

PRELIMINARY STATEMENT

A. Territory Served by the Utility

The area in which service is or will be furnished by this utility under its main extension rule is described below and is delineated on the service area maps shown on or attached to the tariff sheets following:

<u>District</u>	<u>County</u>	<u>Principal Communities Served in Whole or in Part</u>
Coronado	San Diego	Coronado, Imperial Beach, City of San Diego; and certain contiguous areas.
Monterey	Monterey	Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, Seaside, Ambler Park subdivision, Rim Rock subdivision, Rancho El Toro Country Club, Laguna Seca Ranch Estates; Corral de Tierra Canyon and certain contiguous areas. (C)
Baldwin Hills	Los Angeles	Baldwin Hills, Windsor Hills, View Park, Ladera Heights; and certain contiguous areas.
Duarte	Los Angeles	Bradbury, Duarte, Irwindale, Monrovia; and certain contiguous areas.
San Marino	Los Angeles	San Marino, San Gabriel, Rosemead, Temple City; and certain contiguous areas.
Village	Ventura	Thousand Oaks, Newbury Park, Camarillo; and certain contiguous areas. (D)
		(D)
Sacramento	Sacramento & Placer	Arden, Antelope, Lincoln Oaks, Suburban, Parkway, Sunrise, Walnut Grove, Isleton, West Placer County; and certain contiguous areas.
Larkfield	Sonoma	Larkfield, Wikiup, Fulton; and certain contiguous areas.

B. Types and Classes of Service

The types and classes of service furnished are set forth in each rate schedule under the designation "Applicability".

C. Description of Service

The characteristics of the service furnished are indicated in Rule No. 2, Description of Service.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

ADVICE LETTER NO. 722

D. P. STEPHENSON
NAME

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DECISION NO.

Director - Rates & Regulations
TITLE

EFFECTIVE FEB 24 2009
RESOLUTION NO.

PRELIMINARY STATEMENT

(continued)

D. Procedure to Obtain Service

(L)

Service as described herein will be furnished to any person or corporation whose premises are within the utility's service area, provided application is made in accordance with Rule No. 3, Application for Service; credit is established as required in Rule No. 6, Establishment and Re-establishment of Credit; Customer's piping and valves are installed as required in Rule No. 16, Service Connections, Meters, and Customer's Facilities, under "Customer's Responsibility"; and a contract is signed in those certain circumstances specified in Rule No. 4, Contracts.

Where an extension of the utility's mains is necessary Rule No. 15, Main Extensions, applies, and if the project is of a temporary or speculative nature, Rule No. 13, Temporary Service, is applicable.

Applicants for service and customers must also conform to and comply with the other established rules as provided herein.

(L)

E. Symbols

Whenever tariff sheets are refiled, changes will be identified by the following symbols:

- (C) To signify changed listing, rule or condition which may affect rates or charges.
- (D) To signify discontinued material, including listing, rate, rule or condition.
- (I) To signify increase.
- (L) To signify material relocated from or to another part of tariff schedules with no change in text, rate, rule or condition.
- (N) To signify new material including listing, rate, rule, or condition.
- (R) To signify reduction.
- (T) To signify change in wording of text but not change in rate, rule or condition.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 569

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D. P. STEPHENSON

NAME

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

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TITLE

RESOLUTION NO. _____

PRELIMINARY STATEMENT
 (continued)

F. National Oceanic and Atmospheric Administration Endangered Species Act ("NOAA/ESA")
 Memorandum Account

1. PURPOSE: The purpose of the NOAA Memorandum Account is to track compliance payments made by California American Water to the United States Department of Commerce National Oceanic Atmospheric Administration ("NOAA"), or its designated payee, for Federal Endangered Species Act ("ESA") mitigation.
2. APPLICABILITY: California American Water's Monterey District. Any balances in this account that are authorized by the Commission will be recovered from customers in the Monterey main system. (C)
3. ACCOUNTING PROCEDURE: California American Water was granted authority to maintain its memorandum account in Decision D. 09-07-021 and in Appendix A. of Decision D. 09-07-022. The account shall remain open through the end of the agreement, July 1, 2016.
 - a. A debit or credit entry equal to each compliance payment made in connection with the NOAA settlement.
 - b. A debit or credit entry to capture any rate recovery as authorized by the CPUC.

G. Credit Card Memorandum Account

1. PURPOSE: The purpose of the Credit Card Memorandum Account is to track avoided costs of check processing fees due to customers paying by credit card rather than by check.
2. APPLICABILITY: Applicable districts served by California American Water.
3. ACCOUNTING PROCEDURE: California American Water was granted a memorandum account to track costs in Advice Letter 640-A. This account will remain in use until amounts are extinguished via rate case filings.
 - a. A \$1.50 credit entry will be completed per credit card transaction.
 - b. The memorandum account will be kept open until the time of the next general rate case filing for each district. At the time of the rate case decision in each district, the avoided check processing fees will be credited back to all customers as a sur-credit over the appropriate time period.

H. San Clemente Dam Memorandum Account

1. PURPOSE: The purpose of the San Clemente Dam Memorandum Account is to track costs related to the San Clement Dam retrofit project. This account was created to remove project costs from rate base and into a memorandum account for later reasonableness review by the CPUC. Additionally, this account was created to track the carrying costs associated with the project.
2. APPLICABILITY: California American Water's Monterey District.
3. ACCOUNTING PROCEDURE: Cal Am was granted a memorandum account for tracking these costs as part Decision No. 06-11-050. The AFUDC rate was changed to the Monterey rate of return in Decision No. 08-05-036. This account will remain open until the project is completed or the CPUC orders Cal-Am to implement different treatment.
 - a. A debit entry equal to the amount of interest accumulated based on project costs.
 - b. As per D. 08-05-036, the rate is 7.85%.

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 825-A
 DECISION NO. D. 09-07-021 & D. 09-07-022

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D. P. STEPHENSON
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PRELIMINARY STATEMENT

(continued)

I. Water Revenue Adjustment Mechanism ("WRAM") Balancing Account

- 1. PURPOSE: The purpose of the WRAM Balancing Account is to track the under collection or over collection of revenues due to the differences in the per-capita rate design and the CPUC standard design. The WRAM account tracks the differences between adopted and actual revenues recovered through the quantity charge.
- 2. APPLICABILITY: Applicable districts served by California American Water.
- 3. ACCOUNTING PROCEDURE: California American Water has been granted memorandum accounts for each district from various CPUC decisions.
 - a. A debit or credit entry equal to the under or over collection of revenues.
 - b. By March 31 of each year, Cal Am will provide Water Division (with a copy to DRA) a written report on the status of the WRAM balances. If the report shows the net balance exceeds 2.5% of a district's total recorded revenue requirement for the prior calendar year, Cal Am will file an advice letter within 30 days that amortizes the balance through a volumetric surcharge if it is an under-collection, or a volumetric sur-credit if it is an over-collection. If the 2.5% threshold is not met, these balancing accounts will be amortized in the next general rate case.

J. Endangered Species Act ("ESA") Memorandum Account

- 1. PURPOSE: The purpose of the ESA Memorandum Account is to track costs incurred for compliance with Endangered Species Act ("ESA") requirements, except for ESA compliance costs associated with the San Clemente Dam.
- 2. APPLICABILITY: California American Water's Monterey District.
- 3. ACCOUNTING PROCEDURE: California American Water was granted authority to maintain its memorandum account for ESA costs in Decision D. 09-07-021.
 - a. A debit entry equal to the costs associated with ESA compliance. (C)
 - b. Fines related to ESA may not be tracked in this account. (C)

K. Monterey Peninsula Water Management District ("MPWMD") Conservation Balancing Account

- 1. PURPOSE: The MPWMD Conservation Balancing Account is a one-way balancing account designed to track conservation related expenses and surcharges. This balancing account shall be capped at \$1,156,000 for the three year period, from January 1, 2009 through December 31, 2011.
- 2. APPLICABILITY: California American Water's Monterey District, excluding Ambler, Ralph Lane, Chualar and Toro.
- 3. ACCOUNTING PROCEDURE: California American Water was granted a one-way balancing account for these costs in Decision No. 09-05-029.
 - a. A credit entry equal to the amounts collected through the MPWMD conservation surcharge.
 - b. A debit entry equal to the conservation-related expenses outlined in D. 09-05-029.

