

**Preliminary Statement BH**

(N)

**BH. Purchased Water Incremental Cost Balancing Account (ICBA)**

(N)

**1. PURPOSE:**

The purpose of this incremental cost balancing account is to record each month the difference between the cost of purchased water and the adopted cost reflected in rates, so that these differences can be trued-up through rates subsequent to CPUC review and approval.

**2. APPLICABILITY:**

The Purchased Water ICBA applies to all areas served by Cal Water purchasing treated potable water, surface water and recycled water (collectively “purchased water”).

**3. ACCOUNTING PROCEDURE:**

Each month, Cal Water will make the following entries to update the balance in this account:

**a. Expense Component (debit entry):**

- i. the recorded production multiplied by adopted water mix that is subject to purchased water (AF) multiplied by the difference between the adopted variable purchased water price (AF) in rates and the current variable purchased water prices (\$AF), plus or minus any necessary expense adjustments.
- ii. The difference between the adopted fixed costs in rates and the current fixed costs, to be recorded in the month that the cost is invoiced.

**b. Revenue Component (credit entry):** the recorded purchased water ICBA surcharges collected from all customers, plus or minus any necessary revenue adjustments.

**c. Interest (debit or credit entry):** interest shall accrue monthly by applying one-twelfth of the Federal Reserve 3-month Commercial Paper Rate - non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate) to the average monthly balance.

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(To be inserted by utility)	Issued By	(To be inserted by CPUC)
Advice Letter <u>2515</u>	<u>Greg Milleman</u>	Date Filed _____
Decision <u>24-03-042</u>	<u>Vice President</u>	Effective _____
	<u>Rates and Regulatory Affairs</u>	Resolution _____

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4. AMORTIZATIONS:

a. The balance in the balancing account may be amortized by a Tier 1 advice letter annually or requested in a General Rate Case (GRC).

5. The balancing account will terminate when so ordered by the Commission, at which time any remaining debt (undercollection) or credit (overcollection) balance will be amortized through a rate surcharge or surcredit, or transferred to the General District Balancing Accounts.

6. Adopted Purchased Water Cost Price (AF) by area:

Rate Area	Effective Date	Type	Wholesaler	Fixed	Variable (\$/AF)	(T)
Antelope Valley	May 1, 2024	Potable	East Kern Water Agency		\$752.00	(T)
Bakersfield	May 1, 2024	Potable	Kern County Water Agency	\$7,109,331	\$195.00	(T)
Bakersfield	May 1, 2024	Surface	City of Bakersfield		\$116.05	(T)
Bayshore	January 1, 2025	Potable	SFPUC	\$5,052,766	\$2,469.85	(T)(I)(I)
Bear Gulch	January 1, 2025	Potable	SFPUC	\$2,311,227	\$2,469.85	(T)(I)(I)
Dominguez	January 1, 2025	Potable	West Basin Municipal District (Tier 1)	\$1,918,596	\$1,899.00	(T)(I)(I)
Dominguez	January 1, 2025	Potable	City of Torrance	\$15,078	\$1,380.84	(T)(D)(I)
Dominguez	January 1, 2025	Recycled	West Basin Municipal District (Reverse Osmosis)		\$1,845.00	(T)(I)
Dominguez	January 1, 2025	Recycled	West Basin Municipal District (Nitrified)		\$1,570.00	(T)(I)
Dominguez	January 1, 2025	Recycled	West Basin Municipal District		\$1,836.00	(T)(I)(D)
East Los Angeles	January 1, 2025	Potable	Central Basin Municipal Water District (Tier 1)	\$292,638	\$1,565.00	(D)(L) (T)(I)
East Los Angeles	January 1, 2025	Recycled	Central Basin Municipal Water District		\$790.00	(L)(T)
Hermosa Redondo	January 1, 2025	Potable	West Basin Municipal District (Tier 1)	\$873,039	\$1,899.00	(L)(T) (I)(I)
Hermosa Redondo	January 1, 2025	Recycled	West Basin Municipal District		\$1,836.00	(L)(T)(I)

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6. Adopted Purchased Water Cost Price (AF) by area: (continued)

Rate Area	Effective Date	Type	Wholesaler	Fixed	Variable (\$/AF)	(T)
Kern River Valley	May 1, 2024	Potable	City of Bakersfield		\$116.05	(T)
Livermore	May 1, 2024	Potable	Alameda County	\$5,707,683	\$1,019.30	(T)
Los Altos	January 1, 2025	Potable	Santa Clara Valley Water District		\$2,344.00	(T)(I)
Los Altos	January 1, 2025	Potable	San Jose Water	\$9,241	\$3,214.51	(T)(I)(I)
Los Altos	January 1, 2025	Potable	Santa Clara Valley Water District Non-Contract		\$2,429.00	(T)(I)
Los Altos	January 1, 2025	Recycled	Santa Clara Valley Water District		\$2,061.00	(T)(I)
Oroville	May 1, 2024	Surface	County of Butte & PG&E	\$246,145		(T)
Palos Verdes	January 1, 2025	Potable	West Basin Municipal District (Tier 1)	\$1,564,140	\$1,899.00	(T)(I)(I)
Palos Verdes	January 1, 2025	Recycled	West Basin Municipal District		\$1,836.00	(T)(I)
RDV – Lucerne	May 1, 2024	Surface	Yolo County Flood Control & Water Conservation District		\$69.24	(T)
RDV – Unified	May 1, 2024	Potable	Sweetwater Springs Water District	\$19,283	\$1,345.25	(T)
Stockton	January 1, 2025	Potable	Stockton East	\$13,186,930		(T)(R)
Westlake	January 1, 2025	Potable	Calleguas Municipal Water District	\$1,901,894	\$1,730.00	(T)(I)(I)
Westlake	January 1, 2025	Recycled	Triunfo Water & Sanitation District	\$29,754	\$1,516.00	(T)(I)

(To be inserted by utility)

Advice Letter 2535  
 Decision

Issued By

Greg Milleman  
Vice President  
Rates and Regulatory Affairs

(To be inserted by CPUC)

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 Resolution \_\_\_\_\_