

Preliminary Statement  
(continued)

M. WATER REVENUE ADJUSTMENT MECHANISM / MODIFIED COST BALANCING ACCOUNT  
(WRAM/MCBA)

1. PURPOSE:

The purpose of the WRAM Balancing Account and the MCBA is to track water revenues and water production related costs for future disposition. The Commission has determined that these accounting mechanisms are appropriate in coordination with a trial program of increasing block rate structures and increased conservation activities. The trial program will be reviewed in Cal Water's General Rate Case proceedings.

2. APPLICABILITY

The WRAM Balancing Account and the MCBA apply to all areas served.

3. DEFINITIONS

A Non-WRAM revenue is all revenue excluded from the WRAM account, including metered service charges, raw water quantity charges, construction meter monthly and quantity charges, public and private fire protection service, flat rate residential service, and other unmetered miscellaneous revenue. In addition, surcharges and surcredits, unless specifically included in adopted revenue requirement, are excluded from WRAM accounting. (D)

B WRAM-eligible revenue is all revenue not excluded in 3.A, above. Generally, WRAM eligible revenue results from potable quantity charges to permanent residential and non-residential customers, and from quantity charges to recycled water customers. (C)

C Recorded WRAM-eligible revenue is the amount of revenue billed to customers in a particular period.

D Adopted WRAM-eligible revenue is the amount of metered usage-related revenue necessary in conjunction with adopted non-WRAM revenue to generate the adopted revenue requirement.

4. ACCOUNTING PROCEDURE:

A The following entries will be recorded monthly in U.S. Dollars (\$) to each district's WRAM Balancing Account:

1. Recorded WRAM-eligible revenue
2. Adopted WRAM-eligible revenue (See Paragraph 8)
3. Total net WRAM balance = (1) minus (2)

B The following entries will be recorded monthly in U.S. Dollars (\$) to each district's MCBA:

1. Recorded purchased water cost, if applicable
2. Adopted purchased water cost, if applicable (See Paragraph 8)
3. Difference between (1) and (2)
  
4. Recorded purchased power cost
5. Adopted purchased power cost (See Paragraph 8)
6. Difference between (4) and (5)
  
7. Recorded groundwater charges, if applicable
8. Adopted groundwater charges, if applicable (See Paragraph 8)
9. Difference between (7) and (8)

10. Total net MCBA balance = (3) + (6) + (9)

5. Cal Water will record the accumulated WRAM Balance monthly, by adding its entry in section A. 3. to the prior accumulated monthly balance. Cal Water will record the accumulated MCBA Balance, by adding its entry in Section B.10. to the prior month's accumulated balance. Cal Water shall apply interest to the average net balance in the WRAM and MCBA accounts at a rate equal to one twelfth the interest rate on three month Commercial Paper for the previous month as reported in the Federal Reserve Stastical Release, H.15. or its successor. Accumulated interest will be included in the amount on which interest is charged, but will be identified as a separate component of the WRAM and MCBA accounts.

(continued)

(To be inserted by utility)

Advice Letter No. 2357-A  
Decision No. \_\_\_\_\_

Issued by

GREG A. MILLEMAN  
NAME  
Vice President  
TITLE

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

Date Filed 12/03/2019  
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Resolution No. \_\_\_\_\_

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6. DISPOSITION:

- A. By November 30th of each year, Cal Water will provide the Water Division a written report on the status of the WRAM and MCBAs (with a copy to the Public Advocates Office). The written report will include a section on the WRAM in each district showing the net accumulated balance as of September 30th of the preceding calendar year. The written report will include a section on the MCBA in each district showing the net accumulated balance as of September 30th of the preceding calendar year. If this report shows that the combined net accumulated balance for the WRAM and the MCBA in any district exceeds 2% of the district's total recorded revenue requirement for the prior calendar year, Cal Water will file an advice letter by March 31st of the following year that amortizes the balance in both of the accounts in the district. Cal Water also has the option to amortize net accumulated balances that are less than 2% (C)
- B. In each general rate case filing, Cal Water will address and request amortization of any remaining amounts in the WRAM and MCBA. (C)
- C. Recovery of under-collections will be passed on to metered ratepayers through volumetric surcharges. Refunds of over-collections will be passed on to metered ratepayers through surcredits on monthly service charges. (C)

7. MAINTAINING LEAST COST WATER MIX:

If there are significant changes in purchased water in a district that has multiple sources (which in turn affects the amount of purchased power and pump tax), Cal Water will make a showing in the district's next GRC filing demonstrating that it has exercised due diligence in ensuring the least-cost mix for its water sources, and that the significant change in water purchases was reasonable. For the purpose of the Trial Program, significant changes in water purchases are defined as when the annual volume of purchased water in a district is greater than 10% of the purchased water adopted in the most recent GRC for that district.

8. WRAM/MCBA ADOPTED QUANTITIES

In order to properly record and report on the WRAM/MCBA balances, Cal Water proposes this preliminary statement as a central location to memorialize the adopted quantities by month for paragraph 4.A.2 (WRAM adopted revenue), 4.B.2 (MCBA adopted purchased water cost), 4.B.5 (MCBA adopted purchased power cost), and 4.B.8(MCBA adopted groundwater fees). Any time Cal Water files a rate change or other advice letter affecting these components, it will file to amend the appropriate section of the preliminary statement. (D)

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