

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 16, 2021

Ronald Moore
Regulatory Affairs Department
Golden State Water Company
RKMoore@gswater.com

Re: Golden State Water Company Advice Letter 1865-W

Dear Mr. Moore:

Please be advised that Water Division has accepted Golden State Water Company's (Golden State) Tier 1 Advice Letter 1865-W submitted on November 4, 2021. Golden State's Advice Letter 1865-W outlines the provision of temporary emergency water service to Rolling Hills Mutual Water Company (Rolling Hills) from Golden State's Lake Marie water system in its Santa Maria Customer Service Area.

Advice Letter 1865-W indicates that water service will be provided to Rolling Hills through a temporary above-ground 3000-foot four-inch pipeline ("Temporary Pipeline") funded by a Department of Water Resources grant ("Grant") under its Small Community Drought Relief Program. Pursuant to the Temporary Water Supply Agreement ("Agreement") attached to Advice Letter 1865-W as Attachment A, Golden State is responsible for the design and installation of the connection ("Temporary Service Connection") between the Lake Marie water system and the Temporary Pipeline. (Agreement at Section 1.2). The Agreement also provides that Rolling Hills will compensate Golden State for all costs incurred in the design and installation of the Temporary Service Connection. (Agreement at Section 1.2). The expectation being that funds for the design and installation of the Temporary Service Connection will be provided as part the proceeds from the Grant.

Revenues received as compensation for all costs of Golden State's labor, equipment, materials, and other assets used in the design and installation of the Temporary Service Connection should be booked to Golden State's 2021 Water Conservation Memorandum Account ("2021 WCMA"). When Golden State amortizes the 2021 WCMA, these revenues should be used to offset eligible costs booked to the 2021 WCMA and any remaining balance refunded to customers in the Santa Maria Customer Service Area.

As noted in Advice Letter 1865-W at p. 3, quantity rates will be billed at the non-residential metered water rate and existing customers will not be impacted by the temporary water supply agreement. Further, as explained, quantity rate revenues collected from service to Rolling Hills should be booked to Golden State's Water Revenue Adjustment Mechanism. Any incremental water supply cost associated with this emergency water service should be booked to the Modified Cost Balancing Account. Finally, service charge revenues collected from Rolling Hills

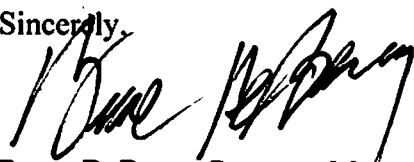
should be booked to the 2021 WCMA and used to offset any eligible costs booked to the 2021 WCMA and any remaining balance refunded to customers in the Santa Maria Customer Service Area when Golden State amortizes the 2021 WCMA.

To summarize the relevant details, Golden State proposes to provide water to an entity outside its service territory, at the rate paid by non-residential customers under its approved tariff. Golden State states there will be no rate impact to customers and that its Lake Marie water system has sufficient water supply capacity to meet in-door water usage needs for the existing 21 customers in Rolling Hills, such that its existing customers will not be adversely impacted by the agreement. The agreement is to provide water on a temporary basis and does not commit Golden State to permanently providing service.

Water Division has reviewed the agreement and finds that it does not provide service under unreasonably favorable terms and conditions or require Golden State's customers to subsidize the service to Rolling Hills. Under these circumstances, the agreement between the utility and Rolling Hills does not require Commission approval. Golden State should include sufficient information in its next general rate case or when it seeks to amortize its WCMA for the Commission to review any rate impacts resulting from the agreement. Further, Golden State is advised that if it chooses to acquire the Rolling Hills water system, it will need to request authorization from the Commission.

If there are any questions regarding this matter, contact James Boothe at JB5@cpuc.ca.gov.

Sincerely,



Bruce DeBerry, Program Manager
Water Division

Cc: Richard Rauschmeier, Public Advocates Office

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

Advice Letter Cover Sheet

Utility Name: GOLDEN STATE WATER COMPANY

Date Mailed to Service List: 11/4/2021

District: SANTA MARIA

CPUC Utility #: 133 W

Protest Deadline (20th Day): 11/24/2021

Advice Letter #: 1865-W

Review Deadline (30th Day): 12/3/2021

Tier 1 2 B Compliance

Requested Effective Date: TBD

Authorization G.O. 96-B

Rate Impact: N/A

Description: Emergency Water Service to Rolling Hills
Mutual Water Company

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: Ronald Moore

Utility Contact: Nguyen Quan

Phone: (909) 394-3600 x682

Phone: (909) 394-3600 x664

Email: rkmoore@gswater.com

Email: nquan@gswater.com

WD Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

WD USE ONLY

DATE

STAFF

COMMENTS

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

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



November 4, 2021

Advice Letter No. 1865-W

(133 W)

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: Emergency Water Service to Rolling Hills Mutual Water Company

PURPOSE

Golden State Water Company (“GSWC”) hereby requests authorization from the California Public Utilities Commission (“Commission”) to provide emergency water service to the Rolling Hills Mutual Water Company (“Rolling Hills”). The goal of this request is to provide a clean and affordable source of emergency water service to a community that is currently without water due to a failed groundwater well, which is beyond repair.

BACKGROUND

Rolling Hills serves 21 residential customers in unincorporated Santa Barbara County, California. Rolling Hills’ only active water well has failed despite repeated attempts to rehabilitate it. Currently, the Rolling Hills service area is without water service.

