PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE SAN FRANCISCO, CA 94102-3298



July 5, 2018

Jeffrey T. Linam Vice President of Rates & Regulatory California-American Water Company 4701 Beloit Drive Sacramento, CA 95838-2434

Dear Mr. Linam,

The Commission has approved California-American Water Company's Advice Letter No. 1195-A, (Supplement to Advice Letter No. 1195), filed on June 15, 2018, regarding your requesting recovery of the 2017 WRAM and MCBA balances for the Sacramento District.

Enclosed are copies of the following revised tariff sheets for the utility's files:

P.U.C. Sheet No.	<u>Title of Sheet</u>
8781-W	Schedule No. SC-1 (continued)
	Sacramento District Tariff Area
	GENERAL METERED SERVICE
8782-W	TABLE OF CONTENTS
	Page 3
8783-W	TABLE OF CONTENTS
	Page 1

Please contact Bradley Leong at 415-703-2307, if you have any questions.

Thank you,

/s/ROBIN BRYANT

Robin Bryant Water & Sewer Advisory Branch Water Division

Enclosures

CALIFORNIA PUBLIC UTILITIES COMMISSION DIVISION OF WATER AND AUDITS

Advice Letter Cover Sheet

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please

oxtimes Compliance

Date Mailed to Service List: June 15, 2018

Protest Deadline (20th Day): July 5, 2018

Review Deadline (30th Day): July 15, 2018

Requested Effective Date: March 31, 2018

Rate Impact: \$See AL

See AL%

Utility Name: California American Water

Tier ⊠1 □2 □3

Authorization D.15-04-007, D.13-07-041

Description: 2017 WRAM & MCBA

see the "Response or Protest" section in the advice letter for more information.

District: Sacramento

CPUC Utility #: U210W

Advice Letter #: 1195-A

Utility Contact:	Nancy Hollingsworth		Utility Contact:	Melody Singh
Phone:	916-568-4209		Phone:	916-568-4246
Email:	nancy.hollingsworth@an	nwater.com	Email:	melody.singh@amwater.com
DWA Contact	:: Tariff Unit			
Phone	: (415) 703-1133			
Emai	: Water.Division@cpuc.c	a.gov		
		DWA USE ONLY		
<u>DATE</u>	STAFF		COMMENTS	
[] APPROVED		[]WITHDRAWI	V	[] REJECTED
Signature:		Comments:		



June 15, 2018

ADVICE LETTER NO. 1195-A

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (Cal-Am) (U210W) hereby submits for review this advice letter including the following tariff sheets applicable to its Sacramento District, which are attached hereto:

C.P.U.C. Sheet No.	Title of Sheet	Canceling Sheet No.
8781-W	Schedule No. SC-1 (continued) Sacramento District Tariff Area GENERAL METERED SERVICE	8687-W
8782-W	TABLE OF CONTENTS Page 3	8779-W
8783-W	TABLE OF CONTENTS Page 1	8780-W

PURPOSE

This supplemental updates the Adopted Revenue and updates the Actual Residential Revenue.

The purpose of advice letter 1195 was to request the recovery of the 2017 WRAM & MCBA balances. This request is in compliance with authorizations of the California Public Utilities Commission as detailed in D.15-04-007, D.12-04-048, and D.13-07-041.

BACKGROUND

As noted on page 70 of the settlement adopted in D.15-04-007, Cal-Am established a WRAM and MCBA in Advice Letter 1072-B as outlined below;

ORA and CAW agree to the design as proposed by CAW, including the establishment of the WRAM/MCBA for the Sacramento District in accordance with D.08-11-023 Appendix A, as modified by the settlement agreement adopted in D.12-06-016.

Historically, these types of advice letters were submitted by April 30th each year per the settlement agreement adopted in D.08-11-023. On July 25, 2013, modifications to the process were agreed to in D.13-07-041 as part of a settlement in Cal-Am's 2010 General Rate Case ("GRC") proceeding;

The parties agree that California American Water would use the same amortization schedules and procedures that were established for other Class A water utilities in D.12-04-048 for the WRAM/MCBA in all districts. This includes:

- 1. Amortization of net WRAM/MCBA balances at or above 2% of the last authorized revenue requirement, as described in Ordering Paragraph 2;
- 2. The process to not initiate the cap until 2015, which is the first test year of the GRC to be filed July 1, 2013, as discussed in Ordering Paragraph 3;...
- 3. A vigorous review of the WRAM/MCBA as well as sales forecasting to be conducted in the next GRC (Test Year 2015), as discussed in Ordering Paragraph 3;
- 4. Cal Am will submit its annual request for amortization of net WRAM/MCBA balances by a Tier 1 advice letter on or before March 31, as described in Ordering Paragraph 5:
- 5. California American cannot include any additional type or category of cost in their Tier 1 Advice Letters that was not included in their Annual Report as described in Ordering Paragraph 9;
- 6. California American Water will separate the WRAM/MCBA surcharges on customer bills if it is capable of doing so with its new billing system, as discussed for other utilities in Ordering Paragraph 10.

