

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



June 7, 2017

Jeffrey T. Linam  
Director -Rates & Regulation  
California-American Water Company  
4701 Beloit Dr.  
Sacramento, CA 95838-2434

Dear Mr. Linam,

The Commission has approved California-American Water Company's Advice Letter No.1162-A (Supplement to Advice Letter No.1162), filed on May 31, 2017, regarding 2016 WRAM & MCBA.

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

<b><u>P.U.C. Sheet No.</u></b>	<b><u>Title of Sheet</u></b>
8519-W	Schedule No. MO –ARC- 1(continued) Monterey County District Tariff Area Ambler Park, Ralph Lane, and Chualar Service Area GENERAL METERED SERVICE
8520-W	TABLE OF CONTENTS (PAGE 3)
8521-W	TABLE OF CONTENTS (PAGE 1)

Please contact Jocelyn Wong at (415)-703-2144 if you have any questions.

Thank you,

/s/ SREEJA MELUVEETIL

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Sreeja Meluveetil  
Water & Sewer Advisory Branch  
Division of Water and Audits

Enclosures





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

P (916)-568-4251  
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May 31, 2017

ADVICE LETTER NO. 1162-A

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (Cal-Am) (U210W) hereby submits for review this advice letter including the following tariff sheets applicable to its Ambler Park service area in its Monterey District which are attached hereto:

<u>C.P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Sheet No.</u>
XXXX-W	Schedule No. MO –ARC- 1(continued) Monterey County District Tariff Area Ambler Park, Ralph Lane, and Chualar Service Area GENERAL METERED SERVICE	8296-W
XXXX-W	TABLE OF CONTENTS (PAGE 3)	XXXX-W
XXXX-W	TABLE OF CONTENTS (PAGE 1)	XXXX-W

### **PURPOSE**

The purpose of this supplemental advice letter is to remove the 2012 WRAM/MCBA surcharges from the tariff. The purpose of the original advice letter filing was to request approval of the 2016 WRAM & MCBA balances. This request is made in compliance with authorizations of the California Public Utilities Commission as detailed in D.09-07-021, D.12-04-048, D.13-07-041, and D.16-12-003. Further detail can be found in the request section below.

### **BACKGROUND**

D.09-07-021 originally approved the WRAM & MCBA for Monterey. Certain requirements from the original process were modified in D.13-07-041. Notably, the settlement adopted by the decision agreed to certain procedures outlined D.12-040-048, which Cal-Am was not a party to.

*The parties agree that California American Water would use the same amortization schedules and procedures that were established for other Class A water utilities in D.12-04-048 for the WRAM/MCBA in all districts. This includes:*

- 1. Amortization of net WRAM/MCBA balances at or above 2% of the last authorized revenue requirement, as described in Ordering Paragraph 2;*
- 2. The process to not initiate the cap until 2015, which is the first test year of the GRC to be filed July 1, 2013, as discussed in Ordering Paragraph 3;...*
- 3. A vigorous review of the WRAM/MCBA as well as sales forecasting to be conducted in the next GRC (Test Year 2015), as discussed in Ordering Paragraph 3;*

4. Cal Am will submit its annual request for amortization of net WRAM/MCBA balances by a Tier 1 advice letter on or before March 31, as described in Ordering Paragraph 5;
5. California American cannot include any additional type or category of cost in their Tier 1 Advice Letters that was not included in their Annual Report as described in Ordering Paragraph 9;
6. California American Water will separate the WRAM/MCBA surcharges on customer bills if it is capable of doing so with its new billing system, as discussed for other utilities in Ordering Paragraph 10.

Additional criteria on the WRAM amortization process were outlined in D.12-04-048 as follows;

#### Ordering Paragraphs

1. We adopt the amortization schedule set forth in Appendix A with a cap on total net Water Revenue Adjustment Mechanism/Modified Cost Balancing Account (WRAM/MCBA) surcharges of 10% of the last authorized revenue requirement...WRAM balances incurred prior to the first test year referenced above continue to be amortized under the adopted amortization schedule without being subject to the surcharge cap.

Further, D.16-12-003 addressed the recovery of balances through December 31, 2014. The decision authorized a meter based surcharge over five years. This was implemented through the filing of advice letter 1146-A. The decision also modified the recovery method for future surcharges and imposed a new noticing requirement. Ordering paragraph two states,

2. Future Water Revenue Adjustment Mechanism/Modified Cost Balancing Account (WRAM/MCBA) advice letters filed and served by California-American Water Company (Cal-Am) for the Monterey District shall request recovery of under-collections (or refunds of over-collections) by a uniform surcharge (or surcredit) on each unit of water sold (volumetric rate) including Tier 1. This applies to all WRAM/MCBA balances recovered once the new rate design is implemented. Cal-Am shall provide customer notice of each such advice letter consistent with General Order (GO) 96-B. In addition, for each of the next three advice letter requests, Cal-Am shall notify all customers in the Monterey District by bill insert or direct mail of the request even if that notice is not otherwise required by GO 96-B. The Notice shall be approved by the Commission's Public Advisor before it is issued by Cal-Am.

