

PRELIMINARY STATEMENT  
(Continued)

Sheet 1

**AR. Sustainable Groundwater Management Act Memorandum Account (SGMA)**

**1. PURPOSE:**

The SGMA Memorandum Account will track the cost of complying with the Sustainable Groundwater Management Act Regulations signed into law September 16, 2014, which set forth a framework for regulating groundwater. California American Water will track every cost that California American Water records in the SGMA Memorandum Account, identify each cost incurred, the purpose of each cost, and an explanation of why the costs are necessary. In addition, Cal-Am may also book cost of employees who spend less than 5% of their time related to the SGMA, with a general explanation of work. California American Water will provide any additional information for employees that spend more than 5% of their time on the SGMA, identifying each of these employees by their employee identification number, position title, the number of hours the employee worked, and the purpose of the work performed.

**2. APPLICABILITY:**

All areas served by California American Water.

**3. ACCOUNTING PROCEDURE:**

California-American Water Company shall maintain the SGMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to the SGMA to record any expense incurred.
- b. A debit entry shall be made to the SGMA to record any employee spending less than 5% of their time on SGMA compliance
- c. A debit entry shall be made to the SGMA to record any employee that spends more than 5% of their time complying with the SGMA.
- d. Interest shall accrue to the SGMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

**4. RATEMAKING PROCEDURE:**

There is currently no ratemaking component to the memorandum account. Request for recovery of any balance are to be processed according to the General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balanced shall be transferred to the appropriate district CEBA for recovery/refund.

(Continued)

(TO BE INSERTED BY UTILITY)

Advice 1353  
Decision

ISSUED BY

J. T. LINAM  
DIRECTOR - Rates & Regulatory

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

Date Filed 12/23/2021  
Effective 03/04/2022  
Resolution \_\_\_\_\_