

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 5, 2022

Robert Kelly
Suburban Water Systems
1325 N. Grand Ave., Suite 100
Covina, CA, 91724

RE: Advice Letter No. 377-W

Dear Mr. Kelly:

Please be advised that Water Division is rejecting Suburban Water Systems' (Suburban) Advice Letter 377-W submitted October 24, 2022. Advice Letter 377-W requests an extension of the Asbestos Litigation Memorandum Account (ALMA) to January 5, 2026.¹ Advice Letter 377-W was protested by the Public Advocates Office on November 14, 2022, on the grounds that the requested extension of the ALMA is not supported by statute or Commission order. On November 21, 2022, Suburban filed a supplement, AL 377-W-A, changing the Tier designation from 1 to 3. Suburban timely replied to CalPA's protest on November 21, 2022.

On January 11, 2018, the Commission issued Decision (D.) 18-01-014, which adopted a Settlement Agreement reached by Suburban and the Public Advocates' Office. The Settlement Agreement allowed Suburban to establish the Asbestos Litigation Memorandum Account (ALMA) to track costs related to litigation arising from alleged exposure to asbestos from asbestos cement water pipes in Suburban's service areas. Suburban is required to record certain agreed upon costs as detailed in the Settlement Agreement.

The Settlement Agreement provided that the ALMA would expire on January 5, 2020 unless the Commission approved an extension. On October 25, 2019, Suburban filed Advice Letter 341-W, requesting a three-year extension of the ALMA to January 5, 2023. Advice Letter 341-W was ultimately approved by Water Division.

Water Division concurs with Public Advocates' protest. There is no statute or Commission order that authorizes an extension of the ALMA, and Suburban has not made the case that the Company's need for the ALMA remains compelling. Suburban does note that asbestos cement pipe remains installed in most Suburban's distribution systems, and the CPUC approved Suburban's requested installation of asbestos cement pipe. While these may have been valid reasons for opening the account, to date no additional asbestos lawsuits have been filed against Suburban and no additional costs have been booked to the account since Suburban's last extension was granted. If Suburban is confronted with outstanding asbestos litigation costs, the

¹ The ALMA is currently scheduled to expire January 5, 2023.

Company may request to reopen the account or forecast the litigation costs in its next applicable General Rate Case expected to be filed January 1, 2023.

For the above reasons, Suburban's request to extend the ALMA for another three years is denied. As such, Advice Letter 377-W is rejected. In addition, the following Cal. P.U.C. Tariff sheets that were submitted with Advice Letter No. 377-W are also rejected:

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>
1882-W*	Preliminary Statement Part W, Page 1
1883-W*	Preliminary Statement Part W, Page 2
1884-W*	Table of Contents

Enclosed is a copy of the rejected advice letter for Suburban's files. As a reminder, in accordance with General Order 96-B, Rule 8.4.2, advice letter and tariff sheet numbers of rejected filings shall not be used.

If you have any questions, please contact Jefferson Hancock in the Water Division at (415) 703-3453 or jefferson.hancock@cpuc.ca.gov.

Sincerely,



Bruce DeBerry, Program Manager
Water Division

Cc: Kiki Carlson, Suburban Water Systems
Carmelitha Bordelon, Suburban Water Systems
Jim Boothe, CPUC – Water Division
Jefferson Hancock, CPUC – Water Division
Matt Baker, Public Advocates Office
Chris Ungson, Public Advocates Office
Hani Moussa, Public Advocates Office
Jeffrey Roberts, Public Advocates Office
Roy Keowen, Public Advocates Office

Enclosure:

PRELIMINARY STATEMENT
(Continued)

REJECTED

DEC 05 2022

PUBLIC UTILITIES COMMISSION
WATER DIVISION

S. Asbestos Litigation Memorandum Account ("ALMA")

1. PURPOSE:

The Asbestos Litigation Memorandum Account ("ALMA") will track costs, settlement payments, judgments and credits related to litigation arising from alleged exposure to asbestos from asbestos cement ("AC") water pipes in Suburban's service areas.

