

Docket : A.26-01-001  
Exhibit Number : Cal Adv - #  
Commissioner : Matthew Baker  
Administrative Law Judge : Amin Nojan  
Public Advocates Office  
Witness(es) : Andrew B Rubang



**PUBLIC ADVOCATES OFFICE**  
**CALIFORNIA PUBLIC UTILITIES COMMISSION**

**REPORT ON**  
**BALANCING AND MEMORANDUM**  
**ACCOUNTS, SPECIAL REQUESTS**  
**Nos. 1, 9, 10, AND 11**

Suburban Water System's  
General Rate Case Application 26-01-001  
Test Year 2027

San Francisco, California  
April 15, 2026

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1 **MEMORANDUM**

2 The Public Advocates Office at the California Public Utilities Commission (“Cal  
3 Advocates”) examined application material, data request responses, and other  
4 information presented by Suburban Water Systems (“Suburban”) in Application (“A.”)  
5 26-01-001 to provide the California Public Utilities Commission (“Commission” or  
6 “CPUC”) with recommendations in the interests of ratepayers for safe and reliable  
7 service at the lowest cost. This report is prepared by Mr. Andrew B. Rubang. Mr.  
8 Suliman Ibrahim is Cal Advocates’ project lead for this proceeding. Mr. Hani Moussa is  
9 the oversight supervisor. Mr. Corwin Hockema is the legal counsel.

10 Although every effort was made to comprehensively review, analyze, and provide  
11 the Commission with recommendations on each ratemaking and policy aspect presented  
12 in the Application, the absence of any particular issue from Cal Advocates’ testimony  
13 connotes neither agreement nor disagreement with the underlying request, methodology,  
14 or policy position related to that issue.

Chapter #	Description	Witness
1	Balancing and Memorandum Accounts and Special Requests Nos. 1, 9, 10, and 11	Andrew B. Rubang

1                   **CHAPTER 1 - BALANCING AND MEMORANDUM ACCOUNTS**  
2                   **AND SPECIAL REQUESTS Nos. 1, 9, 10, AND 11.**

3   **I.     INTRODUCTION**

4           This chapter provides an overview of Suburban’s extensive use of balancing and  
5 memorandum accounts (BAMA) which includes Special Request (SR) Nos. 1, 9, 10, and  
6 11. A balancing account (BA) is a regulatory asset in the utility’s accounting records and  
7 reflected on its balancing sheet.<sup>1</sup> BAs track revenues and expenses that the Commission  
8 has authorized to recover from, or refund to, ratepayers through amortization in rates.<sup>2</sup> In  
9 contrast, a memorandum account (MA) is not recorded in the utility’s formal accounting  
10 books and represents an off-book tracking mechanism.<sup>3</sup> The establishment of a MA does  
11 not guarantee recovery of the recorded amounts.<sup>4</sup> Deferred charges or credits recorded in  
12 MAs may be recovered in rates only after the utility files a request and demonstrates that  
13 the costs were reasonably incurred.<sup>5</sup>

14           When used appropriately, BAMAs function as a surcharge mechanism that the  
15 Commission allows to “protect utilities from the financial impact of substantial  
16 unforeseen expenses beyond the utilities’ management control.”<sup>6</sup> Historically, BAMAs  
17 were rare and narrowly used in California utility regulations. Over time, the number and  
18 scale of such accounts have grown substantially.<sup>7</sup> From 2005 through 2020, balances in

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<sup>1</sup> CPUC, Division of Water Audits, *Standard Practice for Processing Rate Offsets and Establishing and Amortizing Memorandum Accounts*, Standard Practice U-27-W (SP U-27-W) at 8, para. 31-33.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.* at 6, para. 26.

<sup>4</sup> *Id.* at 3, para. 6, “The establishment of a memo account does not guarantee that the utility will recoup the tracked amount, but a utility is precluded from recovering amounts not booked to a memo account.”

<sup>5</sup> *Id.* at 8, para. 30, “Advice letter memo account recovery requests require an earnings test and proof of reasonableness.”

<sup>6</sup> D.03-06-072 at 7, “Because of the steep increase in fuel prices in the early 1970s, the Commission authorized ratemaking adjustment mechanisms to protect utilities from the financial impact of substantial unforeseen expenses beyond the utilities’ management and control.”

<sup>7</sup> Attachment 1: Proliferation of Class A Investor-Owned Water Utilities Surcharge Accounts; and <https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/230608-cal-advocates-surcharge-account-reform-white-paper.pdf>.

1 these surcharge accounts for investor-owned water utilities increased by more than 300%,  
2 from approximately \$2.3 million to \$71.7 million per utility, reflecting a long-term trend  
3 of increasing reliance on these accounts outside the general rate case (GRC) framework.<sup>8</sup>

4 The Commission’s President, John Reynolds, has acknowledged this trend in an  
5 oversight hearing.<sup>9</sup> During a March 3, 2026, informational hearing before the Senate  
6 Standing Committee on Energy, Utilities, and Communications, President Reynolds  
7 noted that there has been “substantial growth in the number of these accounts” and  
8 observed that the Commission ought to “think about whether we’ve got the right sets of  
9 costs and the right structures for recovery.”<sup>10</sup>

10 Suburban reports eight BAs and fifteen MAs, for a total of twenty-three  
11 BAMAs.<sup>11</sup> When requested, Suburban did not provide account ledgers showing activity  
12 since the most recent amortization for each BAMA.<sup>12</sup> However, when the request was  
13 narrowed to the net balances of each account, Suburban’s response indicates that the total  
14 outstanding balance across the remaining BAMAs that have yet to be requested for  
15 amortization exceeds \$10 million.<sup>13</sup>

16 In SR 1, Suburban requests authorization for a one-time surcharge of \$0.357 per  
17 hundred cubic feet (ccf) of water consumption to recover the net balance of eight  
18 BAMAs.<sup>14</sup> In SR 9, Suburban requests authorization to remove two BAMAs from its

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<sup>8</sup> Attachment 1: Proliferation of Class A Investor-Owned Water Utilities Surcharge Accounts.

<sup>9</sup> The California Public Utilities Commission and the Public Advocates Office Annual Update to the Legislature: Addressing Affordability by Revisiting the Economic Regulation of Investor-Owned Electric Utilities: Hearing Before the S. Comm. on Energy, Utils. & Commc’ns, 2025–2026 Reg. Sess. Cal. Leg. (2026) (statement of John Reynolds, President, Cal. Pub. Utils. Comm’n), <https://www.senate.ca.gov/media-archive> (video at 1:15:14).

<sup>10</sup> *Id.*

<sup>11</sup> Attachment 2: Response to DR ABR-001 (BAMA), question 1.a.

<sup>12</sup> *Id.*, question 1.b.

<sup>13</sup> Attachment 3: BAMA Balances. Attachment 3, Table 2: Cal Advocate Calculation of BAMAs That Have Yet To Be Requested From Ratepayers.

<sup>14</sup> Application of Suburban Water Systems (U339W) for Authority to Increase Rates Charged for Water Service (SWS\_2026 GRC Application) at 5-6.

1 Preliminary Statement.<sup>15</sup> In SR 10, Suburban requests authorization to establish a  
2 Backflow Device Upgrades MA.<sup>16</sup> In SR 11, Suburban requests authorization to continue  
3 its Lead and Copper Rule Revisions MA (LCRR MA).<sup>17</sup> Although Suburban requests to  
4 amortize some of its accounts, BAMAs continue to impose significant bill impacts on  
5 customers without transparency.

## 6 **II. SUMMARY OF RECOMMENDATIONS**

7 The Commission should:

- 8 • Require Suburban to submit full account ledgers of each BAMA as part  
9 of its rate case filing.
- 10 • Amend SR 1 by modifying the proposed one-time surcharge as a TY  
11 2027 \$0.01896/ccf surcharge prior to approving.<sup>18</sup>
- 12 • Approve SR 9 as is, close and remove from Suburban’s Preliminary  
13 Statement the Allocated Parent Company Information Technology (IT)  
14 Rate Base MA and the Sativa Transaction MA once the balances are  
15 included in SR 1 and fully amortized.
- 16 • Close and remove from Suburban’s Preliminary Statement the  
17 Employee Transfer MA, Mandatory Conservation MA, and Per- and  
18 Polyfluoroalkyl Substances MA (PFAS MA) once the balances are  
19 included in SR1 and fully amortized.
- 20 • Deny SR 10, Suburban’s request to establish a Backflow Device  
21 Upgrades MA.
- 22 • Deny SR 11, Suburban’s request to continue the LCRR MA, and close  
23 and remove the LCRR MA from its Preliminary Statement after its  
24 balance is incorporated into SR 1.

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<sup>15</sup> SWS\_2026 GRC Application at 8.

<sup>16</sup> *Id.* at 9.

<sup>17</sup> *Id.*

<sup>18</sup> Attachment 4: Cal Advocates’ SR 1 Revised Reasonable Calculation.

1 **III. ANALYSIS**

2 **A. BAMA Impacts on Ratepayers Include an Additional \$10M**  
3 **Outside of Suburban’s Request.**

4 Suburban reports that it maintains twenty-three BAMAs but has not provided  
5 sufficient information to assess BAMA ratepayer impacts.<sup>19</sup> Despite requests, Suburban  
6 did not produce account ledgers.<sup>20</sup> While it offered explanations for the accounts it seeks  
7 to amortize, and limited clarification on others—such as its plans for future filings related  
8 to the Volume-Related BA and the Commission Water Division’s suspension of its  
9 Advice Letter for the WRAM BA and interim rates true-up MA—these responses are  
10 incomplete.<sup>21</sup>

11 Cal Advocates submitted multiple follow-up requests seeking this information  
12 and, in its most recent follow-up, narrowed the request to the net balances of all BAMAs  
13 rather than full account ledgers.<sup>22</sup> Suburban finally provided this information.<sup>23</sup> As a  
14 result, Cal Advocates has determined that Suburban has more than \$10 million in  
15 BAMAs that has yet to be requested for amortization.<sup>24</sup> The lack of detailed supporting  
16 documentation limits the Commission’s ability to evaluate the reasonableness of recorded  
17 amounts and the appropriateness of recovery. If the Commission were to find all charges  
18 reasonable, ratepayers would likely see bill volatility through surcharges prior to the next  
19 GRC. Given the magnitude of the outstanding balances and the incomplete record  
20 provided to date, the Commission should require Suburban to submit a comprehensive  
21 accounting of all BAMAs as part of the rate case filing.

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<sup>19</sup> Attachment 2: Response to DR ABR-001 (BAMA), response to question 1(a).

<sup>20</sup> *Id.*

<sup>21</sup> *Id.*, response to question 1(b), (c) and (d).

<sup>22</sup> Attachment 5: Cal Advocate’s Follow-up Email Thread to Suburban’s Response to DR ABR-002 (BAMA).

