



PUBLIC PARTICIPATION HEARING

California-American Water Company – Northern Division

General Rate Case Application (A.22-07-001)

April 11, 2023

What is this Rate Application About?

Every three years, the California Public Utilities Commission (CPUC) requires California-American Water Company (Cal-Am) to file a General Rate Case (GRC) application. Pursuant to this requirement, on July 1, 2022 Cal-Am filed Application (A) 22-07-001 requesting an increase in revenues for 2024, 2025, and 2026. Subsequently, in response to new legislation, Cal-Am requested an opportunity to update its application to propose a decoupling mechanism, the Water Resources Sustainability Plan (WRSP), as an alternative to the Monterey-Style Water Revenue Adjustment Mechanism (M-WRAM) contained in its original application.¹

Cal-Am was granted permission and on January 27, 2023 filed its Updated Application. In its Updated Application, Cal-Am also incorporated recent approved rate changes and revised demand forecasts. This Fact Sheet reflects the numbers in Cal-Am's Updated Application.

This application allows the CPUC to take a broad, in-depth look at Cal-Am's income and expenses and consider quality of service and other factors, and then decide whether to raise or lower Cal-Am's rates, and whether to require other changes in Cal-Am's operations.

What Increases in Revenue is Cal-Am Requesting to be Funded Through Customer Water Bills for the Period of 2024-2026?²

California American Water is requesting a Northern Division revenue increase of \$14,560,700 or 17.10% in 2024, \$8,671,000 or 8.55% in 2025, and \$8,739,500 or 7.93% in 2026 under the WSRP proposal. Under the M-WRAM proposal, California American Water is requesting a revenue increase of \$13,981,200 or 16.31% in 2024, \$8,661,900 or 8.53% in 2025, and \$8,739,200 or 7.93% in 2026.

¹ Senate Bill 1469, adopted September 30, 2022, amends Section 727.5 of the Public Utilities Code to require the Public Utilities Commission to consider for authorization the implementation of a mechanism that separates a water corporation's revenues and its water sales.

² The amount of revenue to be authorized is based on the forecasted operating and capital costs of doing business. This, combined with forecasted water sales and number of customers, produces the necessary changes in rates.



The original proposed revenue increases for the Central District can be found under July 2022 customer notices on the Public Advisor's webpage, <https://www.CPUC.ca.gov/PAO>.

What Types of Additional Costs Does Cal-Am Say it Needs to Recover?

Cal-Am is requesting to recover costs for proposed new capital investments to replace and upgrade its water system and facilities as well as for additional administrative, general, and labor costs. Cal-Am's application requests:

- **Infrastructure Improvements:** \$11 million 3-year capital expenditure budget increase for capital investments in facility retirements, improvements, and replacements; replacement wells; and improved water treatment systems
- **Small System Consolidation Support:** \$1.6M to consolidate small water systems with California-American Water
- **Employee Labor Costs:** \$1.3 million increase for staffing, wages, and benefits
- **Inflationary Increases:** \$2.3 million increase for inflationary costs
- **Increased Depreciation:** \$3.1 million for increased depreciation

WRSP vs. M-WRAM:

- As an alternative to the Monterey-Style WRAM (Water Revenue Adjustment Mechanism), Cal-Am proposes to implement the WRSP (Water Resources Sustainability Plan), composed of a decoupling balancing account, Annual Consumption Mechanism, amortization schedule, and rate design modifications



