

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

PRELIMINARY STATEMENT
 (Continued)

Sheet 1

AL. Monterey Service Area Pre-2015 Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") undercollection/recovery Balancing Account

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1. PURPOSE:

The purpose of the WRAM/MCBA pre-2015 Residential undercollection/recovery Balancing Account is to track the recovery of the \$28.3 million (\$32.8 million authorized in Decision 16-12-003 minus \$4.5 million collected from the existing surcharges) authorized for the residential customers by the Commission to be recovered by the authorized monthly meter surcharge over a 5-year period beginning on the date of approval of the tariffs by the Commission.

2. APPLICABILITY:

Applicable to residential and multi-residential customers in the Monterey Service Area which includes Monterey Main, Bishop, Hidden Hills, and Ryan Ranch.

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3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account and added to the prior accumulated monthly balance:

- a. A debit entry to record the Commission authorized \$32.8 million under-collection of pre-2015 WRAM/MCBA balances applicable to residential customers.
- b. A credit entry to record any amounts the Commission orders to be placed in this account from previous authorized surcharges applicable to recoveries of pre-2015 WRAM/MCBA balances recovered after July 1, 2015.
- c. A monthly credit entry to record the amounts recovered from residential customers.
- d. 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 non-financial Commercial Paper, as reported and updated monthly in the Federal Reserve Statistical Release, H.15 or its successor.
- e. The monthly meter surcharges noted below will cease at the earlier of 60-month from the Commission approval date of the required tier 2 advice letter or once the balance in the account reaches zero.

4. RATEMAKING PROCEDURE:

In accordance with Commission Decision D.16-12-003, and the approval of Advice Letter No. 1146 effective January 29, 2017, a meter surcharge based on the applicable meter capacity ratio between meter sizes will be placed on the bills of all residential and multi-residential customers until such time as the entire initial balance of \$28.3 million is recovered, but shall not exceed 60 months. The account will accrue interest per item 3d above.

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(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.)
 Date Filed 06/22/2020
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 Resolution _____