

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 19, 2019

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. 1266, filed on October 4, 2019, regarding the Preliminary Statement Cleanup.

Enclosed are copies of the following revised tariff sheets for the utility's files:

P.U.C. Sheet	
No.	Title of Sheet
9263-W	Preliminary Statement, Summary Table
9264-W	Preliminary Statement, Summary Table
9265-W	Preliminary Statement (Continued)
9266-W	Preliminary Statement (Continued)
9267-W	Preliminary Statement (Continued)
9268-W	Preliminary Statement (Continued)
9269-W	Preliminary Statement (Continued)
9270-W	Preliminary Statement (Continued)
9271-W	Preliminary Statement (Continued)
9272-W	Preliminary Statement (Continued)
9273-W	Preliminary Statement (Continued)
9274-W	Preliminary Statement (Continued)
9275-W	Preliminary Statement (Continued)
9276-W	Preliminary Statement (Continued)
9277-W	Preliminary Statement (Continued)
9278-W	Preliminary Statement (Continued)
9279-W	Preliminary Statement (Continued)
9280-W	Preliminary Statement (Continued)
9281-W	Preliminary Statement (Continued)
9282-W	Preliminary Statement (Continued)
9283-W	Preliminary Statement (Continued)
9284-W	Preliminary Statement (Continued)
9285-W	Preliminary Statement (Continued)
9286-W	Preliminary Statement (Continued)
9287-W	Preliminary Statement (Continued)
9288-W	Preliminary Statement (Continued)
9289-W	Preliminary Statement (Continued)
9290-W	Preliminary Statement (Continued)
9291-W	Preliminary Statement (Continued)
9292-W	Preliminary Statement (Continued)

P.U.C. Sheet

No.	Title of Sheet
9293-W	Preliminary Statement (Continued)
9294-W	Preliminary Statement (Continued)
9295-W	Preliminary Statement (Continued)
9296-W	Preliminary Statement (Continued)
9297-W	Preliminary Statement (Continued)
9298-W	Preliminary Statement (Continued)
9299-W	Preliminary Statement (Continued)
9300-W	Preliminary Statement (Continued)
9301-W	Preliminary Statement (Continued)
9302-W	Preliminary Statement (Continued)
9303-W	Preliminary Statement (Continued)
9304-W	Preliminary Statement (Continued)
9305-W	Preliminary Statement (Continued)
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9309-W	Preliminary Statement (Continued)
9310-W	Preliminary Statement (Continued)
9311-W	Preliminary Statement (Continued)
9312-W	Preliminary Statement (Continued)
9313-W	Preliminary Statement (Continued)
9314-W	Preliminary Statement (Continued)
9315-W	Preliminary Statement (Continued)
9316-W	Preliminary Statement (Continued)
9317-W	Preliminary Statement (Continued)
9318-W	Preliminary Statement (Continued)
9319-W	Preliminary Statement (Continued)
9320-W	Preliminary Statement (Continued)
9321-W	Preliminary Statement (Continued)
9322-W	Preliminary Statement (Continued)
9323-W	Table of Contents, Page 1
Delete	9032, 9035

Please contact Bradley Leong at 415-703-2307, if you have any questions.

Thank you,

/s/ROBIN BRYANT

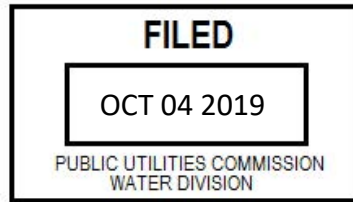
Robin Bryant
Water & Sewer Advisory Branch
Water Division

Enclosures



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October 4, 2019

ADVICE LETTER NO. 1266

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (California American Water) (U210W) submits for review this advice letter including the following attached tariff sheets applicable to its All Districts.

<u>C.P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Sheet No.</u>
9263-W	PRELIMINARY STATEMENT Summary Table	9260-W
9264-W	PRELIMINARY STATEMENT Summary Table	9161-W
9265-W	PRELIMINARY STATEMENT (Continued)	9006-W
9266-W	PRELIMINARY STATEMENT (Continued)	9007-W
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9269-W	PRELIMINARY STATEMENT (Continued)	9010-W
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9274-W	PRELIMINARY STATEMENT (Continued)	9015-W
9275-W	PRELIMINARY STATEMENT (Continued)	9016-W
9276-W	PRELIMINARY STATEMENT (Continued)	9017-W

SLIP/SUB SHEET

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9288-W	PRELIMINARY STATEMENT (Continued)		9029-W
9289-W	PRELIMINARY STATEMENT (Continued)		9030-W
9290-W	PRELIMINARY STATEMENT (Continued)	Prelim Stmt M	7759-W 9031-W
DELETE	PRELIMINARY STATEMENT (Continued)		9031-W
DELETE	PRELIMINARY STATEMENT (Continued)		9032-W
9291-W	PRELIMINARY STATEMENT (Continued)		9033-W
9292-W	PRELIMINARY STATEMENT (Continued)		9034-W
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9295-W	PRELIMINARY STATEMENT (Continued)	9037-W
9296-W	PRELIMINARY STATEMENT (Continued)	9038-W
9297-W	PRELIMINARY STATEMENT (Continued)	9039-W
9298-W	PRELIMINARY STATEMENT (Continued)	9040-W
9299-W	PRELIMINARY STATEMENT (Continued)	9041-W
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9301-W	PRELIMINARY STATEMENT (Continued)	9043-W
9302-W	PRELIMINARY STATEMENT (Continued)	9044-W
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SLIP/SUB SHEET

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Purpose:

This advice letter filing seeks to Update and clarify California American Water's current Preliminary Statement tariffs. The changes are:

- Remove the following two Preliminary Statement tariffs: The Sand City Desalination Plant Purchased Water Balancing Account and the Tax Act Memorandum Account that were to close per Decision ("D.") 18-12-021
- Add the Coastal Water Project Memorandum Account onto the Preliminary Statement Tariffs which was left open per D.18-12-021.
- Modify the Preliminary Statement Summary Table to reflect California American Water's current and effective Preliminary Statements.

The changes do not impact authorized rates.

Background:

In D.18-12-021, the Commission authorized California American Water to close, open or modify various balancing and memorandum accounts. Due to the staggered timing of a series of advice letter filings and their effective dates, California American Water needs to add to its published preliminary statements several preliminary statements previously approved by the Commission. Additionally, the proposed Preliminary Statement tariffs include the Coastal Water Project Memorandum account, which was left open per D.18-12-021, and which was inadvertently left off the preliminary statements filed with Advice Letter ("AL") 1230-B. The proposed Preliminary Statement tariffs also remove the Sand City Desalination Plant Purchased Water Balancing Account and the Tax Act Memorandum account, which were ordered closed by D.18-12-021, but inadvertently left on the preliminary statements filed with AL 1230-B.

Request:

California American Water is requesting authorization to clean up and clarify its Preliminary Statement tariffs.

Tier Designation:

These tariffs are submitted pursuant to General Order No.96-B and this advice letter is designated as a Tier 1 filing.

Effective Date:

Pursuant to D.15-04-007, California American Water requests an effective date of October 4, 2019.

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:

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

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

Jonathan.Morse@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 U. Jones

Kamilah U Jones
Financial Analyst
Rates & Regulatory

³ G.O. 96-B, General Rule 7.4.3

PRELIMINARY STATEMENT
Summary Table

Sheet 1

Reference	Account	Tariff
A	Territory Served by Utility	9265-W
B	Types and Classes of Service	9265-W
C	Description of Service	9266-W
D	Procedure to Obtain Service	9266-W
E	Symbols	9266-W
F	Affiliate Transaction Rule IV.D.2 Memorandum Account (ATRMEMO)	9267-W
G	Catastrophic Event Memorandum Account (CEMA)	9268-W, 9269-W, 9270-W
H	CAW Conservation Surcharge Balancing Account	9071-W
I	Cease and Desist Order Memorandum Account (CDOMA)	9272-W
J	Cease and Desist Order - Penalties and Fines Memorandum Account	9273-W
K	Chromium-6 Memorandum Accounts - Los Angeles County and Sacramento Districts	9274-W, 9275-W
L	Consolidated Expense Balancing Account	9276-W
M	Emergency Rationing Costs Incurred by CAW Memorandum Account	9277-W
N	Endangered Species Act (ESA) Memorandum Account (Monterey Main Service Area)	9278-W
O	Garrapata Service Area Memorandum Accounts	9279-W
P	Garrapata Service Area - SDW SRF Loan Repayment Balancing Account	9280-W
Q	General Rate Case Interim Rate True Up Memorandum Accounts	9281-W
R	Low-Income Ratepayer Assistance Program (LIRAP) Balancing Account	9282-W, 9283-W
S	Main San Gabriel Groundwater Basin Contamination Memorandum Account	9284-W
T	MPWMD Conservation Balancing Account	9285-W
U	NOAA_ESA Memorandum Account	9286-W
V	Other Post-Employment Benefits Balancing Account	9287-W
W	Pension Balancing Account (PBA)	9288-W
X	San Clemente Dam Balancing Account	9289-W
Y	Coastal Water Project Memorandum Account	9290-W
Z	Seaside Basin Adjudication Balancing Account	9291-W
AA	Seaside Groundwater Basin Balancing Account	9292-W
AB	Credit Card Fee Memorandum Account	9293-W

