CALIFORNIA PUBLIC UTILITIES COMMISSION DIVISION OF WATER AND AUDITS

Advice Letter Cover Sheet

Date Mailed to Service List: 8/21/2025

Protest Deadline (20th Day): 9/10/2025

Review Deadline (30th Day): 9/20/2025

Requested Effective Date: TBD

Utility Name: GOLDEN STATE WATER COMPANY

 $\boxtimes 3$

☐ Compliance

District: COMPANY-REGION 3

Tier $\Box 1$ $\Box 2$

CPUC Utility #: 133 W

Advice Letter #: 1969-W

Authorization Description:	Transfer of PFAS contamination s funds.		Rate Impact: N/A N/A	
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	: Gladys Estrada	Utility Contact:	Brad Powell	
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DWA Contact:	Tariff Unit			
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Email:	Water.Division@cpuc.ca.go	<u>v</u>		
DWA USE ONLY				
DATE	STAFF	COMI	<u>COMMENTS</u>	
		_	_	
[] APPROVED	[]	WITHDRAWN	[] REJECTED	
Signature:		Comments:		
Date:				



August 21, 2025

Advice Letter No. 1969-W

(U 133 W)

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

This advice letter filing is being made to request the transfer of funds, explained in the Background section of this advice letter, to Orange County Water District (OCWD) to cover the cost of the PFAS remediation to GSWC facilities, per the PFAS Facilities and Program Agreement (PFAS PA).

Background

On April 8, 2021, GSWC executed the PFAS Facilities and Program Agreement (PFAS PA) with Orange County Water District (OCWD), the agency responsible for managing the groundwater basin underlying north and central Orange County (OC Basin). There are currently fifteen (15) major groundwater producers (Producers), including GSWC, together with OCWD, that are Parties to the PFAS PA.

The PFAS PA establishes the responsibility of the Parties and sets terms and conditions for OCWD to take the lead in mitigating PFAS contamination in the OC Basin. It provides the basis for OCWD to fund the planning, design, and construction of PFAS treatment facilities (PFAS Facilities), and to reimburse fifty percent (50%) of the ongoing operation and maintenance costs (O&M) for these PFAS Facilities at groundwater production plant sites owned and operated by the Producers.

OCWD is funding PFAS Facilities through grants, short-term and long-term financing, low interest loans, and with funds recovered through PFAS lawsuits filed on behalf of the Producers and OCWD. The debt financing used for construction and operation of the PFAS Facilities in the OC Basin is serviced through incremental increases in the annual Replenishment Assessment (RA) and Additional Replenishment Assessment (ARA), collected by OCWD from its Producers over time. These charges are passed on to the Producers' customers through their respective water rates.

The PFAS PA establishes terms, conditions and expectations for OCWD and the Producers to collaborate in seeking grants and in filing lawsuits against the parties responsible for PFAS contamination in the OC Basin. It further establishes expectations for the Parties to pool

funds recovered by PFAS lawsuits to pay down the primary capital costs and ongoing O&M expenses for the PFAS Facilities funded by OCWD through the 30-year term of the PFAS PA.

Participation in the PFAS PA provides GSWC customers with a significant benefit in that the cost of alternative water supplies, i.e. treated import water, is significantly more expensive than treated groundwater supplies. In addition, if less groundwater is produced across the OC Basin due to PFAS contamination, groundwater rates would rise significantly to cover OCWD's fixed costs in protecting the basin water quality and sustainable yield. If GSWC financed PFAS projects in its OC District outside of the PFAS PA, its customers would still pay for the OCWD PFAS Program through the increased RA and ARA, and they would pay for GSWC's investment in PFAS Treatment through the rate base, effectively paying twice for PFAS Treatment Facilities.

GSWC currently operates two PFAS Facilities in its Orange County District that were funded through the OCWD PFAS PA, with contributed assets of over \$4.2M. OCWD has received bids to construct a third PFAS Facility in GSWC's OC District, valued at approximately \$3.1M. OCWD is currently preparing plans and specifications for construction of PFAS Treatment Facilities at five additional GSWC plant sites in Orange County, estimated at nearly \$20M.

