

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

Revised CPUC Sheet No. 11322-W

Canceling CPUC Sheet No. 8156-W

Preliminary Statement
(continued)

W. TCP LITIGATION MEMORANDUM ACCOUNT (TCP MA) (T)

1. PURPOSE: The purpose of the TCP MA is to track the costs incurred and proceeds received and applied with respect to litigation against manufacturers and distributors referred to as potentially responsible parties (PRPs) that manufactured and distributed products that contained 1,2,3 trichloropropane (TCP) in California. Cal Water will incur incremental internal and external costs to support its litigation effort. The TCP MA will track actual costs. The TCP MA will also track litigation awards and settlement proceeds. Finally, the TCP MA will track application of funds received towards remediation costs, including TCP water treatment expenses and the costs of investments in replacement and treatment property. (T)
(C)
(C)
(D)
2. APPLICABILITY: The TCP MA balance will be recovered from all customer classes within each applicable district, except those specifically excluded by the CPUC. The TCP MA applies in all Cal Water districts which pump groundwater potentially contaminated with TCP. (D)
3. TCP MA RATES: The TCP MA does not currently have a rate component. (D)
4. ACCOUNTING PROCEDURE: Cal Water shall maintain the TCP MA until further order of the Commission authorizes it to be closed or modified. Entries will be made into the TCP MA at the end of each month. The purpose of the entries described herein is to preserve the full range of regulatory options for the Commission and to coordinate this memorandum account with adopted revenue requirements. Entries shall be tracked separately, by district, as follows: (C)

Investment Entries

- a. A credit or debit entry equal to the amounts recorded in Cal Water's Operations and Maintenance, and Administrative and General Expense Accounts for each district that incurred costs to support the TCP litigation action.
- b. A debit or credit entry equal to the amounts obtained in judgments or settlements in the subject litigation.
- c. A debit or credit entry equal to the original cost of capital investments placed in service to replace TCP contaminated property or to treat water for TCP contamination, including such projects that have been completed prior to the adoption of this memorandum account. Cal Water shall record the capital investment by project and by district.

Revenue Requirement Entries (Note: These entries are not necessarily cumulative and are recorded in order to preserve the range of potential regulatory outcomes the Commission may elect.)

- d. A debit or credit entry equal to the revenue requirement of each capital investment recorded in (c.) as if it were shareholder-funded (including return on investment, income taxes, ad valorem tax, depreciation, other taxes and fees). Cal Water shall record the revenue requirement by project and by district.
- e. A debit or credit entry equal to the revenue requirement of each capital investment recorded in (c.) as if it were contributed (including only ad valorem tax, other taxes and fees). Cal Water shall record the revenue requirement by project and by district.
- f. A debit or credit entry equal to the amount of revenue requirement for TCP-related plant replacement or water treatment included in Cal Water's adopted revenue requirement. Cal Water shall record the revenue requirement by project and by district.

Interest

- g. A monthly debit or credit entry equal to the average balance in each segment of the account (as described in paragraphs a through f) 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. DISPOSITION: (N)
No more than once every 12 months, Cal Water may file a Tier 3 advice letter to recover TCP costs for projects that become operational and go into service. Such a filing may occur prior to establishment of a final Maximum Contaminant Level. Upon completion of all TCP litigation and remediation work, Cal Water will seek a final disposition of all costs and proceeds across all affected districts to ensure a comprehensive and equitable distribution. (N)

(To be inserted by utility)
Advice Letter No. 2242
Decision No. D.16-12-042

Issued by
PAUL G. TOWNSLEY
NAME
Vice President
TITLE

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