Preliminary Statement
(continued)

This tariff sheet is effective as of **9/25/14**, but is subject to refund until approved by the California Public Utilities Commission.

J2. Credit Card Memorandum Account (CCMA2) (N)

1. PURPOSE:

The Credit Card Memorandum Account ("CCMA2") will track costs and savings identified below that are associated with the Modified Credit/Debit Card Pilot Program. The purpose of the CCMA2 is to ensure that the costs associated with processing credit and debit cards are not subsidized by customers who do not select those options.

2. APPLICABILITY:
The CCMA2 is applicable to all regulated operations, all ratemaking areas ("districts"), and General Office. This excludes out-of-state affiliates and unregulated operations expenses.

3. ACCOUNTING PROCEDURE:
The CCMA2 does not have a rate component. Tracking of costs and savings in the CCMA2 will begin when new rates go into effect, or within 90 days after a decision authorizing the Modified Credit/Debit Card Pilot Program is adopted, whichever is later. Incremental debits and credits to the CCMA2 shall include the following:

A. A debit equal to the costs from:

(i) Vendor fees for processing credit and debit cards;

(ii) Vendor fees for credit/debit card equipment;

(iii) Incremental charges and labor associated with handling credit/debit transactions, including those that were rejected;

(iv) Incremental charges and labor for other significant activities that are primarily associated with the credit/debit card pilot program;

(v) Incremental costs associated with maintaining CWS' billing and accounting software and integrate with that of the third party vendor; and

(vi) Incremental costs associated with any notice requirements, including printing and mailing costs and programming costs to post notice of the availability of the credit/debit card program.

B. A credit equal to the savings from:

(i) The company's avoided costs for check processing, paper and postage associated with customers who use a credit/debit card and enroll in e-billing;

(ii) An estimate of the company's cost savings that may be associated with customers who use the credit or debit option on a "one-time" basis;

(iii) An estimate of the company's cost savings that may be associated with avoiding shutoffs.

4. DISPOSITION:

Request for closure of the CCMA2 should be processed according to General Order 96-B and Standard Practices or requested in a general rate case

In the course of the modified pilot, if Cal Water has been unable to develop a cost-effective way to offer payment by credit or debit card, Cal Water may end the Modified Credit/Debit Card Pilot Program and close the CCMA2 by filing a Tier 1 advice letter. In that event, any costs tracked in the CCMA2 that exceed the savings will not be amortized, and will be absorbed by Cal Water. Cal Water would then have the option of pursuing a fee-based credit/debit payment offering by filing a Tier 3 advice letter. (N)