PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

October 23, 2026

Gladys Estrada
Regulatory Affairs Dept.
Golden State Water Company
630 East Foothill Blvd.
San Dimas, CA 91773

Dear Ms. Estrada,

The Water Division of the California Public Utilities Commission has approved Golden State Water Company's Advice Letter No. 4-S, filed on September 23, 2026, regarding update sewer Rule No. 15 language to add two sections that pertain to both SJO water & sewer systems.

Enclosed are copies of the following revised tariff sheets, effective October 23, 2026, for the utility's files:

P.U.C. Sheet No.	Title of Sheet
105-SS	Sewer Rule No. 15, Main Extensions, Sheet 1
106-SS	Sewer Rule No. 15, Main Extensions, Sheet 2
107-SS	Sewer Rule No. 15, Main Extensions, Sheet 3
108-SS	Sewer Rule No. 15, Main Extensions, Sheet 4
109-SS	Table of Contents, Sheet 1
110-SS	Table of Contents, Sheet 2

Please contact Alex Pineda at Alex.Pineda@cpuc.ca.gov, if you have any questions.

Thank you.

Enclosures

CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS

Advice Letter Cover Sheet

Utility Name: GOLDEN STATE WATER COMPANY

District: SAN JUAN OAKS DISTRICT

CPUC Utility #: 133 W

Advice Letter #: 4-S

Tier ☐1 ☒2 ☐3 ☐ Compliance

Authorization

Description: Update sewer Rule No. 15 language to add two sections that pertain to both SJO water & sewer systems.

Date Mailed to Service List: 9/23/2026

Protest Deadline (20th Day): 10/13/2026

Review Deadline (30th Day): 10/23/2026

Requested Effective Date: 10/23/2026

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
Phone: (909) 394-3600 x 527
Email: grosendo@gswater.com

Utility Contact: Nanci Tran
Phone: (909) 394-3600 ext. 422
Email: Nanci.Tran@gswater.com

DWA Contact: Tariff Unit
Phone: (415) 703-1133
Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE	STAFF	COMMENTS

[ ] APPROVED [ ] WITHDRAWN [ ] REJECTED

Signature: _____

Date: _____

Comments: _____

Golden State Water Company
A Subsidiary of American States Water Company

September 23, 2026

Advice Letter No. 4-S

To the California Public Utilities Commission:

Golden State Water Company (GSWC) hereby transmits the attached tariff sheets applicable to its Sewer Service to San Juan Oaks Customer Service Area (SJO CSA):

CPUC Sheet No	Title of Sheet	Canceling CPUC Sheet No.
	See Attachment 1	

These tariffs are submitted pursuant to General Order No. 96-B. Pursuant to General Order No. 96-B Water Industry Rule 7.3.2.(4), this advice letter is designated as a Tier 2 Advice Letter.

Purpose

GSWC is filing this advice letter requesting to update its sewer Rule No. 15 to include the Refunds and Income Tax Component of Contribution Provision language that apply to its wastewater system.

Discussion

GSWC filed Advice Letter 1-S on January 23, 2025, requesting approval to implement the sewer tariff schedules and Rules for the new, Commission-regulated SJO Customer Service Area, in accordance with D. 24-12-009. The advice letter was approved March 1, 2025.

GSWC is requesting to update its sewer Rule No. 15 to add two sections that pertain to its SJO wastewater (SJOWW) system: 1) Refunds and 2) Income tax component of Contribution Provision. The added language in these sections align with GSWC's water system established Rule No. 15 current practices and procedures and that also apply to its newly acquired SJOWW system. The additions are as follows:

Section B. Refunds

GSWC is adding Section B. Refunds, to maintain consistency with language in its current water Rule No. 15, Section C.2.b, adopted by the Commission's revised Uniform Water Main Extension Rule[1]. This section incorporates the exact timing of payment refunds following execution of main extension contracts adopted in Appendix A to D.82-01-062.

[1] D.82-01-062, page 43

Section C. Income Tax Component of Contribution Provision
GSWC's is also adding Section C. to reflect the tax portion of contribution on services related to Main Extension Contracts for SJOWW system. This component is applicable to both GSWC's Rule No. 15[2] water and sewer systems.

This filing will not increase any rate or charge, cause the withdrawal of service nor conflict with other schedules or rules.