(C)

(C)

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1266	J. T. LINAM	Date Filed <u>10/04/2019</u>
Decision	DIRECTOR - Rates & Regulatory	Effective <u>11/03/2019</u>
		Resolution _____

PRELIMINARY STATEMENT
Summary Table

Sheet 2

Reference	Account	Tariff
AC	Water Cost of Capital Adjustment Mechanism	9294-W
AD	Water Contamination Litigation Expense Memorandum Account	9295-W
AE	West Placer Memorandum Account	9296-W
AF	Water Revenue Adjustment Mechanism (WRAM) & Modified Cost Balancing Account (MCBA)	9297-W,9298-W,9299-W,9300-W
AG	Leak Adjustments Memorandum Account (LAMA)	9301-W
AH	Low Income Customer Data Sharing Memorandum Account	9302-W
AI	Operational Energy Efficiency Program Memorandum Account (OEEPMA)	9303-W,9304-W
AJ	Purchased Water, Purchased Power, & Pump Tax Balancing Account	9305-W
AK	Temporary Interest Rate Balancing Account (TIRBA)	9306-W
AL	School Lead Testing Memorandum Account	9307-W
AM	The Memorandum Account for Environmental Improvement and Compliance Issues for Acquisitions	9308-W
AN	Dunnigan Consulting Memorandum Account	9309-W
AO	Water-Energy Nexus Program Memorandum Account	9310-W
AP	PCWA SFF Memorandum Account	9311-W
AQ	Monterey District Pre-2015 Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") undercollection/recovery Balancing Account	9312-W
AR	Monterey District Pre-2015 Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") undercollection/recovery Balancing Account	9313-W
AS	Tax Cuts and Jobs Act Memorandum Account	9314-W
AT	General Rate Case Interim Rate True-up Memorandum Account	9315-W
AU	Cost of Capital Memorandum Account	9316-W
AV	Monterey County District Leak Adjustment Balancing Account	9317-W
AW	Tax Accounting Memorandum Account (TMA)	9318-W
AX	Sustainable Groundwater Management Act Memorandum Account (SGMA)	9319-W
AY	Group Insurance Balancing Account (GIBA)	9320-W
AZ	Groundwater Management Memorandum Account	9321-W
BA	Rio Plaza Transaction Memorandum Account	9322-W

(C)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1266	J. T. LINAM	Date Filed	<u>10/04/2019</u>
Decision		DIRECTOR - Rates & Regulatory	Effective	<u>11/03/2019</u>
			Resolution	<u></u>

PRELIMINARY STATEMENT
(Continued)

Sheet 4

C. Description of Service

The characteristics of the service furnished are indicated in Rule No. 2, Description of Service.

D. Procedure to Obtain Service

Service as described herein will be furnished to any person or corporation whose premises are within the utility's service area, provided application is made in accordance with Rule No. 3, Application for Service; credit is established as required in Rule No. 6, Establishment and Re-establishment of Credit; Customer's piping and valves are installed as required in Rule No. 16, Service Connections, Meters, and Customer's Facilities, under "Customer's Responsibility"; and a contract is signed in those certain circumstances specified in Rule No. 4, Contracts.

Where an extension of the utility's mains is necessary Rule No. 15, Main Extensions, applies, and if the project is of a temporary or speculative nature, Rule No. 13, Temporary Service, is applicable.

Applicants for service and customers must also conform to and comply with the other established rules as provided herein.

E. Symbols

Whenever tariff sheets are refiled, changes will be identified by the following symbols:

- (C) To signify changed listing, rule or condition which may affect rates or charges.
- (D) To signify discontinued material, including listing, rate, rule or condition.
- (I) To signify increase.
- (L) To signify material relocated from or to another part of tariff schedules with no change in text, rate, rule or condition.
- (N) To signify new material including listing, rate, rule, or condition.
- (R) To signify reduction.
- (T) To signify change in wording of text but not change in rate, rule or condition.

(Continued)

(TO BE INSERTED BY UTILITY)
 Advice 1266
 Decision

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

(TO BE INSERTED BY C.P.U.C.)
 Date Filed 10/04/2019
 Effective 11/03/2019
 Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 5

F. Affiliate Transaction Rule IV.D.2 Memorandum Account (“ATRMEMO”)

1. PURPOSE:

The purpose of the Affiliate Transaction Rule IV.D.2 Memorandum Account (“ATRMEMO”) is to track the fees paid to the utility for the transfer, assignment, or employment of an employee by an affiliate in compliance with Affiliate Transaction Rule IV.D.2. California American Water was granted authority to establish this memorandum account by Ordering Paragraph 8 of Decision (D.) 10-10-019, which adopted the Rules for Water and Sewer Utilities Regarding Affiliate Transactions and the Use of Regulated Assets for Non-Tariffed Utility Services. California American Water was granted authority to continue this account in Decision (D.) 15-04-007.

2. APPLICABILITY:

All areas served by California American Water.

3. ACCOUNTING PROCEDURE:

Rule IV.D.2 provides that fees paid shall be accounted for in a separate memorandum account which tracks them for future ratemaking treatment either on an annual basis, or as otherwise necessary to ensure that the utility’s ratepayers receive the fees.

- a. A credit entry will be made to a regulatory liability account for transfer fees.
- b. A debit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account’s (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, ATRMEMO balances shall be transferred to the district CEBA’s for refund. California American Water will apply the fees, proportionally based upon the customer service connections, to the applicable district(s) affected by such transfer, assignment or employment.

(Continued)

<p>(TO BE INSERTED BY UTILITY)</p> <p>Advice 1266</p> <p>Decision</p>	<p>ISSUED BY</p> <p>J. T. LINAM</p> <p>DIRECTOR - Rates & Regulatory</p>	<p>(TO BE INSERTED BY C.P.U.C.)</p> <p>Date Filed <u>10/04/2019</u></p> <p>Effective <u>11/03/2019</u></p> <p>Resolution _____</p>
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PRELIMINARY STATEMENT
(Continued)

Sheet 6

G. Catastrophic Event Memorandum Account (“CEMA”)

1. PURPOSE:

The purpose of the CEMA is to recover the costs resulting from a catastrophic event declared a disaster or state of emergency by competent federal or state authorities. These costs can include but are not limited to expenses related to the restoration of service and California American Water facilities affected by the catastrophic event. These costs may also include but are not limited to cost for implementing customer protections for all disasters in which the Governor of California or the President of the United States has declared a state of emergency. California American Water was granted authority for this account in CPUC Resolution E-3238, dated July 24, 1991. (C)

Should a disaster occur, California American Water will inform the Executive Director of the CPUC by letter within 30 days after the catastrophic event that California American Water has started booking costs in the CEMA. (C)

The letter shall specify the declared disaster, date, time, location, service area affected, impact on California American Water's facilities, and an estimate of the extraordinary costs expected to be incurred, with costs due to expenses and capital items shown separately. (C)

California American Water shall not record any capital costs or expenses incurred prior to the start of the declared disaster or state of emergency, as identified by the appropriate Authorities, pursuant to Government Code Sections 8558, 8588, and 8625, or comparable federal authority. (C)

Descriptions of the terms and definitions used in this section are found in Rule 1.

Per Decision D.19-07-015, California American Water will track the associated costs from each segregated event in its Catastrophic Event Memorandum Account. (C)

2. APPLICABILITY:

The CEMA balance will be recovered from all customer classes from the utility's customer base, except those specifically excluded by the CPUC. (C)

3. CEMA RATES:

The CEMA does not currently have a rate component. Any balance in the CEMA will be recovered in rates after CPUC review and audit of the recorded CEMA balance.

