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Subject: Authorized Balancing Account Outstanding Balances <sup>(A)</sup>

- (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.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, California American Water 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 06/30/2021	Most Recent Conducted Review		% Differential
			Authorized Balance	GRC/AL	
All Districts	OPEB	4,210,289	76,263	D.18-12-021	5420.8%
All Districts	Pension	2,000,057	1,482,872	D.18-12-021	34.9%
Monterey	SCD Project	(79,367,962)	(88,785,940)	D.18-12-021	10.6%
All Districts	Conservation	1,914,341	(4,801,752)	AL 1225	139.9%
All Districts	WRAM/MCBA	(39,350,662)	(53,131,675)	AL 1263	25.9%
Monterey WW	Purchased Power	(184,615)	(275,807)	D.18-12-021	33.1%
Monterey	Seaside Groundwater Basin	499,407	291,293	D.18-12-021	71.4%
Monterey	Seaside Basin Adjudication	(12)	821,304	AL 1226	-100.0%
All Districts	CEBA	(3,049,562)	(12,925,551)	AL 1230-A	76.4%
Garrapata	SDWSF Loan Repayment	(19,018)	(114,813)	W-4788	83.4%
All Districts	LIRA	\$ 2,611,366	\$ (5,893,793)	D.18-12-021	144.3%
All Districts	Group Insurance	\$ (2,779,372)	\$ (2,168,272)	AL 1229	-28.2%
Sac and Dun	Chromium VI Balancing Account	\$ 33,533	\$ (859,143)	AL 1277	103.9%
Hillview	Purchase Power and Water Treatment Balancing Account	\$ (0)	\$ (546,422)	AL 1299-A	100.0%
Fruitridge	Fruitridge SDWSRF Loan Repayment Balancing Accounts	\$ (123,325)	\$ (3,272,505)	AL 1279	96.2%
Fruitridge	Fruitridge SDWSRF Loan Repayment Balancing Accounts	\$ (221,299)	\$ (1,675,811)	AL 1279	86.8%

\*The revenue requirement reflected here is the 2020 Step Rates. The revenue requirement will be updated when California American Water receives a decision for its Test Year 2021 GRC.

- (2) Balancing accounts with an authorized revenue amount that is in the top 25<sup>th</sup> 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.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, California American Water has relied on the Decision workpapers provided by Water Division. The following table lists the accounts with the largest authorized balances (i.e. top 25<sup>th</sup> percentile).

Table 2

District	Balancing Account	Authorized Balance	Balance Reviewed In
Monterey	SCD Project	(79,367,962)	D.18-12-021
All Districts	WRAM/MCBA	(39,350,662)	Advice Letters 1327 - 1332

- (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	Conservation	-127.6%
Monterey WW	Purchased Power	-30.7%
All Districts	Consolidated Expense	-127.4%
All Districts	Group Insurance	20.4%
Sacramento & Dunnigan	Chromium VI Balancing Account	93.5%
Hillview	Water Treatment Balancing Account	23.0%
Hillview	Grant Tax Balancing Account	-40.4%

- (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.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 December 2020	Balance as of June 2021	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	\$ 3,496,688	\$ 4,210,289	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	\$ 2,019,677	\$ 2,000,057	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];	\$ (34,482)	\$ (34,496)	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;	\$ (80,684,865)	\$ (79,367,962)	2019		Undercollection
	Monterey One-Way Leak Adjustment Balancing Account	Tracks leak adjustments authorized but not granted.	D.18-12-021	\$ -	\$ -	2019		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	\$ 4,356,675	\$ 1,914,341	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.	D.08.11.023; November 6, 2008 & AL 1004	\$ (44,452,610)	\$ (39,350,662)		District WRAM/MCBA Annual Reports	Undercollection

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	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	\$ (448,231)	\$ (448,347)	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	\$ (241,339)	\$ (184,615)	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	\$ 482,742	\$ 499,407	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	\$ (12)	\$ (12)	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	\$ (6,935,025)	\$ (3,049,562)	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	\$ (18,555)	\$ (19,018)	2019	AL 1091/D.18.12.021	Undercollection
	Customer Assistance Program (CAP) Balancing Account - All Districts	Track CAP discounts provided, the CAP surcharges collected and to adjust the CAP surcharges on January 1 of each year.	D.18-12-021	\$ 2,237,250	\$ 2,611,366	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	\$ (2,212,753)	\$ (2,779,372)	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