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Updated Proposed Revenue Requirement for Northern Division – With WRSP (Includes Service Areas in Sacramento, Dunnigan, Geyserville, Larkfield, Meadowbrook, Dunnigan Wastewater, Fruitridge Vista, Hillview, and Bass Lake)							
	2024		2025		2026		
Customer Class	\$ Increase	% Increase	\$ Increase	% Increase	\$ Increase	% Increase	Total Increase
Residential	\$5,563,816	11.11%	\$5,193,020	10.44%	\$4,961,592	7.93%	\$16,438,428
Commercial	\$7,480,736	28.96%	\$3,048,588	9.14%	\$2,889,580	7.93%	\$13,418,904
Industrial	\$3,262	0.51%	\$58,130	9.09%	\$55,373	7.93%	\$116,765
Public Authority	\$1,016,726	22.47%	\$513,643	9.27%	\$480,477	7.93%	\$2,010,846
Other	\$28,229	96.04%	\$5,609	9.73%	\$5,017	7.93%	\$38,855
Residential Protection Fire Service	\$466,955	33.76%	\$220,613	8.51%	\$223,167	7.93%	\$910,735
Private Fire Protection Service	\$(97,095)	-7.42%	\$0	0.00%	\$96,402	7.93%	\$(693)
Residential Flat	\$84,367	8.30%	\$(1,100,839)	-100.00%	-	0.00%	\$(1,016,472)
Mobile Home Residential (Sewer)	\$12,003	17.11%	\$7,022	8.55%	\$7,078	7.93%	\$26,103
Commercial (Sewer)	\$163	17.07%	\$96	8.59%	\$96	7.93%	\$355
Total	\$14,559,162		\$8,665,882		\$8,718,782		\$31,943,826



Updated Proposed Revenue Requirement for Northern Division – With M-WRAM (Includes Service Areas in Sacramento, Dunnigan, Geyserville, Larkfield, Meadowbrook, Dunnigan Wastewater, Fruitridge Vista, Hillview, and Bass Lake)							
	2024		2025		2026		
Customer Class	\$ Increase	% Increase	\$ Increase	% Increase	\$ Increase	% Increase	Total Increase
Residential	\$4,878,677	9.67%	\$5,866,674	10.43%	\$4,926,187	7.93%	\$15,671,538
Commercial	\$7,534,674	28.95%	\$3,068,412	9.13%	\$2,909,478	7.93%	\$13,512,564
Industrial	\$(44,908)	-6.98%	\$53,848	9.00%	\$51,737	7.93%	\$60,677
Public Authority	\$936,194	20.51%	\$508,590	9.25%	\$476,617	7.93%	\$1,921,401
Other	\$34,333	116.74%	\$6,219	9.76%	\$5,549	7.93%	\$46,101
Residential Protection Fire Service	\$641,279	46.36%	\$246,077	8.64%	\$245,342	7.93%	\$1,132,698
Private Fire Protection Service	\$(97,095)	-7.42%	\$0	0.00%	\$96,369	7.93%	\$(726)
Residential Flat	\$84,367	8.30%	\$(1,100,839)	-100.00%	-	0.00%	\$(1,016,472)
Mobile Home Residential (Sewer)	\$11,445	16.31%	\$6,964	8.53%	\$7,026	7.93%	\$25,435
Commercial (Sewer)	\$155	16.23%	\$95	8.56%	\$96	7.93%	\$346
Total	\$13,979,121		\$8,656,040		\$8,718,400		\$31,353,561

What Other Requests are Pending for Cal-Am?

Besides this GRC, there are other pending applications for Cal-Am regarding the acquisition of the Bass Lake Water Company, debt securities, and an amended Water Purchase Agreement for the Pure Water Monterey Groundwater Replenishment Project.



How Can I Have My Voice Heard and Find Out More?

The CPUC will hold 8 Public Participation Hearings for Cal-Am customers to have their voices heard. The assigned Administrative Law Judge will preside at these hearings and a court reporter will transcribe the hearings. For further information on these hearings, please visit <https://www.CPUC.ca.gov/PPH/>.

Customers can also submit electronic comments specific to this proceeding and review all other public comments submitted by using the “Add Public Comment” tab of the docket card for A.22-07-001 at <https://apps.CPUC.ca.gov/c/A2207001>.

To view all formal filings in this proceeding, including Cal-Am’s original and updated application, as well as the proposed decision when issued, go to <https://apps.CPUC.ca.gov/p/A2207001>.