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D. P. STEPHENSON

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& 09-07-022

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PRELIMINARY STATEMENT

(continued)

L. California American Water (CAW) Conservation Surcharge Balancing Account

1. PURPOSE: The CAW Conservation Surcharge Balancing account is a one-way balancing account designed to track conservation related expenses and surcharges associated with CAW's internal conservation efforts. This balancing account shall be capped at \$2,424,678 for the three year period from January 1, 2009 through December 31, 2011 and increased \$250,000 for the period from January 14, 2011 through December 31, 2011 for a total cap at the end of 2011 of \$2,674,678. (C)
2. APPLICABILITY: All systems in California American Water's Monterey Water District. (C)
3. ACCOUNTING PROCEDURE: California American Water was granted a one-way balancing account for these costs in Decision No. 09-05-029. (C)
 - a. A credit entry equal to the amounts collected through the CAW surcharge as part of conservation efforts.
 - b. A debit entry equal to the amounts spent as part of conservation efforts.
 - c. The one-way balancing account will have two internal spending caps; one on the public outreach and education budget of \$901,488 for three years and one on the rebate budget of \$974,925 for three years, with an additional \$250,000 for 2011 per Advice Letter 878. For the remaining \$548,265, CAW shall make reasonable efforts to apply these funds toward the conservation budget approved in D.09-05-029. CAW shall have discretion to move the \$548,265 between its conservation programs, excluding public outreach and rebates. (C)

M. Employee Retirement Income Security Act ("ERISA") Surcharge Balancing Account

1. PURPOSE: The purpose of the ERISA Surcharge Balancing account is to track all surcharges collected and retirement contributions made by Cal-Am.
2. APPLICABILITY: Applicable districts served by California American Water.
3. ACCOUNTING PROCEDURE: California American Water has been granted balancing accounts for ERISA tracking of over collection and under collection of pension accounts as part of Decision No. 06-11-050.
 - a. A credit entry equal to the amounts collected as part of the pension surcharge efforts
 - b. A debit entry equal to the amounts spent as part of funding the pension
 - c. The surcharge is 3% of customer bills

N. American Job Creation Act Tax Credits Memorandum Account.

1. PURPOSE: The purpose of the American Job Creation Act Tax Credits Memorandum account is to track all tax benefits associated with the law.
2. APPLICABILITY: Applicable districts served by California American Water.
3. ACCOUNTING PROCEDURE: California American Water has been granted balancing accounts for each district from various CPUC decisions. Each general rate case will determine how much is in the accounts and how the amount should be treated from a rate making perspective.
 - a. A credit entry equal to the savings realized by Cal-Am.
 - b. A debit entry equal to the amounts spent on efforts to utilize AJCA

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		TITLE	

PRELIMINARY STATEMENT
(Continued)

O. Low-Income Ratepayer Assistance ("LIRA") Program Memorandum Account

1. PURPOSE: The purpose of the LIRA Balancing Account is to track cost expenditures and recoveries associated with the LIRA program.
2. APPLICABILITY: Applicable districts served by California American Water.
3. ACCOUNTING PROCEDURE: California American Water has been granted balancing accounts for each district from various CPUC decisions.
 - a. A debit entry equal to the amounts spent on activities associated with the program.
 - b. A debit entry equal to the recorded reduction in billed service charge revenue that results from providing the discount to qualified customers.
 - c. A credit entry equal to the amounts spent on franchise fee and uncollectible expenses.

P. Conservation Program Balancing Account

1. PURPOSE: The purpose of the Conservation Balancing Account is to track cost expenditures and recoveries associated with conservation efforts.
2. APPLICABILITY: Applicable districts served by California American Water.
3. ACCOUNTING PROCEDURE: California American Water has been granted balancing accounts for each district from various CPUC decisions.
 - a. A credit entry equal to the amounts collected through surcharges as part of conservation efforts
 - b. A debit entry equal to the amounts spent as part of conservation efforts
 - c. This is a one-way balancing account, whereby California American Water will refund customers 1) amounts that were collected as part of the authorized conservation budget, but were not spent and/or 2) amounts collected in excess of the authorized conservation budget for each district. Any amounts subject to refund will be amortized at the end of the district's rate case period.

Q. Coastal Water Project Memorandum Account

1. PURPOSE: The purpose of the Coastal Water Project Memorandum Account is to track costs associated with the Coastal Water Project.
2. APPLICABILITY: California American Water's Monterey District.
3. ACCOUNTING PROCEDURE: California American Water was granted a memorandum account in Decision No. 03-09-022. Per Decision No. 11-09-039 interest is to accrue at 4%. (C)
 - a. A debit entry equal to the amount of costs associated with the Coastal Water Project.
 - b. A credit entry equal to the amount of surcharge collected to offset the costs associated with the Coastal Water Project.

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 918
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EFFECTIVE SEP 30 2011
RESOLUTION _____

PRELIMINARY STATEMENT
(continued)

R. Water Contamination Litigation Expense Memorandum Account

(N)

1. PURPOSE: The purpose of the Water Contamination Litigation Expense Memorandum account is to track costs associated with litigating water contamination legal cases.
2. APPLICABILITY: Applicable districts served by California American Water.
3. ACCOUNTING PROCEDURE: CPUC Resolution W-4094 authorized all water utilities to establish a memorandum account to track water contamination litigation expenses.
 - a. Per Commission approved Resolution No. W-4094 dated March 26, 1998, authorizing all water utilities to establish a memorandum accounts to track water contamination litigation expenses and to recover reasonable expenses in a subsequent general rates case application.

S. Patton Well & Treatment Memorandum Account

1. PURPOSE: The purpose of the Patton Well & Treatment Memorandum Account is to track costs for the well and treatment construction costs for this capital project.
2. APPLICABILITY: California American Water's Los Angeles District.
3. ACCOUNTING PROCEDURE: California American Water was granted a memorandum account in Decision No. 07-08-030.
 - a. A debit entry will be created to capture costs associated with building the water infrastructure.
 - b. Project costs will be reviewed at the next Los Angeles general rate case
 - c. Interest shall accrue at 4%.

T. Carmel River Dam Abandonment Project Memorandum Account

1. PURPOSE: The purpose of the Carmel River Dam Memorandum Account is to track the amount spent on the project along with the surcharge being collected from customers.
2. APPLICABILITY: California American Water's Monterey District.
3. ACCOUNTING PROCEDURE:
 - a. A debit entry represents project costs
 - b. A credit entry represents surcharges collected from customers to offset project costs.

U. Santa Rosa Groundwater Study Memorandum Account

1. PURPOSE: The purpose of the Santa Rosa Groundwater Study Memorandum Account is to track costs associated with the Santa Rosa Plain Groundwater Study.
2. APPLICABILITY: California American Water's Larkfield District.
3. ACCOUNTING PROCEDURE: California American Water was granted a memorandum account in rate case application 04-04-041.
 - a. A debit entry will be created for all payments associated with the study
 - b. A credit entry will be created once rate recovery is later determined in future rate cases.

(N)

(continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 722
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DATE FILED JAN 20 2009
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RESOLUTION NO. _____

PRELIMINARY STATEMENT
(continued)

V. Seaside Groundwater Basin Memorandum Account

(C) (N)

- 1. PURPOSE: The purpose of the Seaside Groundwater Basin ("SGB") Memorandum Account is to track payments associated with the Water Master establishment.
- 2. APPLICABILITY: California American Water's Monterey District.
- 3. ACCOUNTING PROCEDURE: California American Water was granted authority to maintain this memorandum account in Appendix A of Decision (D.) 09-07-021.
 - a. A debit entry will be created to capture costs associated with the SGB.
 - b. A credit entry will be created to transfer the payments to the Seaside Groundwater Basin Balancing Account to be recovered via a separate surcharge.

(C) (N)

W. Interim Rate True Ups Balancing Account

- 1. PURPOSE: The purpose of the Interim Rate True Up Balancing Account is to track the differences between interim rates and the final rates agreed upon in each decision.
- 2. APPLICABILITY: Applicable districts served by California American Water.
- 3. ACCOUNTING PROCEDURE:
 - a. A debit entry equals the amount of difference that California American Water will seek in the true up
 - b. A credit entry equals the amount paid by customers to offset the balance of interim rates sought by Cal-Am.

X. Expense Balancing Account

- 1. PURPOSE: The purpose of the Expense Balancing Account is to track costs that could severely injure utilities from achieving their authorized earnings. These balancing accounts do not address rate design but rather, they address expenses.
 - a. California American Water utilizes the Purchased Water, Purchase Power, & Pump Tax Expense Balancing Accounts
- 2. APPLICABILITY: Applicable districts served by California American Water.
- 3. ACCOUNTING PROCEDURE: California American Water was granted a balancing account in Decision No. 03-06-072. Additionally, as per D.06-04-037, Class A water Utilities shall report on the status of their balancing accounts in their general rate case and shall propose adjustments to their rates in that context to amortize under- or over-collections in those accounts subject to reasonableness review. They also propose such rate adjustment by advice letter at any time that the under-or over-collection exceeds two percent (2%) of annual revenues for the utility or a ratemaking district of the utility. California American will annually file for permission to refund any over-collected balances that are at least 1% of the revenue requirements.

Y. LA DSIC Balancing Account

- 1. PURPOSE: The purpose of the LA DSIC Balancing Account is to track differences between Commission authorized DSIC revenue and the actual DSIC revenues collected.
- 2. APPLICABILITY: California American Water's LA District.
- 3. ACCOUNTING PROCEDURE:
 - a. A debit entry equals the amount that California American Water is authorized to recover on DSIC projects.
 - b. A credit entry equals the amount collected from customers.

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PRELIMINARY STATEMENT
(continued)

AA. Monterey Interim Rate True-Up Memorandum Account

(C)

In accordance with the Rate Case Plan authorized in D. 07-05-062 and Administrative Law Judge Ruling dated December 23, 2008 this memorandum account is to track the difference between interim rates and final rates granted in General Rate Case (GRC) Applications (A.) 08-01-027 and 08-01-024. Interim rates are effective from May 11, 2009 pursuant to Advice Letter 750-B. The 2010 step rates approved by Advice Letter 818-A will be tracked as part of the interim rate true-up memorandum account.