4. ACCOUNTING PROCEDURE:

Upon declaration of a disaster or state of emergency, California American Water shall maintain the CEMA from the date of the event causing the disaster occurred by making entries to this account at the end of each month as follows:

- a. A debit entry for each qualifying event equal to the amounts recorded in California American Water's Operations and Maintenance, and Administrative and General Expense Accounts that were incurred as a result of the disaster and related events. (C)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1266	J. T. LINAM	Date Filed	<u>10/04/2019</u>
Decision		DIRECTOR - Rates & Regulatory	Effective	<u>11/03/2019</u>
			Resolution	_____

PRELIMINARY STATEMENT
(Continued)

Sheet 7

G. Catastrophic Event Memorandum Account (“CEMA”) (continued)

- b. A debit entry equal to:
 - 1. Depreciation expense on the average of the beginning and the end-of-month balance of plant installed to restore service to customers, or to replace, repair, or restore any plant or facilities, or to comply with government agency orders, in connection with events declared disasters, at one-twelfth the annual depreciation rates approved by the CPUC for these plant accounts; plus
 - 2. The return on investment on the average of the beginning and the end-of-month balance of plant installed to restore service to customers or replace, repair, or restore any plant or facilities, or to comply with government agency orders, in connection with events declared disasters, at one-twelfth of the annual rate of return on investment last adopted for California American Water by the CPUC; plus
 - 3. The return on the appropriate allowance for working capital using calculations last adopted by the CPUC, and the return in Section 4.b.2 above; plus
 - 4. The return on net cost of removal of facilities required as a result of the disaster and related events, using the rate of return in Section 4.b.2 above; less
 - 5. The return on the average of beginning and end-of-month accumulated depreciation, and on average accumulated net deferred taxes on income resulting from the normalization of federal tax depreciation, using the rate of return in Section 4.b.2 above.
- c. A debit entry equal to federal and state taxes based on income associated with Section 4.b.2 above, calculated at marginal tax rates currently in effect. This will include all applicable statutory adjustments. For federal and state taxes, this will conform to normalization requirements as applicable. Interest cost will be at the percentage of net investment last adopted by the CPUC with respect to California American Water.
- d. A credit entry to transfer all or a portion of the balance in this CEMA to other adjustment clauses for future rate recovery, as may be approved by the CPUC.

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1266	J. T. LINAM	Date Filed	<u>10/04/2019</u>
Decision		DIRECTOR - Rates & Regulatory	Effective	<u>11/03/2019</u>
			Resolution	_____

PRELIMINARY STATEMENT
(Continued)

Sheet 8

G. Catastrophic Event Memorandum Account (“CEMA”) (continued)

- e. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the entries from Section 4.a through 4.c above, at a rate equal to one twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release or its successor. Entries in items 4.a and 4.b above, shall be made net of the appropriate insurance proceeds. Items 4.a, 4.b, and the appropriate determinants of item 4.c above, in any month, shall be pro-rated to reflect the latest jurisdictional allocation factors.

5. FINANCIAL REPORTING:

California American Water may, at its discretion, record the balance in the CEMA as a deferred debit on its balance sheet with entries to the appropriate income statement accounts, as necessary.

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

Advice 1266

J. T. LINAM

Date Filed 10/04/2019

Decision

DIRECTOR - Rates & Regulatory

Effective 11/03/2019

Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 9

H. California American Water Conservation Surcharge (“CAWCS”) Balancing Accounts

1. PURPOSE:

The purpose of the CAWCS Balancing Accounts is to track conservation-related expenses and surcharges associated with California American Water’s conservation efforts. The balancing account shall be capped at \$5,950,302 for the three year period from January 1, 2015 through December 31, 2017. California American Water was granted authority to continue this account in Decision (D.) 15-04-007.

District	3 year Combined Conservation Budget (2015-2017)
Larkfield	\$90,524
Los Angeles County	\$642,929
Monterey County	\$2,398,500
Sacramento	\$1,463,998
San Diego County	\$493,053
Ventura County	\$861,298
Total California American	\$5,950,302

2. APPLICABILITY:

All ratemaking areas included in Application A.13-07-002 covering the years 2015-2017.

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the balancing account:

- a. A debit entry equal to the amounts spent as part of conservation efforts.
- b. A credit entry equal to the amounts collected through surcharges as part of conservation efforts.
- c. This is a one-way balancing account, whereby California American Water will refund customers through the appropriate district CEBA:
 - i. Amounts that were collected as part of the authorized conservation budget, but were not spent and/or
 - ii. Amounts collected in excess of the authorized conservation budget for each district.
 - iii. Any amounts subject to refund will be amortized after the end of the district’s rate case period.

4. RATEMAKING PROCEDURE:

One-way conservation program dollars remain funded through a separate surcharge and tracked, along with related expenses, in the Conservation Surcharge Balancing Accounts. The dollars funded begin with the start of the rate case cycle and continue through the end of the cycle. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA for refund after the end of the rate case cycle.

(Continued)

<p>(TO BE INSERTED BY UTILITY)</p> <p>Advice 1266</p> <p>Decision</p>	<p>ISSUED BY</p> <p>J. T. LINAM</p> <p>DIRECTOR - Rates & Regulatory</p>	<p>(TO BE INSERTED BY C.P.U.C.)</p> <p>Date Filed <u>10/04/2019</u></p> <p>Effective <u>11/03/2019</u></p> <p>Resolution _____</p>
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PRELIMINARY STATEMENT
(Continued)

Sheet 10

I. Cease and Desist Order Memorandum Account (“CDOMA”)

1. PURPOSE:

The purpose of the Cease and Desist Order Memorandum Account (“CDOMA”) is to track outside legal counsel; experts needed to represent California American Water in administrative proceedings; temporary legal measures regarding stays of the CDO; court appeals related to any final CDO adopted by the SWRCB; challenges, clarifications, and/or compliance with the CDO including any additional or more stringent conservation and reporting activities, the development and obtainment of water supply and water rights; and any and all other immediate activities beyond those approved in the general rate case related to the CDO to address the State Water Resources Control Board (“SWRCB”) Cease and Desist Order for unauthorized diversion of water from the Carmel River in the Monterey District. California American Water was granted authority to continue this balancing in Decision (D.) 15-04-007.

2. APPLICABILITY:

The Monterey County District Main Service Area.

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the memorandum account:

- a. A debit entry will be created each month to record expenses associated with the SWRCB CDO.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

(Continued)

<p>(TO BE INSERTED BY UTILITY)</p> <p>Advice 1266</p> <p>Decision</p>	<p>ISSUED BY</p> <p>J. T. LINAM</p> <p>DIRECTOR - Rates & Regulatory</p>	<p>(TO BE INSERTED BY C.P.U.C.)</p> <p>Date Filed <u>10/04/2019</u></p> <p>Effective <u>11/03/2019</u></p> <p>Resolution</p>
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PRELIMINARY STATEMENT
(Continued)

Sheet 11

J. Cease and Desist Order Penalties and Fines Memorandum Account

1. PURPOSE:

The purpose of the Cease and Desist Order Penalties and Fines Memorandum Account is to track all penalties and fines that could be assessed as a result of a violation of the State Water Resources Control Board ("SWRCB") Cease and Desist Order for unauthorized diversion of water from the Carmel River in the Monterey District. California American Water was granted authority to create this account in Decision (D.) 15-04-007.

2. APPLICABILITY:

The Monterey County District Main Service Area.

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the memorandum account:

- a. A debit entry will be created each month to record any assessed penalties and fines associated with the SWRCB CDO.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

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Advice 1266
Decision

ISSUED BY

J. T. LINAM
DIRECTOR - Rates & Regulatory

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

Date Filed 10/04/2019
Effective 11/03/2019
Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 15

M. Emergency Rationing Costs Incurred by CAW Memorandum Account

1. PURPOSE:

The purpose of this memorandum account is to track increased expenses that California American Water would incur in its Monterey County District in the event that rationing is implemented under the Monterey Peninsula Water Management District's (MPWMD) Ordinance No. 92. Ordinance No. 92 is an expanded water conservation and standby water-rationing plan whose implementation requires both California American Water and MPWMD to engage in activities to promote, monitor and enforce its terms. The account shall also capture costs of MPWMD that are considered reasonable and prudent. California American Water was granted authority to continue this account in Decision (D.) 15-04-007.

2. APPLICABILITY:

The Monterey County District Main, Hidden Hills, Ryan Ranch, and Bishop Service.

3. ACCOUNTING PROCEDURE:

Upon implementation of rationing, California American Water shall maintain the account from the date of declaration by making entries at the end of each month as follows:

- a. A debit entry to record expenses associated with the emergency rationing.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry to transfer all or a portion of the balance in this account to other adjustment clauses for future rate recovery, as may be approved by the CPUC.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision.

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Advice 1266
Decision

ISSUED BY

J. T. LINAM
DIRECTOR - Rates & Regulatory

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

Date Filed 10/04/2019
Effective 11/03/2019
Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 16

N. Endangered Species Act (“ESA”) Memorandum Account

1. PURPOSE:

The purpose of the ESA Memorandum Account is to track costs incurred for compliance with Endangered Species Act (“ESA”) requirements, except for ESA compliance costs associated with the San Clemente Dam. California American Water was granted authority to continue its memorandum account for ESA costs in Decision D.15-04-007.