<sup>23</sup> Attachment 3: BAMA Balances. Attachment 3, Table 1: Suburban BAMA – Under/(Over) collection Balances.

<sup>24</sup> Attachment 3, Table 2: Cal Advocate Calculation of BAMAs That Have Yet To Be Requested From Ratepayers.

1           **B.     Amend and Approve SR 1 as a TY 2027 Surcharge of**  
2           **\$0.01896/ccf.**

3           Cal Advocates reviewed the balances and supporting documentation provided by  
4           Suburban for each account included in SR 1. Suburban requests authorization to  
5           implement a one-time surcharge consisting of six offset accounts: the Employee Transfer  
6           MA, Mandatory Conservation MA, Drinking Water Fees BA, PFAS MA, Sativa  
7           Transaction MA, and the LCRR MA.<sup>25</sup> In addition to these accounts, Suburban includes  
8           residual balances from prior amortizations of the Allocated Parent Company IT Rate  
9           Base MA and the Catastrophic Event MA (CEMA) – COVID-19.<sup>26</sup> Suburban proposes to  
10          net these balances and recover the resulting amount from customers through a one-time  
11          surcharge of \$0.357/ccf of water consumption.<sup>27</sup>

12          Although some of Suburban’s proposed balances are appropriate for inclusion in  
13          the surcharge as requested, other balances should be revised or excluded to ensure that  
14          the surcharge reflects accurate and reasonable amounts. Cal Advocates reviewed the  
15          over-collection balance of the Employee Transfer MA of \$70,340.64, and the under-  
16          collection balance of the Parent Company IT Rate Base MA of \$11,148.17.<sup>28</sup> The  
17          Commission should find it reasonable to include the total balance of these accounts into  
18          SR 1.

19                   **1.     Include only the cumulative balances through the last**  
20                   **supported entry into SR 1.**

21          Several of Suburban’s BAMA accounts have remained inactive for extended  
22          periods following the last recorded activity. During these periods, the balances continued  
23          to accrue interest without providing any benefit to ratepayers, thereby increasing the  
24          amount ultimately recovered from customers. Any interest accrued beyond the last

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<sup>25</sup> SWS\_2026 GRC Application at 5-6.

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> Suburban’s Workpapers Vol. II. (Workpapers Vol. II) at 564, Under/(Over) Collection Including Interest = (\$70,340.64); and Workpapers Vol. II. at 573, Under/(Over) Collection = (b+c+h) \$11,148.17.

1 supported entry should not be charged to ratepayers. To avoid imposing unnecessary  
2 costs on ratepayers, the Commission should include only the cumulative balances up to  
3 the last supported entry for the following accounts:

- 4 • Mandatory Conservation MA: Include the under-collection for the last  
5 recorded entry on April 30, 2023, at a revised balance of \$98,665.42.<sup>29</sup>
- 6 • Drinking Water Fees BA: Include the under-collection for the last  
7 recorded entry on June 30, 2025, at a revised balance of \$59,492.46.<sup>30</sup>
- 8 • PFAS MA: Include the under-collection for the last recorded entry on  
9 July 11, 2025, at a revised balance of \$127,929.82.<sup>31</sup>
- 10 • Sativa Transaction MA: Include the under-collection for the last  
11 recorded entry on February 12, 2024, at a revised balance of  
12 \$101,624.03.<sup>32</sup>
- 13 • LCRR MA: Include the under-collection for the last recorded entry on  
14 May 6, 2024, at a revised balance of \$112,479.79.<sup>33</sup>

15 The total of these five revised under-collection accounts is \$500,191.52,  
16 preventing ratepayers from paying approximately \$50,000 of interest in which there was  
17 no ratepayer benefit.<sup>34</sup> By including only the last supported entries, the surcharge  
18 calculation reflects balances that are reasonably documented and avoids imposing  
19 additional, unsupported charges on ratepayers.

20 **2. Suburban did not demonstrate the reasonableness of its**  
21 **CEMA – COVID-19.**

22 Suburban did not provide supporting invoices for the recorded entries and instead  
23 provided only a summary balance sheet for the CEMA – COVID-19.<sup>35</sup> The balance sheet

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<sup>29</sup> Workpapers Vol. II. at 565, column Cumulative Amount on 04/30/23.

<sup>30</sup> *Id.* at 567, column Cumulative Amount on 06/30/25.

<sup>31</sup> *Id.* at 570, column Cumulative Amount on 07/11/25.

<sup>32</sup> *Id.* at 571, column Cumulative Amount on 02/12/24.

<sup>33</sup> *Id.* at 572, column Cumulative Amount on 05/06/24.

<sup>34</sup> Attachment 6: BAMA Accounts – Suburban’s Request v. Cal Ads Proposal.

<sup>35</sup> Workpapers Vol. II. at 563-772, only include invoices for Employee Transfer MA, Mandatory Conservation MA, Drinking Water Fees BA, PFAS Ma, Sativa Transaction Ma, and LCRR MA. There are no invoices for the Parent Company IT Rate BASE MA and CEMA – COVID-19 MA.

1 included only three entries, a charge of \$104,676 in July 2025 and two overcollections of  
2 \$85,285.56 in August of 2025 and \$53,187.93 in September of 2025, resulting in a  
3 CEMA – COVID 19 net balance of \$35,839.82<sup>36</sup> When asked for support documentation,  
4 Suburban indicated that supporting documents are in Workpapers Vol. II.<sup>37</sup> However,  
5 these workpapers do not include any invoice for the CEMA – COVID-19.<sup>38</sup> As a result,  
6 ratepayers should not pay for the charge of \$104,676 because Suburban did not  
7 demonstrate its reasonableness.<sup>39</sup> The Commission should include the over-collection of  
8 the CEMA – COVID-19 amortization at a revised balance of \$138,473.49, as this amount  
9 represents funds previously collected from ratepayers that should be returned through the  
10 surcharge calculation.<sup>40</sup>

11 **3. The surcharge calculation should reflect reasonable**  
12 **assumptions.**

13 After accounting for the adjustments above, before including residual balances  
14 from prior amortizations, the net balance associated with the revised accounts to be  
15 included in the SR 1 should be \$429,850.88, rather than the requested subtotal of  
16 \$479,670.<sup>41</sup> The surcharge calculation should also reflect reasonable assumptions  
17 regarding estimated water sales.<sup>42</sup> Moreover, because BAMAs get collected until they are

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<sup>36</sup>  $\$104,676 - \$85,285.56 - \$53,187.93 = -\$35,839.82$  (overcollection) net balance for CEMA – COVID-19.

<sup>37</sup> Attachment 2: Response to DR ABR-001 (BAMA), question 1.c., “... the supporting documentation also have been provided in “Workpapers Vol. II (FINAL APPLICATION).pdf” pages 576 – 772.”

<sup>38</sup> *Id.*

<sup>39</sup> Workpapers Vol. II. at 574, column (b) Authorized Recovery/(Refund); D.96-12-066 at 5, “In a normal general rate case, the utility must demonstrate the reasonableness of every dollar in its revenue requirement.”; and SP U-27-W at 8, para. 30, “Advice letter memo account recovery requests require an earnings test and proof of reasonableness.”

<sup>40</sup> Workpapers Vol. II. at 574, column (c) Surcredit/(Surcharge), (Aug-25)  $\$85,285.56 + (\text{Sep-25}) \$53,187.93 = \$138,473.49$  refund to ratepayers.

<sup>41</sup> Attachment 6: SR 1 – Suburban’s Request v. Cal Advocate Proposal.

<sup>42</sup> See Chapter 1 of Cal Advocates’ Testimony on Sales Revenues Rate Design and Decoupling (Chris Ronco) for Estimated 2027 Water Sales of 16,226,545 ccf.

1 fully paid, the Commission should not include an uncollectible factor.<sup>43</sup> So long as the  
2 BAMA charges are reasonable, Suburban will be made whole in the full amortization of a  
3 BAMA. Lastly, rather than imposing a one-time surcharge, Cal Advocates recommends  
4 spreading the cost to ratepayers over TY 2027. Distributing the surcharge throughout the  
5 year will help prevent rate shock and improve affordability. The Commission should  
6 modify SR 1 with the amended net balances and assumptions throughout a calendar year,  
7 thereby approving a TY 2027 surcharge of \$0.01896/ccf.<sup>44</sup>

8 **C. Approve SR 9 as Requested and Close and Remove Additional**  
9 **MA from Preliminary Statements.**

10 Cal Advocates does not oppose SR 9, a request to close the Allocated Parent  
11 Company IT Rate Base MA and the Sativa Transaction MA. Suburban proposes to delete  
12 these accounts from its Preliminary Statement once the balances are included in SR 1 and  
13 are fully amortized. Because Suburban proposes to recover the remaining balances in  
14 these MAs through SR 1, and no additional activity is expected to be recorded in these  
15 accounts, Cal Advocates agrees that closure and removal from its Preliminary Statement  
16 is appropriate.<sup>45</sup>

17 Additionally, the Commission should require Suburban to close and remove from  
18 its Preliminary Statement the following MAs: the Employee Transfer MA, Mandatory  
19 Conservation MA, and PFAS MA. The last recorded entries for the Employee Transfer  
20 MA and the Mandatory Conservation MA were May 2024 and April 2023, respectively.  
21 Having remained inactive for extended periods, these accounts no longer provide benefits  
22 to ratepayers and, once their full balances are included in SR 1, should be closed and

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<sup>43</sup> SP U-27-W at 10, para. 44, “Undercollected reserve accounts are amortized by a surcharge on the service charge or the commodity charge, depending upon the type of expense being offset. An overcollection in a reserve account is refunded by a surcredit applied only to service charges ... They become effective on the effective date of the tariff sheet. The maximum length that a surcharge or surcredit will run (in months) must be included in the description. Surcharges or surcredits can terminate before that date if the account has been amortized.”

<sup>44</sup> Attachment 4: Cal Advocates’ SR 1 Revised Reasonable Calculation.

<sup>45</sup> SWS\_2026 GRC Application at 8.

1 removed from Suburban’s Preliminary Statement. Lastly, the PFAS MA’s most recent  
2 entry was in July 2025. When the Commission initially approved this account five years  
3 ago, the water company faced significant uncertainty. However, Suburban should now be  
4 able to reasonably forecast PFAS-related expenses, making continued MA treatment  
5 unnecessary. In sum, these inactive and no-longer-justified MAs should be closed and  
6 removed from the Preliminary Statement to promote transparency within the normal  
7 GRC process and limit the use of alternative ratemaking mechanisms to rare,  
8 unforeseeable circumstances.

