BT. Annual Consumption Adjustment Mechanism ("ACAM")

1. PURPOSE:

The purpose of the Annual Consumption Adjustment Mechanism ("ACAM") is to adjust rates annually based on the previous year's actual water consumption in order to stabilize revenues and moderate future Water Revenue Adjustment Mechanism ("WRAM")/Modified Cost Balancing Account ("MCBA") balances. D.18-05-027, established the ACAM for California American Water's Monterey Service Area as a pilot program effective January 1, 2019. Per D.21-11-018 the ACAM is a permanent program for the Monterey Service Area and a pilot program for all other service areas to be evaluated in the subsequent GRC.

2. APPLICABILITY:

Applicable to California American Water's Central, Northern, and Southern Divisions. The Fruitridge Vista, Chualar, and Bellflower service areas are excluded. (N)

3. RATES:

The ACAM annually adjusts volumetric rates based on actual water sales.

4. REGULATORY PROCESS:

a. California American Water will file a Tier 2 advice letter on or before November 15.

b. The advice letter will provide actual recorded monthly consumption by classification and by tier from October 1 of the prior year through September 30 of the current year, along with the legal and court ordered production limitations, covered by the ACAM for the applicable service areas in the Northern, Central, and Southern Divisions.

c. Upon approval of the Tier 2 advice letter, California American Water will file a Tier 1 advice letter to implement new rates January 1 of the subsequent year. The approved data will then replace the adopted quantities beginning January 1 of the subsequent year and be used for future rate adjustments during that year.

5. RATEMAKING PROCEDURE:

California American Water will include ACAM results in implementation of test year and attrition year filings.

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