



PUBLIC PARTICIPATION HEARING

California-American Water Company – Monterey Wastewater Division General Rate Case Application (A.22-07-001)

April 11, 2023

What is this Rate Application About?

Every three years, the California Public Utilities Commission (CPUC) requires California-American Water Company (Cal-Am) to file a General Rate Case (GRC) application. Pursuant to this requirement, on July 1, 2022 Cal-Am filed Application (A) 22-07-001 requesting an increase in revenues for 2024, 2025, and 2026. Subsequently, in response to new legislation, Cal-Am requested an opportunity to update its application to propose a decoupling mechanism, the Water Resources Sustainability Plan (WRSP), as an alternative to the Monterey-Style Water Revenue Adjustment Mechanism (M-WRAM) contained in its original application.¹

Cal-Am was granted permission and on January 27, 2023 filed its Updated Application. In its Updated Application, Cal-Am also incorporated recent approved rate changes and revised demand forecasts. This Fact Sheet reflects the numbers in Cal-Am's Updated Application.

This application allows the CPUC to take a broad, in-depth look at Cal-Am's income and expenses and consider quality of service and other factors, and then decide whether to raise or lower Cal-Am's rates, and whether to require other changes in Cal-Am's operations.

What Increases in Revenue is Cal-Am Requesting to be Funded Through Customer Water Bills for the Period of 2024-2026?²

California American Water is requesting a Monterey Wastewater Division revenue increase of \$532,000 or 13.54% in 2024, \$179,800 or 4.05% in 2025, and \$145,800 or 3.15% in 2026 under both the WSRP and M-WRAM proposals.

The original proposed revenue increases for the Central District can be found under July 2022 customer notices on the Public Advisor's webpage, <https://www.CPUC.ca.gov/PAO>.

¹ Senate Bill 1469, adopted September 30, 2022, amends Section 727.5 of the Public Utilities Code to require the Public Utilities Commission to consider for authorization the implementation of a mechanism that separates a water corporation's revenues and its water sales.

² The amount of revenue to be authorized is based on the forecasted operating and capital costs of doing business. This, combined with forecasted water sales and number of customers, produces the necessary changes in rates.



What Types of Additional Costs Does Cal-Am Say it Needs to Recover?

Cal-Am is requesting to recover costs for proposed new capital investments to replace and upgrade its water system and facilities as well as for additional administrative, general, and labor costs. Cal-Am's application requests:

Proposed new capital investments:

- **Infrastructure Improvements:** \$227 thousand 3-year capital expenditure budget increase for capital investments in facility retirements, improvements, and replacements

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

- **Employee Labor Costs:** \$141 thousand increase for staffing, wages, and benefits
- **Chemical Costs:** \$183 thousand increase for chemical costs
- **Purchased Power Costs:** \$73 thousand increase for purchased power costs
- **Inflationary Increases:** \$147 thousand increase for inflationary costs



