STATE OF CALIFORNIA GAVIN NEWSOM, Governor

#### PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE SAN FRANCISCO, CA 94102-3298

July 6, 2023



Jonathan Morse Sr. Manager Rates & Regulatory California-American Water Company 520 Capitol Mall Ste. 630 Sacramento, CA 95814

Dear Mr. Morse,

The Water Division of the California Public Utilities Commission has approved California-American Water Company's Advice Letter No. 1409, filed on April 3, 2023, regarding 2023 WRAM/MCBA for the Southern Division.

Enclosed are copies of the following revised tariff sheets, effective April 3, 2023, for the utility's files:

P.U.C.	
Sheet No.	Title of Sheet
10802-W	Schedule No. SOU-1, Southern Division Tariff Area
	General Metered Services, Sheet 6
10803-W	Table Of Contents, Sheet 3
10804-W	Table Of Contents, Sheet 1

Please contact Bradley Leong at BL4@cpuc.ca.gov or 415-703-2307, if you have any questions.

Thank you.

**Enclosures** 

### CALIFORNIA PUBLIC UTILITIES COMMISSION **DIVISION OF WATER AND AUDITS**

### **Advice Letter Cover Sheet**

Date Mailed to Service List: April 3, 2023

Protest Deadline (20th Day): April 23, 2023

Review Deadline (30th Day): May 3, 2023

Requested Effective Date: April 3, 2023

Rate Impact: \$See AL

See AL%

**Utility Name:** California American Water

□2

□3

**Description:** 2023 WRAM/MCBA – Southern Division

 $\square$  Compliance

**District:** Southern Division

 $\boxtimes 1$ 

CPUC Utility #: U210W

Tier

Advice Letter #: 1409

**Authorization** 

Utility Contact: Jonathan Morse	Utility Contact:	Nancy Hollingsworth
<b>Phone:</b> 916-568-4237	Phone:	916-568-4209
Email: Jonathan.Morse@amwater	.com <b>Email</b> :	Nancy.Hollingsworth@amwater
DWA Contact: Tariff Unit		
<b>Phone:</b> (415) 703-1133		
Email: <u>Water.Division@cpuc.ca</u>	.gov	
C	OWA USE ONLY	
<u>DATE</u> <u>STAFF</u>		COMMENTS
	-	
] APPROVED	[ ]WITHDRAWN	[ ] REJECTED
Signature:		



520 Capitol Mall Ste. 630 Sacramento, CA 95814

www.amwater.com

April 3, 2023

**ADVICE LETTER NO. 1409** 

#### TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

#### PURPOSE

The purpose of this advice letter filing is to request recovery of the 2021 Water Revenue Adjustment Mechanism ("WRAM") and Modified Cost Balancing Account ("MCBA") balances. This request is in compliance with authorizations of the California Public Utilities Commission as detailed in D.08-11-023, D.12-04-048, D.13-07-041, D.18-12-021 and D.21-11-018. Additionally, through this filing California American Water requests an update to the WRAM/MCBA preliminary statement language to include Rio Plaza as part of the WRAM/MCBA as authorized in D.21-11-018.

#### **BACKGROUND**

D.08-11-023 originally approved the WRAM and MCBA for the Southern Division. Certain requirements from the original process approved in D.08-11-023 were modified in D.13-07-041, issued in California American Water's general rate case Application 10-07-007. Notably, the settlement adopted by the decision D.13-07-041 agreed to certain procedures outlined D.12-040-048, which California American Water was not a party to.

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. California America Water 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.

In D.18-12-021, which resolved California American Water's general rate case Application 16-07-002, the Commission increased the cap on amortization of the WRAM/MCBA balances from 10% to 15%. and D.21-11-018, which resolved California American Water's general rate case Application 19-07-004, maintained the cap through the next GRC cycle:

We find the Settlement, as it relates to Cal-Am's WRAM/MCBA balances and the authorized cap established in D.18-12-021, is reasonable in light of the whole record of this proceeding, consistent with the law, and in the public interest, pursuant to the Commission's approval of the temporary 15% cap in Cal-Am's prior GRC proceeding. Cal-Am shall maintain the 15% cap related to its WRAM/MCBA balances as authorized in D.18-12-021 through this GRC cycle.<sup>1</sup>

#### **REQUEST**

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

Tab	le 1: Recovery of	FWRAMMCBA B	alances	
Description	WRAM/MCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Cumulative Surcharge Collections	Projected Balance
AUTHORIZED PRIOR BALANCES REMAINING AT 12/31/2022	(\$4,547,375)	\$25,255	\$7,923,405	\$3,401,286
BALANCE NOT YET APPROVED FOR YEAR 2022	(\$6,120,149)	(\$81,940)	\$0	(\$6,202,089)
BALANCE ALL YEARS	1			(\$2,800,803)
2022 Authorized Revenue				\$123,218,593
2022 % of Revenue				5.0%
Net Balance % of Revenue				2.3%

Based on the above balance and 15% cap authorized in D.21-11-018, California American Water requests a volumetric surcharge of \$0.0210 per 100 gallons over a 12-month period be added to the Company's tariffs.

