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November 6, 2017

ADVICE LETTER NO. 1179

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (California American Water) (U210W) hereby submits for review this advice letter, including the following tariff sheets applicable to its San Diego County 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. SD-1 (Continued) San Diego County District Tariff Area GENERAL METERED SERVICE	8550-W
XXXX-W	TABLE OF CONTENTS (Continued) (Page 3)	XXXX-W
XXXX-W	TABLE OF CONTENTS (Page 1)	XXXX-W

Purpose:

In accordance with Section 7.3.1 of the Water Industry Rules under General Order (GO) 96-B and Section 454 of the Public Utilities Code, California American Water is seeking authority to offset purchased water expenses it incurs from the City of San Diego, the water supplier for its San Diego County District. The City of San Diego increased its wholesale rates to California American Water effective August 1, 2017. California American Water requests that the full increase be offset to account for the annual change in purchased water costs.

In accordance with Section 4.3 of General Order No. 96-B, a copy of this advice letter is being sent to those entities listed in Exhibit A.

Background:

California American Water serves approximately 21,100 customers in its San Diego County District. Areas served include Coronado, Imperial Beach, portions of the City of San Diego, and certain areas in San Diego County.

The offset increase is necessitated by the City of San Diego's increase of its wholesale water rates from \$4.12 per hundred cubic feet (ccf) to \$4.32 per ccf. This water rate increase results in a \$951,986 annual increase in purchased water expenses to California American Water, plus a corresponding \$5,685 increase in uncollectibles, for a total expense increase of \$957,672. This increase is directly related to water consumption and thus should be applied to the quantity rate.

The resulting surcharge will increase by \$0.2090 from \$0.7413 to \$0.9503 per ccf, or \$0.1270 per 100 gallons.

The offset requested represents an annual increase of \$957,672 or 3.08% over the latest revenue requirement provided to the Commission in General Rate Case 2015 Decision. In accordance with Rule 4.2 of GO 96-B and Section 3.2 of the Water Industry Rules in GO 96-B for processing expense offset rate increases, California American Water shall include a bill text message providing the amount of the increase, expressed in dollars and percentages, in the first bill that includes the increased surcharge.

Request:

California American Water Company requests authorization to implement a purchased water surcharge totaling \$0.9503 per ccf.

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

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

Tier Designation:

This advice letter is submitted with a Tier 1 designation.

Effective Date:

California American requests an effective date of August 1, 2017.

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; 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;
2. The analysis, calculations, or data in the AL contain material error or omissions;
3. The relief requested in the AL is pending before the Commission in a formal proceeding;
or
4. The relief requested in the AL requires consideration in a formal hearing, or is otherwise inappropriate for the AL process; or
5. The relief requested in the AL is unjust, unreasonable, or discriminatory, provided that such a protest may not be made where it would require re-litigating a prior order of the Commission.

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

6. 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

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
San Francisco, CA 94111

ca.rates@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 Jones

Kamilah Jones
Financial Analyst

³ G.O. 96-B, General Rule 7.4.3

Schedule No. SD-1 Continued
San Diego County 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 Sprinkler System (RFSS) 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 RFSS service charges. Provided, however, that the RFSS 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 RFSS 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. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is based on a percentage of gross revenues of each bill. The percentage is 2% to City of San Diego and City of Imperial Beach.

5. Per Advice Letter 1072-A, a surcharge of \$0.0054 per 100 gallons will be applied to each bill to fund conservation efforts. The surcharge will remain in effect until otherwise directed by the Commission.

6. Per Advice Letter 1138-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.

7. Per Advice Letter 1154, the under-collected balance in San Diego County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0056 per 100 gallons over 12 months effective June 16, 2017. The total amount will be recovered from all classes of customers.

8. Per Advice Letter 1179, a surcharge is applied to each bill to offset increases in purchased water costs imposed by the City of San Diego. This offset results in a needed revenue increase of \$957,672 or 3.08%. The surcharge of \$0.1270 per 100 gallons is added to the quantity rate effective August 1, 2017. (C)
(I)

(Continued)

<u>(TO BE INSERTED BY UTILITY)</u>	<u>ISSUED BY</u>	<u>(TO BE INSERTED BY C.P.U.C.)</u>
Advice 1179	J. T. LINAM	Date Filed <u>November 6, 2017</u>
Decision	DIRECTOR - Rates & Regulatory	Effective _____
		Resolution _____

