

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



April 7, 2022

Ronald K. Moore
Senior Regulatory Analyst
Golden State Water Company
630 East Foothill Blvd.
San Dimas, CA 91773

Dear Mr. Moore,

The Water Division of the California Public Utilities Commission has approved Golden State Water Company's Advice Letter No. 1873, filed on March 17, 2022, regarding request for new waiver to extend short-term borrowing for an additional 24-month period.

Enclosed is a copy of the advice letter with an effective date of April 16, 2022 for the utility's files.

Please contact Jeremy Ho at JRY@cpuc.ca.gov or 415-703-1905, if you have any questions.

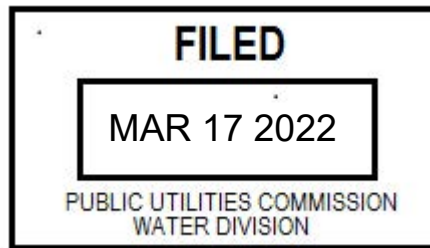
Thank you.

Enclosures



March 17, 2022

Advice Letter No. 1873-W



(U 133 W)

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Golden State Water Company (GSWC) hereby transmits this advice letter to request a new waiver from the requirements of Public Utilities Code §818 and the Holding Company Rules (adopted in Decision 98-06-068) as they apply to GSWC's new short-term borrowings under its revolving credit arrangements. This request is pursuant to Decision No. (D.) 21-04-004, issued April 22, 2021, which granted GSWC's Petition For Modification of D. 20-05-010.

Background

On November 26, 2019, GSWC filed Application No. (A.) 19-11-023 requesting authorization to issue, sell, and deliver \$465,000,000 in aggregate of new securities and other debt instruments. The California Public Utilities Commission (Commission) issued (D.) 20-05-010 on May 13, 2020. On January 15, 2021, GSWC filed a Petition For Modification of D.20-05-010 requesting clarification of the date by which GSWC must file a Tier 2 Advice Letter to extend its authority to issue short-term debt with a new term of up to 24 months.

In D. 20-05-010, GSWC was authorized to issue new short-term debt securities for short-term purposes for the period 2020 through the beginning of 2024. GSWC was also granted a waiver from the requirements of Pub. Util. Code § 818 and the Holding Company Rules issued in D. 98-06-068. This waiver allowed short-term debt borrowing under its revolving credit arrangements for a period of 24-consecutive months.

GSWC's request for the Public Utilities Code § 818 waiver to remain in effect until the financing authority granted in A.19-11-023 was fully utilized was denied and GSWC was ordered to submit a Tier 2 Advice Letter for a new waiver before the expiration of each 24-month period.

GSWC's Petition For Modification of D.20-05-010 requested that the Commission modify Ordering Paragraph (OP) 13 to clarify the deadline by which it must submit a Tier 2 Advice Letter for a new waiver of Public Utilities Code § 818 and GSWC's Holding Company Rules. GSWC requested that OP 13 be updated to state that the Tier 2 Advice Letter for a new waiver must be submitted no later than March 31, 2024.

The Commission found GSWC's request for clarification of OP 13 in D.20-05-010 to be reasonable and in compliance with Commission requirements, and granted GSWC's request, with modifications. Instead of the single Tier 2 Advice Letter filing proposed in its Petition For Modification, GSWC must file a Tier 2 Advice Letter no later than

March 31, 2022, and another Tier 2 Advice Letter no later than March 31, 2024, to comply with the time periods granted in D.20-05-010.

OP 13 in Decision 20-05-010 is modified as follows:

“Golden State Water Company must submit a Tier 2 Advice Letter for a new waiver before the expiration of each twenty-four-month period from the date of this decision (Decision 20-05-010), no later than March 31, 2022 and March 31, 2024.”

Request

Pursuant to D.21-04-004, GSWC requests that a new waiver from the requirements of Public Utility Code § 818 and GSWC’s Holding Company Rules as they apply to GSWC’s new short-term borrowings under its revolving credit arrangements be extended for an additional 24-month period to issue short term debt under its borrowing arrangements for short-term purposes, as granted in D.20-05-010.

As stated in D.20-05-010, “[i]n D.12-11-034 the Commission recognized that the issuance of more short-term debt in order to accumulate debt securities, so that long-term debt securities can be issued in larger, less frequent issues, is a reasonable basis on which to authorize GSWC to issue short-term debt over a 24 month term instead of the twelve month term specified in Pub. Util. Code § 818 and D.98-06-068. Since GSWC plans to use this twenty-four-month short-term debt for proper short-term purposes (for example, working capital), and plans to record such as short-term debt, and given our recent authorization of similar requests, we grant GSWC a waiver from the requirements of Pub. Util. Code § 818 and the Holding Company Rules as they apply to short-term debt it issues over the period 2020 through the beginning of 2024.”¹

GSWC’s plans for the next 24-month period are consistent with its plans outlined in A.19-11-023. Under GSWC’s existing short-term borrowing arrangements, amounts are borrowed and repaid based on GSWC’s monthly cash needs to fund current operations. On a month-to-month basis, GSWC can be in a net borrowing or net payment position depending on its cash availability, but in any event such net outstanding borrowings are brought down to zero at least once every 12 months in accordance with Section 818 and the holding company rules. By continuing this waiver, GSWC would continue to be allowed to bring the balance down to zero at least once every 24 months. Even with the waiver, GSWC will continue using amounts borrowed under its short-term borrowing arrangements for working capital purposes and will continue to manage such borrowings as short-term debt. Such a waiver allows GSWC greater flexibility to defer the issuance of long-term debt and equity in the face of potential market disruptions in order to repay short-term borrowings under these agreements.²

¹ D.20-05-10 at 18.

² A.19-11-023 at 21.

The new waiver will continue to authorize GSWC to issue new short-term debt securities under its revolving credit arrangements for short-term purposes for an additional term of up to 24 months.

The request for the new waiver will not invalidate any of the requested New Debt Securities in A.19-11-023, nor any authority granted by D.20-05-010, Ordering Paragraphs 1 through 20.

Tier Designation

As directed, this advice letter is submitted with a Tier 2 designation. GSWC request that this filing become effective on April 16, 2022.

Customer Notice

Pursuant to Water Industry Rule No. 3.2 in the Commission's General Order 96-B, this advice letter does not require a customer notice nor a customer notice verification.

Response or Protest

Anyone may submit a response or protest for this 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 (AL). A **protest** objects to the AL 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.

WD must receive a response or protest via email (**or** postal mail) within 20 days of the date the AL is filed. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

The addresses for submitting a response or protest are:

Email Address:

Water.Division@cpuc.ca.gov

Mailing Address:

CA Public Utilities Commission
Division of Water and Audits
505 Van Ness Avenue
San Francisco, CA 94102

On the same day the response or protest is submitted to WD, the respondent or protestant shall send a copy of the protest to Golden State Water Company at:

Email Address:

regulatoryaffairs@gswater.com

Mailing Address:

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

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform DWA, 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
Regulatory Analyst

- c: Jim Boothe, CPUC – Water Division
- Victor Chan, CPUC- CalPA
- Richard Rauschmeier, CPUC- CalPA
- Jeremy Ho, CPUC- Water Division