

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 18, 2020

Jeffrey T. Linam
Vice President of Rates & Regulatory
California-American Water Company
4701 Beloit Drive
Sacramento, CA 95838-2434

Dear Mr. Linam,

The Commission has approved California-American Water Company's Advice Letter No. 1280-A (Supplement to Advice Letter No. 1280), filed on June 22, 2020, regarding the Preliminary Statement Clean Up for all districts.

Enclosed are copies of the following revised tariff sheets, effective February 10, 2020, for the utility's files:

P.U.C. Sheet No.	Title of Sheet
9629-W	Preliminary Statement, Summary Table
9630-W	Preliminary Statement, Summary Table
9631-W	Preliminary Statement, (Continued)
9632-W	Preliminary Statement, (Continued)
9633-W	Preliminary Statement, (Continued)
9634-W	Preliminary Statement, (Continued)
9635-W	Preliminary Statement, (Continued)
9636-W	Preliminary Statement, (Continued)
9637-W	Preliminary Statement, (Continued)
9638-W	Preliminary Statement, (Continued)
9639-W	Preliminary Statement, (Continued)
9640-W	Preliminary Statement, (Continued)
9641-W	Preliminary Statement, (Continued)
9642-W	Preliminary Statement, (Continued)
9643-W	Preliminary Statement, (Continued)
9644-W	Preliminary Statement, (Continued)
9645-W	Preliminary Statement, (Continued)
9646-W	Preliminary Statement, (Continued)
9647-W	Preliminary Statement, (Continued)
9648-W	Preliminary Statement, (Continued)
9649-W	Preliminary Statement, (Continued)

P.U.C.

Sheet No.	Title of Sheet
9650-W	Preliminary Statement, (Continued)
9651-W	Preliminary Statement, (Continued)
9652-W	Preliminary Statement, (Continued)
9653-W	Preliminary Statement, (Continued)
9654-W	Preliminary Statement, (Continued)
9655-W	Preliminary Statement, (Continued)
9656-W	Preliminary Statement, (Continued)
9657-W	Preliminary Statement, (Continued)
9658-W	Preliminary Statement, (Continued)
9659-W	Preliminary Statement, (Continued)
9660-W	Preliminary Statement, (Continued)
9661-W	Preliminary Statement, (Continued)
9662-W	Preliminary Statement, (Continued)
9663-W	Preliminary Statement, (Continued)
9664-W	Preliminary Statement, (Continued)
9665-W	Preliminary Statement, (Continued)
9666-W	Preliminary Statement, (Continued)
9667-W	Preliminary Statement, (Continued)
9668-W	Preliminary Statement, (Continued)
9669-W	Preliminary Statement, (Continued)
9670-W	Preliminary Statement, (Continued)
9671-W	Preliminary Statement, (Continued)
9672-W	Preliminary Statement, (Continued)
9673-W	Preliminary Statement, (Continued)
9674-W	Preliminary Statement, (Continued)
9675-W	Preliminary Statement, (Continued)
9676-W	Preliminary Statement, (Continued)
9677-W	Preliminary Statement, (Continued)
9678-W	Preliminary Statement, (Continued)
9679-W	Preliminary Statement, (Continued)
9680-W	Preliminary Statement, (Continued)
9681-W	Preliminary Statement, (Continued)
9682-W	Preliminary Statement, (Continued)
9683-W	Preliminary Statement, (Continued)
9684-W	Preliminary Statement, (Continued)
9685-W	Preliminary Statement, (Continued)
9686-W	Preliminary Statement, (Continued)
9687-W	Preliminary Statement, (Continued)
9688-W	Preliminary Statement, (Continued)
9689-W	Preliminary Statement, (Continued)
9690-W	Preliminary Statement, (Continued)

P.U.C.

Sheet No.	Title of Sheet
9691-W	Preliminary Statement, (Continued)
9692-W	Preliminary Statement, (Continued)
9693-W	Preliminary Statement, (Continued)
9694-W	Table of Contents, Page 1
Delete	9281, 9284, 9285, 9303, 9304, 9305, 9306, 9316
9758-W	Preliminary Statement, (Continued)
9759-W	Preliminary Statement, (Continued)

Please contact Bradley Leong at BL4@cpuc.ca.gov or 415-703-2307, if you have any questions.

Thank you,

/s/ROBIN BRYANT

Robin Bryant
Water Division

Enclosures



4701 Beloit Drive
Sacramento, CA 95838
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P (916) 568-4251
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June 22, 2020

ADVICE LETTER NO. 1280-A

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (California American Water) (U210W) submits for review this advice letter including the following attached tariff sheets applicable to its All Districts.

<u>C.P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Sheet No.</u>
9629-W	PRELIMINARY STATEMENT Summary Table	9569-W
9630-W	PRELIMINARY STATEMENT Summary Table	9570-W
9631-W	PRELIMINARY STATEMENT (Continued)	9571-W
9632-W	PRELIMINARY STATEMENT (Continued)	9266-W
9633-W	PRELIMINARY STATEMENT (Continued)	9267-W
9634-W	PRELIMINARY STATEMENT (Continued)	9268-W
9635-W	PRELIMINARY STATEMENT (Continued)	9269-W
9636-W	PRELIMINARY STATEMENT (Continued)	9270-W
9637-W	PRELIMINARY STATEMENT (Continued)	9271-W
9638-W	PRELIMINARY STATEMENT (Continued)	9272-W
9639-W	PRELIMINARY STATEMENT (Continued)	9273-W
9640-W	PRELIMINARY STATEMENT (Continued)	9274-W
9641-W	PRELIMINARY STATEMENT (Continued)	9275-W
9642-W	PRELIMINARY STATEMENT (Continued)	9276-W
9643-W	PRELIMINARY STATEMENT (Continued)	9277-W

9644-W	PRELIMINARY STATEMENT (Continued)	9278-W
9645-W	PRELIMINARY STATEMENT (Continued)	9279-W
9646-W	PRELIMINARY STATEMENT (Continued)	9280-W
DELETE	PRELIMINARY STATEMENT (Continued)	9281-W
9647-W	PRELIMINARY STATEMENT (Continued)	NEW
9648-W	PRELIMINARY STATEMENT (Continued)	9282-W
9649-W	PRELIMINARY STATEMENT (Continued)	9283-W
DELETE	PRELIMINARY STATEMENT (Continued)	9284-W
DELETE	PRELIMINARY STATEMENT (Continued)	9285-W
9650-W	PRELIMINARY STATEMENT (Continued)	9286-W
9651-W	PRELIMINARY STATEMENT (Continued)	9287-W
9652-W	PRELIMINARY STATEMENT (Continued)U	9288-W
9653-W	PRELIMINARY STATEMENT (Continued)	9289-W
9654-W	PRELIMINARY STATEMENT (Continued)	9290-W
9655-W	PRELIMINARY STATEMENT (Continued)	9291-W
9656-W	PRELIMINARY STATEMENT (Continued)	9292-W
9657-W	PRELIMINARY STATEMENT (Continued)	9293-W
9658-W	PRELIMINARY STATEMENT (Continued)	9294-W
9659-W	PRELIMINARY STATEMENT (Continued)	9295-W
9660-W	PRELIMINARY STATEMENT (Continued)	9296-W
9661-W	PRELIMINARY STATEMENT (Continued)	9297-W

9662-W	PRELIMINARY STATEMENT (Continued)	9298-W
9663-W	PRELIMINARY STATEMENT (Continued)	9299-W
9664-W	PRELIMINARY STATEMENT (Continued)	9300-W
9665-W	PRELIMINARY STATEMENT (Continued)	9301-W
9666-W	PRELIMINARY STATEMENT (Continued)	9302-W
DELETE	PRELIMINARY STATEMENT (Continued)	9303-W
9667-W	PRELIMINARY STATEMENT (Continued)	NEW
DELETE	PRELIMINARY STATEMENT (Continued)	9304-W
9668-W	PRELIMINARY STATEMENT (Continued)	9572-W
DELETE	PRELIMINARY STATEMENT (Continued)	9305-W
9669-W	PRELIMINARY STATEMENT (Continued)	NEW
DELETE	PRELIMINARY STATEMENT (Continued)	9306-W
9670-W	PRELIMINARY STATEMENT (Continued)	NEW
9671-W	PRELIMINARY STATEMENT (Continued)	9307-W
9672-W	PRELIMINARY STATEMENT (Continued)	9500-W
9673-W	PRELIMINARY STATEMENT (Continued)	9309-W
9674-W	PRELIMINARY STATEMENT (Continued)	9310-W
9675-W	PRELIMINARY STATEMENT (Continued)	9311-W
9676-W	PRELIMINARY STATEMENT (Continued)	9312-W
9677-W	PRELIMINARY STATEMENT (Continued)	9313-W
9678-W	PRELIMINARY STATEMENT (Continued)	9314-W

9679-W	PRELIMINARY STATEMENT (Continued)	9315-W
DELETE	PRELIMINARY STATEMENT (Continued)	9316-W
9680-W	PRELIMINARY STATEMENT (Continued)	NEW
9681-W	PRELIMINARY STATEMENT (Continued)	9317-W
9682-W	PRELIMINARY STATEMENT (Continued)	9318-W
9683-W	PRELIMINARY STATEMENT (Continued)	9319-W
9684-W	PRELIMINARY STATEMENT (Continued)	9320-W
9685-W	PRELIMINARY STATEMENT (Continued)	9321-W
9686-W	PRELIMINARY STATEMENT (Continued)	9322-W
9687-W	PRELIMINARY STATEMENT (Continued)	9371-W
9688-W	PRELIMINARY STATEMENT (Continued)	9355-W
9689-W	PRELIMINARY STATEMENT (Continued)	9365-W
9690-W	PRELIMINARY STATEMENT (Continued)	9366-W
9691-W	PRELIMINARY STATEMENT (Continued)	9501-W
9692-W	PRELIMINARY STATEMENT (Continued)	9502-W
9693-W	PRELIMINARY STATEMENT (Continued)	NEW
9758-W	PRELIMINARY STATEMENT (Continued)	9573-W
9759-W	PRELIMINARY STATEMENT (Continued)	9574-W
9694-W	Table of Contents Page 1	9628-W

Purpose (Supplemental):

This supplemental advice letter filing is to further update and clarify California American Water's current preliminary tariffs as follows:

- Modify Monterey Service Area and Sacramento Service Area naming conventions for

consistency

- Further Modify the preliminary statement language in the Sacramento Voluntary Conservation Rationing Memorandum Account (VCRMA) to exclude lost revenues associated with reduced sales
- Remove the Low-Income Data Sharing Memorandum account
- Remove the 2018 Tax Cuts and Job Act Memorandum Account
- Add the authorized Sand City Desalination Plant Purchased Water Balancing Account

Purpose:

This advice letter filing seeks to update and clarify California American Water's current preliminary statement tariffs. The changes are:

- Adding the following authorized mechanisms, balancing and memorandum accounts:
 - Meadowbrook CIAC
 - All District Voluntary Conservation Rationing Memorandum Account
 - Sacramento Voluntary or Mandatory Rationing Revenue Adjustment Account (VCMRRAMA)
 - Monterey Wastewater Purchase Power Balancing Account (ICBA)
- Deleting the following mechanisms, balancing, and memorandum accounts:
 - Main San Gabriel Groundwater Basin Contamination Memorandum Account
 - Operational Energy Efficiency Program Memorandum Account (OEEPMA)
 - Temporary Interest Rate Balancing Account (TIRBA)
 - Cost of Capital Memorandum Account
- Updating the following mechanisms, balancing, and memorandum accounts:
 - National Oceanic and Atmospheric Administration and Endangered Species Memorandum Account
 - Modified Monterey Service Area verbiage since consolidating the Central Division

The changes do not impact authorized rates.

