

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 29, 2021

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. 1328, filed on March 31, 2021, regarding 2020 WRAM & MCBA for Los Angeles County District.

Enclosed are copies of the following revised tariff sheets, effective March 31, 2021, for the utility's files:

P.U.C.	Sheet No.	Title of Sheet
	10015-W	Schedule No. LA-1, Los Angeles County District Tariff Area GENERAL METERED SERVICE, Sheet 5
	10016-W	TABLE OF CONTENTS, Sheet 2
	10017-W	TABLE OF CONTENTS, Sheet 1

Please contact Bradley Leong at BL4@cpuc.ca.gov or 415-703-2307, if you have any questions.

Thank you,

/s/ROBIN BRYANT

Robin Bryant
Water Division

Enclosures

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
10015-W	Schedule No. LA-1 Los Angeles County District Tariff Area GENERAL METERED SERVICE Sheet 5	9701-W
10016-W	TABLE OF CONTENTS Sheet 2	9999-W
10017-W	TABLE OF CONTENTS Sheet 1	10014-W



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March 31, 2021

ADVICE LETTER NO. 1328

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 Los Angeles County District which are attached hereto:

PURPOSE

The purpose of this advice letter filing is to request recovery of the 2020 WRAM & MCBA balances. This request is in compliance with authorizations of the California Public Utilities Commission as detailed in D.08-11-023, D.12-04-048, D.13-07-041 and D.18-12-021.

BACKGROUND

On November 6, 2008, the Commission issued Ordering Paragraph 1 in D.08-11-023 which adopted a settlement agreement between California American Water and the Division of Ratepayer Advocates ("DRA") to establish a Pilot Program for a conservation rate structure in the Los Angeles District;

The June 28, 2007 settlement for the Coronado and Village districts, attached to Appendix A, is adopted and the motion to reduce the comment period is granted.

As part of the settlement, California American Water was to establish a WRAM as outlined below from pages 5 and 6 of the agreement.

Decoupling for California American Water will be accomplished through the following mechanisms:

- 1. A Water Revenue Adjustment Mechanism (WRAM) for the Coronado and Village districts.*
- 2. This decoupling mechanism, along with California American Water's Incremental Cost Balancing Accounts (ICBA)¹, will ensure recovery of the adopted fixed costs recovered through the quantity charge, and the actual variable costs for purchased power, purchased water, and pump taxes. The fixed costs not included in these accounts will be recovered through the service charge, which is a monthly charge that customers pay regardless of consumption.*
- 3. In accordance with established Commission practice, the WRAM account will accrue interest at the 90-day commercial paper rate.*

The Modified Cost Balancing Account (MCBA) replaced the ICBA through the issuance of D.12-06-016.

The WRAM will track the difference between the total quantity charge revenues authorized by the Commission (“Total Adopted Quantity Revenues”), and the total revenues actually recovered through the quantity charge based on actual sales (“Total Actual Quantity Revenues”), excluding:

- 1. Revenue from Private Fire Protection Service and;*
- 2. Revenue from the “Other” class of general metered customers.*

California American Water implemented the Pilot Program on February 1, 2009 via Advice Letter 717-A.

Historically, these types of advice letters were submitted by April 30th each year per the settlement agreement adopted in D.08-11-023. On July 25, 2013, modifications to the process were agreed to in D.13-07-041 as part of a settlement in California American Water’s 2010 General Rate Case (“GRC”) proceeding;

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.

Conclusions of Law

- 7. It is reasonable to require that net WRAM/MCBA over-collections be amortized through a surcredit on a customer’s service charges and that all under-collections be amortized through a surcharge on the volumetric rate.*
- 8. It is reasonable to change the deadline for applicants to submit their annual WRAM/MCBA report from March 31st to the previous November 30th, and to include nine months of recorded data through September 30th in the report.*

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.

In addition, D.18-12-021 increases the cap on amortization of the WRAM/MCBA balances:

Ordering Paragraph

151. The cap on amortization of WRAM/MCBA balances should not be eliminated but should be increased to 15% of the last authorized revenue requirement for each of Cal-Am's districts.

California American Water submitted its annual report with DWA on 11/30/2020. The report contained recorded balances January 1 through October 31, 2020 and forecasted balances for the period November 1 through December 31, 2020.

REQUEST

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

Recovery of WRAM/MCBA Balances			
Description	WRAM/MCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Balance
Baldwin Hills - Los Angeles			
Prior Year Balance	(\$1,082,232.03)	(\$12,554)	(\$1,094,786)
Current Year Balance	(\$1,044,893)	(\$1,410)	(\$1,046,303)
Total Balance Requested	(\$2,127,125)	(\$13,964)	(\$2,141,089)
2020 Adopted Revenue			6,875,810
Total Balance % of Revenue			31.1%
Duarte - Los Angeles			
Prior Year Balance	(\$267,167.80)	(\$7,489)	(\$274,656)
Current Year Balance	(\$393,531)	(\$592)	(\$394,123)
Total Balance Requested	(\$660,699)	(\$8,081)	(\$668,780)
2020 Adopted Revenue			\$9,598,906
Total Balance % of Revenue			7.0%
San Marino - Los Angeles			
Prior Year Balance	184,348	(134)	\$184,214
Current Year Balance	(541,708)	(1,103)	(\$542,811)
Total Balance Requested	(357,359)	(\$1,237)	(\$358,597)
2020 Adopted Revenue			\$19,299,187
Total Balance % of Revenue			1.9%

Based on the above balance and the adopted amortization schedule per D.12-04-048 Appendix A, California American Water requests a volumetric surcharge of \$0.1645 per 100 gallons over a 24-month period for Baldwin Hills, \$0.0406 per 100 gallons over a 12-month period for Duarte, and \$0.0113 per 100 gallons over a 12-month period for San Marino be added to the Company's tariffs.

