

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

Advice Letter Cover Sheet

Utility Name: California American Water
District: Bellflower Service Area
CPUC Utility #: U210W
Advice Letter #: 1390
Tier 1 2 3 Compliance
Authorization Decision 22-10-003
Description: Bellflower Integration

Date Mailed to Service List: November 3, 2022
Protest Deadline (20th Day): November 23, 2022
Review Deadline (30th Day): December 3, 2022
Requested Effective Date: November 3, 2022
Rate Impact: \$See AL
See AL%

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: Chase Grady
Phone:
Email: chase.grady@amwater.com

Utility Contact: Jonathan Morse
Phone: 916-568-4237
Email: Jonathan.morse@amwater.com

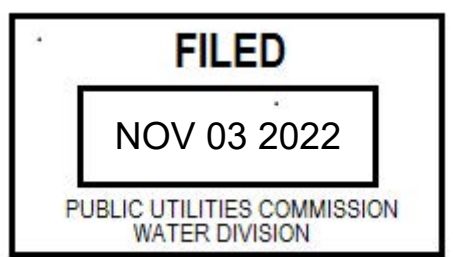
DWA Contact: Tariff Unit
Phone: (415) 703-1133
Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

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

APPROVED WITHDRAWN REJECTED

Signature: _____ **Comments:** _____
Date: _____



520 Capitol Mall, Suite 630
Sacramento, CA 95814
www.amwater.com

P (916) 568-4237

November 3, 2022

ADVICE LETTER NO. 1390

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Pursuant to General Order 96-B, California-American Water Company ("California American Water") (U210W) hereby submits for review this advice letter, including tariff sheets applicable to California American Water's Bellflower Service Area.

Background:

California American Water filed Application ("A.") 18-09-013 requesting the approval of the sale of Bellflower Municipal Water System's ("Bellflower MWS") assets to California American Water. On October 10, 2022, the Commission approved the acquisition in Decision ("D.") 22-10-003.

Discussion:

The requests contained in this advice letter relate to Ordering Paragraph ("OP") 5, OP 9 and OP 11 of D. 22-10-003, which state:

5. The request of California-American Water (Cal-Am) to track costs of environmental improvements and compliance relating to Cal-Am's acquisition of the assets of the Bellflower Municipal Water System in Cal-Am's Memorandum Account for Environmental Improvements and Compliance Issues for Acquisitions is approved.

9. California-American Water Company's existing Certificate of Public Convenience and Necessity is modified to include the service area of the Bellflower Municipal Water System.

11. No later than 10 days after the close of the acquisition by California-American Water Company (Cal-Am) of the assets of the Bellflower Municipal Water System (Bellflower MWS)(Acquisition), Cal-Am shall file a Tier 1 advice letter that implements Cal-Am's existing tariffs in the new Bellflower MWS service area, and, within 60 days after the close of the Acquisition, Cal-Am shall file a Tier 2 advice letter to integrate the Bellflower MWS service area for ratemaking purposes consistent with this decision.

Based on the foregoing OPs, California American Water submits the following requests to incorporate Bellflower's rate schedules and service area maps into California American Water's tariffs.

Requests:

California American Water requests authority to integrate the Bellflower service area and rates into its existing tariffs, rules, and maps.

In addition, California American Water presents Bellflower's tariffs for General Metered Service in Schedules No. BF-1 in CCF and CGL to offer customers greater transparency and accuracy.

The rates reflect the City of Bellflower Resolution No. 15-72 filed September 15, 2015.

Additionally, given the current drought conditions in California, California American Water intends to make a filing to incorporate the Bellflower Service Area into its existing Rule and Schedule 14.1 tariffs.

Effective Date:

California American Water requests an effective date of November 3, 2022, the date of closing.

Tier Designation:

California American Water submits this as a Tier 1 advice letter pursuant to General Order No. 96-B.

Notice:

Pursuant to Section 4.3 of General Order No. 96-B, a copy of this advice letter is being provided to those entities listed in the attached "SERVICE LIST PURSUANT TO SECTION 4.3 OF G.O. NO. 96-B." Per guidance from the California Public Utilities Commission's Water Division, during the COVID-19 pandemic, advice letters will only be delivered electronically to the service list.

Protests and Responses:

Anyone may respond to or protest this advice letter. 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 advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds¹ 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 relitigating a prior order of the Commission.)

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

¹ G.O. 96-B, General Rule 7.4.2

A response 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

In the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to us, addressed to:

Email Address:

Mailing Address:

chase.grady@amwater.com

520 Capital Mall, Suite 630
Sacramento, CA 95814

sarah.leeper@amwater.com

555 Montgomery Street, Suite 816
San Francisco, CA 94111

ca.rates@amwater.com

520 Capital Mall, Suite 630
Sacramento, CA 95814
Fax: (916) 568-4277

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.

If you have not received a reply to your protest within 10 business days, please contact Jonathan Morse at (916) 568-4237.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Chase Grady

Chase Grady
Associate Rates & Regulatory Analyst

Cal P.U.C.
Sheet No.

Title of Sheet

Schedule No. BF-1
Bellflower Service Area
GENERAL METERED SERVICE
Sheet 1

Bellflower Service Area Map
Sheet 1

PRELIMINARY STATEMENT
Summary Table
Sheet 1

10590-W

PRELIMINARY STATEMENT
(Continued)
Sheet 1

10603-W

PRELIMINARY STATEMENT
(Continued)
Sheet 2

PRELIMINARY STATEMENT
(Continued)
Sheet 1

10592-W

Schedule No. CA-4
California American Water
PRIVATE FIRE PROTECTION SERVICE
Sheet 3

10605-W

TITLE
TARIFF SCHEDULES
Applicable to WATER SERVICE
Sheet 1

10601-W

655 W. Broadway, Suite 1410
 San Diego, CA 92101

Schedule No. BF-1
 Bellflower Service Area
GENERAL METERED SERVICE

Sheet 1

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Bellflower and vicinity, Los Angeles County.

RATES

Quantity Rates:

	<u>Base Rate</u> <u>Per 1 CCF</u> <u>(100 cu. ft.)</u>	<u>Base Rate</u> <u>Per 1 CGL</u> <u>(100 gal.)</u>
For all water used	\$2.2080	\$0.2952

Monthly Service Charge:

	<u>Per Meter</u> <u>Per Month</u>
For 5/8x3/4-inch meter.....	\$29.63
For 3/4-inch meter.....	\$49.29
For 1-inch meter.....	\$85.37
For 1-1/2-inch meter.....	\$178.18
For 2-inch meter.....	\$289.61
For 3-inch meter.....	\$549.56

The Service Charge is a readiness-to-serve charge, which is applicable to all general metered services and to which is added the charge for water used computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

(Continued)

(TO BE INSERTED BY UTILITY)
 Advice 1390
 Decision

ISSUED BY
 J. T. LINAM
 DIRECTOR - Rates & Regulatory

(TO BE INSERTED BY C.P.U.C.)
 Date Filed _____
 Effective _____
 Resolution _____

Bellflower Service Area Map

Sheet 1

(See attached – Bellflower Service Area)

(Continued)

(TO BE INSERTED BY UTILITY)

Advice 1390

Decision

ISSUED BY

J. T. LINAM

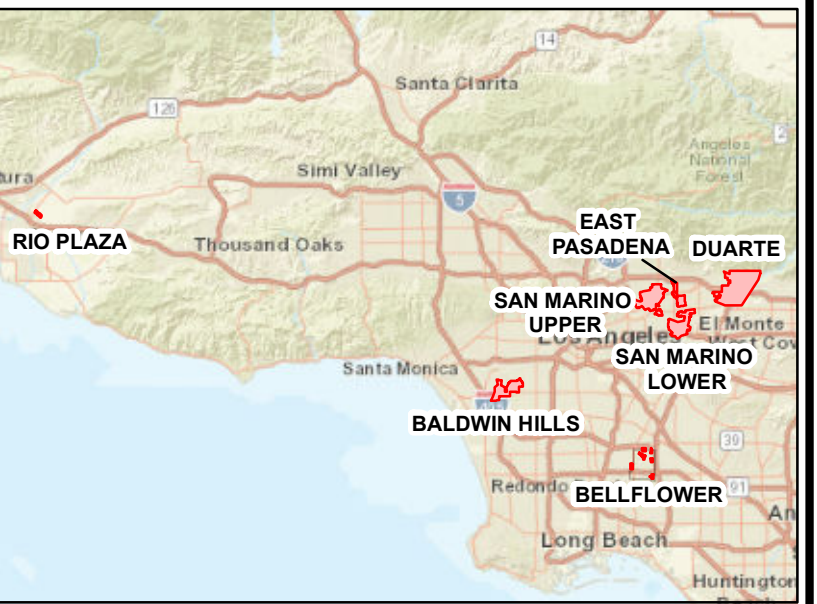
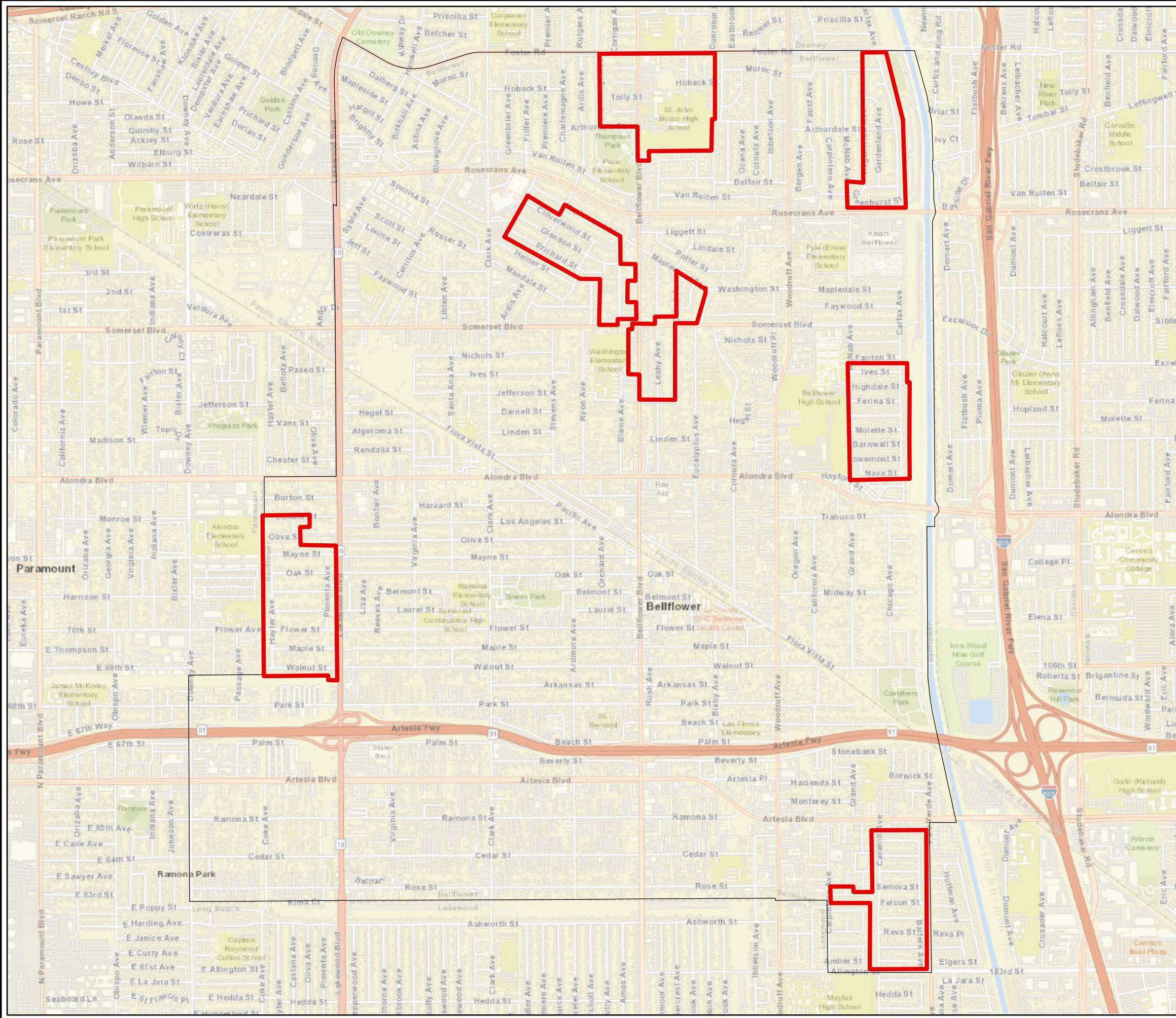
DIRECTOR - Rates & Regulatory

(TO BE INSERTED BY C.P.U.C.)

Date Filed _____

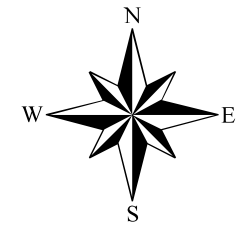
Effective _____

Resolution _____



Legend

- Service Area Boundary
- City of Bellflower



**BELLFLOWER
SERVICE AREA**

**PRELIMINARY STATEMENT
Summary Table**

Sheet 1

Reference	Account	Tariff	
A	Territory Served by Utility	XXXXX-W	(C)
B	Types and Classes of Service	XXXXX-W	(C)
C	Description of Service	10170-W	
D	Procedure to Obtain Service	10170-W	
E	Symbols	10170-W	
F	Affiliate Transaction Rule IV.D.2 Memorandum Account (ATRMEMO)	10171-W	
G	Catastrophic Event Memorandum Account (CEMA)	10172-W, 10173-W	
I	Cease and Desist Order Memorandum Account (CDOMA)	10174-W	
J	Cease and Desist Order - Penalties and Fines Memorandum Account	10175-W	
K	Chromium-6 Memorandum Account – Sacramento Service Area	10176-W, 10177-W	
L	Consolidated Expense Balancing Account	10178-W	
M	Emergency Rationing Costs Incurred by CAW Memorandum Account	10179-W	
N	Endangered Species Act (ESA) Memorandum Account (Monterey Service Area)	10180-W	
P	Garrapata Service Area - SDWSRF Loan Repayment Balancing Account	10181-W	
R	Customer Assistance Program (CAP) Balancing Account	10183-W, 10184-W	
S	NOAA_ESA Memorandum Account	10185-W	
T	Other Post-Employment Benefits Balancing Account	10186-W	
U	Pension Balancing Account (PBA)	10187-W	
V	San Clemente Dam Balancing Account	10188-W	
W	Coastal Water Project Memorandum Account	10189-W	
Y	Seaside Groundwater Basin Balancing Account	10190-W	
Z	Water Contamination Litigation Expense Memorandum Account (WCLEMA)	10191-W	
AA	West Placer Memorandum Account	10192-W	
AB	Water Revenue Adjustment Mechanism/Modification Cost Balancing Account (WRAM/MCBA)	10193-W, 10194-W, 10195-W, 10196-W	
AD	Water Cost of Capital Mechanism (WCCM)	10197-W	
AE	Credit Card Fees Memorandum Account	10198-W	
AG	School Lead Testing Memorandum Account (SLTMA)	10200-W	
AH	The Memorandum Account for Environmental Improvement and Compliance Issues for Acquisitions	XXXXX-W	(C)
AI	Dunnigan Consulting Memorandum Account	10202-W	
AJ	Water-Energy Nexus Program Memorandum Account (WENMA)	10203-W	

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1390	J. T. LINAM	Date Filed	_____
Decision		DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____

PRELIMINARY STATEMENT
(Continued)

Sheet 1

A. Territory Served by the Utility

The area in which service is or will be furnished by this utility under its main extension rule is described below and is delineated on the service area maps shown on or attached to the tariff sheets following:

<u>Service Area</u>	<u>County</u>	<u>Principal Communities Served in Whole or in Part</u>
San Diego	San Diego	Coronado, Imperial Beach, City of San Diego; and certain contiguous areas.
Central Division	Monterey	Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, Seaside, Laguna Seca Ranch Estates; Corral de Tierra Canyon and certain contiguous areas. Central Satellites include Ambler Park subdivision, Oaks subdivision, Rim Rock subdivision, Rancho El Toro Country Club, Ralph Lane and Chualar sub-units and certain contiguous areas. Toro sub-unit and certain contiguous areas. The unincorporated communities, subdivisions and adjacent areas generally known as Garrapata; and certain contiguous areas
Baldwin Hills	Los Angeles	Baldwin Hills, Windsor Hills, View Park, Ladera Heights; and certain contiguous areas.
Duarte	Los Angeles, Ventura (Rio Plaza)	Bradbury, Duarte, Irwindale, Monrovia; and certain contiguous areas; and the Rio Plaza section of Oxnard, Ventura County.
San Marino	Los Angeles	San Marino, San Gabriel, Rosemead, Temple City; and certain contiguous areas.
Ventura	Ventura	Thousand Oaks, Newbury Park, Camarillo; and certain contiguous areas.
Northern Division	Sacramento, Placer, Sonoma, Merced, Yolo, Madera	Arden, Antelope, Lincoln Oaks, Suburban, Parkway, Sunrise, Walnut Grove, Isleton, West Placer County, Cordova, Rosemont, Lindale, Foothill Farms, Arlington Heights, Linwood, Loretto Heights, Citrus Heights, Sabre City, Morgan Creek, Doyle Ranch, Sun Valley Oaks, Riolo Greens, Larkfield, Wikiup, Fulton, Geyserville, Dunnigan, Meadowbrook, Oxbow; and certain contiguous areas, Coarsegold Highlands and vicinity, the community of Raymond and vicinity, and various subdivisions in and around the community of Oakhurst.
Fruitridge Vista	Sacramento	The unincorporated areas known as Fruitridge Vista Units, Sandra Heights Pacific Terrace Units, Bowling Green Units, and all immediately adjoining territory in Sacramento County including all territory contiguous to the southerly limits of the City of Sacramento.
East Pasadena	Los Angeles	The territory within and adjacent to the Cities of Arcadia and Temple City and adjacent to the Cities of Pasadena and San Gabriel, Los Angeles County.
Piru	Ventura	Piru and vicinity.
Bellflower	Los Angeles	Within the city of Bellflower, in seven non-contiguous service areas, in

(N)
(N)

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

Advice 1390
Decision

J. T. LINAM
DIRECTOR - Rates & Regulatory

Date Filed _____
Effective _____
Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 2

B. Types and Classes of Service

The types and classes of service furnished are set forth in each rate schedule under the designation "Applicability".

(L)
(L)
(L)

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

Advice 1390

J. T. LINAM

Date Filed _____

Decision

DIRECTOR - Rates & Regulatory

Effective _____

Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 1

AH. The Memorandum Account for Environmental Improvements and Compliance Issues for Acquisitions.

1. PURPOSE:

The purpose of the account is to track costs associated with required improvements related to environmental and compliance issues in the Dunnigan, Geyserville, Meadowbrook, Rio Plaza, Fruitridge Vista, Hillview, East Pasadena, Piru (Warring), and Bellflower service territories. Example of such costs include, but are not limited to, nitrate mitigation, installation of geosynthetic liners, repair of a cracked surface seal on the main well, construction of a back-up well and back-up electrical power source to maintain minimum pressure in the event of failure in grid power. This account excluded costs related to hexavalent chromium mitigation since there is a separate memorandum account for those costs. (C)

2. APPLICABILITY:

California American Water’s East Pasadena Service Areas; Hillview Service Areas; Fruitridge Vista Service Areas; Sacramento Service Area – Dunnigan, Geyserville, and Meadowbrook Service Areas; Los Angeles County District – Rio Plaza, in the City of Oxnard, Bellflower, Piru (Warring), Ventura County (C)

3. ACCOUNTING PROCEDURE:

- a. A debit entry will be created to capture costs associated with the account.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account’s (“CEBA”) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate District CEBA(s) for recovery/fund.

