



110 W. Taylor Street  
San Jose, CA 95110-2131

June 24, 2025

Public Utilities Commission  
of the State of California  
505 Van Ness Avenue  
San Francisco, CA 94102

Advice Letter No. 618

San Jose Water Company (U-168-W) (SJWC) hereby transmits for filing the following changes in tariff schedules applicable to its service area and which are attached hereto:

<u>Cal. P.U.C Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal. P.U.C. Sheet No.</u>
2364-W	Preliminary Statement (Continued)	
2365-W	Table of Contents	2363-W

With this advice letter, SJWC requests authorization to establish the Water Contamination Litigation Memorandum Account (WCLMA) to track all expenses resulting from water contamination litigation. The filing is submitted in accordance with Commission Resolutions No. W-4094 dated March 26, 1998 (Attachment A), which authorizes all water utilities to establish a memorandum account for water contamination litigation expenses. Decision (D) 10-12-058 issued on December 16, 2010, established the final rules for the accounting of water contamination proceedings.

These tariffs are submitted pursuant to General Orders (GO) No. 96-B Water Industry Rules 7.3.1(3) and 8.2. This advice letter is designated as a Tier I Advice Letter.

#### Background

On March 26, 1998, the California Public Utilities Commission adopted a resolution W-4049 (Attachment A) authorizing Class A water utilities under Commission jurisdiction to establish a memorandum account for water contamination litigation proceedings.<sup>1</sup>

On October 14, 2010, the Commission issued D.10-10-018 adopting rules for accounting treatment of contamination proceeds arising from government grants and proposing counterpart rules for government loans and damage awards. D.10-10-018 were modified in D.10-12-058 issued on December 21, 2010.

On June 16, 2025, SJWC received an initial payment from 3M PFAS contamination litigation. SJWC is requesting this WCLMA to comply with D.10-12-058 and properly track net proceeds and costs resulting from the contamination and SJWC's response.

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<sup>1</sup> Resolution W-4094, Ordering Paragraph 1

SJWC will track the account in accordance with D.10-12-058's Appendix C (Rules for Accounting of Water Contamination Proceeds) 4:

“When Water Contamination proceeds are received by a utility, they shall be recorded both in cash account and, if authorized by the Commission, in a memorandum account. Once the proceeds have been invested in remediation and replacement Plant that has been placed in service, it must place these funds in a designated account, as specified in this order, and transactions associated with each account shall be restricted to the types of proceeds only.”

#### Effective Date

SJWC requests that the updated tariff sheets become effective June 24, 2025.

#### Protests and Responses

Anyone may respond to or protest this advice letter. A response does not oppose the filing but presents information that may prove 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 may include the following:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter 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 advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding;
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter 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 response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3<sup>rd</sup> floor  
California Public Utilities Commission,  
505 Van Ness Avenue  
San Francisco, CA 94102  
water\_division@cpuc.ca.gov

On the same date, the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy of the protest by mail to us, addressed to:

Regulatory Affairs  
San Jose Water Company  
110 West Taylor Street San Jose,  
California 95196 Fax 408.279.7934  
regulatoryaffairs@sjwater.com.

The advice letter process does not provide for any responses, protests or comments, except for the utility's reply, after the 20-day comment period.

In compliance with Paragraph 4.3 of General Order 96-B, a copy of this advice letter has been mailed to all interested and affected parties as detailed in the Service List.

SJWC currently has AL 616 and AL 617 pending approval before the Commission. This filing will not cause the withdrawal of service nor conflict with other schedules or rules.

Very truly yours,

/s/ Nanci Tran

NANCI TRAN  
Manager of Regulatory Affairs

Enclosures

**PRELIMINARY STATEMENT**  
**(Continued)**

**GG. Water Contamination Litigation Memorandum Account (WCLMA)**

**(N)**

1. Purpose

The purpose of the WCLMA is to track costs associated with litigating water contamination legal cases.

2. Accounting Procedure

CPUC resolution W-4094 (March 26, 1998) authorized water utilities to establish a memorandum account to track water contamination litigation related costs. D.10-12-058 established rules for the accounting of water contamination proceeds. Tracking of the WCLMA will be in accordance to Appendix C of D.10-12-058:

- a. A Debit entry is created for costs incurred due to contamination and may include but not limited to: capital investment in relation to the water contamination, related operating expense, A&G expense, and taxes associated with the plant funded through water contamination.
- b. A Credit entry is created to record any amount received from damages, awards, settlements, government sources, and /or insurance companies.
- c. Interest shall accrue to the WCLMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported by the Federal Reserve Statistical Release.

