

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 20, 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. 1286-A (Supplement to Advice Letter No. 1286), filed on June 5, 2020, regarding 2019 WRAM & MCBA for the San Diego District.

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

P.U.C.	Sheet No.	Title of Sheet
	9698-W	Schedule No. SD-1 (continued) San Diego County District Tariff Area, General Metered Service
	9699-W	Table of Contents, Page 3
	9700-W	Table of Contents, Page 1

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

CALIFORNIA PUBLIC UTILITIES COMMISSION DIVISION OF WATER AND AUDITS

Advice Letter Cover Sheet

Utility Name: California American Water

Date Mailed to Service List: June 5, 2020

District: San Diego County

CPUC Utility #: U210W

Protest Deadline (20th Day): June 25, 2020

Advice Letter #: 1286-A

Review Deadline (30th Day): July 5, 2020

Tier 1 2 3 Compliance

Requested Effective Date: March 31, 2020

D.08-11-023, D.12-04-048,

Authorization D.13-07-041, D.18-12-021

Rate Impact: \$See AL

Description: 2019 San Diego WRAM & MCBA
Supplemental Advice Letter

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: Nancy Hollingsworth

Utility Contact: Jonathan Morse

Phone: 916-568-4209

Phone: 916-568-4246

Email: Nancy.Hollingsworth@amwater.com

Email: Jonathan.Morse@amwater.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE

STAFF

COMMENTS

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



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

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

June 5, 2020

ADVICE LETTER NO. 1286-A

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>
9698-W	Schedule No. SD-1 (continued) San Diego County District Tariff Area GENERAL METERED SERVICE	9621-W
9699-W	TABLE OF CONTENTS Page 3	9696-W
9700-W	TABLE OF CONTENTS Page 1	9697-W

PURPOSE

The purpose of this supplemental advice letter filing is to revise the under-collected value for the Residential Customers in the San Diego County Service Area. California American Water identified a formula in the MCBA calculation that was inadvertently not updated in the original advice letter filing. This supplemental filing corrects that error.

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.

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 San Diego 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)¹, 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 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 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;*

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

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;*
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.*

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.*

REQUEST

California American Water identified a formula in the MCBA calculation that was inadvertently not updated in the original advice letter filing. This supplemental filing corrects that error. The overall impact reduces the requested WRAM/MCBA surcharge from \$0.1148 per 100 gallons to \$0.1098 per 100 gallons.

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

Description	WRAM/MCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Cumulative Surcharge Collections	Projected Balance
AUTHORIZED PRIOR BALANCES REMAINING AT 12/31/2019	(\$4,023,204)	(\$66,795)	\$2,468,483	(\$1,621,516)
BALANCE NOT YET APPROVED FOR YEAR 2019	(\$2,070,001)	(\$26,020)	\$0	(\$2,096,021)
BALANCE ALL YEARS				(\$3,717,537)
2019 Authorized Revenue				\$31,469,089
2019 % of Revenue				6.7%
Net Balance % of Revenue				11.8%

Based on the above balance and 15% cap outlined in D.18-12-021, California American Water requests a volumetric surcharge of \$0.1098 per 100 gallons over a 12-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.

RESPONSE OR PROTEST²

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 grounds³ are:

² G.O. 96-B, General Rule 7.4.1

³ G.O. 96-B, General Rule 7.4.2

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

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.Hollingsworth@amwater.com

Mailing Address:

4701 Beloit Drive
Sacramento, CA 95838

sarah.leeper@amwater.com

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

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.

REPLIES⁴

⁴ G.O. 96-B, General Rule 7.4.3

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

Jeffrey T. Linam
Vice President of Rates & Regulatory

Schedule No. SD-1 Continued
San Diego County District Tariff Area
General Metered Service

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 (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 based on a percentage of gross revenues of each bill. The percentage is 2% to City of San Diego and City of Imperial Beach.
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 \$448,388 for 2018-2020 for San Diego County. Per AL 1230-B, a surcharge of \$0.0135 per hundred gallons will be applied to each bill to fund California American Water conservation efforts.
5. Per Advice Letter 1281, 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 \$276,965 or 0.84%. The surcharge of \$0.0320 per 100 gallons is added to the quantity rate effective February 21, 2020.
6. 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 \$3,717,537 including interest. The surcharge of \$0.1098 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.