<sup>&</sup>lt;sup>1</sup> D.21-11-018 at 147.

#### **EFFECTIVE DATE**

California American Water submits this as a Tier 1 advice letter per D.13-07-041 and requests an effective date of April 3, 2023.

#### **SERVICE LIST**

Service Lists – In accordance with General Rules 4.3 and 7.2, and Water Industry Rule 4.1, of General Order (GO) 96-B, Cal-Am served copies of this Advice Letter to adjacent utilities and other parties requesting such notification. Please note that, consistent with the Commission's guidelines for service during the COVID-19 pandemic, this advice letter is only being distributed electronically.

#### **RESPONSE OR PROTEST<sup>2</sup>**

Anyone may respond to or protest this advice letter. 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 advice letter. A **protest** objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds<sup>3</sup> 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;
- 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 shall provide citations or proofs where available to allow staff to properly consider the protest.

A response must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

<sup>&</sup>lt;sup>2</sup> G.O. 96-B, General Rule 7.4.1

<sup>&</sup>lt;sup>3</sup> G.O. 96-B, General Rule 7.4.2

Tariff Unit, Water Division, 3<sup>rd</sup> floor California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102 water division@cpuc.ca.gov

In 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:

Email Address:	Mailing Address:
chase.grady@amwater.com	520 Capital Mall, Suite 630 Sacramento, CA 95814
sarah.leeper@amwater.com	555 Montgomery Street, Suite 816 San Francisco, CA 94111
ca.rates@amwater.com	520 Capital Mall, Suite 630 Sacramento, CA 95814

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.

If you have not received a reply to your protest within 10 business days, please contact Chase Grady at (916) 568-4241.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Chase Grady

Chase Grady Associate Rates & Regulatory Analyst

Tariff	TOC
<b>Advice</b>	1409

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
10802-W	Schedule No. SOU-1 Southern Division Tariff Area GENERAL METERED SERVICES Sheet 6	10763-W
10803-W	TABLE OF CONTENTS Sheet 3	10800-W
10804-W	TABLE OF CONTENTS Sheet 1	10801-W

#### **CALIFORNIA-AMERICAN WATER COMPANY**

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

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

10802-W 10763-W

(C)

(R)

(R) (C)

Schedule No. SOU-1 Southern Division Tariff Area GENERAL METERED SERVICES Sheet 6

#### **SOUTHERN DIVISION TARIFF AREA (Continued)**

<u>SPECIAL CONDITIONS (Continued):</u> Fees and Surcharges (Continued):

- 5. Per Advice Letter 1380 and D.21-11-018 a surcharge of \$0.0999 per cgl will be collected from customers, Bellflower customers excluded, for the 2019 General Rate Case interim rate true-up. The surcharge will be collected until December 31, 2023.
- 6. Per Advice Letter 1409 and D.21-11-018 a surcharge/surcredit is included to recover the net under/over-collection in the WRAM and MCBA of \$2,800,803 including interest, as of December 31, 2022. The surcharge of \$0.0210 per 100 gallons is set to recover the undercollection at a rate equal to 15% of the authorized revenue requirement as approved by D.21-11-018. Bellflower customers are excluded from this surcharge.

(TO BE INSERTED BY UTILITY)

Advice 1409

S.W. OWENS

Date Filed 04/03/2023

SR. DIRECTOR - Rates & Regulatory

Resolution

San Diego, CA 92101

Revised Cancelling Revised

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

10803-W 10800-W

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Sheet 3

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ND-1 General Metered Service 10745-W, 10671-W, 10746-W,

10747-W, 10748-W, 10722-W, 10789-W, 10790-W, 10561-W, 10441-W, 10442-W, 10708-W

C.P.U.C. SHEET NO.

