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December 23, 2019

ADVICE LETTER NO. 1277

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. ND-1 Sacramento District Tariff Area GENERAL METERED SERVICE	9086-W
XXXX-W	Schedule No. ND-1 Sacramento District Tariff Area GENERAL METERED SERVICE	9087-W
XXXX-W	Schedule No. ND-1 Sacramento District Tariff Area GENERAL METERED SERVICE	9089-W
XXXX-W	Schedule No. ND-1 (Continued) Sacramento District Tariff Area GENERAL METERED SERVICE	9333-W
XXXX-W	Schedule No. CA-LIRA Sacramento District Tariff Area LOW INCOME RATEPAYER ASSISTANCE SERVICE	9090-W
XXXX-W	TABLE OF CONTENTS (Continued) (Page 3)	XXXX-W
XXXX-W	TABLE OF CONTENTS (Continued) (Page 1)	XXXX-W

Purpose:

This advice letter filing is being filed to comply with Resolution W-5212 which approved California American Water’s requests in Advice Letter 1214, as supplemented.

Background:

On September 19, 2018, California American Water filed Advice Letter 1214 requesting recovery of project costs for the Sacramento and Dunnigan Hexavalent Chromium Treatment projects tracked in the Los Angeles County and Sacramento Districts Chromium-6 Memorandum Account. California American Water subsequently supplemented Advice Letter 1214.

Resolution W-5212 approved California American Water's requests in Advice Letter 1214 to:

(1) add its capital expenditures (less accumulated depreciation) of \$10,029,761 to its rate base and recover associated revenue requirement of \$1,355,287 which includes the associated annual incremental operating expenses of \$8,880 for the Chromium 6 treatment projects in the Northern Division; and

(2) amortize the Chromium 6 Memorandum Account to recover its past capital and operating expenses in the amount \$858,329 through a temporary surcharge in Northern Division tariffs (including the customers in the Meadowbrook, Dunnigan and Geyserville) for a period of 12 months.

Resolution W-5212 also directed California American Water to submit a Tier 1 advice letter to implement the tariff schedules attached to the Resolution, establish a Chromium 6 Balancing Account, transfer the balance authorized for amortization from the Chromium 6 Memorandum Account to the Chromium 6 Balancing Account, and to keep the Chromium 6 Memorandum Account open.

As detailed below, California American Water files this advice letter to comply with the above directives.

Request:

California American Water requests authority to implement the tariff schedules attached to this advice letter, which were approved in Resolution W-5212. The base rate tariffs submitted with this filing are based on revenue requirement and rate design in California American Water's 2019 escalation year filing, AL 1234-A coming out of D.18-12-021.

California American Water also requests authority to establish a Chromium 6 Balancing Account, which is attached to this advice letter, to transfer the amortized funds from the Chromium 6 Memorandum Account. As set forth above, Resolution W-5212 authorized the creation of this balancing account.

California American Water additionally requests authority to transfer \$858,329 the balance authorized by Resolution W-5212, for amortization from the Chromium 6 Memorandum Account to the Chromium 6 Balancing Account. As authorized by Resolution W-5212, the temporary surcharge of \$.0729 ccf or \$.0097 per one hundred gallons, will be added from January 1, 2020 to December 31, 2020 in the Northern Division tariff areas of Sacramento and Meadowbrook. At the end of this period, any remaining funds will be transferred to the Consolidated Expense Balancing Account.

Tier Designation:

This advice letter is submitted pursuant to General Order No. 96-B, Resolution W-5212, and is designated as a Tier 1 filing.

Effective Date:

California American Water requests an effective date of January 1, 2020.

Notice:

In accordance with Section 4.3 of General Order 96-B, a copy of this advice letter has been served upon all interested and affected parties as shown in Exhibit A.

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.

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:

Mailing Address:

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

Water.Division@cpuc.ca.gov

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:

Mailing Address:

ca.rates@amwater.com

4701 Beloit Drive
Sacramento, CA 95838

sarah.leeper@amwater.com

555 Montgomery Street, Ste. 816
San Francisco, CA 94111

kamilah.jones@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.

