

PRELIMINARY STATEMENT
(Continued)

Sheet 1

AY. Voluntary Conservation/Rationing Memorandum Account – All District

(N)

1. PURPOSE:

The Purpose of the Conservation/Rationing Memorandum Account (“CRMA”) is to track expenses incurred by the Utility to activate Rule 14.1 and/or Schedule 14.1 that have not been considered in a General Rate Case or other proceeding in its Districts. The CRMA will record the operating costs and administration cost associate with complying and implementing the mandated conservation practices outlined in Rule 14.1 voluntary conservation, Schedule 14.1 mandatory rationing efforts, and other activities such as those associated with any Drought Emergency Declaration and drought procedures ordered by the Commission for water conservation upon the activation of Rule 14.1 and/or Schedule 14.1 in its Districts. The memorandum account will also track the penalties or fees, which may be imposed by the relevant water agency, related to California American Water exceeding any assigned allocation. Any additional revenue generated from the above in its Districts will also be recorded in this memorandum account. The authority to establish this account was granted in Resolution W-4976 dated February 27, 2014. California American Water was granted authority to continue this account in Decision (D.) 18-12-021.

2. APPLICABILITY:

All areas served by California American Water.

3. ACCOUNTING PROCEDURE:

California-American Water Company shall maintain the CRMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to the CRMA at the end of each month to record the incremental expenses or penalties paid.
- b. A credit entry shall be made to the CRMA at the end of each month to record the penalty charges collected.
- c. Interest shall accrue to the CRMA 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. TERMINATION DATE:

California American Water Company will terminate this memorandum account when voluntary conservation is deactivated per Rule 14.1.

5. DISPOSTION:

Disposition of amounts recorded in the CRMA will be determined in a regulatory proceeding, as authorized by the Commission.

(N)

(Continued)

| (TO BE INSERTED BY UTILITY) | | ISSUED BY | (TO BE INSERTED BY C.P.U.C.) | |
|-----------------------------|--------|-------------------------------|------------------------------|-------------------|
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| | | | Resolution | <u></u> |