

NOTICE OF APPLICATION

California American Water’s Request to Increase Its Cost of Capital

APPLICATION A.21-05-001

Why am I receiving this notice?

On May 3, 2021, California American Water filed its Cost of Capital Application (CoC) (A.21-05-001) with the California Public Utilities Commission (CPUC). In the application, California American Water is requesting an increase to its cost of capital, which is the rate of return the company is authorized to earn on its investments in critical infrastructure to deliver safe and reliable water and/or wastewater service. If approved by the CPUC, California American Water’s total revenue requirement will increase by 2.61 percent or \$7,305,000 annually.

If the CPUC approves this application, California American Water will recover forecasted costs in rates over a three-year period beginning January 1, 2022. This will impact your bill.

Why is California American Water requesting this increase to its cost of capital?

- Every three years California American Water is required to file a CoC application with the CPUC.
- The CoC application determines the cost of financing infrastructure and determines the allowed return on equity and debt. It also determines the amount of equity and debt used by California American Water.
- California American Water is requesting an increased rate of return on its financing to attract investment in infrastructure used to provide safe, reliable water and wastewater service to its customers.

How could this affect my water bill?

If California American Water’s proposed CoC is approved by the CPUC, the typical bill impacts by customer class are outlined in the following tables for customers in the Central Division.

AUTHORIZED REVENUE INCREASE		
	AMOUNT (\$1,000)	%
Northern Division	\$2,376	3.13%
Central Division	\$2,401	3.18%
Southern Division	\$2,491	2.00%
Monterey Wastewater	\$36	1.00%
TOTAL	\$7,305	2.61%

MONTEREY MAIN TARIFF AREA
(including service areas in cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, Seaside, Hidden Hills and Ryan Ranch subdivisions, Bishop subdivision and certain unincorporated areas in the County of Monterey)

CUSTOMER CLASS	TYPICAL METER SIZE (inches)	AVERAGE MONTHLY USAGE (CGL)	2022 PROJECTED BILL @ CURRENT COC	\$ INCREASE	2022 PROJECTED BILL @ PROPOSED COC	% INCREASE
Single Family Residential	5/8 x 3/4"	38.44	\$119.60	\$3.80	\$123.40	3.18%
Multifamily Residential	5/8 x 3/4"	184.00	\$973.50	\$30.91	\$1,004.41	3.18%
Non-Residential - Division 1	1"	194.00	\$639.93	\$20.32	\$660.25	3.18%
Non-Residential - Division 2	1"	194.00	\$695.32	\$22.08	\$717.40	3.18%
Non-Residential - Division 3	1"	194.00	\$750.71	\$23.84	\$774.55	3.18%
Non-Residential - Division 4	1"	194.00	\$1,304.68	\$41.42	\$1,346.10	3.18%

CENTRAL SATELLITES TARIFF AREA
(including service areas in Ambler, Toro, Ralph Lane and Garrapata)

CUSTOMER CLASS	TYPICAL METER SIZE (inches)	AVERAGE MONTHLY USAGE (CGL)	2022 PROJECTED BILL @ CURRENT COC	\$ INCREASE	2022 PROJECTED BILL @ PROPOSED COC	% INCREASE
Residential	5/8 x 3/4"	92.26	\$122.38	\$3.89	\$126.26	3.18%
Commercial	2"	503.69	\$857.17	\$27.22	\$884.39	3.18%
Public Authority	2"	413.92	\$725.40	\$23.03	\$748.43	3.18%

CHUALAR TARIFF AREA

CUSTOMER CLASS	TYPICAL METER SIZE (inches)	AVERAGE MONTHLY USAGE (CGL)	2022 PROJECTED BILL @ CURRENT COC	\$ INCREASE	2022 PROJECTED BILL @ PROPOSED COC	% INCREASE
Residential	5/8 x 3/4"	146.74	\$42.59	\$0	\$42.59	0.00%
Commercial	1"	82.91	\$33.94	\$0	\$33.94	0.00%
Public Authority	2"	581.22	\$64.83	\$0	\$64.83	0.00%

How does the rest of this process work?

This application will be assigned to a CPUC Administrative Law Judge who will consider proposals and evidence presented during the formal hearing process. The Administrative Law Judge will issue a proposed decision that may adopt California American Water's application, modify it, or deny it. Any CPUC Commissioner may sponsor an alternate decision with a different outcome. The proposed decision, and any alternate decisions, will be discussed and voted upon by the CPUC Commissioners at a public CPUC Voting Meeting.

Parties to the proceeding are currently reviewing California American Water's application, including the Public Advocates Office, which is an independent consumer advocate within the CPUC that represents customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. For more information regarding the Public Advocates Office, please call 1-415-703-1584, email PublicAdvocatesOffice@cpuc.ca.gov, or visit PublicAdvocates.cpuc.ca.gov.

Where can I get more information?

CONTACT CALIFORNIA AMERICAN WATER

Phone: 1-888-237-1333
Email: cawc.customeradvocacy@amwater.com
Mail: California American Water, 4701 Beloit Drive, Sacramento, CA 95838

A copy of the Application and any related documents may also be reviewed at www.amwater.com/caaw/Customer-Service-Billing/Water-Rates/GRC-Applications-and-Customer-Notifications.

CONTACT CPUC

Please visit cpuc.ca.gov/A2105001comments to submit a comment about this proceeding on the CPUC Docket Card. Here you can also view documents and other public comments related to this proceeding.

Your participation by providing your thoughts on California American Water's request can help the CPUC make an informed decision.

If you have questions about CPUC processes, you may contact the CPUC's Public Advisor's Office at:

Phone: **1-866-849-8390** (toll-free) or **1-415-703-2074**
Email: Public.Advisor@cpuc.ca.gov
Mail: CPUC Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102

Please reference **Application A.21-05-001** in any communications you have with the CPUC regarding this matter.



CALIFORNIA
AMERICAN WATER

WE KEEP LIFE FLOWING®