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) 568-4232.

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

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Wes Owens

Wes Owens
Director, Rates and Regulatory

³ G.O. 96-B, General Rule 7.4.3

Schedule No. ND-1
Northern Division Tariff Area
GENERAL METERED SERVICES

Sheet 1

APPLICABILITY

Applicable to all metered water service.

SACRAMENTO TARIFF AREA

TERRITORY

The unincorporated communities, subdivisions, and adjacent areas generally known as Cordova, Rosemont, Parkway Estates, Lindale, Foothill Farms, Arlington Heights, Linwood, Loretto Heights, Arden Highlands, Arden Estates and Sunrise Security Park, and Ox-Bow. A part of the City of Citrus Heights and the communities of Antelope and Sabre City in Sacramento and Placer counties. The city of Isleton and vicinity and the unincorporated community of Walnut Grove in Sacramento County. The lower southwestern portion of Placer County, including the areas known as Morgan Creek, Doyle Ranch, Sun Valley Oaks, and Riolo Greens. Dunnigan, along both sides of Interstate 5, between County Roads 2 on the north and County Road 9 on the south, Yolo County. Geyserville and vicinity, Sonoma County.

RATES

Quantity Rates:

	<u>Base Rate</u>	
	<u>Per 100 gal (CGL)</u>	
<u>Residential Customers:</u>		
For the first 74.8 CGL	\$0.3831	(1)
For next 74.8 CGL.....	\$0.5137	
For all water delivered over 149.6 CGL	\$0.8040	
 <u>All Other Customers:</u>		(1)
For all water delivered, per CGL	\$0.4467	

Service Charge: General Metered

	<u>Per Meter</u>	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter.....	\$14.39	(1)
For 3/4-inch meter.....	\$21.59	
For 1-inch meter.....	\$35.98	
For 1-1/2-inch meter.....	\$71.95	
For 2-inch meter.....	\$115.12	
For 3-inch meter.....	\$215.85	
For 4-inch meter.....	\$359.75	
For 6-inch meter.....	\$719.50	
For 8-inch meter.....	\$1,151.20	
For 10-inch meter.....	\$1,654.85	
For 12-inch meter.....	\$3,093.85	(1)

The Service Charge is a readiness-to-serve charge applicable to all general metered services. It is added to the charge for water furnished, which is based on Quantity Rates.

(Continued)

<u>(TO BE INSERTED BY UTILITY)</u>	<u>ISSUED BY</u>	<u>(TO BE INSERTED BY C.P.U.C.)</u>
Advice 1277	J. T. LINAM	Date Filed <u>December 23, 2019</u>
Decision	DIRECTOR - Rates & Regulatory	Effective _____
		Resolution _____

Schedule No. ND-1
Northern Division Tariff Area
GENERAL METERED SERVICES

Sheet 2

SACRAMENTO TARIFF AREA RATES (Continued):

Service Charge: Residential Fire Protection Service (R.F.P.S.)

	<u>Per Meter</u> <u>Per Month</u>	(l)
For 5/8 x 3/4-inch residential to 1-inch residential metered fire sprinkler.....	\$21.35	
For 5/8 x 3/4-inch residential to 1 1/2-inch residential metered fire sprinkler.....	\$24.96	
For 5/8 x 3/4-inch residential to 2-inch residential metered fire sprinkler.....	\$26.18	
For 3/4-inch residential to 1-inch residential metered fire sprinkler.....	\$31.11	
For 3/4-inch residential to 1 1/2-inch residential metered fire sprinkler.....	\$34.72	
For 3/4-inch residential to 2-inch residential metered fire sprinkler.....	\$35.92	
For 1-inch residential to 1 1/2-inch residential metered fire sprinkler.....	\$53.86	
For 1-inch residential to 2-inch residential metered fire sprinkler.....	\$54.87	
For 1 1/2-inch residential to 2-inch residential metered fire sprinkler.....	\$102.68	

The Service Charge is a readiness-to-serve charge applicable to all Residential Fire Protection Service metered services only. It is added the charge for water furnished which is computed at Quantity Rates. The service charge for Residential Fire Protection Service (RFPS) is based on the meter size a customer would require without RFPS and the upsized meter that customer then requires because of the addition of the fire sprinkler system.