AB. Los Angeles Districts Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Accounts (MCBA)

Per Decision 08-06-002, these balancing accounts are to ensure recovery of the adopted fixed costs recovered through volumetric rates and the actual variable costs for purchased water, purchased power, and pump taxes. Each service area has a WRAM and a MCBA. The WRAM has separate reporting by customer class. These accounts will be considered together when determining the need for revenue recovery from or refunds to ratepayers in that service area. The WRAM and MCBA will accrue interest at the 90-day commercial paper rate.

By March 31st of each year, California American Water will provide a written report that includes the net WRAM/MCBA balance in each service area as of December 31 of the prior year. If the annual report shows a combined over or under collection for the WRAM or MCBA in any service area that exceeds 2.5% of the service area's recorded revenue requirement for the prior calendar year, California American Water will file an advice letter within 30 days that amortizes the balance through a volumetric surcharge or surcredit. If the 2.5% threshold is not met, these balancing accounts will be amortized in the next GRC.

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RESOLUTION NO. _____

PRELIMINARY STATEMENT
(continued)

AC . Catastrophic Event Memorandum Account ("CEMA") (T)

1. PURPOSE: The purpose of the CEMA is to recover the costs associated with the restoration of service and California American Water facilities affected by a catastrophic event declared a disaster or state of emergency by competent federal or state authorities. The balance in the CEMA will be recovered in rates after CPUC review and audit of the recorded CEMA balance. The authority to establish this account was granted in CPUC Resolution E-3238, dated July 24, 1991.

Should a disaster occur, California American Water will inform the Executive Director of the CPUC by letter within 30 days after the catastrophic event that California American Water has started booking costs in the CEMA.

The letter shall specify the declared disaster, date, time, location, service area affected, impact on California American Water's facilities, and an estimate of the extraordinary costs expected to be incurred, with costs due to expenses and capital items shown separately.

California American Water shall not record any capital costs or expenses incurred prior to the start of the declared disaster or state of emergency, as identified by the appropriate Authorities, pursuant to Government Code Sections 8558, 8588, and 8625, or comparable federal authority.

Descriptions of the terms and definitions used in this section are found in Rule 1.

2. APPLICABILITY: The CEMA balance will be recovered from all customer classes, except those specifically excluded by the CPUC.

3. CEMA RATES: The CEMA does not currently have a rate component.

4. ACCOUNTING PROCEDURE: Upon declaration of a disaster or state of emergency, California American Water shall maintain the CEMA from the date of the event causing the disaster occurred by making entries to this account at the end of each month as follows:

a. A debit entry equal to the amounts recorded in California American Water's Operations and Maintenance, and Administrative and General Expense Accounts that were incurred as a result of the disaster and related events.

b. A debit entry equal to:

1) depreciation expense on the average of the beginning and the end-of-month balance of plant installed to restore service to customers, or to replace, repair, or restore any plant or facilities, or to comply with government agency orders, in connection with events declared disasters, at one-twelfth the annual depreciation rates approved by the CPUC for these plant accounts; plus

2) the return on investment on the average of the beginning and the end-of-month balance of plant installed to restore service to customers or replace, repair, or restore any plant or facilities, or to comply with government agency orders, in connection with events declared disasters, at one-twelfth of the annual rate of return on investment last adopted for California American Water's Water Department by the CPUC; plus

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ADVICE LETTER NO. 778

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TITLE

RESOLUTION NO.

PRELIMINARY STATEMENT

(continued)

3) the return on the appropriate allowance for working capital using calculations last adopted by the CPUC for the Water Department, and the return in G.4.b.2 above; plus

4) the return on net cost of removal of facilities required as a result of the disaster and related events, using the rate of return in G.4.b.2 above; less

5) the return on the average of beginning and end-of-month accumulated depreciation, and on average accumulated net deferred taxes on income resulting from the normalization of federal tax depreciation, using the rate of return in G.4.b.2 above.

c. A debit entry equal to federal and state taxes based on income associated with item G.4.b above, calculated at marginal tax rates currently in effect. This will include all applicable statutory adjustments. For federal and state taxes, this will conform to normalization requirements as applicable. Interest cost will be at the percentage of net investment last adopted by the CPUC with respect to California American Water.

d. A credit entry to transfer all or a portion of the balance in this CEMA to other adjustment clauses for future rate recovery, as may be approved by the CPUC.

e. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the entries from G.4.a through G.4.c above, at a rate equal to one twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, G.13, or its successor. Entries in items G.4.a and G.4.b above, shall be made net of the appropriate insurance proceeds. Items G.4.a, G.4.b, and the appropriate determinants of item G.4.c above, in any month, shall be prorated to reflect the latest jurisdictional allocation factors.

5. FINANCIAL REPORTING: California American Water may, at its discretion, record the balance in the CEMA as a deferred debit on its balance sheet with entries to the appropriate income statement accounts, as necessary.

(N)

(N)

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 722

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PRELIMINARY STATEMENT
(continued)

AD. Temporary Interest Rate Balancing Account

(C)

1. **PURPOSE:** The purpose of the Temporary Interest Rate Balancing Account is to record any difference between the forecast incremental cost of debt included in the cost of capital. Additionally, effective November 20, 2009 under D. 09-11-019, California American Water is authorized to record, on a monthly basis, the \$88,958 difference between the forecast interest rate and the actual interest rate on \$35,000,000 of debt issued on November 26, 2008.
2. **APPLICABILITY:** All districts served by California American Water
3. **ACCOUNTING PROCEDURE:** California American Water was granted a balancing account in Decision (D.) 09-05-019.
 - a. This balancing account shall record the difference in interest expense between the actual interest cost for long-term debt for debt issued after May 7, 2009, and the interest cost included in the adopted cost of capital for debt issues in 2009 or later subject to a standard reasonableness review. In accordance with D. 09-11-019 and effective November 20, 2009, the balancing account shall also record \$88,958 per month to represent the difference between the forecast interest rate and the actual interest rate on \$35,000,000 of debt issued on November 26, 2008.
 - b. The balancing account shall remain in effect until the next cost of capital proceeding. The monthly recording of the \$88,958 shall terminate upon either the adoption of a new cost of capital for California American Water or any adjustment to the cost of capital pursuant to the Water Cost of Capital Adjustment Mechanism adopted in D. 09-07-051.
 - c. A debit entry is equal to the amount overstated between the actual interest cost and the interest cost included in the adopted cost of capital.
 - d. A credit entry is equal to the amount understated between the actual interest cost and the interest cost included in the adopted cost of capital.
 - e. The temporary interest rate balancing account will remain in effect until reviewed in the next cost of capital proceeding.

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PRELIMINARY STATEMENT

(continued)

AE. Seaside Basin Adjudication Balancing Account

(N)

- 1. PURPOSE: The purpose of the Seaside Basin Adjudication Balancing Account is to track the amortization of the costs and interest on the unamortized balance of costs incurred to litigate and secure Seaside Basin water rights.
- 1. APPLICABILITY: Monterey District
- 2. ACCOUNTING PROCEDURE: California American Water was granted a balancing account in Decision (D.) 09-07-021.
 - a. The balancing account will track the amortization of costs and interest on the amortized balance of costs.
 - b. Shall remain in effect until the next cost of capital proceeding.
 - c. A debit entry equal to the interest on the amortized balance.
 - d. A credit entry equal to the amount billed customers through the Seaside Basin surcharge.

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 778

ISSUED BY

D. P. STEPHENSON

NAME

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

DATE FILED JUL 14 2009

EFFECTIVE JUL 19 2009

DECISION NO. D.09-07-021

MGR - RATES & REGULATION

TITLE

RESOLUTION NO. _____

PRELIMINARY STATEMENT
 (continued)

AF. Seaside Groundwater Basin Balancing Account

1. PURPOSE: The purpose of the Seaside Groundwater Basin ("SGB") Balancing Account is to track payments associated with the Water Master establishment and recovery of such payments from customers.
2. APPLICABILITY: California American Water's Monterey District.
3. ACCOUNTING PROCEDURE: California American Water was granted authority to maintain this balancing account in Appendix A of Decision (D.) 09-07-021.
 - a. A debit entry will be created to transfer payments from the memorandum account to the balancing account.
 - b. A credit entry will be created to equal the amount collected from customers via a separate surcharge.

AG. Aquifer Storage and Recovery ("ASR") Project Memorandum Account

4. PURPOSE: The purpose of the Aquifer Storage and Recovery ("ASR") Memorandum Account is to record up to \$14,380,000 in costs for the Aquifer Storage and Recovery project for later ratemaking consideration by the Commission, expected to occur in 2012-20114 Monterey district general rate case.
5. APPLICABILITY: California American Water's Monterey District.
6. ACCOUNTING PROCEDURE: California American Water was granted authority to maintain this balancing account in Ordering Paragraph 12 of Decision (D.) 09-07-021 and in Appendix A of Decision (D.) 09-07-022.
 - a. A debit entry equal to the amount of costs associated with the Aquifer Storage and Recovery ("ASR") Project.
 - b. A credit entry equal to the amount of surcharge that may later be collected to offset the costs associated with the Aquifer Storage and Recover ("ASR") Project.

