

Docket	:	<u>A.25-07-003</u>
Exhibit Number	:	<u>Cal Adv - #</u>
Commissioner	:	<u>Matthew Baker</u>
Administrative Law Judge	:	<u>Rafael L. Lirag</u>
Public Advocates Office	:	
Witness(es)	:	<u>Jawad Baki</u>



PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION

REPORT ON THE SPECIAL REQUEST
8 AND BALANCING AND
MEMORANDUM ACCOUNTS

California American Water Company's
General Rate Case Application 25-07-003
Test Year 2027

San Francisco, California
January 23, 2026

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MEMORANDUM

The Public Advocates Office at the California Public Utilities Commission (“Cal Advocates”) examined application material, data request responses, and other information presented by California American Water Company (“Cal Am”) in Application (“A.”) 25-07-003 to provide the California Public Utilities Commission (“Commission” or “CPUC”) with recommendations in the interests of ratepayers for safe and reliable service at the lowest cost. Mr. Brian Yu is Cal Advocates’ project lead for this proceeding. This Report is prepared by Mr. Jawad Baki. Mr. Mukunda Dawadi is the oversight supervisor. Mr. Niki Bawa and Ms. Ritta Merza are the legal counsel.

Although every effort was made to comprehensively review, analyze, and provide the Commission with recommendations on each ratemaking and policy aspect presented in the Application, the absence of any particular issue from Cal Advocates’ testimony connotes neither agreement nor disagreement with the underlying request, methodology, or policy position related to that issue.

Chapter #	Description	Witness
1	Special Request 8	Jawad Baki
2	Balancing And Memorandum Accounts	Jawad Baki

CHAPTER 1 SPECIAL REQUEST 8

I. INTRODUCTION

This Chapter addresses concerns regarding Cal Am's request to establish a new Contamination Remediation Memorandum Account (CREMA) to track incremental capital investments, operations and maintenance costs, administrative expenses, monitoring costs, consultant fees, and all other incremental non-litigation related expenses arising from changes in contaminant regulations.¹

II. SUMMARY OF RECOMMENDATIONS

The Commission should deny the proposed CREMA, because capital investments should not be tracked in a memorandum account as previously decided by the Commission numerous times. Additionally, the existing per- and polyfluoroalkyl substances (PFAS) memorandum account allows Cal Am to record certain contamination-related incremental operations and maintenance (O&M) expenses, which are an overlapping expense with the proposed CREMA. Moreover, it does not satisfy the memo account establishment criteria outlined in the Commission's Standard Practice U-27-W. If approved, CREMA could harm ratepayers by opening the door for imprudent capital expenditure.

III. ANALYSIS

Cal Am requests a new memorandum account, CREMA, to track capital investments, O&M costs, administrative expenses, monitoring efforts, and consultant fees.² The Commission should deny Cal Am's request for several reasons. First, a

¹ *Application of California-American Water Company (U210w) to Increase Revenues in Each of its Districts Statewide*, July 1, 2025 (Application) at 10; *Application of California-American Water Company (U210w) to Increase Revenues in Each of its Districts Statewide*, Direct Testimony of Jonathan Morse at 11, Lines 18-26.

² Direct Testimony of Jonathan Morse at 11, Lines 21 to 23.

1 memorandum account should not be used to record capital investment, as ordered by the
2 Commission previously on numerous occasions, as it would undermine the General Rate
3 Case (GRC) capital investments review process and circumvent essential regulatory
4 oversight. Second, Cal Am's request for a new memo account, CREMA, does not meet
5 the criteria for establishing a memorandum account in the Commission's Standard
6 Practice U-27-W.³ Third, CREMA creates opportunities for Cal Am to record imprudent
7 expenses and diminish its accountability to control costs. Fourth, authorization of
8 CREMA will create an opportunity for Cal Am to record duplicative expenses in two
9 memorandum accounts, as Cal Am's existing PFAS memorandum account already tracks
10 PFAS-related O&M expense.

11 **A. Cal Am's request for the Commission to authorize a new**
12 **Contamination Remediation Memorandum Account will**
13 **circumvent the Commission's regulatory oversight as the**
14 **Commission repeatedly ruled against recording sizeable**
15 **plant and capital investment in memorandum accounts.**

16 In addition to expenses, Cal Am also requests that capital investment be
17 tracked in the requested new memorandum account, CREMA. If authorized, Cal
18 Am will be able to record any capital investment associated with future unknown
19 regulatory compliance, at its discretion. Authorization to establish CREMA would
20 evade the GRC process, in which the Commission and Cal Advocates have the
21 opportunity to review the prudence and reasonableness of capital investments. The
22 review of transactions recorded in a memorandum account is limited compared to
23 the review of the proposed investment budget in the GRC. Usually, requests to
24 recover memorandum account balances are made through the Advice Letter
25 process, which does not provide the same level of in-depth review as the GRC
26 process. Cal Am should not evade the discipline of establishing and being held
27 accountable to a capital budget, by tracking capital investment costs in

³ <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M090/K002/90002198.PDF>

1 memorandum accounts. The establishment of a memorandum account, such as
2 CREMA, would result in an after-the-fact reasonableness review of capital
3 expenditures rather than a reasonableness review before projects begin
4 construction.

5 Previously, the Commission has denied the utility’s request for a
6 memorandum account to track capital expenditure and found that tracking capital
7 costs in memorandum accounts diminishes the Commission’s opportunity to
8 review projects prior to approval.”⁴

9 In 2020, Resolution W-5226 prohibited IOUs from recording capital
10 investment in memorandum accounts citing reasons as “the large amounts of
11 money associated with construction of treatment plants.”⁵ Resolution W-5226
12 states, “The appropriate place to request rate increases to cover incremental plant
13 costs is an application where the utility can make the showing that the incremental
14 plant is necessary to provide safe water service.”⁶

15 In 2025, the Commission denied Golden State Water Company’s (GSW)
16 request to record capital investment in a memorandum account, and cautioned
17 GSW against using its existing Contamination Remediation Memo Account
18 (CRMA) as a backdoor to record such costs.⁷ The decision ordered GSW to
19 present plans for capital investments related to contamination treatment in a
20 separate application or in its next general rate case filing for Commission review.⁸

21 The Commission should not authorize Cal Am to establish CREMA, a new
22 memorandum account, because it undermines the process to review capital

⁴ D.25-01-036, Finding of Fact (FOF) 12 at 89.

⁵ Resolution W-5226 at 8.

⁶ Resolution W-5226 at 9.

⁷ D.25-01-036 at 78.

⁸ D.25-01-036 at 91.

1 expenditure in advance and circumvents the Commission’s regulatory oversight.
2 Cal Am does not need a memorandum account to construct an urgent treatment
3 facility, as the company can use its operational flexibility and request that the
4 completed projects be added to the rate base in subsequent GRCs.

5 **B. CREMA does not meet memorandum account**
6 **establishment criteria outlined in the Commission’s**
7 **Standard Practice U-27-W**

8 The Commission’s standard practice U-27-W outlines five general criteria
9 to establish a new memorandum account. To qualify for memorandum account
10 treatment, the costs must be due to events of an exceptional nature that

- 11 a. are not under the utility’s control,
- 12 b. could not have been reasonably foreseen in the utility’s last GRC,
- 13 c. will occur before the utility’s next scheduled rate case,
- 14 d. are of a substantial nature such that the amount of money involved is
15 worth the effort of processing a memo account and
- 16 e. have ratepayer benefits.²

17 First, the expenses Cal Am requests to be tracked in a new memorandum
18 account, CREMA, do not stem from exceptional events. Public Utilities Code
19 Section 8201 states, “Any water company having a franchise to use the streets of a
20 city, shall properly and adequately serve with water the inhabitants of the territory
21 for the service of which it has such franchise.” To properly and adequately serve
22 with water “includes furnishing water of a quality meeting or exceeding standards
23 established by the State Department of Health pursuant to Section 4026 of the

² *Standard Practice For Processing Rate Offsets And Establishing And Amortizing Memorandum Accounts*, California Public Utilities Commission Division of Water and Audits, Standard Practice U-27-W, Revised April 16, 2014 (Standard Practice U-27-W) at 6, available at: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M090/K002/90002198.PDF>

1 Health and Safety Code.”¹⁰ Therefore, compliance with regulatory standards for
2 PFAS or other contaminants should not be viewed as an exceptional event.

3 Second, regulatory updates are ongoing, so the cost of compliance has been
4 regularly built into water rates. Cal Am’s estimated regulatory compliance budget
5 in the test year revenue requirement includes future compliance costs. Therefore,
6 Cal Am’s claimed future contamination-related expenses should not be viewed as
7 reasonably unforeseen. Additionally, unlike COVID or any natural disaster-related
8 unforeseeable expenses, contamination-related regulatory compliance
9 requirements such as Maximum Contaminant Level (MCL) requirements do not
10 become effective abruptly. For example, the MCL for PFAS contaminants was
11 discussed well before 2022.¹¹ Similarly, the Chromium-6 MCL regulation, which
12 became effective on October 1, 2024, was discussed since 1999, and the Superior
13 Court of Sacramento County ordered the California State Water Resources Control
14 Board to adopt a new Chromium-6 MCL in 2017.

15 Therefore, Cal Am’s request for a CREMA does not meet memorandum
16 account establishment criteria outlined in Commission’s Standard Practice U-27-
17 W and should be denied.

18 **C. CREMA creates opportunities for Cal Am to record**
19 **imprudent expenses and diminish its accountability to**
20 **control costs**

21 The establishment of a new memorandum account to track expenses creates
22 opportunities to record imprudent expenses and diminish accountability. Any
23 sizable capital expenditure of “multi-million-dollar investments per affected
24 site”¹² should be reviewed within the context of Cal Am's overall capital planning

¹⁰ Public Utilities (Pub. Util.) Code Section 8201.

¹¹ CA PFAS Timeline, State Water Resources Control Board, available at:
https://www.waterboards.ca.gov/pfas/ca_pfas_timeline.html

¹² Direct Testimony of Jonathan Morse at 13, Lines 11-13.

1 process to allow for prioritization of capital spending and transparency. CPUC
2 Standard Practice U-27-W cited an example of how ratepayer benefits should be
3 critically assessed. Standard Practice U-27-W states, “a memo account to book
4 legal costs to fight a takeover by a potentially incompetent entity might have
5 ratepayer benefits, but a memo account to book legal costs to fight a takeover by a
6 competent water district would not.”¹³ Similar to that critical assessment the
7 proposed CREMA, if approved, could harm ratepayers by opening the door to
8 record imprudent expenses.

9 **D. CREMA creates the opportunity for Cal Am to record**
10 **PFAS-related expenses in two accounts**

11 The Commission has authorized a PFAS Memo account to track PFAS-
12 related operation and maintenance expenses (O&M).¹⁴ Cal Am requests an
13 additional and unnecessary CREMA to record incremental expenses for all types
14 of future contamination-related compliance issues. This CREMA should not be
15 authorized because it would create an overlapping scope and allow Cal Am to
16 record PFAS-related expenses in two accounts.

17 **IV. CONCLUSION**

18 The Commission should deny Cal Am’s request for an additional memorandum
19 account, CREMA, because it would bypass regulatory oversight as concluded previously
20 by the Commission, does not meet established criteria, could allow the recording of
21 imprudent capital expenditure and expense, and may duplicate the tracking of PFAS-
22 related costs.

¹³ Standard Practice U-27-W at 6.

¹⁴ Preliminary Statement, California-American Water Company, CD. Perfluoroalkyl and Polyfluoroalkyl Substances Litigation Proceeds Memorandum Account (PLPMA), available at: https://amwater.com/caaw/resources/PDF/Customer-Service-Billing/Rates-Preliminary-Statements/Preliminary%20Statement%20CD.pdf?language_id=1 [accessed December 10, 2025]

1 **CHAPTER 2 BALANCING AND MEMORANDUM ACCOUNTS**

2 **I. INTRODUCTION**

3 As of May 31, 2025, Cal Am lists 44 Balancing and Memorandum Accounts
4 (BAMAs) and requests that the Commission approve a total surcharge balance of
5 \$7,339,969.¹⁵

6 The majority of the BAMAs result in surcharges and, therefore, they should be
7 referred to as “surcharge accounts.” For instance, of the 15 BAMAs Cal Am requests to
8 amortize in this GRC, 11 of them create surcharges to ratepayers.¹⁶ In this proceeding,
9 Cal Am requests a total BAMA surcharge amount of \$7.3 million, which is
10 approximately 1.71% of its total proposed Revenue Requirement for Test Year 2027.^{17,18}
11 This amount is not reflected in Cal Am’s rate increase for the Test Year.¹⁹ Therefore, the
12 full impact of Cal Am’s requests on ratepayers’ bills is not transparent.

13 The proliferation of surcharge accounts complicates the Commission’s review and
14 increases ratepayers’ likelihood of paying the same costs twice. For example, this
15 situation arose in Cal Am’s Test Year 2018 GRC when Cal Advocates demonstrated that
16 the exact same invoices previously used by Cal Am to generate surcharges on ratepayers’
17 bills were being resubmitted by Cal Am to increase ratepayers’ base rates.²⁰ The

¹⁵ *Application of California-American Water Company (U210w) to Increase Revenues in Each of its Districts Statewide*, Direct Testimony of Kyle Heebner, Attachment 1, July 1, 2025.

¹⁶ Direct Testimony of Kyle Heebner, Attachment 1.

¹⁷ Attachment 1-8: A.25-07-003, Cal Am’s requested BAMA recovery balance as a % Proposed Revenue Requirement for the Test Year 2027.

¹⁸ Cal Am’s Proposed Revenue Requirement for the Test Year 2025 is \$429,830,200. Cal Am requested surcharge totals: \$7,339,969, which is around 1.71% of the proposed revenue requirement in Test Year 2027. ($\$7,339,969 / \$429,830,200 = 1.71\%$).

¹⁹ Application.

²⁰ D.18-12-021 at 182-183.

Commission should reverse the proliferation of surcharge accounts to restore incentives for utilities to control costs.

II. SUMMARY OF RECOMMENDATIONS

Cal Advocates' review is limited to balances reported as of May 31, 2025, for all the pertinent testimonies, workpapers, data request responses, reconciliation documents involved in the review process. Based on Cal Advocates' analysis, the Commission should:

1. Order Cal Am to close 14 BAMAs and remove related references from the Preliminary Statement.²¹
2. Require Cal Am to transfer the net \$3,682,414 under-collected balance in its 16 BAMAs to the Consolidated Expense Balancing Account (CEBA) for recovery from ratepayers through surcharges. This net under-collected balance includes a \$3,657,555 over-collected balance in the Trichloropropane Litigation Proceeds Memorandum Account (TCPLMA) that Cal Am does not propose to refund in this GRC application.²²
3. Require Cal Am to use consistent naming for its BAMAs, including its preliminary statement, workpapers, and testimonies in future GRC proceedings to avoid confusion.²³
4. Require Cal Am to provide the complete list of existing BAMAs and their balances that are effective at the time of the final application in future GRC proceedings.²⁴²⁵

²¹ As explained in the Analysis section of this chapter in III.B.

²² As explained in the Analysis section of this chapter in III.C.

²³ As explained in the Analysis section of this chapter in III.A.1.

²⁴ As explained in the Analysis section of this chapter in III.A.2.

²⁵ As explained in the Analysis section of this chapter in III.A.3.

Table 2-1 below provides a high-level comparison between Cal Advocates' recommendations and Cal Am's requests:

Table 2-1: Cal Am' request Vs Cal Advocates' recommendation

Cal Am Requests		Cal Advocates Recommends	
Continue	41 BAMAs	Continue	30 BAMAs
Close	3 BAMAs	Close	14 BAMAs
Surcharge	\$7.3 million	Surcharge	\$3.6 million

Cal Advocates' recommendations ensure ratepayers pay only for prudently incurred costs. A summary of Cal Advocates' recommendations for Cal Am's 44 BAMAs is shown in Table 2-2 below.

