

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 27, 2019

Jeffrey T. Linam
Vice President of Rates & Regulatory
California-American Water Company
4701 Beloit Drive
Sacramento, CA 95838-2434

Dear Mr. Linam,

The Commission has approved California-American Water Company's Advice Letter No. 1228, filed on February 21, 2019, regarding request to create the Sustainable Groundwater Management Act Memo Account.

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

P.U.C.	
Sheet No.	Title of Sheet
8884-W	Preliminary Statement (Continued)
8885-W	Table of Contents (Page 1)

Please contact Bradley Leong at 415-703-2307, if you have any questions.

Thank you,

/s/ROBIN BRYANT

Robin Bryant
Water & Sewer Advisory Branch
Water Division

Enclosures

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

Utility Name: California American Water

Date Mailed to Service List: February 19, 2019

District: Monterey County District

CPUC Utility #: U210W

Protest Deadline (20th Day): March 11, 2019

Advice Letter #: 1228

Review Deadline (30th Day): March 21, 2019

Tier 1 2 3 Compliance

Requested Effective Date: March 21, 2019

Authorization D.18-12-021

Rate Impact: \$See AL
See AL%

Description: Request to create the Sustainable
Groundwater Management Act Memo
Account

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Kamilah Jones

Utility Contact: Jonathan Morse

Phone: 916-568-4232

Phone: 916-568-4237

Email: Kamilah.Jones@amwater.com

Email: Jonathan.Morse@amwater.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

<u>DATE</u>	<u>STAFF</u>	<u>COMMENTS</u>
_____	_____	_____
_____	_____	_____

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



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February 21, 2019

ADVICE LETTER NO. 1228

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (Cal-Am) (U210W) submits this advice letter, including the following tariff sheet applicable to all of its water customers.

<u>C.P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Sheet No.</u>
8884-W	PRELIMINARY STATEMENT <u>(Continued)</u>	NEW
8885-W	TABLE OF CONTENTS (Page 1)	8883-W

Purpose:

This advice letter filing is to comply with Decision (D.) 18-12-021, Ordering Paragraph 25, which requires Cal-Am to create a Sustainable Groundwater Management Act (SGMA) Memorandum Account.

Background:

In A.16-07-002, Special Request #18, Cal-Am requested authorization to establish a memorandum account that tracks its costs of complying with SGMA. SGMA sets a comprehensive framework to regulate groundwater and requires the designation of groundwater sustainability agencies and the adoption of groundwater sustainability plans for basins that the Department of Water Resources designate as medium- or high- priority. Some of Cal-Am's districts are located within these medium- or high- priority basins. Hence, Cal-Am expects to incur significant costs to comply with new SGMA regulations, but the amount of costs needed to comply with SGMA it is currently uncertain.

In D.18-12-021, the Commission granted Cal-Am's special request, subject to certain additional guidelines. Specifically, D.18-12-021, Ordering Paragraph 25, provides:

25. Within 60 days of the issuance of this decision, California-American Water Company (Cal-Am) shall file a Tier 2 advice letter with Water Division to establish the Sustainable

Groundwater Management Act Memorandum Account and propose tariff language that includes the following additional reporting guidelines:

- a) For every cost that Cal-Am records in the Sustainable Groundwater Management Act Memorandum Account, Cal-Am must document and identify each cost incurred, the purpose of each cost, and an explanation of why the costs are necessary to comply with the Sustainable Groundwater Management Act.
- b) Cal-Am may book into the account the costs of employees who spend less than five percent of their time related to compliance with the Sustainable Groundwater Management Act, with a general explanation of the work the employee performed.
- c) Cal-Am shall provide additional information for costs incurred by employees who spend more than five percent of their time related to compliance with the Sustainable Groundwater Management Act, identifying each of these employees by their employee identification number, position title, the number of hours the employee worked, and the purpose of the work performed.

Request:

In compliance with Decision D.18-12-021, Ordering Paragraph 25, Cal-Am requests authority to establish the Sustainable Groundwater Management Act Memorandum Account pursuant to the proposed tariff sheets.

Tier Designation:

This advice letter is submitted pursuant to General Order No. 96-B and D.18-12-021 and is designated as a Tier 2 filing.

Effective Date:

California American requests an effective date of March 21, 2019.