2. APPLICABILITY:

The ALMA is effective beginning January 6, 2017 through January 5, 2026, unless (T) the California Public Utilities Commission authorizes an extension. The ALMA applies to all districts.

3. RATES:

The ALMA has no rate component.

4. ACCOUNTING PROCEDURE:

Suburban shall make the entries described below on a monthly basis. Suburban shall only record costs for outside services related to defending against asbestos litigation lawsuits and seeking indemnification or cost recovery from insurers, developers, contractors, or other involved parties. Suburban shall not record any costs for internal services related to defending against asbestos litigation lawsuits and seeking indemnification or cost recovery from insurers, developers, contractors, or other involved parties. Suburban shall only record the following outside services costs related to asbestos litigation to the memorandum account:

- a. Filing and court fee costs
- b. Attorney fees
- c. Legal representation administrative costs
- d. Legal representation travel costs
- e. Litigation support costs
- f. Investigative costs
- g. Court reporter costs
- h. Deposition costs
- i. Expert witness fees
- j. Expert witness administrative costs
- k. Witness representation costs
- l. Witness travel costs
- m. Insurance coverage attorney costs
- n. Other reasonable and justified costs from outside service providers directly tied to asbestos litigation cases.

(Continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 377-W

Craig D. Gott

Date Filed

Name

Decision No. 18-01-014

President

Effective

Title

Resolution No.

PRELIMINARY STATEMENT
(Continued)

REJECTED

DEC 05 2022

PUBLIC UTILITIES COMMISSION
WATER DIVISION

S. ALMA (Continued)

4. ACCOUNTING PROCEDURE (continued):

Suburban may record in the ALMA payments made according to settlement agreements in litigation related to alleged asbestos exposure. Suburban may record in the ALMA judgments against it in litigation related to alleged asbestos exposure.

Suburban shall record any recovery or compensation of costs from outside sources as a credit to the memorandum account. Any recovery or compensation of costs recorded in the memo account is to be credited against the costs recorded in the memorandum account, including recovery or compensation received after any expiration of the memorandum account. Costs that shall be treated as a credit in the memorandum account include, but are not limited to:

- a. Developer indemnity
- b. Developer reimbursement of expenses
- c. Developer insurance reimbursement
- d. Contractor indemnity
- e. Contractor insurance reimbursement
- f. Contribution by other defendants
- g. Court awards
- h. Settlement awards

Pursuant to Standard Practice U-27-W ("SP U-27") of the Division of Water & Audits, the ALMA will earn interest at the 90-day commercial paper rate.

5. DISPOSITION:

Suburban shall seek recovery of costs recorded in the memorandum account if triggered under SP U-27, or in the 2030 and/or 2026 GRC filings. The request shall be in a filing that is in accordance with SP U-27 and General Order 96-B, Water Industry Rule 7.3.3. (T)

(To be inserted by utility)

Issued by

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

Advice Letter No. 377-W

Craig D. Gott

Date Filed

Name

Decision No. 18-01-014

President

Effective

Title

Resolution No.

Suburban Water Systems
1325 N. Grand Ave., Ste. 100
Covina, CA 91724-4044

Revised
Canceling Revised

Cal. P.U.C. Sheet No. 1884-W
Cal. P.U.C. Sheet No. 1880-W

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No. 2 Description of Service

884-W

No. 3 Application for Service

885-W, 1108-W

No. 4 Contracts

887-W

(Continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 377-W

Craig D. Gott

Date Filed

Name

Decision No. 18-01-014

President

Effective

Title

Resolution No.

