

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

Advice Letter Cover Sheet

Utility Name: California American Water

Date Mailed to Service List: June 10, 2020

District: Monterey Service Area

CPUC Utility #: U210W

Protest Deadline (20th Day): June 30, 2020

Advice Letter #: 1297

Review Deadline (30th Day): July 10, 2020

Tier 1 2 3 Compliance

Requested Effective Date: June 27, 2020

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

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

Rate Impact: \$See AL

Description: 2017 Monterey WRAM & MCBA Non-Residential

See AL%

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Nancy Hollingsworth

Utility Contact: Jonathan Morse

Phone: 916-568-4209

Phone: 916-568-4246

Email: Nancy.hollingsworth@amwater.com

Email: Jonathan.Morse@amwater.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

<u>DATE</u>	<u>STAFF</u>	<u>COMMENTS</u>
_____	_____	_____
_____	_____	_____

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



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June 10, 2020

ADVICE LETTER NO. 1297

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (California American Water) (U210W) hereby submits for review this advice letter including the following tariff sheets applicable to its Monterey District which are attached hereto:

<u>C.P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Sheet No.</u>
XXXX -W	Schedule No. MO - 1C (continued) General Metered Service in the Monterey County District Tariff Area NON-RESIDENTIAL CUSTOMERS	8963-W
XXXX -W	Schedule No. MO - 1C (continued) General Metered Service in the Monterey County District Tariff Area NON-RESIDENTIAL CUSTOMERS	9343-W
XXXX -W	Schedule No. MO – 1O (continued) General Monterey County District Tariff Area GENERAL METERED SERVICE OTHER CUSTOMERS	8970-W
XXXX -W	Schedule No. MO – 1O (continued) General Monterey County District Tariff Area GENERAL METERED SERVICE OTHER CUSTOMERS	9344-W
XXXX -W	TABLE OF CONTENTS (PAGE 2)	XXXX -W
XXXX -W	TABLE OF CONTENTS (PAGE 1)	XXXX -W

PURPOSE

The purpose of this advice letter is to request implementation of California American Water’s 2017 non-residential Water Revenue Adjustment Mechanism (“WRAM”) and Modified Cost Balancing Account (“MCBA”) surcharges based on the authorized balance in advice letter 1199. California American Water identified a unit conversion error in the calculation of the surcharge in advice letter 1199 which is corrected in this filing. In addition, this advice letter updates the special condition language regarding the future collection of the 2018 WRAM/MCBA under collected balances.

BACKGROUND

D.09-07-021 originally approved the WRAM and MCBA for Monterey. Certain requirements from the original process were modified in D.13-07-041. Notably, the

settlement adopted by D.13-07-041 agreed to certain procedures outlined D.12-040-048, which California American Water was not a party to.

The parties agree that California American Water would use the same amortization schedules and procedures that were established for other Class A water utilities in D.12-04-048 for the WRAM/MCBA in all districts. This includes:

1. *Amortization of net WRAM/MCBA balances at or above 2% of the last authorized revenue requirement, as described in Ordering Paragraph 2;*
2. *The process to not initiate the cap until 2015, which is the first test year of the GRC to be filed July 1, 2013, as discussed in Ordering Paragraph 3;...*
3. *A vigorous review of the WRAM/MCBA as well as sales forecasting to be conducted in the next GRC (Test Year 2015), as discussed in Ordering Paragraph 3;*
4. *Cal Am will submit its annual request for amortization of net WRAM/MCBA balances by a Tier 1 advice letter on or before March 31, as described in Ordering Paragraph 5;*
5. *California American cannot include any additional type or category of cost in their Tier 1 Advice Letters that was not included in their Annual Report as described in Ordering Paragraph 9;*
6. *California American Water will separate the WRAM/MCBA surcharges on customer bills if it is capable of doing so with its new billing system, as discussed for other utilities in Ordering Paragraph 10.*

Additional criteria on the WRAM amortization process were outlined in D.12-04-048 as follows:

Ordering Paragraphs

1. *We adopt the amortization schedule set forth in Appendix A with a cap on total net Water Revenue Adjustment Mechanism/Modified Cost Balancing Account (WRAM/MCBA) surcharges of 10% of the last authorized revenue requirement...WRAM balances incurred prior to the first test year referenced above continue to be amortized under the adopted amortization schedule without being subject to the surcharge cap.*

Further, D.16-12-003 addressed the recovery of balances through December 31, 2014. The decision authorized recovery of a meter-based surcharge over five years. This was implemented through the filing of advice letter 1146-A. D.16-12-003 also modified the recovery method for future surcharges. Ordering paragraph two states in relevant part:

2. *Future Water Revenue Adjustment Mechanism/Modified Cost Balancing Account (WRAM/MCBA) advice letters filed and served by California-American Water Company (Cal-Am) for the Monterey District shall request recovery of under-collections (or refunds of over-collections) by a uniform surcharge (or surcredit) on each unit of water sold (volumetric rate) including Tier 1. This applies to all WRAM/MCBA balances recovered once the new rate design is implemented.*

REQUEST

Advice Letter 1199 was approved on October 5, 2018 and authorized the balances for the WRAM and MCBA summarized in the table below.

