

**CALIFORNIA PUBLIC UTILITIES COMMISSION  
WATER DIVISION**

**Advice Letter Cover Sheet**

**Utility Name:** GOLDEN STATE WATER COMPANY **Date Mailed to Service List:** 5/21/2024  
**District:** ARDEN-CORDOVA  
**CPUC Utility #:** 133 W **Protest Deadline (20<sup>th</sup> Day):** 6/10/2024  
**Advice Letter #:** 1944-W **Review Deadline (30<sup>th</sup> Day):** 6/20/2024  
**Tier:**  1  2  3  Compliance **Requested Effective Date:** 7/1/2024  
**Authorization:** PUBLIC UTILITIES CODE § 851 AND  
GENERAL ORDER 173 **Rate Impact:** N/A  
**Description:** Aerojet/Rocketdyne License Agreement

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:** Jenny Darney-Lane  
**Phone:** (909) 394-3600 x 682 **Phone:** (909) 394-3600 x 423  
**Email:** [ronald.moore@gswater.com](mailto:ronald.moore@gswater.com) **Email:** [jadarneylane@gswater.com](mailto:jadarneylane@gswater.com)

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

**WD USE ONLY**

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

[ ] APPROVED [ ] WITHDRAWN [ ] REJECTED

**Signature:** \_\_\_\_\_ **Comments:** \_\_\_\_\_  
**Date:** \_\_\_\_\_ \_\_\_\_\_



May 21, 2024

Advice Letter No. 1944-W

(U 133 W)

## California Public Utilities Commission

Golden State Water Company ("GSWC") hereby submits this advice letter in accordance with the requirements of Public Utilities Code §851 and General Order 173 ("GO-173").

**Subject:** Aerojet/Rocketdyne License Agreement

### **PURPOSE**

GSWC is seeking authority from the California Public Utilities Commission ("Commission") to enter into the Aerojet/Rocketdyne License Agreement ("Agreement"). Under the Agreement, which is being submitted as a supporting workpaper to this advice letter, GSWC would agree to temporarily allow Aerojet/Rocketdyne ("Licensee") to access the soon-to-be non-operational/abandoned Dolecetto plant site ("Property") for purposes of performing Licensee's environmental remediation obligations on the Property, pursuant to the terms of the 2004 Master Settlement Agreement and Release ("MSA") that GSWC entered into with Aerojet/Rocketdyne. Among other things, the MSA addressed the extensive groundwater contamination attributed to past operational and disposal practices by Aerojet and remedial actions.

### **BACKGROUND**

The Dolecetto Well is located at 10535 Dolecetto Drive, APN 057-0071-007 and is a 2,634 square feet lot (0.06 acre). It is a 20' wide parcel on Dolecetto Drive.

The well is equipped with a perchlorate treatment system consisting of two IX Contactors in series (lead/lag). The Licensee already reimburses GSWC for all costs related to the treatment system. Due to the location of the perchlorate plume, the Dolecetto Well is a critical component of the plume containment system known as "GET K" and is described in the Environmental Protection Agency's ("EPA") Record of Design as part of the groundwater cleanup system.

A new well is being drilled and equipped by GSWC a short distance away and down gradient to replace this aged and failing well. The perchlorate treatment system from the Dolecetto Well will be relocated to this new well.

The Licensee desires to continue to use the former Dolecetto Well for groundwater plume containment. The Licensee's goal is to operate the former Dolecetto Well in the near term and connect it to its GET K treatment facility to continue to collect information on the status of groundwater plume. Licensee wants to use the Dolecetto Well to confirm

whether continued extraction at or near the former Dolecetto Well for plume control is needed.

The purpose of the Agreement is to establish a five-year license that includes a payment in the amount of the appraised value of the property, which is \$40,000, and the final destruction of the existing well and razing of the plant site at an estimated cost of \$167,000.