9 **D. Deny SR 10, A Request to Establish a New MA for Cross-**  
10 **Connection Compliance, Because Compliance Does Not Meet SP**  
11 **U-27-W.**

12 California drinking water regulations have long required water systems to protect  
13 their supply from backflow by installing and maintaining prevention assemblies or  
14 “backflow preventers.”<sup>46</sup> Prior to the State Water Resource Control Board’s (Board)  
15 Cross Connection Control Policy Handbook, California has regulated cross connections  
16 for over three decades, requiring water systems to protect the public water supply through  
17 the use of appropriate backflow prevention assemblies (BPA).<sup>47</sup> All utilities have and are  
18 still required to test their BPAs at least annually.<sup>48</sup> These longstanding requirements

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<sup>46</sup> Attachment 7: California Code of Regulations – Title 17 [Repealed 2024], California Code of Regulations Title 17 (Title 17) §7584, “The water supplier shall protect the public water supply from contamination by implementation of a cross-connection control program.” [Repealed July 2024].

<sup>47</sup> See The Cross-Connection Control Policy Handbook, Standards and Principles for California’s Public Water Systems (CCCPH), amended June 17, 2025, accessible at [https://www.waterboards.ca.gov/drinking\\_water/certlic/drinkingwater/docs/2025/cross-connection-control-policy-handbook.pdf](https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/docs/2025/cross-connection-control-policy-handbook.pdf). The CCCPH contains standards for backflow protection and cross-connection control adopted by the State Board pursuant to the Health and Safety Code section 116407; CCCPH at 6, “A cross-connection is an interconnection between a potable water supply and a non-potable source via any actual or potential connection or structural arrangement between a PWS and any source or distribution system containing liquid, gas, or other substances not from an approved water supply.”; and Attachment 7: California Code of Regulations – Title 17 [Repealed 2024].

<sup>48</sup> Attachment 7: California Code of Regulations – Title 17 [Repealed 2024]. Title 17 §7605(c), “Backflow preventers shall be tested at least annually or more frequently if determined to be necessary by the health agency or water supplier.” [Repealed July 2024]; and CCCPH §3.3.3(a) and (c) at 24, “BPAs (Backflow Prevention Assembly) must be field tested at least annually” and “Air-gap (AG) separations must be visually inspected at least annually to determine compliance with this Chapter by persons

1 required water systems to implicitly maintain inventories of backflow prevention devices  
2 and monitor their operational condition.<sup>49</sup> As a result, utilities are not starting from  
3 scratch in identifying cross-connections or determining where upgrades may be  
4 required.<sup>50</sup> In fact, in 2024 Suburban had already implemented a comprehensive  
5 backflow assembly tracking database called Syncta.<sup>51</sup>

6 Costs should be recovered through GRCs, where transparency exists and  
7 expenditures are scrutinized for reasonableness. MAs should be used only in rare, truly  
8 exceptional circumstances. GRCs allow for budget discipline, prioritization of utility  
9 spending, and help to avoid multiple changes to rates in a year. Suburban’s request to  
10 establish an MA to track costs associated with compliance with the CCCPH fails to  
11 establish the required prima facie case under SP U-27-W; a utility “must address the  
12 following:

- 13 a. The expense is caused by an event of an exceptional nature that is not  
14 under the utility’s control;
- 15 b. The expense cannot have been reasonably foreseen in the utility’s last  
16 (GRC) and will occur before the utility’s next scheduled (GRC);
- 17 c. The expense is of a substantial nature as to the amount of money  
18 involved when any offsetting costs decreases are taken into account; and
- 19 d. The ratepayers will benefit by the memo account treatment.”<sup>52</sup>

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certified as backflow prevention assembly testers or certified as a cross-connection control specialist pursuant to this Chapter.”

<sup>49</sup> Attachment 7: California Code of Regulations – Title 17 [Repealed 2024]. Title 17 §7584 required locations, tests, and repairs of backflow preventers.

<sup>50</sup> CCCPH §3.5.1(a)(2) and (3) at 33. One evolution of the cross-connection regulation is the additional explicit record keeping compliance requiring specified information for each BPA and AG, such as known associated hazard or application, location, owner, type, manufacturer and model, size, installation date, and serial number. Whereas Title 17 §7584 only required locations, tests, and repairs of backflow preventers.

<sup>51</sup> Direct Testimony of Michael DeGhetto at 23, lines 2-9, lines 3-5.

<sup>52</sup> SP U-27-W at 12-13, para. 52.

1 Suburban asserts that each criterion is satisfied. However, a detailed review  
2 demonstrates that none are met.

3 **1. Adhering to the normal evolution of regulatory oversight**  
4 **is not consistent with an event of an exceptional nature**  
5 **requiring extraordinary accounting treatment.**

6 Suburban claims, without support, that the adoption of the CCCPH constitutes an  
7 exceptional event justifying an MA.<sup>53</sup> The Board’s CCCPH applies broadly to all  
8 California water systems and falls within the ordinary scope of utility regulation.<sup>54</sup>  
9 Suburban previously operated cross-connection control programs (CCCP) that required  
10 an establishment of procedures and records under Title 17.<sup>55</sup> Moreover, Suburban  
11 indicated they have already submitted its updated CCCPs to the Board’s Department of  
12 Drinking Water (DDW) under the new mandates for each of its water systems.<sup>56</sup> Cross-  
13 connection control is a longstanding operational responsibility, not a new or  
14 extraordinary event. The CCCPH was developed through a multi-year public process  
15 with workshops, drafts, and guidance, and does not meet the standard of an event of  
16 exceptional nature.<sup>57</sup>

17 Approving an MA for routine regulatory compliance would also create  
18 problematic precedent. If the Commission were to treat the adoption of a broadly  
19 applicable regulation as an exceptional event, it would effectively establish a framework  
20 in which any future regulatory requirement could justify MA treatment. Such an outcome

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<sup>53</sup> Direct Testimony of Kiki Carlson at 5, lines 1-19.

<sup>54</sup> *Id.*, lines 2-3. “These new rules apply pervasively to all utilities, not just to Suburban.”

<sup>55</sup> Attachment 7: California Code of Regulations – Title 17 [Repealed 2024]. Title 17 §7584, “The water supplier shall protect the public water supply from contamination by implementation of a cross-connection control program ... The water supplier’s cross-connection control program shall ... include, ... (e) The establishment of a procedure or system for testing backflow preventers, and (f) The maintenance of records of locations, tests, and repairs of backflow preventers.” [Repealed July 2024]

<sup>56</sup> Direct Testimony of Michael DeGhetto at 21, lines 18-26, line 20-21, “Suburban has submitted its Cross-Connection Control Plans for each of Suburban’s water systems to DDW...”

<sup>57</sup> Attachment 8: Board – Rulemaking History of CCCPH; and [Rulemaking History \(Cross-Connection Control Policy Handbook\) | State Water Resources Control Board](#).

1 would undermine the limited and exceptional nature of MAs and risk transforming them  
2 into a default mechanism for cost recovery outside the GRC process.<sup>58</sup> Suburban has  
3 therefore failed to satisfy the first, and most important, criterion required for MA  
4 approval, and the Commission should deny the request.

5 **2. The state’s regulatory record and Suburban’s existing**  
6 **operational obligations indicate that the expenses for**  
7 **compliance with the CCCPH could have been reasonably**  
8 **foreseen in the last GRC.<sup>59</sup>**

9 Utilities, including Suburban, have been on notice of evolving cross-connection  
10 requirements for over six years.<sup>60</sup> The Board held its first public workshop in February  
11 2020 and issued a draft CCCPH in February 2021, well before Suburban filed its  
12 previous GRC in January 2023.<sup>61</sup> Suburban’s previous monitoring and record keeping  
13 obligations provide data to anticipate costs with the new regulations.<sup>62</sup> In addition,  
14 DDW’s enforcement actions on Suburban in 2022–2023 further underscore that Suburban  
15 had operational knowledge of its backflow infrastructure.<sup>63</sup> As previously mentioned,

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<sup>58</sup> A.24-07-003 PD (03/13/2026) at 104. Commission precedent—D.02-08-054 and D.09-03-025 and reaffirmed in D.19-12-057, D.20-08-046, D.19-03-046—establishes that BAMAs should be narrowly tailored, supported by clear evidence of volatility, and structured symmetrically to ensure both upward and downward rate adjustments.

<sup>59</sup> SP U-27-W at 12, para. 52 (b), “The expense cannot have been reasonably foreseen in the utility’s last (GRC) ...” The “last (GRC)” refers to this application, A.26-01-001.

<sup>60</sup> Attachment 8: Board – Rulemaking History of CCCPH; and [Rulemaking History \(Cross-Connection Control Policy Handbook\) | State Water Resources Control Board](#).

<sup>61</sup> *Id.*

<sup>62</sup> Attachment 7: California Code of Regulations – Title 17 [Repealed 2024]. Title 17 §7584, “The water supplier shall protect the public water supply from contamination by implementation of a cross-connection control program ... The water supplier’s cross-connection control program shall ... include, but not be limited to, the following elements: ... (e) The establishment of a procedure or system for testing backflow preventers, and (f) The maintenance of records of locations, tests, and repairs of backflow preventers.” [Repealed July 2024]

<sup>63</sup> Direct Testimony of Michael DeGhetto at 20, lines 22-23, “On July 26, 2023 Suburban received four citations from DDW for failure to test all 22 backflows annually, one for each system where this occurred.”

1 Suburban has already complied with the CCCPH’s 12-month requirement to submit its  
2 CCCP for each water system to DDW.<sup>64</sup>

3 Suburban possessed both the regulatory awareness and operational data necessary  
4 to anticipate potential compliance costs. Accordingly, the expenses associated with  
5 CCCPH implementation could reasonably have been evaluated and incorporated into the  
6 previous GRC, let alone this application. Suburban has not satisfied the Commission’s  
7 criterion that costs be unforeseen for MA approval.

8 **3. Compliance adjustments are a routine part of utility**  
9 **operations and should be anticipated and incorporated**  
10 **into normal planning and ratemaking processes.**

11 Suburban claims compliance costs may be substantial due to the replacement of  
12 assemblies, piping, or valves, but provides no quantified estimates.<sup>65</sup> Inspection, testing,  
13 maintenance, and replacement of backflow prevention devices are standard  
14 responsibilities for a water system under previous regulations.<sup>66</sup> The Board’s regulatory  
15 evolution is meant to build upon its previous compliance requirements without being  
16 overburdensome to public water systems. Accordingly, these costs are ordinary and do  
17 not meet the threshold for extraordinary accounting treatment.

18 While Suburban argues that these compliance costs are unpredictable, it has  
19 already identified the key program elements, including three technicians, Synca database  
20 services, public outreach, and approximately 1,200 cross-connection assemblies<sup>67</sup> which  
21 indicate Suburban already knows the cost categories and magnitude of necessary  
22 expenses. Suburban offers no reason why it cannot design a compliance program around  
23 these elements with enough specificity to allow an accurate forecast.

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<sup>64</sup> *Id.* at 21.

<sup>65</sup> Direct Testimony of Kiki Carlson at 5, lines 11-13.

<sup>66</sup> Attachment 7: California Code of Regulations – Title 17 [Repealed 2024].

