

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 17, 2018

Jeffrey T. Linam
Director – Rates & Regulation
California-American Water Company
4701 Beloit Dr.
Sacramento, CA 95838-2434

Dear Mr. Linam,

The Commission has approved California-American Water Company's Advice Letter No. 1182-W, filed on December 11, 2017, regarding compliance with the requirements of Resolution M-4833 to implement the Emergency Residential Customer Protections for October Wildfire Victims adopted in the resolution and to support the victims of the October 2017 California wildfires for Non-Residential Customers, located in the Larkfield District and submitted in accordance with Res. M-4833.

The Advice Letter will have an effective date of October 8, 2017 for the utility's files.

Please contact Pui-Wa Li at (415) 703-5327 if you have any questions.

Thank you,

/s/JENNIFER PEREZ

Jennifer Perez
Water & Sewer Advisory Branch
Division of Water and Audits

Enclosures



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December 11, 2017

ADVICE LETTER NO. 1182

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (Cal-Am) (U210W) hereby submits for review this advice letter.

Purpose:

The purpose of this advice letter is to comply with the requirements of the November 29, 2017 letter from Timothy Sullivan amending Resolution M-4833 to include Non-Residential Customers to the *Emergency Residential Customer Protections for October Wildfire Victims* adopted on November 9, 2017 to support the victims of the October 2017 California wildfires.

Cal-Am is requesting authority to activate and track expenses due to the October 2017 California wildfires in a Catastrophic Event Memorandum Account (“CEMA”) for our Larkfield District in reference to Resolution M-4833 approved November 9, 2017 and issued on November 13, 2017.

Background:

On October 8, 2017, Sonoma County experienced the devastating Atlas and Tubbs wildfires which burned over 36,000 acres and destroyed 7,500 structures. On October 9, Governor Jerry Brown officially issued an Executive Order declaring a State of Emergency¹ due to the October wildfires.

Cal-Am’s Larkfield District has about 2,400 customers in Sonoma County, these wildfires destroyed hundreds for homes and many businesses in this district, many of Cal-Am’s customers have homes that are now inhabitable and may face years of displacement.

Cal-Am’s operations and facilities were also significantly impacted. Cal-Am lost its’ Upper Wikiup Tank, pump station and backup power. Further, Cal-Am lost many other above ground and in-ground plant such as mains, services, hydrants, and possibly other necessary water service plant. Cal-Am issued a boil water notice on Monday, October 9, 2017, which it began lifting in most of the service area on Monday, October 16, 2017.

Cal-Am communicated extensively with its customers during and after the fires. The company used media, social media and emergency reverse 911 phone messages, texts and emails to provide customers with critical water quality information during the event. In addition, our representatives attended and spoke at multiple community meetings hosted by the State of California, Sonoma County, Mark West Union School District and the City of Santa Rosa. In the wake of the disaster, the company has issued letters to customers who lost their property about the final billing process and provided information to local websites and social media accounts to help get the message out.

1. The affected California counties include: Butte, Lake, Mendocino, Napa, Nevada, Orange, Solano, Sonoma, and Yuba.

As a result of severe damage in the area and both the clean-up and rebuilding timeframe, Cal-Am will require significant time to repair its systems and operations before services are fully operational and reach a new normal level of service.

The damage, some of which will only be apparent, as the utilities return to normal operation, has resulted in unforeseeable costs. The cost impact of fire damage is yet to be quantified.

On November 22, 2017, Cal-Am filed advice letter 1181 the Emergency Customer Protections for October wildfire victims for our Residential customers impacted by the October wildfires. We are filing this letter to accommodate our Non-Residential customers, in compliance to the letter sent by Timothy Sullivan on November 29, 2017.

Discussion:

On November 9, 2017, the Commission approved Resolution M-4833 in response to the state of emergency by Governor Brown. Resolution M-4833 authorizes Cal-Am to activate its CEMA and requires water utilities that serve affected areas to take certain actions and file an advice letter demonstrating compliance. Resolution M-4833 further provides:

Residential Customers in the wildfire affected counties may fall behind on utility payments, not of their own volition, but as they bear costs of rebuilding their homes or transitioning to permanent or long-term substitute housing. Thus, the Commission grants wildfire victims with protection from service discontinuation for nonpayment, and associated fees, through November 9, 2018.

Cal-Am describes its compliance with the relevant answers to the letter amending Resolution M-4833 for Non-Residential Customers.