In July 2021, Santa Barbara County Environmental Health (“SBCEH”) contacted GSWC. SBCEH is the Local Primacy Agency, which oversees water systems that have less than 200 connections. SBCEH informed GSWC that Rolling Hills’ only active water well was beyond repair and the customers were completely without water service. SBCEH and Rolling Hills requested emergency water service to serve the 21 customers.

Rolling Hills is seeking a temporary water connection from GSWC to deliver clean, potable water to its customers. GSWC and Rolling Hills have entered into an agreement whereby GSWC will supply water from its Santa Maria Customer Service Area’s Lake Marie water system. The Lake Marie water system is located approximately one half mile north of Rolling Hills and has sufficient water supply capacity to meet in-door water usage needs for the existing 21 customers in Rolling Hills.

An above ground temporary 3,000-foot 4-inch pipeline will be installed and used to connect GSWC’s water supply to Rolling Hills. The pipeline falls within the public right of way, and the County of Santa Barbara has waived the requirement for an encroachment permit. In addition, there are needed appurtenances, including a valve, master meter and

backflow prevention assembly to deliver water to the community served by Rolling Hills. Lastly, Rolling Hills is located at the same hydraulic gradient, so no additional pumping is required to deliver water to the Rolling Hills interconnection, with the exception being an increase in the volume of groundwater pumped to accommodate the additional water supply required to serve the 21 customers in Rolling Hills.

DISADVANTAGED COMMUNITY

According to the State Water Board's Safe and Affordable Funding for Equity and Resilience (SAFER) program, the community of Rolling Hills has not been classified as disadvantaged.

PROJECT COSTS

Rolling Hills does not have the financial capacity to fund the project and requested assistance from the Department of Water Resources ("DWR") through the Small Community Drought Relief Program ("Program"). In addition to funding the temporary pipeline and appurtenances, the grant will also pay for the water meter used to measure the water delivered to Rolling Hills.

The Program was authorized by the Legislature pursuant to the Budget Act of 2021 (Stats. 2021, ch. 69, §112) and its Trailer Bill, Assembly Bill 148 (Stats. 2021, ch. 115, § 97). The intent of the Program is to provide immediate and near-term financial and/or technical support to help small communities in counties to survive the current drought and future droughts.

DWR has approved Rolling Hills' funding request and the system is currently waiting for execution of a funding agreement. The term of the funding will be from September 21, 2021 to September 30, 2022. The approved funding is not to exceed the amount of \$29,300. The pipeline is estimated to cost \$19,300, and up to \$10,000 is estimated for a meter, backflow prevention assembly and other appurtenances that will be reimbursed to GSWC to prepare the point of the interconnection.

TEMPORARY PIPELINE INSTALLATION

The pipeline project proposes to use a private contractor to procure and install the needed piping. The project will also require the installation of valve, master meter and backflow prevention assembly.

ALTERNATIVE SOLUTION

Rolling Hills considered hauling water as an emergency water source, however, it was determined to be unaffordable. It would require the lease of a holding tank and associated plumbing and a contract with a water hauler that would need to make two trips per day (assuming 5,000-gallon tank is sufficient). The cost per year could reach approximately \$200,000, not including the purchase of water.

The interconnection with GSWC, using the temporary above ground pipeline, as discussed above, was determined to be the most economically feasible solution.

ROLLING HILLS WATER SERVICE CHARGES

GSWC will charge Rolling Hills the current non-residential metered water rate, in effect, for the duration of the emergency water service period, including any applicable surcharges and surcredits. The service charge will be the monthly rate for the size of meter used to deliver the water to Rolling Hills.

IMPACT TO GSWC CUSTOMERS

Due to the funding that Rolling Hills has secured from DWR to construct the temporary pipeline and purchase the water meter to provide emergency water service to Rolling Hills, GSWC's Santa Maria customers will not be impacted by the temporary water supply agreement.

GSWC TREATMENT OF REVENUES

The revenues received from quantity rate charges for the Rolling Hills water service will be tracked in GSWC's Water Revenue Adjustment Mechanism ("WRAM"). GSWC will track the revenues from the service charge collected from Rolling Hills in the 2021 Water Conservation Memorandum Account ("2021WCMA"). When GSWC amortizes the 2021WCMA, the service charge revenues will be refunded to Santa Maria customers.

TRACKING OF SUPPLY COSTS

GSWC will include any incremental supply costs to provide emergency water service to Rolling Hills in its Modified Cost Balancing Account ("MCBA").

TEMPORARY WATER SUPPLY AGREEMENT

GSWC has attached a copy of the executed Temporary Water Supply Agreement between GSWC and Rolling Hills to this advice letter. See Attachment A.

EFFECTIVE DATE

GSWC requests that this filing become effective upon regular statutory notice.

TIER DESIGNATION

This advice letter is submitted with a Tier 1 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 a customer notice nor a customer notice verification.

RESPONSE OR PROTEST

Anyone may submit a response or protest for 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 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
Water Division
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
Ronald Moore
630 East Foothill Blvd.
San Dimas, CA 91773

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.

