Balancing Account Name	Balancing Account Description	Authorizing Decision or Resolution or Advice Letter	Balance as of December 31, 2025	Balance as of June 30, 2026	Date Last Reviewed	Most Recent Conducted Review/Audit (either GRC or other Method)	Notes or Comments
	TOTAL CONNECTIONS AS OF:		**492,014**	**493,130**			
Water Revenue Adjustment Mechanism/Modified Cost Balancing Account (WRAM/MCBA)	Tracks differences between recorded and authorized revenues, and differences between recorded and authorized amounts for purchased water, power, and pump taxes.	D.08-02-036, AL 2586-A (balanced moved to Dist BA)	$2,073,204	$0	2025	AL 2586-A	**$1,493,860 transferred to Dist BA, and put into AL 2586-A for amortization.**
Conservation 2018 GRC (CEBA4)	A one-way balancing account to record water conservation program expenses; under-expenditures to be refunded. For 2020-2022 costs.	D.20-12-007 (12/6/20); AL 2402 (created). AL 2478 (amort).	$0	$0	2025	AL 2586-A	Net Undercollection of **$239,712 transferred to Dist BAs and amortized in AL 2586-A. CLOSED via AL 2588 (effective 7/1/2026)**
Conservation Expense One-Way Balancing Account 5 (CEBA 5)	A one-way balancing account to record water conservation program expenses approved during the 2021 GRC; under-expenditures to be refunded. For 2023-2025 costs.	D.24-03-042 (3/7/24); AL 2523 (created); AL 2580 (amort.)	$ (5,202,340)	$ (4,937,935)	2026	AL 2580	**AL 2580 filed to refund $4,849,606 effective on 07/01/2026.**
Conservation Expense One-Way Balancing Account 6 (CEBA 6)	A one-way balancing account to record water conservation program expenses; under-expenditures to be refunded. For 2026-2028 costs approved in the 2024 GRC.	D.26-04-045, OP 34; AL 2588 (created)	NA	$ (3,064,438)	2026	AL 2588	To be refunded (overcollection).
Pension 2018 GRC (PCBA 4)	Tracks the difference between actual and authorized pension costs for 2020-2022.	D.20-12-007 (12/6/20); AL 2402 (created); AL 2482 (amortization)	$0	$0	2025	AL 2586-A	Net Undercollection of **$3,120,440 transferred to Dist BAs and amortized in AL 2586-A. CLOSED via AL 2588 (effective 7/1/2026).**
Pension Cost Balancing Account (PCBA 5)	Tracks the difference between actual and 2021 GRC authorized pension costs for 2023-2025.	D.24-03-042 (3/7/24); AL 2523 (created); AL 2580 (amort.)	$ (17,836,731)	$ (18,246,929)	2026	AL 2580	**AL 2580 filed to refund $17,918,746 effective on 07/01/2026.**
Pension Cost Balancing Account (PCBA 6)	Tracks the difference between actual and authorized pension costs for 2025-2028 from the 2024 GRC.	D.26-04-045, OP 26; AL 2588 (created)	NA	$ (918,512)	2026	AL 2588	To be refunded (overcollection).
Health Cost BA - 2018 GRC (HCBA4)	Tracks 85% of the difference between actual and authorized health care costs for 2020-2022.	D.20-12-007 (12/6/20); AL 2402 (created); AL 2482 (amort)	$0	$0	2025	AL 2586-A	Net Overcollection -**$663,452 transferred to Dist BAs and amortized in AL 2586-A. CLOSED via AL 2588 (effective 7/1/2026).**
Health Cost Balancing Account 5 (HCBA 5)	Tracks 85% of the difference between actual and the 2021 GRC authorized health care costs for 2023-2025.	D.24-03-042 (3/7/24); AL 2523 (created); AL 2580 (amort.)	$ (4,149,219)	$ (4,293,649)	2026	AL 2580	**AL 2580 filed to refund $4,216,496 effective on 07/01/2026.**
Health Cost Balancing Account 6 (HCBA 6)	Tracks 85% of the difference between actual and the 2024 GRC authorized health care costs for 2026-2028.	D.26-04-045, OP 26; AL 2588 (created)	NA	$ (1,758,158)	2026	AL 2588	To be refunded (overcollection).