2. APPLICABILITY:

The Monterey County District Main Service Area

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the memorandum account:

- a. A debit entry equal to the costs associated with ESA compliance.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. Fines related to ESA may not be tracked in this account.
- d. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's (“CEBA”) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

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(TO BE INSERTED BY UTILITY)

Advice 1266

Decision

ISSUED BY

J. T. LINAM

DIRECTOR - Rates & Regulatory

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

Date Filed 10/04/2019

Effective 11/03/2019

Resolution

PRELIMINARY STATEMENT
(Continued)

Sheet 17

O. GARRAPATA SERVICE AREA OF MONTEREY COUNTY DISTRICT

Memorandum Accounts:

The following memorandum accounts were originally established by Garrapata Water Company and are only applicable to the Garrapata service area of Monterey County District. The purpose of these accounts is to recover costs not anticipated in rates. The balance in these accounts will be recovered in rates after CPUC review and audit of the reasonableness of the costs recorded therein. The accounts are listed with the authorizing CPUC Resolution, Decision or Public Utilities Code (PU Code). Additional description can be found in the authorizing document (s)

1. Unanticipated Repair Cost Memorandum Account (URCMA), Decision 92-03-093, dated March 31, 1992.
2. Infrastructure Act Memorandum Account (IAMA), Decision 06-05-041, dated May 25, 2006 and PU Code 789. Note: This account is established to track gains on real property.
3. Water Contamination Litigation Expense Memorandum Account, Resolution W-4094, dated March 26, 1998.

Balancing Accounts:

The following balancing accounts were originally established by Garrapata Water Company and are only applicable to the Garrapata service area of Monterey County District. The purpose of these accounts is to track changes in costs for the named expense category. The balance in these accounts will be recovered in rates after CPUC review and audit of the costs recorded therein. The accounts are listed with the authorizing CPUC Resolution, Decision or Public Utilities Code (PU Code).

4. Purchased Power, Resolution W-4467, April 22, 2004
5. Purchased Water, Resolution W-4467, April 22, 2004
6. Pump Tax, Resolution W-4467, April 22, 2004
7. Payroll, Resolution W-4467, April 22, 2004
8. Payroll Taxes, Resolution W-4467, April 22, 2004
9. Contract Labor, Resolution W-4467, April 22, 2004. Note: Restricted to the Operational and Maintenance portion of contract labor
10. Water Quality Balancing Account (WQBA), Resolution W-4698, July 31, 2008
11. California Department of Public Health User Fees Balancing Account (UFBA), Resolution W-4698, July 31, 2008. Note: Pertains to fees that are billed under Section 4019.10, superseded by Sections 116590 and 116595 of the California Health and Safety Code.

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(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1266	J. T. LINAM	Date Filed	<u>10/04/2019</u>
Decision		DIRECTOR - Rates & Regulatory	Effective	<u>11/03/2019</u>
			Resolution	<u> </u>

PRELIMINARY STATEMENT
(Continued)

Sheet 18

P. Safe Drinking Water State Revolving Fund (SDWSRF) Loan Repayment Balancing Account.

1. PURPOSE:

The purpose of the SDWSRF Loan Repayment Balancing Account is to track recovery of the balance on the SDWSRF loan provided under the American Recovery and Reinvestment Act of SDWSRF projects authorized by Resolution W-4788, dated September 24, 2009.

2. APPLICABILITY:

Applicable to the Monterey County District Garrapata Service Area

3. ACCOUNTING PROCEDURE:

California American Water shall use a balancing account to track revenues collected through the SDWSRF surcharge, and payments, included interest, on the SDWSRF loan.

The surcharge rates to repay the loan shall last until the loan is fully paid.

- a. A credit entry will be made to a regulatory liability account for surcharges collected.
- b. A debit entry will be made in the same account for payments on the loan.

4. RATEMAKING PROCEDURE:

The cost of the capital improvements financed through the surcharge shall be excluded from rate base of ratemaking purposes. Changes in future surcharge rates, or refunds, shall be accomplished by advice letter subject to review and approval.

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Advice 1266

J. T. LINAM

Date Filed 10/04/2019

Decision

DIRECTOR - Rates & Regulatory

Effective 11/03/2019

Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 19

Q. General Rate Case Interim Rate True-Up Memorandum Accounts

1. PURPOSE:

The purpose of the General Rate Case Interim Rate True-Up Memorandum Accounts is to track the differences between revenues billed at interim rates and revenues that should have been billed under the final rates granted in the General Rate Case (GRC) Application (A.) 13-07-002.

2. APPLICABILITY:

Applicable to the Larkfield, Sacramento, Monterey County, Los Angeles County, San Diego County, and Ventura County Districts served by California American Water.

3. ACCOUNTING PROCEDURE:

The difference in revenues resulting from revenues billed under Interim rates effective January 1, 2015 pursuant to Advice Letter 1064 and revenue that should have billed had the final rates from a decision in A. 13-07-002 been in place January 1, 2015 should be treated as follows (including interest at the 90-days commercial paper rate).

- a. A debit entry based on the final rates granted in the General Rate Case Application (A.) 13-07-002.
- b. A credit entry based on the Interim Rates paid by customers.
- c. The difference between the two shall be the balance of the account.

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(TO BE INSERTED BY UTILITY)

Advice 1266
Decision

ISSUED BY

J. T. LINAM
DIRECTOR - Rates & Regulatory

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

Date Filed 10/04/2019
Effective 11/03/2019
Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 20

R. Low-Income Ratepayer Assistance Program (“LIRAP”) Balancing Account

1. PURPOSE:

The purpose of the LIRAP Balancing Account is to track the LIRAP discounts provided, the LIRAP surcharges collected, and to adjust the LIRAP surcharges on January 1 of each year. The surcharge will be applicable to all non-low income water and wastewater customers. California American Water was granted authority to establish this account in Decision (D.) 15-04-007.

2. APPLICABILITY:

All areas served by California American Water.

3. ANNUAL SURCHARGE ADJUSTMENT:

The surcharge will be evaluated and adjusted annually in the annual Step rate filings and will reflect:

- a. A forecast of the December 31st balance in the LIRAP for the current year that reflects:
 - i. The most recent recorded balance;
 - ii. The assumption that the proportion of LIRAP to non-LIRAP residential enrollment in September will remain constant as a proportion of adopted numbers for October through December; and
 - iii. The assumption that current LIRAP surcharges will be applied to the estimated non-LIRAP portion of adopted sales (adopted sales minus estimated LIRAP sales based on the proportion of LIRAP to non-LIRAP residential customers in September), plus interest; and
- b. A forecast of the December 31 balance in the LIRAP for the following year that reflects:
 - i. The assumption that the proportion of LIRAP to non-LIRAP residential enrollment in September of the previous year will remain constant as a proportion of adopted numbers; and
 - ii. The assumption that the new surcharges will be applied to the estimated non-LIRAP portion of adopted sales (adopted sales minus estimated LIRAP sales based on the proportion of LIRAP to non-LIRAP residential customers in September of the previous year), plus interest.

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(TO BE INSERTED BY UTILITY)
Advice 1266
Decision

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

(TO BE INSERTED BY C.P.U.C.)
Date Filed 10/04/2019
Effective 11/03/2019
Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 21

R. Low-Income Ratepayer Assistance Program (“LIRAP”) Balancing Account (continued):

4. ACCOUNTING PROCEDURE:

The following entries will be recorded effective with the date of Decision (D.) 15-04-007:

- a. A debit entry equal to the recorded customer discounts.
- b. A credit entry equal to the surcharges collected from the customers not qualified to participate in the LIRAP.
- c. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

5. RATEMAKING PROCEDURE:

Low income discount of 20% shall be applied to all monthly service fees, the tier one billed usage amount and the tier two usage amount. Surcharges will be evaluated and adjusted annually in the annual Step rate filings to ensure appropriate collection.

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(TO BE INSERTED BY UTILITY)

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

Advice 1266

J. T. LINAM

Date Filed 10/04/2019

Decision

DIRECTOR - Rates & Regulatory

Effective 11/03/2019

Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 22

S. Main San Gabriel Groundwater Basin Contamination Memorandum Account (“MSGGBCMA”)

1. PURPOSE:

The purpose of the Main San Gabriel Groundwater Basin Contamination Memorandum Account (“MSGGBCMA”) to track all costs incurred by California American Water to respond to, mitigate, or control contamination in the Main San Gabriel Groundwater Basin, including but not limited to, additional sampling, pumping modifications, engineering consultant fees, permitting costs, treatment facilities, government agency coordination, and legal fees. California American Water was granted authority to continue this account in Decision (D.) 15-04-007.

2. APPLICABILITY:

The Los Angeles County District San Marino Service Area

3. ACCOUNTING PROCEDURE:

California American Water shall track all MSGGBCMA related costs paid by California American Water including, but not limited to, the cost of additional sampling, pumping modifications, engineering consultant fees, permitting costs, treatment facilities, government agency coordination, and legal fees related to contamination in the Man San Gabriel Groundwater Basin.

