



August 25, 2023

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.21-11-018), or the most recently reviewed balance as designated below. In instances where “authorized revenue amounts” were not provided in the Appendices to D.21-11-018, 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 6/30/2023 | Most Recent Conducted Review | | % Differential |
|-------------------|-------------------------------------------------------------------|----------------------|------------------------------|--------------|----------------|
| | | | Authorized Balance | GRC/AL | |
| All Districts | OPEB Balancing Account | 2,486,132 | 1,131,484 | D.21-11-018 | 119.7% |
| All Districts | Pension Balancing Account | (437,525) | (1,426,318) | D.21-11-018 | 69.3% |
| Central Division | Monterey San Clemente Dam Project Balancing Account | (59,344,760) | 79,517,356 | D.21-11-018 | -174.6% |
| All Districts | Conservation Balancing Account | 1,598,186 | (1,296,941) | AL 1322 | 223.2% |
| All Districts | WRAM/MCBA | (26,444,891) | (16,454,637) | AL 1407-1409 | -60.7% |
| Central Division | Monterey WW Purchased Power Balancing Account | 212,148 | (196,081) | D.21-11-018 | 208.2% |
| Central Division | Monterey Seaside Groundwater Basin Balancing Account | 185,646 | 305,284 | D.21-11-018 | -39.2% |
| All Districts | Consolidated Expense Balancing Account - All District | (6,944,501) | (14,430,502) | D.21-11-018 | 51.9% |
| Central Division | Garrapata SDWSRF Loan Repayment Balancing Accounts | (21,479) | (114,813) | W-4788 | 81.3% |
| All Districts | Customer Assistance Program (CAP) Balancing Account | 1,931,855 | (4,151,092) | AL 1393 | 146.5% |
| All Districts | Group Insurance | 531,189 | (4,258,541) | D.21-11-018 | 112.5% |
| Northern Division | Fruitridge SDWSRF Loan Repayment Balancing Accounts - D.06-04-073 | (109,862) | (3,272,505) | AL 1279 | 96.6% |
| Northern Division | Fruitridge SDWSRF Loan Repayment Balancing Accounts - D.10-05-043 | (234,795) | (1,675,811) | AL 1279 | 86.0% |

*The authorized revenue requirement reflected in this table is the 2023 Step Rate Revenue Requirement.

- (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.21-11-018), or the most recently reviewed balance as designated below. In instances where “authorized revenue amounts”

were not provided in the Appendices to D.21-11-018, 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 25th percentile).

Table 2

| District | Balancing Account | Authorized Balance | Balance Reviewed In |
|------------------|-----------------------------------------------------|--------------------|---------------------|
| Central Division | Monterey San Clemente Dam Project Balancing Account | (59,344,760) | 2022 |
| All Districts | WRAM/MCBA | (26,444,891) | 2023 |

- (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 | Pension Balancing Account | 49.0% |
| All Districts | WRAM/MCBA | 36.0% |
| All Districts | Consolidated Expense Balancing Account - All District | -32.5% |
| All Districts | Group Insurance | 172.7% |
| Hillview | Grant Tax Balancing Account | -32.0% |
| Southern Division | East Pasadena Purchase Power Balancing account | 21.3% |
| Southern Division | East Pasadena Pumping Balancing account | 23.9% |

- (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 Dec 2022</u> | <u>Balance as of June 2023</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 | \$ 2,635,526 | \$ 2,486,132 | 2023 | CPUC D.21-11-018 on Balancing and Memorandum Accounts, adopting the 2021,2022, and 2023 Revenue Requirement for California American Water Company dated November 18, 2021 | 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 | \$ (223,329) | \$ (437,525) | 2023 | CPUC D.21-11-018 on Balancing and Memorandum Accounts, adopting the 2021,2022, and 2023 Revenue Requirement for California American Water Company dated November 18, 2021 | 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; | \$ (60,557,244) | \$ (59,344,760) | 2022 | | 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 | \$ 1,588,853 | \$ 1,598,186 | 2022 | CPUC D.21-11-018 on Balancing and Memorandum Accounts, adopting the 2021,2022, and 2023 Revenue Requirement for California American Water Company dated November 18, 2021 | 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 | \$ (16,913,844) | \$ (26,444,891) | 2023 | District WRAM/MCBA Annual Reports | 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 | \$ 184,582 | \$ 212,148 | 2022 | | 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 | \$ 185,676 | \$ 185,646 | 2022 | CPUC D.21-11-018 on Balancing and Memorandum Accounts, adopting the 2021,2022, and 2023 Revenue Requirement for California American Water Company dated November 18, 2021 | Overcollection |