Unless otherwise specified, a positive balance reflects an undercollection, and a negative balance reflects an overcollection.

Balancing Account Name	Balancing Account Description	Authorizing Decision or Resolution or Advice Letter	Balance as of December 31, 2025	Balance as of June 30, 2026	Date Last Reviewed	Most Recent Conducted Review/Audit (either GRC or other Method)	Notes or Comments
Chromium-6 Memo Account (Cr6 MA)	Tracks the incremental costs associated with complying with the Maximum Contaminant Level (MCL) for chromium-6.	D.24-03-042; AL 2503 (created). AL 2503 (SVR amort.) and 2530-A (DIX and WIL amort.).	$ 430,220	$ 415,251	2025	Cal Advocates Report on BAMAs (2024 GRC; 1/28/25).	Net Undercollection. **Converted to BA in Oct 2024.** In AL 2503, amortized $1,655,345 for SVR. In AL 2530-A, amortized $65,957 in DIX and $84,765 in WIL. Surcharges ongoing for Dixon and Willows, untill 09/30/2027 and 09/30/2026, respectively.
Customer Assistance Program Balancing Account (CAP BA)	Tracks subsidies given to low-income customers from Customer Assistance Program, and surcharges on non-CAP customers who fund program.	D.12-09-020 (9/13/12); Res. W-2086-A	$ 1,930,820	$ 254,259	2026	AL 2584	Net Undercollection. Recorded $1,053,227 related to the delay in the resolution of the 2024 GRC. **Surcharge updated via AL 2584.**
Drought Memorandum Account 2	Tracks costs and penalties associated with implementation of Rule 14.1 and Schedule 14.1 consistent with CPUC's Drought Procedures in Res. W-4976.	AL 2490-A	$ 583,670	$ 337,955	2025	RES W-5285	Net Undercollection. AL 2490-A filed to recover $1,393,447 incremental costs incurred from June 14, 2021 to December 31, 2022. (Amounts in the memo account that do not qualify for "balancing account" treatment are not included here.)
Rate Support Fund Balancing Account (RSF BA)	Tracks subsidies from Rate Support Fund given to customers in some high-cost districts, and surcharges collected to fund program.	D.10-12-017 (12/9/10); D.14-08-011 (8/14/14)	$ 719,863	$ 1,342,767	2026	AL 2584	Net Undercollection. Recorded $237,444 related to the delay in the resolution of the 2024 GRC. **Surcharge updated via AL 2584.**
General District Balancing Accounts (District BAs)	District-specific accounts in which small amounts, such as residuals from amortizations, are aggregated for later disposition.	D.14-08-011; AL 2139 (created). AL 2530-A (amort); AL 2586 -A (amort)	$ 10,666,269	$ 12,596,177	2026	AL 2586-A	Net Undercollection. Filed AL 2586-A to recover a net $12,519,171 effective on July 1, 2026 (residuals for CEB4, PCBA3, PCBA4, HCBA3, HCBA4, 2018IRMA, DSBA, LSL, TCPMA, MTBEMA)
Sales Reconciliation Mechanism BA	For districts in which Sales Reconciliation Mechanism is triggered, tracks the difference between revenue at SRM-assumed consumption levels, and actual revenues, for the period SRM-adjusted rates are effective.	D.14-08-011; AL 2154-A			2016	Water Division in AL 2242 (December 2016)	CLOSED via AL 2242 (eff. 1/1/17)
ICBAs	Old Incremental Cost Balancing Accounts for purchased power and purchased water.	D.10-12-017 (December 2, 2010); AL 1964 (December 10, 2009), AL 1965 (December 19, 2009), and AL 2024 (February 2, 2011).			2013	Reported to DWA in response to LAO request in January 2013	CLOSED
Interim Rates (old GRCs) Balancing Accounts	For transition from annual GRCs (8 districts), to one consolidated GRC (all districts), districts with delayed GRCs received interim rates. After true-up to final rates starting 1/1/2011, balances were amortized.	D.10-12-017, OP 12; AL 2117			2017	Water Division in AL 2259 (March 2017)	Net undercollection. Per D.16-12-042, large balances were re-amortized in AL 2259, with the 12-mo charges/credits having ended on 7/14/18; the 24-mo surcharges for Coast Springs and Lucerne ended on 7/14/19. Residuals for all re-amortized districts moved to District BAs.