Table 2-2: Summary of BAMAs

	List of Cal Am's 44 BAMAs	Cal Am' reported Over/(Under) Collection Balance as of May 31, 2025	Cal Am' Request for Recovery as of May 31, 2025	Cal Advocates' Recommend ed Recovery Balance as of May 31,	Difference	Cal Am's Request: Close or Continue?	Cal Advocates: Close or Continue?
1	Consolidated Expense Balancing Account	\$ (3,188,752)	N/A			Continue	Continue
2	Water Revenue Adjustment Mechanism (WRAM) & Modified Cost Balancing Accounts (MCBA)	\$ 913,905	NR			Continue	Continue
3	School Lead Testing Memorandum Account	0	NR			Close	Close
4	Two-Way Tax Memorandum Account	26,736,000	NR			Continue	Continue
5	Customer Assistance Program (CAP) Balancing Account	\$ (1,335,750)	NR			Continue	Continue
6	Water Contamination Litigation Expense Memorandum Account	0	NR			Continue	Close
7	Catastrophic Event Memorandum Account	\$ (8,371,269)	\$ (549,182)	\$ (549,182)	0	Continue	Continue
8	Group Insurance Balancing Account	\$ 2,591,300	\$ 2,591,300	\$ 2,591,300	0	Continue	Close
9	Pension Balancing Account	\$ (1,914,180)	\$ (1,914,180)	\$ (1,914,180)	0	Continue	Continue
10	Other Post-Employment Benefits (OPEB) Balancing Account	\$ 369,552	\$ 369,552	\$ 369,552	0	Continue	Close
11	Monterey Wastewater Purchased Power Expense Balancing Account	\$ 170,584	\$ 170,584	\$ 170,584	0	Continue*	Close
12	Affiliate Transaction Memorandum Account	\$ 126,016	\$ 126,016	\$ 126,016	0	Continue	Continue
13	GRC Interim Rate True-Up Memorandum Account	\$ 950,306	NR			Continue	Continue
14	West Placer Memorandum Account	\$ (11,422,895)	NR			Continue	Continue
15	Sustainable Groundwater Management Act Memorandum Account	\$ (1,096,250)	\$ (1,096,250)	\$ (1,096,250)	0	Continue	Close
16	Garrapata Safe Drinking Water State Revolving Fund (SDWSRF) Loan Repayment Balancing Account	\$ (11,412)	NR			Continue	Continue
17	Public Safety Power Shut-off (PSPS) Memorandum Account	\$ (359,686)	\$ (359,686)	\$ (359,685.79)	0	Continue	Close
18	Special Facilities Fee Memorandum Account	\$ 8,258,935	NR			Continue	Continue
19	Central Basin Contamination Memorandum Account	0	NR			Continue	Close
20	Drought Memorandum Account	\$ (1,042,013)	\$ (1,042,013)	\$ (1,042,013)	0	Continue	Continue
21	Drinking Water Fees Balancing Account	\$ (1,467,471)	\$ (1,467,471)	\$ (1,467,471)	0	Continue	Continue
22	TCP Litigation Proceeds Memorandum Account	\$ 3,657,555	NR	\$ 3,657,555	\$ 3,657,555	Continue	Continue
23	Conservation Adjustment for Rate Tier Designs Mechanism Balancing Account	\$ (14,285,524)	NR			Continue*	Continue
24	Purchased Power Incremental Cost Balancing Account	\$ (1,188,218)	NR			Continue*	Continue
25	Purchased Water Incremental Cost Balancing Account	\$ 898,525	NR			Continue*	Continue
26	Conservation Regulation Memorandum Account	0	NR			Continue	Continue
27	National Oceanic & Atmospheric Endangered Species Act (NOAA/ESA) Memorandum Account	0	NR			Continue	Continue
28	San Clemente Dam Balancing Account	\$ (54,506,020)	NR			Continue	Continue
29	Endangered Species Act (ESA) Memorandum Account	\$ (458,847)	\$ (458,847)	\$ (458,847)	0	Continue	Close
30	Coastal Water Project Memorandum Account	\$ (15,748,972)	NR			Continue	Continue
31	Seaside Groundwater Basin Balancing Account	\$ (78,581)	\$ (78,581)	\$ (78,581)	0	Continue	Continue
32	Emergency Rationing Costs Incurred by California American Water Memorandum Account	0	NR			Continue	Continue
33	Monterey Cease and Desist Order Memorandum Account	\$ (3,337,420)	\$ (3,337,420)	\$ (3,337,420)	0	Continue	Continue
34	Cease and Desist Order - Penalties and Fines Memorandum Account	0	NR			Continue	Close
35	MPWSP Phase I Project Cost Memorandum Account	\$ (296,067,583)	NR			Continue	Continue
36	MPWSP Operations and Maintenance Memorandum Account	0	NR			Continue	Continue
37	Memorandum Account for Environmental Compliance Issues for Acquisitions	0	NR			Continue	Close
38	Hillview Safe Drinking Water State Revolving Fund (SDWSRF) Loan Repayment Balancing Account	\$ (136,141)	NR			Continue	Continue
39	Fruitridge Safe Drinking Water State Revolving Fund (SDWSRF) Loan Repayment Balancing Account	\$ (205,344)	NR			Continue	Continue
40	Hillview Grant Tax Balancing Account	\$ 60,804	NR			Continue	Continue
41	Rio Plaza Groundwater Management Memorandum Account	0	NR			Close	Close
42	Meadowbrook Contribution in Aid of Construction Account	0	NR			Close	Close
43	Warring Transaction Memorandum Account	\$ (24,747)	\$ (24,747)	\$ (24,747)	0	Continue	Close
44	Bass Lake Transaction Memorandum Account	\$ (269,043)	\$ (269,043)	\$ (269,043)	0	Continue	Continue
	Total	\$ (371,782,637)	\$ (7,339,969)	\$ (3,682,414)			
	* denotes if Special Request 1 is approved						
	NR Denotes Not Requested to Recover			Cal Am		Cal Advocates	
				Continue	41	Continue	30
				Close	3	Close	14

1 **III. ANALYSIS**

2 **A. Cal Am Demonstrates Substandard Administration of its**
3 **BAMAs**

4 Cal Am’s memorandum and balancing account management exhibit
5 numerous inconsistencies and errors. These include using different names for the
6 same account, failing to accurately report all existing BAMAs in the application,
7 and reporting an inaccurate balance. Collectively, these inconsistencies and errors
8 demonstrate a pattern of substandard administration of BAMAs.

10 **1. Cal Am creates confusion by using different names and**
11 **abbreviations for the same accounts on different documents**

12 In Mr. Kyle Heebner’s testimony, Attachment 1, Cal Am named its
13 Drinking Water Fees Balancing Account as a Memorandum account. At least 4
14 BAMAs are named differently in Cal Am’s preliminary statement and the relevant
15 direct testimony filed by Mr. Kyle Heebner.²⁶ For instance, unlike the name Cal
16 Am used in Mr. Heebner’s testimony, the company’s current preliminary
17 statement identifies the Garrapata Safe Drinking Water State Revolving Fund
18 (SDWSRF) Loan Repayment Balancing Account without the word ‘Garrapata’ at
19 the beginning.²⁷ The same is true for the Rio Plaza Groundwater Management
20 Memorandum Account, as its preliminary statement has named it without the word
21 ‘Rio Plaza’ at the beginning.²⁸

22 Cal Am’s current preliminary statement identifies the Hillview State
23 Revolving Fund Balancing Account by omitting phrases such as ‘safe drinking

²⁶ Preliminary Statements, California American Water (Cal Am’s Preliminary Statement), available at: <https://www.amwater.com/caaw/Customer-Service-Billing/Water-Rates/preliminary-statements> [accessed December 10, 2025]

²⁷ Cal Am’s Preliminary Statement Part P.

²⁸ Cal Am’s Preliminary Statement Part AT.

1 water’ and ‘loan repayment’, which differs from Mr. Heebner’s testimony.²⁹ The
2 same is true for the Fruitridge Vista State Revolving Fund Balancing Account,
3 which causes confusion.³⁰

4 Inconsistent naming introduces unnecessary confusion during the review
5 process. To prevent this, Cal Am should utilize uniform account names across all
6 reference documents. The Commission should require Cal Am to maintain
7 consistency in future applications.

8
9 **2. Cal Am failed to provide a complete list of all its existing**
10 **BAMAs in response to Data Requests**

11 Cal Am’s Mr. Heebner’s testimony inaccurately reported 44 BAMAs as of
12 May 31, 2025. However, at that point, the total number of existing BAMAs was
13 45, which was revealed during Cal Advocates’ discovery process.

14 Cal Am’s preliminary statement lists a BAMA titled “Hillview
15 Memorandum Account for Deferred Income Taxes (HMADIT)”.³¹ This account is
16 not included in Mr. Heebner’s testimony filed in this GRC. When Cal Advocates
17 issued a data request for Cal Am to provide names of any BAMAs listed in Cal
18 Am’s preliminary statement that are not included in Mr. Heebner’s testimony, the
19 company’s response provided no reference for this account.³²

20 Later, in another data request when Cal Advocates specifically asked about
21 HMADIT, Cal Am stated this memorandum account is included in the BAMA list
22 under Hillview Grant Tax Balancing Account.³³ Hillview Grant Tax Balancing

²⁹ Cal Am’s Preliminary Statement Part BW.

³⁰ Cal Am’s Preliminary Statement Part BV.

³¹ Cal Am’s Preliminary Statement Part BG.

³² Attachment 1-2: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-001, Q.2b.

³³ Attachment 1:5: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-004, Q.1.

1 Account, however, is not a memorandum account but rather a balancing account,
2 and the scope of this account varies from HMADIT as outlined in the preliminary
3 statement.³⁴ Additionally, the scope of HMADIT is detailed in Cal Am
4 preliminary statement reference area 'BG.' However, Attachment 1 of Mr.
5 Heebner's testimony includes no reference for 'BG'.³⁵

6 In response to a subsequent Data Request, Cal Am admitted that the
7 HMADIT and Hillview Grant Tax Balancing Account are not the same account;
8 the earlier data request response provided by Cal Am claiming these two are the
9 same accounts is inaccurate, and Mr. Heebner's testimony failed to include
10 HMADIT in the list of BAMAs.³⁶

11 The missing information, incomplete listing, and inaccurate responses to
12 Cal Advocates during the discovery process indicate a substandard BAMA
13 administration on the company's part.

14 15 **3. Cal Am reports inaccurate BAMA balance in its application**

16 In the application, Cal Am inaccurately reported an under-collected balance
17 of \$23,205,540 as of May 31, 2025, in its Coastal Water Project Memorandum

³⁴ Preliminary Statement, California-American Water Company, BF. Hillview Grant Tax Balancing Account, available at: https://amwater.com/caaw/resources/PDF/Customer-Service-Billing/Rates-Preliminary-Statements/Preliminary%20Statement%20BF.pdf?language_id=1 [accessed December 10, 2025]; Preliminary Statement, California-American Water Company, BG. Hillview Memorandum Account for Deferred Income Taxes (HMADIT), available at:

https://amwater.com/caaw/resources/PDF/Customer-Service-Billing/Rates-Preliminary-Statements/Preliminary%20Statement%20BG.pdf?language_id=1 [accessed December 10, 2025].

³⁵ See, Direct Testimony of Kyle Heebner, Attachment 1.

³⁶ Attachment 1:6: A.25-07-003, Cal Am's Supplemental Response to Cal Advocates' Data Request JBQ-004, Q.1.

Attachment 1:7: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-005, Q.1 and Q.2.

1 Account.³⁷ However, in response to Cal Advocates' discovery process, the
2 company admitted that the actual under-collected balance is \$15,748,972, a \$7.5
3 million difference.³⁸

4 Since the company has not requested balance recovery in this GRC, Cal
5 Advocates did not review details of the recorded entries for this account. However,
6 making an error of such great magnitude in the GRC application and waiting to
7 correct the error until Cal Advocates' Data Request suggests that the company can
8 do much better in its BAMA administration.

9 **B. The Commission should require Cal Am to close the 14**
10 **BAMAs and remove its reference from the Preliminary**
11 **Statement.**

12 In this Application, Cal Am proposes closing three BAMAs, while Cal
13 Advocates recommends Cal Am close 14. As described in the individual sections
14 below, Cal Am has not sufficiently demonstrated an ongoing need for the 14
15 BAMAs listed in Table 2-3.

³⁷ Direct Testimony of Kyle Heebner, Attachment 1.

³⁸ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3.

1

Table 2-3: BAMAs to be closed

	14 BAMAs to be closed	Over/(Under) Collection Balance as of May 31, 2025: DR Response JBQ-001, Q.3	Cal Am's Request: Amortize, Close or Continue?	Cal Advocates: Amortize, Close or Continue?
1	Water Contamination Litigation Expense Memorandum Account	\$0	Continue	Close
2	Central Basin Contamination Memorandum Account	\$0	Continue	Close
3	Cease and Desist Order - Penalties and Fines Memorandum Account	\$0	Continue	Close
4	Memorandum Account for Environmental Compliance Issues for Acquisitions	\$0	Continue	Close
5	School Lead Testing Memorandum Account	\$0	Close	Close
6	Rio Plaza Groundwater Management Memorandum Account	\$0	Close	Close
7	Meadowbrook Contribution in Aid of Construction Account	\$0	Close	Close
8	Warring Transaction Memorandum Account	\$ (24,747)	Amortize, Continue	Amortize, Close
9	Monterey Wastewater Purchased Power Expense Balancing Account	\$ 170,584	Amortize, Continue*	Amortize, Close
10	Group Insurance Balancing Account	\$ 2,591,299	Amortize, Continue	Amortize, Close
11	Other Post-Employment Benefits (OPEB) Balancing Account	\$ 369,554	Amortize, Continue	Amortize, Close
12	Sustainable Groundwater Management Act Memorandum Account	\$ (1,096,250)	Amortize, Continue	Amortize, Close
13	Public Safety Power Shut-off (PSPS) Memorandum Account	\$ (359,685)	Amortize, Continue	Amortize, Close
14	Endangered Species Act (ESA) Memorandum Account	\$ (458,847)	Amortize, Continue	Amortize, Close
	* denotes if Special Request 1 is approved			

2

3

1. Water Contamination Litigation Expense Memorandum Account (WCLEMA)

4

5

This account should be closed. It tracks costs associated with legal cases of litigating water contamination. It applies to the Sacramento and

6

1 Los Angeles Districts.³⁹ In this proceeding, Cal Am requests to continue
2 this account.⁴⁰

3 As of May 2025, the balance in this account is zero.⁴¹ In response to
4 Cal Advocates' data requests, Cal Am confirmed this account has had no
5 activity since 2013.⁴² Since WCLEMA has had no activity for an extended
6 period, the Commission should close this account without prejudice. The
7 company may request to reestablish WCLEMA should a need arise in the
8 future.

9 The Commission should require Cal Am to close WCLEMA and
10 remove its reference from the preliminary statement.

11 **2. Central Basin Contamination Memorandum**
12 **Account (CBCMA)**

13 This account should be closed. It tracks all costs incurred by Cal Am
14 associated with replacing the Granulated Activated Carbon filter media for
15 water treatment at the Arlington and 48th Street well sites in its Baldwin
16 Hills service area in the Los Angeles County District.⁴³ In this proceeding,
17 Cal Am requests to continue this account.⁴⁴

³⁹ Cal Am's Preliminary Statement Part Z.

⁴⁰ Direct Testimony of Kyle Heebner at 7.

⁴¹ Direct Testimony of Kyle Heebner Attachment 1.

⁴² Attachment 1-3: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-002, Q.1; A.22-07-001, Cal Am's Response to Cal Advocates' Data Request JR6-05, Q.1- "California American Water undertook a review of Advice Letters and GRC proceedings since 2010. Based on this review, California American Water requested recovery of balances in its 2010 GRC (A.10-07-007); 2013 GRC (A.13-07-002); and through Advice Letter 905."

⁴³ Cal Am's Preliminary Statement Part BH.

⁴⁴ Direct Testimony of Kyle Heebner at 17.

1 As of May 2025, the balance in this account is zero.⁴⁵ In response to
2 Cal Advocates' data requests, Cal Am confirmed this account has had no
3 activity for several GRCs.⁴⁶ This account should be closed because
4 replacing filter media for a water treatment plant is a routine business
5 expense that does not meet the "exceptional nature" criteria to qualify for a
6 memorandum account treatment as outlined in Commission Standard
7 Practice U-27-W.⁴⁷ Cal Am should forecast and include this expense in
8 base rates in future GRC applications.