Background (Supplemental):

Advice Letter 1227 was filed February 19, 2019. In AL 1227 California American Water requested to close and modify various balancing and memorandum accounts per Ordering Paragraph 26 of Decision ("D.")18-12-021. One request included in AL 1227 was to "Modify the Sacramento District Voluntary Conservation or Mandatory Rationing Revenue Adjustment Mechanism Memorandum Account to exclude lost revenues associated with reduced sales from being recorded in the account." Though the advice letter stated that California American Water updated the preliminary statement to include the modified language, California American Water inadvertently did not include the updated tariff for the VCMRRAMA in AL 1227. Advice Letter 1230, requesting to make effective, but not implement, revised tariff schedules reflecting authorized rates for Test Year 2018 in accordance with D.18-12-02, was filed March 8, 2019. Advice Letter 1230 reflected updated preliminary statements per D.18-12-021, however the Sacramento District VCMRRAMA was inadvertently left off the preliminary statements. On April 11, 2019, California American Water submitted Advice Letter 1227-A, a supplement to Advice Letter 1227, which was approved on May 13, 2019. AL 1227-A also inadvertently omitted an updated tariff for the VCMRRAMA.

Through this supplemental advice letter California American Water modifies the preliminary statement language for the VCMRRAMA consistent with the intent of D.18-12-021 and AL 1227-A.

Background:

In D.18-12-021, the Commission authorized California American Water to close, open or modify various balancing and memorandum accounts. Due to the staggered timing of a series of advice letter filings and their effective dates, California American Water needs to add to its published preliminary statements several preliminary statements previously approved by the Commission.

Additionally, California American Water modified several of its tariffs to cite the most up to date decisions, and to provide updated service area naming conventions and tariff language for consistency across its preliminary statements.

Finally, through this filing California American Water has separated each preliminary statement in terms of sheet numbering in an effort to better track and manage future changes, deletions, and additions to its preliminary statements. Additionally, following this change California American Water plans to update its external website for preliminary statements so that each statement will be listed individually with a clickable link with the aim of making the preliminary statements more accessible to customers.

Request:

California American Water is requesting authorization to clean up and clarify its preliminary statement tariffs.

Tier Designation:

These tariffs are submitted pursuant to General Order No.96-B and this advice letter is designated as a Tier 1 filing.

Effective Date:

California American Water requests an effective date of February 10, 2020.

RESPONSE OR PROTEST¹

Anyone may submit a response or protest for this AL. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

A **response** supports the filing and may contain information that proves useful to the Commission in evaluating the AL. A **protest** objects to the AL in whole or in part and must set forth the specific grounds on which it is based. These grounds² are:

1. The utility did not properly serve or give notice of the AL;
2. The relief requested in the AL would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
3. The analysis, calculations, or data in the AL contain material error or omissions;
4. The relief requested in the AL is pending before the Commission in a formal proceeding; or
5. The relief requested in the AL requires consideration in a formal hearing, or is otherwise inappropriate for the AL process; or
6. The relief requested in the AL is unjust, unreasonable, or discriminatory, provided that such a protest may not be made where it would require relitigating a prior order of the Commission.
7. A protest may not rely on policy objections to an AL where the relief requested in the AL follows rules or directions established by statute or Commission order applicable to the utility. A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

DWA must receive a response or protest via email (or postal mail) within 20 days of the date the AL is filed. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

The addresses for submitting a response or protest are:

Email Address:

Water.Division@cpuc.ca.gov

Mailing Address:

CA Public Utilities Commission
Division of Water and Audits
505 Van Ness Avenue
San Francisco, CA 94102

On the same day the response or protest is submitted to DWA, the respondent or protestant shall send a copy of the protest to California American Water at:

Email Address:

Kamilah.jones@amwater.com

Mailing Address:

4701 Beloit Drive
Sacramento, CA 95838

sarah.leeper@amwater.com

555 Montgomery Street, Ste. 816^[P]_[SEP]
San Francisco, CA 94111

Jonathan.Morse@amwater.com

4701 Beloit Drive
Sacramento, CA 95838

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform DWA, within the 20 day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

REPLIES³

The utility shall reply to each protest and may reply to any response. Any reply must be received by DWA within five business days after the end of the protest period, and shall be served on the same day on each person who filed the protest or response to the AL.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Kamilah U. Jones

Kamilah U Jones
Senior Financial Analyst
Rates & Regulatory

³ G.O. 96-B, General Rule 7.4.3

PRELIMINARY STATEMENT
Summary Table

Sheet 1

Reference	Account	Tariff
A	Territory Served by Utility	9631-W
B	Types and Classes of Service	9631-W
C	Description of Service	9632-W
D	Procedure to Obtain Service	9632-W
E	Symbols	9632-W
F	Affiliate Transaction Rule IV.D.2 Memorandum Account (ATMEMO)	9633-W
G	Catastrophic Event Memorandum Account (CEMA)	9634-W, 9635-W, 9636-W
H	CAW Conservation Surcharge Balancing Account	9637-W
I	Cease and Desist Order Memorandum Account (CDOMA)	9638-W
J	Cease and Desist Order - Penalties and Fines Memorandum Account	9639-W
K	Chromium-6 Memorandum Accounts - Los Angeles County and Sacramento Districts	9640-W, 9641-W
L	Consolidated Expense Balancing Account	9642-W
M	Emergency Rationing Costs Incurred by CAW Memorandum Account	9643-W
N	Endangered Species Act (ESA) Memorandum Account (Monterey Main Service Area)	9644-W
O	Garrapata Service Area Memorandum Accounts	9645-W
P	Garrapata Service Area - SDWSRF Loan Repayment Balancing Account	9646-W
Q	MPWMD Conservation Balancing Account	9647-W
R	Low-Income Ratepayer Assistance Program (LIRA) Balancing Account	9648-W, 9649-W
S	NOAA_ESA Memorandum Account	9650-W
T	Other Post-Employment Benefits Balancing Account	9651-W
U	Pension Balancing Account (PBA)	9652-W
V	San Clemente Dam Balancing Account	9653-W
W	Coastal Water Project Memorandum Account	9654-W
X	Seaside Basin Adjudication Balancing Account	9655-W
Y	Seaside Groundwater Basin Balancing Account	9656-W
Z	Water Contamination Litigation Expense Memorandum Account ("WCLEMA")	9657-W
AA	West Placer Memorandum Account	9658-W
AB	Water Revenue Adjustment Mechanism/Modification Cost Balancing Account ("WRAM/MCBA")	9659-W, 9660-W, 9661-W, 9662-W
AC	Leak Adjustment Memorandum Account	9663-W
AD	Water Cost if Capital Adjustment Mechanism	9664-W
AE	Credit Card Fee Memorandum Account	9665-W
AF	Purchased Water, Purchased Power, and Pump Tax Balancing Account	9666-W

(C)

(C)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1280-A	J. T. LINAM	Date Filed	<u>06/22/2020</u>
Decision		DIRECTOR - Rates & Regulatory	Effective	<u>02/10/2020</u>
			Resolution	<u></u>

PRELIMINARY STATEMENT
Summary Table

Sheet 2

Reference	Account	Tariff	
AG	School Lead Testing Memorandum Account (SLTMA)	9667-W	(L) (T)
AH	The Memorandum Account for Environmental Improvement and Compliance Issues for Acquisitions	9668-W	(D)
AI	Dunnigan Consulting Memorandum Account	9669-W	(D)
AJ	Water-Energy Nexus Program Memorandum Account (WENMA)	9670-W	(T)
AK	Special Facilities Fee Memorandum Account	9671-W	(T) (D)
AL	Monterey Service Area Pre-2015 Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") Under-collection/recovery Balancing Account	9673-W	(T)
AM	Monterey Service Area Pre-2015 Non-Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") Under-collection/recovery Balancing Account	9674-W	(T)
AN	Public Safety Power Shut-Off Memorandum Account (PSPSMA)	9675-W, 9676-W	(T)
AO	General Rate Case Interim Rate True-up Memorandum Account	9677-W	(T)
AP	Central Division Leak Adjustment Balancing Account	9678-W	
AQ	Two-Way Tax Accounting Memorandum Account (TMA)	9679-W	
AR	Sustainable Groundwater Management Act Memorandum Account (SGMA)	9680-W	
AS	Group Insurance Balancing Account (GIBA)	9681-W	(D)
AT	Rio Plaza Groundwater Management Memorandum Account	9682-W	(L) (T)
AU	Rio Plaza Transaction Memorandum Account	9683-W	(L)
AV	MPSWP Phase 1 Project Cost Memorandum Account (PCMA)	9684-W	(L)
AW	MPSWP Operations and Maintenance Memorandum Account (MOMMA)	9685-W	(L)
AX	Meadowbrook CIAC Regulatory Asset	9686-W	(L) (N)
AY	All District Conservation Rationing Memorandum Account	9687-W	(N)
AZ	Monterey Wastewater Purchased Power Balancing Account	9688-W	(N)
BA	Sand City Desalination Plant Purchased Water Balancing Account (SCDPPWBA)	9689-W	(N)
BB	Chromium-6 Balancing Account	9690-W	(N)
BC	Fruitridge Vista Meter Installation Memorandum Account (FVMIMA)	9691-W	(L)
BD	Fruitridge Vista Transaction Memorandum Account (FVTMA)	9692-W	(L)
BE	Sacramento Service Area Voluntary Conservation or Mandatory Rationing Memorandum Account (VCMRMA)	9693-W	(N)
BF	Hillview Service Area Memorandum & Balancing Accounts	9758-W	
BG	Hillview Memorandum Account for Deferred Income Taxes (HMADIT)	9759-W	

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1280-A	J. T. LINAM	Date Filed <u>06/22/2020</u>
Decision	DIRECTOR - Rates & Regulatory	Effective <u>02/10/2020</u>
		Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 1

C. Description of Service

The characteristics of the service furnished are indicated in Rule No. 2, Description of Service.

D. Procedure to Obtain Service

Service as described herein will be furnished to any person or corporation whose premises are within the utility's service area, provided application is made in accordance with Rule No. 3, Application for Service; credit is established as required in Rule No. 6, Establishment and Re-establishment of Credit; Customer's piping and valves are installed as required in Rule No. 16, Service Connections, Meters, and Customer's Facilities, under "Customer's Responsibility"; and a contract is signed in those certain circumstances specified in Rule No. 4, Contracts.

Where an extension of the utility's mains is necessary Rule No. 15, Main Extensions, applies, and if the project is of a temporary or speculative nature, Rule No. 13, Temporary Service, is applicable.

Applicants for service and customers must also conform to and comply with the other established rules as provided herein.

E. Symbols

Whenever tariff sheets are refiled, changes will be identified by the following symbols:

- (C) To signify changed listing, rule or condition which may affect rates or charges.
- (D) To signify discontinued material, including listing, rate, rule or condition.
- (I) To signify increase.
- (L) To signify material relocated from or to another part of tariff schedules with no change in text, rate, rule or condition.
- (N) To signify new material including listing, rate, rule, or condition.
- (P) To signify material subject to change under a pending application or advice letter. (N)
- (R) To signify reduction.
- (T) To signify change in wording of text but not change in rate, rule or condition. (N)

(Continued)

<p>(TO BE INSERTED BY UTILITY)</p> <p>Advice 1280-A</p> <p>Decision</p>	<p>ISSUED BY</p> <p>J. T. LINAM</p> <p>DIRECTOR - Rates & Regulatory</p>	<p>(TO BE INSERTED BY C.P.U.C.)</p> <p>Date Filed <u>06/22/2020</u></p> <p>Effective <u>02/10/2020</u></p> <p>Resolution _____</p>
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PRELIMINARY STATEMENT
(Continued)

Sheet 1

F. Affiliate Transaction Rule IV.D.2 Memorandum Account (“ATRMEMO”)

1. PURPOSE:

The purpose of the Affiliate Transaction Rule IV.D.2 Memorandum Account (“ATRMEMO”) is to track the fees paid to the utility for the transfer, assignment, or employment of an employee by an affiliate in compliance with Affiliate Transaction Rule IV.D.2. California American Water was granted authority to establish this memorandum account by Ordering Paragraph 8 of Decision (D.) 10-10-019, which adopted the Rules for Water and Sewer Utilities Regarding Affiliate Transactions and the Use of Regulated Assets for Non-Tariffed Utility Services. California American Water was granted authority to continue this account in Decision (D.) 18-12-021. (T)

2. APPLICABILITY:

All areas served by California American Water.

3. ACCOUNTING PROCEDURE:

Rule IV.D.2 provides that fees paid shall be accounted for in a separate memorandum account which tracks them for future ratemaking treatment either on an annual basis, or as otherwise necessary to ensure that the utility’s ratepayers receive the fees.

