

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



November 19, 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. 1285, filed on April 7, 2020, regarding 2019 WRAM & MCBA for the Ventura District.

Enclosed are copies of the following revised tariff sheets, effective March 31, 2020, for the utility's files:

<b>P.U.C.</b>	
<b>Sheet No.</b>	<b>Title of Sheet</b>
9695-W	Schedule No. VN-1 (continued) Ventura County District Tariff Area, General Metered Service
9696-W	Table of Contents, Page 3
9697-W	Table of Contents, Page 1

Please contact Bradley Leong at [BL4@cpuc.ca.gov](mailto:BL4@cpuc.ca.gov) or 415-703-2307, if you have any questions.

Thank you,

/s/ROBIN BRYANT

Robin Bryant  
Water Division

Enclosures





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April 7, 2020

ADVICE LETTER NO. 1285

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 Ventura County District which are attached hereto:

<u>C.P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Sheet No.</u>
9695-W	Schedule No. VN-1 (continued) Ventura County District Tariff Area GENERAL METERED SERVICE	9519-W
9696-W	TABLE OF CONTENTS Page 3	9624-W
9697-W	TABLE OF CONTENTS Page 1	9694-W

### **PURPOSE**

The purpose of this advice letter filing is to request recovery of the 2019 WRAM & MCBA balances. This request is in compliance with authorizations of the California Public Utilities Commission as detailed in D.08-11-023, D.12-04-048, D.13-07-041 and D.18-12-021.

On March 24, 2020 California American Water requested a two-week extension to file the Tier 1 annual request for amortization for net WRAM/MCBA balances. On April 2, 2020 the Commission granted this extension request.

### **BACKGROUND**

On November 6, 2008, the Commission issued Ordering Paragraph 1 in D.08-11-023 which adopted a settlement agreement between California American Water and the Division of Ratepayer Advocates ("DRA") to establish a Pilot Program for a conservation rate structure in the Ventura District;

*The June 28, 2007 settlement for the Coronado and Village districts, attached to Appendix A, is adopted and the motion to reduce the comment period is granted.*

As part of the settlement, California American Water was to establish a WRAM as outlined below from pages 5 and 6 of the agreement.

*Decoupling for California American Water will be accomplished through the following mechanisms:*

- 1. A Water Revenue Adjustment Mechanism (WRAM) for the Coronado and Village districts.*
- 2. This decoupling mechanism, along with California American Water's Incremental Cost Balancing Accounts (ICBA)<sup>1</sup>, will ensure recovery of the adopted fixed costs recovered through the quantity charge, and the actual variable costs for purchased power, purchased water, and pump taxes. The fixed costs not included in these accounts will be recovered through the service charge, which is a monthly charge that customers pay regardless of consumption.*
- 3. In accordance with established Commission practice, the WRAM account will accrue interest at the 90-day commercial paper rate.*

*The WRAM will track the difference between the total quantity charge revenues authorized by the Commission ("Total Adopted Quantity Revenues"), and the total revenues actually recovered through the quantity charge based on actual sales ("Total Actual Quantity Revenues"), excluding:*

- 1. Revenue from Private Fire Protection Service and;*
- 2. Revenue from the "Other" class of general metered customers.*

California American Water implemented the Pilot Program on February 1, 2009 via Advice Letter 717-A.

Historically, these types of advice letters were submitted by April 30<sup>th</sup> 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 California American Water'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. California American Water 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;*

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The Modified Cost Balancing Account (MCBA) replaced the ICBA through the issuance of D.12-06-016.

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 31<sup>st</sup> to the previous November 30<sup>th</sup>, and to include nine months of recorded data through September 30<sup>th</sup> 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.*

In addition, D.18-12-021 increases the cap on amortization of the WRAM/MCBA balances:

#### *Ordering Paragraph*

151. *The cap on amortization of WRAM/MCBA balances should not be eliminated but should be increased to 15% of the last authorized revenue requirement for each of California American Water's districts.*

California American Water submitted its annual report with DWA on 11/30/2019. The report contained recorded balances January 1 through October 31, 2019 and forecasted balances for the period November 1 through December 31, 2019.

