



VIA EMAIL ONLY (MARIACARMEN.ROCHA@CPUC.CA.GOV)

February 16, 2026

Carmen Rocha
Utilities Engineer
Water Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: **Semi-Annual Balancing Account Filings for Class A and B Investor Owned Water Utilities**

Dear Ms. Rocha:

Please see attached California-American Water Company's Semi-Annual Balancing Account report, attached hereto as Attachment A, with balances as of December 31, 2025.

We're also including as Attachment B an update to the June 30, 2025 balancing accounts report which have been adjusted due to the reasons listed next to each account:

- WRAM/MCBA: inadvertently reported incorrect balances for the Central Satellites and Sacramento service areas. The correct balances as of June 30, 2025 were an undercollection of \$757,665 for the Central Satellites and an overcollection of \$(9,798) for Sacramento.
- Monterey Seaside Groundwater Basin Balancing Account: inadvertently reported the same balance as of December 31, 2024. The correct balance in this account as of June 30, 2025 was an undercollection of \$91,096.
- Drinking Water Fees Balancing Account: inadvertently reported the balance in this account as \$0. The correct balance in this account as of June 30, 2025 was an undercollection of \$1,503,134.
- Incremental Cost Balancing Account: inadvertently reported the balance in this account as an overcollection. The correct balance in this account as of June 30, 2025 was an undercollection of \$175,997.

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- Conservation Adjustment for Rate Tier Designs Mechanism: inadvertently excluded the undercollection balance of \$27,003 for the Central Satellites service area.
- Customer Assistance Program Balancing Account: per Decision 24-12-025, the credit and debit card expenses, and the costs associated with the San Diego Service Area Multifamily Housing in Disadvantaged Communities Program and the Low-Income Joint Water and Energy Direct Install Program, will be added to the CAP balancing account. As of June 30, 2025, the credit and debit card fees, and the multifamily assistance and joint water and energy direct install program balances were an undercollection of \$381,054 and \$133,206, respectively.

Please let me know if you have any questions.

Thank you,

/s/ Demetrio A. Marquez

Demetrio A. Marquez
Manager, Paralegal

cc: James Boothe
Bruce DeBerry
Cathy Hongola-Baptista
Jonathan Morse
Stacey Fulter
Kristina Remelius
Carlian Collison (all via email only)



February 16, 2026

Subject: Authorized Balancing Account Outstanding Balances ^(A)

(1) Balancing accounts with a quarter-end balance with more than a 10-percent differential from the balancing account’s authorized revenue amount.

RESPONSE: California American Water interprets “authorized revenue amount” to be the most recent amount authorized for recovery in California American Water’s last General Rate Case (D.24-12-025), or the most recently reviewed balance as designated below. The following table lists the accounts with a quarter-end balance with more than a 10% differential from the “authorized revenue amount.”

Table 1

District	Balancing Account	Balance at 12/31/25	Most Recent Conducted Review		% Differential
			Authorized Balance	GRC/AL	
All Districts	OPEB Balancing Account	(471,276)	2,392,920	D.24-12-025	-119.7%
All Districts	Pension Balancing Account	2,486,581	(66,220)	D.24-12-025	3855.1%
Central Division	Monterey San Clemente Dam Project Balancing Account	52,909,922	(6,332,432)	D.24-12-025	935.5%
All Districts	Conservation Balancing Account	(7,090)	1,850,760	D.24-12-025	-100.4%
All Districts	WRAM/MCBA	1,167,497	913,906	AL 1439-1441	27.7%
Central Division	Monterey WW Purchased Power Balancing Account	(172,637)	105,938	D.24-12-025	-263.0%