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

Advice Letter Cover Sheet

Utility Name: Suburban Water Systems **Date Mailed to Service List:** November 21, 2022
District: n/a
CPUC Utility #: U – 339-W **Protest Deadline (20th Day):** November 13, 2022
Advice Letter #: 377-W-A **Review Deadline (30th Day):** November 23, 2022
Tier: ☐ ☐ ☒ ☐
 1 2 3 Compliance **Requested Effective Date:** November 23, 2022
Authorization: D.18-01-014
Rate Impact: N/A
Description: Supplement to advice letter 377-W, Suburban requests the authorization to extend for three additional years the Asbestos Litigation Memorandum Account in its Preliminary Statement

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: Kiki Carlson

Phone: (626) 543-2553

Email: kcarlson@swwc.com

Utility Contact: Carmelitha Bordelon

Phone: (626) 543-2547

Email: cbordelon@swwc.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

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

[] APPROVED

[] WITHDRAWN

[] REJECTED

Signature: _____

Comments: _____

Date: _____



**Suburban
Water Systems**

A SouthWest Water Company

1325 N. Grand Ave. Ste. 100, Covina, CA 91724-4044
Phone: 626.543.2500, Fax: 626.331.4848

www.swwc.com

VIA EMAIL

U-339-W

ADVICE LETTER NO. 377-W-A

November 21, 2022

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Suburban Water Systems ("Suburban") hereby submits for filing with the Commission the following tariff sheets applicable to its service areas and which are attached hereto:

CPUC Sheet No.	Title of Sheet	Canceling CPUC Sheet No.
1882-W	Preliminary Statement (Continued)	1674-W
1883-W	Preliminary Statement (Continued)	1675-W
1884-W	Table of Contents	1880-W

The filing is to supplement advice letter 377-W which was filed by Suburban on October 24, 2022, seeking an authorization a three-year extension of the "Asbestos Litigation Memorandum Account, to January 5, 2026.

In response to Public Advocates Office protest on November 14, 2022, Suburban files this supplement advice letter in order to change the tier designation from Tier 1 to Tier 3.

This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

In compliance with General Rule 4.3 and 7.2 and Water Industry Rule 4.1 of General Order 96-B, a copy of this advice letter has been mailed or electronically transmitted to all interested and affected parties as detailed in Attachment A.

Sincerely,

/s/Kiki Carlson

Kiki Carlson
Regulatory Affairs Manager

SUBURBAN WATER SYSTEMS
Distribution List

Attachment A

Page 1 of 3

Director Of Public Works
City of Whittier
13230 E. Penn Street
Whittier, CA 90602

City Clerk
City of West Covina
1444 W. Garvey Ave. South
West Covina, CA 91790

City Attorney
City of Whittier
13230 E. Penn Street
Whittier, CA 90602

City Clerk
City of La Mirada
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La Mirada, CA 90638

Michael Gualtieri
La Habra Heights County Water District
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La Habra, CA 90633-0628

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Baldwin Park, CA 91706

City Clerk
City of Industry
P.O. Box 3366
Industry, CA 91744

County Clerk
Orange County
10 Civic Center Plaza, 3rd. Floor
Santa Ana, CA 92701

City Clerk
City of Covina
125 East College Blvd.
Covina, CA 91723

City Attorney
City of Covina
125 East College Blvd.
Covina, CA 91723

Director of Public Works
City of Buena Park
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Buena Park, CA 90621

City of Santa Fe Springs
Department of Public Works
11710 E. Telegraph Road
Santa Fe Springs, CA 90670

Bill Robinson
Upper San Gabriel Valley M.W.D.
1146 East Louisa Avenue
West Covina, CA 91790-1346

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City of La Habra
P.O. Box 337
La Habra, CA 90633

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1444 West Garvey Ave. South
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City of Baldwin Park
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Baldwin Park, CA 91706

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Orchard Dale County Water District
13819 East Telegraph Road
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SUBURBAN WATER SYSTEMS

