

NOTICE TO CUSTOMERS

On February 4, 2020, Lukins Brothers Water Company (LBWC) filed Advice Letter No. 82-W with the Public Utilities Commission requesting authorization to establish a Water Contamination Litigation Expense Balancing Account (WCLEBA), and a monthly surcharge to amortize the balances previously recorded in its Water Contamination Litigation Expense Memorandum Account (WCLEMA), as authorized in Commission Decision 10-10-018, section 792.5 of the Public Utilities Code and GO 96-B.

On July 7, 2014, LBWC discovered PCE above the regulatory limit in its Wells 2&5, which were two of the three operational wells at the time. To protect customers, LBWC immediately shut the wells down. Since that time, LBWC has operated its system through its remaining well (Well 1) and emergency interties with our neighboring water system, South Tahoe Public Utility District.

The California Regional Water Quality Control Board- Lahontan Region (Regional Board) is engaged in ongoing enforcement actions with parties that it has designated as responsible for PCE contamination in South Lake Tahoe. As of the date of this filing, the Regional Board has not issued any replacement water orders to these responsible parties.

LBWC has retained the services of Robins Borghei LLP, to represent LBWC in relation to the PCE groundwater contamination that has been impacting LBWC's water supply. On July 3, 2017, LBWC filed a lawsuit against those parties that LBWC believes are legally responsible for causing the contamination.

Per Resolution W-4094, effective March 28, 1998, LBWC was granted authority to establish the WCLEMA. Since 2017, when litigation was initiated, LBWC has been recording legal expenses associated with this litigation into the Memorandum Account. LBWC is requesting authority to establish a Balancing Account and transfer the WCLEMA balance of \$102,604.07 (as of 12/31/2019) to the WCLEBA. LBWC requests authority to amortize the balance over a three-year period, with a surcharge of \$2.91 per month.

The proposed surcharge will only recover the amounts already recorded through December 31, 2019 in LBWC's WCLEBA and will not provide any additional net revenue for LBWC and will not result in any increase in its authorized rate of return.

By pursuing litigation against the responsible parties for the PCE contamination, LBWC seeks to recover damages and expenses incurred as a result, and to seek remediation of said contamination ensuring the safety of its water supply and its customers.

If any award results from contamination litigation, any net proceeds will be handled as per Commission Decision 10-10-018.

"5. If an investor-owned water utility receives proceeds from any of the funding sources identified in Ordering Paragraph 1 after the contaminated plant is replaced or remediated and all costs have been determined, the remaining amount of proceeds ("net proceeds" as defined in Ordering Paragraph 6) may be shared between ratepayers and shareholders upon Commission approval where circumstances warrant and on the basis of factors relevant to the individual case, including factors set out in Appendix D to this decision.

6. "Net Proceeds" are hereby defined as:

Gross proceeds received minus all (1) reasonable legal expenses related to litigation, (2) costs of remedying plants, facilities, and resources to bring the water supply to a safe and reliable condition in accordance with General Order 103-A standards, and (3) all other reasonable costs and expenses that are the direct result and would not have to be incurred in the absence of such contamination, including all relevant costs already recovered from ratepayers (for which they have been, or will be, repaid or credited)."

Protest and Responses

A protest is a document objecting to the granting in whole or in part the authority sought in the advice letter. A response is a document that does not object to the authority sought, but nevertheless presents information that the party tendering the response believes would be useful to the Commission in acting on the request.

A protest must be mailed within 20 days. It must state the facts constituting the grounds for the protest, the effect that approval of the advice letter might have on the protestant, and the reasons the protestant believes the advice letter, or a part of it, is not justified. If the protest requests an evidentiary hearing, the protest must state the facts the protestant would present at an evidentiary hearing to support its request for whole or partial denial of the filing.

All protests or responses to this filing should be sent to:

California Public Utilities Commission, Water Division
505 Van Ness Avenue
San Francisco, CA 94102
Fax: (415) 703-4426
E-Mail: water.division@cpuc.ca.gov

Protests should also be sent to:

Lukins Brothers Water Company
2031 West Way
South Lake Tahoe, CA 96150
E-Mail Address: jennifer@lukinswater.com

If you have not received a reply to your protest from the utility within 10 business days, contact the utility at (530) 541-2606.

A copy of Lukins Brothers Water Company's Advice Letter No. 82-W filing may be mailed to you by calling (530) 541-2606. You will be billed \$0.20 per page.

Further information may be obtained from the utility at its business office or from the Commission at the above address.

Lukins Brothers Water Company

Mailed: February 28, 2020