3. Effective Date

The WCLMA is effective as of June 24, 2025.

4. Disposition

Request for recovery of the WCLMA are to be processed according to General Order 96-B and Standard Practices or request in a general rate case. Requests for recovery shall include a showing that the costs to be recovered not included in rates.

**(N)**

Issued by

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

Advice No. 618

JOHN TANG

Date Filed \_\_\_\_\_

Dec. No. 10-12-058, Res W-4094

Vice President,  
Regulatory Affairs

Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_

TITLE

**Table of Contents**

The following listed tariff sheets contain all effective rates, rules and regulations affecting the rates and service of the Utility, together with information relating thereto:

<b><u>Subject Matter of Sheet</u></b>	<b><u>CPUC Sheet No.</u></b>
Title	1495-W
Table of Contents	2365-W, 2320-W, 2349-W (T)
Preliminary Statement	919-W, 1303-W, 2339-W, 2340-W, 2035-W 2037-W, 2040-W, 2041-W, 2215-W, 2087-W 2244-W, 2341-W, 2342-W, 2217-W, 2343-W 2252-W, 2263-W, 2279-W, 2277-W, 2364-W (N)
Service Area Map Locator	1266-W
Service Area Map Locator, Index	2275-W
Map of Areas with Special Pressure & Fire Flow Conditions	2116-W
Index to Map of Areas with Special Pressure & Fire Flow	1079-W, 2117-W, 1082-W, 1087-W, 1404-W
Rate Schedule:	
Schedule No. 1 General Metered Service	2357-W, 2325-W
Schedule No. 1B General Metered Service With Automatic Fire Sprinkler System	2358-W, 2327-W, 2328-W
Schedule No. 1C General Metered Service - Mountain District	2359-W, 2330-W, 2331-W, 2332-W
Schedule No. 4 Private Fire Service	2360-W, 2187-W
Schedule No. 9C Construction and Other Temporary Metered Service	1118-W, 1094-W
Schedule No. 10R Service to Employee	152-W
Schedule No. 14.1 Water Shortage Contingency Plan With Stage Mandatory Reductions and Drought Surcharges	2131-W, 2132-W, 2133-W 2134-W, 2149-W, 2136-W, 2137-W 2138-W, 2139-W, 2273-W
Schedule No. RW Raw Water Metered Service	2361-W, 2335-W
Schedule No. RCW Recycled Water Metered Service	2362-W, 2337-W
Schedule No. UF Surcharge to Fund Public Utilities Commission Utility Reimbursement Account (PUCURA)	2322-W
Schedule No. CAP Customer Assistance Program	2345-W, 2346-W
Schedule No. AMI Advanced Metering Infrastructure Opt-Out Fee	2281-W
List of Contractss and Deviations	2246-W, 2261-W

(Continued)

(To be inserted by utility)

Issued By

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

Advice Letter No.: 618John Tang

Date Filed: \_\_\_\_\_

NAME

Effective Date: \_\_\_\_\_

Decision No.: D.10-12-058 & Res  
W-4094Vice President, Regulatory Affairs

Resolution No.: \_\_\_\_\_

## SAN JOSE WATER COMPANY (U-168-W)

### ADVICE LETTER 618 SERVICE LIST

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Cal Water	jpolanco@calwater.com
City of Campbell	publicworks@cityofcampbell.com
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Ridge Mutual Water Company	pmantey@yahoo.com
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San Jose Municipal Utility	customerservice@sanjoseca.gov
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Summit West	rjonesPE@aol.com
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**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 618**

**ATTACHMENT A**

**RESOLUTION NO. W-4094**

**1998 Cal. PUC LEXIS 1107**

California Public Utilities Commission

March 26, 1998

RESOLUTION NO. W-4094

*CA Public Utilities Commission*

*Decisions*

**Reporter**

1998 Cal. PUC LEXIS 1107 \*

## **WATER DIVISION**

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### **Core Terms**

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memorandum, water utility, water contamination, advice letter, litigation expenses, reasonable expenses, rate case, contamination, suburban, lawsuit, coming year, groundwater, throughout, recommend, nuisance, notice, valley, soil, air

**Panel:** WESLEY M. FRANKLIN, Executive Director; RICHARD A. BILAS, President; P. GREGORY CONLON, Commissioner; JESSIE J. KNIGHT, Jr., Commissioner; HENRY M. DUQUE, Commissioner; JOSIAH L. NEPPER, Commissioner

### **Opinion**

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### **RESOLUTION**

**(RES. W-4094), ALL WATER UTILITIES. ORDER AUTHORIZING THE ESTABLISHMENT OF A MEMORANDUM ACCOUNT FOR WATER CONTAMINATION LITIGATION EXPENSES FOR ALL WATER UTILITIES.**

### **SUMMARY**

This Resolution authorizes all water utilities to establish a memorandum account for water contamination litigation expenses.

