

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 5, 2018

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. 1195-A, (Supplement to Advice Letter No. 1195), filed on June 15, 2018, regarding your requesting recovery of the 2017 WRAM and MCBA balances for the Sacramento District.

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

<u>P.U.C. Sheet No.</u>	<u>Title of Sheet</u>
8781-W	Schedule No. SC-1 (continued) Sacramento District Tariff Area GENERAL METERED SERVICE
8782-W	TABLE OF CONTENTS Page 3
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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



4701 Beloit Drive
Sacramento, CA 95838
www.amwater.com

P (916)-568-4251
F (916) 568-4260

June 15, 2018

ADVICE LETTER NO. 1195-A

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

<u>C.P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Sheet No.</u>
8781-W	Schedule No. SC-1 (continued) Sacramento District Tariff Area GENERAL METERED SERVICE	8687-W
8782-W	TABLE OF CONTENTS Page 3	8779-W
8783-W	TABLE OF CONTENTS Page 1	8780-W

PURPOSE

This supplemental updates the Adopted Revenue and updates the Actual Residential Revenue.

The purpose of advice letter 1195 was to request the recovery of the 2017 WRAM & MCBA balances. This request is in compliance with authorizations of the California Public Utilities Commission as detailed in D.15-04-007, D.12-04-048, and D.13-07-041.

BACKGROUND

As noted on page 70 of the settlement adopted in D.15-04-007, Cal-Am established a WRAM and MCBA in Advice Letter 1072-B as outlined below;

ORA and CAW agree to the design as proposed by CAW, including the establishment of the WRAM/MCBA for the Sacramento District in accordance with D.08-11-023 Appendix A, as modified by the settlement agreement adopted in D.12-06-016.

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 Cal-Am'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.*

California American Water submitted its annual report with DWA on 11/30/2017. The report contained recorded balances January 1 through October 31, 2017 and forecasted balances for the period November 1 through December 31, 2017.

REQUEST

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

Description	WRAM/MCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Cumulative Surcharge Collections	Balance
PRIOR YEAR BALANCE	(\$16,120,792)	(\$150,269)	\$4,297,524	(\$11,973,536)
CURRENT YEAR BALANCE	(\$7,008,917)	(\$47,168)	\$0	(\$7,056,086)
BALANCE ALL YEARS				(\$19,029,622)
2017 Adopted Revenue				\$54,139,682
Total Balance % of Revenue				35.1%

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 \$0.0529 per 100 gal over a 36 month period 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, 2018.

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;

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

- 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.

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
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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:
Melody Singh <i>Manager of Rates & Regulatory</i>	Melody.singh@amwater.com	4701 Beloit Drive Sacramento, CA 95838 Fax: (916) 568-4246
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, contact this person at (916) 568-4209.

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

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Jeffrey T. Linam

Jeffrey T. Linam
Vice President of Rates & Regulatory

³ G.O. 96-B, General Rule 7.4.3

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(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1195-A	J. T. LINAM	Date Filed	06/15/2018
Decision		DIRECTOR - Rates & Regulatory	Effective	03/31/2018
			Resolution	

**SACRAMENTO DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1195**

EMAIL

California Public Utilities
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Division of Ratepayer
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dra_water_al@cpuc.ca.gov

Citrus Heights Water District
6230 Sylvan Road
Citrus Heights CA 95610
rchurch@chwd.org

City of Sacramento, Water
Division
1391 35th Avenue
Sacramento CA 95822
dsherry@cityofsacramento.com

Florin County Water District
P.O. Box 292055
Sacramento CA 95829
fcwd@sbcglobal.net

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avan@citrusheights.net

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sarah.leeper@amwater.com

MAIL

CA Dept of Health Services
Div of Drinking Water &
Environmental Mgt
P.O. Box 997416
#Sacramento CA 95899-7413

Fruitridge Vista Water Co.
1108 2nd St
Sacramento CA 95814

Placer County Water Agency
P.O. Box 6570
Auburn CA 95804

Rio Linda Water District
730 L Street
Rio Linda CA 95673

Sacramento County WMD
827 7th Street, Room 301
Sacramento CA 95814

Sacramento Suburban Water
District
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Suite 100
Sacramento CA 95821-5303

Anthony La Bouff
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Placer County
175 Fulweiler Avenue
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Carol Smith
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Citrus Heights CA 95621

Mark Norris
County Clerk-Recorder
County of Sacramento
600 8th Street
Sacramento CA 95814

Robert Baptiste
9397 Tucumcari Way
Sacramento CA 95827-1045

SACRAMENTO DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1195

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