9 The Commission should require Cal Am to close CBCMA and
10 remove its reference from the preliminary statement.

11 **3. Cease and Desist Order - Penalties and Fines**
12 **Memorandum Account**

13 This account should be closed. It tracks all penalties and fines that
14 could be assessed as a result of a violation of the State Water Resources
15 Control Board ("SWRCB") Cease and Desist Order for unauthorized
16 diversion of water from the Carmel River in the Monterey Service Area.⁴⁸
17 In this proceeding, Cal Am requests to continue this account.⁴⁹

18 As of May 2025, the balance in this account is zero.⁵⁰ In response to
19 Cal Advocates' data requests, Cal Am confirmed this account has had no

⁴⁵ Direct Testimony of Kyle Heebner, Attachment 1.

⁴⁶ Attachment 1-3: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-002, Q.1.

⁴⁷ Standard Practice U-27-W at 6.

⁴⁸ Cal Am's Preliminary Statement Part J.

⁴⁹ Direct Testimony of Kyle Heebner at 28.

⁵⁰ Direct Testimony of Kyle Heebner, Attachment 1.

1 activity for several GRCs.⁵¹ Since this account has had no activity for an
2 extended period, the Commission should close this account without
3 prejudice. The company may request to reestablish the account should a
4 need arise in the future.

5 The Commission should require Cal Am to close this account and
6 remove its reference from the preliminary statement.

7 **4. Memorandum Account for Environmental**
8 **Compliance Issues for Acquisitions**

9 This account should be closed. It tracks costs associated with
10 required improvements related to environmental and compliance issues in
11 the Dunnigan, Geyserville, Meadowbrook, Rio Plaza, Fruitridge Vista,
12 Hillview, East Pasadena, Piru (Warring), Bellflower, West San Martin, and
13 Bass Lake service territories.⁵² In this proceeding, Cal Am requests to
14 continue this account.⁵³

15 As of May 2025, the balance in this account is zero.⁵⁴ In response to
16 Cal Advocates' data requests, Cal Am confirmed this account has had no
17 activity for several GRCs.⁵⁵ Besides, regulatory compliance is a foreseeable
18 cost in undertaking an acquisition. Cal Am's shareholders derive financial
19 benefits from acquisitions through increased investment returns from a
20 larger rate base. The ratepayers should not be required to fund both the
21 shareholder financial benefit and shoulder all the financial risk of
22 compliance.

⁵¹ Attachment 1-3: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-002, Q.1.

⁵² Cal Am's Preliminary Statement Part AH.

⁵³ Direct Testimony of Kyle Heebner at 30.

⁵⁴ Direct Testimony of Kyle Heebner, Attachment 1.

⁵⁵ Attachment 1-3: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-002, Q.1.

1 The Commission should require Cal Am to close this account and
2 remove its reference from the preliminary statement.

3 **5. School Lead Testing Memorandum Account**
4 **(SLTMA)**

5 This account should be closed. It tracks incremental expenses
6 associated with conducting lead tests at K-12 grade schools within Cal Am
7 service territory that request this service. It applies to all service areas
8 served by Cal Am.⁵⁶

9 As of May 2025, the balance in this account is zero. In this
10 proceeding, Cal Am requests to close this account.⁵⁷ Cal Advocates does
11 not oppose that request.

12 After closing SLTMA, the Commission should require Cal Am to
13 remove its reference from the preliminary statement.

14 **6. Rio Plaza Groundwater Management**
15 **Memorandum Account**

16 This account should be closed. It tracks the cost associated with Fox
17 Canyon Groundwater Management Agency (GMA) Ordinance Code
18 restricting the quantities pumped and surcharging production in excess of
19 those amounts, or the purchase of in lieu water to avoid the payment of the
20 surcharges. It applies to the Rio Plaza Service Area of the Los Angeles
21 District.⁵⁸

⁵⁶ Cal Am's Preliminary Statement Part AG.

⁵⁷ Direct Testimony of Kyle Heebner, Attachment 1.

⁵⁸ Cal Am's Preliminary Statement Part AT.

1 As of May 2025, the balance in this account is zero. In this
2 proceeding, Cal Am requests to close this account.⁵⁹ Cal Advocates does
3 not oppose that request.

4 After closing the account, the Commission should require Cal Am to
5 remove its reference from the preliminary statement.

6 **7. Meadowbrook Contribution in Aid of Construction**
7 **Account**

8 This account should be closed. It tracks the \$575,000 expense as part
9 of the total purchase price of Meadowbrook Water Company of Merced. It
10 applies to Sacramento and Meadowbrook Service Areas of the Northern
11 Division.⁶⁰

12 As of May 2025, the balance in this account is zero. In this
13 proceeding, Cal Am requests to close this account.⁶¹ Cal Advocates does
14 not oppose that request.

15 After closing the account, the Commission should require Cal Am to
16 remove its reference from the preliminary statement.

17 **8. Warring Transaction Memorandum Account**

18 This account should be closed. It tracks transactional costs
19 associated with the purchase of Warring Water Service, Inc. It applies to
20 the Piru (Warring) Service Area in Ventura County served by Cal Am.⁶²

⁵⁹ Direct Testimony of Mr. Kyle Heebner, Attachment 1.

⁶⁰ Cal Am's Preliminary Statement Part AX.

⁶¹ Direct Testimony of Mr. Kyle Heebner, Attachment 1.

⁶² Cal Am's Preliminary Statement Part BU.

1 As of May 2025, this account has an under-collected balance of
2 \$24,747.⁶³ In this proceeding, Cal Am requests to transfer the balance to
3 CEBA for amortization and indicates the company expects no further
4 costs.⁶⁴ However, the company also requests to continue the account.⁶⁵
5 After reviewing the workpaper entries, data request response, and the
6 reconciliation documents, Cal Advocates does not oppose the request to
7 transfer the balance to CEBA.⁶⁶ Cal Am confirmed there are no further
8 costs to be tracked in this account, therefore, after transferring the requested
9 balance to CEBA, the company should close this account.

10 After transferring the balance to CEBA, the Commission should
11 require Cal Am to close this account and remove its reference from the
12 preliminary statement.

13 **9. Monterey Wastewater Purchased Power Expense**
14 **Balancing Account**

15 This account should be closed. The account tracks the differences in
16 the expense based upon changes in the recorded unit prices versus the
17 adopted unit prices and applies to Monterey Wastewater ratepayers.⁶⁷

⁶³ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3.

⁶⁴ Direct Testimony of Kyle Heebner at 33.

⁶⁵ Direct Testimony of Kyle Heebner, Attachment 1.

⁶⁶ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3.
Attachment 1-4: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-003, Q.12.

⁶⁷ Cal Am's Preliminary Statement Part AZ.

1 As of May 2025, this account has an over-collected balance of
2 \$170,584.⁶⁸ In this proceeding, Cal Am requests to transfer the balance to
3 CEBA for amortization and continue the account.⁶⁹

4 After reviewing the workpaper entries, data request response, and
5 the reconciliation documents, Cal Advocates does not oppose the request to
6 transfer the balance to CEBA.⁷⁰ However, the company should close this
7 account after transferring the balance.

8 The Commission authorized Cal Am to implement a CART/
9 Monterey Style WRAM (“M-WRAM”) and associated Incremental Cost
10 Balancing Account (“ICBA”), so there is no need for a separate purchased
11 power balancing account for Monterey Wastewater.⁷¹ The current
12 purchased power forecast of Monterey Wastewater is simply a historical 5-
13 year average cost and does not incorporate water production.⁷² Without the
14 factor of water production volatility, Monterey Wastewater’s purchased
15 power is straightforward to forecast.

16 Therefore, after transferring the balance to CEBA, the Commission
17 should require Cal Am to close this account and remove its reference from
18 the preliminary statement.

⁶⁸ Direct Testimony of Kyle Heebner, Attachment 1; Attachment 1-2: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-001, Q.3.

⁶⁹ Direct Testimony of Kyle Heebner at 12.

⁷⁰ Attachment 1-2: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-001, Q.3.
Attachment 1-5: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-004, Q.3.

⁷¹ D.24-12-025 at 59.

⁷² *Application of California-American Water Company (U210w) to Increase Revenues in Each of its Districts Statewide*, Direct Testimony of Lakhjit S. Thind at 13.

1 **10. Group Insurance Balancing Account (GIBA)**

2 This account should be closed. It tracks the difference between
3 Commission-authorized costs and the actual costs in relation to group
4 insurance costs. It applies to all areas served by Cal Am.⁷³

5 As of May 2025, this account has an over-collected balance of
6 \$2,591,300.⁷⁴ In this proceeding, Cal Am requests to transfer the balance to
7 CEBA for amortization and continue the account.⁷⁵

8 After reviewing the workpaper entries, data request response, and
9 the reconciliation documents, Cal Advocates does not oppose the request to
10 transfer the balance to CEBA.⁷⁶ However, the company should close this
11 account after transferring the balance.

12 Currently, for estimating Group insurance, Cal Am uses the actual
13 group insurance cost data for each employee as the baseline and escalates it
14 using a 3-year recorded average percentage increase.⁷⁷ This account has
15 been in place since March 2019 and was authorized in a decision in Cal
16 Am's prior GRC, Application (A.)16-07-002.⁷⁸ In Cal Am's brief filed in
17 A.16-07-002, Cal Am argued that its parent company, American Water,

⁷³ Cal Am's Preliminary Statement Part AS.

⁷⁴ Direct Testimony of Kyle Heebner, Attachment 1; Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3.

⁷⁵ Direct Testimony of Kyle Heebner at 10.

⁷⁶ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3; Attachment 1-4: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-003, Q.2.

⁷⁷ *Application of California-American Water Company (U210w) to Increase Revenues in Each of its Districts Statewide*, Direct Testimony of Joey Chen at 15.

⁷⁸ D.18-12-021, Ordering Paragraph (OP) 30 at 328; Advice Letter 1229, California Public Utilities Commission Approval Letter, March 27, 2019, available at:

https://www.amwater.com/caaw/resources/PDF/Customer-Service-Billing/Rates-AL/All-Districts/AL%201229.pdf?language_id=1

1 negotiates the insurance coverage on behalf of Cal-Am and that Cal-Am
2 has little impact on that negotiation because it comprises only 5% of
3 American Water in terms of employees.⁷⁹ While the Commission approved
4 the account, it also highlighted the necessity of reevaluating the relevancy
5 of this two-way balancing account in the next GRC.⁸⁰

6 Later, the Commission denied several requests for similar balancing
7 accounts from multiple Investor-Owned Utilities (IOU). For instance, the
8 Commission denied a similar group health balancing account requested by
9 Liberty Utilities.⁸¹ The same decision also states “negotiating health care
10 contracts is one of the areas in which a larger corporate structure should be
11 able to exert more control of costs,”⁸² which signifies that Cal Am is in a
12 great position to control health care costs since its larger parent company is
13 in charge of obtaining a favorable health care contract for the entire entity.

14 Afterwards, the Commission also denied a similar group health
15 insurance balancing account requested by Golden State Water Company
16 (GSW).⁸³ Based on cost volatility caused by the COVID-19 pandemic, and
17 finding that “No company in world history has been faced with these
18 circumstances before”, the Commission approved a group health insurance
19 memorandum account.⁸⁴ The Commission also highlighted that balancing
20 accounts remove all risks from the utility’s shareholders and pass risks to

⁷⁹ D.18-12-021 at 229; A.16-07-002, *Opening Brief of California-American Water Company*, July 6, 2017 at 161.

⁸⁰ D.18-12-021 at 230.

⁸¹ D.20-09-019 at 86.

⁸² D.20-09-019 at 47.

⁸³ D.23-06-024 at 25.

⁸⁴ D.23-06-024 at 26.

1 ratepayers.⁸⁵ Specifically, the Commission stated, “[W]e will order a
2 memorandum account instead of a balancing account... although a final
3 decision on an appropriate allocation of the insurance cost will be delayed
4 until GSW’s next GRC and accordingly, some risk to the utility’s
5 shareholders remains as compared to a balancing account.”⁸⁶

6 Following the unfavorable decision, GSW decided not to open an
7 approved group health insurance memorandum account, and currently, the
8 company is reasonably forecasting the expenses to be included in the base
9 rates.⁸⁷ Absent a pandemic, this type of account does not meet the
10 “exceptional nature” criteria outlined in Commission’s Standard Practice
11 U-27-W.⁸⁸

12 The above decisions highlight the Commission’s precedent of
13 denying group insurance balancing accounts since 2020. The above
14 decisions also prove that, like other IOUs, Cal Am is fully capable of
15 forecasting these expenses to be included in base rates. Therefore, this
16 balancing account is no longer needed. A true-up mechanism like this
17 balancing account removes Cal Am’s incentive to control costs, obscures
18 the true cost of service decided in this GRC, and subsequently shifts all
19 forecasting risks onto ratepayers.

20 After transferring the balance to CEBA, the Commission should
21 require Cal Am to close this account and remove its reference from the
22 preliminary statement.

⁸⁵ D.23-06-024 at 26.

⁸⁶ D.23-06-024 at 25-26.

⁸⁷ Discovery made in GSW GRC A.23-08-010.

⁸⁸ CPUC Standard Practice U-27-W at 6.

1 **11. Other Post-Employment Benefits (OPEB)**
2 **Balancing Account**

3 This account should be closed. It tracks the difference between
4 Commission-authorized Other Post-Employment Benefits (“OPEB”) costs
5 and actual OPEB payments. It applies to all areas served by California
6 American Water.⁸⁹

7 As of May 2025, this account has an over-collected balance of
8 \$369,552.⁹⁰ In this proceeding, Cal Am requests to transfer the balance to
9 CEBA for amortization and continue the account.⁹¹

10 After reviewing the workpaper entries, data request response, and
11 the reconciliation documents, Cal Advocates does not oppose the request to
12 transfer the balance to CEBA.⁹² However, the company should close this
13 account after transferring the balance.

14 This account has been in place since October 2010.⁹³ For the OPEB
15 forecast, Cal Am relies on Willis Towers Watson’s actuarial projection
16 performed on behalf of its parent company, American Water, and extracts
17 its portion of the total expense.⁹⁴ Based on experience, the company can
18 reasonably forecast the OPEB expenses, and place it in the expense forecast
19 to be included in base rates. A true-up adjustment mechanism like this
20 balancing account should not be utilized for this expense because it

⁸⁹ Cal Am’s Preliminary Statement Part T.

⁹⁰ Direct Testimony of Kyle Heebner, Attachment 1; Attachment 1-2: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-001, Q.3.

⁹¹ Direct Testimony of Kyle Heebner at 11-12.

⁹² Attachment 1-2: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-001, Q.3; Attachment 1-5: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-004, Q.3.

⁹³ Advice Letter 862, California Public Utilities Commission Approval Letter, October 5, 2010.

⁹⁴ Direct Testimony of Joey Chen at 15.

1 removes Cal Am’s incentive to control costs and can obscure the true cost
2 of service decided in this GRC. Additionally, this account does not meet the
3 “exceptional nature” criteria outlined in Commission Standard Practice U-
4 27-W.⁹⁵

5 After transferring the balance to CEBA, the Commission should
6 require Cal Am to close this account and remove its reference from the
7 preliminary statement.

8 **12. Sustainable Groundwater Management Act**
9 **Memorandum Account (SGMA)**

10 This account should be closed. It tracks the cost of complying with
11 the Sustainable Groundwater Management Act Regulations signed into law
12 September 16, 2014, which set forth a framework for regulating
13 groundwater. It applies to all areas served by California American Water.⁹⁶

14 As of May 2025, this account has an under-collected balance of
15 \$(1,096,250).⁹⁷ In this proceeding, Cal Am requests to transfer the balance
16 to CEBA for amortization and continue the account.⁹⁸

17 After reviewing the workpaper entries, data request response, and
18 the reconciliation documents, Cal Advocates does not oppose the request to
19 transfer the balance to CEBA.⁹⁹ However, the company should close this
20 account after transferring the balance.

⁹⁵ CPUC Standard Practice U-27-W at 6.

⁹⁶ Cal Am’s Preliminary Statement Part AR.

⁹⁷ Direct Testimony of Kyle Heebner, Attachment 1.

⁹⁸ Direct Testimony of Kyle Heebner at 15.

