



April 1, 2024

ADVICE LETTER NO. 1439

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (California American Water) (U210W) hereby submits for review this advice letter including the following tariff sheets applicable to its Northern Division which are attached hereto:

### **PURPOSE**

The purpose of this advice letter filing is to request recovery of the 2023 Water Revenue Adjustment Mechanism (“WRAM”) and Modified Cost Balancing Account (“MCBA”) balances. This request is in compliance with authorizations of the California Public Utilities Commission as detailed in D.08-11-023, D.12-04-048, D.13-07-041, D.18-12-021, and D.21-11-018.

### **BACKGROUND**

In a settlement agreement adopted by D.13-07-041, which was issued in California American Water’s general rate case Application 10-07-007, the parties agreed to the following WRAM/MCBA procedures outlined in D.12-04-048.

*The parties agree that California American Water would use the same amortization schedules and procedures that were established for other Class A water utilities in D.12-04-048 for the WRAM/MCBA in all districts. This includes:*

- 1. Amortization of net WRAM/MCBA balances at or above 2% of the last authorized revenue requirement, as described in Ordering Paragraph 2;*
- 2. The process to not initiate the cap until 2015, which is the first test year of the GRC to be filed July 1, 2013, as discussed in Ordering Paragraph 3;*
- 3. A vigorous review of the WRAM/MCBA as well as sales forecasting to be conducted in the next GRC (Test Year 2015), as discussed in Ordering Paragraph 3;*
- 4. California American Water will submit its annual request for amortization of net WRAM/MCBA balances by a Tier 1 advice letter on or before March 31, as described in Ordering Paragraph 5;*
- 5. California American cannot include any additional type or category of cost in their Tier 1 Advice Letters that was not included in their Annual Report as described in Ordering Paragraph 9;*
- 6. California American Water will separate the WRAM/MCBA surcharges on customer bills if it is capable of doing so with its new billing system, as discussed for other utilities in Ordering Paragraph 10.*

In addition, D.18-12-021, which resolved California American Water's general rate case Application 16-07-002, the Commission increased the cap on amortization of the WRAM/MCBA balances from 10% to 15%. and D.21-11-018, which resolved California American Water's general rate case Application 19-07-004, maintained the cap through the next GRC cycle:

We find the Settlement, as it relates to Cal-Am's WRAM/MCBA balances and the authorized cap established in D.18-12-021, is reasonable in light of the whole record of this proceeding, consistent with the law, and in the public interest, pursuant to the Commission's approval of the temporary 15% cap in Cal-Am's prior GRC proceeding. Cal-Am shall maintain the 15% cap related to its WRAM/MCBA balances as authorized in D.18-12-021 through this GRC cycle.<sup>1</sup>

### **REQUEST**

The balances for the WRAM and MCBA are summarized in the table below.

Recovery of WRAM/MCBA Balances				
Description	WRAM/MCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Cumulative Surcharge Collections	Recorded Balance
AUTHORIZED PRIOR BALANCES REMAINING AT 12/31/2023	(\$1,129,547)	(\$37,014)	(\$415,485)	(\$1,582,046)
BALANCE NOT YET APPROVED FOR YEAR 2023	(\$2,420,498)	(\$68,447)	\$0	(\$2,488,945)
BALANCE ALL YEARS				(\$4,070,991)
2023 Authorized Revenue				\$74,912,565
2023 % of Revenue				3.3%
Net Balance % of Revenue				5.4%

Based on the above balance and 15% cap authorized in D.21-11-018, California American Water requests a volumetric surcharge of \$0.0463 per 100 gallons over a 12-month period be added to the Company's tariffs.

<sup>1</sup> D.21-11-018 at 147.

**EFFECTIVE DATE**

California American Water submits this as a Tier 1 advice letter per D.13-07-041 and requests an effective date of April 1, 2024.

**NOTICE AND SERVICE LIST:**

In accordance with General Order 96-B, General Rule 4.3 and 7.2 and Water Industry Rule 4.1, a copy of this advice letter will be transmitted electronically to interested parties having requested such notification. ***Please note that this advice letter will only be distributed electronically.***

**RESPONSE OR PROTEST<sup>2</sup>**

Anyone may respond to or protest this advice letter. 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 advice letter. A **protest** objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds<sup>3</sup> 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.)

A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

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<sup>2</sup> G.O. 96-B, General Rule 7.4.1

<sup>3</sup> G.O. 96-B, General Rule 7.4.2

A response must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3<sup>rd</sup> floor  
California Public Utilities Commission,  
505 Van Ness Avenue, San Francisco, CA 94102  
[water\\_division@cpuc.ca.gov](mailto:water_division@cpuc.ca.gov)

In the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to us, addressed to:

**Email Address:**

[chase.grady@amwater.com](mailto:chase.grady@amwater.com)

[sarah.leeper@amwater.com](mailto:sarah.leeper@amwater.com)

[ca.rates@amwater.com](mailto:ca.rates@amwater.com)

**Mailing Address:**

520 Capital Mall, Suite 630  
Sacramento, CA 95814

555 Montgomery Street, Suite 816  
San Francisco, CA 94111

520 Capital Mall, Suite 630  
Sacramento, CA 95814

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division, 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.

