

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 3, 2020

Proposed Resolution W-5227

Agenda ID: 18566

To: All Interested Persons

Enclosed is Proposed Resolution W-5227 of the Water Division, which approves the sale and purchase of Live Oak Springs Water Company (Live Oak) to the County of San Diego (County), under the terms and conditions set forth in the September 19, 2019 Purchase Agreement entered into by the County and Trustee (Applicants). This Resolution also revokes Live Oak's CPCN as a result of County's acquisition of the utility. Proposed Resolution W-5227 is scheduled to appear on the August 6, 2020 Commission Meeting Agenda (ID# 18566).

The Commission may act on this resolution or it may postpone action until later. When the Commission acts on a proposed resolution, the Commission may adopt all or part of the proposed resolution, as written, or amend or modify the proposed resolution; or the Commission may set the proposed resolution aside and prepare a different resolution. Only when the Commission acts does the resolution become binding.

Interested persons may submit comments on Proposed Resolution W-5227 via email to Water.Division@cpuc.ca.gov on or before **July 23, 2020**. Please reference **"Proposed Resolution W-5227" in the subject line**.

Interested persons must also serve a copy of their comments on the utility on the same date that the comments are submitted to the Water Division. If email is unavailable, please submit comments to:

California Public Utilities Commission
Water Division
505 Van Ness Avenue
San Francisco, CA 94102

Comments should focus on factual, legal, technical errors, or policy issues in the proposed resolution.

Persons interested in receiving comments submitted may contact the Water Division at Water.Division@cpuc.ca.gov or (415) 703-1133. Please reference "Proposed Resolution W-5227."

/s/ BRUCE DEBERRY

Bruce DeBerry, Program Manager
Water Division

Enclosures: Proposed Resolution W-5227
Certificate of Service
Service List

PROPOSED RESOLUTION

Resolution W-5227
WD

Agenda ID # 18566

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION W-5227

August 8, 2020

RESOLUTION

**(RES. W-5227 LIVE OAK SPRINGS WATER COMPANY
(LIVE OAK). ORDER AUTHORIZING THE PURCHASE
AND ACQUISITION OF LIVE OAK BY COUNTY OF SAN
DIEGO AND THE REVOCATION OF LIVE OAK'S
CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY AS A RESULT OF THE ACQUISITION.**

SUMMARY

By Advice Letter 36-W filed on May 6, 2020, County of San Diego (County) requests Commission approval for the purchase and acquisition of Live Oak Springs Water Company (Live Oak), and the revocation of Live Oak's Certificate of Public Convenience and Necessity (CPCN), resulting from the September 19, 2019 Agreement for Purchase and Sale (Purchase Agreement) entered into by the County and Richard Kipperman (Chapter 11 trustee of Live Oak Holding, LLC (Trustee)).¹ The Purchase Agreement and sale of Live Oak was approved by United States Bankruptcy Court for the Southern District of California on March 16, 2020 clear of liens, claims, interests, and encumbrances pursuant to 11 U.S.C Section 363 (F) in Bankruptcy Case No. 13-11672-LT11, subject to the Commission's regulatory approval.

Pursuant to Public Utilities Code Sections 851-854 and Resolution ALJ-272, this Resolution approves the sale and purchase of Live Oak to the County, under the terms and conditions set forth in the September 19, 2019 Purchase Agreement entered into by the County and Trustee (Applicants). This Resolution also revokes Live Oak's CPCN as a result of County's acquisition of the utility.

1. Since 2014 Live Oak Springs Water Company has been operating under the control of an appointed Trustee by the United States Bankruptcy Court in Bankruptcy Case No. 13-11672-LT11.

