

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

Advice Letter Cover Sheet

Utility Name: California American Water

Date Mailed to Service List: April 11, 2018

District: Sacramento County District

CPUC Utility #: U210W

Protest Deadline (20th Day): May 1, 2018

Advice Letter #: 1203

Review Deadline (30th Day): May 11, 2018

Tier 1 2 3 Compliance

Requested Effective Date: May 11, 2018

Authorization W-4976

Rate Impact: \$See AL
See AL%

Description: The purpose of this advice letter is to request authority to recover expenses from March 13, 2014 to July 31, 2017 tracked in the Conservation/Rationing Memorandum Account ("CRMA") due to Rule 14.1 and/or Schedule 14.1 for Voluntary and Mandatory Conservation for Sacramento District.

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

Utility Contact: Melody Singh

Phone: 916-568-4232

Phone: 916-568-4246

Email: Kamilah.Jones@amwater.com

Email: Melody.Singh@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WITHDRAWN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: _____



April 11, 2018

ADVICE LETTER NO. 1203

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 all of its districts, which are attached hereto:

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

The purpose of this advice letter is to request authority to recover expenses from March 13, 2014 to July 31, 2017 tracked in the Conservation/Rationing Memorandum Account (“CRMA”) due to Rule 14.1 and/or Schedule 14.1 for Voluntary and Mandatory Conservation in the amount of \$643,043 for the Sacramento District. California American Water request to recuperate in expenses from the CRMA for Sacramento district into the Consolidated Expense Balancing Account (“CEBA”).

Background:

- January 17, 2014 – Governor of State of California declared State of Emergency in California due to severe drought conditions
- August 15, 2014 – In Advice Letter 1047, 1048 and 1049, California American Water requested authority to activate the “Conservation/Rationing Memorandum Account” in all its districts in accordance with Resolution W-4976 to track incremental costs related to implementing the requirements of Rule 14 and Schedule 14.1. The Commission approved the Advice letters on August 25, 2014, with an effective date of March 13, 2014 for AL 1047 and 1048 and an effective date of August 25, 2014 for AL 1049.
- April 25, 2014 – Governor of State of California issued an Executive Order to strengthen the State’s ability to manage water and habitat effectively in drought conditions, and call on all Californians to redouble their efforts to conserve water.
- May 5, 2015 – the SWRCB issued an Emergency Regulation due to continuing drought conditions with specific water use reductions, by service area, and prohibitions on how

end-use customers can use potable water to achieve a statewide 25% reduction in usage as compared with the amount used in 2013 (through February 2016).

- May 21, 2015 – AL 1077-A, filed through Tariff Schedule 14.1,
- November 13, 2015 – Governor of the State of California issued another Executive Order that directed the Water Board to, if drought conditions persist through January 2016, extend until October 31, 2016 restrictions to achieve a statewide reduction in potable water usage.
- On February 2, 2016 – Water Board adopted an extended and revised Emergency Regulation due to continuing drought conditions.
- May 18, 2016 – Water Board approved updated Emergency Regulation that extends emergency regulation through January 2017 with specific modifications, the most significant of these being the creation of a self-certification process for all utilities to identify required reductions based on supply need for a 3 year period.

Discussion:

California American Water has been offering leading conservation programs to its customers to achieve water savings and water wise behaviors and has further expanded its programs during the California drought of 2011 through 2016. In May of 2015 the company activated the Conservation/Rationing Memorandum Account to track all drought related expenses incurred during the drought to help comply with the State's Drought Emergency Orders.

Request:

From 2014 through 2017, California American Water in the Sacramento District incurred \$643k to help meet statewide implemented water use reduction targets in each service area and to implement the SWRCB's water use prohibitions. These costs included ongoing drought communications and water use education and the employment of customer service employees (mostly temporary) dedicated to the drought situation.

The California Public Utilities Commission (Commission) adopted Resolution W-4976 on February 27, 2014 which revised the drought procedures for water conservation, rationing and service connection moratoria enumerated in Standard Practice U-40-W. Cal-Am requests to recover \$643,042 including interest from the Conservation/Rationing Memorandum Account (CRMA) balance to Sacramento to its CEBA at a surcharge of \$0.0273 per 100 Gallons over 12 months.

Resolution W-4976 states that:

Memorandum accounts to track expenses and monies collected by the utility through water use violation fines must be requested through an advice letter, either in conjunction with an advice letter requesting adding Rule 14.1 or Schedule 14.1, or in a stand-alone advice letter.