<sup>67</sup> Direct Testimony of Michael De Ghetto at 22-24. Cal Advocates does not concede that these additional expenses are necessary, only that Suburban is able to forecast program expenses.

1           Moreover, Suburban states that “the required number of backflow prevention  
2 assemblies that may need to be replaced could not have been included in its 2025 rate  
3 filing because the utility has not yet inspected and determined the risk level of cross-  
4 connections associated with existing fire, service, and irrigation services.”<sup>68</sup> This  
5 explanation raises a separate compliance concern. A large-scale replacement need would  
6 imply that Suburban’s existing CCCP has not been adequately maintained under prior  
7 regulatory requirements. Despite operating CCCPs for decades and knowing of the  
8 pending regulatory updates, Suburban has not produced any estimate or budget associated  
9 with compliance. Therefore, the Commission should draw an adverse inference and find  
10 that Suburban’s expenditure to comply with the adopted CCCPH is not substantial in  
11 nature.

12                           **4.     Ratepayers would be better protected by requiring these**  
13                           **costs to be evaluated through the Commission’s GRC**  
14                           **process rather than through an MA.**

15           Tracking foreseeable CCCPH costs in an MA would harm ratepayers by shifting  
16 risk from shareholders to them. This approach lacks the benefits of a budget forecast,  
17 which ensures budget discipline, resource prioritization, and minimizes rate volatility.  
18 When utilities must plan their operational and capital expenditures within the structure of  
19 a GRC-approved revenue requirement, they are required to evaluate competing needs and  
20 allocate resources efficiently. In contrast, reliance on MAs allows costs to accumulate  
21 outside the normal ratemaking framework, without a budget, and be recovered through  
22 later surcharges, which can lead to multiple rate adjustments within a single year and  
23 contribute to bill volatility. Suburban has not demonstrated that ratepayers would benefit  
24 from MA treatment.

25           Suburban has failed to satisfy any of the four criteria under SP U-27-W, the  
26 expense is neither exceptional nor unforeseeable, it is not shown to be substantial, and it  
27 does not provide a ratepayer benefit. The utility’s assertions are conclusory, speculative,

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<sup>68</sup> Direct Testimony of Kiki Carlson at 5, lines 4-10, lines 8-10.

1 and unsupported. Therefore, the Commission should deny SR 10, Suburban’s request for  
2 a Backflow Device Upgrades MA.

3 **E. Deny SR 11 Because Compliance Costs for the Revisions to the**  
4 **Lead and Copper Rule Can Be Reasonably Forecasted.**

5 Suburban requests to continue its Lead and Copper Rule Revision Memorandum  
6 Account (LCRR MA) on the basis that the circumstances requiring the account cannot  
7 reasonably be forecasted.<sup>69</sup> However, this rationale is contradicted by the facts.

8 The Lead and Copper Rule and its revisions (LCRR and LCRI) reflect normal  
9 regulatory evolution, not an unprecedented regulatory imposition.<sup>70</sup> Suburban submitted  
10 its lead service line inventory well before the deadline on October 16, 2024,  
11 demonstrating its ability to plan and comply within established regulatory frameworks.<sup>71</sup>  
12 The LCRI’s additional requirements — including replacement planning, prioritization,  
13 and first- and fifth-liter sampling — build on existing obligations, and Suburban has  
14 indicated it is meeting compliance under normal operations.<sup>72</sup> Public water systems have  
15 had ample notice, guidance, and time to forecast and budget for these obligations, and  
16 Suburban’s existing inventory and monitoring systems provide sufficient data to estimate  
17 costs.<sup>73</sup> Furthermore, the LCRI does not simply require immediate action. It establishes a  
18 multi-year phased approach: utilities first inventory and plan, then prioritize and

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<sup>69</sup> SWS\_2026 GRC Application at 10, “Suburban requests authorization to retain this memorandum account due to the additional physical service line inspections which will be conducted on an ongoing basis, and the cost is unknown.”

<sup>70</sup> Direct Testimony of Michael DeGhetto at 31, lines 20-22, “The final Lead and Copper Rule Revisions (LCRR) were published in the Federal Register on January 15, 2021 (86 FR 4198), with the rules placed in effect beginning on December 16, 2021. The final rule listed a compliance date of October 16, 2024.”

<sup>71</sup> *Id.* at 32, lines 8-9. “Suburban did complete the LCRR inventories on-time and posted the required customer notices.”

<sup>72</sup> *Id.* at 32, lines 15-18, “Suburban is continuing to track service line installation materials and updating its database as new service lines are installed or when service lines are replaced. This tracking is being completed in Suburban’s GIS system and is part of the costs associated with the annual GIS capital budget described in the Direct Testimony of Jorge Lopez.”

<sup>73</sup> Attachment 9: Board – Lead and Copper Rule Timeline to 2030; and [Lead and Copper Rule \(LCR\) Regulatory Background | California State Water Resources Control Board](#)

1 implement replacements, and ultimately must work toward eliminating all lead and GRR  
2 lines within a decade.<sup>74</sup> This timeline is part of the rule’s deliberate structure to provide  
3 water systems with sufficient time to budget, plan, and execute replacements.

4 In addition, the LCRR MA has recorded no entries since May 2024.<sup>75</sup> Unlike the  
5 normal GRC budgeting process, MAs do not provide transparency. Given the structured  
6 timeline and foreseeability of costs, there is no extraordinary uncertainty to justify the  
7 account. Therefore, the Commission should deny Suburban’s SR 11, allow the transfer of  
8 LCRR MA’s balance in SR 1, and require the account to be closed and removed from its  
9 Preliminary Statement.

#### 10 **IV. CONCLUSION**

11 The Commission should approve only the costs that are reasonable and supported  
12 by sufficient evidence and reject those that are not. Suburban should be required to  
13 provide all account ledgers of each BAMA as part of its rate case filing. SR 1 should be  
14 amended to \$0.01896 per ccf for TY 2027 prior to approval. SR 9 should be approved as  
15 proposed, with the Allocated Parent Company IT Rate Base MA and the Sativa  
16 Transaction MA closed and removed from Suburban’s Preliminary Statement once their  
17 balances are incorporated into SR 1. In addition, the Commission should also close and  
18 remove from Suburban’s Preliminary Statement the Employee Transfer MA, Mandatory  
19 Conservation MA, and PFAS MA after their balances are incorporated into SR 1.  
20 Conversely, SR 10 and SR 11 should be denied, as Suburban has not met the  
21 Commission’s SP U-27-W to establish a Backflow Device Upgrades MA or to continue  
22 the LCRR MA. The LCRR MA should also be closed and removed from Suburban’s

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<sup>74</sup> <https://www.federalregister.gov/documents/2024/10/30/2024-23549/national-primary-drinking-water-regulations-for-lead-and-copper-improvements-lcri>. “In the LCRI, the EPA is requiring water systems to replace all lead and certain galvanized service lines (specifically, galvanized requiring replacement (GRR) service lines) under their control no later than 10 years after the compliance date. The LCRI provides, in limited circumstances, additional time for some systems to complete systemwide full service line replacement.”

<sup>75</sup> Workpapers Vol. II. at 572, column Cumulative Amount on 05/06/24.

- 1 Preliminary Statement after its balance is incorporated into SR 1. This approach
- 2 reinforces the principle that costs are best reviewed and recovered through GRCs while
- 3 limiting the use of BAMAs to rare and unforeseen circumstances.
- 4

1

## LIST OF ATTACHMENTS FOR CHAPTER 1

<b>Attachment #</b>	<b>Description</b>
Attachment 1	Proliferation of Class A Investor-Owned Water Utilities Surcharge Accounts
Attachment 2	Response to DR ABR-001 (BAMA)
Attachment 3	BAMA Balances
Attachment 4	Cal Advocates' SR 1 Revised Reasonable Calculation
Attachment 5	Cal Advocates' Follow-up Email Thread to Suburban's Response to DR ABR-001 (BAMA)
Attachment 6	SR 1 – Suburban's Request v. Cal Advocates' Proposal
Attachment 7	California Code of Regulations – Title 17 [Repealed 2024]
Attachment 8	Board – CCCPH Rulemaking History
Attachment 9	Board – Lead and Copper Rule Timeline to 2030

2

3

**APPENDIX A**  
**Qualifications of Witness**

1 **QUALIFICATIONS AND PREPARED TESTIMONY**  
2 **OF**  
3 **ANDREW B. RUBANG**  
4

5 Q.1 Please state your name and address.

6 A.1 My name is Andrew B. Rubang and my business address is 915 L St., Suite 1140,  
7 Sacramento, CA 95814.

8  
9 Q.2 By whom are you employed and what is your job title?

10 A.2 I am a Public Utilities Regulatory Analyst (PURA) V employed by Cal Advocates.  
11

12 Q.3 Please describe your educational and professional experience.

13 A.3 I received a Juris Doctor in 2022 from the University of California, College of the  
14 Law, San Francisco, a Master of Public Administration in 2017 from the  
15 University of San Francisco, and a Bachelor of Science in Biological Sciences in  
16 2005 from the University of California, Irvine. I have worked as a PURA V with  
17 Cal Advocates for nearly two and a half years. Prior to Cal Advocates, I was a  
18 PURA III for a year and a half with the Commission's External Affairs Division.  
19 Before the Commission, I was a Senior Water Treatment Operator (T4  
20 certification) for over eight years with East Bay Municipal Utility District.  
21

22 Q.4 What is your area of responsibility in this proceeding?

23 A.4 In this proceeding I prepared analysis and testimony addressing Suburban's  
24 Balancing & Memorandum Accounts (BAMA) and Special Requests Nos. 1, 9,  
25 10, and 11.  
26

27 Q.5 Does that complete your prepared testimony?

28 A.5 Yes.

## **APPENDIX B**

### **Supporting Attachments**

## INDEX LIST OF ATTACHMENTS FOR APPENDIX B

<b>Attachment #</b>	<b>Description</b>
Attachment 1	Proliferation of Class A Investor-Owned Water Utilities Surcharge Accounts
Attachment 2	Response to DR ABR-001 (BAMA)
Attachment 3	BAMA Balances
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Attachment 8	Board – CCCPH Rulemaking History
Attachment 9	Board – Lead and Copper Rule Timeline to 2030

**Attachment 1:**  
**Proliferation of Class A Investor-Owned  
Water Utilities Surcharge Accounts**

The Public Advocates Office, *Surcharge Account Reform for California's Class A Investor-Owned Water Utilities*, Water affordability policy to protect customers of California's largest independently owned water utilities, May 2023.<sup>1</sup>

