

PRELIMINARY STATEMENT
(Continued)

Sheet 1

BK. East Pasadena Transaction Memorandum Account (EPTMA)

1. PURPOSE:

The purpose of the EPTMA is to record and track transactional costs associated with the purchase of East Pasadena Water Company. Examples of such costs include but are not limited to expenses for: outside legal services, engineering, surveying, the appraisal, customer noticing, and other professional activities necessary to complete the transaction. Decision 21-08-002 granted California American Water authority to establish the EPTMA.

2. APPLICABILITY:

California American Water's East Pasadena Service Area.

3. ACCOUNTING PROCEDURE:

California-American Water shall maintain the EPTMA by making entries at the end of each month as follows:

- a. A debit entry will be created to capture transaction costs associated with the acquisition of East Pasadena Water Company.
- 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. 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:

The memorandum account currently has no rate component.

5. DISPOSITION:

Disposition of amounts recorded in the EPTMA shall be determined through a Tier 3 advice letter filing or in California American Water's next General Rate Case application or as otherwise determined by the Commission. Upon Commission review and approval, balances shall be transferred to the appropriate district's CEBA for recovery/refund.

(Continued)

(TO BE INSERTED BY UTILITY)

Advice 1353
Decision

ISSUED BY

J. T. LINAM
DIRECTOR - Rates & Regulatory

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

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Resolution _____