⁹⁹ Attachment 1-2: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-001, Q.3;
Attachment 1-4: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-003, Q.5

1 SGMA has been in place since March 2019.¹⁰⁰ The Sustainable
2 Groundwater Management Act Regulations have been in effect for more
3 than a decade now.¹⁰¹ This legislation is not new or unknown to Cal Am
4 anymore and does not meet the “exceptional nature” criteria outlined in
5 Commission’s Standard Practice U-27-W.¹⁰² The company should
6 incorporate these costs in its expense forecast and include them in base
7 rates in future GRC application filings.

8 After transferring the balance to CEBA, the Commission should
9 require Cal Am to close this account and remove its reference from the
10 preliminary statement.

11 **13. Public Safety Power Shut-off (PSPS) Memorandum** 12 **Account**

13 This account should be closed. It tracks the incremental Operation
14 and Maintenance (O&M) expenses and carrying costs of new facilities
15 outside of revenue requirement. The account addresses public safety needs
16 in the event of a proposed or declared Public Safety Power Shut-Off (PSPS)
17 event by any of the electric utilities that provide electric service to Cal
18 Am’s ratemaking areas and includes advanced preparation costs. The
19 expenses include generator costs, installation, purchased fuel cost,
20 maintenance, etc.¹⁰³

¹⁰⁰ Advice Letter 1228, California Public Utilities Commission Approval Letter, October 5, 2010, available at: https://www.amwater.com/caaw/resources/PDF/Customer-Service-Billing/Rates-AL/All-Districts/AL%201228.pdf?language_id=1

¹⁰¹ Sustainable Groundwater Management Act (SGMA), California Department of Water Resources, available at: <https://water.ca.gov/programs/groundwater-management/sgma-groundwater-management>

¹⁰² CPUC Standard Practice U-27-W at 6.

¹⁰³ Cal Am’s Preliminary Statement Part AN.

1 As of May 2025, this account has an under-collected balance of
2 \$(359.686).¹⁰⁴ In this proceeding, Cal Am requests to transfer the balance
3 to CEBA for amortization and continue the account.¹⁰⁵

4 After reviewing the workpaper entries, data request response, and
5 the reconciliation documents, Cal Advocates does not oppose the request to
6 transfer the balance to CEBA.¹⁰⁶ However, the company should close this
7 account after transferring the balance as they can reasonably forecast these
8 expenses.

9 This account has been in effect since December 2019.¹⁰⁷ With the
10 experience gathered for more than half a decade, the company should have
11 a better understanding of windy or high fire threat districts including all
12 other areas where outages are commonplace for addressing different types
13 of Public Safety events. Therefore, any costs incurred for such events do
14 not meet the memorandum account qualification criteria outlined in the
15 Commission's Standard Practice U-27-W that states, "costs must be due to
16 events of an exceptional nature that could not have been reasonably
17 foreseen in the utility's last general rate case."¹⁰⁸ The company has had
18 adequate time adjusting to the new PSPS event framework, so this account
19 is not necessary anymore. The company should incorporate these costs into

¹⁰⁴ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3.

¹⁰⁵ Direct Testimony of Kyle Heebner at 16.

¹⁰⁶ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3;
Attachment 1-4: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-003, Q.6.

¹⁰⁷ Advice Letter 1275, California Public Utilities Commission Approval Letter, February 14, 2020,
available at: https://www.amwater.com/caaw/resources/PDF/Customer-Service-Billing/Rates-AL/All-Districts/AL%201275.pdf?language_id=1.

¹⁰⁸ CPUC Standard Practice U-27-W at 6.

1 its expense forecast and include them in base rates in future GRC
2 application filings.

3 After transferring the balance to CEBA, the Commission should
4 require Cal Am to close this account and remove its reference from the
5 preliminary statement.

6 **14. Endangered Species Act (ESA) Memorandum**
7 **Account**

8 This account should be closed. It tracks costs incurred for
9 compliance with ESA requirements, except for ESA compliance costs
10 associated with the San Clemente Dam. It applies to Monterey service areas
11 served by California American Water.¹⁰⁹

12 As of May 2025, this account has an under-collected balance of
13 \$(458,847).¹¹⁰ In this proceeding, Cal Am requests to transfer the balance
14 to CEBA for amortization and continue the account.¹¹¹

15 After reviewing the workpaper entries, data request response, and
16 the reconciliation documents, Cal Advocates does not oppose the request to
17 transfer the balance to CEBA.¹¹² However, the company should close this
18 account after transferring the balance.

19 The Endangered Species Act Regulations have been in effect for
20 more than five decades.¹¹³ Complying with federal legislation is not a new

¹⁰⁹ Cal Am's Preliminary Statement Part N.

¹¹⁰ Direct Testimony of Kyle Heebner, Attachment 1.

¹¹¹ Direct Testimony of Kyle Heebner at 25.

¹¹² Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3;
Attachment 1-4: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-003, Q.9.

¹¹³ Summary of the Endangered Species Act, United States Environmental Protection Agency, available
at: <https://www.epa.gov/laws-regulations/summary-endangered-species-act>; Endangered Species Act,
U.S. Fish & Wildlife Service, available at: <https://www.fws.gov/law/endangered-species-act>

1 or unforeseeable expense and is part of the routine operation of a utility.
2 This legislation is not new or unknown to Cal Am anymore and does not
3 meet the “exceptional nature” criteria outlined in the Commission’s
4 Standard Practice U-27-W.¹¹⁴ The company should incorporate these costs
5 in its expense forecast and include them in base rates in future GRC
6 application filings.

7 After transferring the balance to CEBA, the Commission should
8 require Cal Am to close this account and remove its reference from the
9 preliminary statement.

10 **C. The Commission should require Cal Am to transfer the**
11 **net \$3,682,414 under-collected balance to CEBA for its 16**
12 **BAMAs for recovery from ratepayers through**
13 **surcharges.**

14 In this Application, Cal Am requests to transfer the under-collected
15 surcharge balance of the net \$7,339,969 from its 15 BAMAs to CEBA for
16 amortization.¹¹⁵ Cal Advocates does not oppose the request. However, Cal Am
17 should also amortize the over-collected balance in TCP Litigation Proceeds
18 Memorandum Account. 16 BAMAs altogether, the net balance becomes an under
19 collection of \$3,682,414 that should be transferred to CEBA. A list of 16 BAMAs
20 to be amortized is shown in Table 2-4 below.

¹¹⁴ CPUC Standard Practice U-27-W at 6.

¹¹⁵ Direct Testimony of Kyle Heebner, Attachment 1: The accounts Cal Am requests for recovery are annotated by “transfer to CEBA.”.

1

Table 2-4: BAMAs to be amortized

	16 BAMA balances to be transferred CEBA for amortizing	Over/(Under) Collection Balance as of May 31, 2025: DR Response JBQ-001, Q.3	Cal Am's Request for Recovery, as of May 31, 2025: JBQ-001, Q.3	Cal Advocates recommend ed recovery balance	Cal Am's Request: Close or Continue?	Cal Advocates: Close or Continue?
1	Warring Transaction Memorandum Account	\$ (24,747)	\$ (24,747)	\$ (24,747)	Close	Close
2	Monterey Wastewater Purchased Power Expense Balancing Account	\$ 170,584	\$ 170,584	\$ 170,584	Continue*	Close
3	Group Insurance Balancing Account	\$ 2,591,300	\$ 2,591,300	\$ 2,591,300	Continue	Close
4	Other Post-Employment Benefits (OPEB) Balancing Account	\$ 369,552	\$ 369,552	\$ 369,552	Continue	Close
5	Sustainable Groundwater Management Act Memorandum Account	\$ (1,096,250)	\$ (1,096,250)	\$ (1,096,250)	Continue	Close
6	Public Safety Power Shut-off (PSPS) Memorandum Account	\$ (359,686)	\$ (359,686)	\$ (359,686)	Continue	Close
7	Endangered Species Act (ESA) Memorandum Account	\$ (458,847)	\$ (458,847)	\$ (458,847)	Continue	Close
8	TCP Litigation Proceeds Memorandum Account	\$ 3,657,555		\$ 3,657,555	Continue	Continue
9	Affiliate Transaction Memorandum Account	\$ 126,016	\$ 126,016	\$ 126,016	Continue	Continue
10	Pension Balancing Account	\$ (1,914,180)	\$ (1,914,180)	\$ (1,914,180)	Continue	Continue
11	Drought Memorandum Account	\$ (1,042,013)	\$ (1,042,013)	\$ (1,042,013)	Continue	Continue
12	Drinking Water Fees Memorandum Account	\$ (1,467,471)	\$ (1,467,471)	\$ (1,467,471)	Continue	Continue
13	Seaside Groundwater Basin Balancing Account	\$ (78,581)	\$ (78,581)	\$ (78,581)	Continue	Continue
14	Monterey Cease and Desist Order Memorandum Account	\$ (3,337,420)	\$ (3,337,420)	\$ (3,337,420)	Continue	Continue
15	Bass Lake Transaction Memorandum Account	\$ (269,043)	\$ (269,043)	\$ (269,043)	Continue	Continue
16	Catastrophic Event Memorandum Account	\$ (8,371,269)	\$ (549,182)	\$ (549,182)	Continue	Continue
	Total		\$ (7,339,969)	\$ (3,682,414)		
	* denotes if SR#1 is approved					

2

3

1. Warring Transaction Memorandum Account

4

Amortize and close, as discussed in the previous section.

5

2. Monterey Wastewater Purchased Power Expense Balancing Account

6

7

Amortize and close, as discussed in the previous section.

8

3. Group Insurance Balancing Account

9

Amortize and close, as discussed in the previous section.

10

4. Other Post-Employment Benefits (OPEB) Balancing Account

11

12

Amortize and close, as discussed in the previous section.

13

5. Sustainable Groundwater Management Act Memorandum Account

14

15

Amortize and close, as discussed in the previous section.

1 **6. Public Safety Power Shut-off (PSPS) Memorandum**
2 **Account**

3 Amortize and close, as discussed in the previous section.

4 **7. Endangered Species Act (ESA) Memorandum**
5 **Account**

6 Amortize and close, as discussed in the previous section.

7 **8. TCP Litigation Proceeds Memorandum Account**
8 **(TCPLMA)**

9 This account should continue after transferring the balance for
10 amortization. It tracks litigation awards and settlement proceeds with
11 respect to litigation against “potentially responsible parties” (PRPs) that
12 manufactured and distributed products containing 1,2,3-Trichloropropane
13 (TCP) in California. Additionally, it tracks the application of funds received
14 towards investments in replacement and treatment property. It applies to all
15 service areas served by Cal Am.¹¹⁶ In this application, Cal Am requests to
16 continue this account.¹¹⁷ Cal Advocates does not oppose this request.

17 However, currently this account has an over-collected balance of
18 \$3,657,555, and it should be returned to ratepayers.¹¹⁸ The Commission’s
19 accounting rules for contamination proceeds hold that recovery can occur
20 when “the balance in the memorandum account exceeds 2% of the utility’s
21 authorized revenue requirement or three years have elapsed since the date
22 the memorandum account was established.”¹¹⁹ TCPLMA was established
23 in January 2022, meaning more than three years have already passed, and it

¹¹⁶ Cal Am’s Preliminary Statement Part BP.

¹¹⁷ Direct Testimony of Kyle Heebner at 20.

¹¹⁸ Direct Testimony of Kyle Heebner, Attachment 1.

¹¹⁹ D.10-12-058, OP 2 at 19.

1 should trigger a refund to the ratepayers.¹²⁰ Allowing Cal Am to defer
2 refunding the overcollection directly contrary to the Commission’s goal to
3 “reduce delays” in the process.¹²¹

4 Therefore, the Commission should require Cal Am to transfer
5 \$3,657,555 over-collected balance to CEBA and continue this account.

6 **9. Affiliate Transaction Memorandum Account**

7 This account should continue after transferring the balance for
8 amortization. It tracks the fees paid to the utility for the transfer,
9 assignment, or employment of an employee by an affiliate in compliance
10 with Affiliate Transaction Rule IV.D.2. It applies to all service areas served
11 by Cal Am.¹²²

12 As of May 2025, this account has an over-collected balance of
13 \$126,016.¹²³ In this proceeding, Cal Am requests to transfer the balance to
14 CEBA for amortization and continue the account.¹²⁴ After reviewing the
15 workpaper entries, data request response, and the reconciliation documents,
16 Cal Advocates does not oppose the request.¹²⁵

17 The Commission should allow Cal Am to transfer the balance to
18 CEBA and continue this account.

¹²⁰ Advice Letter 1351, California Public Utilities Commission Approval Letter, January 31, 2022, available at: https://amwater.com/caaw/resources/PDF/Custom-Service-Billing/Rates-AL/All-Districts/AL%201351.pdf?language_id=1

¹²¹ D.10-12-058, Conclusions of Law (COL) 5 at 18.

¹²² Cal Am’s Preliminary Statement Part F.

¹²³ Attachment 1-2: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-001, Q.3.

¹²⁴ Direct Testimony of Kyle Heebner at 13.

¹²⁵ Attachment 1-2: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-001, Q.3; A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-003, Q.4.

1 **10. Pension Balancing Account**

2 This account should continue after transferring the balance for
3 amortization. It tracks the difference between Commission-authorized
4 pension costs and actual pension payments. It applies to all service areas
5 served by Cal Am.¹²⁶

6 As of May 2025, this account has an under-collected balance of
7 \$1,914,180.¹²⁷ In this proceeding, Cal Am requests to transfer the balance
8 to CEBA for amortization and continue the account.¹²⁸ After reviewing the
9 workpaper entries, data request response, and the reconciliation documents,
10 Cal Advocates does not oppose the request.¹²⁹

11 The Commission should allow Cal Am to transfer the balance to
12 CEBA and continue this account.

13 **11. Drought Memorandum Account**

14 This account should continue after transferring the balance for
15 amortization. It tracks cost and penalties associated with the
16 implementation of Rule 14.1 and Schedules 14.1 and Rule 14.1.1 and
17 Schedule 14.1.1, consistent with Resolution W-4976, in which the
18 Commission adopted Drought Procedures. It applies to all service areas
19 served by Cal Am.¹³⁰

¹²⁶ Cal Am's Preliminary Statement Part U.

¹²⁷ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3.

¹²⁸ Direct Testimony of Kyle Heebner at 11.

¹²⁹ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3;
Attachment 1-4: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-003, Q.3.

¹³⁰ Cal Am's Preliminary Statement Part BI.

1 As of May 2025, this account has an under-collected balance of
2 \$1,042,013.¹³¹ In this proceeding, Cal Am requests to transfer the balance
3 to CEBA for amortization and continue the account.¹³² After reviewing the
4 workpaper entries, data request response, and the reconciliation documents,
5 Cal Advocates does not oppose the request.¹³³

6 The Commission should allow Cal Am to transfer the balance to
7 CEBA and continue this account.

8 **12. Drinking Water Fees Balancing Account (DWFBA)**

9 This account should continue after transferring the balance for
10 amortization. It tracks the difference between all actual drinking water fees
11 charged by the State Water Resources Control Board (State Water Board)
12 and the drinking water fees authorized in rates. It applies to all service areas
13 served by Cal Am.¹³⁴ This balancing account was established with an
14 effective date of December 15, 2021. The same Advice Letter closes the
15 previously authorized Drinking Water Fees Memorandum Account.¹³⁵

16 As of May 2025, this balancing account has an under-collected
17 balance of \$1,467,471.¹³⁶ In this proceeding, Cal Am requests to transfer

¹³¹ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3.

¹³² Direct Testimony of Kyle Heebner at 18.

¹³³ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3;
Attachment 1-4: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-003, Q.7

¹³⁴ Cal Am's Preliminary Statement Part BO.

¹³⁵ The Drinking Water Fees Memorandum Account sunsets upon implementation of rates associated
with this 2022 GRC (A.22-07-001) proceeding

Advice Letter 1428, California Public Utilities Commission Approval Letter, January 31, 2022, available
at: https://www.amwater.com/caaw/resources/PDF/Customer-Service-Billing/Rates-AL/All-Districts/AL%201428.pdf?language_id=1

¹³⁶ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3.

