

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



October 27, 2020

Natalie Wales  
Director of Regulatory Policy & Compliance  
California Water Service Co.  
1720 North First St  
San Jose, CA 95112-4598

Dear Ms. Wales,

The Commission has approved California Water Service Company's Advice Letter No. 2378, filed on March 24, 2020, regarding the 2019WRAM/MCBA balance amortization for Bakersfield District.

Enclosed are copies of the following revised tariff sheets, effective April 1, 2020, for the utility's files:

<b>P.U.C. Sheet</b>	
<b>No.</b>	<b>Title of Sheet</b>
12322-W	Additional Surcharges/Surcredits Page 1
12323-W	Table of Contents Page 5
12324-W	Table of Contents Page 1

Please contact Kevin Truong at VT4@cpuc.ca.gov or 415-703-1353, if you have any questions.

Thank you,

/s/ROBIN BRYANT

Robin Bryant  
Water Division

Enclosures

**CALIFORNIA PUBLIC UTILITIES COMMISSION  
DIVISION OF WATER AND AUDITS**

**Advice Letter Cover Sheet**

<b>Utility Name:</b> California Water Service Company	<b>Date Mailed to Service List:</b> 03/24/2020
<b>District:</b> Bakersfield	
<b>CPUC Utility #:</b> U-60-W	<b>Protest Deadline (20<sup>th</sup> Day):</b> 04/13/2020
<b>Advice Letter #:</b> 2378	<b>Review Deadline (30<sup>th</sup> Day):</b> 04/23/2020
<b>Tier:</b> <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> Compliance	<b>Requested Effective Date:</b> 04/01/2020
<b>Authorization:</b>	
	<b>Rate Impact:</b> N/A
<b>Description:</b> 2019 WRAM/MCBA balance amortization for Bakersfield	

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

**Utility Contact:** Natalie Wales

**Phone:** 408-367-8566

**Email:** [Nwales@calwater.com](mailto:Nwales@calwater.com)

**Utility Contact:** Melody Singh

**Phone:** 916-329-1856

**Email:** [msingh@calwater.com](mailto:msingh@calwater.com)

**DWA Contact:** Tariff Unit

**Phone:** (415) 703-1133

**Email:** [Water.Division@cpuc.ca.gov](mailto:Water.Division@cpuc.ca.gov)

<b>DWA USE ONLY</b>
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DATE

STAFF

COMMENTS

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☐ APPROVED

☐ WITHDRAWN

☐ REJECTED

**Signature:** \_\_\_\_\_

**Comments:** \_\_\_\_\_

**Date:** \_\_\_\_\_

\_\_\_\_\_



**CALIFORNIA WATER SERVICE COMPANY**  
1720 NORTH FIRST STREET  
SAN JOSE, CA 95112 • (408) 367-8200 • F (408) 367-8428

March 24, 2020

## Advice Letter No. 2378

To the California Public Utilities Commission:

California Water Service Company ("Cal Water") respectfully submits this Tier 1 advice letter requesting authority to make the changes related to the Bakersfield District in its tariff as described below. ***Please note that, due to limitations on non-essential travel as a result of the COVID-19 virus, this advice letter will only be distributed electronically to the Water Division and the attached service lists. If applicable, paper copies will be distributed when administrative staff are able to return to company offices.***

New/Revised CPUC		Cancelling CPUC	
Sheet No.	Title of Sheet	Schedule No.	Sheet No.
xxxxx-W	Additional Surcharges/Surcredits Page 1	AS	xxxxx-W
xxxxx-W	Table of Contents Page 1	TofC Pg. 1	xxxxx-W
xxxxx-W	Table of Contents Page 5	TofC Pg. 5	xxxxx-W

### Summary

This Tier 1 advice letter requests amortization of the Water Revenue Adjustment Mechanism and Modified Cost Balancing Account ("WRAM/MCBA") net balance for calendar year 2019 for the **Bakersfield District**. The new surcharge is \$0.2055 per CCF for metered customers, however because an existing surcharge of \$0.2354 per CCF for those customers is expiring, the result is a ***net decrease*** of \$0.0299 per CCF for metered customers. Because these are volumetric surcharges, all metered customers will experience the same net decrease. There is no additional surcharge or surcredit for flat-rate residential customers.