RESPONSE OR PROTEST¹

Anyone may submit a response or protest for this AL. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

A **response** supports the filing and may contain information that proves useful to the Commission in evaluating the AL. A **protest** objects to the AL in whole or in part and must set forth the specific grounds on which it is based. These grounds² are:

- (1) The utility did not properly serve or give notice of the AL;
- (2) The relief requested in the AL would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
- (3) The analysis, calculations, or data in the AL contain material error or omissions;
- (4) The relief requested in the AL is pending before the Commission in a formal proceeding; or
- (5) The relief requested in the AL requires consideration in a formal hearing, or is otherwise inappropriate for the AL process; or

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

(6) The relief requested in the AL is unjust, unreasonable, or discriminatory, provided that such a protest may not be made where it would require relitigating a prior order of the Commission.

A protest may not rely on policy objections to an AL where the relief requested in the AL follows rules or directions established by statute or Commission order applicable to the utility. A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

DWA must receive a response or protest via email (or postal mail) within 20 days of the date the AL is filed. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

The addresses for submitting a response or protest are:

Email Address:

Water.Division@cpuc.ca.gov

Mailing Address:

CA Public Utilities Commission
Division of Water and Audits
505 Van Ness Avenue
San Francisco, CA 94102

On the same day the response or protest is submitted to DWA, the respondent or protestant shall send a copy of the protest to Cal-Am at:

Email Address:

Kamilah.Jones@amwater.com

Mailing Address:

4701 Beloit Drive
Sacramento, CA 95838

sarah.leeper@amwater.com

555 Montgomery Street, Suite 816
San Francisco, CA 94111

Jonathan.Morse@amwater.com

4701 Beloit Drive
Sacramento, CA 95838

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform DWA, within the 20 day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

REPLIES³

The utility shall reply to each protest and may reply to any response. Any reply must be received by DWA within five business days after the end of the protest period, and shall be served on the same day on each person who filed the protest or response to the AL.

The actions requested in this advice letter are not now the subject of any formal filings with the California Public Utilities Commission, including a formal complaint, nor action in any court of law.

³ G.O. 96-B, General Rule 7.4.3

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

If you have not received a reply to your protest within 10 business days, please contact Kamilah Jones at (916) 568-4232.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Kamilah Jones

Kamilah Jones
Financial Analyst - Rates & Regulatory

PRELIMINARY STATEMENT
(Continued)

BA. Sustainable Groundwater Management Act Memorandum Account (SGMA)

(N)

1. PURPOSE:

The SGMA Memorandum Account will track the cost of complying with the Sustainable Groundwater Management Act Regulations signed into law September 16, 2014, which set forth a framework for regulating groundwater. Cal-Am will track every cost that Cal-Am records in the SGMA Memorandum Account, identify each cost incurred, the purpose of each cost, and an explanation of why the costs are necessary. In addition, Cal-Am may also book cost of employees who spend less than 5% of their time related to the SGMA, with a general explanation of work. Cal-Am will provide any additional information for employees that spend more than 5% of their time on the SGMA, identifying each of these employees by their employee identification number, position title, the number of hours the employee worked, and the purpose of the work performed.

2. APPLICABILITY:

All Areas served by California American Water.

3. ACCOUNTING PROCEDURE:

California-American Water Company shall maintain the SGMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to the SGMA to record any expense incurred.
- b. A debit entry shall be made to the SGMA to record any employee spending less than 5% of their time on SGMA compliance
- c. A debit entry shall be made to the SGMA to record any employee that spends more than 5% of their time complying with the SGMA.
- d. Interest shall accrue to the SGMA 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. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Request for recovery of any balance are to be processed according to the General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balanced shall be transferred to the appropriate district CEBA for recovery/refund.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1228	J. T. LINAM	Date Filed	<u>02/21/2019</u>
Decision		DIRECTOR - Rates & Regulatory	Effective	<u>03/22/2019</u>
			Resolution	<u></u>

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Duarte	6578-W
San Marino	6573-W, 6574-W, 6575-W, 6576-W, 8211-W
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(Continued)

<u>(TO BE INSERTED BY UTILITY)</u>	<u>ISSUED BY</u>	<u>(TO BE INSERTED BY C.P.U.C.)</u>
Advice 1228	J. T. LINAM	Date Filed <u>02/21/2019</u>
Decision	DIRECTOR - Rates & Regulatory	Effective <u>03/22/2019</u>
		Resolution _____