

Application No. _____

Exhibit No. SG-9

Witness _____

Date _____

SAN GABRIEL VALLEY WATER COMPANY

DIRECT TESTIMONY OF

CRISTOPHER I. FEALY

January 2025

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**DIRECT TESTIMONY OF
CRISTOPHER I. FEALY**

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I. Introduction and Qualifications

Q. PLEASE STATE YOUR NAME, EMPLOYER, AND TITLE.

A. My name is Cristopher I. Fealy and I am the Director of Water Resources for San Gabriel Valley Water Company (“San Gabriel” or “Company”).

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I have a Bachelor of Science degree in Civil Engineering from California State Polytechnic University, Pomona. I am a registered civil engineer in the State of California and maintain Grade 4 Water Distribution Operator and Grade 3 Water Treatment Operator certifications from the California State Water Resources Control Board. I have worked for San Gabriel since 2011, holding the positions of Draftsman, Inspector, Field Engineer, and Water Resources Manager. As Director of Water Resources, I am primarily responsible for overseeing the Water Resources, Water Quality and Conservation departments of the Company’s Los Angeles County (“LAC”) and Fontana Water Company (“FWC”) divisions.

My professional work experience has been in water resource planning, engineering, construction and water utility management. I represent the Company on multiple local and regional forums across both divisions including the Chino Basin Watermaster, Rialto Basin Groundwater Council, San Bernardino Valley Municipal Water District, Inland Empire Utilities Agency, Main San Gabriel Basin Watermaster, Central Basin Water Association, Central Basin Municipal Water District, San Gabriel Valley Protective Association, and Upper San Gabriel Valley Municipal Water District (“Upper District”).

1 **II. Purpose and Scope of Testimony**

2 **Q. WHAT IS THE PURPOSE AND SCOPE OF YOUR TESTIMONY IN THIS**
3 **PROCEEDING?**

4 A. The purpose of my testimony is to provide evidence supporting the following areas of San
5 Gabriel’s general rate case (“GRC”) application:

- 6 1. Urban Water Management Plans for the LAC and FWC divisions;
- 7 2. Water supply mix;
- 8 3. Compliance with applicable water quality standards; and
- 9 4. Water conservation and proposed conservation program budgets.

10 **III. Urban Water Management Plans**

11 **Q. HAS SAN GABRIEL PREPARED AND ADOPTED ITS 2020 URBAN WATER**
12 **MANAGEMENT PLANS FOR ITS LAC AND FWC DIVISIONS?**

13 A. Yes. San Gabriel’s 2020 Urban Water Management Plans (“UWMPs”) for its LAC and
14 FWC divisions were adopted by the Company on July 1, 2021, and are included as
15 **ATTACHMENTS A and B** to this prepared testimony. San Gabriel’s UWMPs and
16 appendices are also available on the Company’s website for the LAC division at
17 www.sgvwater.com, or by accessing the links: [https://www.sgvwater.com/wp-](https://www.sgvwater.com/wp-content/uploads/2021/07/FINAL-San-Gabriel-Valley-Water-Company-2020-UWMP.pdf)
18 [content/uploads/2021/07/FINAL-San-Gabriel-Valley-](https://www.sgvwater.com/wp-content/uploads/2021/07/FINAL-San-Gabriel-Valley-Water-Company-2020-UWMP.pdf)
19 [Water-Company-2020-UWMP.pdf](https://www.sgvwater.com/wp-content/uploads/2021/07/FINAL-San-Gabriel-Valley-Water-Company-2020-UWMP.pdf)
20 and [https://www.sgvwater.com/wp-content/uploads/2021/07/FINAL-San-Gabriel-Valley-](https://www.sgvwater.com/wp-content/uploads/2021/07/FINAL-San-Gabriel-Valley-Water-Company-2020-UWMP-Appendices.pdf)
21 [Water-Company-2020-UWMP-Appendices.pdf](https://www.sgvwater.com/wp-content/uploads/2021/07/FINAL-San-Gabriel-Valley-Water-Company-2020-UWMP-Appendices.pdf) and for the FWC division at
22 www.fontanawater.com, or by accessing the link:

23 [https://www.fontanawater.com/wp-content/uploads/2021/10/FWC-2020-UWMP-June-](https://www.fontanawater.com/wp-content/uploads/2021/10/FWC-2020-UWMP-June-2021-Final.pdf)
24 [2021-Final.pdf](https://www.fontanawater.com/wp-content/uploads/2021/10/FWC-2020-UWMP-June-2021-Final.pdf)

25 The UWMPs are state-mandated plans that require urban water suppliers that provide water
26 for municipal purposes either directly or indirectly to more than 3,000 customers (or supply
27 more than 3,000 acre-feet (“AF”) of water annually) to prepare comprehensive information
28 covering a broad range of topics related to water resources management and planning,
29 including historic, current and forecasted supply and demand data over a 25-year period
30 from 2020 through 2045.

1 **Q. HAS THE CALIFORNIA DEPARTMENT OF WATER RESOURCES REVIEWED**
2 **AND APPROVED SAN GABRIEL’S 2020 URBAN WATER MANAGEMENT**
3 **PLANS?**

4 A. Yes. The California Department of Water Resources (“DWR”) issued letters to San
5 Gabriel dated October 22, 2021, confirming that all plan requirements for both divisions
6 were met. A copy of the approval letters are included with San Gabriel’s LAC and FWC
7 UWMPs in **ATTACHMENTS A and B** to this prepared testimony.

8 **Q. WHEN WILL SAN GABRIEL COMPLETE ITS NEXT URBAN WATER**
9 **MANAGEMENT PLANS FOR THE LAC AND FWC DIVISIONS?**

10 A. Per California Water Code §10621(a), each urban water supplier must update its UWMP
11 at least once every five years (in years ending in six and one) on or before July 1,
12 incorporating updated and new information since the last UWMP. San Gabriel adopted
13 and submitted its 2020 UWMPs for each division to DWR on July 1, 2021. San Gabriel
14 will begin efforts to prepare its 2025 UWMPs in mid to late 2025, and expects to complete
15 and adopt the updated plans on or before their due date of July 1, 2026.

16 **IV. Water Supply Mix**

17 **1. Los Angeles County Division**

18 **Q. PLEASE DESCRIBE THE LAC DIVISION’S WATER SUPPLIES.**

19 A. The LAC division’s main source of water supply is groundwater produced from two
20 adjudicated groundwater basins; the Main San Gabriel Basin (“Main Basin”) and Central
21 Basin. On average, groundwater accounts for 94% of the LAC division’s total water
22 supply. Less than 1% is purchased treated imported water, and the remaining 4% is
23 recycled water used for landscape irrigation.

24
25 A thorough discussion of the LAC division’s water supplies is included in Chapter 6 of the
26 Company’s LAC division adopted 2020 UWMP, provided as **ATTACHMENT A** and
27 available at <https://www.sgvwater.com/wp-content/uploads/2021/07/FINAL-San-Gabriel-Valley-Water-Company-2020-UWMP.pdf>.

28
29

1 **Q. PLEASE DESCRIBE FURTHER SAN GABRIEL’S LAC DIVISION**
2 **GROUNDWATER SUPPLY AND QUANTITIES DELIVERED TO CUSTOMERS.**

3 A. The LAC division produces groundwater from adjudicated groundwater basins under two
4 separate judgments (“Judgment”) with continuing jurisdiction and oversight from the
5 Superior Court of the State of California for the County of Los Angeles. The Main Basin
6 and Central Basin are under the authority of court-appointed Watermaster that manage and
7 control the withdrawal and replenishment of each basin’s water supplies under specific
8 rules and regulations. Each Watermaster administers the allocation of water under
9 established water rights pursuant to the respective Judgment and adopts and collects
10 assessments and secures supplemental water for groundwater replenishment.

11
12 Deliveries of groundwater for each source with its respective capacity beginning in 2018
13 through 2023 are included as **ATTACHMENT C** to this testimony.

14 **Q. PLEASE DESCRIBE FURTHER SAN GABRIEL’S LAC DIVISION IMPORTED**
15 **TREATED WATER PURCHASES AND QUANTITIES DELIVERED TO**
16 **CUSTOMERS.**

17 A. San Gabriel purchases imported treated surface water from Metropolitan Water District of
18 Southern California (“MWD”) through Central Basin Municipal Water District
19 (“CBMWD”) for its south Montebello 2 system (PWSID NO. 1910117 – south system),
20 connection CEN-B-22. Additionally, San Gabriel also has CEN-B-24 and CEN-B-40
21 connections as backup supply sources for the north Montebello system (PWSID NO’s.
22 1910189 and 1910117 - north system) which is isolated from the south system. The CEN-
23 B-24 and CEN-B-40 connections are normally closed and only used in emergencies.

24
25 An explanation of costs for imported treated water purchased is detailed below in Table 1.
26 Deliveries of treated imported water purchases beginning in 2023 are shown in
27 **ATTACHMENT C** to this testimony.

28 **Q. PLEASE DESCRIBE FURTHER SAN GABRIEL’S LAC DIVISION RECYCLED**
29 **WATER SERVICE AND QUANTITIES DELIVERED TO CUSTOMERS.**

1 A. San Gabriel provides non-potable recycled water to its customers who can utilize it for
2 landscape irrigation, thereby reducing the demand for higher cost potable drinking water
3 supplies from local groundwater sources or purchased imported water. San Gabriel works
4 closely with the local MWD member agencies; Upper District and CBMWD, to purchase
5 and deliver high quality recycled water to customers within the LAC division service area
6 and that are within reach of the existing recycled water distribution system.

7
8 The recycled water received by San Gabriel is treated by the County Sanitation Districts of
9 Los Angeles County, which operates two wastewater reclamation plants within San
10 Gabriel’s LAC division service area; the San Jose Water Reclamation Plant and the
11 Whittier Narrows Water Reclamation Plant.

12
13 San Gabriel provides recycled water service to the City of Montebello’s Grant Rea Park,
14 Jose Munoz Nursery and Los Angeles County Department of Parks and Recreation
15 (Whittier Narrows Recreational Park and Golf Course) pursuant to California Public
16 Utilities Commission (“CPUC”) approved contracts, which are listed in the Schedule of
17 Contracts and Deviations in the Company’s tariffs. All other recycled water customers
18 receive recycled water under tariff schedule LA-6.

19
20 A schedule of deliveries of recycled water beginning in 2018 through 2023 are included as
21 **ATTACHMENT C** to this testimony.

22 **Q. PLEASE DESCRIBE THE GROUNDWATER PUMPING ASSESSMENTS,**
23 **TREATED IMPORTED WATER COSTS AND REPLACEMENT WATER COSTS**
24 **IN MAIN AND CENTRAL BASINS.**

25 A. The Main Basin Watermaster adopts groundwater pumping assessments each year. The
26 annual cost of a Producer’s assessment is calculated by multiplying the applicable
27 assessment by the Producer’s total fiscal year production from the Main Basin, on a per
28 AF basis. Replacement Water Assessments are charged on all production that exceeds a
29 Producer’s fiscal year total Production Right which includes the producer’s share of the

1 Operating Safe Yield, available carry-over water rights¹, available water from Cyclic
2 Storage, and leases of surplus water rights from other parties.