AH. Monterey Peninsula Water Management District ("MPWMD") User Fee Memorandum Account

(N)

7. PURPOSE: The purpose of the MPWMD User Fee Memorandum Account is to track costs for projects for which California American Water has proper responsibility and is providing funding, and that are performed by MPWMD. These costs are to be recorded to the MPWMD User Fee Memorandum Account during an interim period until the Commission authorizes a funding program pursuant to Ordering Paragraph 25 of Decision (D.) 09-07-021.
8. APPLICABILITY: California American Water's Monterey District.
9. ACCOUNTING PROCEDURE: California American Water was granted authority to maintain this memorandum account in Ordering Paragraph 25 of D. 09-07-021.
 - a. A debit entry equal to the amount of costs that are funded by California American Water for projects it has proper responsibility for and that are performed by MWPMD.

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
ADVICE LETTER NO.	785-A	D. P. STEPHENSON	DATE FILED	JUL 30 2009
		NAME	EFFECTIVE	JUL 20 2009
DECISION NO.	D. 09-07-021	MGR - RATES & REGULATION	RESOLUTION NO.	
		TITLE		

PRELIMINARY STATEMENT
(continued)

Al. Water Cost of Capital Adjustment Mechanism

(N)

1. **PURPOSE:** The purpose of the Water Cost of Capital Adjustment Mechanism is to provide for an automatic adjustments, up or down as the case may be, to a water utility's adopted return on equity for 2009 (and thus it's overall rate of return on rate base for 2009) for years 2010 and 2011 only if there is a positive or negative difference of more than 100 basis points between the then current 12-month October 1 through September 30 average Moody's utility bond rates and a benchmark.
2. **APPLICABILITY:** All districts of California American Water.
3. **ACCOUNTING PROCEDURE:** California American Water was granted authority to maintain this adjustment mechanism adopted in Appendix A of Decision (D.) 09-07-051.
 - a. The initial benchmark is equal to the average interest rate of Moody's Aa utility bonds for AA or A credit-rated utilities or higher, or Moody's Baa utility bonds for BBB+ credit-rated utilities or lower for the period October 1, 2007 to September 30, 2008. The subsequent October 1 through September 30 average also would be based on the foregoing parameters.
 - b. If the 100 basis point "deadband" (a range of change in interest rates that may occur without automatically triggering a change in embedded long-term debt and preferred stock costs and return on equities) is exceeded, California American Water's return on equity will be adjusted by one-half of the difference between the benchmark and the October 1 to September 30 average.
 - c. In any year where the 12-month October through September average of Moody's utility bond rates triggers an automatic return on equity adjustment, that average becomes the new benchmark.
 - d. If the 100 basis point "deadband" is exceeded, California American Water will file a Tier 2 advice letter by October 15 that updates return on equity and related rate adjustments to become effective on January 1 of the following year. The advice letter would also update long-term debt and preferred stock costs to reflect actual August month-end embedded costs in that year and forecasted interest rates for variable long-term debt and new long-term debt and preferred stock scheduled to be issued.
 - e. California American Water's capital structure, as adopted for base year 2009, shall not be adjusted.
 - f. Workpapers outlining the calculations relating to the change in return on equity, long-term debt costs, preferred stock costs and resulting changes in rates to become effective on the following January 1 are required to accompany the advice letter.

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

ADVICE LETTER NO. 794

D. P. STEPHENSON
NAME

DATE FILED AUG - 4 2009
EFFECTIVE SEP - 2 2009

DECISION NO. D. 09-07-051

MGR - RATES & REGULATION
TITLE

RESOLUTION NO.

PRELIMINARY STATEMENT

(continued)

KK. Monterey Modified Cost Balancing Account (MCBA) (continued)

1. ACCOUNTING PROCEDURE: (continued)

a. (Continued)

- ii. If the annual report shows that there is a combined over-collection in the WRAM/MCBA net balance that exceeds 2.5% of the total recorded revenue requirement for the prior calendar year, California American Water will file an advice letter within 30 days that refunds the balance in the WRAM and MCBA account within one year. Refunds of over collections will be passed on to ratepayers through a flat surcredit for each account (residential and non-residential) that is subject to the WRAM/MCBA.
- iii. If the 2.5% threshold is not met, these balancing accounts will be refunded or recovered in the next GRC.
- b. A debit or credit entry equal to the under or over collection of revenues.
- c. The MCBA will capture the cost savings and cost increases associated with purchased water, purchased power, and pump taxes (all of which are recovered through the quantity charge under both the current and proposed rate designs).

LL. Ambler Park Water Revenue Adjustment Mechanism ("WRAM") Balancing Account

- 1. PURPOSE: The purpose of the Ambler Park WRAM Balancing Account is to track the total quantity charge revenues authorized by the Commission for Ambler Park, and the total revenues actually recovered through the quantity charge based on actual sales, excluding private fire protection service and miscellaneous charges.
- 2. APPLICABILITY: California American Water's Ambler Park Subsystem of the Monterey District
- 3. ACCOUNTING PROCEDURE: California American Water was granted a balancing account in Decision No. (D.) 09-07-021.
 - a. A debit or credit entry equal to the under or over collection of revenues.
 - b. By March 31 of each year, Cal Am will provide Water Division (with a copy to DRA) a written report on the status of the WRAM balances.
 - i. If the annual report shows a combined under-collection in the WRAM/MCBA, California American Water would wait until the next GRC to request recovery unless the net balance exceeds 2.5% of the total recorded revenue requirement for the prior calendar year. If the net balance of the WRAM and MCBA accounts exceeds 2.5%, California American Water will file an advice letter within 30 days to either collect the amount of the under-collection via a rate element similar to that used for purchased water, or through a surcharge. This would be concurrent with California American Water's attrition step rate increases. Whether it is a rate element or a surcharge, the amount of revenues collected through the rate element or surcharge will be tracked in a balancing account compared to the total amount of the under-collection. California American Water would revisit the rate change 6 months later to see if it has stabilized and provide a report to the Water Division and DRA with the results.

(N)

(N)

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 780

ISSUED BY

D. P. STEPHENSON

NAME

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

DATE FILED JUL 16 2009

EFFECTIVE SEP - 1 2009

DECISION NO. D. 09-07-021

MGR - RATES & REGULATION

TITLE

RESOLUTION NO. _____

PRELIMINARY STATEMENT
(continued)

LL. Ambler Park Water Revenue Adjustment Mechanism ("WRAM") Balancing Account

(N)

3. ACCOUNTING PROCEDURE: (continued)

b. (Continued)

- ii. If the annual report shows that there is a combined over-collection in the WRAM/MCBA net balance that exceeds 2.5% of the total recorded revenue requirement for the prior calendar year, California American Water will file an advice letter within 30 days that refunds the balance in the WRAM and MCBA account within one year. Refunds of over collections will be passed on to ratepayers through a flat surcredit for each account (residential and non-residential) that is subject to the WRAM/MCBA.
 - iii. If the 2.5% threshold is not met, these balancing accounts will be refunded or recovered in the next GRC.
- c. In addition to the above, an Unaccounted For Water Incentive Program will be implemented as follows
- i. Provide the total water production for each system for the preceding calendar year.
 - ii. Calculate each system's adopted unaccounted for water quantity by multiplying the adopted percentage from the table in Section 6.1.11 in Decision 09-07-021 by the actual production quantity for the period in item i. above.
 - iii. Calculate the actual unaccounted for water for the period by determining the difference between each system's production meters and the sum of all the system's customer meters.
 - iv. Subtract the actual volume of unaccounted for water from the adopted volumes calculated in item ii. above for each system.
 - v. Multiply the difference calculated in item iv. above by \$2,018.79/acre-foot based on the adopted standard rate of \$4.5345/Ccf.
 - vi. If the actual unaccounted for water is less than the standard, then this is a reward amount that will be added to the balance to be included in rates via WRAM Balancing Account amortization.
 - ii. If the actual unaccounted for water is greater than the standard, then this is a penalty amount that would be entered as a debit to the amount to be recovered from ratepayers through the WRAM Balancing Account.

MM. Ambler Park Modified Cost Balancing Account (MCBA)

- 1. PURPOSE: The purpose of the Monterey MCBA is to track variable costs for Ambler Park on a going forward basis, specifically, the account will track:
 - a. The difference between the total variable costs authorized by the Commission ("Total Adopted Variable (MCBA Cost)", and the total variable costs actually incurred ("Total Actual Variable MCBA Costs").
 - b. An MCBA tracks changes in price and quantity (amount of consumption), and will capture both cost savings and cost increases.
- 2. APPLICABILITY: California American Water's Ambler Park Sub System of the Monterey District

(N)

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 780

ISSUED BY

D. P. STEPHENSON

NAME

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

DATE FILED SEP 16 2009

EFFECTIVE SEP 1 2009

DECISION NO. D. 09-07-021

MGR - RATES & REGULATION

TITLE

RESOLUTION NO. _____

PRELIMINARY STATEMENT
(continued)

MM. Ambler Park Modified Cost Balancing Account (MCBA) (Continued)

- 3. ACCOUNTING PROCEDURE: California American Water was granted a balancing account in Decision No. (D.) 09-07-021.
 - a. By March 31 of each year, Cal Am will provide Water Division (with a copy to DRA) a written report on the status of the WRAM balances.
 - i. If the annual report shows a combined under-collection in the WRAM/MCBA, California American Water would wait until the next GRC to request recovery unless the net balance exceeds 2.5% of the total recorded revenue requirement for the prior calendar year. If the net balance of the WRAM and MCBA accounts exceeds 2.5%, California American Water will file an advice letter within 30 days to either collect the amount of the under-collection via a rate element similar to that used for purchased water, or through a surcharge. This would be concurrent with California American Water's attrition step rate increases. Whether it is a rate element or a surcharge, the amount of revenues collected through the rate element or surcharge will be tracked in a balancing account compared to the total amount of the under-collection. California American Water would revisit the rate change 6 months later to see if it has stabilized and provide a report to the Water Division and DRA with the results.
 - ii. If the annual report shows that there is a combined over-collection in the WRAM/MCBA net balance that exceeds 2.5% of the total recorded revenue requirement for the prior calendar year, California American Water will file an advice letter within 30 days that refunds the balance in the WRAM and MCBA account within one year. Refunds of over collections will be passed on to ratepayers through a flat surcredit for each account (residential and non-residential) that is subject to the WRAM/MCBA.
 - iii. If the 2.5% threshold is not met, these balancing accounts will be refunded or recovered in the next GRC.
 - b. A debit or credit entry equal to the under or over collection of revenues.
 - c. The MCBA will capture the cost savings and cost increases associated with purchased water, purchased power, and pump taxes (all of which are recovered through the quantity charge under both the current and proposed rate designs).

