

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 8, 2019

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. 1222, filed on January 22, 2019, regarding authorization to create the Monterey Leak Adjustment Balancing Account.

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

P.U.C.	
Sheet No.	Title of Sheet
8878-W	Preliminary Statement, Summary Table, (Continued)
8879-W	Preliminary Statement, (Continued)
8880-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

Utility Name: California American Water
District: Monterey County District
CPUC Utility #: U210W
Advice Letter #: 1222
Tier: 1 2 3 Compliance
Authorization: D.18-12-021
Description: Request to create the Monterey Leak Adjustment Balancing Account

Date Mailed to Service List: January 22, 2019
Protest Deadline (20th Day): February 12, 2019
Review Deadline (30th Day): February 22, 2019
Requested Effective Date: January 22, 2019
Rate Impact: \$See AL
See AL%

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

Utility Contact: Kamilah Jones
Phone: 916-568-4232
Email: Kamilah.Jones@amwater.com

Utility Contact: Jonathan Morse
Phone: 916-568-4237
Email: Jonathan.Morse@amwater.com

DWA Contact: Tariff Unit
Phone: (415) 703-1133
Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

<u>DATE</u>	<u>STAFF</u>	<u>COMMENTS</u>
_____	_____	_____
_____	_____	_____

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



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

P (916)-568-4251
F (916) 568-4260

January 22, 2019

ADVICE LETTER NO. 1222

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (Cal-Am) (U210W) submits this advice letter, including the following tariff sheets applicable to all Monterey County District water customers.

<u>C.P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Sheet No.</u>
8878-W	PRELIMINARY STATEMENT SUMMARY TABLE (continued)	8755-W
8879-W	PRELIMINARY STATEMENT (continued)	NEW
8880-W	TABLE OF CONTENTS (Page 1)	8877-W

Purpose:

This advice letter filing is to comply with Decision (D.) 18-12-021, Ordering Paragraph 14, which requires Cal-Am to establish the Monterey District leak adjustment balancing account. In accordance with D.18-12-021, Cal-Am requests the Monterey District leak adjustment balancing account be a one-way balancing account with an annual budget of \$2,370,879. The Monterey District leak adjustment balancing account will track revenue collection shortfalls attributed to Cal-Am-provided customer billing adjustments.

Background:

Cal-Am has historically provided courtesy leak adjustments to its customers, including customers in its Monterey County District. A leak adjustment is a credit provided to a customer for abnormal water use caused by presumed leaks that occasionally occur after the customer meter on the customer's property. The adjustment is the difference between the actual water bill and the adjusted water bill. The Monterey District has steeply inclined tiered rates, and therefore, bills with excess usage tend to be significantly higher than bills in other districts. In addition, the Monterey County district has unique water constraints that do not allow Cal-Am to adjust the consumption levels on customer bills. The Commission previously determined that leak adjustments benefit ratepayers and that Cal-Am should be able to recover the lost revenues from these adjustments.¹

¹ See D.15-04-007; D.12-05-016; and W-4951.

In Special Request #8 of Cal-Am's 2016 GRC, Application 16-07-002, Cal-Am requested authority to create an AMI/Leak Adjustment balancing Account. The Commission denied Cal-Am's request in D.18-12-021, but, as stated above, the Commission did allow Cal-Am to establish a Leak Adjustment Balancing Account for Monterey County. Specifically, D.18-12-021, Ordering Paragraph 14, provides:

14. Within 30 days of the issuance of this decision, California-American Water Company (Cal-Am) shall file a Tier 1 advice letter establishing the Monterey District leak adjustment balancing account. The balancing account shall be a one-way balancing account with an annual budget of \$2,370,879. The balancing account shall be reviewed for reasonableness in Cal-Am's next General Rate Case. All leak adjustments found unreasonable will be removed from the balancing account and if the annual balance found reasonable is less than the approved annual budget, the difference will be refunded to ratepayers in the next General Rate Case.

Additionally, Cal-Am's current leak adjustment guidelines were approved in advice letter 1173 on September 7, 2017, with an effective date of January 1, 2018.

Request:

Pursuant to D.18-12-021, Ordering Paragraph 14, Cal-Am requests a one-way Monterey District leak adjustment balancing account for the Monterey County District with an annual budget of \$2,370,879. This balancing will track customer leak adjustments, as well as, surcharges collected in the Monterey County District. In addition Cal-Am will refund customers portions of the collected surcharges if the Commission deems any leak adjustment to be unreasonable and if Cal-Am collects amounts in excess of the authorized leak adjustment budget. Any amounts subject to refund will be returned to ratepayers in the next General Rate Case.

Tier Designation:

This advice letter is submitted pursuant to D.18-12-021 and General Order No. 96-B, and is designated as a Tier 1 filing.

