



April 15, 2024

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.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 12/31/2023	Most Recent Conducted Review		
			Authorized Balance	GRC/AL	% Differential
All Districts	OPEB Balancing Account	2,430,253	1,105,831	D.21-11-018	119.8%
All Districts	Pension Balancing Account	(707,722)	(1,393,977)	D.21-11-018	49.2%
Central Division	Monterey San Clemente Dam Project Balancing Account	(58,092,385)	(79,517,356)	D.21-11-018	26.9%
All Districts	Conservation Balancing Account	1,611,184	(1,296,941)	AL 1322	224.2%
All Districts	WRAM/MCBA	(17,774,564)	(53,131,675)	AL 1407-1409	66.5%
Central Division	Monterey WW Purchased Power Balancing Account	249,189	(196,081)	D.21-11-018	227.1%
Central Division	Monterey Seaside Groundwater Basin Balancing Account	136,429	305,284	D.21-11-018	-55.3%
All Districts	Consolidated Expense Balancing Account - All District	(4,612,860)	(14,727,182)	D.21-11-018	68.7%
Central Division	Garrapata SDWSRF Loan Repayment Balancing Accounts	(21,995)	(114,813)	W-4788	80.8%
All Districts	Customer Assistance Program (CAP) Balancing Account	1,339,236	(3,414,097)	AL 1393	139.2%
All Districts	Group Insurance	1,224,571	(4,161,982)	D.21-11-018	129.4%
Northern Division	Fruitridge SDWSRF Loan Repayment Balancing Accounts - D.06-04-073	(109,863)	(3,272,505)	AL 1279	96.6%
Northern Division	Fruitridge SDWSRF Loan Repayment Balancing Accounts - D.10-05-043	(234,801)	(1,675,811)	AL 1279	86.0%

\*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 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.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 25<sup>th</sup> percentile).

Table 2

District	Balancing Account	Authorized Balance	Balance Reviewed In
Central Division	Monterey San Clemente Dam Project Balancing Account	(58,092,385)	2022

- (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	38.2%
All Districts	WRAM/MCBA	-48.8%
Monterey	Monterey Seaside Groundwater Basin Balancing Account	-36.1%
All Districts	Consolidated Expense Balancing Account - All District	-50.5%
All Districts	Customer Assistance Program (CAP) Balancing Account	-44.3%
All Districts	Group Insurance	56.6%
Hillview	Grant Tax Balancing Account	-407.9%

- (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 Jun 2023</u>	<u>Balance as of Dec 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	\$ 2,486,132	\$ 2,430,253	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	\$ (437,525)	\$ (707,722)	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;	(59,344,760)	\$ (58,092,385)	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	1,598,186	\$ 1,611,184	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	(26,444,891)	\$ (17,774,564)	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 in the Monterey Waste Water district.	D.12.06.016; June 7, 2012	\$ 212,148	\$ 249,189	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	\$ 185,646	\$ 136,429	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
	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, AL982, AL 986-A, AL 1000, AL 1230, AL 1353	\$ (6,944,501)	\$ (4,612,860)	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	\$ (21,479)	\$ (21,995)	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	\$ 1,931,855	\$ 1,339,236	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

<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 2023</u>	<u>Balance as of Dec 2023</u>	<u>Date Last Reviewed</u>	<u>Most Recent Conducted Review/Audit (either GRC or other Method)</u>	<u>Notes or Comments</u>
	<b>Group Insurance - All District</b>	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	\$ 531,189	\$ 1,224,571	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
	<b>Drinking Water Fees Balancing Account – All District</b>	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	\$ 0	\$ 0	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	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	\$ (134,398)	\$ (134,397)	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	\$ (109,862)	\$ (109,863)	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	\$ (234,795)	\$ (234,801)	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	\$ (35,378)	\$ (6,966)	2022	D.19-11-003	Undercollection
	East Pasadena Purchase Power Balancing Account*	East Pasadena Acquisition	D.21-08-002, September, 2021, Advice Letter 1347	\$ (133,112)	\$ (216,962)	2022	D.21-08-002	Undercollection
	East Pasadena - Pumping Balancing account*	East Pasadena Acquisition	D.21-08-002, September, 2021, Advice Letter 1347	\$ (235,031)	\$ (332,419)	2022	D.21-08-002	Undercollection
	East Pasadena Purchased Water Balancing Account*	East Pasadena Acquisition	D.21-08-002, September, 2021, Advice Letter 1347	\$ 0	\$ 0	2022	D.21-08-002	No Collection
				<b>\$ (87,078,063)</b>	<b>\$ (75,201,561)</b>			
<b>Revenue Requirement</b>	Northern Division	Authorized Requirement	CPUC D.21-11-018 AL 1393, January 1, 2023	\$ 80,658,395	\$ 80,462,393			
	Central Division		CPUC D.21-11-018 AL 1394, January 1, 2023	\$ 78,852,269	\$ 80,211,862			
	Southern Division		CPUC D.21-11-018 AL 1395, January 1, 2023	\$ 130,800,848	\$ 132,060,703			
	Monterey Wastewater		CPUC D.21-11-018 AL 73-S, January 1, 2023	\$ 3,870,075	\$ 3,690,346			

	<b>All Districts</b>			<b>\$ 294,181,586</b>	<b>\$ 296,425,304</b>			
Service Connections <sup>2</sup>	San Diego			22,764	22,764			
	Los Angeles			36,115	36,115			
	Ventura			24,103	24,103			
	Monterey			44,023	44,023			
	Monterey WW			2,569	2,569			
	Sacramento			75,792	75,792			
	Larkfield			2,333	2,333			
	Dunnigan WW			166	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)			-	-			
	<b>All Districts</b>			<b>207,865</b>	<b>207,865</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