

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 16, 2021

Kamilah Jones
Senior Financial Analyst - Rates & Regulatory
California-American Water Company
4701 Beloit Drive
Sacramento, CA 95838-2434

Dear Ms. Jones,

The Commission has approved California-American Water Company's Advice Letter No. 1338, filed on August 16, 2021, regarding Central Basin Contamination Memorandum Account for the Los Angeles Service Area.

Enclosed are copies of the following revised tariff sheets, effective July 16, 2021, for the utility's files:

P.U.C.	
Sheet No.	Title of Sheet
10046-W	Preliminary Statement, Summary Table, Sheet 2
10047-W	Preliminary Statement, BH. Central Basin Contamination Memorandum Account ("CBCMA"), Sheet 1
10048-W	Table Of Contents, Sheet 1

Please contact Bradley Leong at BL4@cpuc.ca.gov or 415-703-2307, if you have any questions.

Thank you,

/s/ROBIN BRYANT

Robin Bryant
Water Division

Enclosures

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

Advice Letter Cover Sheet

Utility Name: California American Water

Date Mailed to Service List: June 16, 2021

District: Los Angeles Service Area

CPUC Utility #: U210W

Protest Deadline (20th Day): July 6, 2021

Advice Letter #: 1338

Review Deadline (30th Day): July 16, 2021

Tier 1 2 3 Compliance

Requested Effective Date: July 16, 2021

Authorization

Description: Central Basin Contamination Memorandum Account

Rate Impact: \$See AL
See AL%

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: Jonathan Morse

Phone: 916-568-4232

Phone: 916-568-4237

Email: Kamilah.Jones@amwater.com

Email: Jonathan.Morse@amwater.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE

STAFF

COMMENTS

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



4701 Beloit Drive
Sacramento, CA 95838
www.amwater.com

P (916)-568-4251
F (916) 568-4260

June 16, 2021

ADVICE LETTER NO. 1338

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.

Purpose:

California American Water submits this Tier 2 Advice Letter to request authority to establish the Central Basin Contamination Memorandum Account to track costs associated with replacing the Granulated Activated Carbon (“GAC”) filter media for water treatment at two well sites in its Baldwin Hills service area in the Los Angeles District.

Background:

In Decision (D.) 10-10-018, the Commission adopted rules pertaining to contamination proceeds arising. In Ordering Paragraph 8, the Commission stated as follows:

If an investor-owned water utility anticipates requesting compensation in a general rate case for costs not previously approved and associated with the responsibility of owning, operating, and maintaining replacement plant, it shall first seek authority to establish a memorandum account to track such costs.

As reported in California American Water’s pending general rate case, Application (A.) 19-07-004, the Arlington Well and the 48th Street Well have both been shut down due to elevated Trichloroethylene (“TCE”). Both the Arlington Well and 48th Street Well are in California American Water’s Baldwin Hills service area. California American Water is not aware at this time of any responsible parties being identified as the potential source of this contamination. California American Water is installing wellhead treatment on both wells. The rate at which the carbon filter media need to be replaced, however, significantly exceeded the original project estimates. The increased frequency in filter changes will result in substantial unexpected costs. California American Water anticipates that treatment will be complete and production from these wells will commence in 2022. Division of Drinking Water (“DDW”) is currently reviewing and commenting on the operations and maintenance plan. When the plan is final, it will be incorporated into an operating permit amendment. California American Water therefore requests Commission authorization to establish the Central Basin Contamination memorandum account as follows:

1. For California American Water’s Baldwin Hills Service Area within the Los Angeles District
2. Effective date July 16, 2021.
3. Track all of California American Water’s costs associated with replacing the GAC filter media for water treatment for the Arlington and 48th Street Wells.

California American Water will seek recovery of expenditures accumulated in the Central Basin Memorandum Account either through a Tier 3 advice letter filing or as part of its next General Rate Case pursuant to a reasonableness review.

Memorandum Account Justification

The process by which a memorandum account can be established is laid out in Standard Practice U-27-W, Standard Practice for Processing Rate Offsets and Establishing and Amortizing Memorandum Account. To institute a memorandum account, California American Water must establish the following:

1. The expense is caused by an event of an exceptional nature that is not under California American Water's control;

Based on a Basis of Design prepared by Valentine Environmental Engineers in February 2017, California American Water originally estimated the frequency of needed carbon replacement for both wells to be once every two years, which was later revised on January 4, 2021 to be once per year. The original estimate was based on 20,000 lbs of carbon which is the typical capacity of a 12-foot diameter carbon adsorber.

