

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 17, 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. 1241, filed on April 25, 2019, regarding authorization to establish the Credit Card Fee Memorandum Account.

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

P.U.C. Sheet No.	Title of Sheet
	Preliminary Statement
9124-W	Summary Table (Continued)
9125-W	Preliminary Statement (Continued)
9126-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: April 25, 2019
District: All Districts	
CPUC Utility #: U210W	Protest Deadline (20th Day): May 15, 2019
Advice Letter #: 1241	Review Deadline (30th Day): May 25, 2019
Tier <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> Compliance	Requested Effective Date: April 25, 2019
Authorization D.18-12-021	
Description: To establish the Credit Card Fee Memorandum Account	Rate Impact: \$See AL See AL%

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
Phone: 916-568-4232
Email: Kamilah.jones@amwater.com

Utility Contact: Jonathan Morse
Phone: 916-568-4237
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WITHDRAWN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: _____



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

P (916)-568-4251
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April 25, 2019

ADVICE LETTER NO. 1241

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (California American Water) (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>
9124-W	PRELIMINARY STATEMENT SUMMARY TABLE (continued)	9005-W
9125-W	PRELIMINARY STATEMENT (continued)	NEW
9126-W	TABLE OF CONTENTS (Page 1)	9123-W

Purpose:

By this advice letter, California American Water (“Cal-Am”) requests authorization from the California Public Utilities Commission (“Commission”) to establish a Credit Card Fee – Memorandum Account (“CCFMA”).

Background:

The Governor signed assembly Bill 1180 on September 9, 2016. The legislation allows water corporations with more than 10,000 connections to operate pilot programs to provide customers with no-fee usage of a variety of payment methods including credit cards, debit cards, and pre-paid cards until January 1, 2022. The bill allows the transaction costs of these payment methods to be recovered from all ratepayers not currently enrolled in a low-income ratepayer assistance program.

On December 20, 2018, in D.18-12-021 (the “Decision”), the Commission authorized Cal-Am to establish a pilot program that allows Cal-Am to waive individual transaction fee charges to customers who pay their bills with credit cards and to open a memorandum account to track fees that have been waived as well as cost savings that result with the use of a credit card compared to the costs associated with bank fees and lock box fees.

Specifically, the Commission approved a pilot program which allows Cal-Am to waive individual transaction fees (currently \$1.95 per transaction) for customers that pay their bills with credit or debit card and track them in a memorandum account. Per the Decision, fees for the pilot program will not be recovered from customers enrolled in our Low Income Ratepayer

Assistance program. Given the relatively short time between issuance of D.18-12-021 and Cal-Am's next general rate case (GRC) filing, Cal-Am will report available results of its pilot program in its 2019 GRC filing and will include, to the extent possible, quantification of the benefits and costs as a result of program implementation; an evaluation of the usefulness of an individual customer transaction fee; and a recommendation regarding the appropriate level of individual customer transaction fees for credit card, debit card, and prepaid card bill payments accepted by Cal-Am. Cal-Am intends to communicate with customers about the use of electronic payment methods.

The Decision also authorizes Cal-Am to open a memorandum account to track the fees that have been waived as well as the cost savings that result with the use of a credit card compared to the costs associated with bank fees and lock box fees. Consistent with the legislation and consistent with the Decision Cal-Am will also track various metrics related customer billing and payments methods, reminders and shut-off notices, and related transactional costs.

Request:

As authorized in the Decision, Cal-Am requests establishment a CCFMA to track the fees that have been waived as well as the cost savings that result from the use of a credit card compared to the costs associated with bank fees and lock box fees. The CCFMA is applicable to all areas served.

Tier Designation:

This advice letter is submitted pursuant to General Order No. 96-B and is designated as a Tier 1 filing.

Effective Date:

California American requests an effective date of April 25, 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
- (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.

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

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:

jonathan.norse@amwater.com

Mailing Address:

4701 Beloit Drive
Sacramento, CA 95838

sarah.leeper@amwater.com

555 Montgomery Street, Suite 816
San Francisco, CA 94111

lakhjit.thind@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.