CALIFORNIA PUBLIC UTILITIES COMMISSION
INFORMATION SHEET

Updated Proposed Revenue Requirement for Monterey Wastewater – With WRSP or M-WRAM (Includes Service Areas in White Oaks, Spreckels, Village Green, Oak Hills, Las Palmas, Pasadera, Carmel Valley Ranch, and Indian Springs)								
		2024		2025		2026		
Service Area	Customer Class	\$ Increase	% Increase	\$ Increase	% Increase	\$ Increase	% Increase	Total Increase
Village Greens	Residential & Small Commercial (Sewer – Passive)	\$1,965	8.39%	\$1,163	4.58%	\$837	3.15%	\$3,965
White Oaks	Residential & Small Commercial (Sewer – Passive)	\$3,482	8.39%	\$2,063	4.58%	\$1,485	3.15%	\$7,030
Oak Hills	Residential & Small Commercial (Sewer – Passive)	\$39,016	8.39%	\$23,113	4.58%	\$16,636	3.15%	\$78,765
Spreckels	Residential & Small Commercial (Sewer – Passive)	\$21,338	8.39%	\$12,641	4.58%	\$9,098	3.15%	\$43,077
Spreckels	Large Commercial (Sewer – Passive)	\$4,821	8.39%	\$2,856	4.58%	\$2,056	3.15%	\$9,733
Spreckels	Industrial (Sewer – Passive)	\$2,143	8.39%	\$1,269	4.58%	\$914	3.15%	\$4,326
Spreckels	Public Authority (School) (Sewer – Passive)	\$536	8.39%	\$317	4.58%	\$228	3.15%	\$1,081
Indian Springs	Residential & Small Commercial (Sewer – Active)	8.39%	14.50%	\$12,220	3.92%	\$10,210	3.15%	\$61,879
Pasasdera	Residential & Small Commercial (Sewer – Active)	\$61,958	14.50%	\$19,193	3.92%	\$16,036	3.15%	\$97,187
Pasadera	Commercial (Sewer – Active)	\$3,713	14.51%	\$1,150	3.92%	\$961	3.15%	\$5,824
Las Palmas	Residential (Sewer – Active)	\$230,660	14.50%	\$71,450	3.92%	\$59,699	3.15%	\$361,809
Las Palmas	Commercial (Sewer – Active)	\$1,393	14.51%	\$431	3.92%	\$360	3.15%	\$2,184
CV Ranch	Residential (Sewer – Active)	\$69,847	14.50%	\$21,637	3.92%	\$18,078	3.15%	\$109,562
CV Ranch	Hotel (Sewer – Active)	\$33,419	14.51%	\$10,352	3.92%	\$8,649	3.15%	\$52,420
	Total	\$513,740		\$179,855		\$145,246		



What Other Requests are Pending for Cal-Am?

Besides this GRC, there are other pending applications for Cal-Am regarding the acquisition of the Bass Lake Water Company, debt securities, and an amended Water Purchase Agreement for the Pure Water Monterey Groundwater Replenishment Project.

How Can I Have My Voice Heard and Find Out More?

The CPUC will hold 8 Public Participation Hearings for Cal-Am customers to have their voices heard. The assigned Administrative Law Judge will preside at these hearings and a court reporter will transcribe the hearings. For further information on these hearings, please visit <https://www.CPUC.ca.gov/PPH/>.

Customers can also submit electronic comments specific to this proceeding and review all other public comments submitted by using the “Add Public Comment“ tab of the docket card for A.22-07-001 at <https://apps.CPUC.ca.gov/c/A2207001>.

To view all formal filings in this proceeding, including Cal-Am’s original and updated application, as well as the proposed decision when issued, go to <https://apps.CPUC.ca.gov/p/A2207001>.

The Public Advocates Office is an independent consumer advocate within the CPUC who will review, audit, and submit formal testimony on Cal-Am’s application. Its website is: <https://www.publicadvocates.cpuc.ca.gov>.

The CPUC’s Public Advisor can be contacted by email at public.advisor@cpuc.ca.gov or by phone at 866-849-8390.

The CPUC’s Water Division provides information on the regulatory process for water utilities at: <https://www.cpuc.ca.gov/about-cpuc/divisions/water-division/>.



What are the Residential Bill Impacts Based on Requested Revenue Increases?

Monterey Wastewater – Passive System – Average Residential Bill						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	-	-	\$100.50	\$0.34	\$100.84	0.34%
2025	-	-	\$100.84	\$4.08	\$104.92	4.05%
2026	-	-	\$104.92	\$3.31	\$118.23	3.15%

Monterey Wastewater – Active System – Average Residential Bill						
Year	Meter Size	Average Use (100 gallons)	Current Bill	\$ Increase	Proposed Bill	% Increase
2024	-	-	\$147.50	\$12.85	\$159.90	8.74%
2025	-	-	\$159.90	\$6.47	\$166.38	4.05%
2026	-	-	\$166.38	\$5.25	\$171.63	3.15%