This Resolution finds that the sale and purchase of Live Oak to the County is in the public interest and meets the Commission's ratepayer indifference test.²

BACKGROUND

Pursuant to Public Utilities Code (PU Code) Section 851, the County filed Advice Letter (AL) 36-W on May 6, 2020, to request Commission approval for the purchase and acquisition of Live Oak under the terms and conditions set-forth in the September 19, 2019 Purchase Agreement entered into by the Applicants, and approved by the United States Bankruptcy Court for the Southern District of California (Court) on March 16, 2020.³ The County also requests the revocation of Live Oak's CPCN as a result of the acquisition.

Live Oak is a Class D water utility with 96 service connections and provides service to the unincorporated community of Live Oak Springs, located near the City of Boulevard in San Diego County.⁴ Live Oak's water system consists of one approved groundwater well numbered 2 (W2) with an estimated source supply capacity of 60 gallons per minute (gpm), and three 20,000 gallon water storage tanks. Live Oak's source of supply currently does not meet the requirements set-forth in the California Code of Regulations (CCR) Section 64554 (c) requiring community water systems to have two approved active water sources. The County, as part of its purchase and acquisition request, plans to add the secondary well and replace two of the existing water storage tanks with added storage capacity, as further discussed in this Resolution.

Pursuant to the California Safe Drinking Water Act, San Diego's County Department of Environmental Health (DEH) is the designated Local Primacy Agency (LPA) with delegated authority from the State Water Resources Control Board (SWRCB) to regulate

² Under the ratepayer indifference test, any sale of a public utility should not have any net consequences that cause the ratepayer to prefer the seller to the buyer.

³ U.S. Bankruptcy Court's March 16, 2020, Order on Motion for Order approving sale of water company and related assets free and clear of liens, claims, interests, and encumbrances pursuant to 11 U.S.C Section 363 (F) in Bankruptcy Case No. 13-11672-LT11.

⁴ As defined in General Order 96-B Water Industry Rules Section 1.2., Class B, C, and D, investor-owned water utilities serve 2,001 through 10,000, 501 through 2,000, and less than 500 service connections, respectively.

Live Oak's compliance with water quality standards and regulations.⁵ The Commission therefore has shared water quality regulatory authority over small investor-owned water utilities (with less than 200 connections) with the pertinent LPAs.

Since 2014 Live Oak has been operating under the control of the Court-appointed Trustee, following the Commission's investigation into Live Oak and its various affiliated entities' financial transaction dealings with the collateralization of a loan by Live Oak Holdings, LCC for \$1.5 million using utility real property as collateral.⁶ The Commission through its investigation also sought the appointment of a receiver in the Superior Court of San Diego County due to a number of utility violations and unresponsiveness to Commission and DEH corrective action orders, including the falsification of lab reports. On December 3, 2013, Live Oak Holding, LLC filed a petition under chapter 11 of the Bankruptcy Code and on January 30, 2014, the Court appointed the Trustee.⁷ The Commission dismissed its request for a receiver after the Court appointed the Trustee and it was clear that the Court would assume control over Live Oak during the period of bankruptcy.

On September 19, 2019, the Applicants entered into a Purchase Agreement. On March 16, 2020, the Court approved the Purchase Agreement and sale of Live Oak and related assets free and clear of liens, claims, interests, and encumbrances pursuant to 11 U.S.C Section 363 (F) in Bankruptcy Case No. 13-11672-LT11, subject to the Commission's regulatory approval.⁸ The Court found that the agreed upon purchase price of \$150,000 was fair and reasonable based on the Trustee's extensive marketing effort for the sale of Live Oak over a three-year period. The Trustee marketed the sale of Live Oak to over

⁵ County environmental health departments in California, also known as Local Primacy Agencies (LPAs), have delegated authority to regulate Public Water Systems within their jurisdiction that have less than 200 service connections.

⁶ Investigation 12-08-004 into the operations and practice of Live Oak Springs Water and Power Company and PU Code Section 855.

⁷ On January 30, 2014, Mr. Kipperman from Corporate Management Incorporated was appointed by the United States Bankruptcy Court as the Trustee in Bankruptcy Case No. 13-11672-LT11.

