

Preliminary Statement

AM. Rate Support Fund Balancing Account (RSF BA)

1. Purpose

The purpose of the Rate Support Fund Balancing Account ("RSFBA") is to track the Rate Support Fund ("RSF") subsidies (credits) provided to customers in certain ratemaking areas, to track the RSF surcharges collected to fund the Rate Support Fund ("RSF") Program, and to review and adjust the RSF surcharge, if necessary, for the following year. (T)
(C)
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(C)

As described in Tariff Schedule No. RSF, for the rate case cycle of 2020-2022, the RSF Program provides credits on the bills of customers in the Kern River Valley District, and provides subsidies of \$1,704,784 and \$711,852 to the Dixon and Willows Districts, respectively, to reduce their annual revenue requirements. The amount of the surcharge will be set sufficient to fund the RSF program. (C)
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(C)
(L)

For the Kern River Valley District, the RSF subsidies tracked in this account provide a discounted quantity rate for the first 10 units of consumption per month on a customer's bill. The quantity rate discount is the difference between the lowest adopted quantity rate in the service area, and an RSF Index Rate (Discounted RSF Quantity Rate). The RSF Index Rate is calculated by by applying 150% to Cal Water's system-wide average rate of total residential usage revenues divided by total residential quantity water sales. (T)
(L)

2. Timing and Frequency

An advice letter to report on the status of the RSF surcharge will be filed by October 31st of each year.

3. Annual Surcharge Adjustment

The surcharge may be adjusted to zero out the forecasted balance anticipated to be in the account at the end of the following year.

4. Rate

The rate components of the RSF BA are identified in Tariff Schedule No. RSF.

Preliminary Statement

AM. Rate Support Fund Balancing Account (RSF BA) (continued)

5. Accounting Procedure

The following entries will be made monthly to the RSF BA:

- a. A debit entry equal to the recorded RSF credits (subsidies) given to customers for service provided under Schedule No. RSF;
- b. A debit entry of \$1,704,784 for each of the three years in the 2020-2022 rate case cycle to reflect the subsidies that offset the revenue requirements of the Dixon District; (D)(N)
(D)(N)
(D)(N)
- c. A debit entry of \$711,852 for each of the three years in the 2020-2022 rate case cycle to reflect the subsidies that offset the revenue requirements of the Willows District; (N)
(N)
(N)
- d. A credit entry equal to the recorded RSF surcharges collected from all customers (except for LIRA customers in the Kern River Valley District) as provided under Schedule No. RSF;
- e. 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.