

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 20, 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. 1204-A (Supplement to Advice Letter No. 1204), filed on February 26, 2019, regarding authorization to recover expenses from the Conservation Rationing Memorandum Account to the San Diego Consolidated Expense Balancing Account (CEBA) for the San Diego District.

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

| P.U.C. | |
|------------------|--|
| Sheet No. | Title of Sheet |
| 8914-W | Schedule No. SD-1 (continued), San Diego District Tariff Area General Metered Service |
| 8915-W | Table of Contents, (Page 3) |
| 8916-W | Table of Contents, (Page 1) |

Please contact Jim Boothe at 415-703-1748, if you have any questions.

Thank you,

/s/ROBIN BRYANT

Robin Bryant
Water & Sewer Advisory Branch
Water Division

Enclosures



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February 26, 2019

ADVICE LETTER NO. 1204-A

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> |
|--------------------------------------|--|---------------------------------------|
| 8914-W | Schedule No. SD-1 (continued) San Diego District Tariff Area GENERAL METERED SERVICE | 8808-W |
| 8915-W | <u>TABLE OF CONTENTS</u> (Page 3) | 8912-W |
| 8916-W | <u>TABLE OF CONTENTS</u> (Page 1) | 8913-W |

Purpose:

This supplemental advice letter is being filed to comply with Resolution W-5186, authorizing California American Water Company to recover expenses from the Conservation Rationing Memorandum Account to the San Diego Consolidated Expense Balancing Account (CEBA).

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 \$502,263 for San Diego District. California American Water request to recuperate in expenses from the CRMA for the California American Water service district of San Diego 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 Water Company has been offering leading conservation programs to its customers to achieve water savings and water wise behaviors and has further expanded its programs during drought of 2011 through 2016. In May of 2015 we activated our Conservation/Rationing Memorandum Account to track all drought related expenses incurred during the drought to help comply with the State’s Drought Emergency Order.

Request:

From 2014 through 2017, California American Water incurred \$502k in the San Diego district to help meet statewide implemented water use reduction target 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 \$502,263 including interest from the Conservation/Rationing Memorandum Account (CRMA) balance for San Diego County to their CEBA surcharge of \$0.0129 per 100 gallon over 12 month from effective date.

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 1 designation pursuant to General Order No. 96-B.

Effective Date:

California American requests an effective date of February 26, 2019.

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: | E-Mail: | Mailing Address: |
|--|---------------------------|--|
| Kamilah U Jones <i>Financial Analyst – Rates & Regulatory</i> | Kamilah.Jones@amwater.com | 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. SD-1 Continued
San Diego County District Tariff Area
General Metered Service

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. (T)
- 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. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is based on a percentage of gross revenues of each bill. The percentage is 2% to City of San Diego and City of Imperial Beach.
- 5. Per Advice Letter 1072-A, a surcharge of \$0.0054 per 100 gallons will be applied to each bill to fund conservation efforts. The surcharge will remain in effect until otherwise directed by the Commission.
- 6. Per Advice Letter 1138-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. (T)
- 7. Per Advice Letter 1204-A, the under-collected balance in San Diego County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0129 per 100 gallons over 12 months effective February 26, 2019. The total amount will be recovered from all classes of customers. (C) (I)(C)
- 8. Per Advice Letter 1212, a surcharge is applied to each bill to offset increases in purchased water costs imposed by the City of San Diego. This offset results in a needed revenue increase of \$812,486 or 2.54%. The surcharge of \$0.1507 per 100 gallons is added to the quantity rate effective August 1, 2018. (T) (T)

(Continued)

| (TO BE INSERTED BY UTILITY) | ISSUED BY | (TO BE INSERTED BY C.P.U.C.) |
|-----------------------------|-------------------------------|------------------------------|
| Advice 1204-A | J. T. LINAM | Date Filed 02/26/2019 |
| Decision | DIRECTOR - Rates & Regulatory | Effective 02/26/2019 |
| | | Resolution |

TABLE OF CONTENTS

Sheet 3

SUBJECT MATTER OF SHEET

C.P.U.C. SHEET NO.

RATE SCHEDULES (Continued):

(Ambler Park, Ralph Lane & Chualar Service Areas)

MO-ARC-1 General Metered Service 8738-W, 8739-W, 8693-W, 8519-W, 8027-W, 7642-W, 8788-W

(Toro)

MO-TO-1 General Metered Service 8740-W, 8775-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, 8799-W, 8892-W, 8714-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

San Diego County District

SD-1 General Metered Service 8733-W, 8800-W, 8914-W, 8778-W, 8013-W, 7624-W (C)

Ventura County District

VN-1 General Metered Service 8896-W, 8897-W, 8910-W, 8014-W, 7627-W

VN-9MC

Metered Construction Service 8898-W, 8911-W, 8015-W, 7629-W

(Continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

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

Advice 1204-A

J. T. LINAM

Date Filed 02/26/2019

Decision

DIRECTOR - Rates & Regulatory

Effective 02/26/2019

Resolution

TABLE OF CONTENTS

Sheet 1

| <u>SUBJECT MATTER OF SHEET</u> | <u>C.P.U.C. SHEET NO.</u> |
|--|---|
| TITLE PAGE | 8662-W |
| TABLE OF CONTENT | 8916-W, 8908-W, 8915-W, 8876-W, 8770-W, 8869-W, 8868-W, 8593-W, 8071-W (C) |
| PRELIMINARY STATEMENTS | 7828-W, 8517-W, 8881-W 7748-W, 7749-W, 7750-W, 7751-W, 7752-W, 7753-W, 7754-W, 7755-W, 7756-W, 7757-W, 8079-W, 7759-W, 7830-W, 7831-W, 7832-W, 7833-W, 7834-W, 7835-W, 7836-W, 7837-W, 7838-W, 7769-W, 7770-W, 7771-W, 7772-W, 7773-W, 7774-W, 7775-W, 7776-W, 7777-W, 7778-W, 7779-W, 7780-W, 7781-W, 7782-W, 7783-W, 7784-W, 7785-W, 7786-W, 7787-W, 7788-W, 7789-W, 7790-W, 7791-W, 7792-W, 7793-W, 7794-W, 7839-W, 7796-W, 7797-W, 7798-W, 7799-W, 7800-W, 7801-W, 7802-W, 7803-W, 7804-W, 8510-W, 8081-W, 8082-W, 8178-W, 8302-W, 8459-W, 8460-W, 8516-W, 8756-W, 8879-W, 8882-W, 8884-W, 8886-W |
| <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 |

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|------------------------------------|-------------------------------|-------------------------------------|
| <u>(TO BE INSERTED BY UTILITY)</u> | <u>ISSUED BY</u> | <u>(TO BE INSERTED BY C.P.U.C.)</u> |
| Advice 1204-A | J. T. LINAM | Date Filed <u>02/26/2019</u> |
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| | | Resolution |

SAN DIEGO COUNTY DISTRICT SERVICE LIST
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ADVICE LETTER 1204-A

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ADVICE LETTER 1204-A

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