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 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,

/s/ Ronald Moore

Ronald Moore
Regulatory Affairs Department
Golden State Water Company

c: Jim Boothe, CPUC - Water Division
Jeremy Ho, CPUC- Water Division
Victor Chan, CPUC- Cal Advocates
Richard Rauschmeier, CPUC- Cal Advocates
Jonathan Kerley, President, Rolling Hills Water Association

GOLDEN STATE WATER COMPANY

SERVICE LIST

SANTA MARIA DISTRICT

City of Santa Maria
2065 East Main Street
Santa Maria, CA 93454
lmelong@ci.santa-maria.ca.us

County of Ventura
800 S. Victoria Street
Ventura, CA 93009

County Counsel
105 East Anapamu Street, Rm. 201
Santa Barbara, CA 93101

County Clerk
County of San Luis Obispo
1055 Monterey Street - #D-120
San Luis Obispo, CA 93408

County Counsel
County of San Luis Obispo
County Government Center, #D-320
San Luis Obispo, CA 93408

City Clerk & City Attorney
City of Santa Maria
110 East Cook Street
Santa Maria, CA 93454
rwhite@cityofsantamaria.org - Chief Deputy City Clerk
jpatrick@cityofsantamaria.org - Asst. City Attorney
sspringer@cityofsantamaria.org - Director/Utilities

City Clerk & City Attorney
City of Guadalupe
918 Obispo Street
Guadalupe, CA 93434

LAFCO
1042 Pacific Street, Suite A
San Luis Obispo, CA 93401
dbloyd@slolafco.com

Santa Barbara LAFCO
105 E. Anapamu Room 406
Santa Barbara, CA 93101
lafo@sblafco.org

Cypress Ridge Owner's Association
Attn: President
1400 Madonna Road
San Luis Obispo, CA 93405
Cory.Bauer@managementtrust.com

County Government Center
1050 Monterey Street – Room 207
San Luis Obispo, CA 93408

Robert Miller, Wallace Gp
Nipomo Mesa Management Area
612 Clarion Court
San Luis Obispo, CA 93401

Thomas J. MacBride Jr.
505 Sansome St., Suite 900
San Francisco, CA 94111
tmacbride@goodinmacbride.com

Megan Somogyi
Goodin, MacBride, Squeri & Day, LLP
505 Sansome Street, Suite 900
San Francisco, CA 94111
MSomogy@goodinmacbride.com

Ann Watson:
watconsult@sbcglobal.net

Jose Guzman Jr.
JEGuzmanJr@gmail.com

Larry Versaw
Larryversaw@gmail.com

Ron Green: rgreen2275@charter.net

Attachment A

TEMPORARY WATER SUPPLY AGREEMENT

10-29-21

This Temporary Water Supply Agreement ("**Agreement**"), dated as of [], 2021 ("**Effective Date**"), is entered into by and between:

- (1) Rolling Hills Water Association, Inc., a California corporation ("**RHWA**"); and
- (2) Golden State Water Company, a California corporation ("**GSWC**").

RHWA and GSWC may be referred to each individually as a "**Party**" and collectively as the "**Parties**".

RECITALS

- (A) RHWA is a California nonprofit mutual benefit corporation and mutual water company pursuant to California Corporations Code § 14300. RHWA owns and operates the Rolling Hills Mutual Water Company public water system (CA4200851) in unincorporated Santa Barbara County, California, consisting of one groundwater well, a 20,000-gallon water storage tank, and a distribution system with 21 service connections (the "**RHWA System**").
- (B) GSWC is a Class A public utility and water corporation, as defined by California Public Utilities Code §§ 216 and 241, and provides water services to multiple communities in California pursuant to certificates of public convenience and necessity issued by the California Public Utilities Commission ("**CPUC**"). GSWC owns and operates the Lake Marie public water system (CA4210022) in unincorporated Santa Barbara County, California, consisting of six groundwater wells, water treatment facilities, water storage facilities, and a distribution system with 206 service connections (the "**Lake Marie System**"). GSWC also owns and operates five other public water systems in the vicinity of the Lake Marie System, with a total of approximately 15,400 service connections.
- (C) Under current drought conditions, the groundwater well that normally supplies water to the RHWA System has ceased to produce groundwater in quantities that meet domestic water demands of its customers, including water to be used for essential drinking, cooking, cleaning and sanitary purposes. In addition, the water storage tank owned by RHWA has failed, and the distribution system has been depressurized, leading to an inability to supply any water to the properties connected to the RHWA System. Therefore, RHWA requires a supplemental supply of water on a temporary, emergency basis.
- (D) On September 21, 2021, RHWA received approval of funding by the California Department of Water Resources ("**DWR**") under its Small Community Drought Relief Program for the Rolling Hills Emergency Intertie Project, which includes construction of a temporary, above-ground, 3000-foot, 4-inch, HDPE pipeline from the Lake Marie System to the RHWA System, in an amount not to exceed \$29,300 (the "**Grant**").
- (E) RHWA wishes to purchase from GSWC, and GSWC is willing to sell to RHWA, groundwater supplies on a temporary basis, subject to the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **TEMPORARY PIPELINE**