Cal Water requests authority to add the surcharge Cal Water's tariff on page 1 of Schedule AS, "Additional Surcharges and Surcredits." The surcharge would start on April 1, 2020 and last for 18 months.

### Background

On February 28, 2008, the Commission issued D.08-02-036, which in part adopted a WRAM Settlement Agreement between Cal Water, DRA, and TURN filed on June 15, 2007.

This advice letter filing proposes to respond to the following provisions of the WRAM Settlement Agreement (adopted in Ordering Paragraph 1 of D.08-02-036):

IX.3) Parties agree that, in each district, the balance in the WRAM will offset the balances in the MCBA's in the following manner:



- a. Reporting Requirements: By March 31<sup>st</sup> of each year, Cal Water will provide the Water Division (with a copy to DRA) with a written report on the status of the WRAM and MCBAs as described herein.
- b. WRAM: The written report will include a section on the WRAM in each district showing the revenue over- or under-collection with respect to the Actual (or recorded) water sales as of December 31<sup>st</sup> of the preceding calendar year. Differences between Actual Revenues and Adopted Revenues will be tracked in the WRAM and accrue interest at the 90 day commercial paper rate.
- c. MCBA: The written report will include a section on the MCBA's in each district comparing Actual MCBA Costs with Adopted MCBA costs as of December 31<sup>st</sup> of the preceding calendar year. Differences between Actual Costs and Adopted Costs will be tracked in the MCBAs and accrue interest at the 90-day commercial paper rate.
- d. If this report shows that the combined over- or under-collection for the WRAM or the MCBAs in any district exceed 2.5% of the district's total recorded revenue requirement for the prior calendar year, Cal Water will file an advice letter within 30 days that amortizes the balance in both of the accounts in the district.

Differences from Preliminary Statement M: The adopted revenues shown on the Preliminary Statement M for each ratemaking area identify forward-looking annual revenues. This annual true-up submission addresses adopted revenue from the last calendar year. In order to have a comparison of the correct time frame, Cal Water booked the adopted revenues pro-rated for each advice letter's effective date. Additionally, the pro-rated adopted revenue reflects lag days in Cal Water's billing cycle. As a result of this pro-ration, the adopted revenue shown in Cal Water's report is different than the amount in the Preliminary statement M. The lag days are calculated based on a method previously authorized by the Commission.

MCBA Issues: The net WRAM and MCBA balance is allocated 100% to metered customers. The MCBA balance previously applied to both flat-rate and metered customers. However, per Advice Letter 2357-A, Cal Water is authorized to eliminate the MCBA charge and credit to flat rate customers, effective 1/1/2020. In particular, the following paragraph, which was originally in Preliminary Statement M in Section 6, was eliminated:

- B. In districts with flat rate residential and raw water irrigation customers, Cal Water shall amortize any MCBA balance to ensure that a proportional share of the MCBA recovery or refund is applied to flat rate residential or raw water irrigation customers. Adopted sales for these classes as compared to total adopted sales should be used to determine proportional shares.



The WRAM Settlement Agreement also stipulates that significant changes in water purchases, defined as a change that is greater than 10%, require additional explanations in true-up filings. The Variance Analysis for this submission is provided as Appendix 2.

Compliance with D.12-04-048: In April 2012, the Commission adopted a decision modifying various aspects of the true-up process, in response to changes proposed by Cal Water and other companies. D.12-04-048 allows companies the option to amortize a net balance (positive or negative) that is less than 2% of a ratemaking area's last adopted revenue requirement. If the combined net balance deviates by 2% or more in either direction, however, the company is required to amortize the balance as follows:

Net balances of 2%-5%: 12-month amortization.

Net balances of 5%-15%: 18-month amortization.

Net balances of 15%-30%: an amortization period of between 19 and 36 months.

Net balances over 30%: 36-month amortization.

Furthermore, Ordering Paragraph 3 of D.12-04-048 applies "a cap on total net WRAM/MCBA surcharges of 10% of the last authorized revenue requirement." For Cal Water, this cap begins to apply to WRAM/MCBA balances incurred in calendar year, 2014.<sup>1</sup> The proposed amortizations in this submission are consistent with all of these aspects of D.12-04-048, as discussed below.