- a. A credit entry will be made to a regulatory liability account for transfer fees.
- b. A debit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account’s (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, ATRMEMO balances shall be transferred to the district CEBA’s for refund. California American Water will apply the fees, proportionally based upon the customer service connections, to the applicable district(s) affected by such transfer, assignment or employment.

(Continued)

<p>(TO BE INSERTED BY UTILITY)</p> <p>Advice 1280-A</p> <p>Decision</p>	<p>ISSUED BY</p> <p>J. T. LINAM</p> <p>DIRECTOR - Rates & Regulatory</p>	<p>(TO BE INSERTED BY C.P.U.C.)</p> <p>Date Filed <u>06/22/2020</u></p> <p>Effective <u>02/10/2020</u></p> <p>Resolution</p>
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PRELIMINARY STATEMENT
(Continued)

Sheet 1

G. Catastrophic Event Memorandum Account (“CEMA”)

1. PURPOSE:

The purpose of the CEMA is to recover the costs resulting from a catastrophic event declared a disaster or state of emergency by competent federal or state authorities. These costs can include but are not limited to expenses related to the restoration of service and California American Water facilities affected by the catastrophic event. These costs may also include but are not limited to cost for implementing customer protections for all disasters in which the Governor of California or the President of the United States has declared a state of emergency. California American Water was granted authority for this account in CPUC Resolution E-3238, dated July 24, 1991.

Should a disaster occur, California American Water will inform the Executive Director of the CPUC by letter within 30 days after the catastrophic event that California American Water has started booking costs in the CEMA.

The letter shall specify the declared disaster, date, time, location, service area affected, impact on California American Water’s facilities, and an estimate of the extraordinary costs expected to be incurred, with costs due to expenses and capital items shown separately.

California American Water shall not record any capital costs or expenses incurred prior to the start of the declared disaster or state of emergency, as identified by the appropriate Authorities, pursuant to Government Code Sections 8558, 8588, and 8625, or comparable federal authority.

Descriptions of the terms and definitions used in this section are found in Rule 1.

Per Decision D.19-07-015, California American Water will track the associated costs from each segregated event in its Catastrophic Event Memorandum Account.

2. APPLICABILITY:

The CEMA balance will be recovered from all customer classes from the utility’s customer base, except those specifically excluded by the CPUC.

3. CEMA RATES:

The CEMA does not currently have a rate component. Any balance in the CEMA will be recovered in rates after CPUC review and audit of the recorded CEMA balance.

4. ACCOUNTING PROCEDURE:

Upon declaration of a disaster or state of emergency, California American Water shall maintain the CEMA from the date of the event causing the disaster occurred by making entries to this account at the end of each month as follows:

- a. A debit entry for each qualifying event equal to the amounts recorded in California American Water’s Operations and Maintenance, and Administrative and General Expense Accounts that were incurred as a result of the disaster and related events.

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(Continued)

Sheet 2

G. Catastrophic Event Memorandum Account (“CEMA”) (continued)

b. A debit entry equal to:

1. Depreciation expense on the average of the beginning and the end-of-month balance of plant installed to restore service to customers, or to replace, repair, or restore any plant or facilities, or to comply with government agency orders, in connection with events declared disasters, at one-twelfth the annual depreciation rates approved by the CPUC for these plant accounts; plus
2. The return on investment on the average of the beginning and the end-of-month balance of plant installed to restore service to customers or replace, repair, or restore any plant or facilities, or to comply with government agency orders, in connection with events declared disasters, at one-twelfth of the annual rate of return on investment last adopted for California American Water by the CPUC; plus
3. The return on the appropriate allowance for working capital using calculations last adopted by the CPUC, and the return in Section 4.b.2 above; plus
4. The return on net cost of removal of facilities required as a result of the disaster and related events, using the rate of return in Section 4.b.2 above; less
5. The return on the average of beginning and end-of-month accumulated depreciation, and on average accumulated net deferred taxes on income resulting from the normalization of federal tax depreciation, using the rate of return in Section 4.b.2 above.

c. A debit entry equal to federal and state taxes based on income associated with Section 4.b.2 above, calculated at marginal tax rates currently in effect. This will include all applicable statutory adjustments. For federal and state taxes, this will conform to normalization requirements as applicable. Interest cost will be at the percentage of net investment last adopted by the CPUC with respect to California American Water.

d. A credit entry to transfer all or a portion of the balance in this CEMA to other adjustment clauses for future rate recovery, as may be approved by the CPUC.

(Continued)

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San Diego, CA 92101

PRELIMINARY STATEMENT
(Continued)

Sheet 3

G. Catastrophic Event Memorandum Account (“CEMA”) (continued)

- e. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the entries from Section 4.a through 4.c above, at a rate equal to one twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release or its successor. Entries in items 4.a and 4.b above, shall be made net of the appropriate insurance proceeds. Items 4.a, 4.b, and the appropriate determinants of item 4.c above, in any month, shall be pro-rated to reflect the latest jurisdictional allocation factors.

5. FINANCIAL REPORTING:

California American Water may, at its discretion, record the balance in the CEMA as a deferred debit on its balance sheet with entries to the appropriate income statement accounts, as necessary.

(Continued)

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(Continued)

Sheet 1

H. California American Water Conservation Surcharge (“CAWCS”) Balancing Accounts

1. PURPOSE:

The purpose of the CAWCS Balancing Accounts is to track conservation-related expenses and surcharges associated with California American Water’s conservation efforts. The balancing account shall be capped at \$5,950,302 for the three-year period from January 1, 2018 through December 31, 2021. California American Water was granted authority to continue this account in Decision (D.) 18-12-021. (T)

District	3-year Combined Conservation Budget (2018-2021)
Larkfield	\$45,700
Los Angeles County	\$532,888
Monterey Service Area	\$2,298,500
Sacramento	\$837,888
San Diego County	\$448,388
Ventura County	\$638,388
Total California American	\$4,801,752

(T)
(C)
(T)
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(C)
(C)

2. APPLICABILITY:

All ratemaking areas included in Application A.16-07-002 covering the years 2018-2021. (T)

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the balancing account:

- a. A debit entry equal to the amounts spent as part of conservation efforts.
- b. A credit entry equal to the amounts collected through surcharges as part of conservation efforts.
- c. This is a one-way balancing account, whereby California American Water will refund customers through the appropriate district Consolidated Expense Balancing Account (“CEBA”): (T)
 - i. Amounts that were collected as part of the authorized conservation budget, but were not spent and/or
 - ii. Amounts collected in excess of the authorized conservation budget for each district.
 - iii. Any amounts subject to refund will be amortized after the end of the district’s rate case period.

4. RATEMAKING PROCEDURE:

One-way conservation program dollars remain funded through a separate surcharge and tracked, along with related expenses, in the Conservation Surcharge Balancing Accounts. The dollars funded begin with the start of the rate case cycle and continue through the end of the cycle. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA for refund after the end of the rate case cycle.

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Sheet 1

I. Cease and Desist Order Memorandum Account (“CDOMA”)

1. PURPOSE:

The purpose of the Cease and Desist Order Memorandum Account (“CDOMA”) is to track outside legal counsel; experts needed to represent California American Water in administrative proceedings; temporary legal measures regarding stays of the CDO; court appeals related to any final CDO adopted by the SWRCB; challenges, clarifications, and/or compliance with the CDO including any additional or more stringent conservation and reporting activities, the development and obtainment of water supply and water rights; and any and all other immediate activities beyond those approved in the general rate case related to the CDO to address the State Water Resources Control Board (“SWRCB”) Cease and Desist Order for unauthorized diversion of water from the Carmel River in the Monterey Service Area. California American Water was granted authority to continue this balancing in Decision (D.) 18-12-021.

(T)

2. APPLICABILITY:

The Monterey Service Area which includes Monterey Main, Bishop, Hidden Hills, and Ryan Ranch.

(T)

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the memorandum account:

- a. A debit entry will be created each month to record expenses associated with the SWRCB CDO.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

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<p>(TO BE INSERTED BY UTILITY)</p> <p>Advice 1280-A</p> <p>Decision</p>	<p>ISSUED BY</p> <p>J. T. LINAM</p> <p>DIRECTOR - Rates & Regulatory</p>	<p>(TO BE INSERTED BY C.P.U.C.)</p> <p>Date Filed <u>06/22/2020</u></p> <p>Effective <u>02/10/2020</u></p> <p>Resolution</p>
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Sheet 1

J. Cease and Desist Order Penalties and Fines Memorandum Account

1. PURPOSE:

The purpose of the Cease and Desist Order Penalties and Fines Memorandum Account is to track all penalties and fines that could be assessed as a result of a violation of the State Water Resources Control Board ("SWRCB") Cease and Desist Order for unauthorized diversion of water from the Carmel River in the Monterey Service Area. California American Water was granted authority to continue this account in Decision (D.) 18-12-021. (T)

2. APPLICABILITY:

The Monterey Service Area (T)

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the memorandum account:

- a. A debit entry will be created each month to record any assessed penalties and fines associated with the SWRCB CDO.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

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(Continued)

Sheet 1

K. Chromium-6 Memorandum Account (Hexavalent Chromium) Memorandum Accounts (L)(D)

1. PURPOSE:

The purpose of the Sacramento Service Area Chromium-6 Memorandum Account is to track the incremental costs incurred to comply with the final Chromium-6 Maximum Contaminant Level (MCL) or drinking water standard adopted by the California Department of Public Health (CDPH). California-American Water Company (California American Water) may begin tracking incremental costs in these accounts once a final drinking water standard is adopted by the CDPH and may request recovery of the tracked costs through a one-time Tier 3 advice letter per district, or through its next GRC, according to the procedures described below. (T) (D)(T)

2. APPLICABILITY:

Applicable to the Sacramento Service Area, including the Dunnigan service area. The Sacramento Service Area Chromium-6 memo account is to remain open per Resolution W-5212. (T) (D)

3. RATES:

The Sacramento Service Area Chromium-6 Memorandum Account has no rate component. (D)(T)

4. ACCOUNTING PROCEDURE:

After a final drinking water standard for Chromium-6 is adopted by the CDPH, California American Water shall make the entries described below. The "incremental costs" that may be tracked in these accounts include: engineering, design, permitting, construction, capital carrying, labor, overhead, operations and maintenance, one-time and ongoing operational and monitoring expenditures for treatment most suited to a particular site or sites; potential acquisition expenditures of purchasing land to construct treatment facilities, and/or expenditures related to well abandonment as a cost-effective strategy for compliance, and capital related costs (including return on investment, income taxes, ad valorem tax, depreciation, and other taxes and fees) that are over and above those that the Commission has approved for recovery through base rates. California American Water may not track in this memo account costs that can be reasonably forecasted for inclusion in California American Water's next general rate case application, to be filed in May 2016 (i.e. California American Water may not include in these memorandum accounts costs and revenue requirement expected to be incurred starting in January 1, 2018, the beginning of the GRC cycle following A.13-07-002).

- a. A debit or credit entry equal to incremental expenses for compliance with the final drinking water standard, as described above;
- b. A debit or credit entry equal to the incremental revenue requirement of each operationally in-service and closed to plant capital investment for compliance with the final drinking water standard (including return on investment, income taxes, ad valorem tax, depreciation, and other taxes and fees), as described above;
- c. A monthly debit or credit entry equal to the average balance in each segment of the account multiplied by 1/12th of the most recent month's interest rate on Commercial Paper (prime, 90-day) published in the Federal Reserve Statistical Release H-15.
- d. Account balances will be amortized as part of a general rate case or via advice letter, at the Company's discretion, per Standard Practice U-27-W.

