





April 11, 2018

ADVICE LETTER NO. 1201

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 all of its districts, which are attached hereto:

<b><u>C.P.U.C. Sheet No.</u></b>	<b><u>Title of Sheet</u></b>	<b><u>Canceling Sheet No.</u></b>
XXXX-W	Schedule No. LA-1 (continued) Los Angeles County District Tariff Area GENERAL METERED SERVICE	XXXX-W
XXXX-W	<u>TABLE OF CONTENTS</u> (Page 2)	XXXX-W
XXXX-W	<u>TABLE OF CONTENTS</u> (Page 1)	XXXX-W

**Purpose:**

The purpose of this advice letter is to request authority to recover expenses from March 13, 2014 to July 31, 2017 tracked in the Conservation/Rationing Memorandum Account (“CRMA”) due to Rule 14.1 and/or Schedule 14.1 for Voluntary and Mandatory Conservation in the amount of \$298,632 – Baldwin Hills, \$249,223 – Duarte, and \$193,040 – San Marino totaling \$740,895 for the Los Angeles County District. California American Water request to recuperate in expenses from the CRMA for the Los Angeles district into the Consolidated Expense Balancing Account (“CEBA”).

**Background:**

- January 17, 2014 – Governor of State of California declared State of Emergency in California due to severe drought conditions
- August 15, 2014 – In Advice Letter 1047, 1048 and 1049, California American Water requested authority to activate the “Conservation/Rationing Memorandum Account” in all its districts to in accordance with Resolution W-4976 to track incremental costs related to implementing the requirements of Rule 14 and Schedule 14.1. The Commission approved the Advice letters on August 25, 2014, with an effective date of March 13, 2014 for AL 1047 and 1048 and an effective date of August 25, 2014 for AL 1049.
- April 25, 2014 – Governor of State of California issued an Executive Order to strengthen the State’s ability to manage water and habitat effectively in drought conditions, and call on all Californians to redouble their efforts to conserve water.

- May 5, 2015 – the SWRCB issued an Emergency Regulation due to continuing drought conditions with specific water use reductions, by service area, and prohibitions on how end-use customers can use potable water to achieve a statewide 25% reduction in usage as compared with the amount used in 2013 (through February 2016).
- May 21, 2015 – AL 1077-A, filed through Tariff Schedule 14.1,
- November 13, 2015 – Governor of the State of California issued another Executive Order that directed the Water Board to, if drought conditions persist through January 2016, extend until October 31, 2016 restrictions to achieve a statewide reduction in potable water usage.
- On February 2, 2016 – Water Board adopted an extended and revised Emergency Regulation due to continuing drought conditions.
- May 18, 2016 – Water Board approved updated Emergency Regulation that extends emergency regulation through January 2017 with specific modifications, the most significant of these being the creation of a self-certification process for all utilities to identify required reductions based on supply need for a 3 year period.

**Discussion:**

California American Water has been offering leading conservation programs to its customers to achieve water savings and water wise behaviors and has further expanded its programs during the California drought of 2011 through 2016. In May of 2015 the company activated our Conservation/Rationing Memorandum Account to track all drought related expenses incurred during the drought to help comply with the State's Drought Emergency Orders.

**Request:**

From 2014 through 2017, California American Water in the Los Angeles District incurred \$740k to help meet statewide implemented water use reduction targets in each service area and to implement the SWRCB's water use prohibitions. These costs included ongoing drought communications and water use education and the employment of customer service employees (mostly temporary) dedicated to the drought situation.

The California Public Utilities Commission (Commission) adopted Resolution W-4976 on February 27, 2014 which revised the drought procedures for water conservation, rationing and service connection moratoria enumerated in Standard Practice U-40-W. Cal-Am requests to recover \$298,632 – Baldwin Hills, \$249,223 – Duarte, and \$193,040 – San Marino, including interest from the Conservation/Rationing Memorandum Account (CRMA) balance for Los Angeles County, including Baldwin Hills, Duarte and San Marino Service Areas; to their CEBA.

Below is the surcharges for Los Angeles service areas:

<b>Service Area</b>	<b>Consolidated Expense Balance Account Surcharge per 100 gallon</b>	<b>Number of Months Applicable From Effective Date</b>
Baldwin Hills	\$0.0263	36
Duarte	\$0.0139	12
San Marino	\$0.0102	12

Resolution W-4976 states that:

*Memorandum accounts to track expenses and monies collected by the utility through water use violation fines must be requested through an advice letter, either in conjunction with an advice letter requesting adding Rule 14.1 or Schedule 14.1, or in a stand-alone advice letter.*

Paragraph 37 in Resolution W-4976, states that:

*The tracking of lost revenues as a result of conservation efforts in a lost revenue memorandum account is tied to the utility having Rule 14.1 or Schedule 14.1 in its tariffs and having activated either Rule 14.1 or Schedule 14.1.*

**Tier Designation:**

This advice letter is submitted with a Tier 3 designation pursuant to General Order No. 96-B.