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1390	J. T. LINAM	Date Filed	_____
Decision		DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____

Schedule No. CA-4
California American Water
PRIVATE FIRE PROTECTION SERVICE

Sheet 3

RATES: (continued)

Southern Division

Per Month

Los Angeles Service Area

For each 4-inch connection or smaller	\$48.06
For each 6-inch connection or smaller	\$75.19
For each 8-inch connection or smaller	\$103.08
For each 10-inch connection or smaller	\$132.03
For each 12-inch connection or smaller	\$177.33

San Diego Service Area

For each 4-inch connection or smaller	\$43.28
For each 6-inch connection	\$71.66
For each 8-inch connection	\$100.25
For each 10-inch connection	\$133.00
For each 12-inch connection	\$185.75

Ventura Service Area

For each 4-inch connection or smaller	\$46.58
For each 6-inch connection	\$72.97
For each 8-inch connection	\$100.11
For each 10-inch connection	\$128.32
For each 12-inch connection	\$172.88

East Pasadena System

For each 1-inch of diameter of Fire Service Connection	\$15.95
--	---------

Piru System

For each 1-inch of diameter of Fire Service Connection	\$10.96
--	---------

Bellflower System

For each 1-inch of diameter of Fire Service Connection	\$15.67
--	---------

(N)
(N)
(N)

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

Advice 1390

J. T. LINAM

Date Filed _____

Decision

DIRECTOR - Rates & Regulatory

Effective _____

Resolution _____

TITLE
TARIFF SCHEDULES
Applicable to WATER SERVICE

Sheet 1

Together with Information Affecting

RATES AND SERVICE
Of
CALIFORNIA-AMERICAN WATER COMPANY

655 West Broadway, #1410

San Diego, CA 92101

Telephone Number: 619-446-4760

Internet Address: <http://www.calamwater.com>

Operating In or Near

Coronado, Imperial Beach, and San Diego County; Baldwin Hill, Bradbury, Duarte, Irwindale, Ladera Heights, Monrovia, Rosemead, San Gabriel, San Marino, Temple City, Windsor Hills, and Viewpark, Adams Ranch, Los Angeles County; East Pasadena Service Area including the territory within and adjacent to Arcadia and Temple City and adjacent to Pasadena and San Gabriel, Los Angeles County; Seven non-contiguous service areas in Bellflower, Los Angeles County; El Rio, City of Oxnard, Ventura County; Piru and vicinity, Ventura County; Carmel-by-the Sea, Carmel Valley, Monterey, Pacific Grove, Seaside, Del Rey Oaks, Sand City, Hidden Hills, Ryan Ranch, Bishop, Laguna Seca, Ambler Park, Oaks, Rim Rock, Rancho El Toro, Salina, Ralph Lane, Chualar, Toro, Garrapata, Monterey County; Thousand Oaks and Camarillo, Newbury Park, Ventura County; Larkfield, Fulton, San Rosa and Sonoma County; Cordova, Rosemont, Parkway Estates, Lindale, Foothill Farms, Arlington Heights, Arden Highlands, Arden Estates and Security Park, City of Citrus Heights, Antelope, Sabre City, and Fruitridge in Sacramento and Placer County; Dunnigan in Yolo County; Hillview Service Area including Coarsegold Highlands, Raymond, and subdivisions in and near Oakhurst, Madera County; Geyserville in Sonoma County; Meadowbrook in Merced County; City of Isleton, Walnut Grove, Morgan Creek, Doyle Ranch, Sun Valley and Riolo Greens. (C) (C)

The following tariff schedules embracing Rates and Rules have been regularly filed with the Public Utilities Commission of the State of California and are the effective rates and rules of this Utility.

No officer, inspector, solicitor, agent or employee of the Utility has any authority to waive, alter or amend these tariff schedules or any part thereof in any respect.

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1390	J. T. LINAM	Date Filed	_____
Decision		DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____

SOUTHERN DIVISION SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY

BY MAIL:

	City of Camarillo 601 Carmen Drive Camarillo, CA 93010	James R. Lough, City Attorney City of Imperial Beach 825 Imperial Beach Blvd. Imperial Beach, CA 91932
Los Angeles Docket Office California Public Utilities Commission 320 West 4 th Street, Suite 500 Los Angeles, CA 90013	Sunnyslope Water Company 1040 El Campo Drive Pasadena, CA 91109	San Gabriel County Water District P.O. Box 2227 San Gabriel, CA 91776
Hatties Stewart 4725 S. Victoria Avenue Los Angeles, CA 90043	City of Monrovia City Clerk 415 South Ivy Ave Monrovia, CA 91016	City of San Gabriel City Clerk 425 S. Mission Drive San Gabriel, CA 91776
Michelle Keith City Manager City of Bradbury 600 Winston Avenue Bradbury, CA 91008	Temple City City Clerk 9701 Las Tunas Dr. Temple City, CA 91780	William M. Marticorena Rutan & Tucker, LLP 611 Anton Blvd., 14 th Floor Costa Mesa, CA 92626-1931
Barbara Delory 4030 Bartlett Avenue Rosemead, CA 91770-1332	Wallin, Kress, Reisman & Krantiz, LLP 11355 West Olympic Blvd., Suite 300 Los Angeles, CA 90064	Andrew Jackson Golden State Water Company 630 E. Foothill Blvd. San Dimas, CA 91773 afjackson@gswater.com
Bernardo R. Garcia P.O. Box 37 San Clemente, CA 92674-0037	Mary Martin 4611 Brynhurst Ave. Los Angeles, CA 90043	City of Rosemead City Clerk 8838 E. Valley Blvd Rosemead, CA 91770
James L. Markman Richards, Watson & Gershon 355 South Grand Avenue, 40 th Floor Los Angeles, CA 90071-3101	City of Los Angeles Department of Water and Power 111 North Hope Street Los Angeles, CA 90012 Attn: City Attorney Louis A. Atwell Director of Public Works City of Inglewood One W. Manchester Blvd. Inglewood, CA 90301	Veronica Ruiz, City Clerk City of San Marino 2200 Huntington Dr, 2 nd Floor San Marino, CA 91108 vrui@cityofsanmarino.org Rex Ball SR/WA, Senior Real Property MGMT County of Los Angeles 222 South Hill Street, 3rd Floor Los Angeles, CA 90012
Marcus Nixon Asst. Public Advisor 320 W. 4 th Street, Suite 500 Los Angeles, CA 90013	Ventura County Waterworks District 7150 Walnut Canyon Road P.O. Box 250 Moorpark, CA 93020	City of Thousand Oaks Water Dept. 2100 E. Thousand Oaks Blvd. Thousand Oaks, CA 91362
California Water Service P.O. Box 49062 San Jose, CA 95161-9062		

SOUTHERN DIVISION SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY

Gregory J. Smith, County Clerk
County of San Diego
County Administration Center
1600 Pacific Highway, Room 260
San Diego, CA 92101

Henry Nanjo
Department of General Services
Office of Legal Services, MS-102
PO Box 989052
West Sacramento, CA 95798-9052

BY E-MAIL:

City of El Monte
City Clerk/Water Department
11333 Valley Blvd
El Monte CA 91731-3293
cityclerk@elmonteca.gov

California Public Utilities Commission
PublicAdvocatesWater@cpuc.ca.gov

Mukunda Dawadi
California Public Utilities Commission
Cal PA - Water Branch, Rm 4209
505 Van Ness Ave
San Francisco, CA 94102
Mukunda.dawadi@cpuc.ca.gov

Christina Baker, City Clerk
City of San Marino
2200 Huntington Drive, 2nd floor
San Marino, CA 91108
cityclerk@cityofsanmarino.org

Rates Department
California Water Service Company
1720 North First Street
San Jose, CA 95112
rateshelp@calwater.com

City of Duarte
City Clerk
1600 Huntington Drive
Duarte, CA 91010

City of Chula Vista
Director of Public Works
276 Forth Avenue
Chula Vista, CA 91910

Anne Moore, City Attorney
City of Chula Vista
276 Forth Avenue
Chula Vista, CA 91910

County of Ventura
800 South Victoria Avenue
Ventura, CA 93009
wspc@ventura.org

Laura Nieto
City of Irwindale
Chief Deputy City Clerk
5050 North Irwindale Avenue
Irwindale, CA 91706

Ms. Lisa Bilir
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
lwa@cpuc.ca.gov

City of Inglewood
City Hall
One W. Manchester Blvd.
Inglewood, CA 90301
brai@cityofinglewood.org

East Pasadena Water Company
3725 Mountain View
Pasadena, CA 91107
larry@epwater.com

San Gabriel Valley Water Company
11142 Garvey Blvd.
El Monte, CA 91734
dadellosa@sgvwater.com

Audrey Jackson
Golden State Water Company
630 E. Foothill Blvd.
San Dimas, CA 91773
afjackson@gswater.com

Jim Sandoval, City Manager
City of Chula Vista
276 Forth Avenue
Chula Vista, CA 91910

Division of Ratepayer Advocates
California Public Utilities Commission
dra_water_al@cpuc.ca.gov

B. Tilden Kim
Attorney At Law
Richards Watson & Gershon
Los Angeles, CA 90071
tkim@rwglaw.com

Laura L. Krannawitter
California Public Utilities Commission
Executive Division, Rm 5303
505 Van Ness Avenue
San Francisco, CA 94102

Jennifer Capitolo
Executive Director
California Water Association
601 Van Ness Avenue, Suite 2047
San Francisco, CA 94102-3200
jcapitolo@calwaterassn.com

Lori Ann Dolqueist
Nossaman LLP
50 California St. 34th Floor
San Francisco, CA 94111-3719
ldolqueist@nossaman.com

Kiki Carlson
Regulatory Affairs Manager
1325 N. Grand Avenue, Suite 100
Covina, CA 91724
kcarlson@swwc.com

John Corona
Utilities Superintendent
City of Arcadia Water Dept.
Arcadia, CA 91006
jcorona@arcadiaca.gov

SOUTHERN DIVISION SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY

Clifford G. Finley
Director of Public Works
City of Thousand Oaks
2100 Thousand Oaks Blvd
Thousand Oaks, CA 91363
publicworks@toaks.org

Richard Rauschmeier
California Public Utilities Commission
DRA - Water Branch, Rm 4209
505 Van Ness Ave
San Francisco, CA 94102
rra@cpuc.ca.gov

Thomas Montgomery, County Counsel
County of San Diego
County Administration Center
1600 Pacific Highway, Room 260
San Diego, CA 92101
thomas.montgomery@sdcounty.ca.gov

Elizabeth Maland, City Clerk
City of San Diego
202 'C' Street
San Diego, CA 92101
cityclerk@sandiego.gov

Johanna N. Canlas, City Attorney
City of Coronado
501 West Broadway, Suite 1600
Coronado, CA 92101
jcanlas@bwsllaw.com

Mara W. Elliott, City Attorney
City of San Diego
1200 Third Avenue, Suite 1620
San Diego, CA 92101
cityattorney@sandiego.gov

Jennifer Ekblad, City Clerk
City of Coronado
1825 Strand Way
Coronado, CA 92118
cityclerk@coronado.ca.us

Barry Gabrielson
bdgabriell@aol.com

BELLFLOWER DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
Application No. 18-09-013

BY E-MAIL:

JOHN T. VAN GEFFEN
CALIF PUBLIC UTILITIES COMMISSION
LEGAL DIVISION
ROOM 5139
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
FOR: PUBLIC ADVOCATES OFFICE
jtv@cpuc.ca.gov

EMILY FISHER
CALIF PUBLIC UTILITIES COMMISSION
LEGAL DIVISION
ROOM 5133
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
FOR: PUBLIC ADVOCATES OFFICE
ef2@cpuc.ca.gov

SHANNA FOLEY
CALIF PUBLIC UTILITIES COMMISSION
LEGAL DIVISION
ROOM 4107
320 WEST 4TH STREET SUITE 500
LOS ANGELES, CA 90013
sf2@cpuc.ca.gov

KELSEY CHOING
CALIF PUBLIC UTILITIES COMMISSION
EXECUTIVE DIVISION
ROOM 5137
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
kc4@cpuc.ca.gov

NICHOLAS A. SUBIAS, ESQ.
ATTORNEY – CORP. COUNSEL
CALIFORNIA-AMERICAN WATER
COMPANY
555 MONTGOMERY ST., STE. 816
SAN FRANCISCO, CA 94111
FOR: CALIFORNIA-AMERICAN WATER
COMPANY
Nicholas.subias@amwater.com

MUKUNDA DAWADI
CALIF PUBLIC UTILITIES COMMISSION
WATER BRANCH
AREA
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
md6@cpuc.ca.gov

AMY B. CHAMARTY
CALIF PUBLIC UTILITIES COMMISSION
CONSUMER AFFAIRS BRANCH
ROOM 5210
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
ab1@cpuc.ca.gov

JEFFERSON HANCOCK
CALIF PUBLIC UTILITIES COMMISSION
WATER AND SEWER ADVISORY BRANCH
AREA
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
jho@cpuc.ca.gov

RICHARD RAUSCHMEIER
CALIF PUBLIC UTILITIES COMMISSION
WATER BRANCH
ROOM 4209
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
rra@cpuc.ca.gov

CATHY A. HONGOLA-BAPTISTA
DIR - CORPORATE COUNSEL
CALIFORNIA-AMERICAN WATER
COMPANY
555 MONTGOMERY ST., STE. 816
SAN FRANCISCO, CA 94111
FOR: CALIFORNIA-AMERICAN WATER
COMPANY
Cathy.Hongola-Baptista@amwater.com

CHRISTOPHER RENDALL-JACKSON
SPECIAL COUNSEL
FARELLA BRAUN + MARTEL LLP
235 MONTGOMERY STREET, 17TH FLOOR
SAN FRANCISCO, CA 94104
FOR: CITY OF BELLFLOWER
Crendall-jackson@fbm.com

EDWARD MOLDAVSKY
CALIF PUBLIC UTILITIES COMMISSION
LEGAL DIVISION
ROOM 4107
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
edm@cpuc.ca.gov

EILEEN ODELL
CALIF PUBLIC UTILITIES COMMISSION
COMMISSIONER HOUCK
AREA
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
eo2@cpuc.ca.gov

DEMETRIO MARQUEZ
SENIOR PARALEGAL
CALIFORNIA - AMERICAN WATER
COMPANY
555 MONTGOMERY STREET, SUITE 816
SAN FRANCISCO, CA 94111
Demetrio.Marquez@amwater.com

BELLFLOWER DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
Application No. 18-09-013

SARAH E. LEEPER
VP - LEGAL, REGULATORY
CALIFORNIA-AMERICAN WATER
COMPANY
555 MONTGOMERY ST., STE. 816
SAN FRANCISCO, CA 94111
Sarah.Leeper@amwater.com

OGEONYE ENYINWA
CALIF PUBLIC UTILITIES COMMISSION
ELECTRIC SAFETY AND RELIABILITY
BRANCH
AREA
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
oe2@cpuc.ca.gov

PUI-WA LI
CALIF PUBLIC UTILITIES COMMISSION
SAFETY BRANCH
AREA
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
pwl@cpuc.ca.gov

VANESSA BALDWIN
CALIF PUBLIC UTILITIES COMMISSION
LEGAL DIVISION
ROOM 5029
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
FOR: PUBLIC ADVOCATES OFFICE
vy2@cpuc.ca.gov

LORI ANNE DOLQUEIST
ATTORNEY
NOSSAMAN LLP
50 CALIFORNIA STREET, 34TH FLR.
SAN FRANCISCO, CA 94111
LDolqueist@nossaman.com

KERRIE EVANS
CALIF PUBLIC UTILITIES COMMISSION
WATER BRANCH
AREA 3-B
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
kke@cpuc.ca.gov

PATRICIA MA
CALIF PUBLIC UTILITIES COMMISSION
PUBLIC ADVOCATES OFFICE
AREA
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
ppm@cpuc.ca.gov

SARAH R. THOMAS
CALIF PUBLIC UTILITIES COMMISSION
COMMISSIONER HOUCK
ROOM 5033
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
srt@cpuc.ca.gov

VIET TRUONG
CALIF PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS
AREA
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
vt4@cpuc.ca.gov

MARINA MACLATCHIE
CALIF PUBLIC UTILITIES COMMISSION
EXECUTIVE DIVISION
300 CAPITOL MALL
SACRAMENTO, CA 95814
mmd@cpuc.ca.gov

LEUWAM TESFAI
CALIF PUBLIC UTILITIES COMMISSION
EXECUTIVE DIVISION
ROOM 5137
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
Lt3@cpuc.ca.gov

PETER WERCINSKI
CALIF PUBLIC UTILITIES COMMISSION
ADMINISTRATIVE LAW JUDGE DIVISION
ROOM 5021
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
pwi@cpuc.ca.gov

SIMI ROSE CEORGE
CALIF PUBLIC UTILITIES COMMISSION
COMMISSIONER RECHTSCHAFFEN
ROOM 5119
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
srg@cpuc.ca.gov

JENNIFER CAPITOLO
EXE DIR
CALIFORNIA WATER ASSOCIATION
601 VAN NESS AVENUE, STE. 2047
SAN FRANCISCO, CA 94102-6316
Jcapitolo@CalWaterAssn.com

CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1390
SUPPORTING DOCUMENTATION FOR STAFF

**Bellflower Acquisition – Los Angeles County District
TABLE OF CONTENTS**

	<u>Page</u>
Decision D.22-10-003	1-1
Resolution No. 15-72	2-1
Cancelled Tariffs	3-1

ALJ/PWI/lil/smt

Date of Issuance 10/11/2022

Decision 22-10-003 October 6, 2022

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application for Order Authorizing
California-American Water Company
(U210W) to Purchase Bellflower
Municipal Water System's Assets and
for Related Approvals.

Application 18-09-013

**DECISION APPROVING CALIFORNIA-AMERICAN WATER COMPANY'S
ACQUISITION OF BELLFLOWER MUNICIPAL WATER SYSTEM**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
DECISION APPROVING CALIFORNIA-AMERICAN WATER COMPANY'S ACQUISITION OF BELLFLOWER MUNICIPAL WATER SYSTEM	1
Summary	2
1. Background	2
2. Issues Before the Commission.....	5
3. Discussion	7
3.1. Joint Motion for Adoption of Settlement Agreement	7
3.1.1. Reasonableness in Light of Whole Record	10
3.1.2. Consistency with Law	15
3.1.3. Public Interest.....	15
3.2. FMV and Rate Base of Bellflower MWS.....	18
3.3. Rate Base and Accounting Treatment of Bellflower \$5 Million Commitment	20
3.4. Memorandum Account Cost Tracking of Environmental Improvements and Compliance.....	22
3.5. New Memorandum Account Tracking of Acquisition Costs	8
3.6. New Contingency Memorandum Account	9
3.7. Health or Safety Requirements	23
3.8. Qualification as Inadequately Operated and Maintained Small Water Utility	23
3.9. Public Utility Obligations Following Close of Acquisition.....	24
3.10. Notice to Cal-Am's Customers.....	24
3.11. CEQA Review	24
3.12. Wheeling Agreement.....	25
3.13. Modification of Cal-Am's Certificate of Public Convenience and Necessity	26
3.14. Operational and Ratemaking Consolidation of Bellflower MWS with Cal-Am's Existing Service Area and Tier 2 Advice Letter	26
4. Cal-Am Requests to Admit Ruling Responses into Evidence	27
5. Comments on Proposed Decision.....	27
6. Assignment of Proceeding	30
Findings of Fact.....	30
Conclusions of Law	31
ORDER	32

Attachment 1 - Settlement Agreement

Attachment 2 - Agreement for Transmission and Production of Water between California-American Water Company and Bellflower-Somerset Mutual Water Company

DECISION APPROVING CALIFORNIA-AMERICAN WATER COMPANY'S ACQUISITION OF BELLFLOWER MUNICIPAL WATER SYSTEM

Summary

We approve the amended application of California-American Water Company (Cal-Am) for an order authorizing Cal-Am's acquisition (Acquisition) from the City of Bellflower (Bellflower) of the assets of the Bellflower Municipal Water System (Bellflower MWS). We modify the settlement agreement between Cal-Am and the Public Advocates Office by denying authorization for Cal-Am to establish a new memorandum account to track Acquisition costs and a contingency memorandum account to track lost revenue. We adopt the modified settlement agreement, which provides for a purchase price of \$17 million and reflects Bellflower's November 1, 2021 infrastructure agreement (Infrastructure Agreement) commitment to make \$5 million in grant funding available to Cal-Am by the close of the Acquisition for post-Acquisition capital improvements to the Bellflower MWS, because it is reasonable in light of the whole record, consistent with law, and in the public interest. Effective at the close of the Acquisition, Cal-Am's rate base will increase by \$17 million to reflect the \$17 million fair market value of the assets of the Bellflower MWS and will be reduced by \$5 million as a result of the accounting treatment of Bellflower's \$5 million grant as a contribution to Cal-Am. As a result of these two rate base adjustments, Cal-Am's rate base will increase by \$12 million effective at the close of the Acquisition.

This proceeding is closed.

1. Background

The Bellflower Municipal Water System (Bellflower MWS) is located in Bellflower, California in southeast Los Angeles County and provides water service to about 1,826 customers in seven non-contiguous service

areas. The Bellflower MWS consists of water supply sources and a water delivery system that interconnects with a neighboring water system and includes one active well, three standby wells, three storage tanks, water pipelines, fire hydrants, isolation valves, blow-off valves, and six interconnections.¹

On November 27, 2017, California-American Water Company (Cal-Am) and the City of Bellflower (Bellflower) entered into an Asset Purchase Agreement for Cal-Am to purchase the assets of the Bellflower MWS from Bellflower for \$17 million (the Acquisition). The Acquisition includes Cal-Am's purchase of 700 acre-feet of Central Basin Annual Pumping Allocation water rights.²

On September 14, 2018, Cal-Am filed its Application with the California Public Utilities Commission (Commission) for approval of the Acquisition. On October 29, 2018, the Public Advocates Office (Cal Advocates) filed its protest to the Application. Cal-Am filed a reply on November 8, 2018. On November 20, 2018, Bellflower filed a motion for party status. A prehearing conference was held on January 7, 2019, at which time Bellflower's motion for party status was granted.