**Attachment 1, Table 1:**

**Class A Water Utilities' Surcharge Account Totals,  
2005-2020<sup>2</sup>**

Utility	Total Values recorded in Surcharge Accounts			
	2005	2010	2015	2020
Cal Water	\$7,560,144	\$1,425,152	\$52,273,000	\$157,578,000
Cal-American	not reported	\$110,987,013	\$201,704,117	\$320,897,662
Golden State	\$4,192,860	not reported	\$132,695,585	\$37,713,677
Great Oaks	not reported	not reported	\$3,845,454	\$4,560,164
Liberty - total	\$711,859	\$7,979,267	\$11,548,265	\$5,655,093
San Gabriel	\$4,338,179	\$9,919,723	\$28,455,779	\$2,111,728
San Jose	\$500,227	\$8,557,349	\$50,338,805	\$26,634,087
Suburban	\$713,063	\$13,263,253	\$6,642,974	\$18,634,087
<b>Total</b>	<b>\$18,016,332</b>	<b>\$152,131,757</b>	<b>\$487,503,979</b>	<b>\$573,846,820</b>
<b>Average</b>	<b>\$2,252,042</b>	<b>\$19,016,470</b>	<b>\$60,937,997</b>	<b>\$71,730,853</b>

**Attachment 1, Table 2:**

**The Number of Class A Water Utilities' Surcharge Accounts, 2005-2020<sup>3</sup>**

Utility	Total Number of Surcharge Accounts			
	2005	2010	2015	2020
Cal Water	not reported	not reported	34	32
Cal-American	not reported	50	100	49
Golden State	45	not reported	24	28
Great Oaks	not reported	not reported	25	22
Liberty - total	19	34	67	76
San Gabriel	8	11	25	24
San Jose	13	23	42	33
Suburban	7	26	26	31
<b>Total</b>	<b>92</b>	<b>144</b>	<b>343</b>	<b>295</b>
<b>Average</b>	<b>11.5</b>	<b>18</b>	<b>42.9</b>	<b>36.9</b>

<sup>1</sup> <https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/230608-cal-advocates-surcharge-account-reform-white-paper.pdf>.

<sup>2</sup> Using information reporting in Schedule E-1 in Class A Water Utilities' 2005, 2010, 2015 and 2020 Annual Reports submitted to the Commission.

<sup>3</sup> *Id.*

**Attachment 2:**

**Response to DR ABR-001 (BAMA)**

**Responses to A.26-01-001, Public Advocates Office**

**DR ABR-001 (BAMA)**

1. Provide a complete list of Balancing and Memorandum Accounts with the following details for each balancing or memorandum account:

a. Preliminary Statement and any subsequent update, if any.

Response:

List of balancing and memorandum accounts, and there is no subsequent update as of February 25, 2026:

- i. Military Family Relief Program (MFRP) Memorandum Account
- ii. Employee Healthcare (EH) Balancing Account
- iii. Drinking Water Fees Memorandum Account
- iv. Low Income Customer Data Sharing Memorandum Account
- v. Allocated Parent Co. IT Rate Base Memorandum Account
- vi. Recycled Water Balancing Account
- vii. Sativa Production Cost Balancing Account (SPCBA)
- viii. WRAM Balancing Accounts
- ix. A.17-01-001 Interim Rates Memorandum Account (IRMA)
- x. A.20-01-001 Interim Rates Memorandum Account (IRMA)
- xi. A.23-01-001 Interim Rates Memorandum Account (IRMA)
- xii. Drinking Water Fees Balancing Account
- xiii. Sativa Transaction Memorandum Account (STMA)
- xiv. Per- and Polyfluoroalkyl Substances Memorandum Account (PFASMA)
- xv. Mandatory Conservation Memorandum Account
- xvi. Affiliate Transfer Fee Memorandum Account
- xvii. Lead and Copper Rule Revisions Memorandum Account
- xviii. Conservation Expenses One-Way Balancing Account
- xix. Catastrophic Event Memorandum Account (CEMA)
- xx. Reservoir 216 Land Exchange Memorandum Account
- xxi. Water Contamination Litigation Expense Memorandum Account (WCLEMA)
- xxii. Environmental Improvements and Compliance Issues for Acquisitions
- xxiii. Volume Related Cost Balancing Account (VRCBA)

b. Account ledger since the most recent amortization. Provide in an Excel searchable format.

Response:

Based on Suburban's 2025 recorded account ledger amounts - preclosing, unadjusted, and unaudited, since the most recent amortization, the requested information is provided in the files titled "DR ABR-001 (BAMA) #1.b. Response – Other.xlsx" and "DR ABR-001 (BAMA) #1.b. Response (CONFIDENTIAL) – confidential version.xlsx," and "SWS Confidentiality Declaration re DR ABR-001.pdf."

*(included also: DR ABR-001 (BAMA) #1.b. Response (CONFIDENTIAL) - public version.xlsx)*

Moreover, as identified in A.26-01-001, Section VIII, Other Formal Matters and Procedural Requirements, item G, Suburban anticipates that, after the filing of this GRC and prior to the issuance of a Commission decision, Suburban may submit one or more advice letters filings to recover or refund balances recorded in its various memorandum and balancing accounts. These may include, but are not limited to, the Environmental Improvement and Compliance Issues for Acquisitions, which an advice letter is scheduled to be filed on March 2, 2026, consistent with Decision (D.) 22-04-010, and the Volume Related Cost Balancing Account (VRCBA), which an advice letter is expected to be filed later in 2026.

- c. Calculations and pertinent details showing the requested amortization amount. Also include the calculations for the related Surcredit/Surcharge. Provide in an Excel searchable format.

Response:

The calculations and detail of the requested amortization amount including the calculations for the related surcredit/surcharge have been provided in file entitled “2026 GRC Special Request No. 1 - Various Offsets.xlsx,” and the supporting documentation also have been provided in “Workpapers Vol. II (FINAL APPLICATION).pdf” pages 576 – 772. All of these documents were included in A.26-01-001, filed on Jan. 2, 2026.

- d. For the accounts you have not requested amortization for, provide a brief justification as to why amortization is not requested at this time.

Response:

Prior to GRC A.26-01-001 filing, Suburban filed WRAM Balancing Accounts and interim rates true-up memorandum account via advice letters 415-W and 407-W-A, respectively. These advice letters are currently suspended by Water Division through April 6, 2026, due to the pending decision related to Public Advocates’ Petition for Modification (PFM) of D.24-12-030, as modified by D.25-07-012. Once the decision related to the PFM is issued, Suburban will file supplemental to ALs 415-W and 407-W-A, to update the rates and the additional time period that has passed, currently, through December 2025.

- e. For the account you have requested an amortization (CEMA-COVID 19) without closing, briefly explain why you are not requesting a closure of the account at this time.

Response:

On the contrary, the advice letter 408-W, filed on January 22, 2025, specifically requested to close the CEMA-COVID-19 account once the balance in the account has been fully amortized, which was approved by Water Division on June 10, 2025.

There is currently zero amount balance in CEMA-COVID-19 account, indicating that the account is closed.

However, the general CEMA account in SWS' preliminary statement remains open as the establishment of this CEMA is authorized by Ordering Paragraph 1 of CPUC Resolution E-3238 dated July 24, 1991. Suburban tracks specific costs segregated by the specific catastrophic event declared a disaster or state of emergency by competent federal or state authorities.

**Attachment 3:**  
**BAMA Balances**

**Attachment 3, Table 1: Suburban BAMA – Under/(Over) Collection Balances<sup>1</sup>**

No.	BAMA Name	Balance Amount	Remarks
1	Military Family Relief Program (MFRP) Memorandum Account	\$5733.9	Residual balance from the amortization of one-time surcredit, as included in Special Request No. 1 (Updated 3-17-26).
2	Employee Healthcare (EH) Balancing Account		
3	Drinking Water Fees Memorandum Account		
4	Allocated Parent Co. IT Rate Base Memorandum Account	\$11,100	Residual balance from the amortization of the Allocated Parent Company IT Rate Base surcharge, as included in Special Request No. 1 (Updated 3-17-26).
5	Low Income Customer Data Sharing Memorandum Account	(\$50,857)	Residual balance was part of the overall amortization of one-time CAP surcharge, as included in Special Request No. 2 (Updated 3-17-26).
6	Recycled Water Balancing Account	\$83,064	As of Dec. 31, 2025, the remaining balance is subject to amortization pursuant to AL 414-W.
7	Sativa Production Cost Balancing Account (SPCBA)	\$358,298	As of Dec. 31, 2025, the remaining balance is subject to amortization pursuant to AL 418-W.
8	WRAM Balancing Accounts	\$80,607	Pursuant to Water Division action, AL 415-W is currently suspended.
9	A.17-01-001 Interim Rates Memorandum Account (IRMA)	(\$266,730)	Residual balance from the amortization of the interim rates true-up, as included in AL 407-W-A which is currently suspended by Water Division.
10	A.20-01-001 Interim Rates Memorandum Account (IRMA)	\$1,021,097	Residual balance from the amortization of the interim rates true-up, as included in AL 407-W-A which is currently suspended by Water Division.
11	A.23-01-001 Interim Rates Memorandum Account (IRMA)	\$9,066,960	Interim rates true-up for period Jan. 1, 2024 through Sept. 25, 2025, as included in AL 407-W-A which is currently suspended by Water Division.
12	Drinking Water Fees Balancing Account	\$60,752	Included in Special Request No. 1 (Updated 3-17-26).
13	Sativa Transaction Memorandum Account (STMA)	\$111,442	Included in Special Request No. 1 (Updated 3-17-26).
14	Per- and Polyfluoroalkyl Substances Memorandum Account (PFASMA)	\$134,809	Included in Special Request No. 1 (Updated 3-17-26).

<sup>1</sup> Email from Kiki Carlson on 04/06/2026, Response to A.26-01-001 Suburban GRC: Public Advocates Office DR ABR-001 (BAMA).

No.	BAMA Name	Balance Amount	Remarks
15	Mandatory Conservation Memorandum Account	\$116,030	Included in Special Request No. 1 (Updated 3-17-26).
16	Affiliate Transfer Fee Memorandum Account	(\$70,035)	Included in Special Request No. 1 (Updated 3-17-26).
17	Lead and Copper Rule Revisions Memorandum Account	\$124,997	Included in Special Request No. 1 (Updated 3-17-26).
18	Conservation Expenses One-Way Balancing Account	\$5,374	Balance as of Dec. 31, 2025.
19	Catastrophic Event Memorandum Account (CEMA) - COVID-19	(\$34,668)	Residual balance from the amortization of one-time surcharge, as included in Special Request No. 1 (Updated 3-17-26).
20	Reservoir 216 Land Exchange Memorandum Account	\$0	Suburban intends to remove the deed restrictions which currently prohibit the land exchange.
21	Water Contamination Litigation Expense Memorandum Account (WCLEMA)	(\$4,116,740)	Per DR ABR-001, response to item 1b.
22	Environmental Improvements and Compliance Issues for Acquisitions Memorandum Account (EICIAMA)	\$2,415,385	Pursuant to Water Division action, AL 422-W is currently suspended.
23	Volume Related Cost Balancing Account (VRCBA)	\$1,750,941	Per DR ABR-001, response to item 1b.