In August 2025, GSWC received its first settlement payment from one of the major defendants of a Multidistrict Litigation (MDL) against PFAS manufacturers. This payment included approximately \$1.1M in settlement funds for GSWC groundwater wells within the OC Basin contaminated by PFAS compounds. The MDL settlement with this defendant allows payments to be made over a period of nine years. During this nine-year period, GSWC expects to receive and forward to OCWD approximately \$5.5M in litigation recovery funds from this defendant.

In accordance with the terms, conditions and obligations established by the PFAS PA, GSWC will forward to OCWD, the settlement funds associated with PFAS-affected wells in the OC District. These funds will be pooled with settlement funds from other Producers and distributed by OCWD across the Parties, in accordance with the terms and conditions established by the PFAS PA, its addenda, and any other associated agreements executed by the Parties. The bulk of these pooled settlement funds will pay down the cost of the PFAS Facilities capital investment from OCWD and thereby reduce the amount needed for repayment and financing through increases in the RA and ARA.

Request

Pursuant to D.21-04-004, Ordering Paragraph 4¹, GSWC requests to transfer litigation settlement proceeds from the PFAS Contamination Litigation Proceeds Memorandum Account received from defendants of a Multidistrict Litigation (MDL) against PFAS manufacturers, for groundwater wells within the OC Basin that are contaminated by PFAS compounds. The transfer of these funds to OCWD will partially offset the cost of remediation under the PFAS Treatment Facilities Program mentioned above.

GSWC is currently operating PFAS Facilities funded by the OCWD PFAS PA at two of its plant sites in the Orange County District.

The settlement proceeds will partially offset OCWD's cost to install and operate needed PFAS treatment facilities that would have normally been funded by GSWC ratepayers.

As additional PFAS settlement payments are received by GSWC for wells affected by PFAS contaminants in the OC Basin, GSWC will continue to transfer the settlement funds to OCWD in exchange for the contributed PFAS Facilities completed at GSWC Plant sites in its OC District through the PFAS PA. The estimated settlement payments for GSWC wells in the OC Basin total \$5.5M from the largest defendant. The estimated OCWD investment in PFAS Water Treatment Facilities at GSWC's OC District plant sites is \$27.3M.

GSWC requests the authority to file a Tier 1 advice letter, instead of a Tier 3, based on the final resolution granted by this advice letter request for any future settlement payments to OCWD under the PFAS PA. This will expedite the payment transfers to OCWD for well remediation of PFAS contaminants.

Tier Designation

Pursuant to Water Industry Rule 7.3.3(10) of General Order 96-B, this advice letter is submitted with a Tier 3 designation.

Customer Notice

Pursuant to Water Industry Rule No. 3.2 in the Commission's General Order 96-B, this advice letter does not require customer notice.

Response or Protest

Anyone may respond to or protest this advice letter (AL). When submitting a response or protest, please include the utility name and advice letter number in the subject line. A response supports the filing and may contain information that proves useful to the

¹ 4. When contamination proceeds arising from damage awards, settlements, government order or insurance are initially received from the funding source, they shall be placed in a memorandum account until the need for making expenditures arises, whereupon an approval to transfer the proceeds to the appropriate dedicated 265 sub-account shall be sought by a Tier 3 advice letter filing.

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. The utility did not properly serve or give notice of the AL;
- 2. The relief requested in the AL would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
- 3. The analysis, calculations, or data in the AL contain material error or omissions;
- 4. The relief requested in the AL is pending before the Commission in a formal proceeding; or
- 5. The relief requested in the AL requires consideration in a formal hearing, or is otherwise inappropriate for the AL process; or
- 6. The relief requested in the AL 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.