**Effective Date:**

California American requests an effective date of May 11, 2018.

**Protests and Responses:**

Anyone may respond to or protest this advice letter. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter.

A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds are:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter 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 advice letter contain material errors or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require relitigating a prior order of the Commission.)

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

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

Tariff Unit, Water Division, 3<sup>rd</sup> floor  
California Public Utilities Commission,  
505 Van Ness Avenue, San Francisco, CA 94102  
water\_division@cpuc.ca.gov

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

Recipients:	E-Mail:	Mailing Address:
Kamilah U Jones <i>Financial Analyst – Rates &amp; Regulatory</i>	Kamilah.Jones@amwater.com	4701 Beloit Drive Sacramento, CA 95838 Fax: (916) 568-4260
Sarah E. Leeper <i>Vice President – Legal, Regulatory</i>	sarah.leeper@amwater.com	333 Hayes Street San Francisco, CA 94102 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.

If you have not received a reply to your protest within 10 business days, contact this person at (916) 568-4222.

CALIFORNIA-AMERICAN WATER COMPANY

*/s/ Kamilah Jones*

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Kamilah Jones  
Financial Analyst - Rates & Regulatory

Schedule No. LA-1 (Continued)  
Los Angeles County District Tariff Area  
GENERAL METERED SERVICE

Sheet 5

SPECIAL CONDITIONS:

Fees and Surcharges: (Continued)

4. Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) Surcharges. (Continued)
  - c. **San Marino:**  
For the San Marino service area, a surcharge is included on each bill to recover the net under-collection in the WRAM and MCBA of \$2,053,964, including interest, as of December 31, 2017. The surcharge is \$0.0513 per 100 gallons and will remain effective for 14 months beginning March 31, 2018.
5. Per Advice Letter 1141-A, a surcharge of \$ 1.21 for the Low-Income Ratepayer Assistance Program ("LIRAP") Balancing Account will be collected from all non-low income water and wastewater customers.
6. Per Advice Letter 1201, the under-collected balance in the Los Angeles County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge, as shown in the below table effective May 11, 2018. The total amount will be recovered from all classes of customers. (C)  
(C)

Service Area	Consolidated Expense Balance Account Surcharge per 100 gallon	Number of Months Applicable From Effective Date
Baldwin Hills	\$0.0263	36
Duarte	\$0.0139	12
San Marino	\$0.0102	12

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(R)

(Continued)

(TO BE INSERTED BY UTILITY)

Advice 1201  
Decision

ISSUED BY

J. T. LINAM  
DIRECTOR - Rates & Regulatory

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

Date Filed \_\_\_\_\_  
Effective \_\_\_\_\_  
Resolution \_\_\_\_\_

TABLE OF CONTENTS  
(Page 2)

Sheet 2

<u>SUBJECT MATTER OF SHEET</u>	<u>C.P.U.C. SHEET NO.</u>
<u>SERVICE AREA MAP (Continued):</u>	
Sacramento	8511-W, 6592-W, 6593-W, 8664-W, 6595-W, 6596-W, 7500-W, 6598-W, 6599-W, 6600-W
Sacramento- Dunnigan	8163-W
Sacramento- Geyserville	8321-W
Sacramento - Meadowbrook	8512-W
San Diego County	6601-W, 6602-W
Ventura County	6603-W, 6604-W
<u>RATE SCHEDULES:</u>	
All Districts -- Low Income Ratepayer Assistance Program	
CA-LIRA	California American Water Low Income Ratepayer Assistance Program
	8745-W, 8746-W, 8747-W, 8748-W, 8749-W, 8750-W, 8541-W, 7724-W, 7725-W, 7726-W
CA-4	California American Water Private Fire Protection Service
	8473-W, 8744-W, 7739-W, 7740-W, 7741-W, 8001-W, 8020-W, 8021-W, 7628-W, 7625-W, 7636-W, 7640-W, 7643-W, 7632-W, 7634-W, 8197-W, 8206-W
CA-4H	Private Fire Hydrant Service
	8742-W, 7743-W, 7744-W, 8186-W, 8002-W, 8022-W, 7626-W, 7641-W
Larkfield District	
LK-1	General Metered Service
	8720-W, 8721-W, 8683-W, 7995-W, 8018-W, 7633-W
LK-F	Facilities Fees
	7651-W
Los Angeles County District	
LA-1	General Metered Service
	8722-W, 8723-W, 8724-W, XXXX-W, (C) XXXX-W, 8250-W, 8016-W, 7630-W (C)
LA-3M	Measured Irrigation Service
	8725-W, 7712, 8547-W, 8251-W, 8017- W, 7631-W
Monterey County District (Monterey Main, Hidden Hills, Ryan Ranch, & Bishop Service Areas)	
MO-1-SF	General Metered Service Single Family Residential Customers
	8573-W, 8694-W, 8441-W, 8471-W, 8560-W, 8444-W, 8399-W, 8676-W, 8023-W, 8702-W
MO-1-MF	General Metered Service Multi-Residential Customers
	8574-W, 8695-W, 8448-W, 8473-W, 8561-W, 8451-W, 8677-W, 8703-W
MO-1C	General Metered Service Non-Residential Customers
	8575-W, 7673-W, 7674-W, 7675-W, 7676-W, 8454-W, 8475-W, 8562-W, 8227-W, 8401-W, 8410-W, 8678-W, 7683-W, 8704-W
MO-1O	General Metered Service Other Customers
	8576-W, 8577-W, 7686-W, 7687-W, 8477-W, 8563-W, 8457-W, 8403-W, 8679-W, 7692-W, 8705-W

