J. Cease and Desist Order Penalties and Fines Memorandum Account

1. PURPOSE:

The purpose of the Cease and Desist Order Penalties and Fines Memorandum Account is to track all penalties and fines that could be assessed as a result of a violation of the State Water Resources Control Board ("SWRCB") Cease and Desist Order for unauthorized diversion of water from the Carmel River in the Monterey Service Area. California American Water was granted authority to continue this account in Decision (D.) 21-11-018. (T)

2. APPLICABILITY:

The Monterey Service Area

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the memorandum account:

a. A debit entry will be created each month to record any assessed penalties and fines associated with the SWRCB CDO.

b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's (CEBA) upon Commission approval.

4. RATEMAKING PROCEDURE:

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

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