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			Most Recent Conducted Review		
Central Division	Monterey Seaside Groundwater Basin Balancing Account	166,904	203,091	D.24-12-025	-17.8%
All Districts	Consolidated Expense Balancing Account	(268,247)	(2,070,730)	D.24-12-025	87.0%
Central Division	Garrapata SDWSRF Loan Repayment Balancing Accounts	23,956	(114,813)	AL 1091	120.9%
All Districts	Customer Assistance Program (CAP) Balancing Account	1,966,146	(5,636,226)	D.24-12-025	134.9%
All Districts	Group Insurance	(2,884,520)	(562,859)	D.24-12-025	-412.5%
All Districts	Incremental Cost Balancing Account	(236,950)	837,440	ALs 1479-1481-A; AL 85-S	-128.3%
All Districts	Conservation Adjustment for Rate Tier Designs Mechanism (CART)	17,732,860	(767,657)	ALs 1472-1474	2410.0%
Northern Division	Fruitridge SDWSRF Loan Repayment Balancing Accounts loan D. 06-04-073	109,874	(3,272,505)	D.19-12-038	103.4%
Northern Division	Fruitridge SDWSRF Loan Repayment Balancing Accounts loan D. 10-05-043	234,825	(1,675,811)	D.19-12-038	114.0%

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(2) Balancing accounts with an authorized revenue amount that is in the top 25th percentile of all balancing accounts.

RESPONSE: California American Water interprets “authorized revenue amount” to be the most recent amount authorized for recovery in California American Water’s last General Rate Case (D.24-12-025), or the most recently reviewed balance as designated below. The following table lists the accounts with the largest authorized balances (i.e., top 25th percentile).

Table 2

District	Balancing Account	Authorized Balance	Balance Reviewed In
Central Division	Monterey San Clemente Dam Project Balancing Account	52,909,922	2024

(3) Balancing accounts that have experienced volatile fluctuations in their quarterly balances over time.

RESPONSE: California American Water interprets this request as identifying those accounts that have experienced fluctuations of 20 percent *or more* relative to the previous semiannual balance, for account balances greater than \$5,000:

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Table 3

District	Balancing Account	Fluctuation from Previous Annual Balance (%)
All Districts	Conservation Balancing Account	229.0%
All Districts	WRAM/MCBA	178.4%
Central Division	Monterey Seaside Groundwater Basin Balancing Account	45.4%
All Districts	Consolidated Expense Balancing Account	1,085.9%
All Districts	Customer Assistance Program (CAP) Balancing Account	28.0%
All Districts	Incremental Cost Balancing Account	174.3%
Southern Division	Hillview Grant Tax Balancing Account	28.0%

(4) Balancing accounts that have not been reviewed in the previous three years.

RESPONSE: All of California American Water's balancing accounts were either reviewed in its most recent approved general rate case (D.24-12-025) or in advice letter filings within the previous three years.

(A) The amounts shown are preliminary and have not been audited by the Company's independently registered public accounting firm.

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<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Jun 2025</u>	<u>Balance as of Dec 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
California American Water	Other Post-Employment Benefits (OPEB) Balancing Account - All Districts	OPEB Balancing Account tracks the difference between Commission-authorized OPEB related costs and actual payments.	AL 862 & D.10.06.038; June 24, 2010; D.12.06.016; June 7, 2012	\$(385,259)	\$(471,276)	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Overcollection
	Pension Balancing Account - All Districts	Tracks the difference between Commission-authorized pensions and actual required ERISA payments, including payments to avoid at risk status.	AL 862 & D.10.06.038; June 24, 2010; D.12.06.016; June 7, 2012	\$2,024,955	\$2,486,581	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Jun 2025</u>	<u>Balance as of Dec 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Monterey San Clemente Dam Project Balancing Account	Tracks authorized costs transferred from the prior memorandum account, actual expenditures for the project, interest at the authorized cost of capital, and any surcharge recoveries collected.	AL 955 and D.12.06.040; June 21, 2012;	\$54,282,054	\$52,909,922	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection
	Conservation Balancing Account - All Districts	Tracks conservation-related expenses and surcharges associated with California American Water's conservation efforts.	D.12.06.016; June 7, 2012	\$9,145	\$(7,090)	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Overcollection

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<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Jun 2025</u>	<u>Balance as of Dec 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Water Revenue Adjustment Mechanism & Modified Cost Balancing Account (WRAM/MCBA) - All Districts	Tracks the difference between recorded and Commission authorized water revenues and differences between recorded and Commission authorized amounts for purchased water, power, and pump taxes. Amounts are subject to revision for Interim Rate True Ups and other ongoing proceedings.	D.08.11.023; November 6, 2008 & AL 1004	\$(915,409)	\$1,167,497	2025	Advice Letter 1485.	Undercollection