- 1.1 **Design and installation.** RHWA shall design and install a water pipeline extending from the Lake Marie System to the RHWA System (the "**Temporary Pipeline**"). The Temporary Pipeline shall be constructed of materials and in a manner that qualifies for use in the distribution of potable water supplies on a temporary, emergency basis, pursuant to applicable laws and regulations of the United States and State of California, including the State Water Resources Control Board ("**SWRCB**"). The Temporary Pipeline will be designed and constructed in substantial conformity to the conceptual plan contained in Schedule 1.1. RHWA shall obtain and be fully responsible for maintaining and complying with all necessary permits and approvals from all governmental authorities, including those related to construction, use of public rights of way, protection of the environment, natural resources, fish and wildlife.
- 1.2 **Temporary Service Connection.** GSWC shall design and install a connection between the Lake Marie System and the Temporary Pipeline, including a valve, backflow prevention device and totalizing flow meter for the purpose of measuring the quantity of water delivered to RHWA under this Agreement (the "**Temporary Service Connection**"), in accordance with CPUC Rule 13. RHWA shall reimburse GSWC for all costs incurred related to design and installation of the Temporary Service Connection. The Parties understand that RHWA intends to reimburse GSWC out of the proceeds of the Grant, but RHWA shall also be responsible to GSWC for any amount by which the costs incurred by GSWC related to design and installation of the Temporary Service Connection exceed the amount available to RHWA under the Grant; provided, that GSWC shall not incur any costs in excess of the amount of the Grant without the prior approval of RHWA, which approval RHWA shall not unreasonably withhold, condition or delay.
- 1.3 **Ownership of facilities.** Each Party will own the facilities for which it is responsible for installation pursuant to this Agreement, i.e., RHWA for the Temporary Pipeline as set forth in Section 1.1, and GSWC for the Temporary Service Connection, as set forth in Section 1.2.
- 1.4 **Operation, maintenance, repair and replacement.** During the Effective Period, RHWA shall be responsible for all operation, maintenance, repair and replacement of the Temporary Pipeline; provided, that RHWA shall notify GSWC at least 72 hours in advance of any such activity that would have the potential to affect flows through the Temporary Pipeline and shall not take any action that would have the potential to affect the valve, backflow prevention device, meter or other facilities located at the Temporary Service Connection without the prior written approval of GSWC, which approval GSWC may withhold or condition in its discretion.

2. **DELIVERY OF WATER**

- 2.1 **Delivery of supplemental water supply.** GSWC will deliver water from the Lake Marie System to RHWA at the Temporary Service Connection. The services provided to RHWA will be subject to all rules and regulations adopted by GSWC or the CPUC and generally applicable to all temporary service connections of GSWC. GSWC will deliver water to RHWA that satisfies the requirements of all laws and regulations of the United States and State of California, including the CPUC and SWRCB, but GSWC shall have no liability related to water quality once water has been delivered through the Temporary Service Connection into the Temporary Pipeline or RHWA System.
- 2.2 **Water rate.** RHWA shall pay GSWC for water delivered to the Temporary Service Connection based on GSWC's tariff for Non-Residential Metered Service then in effect for GSWC's Santa Maria District ("**Tariff**"). A copy of the Tariff in effect on the Effective Date is contained in Schedule 2.2. If following the Effective Date the CPUC approves any amendment to or

modification of the Tariff, RHWA shall pay GSWC for water pursuant to the amended or modified Tariff, including any surcharges or surcredits, as of the effective date of the new Tariff. This Agreement shall not be construed to affect in any way the normal process that GSWC and the CPUC follow to prepare and approve tariffs; provided, that RHWA may participate in that process on the same basis as any other customer of GSWC.

2.3 **No new connections.** During the Effective Period of this Agreement, RHWA shall not (a) issue a new membership to any person, (b) install or agree to install a new water service connection between the RHWA System and any property, (c) deliver water to any property or person that did not receive water from the RHWA System prior to the Effective Date, or (d) deliver water to any person or property in any manner that would exceed the scope of water deliveries as of the Effective Date, without the prior written approval of GSWC, which approval GSWC may withhold or condition in its discretion. RHWA understands and agrees that its ability to add new water service connections in future may be limited by the jurisdiction and actions of the Santa Clara County Superior Court in the Santa Maria Groundwater Adjudication, entitled *City of Santa Maria et al. v. Adam et al.*, Case No. 1-97-CV770214.

2.4 **Limitation on flows.** The Temporary Pipeline and Temporary Service Connection will be sized to meet the maximum daily indoor domestic water demands of the RHWA customers to the extent possible, but will not be sized to meet the demands of fire flows on the RHWA System or outdoor water use. RHWA shall be responsible for meeting any greater flow demands, including any fire flow or outdoor water use demands, using the facilities in its own RHWA System, for example, the existing groundwater well and water storage tank.

2.5 **Responsibility for water.** GSWC shall own, control and have responsibility for all water to be delivered to RHWA upstream of the Temporary Service Connection. RHWA shall own, control and have responsibility for all water delivered to RHWA downstream of the Temporary Service Connection. For purposes of this Section 2.5, water will be deemed to have passed from the ownership and control of GSWC to RHWA when it passes the downstream edge of the meter to be installed at the Temporary Service Connection. In particular, RHWA acknowledges and agrees that it shall be responsible for the quality of all water downstream of the Temporary Service Connection, with the understanding that the quality of water in the RHWA System may be affected by re-introduction of flows into the RHWA System following the depressurization described in Recital (C), and GSWC will have no responsibility or liability therefor.

3. **RHWA SYSTEM**

At all times prior to, during and following the Effective Period, RHWA shall be responsible for ownership, operation, maintenance, repair, replacement and all other actions related to the RHWA System, and GSWC shall have no responsibility therefor.

4. **TERM**

4.1 **Effective Period.** This Agreement shall be effective from the Effective Date through the Termination Date (the "**Effective Period**").

