

Preliminary Statement

**J. Purchased Water Incremental Cost Balancing Account (PW ICBA)**

(N)

1. **Purpose**

The purpose of this Purchased Water Incremental Cost Balancing Account (PW ICBA) is to record the difference between the actual costs of purchased water and the adopted costs reflected in rates each month so that these differences can be trued-up after Commission review and approval.

2. **Applicability**

All GSWC ratemaking areas with applicable purchased water expense.

3. **Accounting Procedure**

The following entries will be made monthly to the PW ICBA in all applicable ratemaking areas:

- a. Adopted \$/CCF - Adopted purchased water \$/CCF per General Rate Case (GRC) Decision or updated via an approved Supply Offset Advice Letter.
- b. Actual \$/CCF - Current water supply prices applied to the water supply mix and purchased water rate schedules adopted in the GRC Decision.
- c. Incremental Difference - 3b minus 3a.
- d. Monthly Net PW ICBA - Actual Purchased Water Production (CCF) multiplied by 3c.
- e. A negative balance in the balancing Account reflects a utility over collection to be refunded, while a positive balance reflects a utility under-collection to be recovered through the implementation of surcharges.
- f. GSWC shall record the accumulated PW ICBA Balance monthly, by adding its entry in section 3d to the prior accumulated month balance.
- g. Interest shall accrue 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 end-of-month balances.

4. **Effective Date**

The PW ICBA is effective January 1, 2025.

5. **Disposition**

The balance in the PW ICBA may be amortized by Tier 1 advice letter annually or requested through a GRC. Recovery of under-collections will be passed through as a surcharge on volumetric charges; over-collections will be passed through as surcredits on the monthly service charges.

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(Continued)

(To be inserted by utility)

Advice Letter No. 1988-W  
Decision No. 25-01-036

*Issued By*  
**R. J. Sprowls**  
*President*

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

Date Filed December 29, 2025  
Effective January 1, 2025  
Resolution No. \_\_\_\_\_