| Utility Name | Balancing Account Name | Balancing Account Description | Authorizing Decision or Resolution or Advice Letter | Balance as of Dec 2022 | Balance as of June 2023 | Date Last Reviewed | Most Recent Conducted Review/Audit (either GRC or other Method) | Notes or Comments |
|--------------|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------|-------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| | 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 | \$ (9,200,266) | \$ (6,944,501) | 2022 | CPUC D.21-11-018 on Balancing and Memorandum Accounts, adopting the 2021,2022, and 2023 Revenue Requirement for California American Water Company dated November 18, 2021 | 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 | \$ (20,658) | \$ (21,479) | 2022 | 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 | \$ 2,159,913 | \$ 1,931,855 | 2022 | CPUC D.21-11-018 on Balancing and Memorandum Accounts, adopting the 2021,2022, and 2023 Revenue Requirement for California American Water Company dated November 18, 2021 | 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 | \$ (386,159) | \$ 531,189 | 2022 | CPUC D.21-11-018 on Balancing and Memorandum Accounts, adopting the 2021,2022, and 2023 Revenue Requirement for California American Water Company dated November 18, 2021 | Overcollection |
| | Hillview SDWSRF Loan Repayment Balancing Accounts | Track recovery of the balance on SDWSRF loan | D. 19-11-003, Nov 2019, Advice Letter 1299-A | \$ (134,395) | \$ (134,398) | 2022 | 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 | \$ (109,859) | \$ (109,862) | 2022 | 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 | \$ (234,790) | \$ (234,795) | 2022 | D.19-12-038 | Undercollection |
| | Hillview Water Treatment Balancing Account | | D. 19-11-003, Nov 2019, Advice Letter 1299-A | \$ 52,513 | \$ 52,513 | 2022 | D.19-11-003 | Overcollection |
| | Hillview Grant Tax Balancing Account | | W-5190 | \$ (46,713) | \$ (35,378) | 2022 | D.19-11-003 | Undercollection |
| | East Pasadena Purchase Power Balancing Account | East Pasadena Acquisition | D.21-08-002, September, 2021, Advice Letter 1347 | \$ (104,708) | \$ (133,112) | 2022 | D.21-08-002 | Undercollection |
| | East Pasadena - Pumping Balancing account | East Pasadena Acquisition | D.21-08-002, September, 2021, Advice Letter 1347 | \$ (178,748) | \$ (235,031) | 2022 | D.21-08-002 | Undercollection |
| | East Pasadena Purchased Water Balancing Account | East Pasadena Acquisition | D.21-08-002, September, 2021, Advice Letter 1347 | \$ - | \$ - | 2022 | D.21-08-002 | Overcollection |
| | | | | \$ (81,303,649) | \$ (87,078,063) | | | |

| <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 Dec 2022</u> | <u>Balance as of June 2023</u> | <u>Date Last Reviewed</u> | <u>Most Recent Conducted Review/Audit (either GRC or other Method)</u> | <u>Notes or Comments</u> |
|----------------------------------|-----------------------------------------|--------------------------------------|------------------------------------------------------------|-------------------------------|--------------------------------|---------------------------|------------------------------------------------------------------------|--------------------------|
| Revenue Requirement | Northern Division | Authorized Requirement | CPUC D.21-11-018 AL 1393, January 1, 2023 | \$ 76,918,395 | \$ 80,658,395 | | | |
| | Central Division | | CPUC D.21-11-018 AL 1394, January 1, 2023 | \$ 75,744,269 | \$ 78,852,269 | | | |
| | Southern Division | | CPUC D.21-11-018 AL 1395, January 1, 2023 | \$ 124,390,848 | \$ 130,800,848 | | | |
| | Monterey Wastewater | | CPUC D.21-11-018 AL 73-S, January 1, 2023 | \$ 3,698,575 | \$ 3,870,075 | | | |
| | All Districts | | | \$ 280,752,086 | \$ 294,181,586 | | | |
| Service Connections ² | San Diego | | | 22,941 | 22,764 | | | |
| | Los Angeles | | | 34,168 | 36,115 | | | |
| | Ventura | | | 23,347 | 24,103 | | | |
| | Monterey | | | 44,185 | 44,023 | | | |
| | Monterey WW | | | 2,474 | 2,569 | | | |
| | Sacramento | | | 75,437 | 75,792 | | | |
| | Larkfield | | | 2,691 | 2,333 | | | |
| | Dunnigan WW | | | 156 | 166 | | | |
| | 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) | | | - | - | | | |
| | East Pasadena (included in Los Angeles) | | | - | - | | | |
| | All Districts | | | 205,399 | 207,865 | | | |

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