

Preliminary Statement
Water Revenue Adjustment Mechanism/Modified Cost
Balancing Account (WRAM/MCBA)

W. WATER REVENUE ADJUSTMENT MECHANISM/MODIFIED COST BALANCING ACCOUNT (WRAM/MCBA)

1. Purpose

The purpose of the WRAM/MCBA Balancing Account is to track the difference between Commission approved water revenue and actual water revenues along with Commission approved supply expenses vs. actual supply expense. The Commission has determined that these accounting mechanisms are appropriate of increasing block rate structures and increased conservation activities.

2. Applicability

The WRAM Balancing Account and MCBA apply to all ratemaking areas within GSWC Service Areas, except in Clearlake.

3. Definitions

A. WRAM-eligible revenue is all General Metered revenue. General Metered revenue is revenue generated from customers under residential and non-residential metered tariffs schedules within GSWC Service territory, except in Clearlake.

B. Recorded WRAM-eligible revenue is all quantity revenue billed to General Metered customers in a particular period.

C. Adopted WRAM-eligible revenue is all Commission approved revenue billed to General Metered customers.

D. MCBA-eligible supply expenses are all purchase water expense, purchase power expense, and pump tax.

E. Adopted MCBA-eligible expenses are all Commission approved purchase water expense, purchase power expense, and pump tax.

F. Recorded MCBA-eligible expenses are all purchase water expense, purchase power expense, and pump tax in a particular period.

4. Accounting Procedure

A. The following entries will be recorded monthly to each ratemaking area's WRAM Balancing Account:

1. Recorded WRAM-eligible revenue
2. Adopted WRAM-eligible revenue (See Paragraph 8)
3. Total net WRAM balance = (1) minus (2)

(Continued)

(To be inserted by utility)

Advice Letter No. 1506-W
Decision No. 12-04-048

Issued By
F. E. WICKS
President

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

Date Filed December 13, 2012
Effective January 13, 2013
Resolution No. _____

Preliminary Statement
Water Revenue Adjustment Mechanism/Modified Cost
Balancing Account (WRAM/MCBA)

W. WATER REVENUE ADJUSTMENT MECHANISM/MODIFIED COST BALANCING ACCOUNT (WRAM/MCBA)

4. Accounting Procedure (continued)

B. The following entries will be recorded monthly to each district's MCBA:

1. Recorded purchased water cost, if applicable
2. Adopted purchased water cost, if applicable (See paragraph 8)
3. Difference between (1) and (2)
4. Recorded purchased power cost
5. Adopted purchased power cost, if applicable (See paragraph 8)
6. Difference between (4) and (5)
7. Recorded groundwater charges, if applicable
8. Adopted groundwater charges, if applicable (See paragraph 8)
9. Difference between (7) and (8)
10. Total net MCBA balance = (3) + (6) + (9)

5. GSWC shall record the accumulated WRAM Balance monthly, by adding its entry in section A.3. to the prior accumulated month balance. GSWC will record the accumulated MCBA Balance, by adding its entry in Section B.10. to the prior month's accumulated balance. GSWC shall apply interest to the average net balance in the WRAM and MCBA accounts at a rate equal to one twelfth the interest rate on three month Commercial Paper for the previous month as reported in the Federal Reserve Statistical Release, H.15. or its successor. Accumulated interest will be included in the amount on which interest is charged, but will be identified as a separate component of the WRAM and MCBA accounts.

6. Net WRAM and net MCBA will be combined to evaluate surcharge/surcredit for all General Metered customers (customers on residential and non-residential metered tariff schedules).

7. Net MCBA will be combined to evaluate surcharge/surcredit for applicable Non-General Metered customers (customers not on residential and non-residential metered tariff schedules). (T)

8. Effective Date (T)
(T)

The WRAM/MCBA Balancing Account became effective on the effective date of Advice Letter 1301-W, which was November 24, 2008.