4.2 **Termination.** Either Party may terminate this Agreement in its discretion by providing Notice to the other Party at least 180 days prior to the proposed date on which the Effective Period shall terminate (the "**Termination Date**"), which shall be set forth in the Notice. Following the Termination Date, those provisions of this Agreement that will necessarily be performed

after the Termination Date shall remain in effect, including any payments owed by RHWA to GSWC pursuant to Section 2.2.

4.3 **Alternative water supply.** Following the Effective Date, RHWA shall take all actions necessary to identify and acquire an alternative water supply to replace the water to be delivered by GSWC pursuant to this Agreement, it being the intent of the Parties that this Agreement represent only a temporary arrangement. GSWC shall cooperate with RHWA in support of any actions by RHWA; provided, that GSWC shall not be required to incur any cost or expense except upon agreement by RHWA to reimburse GSWC for such cost or expense. At such time as RHWA has secured an alternative water supply, it is the intent of GSWC to terminate this Agreement as set forth in Section 4.2.

4.4 **Suspension of water deliveries.** GSWC may suspend water deliveries to RHWA based on: (a) unavailability or restriction of water supplies in the Lake Marie System; (b) operation, maintenance or repair activities on the Lake Marie System; (c) order of the CPUC, SWRCB or other governmental body of competent jurisdiction; it being understood by RHWA that the permanent customers of GSWC shall have priority in receiving delivery of water as against RHWA. GSWC will provide Notice to RHWA of any such suspension of water deliveries with reasonable timing given the nature of the circumstances.

5. **POTENTIAL FUTURE CONSOLIDATION**

By execution of this Agreement, neither Party shall be required to enter into any future agreement concerning acquisition of the RHWA System by GSWC or consolidation of the RHWA System with the Lake Marie System, or be bound to any specific terms or conditions that might be agreed upon related to such potential acquisition or consolidation. RHWA understands and agrees that by providing a temporary water supply to RHWA pursuant to this Agreement, GSWC does not commit to any future acquisition or consolidation of the RHWA System or similar transaction or water supply arrangement.

6. **REPRESENTATIONS AND WARRANTIES OF RHWA**

As a material inducement to GSWC to execute and perform its obligations under this Agreement, RHWA represents and warrants to GSWC that the statements contained in this Section 6 are true, correct and complete as of the Effective Date and, to the extent within the control of RHWA, shall remain correct and complete throughout the Effective Period. For purposes of this Agreement, "**Knowledge**" means the actual knowledge of any natural person or, if applied to an organization, any director or officer of such organization.

6.1 **Organization and authority of RHWA.** RHWA is a corporation duly organized, validly existing, and in good standing under the laws of the State of California. RHWA has full corporate power and authority to enter into this Agreement, to carry out its obligations hereunder, and to consummate the transactions contemplated hereby. The execution and delivery by RHWA of this Agreement, the performance by RHWA of its obligations hereunder, and the consummation by RHWA of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of RHWA. A duly adopted and certified resolution of the board of directors of RHWA authorizing the execution of this Agreement is contained in Schedule 6.1. This Agreement constitutes a legal, valid and binding obligation of RHWA enforceable against RHWA in accordance with its terms.

6.2 **No conflicts or consents.** The execution, delivery and performance by RHWA of this Agreement and the consummation of the transactions contemplated hereby do not and will not: (a) violate or conflict with any provision of any constitution, statute, code, law, ordinance, regulation, rule, treaty, compact, common law or other legal requirement of any

governmental authority applicable to RHWA or the RHWA System; (b) violate or conflict with any order, writ, judgment, injunction, decree, stipulation, decision, determination, permit, license, penalty or award entered by any governmental authority applicable to RHWA or the RHWA System; (c) require a governmental order or the consent, approval, notice of, filing with or other action by any individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity; or (d) violate or conflict with, result in the acceleration of, or create in any party the right to accelerate, terminate, modify or cancel any contract to which RHWA is a party or by which RHWA or the RHWA System is bound.

6.3 **Legal proceedings.** There are no claims, actions, causes of action, demands, lawsuits, arbitrations, inquiries, audits, notices of violation, proceedings, litigation, citations, summons, subpoenas or investigations of any nature, whether at law or in equity, pending or to RHWA's Knowledge threatened against or by RHWA: (a) relating to or affecting the RHWA System; or (b) that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such action.

6.4 **Compliance with laws and orders.** RHWA is in compliance with all laws and regulations of the United States and State of California applicable to the conduct of the business of RHWA as currently conducted or the ownership and use of the RHWA System. RHWA is in compliance with all governmental orders against, relating to, or affecting the RHWA System.

6.5 **Full disclosure.** No representation or warranty by RHWA in this Agreement and no statement contained in the schedules to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein not misleading, in light of the circumstances in which they are made.

7. **INDEMNIFICATION BY RHWA**

RHWA shall indemnify and defend GSWC and its directors, officers, employees, contractors and consultants (collectively the "**GSWC Indemnitees**") against, and shall hold each of them harmless from and against, any and all losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs, expenses or ordered refunds or payments of whatever kind, including reasonable attorney fees (collectively "**Losses**"), incurred or sustained by, or imposed upon, the GSWC Indemnitees based upon, arising out of, or with respect to: (a) any inaccuracy in or breach of any of the representations or warranties of RHWA contained in this Agreement; (b) any breach or non-fulfilment of any covenant, agreement or obligation to be performed by RHWA pursuant to this Agreement; (c) any third party claim based upon, resulting from, or arising out of the business, operations, properties, assets or obligations of RHWA; or (d) any third party claim based upon, resulting from, or arising out of any action undertaken by GSWC in performance of its obligations pursuant to this Agreement.