Balancing Account Name	Balancing Account Description	Authorizing Decision or Resolution or Advice Letter	Balance as of December 31, 2025	Balance as of June 30, 2026	Date Last Reviewed	Most Recent Conducted Review/Audit (either GRC or other Method)	Notes or Comments
Lead Service Line Memo Account (LSL MA)	Tracks the incremental costs associated with conducting the lead service line study mandated by the Water Board.	D.24-03-042; AL 2530-A (amort)	$0	$0	2025	AL 2586-A	Net Undercollection. Converted to BA as of Oct 2024. AL 2530-A (amort of $293,318 for 10/1/24 - 6/30/2025). Balance of $35,813 moved to DBA and amortized in AL 2586-A. Not **technically closed yet.**
2021 GRC Interim Rate Memo Account (2021 IRMA)	Tracks difference between interim rates in 1/1/2023 - 5/31/2024, and final rates approved in D.24-03-042 (as corrected by D.24-04-043) and adjusted by subsequent offsets for same period.	D.24-04-043; AL 2470 (created). AL 2527 (amort).	$ 47,964,570	$ 35,865,134	2024	WD in AL 2527.	Net Undercollection. **Converted to a balancing account as of Oct 2024.** AL 2527 (amortization starting 10/1/24 for varying time periods).
Drinking Water Fees Balancing Account (DWFBA)	Tracks difference between actual fees charged by Water Board and fees authorized in rates during the period 2023 to 2026.	Approved in AL 2497-A (filed 11/30/2023; eff. 12/16/21), AL 2586 (amort.)	$ 3,066,294	$ 3,175,039	2026	Al 2586-A	Net Undercollection.The Drinking Water Fees Balancing Account referenced in OP 32 was approved in AL 2497-A with an effective date of December 16, 2021. **Filed AL 2586-A to recover net $1,478,969 for balances through through 12/31/2023.**
Monterey-Style Water Revenue Adjustment Mechanism Balancing Account (M-WRAM)	Monterey-Style Water Revenue Adjustment BA compares quantity rate revenues collected under residential tiered rates to revenues that would have been collected if a single quantity rate (SQR) had been in effect.	D.24-03-042; AL 2523 (created). AL 2532 (amort 2023 balance); AL 2565 (amort 2024 balance); AL 2583 (amort 2025 balance).	$ 46,611,306	$ 59,000,724	2026	WD in AL 2583 (amortization of 2025 balance).	Net Undercollection. **AL 2565 (amort of 2024 balance, various periods). AL 2583 (amort of 2025 balance, 12 mos. starting 7/1/26).**
Water, Pump Tax, and Power ICBAs for 2023	The Incremental Cost Balancing Account (ICBAs) track the difference between the actual and authorized costs of purchased water, pump taxes, and power. The balances incurred in 2023 were netted together to apply one credit or surcharge to each relevant ratemaking area.	D.24-03-042; AL 2523 (created). AL 2533 (amortization of 2023 balance).	-$16,300	$0	2024	WD in AL 2533 (amortization of 2023 balance)	Net Overcollection. For financial reporting, balance in 2023 was zero because account was not authorized until D.24-03-042. Net amortization of -$6,496,883 for YE 2023 balance filed in AL 2533 for one year starting 10/1/24. Refunded $6.488 M. Residuals rolled into subsequent relevant ICBAs.
Water ICBA 2024	The Purchased Water Incremental Cost Balancing Account (Water ICBA) tracks the difference between the actual cost of purchased water and the cost approved in rates.	D.24-03-042; AL 2523 (created).	$0	$0	2025	WD in AL 2566 (amortization of 2024 balance)	Purchased water, pump tax, and purchased power were consolidated and amortized through AL 2566, so all amounts are now consolidated and listed under the Power ICBA 2024.
Pump Tax ICBA 2024	The Pump Tax Incremental Cost Balancing Account (Pump Tax ICBA) tracks the difference between the actual cost of pump taxes and the cost approved in rates.	D.24-03-042; AL 2523 (created).	$0	$0	2025	WD in AL 2566 (amortization of 2024 balance)	Purchased water, pump tax, and purchased power were consolidated and amortized through AL 2566, so all amounts are now consolidated and listed under the Power ICBA 2024.

