

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

Advice Letter Cover Sheet

Utility Name: California American Water

Date Mailed to Service List: April 11, 2022

District: All Service Areas

CPUC Utility #: U210W

Protest Deadline (20th Day): May 1, 2022

Advice Letter #: 1367

Review Deadline (30th Day): May 11, 2022

Tier 1 2 3 Compliance

Requested Effective Date: April 11, 2022

Authorization D.21-11-018

Rate Impact: \$See AL
See AL%

Description: AMI Opt-Out Tariff

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.

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Utility Contact: Jonathan Morse

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DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE

STAFF

COMMENTS

APPROVED

WITHDRAWN

REJECTED

Signature: _____

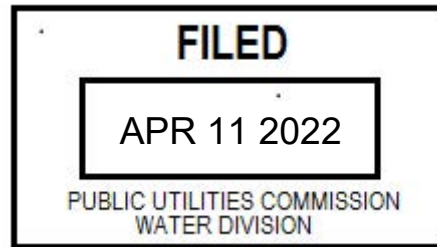
Comments: _____

Date: _____



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April 11, 2022

ADVICE LETTER NO. 1367

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (U210W) (California American Water) submits this advice letter applicable to all water customers.

Purpose:

This advice letter is to comply with Decision (D.) 21-11-018 which states:

Cal-Am shall file a Tier 1 Advice Letter making Schedule CA-OUT effective for customers seeking to opt-out of AMR/AMI 90 prior to the date it anticipates using AMI meters for Billing, so that customers that choose not to enroll in AMI can begin paying the \$13.00 monthly fee to cover meter-reader related labor costs.¹

Background:

D.21-11-018 adopted three settlement agreements resolving disputed issues in California American Water's general rate case Application 19-07-004. Partial Settlement 1, as it is called in D.21-11-018, reached an agreement on California American Water's proposal to implement an opt-out tariff regarding AMI/AMR meters. Specifically, it was agreed that California American Water will:

- a. Offer customers the option to opt-out of the AMI before any new AMI meters are installed. Customers that opt-out will be charged a \$13.00 monthly charge once AMI billing is fully implemented but will not face the \$70.00 initial fee that is provided on Schedule CA
- b. File a Tier 1 Advice Letter to make Schedule CA-OUT effective no more than 90 days prior to the start of billing utilizing AMI meters.
- c. Treat revenues generated through the monthly charges provided in Schedule CA-OUT as Other Revenue. However, because revenues received through the opt-out tariff will be minimal in this GRC cycle, they cannot be accurately forecasted for inclusion in the authorized revenue requirement.

California American Water intends to implement AMI in its Hillview system in the next 90 days. California American Water customer meters in the Hillview systems are read manually each month by staff. New meters with AMI endpoints will be installed on all services in the area replacing meters that have reached the end of useful service. This will provide greater billing

¹ D.21-11-018, p.163.

accuracy for our customers and the staff hours currently used for meter reading can be repurposed for other maintenance work in the systems.

California American Water will provide notices to applicable customers prior to installing AMI. Attached is a sample notice regarding the AMI installation and explaining the opt-out provision.

Although California American Water is requesting to make Schedule CA-OUT effective for all customers, it will provide customers with notice of AMI implementation and the ability to opt-out before AMI meters are installed to provide customers that wish to opt-out with an opportunity to avoid the \$70 initial fee provided for in Schedule CA-OUT.

Request:

California American Water requests to make Schedule CA-OUT effective.

Tier Designation:

This advice letter is submitted pursuant to General Order No. 96-B and D.21-11-018 and is designated as a Tier 1 filing.

Effective Date:

California American Water requests an effective date of April 11, 2022.

Service List:

Service Lists – In accordance with General Rules 4.3 and 7.2, and Water Industry Rule 4.1, of General Order (GO) 96-B, California American Water served copies of AL 1366 to adjacent utilities and other parties requesting such notification, on April 11, 2022. Please note that, consistent with the Commission's guidelines for service during the COVID-19 pandemic, this advice letter is only being distributed electronically.

RESPONSE OR PROTEST²

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 grounds³ 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

² G.O. 96-B, General Rule 7.4.1

³ G.O. 96-B, General Rule 7.4.2

(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

On the same day the response or protest is submitted to DWA, the respondent or protestant shall send a copy of the protest to California American Water at:

Email Address:

kamilah.jones@amwater.com

sarah.leeper@amwater.com

jonathan.morse@amwater.com

Mailing Address:

4701 Beloit Drive
Sacramento, CA 95838

555 Montgomery Street, Suite 816
San Francisco, CA 94111

4701 Beloit Drive
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Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform DWA, 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.

REPLIES⁴

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.