On January 22, 2019, Cal-Am filed an amended application (Amended Application) requesting Commission approval of the Acquisition. On April 12, 2019, the assigned Commissioner issued the Scoping Memo and Ruling (Scoping Memo). A public participation hearing was held on May 29, 2019, and evidentiary hearings were held

¹ Exhibit Cal-Am 19 Attachment 4 at 1.

² *Id.* at 4, Attachment 1 at 1.

on June 5-6, 2019. At the evidentiary hearings, Exhibits Cal-Am 1, Cal-Am 3 through Cal-Am 18, Cal-PA 1, Cal-PA 01-A, Cal-PA 2 through Cal-PA 6, Cal-PA 8, and Cal-PA 9 were admitted into evidence. Cal-Am, Cal Advocates, and Bellflower filed opening briefs on July 12, 2019 and reply briefs on July 31, 2019.

On March 30, 2020, the assigned Administrative Law Judge (ALJ) issued a proposed decision (PD) denying Cal-Am's application. Cal-Am and Bellflower filed comments on the PD on June 19, 2020. Cal Advocates filed reply comments on the PD on July 3, 2020. On July 8, 2020, Cal-Am filed a motion to reopen the evidentiary record. On July 15, 2020, Cal Advocates filed a response to Cal-Am's motion to reopen the evidentiary record, and Cal-Am filed a reply regarding that motion on July 23, 2020. On August 5, 2020, an ALJ ruling granted Cal-Am's motion to open the evidentiary record to take additional evidence regarding the value of the Bellflower MWS and ordered the parties to engage in settlement negotiations. The PD was withdrawn at the Commission's August 6, 2020 meeting.

On March 18, 2021, an ALJ ruling ordered the preparation of a new valuation of the Bellflower MWS and the service of a valuation report, ordered the parties to discuss settlement, and directed that the valuation report be admitted into evidence. In response to the March 18, 2021 ALJ ruling, Cal-Am submitted the valuation report (2021 Valuation Report) that can be found at <https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A1809013/3908/394802069.pdf> as of the date of this decision and that is admitted into evidence as Exhibit Cal-Am 19.

On November 1, 2021, Cal-Am and Bellflower entered into an Agreement Regarding Water Infrastructure Improvement Funding (Infrastructure

Agreement). On November 23, 2021, Cal-Am and Cal Advocates entered into a settlement agreement (Settlement Agreement) attached to this decision as Attachment 1 and filed a Joint Motion for Adoption of Settlement Agreement (Motion). A November 23, 2021 letter on behalf of Bellflower stated that Bellflower does not oppose the Settlement Agreement or its approval by the Commission. On December 21, 2021, an ALJ ruling required Cal-Am to provide responses to matters regarding the Settlement Agreement. On January 18, 2022, Cal-Am filed responses to the December 21, 2021 ALJ ruling and requested that those responses be admitted into evidence as Exhibit Cal-Am 20. On February 4, 2022, an ALJ ruling required Cal-Am and Cal Advocates to provide additional responses to matters regarding the Settlement Agreement. On February 28, 2022, Cal-Am and Cal Advocates filed responses to the February 4, 2022 ALJ ruling, and Cal-Am requested that its responses be admitted into evidence as Exhibit Cal-Am 21.

2. Issues Before the Commission

The Scoping Memo identifies the following issues to be determined in this proceeding:

1. Whether the Acquisition should be approved and, if so, whether it should be approved with conditions;
2. Whether the Acquisition benefits both Cal-Am's and Bellflower MWS's customers;
3. If the Acquisition is approved, whether and how the Bellflower MWS will be consolidated with Cal-Am's existing service area for operational and/or ratemaking purposes;
4. If the Acquisition is approved, whether the Commission should approve Cal-Am's request to track the costs of addressing any required environmental improvements and compliance issues in Cal-Am's existing memorandum

- account 2 for the Dunnigan, Geyserville and Meadowbrook purchases;
5. If the Acquisition is approved, whether the Commission should approve Cal-Am's request to establish a new memorandum account to track the costs associated with the Acquisition and whether tracked costs should be included in rate base or treated as expenses to be considered for recovery in a subsequent Cal-Am general rate case (GRC) proceeding;
 6. If this proceeding is not resolved by the time Cal-Am files its application for its 2019 GRC, should the Commission allow Cal-Am to create a "contingency" memorandum account to capture the difference in revenue between the current rates and final rates if the Acquisition is approved;
 7. Whether Cal-Am's Replacement Cost New Less Depreciation (RCNLD) valuation is accurate and reasonable and whether the results of the RCNLD valuation represent Bellflower MWS's reproduction cost consistent with the requirements of Public Utilities (Pub. Util.) Code Section 2720;
 8. Whether the Bellflower MWS is in violation of any health or safety requirements;
 9. Whether the Bellflower MWS qualifies as an Inadequately Operated and Maintained Small Water Utility and, if so, whether the distressed incentives of Decision (D.) 99-10-064 should apply;
 10. Whether Code of Civil Procedure (CCP) Section 1263.320(a) or Section 1263.320(b) should be used to determine the fair market value (FMV) of a public utility;
 11. Whether reliance on the FMV of the acquired company's entire public water system should be used as opposed to the FMV of only its distribution system to set the rate base or be treated as expenses to be considered for recovery in a subsequent GRC;
 12. If the Acquisition is approved, whether the full purchase price (\$17 million) paid by Cal-Am is the FMV and, if so,

- whether the Commission should establish the rate base for the Bellflower MWS as less than or equal to this FMV;
13. If the Acquisition is approved, whether the Bellflower MWS should be relieved of its public utility obligations following the close of the sale or when Cal-Am has obtained all applicable permits to operate the Bellflower MWS; and
 14. Whether Cal-Am's customers have been properly noticed in accordance with the requirements of Rules 3.2 and 3.6 of the Commission's Rules of Practice and Procedure (Rule or Rules).

In addition, we address in Section 3.12 below whether Commission review under the California Environmental Quality Act (CEQA) is required for approval of the Amended Application; we address in Section 3.13 below whether the Commission should approve the October 20, 2017 Agreement for Transmission and Production of Water (Wheeling Agreement) between Cal-Am and Bellflower-Somerset Mutual Water Company (Bellflower-Somerset) attached to this decision as Attachment 2; and we address in Section 3.14 below whether the Commission should approve a modification of Cal-Am's Certificate of Public Convenience and Necessity to include the service territory of the Bellflower MWS.

3. Discussion

3.1. Joint Motion for Adoption of Settlement Agreement

Cal-Am and Cal Advocates have filed the Motion for Adoption of Settlement Agreement. Under Rule 12.1(d), the Commission will not approve a settlement unless it is reasonable in light of the whole record, consistent with law, and in the public interest. California has a strong public policy favoring settlements because they reduce litigation expenses, conserve scarce resources of parties and the Commission, and allow parties to reduce the risk that litigation

will produce unacceptable results.³ Settlements benefit the Commission, the parties, and the public at large by reducing the amount of Commission time and resources dedicated to the proceeding, thereby allowing the Commission to focus on other matters. Settlement can also serve as a model for earlier resolution of other proceedings by demonstrating the tangible benefits of effective communication and a practical mindset.⁴

In Section 3.2 below, we explain why we deny the request set forth in Paragraph 7.1(k) of the Settlement Agreement that Cal-Am be authorized to establish a new memorandum account to track costs related to the Acquisition. In Section 3.3 below, we explain why we deny the request set forth in Paragraph 7.1(l) of the Settlement Agreement that Cal-Am be authorized to establish a contingency memorandum account to track lost revenue. In Section 3.4 below, we analyze whether the Settlement Agreement excluding Paragraphs 7.1(k) and (l)(Modified Settlement Agreement) should be approved.

3.2. New Memorandum Account Tracking of Acquisition Costs

Scoping Memo Issue 5 addresses whether the Commission should approve Cal-Am's request to establish a new memorandum account to track costs related to the Acquisition. Paragraph 7.1(k) of the Settlement Agreement requests Commission authorization for Cal-Am to establish that new memorandum account. Acquisition costs may include payments for legal, engineering, surveying, appraising, noticing, and other professional services necessary to complete the Acquisition.⁵ New memorandum account costs are recoverable only

³ D.05-11-005 at 16.

⁴ D.21-04-008 at 61.

⁵ Exhibit Cal-Am 3 at 13-15.

when (1) they result from an event of an exceptional nature not under the utility's control, (2) they were not reasonably foreseeable in the utility's last GRC and will occur before the utility's next scheduled GRC, (3) the money involved is substantial, and (4) ratepayers benefit from the memorandum account treatment.⁶ In this case, Cal-Am made the decision to purchase the assets of the Bellflower MWS and knew or should have known of the types of expenses it would incur to consummate the purchase, and therefore the costs that Cal-Am seeks to track in this account were not exceptional and were under the utility's control. As a result, we find that Cal-Am's request to establish a new memorandum account to track costs related to the Acquisition is not reasonable in light of the whole record, is inconsistent with law, and is not in the public interest. Therefore, we deny Cal-Am's request to establish a new memorandum account to track costs related to the Acquisition.

3.3. New Contingency Memorandum Account

Scoping Memo Issue 6 asks whether the Commission should allow Cal-Am to create a "contingency" memorandum account to capture the difference in revenue between the current rates and final rates if the Acquisition is approved. Paragraph 7.1(l) of the Settlement Agreement requests Commission authorization for Cal-Am to establish a contingency memorandum account to track such lost revenue. In its Opening Brief, Cal-Am states that this account is needed only if integration of the Bellflower MWS for ratemaking purposes is not possible for Cal-Am's 2019 GRC.⁷ However, as set forth in Section 3.15 below, Bellflower MWS ratemaking integration will occur pursuant to Cal-Am's filing of

⁶ Commission Standard Practice U-27-W.

⁷ Cal-Am Opening Brief at 25-26.

a Tier 2 Advice Letter. In addition, the evidence does not support a conclusion that a revenue loss resulting from a delay in Acquisition approval constitutes an event of an exceptional nature. As a result, we find that Cal-Am's request to create a new contingency memorandum account is not reasonable in light of the whole record, is inconsistent with law, and is not in the public interest. Therefore, we deny Cal-Am's request to allow it to create a contingency memorandum account.

3.4. Approval of Modified Settlement Agreement

In this section, we analyze whether the Modified Settlement Agreement, which excludes Paragraphs 7.1(k) and (l) of the Settlement Agreement, is reasonable in light of the whole record, consistent with law, and in the public interest.

3.4.1. Reasonableness in Light of Whole Record

We first address whether the financial terms of the Modified Settlement Agreement are reasonable in light of the whole record. Paragraph 7.1(b) of the Modified Settlement Agreement provides that the settling parties Cal-Am and Cal Advocates have agreed to and request Commission approval for the same \$17 million purchase price reflected in the Asset Purchase Agreement and the Amended Application. Before the Modified Settlement Agreement, Cal-Am and Cal Advocates had vigorously disputed whether the Commission should approve the Acquisition given the \$17 million purchase price. Cal-Am provided a 2017 appraisal reflecting a total RCNLD valuation of the Bellflower MWS of \$20,945,831.⁸ Cal Advocates, to the contrary, asserted that the \$17 million

⁸ Exhibit Cal-Am 6 at 6, Attachment 1 at 3.

purchase price was “unreasonable” and “inflated”⁹ and that Cal-Am’s \$20,945,831 appraisal valuation was an “artifice” that “contains multiple deficiencies, flaws, and inconsistencies.”¹⁰ In particular, Cal Advocates cited to the evidentiary record and argued that Cal-Am’s valuation had underestimated the accrued physical depreciation of the Bellflower MWS,¹¹ had failed to take functional obsolescence into account,¹² and had failed to consider necessary safety upgrades.¹³

In response to the March 18, 2021 ALJ ruling, Cal-Am submitted the 2021 Valuation Report that estimates the value of the 700 acre-feet of water rights to be acquired by Cal-Am in the Acquisition and provides a new total RCNLD valuation of the Bellflower MWS.¹⁴ The 2021 Valuation Report contains detailed descriptions of the methodologies employed to produce the identified valuations and the backgrounds of the persons and entities involved in its preparation. Cal Advocates did not contest the conclusions or methodologies used in the 2021 Valuation Report, and we find that the conclusions reached in the 2021 Valuation Report are well-supported and credible.

Based upon recent sales, the June 17, 2021 WestWater Research Memorandum (WestWater Memorandum) included in the 2021 Valuation Report estimates that the value of the 700 acre-feet of water rights that Cal-Am would

⁹ July 12, 2019 Cal Advocates Opening Brief (Cal Advocates Opening Brief) at 4.

¹⁰ *Id.* at 5.

¹¹ Exhibit Cal-PA 1 at 14; Cal Advocates Opening Brief at 6.

¹² Exhibit Cal-PA 1A at 2-10, Attachment 2-2; Cal Advocates Opening Brief at 6-8.

¹³ Exhibit Cal-PA 1A at 3-254 to 3-257, Attachment 3-13; Cal Advocates Opening Brief at 8-9.

¹⁴ Exhibit Cal-Am 19 at 4, Attachments 1-4.

acquire in the Acquisition is between \$9,450,000 and \$10,465,000.¹⁵ In addition, the July 14, 2021 Brown and Caldwell Technical Memorandum (Brown and Caldwell Memorandum) included in the 2021 Valuation Report places a total replacement cost before depreciation of the Bellflower MWS (inclusive of real property, including easements, but exclusive of the value of water rights) at \$27,593,266 and a RCNLD valuation of \$10,257,687.¹⁶ As a result, the WestWater Memorandum and the Brown and Caldwell Memorandum reflect a collective valuation of water rights and RCNLD property in the range of \$19,707,687 to \$20,722,687.

The 2021 Valuation Report also includes a July 16, 2021 Willamette Management Associates appraisal (Willamette Appraisal) of the Bellflower MWS that relies in part on the WestWater Memorandum and the Brown and Caldwell Memorandum. Unlike earlier Cal-Am appraisals, however, the Willamette Appraisal also considers all forms of depreciation, including physical deterioration, functional obsolescence, and economic obsolescence. The Willamette Appraisal values Bellflower MWS's RCNLD tangible property assets at \$7,693,000, assessed real estate at \$979,000, and water rights covered by the Acquisition at \$9,958,000, resulting in a total RCNLD valuation of the Bellflower MWS assets to be sold to Cal-Am of \$18.6 million.¹⁷

The valuations described above reflect a total RCNLD valuation of the Bellflower MWS assets to be acquired by Cal-Am in a range of \$18.6 million to \$20.7 million. We find the \$17 million purchase price to be reasonable in light of

¹⁵ *Id.* Attachment 1 at 6.

¹⁶ *Id.* Attachment 2 at 6, Attachment 3 at 2.

¹⁷ *Id.* Attachment 4 at 4.

the valuation range for the Bellflower MWS reflected in the 2021 Valuation Report.

Paragraph 7.1(d) of the Modified Settlement Agreement contains a significant new financial term benefitting Cal-Am that was not a part of the Asset and Purchase Agreement or the Amended Application: Bellflower's commitment in the Infrastructure Agreement to make \$5 million available to Cal-Am by the close of the Acquisition for capital improvements to the Bellflower MWS. The Infrastructure Agreement provides that (1) Bellflower will establish a trust fund into which it will deposit \$5 million on or before the close of the Acquisition, (2) Cal-Am will submit applications for funding of infrastructure improvements to a technical advisory committee (TAC) composed of Cal-Am and Bellflower representatives, (3) Cal-Am may seek payment for infrastructure improvements either in a lump sum or by progress payments, (4) trust funds must be obligated by the TAC to a project by December 31, 2024 or they will revert to Bellflower, and (5) the trust fund will expire on December 31, 2026, with unexpended funds at that date reverting to Bellflower.¹⁸ In the Infrastructure Agreement, Bellflower represents that (1) Bellflower has received \$5 million in funds pursuant to the American Rescue Plan Act of 2021 for potable water infrastructure projects, (2) Cal-Am is a proper recipient of those funds, and (3) Cal-Am may use the funds for Bellflower MWS infrastructure improvement projects.¹⁹

Bellflower's new \$5 million commitment to Cal-Am addresses Cal Advocates' earlier concerns that Cal-Am's valuation had failed to recognize

¹⁸ Exhibit Cal-Am 20 Attachment A at 6-7, Attachment 2-1 at 2-5.

¹⁹ *Id.* Attachment A at 6, Attachment 2-1 at 5-6.

the sizable future capital investment needed to rectify Bellflower MWS's deteriorating and obsolete capital infrastructure. A Condition-Based Assessment of the Bellflower MWS prepared for Cal-Am and included in the 2021 Valuation Report estimates a cost of \$10,675,000 over 20 years for a main replacement program, with about \$9,458,000 of that amount planned within the first 10 years.²⁰ Cal-Am has proposed a capital improvements schedule using funds from Bellflower's \$5 million commitment of \$800,000 in 2022 and \$4,200,000 in 2023 and funds from Cal-Am itself of \$1,000,000 in 2024, \$1,035,000 in 2025, \$1,071,225 in 2026, and \$1,108,718 in 2027.²¹ We find that Cal-Am's capital improvements plan, including its use of Bellflower's \$5 million commitment, reasonably addresses the 2021 Valuation Report's estimated infrastructure costs for the Bellflower MWS.

After full consideration of the evidentiary record, particularly the 2021 Valuation Report that is the most recent and most inclusive valuation of the Bellflower MWS, we find that the Modified Settlement Agreement's \$17 million purchase price, coupled with Bellflower's \$5 million capital improvements commitment, reflects a reasonable and well-supported compromise of the parties' positions. Therefore, we find the financial terms of the Modified Settlement Agreement to be reasonable in light of the whole record.

Sections 1 through 6 and 8 through 13 of the Modified Settlement Agreement contain provisions that are not reasonably subject to dispute, and we do not find any reason to disapprove them. The provisions of Section 7 of the Modified Settlement Agreement are either addressed elsewhere in this decision

²⁰ Exhibit Cal-Am 19 at 9, Attachment 7 at 5.

²¹ Exhibit Cal-Am 20 Attachment A at 4.

or are routinely approved by the Commission in other proceedings. Therefore, we find that the Settlement Agreement is reasonable in light of the whole record.

3.4.2. Consistency with Law

In D.99-10-064 as part of the landmark rulemaking proceeding Rulemaking 97-10-048, the Commission established guidelines for acquisitions of water companies, including the requirement to file an appraisal covering the value of all assets, including the value of the land and the cost of replacing the existing improvements less accumulated depreciation.²² As described in Section 3.4.1 above, Cal-Am filed the 2021 Valuation Report that reflects an RCNLD valuation of the assets of the Bellflower MWS in a range of \$18.6 million to \$20.7 million. Therefore, we find that Cal-Am has complied with the appraisal requirements of D.99-10-064.

We have reviewed all provisions of the Modified Settlement Agreement and conclude that no provision violates or is inconsistent with any law, rule, order, or decision of the Commission. Therefore, we find that the Modified Settlement Agreement is consistent with law.

3.4.3. Public Interest

Under Rule 12.1(d), Commission approval of a settlement agreement requires the finding that the settlement agreement is in the public interest. The Public Water System Investment and Consolidation Act of 1997, codified at Pub. Util. Code § 2719, reflects the following findings of the California Legislature regarding the public interest factors relevant to the acquisition of a public water system by a water corporation:

- (a) Public water systems are faced with the need to replace or upgrade the public water system infrastructure to meet

²² D.99-10-064 Appendix D Section 2.05.

- increasingly stringent state and federal safe drinking water laws and regulations governing fire flow standards for public fire protection.
- (b) Increasing amounts of capital are required to finance the necessary investment in public water system infrastructure.
 - (c) Scale economies are achievable in the operation of public water systems.
 - (d) Providing water corporations with an incentive to achieve these scale economies will provide benefits to ratepayers.

Cal-Am's size, resources, and experience result in it being favorably positioned to provide safe, reliable water to the customers previously served by Bellflower MWS. Cal-Am is one of the largest investor-owned water utilities in California and is a subsidiary of American Water Works Company, Inc., the largest publicly traded water and wastewater utility in the United States. Further, Cal-Am's breadth of experience and resources makes it more likely to improve the level of service now provided to Bellflower MWS customers.²³ Cal-Am's statewide asset footprint, with its large customer base, also increases the likelihood that it will address Bellflower MWS's operational and financial challenges by leveraging its size to implement economies of scale to spread costs across a broader spectrum of customers.²⁴ As a subsidiary of a national, publicly traded water utility, Cal-Am benefits from national bulk pricing contracts, resulting in economies of scale regarding chemical and other quantity-related purchases.²⁵ In addition, Cal-Am's experience will enable it to respond to environmental and other regulatory requirements and implement safety

²³ Exhibit Cal-Am 3 at 19.