Distribution List

Page 2 of 3

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Walnut, CA 91788-0682

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La Puente, CA 91744

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Glendora, CA 91741

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City Attorney
City of Industry
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Valencia Heights Water Co.
dmichalko@vhwc.org

Walnut Valley Water District
cfleming@wvwd.com

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California Public Utilities Commission
PublicAdvocatesWater@cpuc.ca.gov

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SUBURBAN WATER SYSTEMS

Distribution List

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Regulatory Affairs Department
630 E. Foothill Blvd.
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RKMoore@gswater.com

Jeff Boand
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1312 Golden Vista Drive
West Covina, CA 91791
jboand007@aol.com

The Public Advocates Office
California Public Utilities Commission
Richard.Raushmeier@cpuc.ca.gov
Hani.Moussa@cpuc.ca.gov

PRELIMINARY STATEMENT

(Continued)

S. Asbestos Litigation Memorandum Account (“ALMA”)

1. PURPOSE:

The Asbestos Litigation Memorandum Account (“ALMA”) will track costs, settlement payments, judgments and credits related to litigation arising from alleged exposure to asbestos from asbestos cement (“AC”) water pipes in Suburban’s service areas.

2. APPLICABILITY:

The ALMA is effective beginning January 6, 2017 through January 5, 2026, unless (T)
the California Public Utilities Commission authorizes an extension. The ALMA
applies to all districts.

3. RATES:

The ALMA has no rate component.

4. ACCOUNTING PROCEDURE:

Suburban shall make the entries described below on a monthly basis. Suburban shall only record costs for outside services related to defending against asbestos litigation lawsuits and seeking indemnification or cost recovery from insurers, developers, contractors, or other involved parties. Suburban shall not record any costs for internal services related to defending against asbestos litigation lawsuits and seeking indemnification or cost recovery from insurers, developers, contractors, or other involved parties. Suburban shall only record the following outside services costs related to asbestos litigation to the memorandum account:

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- l. Witness travel costs
- m. Insurance coverage attorney costs
- n. Other reasonable and justified costs from outside service providers directly tied to asbestos litigation cases.

(Continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 377-W-A

Craig D. Gott

Date Filed

Name

Decision No. 18-01-014

President

Effective

Title

Resolution No.

PRELIMINARY STATEMENT

(Continued)

S. ALMA (Continued)

4. ACCOUNTING PROCEDURE (continued):

Suburban may record in the ALMA payments made according to settlement agreements in litigation related to alleged asbestos exposure. Suburban may record in the ALMA judgments against it in litigation related to alleged asbestos exposure.

Suburban shall record any recovery or compensation of costs from outside sources as a credit to the memorandum account. Any recovery or compensation of costs recorded in the memo account is to be credited against the costs recorded in the memorandum account, including recovery or compensation received after any expiration of the memorandum account. Costs that shall be treated as a credit in the memorandum account include, but are not limited to:

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- f. Contribution by other defendants
- g. Court awards
- h. Settlement awards

Pursuant to Standard Practice U-27-W ("SP U-27") of the Division of Water & Audits, the ALMA will earn interest at the 90-day commercial paper rate.

5. DISPOSITION:

Suburban shall seek recovery of costs recorded in the memorandum account if triggered under SP U-27, or in the 2023 and/or 2026 GRC filings. The request shall be in a filing that is in accordance with SP U-27 and General Order 96-B, Water Industry Rule 7.3.3. (T)

(To be inserted by utility)

Issued by

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

Advice Letter No. 377-W-A

Craig D. Gott

Date Filed

Name

Decision No. 18-01-014

President

Effective

Title

Resolution No.

Suburban Water Systems
1325 N. Grand Ave., Ste. 100
Covina, CA 91724-4044

Revised
Canceling Revised

Cal. P.U.C. Sheet No. 1884-W
Cal. P.U.C. Sheet No. 1880-W

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(Continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 377-W-A

Craig D. Gott

Date Filed

Name

Decision No. 18-01-014

President

Effective

Title

Resolution No.