3
4 Producers like San Gabriel that expect to pump beyond their Production Right to meet
5 system demands reduce their Replacement Water Assessment costs by leasing surplus
6 available water rights from other water right holders in the Main Basin or by pre-
7 purchasing imported water and storing it in the producer’s Individual Cyclic Storage
8 Account, as a hedge against future Replacement Water cost increases.

9
10 As explained by Mr. Zvirbulis in direct testimony, **EXHIBIT SG-8**, San Gabriel has a
11 long-established record of leasing groundwater rights from other Main Basin water right
12 holders and pre-purchasing imported water for storage in its Individual Cyclic Storage
13 Account, when available, to meet future replenishment obligations. Because water in
14 Cyclic Storage is pre-purchased and stored prior to and in anticipation of future imported
15 water rate increases, San Gabriel is able to reduce the cost impact of its Replacement Water
16 obligation.

17
18 In Central Basin, the Water Replenishment District of Southern California (“WRD”)
19 adopts a Replenishment Assessment each year. The WRD assesses San Gabriel based on
20 a monthly amount of groundwater pumped on a per AF basis. San Gabriel purchases
21 treated imported surface water from MWD through CBMWD to serve the newly acquired
22 south Montebello 2 system via CBMWD’s CEN-B-22 service connection. CBMWD
23 invoices San Gabriel monthly per AF delivered plus its service connection costs.

24
25 A summary of Main Basin and Central Basin fiscal year 2024-2025 assessments and fees
26 are shown in **TABLE 1**, below:
27

¹ Water rights that are not produced in any given year and are carried forward for use the following year.

TABLE 1		
Main Basin and Central Basin 2024-2025 Assessments		
Main Basin Watermaster	Cost Per Acre-Foot	Adopted
In-Lieu Assessment	\$5.00	May-24
Administrative Assessment	\$21.00	May-24
Water Resource Development Assessment	\$175.00	May-24
Make-Up Water Assessment	\$0.00	
Other Assessments	\$0.00	
Replenishment Assessments		
Main Basin Replacement Water Assessment	\$1,115.00	May-24
Main Basin Pre-Purchase Cyclic Storage (CY 2024/2025)	\$1,006.00 & \$1,015.00	May-24
Central Basin Replenishment Assessment	\$437.00	Apr-24
MWD Commodity Rate (CY 2024/2025)	\$1,256.00 & \$1,395.00	Apr-24
Central Basin Administrative Surcharge	\$170.00	Apr-22

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Copies of Main Basin Watermaster Resolutions adopting assessments and charges, WRD’s assessment in the Central Basin, and CBMWD treated imported costs and related fees are provided in **ATTACHMENT D** to this testimony. Water source quantities and unit costs for the forecasted year 2025 and Test Year 2026-2027 for the LAC division as of the date of this testimony are shown in TABLE 5B (Water Cost Summary) in CHAPTER 5 of **EXHIBIT SG-2** (LAC Report on Operations).

Q. HAVE THERE BEEN ANY UNUSAL INCREASES OR DECREASES IN PRODUCTION FROM SAN GABRIEL’S SOURCES IN THE LAC DIVISION?

A. As explained in **EXHIBIT SG-6** (Swift), San Gabriel acquired the City of Montebello 2 water system in February 2023. The acquired system is made up of two components; the north and south systems. The north system is supplied with groundwater supplies from San Gabriel’s El Monte system and the south system water sources include; one groundwater source, temporarily out of service, and the CBMWD connection CEN-B-22. Due to elevated levels of PFAS in the groundwater well, this system currently relies entirely on treated imported water purchased from CBMWD. The acquisition added approximately 290 AF of additional customer demand to San Gabriel’s LAC division south Montebello 2 water system.

1 Additionally, until such time that new treatment facilities are constructed to remove PFAS
2 contamination (*see EXHIBIT SG-13 (Yucelen)*), treated imported water purchases will
3 continue to create operational challenges for San Gabriel, requiring more frequent flushing
4 of water lines in the south system to prevent nitrification levels from exceeding regulatory
5 limits. San Gabriel’s Nitrification Plan requires that total chlorine remain at or above 1.10
6 ppm and nitrite below 0.03 ppm. These requirements have been, and continue to be met on
7 a daily basis.

8
9 Since the last GRC, other fluctuations in production are associated with water restrictions
10 and measures resulting from the Governor’s past declaration of a drought emergency and
11 water quality impacts from newly adopted regulations. San Gabriel anticipates future
12 impacts to production in conjunction with the newly adopted regulatory framework *Make*
13 *Conservation a California Way of Life*. A more in depth discussion of both conservation
14 and water quality impacts are covered below in Sections V and VI.

15 **Q. DOES SAN GABRIEL HAVE SUFFICIENT SUPPLIES TO MEET CUSTOMER**
16 **DEMANDS AND PROJECTED CUSTOMER GROWTH IN ITS LAC DIVISION**
17 **WITH ITS CURRENT SUPPLY PORTFOLIO?**

18 A. San Gabriel is required to complete an Annual Water Supply and Demand Assessment
19 (“AWSDA”) pursuant to the requirements of the California Water Code². The AWSDA
20 requires urban water suppliers that provide over 3,000 AF of water annually or serve more
21 than 3,000 urban connections to evaluate their water supply and demand conditions,
22 identify potential water supply challenges, and review potential water shortage response
23 actions pursuant to their respective Water Shortage Contingency Plans (“WSCP”) to ensure
24 they have adequate water supply sources available to meet customer water demands.

25
26 The AWSDA is required to be submitted to DWR by July 1 of each year. San Gabriel’s
27 first report for its LAC division was completed for 2021 and for each subsequent year

² See CWC, Section 10632.1 and 10617 of the CWC for specific AWSDA requirements and due dates for each urban water supplier.

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=10632.1.&nodeTreePath=7.11.3.2&lawCode=WAT
https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=WAT§ionNum=10617

1 through 2023. Final AWSDA reports submitted to DWR on behalf of San Gabriel are
2 included as **ATTACHMENT E** to this testimony. Each report concludes that San Gabriel
3 has sufficient infrastructure and capacity to meet projected water demands. However, the
4 assessment evaluates short-term supply and water needs. The assessment does not take into
5 account redundant capacity, fire flow requirements, future water quality concerns, and
6 other conditions above our current customer needs further discussed in **EXHIBIT SG-6**
7 (Swift). Additional infrastructure, treatment and source capacity is still necessary to ensure
8 future reliability and safe drinking water to San Gabriel’s customers.

9 **2. Fontana Water Company Division**

10 **Q. PLEASE DESCRIBE THE FWC DIVISION’S WATER SUPPLIES.**

11 A. FWC primarily relies on groundwater as its most reliable source of supply produced from
12 three adjudicated groundwater basins: the Chino Basin; Rialto Basin; and Lytle Creek
13 Basin. On average, groundwater accounts for 60% of FWC’s total water supply. The
14 remaining 28% is purchased untreated imported water from either Inland Empire Utilities
15 Agency (“IEUA”) or San Bernardino Valley Municipal Water District (“Valley District”),
16 11% local surface water from Lytle Creek, and less than 1% recycled water used for
17 landscape irrigation which is also purchased from IEUA. (See **EXHIBIT SG-7** (Zeilke)
18 for additional discussion of Lytle Creek surface water supplies.)

19
20 A thorough discussion of the FWC’s water supplies is included in Chapter 6 of the
21 Company’s adopted 2020 UWMP, provided as **ATTACHMENT B** and available at
22 [https://www.fontanawater.com/wp-content/uploads/2021/10/FWC-2020-UWMP-June-](https://www.fontanawater.com/wp-content/uploads/2021/10/FWC-2020-UWMP-June-2021-Final.pdf)
23 [2021-Final.pdf](https://www.fontanawater.com/wp-content/uploads/2021/10/FWC-2020-UWMP-June-2021-Final.pdf).

24 **Q. PLEASE DESCRIBE FURTHER THE FWC DIVISION’S GROUNDWATER**
25 **SUPPLY AND QUANTITIES DELIVERED TO CUSTOMERS.**

26 A. The Chino Basin, which is governed by the 1978 Chino Basin Judgement and administered
27 by the Chino Basin Watermaster, has historically been the FWC division’s most reliable
28 source of supply. However, reliance on Chino Basin sources has become more challenging
29 due to elevated detections of nitrate and perchlorate contamination throughout the portion
30 of the basin underlying the FWC’s service area, requiring that several wells be removed

1 from service. Additionally, the Chino Basin Judgment requires that every AF of
2 groundwater extracted beyond allocated pumping rights be replenished. Replenishment
3 water costs are indexed to MWD's Tier 1 untreated rate plus delivery and spreading fees,
4 and the supply availability varies annually. In an effort to reduce replenishment water
5 costs, FWC leases surplus water rights from other water right holders in the Chino Basin
6 when available. Leasing water, or opportunities to recharge the basin with lower cost water
7 supply sources that increase the FWC division's local storage are more cost-effective than
8 purchasing MWD Tier 1 supplies for replenishment through Chino Basin Watermaster.
9 (See **EXHIBIT SG-7** (Zeilke) for additional discussion of groundwater recharge
10 opportunities.)

11
12 The Rialto Basin is governed by the 1961 Rialto Basin Decree. Parties to the Decree
13 ("Parties"), including FWC, established the Rialto Basin Groundwater Council ("Council")
14 in 2021 pursuant to the terms of a settlement agreement among the Parties and consistent
15 with the 2014 Sustainable Groundwater Management Act ("SGMA") guidelines. The
16 Council monitors and manages the Rialto Basin's groundwater resources, including the
17 replenishment activities by Valley District to ensure long term reliability and sustainability
18 in future years.

19
20 The Lytle Creek Basin is managed and governed in accordance with the 1924 Lytle Creek
21 Judgment. Despite the Lytle Creek Basin being an adjudicated basin and being excluded
22 by DWR as a basin in "critical condition of overdraft", the basin's beneficiaries have
23 recognized the importance of this water supply's reliability and sustainability. As a result,
24 coordinated management of the Lytle Creek Basin continues with Valley District and other
25 basin beneficiaries.

26
27 Deliveries of groundwater for each source with its respective capacity beginning in 2018
28 through 2023 are included as **ATTACHMENT C** to this testimony.

29 **Q. PLEASE DESCRIBE FURTHER THE FWC DIVISION'S IMPORTED WATER**
30 **PURCHASES AND QUANTITIES DELIVERED TO CUSTOMERS.**

1 A. FWC purchases untreated imported State Water Project (“SWP”) water from IEUA, a
2 member agency of MWD, through its CB-19 connection. FWC also purchases untreated
3 imported SWP water from Valley District through a separate connection. Imported water
4 from both connections is delivered to FWC’s Summit Treatment Plant for treatment prior
5 to delivery to FWC’s customers. For a more detailed explanation of FWC’s Summit
6 Treatment Plant operations, please refer to **EXHIBIT SG-6** (Swift).