Description	WRAM/MCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Cumulative Surcharge Collections	Balance
Residential				
Current Year Balance	(\$1,868,342)	(\$16,272)	\$0	(\$1,884,613)
UAW Penalty/(Reward)				(\$603,706)
Total 2017 Residential Balance Requested				(\$2,488,319)
2017 Adopted Revenue				\$33,526,575
2017 Balance % of Revenue				7.4%
Non-Residential				
Current Year Balance	(\$2,396,313)	(\$18,780)	\$0	(\$2,415,093)
UAW Penalty/(Reward)				(\$347,830)
Total 2017 Non-Residential Balance Requested				(\$2,762,923)
2017 Adopted Revenue				\$18,719,235
2017 Balance % of Revenue				14.8%

Based on the above balances and the current authorized consumption, and the adopted amortization schedule per D.12-04-048 Appendix A, California American Water requests the following volumetric surcharges to be collected over 18 months for non-residential customers.

The non-residential customers would be charged over an 18-month period as follows:

Non-Residential		
	Surcharge per 100 gal	Months
Monterey Main, Hidden Hills, Ryan Ranch, & Bishop Systems:		
Division 1	\$0.1363	18
Division 2	\$0.1533	18
Division 3	\$0.1703	18
Division 4	\$0.3407	18

	Surcharge per 100 gal	Months
OWU-Permanent		
Block 1	\$0.0811	18
Block 2	\$0.1622	18
Block 3	\$0.6486	18
OWU-Temporary	\$0.0811	18

SERVICE LIST

Pursuant to Section 4.3 of General Order No. 96-B, a copy of this advice letter is being sent to those entities listed in the attached service list. Copies of the detailed workpapers and the documents supporting this Advice Letter have also been furnished to the Commission Staff.

EFFECTIVE DATE

Cal-Am submits this as a Tier 1 advice letter per D.13-07-041 and requests an effective date of June 27, 2020.

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.

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.

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

DWA must receive a response or protest via email (or postal mail) within 20 days of the date the AL is filed. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

The addresses for submitting a response or protest are:

Email Address:
Water.Division@cpuc.ca.gov

Mailing Address:
CA Public Utilities Commission
Division of Water and Audits
505 Van Ness Avenue
San Francisco, CA 94102

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to us, addressed to:

Recipients:	E-Mail:	Mailing Address:
Jonathan Morse <i>Manager of Rates & Regulatory</i>	jonathan.morse@amwater.com	4701 Beloit Drive Sacramento, CA 95838 Fax: (916) 568-4237
Sarah E. Leeper <i>Vice President – Legal, Regulatory</i>	sarah.leeper@amwater.com	555 Montgomery Street, Ste. 816 San Francisco, CA 94111 Fax: (415) 863-0615
ca.rates.....	ca.rates@amwater.com	4701 Beloit Drive Sacramento, CA 95838 Fax: (916) 568-4260

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division, within the 20-day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

REPLIES³

The utility shall reply to each protest and may reply to any response. Any reply must be received by DWA within five business days after the end of the protest period, and shall be served on the same day on each person who filed the protest or response to the AL.

The actions requested in this advice letter are not now the subject of any formal filings with the California Public Utilities Commission, including a formal complaint, nor action in any court of law.

If you have not received a reply to your protest within 10 business days, please contact Nancy Hollingsworth at (916) 568-4209.

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

³ G.O. 96-B, General Rule 7.4.3

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Jeffrey T. Linam

Jeffrey T. Linam
Vice President of Rates & Regulatory

Schedule No. MO-1C (Continued)
General Metered Service in the Monterey County District Tariff Area
NON-RESIDENTIAL CUSTOMERS

SPECIAL CONDITIONS (continued):
Fees and Surcharges

- 7. Per Advice Letter 1199, the balance of the 2017 non-residential WRAM/MCBA is \$2,762,923 as of December 31, 2017. The surcharge is shown in the table below and will remain effective until December 2021.

Non-Residential		
Monterey Main, Hidden Hills, Ryan Ranch, & Bishop Systems:	Surcharge per 100 gal	Months
Division 1	\$0.1363	18
Division 2	\$0.1533	18
Division 3	\$0.1703	18
Division 4	\$0.3407	18

- 8. In accordance with the final decision issued in Decision 16-12-003, the WRAM/MCBA balance through 2014 for the Monterey District shall be recovered over five years with interest at the 90-day commercial paper rate. The surcharge is shown in the table below and will remain effective for 60 months upon approval of Advice Letter 1146-A, ending February 28, 2022.

