655 W. Broadway, Suite 1410 San Diego, CA 92101

PRELIMINARY STATEMENT (Continued)

Sheet 1

BR. Central Division - Chualar System - Tariff Rate Design

(N)

1. OVERVIEW:

The Chualar service area in the Central Division was acquired from the County of Monterey in 2003 and approved by the Commission in Resolution W-4365 (approving California American Water Advice Letter No.565). According to the California State Water Resources Control Board, Chualar is a disadvantaged community ("DAC") defined as "community with a median household income (MHI) less than 80% of the Statewide average." At the time of acquisition, the Chualar service area had a rate design comprised of a high monthly service fee and a small quantity rate charge (one design for all customers except public schools which had its own rate design). Part of the approved acquisition authorized the rates in the Chualar area to transition to the Monterey Main rate design over a 5 year period. Once the Monterey rate design was noticed in Advice Letter 654 to place the Chualar service area on a Monterey style rates design with tiered rates and a low service charge, a significant protest was lodged by the Chualar customers. A negotiation mediated by the Water Division took place and it was agreed upon by all parties, that the Chualar rate design would continually remain in place and only a CPI adder would ever be placed annually on the rates effective for the prior year.

2. EFFECTIVE DATE/DURATION:

This rate design process was effectuated by the approval of Advice Letter 654-A (December 21, 2006) and has remained in place in each and every GRC henceforth.

3. PURPOSE:

The purpose of this statement is to ensure that, unless changed by Commission order, the rates in the Chualar area will remain on the same rate design on only be inflated by annual changes in CPI.

4. APPLICABILITY:

Applicable to California American Water's Chualar service area.

5. ACCOUNTING PROCEDURE:

The revenue in the Chualar service area must be kept separate from the revenues of the remainder of the satellite systems.

6. RATEMAKING PROCEDURE:

The revenue requirement in the Chualar area will be established by multiplying the present rates annually increased by the actual and projected CPI to the adopted annual consumption and average annual customers.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)

Advice 1353

J. T. LINAM

Date Filed 12/23/2021

Decision

DIRECTOR - Rates & Regulatory

Resolution