

PRELIMINARY STATEMENT
(Continued)

Sheet 1

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 Service Area 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.) 21-11-018. (T)

2. APPLICABILITY:

The Monterey Service Area which includes Monterey Main, Hidden Hills, Ryan Ranch, and Bishop.

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.

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1353	J. T. LINAM	Date Filed <u>12/23/2021</u>
Decision	DIRECTOR - Rates & Regulatory	Effective <u>03/04/2022</u>
		Resolution _____