Meter Size	Meter Surcharge
For 5/8" x 3/4" meter	\$4.21
For 3/4" meter	\$8.42
For 1" meter	\$12.63
For 1-1/2" meter	\$21.05
For 2" meter	\$33.68
For 3" meter	\$63.15
For 4" meter	\$102.25
For 6" meter	\$210.50
For 8" meter	\$336.80

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

Advice 1297
Decision

J. T. LINAM
DIRECTOR - Rates & Regulatory

Date Filed _____
Effective _____
Resolution _____

(D)
(N)

(N)
(D)
(L)

(L)

Schedule No. MO-1C (Continued)
General Metered Service in the Monterey County District Tariff Area
NON-RESIDENTIAL CUSTOMERS

SPECIAL CONDITIONS (continued):
Fees and Surcharges

- 9. Per Advice Letter 1230-B, the under-collected balance in the Monterey County District Consolidated Expense Balancing Account will be recovered through a quantity based surcharge of \$0.0827 per 100 gallons over 24 months effective May 1, 2019. This total amount will be recovered from all classes of customers except for Chualar Customers.
- 10. Per D.18-12-021 a meter based bill credit for the Excess Non-Plant Accumulated Deferred Income Tax will be refunded to customers over the 24-month period beginning October 17, 2019.

(L)

Meter Size	Refunds by Meter Equivalent
5/8 x 3/4	\$ 1.47
3/4	\$ 2.21
1	\$ 3.68
1 1/2	\$ 7.35
2	\$ 11.77
3	\$ 22.06
4	\$ 36.77
6	\$ 73.54
8	\$ 117.66
10	\$ 169.14

- 11. Per Advice Letter 1265-A, the net under-collected balance of the 2018 Non-Residential WRAM/MCBA is \$106,180, including interest. D.18-12-021 raises the cap on WRAM/MCBA surcharges to 15% of the authorized revenue requirement. Rates will be established through a separate Tier 1 filing to update the tariff language and surcharge based upon the then current authorized amortization.

(C)(L)
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(D)(C)
(C)
(C)
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(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1297	J. T. LINAM	Date Filed _____
Decision	DIRECTOR - Rates & Regulatory	Effective _____
		Resolution _____

Schedule No. MO-10 (Continued)
General Metered Service in the Monterey County District Tariff Area
OTHER CUSTOMERS

SPECIAL CONDITIONS (continued):
Fees and Surcharges

7. Per Advice Letter 1199, the balance of the 2017 non-residential WRAM/MCBA is \$2,762,923 as of December 31, 2017. The surcharge is shown in the table below and will remain effective until December 2021.

	Surcharge per 100 gal	Months
OWU-Permanent		
Block 1	\$0.0811	18
Block 2	\$0.1622	18
Block 3	\$0.6486	18
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8. In accordance with the final decision issued in Decision 16-12-003, the WRAM/MCBA balance through 2014 for the Monterey District shall be recovered over five years with interest at the 90-day commercial paper rate. The surcharge is shown in the table below and will remain effective for 60 months upon approval of Advice Letter 1146-A, ending February 28, 2022.

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For 8" meter	\$336.80

(Continued)

(TO BE INSERTED BY UTILITY)
Advice 1297
Decision

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

(TO BE INSERTED BY C.P.U.C.)
Date Filed _____
Effective _____
Resolution _____

(D)
(N)

(N)

(D)
(L)

(L)

Schedule No. MO-10 (Continued) Sheet 7
 General Metered Service in the Monterey County District Tariff Area
OTHER CUSTOMERS

SPECIAL CONDITIONS (continued):
Fees and Surcharges

9. Per Advice Letter 1230-B, the under-collected balance in the Monterey County District Consolidated Expense Balancing Account will be recovered through a quantity based surcharge of \$0.0827 per 100 gallons over 24 months effective May 1, 2019. This total amount will be recovered from all classes of customers except for Chualar Customers.
10. Decision 12-06-040 authorized Carmel River Reroute and San Clemente Dam Removal Project costs to be included in the San Clemente Dam balancing account. Per Decision 18-12-021, California American Water will recover the regulatory asset / San Clemente Dam balancing account in base rates over a 20-year period starting January 1, 2018. Current authorized recovery of \$7,921,004 per annum is included in base rates.
11. Per D.18-12-021 a meter based bill credit for the Excess Non-Plant Accumulated Deferred Income Tax will be refunded to customers over the 24-month period beginning October 17, 2019.

Meter Size	Refunds by Meter Equivalents
5/8 x 3/4	\$1.47
3/4	\$2.21
1	\$3.68
1 1/2	\$7.35
2	\$11.77
3	\$22.06
4	\$36.77
6	\$73.54
8	\$117.66
10	\$169.14

12. Per Advice Letter 1265-A, the net under-collected balance of the 2018 Non-Residential WRAM/MCBA is \$106,180, including interest. D.18-12-021 raises the cap on WRAM/MCBA surcharges to 15% of the authorized revenue requirement. Rates will be established through a separate Tier 1 filing to update the tariff language and surcharge based upon the then current authorized amortization.
- (L)
 (C)(L)
 (C)
 (D)(C)
 (C)
 (D)

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1297	J. T. LINAM	Date Filed _____
Decision	DIRECTOR - Rates & Regulatory	Effective _____
		Resolution _____

MONTEREY COUNTY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1297

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CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1297

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MONTEREY COUNTY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1297

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