

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

Advice Letter Cover Sheet

Utility Name: California American Water

Date Mailed to Service List: April 1, 2024

District: Southern Division

CPUC Utility #: U210W

Protest Deadline (20th Day): April 21, 2024

Advice Letter #: 1441

Review Deadline (30th Day): May 1, 2024

Tier 1 2 3 Compliance

Requested Effective Date: April 1, 2024

Authorization

Rate Impact: \$See AL

Description: 2023 WRAM/MCBA – Southern Division

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: Jonathan Morse

Utility Contact: Nancy Hollingsworth

Phone: 916-568-4237

Phone: 916-568-4209

Email: Jonathan.Morse@amwater.com

Email: Nancy.Hollingsworth@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WITHDRAWN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: _____

April 1, 2024

ADVICE LETTER NO. 1441

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 Southern Division which are attached hereto:

PURPOSE

The purpose of this advice letter filing is to request recovery of the 2023 Water Revenue Adjustment Mechanism (“WRAM”) and Modified Cost Balancing Account (“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, D.18-12-021 and D.21-11-018.

BACKGROUND

D.08-11-023 originally approved the WRAM and MCBA for the Southern Division. Certain requirements from the original process approved in D.08-11-023 were modified in D.13-07-041, issued in California American Water’s general rate case Application 10-07-007. Notably, the settlement adopted by the decision D.13-07-041 agreed to certain procedures outlined D.12-040-048, which California American Water was not a party to.

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;*
- 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.*

In D.18-12-021, which resolved California American Water’s general rate case Application 16-07-002, the Commission increased the cap on amortization of the

WRAM/MCBA balances from 10% to 15%. and D.21-11-018, which resolved California American Water's general rate case Application 19-07-004, maintained the cap through the next GRC cycle:

We find the Settlement, as it relates to Cal-Am's WRAM/MCBA balances and the authorized cap established in D.18-12-021, is reasonable in light of the whole record of this proceeding, consistent with the law, and in the public interest, pursuant to the Commission's approval of the temporary 15% cap in Cal-Am's prior GRC proceeding. Cal-Am shall maintain the 15% cap related to its WRAM/MCBA balances as authorized in D.18-12-021 through this GRC cycle.¹

REQUEST

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

WRAM/MCBA Balances				
Description	WRAM/MCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Cumulative Surcharge Collections	Recorded Balance
AUTHORIZED PRIOR BALANCES REMAINING AT 12/31/2023	(2,800,803)	(81,973)	2,502,411	(380,364)
BALANCE NOT YET APPROVED FOR YEAR 2023	(2,242,690)	(158,125)	-	(2,400,815)
RECORDED BALANCE ALL YEARS				(\$2,781,180)
2023 Authorized Revenue				\$129,279,277
2023 % of Revenue				1.9%
Net Balance % of Revenue				2.2%

Based on the above balance and 15% cap authorized in D.21-11-018, California American Water requests a volumetric surcharge of \$0.0270 per 100 gallons over a 12-month period be added to the Company's tariffs.

EFFECTIVE DATE

California American Water submits this as a Tier 1 advice letter per D.13-07-041 and requests an effective date of April 1, 2024.

NOTICE AND SERVICE LIST:

In accordance with General Order 96-B, General Rule 4.3 and 7.2 and Water Industry Rule 4.1, a copy of this advice letter will be transmitted electronically to interested parties

¹ D.21-11-018 at 147.

having requested such notification. ***Please note that this advice letter will only be distributed electronically.***

RESPONSE OR PROTEST²

Anyone may respond to or protest this advice letter. 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 advice letter. A **protest** objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds³ 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.)

A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

A response must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
water_division@cpuc.ca.gov

² G.O. 96-B, General Rule 7.4.1

³ G.O. 96-B, General Rule 7.4.2

In 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:

Email Address:

chase.grady@amwater.com

sarah.leeper@amwater.com

ca.rates@amwater.com

Mailing Address:

520 Capital Mall, Suite 630
Sacramento, CA 95814

555 Montgomery Street, Suite 816
San Francisco, CA 94111

520 Capital Mall, Suite 630
Sacramento, CA 95814

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.