LARKFIELD TARIFF AREA RATES

TERRITORY

The unincorporated areas known as the Larkfield and Wikiup subdivisions and the community of Fulton, three miles north of Santa Rosa, Sonoma County.

RATES

Quantity Rates:

	Base Rate Per 100 gal (CGL)
<u>Residential Customers:</u>	
For the first 52.4 CGL	\$0.8898
For the next 52.4 CGL	\$0.9619
For the next 194.5 CGL	\$1.3683
For all water delivered over 299.3 CGL.....	\$1.7795
<u>All Other Customers:</u>	
For all water delivered, per CGL	\$0.9619

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
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			Resolution	_____

Schedule No. ND-1
Northern Division Tariff Area
GENERAL METERED SERVICES

Sheet 4

MEADOWBROOK TARIFF AREA

TERRITORY

The unincorporated area known as Meadowbrook Tract, including Nos. 1 and 2, located approximately 1-1/2 miles northwest of the city of Merced, Merced County.

RATES

Quantity Rates:

	<u>Base Rate</u>	(l)
	<u>Per 100 gal (CGL)</u>	
<u>All Customers:</u>		
For the first 112 CGL	\$0.1708	
For all water delivered over 112 CGL	\$0.2099	(l)

Service Charge: General Metered

	<u>Per Meter</u>	(l)
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter.....	\$22.32	
For 3/4-inch meter.....	\$22.32	
For 1-inch meter.....	\$55.81	
For 1-1/2-inch meter.....	\$111.61	
For 2-inch meter.....	\$178.58	
For 3-inch meter.....	\$334.84	
For 4-inch meter.....	\$558.07	
For 6-inch meter.....	\$1,116.15	(l)

The Service Charge is a readiness-to-serve charge, which is applicable to all general metered services and to which is added the charge for water used computed at the Quantity Rates.

(Continued)

(TO BE INSERTED BY UTILITY)
Advice 1277
Decision

ISSUED BY
J. T. LINAM
DIRECTOR - Rates & Regulatory

(TO BE INSERTED BY C.P.U.C.)
Date Filed December 23, 2019
Effective _____
Resolution _____

Schedule No. ND-1 (Continued)
 Northern Division Tariff Area
GENERAL METERED SERVICES

Sheet 6

SPECIAL CONDITIONS (Continued):

Fees and Surcharges

SACRAMENTO AND MEADOWBROOK TARIFF AREAS

3. Per Advice Letter 1252, the under-collected balance in the Sacramento County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0252 per 100 gallons over 12 months effective, September 22, 2019. The total amount will be recovered from all classes of customers.
4. Per D.18-12-021 a meter based bill credit for the Excess Non-Plant Accumulated Deferred Income Tax will be refunded to customers over the 24-month period beginning October 17, 2019.

Meter Size	Refunds by Meter Equivalents
5/8 x 3/4	\$1.51
3/4	\$2.27
1	\$3.78
1 1/2	\$7.55
2	\$12.08
3	\$22.65
4	\$37.76
6	\$75.51
8	\$120.82
10	\$173.68

5. Per Advice Letter 1277, the balance accrued in the Sacramento Districts Chromium-6 Memorandum Account will be recovered through a quantity-based surcharge of \$0.0097 per 100 gallons for a 12-month period. The effective date for the surcharge is January 1, 2020.

(N)
|
(N)

SACRAMENTO TARIFF AREA

1. 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, 2018, the net under-collection totals \$12,925,149 including interest. The surcharge of \$0.0890 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.

(Continued)

(TO BE INSERTED BY UTILITY)

Advice 1277
 Decision

ISSUED BY

J. T. LINAM
 DIRECTOR - Rates & Regulatory

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

Date Filed December 23, 2019
 Effective _____
 Resolution _____

655 W. Broadway, Suite 1410
San Diego, CA 92101

PRELIMINARY STATEMENT
(Continued)

Sheet 63

BC. 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)

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(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
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Schedule No. CA-LIRA
California American Water
LOW INCOME RATEPAYER ASSISTANCE PROGRAM

Sheet 1

APPLICABILITY

Applicable to all water furnished on a metered basis.

