

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

Advice Letter Cover Sheet

Utility Name: California American Water
District: Monterey County District
CPUC Utility #: U210W
Advice Letter #: 1274
Tier 1 2 3 Compliance
Authorization D.18-05-027
Description: Phase 3A Settlement Agreement – 2020 Consumption Adjustment Mechanism

Date Mailed to Service List: December 2, 2019
Protest Deadline (20th Day): December 22, 2019
Review Deadline (30th Day): January 2, 2020
Requested Effective Date: January 1, 2020
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.

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Utility Contact: Jonathan Morse
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Phone: (415) 703-1133
Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

<u>DATE</u>	<u>STAFF</u>	<u>COMMENTS</u>
_____	_____	_____
_____	_____	_____

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



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December 2, 2019

ADVICE LETTER NO. 1274

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

<u>C.P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Sheet No.</u>
XXXX-W	Schedule No. MO-1-SF Monterey County District Tariff Area GENERAL METERED SERVICE	XXXX-W
XXXX-W	Schedule No. MO-MF Monterey County District Tariff Area GENERAL METERED SERVICE	XXXX-W
XXXX-W	Schedule No. MO-1C Monterey County District Tariff Area GENERAL METERED SERVICE	XXXX-W
XXXX-W	Schedule No. CA-LIRA California American Water LOW INCOME RATEPAYER ASSISTANCE PROGRAM	XXXX-W
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Purpose:

This advice letter filing is to comply with Decision (D.) 18-05-027, which adopted the *Settlement Agreement between California-American Water Company, the Office of Ratepayer Advocates, Monterey Peninsula Water Management District, and Coalition of Peninsula Businesses on Phase 3A Issues* (Phase 3A Settlement Agreement). Pursuant to the Phase 3A Settlement Agreement California American Water is required to file an annual Tier 2 advice letter that provides the actual recorded consumption and legal and court ordered production limitations for the Monterey Main system customer classes that are covered by the process defined and detailed in the Phase 3A Settlement Agreement.

Background:

California American Water provides metered water service to approximately 38,500 customers in its Monterey County District, which is comprised of the Monterey Main system, Hidden Hills, Ryan Ranch and Bishop. Currently, all Monterey County District water customers are billed on a monthly basis. In A.15-07-019, California American Water proposed, among other actions, an annual consumption true-up pilot program (ACPP). The ACPP was later refined and referred to as the consumption adjustment mechanism true-up pilot-program (CAM). As noted in D.18-05-027, the “goal of this program is to adjust rates annually based on updated actual sale in order to stabilize revenues and moderate future Water Revenue Adjustment Mechanism (“WRAM”)/Modified Cost Balancing Account (“MCBA”) balances.

The Parties to the Phase 3A Settlement Agreement supported the ACPP/CAM because, due to continuing supply constraints and unexpectedly large variances in consumption forecasts, there was a need for a reliable and timely process for adjusting the authorized consumption and production forecasts for each annual escalation and attrition year in Monterey. This process would ensure the likelihood that the conservation rates developed for those annual periods will collect the annual authorized revenue requirement and WRAM/MCBA balances will be moderated. The settling parties believed that utilizing a more current consumption forecast could allow customers to better budget their annual water costs, provide the right pricing signals so that all conservation and use restriction signals are timely and consistently provided to customers, address inter-generational equity concerns in the timely recovery of costs in rates and lower rates to customers by shortening the period that accounts accrue interest.

The Commission agreed with the settling parties and adopted the Phase 3A Settlement Agreement in D.18-05-027. The Commission found the ACPP/CAM:

- “provides a reliable and timely process for adjusting the authorized consumption and production forecasts used in setting rates for each escalation and attrition year; and the adjusted rates increase the likelihood of collecting the authorized revenue requirement and moderating WRAM/MCBA balances;”¹
- “provide[s] more rate and bill stability, allow customers to improve their budgets for annual water costs, improve the timeliness and consistency of price information, address intergenerational equity concerns, and reduce interest costs recovered in rates.”²

The Phase 3A Settlement Agreement adopted by the Commission in A.15-07-019 provides the implementation details for the ACPP/CAM covering residential and non-residential customers in the Monterey Main system subject to WRAM/MCBA true-ups. As summarized in D.18-05-027 at pages 7-8, the key elements are:

- a. Applicability: The ACPP/CAM is a pilot program limited to specified customers in specific parts of Applicant’s Monterey Main system.¹⁴ It will be evaluated in a

¹ D.18-05-027, Finding of Fact 9, p.13.