7
8 Subject to availability, FWC currently has a 10,000 AF SWP allocation annually from
9 IEUA in addition to prior year unused water supply or carryover water, when available.
10 FWC’s allocation can be subject to reduction based on supply availability as determined
11 annually by DWR in coordination with MWD and other SWP Contractors. FWC’s current
12 allocation from IEUA expires on December 31, 2024. FWC has requested an increase of
13 its IEUA allocation in future years to 15,000 AF per year.

14
15 Valley District and FWC have an agreement for the delivery of up to 3,650 AF of untreated
16 imported SWP water. As an independent SWP contractor, Valley District offsets its rates
17 with property taxes imposed on parcels within its services area. Consequently, the rate
18 FWC pays for this water is less than the Tier 1 Full Service Untreated Rate charged by
19 IEUA. Additionally, FWC may take deliveries in excess of 3,650 AF from Valley District,
20 however, that water is subject to the MWD Tier 1 Full Service Untreated Rate, similar to
21 IEUA. Imported water from Valley District is also subject to reduction based on DWR’s
22 annual determination of supply availability.

23
24 An explanation of costs for untreated imported water purchases is detailed below in Table
25 2. Deliveries of untreated imported water purchases beginning in 2018 through 2023 are
26 shown in **ATTACHMENT C** to this testimony.

27 **Q. PLEASE DESCRIBE FWC DIVISION’S RECYCLED WATER SERVICE AND**
28 **QUANTITIES DELIVERED TO CUSTOMERS.**

29 A. FWC provides non-potable recycled water to its customers who are within proximity of
30 existing recycled water infrastructure for landscape irrigation and industrial processes as

1 an alternative to using higher cost potable drinking water supplies from local groundwater
2 sources or purchased treated imported water. FWC receives recycled water from IEUA’s
3 RP-4 regional wastewater treatment plant which treats wastewater originating in the City
4 of Fontana. The treatment plant produces tertiary treated recycled water in compliance with
5 State Water Resources Control Board Division of Drinking Water (“DDW”) Title 22
6 regulations.

7
8 FWC division recycled water customers include; City of Fontana parks and medians, nine
9 (9) school sites and one (1) industrial user; California Steel Industries, for cooling
10 operations. Future customers and projected usage are explained by Mr. Reiker in Section
11 IV.2 of his prepared direct testimony in **EXHIBIT SG-4** (Reiker).

12
13 Pursuant to CPUC-approved contracts listed in the Schedule of Contracts and Deviations
14 in the Company’s tariffs, the City of Fontana’s sites, the school sites, and California Steel
15 Industries currently receive special contract rates for recycled water. All other recycled
16 water customers receive recycled water under tariff schedule FO-6.

17
18 A schedule of deliveries of recycled water beginning in 2018 through 2023 are included as
19 **ATTACHMENT C** to this testimony.

20
21 **Q. PLEASE SUMMARIZE THE WATER COSTS OF THE SOURCES OF SUPPLY**
22 **UTILIZED BY THE FWC DIVISION.**

23 **A. TABLE 2** below summarizes the current costs and assessments on sources for the fiscal
24 year 2024-2025 for water supplies utilized by the FWC division:
25

TABLE 2	
FWC Division 2024-2025 Water Costs & Assessments	
Chino Basin Watermaster Production Assessments	Cost per Acre-Foot
Replenishment Assessment	\$920.00
Administrative Assessment	\$42.39
Optimum Basin Management Program Assessment	\$55.08
Appropriative Pool & 85/15 Assessment	\$15.74
Land Use Conversion Assessment	\$25.34
Desalter Replenishment Obligation	\$650.16
Inland Empire Utilities Agency Costs	Cost per Acre-Foot
Tier 1 Full Service Untreated Water Rate	\$903.00
Recycled Water Rate (Direct Delivery)	\$465.00
Recycled Water Fixed Delivery Fee	\$10,793.95/Monthly
Meter Equivalent Unit (MEU) Rate	\$1.14/Billing Unit/Month
Readiness to Serve Charge	\$68,798.36/Month
Capacity Charge	\$16,519.94/Month
San Bernardino Valley Municipal Water District	Cost per Acre-Foot
Untreated SWP Water Rate (To CEMEX)	\$125.80
Untreated SWP Water Rate (To FWC)	\$517.39
Fontana Union Water Company	Cost per Share
Fontana Union Water Company Stock Assessment	\$392.00

1
2 Copies of the resolutions and schedules showing the rates and charges are included in
3 **ATTACHMENT D** to this testimony. Forecasts of water sources and quantities, and their
4 associated unit costs as of the date of the filing of this testimony, are shown in the Water
5 Cost Summary for the forecasted year 2025 and Test Year 2026-2027 in CHAPTER 5 of
6 **EXHIBIT SG-3** (FWC Report on Operations).

7 **Q. HAVE THERE BEEN ANY UNUSAL INCREASES OR DECREASES IN**
8 **PRODUCTION FROM ANY OF THE FWC DIVISION’S SOURCES?**

9 A. FWC’s water supply portfolio is diverse and can vary dramatically depending on the
10 unpredictable hydrologic conditions in the region. FWC saw a significant increase in Lytle
11 Creek surface water production in 2023, due to above-average rainfall received during the
12 year. Lytle Creek groundwater production also increased due to elevated groundwater
13 levels in the Lytle Creek Basin. As a result, FWC was able to reduce production from its

1 higher-cost Chino Basin wells and reduce purchases of imported water from IEUA. Based
2 on hydrological and historical trends, FWC plans for extended periods of drought in the
3 coming years.

4
5 Despite higher than normal rain, groundwater levels in the Rialto Basin have continued to
6 decline to record low levels due to the lack of recharge activities and pumping of available
7 allocations of groundwater by the producers in the basin. Declining water levels have
8 resulted in FWC’s available groundwater rights being further curtailed year-over-year.
9 Combined production from Rialto Basin wells in 2023 was reduced by 2,050 AF compared
10 with 2018 production. The Rialto Basin Groundwater Council members, in conjunction
11 with Valley District and the County of San Bernardino, are cooperating in efforts to
12 increase recharge (and consequently water levels) in the Rialto Basin.

13
14 Similar to the LAC Division, other fluctuations in production since the last GRC are due
15 to the Governor’s past declaration of a drought emergency, the water restrictions and
16 measures that followed, and water quality impacts from new regulations. FWC anticipates
17 future impacts to production, especially with the newly-adopted regulatory framework
18 *Make Conservation a California Way of Life*. A more in-depth discussion of both
19 conservation and water quality impacts are covered below in Sections V and VI.

20 **Q. DOES THE FWC DIVISION HAVE SUFFICIENT SUPPLIES TO MEET**
21 **CUSTOMER DEMANDS AND PROJECTED CUSTOMER GROWTH WITH ITS**
22 **CURRENT SUPPLY PORTFOLIO?**

23 A. Like the LAC division, the FWC division is required to complete an AWSDA pursuant to
24 the requirements of the California Water Code³. The AWSDA requires that urban water
25 suppliers that provide over 3,000 AF of water annually or serve more than 3,000 urban
26 connections evaluate their water supply and demand conditions, identify potential water
27 supply challenges, and review potential water shortage response actions pursuant to their

³ See CWC, Section 10632.1 and 10617 of the CWC for specific AWSDA requirements and due dates for each urban water supplier.

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=10632.1.&nodeTreePath=7.11.3.2&lawCode=WAT
https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=WAT§ionNum=10617

1 respective WSCP to ensure they have adequate water supply sources available to meet
2 customer water demands.

3
4 The AWSDA is due to DWR by July 1 of each year. The FWC division completed its first
5 report for 2021, and has continued for each subsequent year through 2023. Final AWSDA
6 reports submitted to DWR on behalf of FWC are included as **ATTACHMENT E** to this
7 testimony. Each report concludes that the FWC division has sufficient infrastructure and
8 capacity to meet projected water demands. However, the assessment evaluates short-term
9 supply and water needs. The assessment does not take into account redundant capacity,
10 existing water quality concerns, and other conditions above our current customer needs
11 that are further discussed in **EXHIBIT SG-6** (Swift). Additional infrastructure, treatment
12 and source capacity is still necessary to ensure future reliability and safe drinking water to
13 FWC’s customers.

14
15 Despite the findings of the AWSDA reports, FWC is still mindful of its very unpredictable
16 surface water supply (*see EXHIBIT SG-7* (Zeilke)) and reduced imported
17 water/replenishment supply, especially during times of extreme drought. For example,
18 there is limited storage capacity on the SWP system to capture flash storm events, as well
19 as increasing costly aging infrastructure challenges. In 2022, FWC’s IEUA and SBVMWD
20 supplies were reduced due to allocations on the SWP that year. Future reduced allocation
21 years for imported water supplies may become more prevalent with changing climate
22 conditions affecting surface water supplies and reliability. Additionally, declining natural
23 replenishment available during times of drought concentrates pollutants and increases
24 contamination levels in the FWC division’s wells.

25 **Q. HOW IS THE FWC DIVISION INCREASING ITS SUPPLY RELIABILITY**
26 **GOING FORWARD?**

27 A. FWC’s efforts to increase supply reliability extend both locally and regionally. At the local
28 level, the FWC division is employing lower-cost efforts utilizing well packer technology
29 to address contamination in its Chino Basin wells, as explained in **EXHIBIT SG-6** (Swift).
30 Full-scale groundwater treatment will be proposed as an alternative in the event the well

1 packer devices prove to be insufficient. Additionally, the FWC division plans to equip two
2 previously drilled wells, rehabilitate one well, and drill and equip one replacement well
3 during this GRC cycle, as explained in **EXHIBIT SG-13** (Yucelen). FWC is also making
4 water quality and related improvements at its Summit Treatment Plant. As explained in
5 **EXHIBIT SG-6** (Swift), these improvements will improve water quality and add capacity
6 for the treatment of additional imported water and/or Lytle Creek surface water, when
7 available and subject to climate conditions and MWD allocation reductions.

8
9 Also at the local level, the FWC division is actively pursuing multiple groundwater
10 recharge and storage projects. As explained in **EXHIBIT SG-7** (Zielke), this includes
11 recharging or exchanging surplus low-cost Lytle Creek surface water, when available, to
12 offset higher-cost future overproduction in the Chino Basin. These projects include surface
13 spreading and recharge at a local agricultural site, and recharge and exchanges through a
14 recently constructed interconnection with Jurupa Community Services District (“JCSD”)⁴.
15 The FWC division and JCSD are finalizing the site telemetry and anticipate to have the site
16 online by the end of 2024. All cost associated with the permitting, design, construction
17 and inspection will be shared equally (i.e. 50/50) between San Gabriel and JCSD at the
18 close of the project. Total project costs are estimated at \$527,000.

