



February 28, 2020

Subject: Authorized Balancing Account Outstanding Balances ^(A)

In Response to Ms. Rocha’s July 30, 2018 email (as clarified by her August 8 email) California American Water (Cal-Am) identifies 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.

RESPONSE: Cal-Am interprets “authorized revenue amount” to be the most recent amount authorized for recovery in Cal-Am’s last General Rate Case (D.18-12-021), or the most recently reviewed balance as designated below. In instances where “authorized revenue amounts” were not provided in the Appendices to D.18-12-021, Cal-Am has relied on the Decision work papers provided by Water Division. 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 12/31/2019	Most Recent Conducted Review		% Differential
			Balance	GRC/AL	
All Districts	OPEB	2,190,754	76,263	D.18-12-021	-2772.6%
All Districts	Pension	1,958,840	1,482,872	D.18-12-021	-32.1%
All Districts	Conservation	1,317,845	(4,007,278)	AL 1225	132.9%
Monterey WW	Purchased Power	(203,811)	(275,807)	D.18-12-021	26.1%
Monterey	Seaside Groundwater Basin	390,621	291,293	D.18-12-021	-34.1%
All Districts	CEBA	(8,347,007)	(10,814,385)	AL 1230-A	22.8%
Garrapata	SDWSF Loan Repayment	(17,570)	(114,813)	W-4788	84.7%
All Districts	LIRA	1,166,657	(3,982,630)	D.18-12-021	129.3%
All Districts	Group Insurance	(1,364,765)	(2,168,272)	AL 1229	37.1%

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

RESPONSE: Cal-Am interprets “authorized revenue amount” to be the most recent amount authorized for recovery in Cal-Am’s last General Rate Case (D.18-12-021), or the most recently reviewed balance as designated below. In instances where “authorized revenue amounts” were not provided in the Appendices to

D.18-12-021, Cal-Am has relied on the Decision workpapers provided by Water Division. 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
Monterey	San Clemente Dam Project	(83,186,388)	D.18-12-021

- (3) Balancing accounts that have experienced volatile fluctuations in their quarterly balances over time. (Per Ms. Rocha's August 8, 2018 email, ...accounts that have fluctuations within 20 percent from the previous semiannual balance.)

RESPONSE: Cal-Am 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 (%)
San Diego	OPEB	25.0%
Larkfield	Conservation	137.9%
Sacramento	WRAM/MCBA	-31.3%
Monterey	Sand City Desalinization Plant	153.7%
Monterey	Seaside Groundwater Basin	-206.5%
Monterey	Seaside Basin Adjudication	-261.6%
San Diego	LIRA	48.4%
San Diego	Group Insurance	28.4%

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

RESPONSE: All of Cal-Am's balancing accounts were either reviewed in its most recent approved general rate case (D.18-12-021) 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.

Utility Name	Balancing Account Name	Balancing Account Description	Authorizing Decision or Resolution or Advice Letter	Balance as of June 2019 ¹	Balance as of December 2019 ¹	Date Last Reviewed	Most Recent Conducted Review/Audit (either GRC or other Method)	Notes or Comments
California American Water	OPEB Balancing Account - All Districts	Other-Post-Employment Benefits 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	\$ 1,643,580	\$ 2,190,754	2019	CPUC D.18-12-021 on Balancing and Memorandum Accounts, adopting the 2018,2019, and 2020 Revenue Requirement for California American Water Company dated December 13, 2018	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	\$ 1,819,344	\$ 1,958,840	2019	CPUC D.18-12-021 on Balancing and Memorandum Accounts, adopting the 2018,2019, and 2020 Revenue Requirement for California American Water Company dated December 13, 2018	Overcollection
	Old Monterey Style WRAM Balancing Account	Tracks the difference between revenues that would have been collected under the Commission's standard rate design and the tiered conservation rate design actually implemented in Monterey.	AL 735 & AL 987 [D.09.07.021; issued July 9, 2009];	\$ (33,969)	\$ (34,291)	2019	CPUC D.18-12-021 on Balancing and Memorandum Accounts, Special Request #5, #8, #11 and #18 adopting the 2018, 2019, and 2020 Revenue Requirement for California American Water Company dated December 13, 2018	Undercollection
	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;	\$ (84,373,977)	\$ (83,186,388)	2019		Undercollection
	Monterey One-Way Leak Adjustment Balancing Account	Tracks leak adjustments authorized but not granted.	D.18-12-021	\$ -	\$ -	2019		Overcollection
	Monterey Coastal Water Project - Balancing Account	Track approved costs from the memorandum account, associated surcharge recoveries, and interest.	D.06.12.040; D.10.08.008	\$ 154,668	\$ 159,132	2019		Overcollection
	Monterey Peninsula Water Management District Conservation Balancing Account	Tracks conservation-related expenses and surcharges connected to MPWMD's conservation program.		\$ -	\$ -	2017		Overcollection
	Conservation Balancing Account - All Districts	Track conservation-related expenses and surcharges associated with California American Water's conservation efforts	D.12.06.016; June 7, 2013	\$ (498,916)	\$ 1,317,845	2019	CPUC D.18-12-021 on Balancing and Memorandum Accounts, Special Request #5, #8, #11 and #18 adopting the 2018, 2019, and 2020 Revenue Requirement for California American Water Company dated December 13, 2018	Overcollection
	WRAM/MCBA - All District	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.		\$ (92,205,783)	\$ (70,210,439)		District WRAM/MCBA Annual Reports	Undercollection