## Discussion

Information-Only WRAM Submission: On November 27, 2019, Cal Water made an Information-Only filing, IF #50, detailing the WRAM and MCBA data for nine months. This filing includes an updated twelve months of WRAM and MCBA data along with the variance analysis.

Net Impact: Note that there are existing WRAM/MCBA surcharges or surcredits in the Bakersfield District that will end on March 31, 2020 – a surcharge of **\$0.2354 per CCF** for metered customers, and a credit of \$1.50 per month for flat-rate customers. There are also existing WRAM/MCBA surcharges or surcredits that will remain in effect until March 31, **2021** – a surcharge of \$0.1294 per CCF for metered customers, and a credit of \$1.76 per month for flat-rate customers.

As reflected in Schedule AS, the new WRAM/MCBA surcharge for the Bakersfield District is **\$0.2055 per CCF** for metered customers for a duration of 18 months starting on April 1, 2020. As discussed under "MCBA Issues" in the Background section, there is no surcharge or surcredit for flat-rate customers. Therefore, on a net basis beginning April 1, 2020, the actual total WRAM/MCBA surcharge that metered customers will experience is **\$0.3349 in per CCF** (\$0.1294 surcharge plus \$0.2055 surcharge). For a metered residential customer with 18 CCF per month of water usage, this results in a net bill decrease of \$0.54, or 0.89%.

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<sup>1</sup> OP 3 states that "WRAM/MCBA account balances incurred prior to calendar year, 2014, continue to be amortized under the adopted amortization schedule without being subject to the surcharge cap." D.12-04-048 on p.42.



In addition to the net WRAM and MCBA balances for calendar year 2019, Cal Water proposes including the following:

- (1) Uncollected revenue from the existing surcharges for the 2017 and 2018 true-up balance due to sales decline.
  - a. Cal Water receives Commission authority to amortize accounts over a specific time period. Cal Water's billing system then implements the surcharge or credit for the given duration. When the system stops billing the surcharge or credit, there will be an under-collected or over-collected balance due to deviations in actual sales from adopted sales. These balances are different from those described in Item (1), above. While Item (1) addresses under/over-collected revenues associated with existing surcharges and credits, Item (2) addresses under/over-collected revenues associated with surcharge and credits that have already stopped.

Consistent with Ordering Paragraph 3 of D.12-04-048, Cal Water has determined the amortization window for the 2019 WRAM/MCBA net balance in this Advice Letter.

#### **Requested Effective Date**

Under General Order 96-B, Water Industry Rule 7.3.1, as modified by Resolution W-4664, this is a Tier 1 advice letter. The effectiveness is subject to refund pending the Commission staff's determination that the filing complies with the standard practice and that the surcharge calculation is correct. Cal Water requests an effective date of **April 1, 2020**.

#### **Notice**

Customer Notice – Customer notice of Tier 1 advice letters is not required under General Order 96-B, General Rule 7.3.1.

Service Lists – In accordance with General Order 96-B, General Rule 4.3 and 7.2 and Water Industry Rule 4.1, a copy of this advice letter will be **electronically** transmitted on March 24, 2020, to competing and adjacent utilities and other utilities or interested parties having requested such notification. ***Please note that, due to limitations on non-essential travel as a result of the COVID-19 virus, this advice letter will only be distributed electronically. If applicable, paper copies will be distributed when administrative staff are able to return to company offices.***

#### **Response or Protest**

Anyone may respond to or protest this advice letter. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds are:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;



**CALIFORNIA WATER SERVICE COMPANY**

Advice Letter 2378, WRAM/MCBA Amortization for Bakersfield Only

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- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require relitigating a prior order of the Commission.)