California American Water shall maintain the MSGGBCMA by making entries as follows:

- a. A debit entry will be created each month to record incurred costs.
- b. A credit entry will be created to reflect any proceeds received from responsible parties or government agencies to offset recorded costs. California American Water will account for contamination proceeds as required by Commission decisions, including D.10-10-018
- c. A debit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entry (a.) , at a rate equal to one-twelfth of the rate on three month Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

4. ACCOUNTING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision

(Continued)

<p>(TO BE INSERTED BY UTILITY)</p> <p>Advice 1266</p> <p>Decision</p>	<p>ISSUED BY</p> <p>J. T. LINAM</p> <p>DIRECTOR - Rates & Regulatory</p>	<p>(TO BE INSERTED BY C.P.U.C.)</p> <p>Date Filed <u>10/04/2019</u></p> <p>Effective <u>11/03/2019</u></p> <p>Resolution _____</p>
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PRELIMINARY STATEMENT
(Continued)

Sheet 24

U. National Oceanic and Atmospheric Administration Endangered Species Act (“NOAA/ESA”) Memorandum Account

1. PURPOSE:

The purpose of the NOAA Memorandum Account is to track compliance payments made by California American Water to the United States Department of Commerce National Oceanic Atmospheric Administration (“NOAA”), or its designated payee, for Federal Endangered Species Act (“ESA”) mitigation. The account shall remain open through the end of the agreement, July 1, 2016. Recovery of these annual payments shall be through a Tier 2 advice letter. In the event the NOAA agreement is extended beyond 2016 due to delays in the water supply project, California American Water may file a Tier 3 advice letter to request such costs be included in the account. California American Water was granted authority to continue this account in Decision (D.) 15-04-007.

2. APPLICABILITY:

The Monterey County District Main Service Area

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the memorandum account:

- a. A debit entry equal to each compliance payment made in connection with the NOAA settlement.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district's CEBA.

(Continued)

<p>(TO BE INSERTED BY UTILITY)</p> <p>Advice 1266</p> <p>Decision</p>	<p>ISSUED BY</p> <p>J. T. LINAM</p> <p>DIRECTOR - Rates & Regulatory</p>	<p>(TO BE INSERTED BY C.P.U.C.)</p> <p>Date Filed <u>10/04/2019</u></p> <p>Effective <u>11/03/2019</u></p> <p>Resolution _____</p>
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PRELIMINARY STATEMENT
(Continued)

Sheet 25

V. Other Post-Employment Benefits Balancing Account (“OPEBBA”)

1. PURPOSE:

The purpose of the Other Post-Employment Benefits Balancing Account (“OPEBBA”) is to track the difference between Commission-authorized OPEB costs and actual OPEB payments calculated according Federal Accounting Standard 106. California American Water was granted authority to continue this account in Decision (D.) 15-04-007.

2. APPLICABILITY:

All areas served by California American Water

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account:

- a. The OPEBBA shall be calculated monthly. The calculation shall be the expense difference of the adopted costs and the actual required payments.
- b. A debit or credit entry will be created each month to record the expense difference discussed above.
- c. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- d. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account’s (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the balancing account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA’s for recovery/refund.

(Continued)

<p>(TO BE INSERTED BY UTILITY)</p> <p>Advice 1266</p> <p>Decision</p>	<p>ISSUED BY</p> <p>J. T. LINAM</p> <p>DIRECTOR - Rates & Regulatory</p>	<p>(TO BE INSERTED BY C.P.U.C.)</p> <p>Date Filed <u>10/04/2019</u></p> <p>Effective <u>11/03/2019</u></p> <p>Resolution _____</p>
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PRELIMINARY STATEMENT
(Continued)

Sheet 26

W. Pension Balancing Account ("PBA")

1. PURPOSE:

The purpose of the Pension Balancing Account ("PBA") is to track the difference between Commission-authorized pension costs and actual pension payments calculated according to ERISA. California American Water was granted authority to continue this account in Decision (D.) 15-04-007.

2. APPLICABILITY:

All areas served by California American Water

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account:

- a. The PBA shall be calculated monthly. The calculation shall be the expense difference of the adopted costs and the actual required payments.
- b. A debit or credit entry will be created each month to record the expense difference discussed above.
- c. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- d. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the balancing account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

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(TO BE INSERTED BY UTILITY)
Advice 1266
Decision

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

(TO BE INSERTED BY C.P.U.C.)
Date Filed 10/04/2019
Effective 11/03/2019
Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 37

**AF. Water Revenue Adjustment Mechanism / Modified Cost Balancing Account (“WRAM/MCBA”)
(continued)**

(L)

5. RATEMAKING PROCEDURE:

- a. By March 31st of each year, California American Water will provide the Division of Water and Audits a written report on the status of the WRAM and MCBAs (with a copy to ORA). The written report will include a section on the WRAM in each district showing the net accumulated balance as of December 31st of the preceding calendar year. The written report will also include a section on the MCBA in each district showing the net accumulated balance as of December 31st of the preceding calendar year. If this report shows that the combined net accumulated balance for the WRAM and MCBA in any district exceeds 2.5% of the district’s total recorded revenue requirement for the prior calendar year, California American Water will file an advice letter within 30 days that amortizes the combined balance:
- b. Recovery of under-collections and refunds of over-collections will be passed on to ratepayers through either volumetric surcharges or surcredits.

**6. MONTEREY SPECIFIC WRAM/MCBA ITEMS
SAND CITY DESALINATION PLANT EXPENSES**

- a. D.18-12-021 authorized (1) the elimination of the Sand City Desalination Plant Purchased Water Balancing Account and (2) that all costs for the San City production facility be included in Monterey District base rates and any change in the appropriate cost applicable to the customers be tracked in the MCBA.

1. PURPOSE:

Sand City Desalination Plant expenses will be treated as any other purchased water cost, including flow through to the Monterey MCBA per D.18-12-021.

2. APPLICABILITY:

The Monterey County District Main Service Area

3. ACCOUNTING PROCEDURE

The authorized price per acre foot is determined as follows:

Repair Costs	\$197,379
Other O&M Costs	\$99,821
Purchased Power	\$168,765
Property Taxes	<u>\$68,509</u>
Total Variable Cost	\$534,474
Fixed Cost	<u>\$414,672</u>
Total Cost	\$949,146
Divided by AF	300
Price per AF	\$3,164

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(TO BE INSERTED BY UTILITY)
Advice 1266
Decision

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

(TO BE INSERTED BY C.P.U.C.)
Date Filed 10/04/2019
Effective 11/03/2019
Resolution _____

PRELIMINARY STATEMENT (Continued)

Sheet 40

AH. Low Income Customer Data Sharing Memorandum Account

(L)

1. PURPOSE:

The purpose of the Low Income Customer Data Sharing Memorandum Account is to track the one time and ongoing data sharing costs in compliance with D. 11-05-020.

2. APPLICABILITY:

All of California-American Water Company's districts.

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the memorandum account:

- a. A debit entry equal to the amount of costs associated with one time or ongoing data sharing costs.
b. A credit entry equal to any rate recovery authorized by the CPUC.
c. A debit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entry (a.), at a rate equal to one-twelfth of the rate on three month Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or it successor

4. RATEMAKIGN PROCEDURE:

Per D. 15-04-007, California American Water will transfer approved balances to each district's Consolidated Expense Balancing Account ("CEBA"). Any remaining historical balances shall be recovered subject to review in the next general rate case or through the advice letter process. For California American Water's 2015 General Rate Case cycle, forecasted costs were included in base rates, therefore such dollars should not be recorded to this memorandum account.

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Table with 3 columns: (TO BE INSERTED BY UTILITY), ISSUED BY, (TO BE INSERTED BY C.P.U.C.). Includes fields for Advice, Decision, J. T. LINAM, DIRECTOR - Rates & Regulatory, Date Filed, Effective, and Resolution with dates 10/04/2019 and 11/03/2019.

PRELIMINARY STATEMENT
(Continued)

Sheet 41

Al. Operational Energy Efficiency Program Memorandum Account (“OEEPMA”)

(L)

1. PURPOSE:

The purpose of the Operational Energy Efficiency Program Memorandum Account (“OEEPMA”) is to track costs and payments from Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDGE) associated with the Operational Energy Efficiency Program (OEEP) approved in D. 10-04-031 and 08-11-057.

California American Water was initially granted a Phase 1A Implementation Operational Energy Efficiency Program Memorandum Account (PIOEEPMA) in Advice Letter 814, effective December 25, 2009, to tack OEEP costs incurred until the Commission Issued D. 10-04-030.

Ordering Paragraphs 5 and 6 of D. 10-04-030 granted an OEEPMA to replace any similar memorandum account that was previously established. California American Water subsequently filed Advice Letter 837 to rename the PIOEEPMA The OEEPMA. In accordance with Ordering Paragraph 6, the renaming of this memorandum account will not alter its original effective date.

2. APPLICABILITY:

The Los Angeles, Monterey and San Diego Districts.

3. ACCOUNTING PROCEDURE:

California American Water filed Advice letter 853 and 860 to track all reasonable construction and associated costs related to the Monterey and San Diego District’s Research, Development and Demonstration (RD&D) Kw demand reduction and Kwh electrical energy recovery projects

California American Water may seek recovery of its OEEPMA balance in its next General rate case or, if it does not have general rate cases, through a Tier 3 advice letter filing.