² D.18-05-027, Finding of Fact 10, p.14.

subsequent general rate case, and California American Water will provide actual consumption data for the first full year following its implementation for that evaluation.

- b. Process: Applicant will file a Tier 2 advice letter on or before November 15. The advice letter will provide actual recorded monthly consumption by classification and by tier from October 1 of the prior year through September 30 of the current year, along with the legal and court ordered production limitations, covered by the ACP/PP/CAM for the applicable Monterey Main system customers. Upon approval of the Tier 2 advice letter, Applicant will file a Tier 1 advice letter to implement new rates January 1 of the subsequent year. The approved data will then replace the adopted quantities beginning January 1 of the subsequent year and be used for future rate adjustments during that year.
- c. Consumption Data: Current rates are to be modified as provided in the SA. Proposed rates in the escalation and attrition years will be based on actual recorded consumption or, if lower, the production limit set by court order or legal restrictions.
- d. Methodology: Four appendices provide more particulars: (1) detailed customer classifications, (2) a sample calculation based on consumption, (3) a sample calculation based on production limits, and (4) a sample calculation of adjustments to volumetric based surcharges.
- e. Tracking and Changes: California American Water will track incremental differences with respect to revenues and production costs and will recalculate consumption based surcharges.

Request:

In compliance with Decision D.18-05-027, California American Water requests authority to replace the adopted consumption with the actual consumption and production data (from October 1, 2018 through September 30, 2019) beginning January 1, 2020 to be used for future rate adjustments, including all annual step and offset filings, in 2020 until the adopted consumption is updated the following year.

Tier Designation:

This advice letter is submitted pursuant to General Order No. 96-B and D.18-05-027 and is designated as a Tier 2 filing.

Effective Date:

California American requests an effective date of January 1, 2020.

RESPONSE OR PROTEST³

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.**

³ G.O. 96-B, General Rule 7.4.1

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 grounds⁴ 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:

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:

nancy.hollingsworth@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
Sacramento, CA 95838

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

⁴ G.O. 96-B, General Rule 7.4.2

entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

REPLIES⁵

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.

This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

If you have not received a reply to your protest within 10 business days, please contact Nancy Hollingsworth at (916) 568-4209.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Nancy Hollingsworth

Nancy Hollingsworth
Financial Analyst III - Rates & Regulatory

⁵ G.O. 96-B, General Rule 7.4.3

Schedule No. MO-1-SF
Monterey County District Tariff Area
GENERAL METERED SERVICE

Sheet 1

APPLICABILITY

Applicable to all water furnished on a metered basis.

TERRITORY

The incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, Hidden Hills and Ryan Ranch subdivisions, Bishop subdivision including the area known as Laguna Seca Ranch Estates, and vicinity and certain unincorporated areas in the County of Monterey.

RATES:

Quantity Rates:

Residential Customers:	Base Rate Per 100 gal (CGL)	(I)
For the first 29.9 CGL.....	\$1.0078	
For the next 29.9 CGL.....	\$1.5117	
For the next 44.9 CGL.....	\$3.5274	
For the next 67.3 CGL.....	\$6.5508	
For all water over 172.0 CGL.....	\$8.0625	

Service Charge: General Metered

	<u>Per Meter Per Month</u>
For 5/8 x 3/4-inch meter	\$21.22
For 3/4-inch meter	\$37.16
For 1-inch meter	\$74.25
For 1-1/2-inch meter	\$232.79
For 2-inch meter	\$397.30
For 3-inch meter	\$744.94
For 4-inch meter	\$1,303.64
For 6-inch meter	\$2,793.52
For 8-inch meter	\$4,469.64

The Meter Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rates.

(Continued)

(TO BE INSERTED BY UTILITY) Advice 1274 Decision	ISSUED BY J. T. LINAM DIRECTOR - Rates & Regulatory	(TO BE INSERTED BY C.P.U.C.) Date Filed <u>December 2, 2019</u> Effective _____ Resolution _____
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Schedule No. MO-1-MF
 Monterey County District Tariff Area
GENERAL METERED SERVICE

Sheet 1

APPLICABILITY

Applicable to all water furnished on a metered basis.

TERRITORY

The incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, Hidden Hills and Ryan Ranch subdivisions, Bishop subdivision including the area known as Laguna Seca Ranch Estates, and vicinity and certain unincorporated areas in the County of Monterey.

