

"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 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, 2025	Balancing Account Description
Health Cost BA - 2021 GRC (HCBA5)	\$ (4,340,565)	Tracks 85% of the difference between actual and authorized health care costs for 2023-2025.
CAP/LIRA Balancing Account	\$ 5,980,114	Tracks subsidies given to low-income program customers, and the surcharges on non-LIRA customers to fund the program.
RSF Balancing Account	\$ 2,787,139	The Rate Support Fund tracks the subsidy for all customers in designated high-cost districts, and the surcharges collected to fund the program.
Drinking Water Fees Balancing Account	\$ 2,569,045	The Drinking Water Fees Balancing Account tracks the difference between the actual fees charged by the Water Board and the fees authorized in rates.
Drought Memorandum Account 2	\$ 1,257,271	The Drought Memorandum Account 2 (DRMA2) track s costs and penalties associated
Palos Verdes Memorandum Account (PV MA)	\$ 3,509,931	The PV MA tracks the incremental costs associated with the Palos Verdes Peninsula Water Reliability Project that exceed the amount already authorized in rates, including legal or other costs incurred to bring the matter to resolution.

(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 28 active balancing accounts. The following accounts are the seven with the largest (negative or positive) balances.

Balancing Account Name	Balance as of June 30, 2025	Balancing Account Description
Pension 2021 GRC (PCBA 5)	\$ (16,047,671)	Tracks the difference between actual and authorized pension costs for 2023-2025.
District-Specific BAs	\$ 10,524,102	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)	\$ 64,353,254	Tracks the difference between the interim rates charged in 1/1/2023 - 5/31/2024, and the final rates approved in D. 24-03-042 (as corrected by D.24-04-043), plus any offsets or other authorized rate changes that occurred while the GRC was pending.
M-WRAM	\$ 50,425,624	The Monterey-Style Water Revenue Adjustment Account Balancing Account (M-WRAM) compares the quantity rate revenues collected under each residential tier rates to the revenues that would have been collected if a single quantity rate (SQR) had been in effect.
CAP/LIRA Balancing Account	\$ 5,980,114	Tracks subsidies given to low-income program customers, and the surcharges on non-LIRA customers to fund the program.
Health Cost BA - 2021 GRC (HCBA5)	\$ (4,340,565)	Tracks 85% of the difference between actual and authorized health care costs for 2023-2025.
Power ICBA 2024	\$ 4,504,469	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.

(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.

WRAM/MCBA	\$ 3,636,020	Net Undercollection. AL 2447-A (surcharges/credits for 4/15/22-10/14/2023). AL 2477-A (surcharges/credits for 5/05/2023-07/01/2024). AL 2520 (eliminate WRAM for res/com'l, applied federal arrearage funding of \$ -45,970,015 to offset balance). AL 2486-A applied \$1.5 million litigation credit to Stockton's net WRAM/MCBA balance
Conservation 2018 GRC (CEBA4)	\$ -	A one-way balancing account to record water conservation program expenses; under-expenditures to be refunded. For 2020-2022 costs.
Conservation 2021GRC (CEBA5)	\$ (2,888,811)	A one-way balancing account to record water conservation program expenses; under-expenditures to be refunded. For 2023-2025 costs.
Pension 2018 GRC (PCBA 4)	\$ -	Tracks the difference between actual and authorized pension costs for 2020-2022.
Pension 2021 GRC (PCBA 5)	\$ (16,047,671)	Tracks the difference between actual and authorized pension costs for 2023-2025.
Health Cost BA - 2018 GRC (HCBA4)	\$ -	Tracks 85% of the difference between actual and authorized health care costs for 2020-2022.
Health Cost BA - 2021 GRC (HCBA5)	\$ (4,340,565)	Tracks 85% of the difference between actual and authorized health care costs for 2023-2025.
Chromium-6 Memo Account (Cr6 MA)	\$ 1,019,370	Tracks the incremental costs associated with complying with the Maximum Contaminant Level (MCL) for chromium-6.
District-Specific BAs	\$ 10,524,102	District-specific accounts in which small amounts, such as residuals from amortizations, are aggregated for later disposition.
Lead Service Line Memo Account (LSL M	\$ 148,095	Tracks the incremental costs associated with conducting the lead service line study mandated by the Water Board.
2021 GRC Interim Rate Memo Account (	\$ 64,353,254	Tracks the difference between the interim rates charged in 1/1/2023 - 5/31/2024, and the final rates approved in D. 24-03-042 (as corrected by D.24-04-043), plus any offsets or other authorized rate changes that occurred while the GRC was pending.
Drinking Water Fees Balancing Account	\$ 2,569,045	The Drinking Water Fees Balancing Account tracks the difference between the actual fees charged by the Water Board and the fees authorized in rates.
M-WRAM	\$ 50,425,624	The Monterey-Style Water Revenue Adjustment Account Balancing Account (M-WRAM) compares the quantity rate revenues collected under each residential tier rates to the revenues that would have been collected if a single quantity rate (SQR) had been in effect.
Water, Pump Tax, and Power ICBA's for 2023	\$ (2,281,444)	The Incremental Cost Balancing Account (ICBA's) 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.
Water ICBA 2024	\$ (1,470,141)	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.
Pump Tax ICBA 2024	\$ 793,821	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.
Power ICBA 2024	\$ 4,504,469	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.