19
20 Lastly, FWC is currently in the process of repurposing one of its inactive Chino Basin
21 Wells, Well F18, to serve as a groundwater replenishment well. This project will allow the
22 FWC division to reduce replenishment costs through recharge of local surface water from
23 Lytle Creek when available. The stored water from both projects will be used to offset
24 FWC’s higher-cost overproduction in the Chino Basin.

25
26 Regionally, FWC is participating in the development of potential large scale regional
27 programs including; the Chino Basin Program (“CBP”) and Cadiz Water Conservation and

⁴ See Advice Letter 596 approved on January 31, 2024 for complete description of the JCSD Interconnection Agreement and project.

1 Storage Project (“Cadiz”). The goal of these programs is to address regional water supply
2 challenges and improve long-term supply reliability and sustainability for FWC.

3 **Q. PLEASE FURTHER DESCRIBE REPURPOSING THE FWC DIVISION’S WELL**
4 **F18A INTO A RECHARGE FACILITY?**

5 A. FWC proposes to retrofit Well F18A into a recharge well for the purpose of storing excess
6 Lytle Creek surface water in the Chino Basin to offset its future overproduction. In wet
7 years, like 2022 and 2023, FWC has an abundance of Lytle Creek surface water, in excess
8 of its system demands that can be stored faster and at larger quantities in a recharge well
9 in comparison to surface spreading. FWC’s Well F18A has been inactive since 2002 due
10 to nitrate and perchlorate contamination. Geographically the well is located up gradient of
11 multiple key Chino Basin production wells.

12
13 Treated Lytle Creek surface water delivered to Well F18A costs significantly less than
14 Chino Basin Replenishment rates and typical lease rates, when available. The proposed
15 project will provide a savings to ratepayers by offsetting Chino Basin replacement water
16 costs. The treated water injected into the groundwater basin will also improve the general
17 water quality in the vicinity of Well F18A⁵.

18 **Q. WHAT STEPS ARE NEEDED TO RETROFIT WELL F18A INTO A RECHARGE**
19 **WELL?**

20 A. The FWC division has received all required regulatory permits and approvals for recharge
21 at Well F18A. In September of 2023, FWC submitted a recharge application to Chino
22 Basin Watermaster for up to 5,000 AF of recharge for each 5-year period. Chino Basin
23 Watermaster’s consulting Engineer, West Yost, completed the necessary analysis of the
24 proposed recharge project and determined there were no adverse impacts to the Chino
25 Basin. FWC’s recharge application was unanimously approved by the Chino Basin
26 Watermaster’s Pools, Advisory Committee, and Board. FWC also received written

⁵ Statement made by West Yost, see report titled: *Analysis of Material Physical Injury for a Recharge Application submitted by FWC to the Chino Basin Watermaster on September 19, 2023*, dated October 3, 2023

1 approval from the Santa Ana Regional Water Quality Control Board for the proposed F18
2 recharge project in November of 2023.

3
4 Following receipt of all required regulatory approvals, FWC requested proposals from
5 qualified well contractors for the design and retrofit of Well F18A for recharge purposes.
6 FWC estimates the total rehabilitation and retrofit costs to be \$853,000. Accordingly, San
7 Gabriel has budgeted \$855,000 in 2025 for this project, as shown in the FWC division 2025
8 – 2028 capital budget attached to **EXHIBIT SG-13** (Yucelen).

9 **Q. CAN YOU PROVIDE AN EXAMPLE OF THE POTENTIAL COST SAVINGS**
10 **FROM THIS PROJECT?**

11 A. Yes. As an example, the Chino Basin replenishment water cost for fiscal Year 2023-2024
12 was \$872 per AF. Had the FWC division recharged just 1,000 AF of Lytle Creek surface
13 water in the last fiscal year, the retrofit would have nearly paid for itself in year one solely
14 based on avoided replenishment water cost savings.

15 **Q. PLEASE FURTHER DESCRIBE THE CHINO BASIN PROGRAM AND THE**
16 **FWC DIVISION’S PARTICIPATION IN IT.**

17 A. The CBP is an innovative water treatment and storage project designed to maximize the
18 use of regional recycled water supplies. This program proposes to enhance local water
19 supply reliability through advanced treatment, storage and recovery of available under-
20 utilized recycled water supplies. Over a 25-year period, the CBP will treat and store up to
21 375,000 AF of advanced purified recycled water.

22
23 Key components of the CBP include the construction of an advanced water purification
24 facility, new recharge capacity developed through aquifer replenishment wells and new
25 groundwater production facilities for recovery of this new water supply from storage in the
26 groundwater aquifer. These replenishment and production facilities will increase access to
27 stored recycled water supplies, as well as existing groundwater supplies to improve water
28 supply reliability and meet future FWC customer demands, especially during extended
29 periods of drought and diminished supplies of imported water.

1 In addition to other funding, IEUA has received \$215 million in grant funding from the
2 State of California to support development of the CBP. All planning efforts to-date have
3 been grant-funded. FWC, in partnership with IEUA and Cucamonga Valley Water District,
4 will continue to evaluate the feasibility of the program as it progresses through the planning
5 and preliminary design phases. The preliminary engineering design report, which will
6 include program cost estimates, is expected to be complete in late 2025.

7 **Q. PLEASE DESCRIBE FURTHER THE CADIZ WATER CONSERVATION AND**
8 **STORAGE PROJECT.**

9 A. The Cadiz Project is an innovative public-private partnership that will create a new water
10 supply for approximately 400,000 people every year by conserving billions of gallons of
11 renewable groundwater flowing beneath Cadiz's property in California's Mojave Desert
12 that is currently being lost to evaporation and salt contamination at nearby dry lakes.

13
14 The project adds 50,000 AF of water per year to the region's water supply and one million
15 AF of groundwater storage capacity. Facilities will be constructed on private land owned
16 by Cadiz, and operations will be governed by an extensive, state-of-the-art groundwater
17 management plan enforced by the County of San Bernardino.

18
19 Cadiz proposes to deliver half of the conserved groundwater totaling 25,000 AF per year
20 by utilizing an existing 220-mile pipeline, owned by Cadiz, to the East Branch of the SWP
21 in the Antelope Valley. Agreements are being prepared to facilitate exchanges with SWP
22 contractors. FWC will receive a portion of the conserved water supply, up to 5,000 AF per
23 year, by utilizing existing infrastructure and an existing connection with Valley District, or
24 used for recharge and groundwater replenishment in the Rialto Basin to ensure future
25 reliability and sustainability.

26
27 The project is a drought-proof supply that will enhance water reliability in Southern
28 California, especially during sustained periods of drought, while also emphasizing
29 environmentally responsible practices, including habitat conservation and monitoring
30 programs. Cadiz has undergone rigorous scientific evaluation and environmental scrutiny

1 complying with all regulatory requirements and required approvals, and represents a vital
2 resource for addressing California's chronic water shortages. The FWC division will
3 continue to engage in discussions, evaluate the feasibility of the project, and partner with
4 Cadiz as it seeks grant funding for this project.

5 **V. Compliance with Applicable Water Quality Standards (Special Request No. 1)**

6 **Q. PLEASE PROVIDE A COMPLETE LIST OF WATER TESTING REQUIRED BY**
7 **DDW AND COST OF EACH TEST.**

8 A. A complete list of water testing required by DDW and costs of each test for the LAC and
9 FWC divisions is included in **ATTACHMENT F** to this testimony.

10 **Q. SINCE ITS LAST GRC, HAVE SAN GABRIEL'S LAC AND FWC DIVISIONS**
11 **FILED ANNUAL PUBLIC WATER SYSTEM REPORTS AND CONSUMER**
12 **CONFIDENCE REPORTS WITH DDW?**

13 A. Yes. The Public Water System Reports⁶ (“eAR”) are submitted annually to DDW. The
14 eAR is a survey of all public water systems which collects critical water system information
15 intended to assess compliance with specific regulatory requirements, such as source water
16 supply and capacity, updated contact information, operator certifications, inventory (such as
17 population, customer complaints, leak repairs and service connections), and provides
18 information that is used to assess the financial capacity of water systems, among other
19 information reported.

20
21 The Consumer Confidence Reports (“CCR”) are also submitted annually to DDW, and
22 must be provided to customers no later than July 1 of each year. The CCRs are published
23 on the Company’s websites for each division and customers are notified via a combination
24 of mailers and hand deliveries. The CCRs provide important information regarding the
25 quality of drinking water served to San Gabriel’s customers, and reports results and
26 compliance with all applicable state and federal drinking water standards.

6 Commonly referred to as the “Electronic Annual Report.”

1 Copies of San Gabriel’s 2021, 2022 and 2023 eAR’s for both the LAC (including the El
2 Monte/Whittier and Montebello water systems) and FWC divisions are included with this
3 testimony as **ATTACHMENT G**. Copies of San Gabriel’s 2021, 2022 and 2023 CCR’s
4 for both the LAC and FWC divisions are included with this testimony as **ATTACHMENT**
5 **H**. Past completed CCR’s can also be found on the Company’s website using the following
6 links: <https://www.sgywater.com/water-quality-supply/water-quality-reports/> and
7 <https://www.fontanawater.com/water-quality-supply/water-quality-reports/>.

8 **Q. SINCE ITS LAST GRC, HAS THE LAC DIVISION VIOLATED ANY MCL OR**
9 **DEVIATED FROM PRESCRIBED WATER QUALITY STANDARDS OR**
10 **PROCEEDURES?**

11 A. On Monday July 31, 2023, one of San Gabriel’s Operators did not collect chlorine residuals
12 for 28 of the 48 routine samples as specified in the Bacteriological Site Sampling Plan
13 (“BSSP”), resulting in a monitoring violation pursuant to the Federal Stage 2 Disinfection
14 Byproduct Rule. Water Systems are required to collect chlorine residuals at the same time
15 as the routine bacteriological samples outlined in the BSSP and as required by the Total
16 Coliform Rule. San Gabriel was notified by the lab the following day on August 1, 2023
17 that the chlorine residuals were not included in the Chain of Custody (“COC”). In
18 response, the Company proceeded to re-sample all sampling sites and recorded the required
19 chlorine residuals. Because the new samples occurred on the following day and new
20 month, August 1st, the LAC division was found by DDW to be out of compliance with its
21 July 2023 monthly sampling requirements.

22
23 A copy of the Notice of Violation No. 04_22_23C_005 is provided in **ATTACHMENT I**
24 to this testimony. Following this event, the LAC division implemented additional
25 measures which included an expanded verification process including review and approvals
26 of completed COC’s following the collection of water samples. Additional training was
27 also provided to the Company’s operators in an effort to prevent future reoccurrence of a
28 similar event. Since San Gabriel’s last GRC, no other deviation from prescribed water

1 quality procedures has occurred. LAC division has complied with all federal and state
2 Safe Drinking Water standards, rules, regulations including MCLs.