(N)

(N)

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 780

ISSUED BY

D. P. STEPHENSON

NAME

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

DATE FILED 001 16 2010

EFFECTIVE SEP 1 2010

DECISION NO. D. 09-07-021

MGR - RATES & REGULATION

TITLE

RESOLUTION NO. _____

PRELIMINARY STATEMENT
(continued)

UU. 2009 General Rate Case Memorandum Account ("2009 GRCMA")

(N)

1. PURPOSE: The purpose of the 2009 General Rate Case Memorandum Account is to track costs associated with the preparation and processing of general rate case proceedings.
2. APPLICABILITY: All districts of California American Water.
3. ACCOUNTING PROCEDURE: California American Water was granted a memorandum account in Advice Letter 796.
 - a. A debit entry will be created to capture costs associated with the 2009 GRCMA. Costs will include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in operating expenses, incurred by the utility in connection with formal cases before the Commission, including payments made to the Commission for fees assessed against California American Water for pay and expenses of such commission, its officers, agents, and employees.

VV. 2010 General Rate Case Memorandum Account ("2010 GRCMA")

(N)

1. PURPOSE: The purpose of the 2010 General Rate Case Memorandum Account is to track costs associated with the preparation and processing of general rate case proceedings. The memorandum account will track any regulatory expense California American Water incurs beyond the amounts approved for the Monterey district and General Office in D. 09-07-021. If the Commission adopts a similar forecast approach for the Larkfield, Los Angeles and Sacramento Districts in A. 09-01-013, California American Water will also track the regulatory expense that it incurs beyond the approved amounts for those districts in the 2010 GRCMA.
2. APPLICABILITY: All districts of California American Water.
3. ACCOUNTING PROCEDURE: California American Water was granted a memorandum account in Advice Letter 796.
 - a. A debit entry will be created to capture costs associated with the 2010 GRCMA. Costs will include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in operating expenses, incurred by the utility in connection with formal cases before the Commission, including payments made to the Commission for fees assessed against California American Water for pay and expenses of such commission, its officers, agents, and employees.

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 796

ISSUED BY

D. P. STEPHENSON

NAME

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

DATE FILED AUG 18 2009

EFFECTIVE JUL - 7 2009

DECISION NO. _____

MGR - RATES & REGULATION

TITLE

RESOLUTION NO. _____

PRELIMINARY STATEMENT
(continued)

(D)

Cease and Desist Order Memorandum Account ("CDOMA")

1. PURPOSE: The purpose of the Cease and Desist Order Memorandum Account ("CDOMA") is to track outside legal counsel; Experts needed to represent Cal-Am in administrative proceedings; Temporary legal measures regarding stays of the CDO; Court appeals related to any final CDO adopted by the SWRCB; Challenges, clarifications, and/or compliance with the CDO including any additional or more stringent conservation and reporting activities, the development and obtainment of water supply and water rights; and Any and all other immediate activities beyond those approved in the general rate case, D.09-07-021, related to the CDO to address the State Water Resources Control Board ("SWRCB") Cease and Desist Order ("CDO") for unauthorized diversion of water from the Carmel River in the Monterey District.
2. APPLICABILITY: The Monterey main system.
3. ACCOUNTING PROCEDURE: California American Water was granted a memorandum account on April 8, 2010 in Resolution W-4824. Recovery of amounts recorded in the CDOMA will be reviewed by the Commission as part of the next general rate case. California American Water shall bear the burden when it requests recovery of the recorded costs, to show that they are not costs covered by other authorized rates, it is appropriate for ratepayers to pay for these categories of costs in addition to otherwise authorized rates, the utility acted prudently when it incurred these costs and the level of booked costs is reasonable
 - a. A debit entry will be created each month to record expenses associated with the SWRCB CDO.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 862

DECISION NO. D. 10-06-038

ISSUED BY

D. P. STEPHENSON

NAME

Director – Rates & Regulation

TITLE

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

DATE FILED SEP 15 2010

EFFECTIVE JUN 24 2010

RESOLUTION NO. _____

PRELIMINARY STATEMENT
(continued)

Los Angeles Interim Rate True-Up Memorandum Account

In accordance with the Rate Case Plan authorized in D. 07-05-062, this memorandum account is to track the difference between interim rates and final rates granted in General Rate Case (GRC) Applications (A.) 09-01-013. Interim rates are effective from January 1, 2010 pursuant to Advice Letter 815. Interest will accrue at the 90-day commercial paper rate.

San Diego County (Coronado) and Ventura County (Village) Districts Interim Rate True-Up Memorandum Account

In accordance with the Rate Case Plan authorized in D. 07-05-062, this memorandum account is to track the difference between interim rates and final rates granted in General Rate Case (GRC) Applications (A.) 10-07-007. Interim rates are effective from January 1, 2011 pursuant to Advice Letter 866. Interest will accrue at the 90-day commercial paper rate.

(N)

(N)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

ADVICE LETTER NO. 866

D. P. STEPHENSON

DATE FILED NOV 16 2010

NAME

EFFECTIVE JAN -1 2011

DECISION NO. A. 10-07-007

DIRECTOR - RATES & REGULATION

RESOLUTION NO.

TITLE

PRELIMINARY STATEMENT
 (continued)

Operational Energy Efficiency Program Memorandum Account ("OEEPMA")

1. **PURPOSE:** The purpose of the Operational Energy Efficiency Program Memorandum Account ("OEEPMA") is to track costs and payments from Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDGE) associated with the Operational Energy Efficiency Program (OEEP) approved in D.10-04-031 and 08-11-057.
2. **APPLICABILITY:** The Los Angeles, Monterey and San Diego Districts.
3. **ACCOUNTING PROCEDURE:** California American Water was initially granted a Phase 1A Implementation Operational Energy Efficiency Program Memorandum Account (PIOEEPMA) in Advice Letter 814, effective December 25, 2009, to track OEEP costs incurred until the Commission issued D.10-04-030.

Ordering Paragraphs 5 and 6 of D.10-04-030 granted an OEEPMA to replace any similar memorandum account that was previously established. California American Water subsequently filed Advice Letter 837 to rename the PIOEEPMA the OEEPMA. In accordance with Ordering Paragraph 6, the renaming of this memorandum account will not alter its original effective date.

California American Water filed Advice letter 853 and 860 to track all reasonable construction and associated costs related to the Monterey and San Diego District's Research, Development and Demonstration (RD&D) Kw demand reduction and Kwh electrical energy recovery projects. (C)
 (C)

California American Water may seek recovery of its OEEPMA balance in its next general rate case or, if it does not have general rate cases, through a Tier 3 advice letter filing.

California American Water is not entitled to a presumption that the costs of the OEEP are appropriate types of costs to recover or that they are reasonable or prudently incurred. California American Water shall bear the burden of proving the prudence and reasonableness of the costs of the OEEP and the appropriateness of separate recovery of these costs.

The OEEPMA shall include:

Costs incurred for the OEEP program as approved in D.10-04-030 and 08-11-057.

- a. A debit or credit entry will be created each month to record the costs discussed above and any OEEP payments received from SCE, PG&E and SDGE.
- b. Interest shall accrue to the OEEPMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported by the Federal Reserve Statistical Release.