⁸ Pursuant to Section 363 (F) of the Bankruptcy Code, the Trustee is authorized to sell, subject to any regulatory approval required under applicable state law, the Assets [Live Oak] and transfer the estate's interest in the Assets to the County free and clear of any and all liens, claims, encumbrances and other interests objected to the sale and because the Section 363(F) are satisfied (March 16, 2020 Court Modified Order, finding No. 8).

100,000 water utility professionals and to the local water utilities most likely to acquire the water utility. The Trustee also held a noticed auction for the utility which resulted in one offer at the current sale price of \$150,000. The Court determined that additional marketing or another auction would likely not result in any additional or higher offers; instead, it would increase administrative expense, further diminish the proceeds of the sale, and unnecessarily delay the closing of the Bankruptcy Case.

Under the terms of the Purchase Agreement, the County will purchase for \$150,000 Live Oak's real property (parcels specifically identified by County by existing APN) and all assets owned by Live Oak and/or the Trustee of Live Oak Holding, LLC (Debtor) necessary for providing water utility service. The water utility assets would be purchased in "As Is" condition and would include, but is not limited to, any and all machinery, equipment, materials, fixtures, storage units, vehicles, tools, books and records, and information necessary to continue providing uninterrupted service to Live Oak customers.

Since November of 2019, the County began operating Live Oak under an operating agreement entered into by the Applicants and approved by the Court. Since the County took over Live Oak's system operations, it has made several system repairs and addressed a number of deficiencies identified in the DEH's May 24, 2019 report. Furthermore, the County plans to make significant improvements to Live Oak's water distribution system following the Commission's approval of the acquisition, which includes the addition of a secondary well and replacing two existing storage tanks with larger capacity steel-bolted tanks. The County's Board of Supervisors has also allocated \$2.70 million dollars for the purchase and needed system improvements of Live Oak. A more detailed list of the County's planned system improvements is provided in Appendix A.

Live Oak was granted a CPCN to acquire ownership of and assume water utility service to the customers of Live Oak Springs by D. 23365, dated December 15, 1936.

Live Oak's last general rate increase was approved on April 7, 2016, pursuant to Resolution W-5086, which authorized an increase of \$37,468, or 44.05% for Test Year 2016, and a rate of return of 10.80%.

NOTICE AND PROTEST

AL 36-W was served in accordance with General Order 96-B, on May 6, 2020, to adjacent utilities and persons on the general service list. A customer notice was also mailed to each customer of Live Oak on May 6, 2020.

One customer protest was received on the County's acquisition request and the County provided a response. The customer does not oppose the County's acquisition of Live Oak but believes that they should be charged a lower monthly flat rate for water service that is comparable to what customers of Jacumba Water District charges.

The County in its reply indicates that it is currently reviewing the customers' water usage and cost data to determine a proposed rate, which will be based on Live Oak's annual operational and maintenance costs. Furthermore, the County does not intend to recover through the rates it will charge Live Oak's customers the capital improvements it plans to make to the water system. The County also indicates that later this year the County Board of Supervisors will hold a public hearing prior to approving a fee ordinance for setting the rates, and Live Oak's customers will receive a notice of the hearing and be provided an opportunity for their input before the Board of Supervisors' vote on the proposed ordinance.

DISCUSSION

Proposed transfers or encumbrances of utility property are reviewed under PU Code Sections 851-854, which prohibit the sale or transfer of control of a public utility without the advance approval of this Commission. Review and approval of the Applicants' request for the sale and purchase of Live Oak may be obtained through the AL process, since the transaction is valued at less than five million (\$5,000,000), is non-controversial, and does not require environmental review by the Commission as the Lead Agency under the California Environmental Quality Act (CEQA).⁹ That process was established in Resolution ALJ-186 and extended and modified by Resolutions ALJ-202, ALJ-244, and ALJ-272.

⁹ PU Code Section 851 allows transfers or encumbrance of utility property for qualified transactions valued at five million (\$5,000,000) or less to be processed through an AL filing; ALJ-244, pg. 2.