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(Continued)

Sheet 2

K. Chromium-6 Memorandum Account (Hexavalent Chromium) Memorandum Account (continued): (D)(T)

5. EFFECTIVE DATE:

The Chromium-6 Memorandum Account is effective the date the California Department of Public Health's final Chromium-6 drinking water standard regulation is approved by the Office of Administrative Law. (D)(T)

6. REGULATORY PROCEDURE:

- a. Required justifications: For each capital project, California American Water will provide detailed justifications that contain least-cost analyses considering all feasible alternatives, including but not limited to blending, removing the well from active status, and Best Available Technologies ("BATs") for chromium-6 treatment as specified in Title 22, California Code of Regulations. The need to maintain the affected well's active status, thus requiring capital investment, must be supported with consideration of the district's available water supply resources, including new supply projects authorized in the 2013 GRC.
- b. For recovery through an advice letter: California American Water may only file one Tier 3 advice letter per district. When the last capital project in a district is nearing completion (operationally in-service and closed to plant), approximately one month before an advice letter seeking recovery is filed, California American Water will confer with the Office of Ratepayer Advocates to alert it of the advice letter filing, and begin providing the data supporting both the capital projects and expenses in the memo accounts for which recovery will be requested. The advice letter will request (a) inclusion of the revenue requirements for the authorized projects in rates going forward, and (b) a surcharge to recover the incremental revenue requirement and expenses tracked in the memo accounts.
- c. For recovery in a GRC: To the extent that incremental Chromium-6 costs are not included in the beginning plant balance for the next GRC, or are not otherwise recovered, California American Water may request cost recovery in the next GRC. In that event, California American Water shall note the request in the Chromium-6 Memorandum Account for tracking purposes. (D)(T)

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Sheet 1

L. Consolidated Expense Balancing Account (“CEBA”)

1. PURPOSE:

The purpose of the Consolidated Expense Balancing Account is to consolidate the amortization of Commission approved balancing and memorandum accounts where appropriate. California American Water was granted authority to continue this balancing account in Decision (D.) 18-12-021. (T)

2. APPLICABILITY:

Applicable districts served by California American Water.

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the CEBA:

- a. Authorized balancing or memorandum account under collections will be credited from the current account and debited to the CEBA.
- b. Authorized balancing or memorandum account over collections will be debited from the current account and credited to the CEBA.
- c. Any surcharge collections will be applied as a credit to the overall balance.
- d. Any surcredits will be applied as a debit to the overall balance.
- e. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

4. RATEMAKING PROCEDURE:

The CEBA is recoverable through a Tier 1 advice letter filing. If the net CEBA balance after incremental transfers is under collected, the account will be amortized by applying a uniform volumetric surcharge. If the net CEBA balance after incremental transfers is over collected, the net over collection shall be amortized and credited to the service charge of all customers, based upon the meter equivalent size of the service connection.

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Sheet 1

M. Emergency Rationing Costs Incurred by CAW Memorandum Account

1. PURPOSE:

The purpose of this memorandum account is to track increased expenses that California American Water would incur in its Monterey Service Area in the event that rationing is implemented under the Monterey Peninsula Water Management District's (MPWMD) Ordinance No. 92. Ordinance No. 92 is an expanded water conservation and standby water-rationing plan whose implementation requires both California American Water and MPWMD to engage in activities to promote, monitor and enforce its terms. The account shall also capture costs of MPWMD that are considered reasonable and prudent. California American Water was granted authority to continue this account in Decision (D.) 18-12-021. (T)

2. APPLICABILITY:

The Monterey Service Area which includes Monterey Main, Hidden Hills, Ryan Ranch, and Bishop. (T)

3. ACCOUNTING PROCEDURE:

Upon implementation of rationing, California American Water shall maintain the account from the date of declaration by making entries at the end of each month as follows:

- a. A debit entry to record expenses associated with the emergency rationing.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry to transfer all or a portion of the balance in this account to other adjustment clauses for future rate recovery, as may be approved by the CPUC.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision.

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Sheet 1

N. Endangered Species Act (“ESA”) Memorandum Account

1. PURPOSE:

The purpose of the ESA Memorandum Account (“ESA”) is to track costs incurred for compliance with ESA requirements, except for ESA compliance costs associated with the San Clemente Dam. California American Water was granted authority to continue its memorandum account for ESA costs in Decision D.18-12-021. (T)

2. APPLICABILITY:

The Monterey Service Area which includes Monterey Main, Bishop, Hidden Hills and Ryan Ranch. (T)

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the memorandum account:

- a. A debit entry equal to the costs associated with ESA compliance.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. Fines related to ESA may not be tracked in this account.
- d. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's (“CEBA”) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA’s for recovery/refund.

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Sheet 1

O. GARRAPATA MEMORANDUM AND BALANCING ACCOUNTS (T)

Memorandum Accounts:

The following memorandum accounts were originally established by Garrapata Water Company and are only applicable to the Garrapata service area of the Central Satellite. The purpose of these accounts is to recover costs not anticipated in rates. The balance in these accounts will be recovered in rates after CPUC review and audit of the reasonableness of the costs recorded therein. The accounts are listed with the authorizing CPUC Resolution, Decision or Public Utilities Code (PU Code). Additional description can be found in the authorizing document (s) (T)

1. Unanticipated Repair Cost Memorandum Account (URCMA), Decision 92-03-093, dated March 31, 1992.
2. Infrastructure Act Memorandum Account (IAMA), Decision 06-05-041, dated May 25, 2006 and PU Code 789. Note: This account is established to track gains on real property.
3. Water Contamination Litigation Expense Memorandum Account, Resolution W-4094, dated March 26, 1998.

Balancing Accounts:

The following balancing accounts were originally established by Garrapata Water Company and are only applicable to the Garrapata service area of the Central Satellite. The purpose of these accounts is to track changes in costs for the named expense category. The balance in these accounts will be recovered in rates after CPUC review and audit of the costs recorded therein. The accounts are listed with the authorizing CPUC Resolution, Decision or Public Utilities Code (PU Code). (T)

4. Purchased Power, Resolution W-4467, April 22, 2004
5. Purchased Water, Resolution W-4467, April 22, 2004
6. Pump Tax, Resolution W-4467, April 22, 2004
7. Payroll, Resolution W-4467, April 22, 2004
8. Payroll Taxes, Resolution W-4467, April 22, 2004
9. Contract Labor, Resolution W-4467, April 22, 2004. Note: Restricted to the Operational and Maintenance portion of contract labor
10. Water Quality Balancing Account (WQBA), Resolution W-4698, July 31, 2008
11. California Department of Public Health User Fees Balancing Account (UFBA), Resolution W-4698, July 31, 2008. Note: Pertains to fees that are billed under Section 4019.10, superseded by Sections 116590 and 116595 of the California Health and Safety Code.

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P. Safe Drinking Water State Revolving Fund (SDWSRF) Loan Repayment Balancing Account.

1. PURPOSE:

The purpose of the SDWSRF Loan Repayment Balancing Account is to track recovery of the balance on the SDWSRF loan provided under the American Recovery and Reinvestment Act of SDWSRF projects authorized by Resolution W-4788, dated September 24, 2009.

2. APPLICABILITY:

Applicable to the Garrapata Service Area of the Central Satellites within the Central Division. (C)

3. ACCOUNTING PROCEDURE:

California American Water shall use a balancing account to track revenues collected through the SDWSRF surcharge, and payments, included interest, on the SDWSRF loan.

The surcharge rates to repay the loan shall last until the loan is fully paid.

- a. A credit entry will be made to a regulatory liability account for surcharges collected.
- b. A debit entry will be made in the same account for payments on the loan.

4. RATEMAKING PROCEDURE:

The cost of the capital improvements financed through the surcharge shall be excluded from rate base of ratemaking purposes. Changes in future surcharge rates, or refunds, shall be accomplished by advice letter subject to review and approval.

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- Q. Monterey Peninsula Water Management District (“MPWMD”) Conservation Balancing Account** (L)
- 1. PURPOSE:**
The MPWMD Conservation Balancing Account is a one-way balancing account to track conservation-related expenses, surcharges and credits connected to MPWMD’s conservation program. The balancing account shall be capped at \$899,000 for the three-year period from January 1, 2015 through December 31, 2017. California American Water was granted authority to continue this account in Decision (D.) 18-12-021.
- 2. APPLICABILITY:**
The Monterey Service Area which includes Monterey Main, Hidden Hills, Bishop, and Ryan Ranch. (C)
- 3. ACCOUNTING PROCEDURE:**
The following entries shall be recorded to the balancing account:
- a. A debit entry equal to the amounts spent as part of the program.
 - b. A credit entry equal to the amounts collected through surcharges.
 - c. This is a one-way balancing account, whereby California American Water will refund customers through the appropriate district Consolidated Expense Balancing Account (CEBA): (C)
 - i. Amounts that were collected as part of the authorized conservation budget, but were not spent and/or
 - ii. Amounts collected in excess of the authorized conservation budget.
 - iii. Any amounts subject to refund will be amortized after the end of the rate case period.
 - iv. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- 4. RATEMAKING PROCEDURE:**
One-way conservation program dollars remain funded through a separate surcharge and tracked, along with related expenses, in the MPWMD Conservation Balancing Account. The dollars funded begin with the start of the rate case cycle and continue through the end of the cycle. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA’s for refund. (L)

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Sheet 1

R. Low-Income Ratepayer Assistance Program (“LIRA”) Balancing Account

(L)(T)

1. PURPOSE:

The purpose of the LIRA Balancing Account is to track the LIRA discounts provided, the LIRA surcharges collected, and to adjust the LIRA surcharges on January 1 of each year. The surcharge will be applicable to all non-low-income water and wastewater customers. California American Water was granted authority to continue this account in Decision (D.) 18-12-021.

(T)
(T)
(T)

2. APPLICABILITY:

All areas served by California American Water.

3. ANNUAL SURCHARGE ADJUSTMENT:

The surcharge will be evaluated and adjusted annually in the annual Step Rate filings and will reflect:

(T)

a. A forecast of the December 31st balance in the LIRA for the current year that reflects.

(T)

i. The most recent recorded balance;

ii. The assumption that the proportion of LIRA to non-LIRA residential enrollment in September will remain constant as a proportion of adopted numbers for October through December; and

(T)

iii. The assumption that current LIRA surcharges will be applied to the estimated non-LIRA portion of adopted sales (adopted sales minus estimated LIRA sales based on the proportion of LIRA to non-LIRA residential customers in September), plus interest; and

(T)
(T)
(T)

b. A forecast of the December 31 balance in the LIRA for the following year that reflects:

(T)

i. The assumption that the proportion of LIRA to non-LIRA residential enrollment in September of the previous year will remain constant as a proportion of adopted numbers; and

(T)

ii. The assumption that the new surcharges will be applied to the estimated non-LIRA portion of adopted sales (adopted sales minus estimated LIRA sales based on the proportion of LIRA to non-LIRA residential customers in September of the previous year), plus interest.

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PRELIMINARY STATEMENT
(Continued)

Sheet 2

- R. Low-Income Ratepayer Assistance Program (“LIRA”) Balancing Account (continued):** (L)(T)
- 4. ACCOUNTING PROCEDURE:**
- The following entries will be recorded continued with the date of Decision (D.) 18-12-021: (T)
- a. A debit entry equal to the recorded customer discounts.
 - b. A credit entry equal to the surcharges collected from the customers not qualified to participate in the LIRA. (T)
 - c. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- 5. RATEMAKING PROCEDURE:**
- Low income discount of 20%, for all districts except for the Monterey Service Area within Central Division, shall be applied to all monthly service fees, the tier one billed usage amount and the tier two usage amount. A low-income discount of 30% for Monterey Service Area shall be applied to all monthly service fees, and the first four tiers billed usage. Surcharges will be evaluated and adjusted annually in the annual Step Rate filings to ensure appropriate collection. (T)
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PRELIMINARY STATEMENT
(Continued)

Sheet 1

T. Other Post-Employment Benefits Balancing Account ("OPEBBA")

(L)(T)

1. PURPOSE:

The purpose of the Other Post-Employment Benefits Balancing Account ("OPEBBA") is to track the difference between Commission-authorized Other Post-Employment Benefits ("OPEB") costs and actual OPEB payments calculated according Federal Accounting Standard 106. California American Water was granted authority to continue this account in Decision (D.) 18-12-021.

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2. APPLICABILITY:

All areas served by California American Water

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account:

- a. The OPEBBA shall be calculated monthly. The calculation shall be the expense difference of the adopted costs and the actual required payments.
- b. A debit or credit entry will be created each month to record the expense difference discussed above.
- c. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- d. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's ("CEBA") upon Commission approval.