A protest may not rely on policy objections to an AL where the relief requested in the AL 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 (WD) within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

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

E-mail: Water.Division@cpuc.ca.gov

On the same day the response or protest is submitted to WD, the respondent or protestant shall send a copy by mail (or e-mail) to GSWC at the following address:

Golden State Water Company Attn: Gladys Estrada 630 East Foothill Blvd. San Dimas, CA 91773

E-mail: regulatoryaffairs@gswater.com

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform WD, 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.

<u>Replies</u>

The utility shall reply to each protest and may reply to any response. Any reply must be received by WD within five business days after the end of the protest period, and shall be served on the same day on each person who filed the protest or response to the AL.

The actions requested in this advice letter are not now the subject of any formal filings with the California Public Utilities Commission, including a formal complaint, nor action in any court of law.

No individuals or utilities have requested notification of filing of tariffs. Distribution of this advice letter is being made to the attached service list in accordance with General Order No. 96-B.

Sincerely,

<u>/s/ Gladys Estrada</u> Gladys Estrada Regulatory Analyst

cc: Wilson Tsai - Water Division Alex Pineda - Water Division Bruce DeBerry - Water Division Richard Rauschmeier - Public Advocates Victor Chan- Public Advocates

REGION 3 - SERVICE LIST

Apple Valley Ranchos Water Co. Tony Pena – General Manager 21760 Ottawa Road P.O. Box 7005 Apple Valley, CA 92308 tpenna@avrwater.com Barlen Mutual Water P.O. Box 77 Barstow, CA 92311

Director of Public Services Town of Apple Valley 14955 Dale Evans Parkway Apple Valley, CA 92307 California American Water 4701 Beloit Drive Sacramento, CA 95838-2434 ca.rates@amwater.com

California Department of Corrections P. O. Box 5001 7018 Blair Road Calipatria, CA 92233 Calif. Dept. of Forestry 7105 Airway Drive Yucca Valley, CA 92284

Calif. Dept. Forestry Headquarters 3800 N. Sierra Way San Bernardino, CA 92405 Daggett Community Service P. O. Box 308 Daggett, CA 92327 <u>Daggettcsd@aol.com</u> (619) 254-2415

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County Water 222 W. Hospitality Lane, 2nd Floor San Bernardino, CA 92408 info@sdd.sbcounty.gov East Orange County Water District 185 N. McPherson Road Orange, CA 92869-3720 David Youngblood: dyoungblood@eocwd.com Sylvia Prado: sprado@eocwd.com

East Pasadena Water Co. 3725 Mountain View Avenue Pasadena, CA 91107 Imperial County Board of Supervisors Attn: Supervisor John Hawk, District 5 County Administration Center 940 W. Main St, #209 El Centro, CA 92243-2871 johnhawk@co.imperial.ca.us

Tyler Salcido, Executive Officer LAFCO 1122 W. State Street, Suite D El Centro, CA 92243-2840 tylers@iclafco.com Juniper Riviera CWD P O Box 618 Lucerne Valley, CA 92356

Local Agency Formation Commission 215 North D Street – Suite 204 San Bernardino, CA 92415-0490 lafco@lafco.sbcounty.gov

Morongo Valley Community Service District P. O. Box 46 Morongo Valley, CA 92256

Park Water Company 9750 Washburn Road Downey, CA 90241

San Gabriel County Water Co. 8366 Grand Avenue Rosemead, CA 91770 Jim@sqcwd.com

Seeley County Water District P.O. Box 161 Seeley, CA 92273

Sheep Creek Water Company P. O. Box 291820 Phelan, CA 92329-1820 Attn: Chris Cummings sheepcreek@verizon.net

Twentynine Palms Water Dist. 72401 Hatch Rd. (P.O. Box 1735) Twentynine Palms, CA 92277 (619) 367-7546 mshragge@29palmswater.org

Walnut Valley Water Dist. 271 S. Brea Canyon Road Walnut, CA 91789 Mariana Ranchos County Water District 9600 Manzanita Street Apple Valley, CA 92308 MarianaCWD@mrcwd.org