The Commission has required a test of ratepayer indifference for evaluating sales and purchases of water utilities and for the buyer to demonstrate that the acquisition of the public utility yields a tangible benefit to the ratepayer.¹⁰ Using the ratepayer indifference test to evaluate the acquisition of Live Oak, the Commission evaluates the following key metrics: (1) service quality; (2) continuity of service; and (3) the impact of the purchase price on rate base.

The Water Division therefore applied this standard in its evaluation of the Applicants' request for the sale and purchase of Live Oak as discussed below.

Service Quality and Continuity of Service

The Purchase Agreement provides for an orderly transition of Live Oak's utility operations and service continuity. Since November of 2019, the County has been operating Live Oak's water system following the Court's approved operating agreement between the Applicants.¹¹ After the County took over the water utility system operations, it began addressing a number of on-going deficiencies and violations identified in DEH's May 24, 2019 report. These violations included lack of a secondary well, violation of operating standards, insufficient operator certification and recordkeeping requirements, non-compliance with water testing and treatment system maintenance requirements; and an unauthorized cross-connection between Live Oak's water system and a well not approved for potable water use. The County also mobilized personnel to address necessary system repairs.

Following the Commission approval of the sale and purchase of Live Oak, the County plans to make significant improvements to Live Oak's water distribution system. The County plans to: 1) add the required secondary well; 2) replace two existing storage tanks with larger capacity steel-bolted tanks; 3) install a Supervisory Control and Data Acquisition (SCADA) system to remotely monitor and control the distribution system; and 4) upgrade the electrical system and install an emergency generator system to ensure uninterrupted water supply and accommodate the second water well and pump stations. The County's Board of Supervisors has allocated \$2.70 million dollars for the purchase and planned system improvements of Live Oak. A complete list of the planned system improvement is included in Appendix A.

¹⁰ See D.05-04-047 at 9-11; D.04-01-066 at 8-11; and D.01-09-057 at 26-28.

¹¹ The San Diego County's Department of Public Works is currently responsible for Live Oak's water system operations.

Furthermore, the County possesses the technical, managerial, and financial resources to continue operating Live Oak water system with no disruption. Live Oak customers will therefore benefit from the County's acquisition of Live Oak since the County will ensure customers continue to receive safe and reliable water service. The County's planned system improvements should also improve the system's reliability and quality of water utility service.

Impact of the Purchase Price on Rate Base

The County's process and methodology for setting rates differs from the Commission's process. The County's rate setting methodology does not use an established rate base amount to set the rates for water service. Therefore the evaluation of the purchase price on rate base does apply in this case and does not have a material impact on rate base and rates. More detail on the County's rate setting process is provided below.

The County's rate setting process involves conducting a preliminary rate study, the formation of a County Service Area (CSA), and the approval of a County ordinance to set rates. The County indicates that it has completed its preliminary rate study for Live Oak, and based on the information gathered on the customers' water usage it has determined that most of Live Oak's operating expenses are fixed. The County therefore anticipates charging customers a flat rate for water service that is aligned with the current average rates being paid by customers for their water service.

The County plans on gathering three years of customer water usage data and at that time it will reassess Live Oak's rates and adjust them accordingly. The County however indicates that it does not intend to recover through rates the significant capital improvements it plans to make, and only intends to recover through rates the utility's operational and maintenance costs.

The County has begun the process for the formation of a CSA. The CSA is the mechanism the County will use to provide water service to Live Oak's customers. In March of 2020, the County's Board of Supervisors initiated the CSA formation process by approving a Resolution of Application to the San Diego Local Agency Formation Commission (LAFCO). After it receives LAFCO's approval of the CSA, the County will hold public hearings to allow Live Oak's customers an opportunity to provide their input before adopting the ordinance to set rates. Notice of the public hearings will be provided to Live Oak's customers. While this process is underway, the County will continue to charge Live Oak's customers the rates authorized by Commission Res. W-5086, until the rate setting process is completed.