(T)

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the balancing account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

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(Continued)

Sheet 1

U. Pension Balancing Account (“PBA”)

(L)(T)

1. PURPOSE:

The purpose of the Pension Balancing Account (“PBA”) is to track the difference between Commission-authorized pension costs and actual pension payments calculated according to ERISA. California American Water was granted authority to continue this account in Decision (D.) 18-12-021.

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2. APPLICABILITY:

All areas served by California American Water

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account:

- a. The PBA shall be calculated monthly. The calculation shall be the expense difference of the adopted costs and the actual required payments.
- b. A debit or credit entry will be created each month to record the expense difference discussed above.
- c. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- d. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account’s (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the balancing account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA’s for recovery/refund.

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PRELIMINARY STATEMENT
(Continued)

Sheet 1

V. San Clemente Dam Balancing Account

(L)(T)

1. PURPOSE:

The purpose of the San Clemente Dam Balancing Account is to track all the authorized and actual expenditures as they are incurred for the Carmel River Reroute and San Clemente Dam Removal Project as authorized in D.12-06-040 and AL 955, effective July 1, 2012. This includes, but it not limited to, incurred pre-construction costs, permitting, compliance review and preliminary engineering costs, construction costs, interim dam and environmental safety measures, post-construction mitigation measures, and other application costs.

2. APPLICABILITY:

Applicable to the Monterey Service Area which includes Monterey Main, Bishop, Hidden Hills, and Ryan Ranch

(T)

3. ACCOUNTING PROCEDURE:

California American Water was granted authority to establish a balancing account which will track actual expenditures for the project as they are incurred. The construction cost cap is \$49 million, excluding the pre-construction costs and its related interest, interim dam safety and environmental costs for annual drawdowns and post- construction mitigation costs. The actual balance of the balancing account, less accumulated amortization and associated deferred taxes, will be authorized to earn a return based on the currently authorized cost of capital. The balance at that point will remain in the regulatory asset/balancing account and will continue to be collected over the remainder of the twenty year collection period using an updated levelized revenue requirement based on the ending net regulatory asset/balancing account balance, the current authorized cost of capital, the remaining years in the twenty year recovery period, projected deferred taxes, uncollectible account expenses and taxes. The levelized revenue requirement set in base rates may still need to be adjusted periodically for changes in authorized cost of capital or for other items that may be delayed into the account such as the tax benefits of the land donation.

(D)

- a. A debit entry will be made for project costs and their associated cost of capital.
- b. A credit will be made for the portion of collection that represents amortization of project costs. Amortization is calculated subtracting cost of capital, taxes and uncollectable accounts expenses from the total surcharges billed.

4. RATEMAKING PROCEDURE:

Decision 12-06-040 authorized Carmel River Reroute and San Clemente Dam Removal Project costs to be included in the San Clemente Dam balancing account. Per Decision 18-12-021, California American Water will recover the regulatory asset / San Clemente Dam balancing account in base rates over a 20-year period starting January 1, 2018. Current authorized recovery of \$7,921,004 per annum is included in base rates.

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(Continued)

Sheet 1

W. Coastal Water Project Memorandum Account

(L)(T)

1. PURPOSE:

The purpose of the Coastal Water Project Memorandum Account is to track costs associated with the development of a new water supply in the Monterey Service Area. California American Water was granted a memorandum account in Decision No. 03-09-022. Per Decision No. 11-09-039 interest is to accrue at 4%.

2. APPLICABILITY:

The Monterey Service Area which includes Monterey Main, Hidden Hills, Bishop, and Ryan Ranch

(T)

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3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the memorandum account:

- a. A debit entry equal to the amount of costs associated with the Coastal Water Project.
- b. A credit entry equal to the amount of surcharge collected to offset the costs associated with the Coastal Water Project.
- c. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to 4%.

4. RATEMAKING PROCEDURE:

In accordance with Decision (D). 18-12-021 there is currently no ratemaking component to the memorandum account. The Special Request 1 Surcharge shall remain at the 15% level until the full amount authorized for preconstruction costs is collected.

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(Continued)

Sheet 1

X. Seaside Basin Adjudication Balancing Account

(L)(T)

1. PURPOSE:

The purpose of the Seaside Basin Adjudication Balancing Account is to track the surcharge collections and interest associated with the unamortized balance of costs incurred to litigate and secure Seaside Basin water rights. California American Water was granted authority to continue this account in Decision (D.) 18-12-021.

(T)

2. APPLICABILITY:

The Monterey Service Area which includes Monterey Main, Bishop, Ryan Ranch, and Hidden Hills

(T)

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the balancing account:

- a. A credit entry equal to the amount of surcharges collected to offset the previously recorded costs.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

4. RATEMAKING PROCEDURE:

Currently there is no Ratemaking procedure for this Balancing Account. In accordance with Advice Letter 778, a meter surcharge is assessed on customers in the Monterey Main, Hidden Hills, Ryan Ranch, and Bishop areas to recover \$2,755,960 over a ten-year period. This account accrues interest at the 90-day commercial rate.

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(Continued)

Sheet 1

Y. Seaside Groundwater Basin Balancing Account ("SGBA")

(L)(T)

1. PURPOSE:

The SGBA tracks costs associated with Administrative and other payments made to the Seaside Basin Water Master, as well as recovery of such payments from customers in the Monterey Service Area. California American Water was granted authority to continue this account in Decision (D.) 18-12-021.

(T)

2. APPLICABILITY:

The Monterey Service Area, which includes Monterey Main, Hidden Hills, Bishop and Ryan Ranch

(T)

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the balancing account:

- a. A debit entry equal to the actual costs associated with the administrative and other payments made to the Seaside Basin Water Master.
- b. A credit entry equal to the amount of costs authorized in the revenue requirement per the general rate case.
- c. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the balancing account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district Consolidated Expense Balancing Account ("CEBA") for recovery/refund.

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Sheet 1

Z. Water Contamination Litigation Expense Memorandum Account (“WCLEMA”)

(L)(T)

1. PURPOSE:

The purpose of the WCLEMA is to track costs associated with litigating water contamination legal cases. California American Water was granted authority to continue this account in Decision (D.) 18-12-021.

(T)

2. APPLICABILITY:

All customers in the Sacramento and Los Angeles Districts.

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the memorandum account:

- a. A debit entry will be recorded expenses associated with the WCLEMA.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

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Sheet 1

AB. Water Revenue Adjustment Mechanism/Modification Cost Balancing Account (“WRAM/MCBA”)

(L) (T)

1. PURPOSE:

The purpose of the WRAM Balancing Account is to track the differences between recorded and Commission authorized water revenues. The MCBA tracks the differences between recorded and Commission authorized amounts for purchased water, power, and pump taxes. The Commission has determined that these mechanisms are appropriate in coordination with increasing block rate structures and increased conservation activities.

2. APPLICABILITY:

Applicable customers in the following areas –Los Angeles County, San Diego County, Ventura County, Northern Division, and Central Division Service Areas. Excludes Chualar in the Central Satellite Service Area within the Central Division.

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(N)

3. DEFINITIONS:

- a. Non-WRAM revenue is all revenue excluded from the WRAM account, including metered service charges, sale for resale customers, private fire service, private hydrant service, irrigation service, flat rate residential service, and other unmetered miscellaneous revenue.
- b. In addition, surcharges and surcredits, unless specifically included in adopted revenue requirement, are excluded from WRAM accounting.
- c. WRAM-eligible revenue is all revenue not excluded in 3.a, above. Generally, WRAM eligible revenue results from potable quantity charges to permanent residential, commercial, industrial and public authority customers.
- d. Recorded WRAM-eligible revenue is the amount of revenue billed to applicable customers in a particular period.
- e. Adopted WRAM-eligible revenue is the amount of usage- related revenue necessary in conjunction with authorized non- WRAM revenue to generate the adopted revenue requirement.

4. ACCOUNTING PROCEDURE:

- a. The following entries will be recorded to each area’s WRAM Balancing Account monthly and added to the prior accumulated monthly balance:
 - i. Recorded WRAM-eligible revenue
 - ii. Adopted WRAM-eligible revenue
 - iii. Total net WRAM balance = (i) minus (ii)

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(Continued)

Sheet 2

**AB. Water Revenue Adjustment Mechanism / Modified Cost Balancing Account
("WRAM/MCBA") (continued)**

(L)(T)

4. ACCOUNTING PROCEDURE (continued):

b. The following entries will be recorded to each area's MCBA monthly and added to the prior accumulated monthly balance:

- i. Recorded purchased water cost, if applicable
- ii. Adopted purchased water cost, if applicable
- iii. Difference between (i) and (ii)
- iv. Recorded purchased power cost and pump taxes
- v. Adopted purchased power cost and pump taxes
- vi. Difference between (iv) and (v)
- vii. Total net MCBA balance = (iii) + (vi)

c. Total net WRAM/MCBA balance = (a) + (b)

d. In addition to the above and only for the Monterey Service Area, a Non-Revenue Water Penalty/Reward Program shall be included with the WRAM balancing account as follows:

- i. Calculate the actual non-revenue water for the period by determining the difference between each service area's production and each service area's consumption, in acre feet.
- ii. Adopted non-revenue water for each area shall be the targeted amounts.
- iii. A 5.0%-7.0% deadband will provide a cushion between the non-revenue water targets and the triggering of the penalty/reward mechanism. Multiply the target amounts by 1.05%
- iv. If the actual non-revenue water is less than the adopted non-revenue water, subtract (i) from (ii) and multiply the difference by \$1,820.30 per AF. This total amount is a reward and represents an under-collection (debit balance).
- v. If the actual non-revenue water is less than the lower 5.0% deadband threshold in (iii) and multiply the difference by \$ 1,820.30 per AF. This is a reward earned (debit balance) for the amount below the 5.0% deadband.
- vi. If the actual non-revenue water is greater than the adopted upper 7.0% deadband threshold in (iii) above, subtract (i) from (iii) and multiply the difference by \$ 1,820.30 per AF. This is a penalty and represents an overcollection (credit balance).
- vii. If non-revenue water falls within the 5.0%-7.0% deadband in (iii), neither a penalty nor a reward will be accrued.

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e. Drought surcharge rates, penalties and fines assessed to customers in connection with Schedule 14.1.1 for the Monterey Service Area or Schedule 14.1 for all other districts will be tracked in the WRAM.

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Sheet 3

**AB. Water Revenue Adjustment Mechanism / Modified Cost Balancing Account
("WRAM/MCBA") (continued)**

(L)(T)

5. RATEMAKING PROCEDURE:

- a. By November 30th of each year, California American Water will provide Division of Water and Audits a written report on the status of the WRAM and MCBAs (with a copy to CAL PA). The written report will include a section on the WRAM in each district showing the net accumulated balance as of December 31st of the preceding calendar year. The written report will also include a section on the MCBA in each district showing the net accumulated balance as of December 31st of the preceding calendar year. If this report shows that the combined net accumulated balance for the WRAM and MCBA in any district exceeds 2% of the district's total recorded revenue requirement for the prior calendar year, California American Water will file an advice letter March 31st that amortizes the combined balance:
- b. Recovery of under-collections and refunds of over-collections will be passed on to ratepayers through either volumetric surcharges or surcredits.

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**6. MONTEREY SPECIFIC WRAM/MCBA ITEMS
SAND CITY DESALINATION PLANT EXPENSES**

- a. D.18-12-021 authorized (1) the elimination of the Sand City Desalination Plant Purchased Water Balancing Account and (2) that all costs for the San City production facility be included in Monterey Service Area base rates and any change in the appropriate cost applicable to the customers be tracked in the MCBA.

1. PURPOSE:

Sand City Desalination Plant expenses will be treated as any other purchased water cost, including flow through to the Monterey MCBA per D.18-12-021.

2. APPLICABILITY:

The Monterey Service Area

3. ACCOUNTING PROCEDURE

The authorized price per acre foot is determined as follows:

Repair Costs	\$197,379
Other O&M Costs	\$99,821
Purchased Power	\$168,765
Property Taxes	<u>\$68,509</u>
Total Variable Cost	\$534,474
Fixed Cost	<u>\$414,672</u>
Total Cost	\$949,146
Divided by AF	300
Price per AF	\$3,164

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Sheet 1

AC. Leak Adjustments Memorandum Account (“LAMA”)

(L)(T)

1. PURPOSE:

The purpose of the Leak Adjustments Memorandum account is to track revenue collection shortfalls attributable to California American Water’s customer billing adjustment program beginning February 26, 2013 and ending December 31, 2014. California American Water was granted a memorandum account in Resolution W-4951.