A protest shall provide citations or proofs where available to allow staff to properly consider the protest. A response or protest must be made in writing or by electronic mail and must be received by the Division of Water and Audits within 20 days of the date this advice letter is filed. The advice letter process does not provide for any responses, protests or comments, except for the utility's reply, after the 20-day comment period. The address for mailing or delivering a protest is:

Tariff Unit, Water Division 3<sup>rd</sup> floor  
California Public Utilities Commission,  
505 Van Ness Avenue, San Francisco, CA 94102  
[water\\_division@cpuc.ca.gov](mailto:water_division@cpuc.ca.gov)

On the same date the response or protest is submitted to the Division of Water and Audits, the respondent or protestant shall send a copy by mail (or e-mail) to us, addressed to:

Natalie Wales  
California Water Service Company  
1720 North First Street,  
San Jose, California 95112  
Fax 408/367-8566 or  
[Nwales@calwater.com](mailto:Nwales@calwater.com)

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Division of Water and Audits, within the 20-day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

**Replies**

The utility shall reply to each protest and may reply to any response. Each reply must be received by the Division of Water and Audits within 5 business days after the end of the protest period, and shall be served on the same day to the person who filed the protest or response. If you have not received a reply to your protest within 10 business days, contact California Water Service Company at 408-367-8200.



**CALIFORNIA WATER SERVICE COMPANY**

Advice Letter 2378, WRAM/MCBA Amortization for Bakersfield Only

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CALIFORNIA WATER SERVICE COMPANY

/s/

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Natalie Wales

Director of Regulatory Policy and Compliance

cc: Ting-Pong Yuen, ORA



**CALIFORNIA WATER SERVICE COMPANY**

1720 North First Street

San Jose, CA 95112

(408) 367-8200

Revised  
CancellingCal. P.U.C. Sheet No. 12322-W  
Cal. P.U.C. Sheet No. 12145-W**Schedule No. AS**  
**Additional Surcharges/Surcredits**

Page 1

**1. WRAM/MCBA Surcharges and Surcredits**

The purpose of the Water Revenue Adjustment Mechanisms (WRAMs) and Modified Cost Balancing Accounts (MCBAs) (together, WRAM/MCBA) is to track water revenues and production-related costs as part of a comprehensive conservation framework adopted by the Commission and implemented in 2008. A net balance in a WRAM/MCBA account conservation framework adopted by the Commission and implemented in 2008. A net balance in a WRAM/MCBA account represents an over-collection or under-collection of the revenues authorized by the Commission.

Each year, the net WRAM/MCBA balance for an area may be "amortized," meaning that surcharges or surcredits may be applied to customer bills to bring the balance back to zero.

The "WRAM surcharge" for metered customers is a charge that is applied to each 100 cubic feet (or Ccf) of water usage. The "WRAM surcredit" is a fixed credit that is applied on a monthly basis, and is identified in the table below as a negative number.

District	2017 Balance (AL 2303-A)			2018 Balance (AL 2339-A & AL 2358)			2019 Balance (AL 2378)	
	Surcharge (\$/CCF)	Effective Dates		Surcharge (\$/CCF)	Effective Dates		Surcharge (\$/CCF)	Effective Dates
Antelope Valley				\$0.3513	4/15/2019-4/14/2020			
Bakersfield			(D)	\$0.1294	10/1/2019-3/31/2021		\$0.2055	4/1/2020-9/30/2021
Bakersfield Flat			(D)	-\$1.76/mo	10/1/2019-3/31/2021			
Bayshore				-\$0.66/mo	4/15/2019-4/14/2020			
Bear Gulch			(D)	\$0.3914	4/15/2019-4/14/2020			
Chico				\$0.2551	4/15/2019-11/14/2020			
Dixon	\$0.6928	4/15/2019-4/14/2020						
Dominguez			(D)	\$0.2060	4/15/2019-10/14/2020			
East Los Angeles			(D)	\$0.2588	4/15/2019-4/14/2020			
Hermosa Redondo			(D)	\$0.3474	4/15/2019-10/14/2020			
Kern River Valley				\$2.2848	4/15/2019-4/14/2020			
King City			(D)	\$0.1572	4/15/2019-4/14/2020			
Livermore			(D)	\$0.2186	4/15/2019-10/14/2020			
Los Altos			(D)	\$0.1574	4/15/2019-4/14/2020			
Marysville				\$0.1389	4/15/2019-4/14/2020			
Oroville			(D)	\$0.2256	4/15/2019-10/14/2020			
Palos Verdes			(D)	-\$0.0329	4/15/2019-4/14/2020			
RWV – Coast Springs				-\$3.58/mo	4/15/2019-4/14/2020			
RWV - Lucerne				\$3.3351	4/15/2019-4/14/2020			
RWC - Unified				\$0.1674	4/15/2019-4/14/2020			
Salinas				\$0.1522	4/15/2019-4/14/2020			
Selma				\$0.3076	4/15/2019-10/14/2020			
Selma Flat				\$0.50/mo	4/15/2019-10/14/2020			
Stockton				\$0.2277	4/15/2019-10/14/2020			
Visalia			(D)	\$0.0476	4/15/2019-4/14/2020			
Westlake			(D)	\$0.1759	4/15/2019-4/14/2020			
Willows			(D)	\$0.0424	4/15/2019-4/14/2020			

