



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

February 18, 2025

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.

Please let me know if you have any questions.

Thank you,

/s/ Demetrio A. Marquez

Demetrio A. Marquez
Supervisor Paralegal

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

ATTACHMENT A

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

| | | | Most Recent Conducted Review | | |
|----------------------|---|---------------------|------------------------------|---------------------|-----------------------|
| District | Balancing Account | Balance at 12/31/24 | Authorized Balance | GRC/AL | % Differential |
| All Districts | OPEB Balancing Account | 285,336 | 2,392,920 | D.24-12-025 | 111.9% |
| All Districts | Pension Balancing Account | (1,563,136) | (66,220) | D.24-12-025 | 99.5% |
| Central Division | Monterey San Clemente Dam Project Balancing Account | (55,606,087) | (6,332,432) | D.24-12-025 | 94.3% |
| All Districts | Conservation Balancing Account | (9,124) | 1,850,760 | AL 1459 | 274.2% |
| All Districts | WRAM/MCBA | (2,974,551) | (3,598,604) | AL 1439-1441 | % Differential |
| Central Division | Monterey WW Purchased Power Balancing Account | 184,582 | 105,938 | D.24-12-025 | 91.8% |
| Central Division | Monterey Seaside Groundwater Basin Balancing Account | (16,682) | 203,091 | D.24-12-025 | 79.9% |
| All Districts | Consolidated Expense Balancing Account - All District | (4,713,446) | (1,953,488) | D.24-12-025 | 107.2% |

| | | | Most Recent Conducted Review | | |
|-------------------|---|-----------|------------------------------|-------------|---------|
| Central Division | Garrapata SDWSRF Loan Repayment Balancing Accounts | (23,062) | (114,813) | W-4788 | 360.4% |
| All Districts | Customer Assistance Program (CAP) Balancing Account | 416,918 | (5,799,415) | AL 1459 | 96.6% |
| All Districts | Group Insurance | 2,388,255 | (562,859) | D.24-12-025 | 86.0% |
| Northern Division | Fruitridge SDWSRF Loan Repayment Balancing Accounts - D.06-04-073 | (109,869) | (3,272,505) | D.19-12-038 | 100.0% |
| Northern Division | Fruitridge SDWSRF Loan Repayment Balancing Accounts - D.10-05-043 | (234,813) | (1,675,811) | D.19-12-038 | 86.0% |
| Northern Division | Hillview Water Treatment Balancing Account | 0 | 52,513 | D.24-12-025 | -100.0% |
| Southern Division | East Pasadena Purchase Power and Pumping Balancing account | (0) | (266,437) | D.24-12-025 | 100.0% |
| Southern Division | East Pasadena Pumping Balancing Account | (0) | (350,753) | D.24-12-025 | 100.0% |

*The authorized revenue requirement reflected in this table is the 2022 Cost of Capital and Trigger Implementation.

- (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 | (55,606,087) | 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 | -756.8% |
| All Districts | Pension Balancing Account | 24.1% |
| All Districts | Conservation Balancing Account | 19802.8% |
| All Districts | WRAM/MCBA | -428.9% |
| Monterey WW | Monterey WW Purchased Power Balancing Account | -56.0% |
| Monterey | Monterey Seaside Groundwater Basin Balancing Account | 1209.5% |
| All Districts | Customer Assistance Program (CAP) Balancing Account | -242.5% |
| All Districts | Group Insurance | 33.5% |
| Hillview | Grant Tax Balancing Account | 46.0% |

- (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.21-11-018) 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.

| <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 2024</u> | <u>Balance as of Dec 2024</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 | 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 | \$2,444,728 | \$285,336 | 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, 2025 | 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 | \$(1,185,902) | \$(1,563,136) | 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 | Undercollection |

Cal-Am Balancing Account Report, December 31, 2024
February 18, 2025

| <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 2024</u> | <u>Balance as of Dec 2024</u> | <u>Date Last Reviewed</u> | <u>Most Recent Conducted Review/Audit (either GRC or other Method)</u> | <u>Notes or Comments</u> |
|---------------------|---|---|--|-------------------------------|-------------------------------|---------------------------|---|--------------------------|
| | | | | | | | December 6, 2025 | |
| | 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; | \$(56,700,403) | \$(55,606,087) | 2024 | | Undercollection |
| | 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 | \$1,797,650 | \$(9,124) | 2024 | CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024,2025, and 2026 Revenue Requirement for | Undercollection |