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<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Jun 2025</u>	<u>Balance as of Dec 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Monterey WW Purchased Power Balancing Account	Tracks differences in purchased power expenses based upon changes in recorded unit prices versus adopted in the Monterey Waste Water district.	D.12.06.016; June 7, 2012	\$ (171,198)	\$ (172,637)	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Overcollection
	Monterey Seaside Groundwater Basin Balancing Account	Tracks costs associated with Administrative and other payments made to the Seaside Basin Water Master, as well as recovery of such payments from customers in the Monterey County District.	D.12.06.016; June 7, 2012	\$91,096	\$166,904	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Jun 2025</u>	<u>Balance as of Dec 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Consolidated Expense Balancing Account - All Districts	Consolidate the amortization of Commission approved balancing and memorandum accounts where appropriate.	D.12.06.016; June 7, 2012; AL 963, AL964, AL965, AL966, AL 982, AL 986-A, AL 1000, AL 1230, AL 1353	\$2,644,626	\$(268,247)	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Overcollection
	Garrapata SDWSRF Loan Repayment Balancing Account	Tracks recovery of the balance on SDWSRF loan provided under the America Recovery and Reinvestment Act.	Res. W-4788	\$23,513	\$23,956	2022	AL 1091/D.18.12.021	Undercollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Jun 2025</u>	<u>Balance as of Dec 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Customer Assistance Program (CAP) Balancing Account - All Districts	Tracks CAP discounts provided, CAP surcharges collected and to adjust the CAP surcharges on January 1 of each year. This account also tracks costs associated with the San Diego Service Area Multifamily Housing in Disadvantage Communities Program, the Low-Income Joint Water and Energy Install Program in Recently Acquired Systems, and the expenses incurred by credit and debit cards.	D.18-12-021	\$ 1,416,561	\$1,966,146	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Jun 2025</u>	<u>Balance as of Dec 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Group Insurance - All Districts	Tracks the difference between total requested net group insurance costs on a per-employee basis and the actual level of new group insurance costs incurred on a per employee basis.	D.18-12-021, AL 1229, March 21, 2019	\$(2,644,235)	\$(2,884,520)	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Overcollection
	Drinking Water Fees Balancing Account (DWFBA) - All Districts	The DWFBA tracks the difference between all actual drinking water fees charged by the State Water Resources Control Board (State Water Board) and the drinking water fees authorized in rates.	Res. W-4698 AL 1428	\$1,503,134	\$1,717,117	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Jun 2025</u>	<u>Balance as of Dec 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Incremental Cost Balancing Account (ICBA) – All Districts	<p>The purpose of this Purchased Water ICBA is to record the difference between the cost of purchased water including pump tax costs and the adopted cost reflected in rates each month so that these differences can be trued-up after Commission review and approval.</p> <p>The purpose of this Purchased Power ICBA is to record the difference between the cost of purchased power and the adopted cost reflected in rates each month so that these differences can be trued-up after Commission review and approval.</p>	D.24-12-025, AL 1479, AL 1480, AL 1481-A	\$175,997	\$(236,950)	2025	Advice Letters 1479, 1480-A, 1481-A & 85-S.	Overcollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Jun 2025</u>	<u>Balance as of Dec 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Conservation Adjustment for Rate Tier Designs Mechanism (CART) - All Districts	The purpose of the CART Balancing Account is to track the difference between revenues collected under standard rate design and revenues collected under conservation-oriented rate design.	D.24-12-025, AL 1472, AL 1473-A, AL 1474	\$14,754,582	\$17,732,860	2025	Advice Letters 1472, 1473-A & 1474.	Undercollection
	Hillview SDWSRF Loan Repayment Balancing Accounts	Tracks recovery of the balance on SDWSRF loan.	D. 19-11-003, Nov 2019, Advice Letter 1299-A	\$134,411	\$134,415	2022	D.19-11-003	Undercollection
	Fruitridge SDWSRF Loan Repayment Balancing Accounts	Tracks recovery of the balance on SDWSRF loan D. 06-04-073	D. 19-12-038, December 23, 2019, Advice letter 1279-A	\$109,872	\$109,874	2022	D.19-12-038	Undercollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Jun 2025</u>	<u>Balance as of Dec 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Fruitridge SDWSRF Loan Repayment Balancing Accounts	Tracks recovery of the balance on SDWSRF loan D. 10-05-043.	D. 19-12-038, December 23, 2019, Advice letter 1279-A	\$234,819	\$234,825	2022	D.19-12-038	Undercollection
	Hillview Water Treatment Balancing Account		D. 19-11-003, Nov 2019, Advice Letter 1299-A	\$ -	\$ -	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Account closed per D.24-12-025
	Hillview Grant Tax Balancing Account	Hillview Acquisition. Tracks customer surcharges and loan payments, including interest on the loan.	W-5190	\$(68,938)	\$(95,804)	2022	D.19-11-003	Overcollection
	East Pasadena Purchased Power Balancing Account	East Pasadena Acquisition. Tracks difference between actual cost of power and the cost of power authorized in the most recent general rate case.	D.21-08-002, September 2021, Advice Letter 1347	\$ -	\$ -	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Account closed per D.24-12-025