### **BACKGROUND**

Last year, complaints by numerous plaintiffs for negligence, wrongful death, strict liability, trespass, public nuisance, private nuisance and injunctive relief, have been filed in the Superior Courts of California against Southern California Water Company (SCWC), San Gabriel Valley Water Company (SGVWC), and Suburban Water Company (Suburban). The plaintiffs allege that the maintenance of this contaminated well water has resulted in the contamination of the ground water, soil, and air with trichloroethylene, perchloroethene, carbon tetrachloride and other solvents. On January 21, 1998, the



Commission adopted Resolution No. W-4089 [\*2] authorizing SCWC to establish a memorandum account related to the lawsuits filed against it, and in that resolution we also authorized Suburban and SGVWC to file advice letters seeking similar memorandum account treatment.

### **DISCUSSION**

We have recently been informed by SCWC and Citizens Utilities Company of California (CUCC) that additional lawsuits similar to those described in Resolution No. W-4089 have been filed against SCWC and CUCC for the contamination of ground water, soil and air in the Sacramento Valley Basin. This leads us to believe that water contamination lawsuits of this nature could become widespread throughout the State in the coming years. Therefore, it is recommended that all water utilities under Commission jurisdiction be authorized to establish memorandum accounts for recording expenses resulting from water contamination litigation. The Class A water utilities should also be authorized to file for recovery of reasonable expenses recorded in the memorandum account in a subsequent general rate case application and the other water utilities should be authorized to request recovery by a separate advice letter filing. It is further recommended that all provisions [\*3] and conditions of Resolution No. W-4089 apply in this resolution.

### **NOTICES AND PROTESTS**

Public notice is not required at this time. When a utility seeks recovery of expenses recorded in the memorandum account, public notification will be required as prescribed in the advice letter procedures of G.O. No. 96-A.

### **FINDINGS AND CONCLUSIONS**

1. Complaints by numerous plaintiffs have been filed in the Superior Courts of California alleging, among other things, that certain Commission regulated water utilities have provided and continue to provide its customers with contaminated water.
2. On January 21, 1998, the Commission adopted Resolution No. W-4089 authorizing SCWC to establish a memorandum account related to the lawsuits filed against it. In that resolution Suburban and SGVWC were authorized to file advice letters seeking similar memorandum account treatment.
3. Water contamination litigation could become widespread throughout the State in the coming years.
4. All water utilities under Commission jurisdiction should be authorized to establish memorandum accounts for recording expenses resulting from water contamination litigation. The water utilities should [\*4] also be authorized to file for recovery of reasonable expenses recorded in the memorandum account in a subsequent general rate case application or separate advice letter filing.
5. All conditions and provisions in Resolution No. W-4089 should apply in this resolution.

### **IT IS ORDERED that:**

1. All water utilities under Commission jurisdiction are authorized to establish memorandum accounts for the litigation expenses as discussed in this resolution and incurred after March 26, 1998, the effective date of this resolution.

2. Class A water utilities under Commission jurisdiction are authorized to file for recovery of reasonable expenses recorded in the water contamination litigation expense memorandum account in a subsequent general rate case application.
3. Class B, C, and D water utilities are authorized to file for recovery of reasonable expenses recorded in the water contamination litigation expense memorandum account in a subsequent general rate case or by advice letter.
4. All provisions and conditions in Resolution No. W-4089 will apply in this resolution.
5. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities [\*5] Commission at its regular meeting on March 26, 1998. The following Commissioners approved it:

WESLEY M. FRANKLIN

Executive Director

RICHARD A. BILAS

President

P. GREGORY CONLON

JESSIE J. KNIGHT, Jr.

HENRY M. DUQUE

JOSIAH L. NEEPER

Commissioners

CA Public Utilities Commission

Decisions

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