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

ADVICE LETTER 860
 NO. _____

D. P. STEPHENSON

 NAME

DATE FILED SEP 14 '10

DECISION NO. D. 10-04-030

Director - Rates & Regulation

EFFECTIVE _____

RESOLUTION NO. _____

TITLE

PRELIMINARY STATEMENT

(continued)

(N)

Monterey Water Revenue Adjustment Mechanism ("WRAM") Balancing Account

1. **PURPOSE:** The purpose of the Monterey WRAM Balancing Account is to 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") during conservation rates, emergency rates, or rationing rates, excluding:
 - a. Revenue from Ambler Park, Ralph Lane, Chular, Toro
 - b. Private Fire Protection Service (Schedule No. MO-4); and Private Fire Hydrant Service (Schedule No. MO-4H)
 - c. Revenue from the Coastal Water Project surcharge or equivalent water supply project (to be revisited when a new water supply project comes online); and
 - d. Miscellaneous charges.
2. **APPLICABILITY:** California American Water's Monterey System (including Bishop, Hidden Hills, Ryan Ranch, and Monterey) main system with the exception of private fire as noted above.
3. **ACCOUNTING PROCEDURE:** California American Water was granted a balancing account in Decision No. (D.) 09-07-021.
 - a. A debit or credit entry equal to the under or over collection of revenues.
 - b. By March 31 of each year, Cal Am will provide Water Division (with a copy to DRA) a written report on the status of the WRAM balances.
 - i. If the annual report shows a combined under-collection in the WRAM/MCBA, California American Water would wait until the next GRC to request recovery unless the net balance exceeds 2.5% of the total recorded revenue requirement for the prior calendar year. If the net balance of the WRAM and MCBA accounts exceeds 2.5%, California American Water will file an advice letter within 30 days to either collect the amount of the under-collection via a rate element similar to that used for purchased water, or through a surcharge. This would be concurrent with California American Water's attrition step rate increases. Whether is it a rate element or a surcharge, the amount of revenues collected through the rate element or surcharge will be tracked in a balancing account compared to the total amount of the under-collection. California American Water would revisit the rate change 6 months later to see if it has stabilized and provide a report to the Water Division and DRA with the results.
 - ii. If the annual report shows that there is a combined over-collection in the WRAM/MCBA net balance that exceeds 2.5% of the total recorded revenue requirement for the prior calendar year, California American Water will file an advice letter within 30 days that refunds the balance in the WRAM and MCBA account within one year. Refunds of over collections will be passed on to ratepayers through a flat surcredit for each account (residential and non-residential) that is subject to the WRAM/MCBA.
 - iii. If the 2.5% threshold is not met, these balancing accounts will be refunded or recovered in the next GRC.
 - c. In addition to the above, an Unaccounted For Water Incentive Program will be implemented as follows
 - i. Provide the total water production for each system for the preceding calendar year.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
ADVICE LETTER NO.	<u>827</u>	<u>D. P. STEPHENSON</u>	DATE FILED	<u>FEB - 3 2010</u>
		NAME	EFFECTIVE	<u>FEB - 1 2010</u>
DECISION NO.	<u>D. 09-07-021</u>	<u>DIRECTOR - RATES & REGULATION</u>	RESOLUTION NO.	_____
		TITLE		

PRELIMINARY STATEMENT

(continued)

Monterey Water Revenue Adjustment Mechanism ("WRAM") Balancing Account (continued)

(N)

3. ACCOUNTING PROCEDURE: (continued)

c. (Continued)

- ii. Calculate each system's adopted unaccounted for water quantity by multiplying the adopted percentage from the table in Section 6.1.11 in the Decision by the actual production quantity for the period in item a. above.
- iii. Calculate the actual unaccounted for water for the period by determining the difference between each system's production meters and the sum of all the system's customer meters.
- iv. Subtract the actual volume of unaccounted for water from the adopted volumes calculated in item b. above for each system.
- v. Multiply the difference calculated in item d. above by \$2,018.79/acre-foot based on the adopted standard rate of \$4.5345/Ccf.
- vi. If the actual unaccounted for water is less than the standard, then this is a reward amount that will be added to the balance to be included in rates via WRAM Balancing Account amortization.
- vii. If the actual unaccounted for water is greater than the standard, then this is a penalty amount that would be entered as a debit to the amount to be recovered from ratepayers through the WRAM Balancing Account.

Monterey Modified Cost Balancing Account (MCBA)

- 1. PURPOSE: The purpose of the Monterey MCBA is to track variable costs on a going forward basis, specifically, the account will track:
 - a. The difference between the total variable costs authorized by the Commission ("Total Adopted Variable (MCBA Cost)", and the total variable costs actually incurred ("Total Actual Variable MCBA Costs").
 - b. An MCBA tracks changes in price and quantity (amount of consumption), and will capture both cost savings and cost increases.
- 2. APPLICABILITY: California American Water's Monterey Main System (including Bishop, Hidden Hills, Ryan Ranch, and Monterey).
- 3. ACCOUNTING PROCEDURE: California American Water was granted a balancing account in Decision No. (D.) 09-07-021.
 - a. By March 31 of each year, Cal Am will provide Water Division (with a copy to DRA) a written report on the status of the WRAM balances.
 - i. If the annual report shows a combined under-collection in the WRAM/MCBA, California American Water would wait until the next GRC to request recovery unless the net balance exceeds 2.5% of the total recorded revenue requirement for the prior calendar year. If the net balance of the WRAM and MCBA accounts exceeds 2.5%, California American Water will file an advice letter within 30 days to either collect the amount of the under-collection via a rate element similar to that used for purchased water, or through a surcharge. This would be concurrent with California American Water's attrition step rate increases. Whether it is a rate element or a surcharge, the amount of revenues collected through the rate element or surcharge will be tracked in a balancing account compared to the total amount of the under-collection. California American Water would revisit the rate change 6 months later to see if it has stabilized and provide a report to the Water Division and DRA with the results.

(N)

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(TO BE INSERTED BY UTILITY)

ISSUED BY

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

ADVICE LETTER NO. 827

D. P. STEPHENSON

DATE FILED FEB - 3 2010

NAME

EFFECTIVE FEB - 1 2010

DECISION NO. D. 09-07-021

DIRECTOR - RATES & REGULATION

RESOLUTION NO.

TITLE

PRELIMINARY STATEMENT

(continued)

Monterey Modified Cost Balancing Account (MCBA) (continued)

3. ACCOUNTING PROCEDURE: (continued)

a. (Continued)

- ii. If the annual report shows that there is a combined over-collection in the WRAM/MCBA net balance that exceeds 2.5% of the total recorded revenue requirement for the prior calendar year, California American Water will file an advice letter within 30 days that refunds the balance in the WRAM and MCBA account within one year. Refunds of over collections will be passed on to ratepayers through a flat surcredit for each account (residential and non-residential) that is subject to the WRAM/MCBA.
- iii. If the 2.5% threshold is not met, these balancing accounts will be refunded or recovered in the next GRC.

- b. A debit or credit entry equal to the under or over collection of revenues.
- c. The MCBA will capture the cost savings and cost increases associated with purchased water, purchased power, and pump taxes (all of which are recovered through the quantity charge under both the current and proposed rate designs).

(Continued)

(N)

(N)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 827

ISSUED BY

D. P. STEPHENSON

NAME

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

DATE FILED FEB - 3 2010

EFFECTIVE FEB - 1 2010

DECISION NO. D. 09-07-021

DIRECTOR - RATES & REGULATION

TITLE

RESOLUTION NO. _____

PRELIMINARY STATEMENT

(continued)

Conservation Order Instituting Investigation Memorandum Account (COIIMA)

(N)

- 1. PURPOSE: The purpose of the Conservation Order Instituting Investigation Memorandum Account (COIIMA) is to track legal and related expenses for participating in I.07-01-022, from the date I.07-01-022 was issued (January 11, 2007), in accordance with D.10-04-001.
- 2. APPLICABILITY: All of California American Water's districts.
- 3. ACCOUNTING PROCEDURE: The memorandum account will track legal and related expenses for participating in I.07-01-022, from the date I.07-01-022 was issued (January 11, 2007). However, legal and related expenses incurred in preparing applications consolidated with this proceeding, whether incurred prior or subsequent to the issuance of the OII, are excluded from this account. California American Water may seek recovery of the expenses booked to the COIIMA in its next general rate case or by filing Tier 3 advice letters. Authorization of the COIIMA does not guarantee recovery of expenses booked to this account that have been otherwise authorized in rates or are imprudent or unreasonable.

- a. A debit entry equal to legal and related expenses for I.07-01-022 as allowed in D.10-04-001.
- b. Interest shall accrue to the OEEPMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported by the Federal Reserve Statistical Release.

(N)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 836

ISSUED BY

D. P. STEPHENSON

NAME

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

DATE FILED MAY - 6 2010
EFFECTIVE MAY - 6 2010

DECISION NO. D. 10-04-001

DIRECTOR - RATES & REGULATION

TITLE

RESOLUTION NO. _____

PRELIMINARY STATEMENT

(continued)

Water Quality Memorandum Account (WQMA)

1. PURPOSE: The purpose of the Water Quality Memorandum Account (WQMA) is to track costs associated with California American Water's compliance with new Federal Ground Water rules.
2. APPLICABILITY: Larkfield, Los Angeles and Sacramento districts.
3. ACCOUNTING PROCEDURE: California American Water was granted authority in ordering paragraph 14 of Commission Decision 10-06-038 to establish a memorandum account to track incremental costs specifically incurred to comply with the new Federal Ground Water rules. California American Water is authorized to file a Tier 3 advice letter to request recovery of the costs. The Tier 3 advice letter shall include written justification to substantiate that the costs are incremental costs, not costs already covered within base rates. Authorization of the memorandum account does not guarantee recovery of expenses booked to this memorandum account that have been otherwise authorized in rates or are imprudent or unreasonable.
 - a. A debit entry will be made to capture compliance costs associated with the new Federal Ground Water rules as allowed in D.10-06-038.
 - b. A credit entry will be created once rate recovery is later determined in a future Tier 3 advice letter filing.