The Water Division therefore finds the sale and purchase of Live Oak to the County meets the Commission's ratepayer indifference test, to be reasonable, and in the public interest. In addition, the County's technical, managerial, and financial capabilities will provide a substantial benefit to Live Oak's customers. The County's planned system improvements should also improve Live Oak's system reliability and quality of water utility service. The purchase and acquisition of Live Oak by the County will relieve Live Oak of its duty to provide public utility water service to the customers of Live Oak, and Live Oak's CPCN should be revoked after the sale transaction closes and the required water supply operating permit is obtained by the County.

Californian Environmental Quality Act (CEQA) Review

CEQA review is not required for the approval of the sale and purchase of Live Oak. CEQA applies to a "project" or action "which has a potential for resulting in either a direct physical change in the environment, or a reasonable foreseeable indirect physical change...[and involves] the issuance to a person of a lease, permit, license, certificate, or entitlement for use by one or more public agencies."¹² Pursuant to our review, we have determined that CEQA does not apply as this advice letter filing involves only a transfer of ownership of the existing water facilities and no new construction or changes in source of water supply. There is no evidence of any other changes in the operation of Live Oak. Accordingly, approval of this advice letter is not a CEQA project and there is no possibility that the transaction may have any significant effect on the environment.¹³ As such, the approval of AL 36-W is exempt from CEQA.

Conclusion

Pursuant to PU Code Sections 851-854 and Resolution ALJ-272, we find that the sale and purchase of Live Oak to the County to be in the public interest and does not warrant a more comprehensive review than would be provided through a formal PU Code Section 851 application. This sale is approved. The sale of Live Oak will relieve Live

¹² CEQA Guidelines, CALIFORNIA CODE OF REGULATIONS TITLE 14, Sections 15378(a) (2003)

¹³ CEQA Guidelines, California Code of Regulations, Title 14, Section 15061(b)(3) ("A project is exempt from CEQA if...it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment...").

Oak of its duty to provide water service to the Live Oak Springs customers, and Live Oak's CPCN should be revoked.

Permit Requirement

Pursuant to the provisions of California Health and Safety Code (CH&S) Section 116525(a), the SWRCB requires any person or entity operating a public water system to obtain a domestic water supply permit (permit) to operate that water system. In this instance, the County's DEH, as the Local Primacy Agency, is responsible for the issuance of the permit.¹⁴ The County has begun the permit application process and is pending the Commission's approval of its purchase and acquisition request. Accordingly, the transfer of operations of Live Oak's water system to the County should be conditioned on the County obtaining the required permit to permanently operate the water system under the new ownership.

COMPLIANCE

Live Oak has no outstanding compliance orders and has been filing annual reports as required. Live Oak is in compliance with SWRCB's Division of Drinking Water applicable water quality standards and regulations for safe drinking water.

UTILITY SAFETY

As noted in the Compliance section of this Resolution, Live Oak is in compliance with the SWRCB's water quality standards for safe drinking water. There are no other safety issues.

COMMENTS

Public Utilities Code section 311 (g)(1), provides that resolutions generally must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission.

¹⁴ Pursuant to CH&S Code Section 11630, the permitting authority is delegated to the local health department for community water systems with less than 200 service connections.

Accordingly, the draft resolution was mailed to the service list, protestants, and made available for public comment on July 3, 2020