²⁴ *Id.* at 4, 21.

²⁵ Exhibit Cal-Am 1 at 7.

programs for the protection of employees and customers.²⁶ As Cal-Am noted in its testimony, it has had substantial recent experience in taking over the operation of smaller systems and improving safety and service quality.²⁷

In determining whether the Modified Settlement Agreement is in the public interest, we also consider its impact on customer bills. Cal-Am has provided estimated residential customer bill impacts for the period from 2022 through 2027 that reflect the dual effects of the Acquisition purchase price and post-Acquisition capital improvements. Cal-Am's bill estimates are generally consistent with the ratemaking implementation incorporated into the settlement agreement adopted by the Commission in D.21-11-018 in the GRC proceeding Application (A.) 19-07-004.²⁸ The following table shows Cal-Am's estimated percentage increase in average monthly residential customer bills resulting from the Modified Settlement Agreement by service area and year.

Service Area	2022	2023	2024	2025	2026	2027
Sacramento	0.5%	None	None	None	None	None

²⁶ Exhibit Cal-Am 3 at 4-5; Exhibit Cal-Am 1 at 4.

²⁷ Exhibit Cal-Am 1 at 4-5.

²⁸ That decision authorized Cal-Am to normalize the rate base of three Cal-Am acquisitions to spread the adjustments resulting from the acquisitions statewide. In A.19-07-004, Cal-Am requested the Commission to partially normalize the Bellflower MWS acquisition adjustment. However, because this proceeding was still pending when D.21-11-018 was issued, that decision did not implement a Bellflower MWS acquisition adjustment. The table in this section showing estimated impacts of the Modified Settlement Agreement on average residential customer bills by service area reflects the Bellflower MWS normalization proposed by Cal-Am in A.19-07-004. In addition, the table reflects rate implementation commencing in 2022 rather than the GRC test year of 2021, and a \$5 million reduction to rate base from the Bellflower Infrastructure Agreement grant. Exhibit Cal-Am 20 Attachment A at 3-4. The rate base reduction resulting from Bellflower's \$5 million Infrastructure Agreement commitment is discussed in detail in Section 3.6 below.

Los Angeles-Baldwin Hills	0.3%	0.3%	0.3%	0.1%	0.1%	0.1%
San Diego	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%
Bellflower	3.3%	0.3%	0.3%	0.1%	0.1%	0.1%

On balance, we find these estimated impacts to average residential customer bills to be moderate and commensurate with the expected public interest benefits in reliability, safety, and service resulting from Cal-Am's Acquisition.

In addition to the above-described public interest considerations, the Commission's 2010 Water Action Plan sets forth public interest objectives regarding water quality, conservation, infrastructure investment, and low-income ratepayer assistance. The evidence reflects that the Acquisition will further those objectives.²⁹

After review of the public interest considerations described above, we find that the Modified Settlement Agreement is in the public interest. The Modified Settlement Agreement satisfies the required criteria of Rule 12.1(d) because it is reasonable in light of the whole record, consistent with law, and in the public interest. Therefore, we adopt the Modified Settlement Agreement.

3.5. FMV and Rate Base of Bellflower MWS

The Commission shall use the standard of FMV when establishing the rate base value for the distribution system of a public water system acquired by a water corporation.³⁰ FMV is the highest price on the date of valuation that would be agreed to by a willing seller and a willing buyer, each under no particular necessity to do so and dealing with each other with full knowledge of all uses

²⁹ Exhibit Cal-Am 3 at 22-25.

³⁰ Pub. Util. Code § 2720(a).

and purposes for which the property is reasonably adaptable and available.³¹ The FMV of property for which there is no comparable, relevant market is its value on the date of valuation as determined by any method of valuation that is just and equitable.³² The standard of FMV shall be used for ratesetting.³³

In the Amended Application, Cal-Am requests that the Commission authorize rate base equal to the total purchase price of \$17 million.³⁴ Cal Advocates, which had previously argued against that request, has now entered into the Modified Settlement Agreement with Cal-Am in which Paragraph 7.1(c) requests that the entire \$17 million purchase price be used as the rate base of the assets of the Bellflower MWS.³⁵

In determining FMV, we reject any notion that a contractual purchase price is always the FMV of property without further inquiry. In this case, however, (1) the 2021 Valuation Report reflects a valuation range for the Bellflower MWS exceeding the \$17 million purchase price, (2) we have already found in Section 3.4.1 that the purchase price is reasonable, and (3) the evidentiary record does not reflect that Cal-Am was not a willing buyer or that Bellflower was not a

³¹ CCP § 1263.320(a).

³² CCP § 1263.320(b).

³³ Pub. Util. Code § 2720(a).

³⁴ Amended Application at 14.

³⁵ Before the Modified Settlement Agreement, Cal Advocates had presented evidence and argued that water rights might be excluded from the FMV estimation and rate base because water rights are not facilities. Exhibit Cal-PA 1 at 8, Cal Advocates Opening Brief at 5. Cal Advocates appears to have abandoned that argument by its execution of the Settlement Agreement. Even so, the Commission has recognized that water rights are properly considered as part of the total purchase price of a water utility's system in the determination of FMV under Pub. Util. Code § 2720. *See* D.07-08-022. We find it appropriate to include the valuation of the 700 acre-feet of water rights to be acquired by Cal-Am in the determination of FMV and rate base.

willing seller. Therefore, application of the FMV test under CCP § 1263.320(a) leads to the conclusion that \$17 million is the FMV of the assets of the Bellflower MWS. As a result, the rate base value of the assets of the Bellflower MWS is \$17 million, and we authorize the addition of \$17 million to Cal-Am's rate base to reflect the Acquisition purchase price to be effective at the close of the Acquisition simultaneously with the \$5 million rate base reduction discussed in Section 3.6 below.

3.6. Rate Base and Accounting Treatment of Bellflower \$5 Million Commitment

As set forth in Section 3.4.1 above, Bellflower has entered into an Infrastructure Agreement with Cal-Am under which Bellflower will deposit \$5 million into a trust fund at or before the close of the Acquisition to be made available to Cal-Am for post-Acquisition capital improvements to the Bellflower MWS. Paragraph 7.1(d) of the Modified Settlement Agreement provides that the \$5 million will be accounted for as grant funding received at the Acquisition's close for ratemaking purposes, and the \$5 million will be recognized as contributions when made available and not when improvements are made. Cal-Am states that (1) the Modified Settlement Agreement's provision for accounting treatment of the \$5 million as grant funding received at the close of the Acquisition will result in a reduction of \$5 million to Cal-Am's rate base upon close of the Acquisition,³⁶ and (2) upon completion of each capital improvement project utilizing Bellflower's grant funds, grant-funded assets will be booked to the asset account utility plant in service with a corresponding entry to the

³⁶ Exhibit Cal-Am 21 Attachment A at 17.

liability account Contributions in Aid of Construction (CIAC), with those accounts ultimately offsetting each other for a net zero impact to rate base.³⁷

In D.06-03-015, the Commission adopted rules applicable to all classes of regulated water utilities regarding the receipt and use of state grant funds. The rules were adopted to preserve the public interest integrity of state grant funds by ensuring that investor-owned water utilities and their shareholders will not be able to profit in any way through the receipt of public funds.³⁸ A subsequent Commission decision held that local and federal government grants should be given substantially the same accounting and ratemaking treatment as state grants.³⁹

In D.16-11-006, the Commission adopted the current version of the Uniform System of Accounts (USOA) for Class A water utilities, including Cal-Am.⁴⁰ The USOA designates Account 265 for CIAC. The USOA description for Account 265 states that the account includes donations or contributions in cash, services, or property from states, municipalities, or other governmental agencies for construction purposes.⁴¹ The USOA also specifies the procedure for the recording of grant funding entries to particular accounts from the time of the water utility's receipt of grant funds from the funding agency to the completion of construction.⁴²

³⁷ Exhibit Cal-Am 21 Attachment A at 13.

³⁸ D.06-03-015 at 3.

³⁹ D.10-10-018 at 32-33.

⁴⁰ The provisions of the USOA adopted in D.16-11-006 are contained in the California Public Utilities Commission Water Division Uniform System of Accounts for Class A Water Utilities Standard Practice U-38-W (January 2018).

⁴¹ *Id.* at A45.

⁴² *Id.* at A15.

Utility plant funded through government grants is accounted for in the same manner as CIAC, thereby ensuring that no return is earned by a water utility on grant-funded plant.⁴³ The ratemaking effect of adding amounts to CIAC is to reduce rate base by those same amounts.⁴⁴

Applying these principles to the facts in this case, Bellflower's \$5 million Infrastructure Agreement commitment to Cal-Am is a government grant to be accounted for under the USOA in the same manner as CIAC. In their Modified Settlement Agreement, Cal-Am and Cal Advocates agree that the \$5 million will be accounted for as if it were grant funding received at the time of the Acquisition's close. Therefore, at the close of the Acquisition, Cal-Am's rate base will be reduced by \$5 million to reflect that Bellflower's \$5 million Infrastructure Agreement commitment is a government grant to be accounted for as a contribution to Cal-Am.

As a result of the rate base adjustments reflected in this section and in Section 3.5 above, Cal-Am's rate base will increase by \$12 million effective at the close of the Acquisition.

3.7. Memorandum Account Cost Tracking of Environmental Improvements and Compliance

Scoping Memo Issue 4 inquires whether the Commission should approve Cal-Am's request to track costs of environmental improvements and compliance related to the Acquisition. Cal-Am does not seek to establish a new memorandum account. Rather, it requests Commission approval to track the same types of costs in "The Memorandum Account for Environmental

⁴³ D.06-03-015 at 10-11; D.10-10-018 Ordering Paragraph 2 (contributions under Account 265 not eligible for rate base recovery or depreciation).

⁴⁴ D.07-04-046 at 100.

Improvements and Compliance Issues for Acquisitions” (Environmental Memorandum Account) that were previously authorized for Cal-Am acquisitions. In Cal-Am’s GRC proceeding A.19-07-004, the Commission adopted a settlement that keeps this account open.⁴⁵ Cal-Am has acknowledged that it will bear the burden to establish the reasonableness of such costs before they may be recovered and that tracking costs does not guarantee recovery of costs.⁴⁶ No opposition to Cal-Am’s request to track environmental costs was submitted. We find good cause exists to grant Cal-Am’s request, and therefore we approve Cal-Am’s cost tracking in the Environmental Memorandum Account.

3.8. Health or Safety Requirements

Scoping Memo Issue 8 inquires whether the Bellflower MWS is in violation of any health or safety requirements. Cal-Am has stated that it is not aware of any such violations.⁴⁷ Bellflower has also stated that it is not aware of any current violations of health or safety requirements.⁴⁸ The evidentiary record does not reflect that the Bellflower MWS is in violation of any health or safety requirements that would cause us to deny the Amended Application.

3.9. Qualification as Inadequately Operated and Maintained Small Water Utility

Scoping Memo Issue 9 concerns whether the Bellflower MWS qualifies as an Inadequately Operated and Maintained Small Water Utility and, if so, whether the distressed incentives of D.99-10-064 should apply. Cal-Am has stated that the Amended Application does not allege that the Bellflower MWS

⁴⁵ D.21-11-018 at 134-135, Appendix B at 109.

⁴⁶ July 12, 2019 Cal-Am Opening Brief (Cal-Am Opening Brief) at 22.

⁴⁷ *Id.* at 32.

⁴⁸ July 12, 2019 City of Bellflower Opening Brief at 25.

qualifies as an Inadequately Operated and Maintained Small Water Utility,⁴⁹ and no party has alleged otherwise. Therefore, we do not find it necessary to further address this issue.

3.10. Public Utility Obligations Following Close of Acquisition

Scoping Memo Issue 13 asks whether the Bellflower MWS should be relieved of its public utility obligations following the close of the sale or when Cal-Am has obtained all applicable permits to operate the Bellflower MWS. The Bellflower MWS is a municipal utility whose operations are not regulated by the Commission. Therefore, we decline to state whether the Bellflower MWS should be relieved of its public utility obligations.

3.11. Notice to Cal-Am's Customers

Scoping Memo Issue 14 concerns whether Cal-Am's customers have been properly noticed pursuant to Rules 3.2 and 3.6. The evidentiary record reflects that Cal-Am served multiple notices on its customers regarding both the initial Application and the Amended Application.⁵⁰ Therefore, we find that Cal-Am has satisfied the notice requirements of Rules 3.2 and 3.6.

3.12. CEQA Review

Under Rule 2.4, applications for authority to undertake any projects that are subject to CEQA shall comply with the review requirements set forth in CEQA, the regulations implementing CEQA, and Rule 2.4. A project triggering a CEQA review is an activity that may cause either a direct or a reasonably foreseeable indirect physical change in the environment.⁵¹ In this proceeding,

⁴⁹ Cal-Am Opening Brief at 32.

⁵⁰ Exhibit Cal-Am 3 at 28, Attachment 4.

⁵¹ Public Resources Code Section 21065.

Cal-Am requests Commission approval of an Asset Purchase Agreement with Bellflower and a Settlement Agreement with Cal Advocates, not the authority to undertake a particular project. The Commission has held that CEQA review is not required when a water utility files an application for approval of the purchase of the assets of another water utility.⁵² Therefore, a CEQA review is not required in this proceeding. We recognize that the contractual agreements we approve in this decision may result in the future development of projects that are subject to CEQA review, and nothing in this decision is intended to alter our authority to review such projects.

3.13. Wheeling Agreement

Cal-Am has requested Commission approval for its Wheeling Agreement with Bellflower-Somerset. As part of the Acquisition, Cal-Am will acquire High Capacity Well No. 1 (HC Well No. 1), a well located in Bellflower-Somerset's service territory. Therefore, water from HC Well No. 1 must be wheeled through Bellflower-Somerset's distribution system before it reaches the Bellflower MWS service area. Under the Wheeling Agreement, Cal-Am will pay Bellflower-Somerset a fixed wheeling charge to transmit water from the Bellflower-Somerset system to the Bellflower MWS service area. The Wheeling Agreement also provides for Cal-Am to sell water to Bellflower-Somerset.⁵³

No objection to Commission approval of the Wheeling Agreement was submitted. Therefore, we approve the Wheeling Agreement.

⁵² D.21-08-002 at 38.

⁵³ Exhibit Cal-Am 3 at 16-17; Exhibit Cal-Am 20 Attachment A at 16-17.

3.14. Modification of Cal-Am's Certificate of Public Convenience and Necessity

This decision authorizes Cal-Am to provide service to the customers formerly served by the Bellflower MWS. Therefore, we modify Cal-Am's existing Certificate of Public Convenience and Necessity to include the service area of the Bellflower MWS.

3.15. Operational and Ratemaking Consolidation of Bellflower MWS with Cal-Am's Existing Service Area and Tier 1 and Tier 2 Advice Letters

Scoping Memo Issue 3 identifies the issue whether and how the Bellflower MWS would be consolidated with Cal-Am's existing service area for operational and ratemaking purposes. D.21-11-018 adopted Cal-Am's request to consolidate the Los Angeles County, Ventura County, and San Diego County Districts into one Southern Division.⁵⁴ No evidence has been submitted and no party has argued that consolidation of the Bellflower MWS into Cal-Am's Southern Division service area for operational purposes should be delayed. Therefore, we approve the consolidation of the Bellflower MWS into the Southern Division for operational purposes effective on the close of the Acquisition. Cal-Am shall, within 10 days of the Acquisition's close, file a Tier 1 advice letter to implement its existing tariffs in the new Bellflower MWS service area.

A settlement adopted by the Commission in Cal-Am's 2019 GRC provides direction regarding the integration of the Bellflower MWS with the ratemaking authorized in that GRC. Because this decision is issued after D.21-11-018 in the GRC, D.21-11-018 directs Cal-Am to file a Tier 2 advice letter to incorporate this

⁵⁴ D.21-11-018 at 140-141, Ordering Paragraph 14.

decision into authorized rates.⁵⁵ D.21-11-018's direction to file a Tier 2 Advice Letter is consistent with General Order 96-B, which requires a Tier 2 Advice Letter for the approval of post-acquisition rates of a municipal water utility.⁵⁶ As a result, we order Cal-Am to file a Tier 2 advice letter no later than 60 days after the close of the Acquisition to implement the Commission's approval of the Acquisition reflected in this decision.

4. Cal-Am Requests to Admit Ruling Responses into Evidence

Cal-Am has requested that its responses to the December 21, 2021 and February 4, 2022 ALJ rulings be admitted into evidence. We grant the requests and admit into evidence Cal-Am's responses to the December 21, 2021 ruling as Exhibit Cal-Am 20 and its responses to the February 4, 2022 ruling as Exhibit Cal-Am 21.

5. Comments on Proposed Decision

The proposed decision of ALJ Peter Wercinski in this matter was mailed to the parties in accordance with Pub. Util. Code § 311, and comments of the parties were allowed under Rule 14.3. Cal-Am filed comments on August 30, 2022. Cal Advocates filed reply comments on September 6, 2022.

In its opening comments, Cal-Am offers changes to the proposed decision regarding Bellflower's \$5 million commitment to Cal-Am for post-Acquisition capital improvements, claiming that "the Proposed Decision needs to be revised to track the Settlement and avoid counting the reduction in rate base twice."⁵⁷

⁵⁵ *Id.* Ordering Paragraphs 2, 9, Appendix B at 120.

⁵⁶ General Order 96-B Water Industry Rule 7.3.2(1).

⁵⁷ California-American Water Company's Opening Comments on Proposed Decision Approving Acquisition of Bellflower Municipal Water System (Cal-Am Opening Comments) at 3.

Cal-Am's assertions have no merit. The proposed decision's accounting and rate base treatment of the Bellflower \$5 million commitment are fully consistent with the Settlement Agreement, the USOA, and prior Commission decisions. Nothing in the language of the proposed decision can reasonably be interpreted to support a double counting of the \$5 million reduction in rate base related to the Bellflower \$5 million commitment. Instead, Cal-Am's proposed language seeks to have the Commission opine regarding events that may or may not occur after the close of the Acquisition. We decline Cal-Am's proposal for the Commission to speculate about future events and their consequences.

Cal-Am also argues that the proposed decision should be revised to authorize the establishment of a new memorandum account to track Acquisition-related costs.⁵⁸ Cal-Am fails to adequately address the proposed decision's fundamental rationale that Cal-Am, not the Commission, made the decision to purchase the assets of the Bellflower MWS and knew or should have known of the costs it would incur to consummate the transaction. The Commission adopted the same reasoning in D.19-11-003 to deny Cal-Am's request for authority to establish a transactional memorandum account regarding its purchase of Hillview Water Company (Hillview), noting that "the sole event that triggers the enumerated expenses ... is Cal-Am's decision to purchase Hillview, an event that is neither exceptional nor beyond Cal-Am's control."⁵⁹ In D.21-05-018, we denied Cal-Am's application for rehearing of D.19-11-003, rejecting Cal-Am's argument that its acquisition of Hillview was exceptional by noting that Cal-Am had filed six applications with the Commission to acquire water systems

⁵⁸ Cal-Am Opening Comments at 8-14.

⁵⁹ D.19-11-003 at 10.

in the previous four years.⁶⁰ We similarly decline to change the proposed decision's denial of Cal-Am's request to establish a new memorandum account to track its Acquisition-related costs.

Cal-Am argues that the proposed decision's denial of a transaction memorandum account conflicts with the decision's approval of a settlement agreement that contains a provision requesting authorization of that account.⁶¹ In response, we have revised the proposed decision to reflect that we are only approving a Modified Settlement Agreement and denying Cal-Am's requests for authorization for a transaction memorandum account and a contingency memorandum account.

On September 19, 2022, the assigned ALJ issued a ruling directing Cal-Am and Cal Advocates to respond by September 26, 2022 to elect to accept the alternative terms to the Settlement Agreement contained in this decision or to request other relief. On September 21, 2022, Cal Advocates filed a response to the September 19, 2022 ruling reflecting that it accepts the alternative terms to the Settlement Agreement contained in this decision. On September 22, 2022, Cal-Am filed a response to the September 19, 2022 ruling reflecting that it accepts the alternative terms to the Settlement Agreement contained in this decision.

Cal-Am also proposes changes to the proposed decision to allow it to implement its existing tariffs in the Bellflower MWS by filing a Tier 1 advice letter within 10 days of the close of the Acquisition and to allow it to file a Tier 2 advice letter within 60 days of the close of the Acquisition to implement new

⁶⁰ D.21-05-018 at 9.

⁶¹ Cal-Am Opening Comments at 10.

A.18-09-013 ALJ/PWI/lil/smt

rates based on D.21-11-018.⁶² We agree with Cal-Am's proposed changes, which are reflected in this decision.

