

PRELIMINARY STATEMENT  
(Continued)

Sheet 1

**BI. Drought Memorandum Account (DRMA)**

**1. PURPOSE:**

The purpose of the Drought Memorandum Account (DRMA) is to track cost and penalties associated with the implementation of Rule 14.1 and Schedules 14.1 and Rule 14.1.1 and Schedule 14.1.1 consistent with Resolution W-4976 in which the Commission adopted Drought Procedures.

**2. APPLICABILITY:**

Applicable to all service areas served by California American Water. The DRMA will track the following items:

- a. Incremental operating and administrative costs associated with implementing voluntary and mandatory conservation measures consistent with Rule 14.1 and Schedules 14.1 and Rule 14.1.1 and Schedule 14.1.1, such as additional staffing, efforts to encourage conservation, and capital expenditures to ensure a safe, reliable water supply;
- b. Monies paid by customers for fines, penalties or other compliance measures associated with water use violations; and
- c. Penalties paid by California American Water to its wholesalers.

**3. ACCOUNTING PROCEDURE:**

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

- a. A debit entry shall be made to the DRMA at the end of each month to record the incremental expenses or penalties paid.
- b. A credit entry shall be made to the DRMA at the end of each month to record the penalty charges collected.
- c. Interest shall accrue to the DRMA 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:**

The memorandum account currently has no rate component.

(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 \_\_\_\_\_