If you have not received a reply to your protest within 10 business days, please contact Chase Grady at (916) 568-4241.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Chase Grady

Chase Grady
Associate Rates & Regulatory Analyst

**Cal P.U.C.
Sheet No.**

Title of Sheet

**Cancelling
Cal P.U.C.
Sheet No.**

XXXXX-W

Schedule No. SOU-1
Southern Division Tariff Area
GENERAL METERED SERVICES
Sheet 6

10990-W

Schedule No. SOU-1
Southern Division Tariff Area
GENERAL METERED SERVICES

Sheet 6

SOUTHERN DIVISION TARIFF AREA (Continued)

SPECIAL CONDITIONS (Continued):

Fees and Surcharges (Continued):

5. Per Advice Letter 1380 and D.21-11-018 a surcharge of \$0.0999 per cgl will be collected from customers, Bellflower customers excluded, for the 2019 General Rate Case interim rate true-up. The surcharge will be collected until December 31, 2023.

6. Per Advice Letter 1441 and D.21-11-018 a surcharge is included to recover the net under-collection in the WRAM and MCBA of \$2,781,180 including interest, as of December 31, 2023. The surcharge of \$0.0270 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.21-11-018, will be collected over 12 months beginning April 1, 2024. Bellflower customers are excluded from this surcharge. (C)
(C)
(I)
(T)
(T)

7. A surcharge is applied to each bill to offset increases in purchase water costs for Southern Division.

Service Area	Purchase Water Surcharge Per 100 Gallon	Effective Date	Advice Letter
Baldwin Hills	\$0.0331	January 1, 2024	1435
Duarte	\$0.0212	January 1, 2024	1435
San Marino	\$0.0190	January 1, 2024	1435
San Diego	\$0.0212	January 1, 2024	1435
Ventura	\$0.0482	January 1, 2024	1435
Bellflower	\$0.0212	January 1, 2024	1435

8. A surcharge is applied to each bill to offset increases in purchase power costs for Southern Division.

Service Area	Purchase Power Surcharge Per 100 Gallon	Effective Date	Advice Letter
Baldwin Hills	\$0.0114	August 27, 2023	1419
Duarte	\$0.0114	August 27, 2023	1419
San Marino	\$0.0114	August 27, 2023	1419
Ventura	\$0.0114	August 27, 2023	1419
San Diego	\$0.0114	August 27, 2023	1419
Bellflower	\$0.0114	August 27, 2023	1419

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

Advice 1441

S. W. OWENS

Date Filed _____

Decision

SR. DIRECTOR - Rates & Regulatory

Effective _____

Resolution _____

SOUTHERN DIVISION SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY

BY MAIL:

	City of Camarillo 601 Carmen Drive Camarillo, CA 93010	James R. Lough, City Attorney City of Imperial Beach 825 Imperial Beach Blvd. Imperial Beach, CA 91932
Los Angeles Docket Office California Public Utilities Commission 320 West 4 th Street, Suite 500 Los Angeles, CA 90013	Sunnyslope Water Company 1040 El Campo Drive Pasadena, CA 91109	San Gabriel County Water District P.O. Box 2227 San Gabriel, CA 91776
Hatties Stewart 4725 S. Victoria Avenue Los Angeles, CA 90043	City of Monrovia City Clerk 415 South Ivy Ave Monrovia, CA 91016	City of San Gabriel City Clerk 425 S. Mission Drive San Gabriel, CA 91776
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Bernardo R. Garcia P.O. Box 37 San Clemente, CA 92674-0037	Mary Martin 4611 Brynhurst Ave. Los Angeles, CA 90043	City of Rosemead City Clerk 8838 E. Valley Blvd Rosemead, CA 91770
James L. Markman Richards, Watson & Gershon 355 South Grand Avenue, 40 th Floor Los Angeles, CA 90071-3101	City of Los Angeles Department of Water and Power 111 North Hope Street Los Angeles, CA 90012 Attn: City Attorney	Veronica Ruiz, City Clerk City of San Marino 2200 Huntington Dr, 2 nd Floor San Marino, CA 91108 vrui@cityofsanmarino.org
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