TERRITORY

All territories served by California American Water Company

RATES:

**Northern Division:
Sacramento District**

RATES

Quantity Rates:

	<u>Base Rate</u>	
	<u>Per 100 gal (CGL)</u>	
<u>Residential Customers:</u>		
For the first 74.8 CGL	\$0.3065	(l)
For next 74.8 CGL.....	\$0.4109	
For all water delivered over 149.6 CGL	\$0.8040	(l)

Service Charge: General Metered

	<u>Per Meter</u>	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter.....	\$11.51	(l)
For 3/4-inch meter.....	\$17.27	
For 1-inch meter.....	\$28.78	
For 1-1/2-inch meter.....	\$57.56	
For 2-inch meter.....	\$92.10	
For 3-inch meter.....	\$172.68	
For 4-inch meter.....	\$287.80	
For 6-inch meter.....	\$575.60	
For 8-inch meter.....	\$920.96	
For 10-inch meter.....	\$1,323.88	
For 12-inch meter.....	\$2,475.08	(l)

Larkfield District

Quantity Rates:

	<u>Base Rate</u>
	<u>Per 100 gal (CGL)</u>
For the first 52.4 CGL	\$0.7118
For the next 52.4 CGL.....	\$0.7695
For the next 139.4 CGL.....	\$1.3683
For all water delivered over 243.9 CGL	\$1.7795

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SACRAMENTO DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1277

BY MAIL:

	Walt Shannon 8356 Auberry Drive Sacramento, CA 95828	Robert A. Ryan, Jr. County of Sacramento Downtown Office 700 H Street, Suite 2650 Sacramento, CA 95814 Mark Norris County Clerk-Recorder County of Sacramento 600 8th Street Sacramento, CA 95814
Carol Smith 6241 Cavan Drive, 3 Citrus Heights, CA 95621	Sacramento County WMD 827 7th Street, Room 301 Sacramento, CA 95814	
Steven J. Thompson 5224 Altana Way Sacramento, CA 95841	Fruitridge Vista Water Company P.O. Box 959 Sacramento, CA 95812	Robert C. Baptiste 9397 Tucumcari Way Sacramento, CA 95827-1045
Anthony La Bouff, County Counsel Placer County 175 Fulweiler Avenue Auburn, CA 95603	Rio Linda Water District 730 L Street Rio Linda, CA 95673	
	Richard Rauschmeier California Public Utilities Commission DRA - Water Branch, Rm 4209 505 Van Ness Ave San Francisco, CA 94102 rra@cpuc.ca.gov	Heather Hernandez Sacramento Suburban Water District 3701 Marconi Avenue, Suite 100 Sacramento, CA 95821-5303 HHernandez@sswd.org
<u>BY E-MAIL:</u>		
Division of Ratepayer Advocates California Public Utilities Commission dra_water_al@cpuc.ca.gov	City of Sacramento, Water Division 1391 35th Avenue Sacramento, CA 95822 dsherry@cityofsacramento.com	Marvin Philo 3021 Nikol Street Sacramento, CA 95826 mhphilo@aol.com
Citrus Heights Water District 6230 Sylvan Road Citrus Heights, CA 95610 rchurch@chwd.org	Amy Van, City Clerk City of Citrus Heights 6237 Fountain Square Drive Citrus Heights, CA 95621 avan@citrusheights.net	Jim McCauley, Clerk-Recorder Placer County 2954 Richardson Drive Auburn, CA 95603 skasza@placer.ca.gov
Florin County Water District P.O. Box 292055 Sacramento, CA 95829 fcwd@sbcglobal.net	Linda Garcia, City Clerk City of Isleton P.O. Box 716 Isleton, CA 95641 lgarcia@cityofisleton.com	Placer County Water Agency Customer Service Department customerservices@pcwa.net