

Preliminary Statement
Catastrophic Event Memorandum Account

HHH. CATASTROPHIC EVENT MEMORANDUM ACCOUNT (CEMA)

PURPOSE

The purpose of the CEMA is to record all costs incurred by the Golden State Water Company ("GSWC") associated with a Catastrophic Event for:

- (1) restoring utility service to the utility customers;
- (2) repairing, replacing, or restoring damaged utility facilities;
- (3) complying with governmental agency orders; and
- (4) emergency customer protection activities. (N)

A Catastrophic Event is an event which is declared a disaster by competent state or federal authorities, such as the Governor of California or the President of the United States. (N)

If a Catastrophic Event occurs, GSWC shall, if possible, inform the Executive Director by letter within 30 days after the Catastrophic Event, if GSWC has started booking costs into the CEMA. Copies of the letter shall be mailed to the Director of the Commission Advisory and Compliance Division and the Commission Advisory and Compliance Division branch chief for that industry. The letter shall specify the Catastrophic Event, date, time, location, service areas affected, impact on GSWC's facilities, and an estimate of the extraordinary costs expected to be incurred. Costs due to expense and capital items shall be shown separately.

GSWC shall not record any capital costs or expenses incurred prior to the start of the declared disaster or state of emergency, as identified by the appropriate authorities.

APPLICABILITY

The CEMA does not have a rate component.

Entries in the account will be segregated by qualifying event. Costs for emergency customer protection activities should be recovered across GSWC's entire customer base. (N)
(N)

ACCOUNTING PROCEDURE

Entries to the CEMA shall be made at the end of each month commencing with the month in which the Catastrophic Event occurs.

GSWC shall maintain the CEMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to the CEMA at the end of each month to record the expenses discussed above.
- b. Interest shall accrue to the CEMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

DISPOSITION

Costs recorded in the CEMA may be recovered in rates only after a request by GSWC, a showing of reasonableness, and approval by the Commission. Such a request may be made by a formal application specifically for that purpose, by inclusion in a subsequent general rate case, or other rate setting request, as detailed on G.O. 96-B and Standard Practices.

(Continued)

(To be inserted by utility)

Advice Letter No. 1790-WA
Decision No. 19-07-015

Issued By
R. J. Sprowls
President

(To be inserted by P.U.C.)

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Resolution No. _____