Navajo Mutual Water Company P. O. Box 392 Apple Valley, CA 92307-392 Gmnmwc@gmail.com

Rancheritos Water Co. P.O. Box 348 Apple Valley, CA 92307 (619) 247-3730 RMWC1954@gmail.com

San Gabriel Valley Water Co. 11142 Garvey Blvd. El Monte, CA 91732 ratesdepartment@sqvwater.com

Serrano Water Dist. - Villa Park 18021 East Lincoln Street Villa Park, CA 92667

Sunny Slope Water Co. 1040 El Campo Drive Pasadena, CA 91107-5506 Ken@sunnyslopewatercompany.com Karen@sunnyslopewatercompany.com

Victor Valley Water District 14343 Civic Drive P. O. Box 5001 Victorville, CA 92392

Water Issues Committee Wrightwood Property Owners Assoc. P. O. Box 487 Wrightwood, CA 92397

REGION 3 - SERVICE LIST

City of Anaheim City Clerk's Office 200 S. Anaheim Blvd. – Suite 217 Anaheim, CA 92805

City of Alhambra Utilities Dept. 111 S. First Avenue Alhambra, CA 91801

City of Brea Water Department #1 Civic Center Drive Brea, CA 92621

City of Calexico Water Co. 608 Heber Avenue Calexico, CA 92231 saldanaj@calexico.ca.gov

City of El Centro Water Co 307 W. Brighton El Centro, CA 92243

City of Fullerton Water
Fullerton Water Department
303 W. Commonwealth Avenue
Fullerton, CA 92631
garh@ci.fullerton.ca.us

City of Glendora 116 E. Foothill Blvd. Glendora, CA 91740

City of Hesperia Water Department 9700 Seventh Avenue Hesperia, CA 92345 jwyman@cityofhesperia.us City of Arcadia Water Co. 240 W. Huntington Drive P.O. Box 60021 Arcadia, CA 91066-6021

City of Brawley Water Co. 400 Main Street Brawley, CA 92227 TSalcido@Brawley-ca.gov

City of Buena Park 6650 Beach Boulevard Buena Park, CA 90620

City of Covina 534 Barranca Avenue Covina, CA 91723 CMarcarello@covinaca.gov

City of El Monte Water Co. 11333 Valley Blvd. El Monte, CA 91732 jmussenden@ci.el-monte.ca.us

City of Garden Grove 13802 Newhope Street Garden Grove, CA 92643 zackb@ci.garden-grove.ca.us

Herber Public Utility District P. O. Box H Heber, CA 92249

City of Imperial - Water Department 420 S. Imperial Avenue Imperial, CA 92251

City of La Palma 7822 Walker Street La Palma, CA 90623 Attn: Jeff Moneda, PW Director

Monte Vista Water District 10575 Central Avenue Montclair, CA 91763 boardsecretary@mvwd.org

City of Monrovia Water Co. 415 S. Ivy Avenue Monrovia, CA 91016

City of Pomona Water Department 505 S. Garey Avenue Pomona, CA 91766

City of San Dimas 245 E. Bonita Avenue San Dimas, CA 91773 dblack@sandimasca.gov bmckinney@sandimasca.gov

City of Seal Beach 211 Eight Street Seal Beach, CA 90740

City of West Covina Water Dept. 825 S. Sunset Avenue West Covina, CA 91790 City of La Verne Water Department 3660 "D" Street
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City of Orange Water Dept.

189 South Water Street
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jdefrancesco@cityoforange.org

Interim Water Resources Director City of Pomona 752 W. Commercial Street Pomona, CA 91768

City of Santa Ana Water 20 Civic Center Plaza Santa Ana, CA 92702 ryhernandez@santa-ana.org

City of Upland Water Dept. 460 N. Euclid Avenue Upland, CA 91786 BYu@uplandca.gov JRobles@ci.upland.ca.us MMadriz@ci.upland.ca.us

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