California American Water is not entitled to a presumption that the costs of the OEEP are appropriate types of costs to recover or that they are reasonable or prudently Incurred. California American Water shall bear the burden of proving the prudence and reasonableness of the costs of the OEEP and the appropriateness of separate recovery of these costs.

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Sheet 42

AI. Operational Energy Efficiency Program Memorandum Account ("OEEPMA) (continued):

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3. ACCOUNTING PROCEDURE (continued):

The OEEPMA shall include:

Costs incurred for the OEEP program as approved in D. 10-04-030 and 08-11-057

- a. A debit or credit entry will be created each month to record the costs discussed above and any OEEP payments received from SCE, PG&E and SDGE.
- b. A debit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entry (a.), at a rate equal to one-twelfth of the rate on three month Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

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Advice 1266

Decision

ISSUED BY

J. T. LINAM

DIRECTOR - Rates & Regulatory

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

Date Filed 10/04/2019

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Sheet 43

AJ. Purchased Water, Purchased Power and Pump Tax Balancing Account

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1. PURPOSE:

The purpose of the Purchased Water, Purchased Power and Pump Tax Balancing Account is to track differences in the aforementioned expenses based upon changes in recorded unit prices versus adopted. California American Water was granted authority to maintain this balancing account in Decision (D.) 15-04-007.

2. APPLICABILITY:

All customer classes of the Sacramento District

3. ACCOUNTING PROCEDURE:

With the approval of the MCBA in D.15-04-007, expense entries past December 31, 2014 will no longer be recorded to the account. However, prior balances will remain and interest will continue to accrue until all balances are transferred. The entries are as follows:

- a. A debit entry will be created each month until December 31, 2014 to record expenses associated with the account. The expenses are determined as follows:
 - i. Difference between recorded unit cost for purchased water and adopted, including service charges
 - ii. Multiply difference in (i) by recorded quantities
 - iii. Difference between recorded unit cost for purchased power and pump taxes and adopted
 - iv. Multiply difference in (iii) by recorded quantities
 - v. Total net balance = (ii) + (iv)
- a. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- b. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's ("CEBA") upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the balancing account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

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Sheet 44

AK. Temporary Interest Rate Balancing Account

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1. PURPOSE:

The purpose of the Temporary Interest Rate Balancing Account is to record any difference between the forecast incremental cost of debt included in the cost of capital. Additionally, effective November 20, 2009 under D. 09-11-019, California American Water is authorized to record, on a monthly basis, the \$88,958 difference between the forecast interest rate and the actual interest rate on \$35,000,000 of debt issued on November 26, 2008.

2. APPLICABILITY:

All districts served by California American Water.

3. ACCOUNTING PROCEDURE:

California American Water was granted a balancing account in Decision (D.) 09-05-019. The following entries shall be recorded to the balancing account.

- a. This balancing account shall record the difference in interest expense between the actual interest cost for long-term debt for debt issued after May 7, 2009, and the interest cost included in the adopted cost of capital for debt issues in 2009 or later subject to a standard reasonableness review. In accordance with D. 09-11- 019 and effective November 20, 2009, the balancing account shall also record \$88,958 per month to represent the difference between the forecast interest rate and the actual interest rate on \$35,000,000 of debt issued on November 26, 2008.
- b. The balancing account shall remain in effect until the next cost of capital proceeding. The monthly recording of the \$88,958 shall terminate upon either the adoption of a new cost of capital for California American Water or any adjustment to the cost of capital pursuant to the Water Cost of Capital Adjustment Mechanism adopted in D. 09-07-051.
- c. A debit entry is equal to the amount overstated between the actual interest cost and the interest cost included in the adopted cost of capital.
- d. A credit entry is equal to the amount understated between the actual interest cost and the interest cost included in the adopted cost of capital.
- e. The temporary interest rate balancing account will remain in effect until reviewed in the next cost of capital proceeding.

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Advice 1266

J. T. LINAM

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Sheet 45

AL. School Lead Testing Memorandum Account

California-American Water Company (Cal-Am) shall maintain a School Lead Testing Memorandum Account (SLTMA) to track incremental expenses associated with conducting Lead tests at K-12 grade schools, within Cal-Am's service territory, that request this service.

The SLTMA is being established pursuant to the Amendment to the Domestic Water Supply permits issued by the State Water Resources Control Board's Division of Drinking Water (DDW) to Cal-Am on or after January 17, 2017.

1. PURPOSE:

The purpose of the SLTMA is to track the incremental expenses (not already reflected in authorized rates) for customer outreach, and other incremental operation costs, including but not limited to, legal costs, Operations and Maintenance expenses, Administrative and General expenses that are unforeseen and directly associated with complying and implementing the School Lead Testing Program.

2. APPLICABILITY:

All areas served by California American Water.

3. ACCOUNTING PROCEDURE:

The SLTMA shall include, but will not be limited to:

- a. Incremental and necessary labor or contracted labor costs associated with the following: planning and coordinating with K-12 schools to develop individual sampling plans; collecting and submitting samples to laboratories; and administrating other program requirements, including assisting the school with interpretation of laboratory results and advice on remediation.
- b. Laboratory fees for all Lead sampling and reporting of results to DDW and the school, and all laboratory coordination and instructions.
- c. Incremental customer outreach costs that are necessary in coordination with the local school district, local community and local official, in compliance with DDW's school Lead Testing Program.
- d. Interest shall accrue to the SLTMA on a monthly basis by applying a rate equal to one-twelfth of the 90 day Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

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Sheet 46

AM. The Memorandum Account for Environmental Improvements and Compliance Issues for Acquisitions.

(L)

1. PURPOSE:

The purpose of the account is to track costs associated with required improvements related to environmental and compliance issues in the Dunnigan, Geyserville, Meadowbrook and Rio Plaza service territories. Example of such costs include, but are not limited to, nitrate mitigation, installation of geosynthetic liners, repair of a cracked surface seal on the main well, construction of a back-up well and back-up electrical power source to maintain minimum pressure in the event of failure in grid power. This account excluded costs related to hexavalent chromium mitigation since there is a separate memorandum account for those costs.

2. APPLICABILITY:

California American Water's Sacramento District – Dunnigan, Geyserville, and Meadowbrook Service Areas; Los Angeles County District – El Rio, City of Oxnard, Ventura County

3. ACCOUNTING PROCEDURE:

- a. A debit entry will be created to capture costs associated with the account.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or it successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate District CEBA's for recovery/fund.

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Sheet 47

AN. Dunnigan Consulting Memorandum Account

(L)

1. PURPOSE:

The purpose of the account is to track consulting costs resulting from the settlement between California American Water, Grant Park Development, and the Office of Ratepayer Advocate for a period of six years following the close of the transaction.

2. APPLICABILITY:

California American Water's Sacramento District – Dunnigan Service Area.

3. ACCOUNTING PROCEDURE:

- a. A debit entry will be created to capture costs associated with the account.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

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Advice 1266

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Sheet 48

AO. Water-Energy Nexus Memorandum Account (“WENMA”)

(L)

1. PURPOSE:

The purpose of the Water-Energy Nexus Memorandum Account (WENMA) is to track expenses for water-energy nexus projects.

2. APPLICABILITY:

All districts served by California American Water

3. RATES:

There is no rate component with the establishment of the Memorandum Account.

4. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the memorandum account:

- a. A debit entry equal to the costs incurred on the water-energy nexus related projects.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate account for the applicable district.

5. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of the balance may be processed through a Tier 3 advice letter or the utility’s next general rate case as ordered in D.15-09-023. Upon Commission review and approval, balances shall be transferred to the appropriate account for the applicable district.

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

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Sheet 49

AP. Special Facilities Fee Memorandum Account

(T,L)

1. PURPOSE:

The Memorandum Account will be used to record all of the costs associated with purchasing additional capacity from Placer County Water Agency (PCWA). These costs will be offset by the total amount of the contributions made to the company by customers. If Cal-Am's customer in the service area's potable surface water demand reaches the Maximum Delivery Rate of 80 percent or Maximum Day Demand, Cal-Am can purchase additional capacity to accommodate the increased volume and flows. In addition, it will include all earnings from the allowance for funds used during construction (AFUDC).

2. APPLICABILITY:

This schedule is applicable to the West Placer Service Area designated in the 2015 water purchase agreement with Placer County Water Agency in Cal-Am's Sacramento District.

3. RATES:

a. The cost of a Unit of Capacity from PCWA is as follows:

Component:	Amount for first 3,000 Connections	Amount after first 3,000 Connections
Treatment	\$10,096	\$10,096
Storage	\$0	\$0
Transmission	\$5,136	\$5,136
Planning	\$88	\$88
Transmission Surcharge	\$563	\$0
Total	\$15,883	\$15,320

b. The water connection charges for residential and non-residential customers is given in Special Facilities Fee Schedule, West Placer Service Area Unit of Capacity Charge.