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

Advice Letter Cover Sheet

Utility Name: Suburban Water Systems **Date Mailed to Service List:** October 24, 2022
District: n/a
CPUC Utility #: U – 339-W **Protest Deadline (20th Day):** November 13, 2022
Advice Letter #: 377-W **Review Deadline (30th Day):** November 23, 2022
Tier: ☒ 1 ☐ 2 ☐ 3 ☐ Compliance **Requested Effective Date:** November 23, 2022
Authorization: Decision 18-01-014 **Rate Impact:** N/A
Description: Suburban requests the authorization to extend for three additional years the Asbestos Litigation Memorandum Account (ALMA) in its Preliminary Statement.

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: Kiki Carlson

Phone: (626) 543-2553

Email: kcarlson@swwc.com

Utility Contact: Carmelitha Bordelon

Phone: (626) 543-2547

Email: cbordelon@swwc.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

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

[] APPROVED

[] WITHDRAWN

[] REJECTED

Signature: _____

Comments: _____

Date: _____



**Suburban
Water Systems**

A SouthWest Water Company

1325 N. Grand Ave. Ste. 100, Covina, CA 91724-4044
Phone: 626.543.2500, Fax: 626.331.4848

www.swwc.com

VIA EMAIL

U-339-W

ADVICE LETTER NO. 377-W

October 24, 2022

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Suburban Water Systems ("Suburban") hereby submits for filing with the Commission an original and two copies of the following tariff sheets which are attached hereto:

CPUC Sheet No.	Title of Sheet	Canceling CPUC Sheet No.
1882-W	Preliminary Statement (Continued)	1674-W
1883-W	Preliminary Statement (Continued)	1675-W
1884-W	Table of Contents	1880-W

The purpose of this filing is to request a three-year extension of the "Asbestos Litigation Memorandum Account (ALMA)", to January 5, 2026 unless the Commission approves a further extension at that time.

The revised Preliminary Statement is submitted pursuant to Decision 18-01-014 which approved a Settlement Agreement reached by Suburban and Public Advocates, paragraph II.D., which states:

Unless the Commission approves an extension, the ALMA shall expire on January 4, 2020.

In addition, Decision 18-01-014 directly addresses the possibility of an extension in Footnote 8 (p.5):

Under the Settlement Agreement, the Parties agree that the Commission should authorize Suburban to track asbestos litigation-related costs incurred on or subsequent to January 6, 2017, and the ALMA expires on January 5, 2020, unless the Commission approves an extension.

In the ALMA proceeding, A.17-01-010, the Prepared Testimony of Robert L. Kelly (see Joint Motion, Appendix B) summarized two asbestos lawsuits that had been filed against Suburban. Following is a summary of the status of those lawsuits:

Walden v. Ford, et al. The case remains pending, with no trial date at this time.

Brogden, et al. v. Ford, et al. Dismissal of Suburban with prejudice was filed by Plaintiff on March 28, 2018.

To date no additional asbestos lawsuits have been filed against Suburban and since the ALMA became effective on February 6, 2017 costs recorded in the ALMA totaling \$20,012.81. Suburban's need for the ALMA remains compelling. AC pipe remains installed in most Suburban's distribution systems, and the CPUC originally advocated Suburban installing AC pipe (see Supplemental Testimony of Robert L. Kelly, marked into the record and identified as SWSAC-2).

Tier Designation and Effective Date

This is a Tier 1 filing – the advice letter is a compliance advice letter.

Suburban requests processing by the Commission's Water Division so the revised Preliminary Statement will become effective on November 23, 2022.

Protest and Responses

Anyone may respond to or protest this advice letter. 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 advice letter 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 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; or
- (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 relitigating a prior order of the Commission.)