1 the balance to CEBA for amortization and continue the account.¹³⁷ After
2 reviewing the workpaper entries, data request response, and the
3 reconciliation documents, Cal Advocates does not oppose the request.¹³⁸

4 The Commission should allow Cal Am to transfer the balance to
5 CEBA and continue this account.

6 **13. Seaside Groundwater Basin Balancing Account**

7 This account should continue after transferring the balance for
8 amortization. It tracks costs associated with Administrative and other
9 payments made to the Seaside Basin Water Master, as well as recovery of
10 such payments from customers in the Monterey Service Area. It applies to
11 Monterey service area served by Cal Am.¹³⁹

12 As of May 2025, this account has an under-collected balance of
13 \$78,581.¹⁴⁰ In this proceeding, Cal Am requests to transfer the balance to
14 CEBA for amortization and continue the account.¹⁴¹ After reviewing the
15 workpaper entries, data request response, and the reconciliation documents,
16 Cal Advocates does not oppose the request.¹⁴²

17 The Commission should allow Cal Am to transfer the balance to
18 CEBA and continue this account.

¹³⁷ Direct Testimony of Kyle Heebner at 20.

¹³⁸ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3;
Attachment 1-4: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-003, Q.8

¹³⁹ Cal Am's Preliminary Statement Part Y.

¹⁴⁰ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3.

¹⁴¹ Direct Testimony of Kyle Heebner at 26.

¹⁴² Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3;
Attachment 1-4: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-003, Q.4.

1 **14. Monterey Cease and Desist Order Memorandum**
2 **Account**

3 This account should continue after transferring the balance for
4 amortization. It tracks costs to address the State Water Resources Control
5 Board (SWRCB) Cease and Desist Order for unauthorized diversion of
6 water from the Carmel River in the Monterey Service Area.¹⁴³

7 As of May 2025, this account has an under-collected balance of
8 \$3,337,420.¹⁴⁴ In this proceeding, Cal Am requests to transfer the balance
9 to CEBA for amortization and continue the account.¹⁴⁵ After reviewing the
10 workpaper entries, data request response, and the reconciliation documents,
11 Cal Advocates does not oppose the request.¹⁴⁶

12 The Commission should allow Cal Am to transfer the balance to
13 CEBA and continue this account.

14 **15. Bass Lake Transaction Memorandum Account**

15 This account should continue after transferring the balance for
16 amortization. It tracks transactional costs associated with the purchase of
17 Bass Lake Water Company. It applies to the Bass Lake Service Area in
18 Madera County served by Cal Am.¹⁴⁷

¹⁴³ Cal Am's Preliminary Statement Part I.

¹⁴⁴ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3.

¹⁴⁵ Direct Testimony of Kyle Heebner at 27.

¹⁴⁶ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3;
Attachment 1-3: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-002, Q.2;
Attachment 1-4: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-003, Q.11.

¹⁴⁷ Cal Am's Preliminary Statement Part BX.

1 As of May 2025, this account has an under-collected balance of
2 \$269,043.¹⁴⁸ In this proceeding, Cal Am requests to transfer the balance to
3 CEBA for amortization and continue the account.¹⁴⁹ After reviewing the
4 workpaper entries, data request response, and the reconciliation documents,
5 Cal Advocates does not oppose the request.¹⁵⁰

6 The Commission should allow Cal Am to transfer the balance to
7 CEBA and continue this account.

8 **16. Catastrophic Event Memorandum Account**
9 **(CEMA)**

10 This account should continue after transferring the balance for
11 amortization. It tracks the costs resulting from a catastrophic disaster or
12 state of emergency declared by competent government authorities. It
13 applies to all service areas served by Cal Am, excluding those specifically
14 excluded by the CPUC.¹⁵¹

15 As of May 2025, this account has an under-collected balance of
16 \$549,182 in operating expense.¹⁵² In this proceeding, Cal Am requests to
17 transfer the balance to CEBA for amortization and continue the account.¹⁵³
18 The requested costs include Larkfield wildfire revenue losses, Extreme heat
19 event (2022) costs, Customer Protections costs in Winter Storms (2023),
20 Monterey Flooding cost (2023), Customer Protections cost in Ventura Fire

¹⁴⁸ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3.

¹⁴⁹ Direct Testimony of Kyle Heebner at 34.

¹⁵⁰ Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3;
Attachment 1-4: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-003, Q.13.

¹⁵¹ Cal Am's Preliminary Statement Part G.

¹⁵² Attachment 1-2: A.25-07-003, Cal Am's Response to Cal Advocates' Data Request JBQ-001, Q.3.

¹⁵³ A.25-07-003, Direct Testimony of Mr. Kyle Heebner at 10.

(2024), and cost incurred in LA Systems – Fire (2025).¹⁵⁴ After reviewing the workpaper entries, data request response, and the reconciliation documents, Cal Advocates does not oppose the request.¹⁵⁵

The Commission should allow Cal Am to transfer the balance to CEBA and continue this account.

D. Cal Advocates doesn’t oppose Cal Am’s requests to continue 21 BAMAs without any recovery request

Cal Am requests to continue the following 21 BAMAs without any request for recovery.¹⁵⁶ Cal Advocates does not oppose these requests for continuance while noting that Cal Advocates did not review the recorded balance since there is no request for recovery. These BAMAs should be subject to extensive review when Cal Am requests to transfer the balance to CEBA for amortizing.

The following table 2-5 has the list of 21 BAMAs that Cal Advocates does not oppose with Cal Am. However, the preliminary statement of ‘Conservation Regulation Memo Account (CORMA)’ has not adequately specified the scope of the account.¹⁵⁷ Cal Am’s testimony states that the “Making Conservation a

¹⁵⁴ Direct Testimony of Mr. Kyle Heebner at 8-10.

¹⁵⁵ Attachment 1-2: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-001, Q.3; Attachment 1-3: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-002, Q.3a and Q.3d;

Attachment 1-4: A.25-07-003, Cal Am’s Response to Cal Advocates’ Data Request JBQ-003, Q.1;

¹⁵⁶ For Conservation Adjustment for Rate Tier Designs Mechanism Balancing Account (CART), Purchased Power Incremental Cost Balancing Account (PP ICBA), and Purchased Water Incremental Cost Balancing Account (PW ICBA), Cal Am’s request for continuance is conditional to denial of Cal Am’s Special Request 1 that proposes a new full decoupling mechanism, titled Fixed Cost Recovery Account (FCRA) as mentioned in Direct Testimony of Mr. Kyle Heebner at 21-22. As discussed in Cal Advocates witness Mr. Sam Lam’s testimony, Report on Labor & Benefits, Total Compensation, and Special Requests 1 and 7, Cal Advocates recommends denying Special Request 1;

¹⁵⁷ Cal Am’s Preliminary Statement Part CB;

<https://amwater.com/caaw/resources/PDF/Customer-Service-Billing/Rates-Preliminary->

1 California Way of Life” Regulation requires compliance with the following three
2 components: 1) Meet an agency-specific urban water use objective and begin
3 annual reporting starting in 2024, 2) implement commercial, industrial, and
4 institutional performance measures, and 3) comply with annual reporting
5 requirements.¹⁵⁸ The purpose of CORMA is to record any incremental costs
6 associated with these regulations. Cal Am’s preliminary statement for CORMA
7 should be updated to reflect the list of things this account could track.
8

[Statements/Preliminary%20Statement%20CB.pdf?language_id=1](#)

¹⁵⁸ Direct Testimony of Mr. Kyle Heebner at 22

Table 2-5: BAMAs Cal Advocates does not oppose

	21 BAMAs Cal Advocates does not oppose to continue	Cal Am's Request: Close or Continue?	Cal Advocates: Close or Continue?
24	Consolidated Expense Balancing Account (CEBA)	Continue	Does not oppose
25	Water Revenue Adjustment Mechanism (WRAM) & Modified Cost Balancing Accounts (MCBA)	Continue	Does not oppose
26	Two-Way Tax Memorandum Account	Continue	Does not oppose
27	Customer Assistance Program (CAP) Balancing Account	Continue	Does not oppose
28	GRC Interim Rate True-Up Memorandum Account	Continue	Does not oppose
29	West Placer Memorandum Account	Continue	Does not oppose
30	Garrapata Safe Drinking Water State Revolving Fund (SDWSRF) Loan Repayment Balancing Account	Continue	Does not oppose
31	Special Facilities Fee Memorandum Account	Continue	Does not oppose
32	Conservation Adjustment for Rate Tier Designs Mechanism (CART) Balancing Account	Continue	Does not oppose
33	Purchased Power Incremental Cost Balancing Account	Continue	Does not oppose
34	Purchased Water Incremental Cost Balancing Account	Continue	Does not oppose
35	Conservation Regulation Memorandum Account (CORMA)	Continue	Does not oppose
36	National Oceanic & Atmospheric Endangered Species Act (NOAA/ESA) Memorandum Account	Continue	Does not oppose
37	San Clemente Dam Balancing Account	Continue	Does not oppose
38	Coastal Water Project Memorandum Account	Continue	Does not oppose
39	Emergency Rationing Costs Incurred by California American Water Memorandum Account	Continue	Does not oppose
40	MPWSP Phase I Project Cost Memorandum Account	Continue	Does not oppose
41	MPWSP Operations and Maintenance Memorandum Account	Continue	Does not oppose
42	Hillview Safe Drinking Water State Revolving Fund (SDWSRF) Loan Repayment Balancing Account	Continue	Does not oppose
43	Fruitridge Safe Drinking Water State Revolving Fund (SDWSRF) Loan Repayment Balancing Account	Continue	Does not oppose
44	Hillview Grant Tax Balancing Account	Continue	Does not oppose

IV. CONCLUSION

1. The Commission should order Cal Am to close 14 BAMAs and remove related references from the Preliminary Statement.
2. The Commission should order Cal Am to transfer the net \$3,682,414 under-collected balance in its 16 BAMAs to the Consolidated Expense Balancing Account (CEBA) for recovery from ratepayers through surcharges.

- 1 3. The Commission should order Cal Am to use consistent naming for its
2 BAMAs, including its preliminary statement, workpapers, and testimonies
3 in future GRC proceedings to avoid confusion.
4
- 5 4. The Commission should order Cal Am to provide complete lists of existing
6 effective BAMAs and accurate balances in the final application in future
7 GRC proceedings.

Attachment 1-1: Qualifications of Witness

QUALIFICATIONS AND PREPARED TESTIMONY OF JAWAD BAKI

Q.1 Please state your name and address.

A.1 My name is Jawad Baki, and my business address is 505 Van Ness Avenue, San Francisco, California 94102.

Q.2 By whom are you employed and what is your job title?

A.2 I am a Public Utilities Regulatory Analyst IV in the Water Branch of the Public Advocates Office at the California Public Utilities Commission.

Q.3 Please describe your educational and professional experience.

A.3 I have a Bachelor of Business Administration degree with a Major in Finance (2015) from Green University of Bangladesh. I was a City of Temecula Economic Development intern during the Summer of 2019. I earned a master's degree in applied economics from San Diego State University in 2019.

Since 2020, I have been with the Public Advocates Office's Communication and Water Policy Branch, and then with the Water Branch. I was the Project Lead of Great Oaks Water Company GRC application (A.24-07-001) and issued my testimony on Balancing and Memorandum accounts. Previously, I have reviewed San Jose Water Company's Advanced Metering Infrastructure (AMI) application (A.19-12-002) and submitted my written testimony. I have issued testimonies in Golden States Water Company GRC application (A.20-07-012), San Gabriel Valley GRC application (A.22-01-003), Cost of Capital application (A.21-05-001 et al.) for the four largest Class-A Water Investor-Owned Utilities (IOUs), and Cost of Capital application (A.23-05-001 et al.) for small Class-A Water IOUs. I've also issued testimony on taxes, depreciation, working cash, and special requests in Golden States Water Company's GRC application (A.23-08-010). Additionally, I have reviewed fifty-plus Advice Letters about Class-A

water IOUs, and a Financing Application of California-American Water Company. I've defended my testimonies before Administrative Law Judge (ALJ) on numerous occasions in different proceedings.

Q.4 What is your area of responsibility in this proceeding?

A.4 I am responsible for reviewing the Cal Am's Special Request 8 and Balancing and Memorandum Accounts.

Q.5 Does that complete your prepared testimony?

A.5 Yes, it does.

**Attachment 1-2: A.25-07-003, Cal Am's
Response to Cal Advocates' Data Request
JBQ-001**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by \$63,090,981 or 17.20% in the year 2027, by \$22,067,361 or 5.13% in the year 2028, and by \$26,014,600 or 5.75% in the year 2029.

Application 25-07-003
(Filed July 1, 2025)

**CALIFORNIA-AMERICAN WATER COMPANY'S RESPONSE TO
PUBLIC ADVOCATES OFFICE'S DATA REQUEST JBQ-01**

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Attorneys for California-American Water Company

Dated: July 23, 2025

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

California-American Water Company (U-210- W; “California American Water,” “CAW” or the “Company”) hereby sets forth the following objections and responses to Public Advocates Office’s (“Cal Advocates”) Data Request JBQ-01 (“Data Requests” or “RPD”), propounded on July 9, 2025, in A.25-07-003.

RESERVATION OF RIGHTS

1. California American Water’s investigation into the Data Requests is ongoing. The Company reserves the right, without obligating itself to do so, to supplement or modify its responses and to present further information and produce additional documents as a result of its ongoing investigation.

2. Any information or materials provided in response to the Data Requests shall be without prejudice to California American Water’s right to object to their admission into evidence or the record in this proceeding, their use as evidence or in the record, or the relevance of such information or materials. In addition, California American Water reserves its right to object to further discovery of documents, other information or materials relating to the same or similar subject matter upon any valid ground or grounds, including without limitation, the proprietary nature of the information, relevance, privilege, work product, overbreadth, burdensomeness, oppressiveness, or incompetence.

GENERAL OBJECTIONS

1. California American Water objects to the Data Requests as improper, overbroad, and unduly burdensome to the extent they purport to impose upon California American Water any obligations broader than those permitted by law.

2. California American Water objects to the Data Requests as improper, overbroad, and unduly burdensome to the extent they improperly seek the disclosure of information protected by the attorney-client privilege, the attorney work-product doctrine, or any other applicable privilege or doctrine, and/or the client confidentiality

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

obligations mandated by Business and Professions Code Section 6068(e)(1) and Rule 3-100(A) of the California Rules of Professional Conduct. Such responses as may hereafter be given shall not include information protected by such privileges or doctrines, and the inadvertent disclosure of such information shall not be deemed as a waiver of any such privilege or doctrine.

3. California American Water objects to the Data Requests to the extent that the requests are duplicative and overlapping, cumulative of one another, overly broad, and/or seek responses in a manner that is unduly burdensome, unreasonably expensive, oppressive, or excessively time consuming to California American Water.

4. California American Water objects to the Data Requests to the extent they seek documents that are and/or information that is neither relevant nor material to this proceeding nor reasonably calculated to lead to the discovery of admissible evidence.

5. California American Water objects to the Data Requests to the extent they seek an analysis, calculation, or compilation that has not previously been performed and that California American Water objects to performing.

6. California American Water objects to the Data Requests insofar as they request the production of documents or information that are publicly available or that are equally available to Cal Advocates because such requests subject California American Water to unreasonable and undue annoyance, oppression, burden and expense.

7. California American Water objects to the Data Requests to the extent the requests are vague, ambiguous, use terms that are subject to multiple interpretations but are not properly defined for purposes of the Data Request, or otherwise provide no basis from which California American Water can determine what information is sought.

8. The objections contained herein, and information and documents

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

produced in response hereto, are not intended nor should they be construed to waive California American Water's right to object to the Data Requests, responses or documents produced in response hereto, or the subject matter of such Data Requests, responses or documents, as to their competency, relevancy, materiality, privilege and admissibility as evidence for any purpose, in or at any hearing of this or any other proceeding.

9. The objections contained herein are not intended nor should they be construed to waive California American Water's right to object to other discovery involving or relating to the subject matter of the Data Requests, responses or documents produced in response hereto.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Kyle Heebner
Title: Manager, Accounting
Address: American Water
1 Water Street
Camden, NJ
Cal Adv Request: A2507003 Public Advocates DR JBQ-01
Company Number: Cal Adv JBQ-01 Q001
Date Received: July 9, 2025
Date Response Provided: July 23, 2025
Subject Area: BAMA

DATA REQUEST:

1. Please indicate whether Cal-Am has any memorandum, balancing, reserve, or other regulatory tracking account that is not listed in its Preliminary Statement or included in this GRC Application.
 - a. If there are any, provide a list of those accounts.
 - b. If there are any, provide explanations of why those were not included for each account, respectively.