3 **Q. SINCE ITS LAST GRC, HAS THE LAC DIVISION EXCEEDED ANY**
4 **TREATMENT TECHNIQUES, ACTION LEVELS, NOTIFICATION LEVELS, OR**
5 **RESPONSE LEVELS?**

6 A. Yes. In August 2019, DDW established notification levels (“NLs”) for Perfluorooctanoic
7 Acid (“PFOA”) and Perfluorooctanesulfonic Acid (“PFOS”) at 5.1 parts per trillion (“ppt”)
8 and 6.5 ppt, respectively. In response to the issuance of NLs for these compounds, San
9 Gabriel proactively sampled its available well sources and entry points for PFOA and
10 PFOS. Confirmed results indicated that the sources at San Gabriel’s LAC division Plant
11 No. 1 (Wells 1B, 1D, 1E and 1F), Plant No. 2 (Wells 2D, 2E and 2F), Plant No. 11 (Wells
12 11A, 11B, 11C and 11D), Plant W6 (Wells W6C and W6D), Plant W1 (Well W1C), and
13 the south Montebello 2 System’s Well No. 1 exceeded the NL for PFOA and/or PFOS.⁷

14
15 Pursuant to drinking water regulations and recent adopted MCLs for certain PFAS
16 compounds, compliance is at the entry point to the distribution system. Consequently, San
17 Gabriel implemented blend plans for the wells at Plant No. 1 and Plant No. 11, installed
18 Ion Exchange Treatment at Plants No. 2 and W6, and the wells at Plant W1 and Montebello
19 Well No. 1-01 were temporarily shut down. Well 1F must have PFAS treatment installed
20 in order to be permitted by DDW. As explained in **EXHIBIT SG-13** (Yucelen), the
21 Company proposes to construct treatment in 2025.

22
23 In October 2022, DDW established NLs for Perfluorhexane Sulfonic Acid (“PFHxS”) at 3
24 ppt. As a result, DDW rescinded and reissued the general monitoring order for PFAS
25 compounds to reflect the updated NL for PFHxS. San Gabriel continues to monitor in
26 accordance with the State Water Resources Control Board’s PFAS General Monitoring
27 Order, DW-2022-0001-DDW. In August 2023, San Gabriel’s Well Nos. 8B and 8D had
28 detections of PFHxS at levels in exceedance of the NL. San Gabriel temporarily shut down

⁷ Well No. 1 in the south Montebello 2 System was shut down by the City of Montebello prior to being acquired by San Gabriel.

1 those wells following the exceedance and is currently only operating those sources under
2 a blend plan with Wells 8E and 8F until treatment can be constructed at Plant No. 8.

3
4 For additional discussion of PFAS and its impact on future supplies, see **EXHIBIT SG-6**
5 (Swift). A summary of the cleanup efforts and activities related to PFAS and other
6 contaminants of concern, a list of treatment facilities currently installed, and the wells
7 currently treated is included in **EXHIBIT SG-6** (Swift).

8 **Q. SINCE ITS LAST GRC, HAS THE FWC DIVISION VIOLATED ANY MCL OR**
9 **DEVIATED FROM PRESCRIBED WATER QUALITY STANDARDS OR**
10 **PROCEDURES?**

11 A. No. The FWC division has not violated any MCLs and has complied with all federal and
12 state drinking water standards, rules, regulations and procedures since its last GRC. A
13 number of measures are in place to mitigate against future violations or deviations from
14 prescribed standards and procedures. These measures include maintaining a water quality
15 monitoring database, utilizing nitrate analyzers with shutdown controlled set-points, and
16 Supervisory Control and Data Acquisition (“SCADA”) systems for automation, set-point
17 alarms, and remote operation of wells, pumps, valves and chlorination systems.

18 **Q. SINCE ITS LAST GRC, HAS THE FWC DIVISION EXCEEDED ANY**
19 **TREATMENT TECHNIQUES, ACTION LEVELS, NOTIFICATION LEVELS, OR**
20 **RESPONSE LEVELS?**

21 A. No. The FWC division has not exceeded any treatment techniques, action levels,
22 notification levels, or response levels since the last GRC.

23 **Q. HAVE YOU PROVIDED COPIES OF THE MOST RECENT STATE WATER**
24 **RESOURCES CONTROL BOARD DIVISION OF DRINKING WATER**
25 **INSPECTION REPORTS FOR THE LAC DIVISION?**

26 A. Yes. DDW conducts sanitary surveys (“survey”) of public water systems every three years,
27 or as time permits. These surveys are required to ensure compliance with the federal Safe
28 Drinking Water Act and to protect public health. In July 2023, DDW conducted its most
29 recent survey of San Gabriel’s north Montebello 2 System, PWSID No. 1910189. In the
30 survey, DDW noted that San Gabriel’s facilities were “well maintained, clean and in a good

1 sanitary environment,” with a few minor deficiencies needing to be addressed. A copy of
2 the November 8, 2023 DDW letter and deficiency list for the LAC division is provided
3 with this testimony as **ATTACHMENT J**.

4
5 DDW’s letter noted that the condition of the tanks at Plants M2, M3 and M4 were
6 deteriorating, noting in particular that the exterior paint coatings at the top of the tanks
7 were peeling and rusting. San Gabriel subsequently completed the reservoir recoating for
8 the Plant M2 East and West tanks in February of 2024. The Plant M3 tank was replaced
9 with two new tanks and was demolished in November of 2023. Other minor deficiencies
10 noted during the inspection included chlorine injection lines that were not capped,
11 insufficient air gap clearance on the booster pump air vacuum valves, and missing fine
12 mesh screens on vents and overflows. All minor items were corrected and noted in San
13 Gabriel’s response letter dated December 8, 2023, also included in **ATTACHMENT J**.

14
15 In January 2024, DDW conducted a Sanitary Survey of San Gabriel’s recently acquired
16 south Montebello 2 System, PWSID No. 1910117. During the inspection, several
17 deficiencies were noted by DDW. The Montebello 2 Well 1-01 was inactivated due to
18 PFAS contamination, per DDW’s recommendation, and PFAS treatment is required in
19 order to place the well back into service. DDW strongly recommended that San Gabriel
20 pursue PFAS treatment for Well 1-01 to have source redundancy in this system in the event
21 the MWD connection currently serving the system is interrupted. The south service area
22 is isolated from San Gabriel’s El Monte-Whittier System PWSID 1910039, Montebello
23 System PWSID 1910189 and north Montebello System PWSID 1910117, and the MWD
24 connection is the only available source of water⁸. (See **EXHIBIT SG-6** (Swift) for
25 additional discussion of the south Montebello 2 system) Other deficiencies included
26 necessary improvements to the Gage, Hillside and Town Center Reservoirs. Similar to the
27 north Montebello 2 System (PWSID No. 1910117), DDW also requested that San Gabriel

⁸ San Gabriel has an emergency 10-inch 1,000 gpm connection with California Water Service’s East Los Angeles water system. However, PFOA & PFAS in this source exceeds Notification Levels, and San Gabriel would be required to send out public notification if put in use.

1 resume its annual dead-end flushing program for the Montebello 2 System. A copy of
2 DDW's February 21, 2024 letter, deficiency list, and San Gabriel's March 22, 2024
3 response letter, including timelines for addressing the deficiencies, is included in
4 **ATTACHMENT J.**

5
6 The Sanitary Survey for San Gabriel's El Monte/Whittier System No. 1910039 began in
7 July of 2024 and is anticipated to be completed by the end of the year.

8 **Q. HAVE YOU PROVIDED COPIES OF THE MOST RECENT STATE WATER**
9 **RESOURCES CONTROL BOARD DIVISION OF DRINKING WATER**
10 **INSPECTION REPORTS FOR THE FWC DIVISION?**

11 A. Yes. The FWC division's last survey was completed by DDW in September 2023. DDW
12 concluded that the FWC division water system was well maintained, all sites were operated
13 in good sanitary condition, and operators were knowledgeable. The system was also found
14 to be in compliance with required reporting, with no major deficiencies noted. Minor
15 deficiencies included submittal of records and physical repairs and improvements such as
16 vent screens, replacing bolts, relocating sample taps, replacement of roof hatch hinges,
17 reservoir flushing, and seal repairs. The majority of repairs were made the same or next
18 day following completion of the survey.

19
20 A copy of the September 21, 2023 DDW letter and deficiency list is provided with this
21 testimony as **ATTACHMENT J.** The FWC division responded to DDW's letter and
22 deficiencies on November 20, 2023. DDW responded on August 22, 2024 acknowledging
23 that all noted deficiencies were addressed and long-term deficiencies such as tank
24 rehabilitations will be addressed at a later date. A copy of FWC's and the DDW's
25 responses are also included in **ATTACHMENT J.**

26 **Q. SINCE THE LAST GRC, HAVE THE LAC AND FWC DIVISIONS COMPLIED**
27 **WITH ALL DRINKING WATER QUALITY STANDARDS?**

1 A. Yes. Pursuant to the CPUC’s Rate Case Plan for Class A Water Utilities,⁹ San Gabriel has
2 included a thorough discussion of all water supply and water quality issues. This
3 discussion includes a showing of the Company’s compliance with applicable drinking
4 water standards in both the LAC and FWC divisions since filing its last GRC in January
5 2022. Based on this showing and with the exception of the chlorine residual non-
6 compliance event in the distribution system in the LAC division, as noted above, the
7 Company respectfully requests (Special Request No. 1) that the CPUC specifically find
8 that its LAC and FWC divisions have operated in compliance with all applicable safe
9 drinking water quality standards since San Gabriel’s last GRC.

10 **Q. IS THE COMPANY AWARE OF ANY PENDING OR POTENTIAL**
11 **LEGISLATION OR REGULATIONS THAT WILL IMPACT OPERATIONS IN**
12 **THE LAC DIVISION?**

13 A. The Lead and Copper Rule Revisions (“LCRR”) approved in January 2021 will continue
14 to have an impact on the Company both financially and operationally in the future. The
15 LCRR requires a service line inventory of the Company’s facilities, as well as customers’
16 service lines, to be completed by October 2024. San Gabriel lacked available staff to
17 complete the mandatory inventory of its systems and as a result, two provisional employees
18 were hired to assist in the timely completion of this effort. San Gabriel also contracted a
19 consultant to create an inventory and identification data management system specifically
20 for this effort that integrates with the Company’s GIS system. The total cost of this effort
21 is approximately \$141,740. This inventory effort is required to be maintained on an
22 ongoing basis.

23
24 The LCRR also requires additional sampling at school and Child Care Center locations
25 within the Company’s service area. A percentage of school sites are required to be sampled
26 annually, with all schools tested at five-year intervals beginning in 2025. Samples must be
27 taken prior to 6:00 am, necessitating additional staff hours and increased sampling
28 expenses. San Gabriel’s LAC division has 78 public schools and 91 childcare facilities

⁹ Decision 07-05-062, Rate Case Plan, at A-4

1 that are subject to the requirements of the LCRR. The estimated annual cost of this
2 sampling effort is approximately \$71,100 using 2024 rates, unadjusted for inflation/future
3 increases.