(Continued)

(To be inserted by utility)

Advice Letter 2378

Decision

Issued By

Greg A. MillemanVice President

(To be inserted by CPUC)

Date Filed 03/24/2020Effective 04/01/2020

Resolution

**Table of Contents - Page 1**

The following listed tariff sheets contain all effective rates and rules affecting the rates and service of the Utility together with information relating thereto:

<u>Sheet</u>	<u>Subject Matter</u>	<u>Service Area</u>	<u>Schedule No.</u>	<u>CPUC Sheet No.</u>
Title Page				5613-W
Table of Contents				
Page 1	Table of Contents			12324-W (C)
Page 2	Preliminary Statements			12255-W
Page 3	Preliminary Statements			12245-W
Page 4	Preliminary Statements			12314-W
Page 5	Rate Schedules - All Districts			12323-W (C)
Page 6	Rate Schedules - District Specific			12244-W
Page 7	Rate Schedules - District Specific			12243-W
Page 8	Rate Schedules - District Specific			12254-W
Page 9	Rate Schedules - District Specific			12241-W
Page 10	Rate Schedules - District Specific			12279-W
Page 11	Service Area Maps			12320-W
Page 12	Rules			12307-W
Page 13	Rules			12271-W
Page 14	Sample Forms			12311-W
Page 15	Sample Forms			2926-W

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(To be inserted by utility)  
Advice Letter No. 2378  
Decision No.

Issued by  
GREG A. MILLEMAN  
Name  
Vice President  
TITLE

(To be inserted by CPUC)  
Date Filed 03/24/2020  
Effective 04/01/2020  
Resolution No.

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Rate Schedules

<u>Sheet Subject Matter</u>	<u>Service Area</u>	<u>Schedule No.</u>	<u>CPUC Sheet No.</u>
<u>Rate Schedules:</u>			
<b>ALL DISTRICTS</b>			
Service to Company Employees		ED-1	5168-W
Surcharge to Fund Public Utilities Commission Reimbursement Fee		UF	12056-W
Rate Support Fund		RSF	12142-W
Low Income Ratepayer Assistance			
Page 1		LIRA	11325-W
Page 2		LIRA	10371-W
Page 3		LIRA	12139-W
PBOP Surcharge		PB	7049-W
Additional Surcharges/Surcredits			
Page 1		AS	12322-W (C)
Page 2		AS	12281-W
Fire Flow Testing Charge		FF	8597-W
Construction and Temporary Metered Service			
Page 1		9-CM	11514-W
Page 2		9-CM	11513-W
Schedule 14.1			
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Page 10		14.1	11047-W
Page 11		14.1	11046-W
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Page 13		14.1	11044-W
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Page 16		14.1	11041-W
Private Fire Protection Service			
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Page 2		AA-4	11630-W

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(To be inserted by utility)  
 Advice Letter No. 2378  
 Decision No. \_\_\_\_\_

Issued by  
GREG A. MILLEMAN  
 Name  
Vice President  
 TITLE

(To be inserted by CPUC)  
 Date Filed 03/24/2020  
 Effective 04/01/2020  
 Resolution No. \_\_\_\_\_



## Bakersfield District

ADVICE LETTER FILING MAILING LIST  
PER SECTION III (G) OF GENERAL ORDER NO. 96-A

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