This Agreement does not constitute a “project” under the California Environmental Quality Act (“CEQA”) as the Dolecetto well will continue to be utilized in the same fashion as it currently is – pumping to perform groundwater plume containment as part of the Aerojet Superfund Site. In 2002, EPA issued Aerojet-General Corporation a Unilateral Administrative Order (“UAO”) for the Western Groundwater Operable Unit. Under the UAO, the well is part of the EPA’s approved extraction plan for the ongoing groundwater cleanup. Further, any Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”) clean-up projects under EPA oversight are exempt from CEQA permitting.

GSWC’s participation in the Agreement would not be adverse to the public interest because it will not compromise GSWC’s ability to serve customer demands, and will not materially impact its rates.

### **INFORMATION AS REQUIRED BY GENERAL ORDER 173**

**Rule 3 Eligibility Criteria.** GO-173 Rule 3 requires that the proposed Agreement meet the following eligibility criteria:

*3a: The activity proposed in the transaction will not require environmental review by the CPUC as a Lead Agency under California Environmental Quality Act (CEQA).*

This Agreement does not constitute a “project” under the CEQA as the Dolecetto well will continue to be utilized in the same fashion as it currently is – pumping to perform groundwater plume containment as part of the Aerojet Superfund Site. In 2002, EPA issued Aerojet-General Corporation a Unilateral Administrative Order (UAO) for the Western Groundwater Operable Unit. Under the UAO, the well is part of the EPA’s approved extraction plan for the ongoing groundwater clean up. Further, CERCLA clean-up projects under EPA oversight are exempt from CEQA permitting.

*3b: The transaction will not have an adverse effect on the public interest or on the ability of the utility to provide safe and reliable service to customers at reasonable rates.*

As discussed above, the GSWC's participation in the Agreement would not be adverse to the public interest because it will not compromise GSWC's ability to serve customer demands, and will not materially impact its rates. Further, GSWC is building a new well (Church Well) at another location to replace the Dolecetto well. The Agreement is therefore consistent with best practices, and will not have any adverse effect on the ability of GSWC to provide safe and reliable service to customers at reasonable rates.

*3c: Any financial proceeds from the transaction will either be booked to a memorandum account for distribution between shareholders and ratepayers during the next general rate case or be immediately divided between shareholders and ratepayers based on a specific distribution formula previously approved by the Commission for that utility.*

GSWC will record the lease payments as Other Revenues, which will be used to offset expenses in the Arden- Cordova customer service area.

*3d: If the transaction results in a fee transfer of real property, the property does not have a fair market value in excess of \$5 million.*

Not applicable.

*3e. If the transaction results in a sale of a building or buildings (without an accompanying fee interest transfer of the underlying land), the building(s) does not have a fair market value in excess of \$5 million.*

Not applicable.

*3f. If the transaction is for the sale of depreciable assets (other than a building or buildings), the assets do not have a fair market value in excess of \$5 million.*

Not applicable.

*3g. If the transfer is a lease or a lease-equivalent, the total net present value of the lease payments, including any purchase option, does not have a fair market value in excess of \$5 million, and the term of the lease will not exceed 25 years.*

This agreement is below the \$5 million threshold and is for a 5-year period.

*3h. If the transaction conveys an easement, right-of-way, or other less than fee interest in real property, the fair market value of the easement, right-of-way, or other interest in the property does not exceed \$5 million.*

Not applicable.

*3i. The transaction will not materially impact the ratebase of the utility.*

Entering the Agreement will not materially impact GSWC's ratebase.

*3k. The transaction does not warrant a more comprehensive review that would be provided through a formal Section 851 application.*

GSWC's entry into the Agreement does not involve any issues that would trigger a need for a more comprehensive review through a formal Section 851 application.