Balancing Account Name	Balancing Account Description	Authorizing Decision or Resolution or Advice Letter	Balance as of December 31, 2025	Balance as of June 30, 2026	Date Last Reviewed	Most Recent Conducted Review/Audit (either GRC or other Method)	Notes or Comments
ICBA Surcharges	This reflects the net balances of the Water ICBA, Power ICBA, and Pump Tax ICBA each ratemaking area incurred in 2024.	D.24-03-042; AL 2523 (created); Al 2566 (amort 2024 balance)	$ 3,179,765	$ 2,393,635	2025	WD in AL 2566 (amortization of 2024 balance)	Net undercollection. Filed for $3,434,965 in AL 2566. Collected billings of $1,068,331 as of 06/30/2026, with an amortization period of 10/1/25 to 9/30/26.
ICBA Surcharges	This reflects the net balances of the Water ICBA, Power ICBA, and Pump Tax ICBA each ratemaking area incurred in 2025.	D.24-03-042; AL 2523 (created); AL 2581 (amort.)	$ (1,360,937)	$ 4,650,863	2026	AL 2581	Net undercollection for 2025. Filed for net 4,608,479 in AL 2581 to refund/recover balances for 12 months starting 7/1/26.
Pump Tax ICBA 2025	The Pump Tax Incremental Cost Balancing Account (Pump Tax ICBA) tracks the difference between the actual cost of pump taxes and the cost approved in rates.	D.24-03-042; AL 2523 (created); Al 2566 (amortization of 2024 balance)	$158,712	$0	2025	D.24-03-042 (authorization).	Net Undercollection (costs to be recovered)
Power ICBA 2025	The Purchased Power Incremental Cost Balancing Account (Power ICBA) tracks the difference between the actual cost of purchased power and the cost approved in rates.	D.24-03-042; AL 2523 (created).	$5,699,738	$0	2025	D.24-03-042 (authorization).	Net Undercollection (costs to be recovered)
Purchased Water Incremental Cost Balancing Account (ICBA)	Purchased Water Incremental Cost BA tracks difference between actual costs of purchased water and costs approved in rates during the year 2026.	D.26-04-045	NA	$ (1,245,514)	2026	2026	Overcollected to be refunded
Pump Tax Incremental Cost Balancing Account (ICBA)	Pump Tax Incremental Cost BA tracks difference between actual costs of pumped water and costs approved in rates during the year 2026.	D.26-04-045	NA	$ 56,657	2026	2026	Net Undercollection (costs to be recovered)
Purchased Power Incremental Cost Balancing Account (ICBA)	Purchased Power Incremental Cost BA tracks difference between actual costs of power for water operations, and costs approved in rates during the year 2026.	D.26-04-045	NA	$ (465,274)	2026	2026	Overcollected to be refund .
Palos Verdes Memorandum Account (PV MA)	Tracks costs associated with the PV Peninsula Water Reliability Project that exceed the amount already authorized in rates, including legal or other costs incurred to bring the matter to resolution.	D.24-03-042 (created); AL 2524 (amort request); Res. W-5287; AL 2548 (amort)	$ 2,619,789	$ 1,886,101	2025	RES. W -5287	Net undercollections. AL 2548 filed to recover $3,821,015 tracked in the memo account.