CAL-AM'S RESPONSE

California American Water incorporates its General Objections as though each is submitted fully here. California American Water further objects to this request on the grounds it is vague, ambiguous, and overbroad, particularly as to "reserve" and "other regulatory tracking account in the context of preliminary statements and is therefore duly burdensome. California American Water also objects on the grounds this request seeks information irrelevant to this proceeding. Subject to, but without waiving, those objections, California American Water responds as follows:

There are no memorandum or balancing accounts that California American Water is seeking to return to or recover from customers as part of this proceeding that are not listed on the Company's preliminary statements.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Kyle Heebner
Title: Manager, Accounting
Address: American Water
1 Water Street
Camden, NJ
Cal Adv Request: A2507003 Public Advocates DR JBQ-01
Company Number: Cal Adv JBQ-01 Q002
Date Received: July 9, 2025
Date Response Provided: July 23, 2025
Subject Area: BAMA

DATA REQUEST:

2. Referring to Cal-Am's current Preliminary Statement that lists its Memorandum, Balancing, Reserve, and other regulatory tracking accounts;
 - a. Please provide the total number of such accounts.
 - b. Provide a list of account(s) that are not included in Direct Testimony of Kyle Heebner, Attachment 1.

CAL-AM'S RESPONSE

- a. As of 7/14/2025, excluding the Summary Table, there are 52 items on Cal-Am's Preliminary Statements
- b. The following items listed on the Preliminary Statements that are not included in the Direct Testimony of Kyle Heebner, Attachment 1 are as follows:
 - a. A-B: Territory Served by the Utility, Types and Classes of Service
 - b. C-E: Description of Service, Procedure to Obtain Service, Symbols
 - c. AD: Water Cost of Capital Mechanism
 - d. BQ: Central Satellite Service Area-Cost Allocation Tariff
 - e. BR: Central Division – Chualar System – Tariff Rate Design
 - f. BS: Larkfield Consolidation Tariff
 - g. BT: Annual Consumption Adjustment Mechanism
 - h. CC: Infrastructure Act Memorandum Account (Requested in Advice Letter 1475)
 - i. CD: Perfluoroalkyl and Polyfluoroalkyl Substances Litigation Proceeds Memorandum Account (Requested in Advice Letter 1476)

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Bullets a-g are not memorandum or balancing accounts and are therefore not discussed in the Direct Testimony of Kyle Heebner. Bullets h and i were accounts requested through advice letter filings and pending before the Commission at the time of the GRC filing. On July 3, 2025 Water Division Staff sent an email to California American Water Staff, that Advice Letters 1475 and 1476 are ready to be processed which effectively is an approval awaiting stamped tariffs.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Kyle Heebner
Title: Manager, Accounting
Address: American Water
1 Water Street
Camden, NJ
Cal Adv Request: A2507003 Public Advocates DR JBQ-01
Company Number: Cal Adv JBQ-01 Q003
Date Received: July 9, 2025
Date Response Provided: July 23, 2025
Subject Area: BAMA

DATA REQUEST:

3. Referring to Direct Testimony of Kyle Heebner, Attachment 1, listing Cal Am's Balancing and Memorandum Accounts, please provide the general ledger for each account beginning June 1, 2022 and ending May 31, 2025 in Excel traceable format.

CAL-AM'S RESPONSE

See CAW Response Cal Adv JBQ-01 Q003 Attachments 02 through 33. Information is provided for balancing and memorandum accounts that had activity recorded to California American Water's general ledger system since June 1, 2022.

In addition, California American Water identified a necessary update to Mr. Heebner's Attachment 1 regarding the Coastal Water Project. This update does not change the amount we are requesting for recovery. An updated version of Mr. Heebner's Attachment 1 is included as CAW Response Cal Adv JBQ-01 Q003 Attachment 01.

**Attachment 1-3: A.25-07-003, Cal Am's
Response to Cal Advocates' Data Request
JBQ-002**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by \$63,090,981 or 17.20% in the year 2027, by \$22,067,361 or 5.13% in the year 2028, and by \$26,014,600 or 5.75% in the year 2029.

Application 25-07-003
(Filed July 1, 2025)

**CALIFORNIA-AMERICAN WATER COMPANY'S RESPONSE TO
PUBLIC ADVOCATES OFFICE'S DATA REQUEST JBQ-02**

Cathy Hongola-Baptista
Nicholas A. Subias
California American Water
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San Francisco, CA 94111
(415) 293-3023
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Alex Van Roekel
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34th Floor
San Francisco, CA 94111
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ldolqueist@nossaman.com

Attorneys for California-American Water Company

Dated: September 4, 2025

California-American Water Company (U-210- W; "California American Water," "CAW" or the "Company") hereby sets forth the following objections and responses to Public Advocates Office's ("Cal Advocates") Data Request JBQ-02 ("Data Requests" or "RPD"), propounded on August 21, 2025, in A.25-07-003.

RESERVATION OF RIGHTS

1. California American Water's investigation into the Data Requests is ongoing. The Company reserves the right, without obligating itself to do so, to supplement or modify its responses and to present further information and produce additional documents as a result of its ongoing investigation.

2. Any information or materials provided in response to the Data Requests shall be without prejudice to California American Water's right to object to their admission into evidence or the record in this proceeding, their use as evidence or in the record, or the relevance of such information or materials. In addition, California American Water reserves its right to object to further discovery of documents, other information or materials relating to the same or similar subject matter upon any valid ground or grounds, including without limitation, the proprietary nature of the information, relevance, privilege, work product, overbreadth, burdensomeness, oppressiveness, or incompetence.

GENERAL OBJECTIONS

1. California American Water objects to the Data Requests as improper, overbroad, and unduly burdensome to the extent they purport to impose upon California American Water any obligations broader than those permitted by law.

2. California American Water objects to the Data Requests as improper, overbroad, and unduly burdensome to the extent they improperly seek the disclosure of information protected by the attorney-client privilege, the attorney work-product doctrine, or any other applicable privilege or doctrine, and/or the client confidentiality obligations mandated by Business and Professions Code Section 6068(e)(1) and Rule 3-100(A) of the California Rules of Professional Conduct. Such responses as may hereafter be given shall not include information protected by such privileges or

doctrines, and the inadvertent disclosure of such information shall not be deemed as a waiver of any such privilege or doctrine.

3. California American Water objects to the Data Requests to the extent that the requests are duplicative and overlapping, cumulative of one another, overly broad, and/or seek responses in a manner that is unduly burdensome, unreasonably expensive, oppressive, or excessively time consuming to California American Water.

4. California American Water objects to the Data Requests to the extent they seek documents that are and/or information that is neither relevant nor material to this proceeding nor reasonably calculated to lead to the discovery of admissible evidence.

5. California American Water objects to the Data Requests to the extent they seek an analysis, calculation, or compilation that has not previously been performed and that California American Water objects to performing.

6. California American Water objects to the Data Requests insofar as they request the production of documents or information that are publicly available or that are equally available to Cal Advocates because such requests subject California American Water to unreasonable and undue annoyance, oppression, burden and expense.

7. California American Water objects to the Data Requests to the extent the requests are vague, ambiguous, use terms that are subject to multiple interpretations but are not properly defined for purposes of the Data Request, or otherwise provide no basis from which California American Water can determine what information is sought.

8. The objections contained herein, and information and documents produced in response hereto, are not intended nor should they be construed to waive California American Water's right to object to the Data Requests, responses or documents produced in response hereto, or the subject matter of such Data Requests, responses or documents, as to their competency, relevancy, materiality, privilege and admissibility as evidence for any purpose, in or at any hearing of this or any other proceeding.

9. The objections contained herein are not intended nor should they be construed to waive California American Water's right to object to other discovery involving or relating to the subject matter of the Data Requests, responses or documents produced in response hereto.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-02
Company Number: Cal Adv JBQ-02 Q001
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

1. For the following questions, please refer to the Direct Testimony of Kyle Heebner (Heebner Testimony), Attachment 1, that was provided in file "Heebner, Kyle Direct Testimony CAW 2025 GRC Final App.pdf" in Cal Am's July 1, 2025 GRC Application (A.)25-07-003. Attachment 1 provides a list of Cal Am's memorandum and balancing accounts. The accounts copied in the table below have zero balances on May 31, 2025. Please provide for each of the accounts identified in the table below the last recorded amount, date of the last recorded amount, the last authorized amount to recover, and the date the Commission's authorized the amount.

Accounts	Last recorded amount	Last recorded Date	Last authorized amount to recover	Last authorized date to recover
Water Contamination Litigation Expense Memorandum Account (WCLEMA)				
Central Basin Contamination Memorandum Account (CBCMA)				
Conservation Regulation Memorandum Account (CORMA)				

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

National Oceanic & Atmospheric Endangered Species Act Memorandum Account (NOAA/ESA)				
Emergency Rationing Costs Incurred by California American Water Memorandum Account				
Cease and Desist Order - Penalties and Fines Memorandum Account				

CAL-AM'S RESPONSE

California American Water incorporates its General Objections as though each is submitted fully here. California American Water further objects to this request on the grounds that "last authorized" is vague and ambiguous. Subject to, but without waiving, those objections, California American Water responds as follows.

Accounts	Last recorded amount	Last recorded Date	Last authorized amount to recover	Last authorized date to recover
Water Contamination Litigation Expense Memorandum Account (WCLEMA)	\$0	N/A	\$0	N/A
Central Basin Contamination Memorandum Account (CBCMA)	\$0	N/A	\$0	N/A

California-American Water Company

APPLICATION NO. A.25-07-003

DATA REQUEST RESPONSE

Accounts	Last recorded amount	Last recorded Date	Last authorized amount to recover	Last authorized date to recover
Conservation Regulation Memorandum Account (CORMA)	\$0	N/A	\$0	N/A
National Oceanic & Atmospheric Endangered Species Act Memorandum Account (NOAA/ESA)	\$0	8/31/25	\$1,109,701.61	4/11/2022
Emergency Rationing Costs Incurred by California American Water Memorandum Account	\$0	N/A	\$0	N/A
Cease and Desist Order - Penalties and Fines Memorandum Account	\$0	N/A	\$0	N/A
MPWSP Operations and Maintenance Memorandum Account	\$0	N/A	\$0	N/A
Memorandum Account for Environmental Compliance Issues for Acquisitions	\$0	N/A	\$0	N/A

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-02
Company Number: Cal Adv JBQ-02 Q002
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

2. Please refer to the general ledger Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). In regards to the Monterey Cease and Desist Order Memorandum Account:
- Explain the discrepancy of the total undercollection balance between the Excel file and the Heebner Testimony, as of May 31, 2025.
 - Please confirm which balance is correct: the balance provided in the Excel file in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA) or the Direct Testimony of Kyle Heebner?
 - If the balance provided in the Direct Testimony of Kyle Heebner, Attachment 1 is correct, please provide an updated general ledger Excel file showing the calculation of how Cal Am arrived at the \$3,337,420 undercollection balance.

CAL-AM'S RESPONSE

The balances provided in the Direct Testimony of Kyle Heebner and the JBQ-01 excel file are both correct. Please see excel attachment CAW Response Cal Adv JBQ-02 Q002 Attachment 1. It is reconciliation that supports the balance of \$3,337,420. In JBQ-01 excel file "Cease & Desist to CEBA" needs to be excluded from the detail as California American Water is not requesting recovery of that item. It is already included in the CEBA and currently being surcharged to customers. Please note the total in the JBQ-01 excel file does not include \$11,816 in interest that is to be recorded in a later period.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-02
Company Number: Cal Adv JBQ-02 Q003
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

3. Please refer to the general ledger Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). In regards to the incremental operating expense of Cal Am's Catastrophic Event Memorandum Account (CEMA):

- a. Explain the discrepancy of the total undercollection balance between the Excel file and the Heebner Testimony, as of May 31, 2025.
- b. Please confirm which incremental operating expense balance is correct: the balance provided in the Excel file in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA) or the Direct Testimony of Kyle Heebner?
- c. If the balance provided in the Direct Testimony of Kyle Heebner, Attachment 1 is correct, please provide an updated general ledger Excel file showing the calculation of how Cal Am arrived at a \$549,182 undercollection balance for its incremental operating expense.
- d. Please also identify how Cal Am recorded different types of CEMA incremental operating expenses, including but not limited to Fire, Windstorm, Excessive Heat, Storms, and Flooding.

CAL-AM'S RESPONSE

- a. The balance provided in the Direct Testimony of Kyle Heebner and the JBQ-01 excel file are both correct, it includes the balance of the memorandum account as well as the pandemic reserve. Please see excel attachment CAW Response Cal Adv JBQ-02 Q003 Attachment 1. It is a reconciliation that supports the balance of \$549,182. It can be found on both the lead sheet and the tab 'Pandemic Reserve'. In the JBQ-01 excel attachment the "Capital" tab needs to be excluded

California-American Water Company

APPLICATION NO. A.25-07-003

DATA REQUEST RESPONSE

as well as "CEMA to CEBA", "COVID to CEBA", and "Reverse Equity AFUDC Reserve". California American Water is not requesting recovery of these items as they are already included in the CEBA and are being surcharged to the customers.

b. and c. See answer above.

- d. As for identifying different types of CEMA expense, when the company first receives a notice that there is a statewide emergency from the government, the company will create a WBS in SAP to start tracking the costs associated with the emergency. In the description of the WBS it will specify whether it is a fire, storm, flooding or excessive heat.

**Attachment 1-4: A.25-07-003, Cal Am's
Response to Cal Advocates' Data Request
JBQ-003**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by \$63,090,981 or 17.20% in the year 2027, by \$22,067,361 or 5.13% in the year 2028, and by \$26,014,600 or 5.75% in the year 2029.

Application 25-07-003
(Filed July 1, 2025)

**CALIFORNIA-AMERICAN WATER COMPANY'S RESPONSE TO
PUBLIC ADVOCATES OFFICE'S DATA REQUEST JBQ-03**

Cathy Hongola-Baptista
Nicholas A. Subias
California American Water
555 Montgomery Street, Suite 816
San Francisco, CA 94111
(415) 293-3023
cathy.hongola-baptista@amwater.com

Lori Anne Dolqueist
Alex Van Roekel
Nossaman LLP
50 California Street
34th Floor
San Francisco, CA 94111
(415) 398-3600
ldolqueist@nossaman.com

Attorneys for California-American Water Company

Dated: September 4, 2025

California-American Water Company (U-210- W; "California American Water," "CAW" or the "Company") hereby sets forth the following objections and responses to Public Advocates Office's ("Cal Advocates") Data Request JBQ-03 ("Data Requests" or "RPD"), propounded on August 21, 2025, in A.25-07-003.

RESERVATION OF RIGHTS

1. California American Water's investigation into the Data Requests is ongoing. The Company reserves the right, without obligating itself to do so, to supplement or modify its responses and to present further information and produce additional documents as a result of its ongoing investigation.

2. Any information or materials provided in response to the Data Requests shall be without prejudice to California American Water's right to object to their admission into evidence or the record in this proceeding, their use as evidence or in the record, or the relevance of such information or materials. In addition, California American Water reserves its right to object to further discovery of documents, other information or materials relating to the same or similar subject matter upon any valid ground or grounds, including without limitation, the proprietary nature of the information, relevance, privilege, work product, overbreadth, burdensomeness, oppressiveness, or incompetence.

GENERAL OBJECTIONS

1. California American Water objects to the Data Requests as improper, overbroad, and unduly burdensome to the extent they purport to impose upon California American Water any obligations broader than those permitted by law.

2. California American Water objects to the Data Requests as improper, overbroad, and unduly burdensome to the extent they improperly seek the disclosure of information protected by the attorney-client privilege, the attorney work-product doctrine, or any other applicable privilege or doctrine, and/or the client confidentiality obligations mandated by Business and Professions Code Section 6068(e)(1) and Rule 3-100(A) of the California Rules of Professional Conduct. Such responses as may hereafter be given shall not include information protected by such privileges or

doctrines, and the inadvertent disclosure of such information shall not be deemed as a waiver of any such privilege or doctrine.

3. California American Water objects to the Data Requests to the extent that the requests are duplicative and overlapping, cumulative of one another, overly broad, and/or seek responses in a manner that is unduly burdensome, unreasonably expensive, oppressive, or excessively time consuming to California American Water.