**Attachment 3, Table 2: Cal Advocate Calculation of BAMAs That Have Yet To Be Requested From Ratepayers.**

No.	BAMA Name	Balance Amount
1	Military Family Relief Program (MFRP) Memorandum Account	\$5,734
2	Employee Healthcare (EH) Balancing Account	
3	Drinking Water Fees Memorandum Account	
6	Recycled Water Balancing Account	\$83,064
7	Sativa Production Cost Balancing Account (SPCBA)	\$358,298
8	WRAM Balancing Accounts	\$80,607
9	A.17-01-001 Interim Rates Memorandum Account (IRMA)	(\$266,730)
10	A.20-01-001 Interim Rates Memorandum Account (IRMA)	\$1,021,097
11	A.23-01-001 Interim Rates Memorandum Account (IRMA)	\$9,066,960
18	Conservation Expenses One-Way Balancing Account	\$5,374
20	Reservoir 216 Land Exchange Memorandum Account	\$0
21	Water Contamination Litigation Expense Memorandum Account (WCLEMA)	(\$4,116,740)
22	Environmental Improvements and Compliance Issues for Acquisitions Memorandum Account (EICIAMA)	\$2,415,385

23	Volume Related Cost Balancing Account (VRCBA)	\$1,750,941
	<b>Suburban's Total BAMA Balance Yet to be Requested from Ratepayers</b>	<b>\$10,403,990</b>

**Attachment 4:**

**Cal Advocates' SR 1 Revised Reasonable Calculation**

## Cal Advocates' Reasonable Calculations for SR 1

No.	Description	Under / (Overcollection) Total <sup>1</sup>
1	Employee Transfer MA	(\$70,340.64)
2	Mandatory Conservation MA	\$98,665.42
3	Drinking Water Fees BA	\$59,492.46
4	PFAS MA	\$127,929.82
5	Sativa Transaction MA	\$101,624.03
6	LCRR MA	\$112,479.79
	Subtotal Amount	\$429,850.88
	1.2 % Add Franchise Fee	\$5,158.21
	Total Amount Before Offset	\$435,009.09
7	Parent Co. IT Rate Base Offset	\$11,148.17
8	CEMA – COVID-19	(\$138,473.49)
	Cal Advocates' Proposed Amortization Amount (a)	\$307,683.77
	Cal Advocates' Proposed Estimated Water Sales (ccf) (b)	16,226,545 <sup>2</sup>
	<b>Surcharge for TY 2027<sup>3</sup> (a) / (b)</b>	<b>\$0.01896<sup>4</sup></b>

<sup>1</sup> Cal Advocates' proposed net balances to be included in SR 1 per reasonableness of account ledger.

<sup>2</sup> See Chapter 1 of Cal Advocates' Testimony on Sales Revenues Rate Design and Decoupling (Chris Ronco).

<sup>3</sup> Cal Advocate recommends spreading out the surcharge throughout TY 2027, rather than Suburban's one-time surcharge.

<sup>4</sup> Cal Advocate removed the Add-Uncollectable Factor seen in Suburban's SR 1 request.

**Attachment 5:**

**Cal Advocates' Follow-up Email Thread to  
Suburban's Response to DR ABR-001 (BAMA)**

**From:** [Ibrahim, Suliman](#)  
**To:** [Kiki Carlson](#)  
**Cc:** [Rubang, Andrew](#)  
**Subject:** Re: [EXTERNAL] RESPONSE to A.26-01-001 Suburban GRC: Public Advocates Office DR ABR-001 (BAMA)  
**Date:** Monday, March 30, 2026 4:53:59 PM  
**Attachments:** [image001.png](#)

---

Thank you Kiki.

---

**From:** Kiki Carlson <Kiki.Carlson@nexuswg.com>  
**Sent:** Monday, March 30, 2026 4:52:53 PM  
**To:** Ibrahim, Suliman <Suliman.Ibrahim@cpuc.ca.gov>  
**Cc:** Rubang, Andrew <Andrew.Rubang@cpuc.ca.gov>  
**Subject:** RE: [EXTERNAL] RESPONSE to A.26-01-001 Suburban GRC: Public Advocates Office DR ABR-001 (BAMA)

**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Suliman,

I checked with accounting, and one of the team members who maintains some of the accounts is out of the office this week.

She will be back next week, and I'll follow-up with you then regarding the balances.

Regards,  
Kiki

---

**From:** Ibrahim, Suliman <Suliman.Ibrahim@cpuc.ca.gov>  
**Sent:** Monday, March 30, 2026 4:01 PM  
**To:** Kiki Carlson <Kiki.Carlson@nexuswg.com>  
**Cc:** Rubang, Andrew <Andrew.Rubang@cpuc.ca.gov>  
**Subject:** RE: [EXTERNAL] RESPONSE to A.26-01-001 Suburban GRC: Public Advocates Office DR ABR-001 (BAMA)

**CAUTION:** This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender and verify the content is safe. [Use the Outlook Phish Alert Button to report suspicious emails.](#)

Hello Kiki,

I just wanted to follow up on our phone conversation last week. I understood Suburban does not have

discreet ledger excels for each Balancing and Memorandum account at the moment because the system mixes other information in the tracking.

Can you provide just the overall balance in each account?

Thanks,  
Suliman

---

**From:** Kiki Carlson <[Kiki.Carlson@nexuswg.com](mailto:Kiki.Carlson@nexuswg.com)>  
**Sent:** Wednesday, February 25, 2026 4:20 PM  
**To:** Hockema, Corwin <[Corwin.Hockema@cpuc.ca.gov](mailto:Corwin.Hockema@cpuc.ca.gov)>  
**Cc:** Moussa, Hani <[hani.moussa@cpuc.ca.gov](mailto:hani.moussa@cpuc.ca.gov)>; Ibrahim, Suliman <[Suliman.Ibrahim@cpuc.ca.gov](mailto:Suliman.Ibrahim@cpuc.ca.gov)>; Gibbs, Syreeta <[syreeta.gibbs@cpuc.ca.gov](mailto:syreeta.gibbs@cpuc.ca.gov)>; Rubang, Andrew <[Andrew.Rubang@cpuc.ca.gov](mailto:Andrew.Rubang@cpuc.ca.gov)>; [ldolqueist@nossaman.com](mailto:ldolqueist@nossaman.com); Carmelitha Bordelon <[Carmelitha.Bordelon@nexuswg.com](mailto:Carmelitha.Bordelon@nexuswg.com)>  
**Subject:** [EXTERNAL] RESPONSE to A.26-01-001 Suburban GRC: Public Advocates Office DR ABR-001 (BAMA)

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Corwin,

Please see attached response, 1 pdf and 3 excel files.

Regards,  
Kiki

---

**From:** Hockema, Corwin <[Corwin.Hockema@cpuc.ca.gov](mailto:Corwin.Hockema@cpuc.ca.gov)>  
**Sent:** Thursday, February 12, 2026 1:15 PM  
**To:** Kiki Carlson <[Kiki.Carlson@nexuswg.com](mailto:Kiki.Carlson@nexuswg.com)>  
**Cc:** Moussa, Hani <[hani.moussa@cpuc.ca.gov](mailto:hani.moussa@cpuc.ca.gov)>; Ibrahim, Suliman <[Suliman.Ibrahim@cpuc.ca.gov](mailto:Suliman.Ibrahim@cpuc.ca.gov)>; Gibbs, Syreeta <[syreeta.gibbs@cpuc.ca.gov](mailto:syreeta.gibbs@cpuc.ca.gov)>; Rubang, Andrew <[Andrew.Rubang@cpuc.ca.gov](mailto:Andrew.Rubang@cpuc.ca.gov)>; [ldolqueist@nossaman.com](mailto:ldolqueist@nossaman.com); Carmelitha Bordelon <[Carmelitha.Bordelon@nexuswg.com](mailto:Carmelitha.Bordelon@nexuswg.com)>  
**Subject:** Re: [EXTERNAL] RE: A.26-01-001 Suburban GRC: Public Advocates Office DR ABR-001 (BAMA)

CAUTION: This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender and verify the content is safe. Use the Outlook Phish Alert Button to report suspicious emails.

Kiki, thank you for pointing that out. Suburban may respond to this DR by February 26, 2026.

Sincerely,  
Corwin

---

**From:** Kiki Carlson <[Kiki.Carlson@nexuswg.com](mailto:Kiki.Carlson@nexuswg.com)>  
**Date:** Wednesday, February 11, 2026 at 4:06 PM  
**To:** Hockema, Corwin <[Corwin.Hockema@cpuc.ca.gov](mailto:Corwin.Hockema@cpuc.ca.gov)>  
**Cc:** Moussa, Hani <[hani.moussa@cpuc.ca.gov](mailto:hani.moussa@cpuc.ca.gov)>, Ibrahim, Suliman <[Suliman.Ibrahim@cpuc.ca.gov](mailto:Suliman.Ibrahim@cpuc.ca.gov)>, Gibbs, Syreeta <[syreeta.gibbs@cpuc.ca.gov](mailto:syreeta.gibbs@cpuc.ca.gov)>, Rubang, Andrew <[Andrew.Rubang@cpuc.ca.gov](mailto:Andrew.Rubang@cpuc.ca.gov)>, [ldolqueist@nossaman.com](mailto:ldolqueist@nossaman.com) <[ldolqueist@nossaman.com](mailto:ldolqueist@nossaman.com)>, Carmelitha Bordelon <[Carmelitha.Bordelon@nexuswg.com](mailto:Carmelitha.Bordelon@nexuswg.com)>  
**Subject:** [EXTERNAL] RE: A.26-01-001 Suburban GRC: Public Advocates Office DR ABR-001 (BAMA)

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good afternoon Corwin,

Please confirm that the response due date is 10 workdays, Feb. 26, 2026, rather than today.

Re.: A.26-01-001, Public Advocates Office DR ABR-001 (BAMA)  
**Response Due:** February 11, 2026

Regards,  
Kiki

---

**From:** Hockema, Corwin <[Corwin.Hockema@cpuc.ca.gov](mailto:Corwin.Hockema@cpuc.ca.gov)>  
**Sent:** Wednesday, February 11, 2026 3:57 PM  
**To:** Kiki Carlson <[Kiki.Carlson@nexuswg.com](mailto:Kiki.Carlson@nexuswg.com)>; [ldolqueist@nossaman.com](mailto:ldolqueist@nossaman.com); Carmelitha Bordelon <[Carmelitha.Bordelon@nexuswg.com](mailto:Carmelitha.Bordelon@nexuswg.com)>  
**Cc:** Moussa, Hani <[hani.moussa@cpuc.ca.gov](mailto:hani.moussa@cpuc.ca.gov)>; Ibrahim, Suliman <[Suliman.Ibrahim@cpuc.ca.gov](mailto:Suliman.Ibrahim@cpuc.ca.gov)>; Gibbs, Syreeta <[syreeta.gibbs@cpuc.ca.gov](mailto:syreeta.gibbs@cpuc.ca.gov)>; Rubang, Andrew <[Andrew.Rubang@cpuc.ca.gov](mailto:Andrew.Rubang@cpuc.ca.gov)>  
**Subject:** A.26-01-001 Suburban GRC: Public Advocates Office DR ABR-001 (BAMA)

CAUTION: This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender and verify the content is safe. Use the Outlook Phish Alert Button to report suspicious emails.