ND-HV-9M Measured Services For Trucks 10749-W Schedule No. CA- Multi-Use Multi-Use Residential Customers 10750-W

#### **Central Division**

Monterey Service Area

(Monterey Main, Hidden Hills, Ryan Ranch, & Bishop Service Areas)

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Schedule No. CA-Multi-Use Multi-Use Residential Customers 10774-W

General Metered Service

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(Ambler Park, Chualar, Garrapata, Ralph Lane & Toro Service Areas)

CEN-SAT General Metered Service 10757-W, 10655-W, 10364-W,

10799-W, 10719-W, 10707-W

**Southern Division** 

(Los Angeles Service Areas- Duarte, San Marino, Rio Plaza, Baldwin Hills, San Diego & Ventura Service

Areas)

MO-10

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(C)

10709-W

Schedule No. CA-Multi-Use Multi-Use Residential Customers 10764-W

(Continued)

(TO BE INSERTED BY UTILITY)

Advice 1409

S.W. OWENS

Date Filed 04/03/2023

Decision

SR. DIRECTOR - Rates & Regulatory

Resolution

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

10804-W 10801-W

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

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(TO BE INSERTED BY UTILITY)
Advice 1409
S.W. OWENS
Date Filed 04/03/2023

Pecision
SR. DIRECTOR - Rates & Regulatory
Resolution

TO BE INSERTED BY C.P.U.C.)
Date Filed 04/03/2023

Resolution

(Continued)

## SOUTHERN DIVISION SERVICE LIST CALIFORNIA-AMERICAN WATER COMPANY

BY MAIL:

City of Camarillo 601 Carmen Drive Camarillo, CA 93010 James R. Lough, City Attorney City of Imperial Beach 825 Imperial Beach Blvd. Imperial Beach, CA 91932

Los Angeles Docket Office California Public Utilities Commission 320 West 4<sup>th</sup> Street, Suite 500 Los Angeles, CA 90013 Sunnyslope Water Company 1040 El Campo Drive Pasadena, CA 91109

San Gabriel County Water District P.O. Box 2227 San Gabriel, CA 91776

Hatties Stewart 4725 S. Victoria Avenue Los Angeles, CA 90043 City of Monrovia City Clerk 415 South Ivy Ave Monrovia, CA 91016 City of San Gabriel
City Clerk
425 S. Mission Drive
San Gabriel, CA 91776

Andrew Jackson

Michelle Keith City Manager City of Bradbury 600 Winston Avenue Bradbury, CA 91008

Temple City City Clerk 9701 Las Tunas Dr. Temple City, CA 91780 William M. Marticorena Rutan & Tucker, LLP 611 Anton Blvd., 14<sup>th</sup> Floor Costa Mesa, CA 92626-1931

Barbara Delory 4030 Bartlett Avenue Rosemead, CA 91770-1332 Wallin, Kress, Reisman & Krantiz, LLP 11355 West Olympic Blvd., Suite 300 Los Angeles, CA 90064 Golden State Water Company 630 E. Foothill Blvd. San Dimas, CA 91773 afjackson@gswater.com

Bernardo R. Garcia P.O. Box 37 San Clemente, CA 92674-0037 Mary Martin 4611 Brynhurst Ave. Los Angeles, CA 90043 City of Rosemead City Clerk 8838 E. Valley Blvd Rosemead, CA 91770

James L. Markman Richards, Watson & Gershon 355 South Grand Avenue, 40<sup>th</sup> Floor Los Angeles, CA 90071-3101 City of Los Angeles
Department of Water and Power
111 North Hope Street
Los Angeles, CA 90012
Attn: City Attorney
Louis A. Atwell
Director of Public Works

Veronica Ruiz, City Clerk City of San Marino 2200 Huntington Dr, 2<sup>nd</sup> Floor San Marino, CA 91108 vruiz@cityofsanmarino.org

Marcus Nixon Asst. Public Advisor 320 W. 4<sup>th</sup> Street, Suite 500 Los Angeles, CA 90013

Director of Public Works City of Inglewood One W. Manchester Blvd. Inglewood, CA 90301 Rex Ball SR/WA, Senior Real Property MGMT County of Los Angeles 222 South Hill Street, 3rd Floor Los Angeles, CA 90012

## SOUTHERN DIVISION SERVICE LIST CALIFORNIA-AMERICAN WATER COMPANY

California Water Service P.O. Box 49062 San Jose, CA 95161-9062

Gregory J. Smith, County Clerk County of San Diego County Administration Center 1600 Pacific Highway, Room 260 San Diego, CA 92101

Henry Nanjo
Department of General Services
Office of Legal Services, MS-102
PO Box 989052
West Sacramento, CA 95798-9052

#### By E-Mail:

City of El Monte
City Clerk/Water Department
11333 Valley Blvd
El Monte CA 91731-3293
cityclerk@elmonteca.gov

California Public Utilities Commission 505 Van Ness Avenue San Francisco, CA 94102 PublicAdvocatesWater@cpuc.ca.gov