4. California American Water objects to the Data Requests to the extent they seek documents that are and/or information that is neither relevant nor material to this proceeding nor reasonably calculated to lead to the discovery of admissible evidence.

5. California American Water objects to the Data Requests to the extent they seek an analysis, calculation, or compilation that has not previously been performed and that California American Water objects to performing.

6. California American Water objects to the Data Requests insofar as they request the production of documents or information that are publicly available or that are equally available to Cal Advocates because such requests subject California American Water to unreasonable and undue annoyance, oppression, burden and expense.

7. California American Water objects to the Data Requests to the extent the requests are vague, ambiguous, use terms that are subject to multiple interpretations but are not properly defined for purposes of the Data Request, or otherwise provide no basis from which California American Water can determine what information is sought.

8. The objections contained herein, and information and documents produced in response hereto, are not intended nor should they be construed to waive California American Water's right to object to the Data Requests, responses or documents produced in response hereto, or the subject matter of such Data Requests, responses or documents, as to their competency, relevancy, materiality, privilege and admissibility as evidence for any purpose, in or at any hearing of this or any other proceeding.

9. The objections contained herein are not intended nor should they be construed to waive California American Water's right to object to other discovery involving or relating to the subject matter of the Data Requests, responses or documents produced in response hereto.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-03
Company Number: Cal Adv JBQ-03 Q001
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

1. Please refer to the tab "OPEX" in the Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Catastrophic Event Memorandum Account, please provide invoice and supporting documents for \$43,863.77 balance recorded in Cell J224 and \$9300.00 balance recorded in Cell J257.

CAL-AM'S RESPONSE

Please see excel attachment CAW Response Cal Adv JBQ-03 Q001 Attachment 1. The invoices to support the \$43,863.77 are rounded to the nearest whole number. This creates a small variance of \$1.23.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-03
Company Number: Cal Adv JBQ-03 Q002
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

2. Please refer to the Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Group Insurance Balancing Account, please provide invoice and supporting documents for \$20,833.29 balance recorded in Cell J25.

CAL-AM'S RESPONSE

Please see excel attachment CAW Response Cal Adv JBQ-03 Q002 Attachment 1. It shows the calculation to support the \$20,833.29 balance.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-03
Company Number: Cal Adv JBQ-03 Q003
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

3. Please refer to the Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Pension Balancing Account, please provide invoice and supporting documents for \$8,110.53 balance recorded in Cell J91 and \$6,584.43 balance recorded in Cell J110.

CAL-AM'S RESPONSE

Please see excel attachment CAW Response Cal Adv JQB-03 Q003 Attachment 1. It shows the calculation to support the \$8,110.53 balance. Also see CAW Response Cal Adv JQB-03 Q003 Attachment 2. It shows the calculation to support the \$6,584.43 balance.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-03
Company Number: Cal Adv JBQ-03 Q005
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

5. Please refer to the Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Sustainable Groundwater Management Act Memorandum Account, please provide invoice and supporting documents for \$60,424.00 balance recorded in Cell J30.

CAL-AM'S RESPONSE

Please see excel attachment CAW Response Cal Adv JBQ-03 Q005 Attachment 1. It is an invoice that supports the \$60,424.00 balance.

California-American Water Company

APPLICATION NO. A.25-07-003

DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-03
Company Number: Cal Adv JBQ-03 Q006
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

6. Please refer to the Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Public Safety Power Shut-off (PSPS) Memorandum Account, please provide invoice and supporting documents for \$10,079.71 balance recorded in Cell J67.

CAL-AM'S RESPONSE

Please see excel attachment CAW Response Cal Adv JBQ-03 Q006 Attachment 1.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-03
Company Number: Cal Adv JBQ-03 Q007
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

7. Please refer to the Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Drought Memorandum Account, please provide invoice and supporting documents for \$27,848.71 balance recorded in Cell J14.

CAL-AM'S RESPONSE

Please see excel attachments [CAW Response Cal Adv JBQ-03 Q007 Attachment 1](#). This shows an invoice that was divided between multiple districts across the state. Also please see excel attachment [CAW Response Cal Adv JBQ-03 Q007 Attachment 2](#), this shows an invoice that was split between multiple districts across the state. Between the two attachments it supports the total balance of \$27,848.71.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-03
Company Number: Cal Adv JBQ-03 Q008
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

8. Please refer to the Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Drinking Water Fees Memorandum Account, please provide invoice and supporting documents for \$35,510.34 balance recorded in Cell J4.

CAL-AM'S RESPONSE

Please see excel attachment CAW Response Cal Adv JBQ-03 Q008 Attachment 1. It shows the calculation that supports the balance of \$35,510.34. Please note to get to this monthly number there are 46 invoices that went into the total annual fee amount. This annual fee accounts for July 1 of one year to June 30 of the following year. The company then takes half of our authorized amounts for 2024 and 2025 to get our under/over collected amount. That amount is then split up for the year as our "monthly amount". The commercial paper rate is then used to calculate the current month's interest. The monthly amount plus the current month interest totals the balance.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-03
Company Number: Cal Adv JBQ-03 Q009
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

9. Please refer to the Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Endangered Species Act (ESA) Memorandum Account, please provide invoice and supporting documents for \$35,951.37 balance recorded in Cell J61.

CAL-AM'S RESPONSE

Please see excel attachment CAW Response Cal Adv JBQ-03 Q009 Attachment 1. It shows invoices to support the balance of \$35,951.37.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-03
Company Number: Cal Adv JBQ-03 Q010
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

10. Please refer to the Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Seaside Groundwater Basin Balancing Account, please provide invoice and supporting documents for \$43,672.79 balance recorded in Cell J52.

CAL-AM'S RESPONSE

Please see excel attachment CAW Response Cal Adv JBQ-03 010 Attachment 1. It shows the calculation that supports the balance of \$43,672.79.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-03
Company Number: Cal Adv JBQ-03 Q011
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

Please refer to the Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Monterey Cease and Desist Order Memorandum Account, please provide invoice and supporting documents for \$64,069.90 balance recorded in Cell J36.

CAL-AM'S RESPONSE

Please see excel attachment CAW Response Cal Adv JBQ-03 Q011 Attachment 1. It is an invoice to support the balance of \$64,069.90.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-03
Company Number: Cal Adv JBQ-03 Q012
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

12. Please refer to the tab "Warring" in the Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Warring Transaction Memorandum Account, please provide invoice and supporting documents for \$17,425.00 balance recorded in Cell J10.

CAL-AM'S RESPONSE

Please see highlighted cells in excel attachment CAW Response Cal Adv JBQ-03 Q012 Attachment 1. It shows invoices as well as calculations to support the balance of \$17,425.00.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Ashley Pabon
Title: Accountant
Address: American Water
1 Water Street
Camden New Jersey
Cal Adv Request: A2507003 Public Advocates DR JBQ-03
Company Number: Cal Adv JBQ-03 Q013
Date Received: August 21, 2025
Date Response Provided: September 4, 2025
Subject Area: BAMA

DATA REQUEST:

13. Please refer to the tab "Bass Lake" in the Excel file provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Bass Lake Transaction Memorandum Account, please provide invoice and supporting documents for \$29,983.66 balance recorded in Cell J8.

CAL-AM'S RESPONSE

Please see excel attachment CAW Response Cal Adv JQB-03 Q013 Attachment 1. It shows invoices that supports the balance of \$29,983.66.

**Attachment 1-5: A.25-07-003, Cal Am's
Response to Cal Advocates' Data Request
JBQ-004**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by \$63,090,981 or 17.20% in the year 2027, by \$22,067,361 or 5.13% in the year 2028, and by \$26,014,600 or 5.75% in the year 2029.

Application 25-07-003
(Filed July 1, 2025)

**CALIFORNIA-AMERICAN WATER COMPANY'S RESPONSE TO
PUBLIC ADVOCATES OFFICE'S DATA REQUEST JBQ-04**

Cathy Hongola-Baptista
Nicholas A. Subias
California American Water
555 Montgomery Street, Suite 816
San Francisco, CA 94111
(415) 293-3023
cathy.hongola-baptista@amwater.com

Lori Anne Dolqueist
Alex Van Roekel
Nossaman LLP
50 California Street
34th Floor
San Francisco, CA 94111
(415) 398-3600
ldolqueist@nossaman.com

Attorneys for California-American Water Company

Dated: November 6, 2025

California-American Water Company (U-210- W; "California American Water," "CAW" or the "Company") hereby sets forth the following objections and responses to Public Advocates Office's ("Cal Advocates") Data Request JBQ-04 ("Data Requests" or "RPD"), propounded on October 23, 2025, in A.25-07-003.

RESERVATION OF RIGHTS

1. California American Water's investigation into the Data Requests is ongoing. The Company reserves the right, without obligating itself to do so, to supplement or modify its responses and to present further information and produce additional documents as a result of its ongoing investigation.

2. Any information or materials provided in response to the Data Requests shall be without prejudice to California American Water's right to object to their admission into evidence or the record in this proceeding, their use as evidence or in the record, or the relevance of such information or materials. In addition, California American Water reserves its right to object to further discovery of documents, other information or materials relating to the same or similar subject matter upon any valid ground or grounds, including without limitation, the proprietary nature of the information, relevance, privilege, work product, overbreadth, burdensomeness, oppressiveness, or incompetence.

GENERAL OBJECTIONS

1. California American Water objects to the Data Requests as improper, overbroad, and unduly burdensome to the extent they purport to impose upon California American Water any obligations broader than those permitted by law.

2. California American Water objects to the Data Requests as improper, overbroad, and unduly burdensome to the extent they improperly seek the disclosure of information protected by the attorney-client privilege, the attorney work-product doctrine, or any other applicable privilege or doctrine, and/or the client confidentiality obligations mandated by Business and Professions Code Section 6068(e)(1) and Rule 3-100(A) of the California Rules of Professional Conduct. Such responses as may hereafter be given shall not include information protected by such privileges or

doctrines, and the inadvertent disclosure of such information shall not be deemed as a waiver of any such privilege or doctrine.

3. California American Water objects to the Data Requests to the extent that the requests are duplicative and overlapping, cumulative of one another, overly broad, and/or seek responses in a manner that is unduly burdensome, unreasonably expensive, oppressive, or excessively time consuming to California American Water.

4. California American Water objects to the Data Requests to the extent they seek documents that are and/or information that is neither relevant nor material to this proceeding nor reasonably calculated to lead to the discovery of admissible evidence.

5. California American Water objects to the Data Requests to the extent they seek an analysis, calculation, or compilation that has not previously been performed and that California American Water objects to performing.

6. California American Water objects to the Data Requests insofar as they request the production of documents or information that are publicly available or that are equally available to Cal Advocates because such requests subject California American Water to unreasonable and undue annoyance, oppression, burden and expense.

7. California American Water objects to the Data Requests to the extent the requests are vague, ambiguous, use terms that are subject to multiple interpretations but are not properly defined for purposes of the Data Request, or otherwise provide no basis from which California American Water can determine what information is sought.

8. The objections contained herein, and information and documents produced in response hereto, are not intended nor should they be construed to waive California American Water's right to object to the Data Requests, responses or documents produced in response hereto, or the subject matter of such Data Requests, responses or documents, as to their competency, relevancy, materiality, privilege and admissibility as evidence for any purpose, in or at any hearing of this or any other proceeding.

9. The objections contained herein are not intended nor should they be construed to waive California American Water's right to object to other discovery involving or relating to the subject matter of the Data Requests, responses or documents produced in response hereto.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Kyle Heebner
Title: Manager, Accounting
Address: American Water
1 Water Street
Camden, NJ
Cal Adv Request: A2507003 Public Advocates DR JBQ-04
Company Number: Cal Adv JBQ-04 Q001
Date Received: October 23, 2025
Date Response Provided: November 6, 2025
Subject Area: BAMA

DATA REQUEST:

1. Please refer to Cal Am's current preliminary statement BG. Hillview Memorandum Account for Deferred Income Taxes (HMADIT) that can be found at the following link: https://amwater.com/caaw/resources/PDF/Customer-Service-Billing/Rates-Preliminary-Statements/Preliminary%20Statement%20BG.pdf?language_id=1
 - a. Please explain the purpose of this account and confirm whether this account is open and active?
 - b. If the account is open, please explain why this account was not included in the list of balancing and memorandum accounts (BAMA) detailed in the Direct Testimony of Kyle Heebner that was submitted on July 1, 2025 with Cal Am's GRC application A.25-07-003.
 - c. If the account is closed, please explain why the reference of it has not been removed from the preliminary statement.

CAL-AM'S RESPONSE

- a. Please refer to the Direct Testimony of Kyle Heebner, Section III, C, Item 4.
- b. This account was included in Testimony, however it is under the name "Hillview Grant Tax Balancing Account", which is consistent with prior GRC testimony but different than the name on the Preliminary Statements.
- c. Please see above. The account is open.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Kyle Heebner
Title: Manager, Accounting
Address: American Water
1 Water Street
Camden, NJ
Cal Adv Request: A2507003 Public Advocates DR JBQ-04
Company Number: Cal Adv JBQ-04 Q002
Date Received: October 23, 2025
Date Response Provided: November 6, 2025
Subject Area: BAMA

DATA REQUEST:

2. Please refer to the Direct Testimony of Jonathan Morse, Attachment 1, that was submitted on July 1, 2025, with Cal Am's General Rate Case (GRC) Application (A.)25-07-003. Cal Am's Hillview Grant Tax Balancing Account has an overcollected balance of \$60,804 as of May 31, 2025. This account had an undercollected balance of (\$86,129) as of May 31, 2022.

- a. Please explain what's changed between May 2022 to May 2025 that results in an overcollected balance of \$60,804 from an undercollected balance of (\$86,129).
- b. Please explain, in narrative form, why has the company not proposed to amortize the overcollection?
- c. When does Cal Am plans to close this account?

CAL-AM'S RESPONSE

- a. Surcharge collections from May 2022 to May 2025 exceeded tax amortization expense, causing the balance to change from under to over-collected.
- b. California American Water did not request amortization of this balance because balances requested in this proceeding are rolled into the Consolidated Expense Balancing Account ("CEBA") and charged/credited to all customers within the Division through the CEBA surcharge/surcredit. Hillview is part of the Northern Division, however this Balancing Account and the Grant Tax Loan surcharge is specific to Hillview customers and any true-up would only apply to them.
- c. The deferred tax amortization has a 25-year life, however the Company will continue to evaluate the future likelihood of the occurrence of penalties and

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

interest to determine appropriate next steps. The balancing account is accruing interest at the 90 day commercial paper rate.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Kyle Heebner
Title: Manager, Accounting
Address: American Water
1 Water Street
Camden, NJ
Cal Adv Request: A2507003 Public Advocates DR JBQ-04
Company Number: Cal Adv JBQ-04 Q003
Date Received: October 23, 2025
Date Response Provided: November 6, 2025
Subject Area: BAMA

DATA REQUEST:

3. Please refer to the Excel files provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Monterey Wastewater Purchased Power Expense Balancing Account, please provide invoice and supporting documents for \$38,553.25 balance recorded in Cell J36 in workpaper CAW Response Cal Adv JBQ-01 Q003 Attachment 10 A-11 Monterey WW Purchased Power Balancing Account.

CAL-AM'S RESPONSE

Please see CAW Response Cal Adv JBQ-01 Q003 Attachment 1. This journal entry is reversing 2024 activity booked to the Monterey Wastewater Purchased Power Expense Balancing Account. The Company continued to record to its Monterey Wastewater Purchase Power Expense Balancing Account until it received its GRC Decision D.24-12-025 late in 2024, at which time these expenses were included as a part of the new Incremental Cost Balancing Accounts authorized in D.24-12-025.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Kyle Heebner
Title: Manager, Accounting
Address: American Water
1 Water Street
Camden, NJ
Cal Adv Request: A2507003 Public Advocates DR JBQ-04
Company Number: Cal Adv JBQ-04 Q004
Date Received: October 23, 2025
Date Response Provided: November 6, 2025
Subject Area: BAMA

DATA REQUEST:

4. Please refer to the Excel files provided in response to data request A2507003 Public Advocates DR JBQ-01 (BAMA). For the Other Post-Employment Benefits (OPEB) Balancing Account, please provide invoice and supporting documents for \$5,236.31 balance recorded in Cell J225 in workpaper CAW Response Cal Adv JBQ-01 Q003 Attachment 09 A-10 OPEB Balancing Account.

