



February 17, 2020

James Boothe, Water Division
 California Public Utilities Commission
 505 Van Ness Avenue
 San Francisco, CA 94102

RE: Semi-Annual Balancing Account Report

Dear Mr. Boothe:

Per Bruce DeBerry's letter dated June 16, 2014, and your January 16, 2015 email, Golden State Water Company (GSWC) provides its December 2019 Semi-Annual Balancing Account Report. Please see **Attachment A**.

In response to Ms. Rocha's July 30, 2018 email (as clarified by her August 8 e-mail), GSWC identifies 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.

RESPONSE: Please refer to **Attachment A**.

(2) Balancing accounts with an authorized revenue amount that is in the top 25th percentile of all balancing accounts.

RESPONSE: The following table lists the 12 accounts with the largest authorized balances (i.e. top 25th percentile).

<u>Balancing Account</u>	<u>Authorized Balance</u>	<u>Balance Reviewed in:</u>
Well Study Balancing Account	\$ (356,633)	A.17-07-010
Santa Maria Water Rights No. 2	\$ (1,771,698)	Advice Letter No.1757
Randall-Bold Balancing Account	\$ (1,722,338)	A.17-07-010
WRAM/MCBA	\$ (27,536,045)	Advice Letter No. 1739 Advice Letter No. 1765 Advice Letter No. 1766 Advice Letter No. 1767
Los Osos Groundwater	\$ (672,490)	A.17-07-010

Adjudication Memorandum Account		
Aerojet Water Litigation Memorandum Account	\$ (11,599,302)	A.17-07-010
2016 Interim Rate True-up Memorandum Account	\$ (11,105,936)	A.17-07-010
Region 2 Interim Rate Memorandum Account	\$ (1,462,212)	A.17-07-010
Region 3 Interim Rate Memorandum Account	\$ (2,323,741)	A.17-07-010
Water Conservation Memorandum Account	\$ (588,893)	A.17-07-010
2014 Water Conservation Memorandum Account	\$ (1,412,290)	A.17-07-010
Tax Cuts and Jobs Act Memorandum Account	\$ 7,194,621	Advice Letter No. 1777

(3) Balancing accounts that have experienced volatile fluctuations in their quarterly balances over time. (Per Ms. Rocha's August 8, 2018, email, accounts that have fluctuations within 20 percent from the previous semiannual balance.)

RESPONSE: GSWC has identified those Balancing Accounts that have experienced fluctuations of 20 percent or more relative to the previous semi-annual balance, as follows:

<u>Balancing Account</u>	Fluctuations from Previous Semi-Annual Balance (%)
American Recovery and Reinvestment Act of 2009	-56.3%
California Alternative Rates for Water	-149.5%
Santa Maria Water Rights (Pre-2006)	-56.2%
Randall-Bold	-15.7%
WRAM/MCBA	-24.0%
Santa Maria Stipulation Memorandum Account	-57.8%
Los Osos 2013 Phase-in Balancing Account	-39.8%
2016 Interim Rate True-up Memorandum Account	-94.1%
2013 Interim Rate True-up Memorandum Account	-52.5%
Bay Point Hill Street Water Treatment Plant	-25.1%
Santa Maria Steelhead Recovery Plan Memorandum Account	-54.3%
2014 Water Conservation Memorandum Account	-180.0%
Tax Cuts and Jobs Act (TCJA)	-100.3%
Los Osos Interlocutory Stipulation Memorandum Account	-102.8%
Clearlake Supply Cost Balancing Account	-18.8%

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

RESPONSE: GSWC has listed the four balancing accounts that have not been reviewed in the previous three years.