(N)

(N)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 859A

ISSUED BY

D. P. STEPHENSON

NAME

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

DATE FILED SEP 27 2010

EFFECTIVE OCT - 7 2010

DECISION NO. D. 10-06-038

DIRECTOR - RATES & REGULATION

TITLE

RESOLUTION NO. _____

PRELIMINARY STATEMENT
(Continued)

Pension Balancing Account ("PBA")

1. PURPOSE: The purpose of the Pension Balancing Account ("PBA") is to track the difference between the level of expenses authorized in rates and the actual cost
2. APPLICABILITY: All of California-American Water Company's districts
3. ACCOUNTING PROCEDURE: California American Water was granted authority to maintain this balancing account in Ordering Paragraph 7 of Decision (D.) 10-06-038.

The PBA shall be calculated monthly. The calculation shall be the expense difference of the adopted pension costs and the actual required pension payments.

- a. A debit entry will be created each month to record the expense difference discussed above.
- b. Interest shall accrue to the PBA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported by the Federal Reserve Statistical Release.

(N)
|
(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
ADVICE LETTER NO.	862	D. P. STEPHENSON	DATE FILED SEP 15 2010
DECISION NO.	D. 10-06-038	Director – Rates & Regulation	EFFECTIVE JUN 24 2010
		TITLE	RESOLUTION NO.

PRELIMINARY STATEMENT
(Continued)

Other Post-Employment Benefits Balancing Account ("OPEBBA")

(N)

1. PURPOSE: The purpose of the Other Post-Employment Benefits Balancing Account ("OPEBBA") is to track the difference between the level of post retirement benefits other than pension expenses authorized in rates and the actual minimum costs calculated according Federal Accounting Standard 106.
2. APPLICABILITY: All of California-American Water Company's districts
3. ACCOUNTING PROCEDURE: California American Water was granted authority to maintain this balancing account in Ordering Paragraph 8 of Decision (D.) 10-06-038.

The OPEBBA shall be calculated monthly. The calculation shall be the expense difference of the adopted pension costs and the actual required pension payments.

- a. A debit entry will be created each month to record the expense difference discussed above.
- b. Interest shall accrue to the OPEBBA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported by the Federal Reserve Statistical Release.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

ADVICE LETTER NO. 862

D. P. STEPHENSON

DATE FILED SEP 15 2010

NAME

EFFECTIVE JUN 24 2010

DECISION NO. D. 10-06-038

Director - Rates & Regulation

RESOLUTION NO.

TITLE

PRELIMINARY STATEMENT
(continued)

Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account ("PRVMA")

(N)

1. PURPOSE: The purpose of the Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account ("PRVMA") is to track all of the costs associated with the Research, Development and Demonstration of electrical regenerative flow control valve project.
2. APPLICABILITY: The Los Angeles, Monterey and Coronado Districts.
3. ACCOUNTING PROCEDURE: California American Water shall track all PRVMA related costs paid by California American Water including, but not limited to, the cost of engineering and design, equipment, installation, outside contractors, software, administrative support, legal consulting and evaluation, measurement, and verification (EM&V).
 - a. A debit entry will be created each month to record costs.
 - b. Interest shall accrue to the PRVMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported by the Federal Reserve Statistical Release.
4. RATE RECOVERY: California American Water may seek rate recovery of the PRVMA in its next general rate case or through a Tier 3 advice letter filing.
5. EFFECTIVE DATE: The PRVMA is effective as of December 7, 2010.

(N)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

ADVICE LETTER NO. 876-A

D. P. STEPHENSON

DATE FILED DEC 22 2010

NAME

EFFECTIVE DEC 7 2010

RESOLUTION NO. W-4584

DIRECTOR -- RATES & REGULATION

RESOLUTION NO. W 4854

TITLE

PRELIMINARY STATEMENT
(continued)

Village District Mandatory Conservation Rationing Implementation Memorandum Account.

California-American Water Company requests to establish a Mandatory Conservation Rationing Implementation Memorandum Account (MEMCRIMA) for its Village District.

1. PURPOSE: The purpose of the MEMCRIMA is to track the operating costs and administration costs, as well as any penalties paid or collected, associated with the implementation of Schedule 14.1-VL in its Village District.
2. APPLICABILITY: The MEMCRIMA will record the operating costs and administration costs associated with the implementation of Schedule No. 14.1-VL in its Village District. The memorandum account will also track the penalties or fees, which may be imposed by the relevant water agency, related to California American Water exceeding any assigned allocation. Any additional income generated from the implementation of Schedule No. 14.1-VL in the Village District will also be recorded in this memorandum account.
3. ACCOUNTING PROCEDURE: California-American Water Company shall maintain the MEMCRIMA by making entries at the end of each month as follows:
 - a. A debit entry shall be made to the MEMCRIMA at the end of each month to record the incremental expenses or penalties paid.
 - b. A credit entry shall be made to the MEMCRIMA at the end of each month to record the penalty charges collected.
 - c. Interest shall accrue to the MEMCRIMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial 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.
4. EFFECTIVE DATE: The MEMCRIMA shall go into effect on the effective date of the Advice Letter activating Stage 1 or higher of Schedule 14.1. (C)
5. TERMINATION DATE: California-American Water Company will terminate this memorandum account when all implementation costs and penalties have been incurred and recorded or upon removal of penalty rates by the relevant water agency.
6. DISPOSITION: Disposition of amounts recorded in the MEMCRIMA will be determined in a regulatory proceeding, as authorized by the Commission.

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

ADVICE LETTER NO. 908

D. P. STEPHENSON
NAME

DATE FILED JUN 14 2011
EFFECTIVE JUN 22 2011

DECISION NO. D. 10-12-040

Director - Rates & Regulations
TITLE

RESOLUTION NO.

PRELIMINARY STATEMENT
 (continued)

Coronado District Mandatory Conservation Rationing Implementation Memorandum Account.

California-American Water Company requests to establish a Mandatory Conservation Rationing Implementation Memorandum Account (MEMCRIMA) for its Coronado District.

1. PURPOSE: The purpose of the MEMCRIMA is to track the operating costs and administration costs as well as any penalties paid or collected, associated with the implementation of Schedule 14.1-COR in its Coronado District.
2. APPLICABILITY: The MEMCRIMA will record the operating costs and administration costs associated with the implementation of Schedule No. 14.1-COR in its Coronado District. The memorandum account will also track the penalties or fees, which may be imposed by the relevant water agency, related to California American Water exceeding any assigned allocation. Any additional income generated from the implementation of Schedule No. 14.1-COR in the Coronado District will also be recorded in this memorandum account.
3. ACCOUNTING PROCEDURE: California-American Water Company shall maintain the MEMCRIMA by making entries at the end of each month as follows:
 - a. A debit entry shall be made to the MEMCRIMA at the end of each month to record the incremental expenses or penalties paid.
 - b. A credit entry shall be made to the MEMCRIMA at the end of each month to record the penalty charges collected.
 - c. Interest shall accrue to the MEMCRIMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial 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.
4. EFFECTIVE DATE: The MEMCRIMA shall go into effect on the effective date of the Advice Letter activating Stage 1 or higher of Schedule 14.1. (C)
5. TERMINATION DATE: California-American Water Company will terminate this memorandum account when all implementation costs and penalties have been incurred and recorded or upon removal of penalty rates by the relevant water agency.
6. DISPOSITION: Disposition of amounts recorded in the MEMCRIMA will be determined in a regulatory proceeding, as authorized by the Commission.

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
ADVICE LETTER NO.	908	D. P. STEPHENSON	DATE FILED	JUN 14 2011
		NAME	EFFECTIVE	JUN 22 2011
DECISION NO.	D. 10-12-040	Director – Rates & Regulations	RESOLUTION NO.	
		TITLE		

PRELIMINARY STATEMENT
 (continued)

Baldwin Hills Service Area of the Los Angeles District Mandatory Conservation Rationing Implementation Memorandum Account.

California-American Water Company requests to establish a Mandatory Conservation Rationing Implementation Memorandum Account (MEMCRIMA) for its Baldwin Hills Service Area of its Los Angeles District.

1. **PURPOSE:** The purpose of the MEMCRIMA is to track the operating costs and administration costs as well as any penalties paid or collected, associated with the implementation of Schedule 14.1-BH in its Baldwin Hills Service Area of its Los Angeles District.
2. **APPLICABILITY:** The MEMCRIMA will record the operating costs and administration costs associated with the implementation of Schedule No. 14.1-BH in its Baldwin Hills Service Area of its Los Angeles District. The memorandum account will also track the penalties or fees, which may be imposed by the relevant water agency, related to California American Water exceeding any assigned allocation. Any additional income generated from the implementation of Schedule No. 14.1-BH in its Baldwin Hills Service Area of its Los Angeles District will also be recorded in this memorandum account.
3. **ACCOUNTING PROCEDURE:** California-American Water Company shall maintain the MEMCRIMA by making entries at the end of each month as follows:
 - a. A debit entry shall be made to the MEMCRIMA at the end of each month to record the incremental expenses or penalties paid.
 - b. A credit entry shall be made to the MEMCRIMA at the end of each month to record the penalty charges collected.
 - c. Interest shall accrue to the MEMCRIMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial 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.
4. **EFFECTIVE DATE:** The MEMCRIMA shall go into effect on the effective date of the Advice Letter activating Stage 1 or higher of Schedule 14.1. (C)
5. **TERMINATION DATE:** California-American Water Company will terminate this memorandum account when all implementation costs and penalties have been incurred and recorded or upon removal of penalty rates by the relevant water agency.
4. **DISPOSITION:** Disposition of amounts recorded in the MEMCRIMA will be determined in a regulatory proceeding, as authorized by the Commission.