A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

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, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
Water.Division@cpuc.ca.gov

On the same date any protest or response is submitted to the Water Division, the respondent or protestant must serve a copy of the protest or response to:

Suburban Water Systems, Kiki Carlson, Regulatory Affairs Manager, 1325 N. Grand Ave., Suite 100, Covina, CA 91724-4044, FAX (626) 331-4848, and email kcarlson@swwc.com

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.

Replies: The utility shall reply to each protest and may reply to any response. Each reply must be received by the Division of Water and Audits within 5 business days after the end of the protest period, and shall be served on the same day to the person who filed the protest or response.

This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

In compliance with General Rule 4.3 and 7.2 and Water Industry Rule 4.1 of General Order 96-B, a copy of this advice letter has been mailed or electronically transmitted to all interested and affected parties as detailed in Attachment A.

Sincerely,

/s/Kiki Carlson

Kiki Carlson
Regulatory Affairs Manager

SUBURBAN WATER SYSTEMS
Distribution List

Attachment A

Page 1 of 3

Director Of Public Works
City of Whittier
13230 E. Penn Street
Whittier, CA 90602

City Clerk
City of West Covina
1444 W. Garvey Ave. South
West Covina, CA 91790

City Attorney
City of Whittier
13230 E. Penn Street
Whittier, CA 90602

City Clerk
City of La Mirada
P.O. Box 828
La Mirada, CA 90638

Michael Gualtieri
La Habra Heights County Water District
P.O. Box 628
La Habra, CA 90633-0628

City Attorney
City of Baldwin Park
14406 E. Pacific Ave.
Baldwin Park, CA 91706

City Clerk
City of Industry
P.O. Box 3366
Industry, CA 91744

County Clerk
Orange County
10 Civic Center Plaza, 3rd. Floor
Santa Ana, CA 92701

City Clerk
City of Covina
125 East College Blvd.
Covina, CA 91723

City Attorney
City of Covina
125 East College Blvd.
Covina, CA 91723

Director of Public Works
City of Buena Park
6650 Beach Blvd.
Buena Park, CA 90621

City of Santa Fe Springs
Department of Public Works
11710 E. Telegraph Road
Santa Fe Springs, CA 90670

Bill Robinson
Upper San Gabriel Valley M.W.D.
1146 East Louisa Avenue
West Covina, CA 91790-1346

City Attorney
City of La Habra
P.O. Box 337
La Habra, CA 90633

City Attorney
City of West Covina
1444 West Garvey Ave. South
West Covina, CA 91790

City Clerk
City of Baldwin Park
14406 E. Pacific Ave.
Baldwin Park, CA 91706

The Prinden Corporation
P.O. Box 712
Park Ridge, NJ 07656-0712

Orchard Dale County Water District
13819 East Telegraph Road
Whittier, CA 90604

SUBURBAN WATER SYSTEMS

Distribution List

Page 2 of 3

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City Clerk
City of Glendora
116 East Foothill Blvd.
Glendora, CA 91741

City Clerk
City of Walnut
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Walnut, CA 91788-0682

Jandy Macias, General Manager
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County Clerk
Los Angeles County
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15900 East Main St.
La Puente, CA 91744

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City of Glendora
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Glendora, CA 91741

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P.O. Box 682
Walnut, CA 91788-0682

Ed Jackson
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AdviceLetterService@LibertyUtilities.com

City Attorney
City of Industry
mvadon@bwslaw.com

Valencia Heights Water Co.
dmichalko@vhwc.org

Walnut Valley Water District
cfleming@wvwd.com

California Advocates Office Water Branch
California Public Utilities Commission
PublicAdvocatesWater@cpuc.ca.gov

City Clerk
City of La Puente
sgarcia@lapuente.org

SUBURBAN WATER SYSTEMS

Distribution List

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Brett DeBie
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2655 S. Citrus Street
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bdebie@southhillscountryclub.org

Ronald Moore
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Regulatory Affairs Department
630 E. Foothill Blvd.
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RKMoore@gswater.com

