

Preliminary Statement
(continued)

P. DTSC Memorandum Account (DTSCMA)

1. Purpose: This memorandum account will track incremental costs to comply with the groundwater protection pilot agreement with the California Department of Toxic Substances Control (DTSC). It shall be referred to as the DTSC Memorandum Account (DTSCMA).
2. Applicability: The DTSCMA is applicable to the Visalia District.
3. Accounting:
 - a. The DPCMA will be tracked separately for the Visalia District.
 - b. The following entries will be recorded monthly to the Visalia District's memorandum account:
 1. A debit or credit entry for operating expenses directly attributable to the DTSC pilot agreement compliance;
 2. A debit or credit entry for the revenue requirement (depreciation, authorized return on rate base, ad valorem tax, income tax, franchise tax, and business license fee) of any facility constructed to comply with the DTSC pilot agreement;
 3. Monthly interest expense calculated at 1/12 of the most recent month's interest rate on Commercial Paper (prime, 90-day), published in the Federal Reserve Statistical Release (debit or credit).
4. Rate Component:

There is currently no rate component of this memorandum account. Cal Water may seek Commission considerations of the amounts in the DTSCMA in its next general rate case proceeding consistent with Ordering Paragraph #2 in D.02-08-054.

(continued)

(To be inserted by utility)
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Issued by
THOMAS F. SMEGAL
NAME
Vice President
TITLE

(To be inserted by Cal. P.U.C.)
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