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1196	J. T. LINAM	Date Filed _____
Decision	DIRECTOR - Rates & Regulatory	Effective _____
		Resolution _____

TABLE OF CONTENTS  
(Page 1)

Sheet 1

<u>SUBJECT MATTER OF SHEET</u>	<u>C.P.U.C. SHEET NO.</u>
TITLE PAGE	8662-W
TABLE OF CONTENTS	XXXX-W, 8752-W, XXXX-W, 8709-W, 8660-W, 8068-W, 8069-W, 8593-W, 8071-W (C)
PRELIMINARY STATEMENTS	7828-W, 8517-W, 7748-W, 7749-W, 7750-W, 7751-W, 7752-W, 7753-W, 7754-W, 7755-W, 7756-W, 7757-W, 8079-W, 7759-W, 7830-W, 7831-W, 7832-W, 7833-W, 7834-W, 7835-W, 7836-W, 7837-W, 7838-W, 7769-W, 7770-W, 7771-W, 7772-W, 7773-W, 7774-W, 7775-W, 7776-W, 7777-W, 7778-W, 7779-W, 7780-W, 7781-W, 7782-W, 7783-W, 7784-W, 7785-W, 7786-W, 7787-W, 7788-W, 7789-W, 7790-W, 7791-W, 7792-W, 7793-W, 7794-W, 7839-W, 7796-W, 7797-W, 7798-W, 7799-W, 7800-W, 7801-W, 7802-W, 7803-W, 7804-W, 8510-W, 8081-W, 8082-W, 8178-W, 8302-W, 8459-W, 8460-W, 8516-W, 8751-W
<b><u>SERVICE AREA MAP:</u></b> California-American Water Company	5470-W
Larkfield	6569-W
Los Angeles County Baldwin Hills Duarte San Marino	6570-W 6571-W, 6572-W, 6578-W 6573-W, 6574-W, 6575-W, 6576-W, 8211-W
Monterey County	7053-W, 6580-W, 6581-W, 6582-W, 6583-W, 6584-W, 6585-W, 6586-W, 6587-W, 6588-W, 6589-W, 6590-W, 944 -W, 945 -W, 947 -W, 948 -W, 949 -W, 950 -W, 951 -W, 952 -W, 953 -W, 954 -W, 955 -W, 957 -W, 958 -W, 959 -W, 960 -W, 961 -W, 962-W, 963 -W, 964 -W, 966 -W, 967 -W, 968 -W, 969 -W, 971 -W, 972 -W, 973 -W, 974 -W, 975 -W, 976 -W, 977 -W, 978 -W, 979 -W, 980 -W, 981 -W, 982 -W, 983 -W, 984 -W, 7054-W

(Continued)

(TO BE INSERTED BY UTILITY) Advice      1192 Decision	ISSUED BY J. T. LINAM DIRECTOR - Rates & Regulatory	(TO BE INSERTED BY C.P.U.C.) Date Filed _____ Effective      _____ Resolution     _____
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**LOS ANGELES COUNTY DISTRICT SERVICE LIST**  
**CALIFORNIA-AMERICAN WATER COMPANY**  
**ADVICE LETTER 1201**

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**BY MAIL:**

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**LOS ANGELES COUNTY DISTRICT SERVICE LIST**  
**CALIFORNIA-AMERICAN WATER COMPANY**  
**ADVICE LETTER 1201**

**BY E-MAIL:**

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