Additional criteria on the WRAM amortization process were outlined in D.12-04-048 as follows;

Conclusions of Law

- 7. It is reasonable to require that net WRAM/MCBA over-collections be amortized through a surcredit on a customer's service charges and that all under-collections be amortized through a surcharge on the volumetric rate.
- 8. It is reasonable to change the deadline for applicants to submit their annual WRAM/MCBA report from March 31st to the previous November 30th, and to include nine months of recorded data through September 30th in the report.

Ordering Paragraphs

1. We adopt the amortization schedule set forth in Appendix A with a cap on total net Water Revenue Adjustment Mechanism/Modified Cost Balancing Account (WRAM/MCBA) surcharges of 10% of the last authorized revenue requirement...WRAM balances incurred prior to the first test year referenced above continue to be amortized under the adopted amortization schedule without being subject to the surcharge cap.

California American Water submitted its annual report with DWA on 11/30/2017. The report contained recorded balances January 1 through October 31, 2017 and forecasted balances for the period November 1 through December 31, 2017.

REQUEST

The balances for the WRAM and MCBA are summarized in the table below.

Table 3: Recovery of WRAM/MCBA Balances				
Description	WRAM/MCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Cumulative Surcharge Collections	Balance
PRIOR YEAR BALANCE	(\$16,120,792)	(\$150,269)	\$4,297,524	(\$11,973,536)
CURRENT YEAR BALANCE	(\$7,008,917)	(\$47,168)	\$0	(\$7,056,086)
BALANCE ALL YEARS				(\$19,029,622)
2017 Adopted Revenue Total Balance % of Reve	nue			\$54,139,682 35.1%

Based on the above balance and the adopted amortization schedule per D.12-04-048 Appendix A, California American Water requests a volumetric surcharge of \$0.0529 per 100 gal over a 36 month period be added to the Company's tariffs.

SERVICE LIST

Pursuant to Section 4.3 of General Order No. 96-B, a copy of this advice letter is being sent to those entities listed in the attached service list. Copies of the detailed workpapers and the documents supporting this Advice Letter have also been furnished to the Commission Staff.

EFFECTIVE DATE

Cal-Am submits this as a Tier 1 advice letter per D.13-07-041 and requests an effective date of March 31, 2018.

RESPONSE OR PROTEST¹

Anyone may submit a response or protest for this AL. When submitting a response or protest, please include the utility name and advice letter number in the subject line.

A **response** supports the filing and may contain information that proves useful to the Commission in evaluating the AL. A **protest** objects to the AL in whole or in part and must set forth the specific grounds on which it is based. These grounds² are:

- 1. The utility did not properly serve or give notice of the AL;
- 2. The relief requested in the AL would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
- 3. The analysis, calculations, or data in the AL contain material error or omissions;

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

- 4. The relief requested in the AL is pending before the Commission in a formal proceeding; or
- 5. The relief requested in the AL requires consideration in a formal hearing, or is otherwise inappropriate for the AL process; or
- 6. The relief requested in the AL is unjust, unreasonable, or discriminatory, provided that such a protest may not be made where it would require relitigating a prior order of the Commission.

A protest may not rely on policy objections to an AL where the relief requested in the AL follows rules or directions established by statute or Commission order applicable to the utility. A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

DWA must receive a response or protest via email (<u>or</u> postal mail) within 20 days of the date the AL is filed. When submitting a response or protest, <u>please include the utility name and</u> advice letter number in the subject line.

The addresses for submitting a response or protest are:

Email Address:

Water.Division@cpuc.ca.gov

Mailing Address:

CA Public Utilities Commission Division of Water and Audits 505 Van Ness Avenue San Francisco, CA 94102

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to us, addressed to:

Recipients: Melody Singh Manager of Rates & Regulatory	E-Mail: Melody.singh@amwater.com	Mailing Address: 4701 Beloit Drive Sacramento, CA 95838 Fax: (916) 568-4246
Sarah E. Leeper Vice President – Legal, Regulatory	sarah.leeper@amwater.com	555 Montgomery Street, Ste. 816 San Francisco, CA 94111 Fax: (415) 863-0615
ca.rates	ca.rates@amwater.com	4701 Beloit Drive Sacramento, CA 95838 Fax: (916) 568-4260

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division, within the 20-day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

REPLIES³

The utility shall reply to each protest and may reply to any response. Any reply must be received by DWA within five business days after the end of the protest period, and shall be served on the same day on each person who filed the protest or response to the AL.

The actions requested in this advice letter are not now the subject of any formal filings with the California Public Utilities Commission, including a formal complaint, nor action in any court of law.

If you have not received a reply to your protest within 10 business days, contact this person at (916) 568-4209.

