

PRELIMINARY STATEMENT  
(Continued)

Sheet 1

**BE. Sacramento District Voluntary Conservation or Mandatory Rationing Memorandum Account.**

**1. Purpose:**

The purpose of this Voluntary Conservation or Mandatory Rationing Memorandum Account (VCMRMA) is to track impacts of voluntary conservation or mandatory rationing on variable expenses for purchase water, pump tax and power for future disposition in the Sacramento Service Area. The commission has determined that this mechanism is appropriate in coordination with increasing water conservation activities or mandatory rationing required by outside governmental agencies or entities. D.18-12-021 authorized continuation of the account with the modification that the account, exclude lost revenues associated with reduced sales from being recorded in the account.

**2. APPLICABILITY:**

Applicable to the Sacramento Service Area, excluding Private and Public fire protection.

**3. ACCOUNTING PROCEDURE:**

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

- a. Most recent adopted variable expense for purchase water, pump tax and power.
- b. Actual recorded variable expenses.
- c. Total net VCRAMA balance (a-d)
- d. A negative (-) balance in the memorandum account reflects a utility over collection to be refunded, while a positive balance reflects a utility under collection to be recovered in rates.
- e. The Company will record the accumulated VCRAMA balance monthly, by adding its entry in section d above to the prior accumulated monthly balance.
- f. Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper, as reported in the Federal reserve statistical Release, to the average of the beginning-of-month and the end-of-month balances.
- g. Before seeking recovery of the VCRAMA balance, the balance shall be reduced by an amount equal to a 20-basis point reduction in the most recently adopted return on equity.

**4. RATEMAKING PROCEDURE:**

There is currently no ratemaking component to the memorandum account. Request 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 the Sacramento Service Area CEBA for recovery/refund.

(Continued)

<p>(TO BE INSERTED BY UTILITY)</p> <p>Advice      1280-A</p> <p>Decision</p>	<p>ISSUED BY</p> <p>J. T. LINAM</p> <p>DIRECTOR - Rates &amp; Regulatory</p>	<p>(TO BE INSERTED BY C.P.U.C.)</p> <p>Date Filed      <u>06/22/2020</u></p> <p>Effective        <u>02/10/2020</u></p> <p>Resolution</p>
------------------------------------------------------------------------------	------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------