

PRELIMINARY STATEMENT
(Continued)

Sheet 1

R. Customer Assistance Program (“CAP”) Balancing Account

1. PURPOSE:

The purpose of the CAP Balancing Account is to track the CAP discounts provided, the CAP surcharges collected, and to adjust the CAP surcharges on January 1 of each year. The surcharge will be applicable to all non-customer assistance program water and wastewater customers. California American Water was granted authority to continue this account in Decision (D.) 21-11-018. Decision (D.) 20-08-047 ordered California American Water to implement a pilot program providing low-income customer discounts for water users in master metered multi-family housing. Per Resolution W-5241 and Advice Letter 1320-A this balancing account contains a sub-account which records low-income discounts and incremental costs associated with the: 1) San Diego Service Area Multifamily Housing in Disadvantaged Communities Program, 2) Low-Income Joint Water and Energy Install Program in Recently Acquired Systems. Specifics of the pilot program are included in California American Water Customer Assistance Program tariff. The project duration is estimated to be approximately one year after project facilities have been selected and contractors identified or until funds are exhausted. California American Water will report on the pilot program in its 2025 General Rate Case filing. However, the component costs and low-income discounts will continue to be tracked in this account until such time as the Commission approves the component to become a permanent part of the low income program, or rejects the particular component and all customers currently receiving discounts from the program are notified 3-months in advance of the termination of the program component. Costs accumulated in this subaccount will be recovered as part of the annual CAP surcharge in the California American Water’s General Rate Case expected to be filed in July 2025.

2. APPLICABILITY:

All areas served by California American Water.

3. ANNUAL SURCHARGE ADJUSTMENT:

The surcharge will be evaluated and adjusted annually and will reflect:

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- a. A forecast of the December 31st balance in the CAP for the current year that reflects.
 - i. The most recent recorded balance;
 - ii. The assumption that the proportion of CAP to non-customer assistance program residential enrollment in September will remain constant as a proportion of adopted numbers for October through December; and

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(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1431	S. W. OWENS	Date Filed	<u>12/22/2023</u>
Decision		SR. DIRECTOR - Rates & Regulatory	Effective	<u>01/01/2024</u>
			Resolution	<u></u>

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(Continued)

Sheet 2

R. Customer Assistance Program (“CAP”) Balancing Account (continued):

3. ANNUAL SURCHARGE ADJUSTMENT (continued):

- a. A forecast of the December 31st balance in the CAP for the current year that reflects.
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 - iii. The assumption that current CAP surcharges will be applied to the estimated non-CAP portion of adopted sales (adopted sales minus estimated CAP sales based on the proportion of CAP to non-customer assistance program residential customers in September), plus interest; and
- b. A forecast of the December 31 balance in the CAP for the following year that reflects:
 - i. The assumption that the proportion of CAP to non-customer assistance program residential enrollment in September of the previous year will remain constant as a proportion of adopted numbers; and
 - ii. The assumption that the new surcharges will be applied to the estimated non-customer assistance program portion of adopted sales (adopted sales minus estimated CAP sales based on the proportion of CAP to non-customer assistance program residential customers in September of the previous year), plus interest.

4. ACCOUNTING PROCEDURE:

The following entries will be recorded:

- a. A debit entry equal to the recorded customer discounts.
- b. A credit entry equal to the surcharges collected from the customers not qualified to participate in the CAP.
- c. 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.

5. RATEMAKING PROCEDURE:

Customer assistance discount of 20%, for all districts except for the Monterey Service Area within Central Division, shall be applied to all monthly service fees, the tier one billed usage amount and the tier two usage amount. A customer assistance discount of 30% for Monterey Service Area shall be applied to all monthly service fees, and the first three tiers billed usage. A customer assistance discount of 35% for the Active Monterey Wastewater Area shall be applied to all monthly service fees. Surcharges will be evaluated and adjusted annually to ensure appropriate collection.

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