

Preliminary Statement  
Los Osos Basin Management Committee Memorandum Account

**MMM. LOS OSOS BASIN MANAGEMENT COMMITTEE MEMORANDUM ACCOUNT**

(N)

**1. Purpose**

The purpose of the LOBMCMA is to record the expenses GSWC incurs as a member of the Basin Management Committee (BMC), which was formed in accordance with the October 14, 2015 Stipulated Judgment in the San Luis Obispo County Superior Court, Case No. CV 040126 ("Stipulated Judgment"). The BMC's purpose is to implement the Stipulated Judgment and the Basin Plan for the Los Osos Groundwater Basin ("Basin Plan"), and to engage in such other activities as may be necessary or appropriate to ensure their successful implementation, once a designated source(s) of funding has been established in accordance with all constitutional and statutory requirements, including Article 13 of the California Constitution.

The BMC expects to incur costs for, but not limited to, the following types of activities:

- *Basin Management Committee general administration;*
- *Funding for the Zone of Benefit formation process, including required consultant services;*
- *Consultant services for the preparation of the first Annual Report, including set up costs associated with the first Annual Report;*
- *Consultant services to assist in the pursuit of grants;*
- *Funding for jointly pursued water conservation efforts.*

The BMC's costs that are not funded elsewhere (see Section 2. BMC Funding Plan, below) will be shared by the following parties based on their respective allocation percentages:

*The County of San Luis Obispo (County): 20%*  
*Los Osos Community Services District (LOSCD): 38%*  
*Golden State Water Company (GSWC): 38%*  
*S & T Mutual Water Company (S&T): 4%*

To avoid duplication of recovery of BMC-related costs, GSWC will not record any costs in the LOBMCMA that are already in rates or captured in another memorandum or balancing account authorized by the California Public Utilities Commission.

**2. BMC Funding Plan**

Although not guaranteed, the BMC anticipates that the County of San Luis Obispo Flood Control and Water District will establish funding through a special tax or assessment within an established Zone of Benefit. This special tax or assessment will require voter approval and it is not certain when a proposal will be submitted for voter approval and/or if it will pass. Additionally, the Stipulated Judgment grants the BMC authority to take all acts as are necessary to develop a plan and arrange for funding for its activities, execution of the Stipulated Judgment and oversight of the Basin Management Plan. The BMC has an option to establish an alternate funding mechanism, providing that funding plan relies on independent sources of revenue sponsored by the BMC and does not require contribution from the general fund of any of the BMC member organizations. To the extent additional funding is obtained (e.g., from grants, special tax, or assessment) and the BMC provides to GSWC billing credits or reimbursements, GSWC will reduce the costs recorded in this memorandum account accordingly.

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(To be inserted by utility)

Advice Letter No. 1655-W  
Decision No. \_\_\_\_\_

*Issued By*  
**R. J. SPROWLS**  
*President*

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

Date Filed April 12, 2016  
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3. **Applicability**

The LOBMCMA does not have a rate component.

GSWC shall maintain its LOBMCMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to the LOBMCMA at the end of each month to record GSWC's payment of its share of costs as invoiced by the BMC.
- b. If the BMC receives funding for any or all of its activities and provides to GSWC billing credits or reimbursements, GSWC will make a credit entry to the LOBMCMA at the end of each month to record GSWC's receipt of its share of the billing credits provided by the BMC.
- c. Interest shall accrue to the LOBMCMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

4. **Effective Date**

The LOBMCMA shall have an effective date of April 12, 2016.

5. **Disposition**

Disposition of amounts recorded in the LOBMCMA shall be determined in GSWC's next General Rate Case application. Recorded costs/credits and the continuation of the LOBMCMA will also be subject to review in GSWC's next General Rate Case application to ensure no duplication of activities and cost recovery by GSWC.

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