4
5 Additionally, the EPA issued updates to the CCR rule in April 2023. Some key changes
6 in the CCR rule include a requirement that water systems that serve more than 10,000
7 people must provide a CCR twice per year. It also includes increased requirements for
8 translation and other specific elements within the report itself. The rule's first compliance
9 date is January 1, 2027. The additional bi-annual CCR will double San Gabriel's sampling
10 efforts and increase the Company's staff time required to prepare, review and publish these
11 reports by their respective due dates.

12
13 Lastly, in April 2024, the EPA established MCLs for six of the PFAS compounds. The
14 compliance deadline for public water systems was extended to April 26, 2029, with initial
15 monitoring completed by 2027. In addition, the MCL for hexavalent chromium
16 (Chromium 6) is set to take effect on October 1, 2024, with compliance monitoring
17 beginning in July of 2026.

18
19 Other potential regulatory updates being evaluated include MCLs for arsenic, NDMA,
20 styrene, cadmium and mercury. A more in-depth discussion of how these changing water
21 quality standards impact San Gabriel's water supplies is included in **EXHIBIT SG-6**
22 (Swift).

23
24 Increasing requirements and regulations associated with regulatory changes have created
25 an additional burden on existing staff. As a result, San Gabriel has determined that
26 additional staff are required in its Water Resources Department to ensure compliance with
27 new and developing regulations and reporting requirements. Please see **EXHIBIT SG-8**
28 (Zvirbulis) for a summary of the need and further justification for additional full time
29 employees in Water Resources.

1 **Q. IS THE COMPANY AWARE OF ANY PENDING OR POTENTIAL**
2 **LEGISLATION OR REGULATIONS THAT WILL IMPACT OPERATIONS IN**
3 **THE FWC DIVISION?**

4 A. The FWC division is impacted by the same pending and proposed requirements and
5 regulations as the LAC division, as described above.

6
7 Similar to the LAC division, the FWC lacked available staff to complete the mandatory
8 LCRR inventory requirements for its water system. As a result, and to ensure compliance
9 with the regulation, two provisional employees were hired to assist in the timely
10 completion of this effort. The FWC division also contracted a consultant to create an
11 inventory and identification and data management system specifically for this effort, which
12 integrates with the Company’s GIS system. The total cost of this initial inventory effort is
13 approximately \$149,748.

14
15 As noted above, the LCRR also requires additional sampling at school and Child Care
16 Center locations within the Company’s service area starting in 2025. The FWC division
17 has 61 public schools and 50 childcare facilities that are impacted by the LCRR regulation
18 and are required to be sampled every five years. The estimated annual cost of this sampling
19 effort is approximately \$69,034 using 2024 rates, unadjusted for inflation/future increases.

20 **VI. Water Conservation**

21 **1. New State Water Resources Control Board Water Conservation Standards**

22 **Q. WHAT IS THE DRIVING FORCE BEHIND WATER CONSERVATION FOR**
23 **WATER UTILITIES IN CALIFORNIA?**

24 A. Multiple policies have been implemented over the past 15 years. One of the more
25 significant actions was the Water Conservation Act of 2009, which mandated a 20%
26 reduction in per capita water use by 2020, which California achieved statewide by 2014.
27 In 2018, the Legislature passed into law Senate Bill (“SB”) 606 and Assembly Bill (“AB”)
28 1668 in an effort to move beyond the drought emergency measures and toward
29 implementing long-term efficient water use practices. SB 606 and AB 1668 were in
30 response to the Governor’s Executive Order B-37-16, issued during the prior drought, and

1 subsequent 2017 framework report titled “*Making Water Conservation a California Way*
2 *of Life, Implementing Executive Order B-37-16*” (“2017 Framework”).¹⁰

3
4 The 2017 Framework and legislation are organized by four primary goals: 1) use water
5 more wisely, 2) eliminate water waste, 3) strengthen local drought resilience, and 4)
6 improve agricultural water use efficiency and drought planning. These goals triggered a
7 number of actions to be implemented under current and newly adopted regulations that will
8 affect water conservation activities and drought planning for urban water suppliers.

9 **Q. WHAT ARE THE LONG-TERM STANDARDS AND URBAN WATER USE**
10 **OBJECTIVES REQUIRED UNDER SB 606 AND AB 1668?**

11 A. Legislation approved in 2018 (SB 606, Herzberg and AB 1668, Friedman) established the
12 long-term urban water use efficiency framework. The Governor initiated this effort in 2016
13 via an executive order, which required DWR and the State Water Resources Control Board
14 to develop water use targets as part of a permanent water use efficiency framework.

15
16 Under this new framework, an urban retail water supplier’s actual water use for the
17 previous year would be evaluated against its Water Use Objective (“WUO”). The WUO
18 is the sum of several factors including calculated standards for residential indoor and
19 outdoor water use, commercial outdoor water use, and a certain amount of water system
20 losses. Additionally, the framework requires suppliers to implement a variety of
21 performance measures for its commercial customers and report on the progress annually.

22 **Q. WHAT ARE THE MAJOR COMPONENTS OF THE 2018 LEGISLATION?**

23 A. The major components of the 2018 Water Use Efficiency Legislation include the
24 following:

- 25
26
 - Develop and Achieve WUOs:

¹⁰ Prepared by the California Department of Water Resources, State Water Resources Control Board, California Public Utilities Commission, California Department of Food and Agriculture and California Energy Commission.

1 ○ On an annual basis starting January 1, 2025, suppliers must (1) calculate their
2 WUOs for the previous year, (2) report actual water use for the previous year, and
3 (3) achieve their WUOs, with penalties for noncompliance beginning in 2027. The
4 WUO is based on four efficiency inputs, approved variances, and an incentive
5 category:

- 6 ▪ Indoor residential water use standards
- 7 ▪ Outdoor residential use standards
- 8 ▪ Outdoor irrigation standards for Commercial, Industrial & Institutional
9 ("CII") landscapes with dedicated irrigation meters
- 10 ▪ Water loss through leaks
- 11 ▪ Budget for approved variances
- 12 ▪ Bonus Incentives of up to 15% of objective

13
14 • Implement CII Performance Measures:

- 15 ○ Phased-in approach over the 2025 through 2030 period, suppliers must begin to:
 - 16 ▪ Classify their CII customers by business type
 - 17 ▪ Identify top water users within each of those business categories
 - 18 ▪ Implement best business management practices to help those top water
19 users reduce their water use
 - 20 ▪ Ensure that CII customers with large landscapes convert to dedicated
21 irrigation meters (or an accepted alternative)

22
23 • Report Annually:

- 24 ○ Suppliers must report their WUOs and actual water use annually. Annual reporting
25 must also include descriptions of progress made toward implementing CII
26 performance measures.

27 **Q. WILL INDIVIDUAL WATER USERS (i.e. CUSTOMERS) BE SUBJECT TO**
28 **THESE URBAN WATER USE OBJECTIVES?**

29 A. Yes, customers will be directly affected by the LAC and FWC divisions' continued
30 implementation of the water use objectives set forth in SB 606 and AB 1668. Each division

1 is directly responsible for ensuring its customers' total water use is less than the calculated
2 WUO, and to determine how best to communicate with customers about measured results
3 of the state-mandated water use objective, to encourage efficient use of water, and
4 eliminate wasteful practices. If suppliers do not achieve their objectives, the State Water
5 Resources Control Board may levy penalties.

6 **Q. HOW PREPARED ARE THE LAC AND FWC DIVISIONS TO COMPLY WITH**
7 **THE REGULATIONS FOR LONG-TERM STANDARDS AND URBAN WATER**
8 **USE OBJECTIVES REQUIRED UNDER SB 606 AND AB 1668?**

9 A. San Gabriel has contracted a consultant to evaluate both divisions' readiness to comply
10 with the recently adopted regulations. The report from San Gabriel's consultant indicates
11 that the LAC division is on track to meet current regulations, contingent upon continued
12 funding and efforts in implementation of conservation programming. Please see
13 **ATTACHMENT K** for more details on San Gabriel's WUO Overview completed for each
14 division.

15
16 In the FWC division, further efforts and continued funding is necessary to reduce water
17 loss and meet future WUO targets. In addition to the consulting work evaluating San
18 Gabriel's readiness to comply with the new regulations, additional efforts are underway to
19 perform a third-party audit of current water loss reports and evaluate possible
20 implementation of recommended water loss reduction programs. Please see **EXHIBIT**
21 **SG-7 (Zielke)** for additional information regarding the Company's efforts to reduce water
22 loss.

23 **2. Measures Taken to Promote Water Conservation and Energy Efficiency**
24 **Programs**

25 **Q. PLEASE PROVIDE AN UPDATE ON THE CALIFORNIA URBAN WATER**
26 **CONSERVATION COUNCIL.**

27 A. The California Urban Water Conservation Council is now known as California Water
28 Efficiency Partnership ("CWEP"). CWEP continues to provide innovation, leadership, and
29 expertise on water efficiency, research, and data collection to advance water efficiency.

1 Both the LAC and FWC divisions are members of CWEP and will continue to support
2 CWEP's water conservation research.

3 **Q. WHAT SPECIFIC MEASURES HAVE BEEN TAKEN TO PROMOTE**
4 **CONSERVATION OVER THE LAST FIVE YEARS?**

5 A. California saw some reprieve from drought conditions in 2017 with an exceptionally wet
6 winter following the previous five years of severe drought conditions. However, moderate
7 drought conditions persisted through 2020, followed by one of the driest years on record
8 in 2021. Governor Newsom declared a drought emergency through several proclamations
9 and Emergency Order N-10-21 in several counties, later expanding it to cover 50 counties,
10 including Los Angeles and San Bernardino counties, urging residents to cut water use by
11 15% from 2020 water use levels. The later Emergency Order also included language
12 directing local water suppliers to implement their adopted WSCPs at an appropriate level
13 to prepare for the possibility of a third consecutive drought year.

14
15 In 2022, the drought conditions worsened, with reservoir and groundwater levels dropping
16 significantly throughout the state. The Company filed Advice Letter 574 in January 2022,
17 updating its Tariff Rule 14.1 ("Rule 14.1") to align with the water conservation legislation
18 enacted in 2018 (SB 606 and AB 1668), and declared a "Water Alert" consistent with Rule
19 14.1. Governor Newsom expanded the drought emergency to include the entire state and
20 implemented mandatory water restrictions in Executive Order N-7-22. The executive order
21 was followed by Metropolitan Water District's declaration of a Water Shortage Condition
22 for SWP dependent areas, and the State Water Resources Control Board issued Resolution
23 2022-0018, adopting emergency regulations. The series of orders, declarations and
24 resolutions directed all urban water suppliers to implement "Level 2" demand reduction
25 actions described in their WSCP's, and ban the use of potable water for irrigation of non-
26 functional turf for all CII customers.

27
28 San Gabriel activated Shortage Level 2 of its Water Shortage Contingency Plan in the LAC
29 and FWC divisions, effective June 2022. Upon activating Level 2, the Company filed
30 Advice Letter 581, requesting authority to open a conservation memorandum account

1 (“WCMA”) to record the incremental costs of complying with the emergency regulations,
2 and Advice Letter 582, requesting authority to open drought lost revenue memorandum
3 accounts (“DLRMA”) in both the LAC and FWC divisions. These advice letters were
4 approved effective July 1, 2022. See **EXHIBIT SG-12** (Navarro) for additional
5 information on the WCMA and DLRMA.