FINDINGS

1. By Advice Letter (AL) 36-W filed on May 6, 2020, County of San Diego (County) requests approval for the purchase and acquisition of Live Oak Springs Water Company (Live Oak) per the September 19, 2019 Agreement for Purchase and Sale (Purchase Agreement) entered into by County and Richard Kipperman (Chapter 11 trustee of Live Oak Holding, LLC (Trustee)). The County also requests the revocation of Live Oak's Certificate of Public Convenience and Necessity (CPCN) as a result of the acquisition.
2. Live Oak was granted a CPCN to acquire ownership of and assume water utility service to the customers of Live Oak Springs by D. 23365, dated December 15, 1936.
3. Live Oak is a Class D water utility with 96 service connections and provides service to the unincorporated community of Live Oak Springs, located near the City of Boulevard in San Diego County.
4. Since 2014 Live Oak has been operating under the control of an appointed Trustee by the United States Bankruptcy Court for the Southern District of California (Court) per Bankruptcy Case No. 13-11672-LT11.
5. Since November of 2019 the County has been operating Live Oak under an operating agreement entered into by the County and Trustee (Applicants) and approved by the Court.
6. On March 16, 2020, the Court approved the Purchase Agreement and sale of Live Oak clear of liens, claims, interests, and encumbrances pursuant to 11 U.S.C Section 363 (F) in Bankruptcy Case No. 13-11672-LT11, subject to the Commission's regulatory approval.
7. Under the terms of the Purchase Agreement, the County will purchase for \$150,000 Live Oak's real property (parcels specifically identified by County by existing APN) and all assets owned by Live Oak and/or the Trustee of Live Oak Holding, LLC (Debtor) necessary for providing water utility service.

8. The Court found that agreed upon purchase price of \$150,000 as fair and reasonable based on the Trustee's extensive marketing effort for the sale of Live Oak over a three-year period.
9. In accordance with General Order 96-B, on May 6, 2020, AL 36-W was served on adjacent utilities, the service list, parties of record in a related proceeding, and persons with a specific interest in the AL.
10. A customer notice was mailed to each customer of Live Oak on May 6, 2020. One customer letter was filed on AL 36-W and the County provided a response.
11. The sale and purchase of Live Oak to the County meets the ratepayer indifference test, is reasonable, is in the public interest, and provides a tangible benefit for the residents of Live Oak Springs.
12. Live Oak's customers will substantially benefit from the County's technical, managerial, and financial resources.
13. The County's planned system improvements will improve Live Oak's water distribution system reliability and quality of water utility service.
14. The Purchase Agreement provides for an orderly transition of Live Oak's utility operations and service continuity.
15. The County's rate setting methodology does not use an established rate base amount to set rates, and therefore the purchase price for Live Oak does not have a material impact on rate base and rates.
16. The County's rate setting process involves conducting a preliminary rate study, the formation of a County Service Area (CSA), and the approval of a County ordinance to set rates.
17. The County will continue to charge Live Oak's customers the rates authorized by Commission Res. W-5086 until its rate setting process is completed and the County Board of Supervisors adopts a fee ordinance to set the rates for Live Oak.
18. The County does not intend to recover through rates the capital improvements it plans to make to Live Oak's water system.

19. The California Environmental Quality Act (CEQA) does not apply as this Advice Letter only involves a change in control and operation of existing water facilities, and no new construction or changes in the source of water supply are being proposed.
20. There is no project under CEQA and there is no possibility that the transaction may have any significant effect on the environment. The approval of AL 36-W is exempt from CEQA.
21. Live Oak has no outstanding compliance orders and the utility has been filing annual reports as required.
22. The transfer of operations of Live Oak's water system to the County should be conditioned on the County obtaining the domestic water supply permit required by the State Water Resources Control Board to operate the water system under the new ownership.
23. Pursuant to Public Utilities Code Sections 851-854, the sale of Live Oak to the County is in the public interest and should be approved.
24. The sale of Live Oak will relieve Live Oak of its duty to provide regulated water service to the customers of Live Oak Springs and Live Oak's Certificate of Public Convenience and Necessity should be revoked after the sale transaction closes and the County receives the required domestic water supply permit.