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Jun 2025</u>	<u>Balance as of Dec 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	East Pasadena Pumping Balancing account	East Pasadena Acquisition. Tracks difference between actual cost of pumping assessments and the cost of pumping assessments authorized in the most recent general rate case.	D.21-08-002, September 2021, Advice Letter 1347	\$ -	\$ -	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Account closed per D.24-12-025
	East Pasadena Purchased Water Balancing Account	East Pasadena Acquisition. Tracks difference between actual purchased water costs and purchased water costs authorized in the most recent general rate case.	D.21-08-002, September 2021, Advice Letter 1347	\$ -	\$ -	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Account closed per D.24-12-025
				\$73,219,726	\$74,513,573			

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Jun 2025</u>	<u>Balance as of Dec 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
Revenue Requirement	Northern Division	Authorized Requirement	1462-B -- 2025 Annual Consumption Adjustment Mechanism (ACAM)	\$99,920,722	\$99,920,722			
	Central Division		1462-B -- 2025 Annual Consumption Adjustment Mechanism (ACAM)	\$103,124,226	\$103,124,226			
	Southern Division		1462-B -- 2025 Annual Consumption Adjustment Mechanism (ACAM)	\$138,825,075	\$138,825,075			
	Monterey Wastewater		83-S -- 2025 Step Rates Wastewater	\$4,118,490	\$4,118,490			
	All Districts			\$345,988,513	\$345,988,513			

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Jun 2025</u>	<u>Balance as of Dec 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
Service Connections²	San Diego			22,851	22,852			
	Los Angeles			36,322	36,290			
	Ventura			24,138	24,478			
	Monterey			44,082	44,965			
	Monterey WW			2,587	2,563			
	Sacramento			77,093	78,495			
	Larkfield			2,696	2,692			
	Dunnigan WW			175	172			
	Geyserville (included in Sacramento)			-	-			
	Meadowbrook (included in Sacramento)			-	-			
	Dunnigan (included in Sacramento)			-	-			
	Fruitridge (included in Sacramento)			-	-			

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Hillview (included in Sacramento)				-	-			
Rio Plaza (included in Los Angeles)				-	-			
East Pasadena (included in Los Angeles)				-	-			
Bellflower (included in Los Angeles)				-	-			
Piru (included in Ventura)				-	-			
West San Martin (included in Monterey)				-	-			
Mesa Del Sol (included in Monterey)				-	-			
Bass Lake (included in Sacramento)				-	-			
Yerba Buena (included in Ventura)				-	-			
All Districts				209,944	212,507			

²Service Connections include PFS and Hydrants.

February 16, 2026

Subject: Authorized Balancing Account Outstanding Balances ^(A)

- (1) Balancing accounts with a quarter-end balance with more than a 10-percent differential from the balancing account’s authorized revenue amount.

RESPONSE: California American Water interprets “authorized revenue amount” to be the most recent amount authorized for recovery in California American Water’s last General Rate Case (D.24-12-025), or the most recently reviewed balance as designated below. The following table lists the accounts with a quarter-end balance with more than a 10% differential from the “authorized revenue amount.”