⁴ G.O. 96-B, General Rule 7.4.3

**Cal P.U.C.
Sheet No.** **Title of Sheet**

**Cancelling
Cal P.U.C.
Sheet No.**

XXXXX-W	Schedule No. CA-OUT California American Water RESIDENTIAL METERED SERVICE - CAW OPT-OUT TARIFF Sheet 1	
XXXXX-W	Schedule No. CA-OUT California American Water RESIDENTIAL METERED SERVICE - CAW OPT-OUT TARIFF Sheet 2	

655 W. Broadway, Suite 1410

San Diego, CA 92101

Schedule No. CA-OUT

Sheet 1

California American Water

RESIDENTIAL METERED SERVICE - CAW OPT-OUT TARIFF

APPLICABILITY

Applicable, in conjunction with any other applicable schedule, to all residential customers who do not wish to have a wireless, communicating meter (hereafter, "automated meter") installed at their premises. Under this program, customers may choose to receive service using an analog meter(s) (hereafter, "opt-out customers"). This schedule is applicable to customers who receive water service from California American Water.

(N)

TERRITORY

This Schedule is applicable to the entire service territory served by the Utility.

RATES

All charges and provisions of the customer's standard tariff shall apply. Opt-out customers who elect this option will also be charged as follows:

Initial Fee: \$70.00

Monthly Charge: \$13.00/month

Charges will apply following the metering equipment change from an automated meter to a non-transmitting meter. If an equipment change is not required, charges will apply following affirmative election of the opt-out option by the customer.

The initial fee is only applicable if automated metering equipment is required to be removed from the customer premises.

The initial fee and monthly charge shall be applied on a per-location, not per-meter basis.

CAW will perform a review of the costs associated with offering this Schedule within two years of the effective date to determine if the fee amounts or any other provisions need to be modified.

SPECIAL CONDITIONS

1. Metering Equipment: A water meter without the ability to transmit data wirelessly will be used as the opt-out meter for customers who elect this Schedule.
2. Billing: Customers will be billed for charges applicable under the customer's Otherwise Applicable Rate Schedule (OAS), plus the initial fee and the monthly charge described in the Rates section above. Opt-out customers will be required to pay the initial fee within 90 days. CAW may remove a customer from participating in this Opt-Out Schedule if the customer fails to pay the initial fee within 90 days of installation of the opt-out meter.
3. Ineligibility for Certain Services: Opt-out customers will not be eligible for certain services that are only provided using automated metering technology, such as leak detection alerts, intra-bill cycle budget alerts, and the ability to view interval water consumption data via a web portal.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1367	J. T. LINAM	Date Filed	_____
Decision		DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____

Schedule No. CA-OUT

Sheet 2

California American Water

RESIDENTIAL METERED SERVICE - CAW OPT-OUT TARIFF

SPECIAL CONDITIONS (Continued):

(N)

4. Opt-Out Provisions:

- a. Opt-Out Election: A customer must affirmatively elect to opt-out of receiving an automated water meter by calling CAW to obtain service under this Schedule. Customers shall default to automated water meter-based service absent such an election.
- b. Opt-In Election: At any time, Opt-out customers may opt back into receiving water service with CAW's current automated water meter.
- c. Any non-residential entities (commercial, industrial, governmental, condominiums and other multi-unit dwellings) are not allowed to exercise the opt-out option on behalf of individual residents.
- d. Tenants who would like to opt-out must provide a signed statement from the property owner of the premise granting permission to opt-out.
- e. Customer Move: If the customer moves to a new location and elects to enroll in the Opt-Out Program for the new residence, the customer will need to pay the initial setup and monthly charges for that residence.

(N)

(Continued)

(TO BE INSERTED BY UTILITY)		ISSUED BY	(TO BE INSERTED BY C.P.U.C.)	
Advice	1367	J. T. LINAM	Date Filed	_____
Decision		DIRECTOR - Rates & Regulatory	Effective	_____
			Resolution	_____

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CALIFORNIA-AMERICAN WATER
COMPANY ADVICE LETTER 1367

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CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1367
SUPPORTING DOCUMENTATION FOR STAFF

**Monterey Service Area – AMI Opt-Out Tariff
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March 21, 2022

RE: ADVANCED METERING PROJECT INFORMATION AND OPT-OUT OPTION

Dear California American Water Customer:

California American Water will soon be replacing your water meter with a newer model. The Advanced Metering Infrastructure (AMI) system will provide more detailed information about your water usage, providing our customer service representatives with tools to better address your water use concerns.

AMI meters provide more detailed usage data and can be a meaningful water efficiency tool. The technology enables California American Water to provide notifications of possible customer leaks as well as near real-time meter readings to aid in addressing any concerns with your service. The technology streamlines our meter-reading processes and will help us deliver accurate water bills more efficiently.

If you choose, **you may continue to have a traditional water meter read manually without radio signals** and in person by enrolling in the Opt-Out Program. **An additional monthly charge of \$13.00** will be added to your bill to cover the cost of manual meter reading should you choose not to have an AMI meter installed. Please contact us by May 31, 2022, to opt out of the launch of the program.

Without an AMI, the Advanced Meter technology benefits will not be available to our customer representatives and may cause additional time to resolve customer concerns.

Customers may contact our customer service center at **888-237-1333** and ask to be enrolled in our Meter Upgrade Opt-Out Program in the Hillview Service Area. Alternatively, customers may write us a request to be enrolled in the Meter Upgrade Opt-Out Program, and a California American Water representative will contact each customer directly. The full name of the account holder, account number and reason for enrolling in the program will need to be provided.