2. APPLICABILITY:

All customers in the Central Division

(T)

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the memorandum account:

- a. a debit entry equal to the customer billing adjustments provided by the Company through its customer billing adjustment program.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be created once recovery is later determined by the Commission.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. The memorandum account was closed for recording new entries on December 31, 2014.

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Sheet 1

AD. Water Cost of Capital Adjustment Mechanism

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1. PURPOSE:

The purpose of the Water Cost of Capital Adjustment Mechanism is to provide for an automatic adjustments, up or down as the case may be, to a water utility's adopted return on equity for 2009 (and thus it's overall rate of return on rate base for 2009) for years 2010 and 2011 only if there is a positive or negative difference of more than 100 basis points between the then current 12-month October 1 through September 30 average Moody's utility bond rates and a benchmark.

2. APPLICABILITY:

All districts of California American Water

3. ACCOUNTING PROCEDURE:

California American Water was granted authority to maintain this adjustment mechanism adopted in Appendix A of Decision (D.) 18-03-035 extended application for 2018, 2019, 2020.

(T)

- a. The initial benchmark is equal to the average interest rate of Moody's Aa utility bonds for AA or A credit-rated utilities or higher, or Moody's Baa utility bonds for BBB+ credit-rated utilities or lower for the period October 1, 2007 to September 30, 2008. The subsequent October 1 through September 30 average also would be based on the foregoing parameters.
- b. If the 100 basis point "deadband" (a range of change in interest rates that may occur without automatically triggering a change in embedded long-term debt and preferred stock costs and return on equities) is exceeded, California American Water's return on equity will be adjusted by one half of the difference between the benchmark and the October 1 to September 30 average.
- c. In any year where the 12-month October through September average adjustment, that average becomes the new benchmark.
- d. If the 100 basis point "deadband" is exceeded, California American Water will file a Tier 2 advice letter by October 15 that updates return on equity and related rate adjustments to become effective on January 1 of the following year. The advice letter would also update long-term debt and preferred stock costs to reflect actual August month-end embedded costs in that year and forecasted interest rates for variable long-term debt and new long-term debt and preferred stock-scheduled to be issued.
- e. California American Water's capital structure, as adopted for base year 2009, shall not be adjusted.

- 4. Work papers outlining the calculations relating to the change in return on equity, long-term debt costs, preferred stock costs and resulting changes in rates to become effective on the following January 1 are required to accompany the advice letter

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Sheet 1

AE. Credit Card Fee Memorandum Account

(L)(T)

1. PURPOSE:

In accordance with Decision (D.) 18-12-021 Credit Card Fee Memorandum Account (CCFMA) is to track the fees that have been waived as well as the cost savings that result from the use of a credit card compared to the costs associated with bank fees and lock box fees.

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2. APPLICABILITY:

Applicable to all non-low-income customers served by California American Water. In accordance with AB 1180 the costs of the pilot program are not applicable to low-income customers.

(D)

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3. ACCOUNTING PROCEDURE:

a. The following entries will be recorded monthly in the CCFMA:

1. Debit the CCFMA for costs associated with implementing the pilot program, using the appropriate WBS element
2. Debit the CCFMA for the costs of the waived transaction fees for utilizing bill payment options, including but not limited to credit card, debit card, and prepaid card bill payment options, using the appropriate WBS elements
3. The decision states that cost savings from this program will also be included in and reduce this account balance. Under the pilot program the Company will track types of billing and payment used, volume of customer shut-off notices and shut-offs, and lockbox payments at a minimum. The Company will work through quantifying these cost savings.
4. The CCFMA will accrue interest at the 90-day commercial paper rate
5. The CCFMA will be recorded by district
6. The duration of the pilot program is limited to the Company's current rate case cycle, which ends on 12/31/2020.
7. The estimated amount of the deferral through 12/31/2020 is less than \$100,000
8. The program is anticipated to begin in 2019

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4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to this memorandum account.

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Sheet 1

AF. Purchased Water, Purchased Power and Pump Tax Balancing Account

(L)(T)

1. PURPOSE:

The purpose of the Purchased Water, Purchased Power and Pump Tax Balancing Account is to track differences in the aforementioned expenses based upon changes in recorded unit prices versus adopted. California American Water was granted authority to maintain this balancing account in Decision (D.) 18-12-021.

(T)

2. APPLICABILITY:

Not currently applicable to any California American Water Service Areas.

(T)

3. ACCOUNTING PROCEDURE:

With the approval of the MCBA in D.15-04-007, expense entries past December 31, 2014 will no longer be recorded to the account. However, prior balances will remain and interest will continue to accrue until all balances are transferred. The entries are as follows:

- a. A debit entry will be created each month until December 31, 2014 to record expenses associated with the account. The expenses are determined as follows:
 - i. Difference between recorded unit cost for purchased water and adopted, including service charges
 - ii. Multiply difference in (i) by recorded quantities
 - iii. Difference between recorded unit cost for purchased power and pump taxes and adopted
 - iv. Multiply difference in (iii) by recorded quantities
 - v. Total net balance = (ii) + (iv)
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's ("CEBA") upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the balancing account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

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(Continued)

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PRELIMINARY STATEMENT
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Sheet 1

AI. Dunnigan Consulting Memorandum Account

(L)(T)

1. PURPOSE:

The purpose of the account is to track consulting costs resulting from the settlement between California American Water, Grant Park Development, and Cal PA Public Advocated Office for a period of six years following the close of the transaction.

(T)

2. APPLICABILITY:

California American Water’s Sacramento – Dunnigan Service Area in the Northern Division.

(T)

3. ACCOUNTING PROCEDURE:

- a. A debit entry will be created to capture costs associated with the account.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account’s (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA’s for recovery/refund.

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PRELIMINARY STATEMENT
(Continued)

Sheet 1

AJ. Water-Energy Nexus Memorandum Account (“WENMA”)

(L)(T)

1. PURPOSE:

The purpose of the Water-Energy Nexus Memorandum Account (WENMA) is to track expenses for water-energy nexus projects.

2. APPLICABILITY:

All areas served by California American Water

(T)

3. RATES:

There is no rate component with the establishment of the Memorandum Account.

4. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the memorandum account:

- a. A debit entry equal to the costs incurred on the water-energy nexus related projects.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate account for the applicable district.

5. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of the balance may be processed through a Tier 3 advice letter or the utility’s next general rate case as ordered in D.15-09-023. Upon Commission review and approval, balances shall be transferred to the appropriate account for the applicable district.

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PRELIMINARY STATEMENT
(Continued)

Sheet 1

AK. Special Facilities Fee Memorandum Account

(L)(T)

1. PURPOSE:

The Memorandum Account will be used to record all of the costs associated with purchasing additional capacity from Placer County Water Agency (PCWA). These costs will be offset by the total amount of the contributions made to the company by customers. If Cal-Am's customer in the service area's potable surface water demand reaches the Maximum Delivery Rate of 80 percent or Maximum Day Demand, Cal-Am can purchase additional capacity to accommodate the increased volume and flows. In addition, it will include all earnings from the allowance for funds used during construction (AFUDC).

2. APPLICABILITY:

This schedule is applicable to the West Placer Service Area designated in the 2015 water purchase agreement with Placer County Water Agency in Cal-Am's Sacramento District.

3. RATES:

a. The cost of a Unit of Capacity from PCWA is as follows:

Component:	Amount for first 3,000 Connections	Amount after first 3,000 Connections
Treatment	\$10,096	\$10,096
Storage	\$0	\$0
Transmission	\$5,136	\$5,136
Planning	\$88	\$88
Transmission	\$563	\$0
Total	\$15,883	\$15,320

b. The water connection charges for residential and non-residential customers is given in Special Facilities Fee Schedule, West Placer Service Area Unit of Capacity Charge.

4. ACCOUNTING PROCEDURE:

a. The following entries shall be recorded to the memorandum account:

1. A credit entry equal to the Facilities Fees received for each new service connection in the West Placer County Service Area.
2. A debit entry equal to the costs incurred for purchasing additional water capacity from PCWA.
3. A debit or credit entry equal to the interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day Commercial paper, as reported in the Federal Reserve Statistical Release, H. 15 or its successor.
4. A credit entry will be made to transfer the balances to the appropriate account for the applicable district.

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PRELIMINARY STATEMENT
(Continued)

Sheet 2

AK. Special Facility Fee Memorandum Account (Continued)

(L)(T)

4. RATEMAKING PROCEDURE:

The PCWA's assumed meter size and capacity require for a typical Zone 1 dwelling units is 5/8 inch with a maximum day demand of 1,150 gallons (Unit of Capacity). The Maximum Day Demand shall be increased by 1,150 gallons per day, and the Maximum Delivery Rate shall be increased by 0.80 gallons per minute, for each unit of additional capacity purchased by Cal-Am.

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PRELIMINARY STATEMENT
 (Continued)

Sheet 1

AL. Monterey Service Area Pre-2015 Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") undercollection/recovery Balancing Account

(L)(T)

1. PURPOSE:

The purpose of the WRAM/MCBA pre-2015 Residential undercollection/recovery Balancing Account is to track the recovery of the \$28.3 million (\$32.8 million authorized in Decision 16-12-003 minus \$4.5 million collected from the existing surcharges) authorized for the residential customers by the Commission to be recovered by the authorized monthly meter surcharge over a 5-year period beginning on the date of approval of the tariffs by the Commission.

2. APPLICABILITY:

Applicable to residential and multi-residential customers in the Monterey Service Area which includes Monterey Main, Bishop, Hidden Hills, and Ryan Ranch.

(T)
(T)

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account and added to the prior accumulated monthly balance:

- a. A debit entry to record the Commission authorized \$32.8 million under-collection of pre-2015 WRAM/MCBA balances applicable to residential customers.
- b. A credit entry to record any amounts the Commission orders to be placed in this account from previous authorized surcharges applicable to recoveries of pre-2015 WRAM/MCBA balances recovered after July 1, 2015.
- c. A monthly credit entry to record the amounts recovered from residential customers.
- d. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported and updated monthly in the Federal Reserve Statistical Release, H.15 or its successor.
- e. The monthly meter surcharges noted below will cease at the earlier of 60-month from the Commission approval date of the required tier 2 advice letter or once the balance in the account reaches zero.

4. RATEMAKING PROCEDURE:

In accordance with Commission Decision D.16-12-003, and the approval of Advice Letter No. 1146 effective January 29, 2017, a meter surcharge based on the applicable meter capacity ratio between meter sizes will be placed on the bills of all residential and multi-residential customers until such time as the entire initial balance of \$28.3 million is recovered, but shall not exceed 60 months. The account will accrue interest per item 3d above.

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PRELIMINARY STATEMENT
(Continued)

Sheet 1

AM. Monterey Service Area Pre-2015 Non-Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") undercollection/recovery Balancing Account

(L)(T)

1. PURPOSE:

The purpose of the WRAM/MCBA pre-2015 Non-Residential undercollection/recovery Balancing Account is to track the recovery of the \$3.5 million (\$7.0 million authorized in Decision 16-12-003 minus \$3.5 million collected from the existing surcharges) authorized for the non-residential customers by the Commission to be recovered by the authorized monthly meter surcharge over a 5-year period beginning on the date of approval of the tariffs by the Commission.

2. APPLICABILITY:

Applicable to non-residential customers in the Monterey Service Area which includes Monterey Main, Bishop, Hidden Hills, and Ryan Ranch.

(T)

(T)

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account and added to the prior accumulated monthly balance:

- a. A debit entry to record the Commission authorized \$7.0 million under-collection of pre-2015 WRAM/MCBA balances applicable to non-residential customers.
- b. A credit entry to record any amounts the Commission orders to be placed in this account from previous authorized surcharges applicable to recoveries of pre-2015 WRAM/MCBA balances recovered after July 1, 2015.
- c. A monthly credit entry to record the amounts recovered from non-residential customers.
- d. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported and updated monthly in the Federal Reserve Statistical Release, H.15 or its successor.
- e. The monthly meter surcharges noted below will cease at the earlier of 60-month from the Commission approval date of the required tier 2 advice letter or once the balance in the account reaches zero

4. RATEMAKING PROCEDURE:

In accordance with Commission Decision D.16-12-003, and the approval of Advice Letter No. 1146 effective January 29, 2017, a meter surcharge based on the applicable meter capacity ratio between meter sizes will be placed on the bills of all non-residential customers until such time as the entire initial balance of \$3.5 million is recovered but shall not exceed 60 months. The account will accrue interest per item 3d above.