8. **No WARRANTIES BY GSWC; RELEASE BY RHWA**

RHWA understands and agrees that GSWC disclaims any representations, warranties or covenants regarding the flows that will be available through the Temporary Service Connection or any other matter in connection to this Agreement, and RHWA hereby releases GSWC from any and all liability for flows that may be less than the water demands of the RHWA customers, including any domestic or fire flow water demands, or any other liability related to, or arising out of, this Agreement or the matters contemplated hereby. RHWA understands and agrees that the release provided herein extends to all claims of every nature and kind, whether known or unknown, suspected or unsuspected. It is expressly understood

and agreed that RHWA hereby waives the provisions of California Civil Code § 1542, which provides as follows: "**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party**".

9. **INTERPRETATION**

9.1 **Definitions.** Capitalized terms used in this Agreement have the meanings given to such terms herein.

9.2 **Interpretation.** The provisions of this Agreement should be liberally interpreted to effectuate its purposes. The language of this Agreement shall be construed simply according to its plain meaning and shall not be construed for or against any Party, as each Party has participated in the drafting of this Agreement and had the opportunity to have their counsel review it. Whenever the context and construction so requires, all words used in the singular shall be deemed to be used in the plural, all masculine shall include the feminine and neuter, and vice versa. The word "including" means without limitation, and the word "or" is not exclusive. Unless the context otherwise requires, references herein: (a) to Sections and Schedules mean the sections of, and the exhibits and schedules attached to, this Agreement; (b) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and by this Agreement; and (c) to a law means such law as amended from time to time and includes any successor legislation thereto.

9.3 **Incorporation of recitals and schedules.** The recitals set forth herein and the schedules attached hereto are incorporated into this Agreement and made a part hereof.

9.4 **Severability.** If any term, provision, covenant or condition of this Agreement shall be or become illegal, null, void or against public policy, or shall be held by any court of competent jurisdiction to be illegal, null, void, against public policy or otherwise unenforceable, such term shall be modified or changed by the Parties to the extent possible to carry out the intentions and directives stated herein, or otherwise shall be severed. The remaining provisions of this Agreement shall remain in full force and effect and shall not be affected, impaired or invalidated thereby.

9.5 **Entire agreement.** This Agreement constitutes the sole and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

9.6 **Amendment and modification.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto.

9.7 **Governing law; submission to jurisdiction.** All matters arising out of or relating to this Agreement shall be governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule, whether of the State of California or any other jurisdiction. Any action arising out of or related to this Agreement or the transactions contemplated hereby may be instituted in the courts of the United States of America or the State of California, and each Party irrevocably submits to the exclusive jurisdiction of such courts in any such action. The Parties acknowledge that this provision is mandatory and not permissive in nature, and was expressly bargained for and considered by the Parties in establishing the terms and conditions set forth in this Agreement.

10. **DISPUTES**

10.1 **Default and cure.** The failure by any Party to perform its obligations under this Agreement, which continues for more than 30 days after receipt of written Notice from the other Party stating the existence and nature of such default, shall constitute a "**Default**", unless the default cannot be cured in 30 days, and in that event, if the defaulting Party fails to continuously and diligently remedy the default.

10.2 **Waiver.** No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. The failure of any Party at any time or times to enforce or require performance of any provision shall not operate as a waiver or affect the right of such Party at a later time to enforce the same. No waiver by any Party of any condition or the breach of any term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach, or a waiver of any other condition or of any other breach of any term, covenant, representation or warranty contained in this Agreement.

10.3 **Remedies.** The Parties agree that in the event of a Default or breach of this Agreement, the Parties shall have all remedies at law or equity available to them, including specific performance and termination of this Agreement, and no remedy or election shall be deemed exclusive but shall, whenever possible, be cumulative with all other remedies at law or in equity.

11. **MISCELLANEOUS**

11.1 **Expenses.** All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses, unless otherwise expressly set forth in this Agreement.

11.2 **Notices.** All notices, claims, demands and other communications hereunder (each a "**Notice**") shall be in writing and shall be deemed to have been given: (a) when delivered by hand; (b) when received by the addressee if sent by a nationally recognized overnight courier, receipt requested; (c) on the date sent by email of a PDF document with confirmation of transmission, if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the fifth day after the date deposited with the United States Postal Service, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective Parties at the following addresses, or at such other address for a Party as shall be specified in a Notice given in accordance with this Section 11.2:

If to RHWA: Rolling Hills Water Association, Inc.
Attn: Jonathan Kerley
5874 Telephone Rd
Santa Maria, CA 93455
Email: jon@newimagethrift.com

If to GSWC: Golden State Water Company
Attn: Vice President – Water Operations
630 East Foothill Blvd
San Dimas, CA 91773
Email: paul.rowley@gswater.com and dawn.white@gswater.com

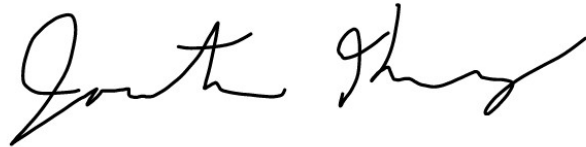
with a copy to: Ashurst LLP
Attn: Wes Strickland
1299 Ocean Ave, Ste 320
Santa Monica, CA 90401
Email: wes.strickland@ashurst.com

