

CALIFORNIA WATER SERVICE COMPANY
1720 North First Street, San Jose, CA 95112
(408) 367-8200

CPUC Sheet No. XXXXX-W
CPUC Sheet No. Original

Preliminary Statement
(continued)

AY. Public Safety Power Loss Memorandum Account (PSPL MA) (N)

1. PURPOSE: The purpose of the memorandum account is to track the incremental costs associated with the preparation and installation of facilities to address public safety needs in the event of potential power losses.

2. APPLICABILITY: The PSPL MA may be applicable to all regulated operations in California. A request for recovery of amounts in this account will identify the proposed ratemaking areas from which recovery is being sought.

The PSPL MA shall include, but will not be limited to:

- a. Costs to evaluate potential system impacts from additional requirements.
- b. Project management costs
- c. Equipment costs (e.g. purchased or leased generators, cabling, other electrical equipment)
- d. Contractor costs for equipment installation
- e. New facilities used to supply water in a power loss event
- f. Operations and maintenance costs

3. RATES: The memorandum account currently has no rate component.

4. ACCOUNTING PROCEDURE: The entries made to the memorandum account may include the following:

These entries are not cumulative and are tracked in order to preserve the range of potential regulatory outcomes the Commission may elect if recovery is granted.

Expenditure Entries

- a. Cal Water shall record all PSPL MA related costs including but not limited to, the cost of engineering and design, permitting, equipment, installation, outside contractors, administrative support, compliance review, verification and inspection, operations and maintenance costs.

Revenue Requirement Entries

- b. Amounts equal to the revenue requirement of each capital expenditure as if it were shareholder-funded (including return on investment, income taxes, ad valorem tax, depreciation, other taxes and fees).

Interest

- c. Interest calculated based on 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 Federal Reserve Statistical Release H-15.

5. REGULATORY PROCEDURE:

Requests for recovery of any balance in the memorandum account shall be made in a general rate case, separate application, or Tier 3 advice letter. Requests for recovery shall include a showing that the costs requested for recovery are not included in rates.

(N)

(To be inserted by utility)
Advice Letter No. 2342
Decision No. _____

Issued by
GREG A. MILLEMAN
Name
Vice President
Title

(To be inserted by Cal. P.U.C.)
Date Filed _____
Effective _____
Resolution No. _____