

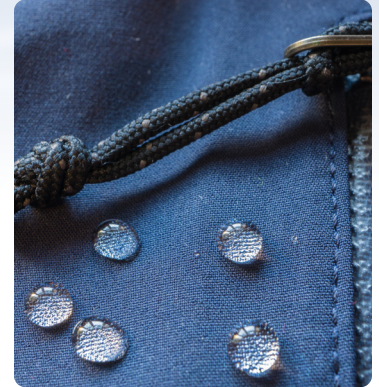


# Understanding PFAS: *Per- and Polyfluoroalkyl Substances*

## What are PFAS?

PFAS refers to a large class of man-made chemicals known for their resilient and long-lasting properties, which is why they have been more commonly referred to as “forever chemicals.”

PFAS are found in everyday items such as waterproof clothing, cookware, fast food wrappers, firefighting foam and electronics. Introduced circa the 1950s, they are widely used in products that resist heat, oils, stains, and water. They do not degrade easily because their molecules have a chain of linked carbon and fluorine atoms. The carbon-fluorine bond is one of the strongest.



## Are PFAS Harmful?

Assessing the risk associated with PFAS exposure is complex. Ongoing research seeks to fully understand exposure and whether these chemicals cause health problems. To reduce human exposure to PFAS in drinking water, the State of California has adopted health advisory levels for five PFAS constituents in drinking water, and the United States Environmental Protection Agency (USEPA) has adopted regulatory standards for six PFAS constituents detected in drinking water.

### SOURCES OF PFAS IN THE ENVIRONMENT



Sludge byproducts (biosolids) from wastewater treatment plants



Contaminated food products, such as milk, after livestock consume PFAS in food or water



Manufacturing sites



Firefighting foam



Wastewater treatment plants



Consumer products



Groundwater supply in private wells



Untreated source water in drinking water supply

## How Are People Exposed to PFAS?

Over time, PFAS can leak into soil, air and water. People are most likely exposed by consuming water or food containing PFAS, using products made with PFAS, or breathing air containing PFAS.

## How is PFAS impacting the Company?

In 2018, the USEPA, ordered the Company to complete PFAS sampling of the source water produced by its groundwater wells. At that time, low levels of PFAS were detected; however, no regulatory compliance monitoring levels had been established.

In 2020, the USEPA directed water quality samples to be collected and analyzed at all PFAS Superfund clean-up and remediation sites, including the Company’s groundwater sources. Those sample results reported Well No. 8 with the detection of PFOS at 31 parts per trillion (PPT) and PFOA at 13 PPT.

PFOS was just below the Division of Drinking Water (DDW) Response Level at these levels, while PFOA exceeded the DDW Response Level. On May 15, 2020, the Company’s Board of Directors authorized the construction and installation of a single pass IX treatment system to provide wellhead treatment for Well No. 8 to remove and remediate PFAS from the source groundwater.

## PFAS With Compliance Monitoring Levels

Constituent	State of California Health Advisory Levels		USEPA Legally Enforceable Levels
	Notification Level (NL - ng/L or ppt)	Response Level (RL - ng/L or ppt)	Maximum Contaminant Level (MCL - ng/L or ppt)
Perfluorooctanoic Acid (PFOA)	5.1	10.0	4.0
Perfluorooctane Sulfonic Acid (PFOS)	6.5	40.0	4.0
Perfluorobutane Sulfonic Acid (PFBS)	500	5,000	–
Perfluorohexane Sulfonic Acid (PFHxS)	3.0	20.0	10.0
Perfluorononanoic Acid (PFNA)	–	–	10.0
GenX Chemicals (HFPO-DA)	–	–	10.0

\*NOTE: PPT is equivalent to one drop of water in an Olympic size swimming pool. For these six PFAS constituents, the lower level prevails for enforcement of any regulatory compliance actions.

### How is the Company Addressing PFAS?

California Domestic Water Company has constructed a PFAS treatment facility for Well 8, a primary groundwater source used in the Company's operation. The well can pump up to 3,000 gallons per minute.





This facility will be instrumental in treating source groundwater through ion exchange technology, which uses resin beads to remove PFAS when carbon-based adsorption methods cannot.








### Company's Mission Statement

To ensure Shareholders receive a high-quality, reliable water supply at a sustainable and reasonable price.

### Ways We Achieve Our Mission to Shareholders

-  Convey water through a series of treatment facilities to ensure it meets or exceeds all water quality regulations
-  Apply advanced treatment technologies to water, including air stripping, ion exchange, ultraviolet light, chlorination and pH control
-  Sample and test more than 2,000 water samples for various contaminants annually
-  Added regular PFAS sampling protocols to the monitoring schedule in 2020

### Treatment Facility Expansion and Rehabilitation: An Investment in Shareholder Success

-  Total Capital Investment: **\$4,600,000**
-  Grant Funding Received: **\$2,600,000**
-  Projected Annual O&M Expense: **\$450,000**
-  Grant funding controls Company costs for the benefit of the shareholders
-  Participating in class-action PFAS settlements — any money received will be reinvested in the Company's planned 10-year Capital Improvement Plan