- 11.3 **Successors and assigns.** This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Neither Party may assign its rights or obligations hereunder, including by merger or operation of law, without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed. Any purported assignment in violation of this Section 11.3 shall be null and void. No assignment shall relieve the assigning Party of any of its obligations hereunder.
- 11.4 **No third party rights.** Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the Parties to this Agreement and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligations or liability of any third persons to any Party to this Agreement, nor shall any provision give any third persons any right of subrogation or action over or against any Party to this Agreement. In particular, nothing in this Agreement establishes or recognizes any right of any member of RHWA in relation to GSWC, or creates any privity of contract between any member of RHWA and GSWC.
- 11.5 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.


[Signatures on following pages]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized.

Signed by)
)
)
JONATHAN KERLEY)
PRESIDENT)
for and on behalf of **ROLLING HILLS**)
WATER ASSOCIATION, INC.:)



Signed by)
)
)
PAUL ROWLEY)
VICE PRESIDENT – WATER OPERATIONS)
for and on behalf of **GOLDEN STATE**)
WATER COMPANY:)


Digitally signed by prowley
DN: cn=prowley
Date: 2021.11.04 09:51:14
-07'00'


SCHEDULE 1.1


CONCEPTUAL PLAN FOR TEMPORARY PIPELINE


Rolling Hills Emergency Connection

High-line pipeline from GSWC Lake Marie System to Rolling Hills

Legend

 Rolling Hills Emergency Connection Route

 Golden State Water Connection


 Driveway Crossing





Rolling Hills Emergency Connection

High-line pipeline from GSWC Lake Marie System to Rolling Hills

Legend

 Rolling Hills Emergency Connection Route

 Driveway Crossing


 Crossing - Unmaintained Telephone Rd.




Rolling Hills Emergency Connection

High-line pipeline from GSWC Lake Marie System to Rolling Hills

Legend

 Rolling Hills Emergency Connection Route

 Crossing - Unmaintained Telephone Rd.