Effective Date
GSWC is requesting that this filing become effective on October 23, 2026.

Service List
In accordance with General Order 96-B, General Rule 4.3 and 7.2 and Water Industry Rule 4.1, a copy of this advice letter will be transmitted **electronically** to competing and adjacent utilities and other utilities or interested parties having requested such notification. **Please note that this advice letter is only being distributed electronically.**

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 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:

[2] GSWC water Rule No. 15, Section E., pages 14 -16

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: Regulatory Affairs Department
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.

Replies
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.

Sincerely,

/s/ *Gladys Estrada*
Gladys Estrada
Sr. Regulatory Analyst

cc: Wilson Tsai – Water Division
Alex Pineda - Water Division
Syreeta Gibbs – Public Advocates
Victor Chan- Public Advocates

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
105-SS	Sewer Rule No. 15 Main Extensions Sheet 1	32-SS
106-SS	Sewer Rule No. 15 Main Extensions Sheet 2	
107-SS	Sewer Rule No. 15 Main Extensions Sheet 3	
108-SS	Sewer Rule No. 15 Main Extensions Sheet 4	
109-SS	Table of Contents Sheet 1	51-SS
110-SS	Table of Contents Sheet 2	48-SS

Sewer Rule No. 15
Main Extensions

A. Responsibility

All main extensions shall be the responsibility of the developer and shall be built to specifications provided by the utility. Upon completion and acceptance by the utility, all sewer facilities shall be transferred to the utility. Upon transfer, the utility shall be provided a bill of materials and a detailed cost summary of facilities installed.

B. Refunds

(N)

a. Payment of refunds shall be made not later than June 30 of the year following the calendar year in which revenues are received, or not later than 6 months after the contract execution anniversary date if on an anniversary date basis.

b. With respect to refundable projects, if, following final reconciliation of the accounting for a refundable project, it is determined that the Applicant owes GSWC additional funds, GSWC will issue an invoice to the Applicant for the amount due. If payment is not received by GSWC within thirty (30) days of the invoice date, GSWC may collect the outstanding amount by deducting the amount owed from the refundable amount of the Main Extension Contract (MEC). Once GSWC has been fully reimbursed for all amounts due, any remaining refundable balance of the MEC will be refunded to the Applicant in accordance with Rule 15, Section B.a.

C. Income Tax Component of Contribution Provision

1. **General**: Pursuant to Decision 87-09-026, as modified by Decisions 87-12-028, 88-07-020, 91-04-068 and 96-10-037 and Resolution W-4263, all Contributions in Aid of Construction and Advances for Construction (collectively referred to as "Contributions") made to the Utility pursuant to its tariffs shall include a cost component to cover the Utility's estimated federal and California ("State") income tax liabilities resulting from such Contributions.

2. **Definitions**

a. Contributions: Contributions shall include, but are not limited to, cash, services, facilities, labor, property, and income taxes thereon as provided to the Utility by a person or agency. The value of all Contributions shall be based on the Utility's estimates. Contributions shall consist of two components as follows:

(1) Income Tax Component of Contribution ("ITCC"), and
(2) The balance of the Contribution ("Balance of Contribution")

b. Government Agency: For purposes of administering this Rule, a Government Agency shall be a federal, state, county, or local government agency.

c. Public Benefit: Where, in the opinion of the Utility, a benefit to the public as a whole is clearly shown by the Government Agency making the Contribution for a project.

d. Cost Estimates: Cost estimates for utility-installed extensions, advances from developers, refunds, and job-specific estimates for competitive bidders shall include a tax component.

(N)

Sewer Rule No. 15
Main Extensions

C. Income Tax Component of Contribution Provision (cont'd) (N)

2. **Definitions** (cont'd)

e. Connection for Multiple Customers: A connection where the connection or service line serves, or is designed to serve, more than one customer (e.g., where an apartment or office building is not treated as one customer).