(C)
|
(C)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1286-A	J. T. LINAM	Date Filed	<u>06/05/2020</u>
Decision		DIRECTOR - Rates & Regulatory	Effective	<u>03/31/2020</u>
			Resolution	_____

TABLE OF CONTENTS

Sheet 3

SUBJECT MATTER OF SHEET
RATE SCHEDULES (Continued):

C.P.U.C. SHEET NO.

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
-------	-------------------------	---

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, 9698-W, 9622-W, 9623-W	(C)
------	-------------------------	--	-----

Ventura County District

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

(Continued)

(TO BE INSERTED BY UTILITY)

Advice 1286-A
Decision

ISSUED BY

J. T. LINAM
DIRECTOR - Rates & Regulatory

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

Date Filed 06/05/2020
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	9700-W, 9619-W, 9699-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
<u>SERVICE AREA MAP:</u>	
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

(Continued)

(TO BE INSERTED BY UTILITY)

Advice 1286-A
Decision

ISSUED BY

J. T. LINAM
DIRECTOR - Rates & Regulatory

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

Date Filed 06/05/2020
Effective 03/31/2020
Resolution _____

SAN DIEGO COUNTY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1286-A

BY MAIL:

California Water Service
P.O. Box 49062
San Jose, CA 95161-9062

Los Angeles Docket Office
California Public Utilities Commission
320 West 4th Street, Suite 500
Los Angeles, CA 90013

Marcus Nixon
Asst. Public Advisor
320 W. 4th Street, Suite 500
Los Angeles, CA 90013

Jim Sandoval, City Manager
City of Chula Vista
276 Forth Avenue
Chula Vista, CA 91910

Henry Nanjo
Department of General Services
Office of Legal Services, MS-102
PO Box 989052
West Sacramento, CA 95798-9052

Lenard G. Weiss
Manatt
One Embarcadero Center, 30th Floor
San Francisco, CA 94111-3719

City of Chula Vista
Director of Public Works
276 Forth Avenue
Chula Vista, CA 91910

Gregory J. Smith, County Clerk
County of San Diego
County Administration Center
1600 Pacific Highway, Room 260

James R. Lough, City Attorney
City of Imperial Beach
825 Imperial Beach Blvd.
Imperial Beach, CA 91932
Xavier Becerra, Attorney General
State of California
Department of Justice
PO Box 944255

Anne Moore, City Attorney
City of Chula Vista
276 Forth Avenue
Chula Vista, CA 91910

City of Camarillo
601 Carmen Drive
Camarillo, CA 93010

BY E-MAIL:

Division of Ratepayer Advocates
California Public Utilities Commission
dra_water_al@cpuc.ca.gov

Ms. Lisa Bilir
California Public Utilities Commission
Division of Ratepayer Advocates
505 Van Ness Avenue
San Francisco, CA 94102
lwa@cpuc.ca.gov

Richard Rauschmeier
California Public Utilities Commission
DRA - Water Branch, Rm 4209
505 Van Ness Ave
San Francisco, CA 94102
rra@cpuc.ca.gov

Morgan Foley, City Attorney
City of Coronado
1825 Strand Way
Coronado, CA 92118
mfoley@mclex.com

Linda K. Hascup, City Clerk
City of Coronado
1825 Strand Way
Coronado, CA 92118
cityclerk@coronado.ca.us

Thomas Montgomery, County Counsel
County of San Diego
County Administration Center
1600 Pacific Highway, Room 260
San Diego, CA 92101
thomas.montgomery@sdcounty.ca.gov

Mr. Jan Goldsmith, City Attorney
City of San Diego
202 'C' Street
San Diego, CA 92101
cityattorney@sandiego.gov

Elizabeth Maland, City Clerk
City of San Diego
202 'C' Street
San Diego, CA 92101
cityclerk@sandiego.gov