Good afternoon, Lori,

Please see the attached data request.

For all data requests (DRs), I'd like to request the following in addition to the standard instructions in the DR. Your team's cooperation is greatly appreciated.

- Please submit Suburban's response by replying to Cal Advocates' original DR email, and add "RESPONSE" or "PARTIAL RESPONSE #1..." in the subject line of the reply email. The email chain will make it easier for us to track the DR and its corresponding responses.
- Please send Suburban's response to all Cal Advocates staff members in the distribution list of the original DR email (as shown in its Cc: line). This will help with data sharing and reduce redundant DRs.
- If Suburban needs an extension, please contact the project lead, the assigned analyst, and myself by email as soon as possible, but no later than 1 day before the response is due to make alternative arrangements.
- When partial responses are necessary,
  - please clearly mark in the first page of the responses as follows - "PARTIAL RESPONSE #1," "PARTIAL RESPONSE #2," etc.;
  - if the second partial response completes Suburban's response for all questions in the DR, please mark as follows - "PARTIAL RESPONSE, #2 (LAST);"
  - also, indicate in the email the date(s) Suburban will provide the remaining partial response(s) by prior arrangement with the Public Advocates Office.
- If a response contains information that Suburban would like to request confidential treatment,
  - please flag the response by indicating *CONFIDENTIAL* in the subject line of the transmittal email;
  - please be very specific in identifying the *CONFIDENTIAL* section and explaining the basis of Suburban's request;
  - note it's only appropriate to mark the entire response *CONFIDENTIAL* if Suburban would like to request that all of the materials contained in the response be treated as confidential; to ease record keeping, it may be better to provide those materials in a separate, partial response and mark that partial response as entirely confidential.
- Please list all attached files (not the response itself) in the body of each email transmitting Suburban's response. This will allow both teams to quickly determine whether any file was inadvertently omitted in the response transmittal.

- For files exceeding 7 MB, please transmit using the CPUC's Secure File Transfer option.

Thank you,

Corwin Hockema

Attorney, California Public Utilities Commission

**Attachment 6:**

**SR 1 – Suburban’s Request v. Cal Advocates’ Proposal**

## SR 1 Comparison Calculations Prior to Previous Offset Accounts

No.	Description	Suburban's Request <sup>1</sup>			Cal Advocates' Proposal	
		Under/(Over) Collection	Interest	Balance	Date of Last Entry	Balance
1	Employee Transfer MA	(\$62,870)	(\$7,471)	(\$70,341)		(\$70,341)
2	Mandatory Conservation MA	\$97,995	\$18,542	\$116,537	Apr. 2023	\$98,665.42 <sup>2</sup>
3	Drinking Water Fees BA	\$48,003	\$12,777	\$60,781	Jun. 2025	\$59,492.46 <sup>3</sup>
4	PFAS MA	\$120,910	\$14,488	\$135,398	Jul. 2025	\$127,929.82 <sup>4</sup>
5	Sativa Transaction MA	\$98,436	\$13,316	\$111,752	Feb. 2024	\$101,624.03 <sup>5</sup>
6	LCRR MA	\$111,073	\$14,471	\$125,543	May 2024	\$112,479.79 <sup>6</sup>
<b>Total</b>		\$413,547	\$66,123	<b>\$479,670</b>		<b>\$429,850.88</b>

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<sup>1</sup> SWS\_2026 GRC Application at 5-6.

<sup>2</sup> Workpapers Vol. II. at 565, column Cumulative Amount on 04/30/23.

<sup>3</sup> *Id.* at 567, column Cumulative Amount on 06/30/25.

<sup>4</sup> *Id.* at 570, column Cumulative Amount on 07/11/25.

<sup>5</sup> *Id.* at 571, column Cumulative Amount on 02/12/24.

<sup>6</sup> *Id.* at 572, column Cumulative Amount on 05/06/24.

**Attachment 7:**

**California Code of Regulations – Title 17 [Repealed 2024]**

*NOTE: This publication is meant to be an aid to the staff of the State Board's Division of Drinking Water and cannot be relied upon by the regulated community as the State of California's representation of the law. The published codes are the only official representation of the law. Refer to the published codes—in this case, 17 CCR and 22 CCR—whenever specific citations are required. Statutes related to the State Board's drinking water-related activities are in the Health & Safety Code, the Water Code, and other codes.*

**TITLE 17 CODE OF REGULATIONS  
DIVISION 1. STATE DEPARTMENT OF HEALTH SERVICES AND  
STATE WATER RESOURCES CONTROL BOARD  
CHAPTER 5. SANITATION (ENVIRONMENTAL)  
SUBCHAPTER 1. ENGINEERING (SANITARY)  
GROUP 4. DRINKING WATER SUPPLIES**

***Article 1. General***

**§7583. Definitions.**

In addition to the definitions in Section 116275 of the Health and Safety Code, the following terms are defined for the purpose of this Chapter:

(a) "Approved Water Supply" is a water supply whose potability is regulated by a State of local health agency.

(b) "Auxiliary Water Supply" is any water supply other than that received from a public water system.

(c) "Air-gap Separation (AG)" is a physical break between the supply line and a receiving vessel.

(d) "AWWA Standard" is an official standard developed and approved by the American Water Works Association (AWWA).

(e) "Cross-Connection" is an unprotected actual or potential connection between a potable water system used to supply water for drinking purposes and any source or system containing unapproved water or a substance that is not or cannot be approved as safe, wholesome, and potable. By-pass arrangements, jumper connections, removable sections, swivel or changeover devices, or other devices through which backflow could occur, shall be considered to be cross-connections.

(f) "Double Check Valve Assembly (DC)" is an assembly of at least two independently acting check valves including tightly closing shut-off valves on each side of the check valve assembly and test cocks available for testing the water tightness of each check valve.

(g) "Health Agency" means the State Water Resources Control Board, or the local health officer with respect to a small water system.

(h) "Local Health Agency" means the county or city health authority.

(i) "Reclaimed Water" is a wastewater which as a result of treatment is suitable for uses other than potable use.

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*Last updated **March 28, 2019**—from Titles 17 and 22 California Code of Regulations  
California Regulations Related to Drinking Water*

*NOTE: This publication is meant to be an aid to the staff of the State Board's Division of Drinking Water and cannot be relied upon by the regulated community as the State of California's representation of the law. The published codes are the only official representation of the law. Refer to the published codes—in this case, 17 CCR and 22 CCR—whenever specific citations are required. Statutes related to the State Board's drinking water-related activities are in the Health & Safety Code, the Water Code, and other codes.*

(j) "Reduced Pressure Principle Backflow Prevention Device (RP)" is a backflow preventer incorporating not less than two check valves, an automatically operated differential relief valve located between the two check valves, a tightly closing shut-off valve on each side of the check valve assembly, and equipped with necessary test cocks for testing.

(k) "User Connection" is the point of connection of a user's piping to the water supplier's facilities.

(l) "Water Supplier" is the person who owns or operates the public water system.

(m) "Water User" is any person obtaining water from a public water supply.

**§7584. Responsibility and scope of program.**

The water supplier shall protect the public water supply from contamination by implementation of a cross-connection control program. The program, or any portion thereof, may be implemented directly by the water supplier or by means of a contract with the local health agency, or with another agency approved by the health agency. The water supplier's cross-connection control program shall for the purpose of addressing the requirements of Sections 7585 through 7605 include, but not be limited to, the following elements:

(a) The adoption of operating rules or ordinances to implement the cross-connection program.

(b) The conducting of surveys to identify water user premises where cross-connections are likely to occur,

(c) The provisions of backflow protection by the water user at the user's connection or within the user's premises or both,

(d) The provision of at least one person trained in cross-connection control to carry out the cross-connection program,

(e) The establishment of a procedure or system for testing backflow preventers, and

(f) The maintenance of records of locations, tests, and repairs of backflow preventers.

**§7585. Evaluation of hazard.**

The water supplier shall evaluate the degree of potential health hazard to the public water supply which may be created as a result of conditions existing on a user's premises. The water supplier, however, shall not be responsible for abatement of cross-connections which may exist within a user's premises. As a minimum, the evaluation should consider:

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*Last updated **March 28, 2019**—from Titles 17 and 22 California Code of Regulations  
California Regulations Related to Drinking Water*

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the existence of cross-connections, the nature of materials handled on the property, the probability of a backflow occurring, the degree of piping system complexity and the potential for piping system modification. Special consideration shall be given to the premises of the following types of water users:

(a) Premises where substances harmful to health are handled under pressure in a manner which could permit their entry into the public water system. This includes chemical or biological process waters and water from public water supplies which have deteriorated in sanitary quality.

(b) Premises having an auxiliary water supply, unless the auxiliary supply is accepted as an additional source by the water supplier and is approved by the health agency.

(c) Premises that have internal cross-connections that are not abated to the satisfaction of the water supplier or the health agency.

(d) Premises where cross-connections are likely to occur and entry is restricted so that cross-connection inspections cannot be made with sufficient frequency or at sufficiently short notice to assure that cross-connections do not exist.

(e) Premises having a repeated history of cross-connections being established or re-established.

**§7586. User supervisor.**

The health agency and water supplier may, at their discretion, require an industrial water user to designate a user supervisor when the water user's premises has a multipiping system that convey various types of fluids, some of which may be hazardous and where changes in the piping system are frequently made. The user supervisor shall be responsible for the avoidance of cross-connections during the installation, operation and maintenance of the water user's pipelines and equipment.

**Article 2. Protection of Water System**

**§7601. Approval of backflow preventers.**

Backflow preventers required by this Chapter shall have passed laboratory and field evaluation tests performed by a recognized testing organization which has demonstrated their competency to perform such tests to the State Water Resources Control Board.

**§7602. Construction of backflow preventers.**

(a) Air-gap Separation. An Air-gap separation (AG) shall be at least double the diameter of the supply pipe, measured vertically from the flood rim of the receiving vessel to the supply pipe; however, in no case shall this separation be less than one inch.