CEMA-Emergency Consumer Protection
General Ratemaking Area Balancing Account
2018 Cost of Capital Interim Rate True-Up
Conservation Expenses One-Way Balancing Accounts -2019 ("CEOWBA2019")

Sincerely,

/s/ Ronald Moore

Ronald Moore

Regulatory Affairs Department

Golden State Water Company

c: Bruce DeBerry, CPUC - Water Division
Carmen Rocha, CPUC - Water Division
Patricia Ma, CPUC- Cal PA
Richard Smith, CPUC- Cal PA

Attachments

Golden State Water Company	Rate-making Area	Balancing Account Name	Balancing Account Description	Authorizing Decision or Resolution or Advice Letter	Balance as of End of December 31, 2018	Balance as of End of June 30, 2019	Balance as of End of December 31, 2019	Change From Previous Six Months (%)	Latest Authorized Revenue Amount*	Authorized Revenue Amount Differential
Total number of connections December 2019: 260,323	Arden Cordova	American Recovery and Reinvestment Act of 2009	A 20-year surcharge in the Arden Cordova District to repay \$4.3 million of a \$8.6 dollar loan under the Safe Drinking Water State Revolving Fund Law of 1997 and the American Recovery and Reinvestment Act of 2009.	Resolution W-4810, December 17, 2009 by AL No. 1341-W filed August 7, 2009.	\$ (183,120)	\$ (114,410)	\$ (49,998)	-56.3%	\$ (336,159)	14.9%
"()" denotes undercollection.	All	Well Study Balancing Account	The purpose of the WSBA is to track and recover up to \$375,000 for the costs of hiring a consultant to conduct a comprehensive well-replacement study.	D.10-11-035; and Advice Letter 1420-W, filed December 1, 2010	\$ 24,307	\$ 24,576	\$ -	-100.0%	\$ (356,633)	0.0%
	All	Pension and Benefits Balancing Account	The purpose of the PBBA is to track the difference between authorized pension costs included in rates (based on ERISA minimum funding levels) and actual pension costs based on Accounting Standard Codification.	D.10-11-035; and Advice Letter 1419, filed December 1, 2010	\$ 2,042,490	\$ 1,747,289	\$ 1,490,640	-14.7%	\$ (347,015)	-429.6%
	All	California Alternative Rates for Water	Tracks CARW (low income program for water) discounts, program costs, and revenues in the Region 1 service area	D.02-01-034; D.08-01-043	\$ (2,365,476)	\$ (1,380,378)	\$ 682,689	-149.5%	\$ (143,161)	-476.9%
	Santa Maria	Santa Maria Water Rights No. 1	Tracks the litigation costs associated with GSWC's efforts to protect its water rights in the Santa Maria Groundwater Basin due to adjudication by the superior court, pursuant to Decision No. 07-05-041	D.07.05.041 & AL 1545-W filed November 7, 2013	\$ (98,372)	\$ (97,817)	\$ (42,798)	-56.2%	\$ (92,924)	46.1%
	Santa Maria	Santa Maria Water Rights No. 2	Tracks the litigation costs associated with GSWC's efforts to protect its water rights in the Santa Maria Groundwater Basin due to adjudication by the superior court, pursuant to Decision No. 07-05-041	D.07.05.041 & AL 1520-W filed May 7, 2013	\$ (1,475,920)	\$ (1,427,130)	\$ (1,291,856)	-9.5%	\$ (1,771,698)	72.9%
	Bay Point	Randall-Bold Balancing Account	The purpose of the RBBA is to track \$4.7 million payment for the use of the Randall Bold Water Treatment Plant and the engineering construction cost index escalation as required by Section 1.2.2 of the Asset Lease Agreement with the CCWD.	AL No. 1444-W, filed April 27, 2011	\$ (1,758,651)	\$ (1,792,002)	\$ (1,511,471)	-15.7%	\$ (1,722,338)	87.8%
	Region 2	City of Torrance Balancing Account	Tracks costs being allocated to American States Utility Service ASUS-City, since the contract with the City of Torrance dissolved during 2011 thereby triggering the provisions of the COTBA.	D.10.11.035..AL 1526-W; June 20, 2013	\$ 9,166	\$ 9,280	\$ -	-100.0%	\$ 8,934	0.0%

