

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



July 28, 2022

Jonathan Morse  
Sr. Manager - Rates & Regulatory  
California-American Water Company  
520 Capitol Mall Ste. 630  
Sacramento, CA 95814

Dear Mr. Morse,

The Water Division of the California Public Utilities Commission has approved California-American Water Company's Advice Letter No. 1376, filed on June 10, 2022, regarding authorization for Rule and Schedule 14.1.1 Stage 2 Activation – Monterey for Central Division.

Enclosed is a copy of the advice letter with an effective date of August 1, 2022 for the utility's files.

Please contact Bradley Leong at [BL4@cpuc.ca.gov](mailto:BL4@cpuc.ca.gov) or 415-703-2307, if you have any questions.

Thank you.

Enclosures

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

**Advice Letter Cover Sheet**

<p><b>Utility Name:</b> California American Water</p> <p><b>District:</b> Central Division</p> <p><b>CPUC Utility #:</b> U210W</p> <p><b>Advice Letter #:</b> 1376</p> <p><b>Tier</b>    <input type="checkbox"/> 1    <input checked="" type="checkbox"/> 2    <input type="checkbox"/> 3    <input type="checkbox"/> Compliance</p> <p><b>Authorization</b></p> <p><b>Description:</b> Rule and Schedule 14.1.1 Stage 2 Activation – Monterey</p>	<p><b>Date Mailed to Service List:</b> June 10, 2022</p> <p><b>Protest Deadline (20<sup>th</sup> Day):</b> July 2, 2022</p> <p><b>Review Deadline (30<sup>th</sup> Day):</b> August 2, 2022</p> <p><b>Requested Effective Date:</b> August 1, 2022</p> <p><b>Rate Impact:</b> \$See AL See AL%</p>
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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.

<p><b>Utility Contact:</b> Preet Nagra</p> <p><b>Phone:</b> 916-568-4255</p> <p><b>Email:</b> <a href="mailto:Preet.nagra@amwater.com">Preet.nagra@amwater.com</a></p>	<p><b>Utility Contact:</b> Jonathan Morse</p> <p><b>Phone:</b> 916-568-4237</p> <p><b>Email:</b> <a href="mailto:Jonathan.morse@amwater.com">Jonathan.morse@amwater.com</a></p>
<p><b>DWA Contact:</b> Tariff Unit</p> <p><b>Phone:</b> (415) 703-1133</p> <p><b>Email:</b> <a href="mailto:Water.Division@cpuc.ca.gov">Water.Division@cpuc.ca.gov</a></p>	

**DWA USE ONLY**

<u>DATE</u>	<u>STAFF</u>	<u>COMMENTS</u>

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[ ] APPROVED    [ ] WITHDRAWN    [ ] REJECTED

**Signature:** \_\_\_\_\_ **Comments:** \_\_\_\_\_

**Date:** \_\_\_\_\_



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June 10, 2022

ADVICE LETTER NO. 1376

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, including the following tariff sheets applicable to the Monterey Service Areas of California American Water's Central Division.

**Purpose:**

The purpose this Advice Letter is to activate the Stage 2 water use restrictions as described in the Water Shortage Contingency Plan in Section D of Rule 14.1.1 and Schedule 14.1.1.

**Request:**

This Advice Letter requests the following:

- (1) activation of Stage 2 of the Water Shortage Contingency Plan as authorized per Rule 14.1.1 and Schedule 14.1 for California American Water's Monterey service area.

**Background**

Prior Implementation of Rule 14.1 Water Shortage Contingency Plan

California American Water's Monterey service area Rule 14.1.1 was approved via Advice Letter 752-A, with an effective date of May 15, 2009. Rule 14.1.1 has been updated several times since then, including most recently in December 2016 through Advice Letter 1145. The Monterey service area is currently in Stage 1.

Current Water Supply Conditions and the Need to Implementation of Stage 2

The Monterey service area Rule 14.1.1 provides that California American Water may file a Tier 2 advice letter to designate a particular stage of its Water Shortage Contingency Plan under the following circumstances:

- a. Physical Shortage Trigger: Stage 2 shall take effect on June 1, or such earlier date as may be determined by MPWMD, if the Total Storage Available in Table XV-4 in MPWMD's Rule 160 is below the Total Storage Required, but at least 95% of the Total Storage Required. The amount of voluntary reduction shall equal the percentage shortfall in Total Storage Required.

b. Regulatory Trigger – Production Targets: Stage 2 shall take effect when the most recent 12 month Company production from the MPWRS is greater than the then-current annual production target as determined in Table XV-1 of MPWMD Rule 160 but no greater than 105% of the annual production target. The amount of voluntary reduction shall equal the percentage overage of the annual production.

c. Regulatory Trigger – Regulatory Order: Stage 2 shall take effect when that system is directed to reduce use by a governmental or regulatory agency. The amount of voluntary reduction shall equal the percentage directed by that governmental or regulatory agency relative to a base year determined by the governmental or regulatory agency.

d. Emergency Trigger: Stage 2 shall take effect when the MPWMD or Company finds that a water supply emergency exists. Stage 2 shall take effect upon adoption of a Resolution of the MPWMD Board of Directors, or a declaration of a Water Supply Emergency by the Company or a State or County entity, due to a catastrophic event. In that Resolution or declaration, there shall be a finding of an immediate need to reduce production. The amount of voluntary reduction shall be determined by MPWMD, the Company, or the State or County entity.

