

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

Utility Name: California American Water	Date Mailed to Service List: March 30, 2018
District: Sacramento	
CPUC Utility #: U210W	Protest Deadline (20th Day): April 19, 2018
Advice Letter #: 1195	Review Deadline (30th Day): April 29, 2018
Tier <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input checked="" type="checkbox"/> Compliance	Requested Effective Date: March 31, 2018
Authorization D.15-04-007, D.13-07-041	
Description: 2017 WRAM & MCBA	Rate Impact: \$See AL See AL%

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Lakhjit Thind
Phone: 916-568-4233
Email: lakhjit.thind@amwater.com

Utility Contact: Melody Singh
Phone: 916-568-4246
Email: melody.singh@amwater.com

DWA Contact: Tariff Unit
Phone: (415) 703-1133
Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

<u>DATE</u>	<u>STAFF</u>	<u>COMMENTS</u>
_____	_____	_____
_____	_____	_____

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



4701 Beloit Drive
Sacramento, CA 95838
www.amwater.com

P (916)-568-4251
F (916) 568-4260

March 30, 2018

ADVICE LETTER NO. 1195

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (Cal-Am) (U210W) hereby submits for review this advice letter including the following tariff sheets applicable to its Sacramento District, which are attached hereto:

<u>C.P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Sheet No.</u>
XXXX-W	Schedule No. SC-1 (continued) Sacramento District Tariff Area GENERAL METERED SERVICE	8687-W
XXXX-W	TABLE OF CONTENTS Page 3	XXXX-W
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PURPOSE

The purpose of this advice letter filing is to request recovery of the 2017 WRAM & MCBA balances. This request is in compliance with authorizations of the California Public Utilities Commission as detailed in D.15-04-007, D.12-04-048, and D.13-07-041.

BACKGROUND

As noted on page 70 of the settlement adopted in D.15-04-007, Cal-Am established a WRAM and MCBA in Advice Letter 1072-B as outlined below;

ORA and CAW agree to the design as proposed by CAW, including the establishment of the WRAM/MCBA for the Sacramento District in accordance with D.08-11-023 Appendix A, as modified by the settlement agreement adopted in D.12-06-016.

Historically, these types of advice letters were submitted by April 30th each year per the settlement agreement adopted in D.08-11-023. On July 25, 2013, modifications to the process were agreed to in D.13-07-041 as part of a settlement in Cal-Am's 2010 General Rate Case ("GRC") proceeding;

The parties agree that California American Water would use the same amortization schedules and procedures that were established for other Class A water utilities in D.12-04-048 for the WRAM/MCBA in all districts. This includes:

1. *Amortization of net WRAM/MCBA balances at or above 2% of the last authorized revenue requirement, as described in Ordering Paragraph 2;*
2. *The process to not initiate the cap until 2015, which is the first test year of the GRC to be filed July 1, 2013, as discussed in Ordering Paragraph 3;...*
3. *A vigorous review of the WRAM/MCBA as well as sales forecasting to be conducted in the next GRC (Test Year 2015), as discussed in Ordering Paragraph 3;*
4. *Cal Am will submit its annual request for amortization of net WRAM/MCBA balances by a Tier 1 advice letter on or before March 31, as described in Ordering Paragraph 5;*
5. *California American cannot include any additional type or category of cost in their Tier 1 Advice Letters that was not included in their Annual Report as described in Ordering Paragraph 9;*
6. *California American Water will separate the WRAM/MCBA surcharges on customer bills if it is capable of doing so with its new billing system, as discussed for other utilities in Ordering Paragraph 10.*

Additional criteria on the WRAM amortization process were outlined in D.12-04-048 as follows;

Conclusions of Law

7. *It is reasonable to require that net WRAM/MCBA over-collections be amortized through a surcredit on a customer's service charges and that all under-collections be amortized through a surcharge on the volumetric rate.*
8. *It is reasonable to change the deadline for applicants to submit their annual WRAM/MCBA report from March 31st to the previous November 30th, and to include nine months of recorded data through September 30th in the report.*

Ordering Paragraphs

1. *We adopt the amortization schedule set forth in Appendix A with a cap on total net Water Revenue Adjustment Mechanism/Modified Cost Balancing Account (WRAM/MCBA) surcharges of 10% of the last authorized revenue requirement...WRAM balances incurred prior to the first test year referenced above continue to be amortized under the adopted amortization schedule without being subject to the surcharge cap.*

California American Water submitted its annual report with DWA on 11/30/2017. The report contained recorded balances January 1 through October 31, 2017 and forecasted balances for the period November 1 through December 31, 2017.