#### **REQUEST**

The balances for the WRAM and MCBA are summarized in the table below.

Recovery of WRAM/MCBA Balances			
Description	WRAM/MCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Balance
Prior Year Balance	(\$710,072)	(\$3,414)	(\$713,486)
Current Year Balance	(\$101,964)	(\$563)	(\$102,527)

UAW Penalty/(Reward)			\$11,693
Total Balance Requested			(\$804,320)
2016 Adopted Revenue			\$570,480
Total Balance % of Revenue			141.0%

Due to the 10% cap on recovery outlined in D.13-07-041, California American Water requests approval of the balance and the associated tariff language but is not requesting an amortization and placement into rates at this time. Under this current guideline, the amortization of the 2016 balance will begin when the existing 2015 surcharge collects its entire balance or upon its expiration on March 30, 2019. After cessation of the 2015 surcharge, a separate Tier 1 filing will be made at that time to update the tariff language with the then current charge. If the 2016 WRAM/MCBA was billed based on the above balances, the current authorized consumption, and the adopted amortization schedule per D.12-04-048 Appendix A, the volumetric surcharges would be \$0.0995 per 100 gallon over 36 months.

In compliance with D.16-12-003, a notice approved by the Commission’s Public Advisor will be issued to customers through a bill insert. The requested effective date of June 1, 2017 will allow adequate time for protests within the normal 20-day period.

**SERVICE LIST**

Pursuant to Section 4.3 of General Order No. 96-B, a copy of this advice letter is being sent to those entities listed in the attached service list. Copies of the detailed workpapers and the documents supporting this Advice Letter have also been furnished to the Commission Staff.

**EFFECTIVE DATE**

Cal-Am submits this as a Tier 1 advice letter per D.13-07-041 and requests an effective date of June 1, 2017.

**RESPONSE OR PROTEST<sup>1</sup>**

Anyone may submit a response or protest for this AL. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

A **response** supports the filing and may contain information that proves useful to the Commission in evaluating the AL. A **protest** objects to the AL in whole or in part and must set forth the specific grounds on which it is based. These grounds<sup>2</sup> are:

1. The utility did not properly serve or give notice of the AL;
2. The relief requested in the AL 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 AL contain material error or omissions;

<sup>1</sup> G.O. 96-B, General Rule 7.4.1

<sup>2</sup> G.O. 96-B, General Rule 7.4.2

- 4. The relief requested in the AL is pending before the Commission in a formal proceeding; or
- 5. The relief requested in the AL requires consideration in a formal hearing, or is otherwise inappropriate for the AL process; or
- 6. The relief requested in the AL 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 may not rely on policy objections to an AL where the relief requested in the AL follows rules or directions established by statute or Commission order applicable to the utility. A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

DWA must receive a response or protest via email (or postal mail) within 20 days of the date the AL is filed. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

The addresses for submitting a response or protest are:

**Email Address:**

[Water.Division@cpuc.ca.gov](mailto:Water.Division@cpuc.ca.gov)

**Mailing Address:**

CA Public Utilities Commission  
 Division of Water and Audits  
 505 Van Ness Avenue  
 San Francisco, CA 94102

On 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:**

Todd Pray .....  
*Senior Manager of Rates &  
 Regulatory*

**E-Mail:**

todd.pray@amwater.com .....

**Mailing Address:**

4701 Beloit Drive  
 Sacramento, CA 95838  
 Fax: (916) 568-4260

Sarah E. Leeper.....  
*Vice President – Legal,  
 Regulatory*

sarah.leeper@amwater.com .....

555 Montgomery Street,  
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 San Francisco, CA 94111  
 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.

**REPLIES**<sup>3</sup>

The utility shall reply to each protest and may reply to any response. Any reply must be received by DWA within five business days after the end of the protest period, and shall be served on the same day on each person who filed the protest or response to the AL.

The actions requested in this advice letter are not now the subject of any formal filings with the California Public Utilities Commission, including a formal complaint, nor action in any court of law.

If you have not received a reply to your protest within 10 business days, contact this person at (916) 568-4232.

This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

CALIFORNIA-AMERICAN WATER COMPANY

*/s/ Todd Pray*

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Todd Pray  
Senior Manager of Rates & Regulatory

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<sup>3</sup> G.O. 96-B, General Rule 7.4.3

Schedule No. MO-ARC-1 (Continued)  
Monterey County District Tariff Area  
Ambler Park, Ralph Lane, and Chualar Service Area  
GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued):

Fees and Surcharges (continued):

- 5. Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) Surcharge -- Applicable to the Ambler Park Service Area ONLY

A surcharge is included in each bill to recover the net under-collection in the Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA). For the period January 1, 2013 to December 31, 2013, the net under-collection totals \$141,944 including interest. For the period January 1, 2014 to December 31, 2014, the net under-collection totals \$242,180 including interest. The surcharges below ([A]) will remain effective for 36 months beginning July 02, 2015. For the period January 1, 2015 to December 31, 2015, the net under-collection totals \$197,238 including interest. The surcharges below ([B]) will remain effective for 36 months beginning March 31, 2016.

