

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

Advice Letter Cover Sheet

Utility Name: California American Water	Date Mailed to Service List: March 31, 2017
District: Sacramento	
CPUC Utility #: U210W	Protest Deadline (20th Day): April 20, 2017
Advice Letter #: 1157	Review Deadline (30th Day): April 30, 2017
Tier <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input checked="" type="checkbox"/> Compliance	Requested Effective Date: March 31, 2017
Authorization D.15-04-007, D.13-07-041	
Description: 2016 WRAM & MCBA	Rate Impact: \$See AL See AL%

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.

Utility Contact: Melody Singh
Phone: 916-568-4246
Email: melody.singh@amwater.com

Utility Contact: Todd Pray
Phone: 916-568-4232
Email: todd.pray@amwater.com

DWA Contact: Tariff Unit
Phone: (415) 703-1133
Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

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

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



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

P (916)-568-4251
F (916) 568-4260

March 31, 2017

ADVICE LETTER NO. 1157

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 Sacramento 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. SC-1 (continued) Sacramento District Tariff Area GENERAL METERED SERVICE	8355-W
XXXX-W	TABLE OF CONTENTS Page 3	XXXX-W
XXXX-W	TABLE OF CONTENTS Page 1	XXXX-W

PURPOSE

The purpose of this advice letter filing is to request recovery of the 2016 WRAM & MCBA balances. This request is in compliance with authorizations of the California Public Utilities Commission as detailed in D.15-04-007, D.12-04-048, and D.13-07-041.

BACKGROUND

As noted on page 70 of the settlement adopted in D.15-04-007, Cal-Am established a WRAM and MCBA in Advice Letter 1072-B as outlined below;

ORA and CAW agree to the design as proposed by CAW, including the establishment of the WRAM/MCBA for the Sacramento District in accordance with D.08-11-023 Appendix A, as modified by the settlement agreement adopted in D.12-06-016.

Historically, these types of advice letters were submitted by April 30th each year per the settlement agreement adopted in D.08-11-023. On July 25, 2013, modifications to the process were agreed to in D.13-07-041 as part of a settlement in Cal-Am's 2010 General Rate Case ("GRC") proceeding;

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;

Conclusions of Law

7. *It is reasonable to require that net WRAM/MCBA over-collections be amortized through a surcredit on a customer's service charges and that all under-collections be amortized through a surcharge on the volumetric rate.*
8. *It is reasonable to change the deadline for applicants to submit their annual WRAM/MCBA report from March 31st to the previous November 30th, and to include nine months of recorded data through September 30th in the report.*

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.*

California American Water submitted its annual report with DWA on 11/30/2016. The report contained recorded balances January 1 through October 31, 2016 and forecasted balances for the period November 1 through December 31, 2016.

REQUEST

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

Description	WRAM/MCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Cumulative Surcharge Collections	Balance
AUTHORIZED PRIOR BALANCES REMAINING AT 12/31/2016	(9,933,674)	(\$49,102)	\$2,010,803	(\$7,971,972)
BALANCE NOT YET APPROVED FOR YEAR 2016	(\$8,087,365)	(\$20,885)	\$0	(\$8,108,249)
BALANCE ALL YEARS				(\$16,080,222)
2016 Adopted Revenue				\$51,485,362
Net Balance % of Revenue				31.2%

Based on the above balance and the adopted amortization schedule per D.12-04-048 Appendix A, California American Water requests a volumetric surcharge of \$0.0503 per 100gal over a 36 month period be added to the Company's tariffs.

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 March 31, 2016.

RESPONSE OR PROTEST¹

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 grounds² 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

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

- 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	Mailing Address: CA Public Utilities Commission Division of Water and Audits 505 Van Ness Avenue San Francisco, CA 94102
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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:	E-Mail:	Mailing Address:
Todd Pray <i>Senior Manager of Rates & Regulatory</i>	todd.pray@amwater.com	4701 Beloit Drive Sacramento, CA 95838 Fax: (916) 568-4260
Sarah E. Leeper..... <i>Vice President – Legal, Regulatory</i>	sarah.leeper@amwater.com	555 Montgomery Street, Ste. 816 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.

REPLIES³

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) 568-4209.

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

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Todd Pray

Todd Pray
Senior Manager of Rates & Regulatory

³ G.O. 96-B, General Rule 7.4.3

Schedule No. SC-1 (continued)
Sacramento District Tariff Area
GENERAL METERED SERVICE

SPECIAL CONDITIONS:

General Items:

- 1. Qualifying low-income customers can receive a discount on their bill. Customers must apply with the Company for acceptance into the low-income program. For additional details, please see Tariff Schedule CA-LIRA.
- 2. Any customer paying for service at a premise where a Residential Fire Sprinkler System (RFSS) is required/requested to be installed by local fire and building codes shall be allowed to have their monthly service charge modified in accordance with the monthly costs for RFSS service charges. Provided, however, that the RFSS rate has been requested by the customer and verified by the Company that the smaller size of meter would be large enough to provide adequate service for the property in absence of the additional demand necessary to supply water to the sprinkler system. The RFSS will not be considered a fire service by the Company, but as an oversized general metered service. As such the rules and conditions of service for general metered service shall apply.

Fees and Surcharges:

- 3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
- 4. Per Advice Letter 1072-B, a surcharge of \$0.0052 per hundred gallons will be applied to each bill to fund conservation efforts. The surcharge will remain in effect until otherwise directed by the Commission.
- 5. Per Advice Letter 1140-A, a surcharge of \$1.21 for the Low-Income Ratepayer Assistance Program ("LIRAP") Balancing Account will be collected from all non-low income water and wastewater customers.
- 6. Per Advice Letter 1102-B, the balance in the Sacramento District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0244 per 100 gallons over 12 months. The effective date for surcharge is June 28, 2016 and will be recovered from all customer classes in all service areas.
- 7. Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) Surcharge.
 - a. 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 ending December 31, 2016, the net under-collection totals (C)
 - \$16,080,222 including interest. The surcharge is \$0.0503 per 100 gallons and will (C)
 - remain effective for 36 months beginning March 31, 2017. (C)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 1157

ISSUED BY

J.T. LINAM
NAME

(TO BE INSERTED BY C.P.U.C)

DATE FILED
EFFECTIVE

DECISION NO.