Utility Name	Balancing Account Name	Balancing Account Description	Authorizing Decision or Resolution or Advice Letter	Balance as of June 2019 ¹	Balance as of December 2019 ¹	Date Last Reviewed	Most Recent Conducted Review/Audit (either GRC or other Method)	Notes or Comments
	Sand City Desalination Plant Purchased Water Balancing Account	Tracks Sand City Desalination Plant production costs and associated recoveries.	D.13.04.015; April 18, 2013	\$ 238,929	\$ (445,128)	2019	CPUC D.18-12-021 on Balancing and Memorandum Accounts, Special Request #5, #8, #11 and #18 adopting the 2018, 2019, and 2020 Revenue Requirement for California American Water Company dated December 13, 2018	Undercollection
	Monterey WW Purchased Power Balancing Account	Tracks differences in purchased power expenses based upon changes in recorded unit prices versus adopted I the Monterey Waste Water district.	D.12.06.016; June 7, 2012	\$ (178,970)	\$ (203,811)	2019		Undercollection
	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	\$ 1,197,079	\$ 390,621	2019	CPUC D.18-12-021 on Balancing and Memorandum Accounts, Special Request #5, #8, #11 and #18 adopting the 2018, 2019, and 2020 Revenue Requirement for California American Water Company dated December 13, 2018	Overcollection
	Monterey Seaside Basin Adjudication Balancing Account	Tracks the surcharge collections and interest associated with the unamortized balance of costs incurred to litigate and secure Seaside Basin water rights.	D.09.07.021; July 9, 2009 & AL 778	\$ (35,667)	\$ (9,862)	2019		Undercollection
	Consolidated Expense Balancing Account - All District	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	\$ (8,336,117)	\$ (8,347,007)	2019	D.18-12-021	Undercollection
	Garrapata SDWSRF Loan Repayment Balancing Accounts	Track recovery of the balance on SDWSRF loan provided under the America Recovery and Reinvestment Act.	Res. W-4788	\$ (16,968)	\$ (17,570)	2019	AL 1091/D.18.12.021	Undercollection
	Low-Income Ratepayer Assistance (LIRA) Program Balancing Account - All Districts	Track LIRA discounts provided, the LIRA surcharges collected and to adjust the LIRA surcharges on January 1 of each year.	D.18-12-021	\$ 601,524	\$ 1,166,657	2019	CPUC D.18-12-021 on Balancing and Memorandum Accounts, Special Request #5, #8, #11 and #18 adopting the 2018, 2019, and 2020 Revenue Requirement for California American Water Company dated December 13, 2018	Overcollection
	Group Insurance - All District	Track 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	\$ (977,014)	\$ (1,364,765)	2019	CPUC D.18-12-021 on Balancing and Memorandum Accounts, Special Request #2, adopting the 2018, 2019, and 2020 Revenue Requirement for California American Water Company dated December 13, 2018.	Undercollection
				\$ (181,002,256)	\$ (156,635,413)			

Utility Name	Balancing Account Name	Balancing Account Description	Authorizing Decision or Resolution or Advice Letter	Balance as of June 2019 ¹	Balance as of December 2019 ¹	Date Last Reviewed	Most Recent Conducted Review/Audit (either GRC or other Method)	Notes or Comments
Revenue Requirement	San Diego	Authorized Requirement	D.18-12-021, AL 1233, May 11, 2019	\$ 30,933,100	\$ 31,716,710			
	Los Angeles		D.18-12-021, AL 1235, May 11, 2020	\$ 34,445,900	\$ 35,149,208			
	Ventura		D.18-12-021, AL 1232, May 11, 2019	\$ 37,495,500	\$ 38,148,981			
	Monterey		D.18-12-021, AL 1235, May 11, 2020	\$ 58,615,334	\$ 59,321,169			
	Monterey Satellite		D.18-12-021, AL 1235, May 11, 2020	\$ 1,584,566	\$ 1,675,554			
	Monterey WW		D.18-12-021, AL 1235, May 11, 2020	\$ 3,325,700	\$ 3,399,522			
	Monterey - Toro		D.18-12-021, AL 1235, May 11, 2020	\$ -	\$ -			
	Sacramento		D.18-12-021, AL 1234, May 11, 2020	\$ 54,614,400	\$ 55,983,098			
	Larkfield		D.18-12-021, AL 1234, May 11, 2020	\$ 3,116,400	\$ 3,116,375			
	Dunnigan		D.18-12-021, AL 1234, May 11, 2020	\$ -	\$ -			
	Geyserville		D.18-12-021, AL 1234, May 11, 2020	\$ -	\$ -			
	Meadowbrook		D.18-12-021, AL 1234, May 11, 2020	\$ -	\$ -			
	All Districts				\$ 224,130,900	\$ 228,510,617		
Service Connections ²	San Diego			22,968	22,803			
	Los Angeles			30,495	30,880			
	Ventura			23,407	23,364			
	Monterey			44,340	44,267			
	Monterey WW			2,484	2,449			
	Sacramento			65,692	66,170			
	Larkfield			2,352	2,525			
	Dunnigan WW			242	128			
	Geyserville (incl. Sacramento)			354	-			
	Meadowbrook			1,868	1,870			
	All Districts			194,202	194,456			

Notes:

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