Per Advice Letter 1162-A, the balance of the 2016 WRAM/MCBA is \$220,016 including interest. D.13-07-041 places a cap on WRAM/MCBA surcharges of 10% of the last authorized revenue requirement. Since the existing 2015 surcharge meets this cap, there is no charge on the bill at this time. If the WRAM/MCBA was billed based on the balance, the current authorized consumption, and the adopted amortization schedule per D.12-04-048 Appendix A, the volumetric surcharges would be \$0.0995 per 100 gallon over 36 months. After cessation of the 2015 surcharge, a separate Tier 1 filing will be made at that time to update the tariff language with the then current charge.

(C)  
(C)  
(N)  
(N)

<b>AMBLER PARK SYSTEM SURCHARGE BILLED</b>				
	[A]  Surcharge  To recover 2013 & 2014 Balance per 100 gal	[B]  Surcharge  To recover 2015 Balance per 100 gal	[A+B]  TOTAL SURCHARGE  BILLED PER 100 GAL  (5/10/16-9/30/17)  [B] + [C]	[B]  TOTAL SURCHARGE  BILLED PER 100 GAL  (10/1/17-7/2/18)  [C]
<b>Residential:</b>				
Block 1: For the first 89.8 CGL	\$0.1718	\$0.0750	\$0.2468	\$0.0750
Block 2: For the next 44.9 CGL.	\$0.2285	\$0.0998	\$0.3283	\$0.0998
Block 3: For the next 725.6 CGL.	\$0.3437	\$0.1501	\$0.4938	\$0.1501
Block 4: For all water delivered over 860.2 CGL.	\$0.4588	\$0.2003	\$0.6591	\$0.2003
<b>Non-Residential:</b>				
Block 1: For all water delivered up to monthly allotment, per 74.8 gal	\$0.2285	\$0.0998	\$0.3283	\$0.0998

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 1162-A

ISSUED BY  
J. LINAM  
NAME

(TO BE INSERTED BY C.P.U.C.)  
DATE FILED 05-31-2017

DECISION NO. D.15-04-007

DIRECTOR – Rates & Regulatory  
TITLE

EFFECTIVE 06-01-2017  
RESOLUTION \_\_\_\_\_



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<u>SUBJECT MATTER OF SHEET</u>	<u>C.P.U.C. SHEET NO.</u>
<u>RATE SCHEDULES (Continued):</u>	
<i>(Ambler Park, Ralph Lane &amp; Chualar Service Areas)</i>	
MO-ARC-1      General Metered Service	8485-W, 8426-W, 8427-W, 8519-W, (C) 8027-W, 7642-W, 8237-W
<i>(Toro)</i>	
MO-TO-1      General Metered Service	8465-W, 8466-W, 8019-W, 7644-W
<i>(Garrapata)</i>	
MO-GA-2      General Flat Rate Service	7693-W, 8170-W
Sacramento District	
SC-1          General Metered Service	8353-W, 8354-W, 8355-W, 8028-W, 7635-W
SC-DU-1      General Metered Service	8160-W
SC-DU-1F     Flat Rate Service	8161-W
SC-GY-1      General Metered Service	8316-W
SC-GY-1F     Flat Rate Service	8317-W
SC-MB-1      General Metered Service	8508-W
San Diego County District	
SD-1          General Metered Service	8367-W, 8368-W, 8504-W, 8013-W, 7624-W
Ventura County District	
VN-1          General Metered Service	8335-W, 8336-W, 8435-W, 8014-W, 7627-W
VN-9MC      Metered Construction Water	8338-W, 8436-W, 8015-W, 7629-W

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 1162-A

ISSUED BY  
**J. T. LINAM**  
NAME

(TO BE INSERTED BY C.P.U.C.)  
DATE FILED 05-31-2017

DECISION NO.

**DIRECTOR – Rates & Regulatory**  
TITLE

EFFECTIVE 06-01-2017  
RESOLUTION

**TABLE OF CONTENTS**

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The following listed tariff sheets contain all effective rates and rules affecting the charges and services of the Utility, together with other pertinent information:

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<b><u>SERVICE AREA MAP:</u></b> California-American Water Company	5470-W
Larkfield	6569-W
Los Angeles County	6570-W
Baldwin Hills	6571-W, 6572-W,
Duarte	6578-W
San Marino	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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ADVICE LETTER NO. 1162-A

ISSUED BY  
J. T. LINAM  
NAME

(TO BE INSERTED BY C.P.U.C.)  
DATE FILED 05-31-2017

DECISION NO. \_\_\_\_\_

DIRECTOR – Rates & Regulatory  
TITLE

EFFECTIVE 06-01-2017  
RESOLUTION \_\_\_\_\_

**MONTEREY DISTRICT SERVICE LIST  
CALIFORNIA-AMERICAN WATER COMPANY  
ADVICE LETTER 1162-A**

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**MONTEREY DISTRICT SERVICE LIST  
CALIFORNIA-AMERICAN WATER COMPANY  
ADVICE LETTER 1162-A**

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**MONTEREY DISTRICT SERVICE LIST**  
**CALIFORNIA-AMERICAN WATER COMPANY**  
**ADVICE LETTER 1162-A**

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