RATES:

Quantity Rates:

Residential Customers:	Base Rate Per 100 gal (CGL)	
For the first 18.7 CGL.....	\$0.8506	(1)
For the next 18.7 CGL.....	\$1.2759	
For the next 13.1 CGL.....	\$2.9771	
For the next 18.7 CGL.....	\$5.5290	
For all water over 69.2 CGL.....	\$6.8049	(1)

Service Charge: General Metered

<u>Per Meter Per Month</u>	
For 5/8 x 3/4-inch meter	\$21.22
For 3/4-inch meter	\$37.16
For 1-inch meter	\$74.25
For 1-1/2-inch meter	\$232.79
For 2-inch meter	\$397.30
For 3-inch meter	\$744.94
For 4-inch meter	\$1,303.64
For 6-inch meter	\$2,793.52
For 8-inch meter	\$4,469.64

The Meter Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rates.

(Continued)

(TO BE INSERTED BY UTILITY) Advice 1274 Decision	ISSUED BY J. T. LINAM DIRECTOR - Rates & Regulatory	(TO BE INSERTED BY C.P.U.C.) Date Filed <u>December 2, 2019</u> Effective _____ Resolution _____
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Schedule No. MO-1C
Monterey County District Tariff Area
GENERAL METERED SERVICE

Sheet 1

APPLICABILITY

Applicable to all water furnished on a metered basis to non-residential customers in the service areas defined below.

TERRITORY

The incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, Hidden Hills and Ryan Ranch subdivisions, Bishop subdivision including the area known as Laguna Seca Ranch Estates and vicinity and certain unincorporated areas in the County of Monterey.

RATES

Quantity Rates:

Non-Residential Customers:

	Base Rate Per 100 gal (CGL)	
Division 1.....	\$1.6879	(l)
Division 2.....	\$1.8989	
Division 3.....	\$2.1099	
Division 4.....	\$4.2198	(l)

Service charge: General Metered:

<u>Per Meter Per Month</u>	
For 5/8 x 3/4-inch meter	\$24.97
For 3/4-inch meter	\$37.45
For 1-inch meter	\$62.41
For 1-1/2-inch meter	\$124.83
For 2-inch meter	\$199.73
For 3-inch meter	\$374.49
For 4-inch meter	\$624.14
For 6-inch meter	\$1,248.29
For 8-inch meter	\$1,997.26

The Meter Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

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<u>(TO BE INSERTED BY UTILITY)</u>	<u>ISSUED BY</u>	<u>(TO BE INSERTED BY C.P.U.C.)</u>
Advice 1274	J. T. LINAM	Date Filed <u>December 2, 2019</u>
Decision	DIRECTOR - Rates & Regulatory	Effective _____
		Resolution _____

Schedule No. CA-LIRA
California American Water
LOW INCOME RATEPAYER ASSISTANCE PROGRAM

RATES:

Larkfield District (Continued):
Service Charge: General Metered

	<u>Per Meter</u> <u>Per Month</u>
For 5/8 x 3/4-inch meter.....	\$14.13
For 3/4-inch meter.....	\$21.19
For 1-inch meter.....	\$35.32
For 1-1/2-inch meter.....	\$70.64
For 2-inch meter.....	\$113.02
For 3-inch meter.....	\$211.92
For 4-inch meter.....	\$353.20
For 6-inch meter.....	\$706.40
For 8-inch meter.....	\$1,130.24

Central Division:
Monterey County District
Service Charge: General Metered

Residential Customers:

	<u>Base Rate</u> <u>Per 100 gal (CGL)</u>
For the first 29.9 CGL.....	\$0.7055
For the next 29.9 CGL.....	\$1.0582
For the next 44.9 CGL.....	\$2.4692
For the next 67.3 CGL.....	\$4.5856
For all water over 172.0 CGL.....	\$8.0625

(l)
|
(l)

Service Charge: General Metered

	<u>Per Meter</u> <u>Per Month</u>
For 5/8 x 3/4-inch meter	\$16.98
For 3/4-inch meter	\$29.73
For 1-inch meter	\$59.40
For 1-1/2-inch meter	\$186.23
For 2-inch meter	\$317.84
For 3-inch meter	\$595.95
For 4-inch meter	\$1,042.92
For 6-inch meter	\$2,234.82
For 8-inch meter	\$3,575.71

(Continued)

<u>(TO BE INSERTED BY UTILITY)</u>	<u>ISSUED BY</u>	<u>(TO BE INSERTED BY C.P.U.C.)</u>
Advice 1274	J. T. LINAM	Date Filed <u>December 2, 2019</u>
Decision	DIRECTOR - Rates & Regulatory	Effective _____
		Resolution _____

MONTEREY COUNTY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1274

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Monterey, CA 93940

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Pacific Grove, CA 93950

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CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1274

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MONTEREY COUNTY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1274

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