REQUEST

The balances for the WRAM and MCBA are summarized in the table below.

Table 3: Recovery of WRAM/MCBA Balances				
Description	WRAM/MCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Cumulative Surcharge Collections	Balance
PRIOR YEAR BALANCE	(\$16,120,792)	(\$150,269)	\$4,297,524	(\$11,973,536)
CURRENT YEAR BALANCE	(\$7,008,917)	(\$47,168)	\$0	(\$7,056,086)
BALANCE ALL YEARS				(\$19,029,622)
2017 Adopted Revenue				\$54,139,682
Total Balance % of Revenue				35.1%

Based on the above balance and the adopted amortization schedule per D.12-04-048 Appendix A, California American Water requests a volumetric surcharge of \$0.0529 per 100 gal over a 36 month period be added to the Company's tariffs.

SERVICE LIST

Pursuant to Section 4.3 of General Order No. 96-B, a copy of this advice letter is being sent to those entities listed in the attached service list. Copies of the detailed workpapers and the documents supporting this Advice Letter have also been furnished to the Commission Staff.

EFFECTIVE DATE

Cal-Am submits this as a Tier 1 advice letter per D.13-07-041 and requests an effective date of March 31, 2018.

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;

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

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.

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.

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
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On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to us, addressed to:

Recipients:	E-Mail:	Mailing Address:
Melody Singh <i>Manager of Rates & Regulatory</i>	Melody.singh@amwater.com	4701 Beloit Drive Sacramento, CA 95838 Fax: (916) 568-4246
Sarah E. Leeper..... <i>Vice President – Legal, Regulatory</i>	sarah.leeper@amwater.com	555 Montgomery Street, Ste. 816 San Francisco, CA 94111 Fax: (415) 863-0615
ca.rates.....	ca.rates@amwater.com	4701 Beloit Drive Sacramento, CA 95838 Fax: (916) 568-4260

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division, 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.

The actions requested in this advice letter are not now the subject of any formal filings with the California Public Utilities Commission, including a formal complaint, nor action in any court of law.

If you have not received a reply to your protest within 10 business days, contact this person at (916) 568-4209.

This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Jeffrey T. Linam

Jeffrey T. Linam
Vice President of Rates & Regulatory

³ G.O. 96-B, General Rule 7.4.3

Schedule No. SC-1 (Continued)
Sacramento District Tariff Area
GENERAL METERED SERVICE

Sheet 3

SPECIAL CONDITIONS:

General Items:

1. Qualifying low-income customers can receive a discount on their bill. Customers must apply with the Company for acceptance into the low-income program. For additional details, please see Tariff Schedule CA-LIRA.
2. Any customer paying for service at a premise where a Residential Fire Protection Service (RFPS) is required/requested to be installed by local fire and building codes shall be allowed to have their monthly service charge modified in accordance with the monthly costs for RFPS service charges. Provided, however, that the RFPS rate has been requested by the customer and verified by the Company that the smaller size of meter would be large enough to provide adequate service for the property in absence of the additional demand necessary to supply water to the sprinkler system. The RFPS will not be considered a fire service by the Company, but as an oversized general metered service. As such the rules and conditions of service for general metered service shall apply.

Fees and Surcharges:

3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
4. Per Advice Letter 1072-B, a surcharge of \$0.0052 per hundred gallons will be applied to each bill to fund conservation efforts. The surcharge will remain in effect until otherwise directed by the Commission.
5. Per Advice Letter 1140-A, a surcharge of \$1.21 for the Low-Income Ratepayer Assistance Program ("LIRAP") Balancing Account will be collected from all non-low income water and wastewater customers.
6. Per Advice Letter 1154, the balance in the Sacramento District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0175 per 100 gallons over 24 months. The effective date for surcharge is June 16, 2017 and will be recovered from all customer classes in all service areas.
7. Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) Surcharge.
 - a. A surcharge is included in each bill to recover the net under-collection in the Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA). For the period ending December 31, 2017, the net under-collection totals \$19,029,622 including interest. The surcharge is \$0.0529 per 100 gallons and will remain effective for 36 months beginning March 31, 2018. (C)
(I)
(C)

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1195	J. T. LINAM	Date Filed _____
Decision	DIRECTOR - Rates & Regulatory	Effective _____
		Resolution _____

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(Ambler Park, Ralph Lane & Chualar Service Areas)