Ordering Paragraph 12: Cal-American Water Company (Cal-Am), Golden State Water Company (Golden State), Kenwood Village water Company (Kenwood) and Mayacama Fold Course Sewer Utility (Mayacama) must Activate their CEMA. Cal-Am Compliance: Cal-Am activated its CEMA in a letter to the Commission's Executive Director, Timothy Sullivan on October 20, 2017.

Below, Cal-Am is addressing the discussion questions in Timothy Sullivan's letter from November 29, 2017 for Non-Residential Customers.

1. A proposal that describes how it identifies the areas affected by the fires;

Cal-Am Compliance: For purposes of complying with Resolution M-4833, Cal-Am defines "affected customers" as all customers in the Larkfield District. Even customers who did not lose property were evacuated for a week or more. Schools were closed for three weeks and business was disrupted. Thus, Cal-Am defines its affected customers as both (1) those whose property was destroyed or damaged, and (2) those whose property was not destroyed or damaged, but were still impacted by fires.

2. How non-residential customers can qualify as "eligible" for the emergency relief proposed in the advice letter;

Cal-Am has not made any distinction between customer classes for purposes of disaster response to the Tubbs fire. All customer classes are eligible for emergency relief.

3. A communication plan to convey the availability of these protections to non-residential customers;

Cal-Am communicated extensively with its customers during and after the fires. The company used media, social media and emergency reverse 911 phone messages, texts and emails to provide customers with critical water quality information during the event. In addition, our representatives attended and spoke at multiple community meetings hosted by the State of California, Sonoma County, Mark West Union School District and the City of Santa Rosa. In the wake of the disaster, the company has issued letters to customers who lost their property about the final billing process and provided information to local websites and social media accounts to help get the message out.

4. The specific forms of utility relief available;

We placed dunning locks on all accounts during the disaster. The dunning lock will remain in place for all Larkfield customers until January 2nd, 2018. Some customers turned on outdoor irrigation systems as they evacuated in an attempt to save their structures and Cal-Am is adjusting and crediting bills for customers whose structures survived whose October water use was twice or more than average. Cal-Am also instructed its customer service representatives to offer any payment option of the customer's choosing for up to two years.

5. The cost recovery mechanism;

- (1) Cal-Am activated its CEMA in a letter to the Commission's Executive Director, Timothy Sullivan on October 20, 2017 and Cal-Am filed a claim with American Home Assurance Company, policy # 015909393 and Claim # 6722978904US.

From Resolution M-4833, Ordering Paragraph 19: *Cal-Am, Golden State, Kenwood and Mayacama must request an exemption from the Executive Director if they believe they need an exemption from any of the directives stated in this Resolution.*

Cal-Am Compliance: Cal-Am requests an exemption, or modification, of the requirement to waive all bills after October 1, 2017. Once a month, Cal-Am reads all meters in Larkfield in a single day and then sends billing statements to all customers. On October 2, 2017 all water meters in Larkfield were read and all bills went out by October 5th. On November 6, 2017, prior to the draft Resolution M-4388 being released, Cal-Am issued final bills to all customers whose structures were destroyed or severely damaged. All amounts for service due after the October 2nd billing date were waived. Cal-Am believes that this action is

within in the spirit and intent of the Commission directive and was done in good faith. Reversing the final bill and rebilling these customers would result in a trivial three percent adjustment (moving the billing date from October 2nd to October 1st and pro-rating the bill), but would require significant Company resources to cancel, rebill and produce additional communications. More significantly, it would inconvenience and cause confusion for the impacted customers. Those who have paid the final bill would need to re-establish an account in order to receive a trivial sum as a refund and those who have not would need to receive additional billing and communications.

Tier Designation:

Cal-Am is also requesting an expedited advice letter treatment pursuant to the Commissions GO 96-B, requesting a waiver or a shortened protest and reply period of five days. This advice letter is submitted with a Tier 2 designation pursuant to General Order No. 96-B.

Effective Date:

California American requests an effective date of October 8, 2017.

Protests and Responses:

Anyone may respond to or protest this advice letter. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter.

A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds are:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter 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 advice letter contain material errors or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process;
or
- (6) The relief requested in the advice letter 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 shall provide citations or proofs where available to allow staff to properly consider the protest.

A response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
water_division@cpuc.ca.gov

In 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:
Kamilah U Jones <i>Financial Analyst – Rates & Regulatory</i>	Kamilah.Jones@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, Suite 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.

If you have not received a reply to your protest within 10 business days, contact this person at (916) 568-4222.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Kamilah Jones

Kamilah Jones
Financial Analyst - Rates & Regulatory