Effective Date:

California American requests an effective date of January 22, 2019, the date of filing.

RESPONSE OR PROTEST²

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 grounds³ are:

(1) The utility did not properly serve or give notice of the AL;

² G.O. 96-B, General Rule 7.4.1

³ G.O. 96-B, General Rule 7.4.2

- (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 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.

Water Division must receive a response or protest via email (or postal mail) within 20 days of the date the AL is filed. When submitting a response or protest, **please include the utility name and 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 day the response or protest is submitted to Water Division, the respondent or protestant shall send a copy of the protest to Cal-Am at:

Email Address:

kamilah.jones@amwater.com

Mailing Address:

4701 Beloit Drive
Sacramento, CA 95838

sarah.leeper@amwater.com

555 Montgomery Street, Suite 816
San Francisco, CA 94111

jeffrey.linam@amwater.com

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

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform 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.

REPLIES⁴

⁴ G.O. 96-B, General Rule 7.4.3

The utility shall reply to each protest and may reply to any response. Any reply must be received by Water Division 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.

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 Kamilah Jones at (916) 568-4232.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Jeffrey T. Linam

Jeffrey T. Linam
Vice President of Rates & Regulatory

PRELIMINARY STATEMENT
Summary Table

Sheet 3

Reference	Account	Tariff
BJ	Tax Cuts and Jobs Act Memorandum Account	8717-W
BK	General Rate Case Interim Rate True-up Memorandum Account	8751-W
BL	Cost of Capital Memorandum Account	8756-W
BM	MPWSP Phase 1 Project Cost Memorandum Account (PCMA)	XXXX-W
BN	MPWSP Construction Fund Charge Memorandum Account (CFMA)	XXXX-W
BO	MPWSP Operations and Maintenance Memorandum Account (MOMMA)	XXXX-W
BP	Monterey County District Leak Adjustment Balancing Account	8879-W

(Continued)

(TO BE INSERTED BY UTILITY)	ISSUED BY	(TO BE INSERTED BY C.P.U.C.)
Advice 1222	J. T. LINAM	Date Filed <u>01/22/2019</u>
Decision	DIRECTOR - Rates & Regulatory	Effective <u>01/22/2019</u>
		Resolution _____

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

PRELIMINARY STATEMENT
(Continued)

Sheet 75

BP. Monterey County District Leak Adjustment Balancing Account

(N)

California-American Water Company requests to establish the Monterey County District Leak Adjustment Balancing Account (LABA).

1. PURPOSE:

In accordance with D.18-12-02, the purpose of the one-way Monterey County District Leak Adjustment Balancing Account is to track the difference between the \$2,370,879 authorized leak adjustments in base rates and actual leak adjustments provided, if they are less than \$2,370,879 on an annual basis.

2. APPLICABILITY:

This is applicable to California American Water's Monterey County District including Monterey Main, Ambler Park, Ralph Lane, Garrapata, Chualar, and Toro Service Areas.

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account and added to the prior accumulated monthly balance:

a. This is a one-way balancing account, whereby California American Water will refund customers through the Monterey County District base rates:

- i. If California American Water provides less than \$2,370,879 in leak adjustments on an annual basis, the difference between the \$2,370,879 and the actual leak adjustments provided will be credited to the Monterey County District Leak Adjustment Balancing Account.
- ii. Any amounts subject to refund will be credited to customers as determined in the district's next rate case.

4. RATEMAKING PROCEDURE:

California American Water will include the \$2,370,879 annual budget for the Balancing Account in base rates during this GRC cycle subject to refund if the actual leak adjustments incurred are less than the \$2,370,879 authorized amount.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1222	J. T. LINAM	Date Filed	<u>01/22/2019</u>
Decision		DIRECTOR - Rates & Regulatory	Effective	<u>01/22/2019</u>
			Resolution	<u> </u>

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California-American Water Company	5470-W
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Los Angeles County	6570-W
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Duarte	6578-W
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(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

Advice 1222

J. T. LINAM

Date Filed 01/22/2019

Decision

DIRECTOR - Rates & Regulatory

Effective 01/22/2019

Resolution _____

**MONTEREY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1222**

BOTH

Gail Borkowski
Clerk of the Board
County of Monterey
P.O. Box 1728
Salinas CA 93902

EMAIL

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

Carmel Area Wastewater
District
3945 Rio Road
Carmel CA 93923
buikema@cawd.org

City Clerk
City of Del Rey Oaks
City Hall
650 Canyon Del Rey Road
Del Rey Oaks CA 93940
citymanager@delreyoaks.org
& kminami@delreyoaks.org

City Clerk
City of Monterey
City Hall
Monterey CA 93940
connolly@ci.monterey.ca.us