Mukunda Dawadi
California Public Utilities Commission
Cal PA - Water Branch, Rm 4209
505 Van Ness Ave
San Francisco, CA 94102
Mukunda.dawadi@cpuc.ca.gov
Christina Baker, City Clerk
City of San Marino
2200 Huntington Drive, 2nd floor
San Marino, CA 91108
cityclerk@cityofsanmarino.org

Rates Department
California Water Service Company
1720 North First Street
San Jose, CA 95112
rateshelp@calwater.com

Ventura County Waterworks District 7150 Walnut Canyon Road P.O. Box 250 Moorpark, CA 93020

City of Chula Vista Director of Public Works 276 Forth Avenue Chula Vista, CA 91910

Anne Moore, City Attorney City of Chula Vista 276 Forth Avenue Chula Vista, CA 91910

County of Ventura 800 South Victoria Avenue Ventura, CA 93009 wspc@ventura.org

Laura Nieto, Chief Deputy City Clerk City of Irwindale 5050 North Irwindale Avenue Irwindale, CA 91706 Inieto@irwindaleca.gov

Ms. Lisa Bilir California Public Utilities Commission 505 Van Ness Avenue San Francisco, CA 94102 Iwa@cpuc.ca.gov

City of Inglewood
City Hall
One W. Manchester Blvd.
Inglewood, CA 90301
brai@cityofinglewood.org

East Pasadena Water Company 3725 Mountain View Pasadena, CA 91107 larry@epwater.com

San Gabriel Valley Water Company 11142 Garvey Blvd. El Monte, CA 91734 dadellosa@sgvwater.com City of Thousand Oaks Water Dept. 2100 E. Thousand Oaks Blvd. Thousand Oaks, CA 91362

Jim Sandoval, City Manager City of Chula Vista 276 Forth Avenue Chula Vista, CA 91910

Division of Ratepayer Advocates California Public Utilities Commission 505 Van Ness Avenue San Francisco, CA 94102 dra water al@cpuc.ca.gov

B. Tilden Kim Attorney At Law Richards Watson & Gershon Los Angeles, CA 90071 tkim@rwglaw.com

Laura L. Krannawitter
California Public Utilities Commission
Executive Division, Rm 5303
505 Van Ness Avenue
San Francisco, CA 94102
Ilk@cpuc.ca.gov

Jennifer Capitolo, Executive Director California Water Association 601 Van Ness Avenue, Suite 2047 San Francisco, CA 94102-3200 <u>icapitolo@calwaterassn.com</u> Lori Ann Dolqueist Nossaman LLP 50 California St. 34<sup>th</sup> Floor San Francisco, CA 94111-3719 Idolquiest@nossaman.com

Kiki Carlson
Regulatory Affairs Manager
1325 N. Grand Avenue, Suite 100
Covina, CA 91724
kcarlson@swwc.com

# SOUTHERN DIVISION SERVICE LIST CALIFORNIA-AMERICAN WATER COMPANY

Annette Juarez, City Clerk City of Duarte 1600 Huntington Drive Duarte, CA 91010

ajuarez@accessduarte.com

Clifford G. Finley, Dir. of Public Works
City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91363
publicworks@toaks.org
Richard Rauschmeier
California Public Utilities Commission

DRA - Water Branch, Rm 4209 505 Van Ness Ave

San Francisco, CA 94102 rra@cpuc.ca.gov

Thomas Montgomery, County Counsel County of San Diego

County Administration Center 1600 Pacific Highway, Room 260

San Diego, CA 92101

thomas.montgomery@sdcounty.ca.gov

Audrey Jackson Golden State Water Company 630 E. Foothill Blvd.

San Dimas, CA 91773 afjackson@gswater.com

Elizabeth Maland, City Clerk City of San Diego 202 'C' Street

San Diego, CA 92101 <a href="mailto:cityclerk@sandiego.gov">cityclerk@sandiego.gov</a>

Johanna N. Canlas, City Attorney City of Coronado 501 West Broadway, Suite 1600 Coronado, CA 92101 jcanlas@bwslaw.com

Mara W. Elliott, City Attorney City of San Diego 1200 Third Avenue, Suite 1620 San Diego, CA 92101 cityattorney@sandiego.gov John Corona
Utilities Superintendent
City of Arcadia Water Dept.
Arcadia, CA 91006
jcorona@arcadiaca.gov

Jennifer Ekblad, City Clerk City of Coronado 1825 Strand Way Coronado, CA 92118 cityclerk@coronado.ca.us

Barry Gabrielson <a href="mailto:bdgabriel1@aol.com">bdgabriel1@aol.com</a>