**Rule 4 Requirements.** GO 173 Rule 4 requires that the following information be included in advice letters:

*4a. Identity and addresses of all parties to the proposed transaction:*

Golden State Water Company  
3005 Gold Canal Drive  
Rancho Cordova, CA 95670

L3HARRIS TECHNOLOGIES  
2001 Aerojet Road  
Rancho Cordova, CA 95742 / USA

Informational Only:

Daewon Rojas-Mickelson  
EPA (SFD-7-2)  
75 Hawthorne Street  
San Francisco, CA 94105

Geoff Rader  
RWQCB-CV  
11020 Sun Center Drive, #200  
Rancho Cordova, CA 95670

Susan Scudder  
DTSC  
8800 Cal Center Drive, # 350  
Sacramento, C A 95826

*4b: A complete description of the property including present location, condition and use:*

As stated above, the Dolecetto Well is located at 10535 Dolecetto Drive, APN 057-0071-007 and is a 2,634 square feet lot (0.06 acre). It is a 20' wide parcel on Dolecetto Drive located between two houses (10533 and 10539 Dolecetto Drive).

The well is currently in use and is equipped with a perchlorate treatment system consisting of two IX Contactors in series (lead/lag). Aerojet/Rocketdyne ("AR") reimburses GSWC for all costs related to the treatment system. Due to the location of the perchlorate plume, this well is a critical component of the GET K plume containment system and is described in the EPA's Record of Design as part of the groundwater cleanup system.

A new well is being drilled and equipped by GSWC a short distance away and down gradient to replace this aged and failing well.

*4c: Transferee's intended use of the property:*

The Licensee intends to keep the well in operation for groundwater containment. Their goal is to ensure the continued operation of the well in the near term and connect the well to the influent pipeline to its GET K treatment facility while they collect information on groundwater capture with the replacement well (Church Well), AR extraction well 4763, and AC6 operating. The Licensee wants to confirm whether continued extraction at or near AC6 for plume control is needed. Should continued extraction at or near AC6 be recommended, the Licensee will likely want to locate and construct a well with proper screens to avoid the risk of another AC6 sloughing event interrupting operation of the well until it is rehabilitated. If Licensee installs a new well, it may or may not be installed at the same location and use the power drop and power panel on the parcel.

*4d: Complete description of financial terms of the proposed transaction:*

The 5-year license agreement that includes a payment in the amount of the appraised value of the property, which is \$40,000.

Destruction of the existing well and razing of site (valued at up to \$167,000 based on a recent well destruction contract cost in Simi Valley)

*4e. A description of how the financial proceeds of the transaction will be distributed:*

GSWC will record the lease payments as Other Revenues, which will be used to offset expenses in the Arden- Cordova customer service area.

*4f. A statement of the impact of the transaction on ratebase . . . , and any effect on the ability of the utility to serve customers and the public:*

The Agreement will have no material effect on GSWC's ratebase, as explained in response to Rule 3c, above. The transaction will not affect the ability of GSWC to serve customers and the public, as explained in response to Rule 3b, above.

*4g. For sales of real property and depreciable assets, the original cost, present book value, and present fair market value, and a detailed description of how the fair market value was determined (e.g., appraisal):*

Not applicable.

*4h. For leases of real property, the fair market rental value, a detailed description of how the fair market rental value was determined, and any additional information necessary to show compliance with Rule 3(g) above:*

A copy of the appraised value of the Dolecetto plant site is being submitted as a supporting workpaper to this advice letter.

*4i. For easements or rights-of-way, the fair market value of the easement or right-of-way and a detailed description of how the fair market value was determined:*

Not applicable.

*4j. A complete description of any recent past (within the prior two years) or anticipated future transactions that may appear to be related to the present transaction, such as sales or leases of interests in the same real property or real property that is located near the property at issue or that are being transferred to the same transferee; or for depreciable assets, sales of the same or similar assets or sales to the same transferee:*

Not applicable.

*4k. Sufficient information and documentation (including environmental documentation) to show that all of the eligibility criteria stated in Rule 3 above have been met:*

A copy of the draft license agreement is being submitted as a supporting workpaper to this advice letter.

*4l. The filing utility may submit additional information to assist in the review of the advice letter, including recent photographs, scaled maps, drawings, etc.:*



*4m. Environmental Information:*

*(1) If the Applicant believes that the Transaction is Exempt from Review under CEQA. If the applicant believes that the transaction is exempt from environmental review under a statutory or categorical exemption from CEQA, the applicant shall provide the following information:*

*(a) Has the proposed transaction been found exempt from CEQA by another government agency?*

No.

