

Preliminary Statement

AS. Asbestos Litigation Memorandum Account (ALMA)

1. PURPOSE

The Asbestos Litigation Memorandum Account (“ALMA”) will track costs, settlement payments, judgments and credits related to litigation arising from alleged exposure to asbestos from asbestos-cement (“AC”) water pipes in Cal Water’s service areas.

2. APPLICABILITY

The ALMA is effective beginning January 1, 2015 through December 31, 2024, unless (C)  
the California Public Utilities Commission authorizes an extension. The ALMA applies to (L)  
all districts. (L)

3. ACCOUNTING PROCEDURE

Cal Water shall make the entries described below on a monthly basis. Cal Water shall only record costs for outside services related to defending against asbestos litigation lawsuits and seeking indemnification or cost recovery from insurers, developers, contractors, or other involved parties. Cal Water shall not record any costs for internal services related to defending against asbestos litigation lawsuits and seeking indemnification or cost recovery from insurers, developers, contractors, or other involved parties. Cal Water shall only record the following outside services costs related to asbestos litigation to the memorandum account:

- a. Filing and court fee costs
- b. Attorney fees
- c. Legal representation administrative costs
- d. Legal representation travel costs
- e. Litigation support costs
- f. Investigative costs
- g. Court reporter costs
- h. Deposition costs
- i. Expert witness fees
- j. Expert witness administrative costs
- k. Witness representation costs
- l. Witness travel costs
- m. Insurance coverage attorney costs
- n. Other reasonable and justified costs from outside service providers directly tied asbestos litigation cases.

(Continued)

<small>(To be inserted by utility)</small>	<small>Issued By</small>	<small>(To be inserted by CPUC)</small>
Advice Letter <u>2401</u>	<u>Greg A. Milleman</u>	Date Filed <u>01/27/2021</u>
Decision <u>20-12-007</u>	<u>Vice President</u>	Effective <u>01/01/2020</u>
		Resolution _____

**Preliminary Statement**

AS. Asbestos Litigation Memorandum Account (ALMA) (continued)

3. ACCOUNTING PROCEDURE (continued)

Cal Water may record in the ALMA payments made according to settlement agreements in litigation related to alleged asbestos exposure. Cal Water may record in the ALMA judgment against it in litigation related to alleged asbestos exposure.

Cal Water shall record any recovery or compensation of costs from outside sources as a credit to the memorandum account. Any recovery or compensation of costs recorded in the memo account is to be credited against the costs recorded in the memorandum account, including recovery or compensation received after any expiration of the memorandum account. Costs that shall be treated as a credit in the memorandum account include, but are not limited to:

- a. Developer indemnity
- b. Developer reimbursement of expenses
- c. Developer insurance reimbursement
- d. Contractor indemnity
- e. Contractor insurance reimbursement
- f. Contribution by other defendants
- g. Court awards
- h. Settlement Awards

Pursuant to Standard Practice U-27-W ("SP U-27") of the Water Division, the ALMA will earn interest at the 90-day commercial paper rate. (T)  
(T)

4. DISPOSITION

Cal Water shall seek recovery of costs recorded in the memorandum account if triggered under SP U-27, or at the end of the five-year term of the memorandum account. The request shall be in a filing that is in accordance with SP U-27 and General Order 96-B, Water Industry Rule 7.3.3.

(End)

<small>(To be inserted by utility)</small>	<small>Issued By</small>	<small>(To be inserted by CPUC)</small>
Advice Letter <u>2401</u>	<u>Greg A. Milleman</u>	Date Filed <u>01/27/2021</u>
Decision <u>20-12-007</u>	<u>Vice President</u>	Effective <u>01/01/2020</u>
		Resolution _____