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San Francisco, CA 94111

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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 2024</u> | <u>Balance as of Dec 2024</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 Company dated December 6, 2025 | |
| | 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 | \$(15,733,843) | \$(2,974,551) | 2024 | Advice Letters 1439, 1440, and 1441 | Undercollection |

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|---------------------|--|---|--|-------------------------------|-------------------------------|---------------------------|--|--------------------------|
| | 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 | \$287,909 | \$184,582 | 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 | \$185,095 | \$(16,682) | 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, 2025 | 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 2024</u> | <u>Balance as of Dec 2024</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 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, AL 1353" | \$(3,858,396) | \$(4,713,446) | 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, 2025 | 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 | \$(22,534) | \$(23,062) | 2022 | AL 1091/D.18.12.021 | Undercollection |

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|---------------------|---|--|--|-------------------------------|-------------------------------|---------------------------|--|--------------------------|
| | 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 | \$1,428,007 | \$416,918 | 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, 2025 | 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 | \$1,588,632 | \$2,388,255 | 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, | Overcollection |

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|---------------------|--|--|--|-------------------------------|-------------------------------|---------------------------|--|--------------------------|
| | | | | | | | 2025 | |
| | Drinking Water Fees Balancing Account - All District | The purpose of the Drinking Water Fees Balancing Account (DWFBA) is to track 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 | \$- | \$- | 2023 | 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, 2025 | No Collection |
| | Hillview SDWSRF Loan Repayment Balancing Accounts | Track recovery of the balance on SDWSRF loan | D. 19-11-003, Nov 2019, Advice Letter 1299-A | \$(134,405) | \$(134,408) | 2022 | D.19-11-003 | Undercollection |
| | Fruitridge SDWSRF Loan Repayment Balancing | Track recovery of the balance on SDWSRF loan D. 06-04-073 | D. 19-12-038, December 23, 2019, Advice letter | \$(109,866) | \$(109,869) | 2022 | D.19-12-038 | 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 2024</u> | <u>Balance as of Dec 2024</u> | <u>Date Last Reviewed</u> | <u>Most Recent Conducted Review/Audit (either GRC or other Method)</u> | <u>Notes or Comments</u> |
|---------------------|---|---|--|-------------------------------|-------------------------------|---------------------------|--|--------------------------|
| | Accounts | | 1279-A | | | | | |
| | 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 | \$(234,807) | \$(234,813) | 2022 | D.19-12-038 | Undercollection |
| | Hillview Water Treatment Balancing Account | | D. 19-11-003, Nov 2019, Advice Letter 1299-A | \$52,513 | \$0 | 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, 2025 | Overcollection |

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|---------------------|---|--------------------------------------|--|-------------------------------|-------------------------------|---------------------------|--|--------------------------|
| | Hillview Grant Tax Balancing Account | | W-5190 | \$23,971 | \$44,391 | 2022 | D.19-11-003 | Overcollection |
| | East Pasadena Purchase Power Balancing Account* | East Pasadena Acquisition | D.21-08-002, September, 2021, Advice Letter 1347 | \$(309,294) | \$(0) | 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, 2025 | Undercollection |
| | East Pasadena - Pumping Balancing account* | East Pasadena Acquisition | D.21-08-002, September, 2021, Advice Letter 1347 | \$(420,159) | \$(0) | 2024 | CPUC D.24-12-025 on Balancing and Memorandum Accounts, adopting the 2024,2025, and 2026 Revenue | 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 2024</u> | <u>Balance as of Dec 2024</u> | <u>Date Last Reviewed</u> | <u>Most Recent Conducted Review/Audit (either GRC or other Method)</u> | <u>Notes or Comments</u> |
|--|-------------------------------|--------------------------------------|--|-------------------------------|-------------------------------|---------------------------|--|--------------------------|
| | | | | | | | Requirement for California American Water Company dated December 6, 2025 | |
| *Includes correction to 6/2024 balance of OPEB Balancing Account | | | | | | | | |
| | | | | \$ (70,901,104) | \$ (62,065,697) | | | |
| 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 | | | |

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|----------------------------------|-------------------------------|--------------------------------------|--|-------------------------------|-------------------------------|---------------------------|--|--------------------------|
| | Monterey Wastewater | | 1424 -- 2024 Water Cost of Capital Adjustment Mechanism | \$ 3,883,625 | \$ 3,883,625 | | | |
| | All Districts | | | \$ 301,381,242 | \$ 301,381,242 | | | |
| 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 | | | |

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|---------------------|--|--------------------------------------|--|-------------------------------|-------------------------------|---------------------------|--|--------------------------|
| | Geysersville (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 | | | |

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