

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

Utility Name: San Gabriel Valley Water Co.
District: Los Angeles County and
Fontana Water Company
Divisions

Date Mailed to Service List: 08/17/20

CPUC Utility #: U337W

Protest Deadline (20th Day): 09/07/20

Advice Letter #: 545-A

Review Deadline (30th Day): 09/16/20

Tier 1 2 3 Compliance

Requested Effective Date: 03/15/19

Authorization Resolution W-5226

Rate Impact: N/A

Description: Polyflouroakyl Substances Memorandum
Account (PFASMA)

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Joel M. Reiker

Utility Contact: Christine Sluss

Phone: (626)448-6183

Phone: (626)448-2235

Email: jmreiker@sgvwater.com

Email: csluss@sgvwater.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE

STAFF

COMMENTS

<u>DATE</u>	<u>STAFF</u>	<u>COMMENTS</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____

SAN GABRIEL VALLEY WATER COMPANY

August 17, 2020

Advice Letter No. 545-A

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company ("San Gabriel") hereby requests ministerial review and approval of the following changes in tariff sheets applicable to its Los Angeles County and Fontana Water Company divisions:

<u>CPUC</u> <u>Sheet No.</u>	<u>Title</u>	<u>Schedule</u> <u>No.</u>	<u>Cancelling</u> <u>CPUC</u> <u>Sheet No.</u>
3011-W	Preliminary Statement W2	N/A	N/A
3107-W	Table of Contents	N/A	3106-W

Purpose

This supplemental advice letter is submitted in compliance with California Public Utilities Commission ("Commission") Resolution W-5226 authorizing San Gabriel to establish the Polyfluoroalkyl Substances ("PFAS") Memorandum Account ("PFASMA"). The purpose of the PFASMA is to record incremental operating costs, including testing and monitoring, customer and public notifications, and alternative sources of supply, to the extent San Gabriel is not already able to recover these expenses, to comply with the regulatory standards set by the State Water Resources Control Board ("SWRCB") to detect, monitor, report, and remediate per- and polyfluoroalkyl substances ("PFAS") in drinking water. Pursuant to Water Industry Rule 7.3.1(3) of General Order 96-B, **this advice letter is designated as Tier 1.**

Discussion

On March 15, 2019, the SWRCB ordered San Gabriel to begin collecting 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 PFAS levels 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 Commission 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 Advice Letter 545, requesting authorization to open the PFASMA. On January 17, 2020, Water Division rejected San Gabriel's Advice Letter 545 by disposition letter pursuant to General Order 96-B, General Rule 7.6.1 and Water Industry Rule 7.3.2(5). On January 27, 2020, San Gabriel filed a Request for Review of Water Division's Disposition ("Request for Review").

On August 6, 2020, the Commission issued Resolution W-5226, responding to San Gabriel's Request for Review. Resolution W-5226 reverses Water Division's disposition rejecting Advice Letter 545, but limits the PFAS-related costs that San Gabriel may record in the PFASMA to testing and monitoring, customer and public notifications, and alternative sources of supply, to the extent the utility is not already able to recover these expenses. The Commission found in Resolution W-5226 that 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. Accordingly, San Gabriel submits this supplemental advice letter pursuant to Ordering Paragraph No. 3 of Resolution W-5226, which limits the costs that may be recorded in the PFASMA to those described above.

Service and Notice

Distribution of this advice letter is being made to the attached service lists in accordance with Water Industry Rule 4.1 of General Order 96-B. No other parties have requested notification of tariff filings related to the Los Angeles County and Fontana Water Company divisions. In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will also post this advice letter to its websites www.sgvwater.com and www.fontanawater.com.

Protest and Responses

Anyone may respond to or protest 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 the specific grounds on which it is based. These grounds are:

- (1) San Gabriel did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which San Gabriel relies;
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding;
- (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 relitigating a prior order of the Commission.

A protest may not rely on a policy objection to an advice letter where the relief requested in the advice letter follows rules or directions established by statute or Commission order applicable to the utility. A protest shall provide citations or proofs where available to allow staff to properly consider the protest. A response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a response or protest is:

Email Address:
water.division@cpuc.ca.gov

Mailing Address:
California Public Utilities Commission
Water Division, 3rd Floor
505 Van Ness Avenue
San Francisco, CA 94102

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy of the protest by mail to San Gabriel addressed as follows:

Email Address:
jmreiker@sgvwater.com

Mailing Address:
San Gabriel Valley Water Company
Vice President of Regulatory Affairs
11142 Garvey Avenue
El Monte, CA 91733

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division, within the 20 day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

The advice letter process does not provide for any further responses, protests or comments, except for San Gabriel's reply, after the 20-day comment period. San Gabriel will reply to each protest and may reply to any response. Each reply must be received by the Water Division within five business days after the end of the protest period, and shall be served on the same day to the person who filed the protest or response.