DIRECTOR - Rates & Regulatory
TITLE

RESOLUTION

TABLE OF CONTENTS (Continued)

(Page 3)

<u>SUBJECT MATTER OF SHEET</u>	<u>C.P.U.C. SHEET NO.</u>
<u>RATE SCHEDULES (Continued):</u>	
<i>(Ambler Park, Ralph Lane & Chualar Service Areas)</i>	
MO-ARC-1 General Metered Service	8425-W, 8426-W, 8427-W, 8296-W, 8027-W, 7642-W, 8237-W
<i>(Toro)</i>	
MO-TO-1 General Metered Service	8465-W, 8466-W, 8019-W, 7644-W (C)
<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
San Diego County District	
SD-1 General Metered Service	8367-W, 8368-W, 8369-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)

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TABLE OF CONTENTS

(Page 1)

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

<u>SUBJECT MATTER OF SHEET</u>	<u>C.P.U.C. SHEET NO.</u>
TITLE PAGE	8315-W
TABLE OF CONTENTS	XXXX-W, 8479-W, XXXX-W, 8396-W, 8304-W, 8068-W, 8069-W, 8070-W, 8071-W (C)
PRELIMINARY STATEMENTS	7828-W, 8458-W, 7748-W, 7749-W, 7750-W, 7751-W, 7752-W, 7753-W, 7754-W, 7755-W, 7756-W, 7757-W, 8079-W, 7759-W, 7830-W, 7831-W, 7832-W, 7833-W, 7834-W, 7835-W, 7836-W, 7837-W, 7838-W, 7769-W, 7770-W, 7771-W, 7772-W, 7773-W, 7774-W, 7775-W, 7776-W, 7777-W, 7778-W, 7779-W, 7780-W, 7781-W, 7782-W, 7783-W, 7784-W, 7785-W, 7786-W, 7787-W, 7788-W, 7789-W, 7790-W, 7791-W, 7792-W, 7793-W, 7794-W, 7839-W, 7796-W, 7797-W, 7798-W, 7799-W, 7800-W, 7801-W, 7802-W, 7803-W, 7804-W, 8319-W, 8081-W, 8082-W, 8178-W, 8302-W, 8459-W, 8460-W
<u>SERVICE AREA MAP:</u> 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

(Continued)

(TO BE INSERTED BY UTILITY)
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ISSUED BY
J. T. LINAM
NAME

(TO BE INSERTED BY C.P.U.C.)
DATE FILED _____

DECISION NO. _____

DIRECTOR – Rates & Regulatory
TITLE

EFFECTIVE _____
RESOLUTION _____

**SACRAMENTO DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1157**

EMAIL

California Public Utilities
Commission
Division of Ratepayer
Advocates
dra_water_al@cpuc.ca.gov

Citrus Heights Water District
6230 Sylvan Road
Citrus Heights CA 95610
rchurch@chwd.org

City of Sacramento, Water
Division
1391 35th Avenue
Sacramento CA 95822
dsherry@cityofsacramento.com

Florin County Water District
P.O. Box 292055
Sacramento CA 95829
fcwd@sbcglobal.net

Amy Van
City Clerk
City of Citrus Heights
6237 Fountain Square Drive
Citrus Heights CA 95621
avan@citrusheights.net

Jim McCauley
Clerk-Recorder
Placer County
2954 Richardson Drive
Auburn CA 95603
skasza@placer.ca.gov

Linda Garcia
City Clerk
City of Isleton
P.O. Box 716
Isleton CA 95641
lgarcia@cityofisleton.com

Lisa Blair
California Public Utilities
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Office of Ratepayer Advocates
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Richard Rauschmeier
California Public Utilities
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ORA - Water Branch
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Room 4209
San Francisco CA 94102-3214
rra@cpuc.ca.gov

Sarah E. Leeper
VP - Legal, Regulatory
CA American Water Co.
555 Montgomery St.
Suite 816
San Francisco CA 94102
sarah.leeper@amwater.com

MAIL

CA Dept of Health Services
Div of Drinking Water &
Environmental Mgt
P.O. Box 997416
#Sacramento CA 95899-7413

Fruitridge Vista Water Co.
1108 2nd St
Sacramento CA 95814

Placer County Water Agency
P.O. Box 6570
Auburn CA 95804

Rio Linda Water District
730 L Street
Rio Linda CA 95673

Sacramento County WMD
827 7th Street, Room 301
Sacramento CA 95814

Sacramento Suburban Water
District
3701 Marconi Avenue
Suite 100
Sacramento CA 95821-5303


Anthony La Bouff
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Placer County
175 Fulweiler Avenue
Auburn CA 95603

Carol Smith
6241 Cavan Drive, 3
Citrus Heights CA 95621

Mark Norris
County Clerk-Recorder
County of Sacramento
600 8th Street
Sacramento CA 95814

Robert Baptiste
9397 Tucumcari Way
Sacramento CA 95827-1045

SACRAMENTO DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1157



Robert Ryan, Jr.
County of Sacramento
Downtown Office
700 H Street, Suite 2650
Sacramento CA 95814

Steven Thompson
5224 Altana Way
Sacramento CA 95841

Walt Shannon
8356 Auberry Drive
Sacramento CA 95828