6. Assignment of Proceeding

Clifford Rechtschaffen is the assigned Commissioner and Peter Wercinski is the assigned ALJ in this proceeding.

Findings of Fact

1. On October 20, 2017, Cal-Am and Bellflower-Somerset entered into the Wheeling Agreement for Bellflower-Somerset to transmit water from the HC Well No. 1 through Bellflower-Somerset's distribution system to the Bellflower MWS service area and for Cal-Am to sell water to Bellflower-Somerset.
2. On November 27, 2017, Cal-Am and Bellflower entered into an Asset Purchase Agreement for Cal-Am to purchase the assets of the Bellflower MWS from Bellflower for \$17 million.
3. On November 1, 2021, Cal-Am and Bellflower entered into an Infrastructure Agreement in which Bellflower agreed to make \$5 million available to Cal-Am before or at the close of the Acquisition for post-Acquisition capital improvements to the Bellflower MWS.
4. On November 23, 2021, Cal-Am and Cal Advocates entered into a Settlement Agreement and filed a Motion for Adoption of Settlement Agreement.
5. The FMV of the assets of the Bellflower MWS is \$17 million.
6. At the close of the Acquisition, Cal-Am's \$17 million purchase price for the assets of the Bellflower MWS will increase Cal-Am's rate base by \$17 million.

⁶² *Id.* at 14-15.

7. At the close of the Acquisition, Bellflower's \$5 million Infrastructure Agreement commitment will reduce Cal-Am's rate base by \$5 million.

Conclusions of Law

1. The Commission should approve the Amended Application and authorize Cal-Am's Acquisition of the assets of the Bellflower MWS from Bellflower pursuant to the Asset Purchase Agreement.

2. The Modified Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest, and the Commission should adopt the Modified Settlement Agreement.

3. Bellflower's \$5 million Infrastructure Agreement commitment to Cal-Am is a government grant that should be accounted for as a contribution under the USOA.

4. The Commission should approve Cal-Am's request to track costs of environmental improvements and compliance relating to the Acquisition in the Environmental Memorandum Account.

5. The Commission should deny Cal-Am's request to track Acquisition costs in a new memorandum account.

6. The Commission should deny Cal-Am's request to create a contingency memorandum account to capture the difference in revenue between current rates and final rates relating to the Acquisition.

7. The evidentiary record does not reflect that the Bellflower MWS is in violation of any health or safety requirements that would cause the Commission to deny the Amended Application.

8. Cal-Am has satisfied the customer notice requirements of Rules 3.2 and 3.6.

9. CEQA review is not required in this proceeding.

10. The Commission should approve the Wheeling Agreement.
11. Cal-Am's existing Certificate of Public Convenience and Necessity should be modified to include the service area of the Bellflower MWS.
12. The Commission should approve the consolidation of the Bellflower MWS into Cal-Am's Southern Division service area for operational purposes.
13. The Commission should order Cal-Am to (a) file a Tier 1 advice letter to implement its existing tariffs in the Bellflower MWS service area within 10 days of the Acquisition's close, and (b) file a Tier 2 advice letter no later than 60 days after the close of the Acquisition to integrate the Bellflower MWS service area for ratemaking purposes based upon the Commission's approval of the Acquisition reflected in this decision.
14. The Commission should grant Cal-Am's request to admit into evidence Cal-Am's responses to the December 21, 2021 and February 4, 2022 ALJ rulings.
15. Except as otherwise provided in this decision, this decision should be effective immediately.
16. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. The January 22, 2019 amended application of California-American Water Company (Cal-Am) to authorize Cal-Am's acquisition of the assets of the Bellflower Municipal Water System (Bellflower MWS) from the City of Bellflower (Bellflower) pursuant to the November 27, 2017 Asset Purchase Agreement between Cal-Am and Bellflower (Acquisition) is approved. At the close of the Acquisition, Cal-Am's rate base shall increase by \$17 million to reflect Cal-Am's Acquisition of the assets of the Bellflower MWS.

2. The settlement agreement between California-American Water Company and the Public Advocates Office attached to this decision as Attachment 1 is adopted except for Paragraphs 7.1(k) and (l), which are not adopted.

3. The \$5 million commitment by the City of Bellflower (Bellflower) to California-American Water Company (Cal-Am) in the November 1, 2021 Agreement Regarding Water Infrastructure Improvement Funding (Infrastructure Agreement) between Cal-Am and Bellflower is a government grant that shall be accounted for as a contribution under the Uniform System of Accounts. At the close of the acquisition by Cal-Am of the assets of the Bellflower Municipal Water System from Bellflower, Cal-Am's rate base shall be reduced by \$5 million to reflect Bellflower's \$5 million Infrastructure Agreement commitment.

4. As a result of the rate base adjustments reflected in Ordering Paragraphs 1 and 3, effective at the close of the acquisition by California-American Water Company (Cal-Am) of the assets of the Bellflower Municipal Water System, Cal-Am's rate base shall increase by \$12 million.

5. The request of California-American Water Company (Cal-Am) to track costs of environmental improvements and compliance relating to Cal-Am's acquisition of the assets of the Bellflower Municipal Water System in Cal-Am's Memorandum Account for Environmental Improvements and Compliance Issues for Acquisitions is approved.

6. The request of California-American Water Company (Cal-Am) to track costs relating to Cal-Am's acquisition of the assets of the Bellflower Municipal Water System in a new memorandum account is denied.

7. The request of California-American Water Company (Cal-Am) to create a contingency memorandum account to capture the difference in revenue between

A.18-09-013 ALJ/PWI/lil/smt

current rates and final rates upon approval of Cal-Am's acquisition of the assets of the Bellflower Municipal Water System is denied.

8. The October 20, 2017 Agreement for Transmission and Production of Water between California-American Water Company and Bellflower-Somerset Mutual Water Company attached to this decision as Attachment 2 is approved.

9. California-American Water Company's existing Certificate of Public Convenience and Necessity is modified to include the service area of the Bellflower Municipal Water System.

10. The consolidation of the Bellflower Municipal Water System (Bellflower MWS) with the Southern Division service area of California-American Water Company (Cal-Am) for operational purposes is approved effective on the close of Cal-Am's acquisition of the assets of the Bellflower MWS.

11. No later than 10 days after the close of the acquisition by California-American Water Company (Cal-Am) of the assets of the Bellflower Municipal Water System (Bellflower MWS)(Acquisition), Cal-Am shall file a Tier 1 advice letter that implements Cal-Am's existing tariffs in the new Bellflower MWS service area, and, within 60 days after the close of the Acquisition, Cal-Am shall file a Tier 2 advice letter to integrate the Bellflower MWS service area for ratemaking purposes consistent with this decision.

12. The request of California-American Water Company (Cal-Am) to admit its responses to the December 21, 2021 and February 4, 2022 Administrative Law Judge (ALJ) rulings into evidence is granted. Cal-Am's responses to the December 21, 2021 ALJ ruling are admitted into evidence as Exhibit Cal-Am 20, and Cal-Am's responses to the February 4, 2022 ALJ ruling are admitted into evidence as Exhibit Cal-Am 21.

13. Except as otherwise provided in this decision, this decision is effective immediately.

14. Application 18-09-013 is closed.

Dated October 11, 2022, at San Francisco, California.

ALICE REYNOLDS

President

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

DARCIE L. HOUCK

JOHN REYNOLDS

Commissioners

**CITY OF BELLFLOWER
RESOLUTION NO. 15-72**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
BELLFLOWER ESTABLISHING RULES FOR THE CITY OF
BELLFLOWER MUNICIPAL WATER SYSTEM AND RESCINDING
RESOLUTION NO. 14-36**

WHEREAS, the City Council did in 2007 establish the Municipal Water System; and

WHEREAS, the City Council has previously adopted rules for the operation and administration of the Municipal Water System; and

WHEREAS, the City Council wishes to establish water conservation rules pertaining to Ordinance No. 1289, which was adopted by City Council at its regularly scheduled meeting of June 8, 2015.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BELLFLOWER HEREBY RESOLVES AS FOLLOWS:

SECTION 1. Resolution No. 14-36 is hereby rescinded in its entirety.

SECTION 2. The purpose of this Resolution is to set water rates and establish general rules for service and the extension of service from the City water system and to promote the public health, safety, and general welfare of the users of the system, in accordance with the standards established by the City, County, State, and Federal governments.

SECTION 3. The following water rates, charges, rules, and regulations are hereby established and adopted for the City's water service and for water provided to each active service connection served by the City:

Rules

- 1 Definitions
- 2 Applicability and Purpose
- 3 Water Rates for Potable Water Metered Service
- 4 Water Rates and Rules for Reclaimed Water Metered Service
- 5 Water Rates and Rules for Fire Protection Systems
- 6 Access to Property
- 7 Application for Water Service
- 8 Rates Subject to Change
- 9 Water Consumption Restrictions
- 10 Effect of Vacancy
- 11 Future Connections
- 12 Connection to Water Main
- 13 Service Connection Deemed Active
- 14 Security Deposits for Water Service
- 15 Unauthorized Connections
- 16 Special Contracts
- 17 Unusual Customer Requirements

City of Bellflower
Resolution No. 15-72
Page 2 of 31

- 18 Main Extensions
- 19 Maintenance of Service Connections and Extensions
- 20 Installation and Maintenance Responsibilities
- 21 Water Meters – Ownership
- 22 Water Meters – Placement – Inspection
- 23 Defective Service Extension
- 24 Insufficient Pressure and Capacity
- 25 Change in Size or Location of Service Connection
- 26 Nonstandard Water Service
- 27 Ownership, Repair, and Replacement of Facilities
- 28 Conforming Private Pipes
- 29 Shut-Off Valve Required
- 30 New Pipes
- 31 Refusal of Service
- 32 City Meter Valve
- 33 Damage to City Property
- 34 Emergency Service to Other Property
- 35 Damage by Hot Water
- 36 Removal, Replacement, and Repair
- 37 Effective Date of Contract and Rates
- 38 Turn On – New Installation
- 39 Location Change – Cost
- 40 Charges for Metered Service
- 41 Meter Reading and Billing
- 42 Bills – Minimum Charge
- 43 Application of Payment
- 44 Termination of Service for Unpaid Charges
- 45 Military Families Shut-Off Protection
- 46 Termination of Service for Noncompliance
- 47 Termination of Service – Voluntary
- 48 Penalties for Late Payment
- 49 Fees and Penalties for Termination or Restoration of Water Service
- 50 Collection of Unpaid Charges – Unpaid Charges Deemed Lien
- 51 Billing Disputes – Responsible Party – Reduced Water Charges in Special Cases
- 52 Meter Testing – Adjustment of Bill
- 53 City Liability
- 54 Dishonored Checks
- 55 Fire Hydrants; Unauthorized Use of Water
- 56 Fire Hydrant for Construction Purposes
- 57 Water Turn-On and Turn-Off Fees
- 58 Order for Turning Water On and Off
- 59 Tampering or Destruction of Equipment Prohibited
- 60 Violation – Correction of Conditions
- 61 Loss or Damage in Line
- 62 Cross-Connections – Backflow Prevention
- 63 Water Mains
- 64 New Subdivisions

City of Bellflower
Resolution No. 15-72
Page 3 of 31

- 65 Restrictions
- 66 Water Conservation Measures
- 67 Water Service to Proposed Developments that Include Housing Affordable to Lower-Income Households
- 68 Residential Ratepayer Assistance Programs
- 69 Annual Rate Review

1. **DEFINITIONS.** For the purposes of this Resolution, certain words and phrases are defined. When not inconsistent with the context, words used in the present tense shall include the future; the singular number shall include the plural and the plural the singular; the masculine pronoun shall include the feminine; and the word “shall” is mandatory and not merely permissive. Where used herein:

“Billing Cycle” means the interval between water bills. The established billing cycle is bimonthly.

“Billing Date” means the date printed on the bimonthly water bill, normally the same date as that on which the bill is mailed.

“Bimonthly” means the period consisting of two (2) months or approximately sixty (60) days.

“City Manager” means the City Manager of the City of Bellflower.

“City” means the City of Bellflower. As used in the Rules, “City” shall also include any Water System Operator for those items which have been contracted for or delegated to such Operator by the City.

“Commodity Charge” means the rate charged per one hundred (100) cubic feet of water used, as established by resolution of the City Council.

“City Council” means the City Council of the City of Bellflower.

“Cross-connection” means any connection, or possible connection, between any part of the water system and any source or system containing water or any substance that is not or cannot be approved as safe, wholesome, and potable for human consumption.

“Customer” means the owner, tenant, or other occupant of the property who has established the service connection.

- “Commercial Customer” means any customer who is neither a residential customer nor the customer for service to a multifamily residential structure served by a master meter.
- “Customer(s) of Record” means the person or persons named on the application for water service on file with the City and who is thereby responsible for paying the water bill.

- “Residential Customer” means any customer occupying a dwelling unit in any structure where each unit is served by a separate water meter.

“Dwelling unit” means one (1) or more rooms designed or used by an individual or family for residential purposes, including, without limitation, a house, apartment, condominium unit, or duplex unit having water use facilities equivalent in extent to a normal dwelling.

“Military Service” means either of the following: 1) Full-time active state service in the California National Guard, California Military Reserve or California Naval Militia, or 2) Full-time active federal service in the United States Military, or 3) Full-time active duty of a Reservist of the United States Military Reserve for a period of 30 consecutive days.

“Monthly” means the period consisting of one (1) month or approximately thirty (30) days.

“Multifamily dwelling” means a building designed or used to house two (2) or more families living independently of each other.

“Occupancy” means the purpose for which a building, or part thereof, is used or intended to be used.

“Owner” means the owner of the property at which the service connection is located, or his/her authorized agent.

“Person” means any individual, firm, company, public entity, association, society, corporation, partnership, or group.

“Projected Average Cost” means the cost of similar service to similar users as determined by the City at its sole discretion.

“Proposed Developments that Include Housing Units Affordable to Lower-Income Households” is as defined by California Government Code Section 65589.7(d)(1), as currently written or hereafter amended, and which currently provides as follows: “Proposed developments that include housing units affordable to lower income households’ means that dwelling units shall be sold or rented to lower income households, as defined in Section 50079.5 of the Health and Safety Code, at an affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or an affordable rent, as defined in Section 50053 of the Health and Safety Code.”

“Qualified Military Customer” shall mean the customer of record of a Qualified Military Household.

“Qualified Military Household” shall mean a residential household for which income is reduced because the customer of record, the spouse of the customer of record, or the registered domestic partner of the customer of record, as defined by Section 297.5 of the California Family Code, is a service member called to full time active military service

by the President of the United States or the Governor of California during a time of declared national or state emergency or war.

“Rule” shall mean any of the rules and regulations enumerated herein that may be individually or collectively referred to as “Rule” or “Rules” (i.e., Rule 1, Rule 48.c, Rule 53.a.7, etc.).

“Service Charge” means a charge which is applicable to all metered service to provide reimbursement to the City for the costs of services related to the supplying of water to the property but which are not directly related to the amount of water utilized at a site but, instead, are otherwise appropriately apportioned to the customer, as established by resolution of the City Council.

“Service Connection” means the water line and appurtenant facilities used to extend water service from the water main to the meter box.

“Service Extension” means the water line and appurtenant facilities used to extend water service from the meter to the customer’s premises.

“Water Manager” shall mean that individual appointed by the City Manager to coordinate on behalf of the City with the Water System Operator for the day-to-day operation of the Water System and to represent the City in related regulatory matters.

“Water Service Area” means that area of the City in which the Water System provides water service.

“Water Service” or “Water Services” means supplying service through a pipe or other constructed conveyance for any purpose, but does not include the sale of water for human consumption by a water supplier to another water supplier for resale.

“Water System” means the infrastructure of the City’s water system only.

“Water System Operator” or “Operator” means any party with whom the City contracts for the operation of the water system or to whom the City has delegated specific responsibilities for the operation of the water system. The Water System Operator shall be deemed an authorized representative of the City for all purposes contracted for or delegated to such person.

2. **APPLICABILITY AND PURPOSE.** The Rules apply to all water services provided by the City and to all work performed on the water system. The purpose of these Rules is to set water rates and establish general rules for service and the extension of service from the City water system and to promote the public health, safety, and general welfare of the users of the system, in accordance with the standards established by the City, County, State, and Federal governments.

**City of Bellflower
Resolution No. 15-72
Page 6 of 31**

3. WATER RATES FOR POTABLE WATER METERED SERVICE. For all potable water metered service:

- a. A commodity charge of \$2.208 per one hundred (100) cubic feet of water used.
- b. A service charge as follows:

Service Charge:	Per Meter Per Month
For 5/8 x 3/4 inch meter	\$29.63
For 3/4 inch meter	\$49.29
For 1 inch meter	\$85.37
For 1 ½ inch meter	\$178.18
For 2 inch meter	\$289.61
For 3 inch meter	\$549.56

4. WATER RATES AND RULES FOR RECLAIMED WATER METERED SERVICE. For reclaimed water metered service:

- a. A commodity charge of \$1.469 per one hundred (100) cubic feet of water used.
- b. A service charge as follows:

Service Charge:	Per Meter Per Month
For 5/8 x 3/4 inch meter	\$29.63
For 3/4 inch meter	\$49.29
For 1 inch meter	\$85.37
For 1 ½ inch meter	\$178.18
For 2 inch meter	\$289.61
For 3 inch meter	\$549.56

- c. All users shall be approved to use reclaimed water by the City and the Los Angeles County Department of Health Services.
- d. By reason of circumstances beyond the control of the City or for the protection of the public, safety, and welfare of the users, service may be interrupted on a temporary basis. Reclaimed water will be supplied only as available from the Central Basin Municipal Water District.
- e. Backflow prevention devices must be installed on all potable water services supplying the premises using reclaimed water.
- f. Users must comply with all rules, regulations, and conditions set forth in the User Manual as reviewed and accepted by the California Department of Public Health and the Los Angeles County Department of Health Services.

5. **WATER RATES AND RULES FOR FIRE PROTECTION SYSTEMS.** For all water service furnished to privately owned fire protection systems:
- a. For each inch of diameter of service connection: \$15.67 Per Meter Per Month
 - b. The fire protection service and connection shall be installed by the City or under the City's direction. The cost for the entire fire protection installation including the connection at the main shall be paid for by the applicant. Such payment shall not be subject to refund.
 - c. The expense of maintaining the private fire protection facilities on the applicant's premises (including the vault, meter, and backflow device) shall be paid for by the applicant.
 - d. All facilities paid for by the applicant that are located on applicant's premises shall be the sole property of the applicant. The City and its duly authorized agents shall have the right of ingress to, and egress from, the premises for all purposes in relation to said facilities.
 - e. The minimum diameter for fire protection service shall be one inch (1") and the maximum diameter shall be not more than the diameter of the main to which the service is connected.
 - f. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a main extension from the nearest existing main of adequate capacity shall be required by the City. Such cost shall be borne by the applicant and shall not be refundable.
 - g. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction. All facilities are to be installed according to the City's specifications and maintained to the City's satisfaction. The City may require the installation of a backflow prevention device and a standard detector-type meter approved by the insurance carrier and California Department of Public Health.
 - h. No structure shall be built over the fire protection service and the owner shall maintain and safeguard the area occupied by the service from traffic and other hazardous conditions. The owner will be responsible for any damage to the fire protection service facilities.
 - i. Subject to the approval of the City, any change in the location or construction of the fire protection service as may be requested by public authority or the owner will be made by the City following payment to the City of the entire cost of such change.
 - j. Any unauthorized use of water through the fire protection service will be charged for at the applicable rates and may be grounds for the City's discontinuing fire protection

City of Bellflower
Resolution No. 15-72
Page 8 of 31

service without liability to the City or Water System Operator, and their officers, agents, employees, or contractors.