3. **Determination of ITCC**

a. The ItCC shall be calculated by multiplying the Balance of the Contribution received after December 31, 2020 by a tax factor ("ITCC factor") as follows:

Contributions subject to both federal and California taxation (customer connection fees that are ***not*** (a) Connections for Multiple Customers or (b) Connections for Fire Protection Services) (Determination that a customer connection fee [also known as a service lateral fee] is a Connection for Multiple Customers or a Connection for Fire Protection Services is reserved for the Utility to make.)	0.28 (28%)
Contributions by a governmental agency (aka "governmental entity") providing for the protection, preservation, or enhancement of drinking water services that is not gross taxable income for federal purposes but is gross taxable income for California purposes (Determination that a governmental agency Contribution is taxable for California purposes is reserved for the Utility to make.)	0.08 (8%)

Contributions received prior to January 1, 2021 are subject to the applicable tax factors as previously approved by the California Public Utilities Commission.

b. The ITCC factors included herein are established using Method 5 as set forth in and pursunt to the Commission's Decision No. 87-09-026. Should the Internal Revenue Service ("IRS") deem Method 5 to be in violation of the tax normalization rules, any penalties, interest or taxes incurred by the Company shall be recovered through general rates or surcharges.

c. An ITCC tax factor shall be adjusted for changes that would cause it to increase or decrease by five percentage points or more. (N)

Sewer Rule No. 15
Main Extensions

C. Income Tax Component of Contribution Provision (cont'd) (N)

4. Changes in Tax Liability
In the event that the state of California enacts legislation to treat Contributions as taxable income to the Utility that California had previously treated as nontaxable income, the Utility may increase the amount it collects from the Contributor to include its estimate of the tax resulting therefrom. In the event that any such legislation is applied on a retroactive basis, the Utility may collect such tax for the retroactive period through general rates or surcharges.

The Utility shall inform Applicant of the final cost of the installation of all services and the resulting ITCC thereon.

5. The Utility may accept a contractual promise to pay the federal and California components of the ITCC, including interest thereon, using an Agreement form filed with and approved by the Commission from a Government Agency required to make a Contribution pursuant to the tariffs where the Government Agency's project:

   a. Provides a Public Benefit as defined above, or

   b. Results from condemnation of Utility facilities, or the threat or imminence thereof, which is supported by evidence provided by the Government Agency which is acceptable to the Utility.

In consideration of the Utility not requiring payment by Government Agency of the federal and California components of the ITCC which is, or may be, attributable to the Project, the Utility is exempt from any and all claims, costs, liabilities and expenses relating to any federal and California income tax liabilities, including but not limited to, the full amount of any income tax, penalty, and interest, which the Utility pays or is required to pay to the IRS or the California Franchise Tax Board ("FTB"), and attorneys' fees, litigation costs or fees, associated therewith, arising from any payment for the Project received by the Utility from Government Agency. Government Agency shall also pay, upon demand by the Utility, the amount of any expense incurred by the Utility in collecting any sum due the Utility hereunder, including attorneys' fees, litigation costs or fees, and interest, at the highest rate permitted by law, on any monies advanced or expended by the Utility.

If either the IRS or FTB, or both, make a determination that the payment for the Project (or a payment of that type) is taxable, Government Agency shall forthwith pay the Utility the applicable taxes and other costs determined as set forth in the preceding paragraph, upon demand by the Utility. (N)

Sewer Rule No. 15
Main Extensions

C. Income Tax Component of Contribution Provision (cont'd) (N)

6. **Interest Rate:** When interest is payable under this part of the Preliminary Statements by the Contributor to the Utility or by the Utility to the Contributor, the Interest Rate to be applied each month to the balance due (including all prior interest) shall be 1/12 of the most recent month's interest rate on Commercial Paper – Non Financial (prime, three months), published in the Federal Reserve Statistical Release, H.15. Should publication of the interest on Commercial Paper – Non Financial (prime, three months) be discontinued, interest will so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper – Non Financial, which most closely approximates the rate that was discontinued and which is published in the Federal Reserve Statistical Release, H.15, or its successor publication.