Stage 2 has been triggered based on orders from the Governor and the Monterey Peninsula Water Management District (“MPWMD”) action on May 26, 2022. Each of these is discussed below.

### **Governor Newsom’s Proclamation and Executive Order**

On October 19, 2021, Governor Gavin Newsom issued a Proclamation of a State of Emergency due to drought for the entire state and urged Californians to step up their water conservation efforts as the western U.S. was faced with a third dry year. The Proclamation, which is still in effect, asked local water suppliers to activate water shortage contingency plans at a level appropriate for local supply conditions.

On March 28, 2022, Governor Gavin Newsom issued Executive Order N-7-22, calling on all Californians to limit water use and use water more efficiently, and asking the State Water Resources Control Board to consider adopting emergency regulations that require calling on water providers to activate their customized Water Shortage Contingency Plans and move to “Level 2.” The Executive Order comes after the driest first three months of a year in recorded California history and follow drought-related proclaimed states of emergency that continue today in all counties across the state.

Water Shortage Contingency Plans, required by state law, are developed by local water utilities to navigate drought and each plan is customized based on an agency’s unique infrastructure and management. Triggering Level 2 of these plans involves implementing water conservation actions, like mandatory watering/irrigation schedules, to prepare for a water shortage level of up to 20 percent.

## MPWMD Action

On May 26, 2022 the MPWMD Board of Directors approved Resolution 2022-15, which activates Stage 2 of their Rule 163 effective June 1, 2022. Rule 163 is MPWMD's conservation rules and procedures, which align with our Rule and Schedule 14.1.1.

In response to the Executive Order, MPWMD's Rule 163 Stage 2 activation and in anticipation of the State Water Resources Control Board mandating the move to Stage 2, California American Water is requesting authorization to activate Stage 2 of its Water Shortage Contingency plan and is asking customers to avoid prohibited uses of water, fix leaks promptly, and reduce water use outdoors. In response to the Executive Order, MPWMD's Rule 163 Stage 2 activation and in anticipation of the State Water Resources Control Board mandating the move to Stage 2, California American Water is requesting authorization to activate Stage 2 of its Water Shortage Contingency plan and is asking customers to avoid prohibited uses of water, fix leaks promptly, and reduce water use outdoors.

### Customer Noticing

In terms of customer outreach, California American Water has recently reviewed and approved notices activating Stage 2 for other service areas and California American Water has prepared a similar draft notice for the Monterey service area. California American Water notices contain appropriate updates and detailed information about Rule and Schedule 14.1.1, for its Monterey service area customers. California American Water anticipates mailing this notice to customers on or around June 21, 2022 and placing newspaper notices on or around July 5, 2022. A virtual public hearing is set for July 19, 2022, to discuss the filing and get customer input. Information on the virtual public hearing is provided in the customer notice. Additionally, California American Water has been communicating with customers about the drought and the programs we have available through direct mail, bill inserts, earned media and social media.

### **Tier Designation:**

These tariffs are submitted pursuant to General Order No. 96-B and this advice letter is designated as a Tier 2 filing. California American Water is simply requesting an update of its tariffs so that it is in compliance with Executive Order B-40-17.

### **Effective Date:**

California American requests an effective date of August 1, 2022.

### **Service List:**

Service Lists – In accordance with General Rules 4.3 and 7.2, and Water Industry Rule 4.1, of General Order (GO) 96-B, Cal-Am served copies of AL 1376 to adjacent utilities and other parties requesting such notification, on June 10, 2022. Please note that, consistent with the Commission's guidelines for service during the COVID-19 pandemic, this advice letter is only being distributed electronically.

**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;
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 re-litigating a prior order of the Commission.
7. 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 day the response or protest is submitted to DWA, the respondent or protestant shall send a copy of the protest to California American Water at:

**Email Address:**

[ca.rates@amwater.com](mailto:ca.rates@amwater.com)

**Mailing Address:**

520 Capitol Mall Ste. 630  
Sacramento, CA 95814

[preet.nagra@amwater.com](mailto:preet.nagra@amwater.com)

520 Capitol Mall Ste. 630  
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<sup>1</sup> G.O. 96-B, General Rule 7.4.1

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

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555 Montgomery Street, Ste. 916  
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Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform DWA, 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.

CALIFORNIA-AMERICAN WATER COMPANY

*/s/ Preet Nagra*

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Preet Nagra  
Operations Specialist

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

**CENTRAL DIVISION SERVICE LIST**  
**CALIFORNIA-AMERICAN WATER COMPANY**  
**ADVICE LETTER 1376**

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**BY MAIL:**

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**CENTRAL DIVISION SERVICE LIST**  
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**ADVICE LETTER 1376**

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