(b) Double Check Valve Assembly. A required double check valve assembly (DC) shall, as a minimum, conform to the AWWA Standard C506-78 (R83) adopted on

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*Last updated **March 28, 2019**—from Titles 17 and 22 California Code of Regulations  
California Regulations Related to Drinking Water*

*NOTE: This publication is meant to be an aid to the staff of the State Board's Division of Drinking Water and cannot be relied upon by the regulated community as the State of California's representation of the law. The published codes are the only official representation of the law. Refer to the published codes—in this case, 17 CCR and 22 CCR—whenever specific citations are required. Statutes related to the State Board's drinking water-related activities are in the Health & Safety Code, the Water Code, and other codes.*

January 28, 1978 for Double Check Valve Type Backflow Preventive Devices which is herein incorporated by reference.

(c) Reduced Pressure Principle Backflow Prevention Device. A required reduced pressure principle backflow prevention device (RP) shall, as a minimum, conform to the AWWA Standard C506-78 (R83) adopted on January 28, 1978 for Reduced Pressure Principle Type Backflow Prevention Devices which is herein incorporated by reference.

**§7603. Location of backflow preventers.**

(a) Air-gap Separation. An air-gap separation shall be located as close as practical to the user's connection and all piping between the user's connection and the receiving tank shall be entirely visible unless otherwise approved in writing by the water supplier and the health agency.

(b) Double Check Valve Assembly. A double check valve assembly shall be located as close as practical to the user's connection and shall be installed above grade, if possible, and in a manner where it is readily accessible for testing and maintenance.

(c) Reduced Pressure Principle Backflow Prevention Device. A reduced pressure principle backflow prevention device shall be located as close as practical to the user's connection and shall be installed a minimum of twelve inches (12") above grade and not more than thirty-six inches (36") above grade measured from the bottom of the device and with a minimum of twelve inches (12") side clearance.

**§7604. Type of protection required.**

The type of protection that shall be provided to prevent backflow into the public water supply shall be commensurate with the degree of hazard that exists on the consumer's premises. The type of protective device that may be required (listed in an increasing level of protection) includes: Double check Valve Assembly-(DC), Reduced Pressure Principle Backflow Prevention Device-(RP) and an Air gap Separation-(AG). The water user may choose a higher level of protection than required by the water supplier. The minimum types of backflow protection required to protect the public water supply, at the water user's connection to premises with various degrees of hazard, are given in Table 1. Situations not covered in Table 1 shall be evaluated on a case-by-case basis and the appropriate backflow protection shall be determined by the water supplier or health agency.

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**TABLE 1  
TYPE OF BACKFLOW PROTECTION REQUIRED**

Degree of Hazard	Minimum Type of Backflow Prevention
<b>(a) Sewage and Hazardous Substances</b>	
(1) Premises where there are waste water pumping and/or treatment plants and there is no interconnection with the potable water system. This does not include a single-family residence that has a sewage lift pump. A RP may be provided in lieu of an AG if approved by the health agency and water supplier.	AG
(2) Premises where hazardous substances are handled in any manner in which the substances may enter the potable water system. This does not include a single-family residence that has a sewage lift pump. A RP may be provided in lieu of an AG if approved by the health agency and water supplier.	AG
(3) Premises where there are irrigation systems into which fertilizers, herbicides, or pesticides are, or can be, injected.	RP
<b>(b) Auxiliary Water Supplies</b>	
(1) Premises where there is an unapproved auxiliary water supply which is interconnected with the public water system. A RP or DC may be provided in lieu of an AG if approved by the health agency and water supplier	AG
(2) Premises where there is an unapproved auxiliary water supply and there are no interconnections with the public water system. A DC may be provided in lieu of a RP if approved by the health agency and water supplier.	RP
<b>(c) Recycled water</b>	
(1) Premises where the public water system is used to supplement the recycled water supply.	AG
(2) Premises where recycled water is used, other than as allowed in paragraph (3), and there is no interconnection with the potable water system.	RP
(3) Residences using recycled water for landscape irrigation as part of an approved dual plumbed use area established pursuant to sections 60313 through 60316 unless the recycled water supplier obtains approval of the local public water supplier, or the State Water Resources Control Board if the water supplier is also the supplier of the recycled water, to utilize an alternative backflow protection plan that includes an annual inspection and annual shutdown test of the	DC

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recycled water and potable water systems pursuant to subsection 60316(a).

- (d) Fire Protection Systems
  - (1) Premises where the fire system is directly supplied from the public water system and there is an unapproved auxiliary water supply on or to the premises (not interconnected). DC
  - (2) Premises where the fire system is supplied from the public water system and interconnected with an unapproved auxiliary water supply. A RP may be provided in lieu of an AG if approved by the health agency and water supplier. AG
  - (3) Premises where the fire system is supplied from the public water system and where either elevated storage tanks or fire pumps which take suction from private reservoirs or tanks are used. DC
  - (4) Premises where the fire system is supplied from the public water system and where recycled water is used in a separate piping system within the same building. DC
- (e) Dockside Watering Points and Marine Facilities
  - (1) Pier hydrants for supplying water to vessels for any purpose. RP
  - (2) Premises where there are marine facilities. RP
- (f) Premises where entry is restricted so that inspections for cross-connections cannot be made with sufficient frequency or at sufficiently short notice to assure that do not exist. RP
- (g) Premises where there is a repeated history of cross-connections being established or re-established. RP

**§7605. Testing and maintenance of backflow preventers.**

(a) The water supplier shall assure that adequate maintenance and periodic testing are provided by the water user to ensure their proper operation.

(b) Backflow preventers shall be tested by persons who have demonstrated their competency in testing of these devices to the water supplier or health agency.

(c) Backflow preventers shall be tested at least annually or more frequently if determined to be necessary by the health agency or water supplier. When devices are found to be defective, they shall be repaired or replaced in accordance with the provisions of this Chapter.

(d) Backflow preventers shall be tested immediately after they are installed, relocated or repaired and not placed in service unless they are functioning as required.

(e) The water supplier shall notify the water user when testing of backflow preventers is needed. The notice shall contain the date when the test must be completed.

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(f) Reports of testing and maintenance shall be maintained by the water supplier for a minimum of three years.

### **Article 5. Domestic Water Supply Reservoirs**

#### **§7625. Definitions**

(a) “Domestic water supply reservoir” as used herein means a reservoir used to impound or store water intended solely or primarily for domestic purposes.

(b) “Distribution reservoir” as used herein means a reservoir, directly connected with the distribution system of the domestic water supply project, used primarily to care for fluctuations in demand which occur over short periods of from several hours to several days, or as local storage in case of emergency such as a break in a main supply line or failure of pumping plant.

#### **§7626. Application for Permit**

(a) Recreational use on and around a domestic water supply reservoir is prohibited unless specifically authorized in a water supply permit.

(b) Within 30 calendar days of receipt of an application for a permit or petition for permit modification pursuant to Section 116525 or 116550, Health and Safety Code, the State Board shall inform the applicant in writing that it is either complete and accepted for filing or that it is deficient and what specific information or documentation is required to complete the application. An application is considered complete if it is in compliance with the requirements of Section 116530, Health and Safety Code. For proposed water system improvements, new water systems or a “project” as defined in Section 15378, Title 14, California Code of Regulations where environmental documentation is required, a copy of such documentation shall be included in the application.

(c) Within 90 calendar days from the date of filing of a completed application, the State Board shall inform the applicant in writing of its decision regarding an application.

(d) The State Board's time periods for processing an application from the receipt of the initial application to the final decision regarding issuance or denial of a water permit based on the State Board's actual performance during the two years preceding the proposal of this section, were as follows:

- (1) The median time was -7.5 months
- (2) The minimum time was -1.5 months
- (3) The maximum time was -85.5 months

#### **§7627. Data to Accompany Application**

(a) The application for a permit to allow recreational use shall be accompanied by detailed information, including but not limited to, the following:

**Attachment 8:**

**Board – CCCPH Rulemaking History**



## Cross-Connection Control Policy Handbook Rulemaking History

### Sections Affected

Cross-Connection Control Policy Handbook (new)

California Code of Regulations: Title 17, Division 1, Chapter 5, Subchapter 1, Group 4, Articles 1 and 2, Sections 7583-7586 and 7601-7605

### Handbook Proceedings

- Stakeholder Workshop: February 20, 2020
  - [Notice of Stakeholder Workshop](#)
  - [Recording of the Stakeholder Workshop webcast](#)
- Opening of First Public Comment Period: February 26, 2021
  - [Comment letters](#) are in April 2021 Folder 042721\_Cross-Connection Control Policy Handbook
  - [First Public Comment Period List of Commenters and Draft Response to Public Comment](#)
- First Public Hearing: April 27, 2021
  - April 27, 2021 [Public Notice](#)
  - [First Public Hearing Recording](#)
- Close of First Public Comment Period: April 27, 2021
- Opening of Second Public Comment Period: November 2, 2022
  - [Comment letters](#) are in December 2022 Folder 120922\_Cross-Connection Control Policy Handbook
  - [Second Public Comment Period List of Commenters and Draft Response to Public Comment](#)
- Second Public Hearing: December 5, 2022
  - October 20, 2022 [Public Notice](#)
  - [Second Public Hearing Recording](#)
- Close of Second Public Comment Period: December 9, 2022

- Board workshop: October 18, 2023
  - September 29, 2023 [Public Notice](#)
  - [Board Workshop Recording](#)
  - [Comment letters](#) are in October 2023 Folder 102023\_CCCPH
  - [Board Workshop List of Commenters and Draft Response to Public Comment](#)
- Board Adoption Meeting: December 19, 2023
  - [December 5, 2023 Revised Public Notice](#)
  - [Board Meeting Recording](#) starts at 1:36:07

## Status of the Policy Handbook

On December 19, 2023, the State Water Resources Control Board adopted the Cross-Connection Control Policy Handbook (CCCPH) with an effective date of July 1, 2024. The Division will provide guidance and templates prior to the effective date of the CCCPH.

Comments and inquiries regarding the Cross-Connection Control Policy Handbook may be directed to Email: [backflow@waterboards.ca.gov](mailto:backflow@waterboards.ca.gov)

## Available Documentation

- December 19, 2023 [Adopted Cross-Connection Control Policy Handbook Staff Report](#)
- December 19, 2023 [Adopted Cross-Connection Control Policy Handbook](#)
- December 19, 2023 [Resolution No. 2023-0045 Approving the Cross-Connection Control Policy Handbook](#)
- November 22, 2023 [Final Cross-Connection Control Policy Handbook Staff Report](#)
- November 22, 2023 [Final Cross-Connection Control Policy Handbook](#)
- October 5, 2023 [Draft Cross-Connection Control Policy Handbook Staff Report](#)
- October 5, 2023 [Draft Cross-Connection Control Policy Handbook](#)
- November 2, 2022 [Draft Cross-Connection Control Policy Handbook Staff Report](#)
- November 2, 2022 [Draft Cross-Connection Control Policy Handbook](#)

- February 26, 2021 Draft Cross-Connection Control Policy Handbook

**Attachment 9:**

**Board – Lead and Copper Rule Timeline to 2030**

