CALIFORNIA AMERICAN WATER

August 17, 2026

Subject: Authorized Balancing Account Outstanding Balances[1]

(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 6/30/26	Most Recent Conducted Review		% Differential
			Authorized Balance	GRC/AL	
All Districts	OPEB Balancing Account	(510,413)	2,392,920	D.24-12-025	-121.3%
All Districts	Pension Balancing Account	3,015,683	(66,220)	D.24-12-025	4654.1%
Central Division	San Clemente Dam Balancing Account	51,487,940	(6,332,432)	D.24-12-025	913.1%
All Districts	Conservation Balancing Account	-	1,850,760	D.24-12-025	-100.0%
All Districts	WRAM/MCBA	764,699	913,906	AL 1485	-16.3%
Central Division	Monterey WW Purchased Power Balancing Account	(177,874)	105,938	D.24-12-025	-267.9%

1

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			Most Recent Conducted Review		
Central Division	Seaside Groundwater Basin Balancing Account	181,443	203,091	D.24-12-025	-10.7%
All Districts	Consolidated Expense Balancing Account	(1,239,395)	(2,070,730)	D.24-12-025	40.1%
Central Division	SDWSRF Loan Repayment Balancing Account	24,345	(114,813)	D.24-12-025	121.2%
All Districts	Customer Assistance Program (CAP) Balancing Account	2,269,707	(6,383,439)	AL 1493-A	135.6%
All Districts	Group Insurance Balancing Account	(3,464,557)	(562,859)	D.24-12-025	-515.5%
All Districts	PP & PW Incremental Cost Balancing Accounts	514,253	(335,114)	ALs 1511-1513; AL 91-S	253.5%
All Districts	Conservation Adjustment for Rate Tier Designs Mechanism (CART)	23,138,638	(981,747)	ALs 1505-1507	2456.9%
Northern Division	Fruitridge Vista SDWSRF Balancing Account – loan D. 06-04-073	109,877	(3,272,505)	D.24-12-025	103.4%
Northern Division	Fruitridge Vista SDWSRF Balancing Account – loan D. 10-05-043	234,831	(1,675,811)	D.24-12-025	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	San Clemente Dam Balancing Account	51,487,940	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	WRAM/MCBA	-52.7%
All Districts	Consolidated Expense Balancing Account	78.4%
All Districts	Purchased Power (PP) & Purchased Water (PW) Incremental Cost Balancing Accounts	146.1%
All Districts	Conservation Adjustment for Rate Tier Designs Mechanism (CART) Balancing Account	23.4%
Northern Division	Hillview Grant Tax Balancing Account	23.8%

(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.

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Utility Name	Balancing Account Name	Balancing Account Description	Authorizing Decision or Resolution or Advice Letter	Balance as of Dec 2025	Balance as of Jun 2026	Date Last Reviewed	Most Recent Conducted Review/Audit (either GRC or other Method)	Notes or Comments
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	$(471,276)	$(510,413)	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	$2,486,581	$3,015,683	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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	San Clemente Dam 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;	$52,909,922	$51,487,940	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
	California American Water Conservation Surcharge 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	$(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.	Account closed per D.24-12-025

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	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	$1,167,497	$764,699	2025	Advice Letter 1485	Undercollection

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	Monterey Wastewater 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	$ (172,637)	$ (177,874)	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
	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	$166,904	$181,443	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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	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	$(268,247)	$(1,239,395)	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
	Safe Drinking Water State Revolving Fund (SDWSRF) Loan Repayment Balancing Account – Garrapata Service Area	Tracks recovery of the balance on SDWSRF loan provided under the America Recovery and Reinvestment Act.	Res. W-4788	$23,956	$24,345	2024	D.24-12-025	Undercollection

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	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	$ 1,966,146	$2,269,707	2025	Advice Letter 1493-A	Undercollection

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	Group Insurance Balancing Account - 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	$(2,884,520)	$(3,464,557)	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	$1,717,117	$1,964,053	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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	Purchased Power (PP) and Purchased Water (PW) Incremental Cost Balancing Account (ICBA) – All Districts	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. 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.	D.24-12-025, AL 1479, AL 1480, AL 1481-A	$(236,950)	$514,253	2026	Advice Letters 1511, 1512, 1513 & 91-S.	Undercollection

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	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	$17,732,860	$23,138,638	2026	Advice Letters 1505, 1506 & 1507.	Undercollection
	Hillview State Revolving Fund (HSRF) Balancing Account	Tracks recovery of the balance on SDWSRF loan.	D. 19-11-003, Nov 2019, Advice Letter 1299-A	$134,415	$134,418	2024	D.24-12-025	Undercollection
	Fruitridge Vista State Revolving Fund (SDWSRF) Balancing Account	Tracks recovery of the balance on SDWSRF loan D. 06-04-073	D. 19-12-038, December 23, 2019, Advice letter 1279-A	$109,874	$109,877	2024	D.24-12-025	Undercollection

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	Fruitridge Vista State Revolving Fund (SDWSRF) Balancing Account	Tracks recovery of the balance on SDWSRF loan D. 10-05-043.	D. 19-12-038, December 23, 2019, Advice letter 1279-A	$234,825	$234,831	2024	D.24-12-025	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	$(95,804)	$ (125,703)	2024	D.24-12-025	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

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	East Pasadena Pumping Assessment Cost 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
				$74,513,573	**$78,321,945**			

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Revenue Requirement	Northern Division	Authorized Requirement	1494 -- 2026 Annual Consumption Adjustment Mechanism (ACAM)	$99,920,722	$110,173,891			
	Central Division		1494 -- 2026 Annual Consumption Adjustment Mechanism (ACAM)	$103,124,226	$106,358,222			
	Southern Division		1494 -- 2026 Annual Consumption Adjustment Mechanism (ACAM)	$138,825,075	$158,570,301			
	Monterey Wastewater		87-S -- 2026 Step Rates Wastewater	$4,118,490	$4,369,395			
	All Districts			**$345,988,513**	**$379,471,809**			

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Service Connections[2]	San Diego			22,852	22,846			
	Los Angeles			36,290	36,251			
	Ventura			24,478	24,462			
	Monterey			44,965	44,706			
	Monterey WW			2,563	2,563			
	Sacramento			78,495	78,386			
	Larkfield			2,692	2,691			
	Dunnigan WW			172	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			**212,507**	**212,077**			

[1]The amounts shown are preliminary and have not been audited by the Company's independently registered public accounting firm.
[2]Service Connections include PFS and Hydrants.

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