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PRELIMINARY STATEMENT
(Continued)

Sheet 2

AN. Public Safety Power Shut-Offs Memorandum Account (PSPSMA) (Continued): (L) (T)

Revenue Requirement Entries:

- a. Amounts equal to the revenue requirements of each capital expenditures at California American Water's authorized rate of return and related expenses (including return, income taxes, ad valorem tax, depreciation, and other taxes and fees).

Interest:

- b. Interest shall accrue on the PSPSMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

2. EFFECTIVE DATE:

The PSPSMA shall have the effective date of December 19, 2019.

3. DISPOSITION:

Disposition of amounts recorded in the PSPSMA shall be determined in California American Water's next General Rate Case application or by as otherwise determined by the Commission, if the account's cumulative balance exceeds 2% of California American Water's adopted gross revenues.

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PRELIMINARY STATEMENT
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Sheet 1

AO. General Rate Case Interim Rate True-Up Memorandum Account

(L)(T)

1. PURPOSE:

The purpose of the General Rate Case Interim Rate True-Up Memorandum Account is to track the differences between revenues billed at interim rates and revenues that should have been billed under the final rates granted in the General Rate Case (GRC) Application (A.) 16-07-002.

2. APPLICABILITY:

Applicable to all service areas served by California American Water.

3. ACCOUNTING PROCEDURE:

The difference in revenues resulting from revenues billed under Interim rates effective January 1, 2018 pursuant to Advice Letter 1184 and revenue that should have billed had the final rates from a decision in A. 16-07-002 been in place January 1, 2018 should be treated as follows (including interest at the 90-day commercial paper rate).

- a. A debit entry based on the final rates granted in the General Rate Case Application (A.) 16-07-002.
- b. A credit entry based on the Interim Rates paid by customers.
- c. The difference between the two shall be the balance of the account.

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PRELIMINARY STATEMENT
(Continued)

Sheet 1

AP. Central Division Leak Adjustment Balancing Account

(L)(T)

California-American Water Company requests to establish the Central Division Leak Adjustment Balancing Account (LABA).

(T)

1. PURPOSE:

In accordance with D.18-12-02, the purpose of the one-way Central Division Leak Adjustment Balancing Account is to track the difference between the \$2,370,879 authorized leak adjustments in base rates and actual leak adjustments provided, if they are less than \$2,370,879 on an annual basis.

(T)

2. APPLICABILITY:

This is applicable to California American Water's Central Division Service Areas.

(T)

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account and added to the prior accumulated monthly balance:

a. This is a one-way balancing account, whereby California American Water will refund customers through the Central Division base rates:

i. If California American Water provides less than \$2,370,879 in leak adjustments on an annual basis, the difference between the \$2,370,879 and the actual leak adjustments provided will be credited to the Central Division Leak Adjustment Balancing Account.

ii. Any amounts subject to refund will be credited to customers as determined in the district's next rate case.

4. RATEMAKING PROCEDURE:

California American Water will include the \$2,370,879 annual budget for the Balancing Account in base rates during this GRC cycle subject to refund if the actual leak adjustments incurred are less than the \$2,370,879 authorized amount.

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PRELIMINARY STATEMENT
(Continued)

Sheet 1

AQ. Two-Way Tax Memorandum Account

(L)(T)

California-American Water Company requests to establish a Two-Way Tax Memorandum Account (TMA)

1. PURPOSE:

The purpose of the TMA is to record and track any revenue differences resulting from the differences in the income tax expense authorized in the GRC proceedings and the tax expenses incurred. This account will have separate subaccounts detailing the differences between tax expenses authorized and tax expenses incurred, specifically resulting from: (1) Net revenue changes; (2) Mandatory tax law change, tax accounting changes, tax procedural changes, or tax policy changes; and (3) Elective tax law changes, tax accounting changes, tax procedural changes, or tax policy changes. It will also track Excess Protected ADIT until the end of 2018 and bonus depreciation for the limited assets where eligibility for bonus depreciation is uncertain because construction for them began or a contract for them was signed before the September 27, 2017.

2. APPLICABILITY:

All areas serviced by California-American Water

(T)

3. ACCOUNTING PROCEDURE:

California-American Water Company shall maintain the TMA by making entries at the end of each month as follows:

a. A debit or credit entry will be created for:

1. Net Revenue changes
2. Mandatory tax law change, tax accounting changes, tax procedural changes, or tax policy changes
3. Elective tax law changes, tax accounting changes, tax procedural changes, or tax policy changes.

4. EFFECTIVE DATE:

The TMA shall go into effect on February 22, 2019, per D.18-12-021

5. RATEMAKING PROCEDURE:

In accordance with D.18-12-021, there is currently no ratemaking component to the memorandum account.

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PRELIMINARY STATEMENT
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Sheet 1

AT. Groundwater Management Memorandum Account

(L)(T)

1. PURPOSE:

The purpose of this memorandum account is to recover the cost associated with Fox Canyon Groundwater Management Agency (GMA) Ordinance Code restricting the quantities pumped and surcharging production in excess of those amounts or the purchase of in lieu water to avoid the payment of the surcharges. The authority to establish this account was granted by Commission Decision No 94-06-033, June 22, 1994.

2. APPLICABILITY:

Applicable to the Rio Plaza – Service Area of the Los Angeles District of California American Water.

(T)

3. ACCOUNTING PROCEDURE:

California American Water may maintain a memorandum account for its expenses and other recovery/reimbursements in connection with the GMA Ordinance Code. These expenses must be additional or incremental to those allowed in California American Water last general rate case proceeding. California American Water shall make entries to this account at the end of each month as follows:

- a. Debit entries equal to the incremental or additional amounts recorded in California American Water administrative and general expense accounts that were incurred as a result of the exceeding their production under the terms of the GMA Ordinance Code.
- b. Credit or Debit entries equal to the average balances in the memorandum account in accordance with the 90-day commercial paper rate.
- c. Credit entries equal to the proceeds received by California American Water from customer billings authorized by the Commission.

In addition, the water utility shall file an advice letter to the Commission detailing the charges to this account for cost recovery from the customers. Recovery of a memorandum account requires full justification of all expenses and a recorded earnings test for the calendar period during which the expense was incurred. Recovery of memorandum accounts should be spread across all utility service that have benefitted from the actions that resulted from the money spent and booked to the memorandum account.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to this memorandum account.

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PRELIMINARY STATEMENT
(Continued)

Sheet 1

AU. Rio Plaza Transaction Memorandum Account

(L)(T)

California-American Water Company request to establish a Rio Plaza Transaction Memorandum Account.

(T)

1. PURPOSE:

The purpose of this advice letter filing is to request the Rio Plaza Transaction Memorandum Account to track all costs resulting from the purchase of Rio Plaza Water Company, Inc. Examples of such costs include, but are not limited to, outside legal expenses, engineering, surveying, the appraisal, and other professional activities necessary to complete the transaction, including costs associated with the noticing of customers.

2. APPLICABILITY:

Applicable to the Rio Plaza Service Area of the Los Angeles District of California American Water.

(T)

3. ACCOUNTING PROCEDURE:

California-American Water Company shall maintain the Rio Plaza Transaction Memo Account by making entries at the end of each month as follows:

- a. A debit entry will be created to capture costs associated with the account.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

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PRELIMINARY STATEMENT
 (Continued)

Sheet 1

AV. MPWSP Phase 1 Project Cost Memorandum Account

(L)(T)

California-American Water Company requests to establish a MPWSP Phase 1 Project Cost Memorandum Account (PCMA).

1. PURPOSE:

The purpose of the PCMA is to record and track the capital cost associated with the desalination plant and the Remaining California-American Water Only Facilities (Phase 1 project) as approved in D.18-09-017. The PCMA will track capital costs and the allocated portion of the Construction Funding Charge in separate subaccounts for the desalination plant and remaining California-American Water-Only facilities, in order to calculate the Allowance for Funds Used During Construction (AFUDC). AFUDC will be calculated monthly based on the capital costs net of the construction funding charge collections. The PCMA will also track and record the revenue requirement and related financing costs for any portion of Phase 1 Costs placed in service prior to the Commission approving the costs to be included in plant in service and recovered in base rates.

(T)
 (T)

2. APPLICABILITY:

The Monterey Service Area, which includes Monterey Main, Hidden Hills, Bishop and Ryan Ranch.

(T)

3. ACCOUNTING PROCEDURE:

California-American Water Company shall maintain the PCMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to the PCMA at the end of each month to record the incremental project/capital cost. Separate subaccounts will record costs for the desalination plant and remaining California-American Water-Only facilities.
- b. A credit entry shall be made to the PCMA at the end of each month to record collections of the Construction Funding Charge allocated by subaccount to the desalination plant and remaining California-American Water-Only facilities.
- c. A credit/debit entry shall be made to the PCMA for AFUDC based on the net balance.
- d. A debit entry shall be made to the PCMA at the end of each month to record any revenue requirement including financing costs that may occur in between the time the cost are placed In-Service and prior to the Commission approval of base rates.
- e. Interest shall accrue monthly to the PCMA on any recorded revenue requirement from item 3.d. above on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

(T)
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4. EFFECTIVE DATE:

The PCMA shall go into effect on December 31, 2018, per D.18-09-17.

5. RATEMAKING PROCEDURE:

In accordance with D.18-09-017 a tier 2 Advice Letter will be filed that will reflect Revenue Requirement to put into rates associated with the PCMA.

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(Continued)

Sheet 1

AW. MPWSP Operations and Maintenance Memorandum Account

(L)(T)

California-American Water Company requests to establish a MPWSP Operations and Maintenance Memorandum Account (MOMMA).

1. **PURPOSE:** The MOMMA is established in compliance with Ordering Paragraph 20 of D.18-09-017 and will track the differences between estimated costs adopted through the Tier 2 advice letter process and actual Operations and Maintenance (“O&M”) costs incurred during the period of time from the beginning of operation of the plant until the time an estimate of future costs is determined as part of a future general rate case application. It is assumed that O&M costs during plant startup will be capitalized as part of the project costs. However, if for accounting reasons certain O&M costs are required to be expensed, those costs will also be tracked in the MOMMA. (T)
2. **APPLICABILITY:** The Monterey Service Area, which includes Monterey Main, Bishop, Hidden Hills and Ryan Ranch. (T)
3. **ACCOUNTING PROCEDURE:** California-American Water Company shall maintain the MOMMA by making entries at the end of each month as follows:
 - a. A debit entry shall be made to the MOMMA at the end of each month to record the actual O&M cost.
 - b. A credit entry shall be made to the MOMMA at the end of each month to record the estimated O&M cost.
 - c. A debit entry shall be made to the MOMMA at the end of the month for any O&M cost that are not capitalized as part of the project costs.
 - d. Interest shall accrue to the MOMMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.
4. **EFFECTIVE DATE:** The MOMMA shall go into effect on December 31, 2018, per D.18-09-17, to reflect all above-mentioned O&M Cost.
5. **RATEMAKING PROCEDURE:** In accordance with D.18-09-017 a Tier 2 Advice Letter will be filed to place into rates the estimated O&M costs associated with the Phase 1 project. Any balances recorded to the MOMMA as well as future O&M costs will be addressed in the following general rate case proceeding.

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(Continued)

Sheet 1

AX. Meadowbrook Contribution in Aid of Construction ("CIAC") Account

(N)

1. PURPOSE:

The Purpose of Meadowbrook Contribution on Aid of Construction ("CIAC") account is to track the \$575,000 expense as part of the total purchase price of Meadowbrook Water Company of Merced. This expense will be recovered by the Northern Division – Sacramento Service Area.

2. APPLICABILITY:

Applicable to the Sacramento and Meadowbrook Service Areas of the Northern Division.