Evoqua, the treatment supplier for California American Water, recently ran an updated model of anticipated bed life. This model, dated May 5, 2021, estimates California American Water will need carbon replacement every 100 days for the 48th Street Well at 750 gallons per minute (gpm) of continuous well use and every 70 days for the Arlington Well at 1,000 gpm of continuous well use. This model is based on California American Water using 15,000 lbs. of acid washed coal-based carbon. This carbon was selected due to the presence of nitrate in the Arlington Well. Acid washed coal-based carbon has less likelihood of loading and sloughing nitrate. Acid washed coal-based carbon has a lower density than coconut shell-based carbon, therefore less mass of carbon is in the Liquid Granular Activated Carbon ("LGAC") filter. Acid washed coal-based carbon also is less efficient at adsorbing volatile organic compounds like TCE as compared to coconut shell-based carbon. The model is also based on well analytical results of other analytes in the water that can impact performance of the carbon. Taking all this into consideration, coal-based carbon is the preferred treatment media.

Based on an Evoqua proposal dated October 2, 2020, the cost per changeout of acid washed coal-based carbon for one vessel is \$48,489.

2. The expense cannot have been reasonably foreseen in the California American Water's last general rate case and will occur before the utility's next scheduled rate case;

As described above, the recently updated estimated frequency of replacing the filter media is substantially greater than original estimates and the costs will be incurred prior to California American Water's next General Rate Case.

3. The expense is of a substantial nature as to the amount of money involved when any offsetting costs decreases are taken into account; and

It is estimated that the cost for the filter media at Arlington will be approximately \$162 per acre foot and at 48th Street the cost will be approximately \$126 per acre foot. If 500-acre feet is produced from each well on an annual basis the additional cost is approximately \$144,000.

4. The ratepayers will benefit by the memo account treatment.

As stated above, California American Water's Baldwin Hills service area is in the Central Basin. Within the Central Basin, California American Water has annual pumping rights of 2,175-acre feet. Over the last five years the average annual demand in the Baldwin Hills service area has been 2,900-acre feet. Therefore, California American Water must purchase water from West Basin Municipal Water District ("WBMWD") or lease water from other agencies or to meet its demand.

Currently WBMWD charges \$1,441 per acre foot ("AF") for treated potable water. California American Water can lease water rights from other agencies for approximately \$250 per AF. California American Water estimates that, including treatment costs, it will cost \$528 per AF to produce water from the Arlington and 48th Street wells. By leasing water rights and producing water from the Arlington and 48th Street wells, the total cost is approximately \$778 per AF. This is \$663 less per AF compared to the cost of WBMWD purchased water. California American Water strives to supply its customers with least cost water and having Arlington and 48th Street wells online with the treatment needed to produce potable water allows the Company to do just that.

Memorandum Account Treatment

California American Water is aware that a memorandum account is not a guarantee of eventual recovery of costs, nor is it carried as a regular account under the uniform system of accounts for water utilities. It is carried "off the books" as a memorandum account. Further, it is also known that Commission policy on memorandum account treatment has always been that the burden of proof of the reasonableness of expenses charged to the account is the responsibility of the utility requesting reimbursement of such expenses.

Tier Designation:

This advice letter is submitted with a Tier 2 designation pursuant to General Order No. 96-B.

Effective Date:

California American Water submits this as a Tier 2 filing and requests an effective date of July 16, 2021.

Notice

Pursuant to Section 4.3 of General Order No. 96-B, a copy of this advice letter is being provided to those entities listed in the attached "SERVICE LIST PURSUANT TO SECTION 4.3 OF G.O. NO. 96-B." Per guidance from the California Public Utilities Commission's Water Division, during the COVID-19 pandemic advice letters will only be delivered electronically to the service list. Hardcopy advice letters will be mailed as soon as administrative staff are able to return to California American Water offices.

