

Preliminary Statement
Lead And Copper Rule Revisions Memorandum Account

SSSS. Lead And Copper Rule Revisions Memorandum Account (LCRRMA)

(N)

1. Purpose

The purpose of the LCRRMA is to track and recover any incremental expenses and carrying costs on capital investments incurred by Golden State Water Company (GSWC) that are required to comply with the United States Environmental Protection Agency's (EPA) Lead and Copper Rule Revisions (LCRR) that are not otherwise covered in GSWC's authorized rates.

2. Applicability

GSWC expects to incur expenses related to the initial comprehensive study of service line materials that include incremental operations and maintenance (O&M) costs, and carrying costs on capital investments that may be required. Costs may include but are not limited to the following:

- Development of service line material inventories for each of GSWC's water systems;
- Preparation of Lead Service Line Replacement (LSLR) Plans for each system;
- Replacement of service lines (if necessary);
- Preparation of a Standard Operating Procedure (SOP) for the development and ongoing maintenance of the customer service line inventories;
- Development of sampling plans for lead and copper compliance monitoring at the taps of customers, daycares and schools for each system;
- Development of school and child care facility inventories for all GSWC's systems, and preparation for and the cost of sampling in these facilities; and
- Preparation of messaging for public education and customer notifications.

3. Accounting Procedure

The LCRRMA does not have a rate component.

- a. A debit entry shall be made to the LCRRMA to record all related costs including, but not limited to, developing of service line material inventories, lead and copper sampling plans/ monitoring at the taps of private customers, daycares and schools/preparation of lead Service Line Replacement plans/public messaging, education and customer notifications.
- b. Interest shall accrue to the LCRRMA 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 balances.
- c. A debit entry equal to the revenue of each capital expenditure at GSWC's authorized rate of return and related expenses (including return, income taxes, ad valorem tax, depreciation, and other taxes and fees).
- d. A credit entry to transfer all or portion of the balance in the LCRRMA to other adjustment clauses for future rate recovery, as may be approved by the CPUC.

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(To be inserted by utility)

Advice Letter No. 1894-WA
Decision No. _____

Issued By
R. J. Sprowls
President

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

Date Filed April 10, 2023
Effective March 1, 2023
Resolution No. _____

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4. Effective Date

The LCRRMA shall go into effect on the filing date of Advice Letter No. 1894-WA. The LCRRMA will remain open until one year after the completion of the LCRR.

5. Disposition

Disposition of amounts recorded in the LCRRMA shall be determined in GSWC's next General Rate Case.

(N)

(To be inserted by utility)

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