Paragraph 37 in Resolution W-4976, states that:

The tracking of lost revenues as a result of conservation efforts in a lost revenue memorandum account is tied to the utility having Rule 14.1 or Schedule 14.1 in its tariffs and having activated either Rule 14.1 or Schedule 14.1.

Tier Designation:

This advice letter is submitted with a Tier 3 designation pursuant to General Order No. 96-B.

Effective Date:

California American requests an effective date of May 11, 2018.

Protests 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 are:

- (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 errors 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

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:

Recipients: Kamilah U Jones <i>Financial Analyst – Rates & Regulatory</i>	E-Mail: Kamilah.Jones@amwater.com	Mailing Address: 4701 Beloit Drive Sacramento, CA 95838 Fax: (916) 568-4260
Sarah E. Leeper <i>Vice President – Legal, Regulatory</i>	sarah.leeper@amwater.com	333 Hayes Street San Francisco, CA 94102 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.

If you have not received a reply to your protest within 10 business days, contact this person at (916) 568-4222.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Kamilah Jones

Kamilah Jones
Financial Analyst - Rates & Regulatory

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

Sheet 3

SPECIAL CONDITIONS:

General Items:

1. 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 1203, the balance in the Sacramento District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0273 per 100 gallons over 12 months. The effective date for surcharge is May 11, 2018 and will be recovered from all customer classes in all service areas. (C)
(I)
(C)
7. Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) Surcharge.
 - a. 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 \$19,029,622 including interest. The surcharge is \$0.0529 per 100 gallons and will remain effective for 36 months beginning March 31, 2018.

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	11XX-5	J. T. LINAM	Date Filed	_____
Decision		DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____

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SUBJECT MATTER OF SHEET

C.P.U.C. SHEET NO.

RATE SCHEDULES (Continued):

(Ambler Park, Ralph Lane & Chualar Service Areas)

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(Toro)

MO-TO-1 General Metered Service 8740-W, 8692-W, 8019-W, 7644-W

(Garrapata)

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

Sacramento District

SC-1 General Metered Service 8726-W, 8727-W, 8687-W, 8028-W, 7635-W

SC-DU-1 General Metered Service 8728-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

SC-MB-1 General Metered Service 8732-W, 8522-W

(C)

San Diego County District

SD-1 General Metered Service 8733-W, 8734-W, 8699-W, 8531-W, 8013-W, 7624-W

Ventura County District

VN-1 General Metered Service 8735-W, 8736-W, 8691-W, 8014-W, 7627-W

VN-9MC

Metered Construction Service 8737-W, 8549-W, 8015-W, 7629-W

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

Advice 1192

J. T. LINAM

Date Filed

Decision

DIRECTOR - Rates & Regulatory

Effective

Resolution

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<u>SERVICE AREA MAP:</u> California-American Water Company	5470-W
Larkfield	6569-W
Los Angeles County Baldwin Hills Duarte San Marino	6570-W 6571-W, 6572-W, 6578-W 6573-W, 6574-W, 6575-W, 6576-W, 8211-W
Monterey County	7053-W, 6580-W, 6581-W, 6582-W, 6583-W, 6584-W, 6585-W, 6586-W, 6587-W, 6588-W, 6589-W, 6590-W, 944 -W, 945 -W, 947 -W, 948 -W, 949 -W, 950 -W, 951 -W, 952 -W, 953 -W, 954 -W, 955 -W, 957 -W, 958 -W, 959 -W, 960 -W, 961 -W, 962-W, 963 -W, 964 -W, 966 -W, 967 -W, 968 -W, 969 -W, 971 -W, 972 -W, 973 -W, 974 -W, 975 -W, 976 -W, 977 -W, 978 -W, 979 -W, 980 -W, 981 -W, 982 -W, 983 -W, 984 -W, 7054-W

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

Advice 1192

J. T. LINAM

Date Filed _____

Decision

DIRECTOR - Rates & Regulatory

Effective _____

Resolution _____

SACRAMENTO DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1203

BY MAIL:

Robert C. Baptiste
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Sacramento, CA 95827-1045

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Walt Shannon
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County Clerk-Recorder
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Sacramento, CA 95814

Robert A. Ryan, Jr.
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ADVICE LETTER 1203

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