Table 1

District	Balancing Account	Balance at 06/30/25	Most Recent Conducted Review		% Differential
			Authorized Balance	GRC/AL	
All Districts	OPEB Balancing Account	(385,259)	2,392,920	D.24-12-025	-116.1%
All Districts	Pension Balancing Account	2,024,955	(66,220)	D.24-12-025	3157.9%
Central Division	Monterey San Clemente Dam Project Balancing Account	54,282,054	(6,332,432)	D.24-12-025	957.2%
All Districts	Conservation Balancing Account	9,145	1,850,760	D.24-12-025	-99.5%
All Districts	WRAM/MCBA	(915,409)	(3,598,604)	AL 1439-1441	74.6%
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All Districts	Consolidated Expense Balancing Account	2,644,626	(2,518,166)	D.24-12-025	205.0%
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All Districts	Customer Assistance Program (CAP) Balancing Account	1,416,561	(5,799,415)	D.24-12-025	124.4%
All Districts	Group Insurance	(2,644,235)	(562,859)	D.24-12-025	-369.8%
All Districts	Incremental Cost Balancing Account	175,997	908,882	D.24-12-025	-80.6%
All Districts	Conservation Adjustment for Rate Tier Designs Mechanism (CART)	14,754,582	8,946,952	D.24-12-025	64.9%
Northern Division	Fruitridge SDWSRF Loan Repayment Balancing Accounts loan D. 06-04-073	109,872	(3,272,505)	D.19-12-038	103.4%
Northern Division	Fruitridge SDWSRF Loan Repayment Balancing Accounts loan D. 10-05-043	234,819	(1,675,811)	D.19-12-038	114.0%

*The revenue requirement reflected here is the 2025 Annual Consumption Adjustment Mechanism ("ACAM").

(2) Balancing accounts with an authorized revenue amount that is in the top 25th percentile of all balancing accounts.

RESPONSE: California American Water interprets "authorized revenue amount" to be the most recent amount authorized for recovery in California American Water's last General Rate Case (D.24-12-025), or

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the most recently reviewed balance as designated below. The following table lists the accounts with the largest authorized balances (i.e., top 25th percentile).

Table 2

District	Balancing Account	Authorized Balance	Balance Reviewed In
Central Division	Monterey San Clemente Dam Project Balancing Account	(6,332,432)	2024

(3) Balancing accounts that have experienced volatile fluctuations in their quarterly balances over time.

RESPONSE: California American Water interprets this request as identifying those accounts that have experienced fluctuations of 20 percent *or more* relative to the previous semiannual balance, for account balances greater than \$5,000:

Table 3

District	Balancing Account	Fluctuation from Previous Annual Balance (%)
All Districts	OPEB Balancing Account	25.9%
All Districts	Pension Balancing Account	22.8%
All Districts	WRAM/MCBA	424.9%
Central Division	Monterey Seaside Groundwater Basin Balancing Account	81.7%
All Districts	Consolidated Expense Balancing Account	-78.2%
All Districts	Customer Assistance Program (CAP) Balancing Account	154.0%

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District	Balancing Account	Fluctuation from Previous Annual Balance (%)
All Districts	Drinking Water Fees Balancing Account	100.0%
All Districts	Incremental Cost Balancing Account	-375.8%
All Districts	Conservation Adjustment for Rate Tier Designs Mechanism (CART)	100.0%
Southern Division	Hillview Grant Tax Balancing Account	35.6%

(4) Balancing accounts that have not been reviewed in the previous three years.

RESPONSE: All of California American Water's balancing accounts were either reviewed in its most recent approved general rate case (D.24-12-025) or in advice letter filings within the previous three years.

(A) The amounts shown are preliminary and have not been audited by the Company's independently registered public accounting firm.

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<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Dec 2024</u>	<u>Balance as of Jun 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
California American Water	Other Post-Employment Benefits (OPEB) Balancing Account - All Districts	OPEB Balancing Account tracks the difference between Commission-authorized OPEB related costs and actual payments.	AL 862 & D.10.06.038; June 24, 2010; D.12.06.016; June 7, 2012	\$(285,336)	\$(385,259)	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Overcollection
	Pension Balancing Account - All Districts	Tracks the difference between Commission-authorized pensions and actual required ERISA payments, including payments to avoid at risk status.	AL 862 & D.10.06.038; June 24, 2010; D.12.06.016; June 7, 2012	\$1,563,136	\$ 2,024,955	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Dec 2024</u>	<u>Balance as of Jun 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Monterey San Clemente Dam Project Balancing Account	Tracks authorized costs transferred from the prior memorandum account, actual expenditures for the project, interest at the authorized cost of capital, and any surcharge recoveries collected.	AL 955 and D.12.06.040; June 21, 2012;	\$55,606,087	\$54,282,054	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection
	Conservation Balancing Account - All Districts	Tracks conservation-related expenses and surcharges associated with California American Water's conservation efforts.	D.12.06.016; June 7, 2013	\$9,124	\$9,145	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection

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<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Dec 2024</u>	<u>Balance as of Jun 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Water Revenue Adjustment Mechanism & Modified Cost Balancing Account (WRAM/MCBA) - All Districts	Tracks the difference between recorded and Commission authorized water revenues and differences between recorded and Commission authorized amounts for purchased water, power, and pump taxes. Amounts are subject to revision for Interim Rate True Ups and other ongoing proceedings.	D.08.11.023; November 6, 2008 & AL 1004	\$ 2,974,551	\$(915,409)	2024	Advice Letters 1439, 1440, and 1441.	Overcollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Dec 2024</u>	<u>Balance as of Jun 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Monterey WW Purchased Power Balancing Account	Tracks differences in purchased power expenses based upon changes in recorded unit prices versus adopted in the Monterey Waste Water district.	D.12.06.016; June 7, 2012	\$ (184,582)	\$ (171,198)	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Overcollection
	Monterey Seaside Groundwater Basin Balancing Account	Tracks costs associated with Administrative and other payments made to the Seaside Basin Water Master, as well as recovery of such payments from customers in the Monterey County District.	D.12.06.016; June 7, 2012	\$16,682	\$91,096	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Dec 2024</u>	<u>Balance as of Jun 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Consolidated Expense Balancing Account - All Districts	Consolidate the amortization of Commission approved balancing and memorandum accounts where appropriate.	D.12.06.016; June 7, 2012;AL 963, AL964, AL965, AL966, AL 982, AL 986-A, AL 1000, AL 1230, AL 1353	\$4,713,446	\$2,644,626	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection
	Garrapata SDWSRF Loan Repayment Balancing Account	Tracks recovery of the balance on SDWSRF loan provided under the America Recovery and Reinvestment Act.	Res. W-4788	\$23,062	\$23,513	2022	AL 1091/D.18.12.021	Undercollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Dec 2024</u>	<u>Balance as of Jun 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Customer Assistance Program (CAP) Balancing Account - All Districts	Tracks CAP discounts provided, CAP surcharges collected and to adjust the CAP surcharges on January 1 of each year. This account also tracks costs associated with the San Diego Service Area Multifamily Housing in Disadvantage Communities Program, the Low-Income Joint Water and Energy Install Program in Recently Acquired Systems, and the expenses incurred by credit and debit cards.	D.18-12-021	\$ (765,579)	\$1,416,561	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Dec 2024</u>	<u>Balance as of Jun 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Group Insurance - All Districts	Tracks the difference between total requested net group insurance costs on a per-employee basis and the actual level of new group insurance costs incurred on a per employee basis.	D.18-12-021, AL 1229, March 21, 2019	\$(2,388,255)	\$(2,644,235)	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Overcollection
	Drinking Water Fees Balancing Account (DWFBA) - All Districts	The DWFBA tracks the difference between all actual drinking water fees charged by the State Water Resources Control Board (State Water Board) and the drinking water fees authorized in rates.	Res. W-4698 AL 1428	\$ -	\$1,503,134	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Dec 2024</u>	<u>Balance as of Jun 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Incremental Cost Balancing Account (ICBA) – All Districts	<p>The purpose of this Purchased Water ICBA is to record the difference between the cost of purchased water including pump tax costs and the adopted cost reflected in rates each month so that these differences can be trued-up after Commission review and approval.</p> <p>The purpose of this Purchased Power ICBA is to record the difference between the cost of purchased power and the adopted cost reflected in rates each month so that these differences can be trued-up after Commission review and approval.</p>	D.24-12-025, AL 1479, AL 1480, AL 1481-A	\$837,439	\$175,997	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Dec 2024</u>	<u>Balance as of Jun 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Conservation Adjustment for Rate Tier Designs Mechanism (CART) – All Districts	The purpose of the CART Balancing Account is to track the difference between revenues collected under standard rate design and revenues collected under conservation-oriented rate design.	D.24-12-025, AL 1472, AL 1473-A, AL 1474	\$ -	\$14,754,582	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Undercollection
	Hillview SDWSRF Loan Repayment Balancing Accounts	Tracks recovery of the balance on SDWSRF loan.	D. 19-11-003, Nov 2019, Advice Letter 1299-A	\$134,408	\$134,411	2022	D.19-11-003	Undercollection
	Fruitridge SDWSRF Loan Repayment Balancing Accounts	Tracks recovery of the balance on SDWSRF loan D. 06-04-073	D. 19-12-038, December 23, 2019, Advice letter 1279-A	\$109,869	\$109,872	2022	D.19-12-038	Undercollection