Jeff Boand
O'Donnell Chevrolet – Buick
1312 Golden Vista Drive
West Covina, CA 91791
jboand007@aol.com

The Public Advocates Office
California Public Utilities Commission
Richard.Raushmeier@cpuc.ca.gov
Hani.Moussa@cpuc.ca.gov

PRELIMINARY STATEMENT

(Continued)

S. Asbestos Litigation Memorandum Account ("ALMA")

1. PURPOSE:

The Asbestos Litigation Memorandum Account ("ALMA") will track costs, settlement payments, judgments and credits related to litigation arising from alleged exposure to asbestos from asbestos cement ("AC") water pipes in Suburban's service areas.

2. APPLICABILITY:

The ALMA is effective beginning January 6, 2017 through January 5, 2026, unless (T)
the California Public Utilities Commission authorizes an extension. The ALMA
applies to all districts.

3. RATES:

The ALMA has no rate component.

4. ACCOUNTING PROCEDURE:

Suburban shall make the entries described below on a monthly basis. Suburban shall only record costs for outside services related to defending against asbestos litigation lawsuits and seeking indemnification or cost recovery from insurers, developers, contractors, or other involved parties. Suburban shall not record any costs for internal services related to defending against asbestos litigation lawsuits and seeking indemnification or cost recovery from insurers, developers, contractors, or other involved parties. Suburban shall only record the following outside services costs related to asbestos litigation to the memorandum account:

- a. Filing and court fee costs
- b. Attorney fees
- c. Legal representation administrative costs
- d. Legal representation travel costs
- e. Litigation support costs
- f. Investigative costs
- g. Court reporter costs
- h. Deposition costs
- i. Expert witness fees
- j. Expert witness administrative costs
- k. Witness representation costs
- l. Witness travel costs
- m. Insurance coverage attorney costs
- n. Other reasonable and justified costs from outside service providers directly tied to asbestos litigation cases.

(Continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 377-W

Craig D. Gott

Date Filed

Name

Decision No. 18-01-014

President

Effective

Title

Resolution No.

PRELIMINARY STATEMENT
(Continued)

S. ALMA (Continued)

4. ACCOUNTING PROCEDURE (continued):

Suburban may record in the ALMA payments made according to settlement agreements in litigation related to alleged asbestos exposure. Suburban may record in the ALMA judgments against it in litigation related to alleged asbestos exposure.

Suburban shall record any recovery or compensation of costs from outside sources as a credit to the memorandum account. Any recovery or compensation of costs recorded in the memo account is to be credited against the costs recorded in the memorandum account, including recovery or compensation received after any expiration of the memorandum account. Costs that shall be treated as a credit in the memorandum account include, but are not limited to:

- a. Developer indemnity
- b. Developer reimbursement of expenses
- c. Developer insurance reimbursement
- d. Contractor indemnity
- e. Contractor insurance reimbursement
- f. Contribution by other defendants
- g. Court awards
- h. Settlement awards

Pursuant to Standard Practice U-27-W ("SP U-27") of the Division of Water & Audits, the ALMA will earn interest at the 90-day commercial paper rate.

5. DISPOSITION:

Suburban shall seek recovery of costs recorded in the memorandum account if triggered under SP U-27, or in the 2030 and/or 2026 GRC filings. The request shall be in a filing that is in accordance with SP U-27 and General Order 96-B, Water Industry Rule 7.3.3. (T)

(To be inserted by utility)

Issued by

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

Advice Letter No. 377-W

Craig D. Gott

Date Filed

Name

Decision No. 18-01-014

President

Effective

Title

Resolution No.

Suburban Water Systems
1325 N. Grand Ave., Ste. 100
Covina, CA 91724-4044

Revised
Canceling Revised

Cal. P.U.C. Sheet No. 1884-W
Cal. P.U.C. Sheet No. 1880-W

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