Utility Name	Balancing Account Name	Balancing Account Description	Authorizing Decision or Resolution or Advice Letter	Balance as of December 2020	Balance as of June 2021	Date Last Reviewed	Most Recent Conducted Review/Audit (either GRC or other Method)	Notes or Comments
	Chromium VI Balancing Account - Sacramento & Dunnigan	Track the recovery of past incremental revenue requirement previous tracked in the Chromium 6 Memo Account	Resolution W-5212, AL 1277, January 1, 2020	\$ 2,185	\$ 33,533	2020	Resolution W-5212	Overcollection
	Purchase Power and Water Treatment Balancing Account - Hillview	Tracks differences in purchased power expenses based upon changes in recorded unit prices	D. 19-11-003, Nov 2019, Advice Letter 1299-A	\$ (36)	\$ (0)	2020	D.19-11-003	Undercollection
	Hillview SDWSRF Loan Repayment Balancing Accounts	Track recovery of the balance on SDWSRF loan	D. 19-11-003, Nov 2019, Advice Letter 1299-A	\$ (134,381)	\$ (134,385)	2020	D.19-11-003	Undercollection
	Fruitridge SDWSRF Loan Repayment Balancing Accounts	Track recovery of the balance on SDWSRF loan D. 06-04-073	D. 19-12-038, December 23, 2019, Advice letter 1279-A	\$ (123,323)	\$ (123,325)	2020	D.19-12-038	Undercollection
	Fruitridge SDWSRF Loan Repayment Balancing Accounts	Track recovery of the balance on SDWSRF loan D. 10-05-043	D. 19-12-038, December 23, 2019, Advice letter 1279-A	\$ (221,293)	\$ (221,299)	2020	D.19-12-038	Undercollection
	Hillview Water Treatment Balancing Account		D. 19-11-003, Nov 2019, Advice Letter 1299-A	\$ (111,612)	\$ (145,006)		D.19-11-003	Undercollection
	Hillview Grant Tax Balancing Account		W-5190	\$ (180,108)	\$ (128,252)		D.19-11-003	
				\$ (123,203,408)	\$ (114,717,320)			

Utility Name	Balancing Account Name	Balancing Account Description	Authorizing Decision or Resolution or Advice Letter	Balance as of December 2020	Balance as of June 2021	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 1269, January 1, 2020	\$ 32,257,878	\$ 32,257,878			
	Los Angeles		D.18-12-021, AL 1272, January 1, 2020	\$ 36,377,650	\$ 36,377,650			
	Ventura		D.18-12-021, AL 1268, January 1, 2020	\$ 38,720,383	\$ 38,720,383			
	Monterey		D.18-12-021, AL 1271, January 1, 2020	\$ 69,926,554	\$ 69,926,554			
	Central Satellite		D.18-12-021, AL 1271, January 1, 2020	\$ 1,975,108	\$ 1,975,108			
	Monterey WW		D.18-12-021, AL 59-S, January 1, 2020	\$ 3,444,471	\$ 3,444,471			
	Monterey - Toro			\$ -	\$ -			
	Sacramento		D.18-12-021, AL 1270-B, January 1, 2020	\$ 57,234,974	\$ 57,234,974			
	Larkfield		D.18-12-021, AL 1270-B, January 1, 2020	\$ 3,116,375	\$ 3,116,375			
	Dunnigan WW		D.18-12-021, AL 60-S, January 1, 2020	\$ 105,577	\$ 105,577			
	Geyersville (included in Sacramento)		D.18-12-021, AL 1270-B, January 1, 2020	\$ -	\$ -			
	Meadowbrook (included in Sacramento)		D.18-12-021, AL 1270-B, January 1, 2020	\$ -	\$ -			
	Dunnigan (included in Sacramento)			\$ -	\$ -			
	Fruitridge (included in Sacramento)			\$ -	\$ -			
	Hillview (included in Sacramento)			\$ -	\$ -			
	Rio Plaza (included in Los Angeles)			\$ -	\$ -			
	All Districts		\$ 243,158,970	\$ 243,158,970				

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Service Connections <sup>2</sup>	San Diego			22,765	22,909			
	Los Angeles			30,880	30,996			
	Ventura			23,364	23,361			
	Monterey			44,267	44,344			
	Monterey WW			2,449	2,403			
	Sacramento			68,040	74,538			
	Larkfield			2,525	2,610			
	Dunnigan WW			128	143			
	Geyersville (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)							
	<b>All Districts</b>			<b>194,418</b>	<b>201,304</b>			

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
- 3) CoBank Loan Replayment Balancing Account Information to be provided in a supplemental filing