Any request to enroll in the Meter Upgrade Opt-Out Program must be made by the customer of record (the person whose name is on the bill).

Thank you for your cooperation during the installation process. For more information about the new meter program or opt-out process, please call our Customer Service Center at **888-237-1333**, visit our website at **californiaamwater.com** or write to us at **California American Water, 4701 Beloit Drive, Sacramento, CA 95838**.

Sincerely,



S. Audie Foster
Director of Operations, Northern California
California American Water

A.19-07-004 ALJ/CS8/jnf

GO 103-A compliance reporting. Further, MPWMD and/or the Commission can request specific customer complaint data from Cal-Am when necessary. Cal-Am is authorized to eliminate the Monterey District rebate and audit reports and the customer complaint reports, as requested in Special Request #14.

14.15. Proposed Operational Tariff Modifications

As Special Request #15, Cal-Am requested to modify several of its tariffs to better clarify the responsibilities of its customers and reduce inequities between customers. Specifically, Cal-Am requested operational modifications related to the following tariffs:

- A. The AMR/AMI Opt-Out Program;
- B. The Residential Fire Protection Service Multi-Use Customer Discount;
- C. Tariff Rule 10, as it regards billing errors;
- D. Tariff Rule 18, as it regards meter errors;
- E. Schedule CA-4 and CA-4H, as they regard Private Fire Services;
- F. Tariff CA-FEES to eliminate the connection fee; and
- G. A new statewide metered construction service meter tariff.⁵⁴²

Cal Advocates argued that the Commission should require Cal-Am to report any revenues resulting from the tariff modifications in its steps filings, GRCs, and any other reports of recorded revenue, and that the requested Rule 10 and Rule 18 modifications should be denied because those changes could limit customers' ability to be refunded for billing errors. Cal Advocates also recommended the Commission deny any changes to the construction service meter tariff that would require customers to pay any outstanding balances in full

⁵⁴² A.19-07-004 at 13; Exhibit CAW-5 at 115-125; Exhibit CAW-9 Attachment 5.

before any deposit is returned. Cal Advocates recommended that customers should instead be allowed to deduct outstanding balances from their deposits.⁵⁴³

Cal-Am argued that incentivizing contractors to return construction meters is challenging, and that its proposed modification to the construction service meter tariff would allow Cal-Am to replace the meter if it is not returned. Cal-Am further disagreed with Cal Advocates' proposed recommendations related to the operational tariff modifications, arguing that if connection fees are reported as revenues, Cal-Am's rate base would increase to recover them. Cal-Am stated that its treatment of service connection fees as contributions-in-aid-of-construction (contributions) offsets the addition to existing utility plant-in-service and creates no impact on customers' bills.⁵⁴⁴

Rather than litigating Special Request #15, the Settlement provides the following agreements:

1. For the AMI/AMR opt-out tariff revisions, Cal-Am will:
 - a. Offer customers the option to opt-out of the AMI before any new AMI meters are installed. Customers that opt-out will be charged a \$13.00 monthly charge once AMI billing is fully implemented but will not face the \$70.00 initial fee that is provided on Schedule CA-OUT.
 - b. File a Tier 1 Advice Letter to make Schedule CA-OUT effective no more than 90 days prior to the start of billing utilizing AMI meters.
 - c. Treat revenues generated through the monthly charges provided in Schedule CA-OUT as Other Revenue. However, because revenues received through the opt-out tariff will be minimal in this GRC cycle, they

⁵⁴³ Exhibit CalPA-10 at 5-36 to 5-40 and Attachments 7-9.

⁵⁴⁴ Exhibit CAW-19 at 31-34; Exhibit CAW-22 at 77-79.

cannot be accurately forecasted for inclusion in the authorized revenue requirement.

2. For new service connection fees, connection charges paid by new customers should be considered contributions and should offset the costs of the new connection.
3. For construction meter tariffs, Cal-Am should use construction meter deposits to offset the cost of a replacement meter, rather than offsetting any unpaid bill(s).
4. Cal-Am will withdraw its requests to modify Rules 10 and 18 related to meter and billing errors.⁵⁴⁵

We find the Settlement, as it relates to Special Request #15, is reasonable in light of the whole record of this proceeding, consistent with the law, and in the public interest, because it ensures Cal-Am does not overcharge customers for replacement meters or new service connections and allows customers to opt-out of the AMI/AMR tariff.

Cal-Am shall file a Tier 1 Advice Letter making Schedule CA-OUT effective for customers seeking to opt-out of AMR/AMI 90 days prior to the date it anticipates using AMI meters for billing, so that customers that choose not to enroll in AMI can begin paying the \$13.00 monthly fee to cover meter-reader related labor costs. The fees collected through Schedule CA-OUT, which are expected to be minimal in 2021-2023, shall be treated as revenues during this GRC cycle. New service connection fees shall be treated as contributions and used to offset the cost of the new connections; construction meter deposits shall be used to offset the cost of replacement meters, if necessary; and Cal-Am's Rules 10 and 18 shall remain unchanged for this GRC cycle.

⁵⁴⁵ Settlement at 123-124.