- k. The City will supply only such water at such pressure as may be available from time to time as a result of its operation of the system. The customer shall indemnify the City, the Water System Operator, and their officers, agents, employees, and contractors, and save and hold them harmless against any and all claims arising out of service under this schedule and shall further agree to make no claims against the City, the Water System Operator, or their officers, agents, or employees for any loss or damage resulting from service under this rate schedule.
 - l. The owner shall be responsible for the periodic testing of any backflow prevention devices, as required by public authority or the City. Any repair or replacement of such devices or of any other facilities installed to provide private fire protection service shall be done at the owner's expense. Any refusal to comply with the above requirements may be grounds for the City's disconnecting private fire protection service without liability to the City or Water System Operator and their officers, agents, employees, and contractors.
 - m. If any person shall use such fire service for other than fire purposes, the City is hereby authorized and directed to collect the sum of \$150.00 for each such use and to enforce this provision by cutting off all water service to the property whereon such use occurs. When water is cutoff by virtue of this provision, no further water shall be served to such property until the aforementioned sum is paid, provided that the City Manager may, on application of any person aggrieved by this action of the City hereunder, remit the charge or such part thereof as may appear just.
 - n. Whenever private fire protection is provided, there shall be a monthly minimum charge of \$45.00 if domestic water service is not provided to the subject property by the City.
6. **ACCESS TO PROPERTY.** The City's authorized and identified representatives or employees shall have access to the customer's premises at all reasonable times for the purpose of reading meters, inspecting, testing, repairing, removing, exchanging, or otherwise giving necessary attention to all equipment belonging to the City. In case any authorized representative or employee is refused admittance to any premises, or after being admitted is hindered or prevented from making such examination, the City Manager, or his/her designee, may cause the water services to be turned off, to enforce the provisions of the Rules.
7. **APPLICATION FOR WATER SERVICE.**
- a. **Application - Generally.** Any person desiring to have water service turned on or premises connected with the water system shall make application to the City on printed forms to be provided for that purpose. Every application shall be signed by the owner of the property to be benefited or on which the water is to be used, or by

his authorized agent, and the applicant shall agree to comply with all applicable rules and regulations which have been established from time to time by the City. The applicant shall further agree, as a condition precedent to the furnishing of water, that the City shall have the right, after giving reasonable notice, to shut off the water supply for repairs, extensions, nonpayment of rates, or for any other reason relating to the operation of the water system and that the City shall not be responsible for any damage caused by the breaking, bursting, leaking, or collapsing of any boilers, pipes, fixtures, water heating appliance, or other thing, or by the stoppage or interruption of the water supply or any damage of any kind resulting directly or indirectly from the shutting off or interruption of water supply and/or service.

If a customer is sixty-five (65) years of age or older, or is a dependent adult as defined in paragraph (1) of subdivision (b) of Section 15610 of the Welfare and Institutions Code, such customer may designate in his/her application a third party to whom notification is to be sent when the customer's account is past due and subject to termination. The City shall provide a form for such third-party notification, which must be submitted with the written consent of the designated third party. Third-party notification shall not obligate the third party to pay any overdue charges, nor shall it prevent or delay termination of service.

- b. **Application – Existing Service.** Every application for water service to any premises previously served by the water system shall contain an address to which service is desired and fully state the purpose for which the water is to be used. At the time of filing such application, the applicant shall pay to the City 1) the actual cost for processing the application, and 2) the required security deposit.
- c. **Application – New Service.**
 1. Every application for water service to any premises not previously served by the water system shall contain a description of the premises where such water supply is desired, fully state the purpose for which the water is to be used, and state the size of the service pipe to be connected thereto. At the time of filing such application, the applicant shall pay to the City 1) the actual cost for processing the application, 2) the estimated actual cost for installation of water service, and 3) the required security deposit.
 2. Application for water for new houses or any premises not heretofore provided with water must be accompanied by a deposit in the amount prescribed herein for the particular size of service and meter required.
- d. **New Application Required for New Purpose.** Should the applicant or occupant of the premises desire to apply the water for a purpose not stated in the original application, a new application must be made.
- e. **Application – Form.** Application for service shall be on the forms as prescribed by the City. The application shall constitute a contract whereby the applicant agrees to conform to the provisions of the Rules, as now enacted or hereafter amended.

8. **RATES SUBJECT TO CHANGE.** Except for special contracts, which specify the length of time to which the contract rate shall be extended, all rates, rules, and regulations are subject to change or modification by the City in accordance with California law.
9. **WATER CONSUMPTION RESTRICTIONS.** No person supplied with water from the water system shall be permitted to use it for any purpose other than that stated in the application or to supply it in any way to other persons or premises, except as expressly provided by the Rules. Water service may be discontinued to any person or premises for violations of this section.
10. **EFFECT OF VACANCY.** When a location to which water service is provided is vacated, whether residential or commercial, the Service Charge shall be charged and collected from the customer of the account relating to such location, whether water is used or not, unless service is terminated by the customer in accordance with these Rules.
11. **FUTURE CONNECTIONS.** In making all future connections with the water system, each individual building shall be considered an individual consumer and shall be supplied through a separate service connection and meter except as provided for by the Rules. As used in this section, the term "future connection" shall include any and all connections hereafter made and may include, at the discretion of the City, the modification of existing connections.
12. **CONNECTION TO WATER MAIN.**
 - a. Upon the receipt of the connection charges, the City shall cause the premises described in the application to be connected with the City's water main by a service pipe extending from the main to the meter box, which connection shall thereafter be maintained and kept within the exclusive control of the City.

Service pipes will be laid from the main to a point inside the nearest curb line where a curb cock and meter will be installed. Installation and maintenance of all pipes on the property side of the meter shall be performed by the owner.
 - b. Except as provided in Subsection c, below, each unit in a multi-unit structure or in multiple habitable structures on a single property shall have its own meter.
 - c. A single service line may be allowed to a multi-unit structure or multiple habitable structures on a single property, provided that one (1) customer has agreed in writing to assume and be responsible for and pay the total water bill without any deductions for vacancies or other reasons. Notwithstanding the foregoing, this Rule shall not be deemed to foreclose the City from requiring, in connection with any other discretionary review or permit, that each unit within a building obtain service through a separate customer and be supplied through a separate service connection and meter from any other unit in that building.

- d. Charges collected by the City for installation of services and meters are determined on the basis of the service provided and the service pipes and water meters installed shall remain at all times as property of the City. They shall be maintained, repaired, and renewed by the City when rendered unserviceable through ordinary wear and tear; provided, however, that where replacements, repairs, or adjustments are rendered necessary by any act, negligence, or carelessness of the customer or any member of his/her family or any representative or person in his/her employ or tenant, any expense caused to the City thereby shall be charged against and collected from the customer.
 - e. Charges for installation of water services and meters shall be on an actual cost basis as determined by the City Manager, or his designee, in his sole discretion, and to reimburse the City for the full cost of material, labor, and equipment used, including supervision and overhead. A payment equal to the estimated actual cost of installations shall be made with the City before any work is commenced. Upon completion of work, a final accounting of cost will be made and any amount over or under the amount collected be refunded to or collected from the applicant.
13. **SERVICE CONNECTION DEEMED ACTIVE.** A service connection shall be deemed active unless the customer has notified the City in writing that the service connection is to be rendered inactive.
14. **SECURITY DEPOSITS FOR WATER SERVICE.**
- a. **Existing Customers in Good Standing.** Existing customers in good standing will not be required to make any security deposits in addition to that (if any) previously made.
 - b. **Existing Customers Whose Water Service is Turned Off for Nonpayment.** A customer whose water service is turned off for nonpayment will be required to make a security deposit the same as required of a new customer prior to restoration of water service.
 - c. **New Customers – Commercial.** All new commercial customers will be required to make a security deposit equal to the projected average cost of two (2) billing cycles. If the actual use significantly exceeds the projected average cost, an additional security deposit equal to two (2) billing cycles of actual use may be required.
 - d. **New Customers – Master Metered Residential Over Four Units.** Any new customer for a multifamily residential building of over four (4) units which is served by a master meter may be required to make a security deposit of up to six (6) months of the projected average cost of services. The City may also waive the security deposit requirement, at its sole discretion.
 - e. **New Customers – Residential and Master Metered Residential Four or Fewer Units.** All new residential customers and all new customers for a multifamily residential building of four (4) or fewer units which is served by a master meter will

be required to make a security deposit based on their individual creditworthiness, as determined by the City and otherwise governed by the provisions of Section 10009.6 of the California Public Utilities Code (i.e., the amount of the security deposit may not exceed twice the estimated average periodic bill).

- f. **Amount of Security Deposit – Residential Customers and Master Metered Residential Customers of Four or Fewer Units.** The Water System Operator will determine the amount of the security deposit for new and existing residential customers and master metered residential customers of four (4) or fewer units required to make a security deposit, not to exceed twice the estimated average periodic bill.
 - g. **Determination of Credit Worthiness.** The Operator, acting for the City, will establish the creditworthiness of new and existing customers by conducting a credit check using a nationwide consumer credit reporting service as determined by the Operator. Customers with a FICO score of seven hundred fifty (750) or above will not be required to make any security deposit, those with a score of seven hundred forty-nine (749) and below will be required to make a security deposit. The Operator will recover its direct costs to conduct any credit check from the prospective customer. Customers unwilling or unable to furnish the information needed to determine their creditworthiness will be required to pay a security deposit.
 - h. **Refund of Security Deposits to Creditworthy Customers.** Security deposits will be refunded upon request to customers able to demonstrate creditworthiness per Rule 14.g.
 - i. **Refund of Security Deposits at Termination of Service – Voluntary.** Security deposits of customers who voluntarily terminate service per Rule 46 will be refunded, less any money owed, within 60-days of the effective date of termination.
15. **UNAUTHORIZED CONNECTIONS.** Unless the prior written approval of the City is first obtained, it is unlawful for any person to make any direct or indirect connection with any City water main, conduit, or pipe belonging to or under control of the City or to turn water service provided through the municipal water system on or off (BMC 13.04.010). Any such unauthorized connections are subject to an administrative fine in an amount not to exceed \$500.00 and to criminal penalties under BMC 13.04.010 and California Penal Code Section 498.
 16. **SPECIAL CONTRACTS.** The City reserves the right to make special contracts, the provisions and conditions of which may be different from or have exception to the regular published rates. Such special contracts shall be in writing, approved by the City Council, and signed by proper officials and the customer to be served.
 17. **UNUSUAL CUSTOMER REQUIREMENTS.** When a customer's requirements for water are unusual, or large, or necessitate considerable special or reserve equipment or special consideration, the City may require a contract for an extended period and may also require the customer to furnish security satisfactory to the City to protect the City

against loss and guarantee the performance of the provisions of the contract. The City shall require or cause to be prepared a capacity analysis performed by an engineer licensed by the State of California for requests for water service for new development that would create an undue hardship on the existing water system's ability to provide adequate supply. Based on information presently available to the City, including the size and condition of the water system, this is generally four (4) units or greater. The criteria to be used and goals to be achieved through the capacity analysis shall be established by the City. The cost of the capacity analysis shall be the sole responsibility of the property owner.

18. **MAIN EXTENSIONS.** Where a reimbursement agreement exists between the City and any person providing for recovery by that person of part or all of the costs of a main or extension of a main paid for and installed by such person from persons utilizing the main (other than the City), in addition to the standard connection charges, a charge shall be made in such amounts as may be determined by the agreement or otherwise determined by a separate resolution of the City Council for each service connection to such main or extension of the main.
19. **MAINTENANCE OF SERVICE CONNECTIONS AND EXTENSIONS.** The City will maintain all existing, and construct all new, service connections, including the meter facilities, except as otherwise set forth in these Rules. The service extension shall be installed and maintained by the customer at his own expense and in accordance with the standards established by the City.
20. **INSTALLATION AND MAINTENANCE RESPONSIBILITIES.**
 - a. The customer shall, at his own risk and expense, furnish, install, and maintain in safe condition all equipment constituting the service extension that may be required for receiving, controlling, and utilizing water. The City shall not be responsible for any loss or damage caused by the improper installation, maintenance, wrongful acts, or negligence of the customer or any of his tenants, agents, employees, contractors, or licensees in installing, maintaining, using, or operating such equipment.
 - b. The City and the Water System Operator shall not be responsible for any damage to property caused by spigots, faucets, valves, and other equipment that may be open when service is turned on at the meter in the original installation or when restoration of service is made after a temporary shutdown.
21. **WATER METERS—OWNERSHIP.** All meters installed on water service connections by the City shall be and remain the property of the City whether installed on public or private property and shall be operated or removed only by the City.
22. **WATER METERS—PLACEMENT—INSPECTION.**
 - a. The location of the meter or meters used in measuring the customer's use of water must be in a place satisfactory to the City before service will be supplied.

- b. The applicant, as a condition of his contract for water service, guarantees access to the meter for purposes of reading and maintenance thereof.
 - c. The City will pay no rent or other compensation to install or maintain meter and appurtenant facilities located on customer's premises.
23. **DEFECTIVE SERVICE EXTENSION.** The City may immediately shut off any service whenever such service extension lines develop leaks, or their condition is such as to constitute a danger to the domestic water supplies of the City. Such service shall remain shut off until such lines are properly repaired and replaced.
24. **INSUFFICIENT PRESSURE AND CAPACITY.** When the premises for which water is sought does not abut a main with sufficient pressure and capacity to provide the required flow to the property line, the application for service may be rejected. The City does not guarantee any pressures or flows to be provided to any premises.
25. **CHANGE IN SIZE OR LOCATION OF SERVICE CONNECTION.** When the expansion, replacement, or removal of an existing building results in a need to increase or decrease the size or change the location of the existing service connection or where a service connection to any premises is abandoned or no longer used, the City may remove the existing service connection; after which, should a service connection be required to the premises, a new service shall be placed only upon the owner making an application and paying for a new service connection in accord with all requirements of the Rules.
26. **NONSTANDARD WATER SERVICE.**
- a. Where the customer is being served by a nonstandard water service and a standard water main is thereafter installed, within six (6) months after City's acceptance of the standard main, the customer shall discontinue the use of the nonstandard water service and shall relocate the service line from the new permanent main to the nearest property line at the customer's expense. The customer shall further be responsible for connecting to the new service line and paying all costs associated with said connection. A new connection charge shall not be due for the relocation and reconnection from a nonstandard water service to a standard water service.
 - b. All work undertaken by a customer associated with the repair of a nonstandard service in the utility right-of-way shall require a permit and all work shall comply with City construction standards.
27. **OWNERSHIP, REPAIR AND REPLACEMENT OF FACILITIES.** The City shall not be required to renew or replace water mains which are outside the established boundaries of the water system.
28. **CONFORMING PRIVATE PIPES.** Before water will be turned on to any premises not previously served by the water system, the service pipes upon such premises must be made to conform to all applicable laws and regulations, including such specifications as

may be promulgated from time to time by the City. Conformity must be verified by an inspection by the City prior to the covering of the trench containing such pipe.

29. **SHUT-OFF VALVE REQUIRED.** The customer shall install, as close to the meter location as practicable, a suitable shut off valve in the service connection to the meter that will shut off all service to the premises.
30. **NEW PIPES.** All new service pipes shall be placed not less than twenty-four inches (24") below the surface of the ground.
31. **REFUSAL OF SERVICE.**
 - a. **Unsafe or Unlawful Apparatus.** The City may refuse to furnish water or may discontinue service to any premises where any apparatus, application, or equipment using water is dangerous, unsafe, or unlawful.
 - b. **Excessive Demand by Customer.** The City may, in the public interest, refuse to furnish water or may discontinue service where excessive demand by one (1) customer may be detrimental to the water service furnished to other customers.
32. **CITY METER VALVE.** All shut-off valves on the City's side of the water meter are installed by the City for use by the City. Such shut-off valves shall not be used, or in any way tampered with, by the customer or any agent or contractor of the customer.
33. **DAMAGE TO CITY PROPERTY.** The customer shall provide a space for, and exercise proper care to protect the property of, the City on its premises, and in the event of loss or damage to the City's property arising from neglect of the customer to care for same or from any willful act of the customer, the cost of necessary repairs or replacement shall be paid for by the customer.
34. **EMERGENCY SERVICE TO OTHER PROPERTY.** The furnishing of water by a customer to premises other than that served by the customer's service is prohibited, except as may be approved by the City during emergencies, provided that an application for emergency service shall be made to the City within forty-eight (48) hours of the onset of the emergency.
35. **DAMAGE BY HOT WATER.** If a meter is damaged by hot water from the customer's line, the customer will be required to pay for the cost of repair and for the loss of revenue occasioned by the damage, and the customer shall immediately make the necessary corrections to his own water line to prevent further damage to the City meter.
36. **REMOVAL, REPLACEMENT, AND REPAIR.** No person other than the City may remove a meter. In all cases where meters are lost, damaged, or broken by carelessness, negligence, or willful act of the customers, owners, or occupants of the premises, or their employees, contractors, or agents, they shall be replaced or repaired by or under the direction of the City, and the cost shall be charged against the customer,

City of Bellflower
Resolution No. 15-72
Page 16 of 31

and in the case of nonpayment, the water shall be shut off and will not be turned on until such charges and the charge for turning on the water are paid.

37. **EFFECTIVE DATE OF CONTRACT AND RATES.** All contracts shall take effect from the day they are signed and rates shall be charged from the day the premises are connected with the water system and the meter is installed.
38. **TURN ON NEW INSTALLATION.** When the City installs the new water service connection for any premise, the valve at the meter shall be turned to the “off” position unless the owner has specifically requested the water be turned “on” in the contract.
39. **LOCATION CHANGE—COST.** Except as otherwise provided in the Rules, when it is necessary for the convenience of the City or because of the City’s installation of new water mains to change an existing domestic water meter or domestic water service location, such new location shall be made at the cost and expense of the City, except that the property owner shall reinstall his service extension to connect with the water meter as relocated at his own expense.
40. **CHARGES FOR METERED SERVICE.** The charges for metered service shall be the applicable Commodity Charges plus the Service Charges.
41. **METER READING AND BILLING.** Meters will be read bimonthly at two-month (2-month) intervals for the preparation of regular bills and at intermediate dates as required for the preparation of opening, closing, or special bills. In the event the meter fails to register or is blocked or inaccessible, the customer shall be charged for such period on an estimate based upon the last three (3) billing cycles during which the meter was in good order, or such other information as may be most reliable under the circumstances. In addition, any customer who covers, or in any way obstructs, City’s access to the water meter will be charged an additional penalty of \$100.00 for each billing cycle the obstruction remains over the meter.
42. **BILLS — MINIMUM CHARGE.** If the total period of water service is less than a full bimonthly billing cycle, the Service Charge will be prorated to reflect the actual period of service. If a meter fails to register during any period or is known to register inaccurately, the customer shall be charged for such period based on an average yearly consumption as shown by the meter when in use and registering accurately.
43. **APPLICATION OF PAYMENT.** All payments received by the City shall be applied to payment of the months or month furthest in arrears for the property which the payment is received.
44. **TERMINATION OF SERVICE FOR UNPAID CHARGES.** The City has the right to terminate water services to any customer for reason of nonpayment. Prior to termination, the City shall comply with the applicable procedures of California Public Utilities Code Sections 10009, 10009.1, 10010, and 10011 as they then exist. All bills for water services are due and payable upon receipt and become delinquent twenty (20) days from the billing date. At the end of the grace period of no more than fifteen (15)

days following the date of first delinquency of any such charges, the City shall turn off the water service in accordance with the following procedure:

- a. **Restrictions on Termination of Residential Service for Unpaid Charges.** Restrictions on termination of residential water service for nonpayment are set forth in Section 10010 of the California Public Utilities Code. Additional situations where service may not be terminated to a multiunit residential structure serviced through a master meter are set forth in Subsection (e) of Section 10009.1 of the California Public Utilities Code.
- b. **Military Families Shut-off Protection.** In accordance with Section 827 of the California Military and Veterans Code, a Qualified Military Customer may apply for and shall receive shut-off protection as further detailed in Rule 45.
- c. **Small Balance Accounts.** In any billing, if \$40.00 or less remains unpaid, it may be carried over to, and added to, the next billing period.
- d. **Delinquent Notice of Nonpayment.** If payment for a billing period is not made on or before the 20th day after the billing period invoice date, a Delinquent Notice of Nonpayment and Disconnection of Service ("Delinquent Notice") will be mailed, postage prepaid, to the water service customer fifteen (15) days prior to actual disconnection. The Delinquent Notice will include a late charge in an amount established herein, which must be paid in order for service to be continued. A customer may request an amortization payment plan described herein, provided such request is made within thirteen (13) days of the date the Delinquent Notice is mailed.
- e. **Turn-Off Deadline.** Unless an amortization payment plan is approved, all charges for water service charges and late charges must be paid on or prior to 4:30 p.m. on the day specified in the Delinquent Notice to avoid disconnection of service.
- f. **Contents of Termination Notice.** The Delinquent Notice shall specify the following information in a clear and legible format:
 1. Customer's name and address;
 2. Amount in arrears;
 3. Date by which payment must be made;
 4. Procedures for initiating a complaint or requesting an investigation of the charges;
 5. Procedures for requesting amortization of the unpaid balance;
 6. Procedures for obtaining information on financial assistance; and
 7. Telephone number of the City representative who can provide additional information.
- g. **Forty-Eight-Hour Notice of Discontinuation.** At least forty-eight (48) hours prior to actual termination as set forth in the Delinquent Notice, the City shall make a reasonable, good faith effort to contact an adult of each residence served by the account for which the Delinquent Notice has been prepared by telephone, or in

person, and provide them with the information set forth above. At least one (1) attempted personal contact, coupled with use of a "door hanger," shall be deemed to be a reasonable, good faith effort at contacting an adult of the residence.