6
7 As a result of above average snow pack and rainfall throughout the state and resulting
8 recovery of statewide reservoir levels, on March 24, 2023, the governor issued Executive
9 Order N-5-23 terminating provisions in the previous orders that called on local water
10 suppliers to execute their WSCP’s and Californian’s to reduce their water usage by 15%.
11 The State Water Resources Control Board’s emergency regulations in Resolution 2022-
12 0018 expired the following month, and were not renewed. As of May 24, 2023, San Gabriel
13 terminated operations under its Level 2 actions in its WSCP and the call to voluntarily
14 reduce water usage by 15% was rescinded.

15
16 On September 4, 2024, the Governor issued a proclamation terminating the State of
17 Emergency due to drought conditions in 19 counties including both Los Angeles and San
18 Bernardino counties. This included Executive Order N-3-24, which updated the provisions
19 from the past orders and proclamations back to 2021. Both divisions of the Company
20 continue to operate under a “Water Alert” pursuant to Section B of the Company’s Tariff
21 Rule 14.1, as declared in Advice Letter 574, which encourages the need for voluntary
22 conservation.

23 **Q. WHAT WERE THE RESULTS OF SAN GABRIEL’S EFFORTS IN RESPONSE**
24 **TO EXECUTIVE ORDER N-10-21 AND THE SUBSEQUENT EXECUTIVE**
25 **ORDERS?**

26 A. Overall, San Gabriel’s LAC and FWC division customers successfully responded to the
27 Governor’s call for achieving the voluntary reduction target of 15%. Through a variety of
28 enhanced outreach efforts that included mailers, social media postings, website updates,
29 custom bill messages, signs and letters, San Gabriel reached its reduction target of 15%
30 compared to 2020 usage in July of 2022. Through implementation of the Company’s Level

2 actions, implementation of budgeted conservation programs, and customer response to several non-functional turf irrigation restriction notices that were mailed to targeted CII customers, San Gabriel achieved significant reductions in water use. As of December 2022, the LAC and FWC divisions achieved 23.4% and 19.31% reductions, respectively, far exceeding the Governor’s target conservation goal. Approximately 3,600 AF and 2,400 AF of water were saved in the LAC and FWC divisions, respectively, over the 12 month period compared to water usage in 2020.

3. Conservation Program Budgets

Q. PLEASE PROVIDE A SUMMARY OF SAN GABRIEL’S REQUESTED CONSERVATION BUDGETS.

A. The proposed water conservation budgets for the LAC and FWC divisions are shown below in **TABLES 3 and 4.**

TABLE 3	
Test Year 2026-2027 Conservation Budgets	
Los Angeles County Division	<u>Budget</u>
1) K-12 School Education Program	\$40,000
2) Education/Public Outreach Program	\$90,000
3) Create Your Garden Program	\$100,000
4) Residential Irrigation Controller, Nozzles Retrofit Program	\$150,000
5) Indoor Water Efficient Fixtures Programs	\$170,000
6) CII Water Efficient Fixtures and Devices/Turf Removal Program	\$200,000
7) Recycled Water Retrofit Program	\$50,000
Total:	\$800,000

TABLE 4
Test year 2026-2027 Conservation Budgets

Fontana Water Division	Budget
1) K-12 School Education Program (Funded by IEUA)	-
2) Education/Public Outreach Program	\$77,000
3) Residential Landscape/Outdoor Programs	\$420,000
4) Indoor Water Efficient Fixtures Programs	\$100,000
5) CII Landscape/Outdoor Programs	\$125,000
6) Recycled Water Retrofit Program	\$100,000
Total:	\$822,000

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The budgeted amount for each division is included in the forecasted expenses for Account 779, Conservation Expense, discussed by Mr. Reiker in Section IV.17 of his prepared testimony (**EXHIBIT SG-4**).

Q. PLEASE DESCRIBE THE METHOD SAN GABRIEL USED TO FORECAST THE WATER CONSERVATION PROGRAM EXPENSE.

A. San Gabriel takes into consideration the previously adopted conservation budgets for each division, current costs for conservation programs, planned future conservation programs and the potential need for future drought programming. San Gabriel’s goal is to plan and implement the most cost-effective conservation programs that will assist in achieving water saving goals and objectives as established by the State Water Resources Control Board, the CPUC, and the Governor’s past Executive Orders and subsequent future orders and/or emergency proclamations. The Company’s conservation budget considers available rebates or funding from wholesale water agencies, popular devices and programs requested by customers, and reasonable cost-effective incentives that encourage conservation.

Q. PLEASE EXPLAIN SAN GABRIEL’S IMPLEMENTATION OF DEMAND MANAGEMENT MEASURES AND THE COST- BENEFIT EVALUATION AND REVIEW OF VARIOUS WATER CONSERVATION PROGRAMS.

A. San Gabriel implements Demand Management Measures to reduce customer water demands in an effort to achieve water use targets in both its LAC and FWC divisions. The Demand Management Measures reported in San Gabriel’s adopted 2020 UWMP for both the LAC and FWC divisions (CHAPTER 9) are utilized as guidelines in determining the specific conservation programs to implement and maintain. These measures include the

1 adoption of San Gabriel’s Rule 14.1, metering of customer connections, conservation
 2 pricing in its rate structure, public education and outreach programs, and various actions to
 3 assess and manage distribution system losses.

4
 5 The criteria used in evaluating San Gabriel’s conservation programs are the cost-
 6 effectiveness of the current water conservation programs, measurable water savings,
 7 current participation levels, educational contents, converting customers’ water use
 8 behavior and acceptance through participation in community events/expos, and societal
 9 benefits (e.g. teaching young students, as well as all water users, that water wise
 10 conservation habits last a lifetime). San Gabriel’s Cost-Benefit Analyses over the past 5-
 11 years is shown below in TABLES 5 and 6 below.

TABLE 5
LAC Conservation Program Cost and Benefit Analysis

Years	Estimated Annual Measured Savings (AF)¹¹	Estimated Lifetime Measured Savings (AF)	Value of Water Saved (\$)¹²	Total \$ Spent
2019	192	5,709	\$5,469,222	\$767,154
2020	145	1,164	\$1,140,720	\$448,830
2021	307	3,223	\$3,229,446	\$1,283,285
2022	25	255	\$269,790	\$155,602
2023	7	149	\$164,794	\$71,384
Total:	676	10,500	\$10,273,972	\$2,726,255

Total Lifetime Water Cost Savings: Program Costs = 3.8:1

¹¹ Water Savings and Total Spent from San Gabriel Valley Water Company Annual CPUC Report - Schedule E, Attachment A.

¹² Estimated Lifetime Water Cost Savings multiplied by the alternative source costs of replenishing water (MSGBWM Replacement Water Assessment Rate)

TABLE 6 FWC Conservation Program Cost and Benefit Analysis				
Years	Estimated Annual Measured Savings (AF) ¹³	Estimated Lifetime Measured Savings (AF)	Value of Water Saved (\$) ¹⁴	Total \$ Spent
2019	152	1,599	\$1,188,057	\$223,593
2020	228	9,416	\$7,218,892	\$508,308
2021	323	9,826	\$7,747,899	\$369,601
2022	25	255	\$206,805	\$155,602
2023	112	1,327	\$1,159,206	\$772,286
Total:	840	22,424	\$17,520,859	\$2,029,390

Total Lifetime Water Cost Savings: Program Costs = 8.6 : 1

Over the last 5 years, each dollar spent on conservation programming in the LAC division yielded approximately \$3.8 in lifetime water cost savings.¹⁵ During that same time period in the FWC division, each dollar spent on conservation programming yielded approximately \$8.6 in lifetime water cost savings.¹⁶

Q. PLEASE DESCRIBE SAN GABRIEL’S WATER CONSERVATION PROGRAMS.

A. As a result of the new California *Make Conservation a Way of Life* framework, San Gabriel proposes increases in conservation program funding and flexibility for both residential and CII programs. San Gabriel’s customers in both divisions are expected to adopt new outdoor fixtures manufactured to meet the new landscape efficiency factors over time. The broad range of programs will provide San Gabriel with flexibility to meet the newly adopted framework. The conservation program elements in the LAC and FWC divisions vary slightly based on past community participation, community needs and funding assistance from Upper District and IEUA. Common elements include;

¹³ Water Savings and Total Spent from San Gabriel Valley Water Company Annual CPUC Report - Schedule E, Attachment A.

¹⁴ Estimated Lifetime Water Cost Savings multiplied by the alternative source costs of replenishing water (CBWM Replenishment Rate)

¹⁵ Unadjusted for inflation/future increases in Replacement Water Assessments.

¹⁶ Unadjusted for inflation/future increases in Replenishment Assessments.

1 Education & Public Outreach – San Gabriel participates in numerous local public events
2 and presentations to customers. During these events, San Gabriel provides water
3 conservation materials and answers questions that residents raise about ways to conserve
4 water. San Gabriel also promotes conservation and applicable local and/or state orders and
5 requirements through newspaper ads, bill inserts, the Company’s website, lobby video
6 presentations, social media posts, conservation literature and promotional items (pens,
7 pencils, rulers, hose nozzles, irrigation kits, gardening kits, etc.) with printed water
8 conservation reminders.

9
10 Residential Irrigation Controller, Nozzles Retrofit Program – This program includes the
11 installation of smart irrigation controllers and nozzles. Outdoor landscaping accounts for
12 at least 50% of water use in Southern California, and San Gabriel has identified both a need
13 and a benefit associated with assisting customers in reducing outdoor water use, consistent
14 with California’s water conservation objectives. One of the biggest opportunities for
15 effecting efficient water use is education. San Gabriel’s water conservation consultants
16 provide instruction to customers and assist with programming new smart irrigation
17 controllers and repairing sprinkler nozzles during initial installation and follow-up visits.
18 This program contributes significantly to achieving water conservation goals. A study
19 completed for the Bureau of Reclamation, DWR and MWD, estimates an approximate
20 savings of 15% in residential water use that is realized after the installation of smart
21 controllers, which is even more water than originally estimated.¹⁷

22
23 Single-Family Residential Audits – San Gabriel offers free water conservation audits to
24 assist residential customers interested in identifying further opportunities to reduce indoor
25 and outdoor water usage.

26
27 Indoor Water Efficient Fixtures Programs – This program includes the replacement of old,
28 higher-volume water using toilets with new High Efficiency Toilets (“HET”). The new

¹⁷ Thomas W. Chestnutt, Ph.D., “Statistical Impact Evaluation of Consumption Data from Metropolitan Weather Based Irrigation Controller Program – A White Paper”, 2013.