#### **REQUEST**

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

TABLE 3: Recovery of WRAMMCBA Balances				
Description	WRAMMCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Cumulative Surcharge Collections	Balance
AUTHORIZED PRIOR BALANCE REMAINING AT 12/31/2019	(11,305,105)	(222,505.81)	\$3,176,237	(8,351,374)
ESTIMATED BALANCE NOT YET APPROVED FOR YEAR 2019	(\$5,571,404)	(\$45,217)	\$0	(\$5,616,621)
BALANCE ALL YEARS				(13,967,994)
2019 Adopted Revenue				\$37,706,654
2019 Balance % of Revenue				14.9%
Net Balance % of Revenue				37.0%

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 \$0.1121 per 100 gallons over a 30-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**

California American Water submits this as a Tier 1 advice letter per D.13-07-041 and requests an effective date of March 31, 2020.

### **NOTICE**

Pursuant to Section 4.3 of General Order No. 96-B, a copy of this advice letter is being provided to those entities listed in the attached "SERVICE LIST PURSUANT TO SECTION 4.3 OF G.O. NO. 96-B." Per guidance from the California Public Utilities Commission's Water Division, during the COVID-19 pandemic advice letters will only be delivered electronically to the service list. Hardcopy advice letters will be mailed as soon as administrative staff are able to return to California American Water offices.

### **RESPONSE OR PROTEST<sup>2</sup>**

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.**

<sup>2</sup> G.O. 96-B, General Rule 7.4.1

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 grounds<sup>3</sup> 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 re-litigating 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.

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](mailto: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:**

[Nancy.Hollingworth@amwater.com](mailto:Nancy.Hollingworth@amwater.com)

**Mailing Address:**

4701 Beloit Drive  
Sacramento, CA 95838

[sarah.leeper@amwater.com](mailto:sarah.leeper@amwater.com)

555 Montgomery Street, Ste. 916  
San Francisco, CA 94111

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<sup>3</sup> G.O. 96-B, General Rule 7.4.2

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.

**REPLIES**<sup>4</sup>

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/ Jeffrey T. Linam*

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Jeffrey T. Linam  
Vice President of Rates & Regulatory

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<sup>4</sup> G.O. 96-B, General Rule 7.4.3



Schedule No. VN-1 (Continued)  
Ventura 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 (R.F.P.S.) 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 R.F.P.S. service charges. Provided, however, that the R.F.P.S. 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 R.F.P.S. 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**

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is 2.0% based on gross revenues before taxes and PUC fees for the County of Ventura and the City of Thousand Oaks.
3. Per Advice Letter 1230-B, a surcharge of \$1.81 for the Low Income Ratepayer Assistance Program ("LIRA") Balancing Account will be collected from all non-low income water and wastewater customers.
4. D.18-12-021 authorized a three-year conservation budget of \$638,388 for 2018-2020 for the Ventura District. Per AL 1230-B, a surcharge of \$0.0129 per hundred gallons will be applied to each bill to fund California American Water conservation efforts.
5. Per Advice Letter 1230-B, the under- collected balance in the Ventura County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0129 per 100 gallons over 12 months effective May 1, 2019. The total amount will be recovered from all classes of customers.
6. Per Advice Letter 1282, a surcharge is applied to each bill to offset the increase in purchased water cost imposed by the Calleguas Municipal Water District. This increase results in a needed revenue increase of \$1,404,154 or 3.46%. The surcharge of \$0.0641 per 100 gallons is added to the quantity rate effective February 21, 2020.
7. 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, 2019, the net under-collection totals \$13,967,994 including interest. The surcharge of \$0.1121 per 100 gallons is set to recover the under-collection at a rate equal to 15% of the authorized revenue requirement as approved by D.18-12-021.