In the event the account is for a multiunit residential structure served through a master meter, the "door hanger" shall also contain information regarding the occupants' rights under Public Utilities Code Section 10009.1, including the right to establish service through the acceptance of responsibility for the property, or of a portion of the property, if a physical means is legally available to selectively terminate service to other portions, the right to offset payments made for such charges against rent due if water had been included as a service provided, and the right to commence action to recover damages from the property owner. Such additional information shall be provided in "plain English," Spanish, Tagalog, Chinese, Korean and Vietnamese printed in a large and boldface type, and shall include comprehensive instructions as to actions which may be taken by the occupant(s).

- h. **No Termination Except on Business Days.** Water service will not be terminated by reason of nonpayment on any Saturday, Sunday, legal holiday, or at any time during which the business offices of the City's water system are not open to the public.
- i. **Restoration of Service.** Water service which has been turned off for nonpayment shall not be turned on again until all delinquent charges, the late charge, and the additional sum set forth herein for turning the water on shall have been paid.

45. **MILITARY FAMILIES SHUT-OFF PROTECTION.** In accordance with Section 827 of the California Military and Veterans Code, a Qualified Military Customer may apply for and shall receive shut-off protection for a period of 180 days as follows.

- a. The Qualified Military Customer shall provide the MWS with written Notification he or she is in need of assistance because of a reduction in household income as a result of a member of a Qualified Military Household being called to active duty status in the military. The Notification must be accompanied by a copy of the activation or deployment order of the customer that specifies the duration of the active duty status. The MWS will provide customers with a Military Service Notification Form for that purpose, but any other writing which includes all the required information will be accepted. The Notification shall include self-certification the Qualified Military Household of the Qualified Military Customer will be occupied by the Qualified Military Customer's legal dependent(s) during the duration of the shut-off protection period.
- b. A Qualified Military Customer receiving shut-off protection under this Rule must notify the MWS if the active duty status of the service member will be extended.
- c. The Qualified Military Customer who is receiving shut-off protection under this Rule must notify the MWS if he or she moves out of the residence that is receiving the

shut-off protection including i) the date of termination of water service and ii) a forwarding address.

- d. The shut-off protection under this Rule does not void or limit the obligation of the Qualified Military Customer to pay for water service received during the time of assistance. Rather, after release from Military Service, the Qualified Military Customer may request and will be granted a repayment plan of no more than one year to pay charges accrued during the time of military service.

46. **TERMINATION OF SERVICE FOR NONCOMPLIANCE.** Water service may be terminated to any customer who fails to comply with any Rule.

- a. **Imminent Risk to Public Health, Safety, or Welfare.** In any case where the customer's failure to comply with any Rule is deemed in the sole discretion of the City to present an imminent risk to the public health, safety, or welfare, the City may immediately terminate water service to the customer without prior notice. Concurrent with or as soon as possible after termination of service, the City shall mail to the customer and hand deliver to the service address a Notice of Noncompliance and Disconnection of Service as described below. Additionally, the City shall make a reasonable, good faith effort to contact an adult of the residence by telephone or in person, and provide them with the information set forth above. At least one (1) attempted personal contact coupled with use of a "door hanger" shall be deemed to be a reasonable, good faith effort at contacting an adult of the residence.
- b. **Procedure for Termination of Service – No Imminent Risk.** When any customer fails to comply with any Rule but where no imminent risk is deemed to exist, a Notice of Noncompliance and Disconnection of Service will be mailed to the Customer and hand delivered to the service address 48 hours prior to actual disconnection. In addition to the foregoing, the City shall make a reasonable, good faith effort to contact an adult of the residence by telephone, or in person, and provide them with the information set forth above. At least one (1) attempted personal contact, coupled with use of a "door hanger," shall be deemed to be a reasonable, good faith effort at contacting an adult of the residence.
- c. **Contents of Notice.** The Notice of Noncompliance shall specify the following information in a clear and legible format:
 - 1. Customer's name and address;
 - 2. Reason for Termination (including the Rule[s] the customer has not complied with);
 - 3. Date by which corrective action must be taken;
 - 4. Procedures for appealing the determination of noncompliance;
 - 5. What fees and penalties, if any, must be paid; and
 - 6. Telephone number of the City representative who can provide additional information.

- d. **Restoration of Service.** Water service shall not be turned on again until the customer is in full compliance with the Rules, and all delinquent charges, penalties, if any, and the additional sum established herein by the City Council for turning the water on shall have been paid.

47. **TERMINATION OF SERVICE - VOLUNTARY.**

- a. Should any customer desire to terminate water service, he shall be provided a closing bill stating the date of such termination and shall pay all unpaid charges at the address set forth on such closing bill within twenty (20) days. The customer shall be responsible for all charges accruing prior to the stated date of termination. If the customer fails to give notice, the customer shall remain liable for all charges applicable to the account, including, but not limited to, commodity charges and service charges, until the date of actual disconnection by the City.
- b. If service has been voluntarily terminated, upon proper application, the payment of all unpaid water charges, and the additional payment of any turn-on fee established herein for new service, the City will turn on water service again. No change of ownership or occupancy shall affect the application of this Rule.

48. **PENALTIES FOR LATE PAYMENT.** Water bills paid after the twentieth day from the billing date will incur a \$5.00 late payment penalty. Water bills paid after the date of the delinquent notice of nonpayment will incur an additional \$10.00 delinquent payment penalty. In accordance with the California Military and Veterans Code Section 827 (g) (2), the late payment penalty will be waived for a Qualified Military Customer during the period of military service up to 180 days and, if a repayment plan has been established for the Qualified Military Customer following release from military service, then also during the repayment period up to one year.

49. **FEES AND PENALTIES FOR TERMINATION OR RESTORATION OF WATER SERVICE.**

- a. **Fee for Turn On.** When a customer's water is turned off for nonpayment or noncompliance, the customer shall pay the amount due plus any late fee or other penalties plus a turn-on fee as established in Rule 57 herein.
- b. **Fee for Voluntary Temporary Turn Off.** If a customer has his water service shut off at his own request for a temporary period of time of more than fifteen (15) days, then a turn-off fee of \$30.00 shall be paid.
- c. **Penalty for Unauthorized Turn On or Turn Off.** If a customer turns on or turns off his water at the curb cock (at the meter), then a penalty of \$150.00 shall be charged to the customer.

50. **COLLECTION OF UNPAID CHARGES - UNPAID CHARGES DEEMED LIEN.** To the extent allowed by California law, all charges for connection and service, as provided in these Rules, or as may be hereafter amended, together with penalties and interest

thereon, if any, shall, in addition to being a personal liability of the applicant, be a lien upon the property with which such connection is made. Enforcement of such lien or liens shall be in any manner provided by State law.

51. **BILLING DISPUTES—RESPONSIBLE PARTY—REDUCED WATER CHARGES IN SPECIAL CASES.** Upon application by a customer, the City Manager, or his/her designee, is empowered to resolve billing disputes, on a case-by-case basis, in the following circumstances: If a private water line, valve, fixture, or other appurtenance is verified to be leaking as a result of accidental damage or natural deterioration of the same, and not as a result of abuse or willful neglect, and provided that the damage is repaired within five (5) days of the discovery of such, the water bill may be reasonably and equitably reduced; provided that a customer shall be required to pay the service charge plus a commodity charge based on not less than the highest usage of that account in the previous twelve (12) months. If the leak is recurring, the bill will be reduced for a single event only.
52. **METER TESTING—ADJUSTMENT OF BILL.**
- a. Upon request from a customer, based upon a complaint that the water bill for any period has been excessive, the City shall have the meter reread.
 - b. If a meter is tested at the request of a customer, a charge of \$60.00 shall be made. If the meter is found to be over two percent (2%) fast, then the charge shall be refunded.
53. **CITY LIABILITY.**
- a. **Liability - Shut-Off for Repair or Nonpayment.** The City may at any time shut off water to any premises connected with the water system for repairs, extensions, failure to pay charges as provided by the Rules, or other necessary purposes. The City and the Water System Operator shall not be liable for any damage which may occur as a result of water being shut off to any premises, including, without limitation, the bursting of boilers supplied by direct pressure, the breaking of any pipes or fixtures, stoppage or interruption of water supply, or any other damage resulting from the shutting off of water. It is the responsibility of customers who have any machinery, material, process, or plant which requires a constant supply of water to install upon their premises such water storage facilities as will prevent any damage in case the City water supply may for any reason be interrupted or discontinued and to provide backflow devices to protect against loss from the interruption or discontinuance of water service.
 - b. **City Not Liable for Damages.** The City and the Water System Operator shall not be liable for damages, nor will allowances be made for loss of production, sales, or service, in case of water pressure variation, or in case the operation of the City's source of water supply or means of distribution fails, or is curtailed, suspended, diminished, or interrupted for any cause. Such pressure variations, failure, curtailment, diminishment, suspension, interruption, or interference shall not be held

to constitute a breach of contract on the part of the City or in any way affect any liability for payment for water made available or for money due on or before the date of such occurrence.

- c. **Liability Disclaimer.** The City and the Water System Operator shall not be liable for any damage to persons or property resulting from a turn off or turn on of the water service, including, but not limited to, situations where water service is left on between a change of customers occupying the premises, at the request of one (1) of the customers, or the service is disconnected for nonpayment for failure to have a current water service application.
- d. **Liability for Damage to Equipment and Property.** The customer shall be liable for any damage to the meter or other equipment or property owned by the City which results from any intentional or negligent act by the customer, his tenants, agents, employees, contractors, licensees, or invitees. The City shall be reimbursed by the customer for any such damage promptly on presentation of a bill therefor.

54. **DISHONORED CHECKS.** In the event the check given by the customer is not honored by the financial institution appearing on the check, the City will initiate termination of water service procedures as provided herein for delinquent payment on the same day it receives notice from the financial institution serving the City. Service shall not be turned on again until a return check charge, in addition to all other charges required by the Rules, shall have been paid.

Any customer who has given the City a dishonored check must thereafter pay all charges for such account by cash, money order, or certified check. The return check charge will be \$25.00 for the first returned check and \$35.00 for any subsequent re-submittal of that returned check from the same customer.

55. **FIRE HYDRANTS; UNAUTHORIZED USE OF WATER.** It is unlawful for any person to open, operate, close, turn on, turn off, interfere with, attach a pipe or hose to, or connect anything with any fire hydrant, stop valve, or stopcock belonging to the City, except when duly authorized by the City or unless such person is acting in an official capacity as a member of the Los Angeles County Fire Department or the City. If customer uses a fire hydrant without permission, an inspection charge of \$150.00 shall be paid in addition to the charges for any water used. Any such unauthorized use of water is subject to a fine in an amount not to exceed \$500.00 and to criminal penalties under California Penal Code Sections 624 and 625.

56. **FIRE HYDRANT FOR CONSTRUCTION PURPOSES.** Whenever in the opinion of the City it is necessary to install a meter on a fire hydrant for construction purposes, there shall be a \$115.00 charge for the initial installation and an \$850.00 deposit for the meter, refundable when the meter is returned in the same condition as when installed. If the meter should be moved to other locations from the original installation site, an additional fee of \$46.00 shall be charged each time the meter is moved. Rates for water used will be charged as follows:

Service Charge per week	\$25.00
Commodity Charge per 100 cubic feet	Same as rate charged for potable water metered service

The contractor shall pre-pay for all water and service charges based on estimates.

57. **WATER TURN-ON AND TURN-OFF FEES.** Whenever a request is made to turn on water, the customer must first pay any charges past due.
- a. **Turn On or Turn Off Incident to Establishment or Termination of Service.** No fee will be charged to turn on or turn off water service to any premises incident to the normal establishment of new service or the permanent, voluntary termination of an existing service.
 - b. **Scheduled Turn On or Turn Off.** For turn on or turn off other than as incident to the normal establishment of new service or the permanent, voluntary termination of an existing service, whenever a request is made at least two (2) working days in advance for the turn off or turn on, or temporary discontinuance of water service to any premises for a period of fifteen (15) days or less, the customer shall pay a fee of \$25.00 if the turn on/off is made between 8:00 a.m. and 4:45 p.m., Monday through Friday (except holidays). If the turn on or turn off is made at any other time, the fee for turn on/off shall be \$45.00.
 - c. **Unscheduled and Emergency Turn On or Turn Off.** Notwithstanding any provisions of the Rules to the contrary, whenever a request is made for a turn off or turn on with less than two (2) prior working days' notice, or for an unscheduled or emergency turn off or turn on, or temporary discontinuance of water service to any premises, the customer shall pay a fee of \$35.00 if the turn on/off is made between 8:00 a.m. and 4:45 p.m., Monday through Friday (except holidays). If the turn on/off is made at any other time, the fee for turn on/off shall be \$55.00.
58. **ORDERS FOR TURNING WATER ON AND OFF.** All orders for turning water on or off must be made in writing to the City and must be signed by the owner of the property, or a duly authorized customer, from which the water is ordered shut off or turned on..
59. **TAMPERING OR DESTRUCTION OF EQUIPMENT PROHIBITED.** It is unlawful for any person to break, damage, destroy, uncover, deface, or tamper with any structure, appurtenance, or equipment which is a part of the City's municipal water system, unless the prior written consent of the City is first obtained (BMC 13.04.020). Each violation thereof shall be charged a minimum of \$100.00, plus the cost for time and materials for repair of the damage to the water system. The provisions of this Rule shall not be deemed to waive any criminal liability otherwise established by law.
60. **VIOLATION-CORRECTION OF CONDITIONS.** Any person who shall violate any of the provisions of the Rules shall become liable to the City for any expense, loss, or damage occasioned by reason of such violation.

61. **LOSS OR DAMAGE IN LINE.** The City and the Water System Operator shall not be liable for any loss or damage of any nature whatsoever caused by any defect in the customer's line, plumbing, or equipment, and the City may, without notice, discontinue service to any customer when a defective condition of plumbing or equipment upon the premises of the customer results, or is likely to result, in interference with proper service or is likely to cause contamination of the water. The City and the Water System Operator do not assume the duty of inspecting the customer's line, plumbing, or equipment and shall not be responsible therefore, and will not be liable for failure of the customer to receive service on account of defective plumbing and apparatus on the customer's premises, or for excessive consumption.
62. **CROSS-CONNECTIONS – BACKFLOW PREVENTION – BMC 13.04.030.** The City has by ordinance adopted rules and regulations for cross-connection control and backflow prevention purposes.
63. **WATER MAINS.**
 - a. **Submittals.** Plans and specifications for the installation of water mains, services, and fire hydrants in new subdivisions or areas shall be submitted and filed in duplicate with the City, and its approval in writing shall be obtained before any work of installation or construction is commenced thereon.
 - b. **Design Standards.** All water facilities installed in the City shall be designed and constructed to withstand, with ample safety factors, the physical stresses to which they will be subjected and shall be free from structural and sanitary hazards. All equipment used therein shall be of adequate size and capacity and shall be correlated with available supply from the source facilities and storage to meet the requirements of Subsection c. below.
 - c. **Total Water Flow Required.** The required total water flow in new water mains shall be the total sum of the minimum fire flow requirements, as set forth in Subsection e below, plus the maximum daily water flow requirements as set forth in Subsection d. For the purposes of this section, the maximum daily water flow requirement shall be deemed to be two (2) times the average daily water flow requirement as defined in Subsection d below.
 - d. **Daily Flow Required.** The average daily water flow requirement, in gallons per minute, as required in Subsection c, above, shall be obtained by multiplying the estimated daily water consumption in gallons per capita, times the total estimated population to be served by the new water facilities or unit thereof, and dividing the sum by one thousand four hundred forty (1,440 being the minutes in a twenty-four-hour day). In no case shall there be permitted average daily design flow consumption per capita for any new water facilities or unit thereof of less than one hundred (100) gallons per day at a normal operating pressure of not less than twenty-five (25) pounds per square inch.

- e. **Fire Flow.** The minimum fire-flow water requirement for any new water facilities or unit thereof shall be determined by the Fire Chief of Los Angeles County, or his designated representative, in accordance with the following formula. The computation shall be:

Minimum Fire Flow Requirements	Minimum Duration Fire Flow
1,500 gal. per minute	2 hours
2,000 gal. per minute	2 hours
2,500 gal. per minute	2 hours
3,000 gal. per minute	3 hours
3,500 gal. per minute	3 hours
4,000 gal. per minute	4 hours
4,500 gal. per minute	4 hours
5,000 gal. per minute	5 hours

- f. **Circulation.** All new water facilities shall be so designed to permit circulating water flows except where impractical because of cul-de-sacs and like conditions or the incomplete development of the grid system.
- g. **Pipe Design.** All water pipe and fittings used in water distribution mains or lines hereafter laid or replaced shall be designed to withstand the maximum internal and external pressures and forces to which they may be subjected under normal operating conditions and with an ample safety factor all in accordance with and as set forth in the written standards of required design for pressures and forces established by the American Waterworks Association (AWWA), copies of which standards are on file at the business office of the City's water system.
- h. **Main Size.** For all water mains or systems hereafter installed or replaced, the minimum size shall be six (6) inches in diameter, on which or where fire hydrants are located.
- i. **Service Pipe Size.** In all future subdivisions of property or lot splits, the diameter of the water service pipe and connection to the water main shall not be less than the service pipe required by the Plumbing Code for the building served thereby. The service pipe shall be equipped with a valve at the inlet to the meter. In order to provide adequate water service to large parcels or lots, the City may require larger water service pipe and connections as determined in its discretion.
- j. **Valve Location.** All new water main line valves or distribution mains or lines shall be installed on not less than a three-valve (3-valve) pattern at street intersections having a single intersecting main.
- k. **Fire Hydrant Size, Type and Location.**

City of Bellflower
Resolution No. 15-72
Page 26 of 31

1. The size, type, and location of new fire hydrants shall be designated by the Los Angeles County Fire Department or the City.
2. Any new fire hydrant pipeline from the street water main to the fire hydrant shall have a minimum diameter of six (6) inches and shall have a shut-off valve.

- I. **Temporary Mains.** No temporary mains shall be permitted to be installed as part of the City's water system.

64. **NEW SUBDIVISIONS.**

- a. **Owner Responsibility.** Responsibility for the installation, repair, replacement, or up-grading of water facilities to service any new lots or parcels, including, but not limited to, water mains and fire hydrants, shall be determined by the City at the time an application for subdivision is submitted. When such facilities are installed by a private party, and thereafter accepted by the City, they shall become part of the water system and be the property of the City and be dedicated to the public for the purpose of distributing water to the lands. Facilities of the water system installed on private property or in private streets shall be placed in public utility easements dedicated to the City.
- b. **Oversize Mains.** In the event that the City elects to require installation of mains or other water facilities of greater size than in the opinion of the City are adequate to supply any new subdivision with water and fire protection, the City shall enter into a reimbursement agreement relating to such facilities.

65. **RESTRICTIONS.**

- a. **Restrictions During Emergency.** In the event of any emergency, the City Manager shall have the right, power, and authority to turn off the water from any main or mains or pipes of the water system of the City with or without notice. The City Manager shall have the power or authority to determine when an emergency exists and such determination shall be final or until revised at a meeting of the City Council. In addition to the power given in this section, the City Council reserves the right in the event of any emergency to turn off the water from any main or mains or pipes of the City either with or without notice and for so long a time as the City Council may deem advisable.
- b. **Unauthorized Use or Injury Prohibited.** No person shall open a fire hydrant or hydrants, tap, a water main, or mains, or in any manner willfully damage or injure the water system, or any part thereof, or take water therefrom, or use the water system in violation of the Rules without the written permission of the City. Any such unauthorized use of water is subject to a fine in an amount not to exceed \$500.00 and to criminal penalties under California Penal Code Sections 624 and 625.

- c. **Tampering with Equipment Prohibited.** No person shall tap, open, connect with, or otherwise tamper with any main, pipe, valve, or any other equipment which forms part of the system of the water system.

66. **WATER CONSERVATION MEASURES.** The City has by ordinance adopted certain water conservation measures. The following extracts from the Bellflower Municipal Code are quoted for information.

- a. **13.16.010 - Hose Watering Prohibition.** No person shall hose water or wash down any sidewalks, walkways, driveways, parking areas, or other paved surfaces, except as is required for the benefit of public health and safety.

- b. **13.16.020 - Watering of Lawns and Landscaping.**

- A. No person shall water or cause to be watered any lawn or landscaping between the hours of 10:00 a.m. and 5:00 p.m.
- B. No person shall water or cause to be watered any lawn or landscaping more than once a day.
- C. No person shall water or cause to be watered any lawn or landscaping more than two (2) days per week.
- D. No person shall water or cause to be watered any lawn or landscaping to such an extent that there is excessive runoff into adjoining streets, parking lots, or alleys that occurs due to incorrectly directed or maintained sprinklers or excessive watering.
- E. No person or entity shall use potable water to irrigate ornamental turf on public street medians.
- F. No person shall use potable water to irrigate landscaping outside newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community.
- G. No person shall use potable water to irrigate outdoor landscaping during and within forty-eight (48) hours following measureable rainfall.
- H. Adherence with the provisions of this subsection shall not relieve any person of the legal obligation to maintain landscaping as otherwise required by the provisions of this Code.

