

PRELIMINARY STATEMENT
(Continued)

Sheet 1

BG. Hillview Memorandum Account for Deferred Income Taxes (HMADIT)

1. PURPOSE

The purpose of the HMADIT is to record and track for recovery the increase in deferred income taxes caused by the purchase of Hillview Water Company over the 40 years following the purchase (6/24/2020). Decision 19-11-003 granted California American Water authority to establish the HMADIT.

2. APPLICABILITY

California-American Water's Hillview Service Area.

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the memorandum account:

- a. A debit entry will be created to capture increase in accumulated deferred income taxes (ADIT) related to acquisition of Hillview Water Company at time of close.
- b. A credit entry for amortization of Hillview ADIT through authorized rates as determined in California-American Water General Rate Case (GRC) proceedings.

4. RATEMAKING PROCEDURE:

Recovery of the forecasted increase in deferred taxes authorized in D.19-11-003 is incorporated into forecasted base rates in GRC Application 19-07-004. 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/fund.

(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 _____