

PRELIMINARY STATEMENT (Continued)

Sheet 1

N. Endangered Species Act ("ESA") Memorandum Account

1. PURPOSE:

The purpose of the ESA Memorandum Account ("ESA") is to track costs incurred for compliance with ESA requirements, except for ESA compliance costs associated with the San Clemente Dam. California American Water was granted authority to continue its memorandum account for ESA costs in Decision D. 21-11-018.

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2. APPLICABILITY:

The Monterey Service Area which includes Monterey Main, Bishop, Hidden Hills and Ryan Ranch.

3. ACCOUNTING PROCEDURE:

The following entries will be recorded to the memorandum account:

- a. A debit entry equal to the costs associated with ESA compliance.
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. Fines related to ESA may not be tracked in this account.
d. 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.

(Continued)

Table with 3 columns: (TO BE INSERTED BY UTILITY), ISSUED BY, (TO BE INSERTED BY C.P.U.C.). Includes fields for Advice, Decision, J. T. LINAM, DIRECTOR - Rates & Regulatory, Date Filed, Effective, and Resolution with dates 12/23/2021 and 03/04/2022.