Richview Rd

Telephone Rd

Telephone Rd

Google Earth




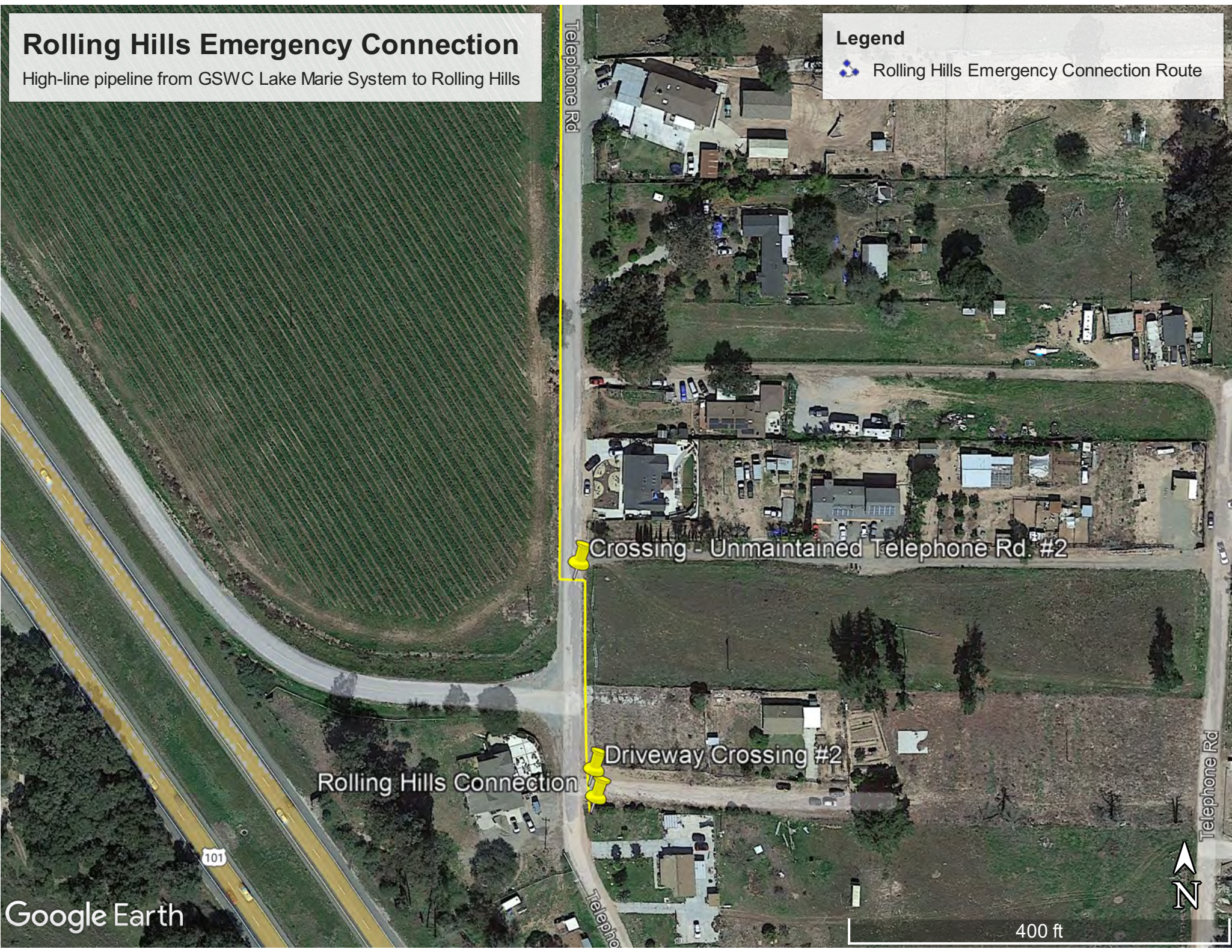
400 ft

Rolling Hills Emergency Connection

High-line pipeline from GSWC Lake Marie System to Rolling Hills

Legend

 Rolling Hills Emergency Connection Route



Telephone Rd

Telephone Rd

Telephone Rd

Crossing - Unmaintained Telephone Rd. #2

Driveway Crossing #2

Rolling Hills Connection

101

Google Earth



400 ft

SCHEDULE 2.2

TARIFF

Schedule No. SM-1-NR
Santa Maria District
Non-Residential Metered Service

APPLICABILITY

Applicable to all metered water services except those covered under SM-1-R.

TERRITORY

Within the established Santa Maria District, San Luis Obispo County and Santa Barbara County and the unincorporated area known as Tract 151, and vicinity, located approximately 2 miles southeast of the community of Oceano, San Luis Obispo County.

RATES

Quantity Rates:

For all water delivered, per 100 cu. Ft	\$ 3.515	(I)
---	----------	-----

Service Charges:	Per Meter Per Month	
------------------	------------------------	--

For 5/8 x 3/4-inch meter	\$ 22.31	(I)
For 3/4-inch meter	\$ 33.47	
For 1-inch meter	\$ 55.78	
For 1-1/2 inch meter	\$ 111.55	
For 2-inch meter	\$ 178.48	
For 3-inch meter	\$ 334.65	
For 4-inch meter	\$ 557.75	
For 6-inch meter	\$ 1,115.50	
For 8-inch meter	\$ 1,784.80	
For 10-inch meter	\$ 2,565.65	
Fire Sprinkler 4-inch to 3-inch	\$ 351.38	
Fire Sprinkler 6-inch to 2-inch	\$ 281.55	
Fire Sprinkler 6-inch to 3-inch	\$ 390.65	
Fire Sprinkler 8-inch to 2-inch	\$ 302.97	(I)

The service charge is a readiness-to-serve charge applicable to all metered service and to which is added the charge for water used computed at the Quantity Rates.

(Continued)

(To be inserted by utility)	<i>Issued By</i>	(To be inserted by P.U.C.)
Advice Letter No. <u>1854-W</u>	R. J. Sprowls	Date Filed <u>June 8, 2021</u>
Decision No. _____	President	Effective <u>July 1, 2021</u>
		Resolution No. _____

Schedule No. SM-1-NR
Santa Maria District
Non-Residential Metered Service

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
2. As authorized by Rule 9.1.e. for customers with more than one meter on a single service line, the customer's service charge rate is based on a factor multiplied by the service charge applicable to the nearest standard meter size of the combined meters as determined by the equivalent diameter methodology.
3. Non-residential Sprinkler rates can be added as needed utilizing the multiplication factors identified in Appendix F of D. 17-03-001, applied to the 5/8" meter charge.
4. Pursuant to Decision No. 19-05-044 and Advice Letter No. 1842-W, a surcharge of \$0.095 per Ccf will be applied to all metered customer bills excluding customers that are receiving the CAP credit. This surcharge will offset the CAP credits and CAP administrative program costs recorded in the CAP Balancing Account.
5. Pursuant to D. 13-05-011, to recover the Santa Maria Water Rights Litigation post expense balance as of December 31, 2005 a surcharge of \$0.126 per Ccf is to be added to the quantity rate and is subject to recalibration annually until May 21, 2023 or until the SMWRMA is fully recovered, whichever is sooner.
6. Applicants requesting a new service connection, a new water meter or an increase in the size of their existing service connection and/or existing water meter resulting in increased demand within the Santa Maria Customer Service Area, as defined on the Service Area Maps, must provide a source of supplemental water to offset the increased water demand, pursuant to the Court adopted Stipulation in Santa Maria Valley Water Conservation District v. City of Santa Maria, et al. (and related actions), Lead Case No. CV 770214, Superior Court of the State of California, County of Santa Clara, in January 2008, and Commission Decision No. 13-05-011.
7. Beginning July 1, 2021, as required by Section 792.5 of the Public Utilities Code, an increase in purchased power of \$0.02730/kWh and \$0.52496/Therms and an increase in purchased water of \$1.99923/Ccf, relative to the Purchased Power and Purchased Water cost adopted by Decision No. 19-05-044, and an associated revenue increase of 2.3%, are being tracked in a reserve account.

(N)
|
(N)

(Continued)

(To be inserted by utility)

Advice Letter No. 1854-W
Decision No. _____

Issued By
R. J. Sprowls
President

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

Date Filed June 8, 2021
Effective July 1, 2021
Resolution No. _____

SCHEDULE 6.1

**RESOLUTION OF THE BOARD OF DIRECTORS OF RHWA AUTHORIZING EXECUTION
OF THIS TEMPORARY WATER SUPPLY AGREEMENT**