This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Jeffrey T. Linam

Jeffrey T. Linam
Vice President of Rates & Regulatory

³ G.O. 96-B, General Rule 7.4.3

655 W. Broadway, Suite 1410

San Diego, CA 92101

Cancelling

Revised Revised Cal. P.U.C. Sheet No. Cal. P.U.C. Sheet No.

8781-W 8687-W

Schedule No. SC-1 (Continued) Sacramento District Tariff Area GENERAL METERED SERVICE

Sheet 3

SPECIAL CONDITIONS:

General Items:

- Qualifying low-income customers can receive a discount on their bill. Customers must apply with the Company for acceptance into the low-income program. For additional details, please see Tariff Schedule CA-LIRA.
- 2. Any customer paying for service at a premise where a Residential Fire Protection Service (RFPS) is required/requested to be installed by local fire and building codes shall be allowed to have their monthly service charge modified in accordance with the monthly costs for RFPS service charges. Provided, however, that the RFPS rate has been requested by the customer and verified by the Company that the smaller size of meter would be large enough to provide adequate service for the property in absence of the additional demand necessary to supply water to the sprinkler system. The RFPS will not be considered a fire service by the Company, but as an oversized general metered service. As such the rules and conditions of service for general metered service shall apply.

Fees and Surcharges:

- 3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
- 4. Per Advice Letter 1072-B, a surcharge of \$0.0052 per hundred gallons will be applied to each bill to fund conservation efforts. The surcharge will remain in effect until otherwise directed by the Commission.
- 5. Per Advice Letter 1140-A, a surcharge of \$1.21 for the Low-Income Ratepayer Assistance Program ("LIRAP") Balancing Account will be collected from all non-low income water and wastewater customers.
- 6. Per Advice Letter 1154, the balance in the Sacramento District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0175 per 100 gallons over 24 months. The effective date for surcharge is June 16, 2017 and will be recovered from all customer classes in all service areas.
- 7. Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) Surcharge.
 - A surcharge is included in each bill to recover the net under-collection in the Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA). For the period ending December 31, 2017, the net under-collection totals \$18,955,673 including interest. The surcharge is \$0.0538 per 100 gallons and will remain effective for 36 months beginning March 31, 2018.

(C)

(C)

(Continued)

(TO BE INSERTED BY UTILITY)

Advice 1195-A

Decision

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

Date Filed

06/15/2018

Effective

03/31/2018

Resolution

655 W. Broadway, Suite 1410

San Diego, CA 92101

Cancelling

Revised Revised Cal. P.U.C. Sheet No. Cal. P.U.C. Sheet No.

8782-W 8779-W

(C)

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Sheet 3

SUBJECT MATTER OF SHEET

C.P.U.C. SHEET NO.

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Areas)

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8672-W

(Toro)

MO-TO-1 General Metered Service 8740-W, 8775-W, 8019-W, 7644-W

(Garrapata)

SC-DU-1

MO-GA-2F Flat Rate Service 8741-W, 8170-W

Sacramento District

SC-1 General Metered Service 8726-W, 8727-W, 8781-W, 8028-W, 7635-W

General Metered Service 8728-W Flat Rate Service 8729-W

SC-DU-1F Flat Rate Service 8729-W SC-GY-1 General Metered Service 8730-W SC-GY-1F Flat Rate Service 8731-W

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San Diego County District

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Ventura County District

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Service

(Continued)

(TO BE INSERTED BY UTILITY)

Advice 1195-A

Decision

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

Date Filed

06/15/2018

DIRECTOR - Rates & Regulatory

Resolution

Resolution

CALIFORNIA-AMERICAN WATER COMPANY

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

Advice

Decision

1195-A

Revised Cancelling Revised

Cal. P.U.C. Sheet No. Cal. P.U.C. Sheet No.

8783-W 8780-W

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Sheet 1

06/15/2018

03/31/2018

Date Filed

Effective

Resolution

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	(Continued)		
(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	

J. T. LINAM

DIRECTOR - Rates & Regulatory

SACRAMENTO DISTRICT SERVICE LIST CALIFORNIA-AMERICAN WATER COMPANY ADVICE LETTER 1195

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California Public Utilities
Commission
Division of Ratepayer
Advocates
dra_water_al@cpuc.ca.gov

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City of Sacramento, Water Division 1391 35th Avenue Sacramento CA 95822 dsherry@cityofsacramento.co m

Florin County Water District P.O. Box 292055 Sacramento CA 95829 fcwd@sbcglobal.net

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Environmental Mgt
P.O. Box 997416
#Sacramento CA 95899-7413

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Rio Linda Water District 730 L Street Rio Linda CA 95673

Sacramento County WMD 827 7th Street, Room 301 Sacramento CA 95814

Sacramento Suburban Water District 3701 Marconi Avenue Suite 100 Sacramento CA 95821-5303

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