Balancing Account Name	Balancing Account Description	Authorizing Decision or Resolution or Advice Letter	Balance as of December 31, 2025	Balance as of June 30, 2026	Date Last Reviewed	Most Recent Conducted Review/Audit (either GRC or other Method)	Notes or Comments
21 GRC Capital One-Way Balancing Account (21GRC COBA)	Ensures that unspent amounts approved in rates for the following capital projects categories are returned to customers: (1) control valves, (2) pump and motors, and (3) personal computers.	D.24-03-042; AL 2523 (created); AL 2576 (amort)	$ (145,265)	$ (3,861)	2026	AL 2576	Net Overcollection (refunds owed). Residual balance to be transferred to district balancing account at the end of the year.
Liability Insurance Balancing Account (LIBA)	Tracks 85% of the difference between the adopted and actual cost incurred for third-party premium expenses for general liability policies for 2026-2028.	D.26-04-045, OP 36; AL 2588 (created)	NA	$ 453,979	2026	AL 2588	Net undercollections
Grand Total:			**$ 96,993,430**	**$ 87,494,271**			

Lucerne Balancing Account (LBA)	No-interest loan of $7M Safe Drinking Water State Revolving Fund obtained for treatment plant construction. Account records the fixed surcharges from customers, CWS' payments on the loan, and interest earned on funds	D.08-09-002; AL 1963-A. (Res. W-5149 approving surcharge; implementation via AL 2267-A effective 1/1/2018.)	$ 3,079,044	$ 2,869,238	2024	2024 UAB audit of 2023 transactions.	Balance is the outstanding amount due on the loan that is being funded by customer surcharges. This is a pass-through for Cal Water. *As of 12/31/24, all balances in this account are now shown as positive (rather than negative) because they will be collected from customers.*

Note: In order to keep consistency with the Energy Companies' sign convention, we have revised instruction # 5, as follows: all undercollection account balances (revenue or adopted revenue target is less than expenses) are positive and all overcollection account balances (revenue or adopted revenue target exceeds expenses) are negative.

"The semi-annual balancing account filings for the Class A and B utilities as of December 31, 2023, are due by February 15th. This is a reminder of the upcoming due date. In addition, please identify each balancing account consistent with the following criteria:"

(1) Balancing accounts with a quarter-end balance with more than a 10-percent differential from the balancing account's authorized revenue amount.
Clarification email from Carmen Rocha: This is the revenue required for the particular balancing account.

Balancing Account Name	Balance as of June 30,2026	Balancing Account Description
Conservation Expense One-Way Balancing Account 5 (CEBA 5)	$ (4,937,935)	A one-way balancing account to record water conservation program expenses approved during the 2021 GRC; under-expenditures to be refunded. For 2023-2025 costs.
Conservation Expense One-Way Balancing Account 6 (CEBA 6)	$ (3,064,438)	A one-way balancing account to record water conservation program expenses; under-expenditures to be refunded. For 2026-2028 costs approved in the 2024 GRC.
Pension Cost Balancing Account (PCBA 5)	$ (18,246,929)	Tracks the difference between actual and 2021 GRC authorized pension costs for 2023-2025.
Pension Cost Balancing Account (PCBA 6)	$ (918,512)	Tracks the difference between actual and authorized pension costs for 2025-2028 from the 2024 GRC.
Health Cost Balancing Account 5 (HCBA 5)	$ (4,293,649)	Tracks 85% of the difference between actual and the 2021 GRC authorized health care costs for 2023-2025.
Health Cost Balancing Account 6 (HCBA 6)	$ (1,758,158)	Tracks 85% of the difference between actual and the 2024 GRC authorized health care costs for 2026-2028.
Drought Memorandum Account 2	$ 337,955	Tracks costs and penalties associated with implementation of Rule 14.1 and Schedule 14.1 consistent with CPUC's Drought Procedures in Res. W-4976.
Rate Support Fund Balancing Account (RSF BA)	$ 1,342,767	Tracks subsidies from Rate Support Fund given to customers in some high-cost districts, and surcharges collected to fund program.
Drinking Water Fees Balancing Account (DWFBA)	$ 3,175,039	Tracks difference between actual fees charged by Water Board and fees authorized in rates during the period 2023 to 2026.
Palos Verdes Memorandum Account (PV MA)	$ 1,886,101	Tracks costs associated with the PV Peninsula Water Reliability Project that exceed the amount already authorized in rates, including legal or other costs incurred to bring the matter to resolution.
Liability Insurance Balancing Account (LIBA)	$ 453,979	Tracks 85% of the difference between the adopted and actual cost incurred for third-party premium expenses for general liability policies for 2026-2028.