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

All active accounts have been reviewed within the past 3 years.

	B	C	D	E	Z	AA	AB	AC	AD
	<u>Prelim</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of December 31, 2024</u>	<u>Balance as of June 30, 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
1									
2	-1		TOTAL CONNECTIONS AS OF:		491,680	492,014			
4	M	WRAM/MCBA	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.	D.08-02-036	\$ 4,737,034	\$ 3,636,020	2024	Utilities Audit Branch (UAB) audit of 2023 transactions. Report issued October 2024	Net Undercollection. AL 2447-A (surcharges/credits for 4/15/22-10/14/2023). AL 2477-A (surcharges/credits for 5/05/2023-07/01/2024). AL 2520 (eliminate WRAM for res/com'l, applied federal arrearage funding of \$ - 45,970,015 to offset balance). AL 2486-A applied \$1.5 million litigation credit to Stockton's net WRAM/MCBA balance
6	T	Lucerne BA	<i>The Lucerne BA reflects amounts Lucerne customers owe to pay off a no-interest loan, and does not affect CWS' revenue so it has been moved to the bottom of the page (after the total balance is calculated).</i>						
10	Z4	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 (December 6, 2020); AL 2402 (created 1/27/2021). AL 2478 (amortization).	\$ -	\$ -	2024	2024 UAB audit of 2023 transactions.	Net Undercollection of \$239,712 transferred to Dist BAs, but not officially closed.
11	Z5	Conservation 2021GRC (CEBA5)	A one-way balancing account to record water conservation program expenses; under-expenditures to be refunded. For 2023-2025 costs.	D.24-03-042 (3/7/24); AL 2523 (requested opening 7/29/24).	\$ (3,294,201)	\$ (2,888,811)	2025	Cal Advocates Report on BAMAs (2024 GRC; 1/28/25).	To be refunded (overcollection).
14	AA3	Pension 2015 GRC (PCBA 3)	Tracks the difference between actual and authorized pension costs for 2017-2019.	D.16-12-042, OP 4 (revise tariffs) and OP 17 (modify/eliminate balancing accounts); AL 2242 (12/30/16); AL 2406-Amortization of PCBA from 2015 start 6/15/2021	\$ -	\$ -	2025	2024 UAB audit of 2023 transactions.	Net Undercollection of \$1,938,665 transferred to Dist BAs, but not officially closed.
15	AA4	Pension 2018 GRC (PCBA 4)	Tracks the difference between actual and authorized pension costs for 2020-2022.	D.20-12-007 (December 6, 2020); AL 2402 (1/27/2021); AL 2482 (amortization)	\$ -	\$ -	2024	2024 UAB audit of 2023 transactions.	Net Undercollection of \$3,120,440 transferred to Dist BAs, but not officially closed.
16	AA5	Pension 2021 GRC (PCBA 5)	Tracks the difference between actual and authorized pension costs for 2023-2025.	D.24-03-042 (3/7/24); AL 2523 (requested opening 7/29/24).	\$ (14,143,464)	\$ (16,047,671)	2025	2024 UAB audit of 2023 transactions. Cal Advocates Report on BAMAs (2024 GRC; 1/28/25).	To be refunded (overcollection).
18	AB3	Health Cost BA - 2015 GRC (HCBA3)	Tracks 85% of the difference between actual and authorized health care costs for 2017-2019.	D.16-12-042, OP 4 (revise tariffs) and OP 17 (modify/eliminate balancing accounts); AL 2242 (12/30/16). AL 2406 (amortization).	\$ -	\$ -	2024	2024 UAB audit of 2023 transactions.	Net Overcollection of \$-65,242 transferred to Dist BAs, but not officially closed.
19	AB4	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 (December 6, 2020); AL 2402 (1/27/2021); AL 2482 (amortization)	\$ -	\$ -	2024	2024 UAB audit of 2023 transactions.	Net Overcollection -\$663,452 transferred to Dist BAs, but not officially closed.
20	AB5	Health Cost BA - 2021 GRC (HCBA5)	Tracks 85% of the difference between actual and authorized health care costs for 2023-2025.	D.24-03-042 (3/7/24); AL 2523 (requested opening 7/29/24).	\$ (3,630,297)	\$ (4,340,565)	2025	2024 UAB audit of 2023 transactions.	To be refunded (overcollection).
21	AI	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.).	\$ 1,711,210	\$ 1,019,370	2023 & 2024	WD in AL 2503 (authorized for SVR in 2023) and AL 2530-A (authorized for DIX & WIL in 2024).	Net Undercollection. Converted to BA as of Oct 2024. In AL 2503, amortization of \$1,653,848 for SVR. In AL 2530-A, amortization of \$65,957 in DIX and \$84,765 in WIL. All surcharges for 10/1/24 - 9/30/25.
22	AJ	CAP/LIRA Balancing Account	Tracks subsidies given to low-income program customers, and the surcharges on non-LIRA customers to fund the program.	D.12-09-020 (September 13, 2012); Res. W-2086-A	\$ 6,119,333	\$ 5,980,114	2024	2024 UAB audit of 2023 transactions; WD review in AL 2541.	Net Undercollection. Surcharge re-calculated in AL -2541 became effective 1/1/2025.

