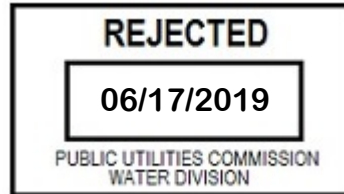


4701 Beloit Drive
Sacramento, CA 95838
www.calamwater.com

P 916-568-4251
F 916-568-4260



April 09, 2019

ADVICE LETTER NO. 1239

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (U210W) hereby submits this Tier 2 Advice Letter regarding the creation of a new affiliate.

Purpose:

This advice letter filing is being made to comply with California Public Utilities Commission (“CPUC”) Decision (D.) 10-10-019, Appendix A, as modified by D.11-10-034, as corrected by D.12-01-042 (“Rules”), which requires Class A and B water and sewer utilities to file a Tier 2 advice letter when the utility believes that the Rules would not apply to transactions with a new affiliate that has been created. Consistent with Rules I.B and VIII.D, California American Water requests that the CPUC confirm that certain provisions of the Rules would not apply to transactions with its newly created affiliate, AWIP Holdings LLC (“AWIP”).

Background:

In accordance with D.11-10-034 in OIR 09-04-012, California American Water is required to notify the CPUC of the creation of any new affiliate as defined by the Rules. As described below, California American Water previously notified the Commission of the creation of AWIP.

AWIP was created effective February 8, 2019. California American Water notified the CPUC of the creation of the new affiliate by letter sent via electronic mail on February 8, 2019 to Ms. Alice Stebbins with copies to Ms. Elizabeth Echols and Mr. Raminder Kahlon. In addition, California American Water posted notice of this event on its website on or about February 11, 2019.

Although the Rules do not specify a time frame for maintenance of this notice, California American Water intends to maintain the posting for a period of at least six (6) months.

AWIP was created to own, hold, manage, and license the intellectual property assets of California American Water’s parent, American Water Works Company, Inc. (“American Water”).¹ Because AWIP will not provide products that use water or sewer services and will not provide services related to the use of water or sewer services, California American Water believes that certain provisions of the Rules would not apply to transactions with AWIP.

Request:

Consistent with Rules I.B and VIII.D, California American Water is requesting the CPUC to confirm that certain provisions of the Rules would not apply to transactions with AWIP. This

¹ A copy of AWIP’s Certificate of Formation is included as Workpaper 1.

advice letter request is filed in accordance with Rule VIII.D as corrected by D.12-01-042 which states:

New Affiliates. Upon the creation of a new affiliate, the utility shall immediately notify the Commission of its creation, as well as posting notice of this event on its web site. No later than 60 days after the creation of this affiliate, the utility shall file an information-only filing, as provided for in Rule 6.1 of General Order 96-B, with the Director of the Commission's Division of Water and Audits, with service on the Director of the Division of Ratepayer Advocates. The advice letter shall state the affiliate's purpose or activities and whether the utility claims these Rules are applicable to the new affiliate, and shall include a demonstration to the Commission that there are adequate procedures in place that will assure compliance with these Rules. The advice letter may include a request, including supporting explanation, that the affiliate transaction rules not be applied to the new affiliate. If the utility requests that the affiliate transactions rules not be applied to the new affiliate, in lieu of an information-only filing, the utility shall file a Tier 2 advice letter making such a request, including an explanation of why these Rules should not apply to the new affiliate.

Further, Rule I.B states:

These Rules apply to transactions between a Commission-regulated utility and another affiliated entity that is engaged in the provision of products that use water or sewer services or the provision of services that relate to the use of water or sewer services, including the utility's parent company, and to the utility's use of regulated assets for non-tariffed utility services, unless specifically modified or exempted by the Commission. Transactions between a Commission-regulated utility and an affiliated utility regulated by a state regulatory commission (whether the utility is located in California or elsewhere) are exempt from these Rules, except for provisions of Rule IV.B. and Rule X.

California American Water requests the CPUC to confirm that Rules III.B, III.C, IV.D, IV.E.2, IV.E.3, and VI would not apply to California American Water transactions with AWIP. AWIP was formed to serve a special purpose, specifically, to own, hold, manage and license American Water's intellectual property assets, and will not provide products that use water or sewer services or provide services related to the use of water or sewer services. AWIP's intellectual property will be licensed at no cost to American Water Works Service Company, Inc. and its affiliates. As such, California American Water believes the Rules identified above would not apply to transactions with AWIP.

Tier Designation:

This advice letter is filed pursuant to General Order No. 96-B and is designated as a Tier 2 filing.

Effective Date:

California American Water requests that this advice letter be made effective upon approval.

Service List:

In accordance with Section 4.3 of General Order 96-B, a copy of this advice letter has been served upon all interested and affected parties as shown in Exhibit A.

Protest and Responses:

Anyone may respond to or protest this advice letter. 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 may include the following:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter 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 advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter 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 or protest 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:

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
water_division@cpuc.ca.gov

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:

Email Address:

[CA - Rates](#)

Lori.Girard@amwater.com

Preet.Nagra@amwater.com

Mailing Address:

4701 Beloit Drive
Sacramento, CA 95838

511 Forest Lodge Rd.
Ste 100
Pacific Grove, CA 93950
Fax: (831) 375-4367

4701 Beloit Drive
Sacramento, CA 95838

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.

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.

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

If you have not received a reply to your protest within 10 business days, please contact me at (916) 568-4246.

CALIFORNIA AMERICAN WATER

/s/ Wes Owens

Wes Owens
Director - Rates & Regulation