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	All	WRAM/MCBA 1/	WRAM, tracks the difference between Commission approved water revenue and actual water revenues along with Commission approved supply expenses versus actual supply expense.	AL No. 1648-W thru 1650-W, Filed 2/22/16	\$ (18,314,355)	\$ (30,675,902)	\$ (23,301,590)	-24.0%	\$ (27,536,045)	84.6%
	Los Osos	Los Osos 2013 Phase-in Balancing Account	As provided for in the settlement adopted in this situation, the revenue increase in 2013 for the Los Osos ratemaking area will be 50 percent (approximately \$608,000) of the 2013 increase in revenue requirement of \$1.2 million. Golden State Water Company (Golden State) must defer cost recovery of the remaining 50 percent in a balancing account accruing interest at a rate equal to Golden State's authorized rate of return, and Golden State must file a Tier 2 advice letter to implement a flat monthly rate surcharge scaled by the capacity factor equivalents for different meter sizes for metered services per Standard Practice U-27 on Los Osos customers, effective January 1, 2014, to amortize the balance over a three-year period.	D.13-05-011	\$ (54,619)	\$ (56,528)	\$ (34,031)	-39.8%	\$ (47,935)	71.0%
	Region 1	2011 GRC Balancing Account (GRCMA)	The purpose of the GRCMA is to track all incremental expenses incurred by GSWC for the preparation and processing of the 2010 Region I General Rate Case.	D.13-05-011	\$ (694)	\$ (694)	\$ -	-100.0%	\$ (702)	0.0%
	Region 3	Region 3 Rate Base Surcharge	The Commission approved GSWC's request to initiate recovery of \$540,555 from Region 3 customers, via temporary a surcharge, to reflect an adjustment of the 2005 capital additions adopted in D. 06-01-025. The surcharged expired with a residual balance of \$99,816.	Advice Letter 1292-W, Approved on September 10, 2008.	\$ 19,615	\$ 19,615	\$ -	-100.0%	\$ (93,877)	0.0%
	Arden - Cordova	Folsom Refund Residual	The Commission approved GSWC's proposal to refund \$5,178,620 to Arden Cordova customers in compliance with D.04-03-039 regarding the Folsom Water Lease.	Advice Letter 1150-W, Approved on May 6, 2004.	\$ 1,221	\$ 1,219	\$ -	-100.0%	\$ 1,254	0.0%
	Bay Point	Bay Point(HSWTP) hill street water treatment facility	The purpose of the HSWTP memo is to amortize the un-depreciated Hill Street Water Treatment Facility investment. Additionally, a corresponding rate base adjustment has been made to reflect the removal of the Hill Street Treatment Plant from ratebase.	Advice Letter 1458, effective September 29, 2011.	\$ (345,366)	\$ (349,948)	\$ (261,967)	-25.1%	\$ (338,340)	77.4%

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	All	Conservation Expenses One-Way Balancing Accounts -2019 ("CEOWBA2019")	The purpose of the CEOWBA2019 is to track the difference between actual conservation program expenses and authorized conservation program expenses and refund to GSWC customers amounts included in rates which were not spent during the 3-year authorization cycle (2019-2021). Per D.19-05-044, GSWC shall maintain a separate CEOWBA2019 for each of its nine ratemaking districts.	D.19-05-044, Advice Letter 1774, effective June 8, 2019	\$ -	\$ 0	\$ 0	0.0%	\$ -	N/A
	All	General Ratemaking Area Balancing Account ("GRABA")	The purpose of the General Ratemaking Area Balancing Account ("GRABA") is to aggregate small residual dollar amounts from expired authorized amortizations and other authorized dollar amounts (e.g. intervener compensation awards) for subsequent amortization at the ratemaking area level.	D.19-05-044, Advice Letter 1774, effective June 8, 2019	\$ 0	\$ -	\$ 441,843	0.0%	\$ -	N/A
The following Balancing Accounts were treated in Advice Letter 1711-W. Their balances were consolidated and spread among the affected/applicable ratemaking areas.										
	Bay Point, Arden-Corodva, Region 3	Rule 14.1 Premium Charges Refund	The purpose these filings were to amortize the Mandatory Conservation Rationing Implementation Memorandum Accounts (MCRIMA). The MCRIMA 1.) tracked the incremental operating and administration costs associated with the implementation of Schedule No. 14.1-SI in the Simi Valley customer service area, 2.) tracked the penalty charges imposed on GSWC for exceeding its allocation, 3.) track the premium charges GSWC imposed on its Simi Valley customers who exceeded their monthly water allocation, and 4.) track any additional revenues in the form of penalties paid by customers for violating water use restrictions.	Advice Letter 1408-WA, 1452-WB, 1453-WB1505-W, effective December 6, 2011.	See note /2	See note /2	See note /2	0.0%	\$ -	0.0%

