

Notice of General Rate Case Application filed by California American Water for an Increase in Water Rates Central Division (APPLICATION NO. A.19-07-004)

California American Water has filed a General Rate Case (GRC) application with the California Public Utilities Commission (CPUC) to increase customers' rates beginning January 1, 2021. This GRC will cover the years 2021–2023.

THE APPLICATION

The CPUC requires California American Water to file a GRC every three years. On July 1, 2019, California American Water filed a GRC requesting revenue increases of \$25,999,900 (or 10.60%) for 2021, \$9,752,500 (or 3.59%) for 2022, and \$10,754,500 (or 3.82%) for 2023. If approved by the CPUC, the total revenue increase for all three years, for the Central Division, would be \$8,384,800 (or 12.22%). The GRC includes revenue requirement information, the anticipated cost to run the water company's systems, new infrastructure investments, a request to increase rates to cover anticipated costs and other requests the water company deems necessary to run its business.

CUSTOMER IMPACT

The proposed revenue increases for each district in the Central Division are shown below.

Central Division-Proposed Revenue Increase (Includes Monterey Main and Central-Satellite Districts)							
	2021		2022		2023		
CUSTOMER CLASS	\$ Increase	% Increase	\$ Increase	% Increase	\$ Increase	% Increase	Total \$ Increase
Residential	\$1,608,673	4.23%	\$1,633,040	4.12%	\$1,374,598	3.33%	\$4,616,311
Multi-Residential	\$185,925	3.09%	\$257,896	4.16%	\$215,170	3.33%	\$658,991
Commercial	\$848,979	4.43%	\$830,846	4.15%	\$694,944	3.33%	\$2,374,769
Industrial	\$6,584	3.27%	\$8,642	4.16%	\$7,212	3.33%	\$22,438
Public Authority	\$219,625	5.95%	\$162,501	4.16%	\$135,703	3.33%	\$517,829
Sales for Resale	\$4,112	39.68%	\$602	4.16%	\$502	3.33%	\$5,216
Construction	\$51,525	22.12%	\$11,761	4.14%	\$9,868	3.33%	\$73,154
Residential Fire Protection Service	\$46	0.02%	\$49	0.02%	\$9,622	3.33%	\$9,717
Private Fire Protection Service	\$49,255	7.37%	\$0	0.00%	\$23,897	3.33%	\$73,152
TOTAL	\$2,974,724		\$2,905,337		\$2,471,517		\$8,351,578

If California American Water's General Rate Case is approved, a typical residential customer's monthly water bills (with a 5/8-inch meter size) would resemble those below. **Rate impacts may vary due to pending proposed changes in rate design. Amounts shown include fees, taxes, and surcharges.**

Monterey Main District - Average Residential Bill						
YEAR	Meter Size	Avg Use (CGL)¹	Current Bill	\$ Increase	Proposed Bill	% Increase
2021	5/8-inch	37.91	\$89.40	\$8.62	\$98.02	9.64%
2022	5/8-inch	37.91	\$98.02	\$3.99	\$102.02	4.07%
2023	5/8-inch	37.91	\$102.02	\$3.40	\$105.42	3.33%

Central Satellites Service Area - Average Residential Bill (Includes Ambler, Toro, Ralph Lane, and Garrapata)						
YEAR	Meter Size	Avg Use (CGL)¹	Current Bill	\$ Increase	Proposed Bill	% Increase
2021	5/8-inch	99.08	\$129.88	\$(5.84)	\$124.04	-4.50%
2022	5/8-inch	99.08	\$124.04	\$3.86	\$127.90	3.11%
2023	5/8-inch	99.08	\$127.90	\$3.98	\$131.88	3.11%

¹ CGL = 100 gallons

Chualar Service Area - Average Residential Bill

YEAR	Meter Size	Avg Use (CGL) ¹	Current Bill	\$ Increase	Proposed Bill	% Increase
2021	5/8-inch	146.73	\$41.99	\$1.25	\$43.23	2.97%
2022	5/8-inch	146.73	\$43.23	\$1.34	\$44.58	3.11%
2023	5/8-inch	146.73	\$44.58	\$1.39	45.96	3.11%

PRIMARY DRIVERS OF RATE INCREASE

There is an ongoing need to invest in the infrastructure that provides safe, reliable water for our customers. These increased cost drivers also apply to our wastewater customers. The proposed rate increases will:

- sustain new infrastructure investments
- allow higher depreciation
- support increased labor costs
- fund centralized services including information technology and laboratory costs
- balance changing demand

OBTAINING A COPY OF THE APPLICATION

A copy of California American Water's proposed GRC application and related exhibits may be reviewed at California American Water's offices at the locations below:

- Monterey County – 511 Forest Lodge Road, Pacific Grove, CA 93950

Copies of the proposed application are also available to review at the CPUC's Central Files Office in San Francisco by appointment. For more information, please contact them at aljcentralfilesid@cpuc.ca.gov or (415) 703-2045.

THE CPUC'S PROCESS

This application will be assigned to an Administrative Law Judge (Judge) who will determine how to receive evidence and other related documents necessary for the CPUC to establish a record upon which to base its decision. Evidentiary hearings may be held where utilities, consumer advocacy groups, and other entities which have been given official status as "parties" will present their testimony and may be subject to cross-examination by other parties. These evidentiary hearings are open to the public, but only those who are parties may participate. The hearings and documents submitted in the proceeding become part of the formal record that the Judge relies upon when writing a proposed decision to present to the Commissioners for their consideration.

After considering all proposals and all evidence presented during the formal hearing process, the Judge will issue a proposed decision determining whether to adopt California American Water's request, modify it, or deny it. Any of the CPUC's Commissioners may sponsor an alternate decision. The proposed decision and any alternate decisions will be discussed and voted upon at a scheduled Commission Voting Meeting.

The Public Advocates Office (Cal PA) may review this application. Cal PA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. Cal PA has a multi-disciplinary staff with expertise in economics, finance, accounting, and engineering. For more information about Cal PA, please call (415) 703-1584, e-mail PublicAdvocatesOffice@cpuc.ca.gov, or visit Cal PA's website at www.publicadvocates.cpuc.ca.gov.

STAY INFORMED

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at <http://subscribecpuc.cpuc.ca.gov>.

If you would like to learn how you can participate in the proceeding, have informal comments, or have questions about the CPUC's processes, you may access the CPUC's Public Advisor's webpage at <http://consumers.cpuc.ca.gov/pao/>. You may also contact the Public Advisor as follows:

Email: public.advisor@cpuc.ca.gov

Write: Public Advisor's Office, 505 Van Ness Avenue, San Francisco, CA 94102

Call: Toll free 1-866-849-8390; TTY toll free 1-866-836-7825

Please reference **California American Water's GRC Application No. 19-07-004** in any communications you have with the CPUC regarding this matter. All public comments will become part of the public correspondence file for this proceeding and be made available for review for the assigned Judge, the Commissioners, and appropriate CPUC staff.

¹ CGL = 100 gallons