*(ii) If no, applicant shall state the specific CEQA exemption or exemptions that the applicant claims apply to the transaction, including citations to the applicable State CEQA Guideline(s) and/or*



statutes, and an explanation of why the applicant believes that each exemption applies. The applicant shall confirm that no exceptions to the claimed CEQA exemption(s) apply.

See information provided in response to Rule 3a, above.

*(2) If the Applicant Believes that the Transaction is not a Project under CEQA. If the applicant believes that the transaction is not a project under CEQA, the applicant shall include an explanation of its position.*

Not applicable.

*(3) If another Public Agency, Acting as the Lead Agency, has Completed Environmental Review of the Project and the Applicant Believes that the Commission is a Responsible Agency under CEQA.*

Not applicable.

### **TIER DESIGNATION**

Pursuant to GO 96-B, Water Industry Rule 7.3.2, this advice letter is submitted with a Tier 2 designation.

### **EFFECTIVE DATE**

GSWC requests that this advice letter become effective on July 1, 2024.

### **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 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;
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.

Water Division ("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 is:

California Public Utilities Commission, Water Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
E-Mail: [water.division@cpuc.ca.gov](mailto: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 of the protest to Golden State Water Company, addressed to:

Golden State Water Company  
Attn: Ronald Moore  
630 East Foothill Blvd.  
San Dimas, CA 91773  
E-mail: [regulatoryaffairs@gswater.com](mailto: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.

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  
Alex Pinedo, CPUC- Water Division  
Richard Rauschmeier, CPUC- Cal Advocates  
Victor Chan, CPUC- Cal Advocates

**GOLDEN STATE WATER COMPANY**

**SERVICE LIST**

**ARDEN-CORDOVA DISTRICT**

Sacramento Suburban Water District  
3701 Marconi Avenue, Suite 100  
Sacramento, CA 95821  
[HHernandez@sswd.org](mailto:HHernandez@sswd.org)  
[DYork@sswd.org](mailto:DYork@sswd.org)

Carmichael Water District  
7837 Fair Oaks Blvd.  
Carmichael, CA 95608  
[laura@carmichael.org](mailto:laura@carmichael.org)

California-American Water Co.  
4701 Beloit Drive  
Sacramento, CA 95838  
[ca.rates@amwater.com](mailto:ca.rates@amwater.com)

Citrus Heights Water District  
6230 Sylvan Road  
Citrus Heights, CA 95610

Fair Oaks Water District  
10317 Fair Oaks Blvd.  
Fair Oaks, CA 95628

City of Folsom  
50 Natoma Street  
Folsom, CA 95630

City of Rancho Cordova  
2729 Prospect Drive  
Rancho Cordova, CA 95670

County Clerk  
County of Sacramento  
P. O. Box 839  
Sacramento, CA 95812-0839

Steve Pedretti, Division Chief  
Sacramento County  
Department of Water Resources  
827 7<sup>th</sup> Street, Room 301  
Sacramento, CA 95814  
[DWRexecsecretary@saccounty.net](mailto:DWRexecsecretary@saccounty.net)

Director  
Sacramento County Water Agency  
827 7<sup>th</sup> Street, Room 301  
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**GOLDEN STATE WATER COMPANY**

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For: Sutter Pointe Landowners / Developers

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California Department of Fish & Game  
1701 Nimbus Road  
Rancho Cordova, CA 95670

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Department of Water Resources  
827 7<sup>th</sup> Street, Room 301  
Sacramento, CA 95814

Asst Attorney General  
State of California  
300 South Spring Street  
Los Angeles, CA 90013

Director  
Sacramento County Water Agency  
827 7<sup>th</sup> Street, Room 301  
Sacramento, CA 95814

Stuart Somach  
**Somach, Simmons & Dunn**  
500 Capital Mall, Suite 1000  
Sacramento, CA 95814

Office of The County Counsel  
1160 Civic Center Blvd., Suite C  
Yuba City, CA 95993