CAL-AM'S RESPONSE

Please see CAW Response Cal Adv JBQ-04 Q004 Attachment 1. This is the monthly differential between authorized and actual OPEB expense for the Monterey district that was recorded to the balancing account for April 2023.

**Attachment 1-6: A.25-07-003, Cal Am's
Supplemental Response to Cal Advocates'
Data Request JBQ-004**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by \$63,090,981 or 17.20% in the year 2027, by \$22,067,361 or 5.13% in the year 2028, and by \$26,014,600 or 5.75% in the year 2029.

Application 25-07-003
(Filed July 1, 2025)

**CALIFORNIA-AMERICAN WATER COMPANY'S SUPPLEMENTAL RESPONSE TO
PUBLIC ADVOCATES OFFICE'S DATA REQUEST JBQ-04 QUESTION 1**

Cathy Hongola-Baptista
Nicholas A. Subias
California American Water
555 Montgomery Street, Suite 816
San Francisco, CA 94111
(415) 293-3023
cathy.hongola-baptista@amwater.com

Lori Anne Dolqueist
Alex Van Roekel
Nossaman LLP
50 California Street
34th Floor
San Francisco, CA 94111
(415) 398-3600
ldolqueist@nossaman.com

Attorneys for California-American Water Company

Dated: November 21, 2025

California-American Water Company (U-210- W; “California American Water,” “CAW” or the “Company”) hereby sets forth the following objections and supplemental responses to Public Advocates Office’s (“Cal Advocates”) Data Request JBQ-04, Question 1, (“Data Requests” or “RPD”), propounded on October 23, 2025, in A.25-07-003.

RESERVATION OF RIGHTS

1. California American Water’s investigation into the Data Requests is ongoing. The Company reserves the right, without obligating itself to do so, to supplement or modify its responses and to present further information and produce additional documents as a result of its ongoing investigation.

2. Any information or materials provided in response to the Data Requests shall be without prejudice to California American Water’s right to object to their admission into evidence or the record in this proceeding, their use as evidence or in the record, or the relevance of such information or materials. In addition, California American Water reserves its right to object to further discovery of documents, other information or materials relating to the same or similar subject matter upon any valid ground or grounds, including without limitation, the proprietary nature of the information, relevance, privilege, work product, overbreadth, burdensomeness, oppressiveness, or incompetence.

GENERAL OBJECTIONS

1. California American Water objects to the Data Requests as improper, overbroad, and unduly burdensome to the extent they purport to impose upon California American Water any obligations broader than those permitted by law.

2. California American Water objects to the Data Requests as improper, overbroad, and unduly burdensome to the extent they improperly seek the disclosure of information protected by the attorney-client privilege, the attorney work-product doctrine, or any other applicable privilege or doctrine, and/or the client confidentiality obligations mandated by Business and Professions Code Section 6068(e)(1) and Rule 3-100(A) of the California Rules of Professional Conduct. Such responses as

may hereafter be given shall not include information protected by such privileges or doctrines, and the inadvertent disclosure of such information shall not be deemed as a waiver of any such privilege or doctrine.

3. California American Water objects to the Data Requests to the extent that the requests are duplicative and overlapping, cumulative of one another, overly broad, and/or seek responses in a manner that is unduly burdensome, unreasonably expensive, oppressive, or excessively time consuming to California American Water.

4. California American Water objects to the Data Requests to the extent they seek documents that are and/or information that is neither relevant nor material to this proceeding nor reasonably calculated to lead to the discovery of admissible evidence.

5. California American Water objects to the Data Requests to the extent they seek an analysis, calculation, or compilation that has not previously been performed and that California American Water objects to performing.

6. California American Water objects to the Data Requests insofar as they request the production of documents or information that are publicly available or that are equally available to Cal Advocates because such requests subject California American Water to unreasonable and undue annoyance, oppression, burden and expense.

7. California American Water objects to the Data Requests to the extent the requests are vague, ambiguous, use terms that are subject to multiple interpretations but are not properly defined for purposes of the Data Request, or otherwise provide no basis from which California American Water can determine what information is sought.

8. The objections contained herein, and information and documents produced in response hereto, are not intended nor should they be construed to waive California American Water's right to object to the Data Requests, responses or documents produced in response hereto, or the subject matter of such Data Requests, responses or documents, as to their competency, relevancy, materiality, privilege and admissibility as evidence for any purpose, in or at any hearing of this or any other

proceeding.

9. The objections contained herein are not intended nor should they be construed to waive California American Water's right to object to other discovery involving or relating to the subject matter of the Data Requests, responses or documents produced in response hereto.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Kyle Heebner
Title: Manager, Accounting
Address: American Water
1 Water Street
Camden, NJ
Cal Adv Request: A2507003 Public Advocates DR JBQ-04
Company Number: Cal Adv JBQ-04 Q001
Date Received: October 23, 2025
Date Response Provided: November 6, 2025
Date Supplemental Response Provided: November 21, 2025
Subject Area: BAMA

DATA REQUEST:

1. Please refer to Cal Am's current preliminary statement BG. Hillview Memorandum Account for Deferred Income Taxes (HMADIT) that can be found at the following link: https://amwater.com/caaw/resources/PDF/Customer-Service-Billing/Rates-Preliminary-Statements/Preliminary%20Statement%20BG.pdf?language_id=1
 - a. Please explain the purpose of this account and confirm whether this account is open and active?
 - b. If the account is open, please explain why this account was not included in the list of balancing and memorandum accounts (BAMA) detailed in the Direct Testimony of Kyle Heebner that was submitted on July 1, 2025 with Cal Am's GRC application A.25-07-003.
 - c. If the account is closed, please explain why the reference of it has not been removed from the preliminary statement.

CAL-AM'S RESPONSE

- a. Please refer to the Direct Testimony of Kyle Heebner, Section III, C, Item 4.

California-American Water Company

APPLICATION NO. A.25-07-003

DATA REQUEST RESPONSE

- b. This account was included in Testimony, however it is under the name "Hillview Grant Tax Balancing Account", which is consistent with prior GRC testimony but different than the name on the Preliminary Statements.
- c. Please see above. The account is open.

CAL-AM'S NOVEMBER 21, 2025 SUPPLEMENTAL RESPONSE

- a. The purpose of the HMADIT is to record and track for recovery the increase in deferred income taxes caused by the purchase of Hillview Water Company over the 40 years following the purchase (6/24/2020). Decision 19-11-003 granted California American Water authority to establish the HMADIT. The account is open and active.
- b. Mr. Heebner inadvertently left this account off his testimony.
- c. The account is open.

**Attachment 1-7: A.25-07-003, Cal Am's
Response to Cal Advocates' Data Request
JBQ-005**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by \$63,090,981 or 17.20% in the year 2027, by \$22,067,361 or 5.13% in the year 2028, and by \$26,014,600 or 5.75% in the year 2029.

A.25-07-003
(Filed July 1, 2025)

**CALIFORNIA-AMERICAN WATER COMPANY'S RESPONSE TO
PUBLIC ADVOCATES OFFICE'S DATA REQUEST JBQ-05**

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California American Water
555 Montgomery Street, Suite 816
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(415) 293-3023
cathy.hongola-baptista@amwater.com

Lori Anne Dolqueist
Alex Van Roekel
Nossaman LLP
50 California Street
34th Floor
San Francisco, CA 94111
(415) 398-3600
ldolqueist@nossaman.com

Attorneys for California-American Water Company

Dated: November 24, 2025

California-American Water Company (U-210- W; "California American Water," "CAW" or the "Company") hereby sets forth the following objections and responses to Public Advocates Office's ("Cal Advocates") Data Request JBQ-5 ("Data Requests" or "RPD"), propounded on November 7, 2025, in A.25-07-003.

RESERVATION OF RIGHTS

1. California American Water's investigation into the Data Requests is ongoing. The Company reserves the right, without obligating itself to do so, to supplement or modify its responses and to present further information and produce additional documents as a result of its ongoing investigation.

2. Any information or materials provided in response to the Data Requests shall be without prejudice to California American Water's right to object to their admission into evidence or the record in this proceeding, their use as evidence or in the record, or the relevance of such information or materials. In addition, California American Water reserves its right to object to further discovery of documents, other information or materials relating to the same or similar subject matter upon any valid ground or grounds, including without limitation, the proprietary nature of the information, relevance, privilege, work product, overbreadth, burdensomeness, oppressiveness, or incompetence.

GENERAL OBJECTIONS

1. California American Water objects to the Data Requests as improper, overbroad, and unduly burdensome to the extent they purport to impose upon California American Water any obligations broader than those permitted by law.

2. California American Water objects to the Data Requests as improper, overbroad, and unduly burdensome to the extent they improperly seek the disclosure of information protected by the attorney-client privilege, the attorney work-product doctrine, or any other applicable privilege or doctrine, and/or the client confidentiality obligations mandated by Business and Professions Code Section 6068(e)(1) and Rule 3-100(A) of the California Rules of Professional Conduct. Such responses as may hereafter be given shall not include information protected by such privileges or

doctrines, and the inadvertent disclosure of such information shall not be deemed as a waiver of any such privilege or doctrine.

3. California American Water objects to the Data Requests to the extent that the requests are duplicative and overlapping, cumulative of one another, overly broad, and/or seek responses in a manner that is unduly burdensome, unreasonably expensive, oppressive, or excessively time consuming to California American Water.

4. California American Water objects to the Data Requests to the extent they seek documents that are and/or information that is neither relevant nor material to this proceeding nor reasonably calculated to lead to the discovery of admissible evidence.

5. California American Water objects to the Data Requests to the extent they seek an analysis, calculation, or compilation that has not previously been performed and that California American Water objects to performing.

6. California American Water objects to the Data Requests insofar as they request the production of documents or information that are publicly available or that are equally available to Cal Advocates because such requests subject California American Water to unreasonable and undue annoyance, oppression, burden and expense.

7. California American Water objects to the Data Requests to the extent the requests are vague, ambiguous, use terms that are subject to multiple interpretations but are not properly defined for purposes of the Data Request, or otherwise provide no basis from which California American Water can determine what information is sought.

8. The objections contained herein, and information and documents produced in response hereto, are not intended nor should they be construed to waive California American Water's right to object to the Data Requests, responses or documents produced in response hereto, or the subject matter of such Data Requests, responses or documents, as to their competency, relevancy, materiality, privilege and admissibility as evidence for any purpose, in or at any hearing of this or any other proceeding.

9. The objections contained herein are not intended nor should they be construed to waive California American Water's right to object to other discovery involving or relating to the subject matter of the Data Requests, responses or documents produced in response hereto.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Kyle Heebner
Title: Manager, Accounting
Address: American Water
1 Water Street
Camden, NJ
Response Provided By: Kathleen Bernhardt
Title: Sr. Manager, Income Tax
Address: American Water
1 Water Street
Camden, NJ
Cal Adv Request: A2507003 Public Advocates DR JBQ-05
Company Number: Cal Adv JBQ-05 Q001
Date Received: November 7, 2025
Date Response Provided: November 24, 2025
Subject Area: BAMA

DATA REQUEST:

1. Please refer to Cal Am's response to Question 1 of Cal Advocates' data request A2507003 Cal Advocates DR JBQ-04 (BAMA). Please also refer to Cal Am's current preliminary statement titled BF. Hillview Grant Tax Balancing Account (available at, https://amwater.com/caaw/resources/PDF/Customer-Service-Billing/Rates-Preliminary-Statements/Preliminary%20Statement%20BF.pdf?language_id=1) and BG. Hillview Memorandum Account for Deferred Income Taxes (HMADIT) (available at, https://amwater.com/caaw/resources/PDF/Customer-Service-Billing/Rates-Preliminary-Statements/Preliminary%20Statement%20BG.pdf?language_id=1).

- a. State whether the two preliminary statements reference above are two separate BAMAs.
- b. If they are two separate BAMAs, please explain why these accounts were not separately included in the list of balancing and memorandum accounts (BAMA) detailed in the Direct Testimony of Kyle Heebner that was submitted on July 1, 2025, with Cal Am's General Rate Case (GRC) Application (A.)25-07-003.
- c. If they are the same account, please explain why there are two separate references to them in the preliminary statements mentioned above.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

CAL-AM'S RESPONSE

- a. The two preliminary statements referenced above are two separate balancing and memorandum accounts.
- b. There was an oversight in the Direct Testimony of Kyle Heebner. The Testimony inadvertently did not list or discuss the HMADIT. Please see CAW Response Cal Adv JBQ-05 Q001 Attachment 1, which is an updated version of Mr. Heebner's Attachment 1 that includes HMADIT. There was also an oversight in the response to JBQ-04 Q001, which mistakenly stated the HMADIT and Hillview Grant Tax Balancing Account were one in the same. California American Water will supplement its response to JBQ-04 Q001 to address this issue. For clarification, the balance in the HMADIT and Cal Am's method to return this balance to customers is discussed below:

The HMADIT is included in the filing separate from the Hillview Grant Tax Balancing Account. It is included in the file 'ALL_CH06_ITAX_WP_Amort RL Excess Def FIT' as part of excess deferred taxes and is being returned to customers through amortization expense. The balance at 05/31/2025 is a liability of \$232,920. The amortization was included in income tax expense in the prior case A.22-07-001 and also included in the currently filed case. In the file, tab 'INP_RL Exc Def FIT PLT WS-02A' includes the tax amortization for this piece and tab 'INP_RL Exc Def FIT PLT WS-02B' includes the balance in ADIT.

California-American Water Company

APPLICATION NO. A.25-07-003
DATA REQUEST RESPONSE

Response Provided By: Kyle Heebner
Title: Manager, Accounting
Address: American Water
1 Water Street
Camden, NJ
Cal Adv Request: A2507003 Public Advocates DR JBQ-05
Company Number: Cal Adv JBQ-05 Q002
Date Received: November 7, 2025
Date Response Provided: November 24, 2025
Subject Area: BAMA

DATA REQUEST:

2. Please refer to the Direct Testimony of Kyle Heebner, Attachment 1, that was submitted on July 1, 2025, with Cal Am's GRC Application (A.)25-07-003. Attachment 1 indicates the preliminary statement reference for Cal Am's Hillview Grant Tax Balancing Account is [BF](#). However, in response to Question 1 of Cal Advocates' data request A2507003 Cal Advocates DR JBQ-04 (BAMA), Cal Am states that this account also goes under the name of Hillview Memorandum Account for Deferred Income Taxes (HMADIT), which has a preliminary statement reference of [BG](#).
- a. Please state whether Attachment 1 of Mr. Kyle Heebner's testimony has incorrectly indicated the preliminary statement reference of [BF](#) for Hillview Grant Tax Balancing Account.
 - b. Should Mr. Heebner's testimony cite to the preliminary statement [BG](#) for Hillview Grant Tax Balancing Account.
 - c. Please explain, in narrative form, why and how Mr. Heebner is presenting a memorandum account into a balancing account?

CAL-AM'S RESPONSE

- a. Attachment 1 of Mr. Heebner's testimony correctly refers to the Hillview Grant Tax Balancing Account, reference BF on the preliminary statements
- b. Please see CAW Response Cal Adv JBQ-05 Q001 Attachment 1, which is an updated version of Mr. Heebner's Attachment 1 that includes HMADIT. Mr. Heebner's testimony inadvertently left off the HMADIT and mistakenly stated in the response to JBQ-04 Q001 that these were the same account. A corrected

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response to JBQ-04 Q001 will also be provided. The HMADIT is further discussed in the response to JBQ-05 Q001.

- c. These are two separate accounts.

**Attachment 1-8: A.25-07-003, Cal Am's
requested BAMA recovery balance as a %
Proposed Revenue Requirement for the Test
Year 2027**

Cal Am's Divisions	Cal Am's Proposed Revenue Requirement (RR) for TY 2027
Nothern	\$ 123,554,400
Central	\$ 121,851,500
Monterey	\$ 5,269,100
Southern	\$ 179,155,200
Total RR	\$ 429,830,200
Cal Am's requested BAMA surcharge	\$ (7,339,969)
BAMA surcharge as a % of RR	-1.71%
Source: Cal Am's GRC Application to increase revenue statewide	