

PRELIMINARY STATEMENT  
(Continued)

Sheet 1

**AW. MPWSP Operations and Maintenance Memorandum Account**

1. **PURPOSE:** The MPWSP Operations and Maintenance Memorandum Account is established in compliance with Ordering Paragraph 20 of D.18-09-017 and will track the differences between estimated costs adopted through the Tier 2 advice letter process and actual Operations and Maintenance (“O&M”) costs incurred during the period of time from the beginning of operation of the plant until the time an estimate of future costs is determined as part of a future general rate case application. It is assumed that O&M costs during plant startup will be capitalized as part of the project costs. However, if for accounting reasons certain O&M costs are required to be expensed, those costs will also be tracked in the MOMMA. (D)  
(T)
2. **APPLICABILITY:** The Monterey Service Area, which includes Monterey Main, Bishop, Hidden Hills and Ryan Ranch.
3. **ACCOUNTING PROCEDURE:** California-American Water Company shall maintain the MOMMA by making entries at the end of each month as follows:
  - a. A debit entry shall be made to the MOMMA at the end of each month to record the actual O&M cost.
  - b. A credit entry shall be made to the MOMMA at the end of each month to record the estimated O&M cost.
  - c. A debit entry shall be made to the MOMMA at the end of the month for any O&M cost that are not capitalized as part of the project costs.
  - d. Interest shall accrue to the MOMMA 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 MOMMA shall go into effect on December 31, 2018, per D.18-09-17, to reflect all above-mentioned O&M Cost.
5. **RATEMAKING PROCEDURE:** In accordance with D.18-09-017 a Tier 2 Advice Letter will be filed to place into rates the estimated O&M costs associated with the Phase 1 project. Any balances recorded to the MOMMA as well as future O&M costs will be addressed in the following general rate case proceeding.

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(TO BE INSERTED BY UTILITY)	ISSUED BY J. T. LINAM DIRECTOR - Rates & Regulatory	(TO BE INSERTED BY C.P.U.C.) Date Filed <u>12/23/2021</u> Effective <u>03/04/2022</u> Resolution _____
Advice 1353 Decision		