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	Clearlake	Clearlake Supply Cost Balancing Account	Offset of Purchased Water and Electricity costs	D.16-12-067, Advice Letter 1705-W, effective May 26, 2017	\$ 36,946	\$ 36,746	\$ 29,820	-18.8%	\$ (46,341)	-64.3%
	All	Settlement Agreement Balancing Account	Golden State Water Company (GSWC) shall maintain a Settlement Agreement Balancing Account (SABA) to track \$9.5 million dollars in customer refunds, in compliance with the Settlement Agreement approved in Decision No. 11-12-034.	D.11-12-034; and Advice Letter 1472-WA filed February 6, 2012	See note /2	See note /2	See note /2	See note /2	\$ -	0.0%
1711-W		R1-Arden			\$ (2,781)	\$ (2,734)	\$ -	-100.0%		
1711-W		R1- Bay Point			\$ (2,040)	\$ (2,066)	\$ -	-100.0%		
1711-W		R1- Clearlake -exclude supply cost			\$ (1,145)	\$ (1,159)	\$ -	-100.0%		
1711-W		R1- Los Osos			\$ (60)	\$ (61)	\$ -	-100.0%		
1711-W		R1- Santa Maria			\$ (832)	\$ (856)	\$ -	-100.0%		
1711-W		R1- Simi Valley			\$ 3,768	\$ 3,814	\$ -	-100.0%		
1711-W		Region 2			\$ (229)	\$ (232)	\$ -	-100.0%		
1711-W		Region 3			\$ 15,286	\$ 15,477	\$ -	-100.0%		

*Note: Most Recent Conducted Review Balance

1/ WRAM/MCBA Detail										
WRAM/MCBA- breakdown by Rate Marking Area	WRAM, tracks the difference between Commission approved water revenue and actual water revenues along with Commission approved supply expenses versus actual supply expense.	Balance as of End of December 31, 2018	Balance as of End of June 30, 2019	Balance as of End of December 31, 2019	Change From Previous Six Months (%)	Latest Authorized Revenue Amount *				
Arden		\$ (295,304)	\$ (590,713)	\$ 713,481	-220.8%	\$ 283,944				
Bay Point		\$ (284,337)	\$ (222,512)	\$ 12,174	-105.5%	\$ 237,507				
Los Osos		\$ (676,415)	\$ (777,754)	\$ (562,100)	-27.7%	\$ 628,813				
Santa Maria		\$ (865,308)	\$ (1,435,713)	\$ (492,597)	-65.7%	\$ 723,440				
Simi Valley		\$ 158,464	\$ (89,844)	\$ 561,096	-724.5%	\$ (152,214)				
R2		\$ (19,718,381)	\$ (21,454,158)	\$ (18,825,823)	-12.3%	\$ 11,706,124				
R3		\$ 3,366,927	\$ (6,105,208)	\$ (4,707,821)	-22.9%	\$ (3,445,609)				
		\$ -	\$ 0	\$ -						