4. ACCOUNTING PROCEDURE:

a. The following entries shall be recorded to the memorandum account:

1. A credit entry equal to the Facilities Fees received for each new service connection in the West Placer County Service Area.
2. A debit entry equal to the costs incurred for purchasing additional water capacity from PCWA.
3. A debit or credit entry equal to the interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day Commercial paper, as reported in the Federal Reserve Statistical Release, H. 15 or its successor.
4. A credit entry will be made to transfer the balances to the appropriate account for the applicable district.

5. RATEMAKING PROCEDURE:

The PCWA's assumed meter size and capacity require for a typical Zone 1 dwelling units is 5/8 inch with a maximum day demand of 1,150 gallons (Unit of Capacity). The Maximum Day Demand shall be increased by 1,150 gallons per day, and the Maximum Delivery Rate shall be increased by 0.80 gallons per minute, for each unit of additional capacity purchased by Cal-Am.

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

Advice 1266

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Sheet 50

AQ. Monterey District Pre-2015 Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") undercollection/recovery Balancing Account

(L)

1. PURPOSE:

The purpose of the WRAM/MCBA pre-2015 Residential undercollection/recovery Balancing Account is to track the recovery of the \$28.3 million (\$32.8 million authorized in Decision 16-12-003 minus \$4.5 million collected from the existing surcharges) authorized for the residential customers by the Commission to be recovered by the authorized monthly meter surcharge over a 5-year period beginning on the date of approval of the tariffs by the Commission.

2. APPLICABILITY:

Applicable to residential and multi-residential customers in the Monterey County's Bishop, Hidden Hills, Main, and Ryan Ranch Service Areas.

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account and added to the prior accumulated monthly balance:

- a. A debit entry to record the Commission authorized \$32.8 million under-collection of pre-2015 WRAM/MCBA balances applicable to residential customers.
- b. A credit entry to record any amounts the Commission orders to be placed in this account from previous authorized surcharges applicable to recoveries of pre-2015 WRAM/MCBA balances recovered after July 1, 2015.
- c. A monthly credit entry to record the amounts recovered from residential customers.
- d. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day non-financial Commercial Paper, as reported and updated monthly in the Federal Reserve Statistical Release, H.15 or its successor.
- e. The monthly meter surcharges noted below will cease at the earlier of 60-month from the Commission approval date of the required tier 2 advice letter or once the balance in the account reaches zero.

4. RATEMAKING PROCEDURE:

In accordance with Commission Decision D.16-12-003, and the approval of Advice Letter No. 1146 effective January 29, 2017, a meter surcharge based on the applicable meter capacity ratio between meter sizes will be placed on the bills of all residential and multi-residential customers until such time as the entire initial balance of \$28.3 million is recovered, but shall not exceed 60 months. The account will accrue interest per item 3d above.

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Advice 1266

J. T. LINAM

Date Filed 10/04/2019

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Sheet 51

AR. Monterey District Pre-2015 Non-Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") undercollection/recovery Balancing Account

(L)

1. PURPOSE:

The purpose of the WRAM/MCBA pre-2015 Non-Residential undercollection/recovery Balancing Account is to track the recovery of the \$3.5 million (\$7.0 million authorized in Decision 16-12-003 minus \$3.5 million collected from the existing surcharges) authorized for the non-residential customers by the Commission to be recovered by the authorized monthly meter surcharge over a 5-year period beginning on the date of approval of the tariffs by the Commission.

2. APPLICABILITY:

Applicable to non-residential customers in the Monterey County's Bishop, Hidden Hills, Main, and Ryan Ranch Service Areas.

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account and added to the prior accumulated monthly balance:

- a. A debit entry to record the Commission authorized \$7.0 million under-collection of pre-2015 WRAM/MCBA balances applicable to non-residential customers.
- b. A credit entry to record any amounts the Commission orders to be placed in this account from previous authorized surcharges applicable to recoveries of pre-2015 WRAM/MCBA balances recovered after July 1, 2015.
- c. A monthly credit entry to record the amounts recovered from non-residential customers.
- d. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day non-financial Commercial Paper, as reported and updated monthly in the Federal Reserve Statistical Release, H.15 or its successor.
- e. The monthly meter surcharges noted below will cease at the earlier of 60-month from the Commission approval date of the required tier 2 advice letter or once the balance in the account reaches zero

4. RATEMAKING PROCEDURE:

In accordance with Commission Decision D.16-12-003, and the approval of Advice Letter No. 1146 effective January 29, 2017, a meter surcharge based on the applicable meter capacity ratio between meter sizes will be placed on the bills of all non-residential customers until such time as the entire initial balance of \$3.5 million is recovered, but shall not exceed 60 months. The account will accrue interest per item 3d above.

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Sheet 52

AS. 2018 Tax Accounting Memorandum Account.

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1. PURPOSE:

The 2018 Tax Accounting Memorandum Account (Memo Account) tracks on a CPUC-jurisdictional revenue requirement basis the impacts of the 2018 Federal Tax Law not otherwise reflected in rates from January 1, 2018 until the effective date of the revenue requirement changes in the Utility's next General Rate Case (Memo Account Period).

2. GENERAL INFORMATION:

The Utility shall record in this Memo Account realized increases or decreases in its CPUC-jurisdictional revenue requirement resulting from the 2018 Federal Tax Law. The Memo Account shall be used in determining whether any rate adjustment is necessary to reflect impacts of the 2018 Federal Tax Law during the Memo Account Period.

3. Memo Account Entries:

The entries in the Memo Account may include the following:

- a. Realized decreases in revenue requirement resulting from the 2018 Federal Tax Law during the Memo Account Period.
- b. Realized increases in revenue requirement resulting from the 2018 Federal Tax Law during the Memo Account Period.
- c. Balances in the Memo Account will accrue interest at the 90-day commercial paper rate.

4. Disposition of Memo Account Balance:

In the Utility's next General Rate Case, or at such other time as ordered by the CPUC, the balance in the Memo Account shall be addressed and rates shall be adjusted accordingly, as appropriate.

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Advice 1266

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Sheet 53

AT. General Rate Case Interim Rate True-Up Memorandum Accounts

(L)

1. PURPOSE:

The purpose of the General Rate Case Interim Rate True-Up Memorandum Accounts is to track the differences between revenues billed at interim rates and revenues that should have been billed under the final rates granted in the General Rate Case (GRC) Application (A.) 16-07-002.

2. APPLICABILITY:

Applicable to all service areas served by California American Water.

3. ACCOUNTING PROCEDURE:

The difference in revenues resulting from revenues billed under Interim rates effective January 1, 2018 pursuant to Advice Letter 1184 and revenue that should have billed had the final rates from a decision in A. 16-07-002 been in place January 1, 2018 should be treated as follows (including interest at the 90-day commercial paper rate).

- a. A debit entry based on the final rates granted in the General Rate Case Application (A.) 16-07-002.
- b. A credit entry based on the Interim Rates paid by customers.
- c. The difference between the two shall be the balance of the account.

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(TO BE INSERTED BY UTILITY)
Advice 1266
Decision

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

(TO BE INSERTED BY C.P.U.C.)
Date Filed 10/04/2019
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Sheet 54

AU. Cost of Capital Memorandum Account

(L)

1. PURPOSE:

The purpose of the Cost of Capital Memorandum Account is to track the difference between current rates based on California American Water's most recently authorized cost of capital, and rates based on the new cost of capital to be adopted in a final decision D.18-03-005. This Memorandum Account is established in accordance with the ALJ ruling in A.17-04-001, dated February 21, 2018, and effective tracking January 1, 2018.

2. APPLICABILITY:

Applicable to all service areas served by California American Water.

3. ACCOUNTING PROCEDURE:

a. The following entries will be recorded monthly in the Cost of Capital Memorandum Account:

1. Actual revenue based on rates based on currently authorized cost of capital.
2. Actual revenue based on proposed cost of capital.
3. Total net Cost of Capital Memorandum Account balance = (1) minus (2)
4. A positive (+) balance in the memorandum account reflects a utility over collection to be refunded, while a negative balance reflects a utility under collection to be recovered in rates.

b. The Company will record the accumulated Cost of Capital balance monthly, by adding its entry in Section a3 above to the prior accumulated monthly balance.

c. Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 90 Day Non-financial Commercial Paper Interest Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum accounts. Requests for recovery of any balance are to be proceeded according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate account for applicable district.

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Sheet 55

AV. Monterey County District Leak Adjustment Balancing Account

(L)

California-American Water Company requests to establish the Monterey County District Leak Adjustment Balancing Account (LABA).

1. PURPOSE:

In accordance with D.18-12-02, the purpose of the one-way Monterey County District Leak Adjustment Balancing Account is to track the difference between the \$2,370,879 authorized leak adjustments in base rates and actual leak adjustments provided, if they are less than \$2,370,879 on an annual basis.