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Dec 2024</u>	<u>Balance as of Jun 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	Fruitridge SDWSRF Loan Repayment Balancing Accounts	Tracks recovery of the balance on SDWSRF loan D. 10-05-043.	D. 19-12-038, December 23, 2019, Advice letter 1279-A	\$234,813	\$234,819	2022	D.19-12-038	Undercollection
	Hillview Water Treatment Balancing Account		D. 19-11-003, Nov 2019, Advice Letter 1299-A	\$ -	\$ -	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Account closed per D.24-12-025
	Hillview Grant Tax Balancing Account	Hillview Acquisition. Tracks customer surcharges and loan payments, including interest on the loan.	W-5190	\$(44,391)	\$(68,938)	2022	D.19-11-003	Overcollection
	East Pasadena Purchased Power Balancing Account	East Pasadena Acquisition. Tracks difference between actual cost of power and the cost of power authorized in the most recent general rate case.	D.21-08-002, September 2021, Advice Letter 1347	\$ -	\$ -	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Account closed per D.24-12-025

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Dec 2024</u>	<u>Balance as of Jun 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	East Pasadena Pumping Balancing account	East Pasadena Acquisition. Tracks difference between actual cost of pumping assessments and the cost of pumping assessments authorized in the most recent general rate case.	D.21-08-002, September 2021, Advice Letter 1347	\$ -	\$ -	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Account closed per D.24-12-025
	East Pasadena Purchased Water Balancing Account	East Pasadena Acquisition. Tracks difference between actual purchased water costs and purchased water costs authorized in the most recent general rate case.	D.21-08-002, September 2021, Advice Letter 1347	\$ -	\$ -	2024	CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024, 2025, and 2026 Revenue Requirement for California American Water Company dated December 6, 2024.	Account closed per D.24-12-025
				\$62,554,475	\$73,219,726			

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Dec 2024</u>	<u>Balance as of Jun 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
Revenue Requirement	Northern Division	Authorized Requirement	1424 -- 2024 Water Cost of Capital Adjustment Mechanism	\$81,963,699	\$81,963,699			
	Central Division		1424 -- 2024 Water Cost of Capital Adjustment Mechanism	\$81,859,918	\$81,859,918			
	Southern Division		1424 -- 2024 Water Cost of Capital Adjustment Mechanism	\$133,673,999	\$133,673,999			
	Monterey Wastewater		1424 -- 2024 Water Cost of Capital Adjustment Mechanism	\$3,883,625	\$3,883,625			
	All Districts			\$301,381,242	\$301,381,242			

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of Dec 2024</u>	<u>Balance as of Jun 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
Service Connections ²	San Diego			22,798	22,798			
	Los Angeles			36,138	36,138			
	Ventura			24,094	24,094			
	Monterey			44,036	44,036			
	Monterey WW			2,574	2,574			
	Sacramento			76,467	76,467			
	Larkfield			2,674	2,674			
	Dunnigan WW			166	166			
	Geyserville (included in Sacramento)			-	-			
	Meadowbrook (included in Sacramento)			-	-			
	Dunnigan (included in Sacramento)			-	-			
	Fruitridge (included in Sacramento)			-	-			

	Hillview (included in Sacramento)			-	-			
	Rio Plaza (included in Los Angeles)			-	-			
	East Pasadena (included in Los Angeles)			-	-			
	All Districts			208,947	208,947			

²Service Connections include PFS and Hydrants.