- c. **13.16.030 - Indoor Plumbing and Fixtures.** It shall be the duty of all persons to inspect all hoses, pipes, faucets, plumbing fixtures, sprinklers, and other portions of plumbing systems for leaks and to cause all leaks to be repaired as soon as is reasonably practicable (with all required City approvals, permits, and inspections).

- d. **13.16.040 - Washing Vehicles.** No motor vehicle, boat, trailer, or other type of mobile equipment may be washed, except at a commercial carwash or with reclaimed water, unless such vehicle is washed by using a hand-held bucket or water-hose equipped with an automatic shut-off nozzle. No person shall leave a water hose running while washing a vehicle or at any other time.
 - e. **13.16.050 - Public Eating Places.** No restaurant, hotel, cafeteria, café, or other public place where food is sold or served shall serve drinking water to any customer unless specifically requested to do so by such customer.
 - f. **13.16.055 - Businesses.** Hotels and motels must post signage that offers their guests the option to not have their linens and towels laundered daily. This signage must be prominently displayed in each guest room.
 - g. **13.16.060 - Decorative Fountains.** No person shall use water to clean, fill, or maintain levels in decorative fountains, ponds, lakes, or other similar aesthetic structures unless such water flows through a re-circulating system.
 - h. **13.16.070 - Water Efficient Landscaping.** The City Council may by resolution or ordinance establish certain provisions requiring a selection of water-efficient plants and irrigation systems which foster long-term water conservation while respecting the economic, environmental, and aesthetic and lifestyle choices of individuals and property owners.
 - i. **13.16.080 - Adoption of Additional Water Conservation Measures.** In addition to the foregoing regulations, the City Council may adopt, by resolution, additional water conservation measures designed to reduce water consumption by reason of any emergency, shortage of water supply, or water facility damage.
 - j. **13.16.090 - Violations.** Violation of any water conservation measure established pursuant to Chapter 13.16 shall be subject to a written warning for the first violation and shall be punishable pursuant to Chapter 1.08 and/or Chapter 1.12 of this Code for each subsequent violation. For persons not served by Bellflower's Municipal Water System, the City will endeavor to provide the water purveyor of a person receiving a warning a copy of that warning.
 - k. **13.16.100 - Procedural Requirements.** The Director of Public Works shall periodically review the provisions of this Chapter and recommend necessary updates to the City Council. The review of these provisions and preparation of resulting recommendations, if any, shall be performed, at a minimum, every two (2) years following the first review, which shall be completed by December 31, 2010.
67. **WATER SERVICE TO PROPOSED DEVELOPMENTS THAT INCLUDE HOUSING AFFORDABLE TO LOWER-INCOME HOUSEHOLDS.**

- a. **Copies of Housing Element.** As required by State law, the City Clerk has delivered copies of the adopted Housing Element of the City's General Plan to all local water and sewer service providers. The City Clerk will deliver copies of any amendments to the Housing Element to all local water and sewer service providers.
- b. **Government Code Requirements.** Pursuant to Government Code Section 65589.7, the City of Bellflower adopts the policies and procedures in Subsections c. and d., below, to provide for the granting of priority for the provision of water services to proposed developments that include housing units affordable to lower-income households pursuant to a mandate set forth in Government Code Section 65589.7.
- c. **Priority Policy.** Subject to availability of the water supply, as determined by the City Engineer pursuant to an urban water management plan adopted pursuant to Water Code Sections 10610, et seq., and subject to any water shortage emergencies as provided by Water Code Sections 350, et seq., the City Manager, or his designee, shall ensure that a priority for water services be given to proposed developments that include housing units affordable to lower-income households. For purposes of this policy and the priority provided herein, it shall be the obligation of the development project applicant to demonstrate that the applicant's development project includes housing units affordable to lower-income households.
- d. **Restrictions on Denial of Approval; Exceptions.** As provided by Government Code Section 65589.7(c), the City shall not deny or condition the approval of an application for water services to, or reduce the amount of water services applied for by, a proposed development that includes housing units affordable to lower-income households, unless specific written findings are made by the City Council or City Manager, or his designee, finding that the denial, condition, or reduction is necessary due to the existence of one (1) or more of the following:
 1. The City does not have "sufficient water supply" as defined in Government Code Section 66473.7(a)(2), or is operating under a water shortage emergency as defined in Water Code Section 350, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed development, as demonstrated by a written engineering analysis and report.
 2. The City is subject to a compliance order issued by the State Department of Public Health that prohibits new water connections.
 3. The applicant has failed to agree to reasonable terms and conditions relating to the provision of water service generally applicable to development projects seeking water service from the City, including, but not limited to, the requirements of local, State, or Federal laws and regulations or payment of a fee or charge imposed pursuant to Government Code Section 66013.
- e. **Incorporation into Housing Element of General Plan.** It is the intent of the City Council that this Rule be incorporated into the next change to the Housing Element

City of Bellflower
Resolution No. 15-72
Page 30 of 31

of the City's General Plan, subject to the notice and hearing requirements applicable to any amendment thereof.

68. **RESIDENTIAL RATEPAYER ASSISTANCE PROGRAMS.** The City will establish and maintain the following ratepayer assistance programs for qualified residential customers:
- a. **Amortization Payment Plan.** Any residential customer who, on the certification of a licensed physician or surgeon that the termination of water service will be life threatening to the customer, and upon the customer providing information to demonstrate that the customer is financially unable to pay for service within the normal payment period, and who is willing to enter into an amortization agreement with the City with respect to all charges that the customer is unable to pay prior to delinquency shall, upon request, be permitted to amortize, over a period not to exceed twelve (12) months, the unpaid balance of any bill asserted to be beyond the means of the customer to pay within the normal period for payment. If a residential customer fails to comply with an amortization agreement, the City shall not terminate service without giving notice to the customer at least forty-eight (48) hours prior to termination of the conditions the customer is required to meet to avoid termination, but the notice does not entitle the customer to further investigation by the City nor an extension of the amortization agreement.
 - b. **Low-Income Assistance Program for Water Rate Increases.** At any time that the City implements an increase in the water rate(s) charged, qualified low-income residential customers may be determined by the City to be exempt from payment of fifty percent (50%) of the increase for a period not to exceed two (2) years. The City Manager will establish additional rules and regulations necessary to administer this program.
 - c. **Low-Income Assistance Program for Service Line Repairs.** Subject to the availability of funds, qualified low-income residential customers may receive a deferred loan under the City's Home Improvement Program for the purpose of repairing service lines (i.e., the line connecting the meter to the house, up to the customer's turn-off valve). The City Manager will establish additional rules and regulations necessary to administer this program.
69. **ANNUAL RATE REVIEW.** Annually, or as otherwise required, the City Council will review the water rates then in force and consider such changes as may be appropriate.
- a. **Public Noticing of Water Rate Increases.** Pursuant to California Government Code Section 53755, the City elects to give public notice of proposed water rate increases only to the actual customers and not to property owners who are not also customers.
 - 1. For multi-tenant buildings that have individual water meters for each unit, the notice of the meeting shall be sent to the address to which the water bills are sent. For such individually metered units, each unit shall be considered to be a separate "parcel" entitled to one (1) protest for purposes of determining whether a

City of Bellflower
Resolution No. 15-72
Page 31 of 31

majority protest exists for purposes of Article XIID, Section 6(a)(2), of the California Constitution. If the units at a multi-tenant building are not separately metered and the bill is sent to a central address, then the notice of the proposed water rate increase shall be sent to the address to which that bill is sent and that entire property shall be considered one (1) "parcel" and entitled to one (1) protest pursuant to said Article XIID, Section 6(a)(2).

2. In electing to not provide notice of a proposed rate increase to the actual property owner(s), the City waives its right of enforcement of nonpayment with a lien on the property as per Rule 50 as to any property owner who is not provided with notice of the proposed rate increase.
3. Only those persons who are customers may formally "protest" a proposed rate increase. Property owners who are not also customers shall not be allowed to make a formal protest.

SECTION 4. This Resolution shall become effective upon adoption.

SECTION 5. The Mayor, or presiding officer, is hereby authorized to affix his signature to this Resolution signifying its adoption by the City Council of the City of Bellflower, and the City Clerk, or her duly appointed deputy, is directed to attest thereto.

PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF BELLFLOWER THIS 14th DAY OF SEPTEMBER 2015.



Dan Koops, Mayor Pro Tem

ATTEST:


Debra D. Bauchop, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)SS
CITY OF BELLFLOWER)

I, **Debra D. Bauchop**, City Clerk of the City of Bellflower, California, do hereby certify under penalty of perjury that the foregoing Resolution No. 15-72 was duly passed, approved, and adopted by the City Council of the City of Bellflower at its Regular Meeting of the Bellflower City Council of September 14, 2015, by the following vote to wit:

AYES: Council Members – Dunton, Santa Ines, Schnablegger, and
Mayor Pro Tem Koops
ABSENT: Council Member – Mayor Larsen

Dated: September 15, 2015


Debra D. Bauchop, City Clerk
City of Bellflower, California

(SEAL)

CALIFORNIA-AMERICAN WATER COMPANY

655 W. Broadway, Suite 1410
San Diego, CA 92101

Cancelling Revised
Revised

Cal. P.U.C. Sheet No. 10590-W
Cal. P.U.C. Sheet No. 10550-W

PRELIMINARY STATEMENT
Summary Table

Sheet 1

Reference	Account	Tariff
A	Territory Served by Utility	10169-W
B	Types and Classes of Service	10169-W
C	Description of Service	10170-W
D	Procedure to Obtain Service	10170-W
E	Symbols	10170-W
F	Affiliate Transaction Rule IV.D.2 Memorandum Account (ATRMEMO)	10171-W
G	Catastrophic Event Memorandum Account (CEMA)	10172-W, 10173-W
I	Cease and Desist Order Memorandum Account (CDOMA)	10174-W
J	Cease and Desist Order - Penalties and Fines Memorandum Account	10175-W
K	Chromium-6 Memorandum Account – Sacramento Service Area	10176-W, 10177-W
L	Consolidated Expense Balancing Account	10178-W
M	Emergency Rationing Costs Incurred by CAW Memorandum Account	10179-W
N	Endangered Species Act (ESA) Memorandum Account (Monterey Service Area)	10180-W
P	Garrapata Service Area - SDWSRF Loan Repayment Balancing Account	10181-W
R	Customer Assistance Program (CAP) Balancing Account	10183-W, 10184-W
S	NOAA_ESA Memorandum Account	10185-W
T	Other Post-Employment Benefits Balancing Account	10186-W
U	Pension Balancing Account (PBA)	10187-W
V	San Clemente Dam Balancing Account	10188-W
W	Coastal Water Project Memorandum Account	10189-W
Y	Seaside Groundwater Basin Balancing Account	10190-W
Z	Water Contamination Litigation Expense Memorandum Account (WCLEMA)	10191-W
AA	West Placer Memorandum Account	10192-W
AB	Water Revenue Adjustment Mechanism/Modification Cost Balancing Account (WRAM/MCBA)	10193-W, 10194-W, 10195-W, 10196-W
AD	Water Cost of Capital Mechanism (WCCM)	10197-W
AE	Credit Card Fees Memorandum Account	10198-W
AG	School Lead Testing Memorandum Account (SLTMA)	10200-W
AH	The Memorandum Account for Environmental Improvement and Compliance Issues for Acquisitions	10592-W
AI	Dunnigan Consulting Memorandum Account	10202-W
AJ	Water-Energy Nexus Program Memorandum Account (WENMA)	10203-W

(C)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1383	J. T. LINAM	Date Filed	<u>August 15, 2022</u>
Decision	22-08-005	DIRECTOR - Rates & Regulatory	Effective	<u>August 15, 2022</u>
			Resolution	<u>Canceled</u>

CALIFORNIA-AMERICAN WATER COMPANY

655 W. Broadway, Suite 1410
San Diego, CA 92101

Cancelling Revised
Revised

Cal. P.U.C. Sheet No. 10603-W
Cal. P.U.C. Sheet No. 10169-W

PRELIMINARY STATEMENT
(Continued)

Sheet 1

A. Territory Served by the Utility

The area in which service is or will be furnished by this utility under its main extension rule is described below and is delineated on the service area maps shown on or attached to the tariff sheets following:

<u>Service Area</u>	<u>County</u>	<u>Principal Communities Served in Whole or in Part</u>	
San Diego	San Diego	Coronado, Imperial Beach, City of San Diego; and certain contiguous areas.	
Central Division	Monterey	Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, Seaside, Laguna Seca Ranch Estates; Corral de Tierra Canyon and certain contiguous areas. Central Satellites include Ambler Park subdivision, Oaks subdivision, Rim Rock subdivision, Rancho El Toro Country Club, Ralph Lane and Chualar sub-units and certain contiguous areas. Toro sub-unit and certain contiguous areas. The unincorporated communities, subdivisions and adjacent areas generally known as Garrapata; and certain contiguous areas	
Baldwin Hills	Los Angeles	Baldwin Hills, Windsor Hills, View Park, Ladera Heights; and certain contiguous areas.	
Duarte	Los Angeles, Ventura (Rio Plaza)	Bradbury, Duarte, Irwindale, Monrovia; and certain contiguous areas; and the Rio Plaza section of Oxnard, Ventura County.	
San Marino	Los Angeles	San Marino, San Gabriel, Rosemead, Temple City; and certain contiguous areas.	
Ventura	Ventura	Thousand Oaks, Newbury Park, Camarillo; and certain contiguous areas.	
Northern Division	Sacramento, Placer, Sonoma, Merced, Yolo, Madera	Arden, Antelope, Lincoln Oaks, Suburban, Parkway, Sunrise, Walnut Grove, Isleton, West Placer County, Cordova, Rosemont, Lindale, Foothill Farms, Arlington Heights, Linwood, Loretto Heights, Citrus Heights, Sabre City, Morgan Creek, Doyle Ranch, Sun Valley Oaks, Riolo Greens, Larkfield, Wikiup, Fulton, Geyserville, Dunnigan, Meadowbrook, Oxbow; and certain contiguous areas, Coarsegold Highlands and vicinity, the community of Raymond and vicinity, and various subdivisions in and around the community of Oakhurst.	(L) (L)
Fruitridge Vista	Sacramento	The unincorporated areas known as Fruitridge Vista Units, Sandra Heights Pacific Terrace Units, Bowling Green Units, and all immediately adjoining territory in Sacramento County including all territory contiguous to the southerly limits of the City of Sacramento.	
East Pasadena	Los Angeles	The territory within and adjacent to the Cities of Arcadia and Temple City and adjacent to the Cities of Pasadena and San Gabriel, Los Angeles County.	(D)
Piru	Ventura	Piru and vicinity.	(N)

B. Types and Classes of Service

The types and classes of service furnished are set forth in each rate schedule under the designation "Applicability".

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1388	J. T. LINAM	Date Filed	_____
Decision	D.22-08-005	DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	Canceled

CALIFORNIA-AMERICAN WATER COMPANY

655 W. Broadway, Suite 1410

San Diego, CA 92101

Cancelling

Revised

Revised

Cal. P.U.C. Sheet No.

Cal. P.U.C. Sheet No.

10592-W

10201-W

PRELIMINARY STATEMENT
(Continued)

Sheet 1

AH. The Memorandum Account for Environmental Improvements and Compliance Issues for Acquisitions.

1. PURPOSE:

The purpose of the account is to track costs associated with required improvements related to environmental and compliance issues in the Dunnigan, Geyserville, Meadowbrook, Rio Plaza, Fruitridge Vista, Hillview, East Pasadena, and Piru (Warring) service territories. Example of such costs include, but are not limited to, nitrate mitigation, installation of geosynthetic liners, repair of a cracked surface seal on the main well, construction of a back-up well and back-up electrical power source to maintain minimum pressure in the event of failure in grid power. This account excluded costs related to hexavalent chromium mitigation since there is a separate memorandum account for those costs. (C)

2. APPLICABILITY:

California American Water’s East Pasadena Service Areas; Hillview Service Areas; Fruitridge Vista Service Areas; Sacramento Service Area – Dunnigan, Geyserville, and Meadowbrook Service Areas; Los Angeles County District – Rio Plaza, in the City of Oxnard, Piru (Warring), Ventura County (C)

3. ACCOUNTING PROCEDURE:

- a. A debit entry will be created to capture costs associated with the account.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account’s (“CEBA”) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate District CEBA(s) for recovery/fund.

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1383	J. T. LINAM	Date Filed	<u>August 15, 2022</u>
Decision	22-08-005	DIRECTOR - Rates & Regulatory	Effective	<u>August 15, 2022</u>
			Resolution	<u>Canceled</u>

CALIFORNIA-AMERICAN WATER COMPANY

655 W. Broadway, Suite 1410

San Diego, CA 92101

Cancelling

Revised

Revised

Cal. P.U.C. Sheet No.

Cal. P.U.C. Sheet No.

10605-W

10380-W

Schedule No. CA-4
California American Water
PRIVATE FIRE PROTECTION SERVICE

Sheet 3

RATES: (continued)

Southern Division

Per Month

Los Angeles Service Area

For each 4-inch connection or smaller	\$48.06
For each 6-inch connection or smaller	\$75.19
For each 8-inch connection or smaller	\$103.08
For each 10-inch connection or smaller	\$132.03
For each 12-inch connection or smaller	\$177.33

San Diego Service Area

For each 4-inch connection or smaller	\$43.28
For each 6-inch connection	\$71.66
For each 8-inch connection	\$100.25
For each 10-inch connection	\$133.00
For each 12-inch connection	\$185.75

Ventura Service Area

For each 4-inch connection or smaller	\$46.58
For each 6-inch connection	\$72.97
For each 8-inch connection	\$100.11
For each 10-inch connection	\$128.32
For each 12-inch connection	\$172.88

East Pasadena System

For each 1-inch of diameter of Fire Service Connection	\$15.95
--	---------

Piru System

For each 1-inch of diameter of Fire Service Connection	\$10.96
--	---------

(N)
(N)
(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1388	J. T. LINAM	Date Filed	_____
Decision	D.22-08-005	DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____ Canceled _____

CALIFORNIA-AMERICAN WATER COMPANY

655 W. Broadway, Suite 1410
San Diego, CA 92101

Cancelling Revised
Revised

Cal. P.U.C. Sheet No. 10601-W
Cal. P.U.C. Sheet No. 10094-W

TITLE
TARIFF SCHEDULES
Applicable to WATER SERVICE

Sheet 1

Together with Information Affecting

RATES AND SERVICE
Of
CALIFORNIA-AMERICAN WATER COMPANY

655 West Broadway, #1410
San Diego, CA 92101
Telephone Number: 619-446-4760
Internet Address: <http://www.calamwater.com>

Operating In or Near

Coronado, Imperial Beach, and San Diego County; Baldwin Hill, Bradbury, Duarte, Irwindale, Ladera Heights, Monrovia, Rosemead, San Gabriel, San Marino, Temple City, Windsor Hills, and Viewpark, Adams Ranch, Los Angeles County; East Pasadena Service Area including the territory within and adjacent to Arcadia and Temple City and adjacent to Pasadena and San Gabriel, Los Angeles County; El Rio, City of Oxnard, Ventura County; Piru and vicinity, Ventura County; Carmel-by-the Sea, Carmel Valley, Monterey, Pacific Grove, Seaside, Del Rey Oaks, Sand City, Hidden Hills, Ryan Ranch, Bishop, Laguna Seca, Ambler Park, Oaks, Rim Rock, Rancho El Toro, Salina, Ralph Lane, Chualar, Toro, Garrapata, Monterey County; Thousand Oaks and Camarillo, Newbury Park, Ventura County; Larkfield, Fulton, San Rosa and Sonoma County; Cordova, Rosemont, Parkway Estates, Lindale, Foothill Farms, Arlington Heights, Arden Highlands, Arden Estates and Security Park, City of Citrus Heights, Antelope, Sabre City, and Fruitridge in Sacramento and Placer County; Dunnigan in Yolo County; Hillview Service Area including Coarsegold Highlands, Raymond, and subdivisions in and near Oakhurst, Madera County; Geyserville in Sonoma County; Meadowbrook in Merced County; City of Isleton, Walnut Grove, Morgan Creek, Doyle Ranch, Sun Valley and Riolo Greens. (C)

The following tariff schedules embracing Rates and Rules have been regularly filed with the Public Utilities Commission of the State of California and are the effective rates and rules of this Utility.

No officer, inspector, solicitor, agent or employee of the Utility has any authority to waive, alter or amend these tariff schedules or any part thereof in any respect.

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1388	J. T. LINAM	Date Filed	_____
Decision	D.22-08-005	DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	Canceled