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(2) Balancing accounts with an authorized revenue amount that is in the top 25th percentile of all balancing accounts.
CWS methodology: Cal Water now has **25** active balancing accounts. The following accounts are the **six** with the largest (negative or positive) balances.

Balancing Account Name	Balance as of June 30,2026	Balancing Account Description
Conservation Expense One-Way Balancing Account 5 (CEBA 5)	$ (4,937,935)	A one-way balancing account to record water conservation program expenses approved during the 2021 GRC; under-expenditures to be refunded. For 2023-2025 costs.
Pension Cost Balancing Account (PCBA 5)	$ (18,246,929)	Tracks the difference between actual and 2021 GRC authorized pension costs for 2023-2025.
General District Balancing Accounts (District BAs)	$ 12,596,177	District-specific accounts in which small amounts, such as residuals from amortizations, are aggregated for later disposition.
2021 GRC Interim Rate Memo Account (2021 IRMA)	$ 35,865,134	Tracks difference between interim rates in 1/1/2023 - 5/31/2024, and final rates approved in D.24-03-042 (as corrected by D.24-04-043) and adjusted by subsequent offsets for same period.
ICBA Surcharges	$ 4,650,863	This reflects the net balances of the Water ICBA, Power ICBA, and Pump Tax ICBA each ratemaking area incurred in 2025.
Monterey-Style Water Revenue Adjustment Mechanism Balancing Account (M-WRAM)	$ 59,000,724	Monterey-Style Water Revenue Adjustment BA compares quantity rate revenues collected under residential tiered rates to revenues that would have been collected if a single quantity rate (SQR) had been in effect.

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(3) Balancing accounts that have experienced volatile fluctuations in their quarterly balances over time.
Clarification per 8/8/2018 email from Carmen Rocha: Those accounts that have fluctuations more than 20 percent from the previous semiannual balance.

Customer Assistance Program Balancing Account (CAP BA)	$ 254,259	Net Undercollection. Recorded $1,053,227 related to the delay in the resolution of the 2024 GRC. Surcharge updated via AL 2584.
Drought Memorandum Account 2	$ 337,955	Tracks costs and penalties associated with implementation of Rule 14.1 and Schedule 14.1 consistent with CPUC's Drought Procedures in Res. W-4976.
Rate Support Fund Balancing Account (RSF BA)	$ 1,342,767	Tracks subsidies from Rate Support Fund given to customers in some high-cost districts, and surcharges collected to fund program.
2021 GRC Interim Rate Memo Account (2021 IRMA)	$ 35,865,134	Tracks difference between interim rates in 1/1/2023 - 5/31/2024, and final rates approved in D.24-03-042 (as corrected by D.24-04-043) and adjusted by subsequent offsets for same period.
Drinking Water Fees Balancing Account (DWFBA)	$ 3,175,039	Tracks difference between actual fees charged by Water Board and fees authorized in rates during the period 2023 to 2026.
Monterey-Style Water Revenue Adjustment Mechanism Balanc	$ 59,000,724	Monterey-Style Water Revenue Adjustment BA compares quantity rate revenues collected under residential tiered rates to revenues that would have been collected if a single quantity rate (SQR) had been in effect.
ICBA Surcharges	$ 2,393,635	This reflects the net balances of the Water ICBA, Power ICBA, and Pump Tax ICBA each ratemaking area incurred in 2024.
ICBA Surcharges	$ 4,650,863	This reflects the net balances of the Water ICBA, Power ICBA, and Pump Tax ICBA each ratemaking area incurred in 2025.
Palos Verdes Memorandum Account (PV MA)	$ 1,886,101	Tracks costs associated with the PV Peninsula Water Reliability Project that exceed the amount already authorized in rates, including legal or other costs incurred to bring the matter to resolution.
21 GRC Capital One-Way Balancing Account (21GRC COBA)	$ (3,861)	Ensures that unspent amounts approved in rates for the following capital projects categories are returned to customers: (1) control valves, (2) pump and motors, and (3) personal computers.

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(4) Balancing accounts that have not been reviewed in the previous three years.
All active accounts have been reviewed within the past 3 years.