7. The Utility shall inform the Applicant of the final cost of the installation of all facilities and the resulting tax liability thereon. (N)

Table of Contents

Subject Matter of Sheet	Schedule Number	CPUC Sheet No.	
Title Page		104-SS	
Table of Contents			
Page 1		109-SS	(T)
Page 2		110-SS	(T)
Preliminary Statement			
A Territory served by Utility, Page 1		57-SS	
B-E Types and Classes of Service, Description of Service, Procedure to Obtain Service and Symbols, Page 2		58-SS	
Rate Schedules:			
All Districts			
Utility Fee Surcharge	UF	50-SS	
San Juan Oaks District			
Sewer Service	SJ-1-S	101-SS	
Tariff Map – San Juan Oaks		56-S	
Rules:			
No. 1 Definitions			
Page 1		59-SS	
Page 2		60-SS	
Page 3		61-SS	
No. 2 Description of Service		83-SS	
No. 3 Application for Service			
Page 1		88-SS	
Page 2		89-SS	
No. 4 Contracts		90-SS	
No. 5 Special Information Required on Forms			
Page 1		91-SS	
Page 2		92-SS	
Page 3		93-SS	
No. 6 Establishment and Re-establishment of Credit		94-SS	
No. 7 Deposits		95-SS	
No. 8 Notices			
Page 1		96-SS	
Page 2		97-SS	
No. 9 Rendering and Payment of Bills			
Page 1		98-SS	
Page 2		99-SS	
Page 3		100-SS	

(Continued)

Table of Contents

Subject Matter of Sheet		CPUC Sheet No.	
Rules: (Cont'd)			
No. 10	Disputed Bills	62-SS	
	Page 1		
No. 11	Discontinuance and Restoration of Service		
	Page 1	63-SS	
	Page 2	64-SS	
	Page 3	65-SS	
	Page 4	66-SS	
	Page 5	67-SS	
	Page 6	68-SS	
	Page 7	69-SS	
	Page 8	70-SS	
	Page 9	71-SS	
No. 12	Information Available to Public		
	Page 1	72-SS	
No. 13	Temporary Service		
	Page 1	73-SS	
No. 14	Continuity of Service	74-SS	
No. 15	Main Extensions	105-SS, 106-SS, 107-SS,	(C)
		108-SS	(C)
No. 16	Service Connections, Meters and Customer's Facilities		
	Page 1	76-SS	
	Page 2	77-SS	
	Page 3	78-SS	
No. 17	Standards for Measurements of Service	79-SS	
No. 18	Meter Tests and Adjustment of Bills for Meter Error		
	Page 1	80-SS	
	Page 2	81-SS	
No. 19	Service to Separate Premises and Multiple Units, and Resale of Water	82-SS	
No. 20	Regulations Regarding Sewer Use	84-SS	
No. 21	Military Family Relief Program		
	Page 1	85-SS	
	Page 2	86-SS	
No. 22	Customer Information Sharing	87-SS	
Sample Forms:			
Form No. 1	Application For Service	52-SS	
Form No. 3	Bill For Service	53-SS	
Form No. 4	Main Extension Contract	54-SS	
Form No. 5	Main Extension Contract - Individual	55-SS	

GOLDEN STATE WATER COMPANY

DISTRIBUTION LIST

SAN JUAN OAKS DISTRICT

City of Hollister – City Manager
375 Fifth Street
Hollister, CA 95023
coh.manager@hollister.ca.gov

City of Hollister – City Clerk
375 Fifth Street
Hollister, CA 95023
coh.cityclerk@hollister.ca.gov

County Counsel
County of San Benito
481 Fourth Street, 2nd Floor
Hollister, CA 95023
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County of San Benito
440 Fifth Street, Room 206
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Council of San Benito
County Governments
330 Tres Pino Road, Suite C7
Hollister, CA 95023
info@sanbenitocog.org

County of San Benito
Local Agency Formation Commission
2301 Technology Parkway
Hollister, CA 95023
jennifer@pcateam.com

City of Hollister – Sewer Services
375 Fifth Street
Hollister, CA 95023
engineering@hollister.ca.gov

City of San Juan Bautista
City Manager
319 Third Street
San Juan Bautista, CA 95045
citymanager@san-juan-bautista.ca.us

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San Juan Oaks Mutual Water Company
Attention: Michael Cady
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mcady@thirdmillenniumpartners.com

San Juan Oaks Owner, LLC
San Juan Oaks Golf Owner, LLC
c/o Third Millennium Partners
Attention: Michael Cady
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San Jose, CA 95123
mcady@thirdmillenniumpartners.com

Sunnyslope County Water District
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3570 Arline Hwy
Hollister, CA 95023
drew@sunnyslopewater.org