City Clerk
City of Seaside
City Hall
440 Harcourt Avenue
Seaside CA 93955
dhodgson@ci.seaside.ca.us &
to'halloran@ci.seaside.ca.us

Bernardo R. Garcia
P.O. Box 37
San Clemente CA 92674-0037
uwua@redhabanero.com

Brent Reitz
Capital Services
P.O. Box 1767
Pebble Beach CA 93953
reitzb@pebblebeach.com

Brent Reitz Capital Services
P.O. Box 1767
Pebble Beach CA 93953
reitzb@pebblebeach.com

David Heuck
Accounting
2700 17 Mile Drive
Pebble Beach CA 93953
heuckd@pebblebeach.com

David C. Laredo
Attorney at Law
De Lay & Laredo
606 Forest Avenue
Pacific Grove CA 93950-4221
dave@laredolaw.net

Frances M. Farina
Attorney at Law
mai
389 Princeton Avenue
Santa Barbara CA 93111
ffarina@cox.net

George Riley
Citizens for Public Water
1198 Castro Road
Monterey CA 91940
georgetriley@gmail.com

Jim Heisinger
P.O. Box 5427
Carmel CA 93921
hbm@carmellaw.com

John K. Hawks
Executive Director
California Water Association
601 Van Ness Avenue
Suite 2047
San Francisco CA 94102-3200
jhawks_cwa@comcast.net

Lisa Blair
California Public Utilities
Commission
Office of Ratepayer Advocates
505 Van Ness Avenue
Room 3200
San Francisco CA 94102
lwa@cpuc.ca.gov

Lloyd Lowrey, Jr., ESQ.
Noland, Hamerly, Etienne &
Hoss
333 Salinas Street
Salinas CA 93901

Mike Niccum
General Manager
Pebble Beach Community Svcs.
District
3101 Forest Lake Road
Pebble Beach CA 93953
mniccum@pbcbsd.org

Richard Rauschmeier
California Public Utilities
Commission
ORA - Water Branch
505 Van Ness Avenue
Room 4209
San Francisco CA 94102-3214
rra@cpuc.ca.gov

**MONTEREY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1222**

Sarah E. Leeper
VP - Legal, Regulatory
CA American Water Co.
555 Montgomery St.
Suite 816
San Francisco CA 94102
sarah.leeper@amwater.com

Vanessa W. Vallarta
City Attorney
City of Salinas
200 Lincoln Avenue
Salinas CA 93901
vanessav@ci.salinas.ca.us &
chrisc@ci.salinas.ca.us

MAIL

Alco Water Service
249 Williams Road
#Salinas CA 93901

CA Dept of Health Services
Div of Drinking Water &
Environmental Mgt
P.O. Box 997416
Sacramento CA 95899-7413

California Public Utilities
Commission
Los Angeles Docket Office
320 W. 4th Street
Suite 500
Los Angeles CA 90013

City Attorney
City of Pacific Grove
City Hall
300 Forest Ave., 2nd floor
Pacific Grove CA 93950

City Clerk
City of Sand City
City Hall
CA & Sylvan Avenues
Sand City CA 93955

Chief Financial Officer
Monterey Peninsula Water
Mgmt Dist.
P.O. Box 85
Monterey CA 93942

MRWPCA
5 Harris Court Road. Bldg D.
Monterey CA 93940

Ann Camel
City Clerk
City of Salinas
200 Lincoln Avenue
Salinas CA 93901

Darryl Kenyon
Monterey Comm Prop Owners
Assn.
P.O. Box 1953
Monterey CA 93942

Deborah Mall
City Attorney
City of Monterey
512 Pierce Street
Monterey CA 93940

Don Freeman
City Attorney
City of Carmel By The Sea
P.O. Box 805
Carmel By The Sea CA 93921

Don Freeman
City Attorney
City of Seaside
440 Harcourt Avenue
Seaside CA 93955

Edward O'Neill
Davis Wright Tremaine LLP
505 Montgomery Street
San Francisco CA 94111-6533

Irvin Grant
Deputy County Counsel
County of Monterey
168 W. Alisal Street, 3rd floor
Salinas CA 93901-2680

Karen Crouch
City Clerk
Carmel-By-The-Sea
P.O. Box CC
Carmel By The Sea CA 93921

Marc Del Piero
4062 El Bosque Drive
Pebble Beach CA 93953-3011

Sarah Hardgrove
City of Pacific Grove
c/o Community Development
Department
300 Forest Ave., 2nd floor
Pacific Grove CA 93950

MONTEREY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1222

Yazdan Emrani, P.E.
Deputy Pub Works Director –
Operations
Monterey County DPW
168 W. Alisal Street, 2nd floor
Salinas CA 93901-2680
