

PRELIMINARY STATEMENT  
(Continued)

Sheet 1

**R. Customer Assistance Program (“CAP”) Balancing Account** (C)

**1. PURPOSE:**

The purpose of the CAP Balancing Account is to track the CAP discounts provided, the CAP surcharges collected, and to adjust the CAP surcharges on January 1 of each year. The surcharge will be applicable to all non-customer assistance program water and wastewater customers. California American Water was granted authority to continue this account in Decision (D.) 18-12-021. (C)

**2. APPLICABILITY:**

All areas served by California American Water.

**3. ANNUAL SURCHARGE ADJUSTMENT:**

The surcharge will be evaluated and adjusted annually in the annual Step Rate filings and will reflect:

- a. A forecast of the December 31st balance in the CAP for the current year that reflects. (C)
  - i. The most recent recorded balance;
  - ii. The assumption that the proportion of CAP to non-customer assistance program residential enrollment in September will remain constant as a proportion of adopted numbers for October through December; and (C)
  - iii. The assumption that current CAP surcharges will be applied to the estimated non-CAP portion of adopted sales (adopted sales minus estimated CAP sales based on the proportion of CAP to non-customer assistance program residential customers in September), plus interest; and (C)
- b. A forecast of the December 31 balance in the CAP for the following year that reflects: (C)
  - i. The assumption that the proportion of CAP to non-customer assistance program residential enrollment in September of the previous year will remain constant as a proportion of adopted numbers; and (C)
  - ii. The assumption that the new surcharges will be applied to the estimated non-customer assistance program portion of adopted sales (adopted sales minus estimated CAP sales based on the proportion of CAP to non-customer assistance program residential customers in September of the previous year), plus interest. (C)

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(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1326	J. T. LINAM	Date Filed	<u>03/05/2021</u>
Decision	D. 20-08-047	DIRECTOR - Rates & Regulatory	Effective	<u>03/05/2021</u>
			Resolution	_____

PRELIMINARY STATEMENT  
(Continued)

Sheet 2

**R. Customer Assistance Program (“CAP”) Balancing Account (continued):** (C)

**4. ACCOUNTING PROCEDURE:**

The following entries will be recorded continued with the date of Decision (D.) 18-12-021:

- a. A debit entry equal to the recorded customer discounts.
- b. A credit entry equal to the surcharges collected from the customers not qualified to participate in the CAP. (C)
- c. 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.

**5. RATEMAKING PROCEDURE:**

Customer assistance discount of 20%, for all districts except for the Monterey Service Area within Central Division, shall be applied to all monthly service fees, the tier one billed usage amount and the tier two usage amount. A customer assistance discount of 30% for Monterey Service Area shall be applied to all monthly service fees, and the first four tiers billed usage. Surcharges will be evaluated and adjusted annually in the annual Step Rate filings to ensure appropriate collection. (C)

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