(Continued)

(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. <u>908</u>	ISSUED BY <u>D. P. STEPHENSON</u> <small>NAME</small>	(TO BE INSERTED BY C.P.U.C.) DATE FILED <u>JUN 14 2011</u> EFFECTIVE <u>JUN 22 2011</u> RESOLUTION NO. _____
DECISION NO. <u>D. 10-12-040</u>	<u>Director – Rates & Regulations</u> <small>TITLE</small>	

PRELIMINARY STATEMENT
 (continued)

Duarte Service Area of the Los Angeles District Mandatory Conservation Rationing Implementation Memorandum Account.

California-American Water Company requests to establish a Mandatory Conservation Rationing Implementation Memorandum Account (MEMCRIMA) for its Duarte Service Area of its Los Angeles District.

1. PURPOSE: The purpose of the MEMCRIMA is to track the operating costs and administration costs as well as any penalties paid or collected, associated with the implementation of Schedule 14.1-DT in its Duarte Service Area of its Los Angeles District.
2. APPLICABILITY: The MEMCRIMA will record the operating costs and administration costs associated with the implementing of Schedule No. 14.1-DT in its Duarte Service Area of its Los Angeles District. The memorandum account will also track the penalties or fees, which may be imposed by the relevant water agency, related to California American Water exceeding any assigned allocation. Any additional income generated from the implementation of Schedule No. 14.1-DT in its Duarte Service Area of its Los Angeles District will also be recorded in this memorandum account.
3. ACCOUNTING PROCEDURE: California-American Water Company shall maintain the MEMCRIMA by making entries at the end of each month as follows:
 - a. A debit entry shall be made to the MEMCRIMA at the end of each month to record the incremental expenses or penalties paid.
 - b. A credit entry shall be made to the MEMCRIMA at the end of each month to record the penalty charges collected.
 - c. Interest shall accrue to the MEMCRIMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial 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.
4. EFFECTIVE DATE: The MEMCRIMA shall go into effect on the effective date of the Advice Letter activating Stage 1 or higher of Schedule 14.1. (C)
5. TERMINATION DATE: California-American Water Company will terminate this memorandum account when all implementation costs and penalties have been incurred and recorded or upon removal of penalty rates by the relevant water agency.
4. DISPOSITION: Disposition of amounts recorded in the MEMCRIMA will be determined in a regulatory proceeding, as authorized by the Commission.

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
ADVICE LETTER NO.	908	D. P. STEPHENSON	DATE FILED JUN 14 2011
		NAME	EFFECTIVE JUN 22 2011
DECISION NO.	D. 10-12-040	Director - Rates & Regulations	RESOLUTION NO.
		TITLE	

PRELIMINARY STATEMENT
 (continued)

San Marino Service Area of the Los Angeles District Mandatory Conservation Rationing Implementation Memorandum Account.

California-American Water Company requests to establish a Mandatory Conservation Rationing Implementation Memorandum Account (MEMCRIMA) for its San Marino Service Area of its Los Angeles District.

1. **PURPOSE:** The purpose of the MEMCRIMA is to track the operating costs and administration costs as well as any penalties paid or collected, associated with the implementation of Schedule 14.1-SM in its San Marino Service Area of its Los Angeles District.
2. **APPLICABILITY:** The MEMCRIMA will record the operating costs and administration costs associated with the implementing of Schedule No. 14.1-SM in its San Marino Service Area of its Los Angeles District. The memorandum account will also track the penalties or fees, which may be imposed by the relevant water agency, related to California American Water exceeding any assigned allocation. Any additional income generated from the implementation of Schedule No. 14.1-SM in its San Marino Service Area of its Los Angeles District will also be recorded in this memorandum account.
3. **ACCOUNTING PROCEDURE:** California-American Water Company shall maintain the MEMCRIMA by making entries at the end of each month as follows:
 - a. A debit entry shall be made to the MEMCRIMA at the end of each month to record the incremental expenses or penalties paid.
 - b. A credit entry shall be made to the MEMCRIMA at the end of each month to record the penalty charges collected.
 - c. Interest shall accrue to the MEMCRIMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial 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.
4. **EFFECTIVE DATE:** The MEMCRIMA shall go into effect on the effective date of the Advice Letter activating Stage1 or higher of Schedule 14.1. (C)
5. **TERMINATION DATE:** California-American Water Company will terminate this memorandum account when all implementation costs and penalties have been incurred and recorded or upon removal of penalty rates by the relevant water agency.
4. **DISPOSITION:** Disposition of amounts recorded in the MEMCRIMA will be determined in a regulatory proceeding, as authorized by the Commission.

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

ADVICE LETTER NO. 908

D. P. STEPHENSON

DATE FILED JUN 14 2011

DECISION NO. D. 10-12-040

Director - Rates & Regulations

EFFECTIVE RESOLUTION NO. JUN 22 2011

TITLE

PRELIMINARY STATEMENT
(continued)

Larkfield District Mandatory Conservation Rationing Implementation Memorandum Account .

(N)

California-American Water Company requests to establish a Mandatory Conservation Rationing Implementation Memorandum Account (MEMCRIMA) for its Larkfield District.

1. PURPOSE: The purpose of the MEMCRIMA is to track the operating costs and administration costs as well as any penalties paid or collected, associated with the implementation of Schedule 14.1-LK in its Larkfield District.
2. APPLICABILITY: The MEMCRIMA will record the operating costs, administration costs and associated fines collected with the implementation of Schedule No. 14.1-LK in its Larkfield District. The memorandum account will also track the penalties or fees, which may be imposed by the relevant water agency, related to California American Water exceeding any assigned allocation. Any additional income generated from the implementation of Schedule No. 14.1-LK in its Larkfield District will also be recorded in this memorandum account.
3. ACCOUNTING PROCEDURE: California-American Water Company shall maintain the MEMCRIMA by making entries at the end of each month as follows:
 - a. A debit entry shall be made to the MEMCRIMA at the end of each month to record the incremental expenses or penalties paid.
 - b. A credit entry shall be made to the MEMCRIMA at the end of each month to record the penalty charges collected.
 - c. Interest shall accrue to the MEMCRIMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial 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.
4. EFFECTIVE DATE: The MEMCRIMA shall go into effect on the effective date of the Advice Letter activating Stage 2 or higher of Schedule 14.1.
5. TERMINATION DATE: California-American Water Company will terminate this memorandum account when all implementation costs and penalties have been incurred and recorded or upon removal of penalty rates by the relevant water agency.
4. DISPOSITION: Disposition of amounts recorded in the MEMCRIMA will be determined in a regulatory proceeding, as authorized by the Commission.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 881

ISSUED BY

D. P. STEPHENSON

NAME

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

DATE FILED FEB 22 2011

EFFECTIVE FEB 22 2011

DECISION NO. D. 10-12-040

Director - Rates & Regulations

TITLE

RESOLUTION NO. _____

PRELIMINARY STATEMENT
(Continued)

Affiliate Transaction Rule IV.D.2 Memorandum Account ("ATMEMO")

(N)

1. PURPOSE: The purpose of the Affiliate Transaction Rule IV.D.2 Memorandum Account ("ATMEMO") is to track the offsetting revenues for employee transfers required to be paid by an affiliate to California American Water in compliance with Affiliate Transaction Rule IV.D.2.
2. APPLICABILITY: All of California-American Water Company's districts
3. ACCOUNTING PROCEDURE: California American Water was granted authority to establish this memorandum account by Ordering Paragraph 8 of Decision (D.) 10-10-019, which adopted the Rules for Water and Sewer Utilities Regarding Affiliate Transactions and the Use of Regulated Assets for Non-Tariffed Utility Services. Rule IV.D.2 provides that fees paid to the utility for the transfer, assignment, or employment of an employee by an affiliate, shall be accounted for in a separate memorandum account which tracks them for future ratemaking treatment either on an annual basis, or as otherwise necessary to ensure that the utility's ratepayers receive the fees. California American Water will apply the fees proportionally back to the applicable district(s) affected by such transfer, assignment or employment.

- a. A credit entry will be made to a regulatory liability account for transfer fees until such time that they are credited to customers in the next GRC or through a Tier 3 advice letter filing.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 910

ISSUED BY
D. P. STEPHENSON

(TO BE INSERTED BY C.P.U.C.)
DATE FILED JUN 24 2011
EFFECTIVE JUN 30 2011
RESOLUTION NO.

DECISION NO. D. 10-10-019

Director - Rates & Regulation

TITLE

PRELIMINARY STATEMENT
(Continued)

Low Income Customer Data Sharing Memorandum Account

(N)

- 1. PURPOSE: The purpose of the Low Income Customer Data Sharing Memorandum Account is to track the one time and ongoing data sharing costs in compliance with D.11-05-020.
- 2. APPLICABILITY: All of California-American Water Company's districts
- 3. ACCOUNTING PROCEDURE: California American Water was granted a memorandum account in D.11-05-020.
 - a. A debit entry equal to the amount of costs associated with one time or ongoing data sharing costs.
 - b. A credit entry equal to any rate recovery authorized by the CPUC.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 911

ISSUED BY

D. P. STEPHENSON

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

DATE FILED JUN 29 2011

NAME

EFFECTIVE JUL - 4 2011

DECISION NO. D. 11-05-020

Director -- Rates & Regulation

TITLE

RESOLUTION NO.