If you have not received a reply to your protest within 10 business days, please contact Chase Grady at (916) 568-4241.

CALIFORNIA-AMERICAN WATER COMPANY

*/s/ Chase Grady*

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Chase Grady  
Associate Rates & Regulatory Analyst

**Cal P.U.C.  
Sheet No.**

**Title of Sheet**

**Cancelling  
Cal P.U.C.  
Sheet No.**

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XXXXX-W

Schedule No. ND-1  
Northern Division Tariff Area  
GENERAL METERED SERVICES  
Sheet 7

10789-W

Schedule No. ND-1  
Northern Division Tariff Area  
GENERAL METERED SERVICES

Sheet 7

**NORTHERN DIVISION TARIFF AREA (Continued)**

SPECIAL CONDITIONS (Continued):

Fees and Surcharges (Continued):

**Sacramento, Meadowbrook, and Larkfield Tariff Areas**

1. Per Advice Letter 1356, the under-collected balance in the Northern Division Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity-based surcharge of \$0.0209 per 100 gallons over 12 months beginning March 4, 2022. The total amount will be recovered from all classes of customers.
  
2. Per Advice Letter 1439 and D.21-11-018 a surcharge is included to recover the net under-collection in the WRAM and MCBA of \$4,070,991 including interest, as of December 31, 2023. The surcharge of \$0.0463 per 100 gallons is set to recover the under-collection at a rate equal to 15% of the authorized revenue requirement as approved by D.21-11-018, will be collected over 12 months beginning April 1, 2024. (C)  
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(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1439	S. W. OWENS	Date Filed	_____
Decision		SR. DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____

**NORTHERN DIVISION SERVICE LIST**  
**CALIFORNIA-AMERICAN WATER COMPANY**

**BY MAIL:**

Robert A. Ryan, Jr. County of Sacramento Downtown Office 700 H Street, Suite 2650 Sacramento, CA 95814	Walt Shannon 8356 Auberry Drive Sacramento, CA 95828  State of California, Dept. of Health Services Safe Drinking Water State Rev Fund Program Attn: Chief, Safe Drinking Water 1616 Capitol Mall, MS 7418 Post Office Box 997413 Sacramento, CA 95899-7413	Carol Smith 6241 Cavan Drive, 3 Citrus Heights, CA 95621  Mark Norris, County Clerk-Recorder County of Sacramento 600 8th Street Sacramento, CA 95814
Steven J. Thompson 5224 Altana Way Sacramento, CA 95841	Fruitridge Vista Water Company P.O. Box 959 Sacramento, CA 95812	Robert C. Baptiste 9397 Tucumcari Way Sacramento, CA 95827-1045
Anthony La Bouff, County Counsel Placer County 175 Fulweiler Avenue Auburn, CA 95603	Rio Linda Water District 730 L Street Rio Linda, CA 95673	State of California, Dept. of Water Resources Safe Drinking Water Office, Room 804 Attn: Program Manager Post Office Box 942836 Sacramento, CA 94236-0001
Sacramento County WMD 827 7th Street, Room 301 Sacramento, CA 95814	Mario Gonzalez 111 Marwest Commons circle Santa Rosa, CA 95403	California Water Service Co Redwood Valley District 14034 Armstrong Woods Rd Guerneville, CA 95446
Maria D. Duddy 2184 Teakwood Ct. Hollister, CA 95023	Penngrove/Kenwood Water Co 4984 Sonoma Hwy Santa Rosa, CA 95409	Henry Nanjo Department of General Services Office of Legal Services, MS-102 PO Box 989052 West Sacramento, CA 95798-9052
Citrus Heights Water District 6230 Sylvan Road Citrus Heights, CA 95610 <a href="mailto:rchurch@chwd.org">rchurch@chwd.org</a>	Edward W. O'Neill Davis Wright Tremaine LLP 505 Montgomery Street San Francisco, CA 94111-6533	Sacramento Suburban Water District 3701 Marconi Avenue, Suite 100 Sacramento, CA 95821-5303
<b><u>BY E-MAIL:</u></b>	City of Sacramento, Water Division 1391 35th Avenue Sacramento, CA 95822 <a href="mailto:utilities@cityofsacramento.org">utilities@cityofsacramento.org</a>	Marvin Philo 3021 Nikol Street Sacramento, CA 95826 <a href="mailto:mhphilo@aol.com">mhphilo@aol.com</a>
Hilary Straus, General Manager Citrus Heights Water District 6230 Sylvan Road Citrus Heights, CA 95610 <a href="mailto:hstraus@chwd.org">hstraus@chwd.org</a>	Amy Van, City Clerk City of Citrus Heights 6237 Fountain Square Drive Citrus Heights, CA 95621 <a href="mailto:avan@citrusheights.net">avan@citrusheights.net</a>	Jim McCauley, Clerk-Recorder Placer County 2954 Richardson Drive Auburn, CA 95603 <a href="mailto:skasza@placer.ca.gov">skasza@placer.ca.gov</a>



**NORTHERN DIVISION SERVICE LIST**  
**CALIFORNIA-AMERICAN WATER COMPANY**

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Office of Ratepayer Advocates  
505 Van Ness Avenue  
San Francisco, CA 94102  
California Public Utilities Commission  
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