

This tariff has been filed with the California Public Utilities Commission and is effective 1/1/2017, subject to refund until final Commission approval.

CALIFORNIA WATER SERVICE COMPANY  
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Revised

CPUC Sheet No. \_\_\_\_\_

Canceling

CPUC Sheet No. \_\_\_\_\_

Preliminary Statement  
(continued)

**AI. CHROMIUM-6 MEMORANDUM ACCOUNT (CHROMIUM-6 MA)**

1. **PURPOSE:** The purpose of the Chromium-6 Memorandum Account (Chromium-6 MA) is to track the incremental costs incurred to comply with the Maximum Contaminant Level (MCL) that is adopted by the California Department of Public Health (CDPH) for chromium-6 in order to coordinate recovery of costs with adopted revenue requirements. Cal Water may begin tracking incremental costs in this account after a final MCL is adopted by the CDPH, and may request recovery of the tracked costs through Tier 3 advice letter, or through its next GRC, according to the procedures described below. ( T )
  
2. **APPLICABILITY:** The Chromium-6 MA applies to all regulated operations. This excludes out-of-state affiliates and unregulated operations expenses. ( D )
  
3. **RATES:** The Chromium-6 MA has no rate component.
  
4. **ACCOUNTING PROCEDURE:** After an MCL for chromium-6 is adopted by the CDPH, Cal Water shall make the entries described below. The "incremental costs" that may be tracked in this account are costs (including labor, overhead, operations & maintenance expenses, and capital-related costs including return on investment, income taxes, ad valorem tax, depreciation, and other taxes and fees) that are over and above those that the Commission has approved for recovery through base rates. ( D )
  - (a) A debit or credit entry equal to incremental expenses for compliance with the MCL, as described above;
  - (b) A debit or credit entry equal to the incremental revenue requirement of each operationally in-service and closed to plant capital investment for compliance with the MCL (including return on investment, income taxes, ad valorem tax, depreciation, and other taxes and fees), as described above.
  - (c) A monthly debit or credit entry equal to the average balance in each segment of the account multiplied by 1/12th of the most recent month's interest rate on Commercial Paper (prime, 90-day) published in the Federal Reserve Statistical Release H-15.
  
5. **REGULATORY PROCEDURE:**
  - (a) Required justifications: For each capital project, Cal Water will provide detailed justifications that contain least-cost analyses considering all feasible alternatives, including but not limited to blending, removing the well from active status, and Best Available Technologies ("BATs") for chromium-6 treatment as specified in Title 22, California Code of Regulations. The need to maintain the affected well's active status, thus requiring capital investment, must be supported with consideration of the district's available water supply resources, including new supply projects authorized in the 2012 GRC.
  - (b) For recovery through an advice letter: Cal Water may only file one Tier 3 advice letter each for Dixon and Salinas. Cal Water may file two Tier 3 advice letters for Willows. When the last capital project in an advice letter filing is nearing completion (operationally in-service and closed to plant), and approximately one month before an advice letter seeking recovery is filed, Cal Water will confer with the Office of Ratepayer Advocates to alert it of the advice letter filing, and begin providing the data supporting both the capital projects and expenses in the memo account for which recovery will be requested. The advice letter will request (a) inclusion of the revenue requirements for the authorized projects in rates going forward, and (b) a surcharge to recover the incremental revenue requirement and expenses tracked in the memo account. ( C )  
( C )  
( C )  
( T )
  - (c) For recovery in a GRC: To the extent that incremental chromium-6 costs are not included in the beginning plant balance for the next GRC, or are not otherwise recovered, Cal Water may request cost recovery in the next GRC. In that event, Cal Water shall note the request in the Chromium-6 MA for tracking purposes.

(To be inserted by utility)

Issued by

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

Advice Letter No. 2242

PAUL G. TOWNSLEY

Date Filed \_\_\_\_\_

Decision No. D.16-12-042

Vice President  
TITLE

Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_