

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

**Advice Letter Cover Sheet**

**Utility Name:** California American Water  
**District:** Ventura  
**CPUC Utility #:** U210W  
**Advice Letter #:** 1161  
**Tier**  1  2  3  Compliance  
D.08-11-023, D.12-04-048,  
**Authorization** D.13-07-041  
**Description:** 2016 WRAM & MCBA

**Date Mailed to Service List:** March 31, 2017  
**Protest Deadline (20<sup>th</sup> Day):** April 20, 2017  
**Review Deadline (30<sup>th</sup> Day):** April 30, 2017  
**Requested Effective Date:** March 31, 2017  
**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](mailto: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WITHDRAWN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. 1161

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 Ventura County 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. VN-1 (continued) Ventura County District Tariff Area GENERAL METERED SERVICE	8337-W
XXXX-W	Schedule No. VN-9MC (continued) Ventura County District Tariff Area METERED CONSTRUCTION SERVICE	XXXX-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.08-11-023, D.12-04-048, and D.13-07-041.

#### **BACKGROUND**

On November 6, 2008 the Commission issued Ordering Paragraph 1 in D.08-11-023 which adopted a settlement agreement between California American Water and the Division of Ratepayer Advocates ("DRA") to establish a Pilot Program for a conservation rate structure in the Ventura District;

*The June 28, 2007 settlement for the Coronado and Village districts, attached to Appendix A, is adopted and the motion to reduce the comment period is granted.*

As part of the settlement, California American Water was to establish a WRAM as outlined below from pages 5 and 6 of the agreement;

*Decoupling for California American Water will be accomplished through the following mechanisms:*

1. *A Water Revenue Adjustment Mechanism (WRAM) for the Coronado and Village districts.*
2. *This decoupling mechanism, along with California American Water's Incremental Cost Balancing Accounts (ICBA)<sup>1</sup>, will ensure recovery of the adopted fixed costs recovered through the quantity charge, and the actual variable costs for purchased power, purchased water, and pump taxes. The fixed costs not included in these accounts will be recovered through the service charge, which is a monthly charge that customers pay regardless of consumption.*
3. *In accordance with established Commission practice, the WRAM account will accrue interest at the 90-day commercial paper rate.*

*The WRAM will track the difference between the total quantity charge revenues authorized by the Commission ("Total Adopted Quantity Revenues"), and the total revenues actually recovered through the quantity charge based on actual sales ("Total Actual Quantity Revenues"), excluding:*

1. *Revenue from Private Fire Protection Service and;*
2. *Revenue from the "Other" class of general metered customers.*

California American Water implemented the Pilot Program on February 1, 2009 via Advice Letter 717-A.

Historically, these types of advice letters were submitted by April 30<sup>th</sup> 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;*

---

The Modified Cost Balancing Account (MCBA) has replaced the ICBA through the issuance of D.12-06-016.

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 31<sup>st</sup> to the previous November 30<sup>th</sup>, and to include nine months of recorded data through September 30<sup>th</sup> 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.

Recovery of WRAM/MCBA Balances			
Description	WRAM/MCBA Over/(Under) Collection	Cumulative Interest Earned/ Accrued	Balance
Prior Year Balance	(\$3,294,831)	(\$22,838)	(\$3,317,669)
Current Year Balance	(\$5,211,742)	(\$16,910)	(\$5,228,652)
Drought Surcharge Collections			\$0
Total Balance Requested	(\$8,506,573)	(\$39,748)	(\$8,546,321)
2016 Adopted Revenue			\$36,456,448
Total Balance % of Revenue			19.0%

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 \$0.0685 per 100 gallons over a 23 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, 2017.

### **RESPONSE OR PROTEST<sup>2</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>3</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 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:**

**Mailing Address:**

---

<sup>2</sup> G.O. 96-B, General Rule 7.4.1

<sup>3</sup> G.O. 96-B, General Rule 7.4.2

[Water.Division@cpuc.ca.gov](mailto:Water.Division@cpuc.ca.gov) CA Public Utilities Commission  
Division of Water and Audits  
505 Van Ness Avenue  
San Francisco, CA 94102

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:

<b>Recipients:</b>	<b>E-Mail:</b>	<b>Mailing Address:</b>
Todd Pray ..... <i>Financial Analyst IIB</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.

**REPLIES**<sup>4</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.

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

<sup>4</sup> G.O. 96-B, General Rule 7.4.3

Schedule No. VN-1 (continued)  
Ventura County 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:

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is 2.0% based on gross revenues before taxes and PUC fees for the County of Ventura and the City of Thousand Oaks.
3. Per Advice Letter 1072-B, a surcharge of \$0.0062 per 100 gallons will be applied to each bill to fund conservation efforts. The surcharge will remain in effect until otherwise directed by the Commission.
4. Per Advice Letter 1139-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.
5. Per Advice Letter 1109-A, the under-collected balance in the Ventura County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0315 per 100 gallons over 12 months effective February 1, 2016. The total amount will be recovered from all classes of customers.
6. Per Advice Letter 1104, a surcharge is applied to each bill to offset the increase in purchased water cost imposed by the Calleguas Municipal Water District. This increase results in a needed revenue increase of \$709,419 or 1.90%. The surcharge of \$0.0303 per 100 gallons is added to the quantity rate effective January 1, 2016.
7. Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) Surcharge.  
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 \$6,917,896 including interest. The surcharge is \$0.0685 per 100 gallons and will remain effective for 23 months beginning March 31, 2017