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

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy to California American Water, addressed to:

Email Address:

Kamilah.jones@amwater.com

Mailing Address:

4701 Beloit Drive
Sacramento, CA 95838

sarah.leeper@amwater.com

555 Montgomery Street, Suite 816
San Francisco, CA 94111

ca.rates@amwater.com

4701 Beloit Drive
Sacramento, CA 95838

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 Kamilah Jones at (916) 568-4232.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Kamilah Jones

Kamilah Jones
Senior Financial Analyst - Rates & Regulatory

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
10046-W	PRELIMINARY STATEMENT Summary Table Sheet 2	9948-W
10047-W	Preliminary Statement Sheet 1	
10048-W	TABLE OF CONTENTS Sheet 1	10045-W

PRELIMINARY STATEMENT
Summary Table

Sheet 2

Reference	Account	Tariff
AG	School Lead Testing Memorandum Account (SLTMA)	9667-W
AH	The Memorandum Account for Environmental Improvement and Compliance Issues for Acquisitions	9668-W
AI	Dunnigan Consulting Memorandum Account	9669-W
AJ	Water-Energy Nexus Program Memorandum Account (WENMA)	9670-W
AK	Special Facilities Fee Memorandum Account	9671-W
AL	Monterey Service Area Pre-2015 Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") Under-collection/recovery Balancing Account	9673-W
AM	Monterey Service Area Pre-2015 Non-Residential Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM/MCBA") Under-collection/recovery Balancing Account	9674-W
AN	Public Safety Power Shut-Off Memorandum Account (PSPSMA)	9675-W, 9676-W
AO	General Rate Case Interim Rate True-up Memorandum Account	9677-W
AP	Central Division Leak Adjustment Balancing Account	9678-W
AQ	Two-Way Tax Accounting Memorandum Account (TMA)	9679-W
AR	Sustainable Groundwater Management Act Memorandum Account (SGMA)	9680-W
AS	Group Insurance Balancing Account (GIBA)	9681-W
AT	Rio Plaza Groundwater Management Memorandum Account	9682-W
AU	Rio Plaza Transaction Memorandum Account	9683-W
AV	MPSWP Phase 1 Project Cost Memorandum Account (PCMA)	9684-W
AW	MPSWP Operations and Maintenance Memorandum Account (MOMMA)	9685-W
AX	Meadowbrook CIAC Regulatory Asset	9686-W
AY	All District Conservation Rationing Memorandum Account	9687-W
AZ	Monterey Wastewater Purchased Power Balancing Account	9688-W
BA	Sand City Desalination Plant Purchased Water Balancing Account (SCDPPWBA)	9689-W
BC	Fruitridge Vista Meter Installation Memorandum Account (FVMIMA)	9691-W
BD	Fruitridge Vista Transaction Memorandum Account (FVTMA)	9692-W
BE	Sacramento Service Area Voluntary Conservation or Mandatory Rationing Memorandum Account (VCMRMA)	9693-W
BF	Hillview Service Area Memorandum & Balancing Accounts	9758-W
BG	Hillview Memorandum Account for Deferred Income Taxes (HMADIT)	9759-W
BH	Central Basin Contamination Memorandum Account	10047-W

(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1338	J. T. LINAM	Date Filed	06/16/2021
Decision		DIRECTOR - Rates & Regulatory	Effective	07/16/2021
			Resolution	

LOS ANGELES COUNTY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1338

BY MAIL:

Los Angeles Docket Office
California Public Utilities Commission
320 West 4th Street, Suite 500
Los Angeles, CA 90013

Louis A. Atwell
Director of Public Works
City of Inglewood
One W. Manchester Blvd.
Inglewood, CA 90301

San Gabriel County Water District
P.O. Box 2227
San Gabriel, CA 91776

City of El Monte
Water Department
11333 Valley Blvd.
El Monte, CA 91734

City of Monrovia
City Clerk
415 South Ivy Ave
Monrovia, CA 91016

City of San Gabriel
City Clerk
425 S. Mission Drive
San Gabriel, CA 91776

Michelle Keith
City Manager
City of Bradbury
600 Winston Avenue
Bradbury, CA 91008

Temple City
City Clerk
9701 Las Tunas Dr.
Temple City, CA 91780

William M. Marticorena
Rutan & Tucker, LLP
611 Anton Blvd., 14th Floor
Costa Mesa, CA 92626-1931

