

PRELIMINARY STATEMENT
(Continued)

Sheet 1

AN. Public Safety Power Shut-Off Memorandum Account (PSPSMA)

1. PURPOSE:

The purpose of the PSPSMA is to record the incremental Operation and Maintenance (O&M) expenses and carrying costs of the new facilities costs, that are not otherwise covered in California American Water’s revenue requirement, to address public safety needs in the event of a proposed or declared Public Safety Power Shut-Off (PSPS) event by any of the electric utilities that provide electric service to California American Water’s ratemaking areas, including advanced preparation costs.

2. APPLICABILITY:

Incremental O&M costs California American Water expect to incur include, but are not limited to the following:

- Purchased fuel for generators;
- Service contracts for generator maintenance, inspection and repair

Incremental plant investment California American Water expects to make include, but are not limited to the following:

- Generator costs;
- Automatic transfer switch costs;
- SCADA integration costs (i.e. programming to incorporate generator into SCADA system for remote monitoring and data acquisition);
- Equipment installation costs;
- Generator site preparation costs (i.e. cabling, hook ups, electrical box panel switches, and ancillary equipment to properly operator generators);
- Engineering and design costs;
- Project Management costs;
- Permitting costs

The PSPSMA shall only be used to track costs associated with potential and declared Public Safety Power Shut-off events. Costs that are duplicative or requested in a general rate case shall not be recorded.

3. RATES:

The memorandum account currently has no rate component.

4. ACCOUNTING PROCEDURE:

Expenditure Entries:

- a. A debit entry shall be made to the PSPSMA to record all PSPS-related costs including but not limited, purchased fuel for generators and service contracts.

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(TO BE INSERTED BY UTILITY)

ISSUED BY

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

Advice 1353

J. T. LINAM

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Decision

DIRECTOR - Rates & Regulatory

Effective 03/04/2022

Resolution _____

PRELIMINARY STATEMENT
(Continued)

Sheet 2

AN. Public Safety Power Shut-Offs Memorandum Account (PSPSMA) (Continued):

Revenue Requirement Entries:

- a. Amounts equal to the revenue requirements of each capital expenditures at California American Water's authorized rate of return and related expenses (including return, income taxes, ad valorem tax, depreciation, and other taxes and fees).

Interest:

- b. Interest shall accrue on the PSPSMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

2. EFFECTIVE DATE:

The PSPSMA shall have the effective date of December 19, 2019.

3. DISPOSITION:

Disposition of amounts recorded in the PSPSMA shall be determined in California American Water's next General Rate Case application or by as otherwise determined by the Commission, if the account's cumulative balance exceeds 2% of California American Water's adopted gross revenues.

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(TO BE INSERTED BY UTILITY)

Advice 1353
Decision

ISSUED BY

J. T. LINAM
DIRECTOR - Rates & Regulatory

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