1 HETs are shipped directly to the customer’s home and a maximum of two HETs are
2 allowed per household per year. Additionally, the Company offers a Low Income
3 Residential High Efficiency Clothes Washer Rebate Program (“HECW”). As part of the
4 HECW program, Southern California Gas Company determines customer eligibility based
5 on income level and then installs a new high efficiency clothes washer. San Gabriel pays
6 Southern California Gas Company \$150 per HECW installed in San Gabriel’s service area.

7
8 CII Water Efficient Fixtures and Devices/Turf Removal Program – San Gabriel supports
9 the retrofit of indoor and outdoor water-use devices. Qualifying devices include toilets and
10 smart irrigation controllers and nozzles. Additionally, the program has expanded to include
11 the replacement of turf, supporting customer efforts to comply with the stringent Non-
12 Functional Turf irrigation ban. San Gabriel also offers assistance with the replacement of
13 existing irrigation systems with low-flow drip irrigation components, transforming the CII
14 customer’s turf area into a water conservation demonstration garden, which in-turn
15 educates others about alternatives to high water use lawns.

16
17 Recycled Water Retrofit Program – This program provides financial assistance directly to
18 CII customers to assist with a portion of the customer’s on-site costs associated with the
19 conversion of potable water irrigation systems to non-potable recycled water service,
20 where available. San Gabriel also offers rebates of up to \$10,000 per customer connection
21 to offset the cost of converting to recycled water. CII customers within San Gabriel’s
22 service area are eligible to receive these rebates on a first-come-first served basis.

23
24 Additional programs supported in the LAC division include the following:

25
26 K-12 School Education – This is a water conservation themed theater program for students
27 in schools located within San Gabriel’s LAC division service area. Each year,
28 approximately 12 shows are scheduled, with approximately 8,500 students participating in
29 the program. Local actors provide a 30-minute energetic, live theatre performance for

1 students focusing on efficient use of water and conservation which is presented in a fun
2 and engaging way.

3
4 Create Your Garden Program – This program provides residential customers in San
5 Gabriel’s LAC division service area with assistance in converting front yard landscaping
6 into aesthetically pleasing drought-tolerant gardens, permanently reducing water use and
7 conserving water. The program provides participants with assistance in landscape design,
8 training for proper installation of materials, and proper garden maintenance. The program
9 does not include the cost to install necessary improvements. Customers perform all of the
10 work themselves or they can hire their own contractors. San Gabriel provides useful
11 information and materials throughout the process.

12
13 Additionally, San Gabriel provides extra help to customers enrolled in the Company’s low
14 income rate assistance program, known as the Customer Assistance Program (“CAP”).
15 CAP customers are eligible for assistance with the removal of existing turf grass and
16 preparation of the soil. In addition to turf removal and soil preparation for CAP customers,
17 other components of the program include professional assistance and product procurement
18 offered by an experienced landscape designer and contractor.

19
20 Additional programs supported in the FWC division include the following:

21
22 Gardening/Landscape Workshop Supplies – This program supplements the FWC
23 division’s education classes for customers within the division’s service area. These
24 gardening workshops assist customers with gardening design, drought-tolerant plant
25 selection, irrigation systems, scheduling, and maintenance. The workshops are presented
26 in a simple user-friendly manner, and provide effective water-saving information and
27 materials to FWC customers. IEUA funds the cost of the instructor for each workshop
28 hosted by FWC and the Company provides the necessary supplies and materials needed to
29 conduct the workshops.

1 DIY Turf Replacement Program – FWC division customers who enjoy the flexibility of
2 “do it yourself” projects receive assistance with removing turf to accommodate drought
3 tolerant landscaping with the help of professional designers, plants and materials. The
4 FWC division’s contractor helps the customer design a landscape layout, provides plants,
5 mulch, and the irrigation parts needed to convert the existing yard to a drought tolerant
6 yard. Customers complete the install, but also have the option to pay the contractor to
7 install the new drought tolerant landscaping at their own expense.

8
9 Outdoor Conservation Kit – The FWC division provides drip irrigation kits which include
10 all of the necessary parts to install an outside faucet or garden hose drip irrigation system
11 covering up to 150 square feet. The system is easily expandable with additional lines to
12 cover larger areas of up to 400 square feet. This is a complete kit for irrigating
13 groundcovers, shrubs, and trees.

14
15 Pilot Study on Toilet Leak Sensor for Multi-Family Homes – This program provides a
16 monitoring system and sensor to identify leaks, or a mechanical fixture in the toilet tank to
17 prevent unit from leaking for multi-unit homes. The sensor is installed on the water line
18 feeding a toilet and monitors water flow. The sensor has a small computer that sends out
19 flow data to a cloud server for the artificial intelligence learning algorithm to provide usage
20 and insights on water usage and possible leaks. The mechanical fixture prevents water from
21 being drained from the tank if the lever has not been pulled.

22 **4. Water Loss Audits**

23 **Q. PLEASE DESCRIBE THE REQUIREMENTS OF THE WATER LOSS AUDIT.**

24 A. In October 2015, Governor Brown signed SB 555 into law which requires all urban water
25 retail suppliers to submit a “validated” water loss audit to DWR on or before October 1 of
26 each year, commencing October 1, 2017. Assembly Bill 1414, passed in 2019, later
27 changed the due date for all urban water suppliers’ Water Loss Audit reports to January 1st
28 of each year starting in 2023. In addition to this new state law, the CPUC’s Rate Case Plan
29 for Class A Water Utilities requires San Gabriel to provide the results of a water loss audit

1 performed no more than 60 days prior to submission of the Company’s Proposed
2 Application.¹⁸

3 **Q. HAS SAN GABRIEL PREPARED AND SUBMITTED ITS WATER LOSS AUDIT**
4 **REPORT FOR ITS LAC AND FWC DIVISIONS?**

5 A. Yes. The 2021, 2022, 2023, and 2024 validated Water Loss Audit reports for San Gabriel’s
6 LAC and FWC divisions are included in ATTACHMENT L to this testimony.

7 **Q. PLEASE DESCRIBE THE KEY FINDINGS REPORTED IN THE MOST RECENT**
8 **WATER LOSS AUDIT REPORT.**

9 A. San Gabriel contracted with a consultant to assist with the preparation and submittal of its
10 Annual Water Loss Audits for both the LAC and FWC divisions. The American Water
11 Works Association’s Water Audit software was used to prepare the data and information
12 required by DWR. The key findings are summarized on page 3 of the report. For the LAC
13 division, the total water loss in 2024 was estimated to be 1,367 AF, and for the FWC
14 division the total water loss in 2024 was estimated to be 2,467 AF. The report recommends
15 actions to be taken by San Gabriel to increase data validity and reduce real and apparent
16 losses in both divisions.

17 **Q. IF SAN GABRIEL’S WATER LOSS IS MORE THAN 7%, WHAT IS THE PLAN**
18 **TO REDUCE WATER LOSS?**

19 A. In the LAC division water loss was 3.9% in 2024, and is therefore below the 7% threshold.
20 In the FWC division, water loss was 6.9% in 2024. However, both the LAC and FWC
21 divisions continue efforts to reduce water loss. Proactive steps to assess and reduce water
22 loss include training field personnel to spot and report water theft from hydrants, leaks and
23 damages. Accuracy and measurement improvements are also ongoing through FWC’s
24 meter replacement and inspection program, in addition to installing new ultrasonic
25 Automated Meter Reading (“AMR”) meters. The ultrasonic meters pick up flows as low
26 as 0.10 gallons per minute (“gpm”), whereas the previously installed displacement meters
27 would only register as low as 0.50 gpm. The low flow metering capability assists San
28 Gabriel in identifying leaks that may have otherwise been unrecognized. Further details

¹⁸ D.07-05-062, Appendix A, Attachment 1, Sections II.E.3

1 on San Gabriel’s AMR program are included in **EXHIBITS SG-6** (Swift) and **SG-7**
2 (Zielke). As also explained in **EXHIBIT SG-7** (Zielke), the FWC division installs
3 breakaway check valves on all new, damaged, and at-risk fire hydrants as part of FWC’s
4 Fire Hydrant Retrofit Program, thereby reducing water loss resulting from damaged
5 hydrants. Lastly, FWC will continue to employ its leak detection program (*see* **EXHIBIT**
6 **SG-7** (Zielke)) and main replacement program (*see* **EXHIBIT SG-15** (Guzman)) to further
7 reduce system losses.

8
9 In addition to these efforts, the FWC division has contracted with Maddus Water
10 Management Inc. (“Maddus”) to complete a third-party review of the division’s past Water
11 Loss Audit. The review includes a thorough analysis of the Water Loss Audit,
12 identification of potential areas for improvement, data verification, analysis and
13 recommendations, including industry best practices to optimize water loss control
14 strategies. These efforts demonstrate FWC’s commitment to responsible water
15 management and the Company’s goal to reduce water loss.

16 **Q. IF SAN GABRIEL’S WATER LOSS IS MORE THAN 7%, HAS THE COMPANY**
17 **PREPARED A COST-BENEFIT ANALYSIS FOR REDUCING UNACCOUNTED**
18 **FOR WATER?**

19 A. Yes. San Gabriel completed a cost-benefit analysis of its AMR program for the FWC
20 division. The results from this analysis are included as **ATTACHMENT M**. The
21 deployment of AMR meters results in a present value cost savings of (\$3,768,482)
22 compared to manual read meters, and the estimated water loss savings is 65% from the
23 previous audit completed in December of 2023, due to improved meter accuracy through
24 implementation of the program.

25 **5. Pending Legislation that will Impact Conservation**

26 **Q. WHAT OTHER REQUIREMENTS ARE IMPOSED BY THE NEWLY ADOPTED**
27 **CONSERVATION LEGISLATION?**

28 A. SB 606 and AB 1668 imposed a number of revisions to the Urban Water Management
29 Planning Act and the WSCPs currently required under existing law. Among other
30 requirements discussed in Section VI.1 above, the new law requires water utilities to

1 prepare an annual drought risk assessment report for submittal to DWR that includes
2 information about anticipated shortages, shortage response actions, compliance and
3 enforcement actions.

4
5 These regulations impose significant requirements on all urban water suppliers, including
6 San Gabriel and its customers, as the State moves beyond the recent drought emergency
7 measures and towards long-term efficient water use practices. In January 2024, the
8 Legislative Analyst’s Office evaluation argued the new rules are unnecessarily complex,
9 add significant costs, could disproportionately affect lower-income customers, and will be
10 administratively burdensome to implement.¹⁹ As these newly adopted regulations are
11 being evaluated by San Gabriel, it is highly likely that each division may need the aid of
12 outside consulting services and additional staff to comply with the advancing requirements.
13 The amount of aid and recommended services have yet to be determined at this time. To
14 this end, on September 24, 2024, San Gabriel filed Advice Letter 611 requesting authority
15 to open a Conservation Regulation Memorandum Account.

16 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

17 **A.** Yes, it does.

¹⁹ Prepared by the California Legislative Analyst’s Office: *Assessing Early Implementation of Urban Water Use Efficiency Requirements*, January 2024 (Gabriel Petek)