David E. Morse
1411 W. Covell Blvd., Suite 106-292
Davis, CA 95616-5934

Wallin, Kress, Reisman & Krantz, LLP
11355 West Olympic Blvd., SUITE 300
Los Angeles, CA 90064

Andrew Jackson
Golden State Water Company
630 E. Foothill Blvd.
San Dimas, CA 91773
afjackson@gswater.com

Bernardo R. Garcia
PO Box 37
San Clemente, CA 92674-0037

Mary Martin
4611 Brynhurst Ave.
Los Angeles, CA 90043

City of Rosemead
City Clerk
8838 E. Valley Blvd
Rosemead, CA 91770

James L. Markman
Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, CA 90071-3101

City of Los Angeles
Department of Water and Power
111 North Hope Street
Los Angeles, CA 90012
Attn: City Attorney

Veronica Ruiz, City Clerk
City of San Marino
2200 Huntington Dr, 2nd Floor
San Marino, CA 91108
vrui@cityofsanmarino.org

Marcus Nixon
Asst. Public Advisor
320 W. 4th Street, Suite 500
Los Angeles, CA 90013

Barbara Delory
4030 Bartlett Avenue
Rosemead, CA 91770-1332

Lenard G. Weiss
Manatt
One Embarcadero Center, 30th Floor
San Francisco, CA 94111

Hatties Stewart
4725 S. Victoria Avenue
Los Angeles, CA 90043

Rex Ball
SR/WA, Senior Real Property MGMT
County of Los Angeles
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012

Sunnyslope Water Company
1040 El Campo Drive
Pasadena, CA 91109

LOS ANGELES COUNTY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1338

BY E-MAIL:

City of El Monte
Attention M. Helen Lopez, CMC
Chief Deputy City Clerk/Rcrds Mgr
11333 Valley Blvd
El Monte CA 91731-3293

Office of Ratepayer Advocates
California Public Utilities Commission
dra_water_al@cpuc.ca.gov

Richard Rauschmeier
California Public Utilities Commission
ORA - Water Branch, Rm 4209
505 Van Ness Ave
San Francisco, CA 94102
rra@cpuc.ca.gov

Veronica Ruiz, City Clerk
City of San Marino
2200 Huntington Drive, 2nd floor
San Marino, CA 91108
vruiz@cityofsanmarino.org

Jame Polanco, Rates Clerk
California Water Service Company
1720 North First Street
San Jose, CA 95112
jpolanco@calwater.com
City of Duarte
City Clerk
1600 Huntington Drive
Duarte, CA 91010
akanam@accessduarte.com

Laura Nieto
City of Irwindale
Chief Deputy City Clerk
5050 North Irwindale Avenue
Irwindale, CA 91706
lnieto@irwindaleca.gov

Ms. Lisa Bilir
California Public Utilities Commission
Division of Ratepayer Advocates
505 Van Ness Avenue
San Francisco, CA 94102
lwa@cpuc.ca.gov

City of Inglewood
City Hall
One W. Manchester Blvd.
Inglewood, CA 90301
brai@cityofinglewood.org

East Pasadena Water Company
3725 Mountain View
Pasadena, CA 91107
larry@epwater.com

San Gabriel Valley Water Company
11142 Garvey Blvd.
El Monte, CA 91734
dadelloso@sgvwater.com

Audrey Jackson
Golden State Water Company
630 E. Foothill Blvd.
San Dimas, CA 91773
afjackson@gswater.com

B. Tilden Kim
Attorney At Law
Richards Watson & Gershon
Los Angeles, CA 90071
tkim@rwglaw.com

Laura L. Krannawitter
California Public Utilities Commission
Executive Division, Rm 5303
505 Van Ness Avenue
San Francisco, CA 94102
llk@cpuc.ca.gov

John K. Hawks
Executive Director
California Water Association
601 Van Ness Avenue, Suite 2047
San Francisco, CA 94102-3200
jhawks_cwa@comcast.net

Lori Ann Dolqueist
Manatt
One Embarcadero Center, 30th Floor
San Francisco, CA 94111-3719
ldolquiest@manatt.com

Kiki Carlson
Regulatory Affairs Manager
1325 N. Grand Avenue, Suite 100
Covina, CA 91724
kcarlson@swwc.com
John Corona
Utilities Superintendent
City of Arcadia Water Dept.
jcorona@arcadiaca.gov
Arcadia, CA 91006