

PRELIMINARY STATEMENT  
(Continued)

Sheet 1

**I. Cease and Desist Order Memorandum Account (“CDOMA”)**

**1. PURPOSE:**

The purpose of the Cease and Desist Order Memorandum Account (“CDOMA”) is to track outside legal counsel; experts needed to represent California American Water in administrative proceedings; temporary legal measures regarding stays of the CDO; court appeals related to any final CDO adopted by the SWRCB; challenges, clarifications, and/or compliance with the CDO including any additional or more stringent conservation and reporting activities, the development and obtainment of water supply and water rights; and any and all other immediate activities beyond those approved in the general rate case related to the CDO to address the State Water Resources Control Board (“SWRCB”) Cease and Desist Order for unauthorized diversion of water from the Carmel River in the Monterey Service Area. California American Water was granted authority to continue this balancing in Decision (D.) 18-12-021.

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**2. APPLICABILITY:**

The Monterey Service Area which includes Monterey Main, Bishop, Hidden Hills, and Ryan Ranch.

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**3. ACCOUNTING PROCEDURE:**

The following entries will be recorded to the memorandum account:

- a. A debit entry will be created each month to record expenses associated with the SWRCB CDO.
- 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 non-financial 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 memorandum 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.

(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.)  
Date Filed 06/22/2020  
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Resolution \_\_\_\_\_