

PRELIMINARY STATEMENT
(Continued)

Sheet 1

AF. Purchased Water, Purchased Power and Pump Tax Balancing Account

(L)(T)

1. PURPOSE:

The purpose of the Purchased Water, Purchased Power and Pump Tax Balancing Account is to track differences in the aforementioned expenses based upon changes in recorded unit prices versus adopted. California American Water was granted authority to maintain this balancing account in Decision (D.) 18-12-021.

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2. APPLICABILITY:

Not currently applicable to any California American Water Service Areas.

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3. ACCOUNTING PROCEDURE:

With the approval of the MCBA in D.15-04-007, expense entries past December 31, 2014 will no longer be recorded to the account. However, prior balances will remain and interest will continue to accrue until all balances are transferred. The entries are as follows:

- a. A debit entry will be created each month until December 31, 2014 to record expenses associated with the account. The expenses are determined as follows:
 - i. Difference between recorded unit cost for purchased water and adopted, including service charges
 - ii. Multiply difference in (i) by recorded quantities
 - iii. Difference between recorded unit cost for purchased power and pump taxes and adopted
 - iv. Multiply difference in (iii) by recorded quantities
 - v. Total net balance = (ii) + (iv)
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's ("CEBA") upon Commission approval.

4. RATEMAKING PROCEDURE:

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

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(Continued)

(TO BE INSERTED BY UTILITY)
Advice 1280-A
Decision

ISSUED BY
J. T. LINAM
DIRECTOR - Rates & Regulatory

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