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<u>SUBJECT MATTER OF SHEET</u>	<u>C.P.U.C. SHEET NO.</u>
RATE SCHEDULES (Continued):	
Monterey County District (Continued)	
<i>(Monterey Main, Hidden Hills, Ryan Ranch, & Bishop Service Areas) (Continued)</i>	
MO-1 MU General Metered Service	8268-W, 7728-W, 7729-W, 7730-W
Residential/Non-Residential Mixed Use	7731-W, XXX-W, XXX-W, XXX-W
	7735-W, 7736-W, 8026-W, 8260-W
<i>(Ambler Park, Ralph Lane & Chualar Service Areas)</i>	
MO-ARC-1 General Metered Service	8271-W, 8119-W, 8120-W, 8296-W,
	8027-W, 7642-W, 8237-W
<i>(Toro)</i>	
MO-TO-1 General Metered Service	8128-W, 8293-W, 8019-W, 7644-W
<i>(Garrapata)</i>	
MO-GA-2 General Flat Rate Service	7693-W, 8170-W
Sacramento District	
SC-1 General Metered Service	8103-W, 8104-W, 8289-W, 8028-W,
	7635-W
SC-DU-1 General Metered Service	8160-W
SC-DU-1F Flat Rate Service	8161-W
San Diego County District	
SD-1 General Metered Service	8094-W, 8095-W, XXXX-W, 8013- (C)
	W, 7624-W
Ventura County District	
VN-1 General Metered Service	8084-W, 8085-W, 8282-W, 8014-W,
	7627-W
VN-9MC Metered Construction Water	8087-W, 8283-W, 8015-W, 7629-W

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 1179

ISSUED BY
J. T. LINAM
NAME
DIRECTOR – Rates & Regulatory
TITLE

(TO BE INSERTED BY C.P.U.C.)
DATE FILED _____
EFFECTIVE _____
RESOLUTION _____

DECISION NO. _____

TABLE OF CONTENTS

(Page 1)

The following listed tariff sheets contain all effective rates and rules affecting the charges and services of the Utility, together with other pertinent information:

<u>SUBJECT MATTER OF SHEET</u>	<u>C.P.U.C. SHEET NO.</u>
TITLE PAGE	7052-W
TABLE OF CONTENTS	XXXX-X, XXXX-X, XXXX-X, XXXX-X (C) X, 8075-W, 8068-W, 8069-W, 8070-W, 8071-W
PRELIMINARY STATEMENTS	7828-W, 8078-W, 8003-W, 7748-W, 7749-W, 7750-W, 7751-W, 7752-W, 7753-W, 7754-W, 7755-W, 7756-W, 7757-W, 8079-W, 7759-W, 7830-W, 7831-W, 7831-W, 7833-W, 7834-W, 7835-W, 7836-W, 7837-W, 7838-W, 7769-W, 7770-W, 7771-W, 7772-W, 7773-W, 7774-W, 7775-W, 7776-W, 7777-W, 7778-W, 7779-W, 7780-W, 7781-W, 7782-W, 7783-W, 7784-W, 7785-W, 7786-W, 7787-W, 7788-W, 7789-W, 7790-W, 7791-W, 7792-W, 7793-W, 7794-W, 7795-W, 7796-W, 7797-W, 7798-W, 7799-W, 7800-W, 7801-W, 7802-W, 7803-W, 7804-W, 7806-W, 8080-W, 8081-W, 8082-W
<u>SERVICE AREA MAP:</u> California-American Water Company	5470-W
Larkfield	6569-W
Los Angeles County	6570-W
Baldwin Hills	6571-W, 6572-W,
Duarte	6578-W
San Marino	6573-W, 6574-W, 6575-W, 6576-W, 6577-W
Monterey County	7053-W, 6580-W, 6581-W, 6582-W, 6583-W, 6584-W, 6585-W, 6586-W, 6587-W, 6588-W, 6589-W, 6590-W, 944 -W, 945 -W, 947 -W, 948 -W, 949 -W, 950 -W, 951 -W, 952 -W, 953 -W, 954 -W, 955 -W, 957 -W, 958 -W, 959 -W, 960 -W, 961 -W, 962-W, 963 -W, 964 -W, 966 -W, 967 -W, 968 -W, 969 -W, 971 -W, 972 -W, 973 -W, 974 -W, 975 -W, 976 -W, 977 -W, 978 -W, 979 -W, 980 -W, 981 -W, 982 -W, 983 -W, 984 -W, 7054-W

(Continued)

(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. <u>1179</u>	ISSUED BY <u>J. T. LINAM</u> <small>NAME</small>	(TO BE INSERTED BY C.P.U.C.) DATE FILED _____ EFFECTIVE _____ RESOLUTION _____
DECISION NO. _____	DIRECTOR – <u>Rates & Regulatory</u> <small>TITLE</small>	

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CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1179

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ADVICE LETTER 1179

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