THEREFORE IT IS ORDERED THAT:

1. Pursuant to Public Utilities Code Sections 851-854 and Resolution ALJ-272, this Resolution approves the purchase and acquisition of Live Oak Springs Water Company by the County of San Diego, under the terms and conditions set-forth in the September 19, 2019 Agreement for Purchase and Sale, entered into by County and Richard Kipperman (Chapter 11 trustee of Live Oak Holding, LLC).
2. Within five (5) days of closing of the purchase and sale transaction of Live Oak Springs Water Company, the County of San Diego shall notify the Commission of the date the transaction closes by sending a letter to the Water Division.
3. The permanent transfer of the operations of Live Oak Springs Water Company's by County of San Diego is conditioned on County of San Diego obtaining the required domestic water supply permit by the State Water Resources Control Board to operate the water system under the new ownership. Within five (5) days of receipt of the domestic water supply permit, the County of San Diego shall notify the Water Division.
4. Live Oak Springs Water Company shall be relieved of its public utility obligation effective on the closing of the sale transaction and receipt of the required domestic water supply permit by the County of San Diego; Live Oak Springs Water Company's Certificate of Public Convenience and Necessity shall be revoked at that time.
5. The presently effective tariffs of Live Oak Springs Water Company shall be cancelled effective the date the purchase and sale transaction of Live Oak Springs Water Company closes.

This resolution is effective today.

I certify that the forgoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 6, 2020; the following Commissioners voting favorably thereon:

ALICE STEBBINS
Executive Director

PROPOSED RESOLUTION

Resolution W-XX
WD

date, 2020

APPENDIX A

Live Oak Springs Water Company
Advice Letter 36-W

Improvements Planned by the County of San Diego

1. Construction of a secondary well, including adding piping and system connections to the water distribution system (distribution system).
2. Replace two existing horizontal storage tanks with larger capacity steel-bolted tanks that comply with American Water Works Association standards.
3. Replace existing distribution system components, including piping, valves and water meters.
4. Install isolation valves throughout distribution system;
5. Install a Supervisory Control and Data Acquisition (SCADA) system to remotely monitor and control distribution system, including tank levels, pressure, chemical feed system, power levels, and communication system.
6. Upgrade the electrical system and install emergency generator system to ensure uninterrupted water supply and accommodate future well and pump station needs.
7. Replace and/or install various on- and off-site improvements, including lights, access road, and fire hydrants.
8. Improve fire flow pumps and pump house to meet fire flow demands.
9. Construct an office/storage facility.
10. Replace the primary well, if deemed necessary following video inspection.

All planned improvements are subject to approval of funding by the San Diego County's Board of Supervisors, or State or Federal grant funds.

END OF APPENDIX A

CERTIFICATE OF SERVICE

I certify that I have by either electronic mail or postal mail, this day, served a true copy of Proposed Resolution No. W-5227 on all parties in these filings or their attorneys as shown on the attached lists.

Dated July 3, 2020 at San Francisco, California.

/s/LEVI GOLDMAN

Levi Goldman

Parties should notify the Division of Water, Third Floor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on which your name appears.

**Advice Letter No. 36-W
Service List**

U.S. MAIL SERVICE

American Express
PO Box 0001
Los Angeles, CA 90096-8000

American Express Bank FSB
c/o Becket and Lee LLP
POB 3001
Malvern PA 19355-0701

Baker Corporation
1726 Don Lee Place
Escondido, CA 92029-1136

California American Water Company
4701 Beloit Drive
Sacramento, CA 95838

Clairemont Equipment
7651 Ronson Road
San Diego, CA 92111-1511

Citibank
PO Box 790034
St. Louis, MO 63179-0034

City National Bank
937 Lomas Santa Fe Drive
Solana Beach, CA 92075-1544

Dun & Bradstreet
Attn: Lynne Roberts, 2nd Floor
3501 Corporate Parkway
PO Box 520
Center Valley, PA 18034-0520

Dudek Engineering & Environmental
605 Third Street
Encinitas, CA 92024-3513

Frank B & Associates
134 Davis Street
Santa Paula, CA 93060-2730

Fry's Electronics
PO Box 760
Draper, UT 84020-0760

GE Capital Retail Bank
c/o Recovery Mgmt. Systems Corp
25 SE 2nd Ave Suite 1120
Miami FL 33131-1605