2. APPLICABILITY:

This is applicable to California American Water's Monterey County District including Monterey Main, Ambler Park, Ralph Lane, Garrapata, Chualar, and Toro Service Areas.

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account and added to the prior accumulated monthly balance:

- a. This is a one-way balancing account, whereby California American Water will refund customers through the Monterey County District base rates:
 - i. If California American Water provides less than \$2,370,879 in leak adjustments on an annual basis, the difference between the \$2,370,879 and the actual leak adjustments provided will be credited to the Monterey County District Leak Adjustment Balancing Account.
 - ii. Any amounts subject to refund will be credited to customers as determined in the district's next rate case.

4. RATEMAKING PROCEDURE:

California American Water will include the \$2,370,879 annual budget for the Balancing Account in base rates during this GRC cycle subject to refund if the actual leak adjustments incurred are less than the \$2,370,879 authorized amount.

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Advice 1266

J. T. LINAM

Date Filed 10/04/2019

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DIRECTOR - Rates & Regulatory

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Sheet 56

AW. Tax Memorandum Account

(L)

California-American Water Company requests to establish a Two-Way Tax Memorandum Account (TMA)

1. PURPOSE:

The purpose of the TMA is to record and track any revenue differences resulting from the differences in the income tax expense authorized in the GRC proceedings and the tax expenses incurred. This account will have separate subaccounts detailing the differences between tax expenses authorized and tax expenses incurred, specifically resulting from: (1) Net revenue changes; (2) Mandatory tax law change, tax accounting changes, tax procedural changes, or tax policy changes; and (3) Elective tax law changes, tax accounting changes, tax procedural changes, or tax policy changes. It will also track Excess Protected ADIT until the end of 2018 and bonus depreciation for the limited assets where eligibility for bonus depreciation is uncertain because construction for them began or a contract for them was signed before the September 27, 2017.

2. APPLICABILITY:

Applicable to all Areas Serviced by Cal-Am

3. ACCOUNTING PROCEDURE:

California-American Water Company shall maintain the TMA by making entries at the end of each month as follows:

a. A debit or credit entry will be created for:

- 1. Net Revenue changes
- 2. Mandatory tax law change, tax accounting changes, tax procedural changes, or tax policy changes
- 3. Elective tax law changes, tax accounting changes, tax procedural changes, or tax policy changes.

4. EFFECTIVE DATE:

The TMA shall go into effect on February 22, 2019, per D.18-12-021

5. RATEMAKING PROCEDURE:

In accordance with D.18-12-021, there is currently no ratemaking component to the memorandum account.

(L)

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1266	J. T. LINAM	Date Filed <u>10/04/2019</u>
Decision	DIRECTOR - Rates & Regulatory	Effective <u>11/03/2019</u>
		Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 57

AX. Sustainable Groundwater Management Act Memorandum Account (SGMA)

(L)

1. PURPOSE:

The SGMA Memorandum Account will track the cost of complying with the Sustainable Groundwater Management Act Regulations signed into law September 16, 2014, which set forth a framework for regulating groundwater. Cal-Am will track every cost that Cal-Am records in the SGMA Memorandum Account, identify each cost incurred, the purpose of each cost, and an explanation of why the costs are necessary. In addition, Cal-Am may also book cost of employees who spend less than 5% of their time related to the SGMA, with a general explanation of work. Cal-Am will provide any additional information for employees that spend more than 5% of their time on the SGMA, identifying each of these employees by their employee identification number, position title, the number of hours the employee worked, and the purpose of the work performed.

2. APPLICABILITY:

All Areas served by California American Water.

3. ACCOUNTING PROCEDURE:

California-American Water Company shall maintain the SGMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to the SGMA to record any expense incurred.
- b. A debit entry shall be made to the SGMA to record any employee spending less than 5% of their time on SGMA compliance
- c. A debit entry shall be made to the SGMA to record any employee that spends more than 5% of their time complying with the SGMA.
- d. Interest shall accrue to the SGMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Request for recovery of any balance are to be processed according to the General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balanced shall be transferred to the appropriate district CEBA for recovery/refund.

(L)

(Continued)

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Advice 1266

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DIRECTOR - Rates & Regulatory

Effective 11/03/2019

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PRELIMINARY STATEMENT
(Continued)

Sheet 58

AY. Group Insurance Balancing Account ("GIBA")

(T,L)

1. PURPOSE:

The purpose of the Group Insurance Balancing Account ("GIBA") is to track the difference between Commission-authorized net Company costs on a per employee basis and the actual level of net Company costs incurred on a per employee basis in relation to group insurance costs. California American Water was granted authority to establish this account in Decision D.18-12-021. The initial balance shall be the approved group insurance expense for 2018. The 2019 group insurance expense shall be the approved 2018 expense escalated by the 2019 escalation factor. The 2020 group insurance expense shall be the approved 2019 expense escalated by the 2020 escalation factor. The 2019 and 2020 escalation factors shall be the labor escalation factors from the "Office of Ratepayer Advocates: Estimated Rates for 2018 through 2022 from August 2018 HIS Global Insight US Economic Outlook" dated September 4, 2018, for that year.

Year	Escalation Factor
January 2018	0%
January 2019	2.6%
January 2020	2.3%

2. APPLICABILITY:

All areas served by California American Water.

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account:

- a. The GIBA shall be calculated monthly. The calculation shall be the expense difference of the net approved costs and the net actual costs incurred on a per employee basis. Net group insurance costs are defined as total incurred costs less all reimbursements from those participating in the plan as adjusted for capitalized costs.
- b. A debit or credit entry will be created each month to record the expense difference discussed above.
- c. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the balancing account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund.

(T,L)

(Continued)

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Advice 1266
Decision

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

(TO BE INSERTED BY C.P.U.C.)
Date Filed 10/04/2019
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PRELIMINARY STATEMENT
 (Continued)

AZ. Groundwater Management Memorandum Account

(T,L)

1. **PURPOSE:** The purpose of this memorandum account is to recover the cost associated with Fox Canyon Groundwater Management Agency (GMA) Ordinance Code restricting the quantities pumped and surcharging production in excess of those amounts or the purchase of in lieu water to avoid the payment of the surcharges. The authority to establish this account was granted by Commission Decision No 94-06-033, June 22, 1994.
2. **APPLICABILITY:** Applicable to Rio Plaza, California American Water (Cal-Am).
3. **ACCOUNTING PROCEDURE:**

 Cal-Am may maintain a memorandum account for its expenses and other recovery/reimbursements in connection with the GMA Ordinance Code. These expenses must be additional or incremental to those allowed in Cal-Am last general rate case proceeding. Cal-Am shall make entries to this account at the end of each month as follows:
 - a. Debit entries equal to the incremental or additional amounts recorded in Cal-Am administrative and general expense accounts that were incurred as a result of the exceeding their production under the terms of the GMA Ordinance Code.
 - b. Credit or Debit entries equal to the average balances in the memorandum account in accordance with the 90-day commercial paper rate.
 - c. Credit entries equal to the proceeds received by Cal-Am from customer billings authorized by the Commission.

In addition, the water utility shall file an advice letter to the Commission detailing the charges to this account for cost recovery from the customers. Recovery of a memorandum account requires full justification of all expenses and a recorded earnings test for the calendar period during which the expense was incurred. Recovery of memorandum accounts should be spread across all utility service that have benefitted from the actions that resulted from the money spent and booked to the memorandum account.

(T,L)

(Continued)

(TO BE INSERTED BY UTILITY) Advice 1266 Decision	ISSUED BY J. T. LINAM DIRECTOR - Rates & Regulatory	(TO BE INSERTED BY C.P.U.C.) Date Filed <u>10/04/2019</u> Effective <u>11/03/2019</u> Resolution
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PRELIMINARY STATEMENT
(Continued)

Sheet 60

BA. Rio Plaza Transaction Memorandum Account

(L)

California-American Water Company (Cal-Am) request to establish a Rio Plaza Transaction Memorandum Account.

1. **PURPOSE:** The purpose of this advice letter filing is to request the Rio Plaza Transaction Memorandum Account to track all costs resulting from the purchase of Rio Plaza Water Company. Inc. Examples of such costs include, but are not limited to, outside legal expenses, engineering, surveying, the appraisal, and other professional activities necessary to complete the transaction, including costs associated with the noticing of customers.
2. **APPLICABILITY:** California American Water's Los Angeles District – Rio Plaza Service Area.
3. **ACCOUNTING PROCEDUE:** California-American Water Company shall maintain the Rio Plaza Transaction Memo Account by making entries at the end of each month as follows:
 - a. A debit entry will be created to capture costs associated with the account.
 - b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90 day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
 - c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account (CEBA) upon Commission approval.
4. **RATEMAKING PROCEDURE:** There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate district CEBA's for recovery/refund

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Advice	1266	J. T. LINAM	Date Filed	<u>10/04/2019</u>
Decision		DIRECTOR - Rates & Regulatory	Effective	<u>11/03/2019</u>
			Resolution	_____

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