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the CIAC account:

- a. A credit entry will be created to add surcharge payments from customers
- b. Interest payments will not be made to this account.
- c.

4. RATEMAKING PROCEDURE:

This \$575,000 will be recovered over 36 months as a surcharge to the customers of the Sacramento and Meadowbrook Service Areas of the Northern Division.

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(TO BE INSERTED BY C.P.U.C.)
 Date Filed 06/22/2020
 Effective 02/10/2020
 Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 1

AY. Voluntary Conservation/Rationing Memorandum Account – All District

(N)

1. PURPOSE:

The Purpose of the Conservation/Rationing Memorandum Account (“CRMA”) is to track expenses incurred by the Utility to activate Rule 14.1 and/or Schedule 14.1 that have not been considered in a General Rate Case or other proceeding in its Districts. The CRMA will record the operating costs and administration cost associate with complying and implementing the mandated conservation practices outlined in Rule 14.1 voluntary conservation, Schedule 14.1 mandatory rationing efforts, and other activities such as those associated with any Drought Emergency Declaration and drought procedures ordered by the Commission for water conservation upon the activation of Rule 14.1 and/or Schedule 14.1 in its Districts. The memorandum account will also track the penalties or fees, which may be imposed by the relevant water agency, related to California American Water exceeding any assigned allocation. Any additional revenue generated from the above in its Districts will also be recorded in this memorandum account. The authority to establish this account was granted in Resolution W-4976 dated February 27, 2014. California American Water was granted authority to continue this account in Decision (D.) 18-12-021.

2. APPLICABILITY:

All areas served by California American Water.

3. ACCOUNTING PROCEDURE:

California-American Water Company shall maintain the CRMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to the CRMA at the end of each month to record the incremental expenses or penalties paid.
- b. A credit entry shall be made to the CRMA at the end of each month to record the penalty charges collected.
- c. Interest shall accrue to the CRMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

4. TERMINATION DATE:

California American Water Company will terminate this memorandum account when voluntary conservation is deactivated per Rule 14.1.

5. DISPOSTION:

Disposition of amounts recorded in the CRMA will be determined in a regulatory proceeding, as authorized by the Commission.

(N)

(Continued)

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Advice 1280-A

J. T. LINAM

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655 W. Broadway, Suite 1410
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PRELIMINARY STATEMENT
 (Continued)

Sheet 1

BA. Sand City Desalination Plant Purchased Water Balancing Account (“SCDPPWBA”)

(N)

1. PURPOSE:

The purpose of the Sand City Desalination Plant Purchased Water Balancing Account is to track Sand City Desalination Plant production costs and associated recoveries. California American Water was granted authority for the balancing account in Decision (D.) 18-12-021.

2. APPLICABILITY:

The Monterey Service Area which includes Monterey Main, Bishop, Hidden Hills, and Ryan Ranch.

3. ACCOUNTING PROCEDURE:

The authorized price per acre foot is determined as follows:

Repair Costs	\$197,379
Other O&M Costs	\$99,821
Purchased Power	\$168,765
Property Taxes	\$68,509
Total Variable Cost	\$534,474
Fixed Cost	\$414,672
Total Cost	\$949,146
Divided by AF	300
Price per AF	\$3,164

The following entries shall be recorded to the balancing account:

- a. A debit entry equal to the authorized price per acre foot above multiplied by the actual number of acre feet delivered less any amounts delivered to Moratorium Exception Tariff customers.
- b. A credit entry equal to the amount of surcharges collected to offset the costs.
- c. An annual true up entry for actual purchased power costs.
- d. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as report in the Federal Reserve Statistical Release, H.15 or its successor.

4. RATEMAKING PROCEDURE:

- a. Fixed Cost: this amount shall not change for each year over the period of time water is purchased and delivered to the Monterey District for use by District customers, shall not be subject to further review, escalation, or modification, an may in no way be increased to reflect any other cost

(N)

(Continued)

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PRELIMINARY STATEMENT
(Continued)

Sheet 1

BB. Chromium-6 Balancing Account

(N)

1. PURPOSE:

The purpose of the Chromium 6 balancing account is to provide a mechanism for the transfer of the amortized balance of the Chromium-6 Memorandum Account – Sacramento District. This account will recover the \$858,329 of incremental revenue requirement and expenses tracked in the Chromium 6 Memorandum Account through August 31, 2018. The temporary surcharge of \$.0097 per one hundred gallons, will be added from January 1, 2020 to December 31, 2020. At the end of this period, any remaining funds will be transferred to the Consolidated Expense Balancing Account and the Chromium 6 Balancing Account will be closed. This account is being established as a result of Resolution W-5212, adopted on December 19, 2019.

2. APPLICABILITY:

Applicable to the Sacramento and Meadowbrook service areas, including the Dunnigan service area.

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the balancing account:

- a. A credit entry will be made to the regulatory account for surcharges collected.
- b. A debit or credit entry equal to the balance in each segment of the account multiplies by 1/12 of the most recent month's interest rate on Commercial Paper (prime-90-day) published in the Federal Reserve Statistical Release, H.15 or its successor.

4. RATEMAKING PROCEDURE:

Resolution W-5212 establishes a temporary surcharge of \$0.0097 per hundred gallons to be collected from customers from January 1, 2020 to December 31, 2020. At the end of the amortization period any remaining balance shall be transferred to the Consolidated Expense Balancing Account.

(N)

(Continued)

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			Resolution	<u> </u>

PRELIMINARY STATEMENT
(Continued)

Sheet 1

BC. Fruitridge Vista Meter Installation Memorandum Account (FVMIMA)

(L)

1. PURPOSE:

The purpose of the FVMIMA is to record the incremental Operation and Maintenance (O&M) expenses and the revenue requirement of facilities associated with meter installation in the Fruitridge Vista service area during 2020. Costs include, but are not limited to, incremental O&M expenses, meter costs, service installation and replacement costs, engineering and design costs, project management costs, and permitting costs. California American Water was granted authority to establish this account in Decision 19-12-038.

2. APPLICABILITY:

The FVMIMA shall only be used to track costs associated with meter installation costs in the Fruitridge Vista service area incurred in 2020.

3. RATEMAKING PROCEDURE:

The memorandum account currently has no rate component.

4. ACCOUNTING PROCEDURE:

Expenditure Entries:

a. A debit entry shall be made to the FVMIMA to record all incremental O&M-related costs.

Revenue Requirement Entries:

b. Debit entries will also be made for amounts equal to the revenue requirements of each capital expenditure at California American Water's authorized rate of return and related expenses (including return, income taxes, ad valorem tax, depreciation, and other taxes and fees).

Interest:

c. Interest shall accrue on the FVMIMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

4. EFFECTIVE DATE:

The FVMIMA shall have the effective date of February 04, 2020.

5. DISPOSITION:

Disposition of amounts recorded in the FVMIMA shall be determined through a Tier 3 advice letter filing or in California American Water's next General Rate Case application or as otherwise determined by the Commission. Upon Commission review and approval, balances shall be transferred to the appropriate district's CEBA for recovery/refund.

(L)

(Continued)

(TO BE INSERTED BY UTILITY)
Advice 1280-A
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Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 1

BE. Sacramento District Voluntary Conservation or Mandatory Rationing Memorandum Account.

1. Purpose:

The purpose of this Voluntary Conservation or Mandatory Rationing Memorandum Account (VCMRMA) is to track impacts of voluntary conservation or mandatory rationing on variable expenses for purchase water, pump tax and power for future disposition in the Sacramento Service Area. The commission has determined that this mechanism is appropriate in coordination with increasing water conservation activities or mandatory rationing required by outside governmental agencies or entities. D.18-12-021 authorized continuation of the account with the modification that the account, exclude lost revenues associated with reduced sales from being recorded in the account.

2. APPLICABILITY:

Applicable to the Sacramento Service Area, excluding Private and Public fire protection.

3. ACCOUNTING PROCEDURE:

California-American Water Company shall maintain the VCRAMA by making entries at the end of each month as follows:

- a. Most recent adopted variable expense for purchase water, pump tax and power.
- b. Actual recorded variable expenses.
- c. Total net VCRAMA balance (a-d)
- d. A negative (-) balance in the memorandum account reflects a utility over collection to be refunded, while a positive balance reflects a utility under collection to be recovered in rates.
- e. The Company will record the accumulated VCRAMA balance monthly, by adding its entry in section d above to the prior accumulated monthly balance.
- f. Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper, as reported in the Federal reserve statistical Release, to the average of the beginning-of-month and the end-of-month balances.
- g. Before seeking recovery of the VCRAMA balance, the balance shall be reduced by an amount equal to a 20-basis point reduction in the most recently adopted return on equity.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Request for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval; balances shall be transferred to the appropriate the Sacramento Service Area CEBA for recovery/refund.

(Continued)

<p>(TO BE INSERTED BY UTILITY)</p> <p>Advice 1280-A</p> <p>Decision</p>	<p>ISSUED BY</p> <p>J. T. LINAM</p> <p>DIRECTOR - Rates & Regulatory</p>	<p>(TO BE INSERTED BY C.P.U.C.)</p> <p>Date Filed <u>06/22/2020</u></p> <p>Effective <u>02/10/2020</u></p> <p>Resolution</p>
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PRELIMINARY STATEMENT
(Continued)

Sheet 1

BF. HILLVIEW SERVICE AREA

Memorandum Accounts:

The following memorandum accounts were originally established by Hillview Water Company and are only applicable to the Hillview service area. The purpose of these accounts is to recover costs not anticipated in rates. The balance in these accounts will be recovered in rates after CPUC review and audit of the reasonableness of the costs recorded therein. The accounts are listed with the authorizing CPUC Resolution, Decision or Public Utilities Code (PU Code). Additional description can be found in the authorizing document (s)

1. Unanticipated Repair Cost Memorandum Account (URCMA), Decision 92-03-093, dated March 31, 1992.
2. Infrastructure Act Memorandum Account (IAMA), Decision 06-05-041, dated May 25, 2006 and PU Code 789. Note: This account is established to track gains on real property.
3. Water Contamination Litigation Expense Memorandum Account, Resolution W-4094, dated March 26, 1998.

Balancing Accounts:

The following balancing accounts were originally established by Hillview Water Company and are only applicable to the Hillview service area. The purpose of these accounts is to track changes in costs for the named expense category. The balance in these accounts will be recovered in rates after CPUC review and audit of the costs recorded therein. The accounts are listed with the authorizing CPUC Resolution, Decision or Public Utilities Code (PU Code).

1. CoBank Loan Repayment Balancing Account for Taxes Due on Grant Funds Received

PURPOSE: The purpose of the CoBank Loan Repayment Balancing Account is to track recovery of the balance on the loan provided for income taxes and related costs caused by the receipt of grant funds as authorized by Resolution W-5190 dated May 16, 2019.

ACCOUNTING PROCEDURE: California American Water shall use a balancing account to track revenues collected through the loan surcharge, and payments, including interest on the CoBank loan. The surcharge rates to repay the loan shall until the loan is fully paid. Changes in future surcharge rates, or refunds, shall be accomplished by advice letter subject to review and approval.

(Continued)

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PRELIMINARY STATEMENT
(Continued)

Sheet 1

BG. Hillview Memorandum Account for Deferred Income Taxes (HMADIT)

1. PURPOSE

The purpose of the HMADIT is to record and track for recovery the increase in deferred income taxes caused by the purchase of Hillview Water Company over the 40 years following the purchase (6/24/2020). Decision 19-11-003 granted California-American Water authority to establish the HMADIT.

2. APPLICABILITY

California-American Water's Hillview Service Area.

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the memorandum account:

- a. A debit entry will be created to capture increase in accumulated deferred income taxes (ADIT) related to acquisition of Hillview Water Company at time of close.
- b. A credit entry for amortization of Hillview ADIT through authorized rates as determined in California-American Water General Rate Case (GRC) proceedings.

4. RATEMAKING PROCEDURE:

Recovery of the forecasted increase in deferred taxes authorized in D.19-11-003 is incorporated into forecasted base rates in GRC Application 19-07-004. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate District CEBA's for recovery/fund.

(TO BE INSERTED BY UTILITY)

Advice 1280-A
Decision

ISSUED BY

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DIRECTOR - Rates & Regulatory

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ADVICE LETTER 1280-A

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