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 March 31, 2021.

NOTICE

Pursuant to Section 4.3 of General Order No. 96-B, a copy of this advice letter is being provided to those entities listed in the attached "SERVICE LIST PURSUANT TO SECTION 4.3 OF G.O. NO. 96-B." Per guidance from the California Public Utilities Commission's Water Division, during the COVID-19 pandemic advice letters will only be delivered electronically to the service list. Hardcopy advice letters will be mailed as soon as administrative staff are able to return to California American Water offices.

RESPONSE OR PROTEST²

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 grounds³ are:

1. The utility did not properly serve or give notice of the AL;
2. The relief requested in the AL would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
3. The analysis, calculations, or data in the AL contain material error or omissions;
4. The relief requested in the AL is pending before the Commission in a formal proceeding;
or
5. The relief requested in the AL requires consideration in a formal hearing, or is otherwise inappropriate for the AL process; or
6. The relief requested in the AL is unjust, unreasonable, or discriminatory, provided that such a protest may not be made where it would require re-litigating 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

² G.O. 96-B, General Rule 7.4.1

³ G.O. 96-B, General Rule 7.4.2

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:

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:

Nancy.Hollingsworth@amwater.com

Mailing Address:

4701 Beloit Drive
Sacramento, CA 95838

sarah.leeper@amwater.com

555 Montgomery Street, Ste. 916
San Francisco, CA 94111

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.

REPLIES⁴

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/ Jeffrey T. Linam

Jeffrey T. Linam
Vice President of Rates & Regulatory

⁴ G.O. 96-B, General Rule 7.4.3

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

SPECIAL CONDITIONS

Fees and Surcharges (Continued):

1. Per Advice Letter 1251, 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 October 1, 2019. The total amount will be recovered from all classes of customers.

Service Area	Consolidated Expense Balance Account Surcharge Per 100 gallon	Number of Months Applicable From Effective Date
Baldwin Hills	\$0.0244	36
Duarte	\$0.0152	24
San Marino	\$0.0202	12

2. Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) Surcharges.

- a. For the **Baldwin Hills** service area, a surcharge/surcredit is included in each bill to recover the net under/over-collection in the WRAM and MCBA of \$2,141,089 including interest, as of December 31, 2020. The surcharge of \$0.1645 per 100 gallons is set to recover the under-collection at a rate equal to 15% of the authorized revenue requirement as approved by D.18-12-021. (C)
(C)
(C)
- b. For the **Duarte** service area, a surcharge/surcredit is included in each bill to recover the net under/over-collection in the WRAM and MCBA of \$668,780, including interest, as of December 31, 2020. The surcharge of \$0.0406 per 100 gallons is set to recover the under-collection at a rate equal to 15% of the authorized revenue requirement as approved by D.18-12-021. (C)
(C)
(C)
- a. For the **San Marino** service area, a surcharge/surcredit is included in each bill to recover the net under/over-collection in the WRAM and MCBA of \$358,597, including interest, as of December 31, 2020. The surcharge of \$0.0113 per 100 gallons is set to recover the under-collection at a rate equal to 15% of the authorized revenue requirement as approved by D.18-12-021. (C)
(C)
(C)

3. A surcharge is applied to each bill to offset increases in purchase water costs for the Los Angeles County District.

Service Area	Purchased Water Surcharge Per 100 Gallon	Effective Date	Advice Letter
Baldwin Hills	\$0.0451	July 1, 2020	1301
Duarte	\$0.0990	July 1, 2020	1301
San Marino	\$0.0909	July 1, 2020	1301

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1328	J. T. LINAM	Date Filed	03/31/2021
Decision		DIRECTOR - Rates & Regulatory	Effective	03/31/2021
			Resolution	

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Sacramento- Dunnigan	8163-W
Sacramento- Geyserville	8321-W
Sacramento - Meadowbrook	8512-W
San Diego County	6601-W, 6602-W
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(C)

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1328	J. T. LINAM	Date Filed <u>03/31/2021</u>
Decision	DIRECTOR - Rates & Regulatory	Effective <u>03/31/2021</u>
		Resolution _____

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<u>(TO BE INSERTED BY UTILITY)</u>	<u>ISSUED BY</u>	<u>(TO BE INSERTED BY C.P.U.C.)</u>
Advice 1328	J. T. LINAM	Date Filed <u>03/31/2021</u>
Decision	DIRECTOR - Rates & Regulatory	Effective <u>03/31/2021</u>
		Resolution _____

LOS ANGELES COUNTY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1328

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LOS ANGELES COUNTY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1328

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