	B	C	D	E	Z	AA	AB	AC	AD
	<u>Prelim</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of December 31, 2024</u>	<u>Balance as of June 30, 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
1									
23	AM	RSF Balancing Account	The Rate Support Fund tracks the subsidy for all customers in designated high-cost districts, and the surcharges collected to fund the program.	D.10-12-017 (December 9, 2010); D.14-08-011 (August 14, 2014)	\$ 3,790,378	\$ 2,787,139	2024	2024 UAB audit of 2023 transactions; WD review in AL 2540.	Net Undercollection. Surcharge re-calculated in AL 2540 became effective 1/1/2025.
24	AP	District-Specific 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 (amortization)	\$ 10,423,195	\$ 10,524,102	2025	Cal Advocates Report on BAMAs (2024 GRC; 1/28/25).	Net Undercollection. In AL 2530-A, amortization of \$311,556 for 10/1/24 - 9/30/25.
28	AX	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 (amortization)	\$ 267,374	\$ 148,095	2024	Water Division in AL 2530-A.	Net Undercollection. Converted to a balancing account as of Oct 2024. AL 2530-A (amortization of \$293,318 for 10/1/24 - 6/30/2025).
29	BD	2021 GRC Interim Rate Memo Account (2021 IRMA)	Tracks the difference between the interim rates charged in 1/1/2023 - 5/31/2024, and the final rates approved in D. 24-03-042 (as corrected by D.24-04-043), plus any offsets or other authorized rate changes that occurred while the GRC was pending.	D.24-04-043; AL 2470 (created). AL 2527 (amortization).	\$ 75,645,510	\$ 64,353,254	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).
30	BF	Drinking Water Fees Balancing Account	The Drinking Water Fees Balancing Account tracks the difference between the actual fees charged by the Water Board and the fees authorized in rates.	Approved in AL 2497-A (filed 11/30/2023; eff. 12/16/21)	\$ 2,059,146	\$ 2,569,045	2025	Cal Advocates Report on BAMAs (2024 GRC; 1/28/25).	Net Undercollection. In A.24-07-003, amortization of \$1,334,220 requested in base rates. Opposed by CalAdvocates.
31	BG	M-WRAM	The Monterey-Style Water Revenue Adjustment Account Balancing Account (M-WRAM) compares the quantity rate revenues collected under each residential tier rates to the 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 (amortization of 2023 balance).	33,060,809	50,425,624	2024	WD in AL 2532 (amortization of 2023 balance).	Net Undercollection. For financial reporting, balance in 2023 AL 2532, start amortize from 10/01/2024-9/30/2026, billed \$7,021,557 as of 06/30/2025.
32	BH, BI, BJ 2023	Water, Pump Tax, and Power ICBA for 2023	The Incremental Cost Balancing Account (ICBA) tracks 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).	(5,500,826)	(2,281,444)	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 \$4,615,095.
33	BH 2024	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).	\$ (1,400,430)	\$ (1,470,141)	None	D.24-03-042 (authorization).	Net Overcollection (refunds owed).