(C)  
(I)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C)	
ADVICE LETTER NO.	<u>1161</u>	<u>J.T. LINAM</u>	DATE FILED	<u>                    </u>
		NAME	EFFECTIVE	<u>                    </u>
DECISION NO.	<u>                    </u>	<u>DIRECTOR - Rates &amp; Regulatory</u>	RESOLUTION	<u>                    </u>
		TITLE		

Schedule No. VN-9MC (continued)  
Ventura County District Tariff Area  
METERED CONSTRUCTION SERVICE

SPECIAL CONDITIONS:

General Items:

1. Construction water service under this schedule will be furnished only when surplus water is available over the requirements for domestic service and under conditions which will not adversely affect domestic service. The utility will be the sole judge as to the availability of such surplus water.
2. Applicants for metered construction service will be required to apply for the service at least 48 hours in advance of the time delivery of water is requested and to pay the costs and charges as provided in Rule 13, Temporary Service.

Fees and Surcharges:

3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
4. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is 2.0% based on gross revenues before taxes and PUC fees for the County of Ventura and the City of Thousand Oaks.
5. Per Advice Letter 1072-B, a surcharge of \$0.0062 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.
6. Per Advice Letter 1139-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.
7. Per Advice Letter 1109-A, the under-collected balance in the Ventura County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0315 per hundred gallons over 12 months effective February 1, 2016. The total amount will be recovered from all classes of customers.
8. Per Advice Letter 1104, a surcharge is applied to each bill to offset the increase in purchased water cost imposed by the Calleguas Municipal Water District. This increase results in a needed revenue increase of \$709,419 or 1.90%. The surcharge of \$0.2266 per hundred cubic feet (Ccf) or \$0.0303 per 100 gallons is added to the quantity rate effective January 1, 2016.

(D)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C)	
ADVICE LETTER NO.	<u>1161</u>	<u>J.T. LINAM</u>	DATE FILED	<u>                    </u>
		NAME	EFFECTIVE	<u>                    </u>
DECISION NO.	<u>                    </u>	<u>DIRECTOR - Rates &amp; Regulatory</u>	RESOLUTION	<u>                    </u>
		TITLE		<u>                    </u>



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 &amp; 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,      (C) 7627-W
VN-9MC       Metered Construction Water	8338-W, 8436-W, 8015-W, 7629-W      (C)

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 1161

ISSUED BY  
J. T. LINAM  
NAME

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

DECISION NO. \_\_\_\_\_

DIRECTOR – Rates & Regulatory  
TITLE

EFFECTIVE \_\_\_\_\_  
RESOLUTION \_\_\_\_\_

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
<b><u>SERVICE AREA MAP:</u></b> 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)  
ADVICE LETTER NO. 1161

ISSUED BY  
J. T. LINAM  
NAME

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

DECISION NO.

DIRECTOR – Rates & Regulatory  
TITLE

EFFECTIVE  
RESOLUTION

**VENTURA DISTRICT SERVICE LIST  
CALIFORNIA-AMERICAN WATER COMPANY  
ADVICE LETTER 1161**

**EMAIL**

California Public Utilities  
Commission  
Division of Ratepayer  
Advocates  
dra\_water\_al@cpuc.ca.gov

Jay T. Spurgin, PE  
City Engineer  
City of Thousand Oaks  
2100 Thousand Oaks Blvd.  
Thousand Oaks CA 91363  
jspurgin@toaks.org

Lisa Blair  
California Public Utilities  
Commission  
Office of Ratepayer Advocates  
505 Van Ness Avenue  
Room 3200  
San Francisco CA 94102  
lwa@cpuc.ca.gov

Lori Anne Dolqueist, Esq  
Attorney At Law  
Nossamann LLP  
50 California Street  
34th Floor  
San Francisco CA 94111  
ldolqueist@nossaman.com;

Richard Rauschmeier  
California Public Utilities  
Commission  
ORA - Water Branch  
505 Van Ness Avenue  
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

California Public Utilities  
Commission  
Los Angeles Docket Office  
320 W. 4th Street  
Suite 500  
Los Angeles CA 90013

City of Camarillo  
601 Carmen Drive  
Camarillo CA 93010

City of Thousand Oaks  
Water Department  
2100 E. Thousand Oaks Blvd.  
Thousand Oaks CA 91362

County of Ventura  
800 South Victoria Avenue  
Ventura CA 93009

Ventura County Waterworks  
District  
7150 Walnut Canyon Road  
P.O. Box 250  
Moorpark CA 93020

Marcus Nixon  
Asst. Public Advisor  
320 W. 4th Street  
Suite 500  
Los Angeles CA 90013