memo account process does not guarantee recovery of costs, it encourages the utilities to only incur those costs which are necessary and prudent.

This resolution authorizes the utilities to establish PFASMA for a limited selection of the requested PFAS-related costs. Specifically, the utilities are authorized to record PFAS-related operating expenses, including testing and monitoring; customer and public notifications; and alternative sources of supply, to the extent that the utilities are

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not already able to recover these expenses. Given the large amounts of money associated with construction of treatment plant, and the current lack of an MCL to determine the appropriate levels of treatment, we find that increases in rate base should still be requested through the application process, whether through each utility's next rate case or a separate application.

COMMENTS

Public Utilities Code section 311(g)(1) requires that a proposed resolution be served on all parties and be subject to a public review and comment period of 30 days or more, prior to a vote of the Commission on the resolution.

Comments to this draft resolution were received from Golden State, California Water Association (CWA), and the Public Advocates' Office. Golden State's and CWA's comments were largely in support of the resolution, while encouraging the Commission to handle applications for PFAS-related capital projects with appropriate urgency. Public Advocates' comments also supported the resolution, noting that the Commission is correct to exclude rate base costs from the PFASMA. Public Advocates also proposed two factual corrections to the resolution, which have been incorporated above.

FINDINGS AND CONCLUSIONS

1. By AL 1795-W and 1795-W-A, filed on October 31, 2019 and December 5, 2019, respectively, Golden State Water Company (Golden State) requested to establish a Polyfluoroalkyl Substances Memorandum Account (PFASMA).
2. By AL 343-W and 343-W-A, filed on December 6, 2019 and December 18, 2019, respectively, Suburban Water Systems (Suburban) requested to establish a PFASMA.
3. By AL 545, filed on January 7, 2020, San Gabriel Valley Water Company (San Gabriel) requested to establish a PFASMA.
4. By AL 2376, filed on March 4, 2020, California Water Service Company (Cal Water) requested to establish a PFASMA.
5. On January 17, 2020, Water Division rejected ALs 1795-W-A, 343-W-A, and 545-W because Golden State, Suburban, and San Gabriel had not satisfied the four conditions set forth in Decision 02-08-054 for the establishment of a memorandum account.
6. On January 27, 2020, the Utilities each requested Commission review of Water Division's rejection of their respective advice letters.

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7. Cal Water's pending AL 2376 raises the same issues posed in the rejected advice letters submitted by Golden State, Suburban, and San Gabriel.
8. The Department of Drinking Water (DDW) has established regulatory limits for PFAS in the form of Notification and Response Levels.
9. Given the public health concerns associated with per- and polyfluoroalkyl substances (PFAS), it is in the ratepayers' interest to allow the utilities to recover operating expenses related to PFAS.
10. The utilities have made the showing that regulatory developments related to PFAS represent an event of an exceptional nature that is out of the utilities' control.
11. The utilities have made the showing that PFAS-related operating expenses including laboratory testing and monitoring, customer notice, and alternative sources of supply cannot have been reasonably foreseen in the utilities' last respective general rate cases and will occur before their next scheduled rate cases.
12. The appropriate place to request rate increases to cover incremental plant costs is an application where the utility can make the showing that the incremental plant is necessary to provide safe water service.
13. Cal Water's AL 2376 should be resolved in this Resolution consistent with resolution of the advice letters for Golden State, Suburban, and San Gabriel.

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THEREFORE, IT IS ORDERED THAT:

1. Water Division’s rejections of Golden State Water Company’s Advice Letter No. 1795-W-A, Suburban Water Systems’ Advice Letter No. 343-W-A, and San Gabriel Valley Water Company’s Advice Letter No. 545-W are reversed.
2. California Water Service Company’s Advice Letter No. 2376 is approved consistent with Water Division’s approval of the advice letters in Ordering Paragraph No. 1 and as discussed in this Resolution.
3. Golden State Water Company, Suburban Water Systems, San Gabriel Valley Water Company, and California Water Service Company are authorized to establish memorandum accounts for tracking of incremental operating costs related to per- and polyfluoroalkyl substances (PFAS), but shall file applications to request increases in rate base for incremental plant and capital costs.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 6, 2020; the following Commissioners voting favorably thereon:

/s/ALICE STEBBINS

ALICE STEBBINS

Executive Director

MARYBEL BATJER

President

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

Commissioners