34	BI 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).	\$ 735,041	\$ 793,821	None	D.24-03-042 (authorization).	Net Undercollection (costs to be recovered)
35	BJ 2024	Power ICBA 2024	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).	\$ 4,409,119	\$ 4,504,469	None	D.24-03-042 (authorization).	Net Undercollection (costs to be recovered)
36	BH 2025	Water ICBA 2025	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).	NA	\$ (1,611,885)	None	D.24-03-042 (authorization).	Net Overcollection (refunds owed).
37	BI 2025	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).	NA	\$ 126,389	None	D.24-03-042 (authorization).	Net Undercollection (costs to be recovered)
38	BJ 2025	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).	NA	\$ 1,837,103	None	D.24-03-042 (authorization).	Net Undercollection (costs to be recovered)
39	BN	Capital One-Way Balancing Account (21GRC COBA)	The 2021 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).	\$ (469,877)	\$ (671,215)	2024	D.24-03-042 (authorization).	Net Overcollection (refunds owed).
40	AL2	Drought Memorandum Account 2	The Drought Memorandum Account 2 (DRMA2) tracks costs and penalties associated with the implementation of Rule 14.1 and Schedule 14.1 consistent with Resolution W-4976 in which the Commission adopted Drought Procedures.	AL 2490-A	\$ 1,393,447	\$ 1,257,271	2025	RES W-5285	Net Undercollection. AL 2490-A filed recover \$1,393,447 incremental costs incurred from June 14, 2021 to December 31, 2022. Billed \$257,014 through 6/30/2025. Interest makes up the difference

	B	C	D	E	Z	AA	AB	AC	AD
	<u>Prelim</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Balance as of December 31, 2024</u>	<u>Balance as of June 30, 2025</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
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41	BM	Palos Verdes Memorandum Account (PV MA)	The PV MA tracks the incremental costs associated with the Palos Verdes Peninsula Water Reliability Project that exceed the amount already authorized in rates, including legal or other costs incurred to bring the matter to resolution.	AL 2548	\$ 3,821,015	\$ 3,509,931	2025	RES. W -5287	Net undercollections. AL 2548 filed to recover \$3,821,015 tracked in the memo account. Billed for \$364,491 through 6/30/2025. Interest makes up the difference
42									
43									
44		Grand Total:			\$ 114,519,053	\$ 124,160,014			
45									
46	The following account does not affect CWS' revenue, so it is not included in the Grand Total balance.								
47	T	Lucerne BA	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 deposited with the fiscal agent.	D.08-09-002; AL 1963-A. (Res. W-5149 approving surcharge; implementation via AL 2267-A effective 1/1/2018.)	\$ 3,227,721	\$ 3,106,535	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.
48									
49									
50	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.								