



PUBLIC PARTICIPATION HEARING

California-American Water Company – Central 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 Central Division revenue increase of \$9,443,400 or 10.52% in 2024, \$2,464,000 or 2.48% in 2025, and \$3,418,400 or 3.36% in 2026 under both the WSRP and M-WRAM proposals.

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>.

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.



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:

Proposed new capital investments:

- **Infrastructure Improvements:** \$3.6 million 3-year capital expenditure budget increase for capital investments in facility retirements, improvements, and replacements; replacement wells; and improved water treatment systems

Increases for costs of operation over the three-year GRC period:

- **Small System Consolidation Support:** \$0.7 million to consolidate small water systems with California-American Water
- **Employee Labor Costs:** \$0.9 million increase for staffing, wages, and benefits
- **Inflationary Increases:** \$1.8 million increase for inflationary costs
- **Sales Forecast:** \$2.1 million reduction in forecasted water sales



Updated Proposed Revenue Requirement for Central Division – With WRSP or M-WRAM (Includes Service Areas in Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, Seaside, Hidden Hills, Ryan Ranch, Bishop, Toro, Monterey County, Ambler Park, Oaks, Rim Rock, Rancho El Toro County Club, Chualar, Ralph Lane, and Garrapata)							
Customer Class	2024		2025		2026		Total Increase
	\$ Increase	% Increase	\$ Increase	% Increase	\$ Increase	% Increase	
Residential	\$(103,705)	-0.21%	\$1,234,198	2.56%	\$1,661,538	3.36%	\$2,792,031
Multiresidential	\$969,436	11.37%	\$216,587	2.28%	\$326,677	3.36%	\$1,512,700
Commercial	\$5,974,603	23.39%	\$772,804	2.45%	\$1,086,214	3.36%	\$7,833,621
Industrial	\$34,180	25.01%	\$4,102	2.40%	\$5,886	3.36%	\$44,168
Public Authority	\$2,244,970	45.10%	\$181,234	2.51%	\$249,064	3.36%	\$2,675,268
Sales for Resale	\$(15,313)	-21.92%	\$1,479	2.71%	\$1,885	3.36%	\$(11,949)
Construction	\$4,135	1.14%	\$9,495	2.58%	\$12,687	3.36%	\$26,317
Other	\$2,787	98.41%	\$465	8.28%	\$105	3.36%	\$3,457
Residential Fire Protection Service	\$311,585	37.71%	\$31,612	2.78%	\$39,351	3.36%	\$382,548
Private Fire Protection Service	\$8,787	1.13%	\$0	0.00%	\$26,563	3.36%	\$35,350
Total	\$9,431,465		\$2,451,976		\$3,410,069		\$15,293,510

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?

Monterey Main District – Average Residential Bill						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	5/8-inch	34.83	\$113.39	-\$0.58	\$112.81	-0.51%
2025	5/8-inch	34.83	\$112.81	\$2.80	\$115.61	2.48%
2026	5/8-inch	34.83	\$115.61	\$3.89	\$119.50	3.36%

Central Satellite Service Area – Average Residential Bill						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	5/8-inch	82.91	\$120.94	\$9.03	\$129.97	7.46%
2025	5/8-inch	82.91	\$129.97	\$10.79	\$140.76	8.30%
2026	5/8-inch	82.91	\$140.76	\$11.68	\$152.44	8.30%

Chualar Service Area – Average Residential Bill						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	5/8-inch	117.19	\$45.16	\$0.51	\$45.67	1.12%
2025	5/8-inch	117.19	\$45.67	\$1.42	\$47.09	3.11%
2026	5/8-inch	117.19	\$47.09	\$1.46	\$48.55	3.11%