The Public Advocates Office is an independent consumer advocate within the CPUC who will review, audit, and submit formal testimony on Cal-Am’s application. Its website is: <https://www.publicadvocates.cpuc.ca.gov>.

The CPUC’s Public Advisor can be contacted by email at public.advisor@cpuc.ca.gov or by phone at 866-849-8390.

The CPUC’s Water Division provides information on the regulatory process for water utilities at: <https://www.cpuc.ca.gov/about-cpuc/divisions/water-division/>.



What are the Residential Bill Impacts Based on Requested Revenue Increases?

Sacramento (including Dunnigan, Geyserville, and Hillview) – Average Residential Bill – With WRSP						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	5/8-inch	78.3	\$64.91	\$2.29	\$67.20	3.53%
2025	5/8-inch	78.3	\$67.20	\$5.74	\$72.94	8.55%
2026	5/8-inch	78.3	\$72.94	\$5.79	\$78.73	7.93%
Sacramento (including Dunnigan, Geyserville, and Hillview) – Average Residential Bill – With M-WRAM						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	5/8-inch	79.2	\$65.55	\$2.12	\$67.67	3.23%
2025	5/8-inch	79.2	\$67.67	\$5.77	\$73.44	8.53%
2026	5/8-inch	79.2	\$73.44	\$5.83	\$79.27	7.93%

Fruitridge Metered – Average Residential Bill – With WRSP						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	5/8-inch	78.3	\$72.01	(\$1.03)	\$70.99	-1.42%
2025	5/8-inch	78.3	\$70.99	\$6.07	\$77.06	8.55%
2026	5/8-inch	78.3	\$77.06	\$6.11	\$83.17	7.93%
Fruitridge Flat – Average Residential Bill – With WRSP						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	n/a	n/a	\$71.03	(\$0.04)	\$70.99	-0.06%
2025	n/a	n/a	\$70.99	\$6.07	\$77.06	8.55%
2026	n/a	n/a	\$77.06	\$6.11	\$83.17	7.93%



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Fruitridge Metered – Average Residential Bill – With M-WRAM						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	5/8-inch	79.2	\$72.27	(\$0.83)	\$71.44	-1.15%
2025	5/8-inch	79.2	\$71.44	\$6.10	\$77.53	8.53%
2026	5/8-inch	79.2	\$77.53	\$6.15	\$83.68	7.93%

Fruitridge Flat – Average Residential Bill – With M-WRAM						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	n/a	n/a	\$71.05	\$0.39	\$71.44	0.55%
2025	n/a	n/a	\$71.44	\$6.10	\$77.53	8.53%
2026	n/a	n/a	\$77.53	\$6.15	\$83.68	7.93%

Larkfield – Average Residential Bill – With WRSP						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	5/8-inch	60.5	\$81.47	(\$2.67)	\$78.80	-3.28%
2025	5/8-inch	60.5	\$78.80	\$0.00	\$78.80	0.00%
2026	5/8-inch	60.5	\$78.80	\$0.00	\$78.80	0.00%

Larkfield – Average Residential Bill – With M-WRAM						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	5/8-inch	60.5	\$81.47	(\$2.67)	\$78.80	-3.28%
2025	5/8-inch	60.5	\$78.80	\$0.00	\$78.80	0.00%
2026	5/8-inch	60.5	\$78.80	\$0.00	\$78.80	0.00%



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Meadowbrook – Average Residential Bill – With WRSP						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	5/8-inch	120.9	\$61.50	(\$2.86)	\$58.64	-4.65%
2025	5/8-inch	120.9	\$58.64	\$5.01	\$63.65	8.55%
2026	5/8-inch	120.9	\$63.65	\$5.05	\$68.70	7.93%
Meadowbrook – Average Residential Bill – With M-WRAM						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	5/8-inch	120.9	\$61.50	(\$3.24)	\$58.25	-5.27%
2025	5/8-inch	120.9	\$58.25	\$4.97	\$63.23	8.53%
2026	5/8-inch	120.9	\$63.23	\$5.02	\$68.24	7.93%