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

³ G.O. 96-B, General Rule 7.4.3

If you have not received a reply to your protest within 10 business days, please contact Lakhjit Thind at (916) 568-4233.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Kamilah Jones

Kamilah Jones
Financial Analyst

PRELIMINARY STATEMENT
Summary Table

Sheet 2

Reference	Account	Tariff
AC	Water Cost of Capital Adjustment Mechanism	9036-W
AD	Water Contamination Litigation Expense Memorandum Account	9037-W
AE	West Placer Memorandum Account	9038-W
AF	Water Revenue Adjustment Mechanism (WRAM) & Modified Cost Balancing Account (MCBA)	9039-W, 9040-W, 9041-W, 9042-W
AG	Leak Adjustments Memorandum Account (LAMA)	9043-W
AH	Low Income Customer Data Sharing Memorandum Account	9044-W
AI	Operational Energy Efficiency Program Memorandum Account (OEEPMA)	9045-W, 9046-W
AJ	Purchased Water, Purchased Power, & Pump Tax Balancing Account	9047-W
AK	Temporary Interest Rate Balancing Account (TIRBA)	9048-W
AL	School Lead Testing Memorandum Account	9049-W
AM	The Memorandum Account for Environmental Improvement and Compliance Issues for Acquisitions	9050-W
AN	Dunnigan Consulting Memorandum Account	9051-W
AO	Water-Energy Nexus Program Memorandum Account	9052-W
AP	PCWA SFF Memorandum Account	9053-W
AQ	Monterey District Pre-2015 Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") undercollection/recovery Balancing Account	9054-W
AR	Monterey District Pre-2015 Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") undercollection/recovery Balancing Account	9055-W
AS	Tax Cuts and Jobs Act Memorandum Account	9056-W
AT	General Rate Case Interim Rate True-up Memorandum Account	9057-W
AU	Cost of Capital Memorandum Account	9058-W
AV	Monterey County District Leak Adjustment Balancing Account	9059-W
AW	Tax Accounting Memorandum Account (TMA)	9060-W
AX	MPWSP Phase 1 Project Cost Memorandum Account (PCMA)	XXXX-W
AY	MPWSP Construction Fund Charge Memorandum Account (CFMA)	XXXX-W
AZ	MPWSP Operations and Maintenance Memorandum Account (MOMMA)	XXXX-W
BA	Credit Card Memorandum Account	9125-W

(N)

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1241	J. T. LINAM	Date Filed 04/25/2019
Decision	DIRECTOR - Rates & Regulatory	Effective 04/25/2019
		Resolution

PRELIMINARY STATEMENT
(Continued)

Sheet 58

BA. Credit Card Fee Memorandum Account

(N)

1. **PURPOSE:** The purpose of the Credit Card Fee Memorandum Account (CCFMA) is to track the fees that have been waived as well as the cost savings that result from the use of a credit card compared to the costs associated with bank fees and lock box fees that will go into effect because of the Decision 18.12.021. This Memorandum Account is established in accordance with the Final GRC Decision 18-12-021, dated December 20, 2018, and effective tracking February 15, 2019.
2. **APPLICABILITY:** Applicable to all service areas served by California American Water.
3. **ACCOUNTING PROCEDURE:**
 - a. The following entries will be recorded monthly in the CCFMA:
 1. Debit the CCFMA for costs associated with implementing the pilot program, using the appropriate WBS element
 2. Debit the CCFMA for the costs of the waived transaction fees for utilizing bill payment options, including but not limited to credit card, debit card, and prepaid card bill payment options, using the appropriate WBS elements
 3. The decision states that cost savings from this program will also be included in and reduce this account balance. Under the pilot program the Company will track types of billing and payment used, volume of customer shut-off notices and shut-offs, and lockbox payments at a minimum. The Company will work through quantifying these cost savings.
 4. The CCFMA will accrue interest at the 90 day commercial paper rate
 5. The CCFMA will be recorded by district
 6. The duration of the pilot program is limited to the Company's current rate case cycle, which ends on 12/31/2020.
 7. The estimated amount of the deferral through 12/31/2020 is less than \$100,000
 8. The program is anticipated to begin in 2019
4. AB 1180 provides that the costs of the pilot program may not be recovered from specified low-income customers and this should be specified in the preliminary statement for the memorandum account.
5. **EFFECTIVE DATE:** The Credit Card Fee Memorandum Account shall go into effect April 26, 2019.
6. **RATEMAKING PROCEDURE:** In accordance with D.18-12-021, there is currently no ratemaking component to the memorandum account.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

Advice 1241

J. T. LINAM

Date Filed 04/25/2019

Decision

DIRECTOR - Rates & Regulatory

Effective 04/25/2019

Resolution

