

Preliminary Statement

K. Pump Tax Incremental Cost Balancing Account (PTX ICBA)

(N)

1. **Purpose**

The purpose of this Pump Tax Incremental Cost Balancing Account (PTX ICBA) is to record the difference between the actual costs of well 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 well water expense.

3. **Accounting Procedures**

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

- a. Adopted \$/CCF - Adopted pump tax \$/CCF per General Rate Case (GRC) Decision or updated via an approved Supply Offset Advice Letter.
- b. Actual \$/CCF - Current pump tax rates applied to supply mix and pump tax rate schedule adopted in the GRC Decision.
- c. Incremental Difference - 3b minus 3a.
- d. Monthly Net PTX ICBA - Actual well 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 PTX 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 PTX ICBA is effective January 1, 2025.

5. **Disposition**

The balance in the PTX 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. _____