If you have not received a reply to your protest within ten business days, contact San Gabriel at (626) 448-6183.

San Gabriel Valley Water Company

/s/ Joel M. Reiker

Joel M. Reiker
Vice President of Regulatory Affairs

cc: Bruce DeBerry, CPUC – Water Division

Victor Chan, CPUC – Water Branch, Cal Advocates
Richard Rauschmeier, CPUC – Water Branch, Cal Advocates

\encl.

W2. Polyfluoroalkyl Substances Memorandum Account (PFASMA) for the Los Angeles and Fontana Water Company Divisions

1. Purpose

The purpose of this memorandum account is to record incremental operating costs, including testing and monitoring; customer and public notifications; and alternative sources of supply, to the extent the utility is not already able to recover these expenses, to comply with the regulatory standards set by the State Water Resources Control Board to detect, monitor, report, and remediate per- and polyfluoroalkyl substances (PFAS) in drinking water.

2. Applicability

The applicable incremental costs include:

- 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.

Increases in rate base shall be requested through the application process, whether through the utility's next general rate case or a separate application.

3. Memorandum Account Entries

Separately for each division, entries to the PFASMA shall be made at the end of each month as follows:

- a. All related costs including, but not limited to, laboratory testing/monitoring, customer/public notifications and alternative sources of supply (debit).
- b. Monthly interest expense calculated at 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3-month), published in the Federal Reserve Statistical Release, H.15 (<http://www.federalreserve.gov/releases/H15/data/m/cp3m.txt>), or its successor publication (debit or credit).

4. Disposition

Disposition of the balance in the PFASMA shall be determined in San Gabriel's next general rate case (scheduled to be filed in January 2022), or before then by a Tier 3 advice letter if the cumulative balance exceeds 2% of San Gabriel's adopted revenue requirement.

5. Effective Date

The PFASMA is effective March 15, 2019.

Authorization: Established pursuant to Resolution W-5226

(To be inserted by utility)

Issued by

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

Advice Letter No. 545-A

J. M. Reiker
NAME

Date Filed _____

Decision No. _____

V. P. Regulatory Affairs
TITLE

Effective _____

Resolution No. _____

DISTRIBUTION LIST
San Gabriel Valley Water Company
Los Angeles County Division
Advice Letter No. 545-A

City of Arcadia
240 West Huntington Drive
Arcadia, CA 91006

City Clerk, City of Rosemead
8838 Valley Boulevard
Rosemead, CA 91770

City Clerk, City of Baldwin Park
14403 East Pacific Avenue
Baldwin Park, CA 91706

City Clerk, City of San Gabriel
425 South Mission Drive
San Gabriel, CA 91778

California-American Water Company
655 W. Broadway, Suite 1410
San Diego, CA 92101

San Gabriel County Water District
8366 East Grand Avenue
Rosemead, CA 91770

City of El Monte Water Department
11333 Valley Boulevard
El Monte, CA 91734

City of Santa Fe Springs Water Department
Post Office Box 2120
Santa Fe Springs, CA 90670

Industry Public Utilities
Post Office Box 3165
City of Industry, CA 91744

City Clerk, City of South El Monte
1415 Santa Anita Avenue
South El Monte, CA 91733

City Clerk, City of Irwindale
5050 North Irwindale Avenue
Irwindale, CA 91706

Golden State Water Company
Attn: Ronald Moore, Regulatory Affairs
630 East Foothill Boulevard
San Dimas, CA 91773

City Clerk, City of La Puente
15900 East Main Street
La Puente, CA 91744

Suburban Water Systems
Attn: Bob Kelly
1325 N. Grand Ave., Suite 100
Covina, CA 91724

La Puente Valley County Water District
112 North 1st Street
La Puente, CA 91744

Valley County Water District
14521 East Ramona Boulevard
Baldwin Park, CA 91706

City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640

City of Whittier Water Department
13230 East Penn Street
Whittier, CA 90602

City of Monterey Park Water Department
320 West Newmark Avenue
Monterey Park, CA 91754

California Public Utilities Commission
Office of Ratepayer Advocates
505 Van Ness Avenue
San Francisco, CA 94102-4208

City of Pico Rivera Water Department
6615 Passons Boulevard
Pico Rivera, CA 90660

Pico Water District
Post Office Box 758
Pico Rivera, CA 90660-0758

Kiki Carlson
Suburban Water Systems
kcarlson@swwc.com

City Clerk, City of West Covina
1444 West Garvey Avenue
West Covina, CA 91790

Liberty Utilities (Park Water) Corp.
9750 Washburn Road
P.O. Box 7002
Downey, CA 90241
AdviceLetterService@LibertyUtilities.com