Home Depot
PO Box 183175
Columbus, OH 43218-3175

Live Oak Springs Market
37820 Old Highway 80
Boulevard, CA 91905-9542

Lowe's/GECRB
PO Box 530914
Atlanta, GA 30353-0914

Lowe's Business/GECRB
PO Box 530970
Atlanta, GA 30353-0970

Nationstar Mortgage LLC
PO Box 619096
Dallas, TX 75261-9096

Nazar Najor
Daniel Najor
Lauren Najor
PO Box 1241
Boulevard, CA 91905-0341

Rocky Vandergriff
PO Box 815
Seeley, CA 92273-0815

Staples Credit Plan
PO Box 689020
Des Moines, IA 50368-9020

USA Blue Book
PO Box 9004
Gurnee, IL 60031-9004

US Bank Credit
2955 Alpine Blvd.
Alpine, CA 91901-2392

United States Trustee
Office of the U.S. Trustee
880 Front Street, Suite 3230
San Diego, CA 92101

Wells Fargo
PO Box 54349
Los Angeles, CA 90054-0349

CA Employment Dev. Dept.
Lien Group, MIC 92G
PO Box 826880
Sacramento, CA 94280-0001

CA Tax and Fee Admin. Dept.
Account Info. Group, MIC 29
P.O. Box 942879
Sacramento, CA 94279-0001

CA Franchise Tax Board
Bankruptcy Section MS A340
P.O. BOX 2952
Sacramento, CA 95812-2952

CA Div. of Labor Stds. Enforcement
1550 West Main St.
El Centro, CA 92243-2105

CA Div. of Labor Stds. Enforcement
7575 Metropolitan Drive, Suite 210
San Diego, CA 92108-4424

U S Sec. and Exchange Commission
Los Angeles Regional Office
444 South Flower Street 9th Floor
Los Angeles, CA 90071-2934

Internal Revenue Service
PO Box 7317
Philadelphia, PA 19101-7317

IRS-Insolvency Division
P.O. Box 7346
Philadelphia, PA 19101-7346

Internal Revenue Service
PO Box 37900
Hartford, CT 06176-7900

EMAIL SERVICE

Richard M. Kipperman
Corporate Management
rmk@corpmgt.com

Kristin T. Mihelic
Office of the U.S. Trustee
Kristin.t.mihelic@usdoj.gov

Abigail V. O'Brient
Mintz Levin Cohn Ferris Glovsky
and Popeo, P.C.
avobrient@mintz.com

Kathryn M.S. Catherwood
Gordon Rees Scully Mansukhani, LLP
kcatherwood@grsm.com

Kimberly M. Niemeyer
State Water Resources Control Board
Division of Drinking Water
Kim.Niemeyer@waterboards.ca.gov

Nazar Najor
Nazar@liveoaksprings.com

Ernie Zachary Park
for DS Del Mar Heights, LLC
Ernie.Park@bewleylaw.com

Todd S. Garan
Aldrich Pite, LLP
tgaran@aldridgepite.com

Dennis J. Wickham
Seltzer Caplan McMahon Vitek
wickham@scmv.com

Ocwen Loan Servicing, LLC
c/o Law Offices of Les Zieve
lzieve@zbslaw.com

Watkins Firm
9915 Mira Mesa Blvd, Suite 130
San Diego, CA 92131

Kristin A. Zilberstein
Padgett Law Group
Kris.Zilberstein@Padgettlawgroup.com

Susan C. Stevenson
Pyle Sims Duncan & Stevenson
sstevenson@psdslaw.com

Ronald F Woods
Ronald F. Woods & Associates
ron@rfwoodslaw.com

Cate Legal Group
info@catelaw.com

Jennifer C. Wong
McCarthy & Holthus, LLP
jwong@mccarthyholthus.com