MO-ARC-1 General Metered Service 8738-W, 8739-W, 8693-W, 8519-W, 8027-W, 7642-W, 8672-W

(Toro)

MO-TO-1 General Metered Service 8740-W, XXXX-W, 8019-W, 7644-W (C)

(Garrapata)

MO-GA-2F Flat Rate Service 8741-W, 8170-W

Sacramento District

SC-1 General Metered Service 8726-W, 8727-W, XXXX-W, 8028-W, 7635-W (C)

SC-DU-1 General Metered Service 8728-W

SC-DU-1F Flat Rate Service 8729-W

SC-GY-1 General Metered Service 8730-W

SC-GY-1F Flat Rate Service 8731-W

SC-MB-1 General Metered Service 8732-W, 8522-W

San Diego County District

SD-1 General Metered Service 8733-W, 8734-W, 8699-W, XXXX-W, 8013-W, 7624-W (C)

Ventura County District

VN-1 General Metered Service 8735-W, 8736-W, XXXX-W, 8014-W, 7627-W (C)

VN-9MC Metered Construction Service 8737-W, 8549-W, 8015-W, 7629-W

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

Advice 1195

J. T. LINAM

Date Filed _____

Decision

DIRECTOR - Rates & Regulatory

Effective _____

Resolution _____

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<u>SERVICE AREA MAP:</u> California-American Water Company	5470-W
Larkfield	6569-W
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Duarte	6578-W
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(Continued)

(TO BE INSERTED BY UTILITY) Advice 1195 Decision	ISSUED BY J. T. LINAM DIRECTOR - Rates & Regulatory	(TO BE INSERTED BY C.P.U.C.) Date Filed _____ Effective _____ Resolution _____
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**SACRAMENTO DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1195**

EMAIL		
<p>California Public Utilities Commission Division of Ratepayer Advocates dra_water_al@cpuc.ca.gov</p> <p>Citrus Heights Water District 6230 Sylvan Road Citrus Heights CA 95610 rchurch@chwd.org</p> <p>City of Sacramento, Water Division 1391 35th Avenue Sacramento CA 95822 dsherry@cityofsacramento.com</p> <p>Florin County Water District P.O. Box 292055 Sacramento CA 95829 fcwd@sbcglobal.net</p> <p>Amy Van City Clerk City of Citrus Heights 6237 Fountain Square Drive Citrus Heights CA 95621 avan@citrusheights.net</p> <p>Jim McCauley Clerk-Recorder Placer County 2954 Richardson Drive Auburn CA 95603 skasza@placer.ca.gov</p> <p>Linda Garcia City Clerk City of Isleton P.O. Box 716 Isleton CA 95641 lgarcia@cityofisleton.com</p>	<p>Lisa Blair California Public Utilities Commission Office of Ratepayer Advocates 505 Van Ness Avenue Room 3200 San Francisco CA 94102 lwa@cpuc.ca.gov</p> <p>Marvin Philo 3021 Nikol Street Sacramento CA 95826 mhphilo@aol.com</p> <p>Richard Rauschmeier California Public Utilities Commission ORA - Water Branch 505 Van Ness Avenue Room 4209 San Francisco CA 94102-3214 rra@cpuc.ca.gov</p> <p>Sarah E. Leeper VP - Legal, Regulatory CA American Water Co. 555 Montgomery St. Suite 816 San Francisco CA 94102 sarah.leeper@amwater.com</p> <p><u>MAIL</u></p> <p>CA Dept of Health Services Div of Drinking Water & Environmental Mgt P.O. Box 997416 #Sacramento CA 95899-7413</p> <p>Fruitridge Vista Water Co. 1108 2nd St Sacramento CA 95814</p>	<p>Placer County Water Agency P.O. Box 6570 Auburn CA 95804</p> <p>Rio Linda Water District 730 L Street Rio Linda CA 95673</p> <p>Sacramento County WMD 827 7th Street, Room 301 Sacramento CA 95814</p> <p>Sacramento Suburban Water District 3701 Marconi Avenue Suite 100 Sacramento CA 95821-5303</p> <p>Anthony La Bouff County Counsel Placer County 175 Fulweiler Avenue Auburn CA 95603</p> <p>Carol Smith 6241 Cavan Drive, 3 Citrus Heights CA 95621</p> <p>Mark Norris County Clerk-Recorder County of Sacramento 600 8th Street Sacramento CA 95814</p> <p>Robert Baptiste 9397 Tucumcari Way Sacramento CA 95827-1045</p>

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ADVICE LETTER 1195

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