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(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1285	J. T. LINAM	Date Filed <u>04/07/2020</u>
Decision	DIRECTOR - Rates & Regulatory	Effective <u>03/31/2020</u>
		Resolution _____

TABLE OF CONTENTS

Sheet 3

**SUBJECT MATTER OF SHEET**

**C.P.U.C. SHEET NO.**

RATE SCHEDULES (Continued):

**Monterey County District (Continued):**

MO-1-MF	General Metered Service	9429-W, 9411-W, 8951-W, 8952-W, 9119-W, 8954-W,
	Multi-Residential Customers	9342-W, 9435-W, 9580-W, 9613-W
MO-1C	General Metered Service	9430-W, 8957-W, 8958-W, 8959-W, 8960-W, 8961-W,
	Non-Residential Customers	9120-W, 8963-W, 9343-W, 9436-W, 9581-W, 9614-W
MO-1O	General Metered Service	9413-W, 9414-W, 8967-W, 8968-W, 9121-W, 8970-W,
	Other Customers	9344-W, 9437-W, 9582-W, 9615-W

**Central Satellite**

CEN-1	General Metered Service	9415-W, 9416-W, 8974-W, 9337-W, 9583-W, 9584-W, 9585-W
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**Northern District**

ND-1	General Metered Service	9391-W, 9392-W, 9393-W, 9394-W, 9164-W, 9442-W, 9592-W, 9593-W, 9594-W, 9595-W
------	-------------------------	-----------------------------------------------------------------------------------

**San Diego County District**

SD-1	General Metered Service	9385-W, 9386-W, 9621-W, 9622-W, 9623-W
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**Ventura County District**

VN-1	General Metered Service	9377-W, 9378-W, 9695-W, 9220-W, 9603-W	(C)
VN-9MC	Metered Construction Service	9521-W, 9522-W, 9523-W, 9604-W	

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

Advice 1285

J. T. LINAM

Date Filed 04/07/2020

Decision

DIRECTOR - Rates & Regulatory

Effective 03/31/2020

Resolution \_\_\_\_\_

TABLE OF CONTENTS

Sheet 1

<u>SUBJECT MATTER OF SHEET</u>	<u>C.P.U.C. SHEET NO.</u>
TITLE PAGE	9556-W
TABLE OF CONTENT	9697-W, 9619-W, 9696-W, 9627-W, 9082-W, 8869-W, 8868-W, 8593-W, 8071-W (C)
PRELIMINARY STATEMENTS	9650-W, 9651-W, 9652-W, 9653-W, 9654-W, 9655-W, 9656-W, 9657-W, 9658-W, 9659-W, 9660-W, 9661-W, 9662-W, 9663-W, 9664-W, 9665-W, 9666-W, 9667-W, 9668-W, 9669-W, 9670-W, 9671-W, 9672-W, 9673-W, 9674-W, 9675-W, 9676-W, 9677-W, 9678-W, 9679-W, 9680-W, 9681-W, 9682-W, 9683-W, 9684-W, 9685-W, 9686-W, 9687-W, 9688-W, 9689-W, 9690-W, 9691-W, 9692-W, 9693-W, 9694-W
<b><u>SERVICE AREA MAP:</u></b>	
California-American Water Company	5470-W
Fruitridge Vista	9487-W
Hillview Service Area	9557-W
Larkfield	6569-W
Los Angeles County	9157-W, 9158-W
Baldwin Hills	6571-W, 6572-W,
Duarte	6578-W
San Marino	6573-W, 6574-W, 6575-W, 6576-W, 8211-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

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Advice 1285

J. T. LINAM

Date Filed 04/07/2020

Decision

DIRECTOR - Rates & Regulatory

Effective 03/31/2020

Resolution \_\_\_\_\_

**VENTURA COUNTY DISTRICT SERVICE LIST**  
**CALIFORNIA-AMERICAN WATER COMPANY**  
**ADVICE LETTER 1285**

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Thousand Oaks, CA 91362

Ventura County Waterworks District  
7150 Walnut Canyon Road  
P.O. Box 250  
Moorpark, CA 93020

City of Camarillo  
601 Carmen Drive  
Camarillo, CA 93010

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Ventura, CA 93009

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