(T)
(T)

(Continued)

<u>(To be inserted by utility)</u>	<i>Issued By</i>	<u>(To be inserted by P.U.C.)</u>
Advice Letter No. <u>1506-W</u>	F. E. WICKS	Date Filed <u>December 13, 2012</u>
Decision No. <u>12-04-048</u>	President	Effective <u>January 13, 2013</u>
		Resolution No. _____

Preliminary Statement
Water Revenue Adjustment Mechanism/Modified Cost
Balancing Account (WRAM/MCBA)

W. WATER REVENUE ADJUSTMENT MECHANISM/MODIFIED COST BALANCING ACCOUNT (WRAM/MCBA)

9. Disposition

A. WRAM/MCBA amortization guideline per D.12-04-048:

WRAM/MCBA Under/Over-Collection	Amortization Period	Cap
2% - 5%	12 months	A cap on total net WRAM/MCBA surcharges of 10% of the last authorized revenue requirement to be effective the first test year of GSWC's pending or next GRC, 2013 WRAM/MCBA Advice Letter filings on March 2014. WRAM/MCBA account balances incurred prior to the first test year above may continue to be amortized under applicant's proposal.
5% - 15%	18 months	
15% - 30%	19 - 36 months (10% per year as a guide with no cap)	
Over 30%	36 months	
*As a % of the district's last authorized revenue requirement		

(N)

B. Recovery of under-collections will be passed through as surcharge on volumetric charges; over-collections will be passed through as surcredits on monthly service charges.

(N)

(T)

(T)

10. Maintaining Least Cost Water Mix

If there are significant changes in purchased water in a district that has multiple sources (which in turn affects the amount of purchased power and pump tax), GSWC will make a showing in the district's next GRC filing demonstrating that it has exercised due diligence in enduring the least-cost mix for its water sources, and that the significant change in water purchases was reasonable. For the purpose of the Trial Program, significant changes in water purchased are defined as when the annual volume of purchased water in a district is greater than 10% of the purchased water adopted in the most recent GRC for that district.

(Continued)

(To be inserted by utility)

Advice Letter No. 1506-W
 Decision No. 12-04-048

Issued By
F. E. WICKS
President

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

Date Filed December 13, 2012
 Effective January 13, 2013
 Resolution No. _____

Preliminary Statement
Water Revenue Adjustment Mechanism/Modified Cost
Balancing Account (WRAM/MCBA)

W. WATER REVENUE ADJUSTMENT MECHANISM/MODIFIED COST BALANCING ACCOUNT (WRAM/MCBA)

Region 3 Monthly Detail (in Thousands)

(1)	(2)	(3)	(4)	(5)
Month	Qty Charge Revenue for WRAM	MCBA Purchased Water	Well Water*	Total Production Costs
Jan	\$5,752.77	\$907.08	\$878.91	\$1,785.99
Feb	\$5,409.13	\$788.41	\$774.21	\$1,563.62
Mar	\$5,789.32	\$968.50	\$961.85	\$1,930.35
Apr	\$6,558.27	\$1,327.79	\$998.38	\$2,326.17
May	\$8,598.61	\$1,912.40	\$1,080.31	\$2,992.71
Jun	\$9,684.93	\$2,048.70	\$1,145.45	\$3,194.15
Jul	\$10,128.91	\$2,397.21	\$1,252.41	\$3,649.62
Aug	\$10,321.70	\$2,394.34	\$1,269.91	\$3,664.25
Sep	\$9,517.99	\$2,133.48	\$1,194.36	\$3,327.84
Oct	\$7,202.59	\$1,631.81	\$1,091.14	\$2,722.95
Nov	\$5,522.33	\$1,260.77	\$948.55	\$2,209.32
Dec	\$4,495.63	\$873.94	\$815.32	\$1,689.26
12-Month Total	\$88,982.18	\$18,644.43	\$12,410.80	\$31,055.23

(C)

 (C)

*Note: Well Water includes Purchased Electricity and Pump Taxes Costs

2015 Adopted Quantities: \$88,982.18 AL 1588-W 2015 Escalation (Effective January 1, 2015)

Total Purchased Water \$18,644.43 AL 1569-WA Offset Increase (Effective June 1, 2014)
 Total Well Water \$12,410.80
 \$31,055.23

(Continued)

(To be inserted by utility)
 Advice Letter No. 1593-W
 Decision No. _____

Issued By
R. J. SPROWLS
 President

(To be inserted by P.U.C.)
 Date Filed February 23, 2015
 Effective January 1, 2015
 Resolution No. _____

Preliminary Statement
Water Revenue Adjustment Mechanism/Modified Cost
Balancing Account (WRAM/MCBA)

W. WATER REVENUE ADJUSTMENT MECHANISM/MODIFIED COST BALANCING ACCOUNT (WRAM/MCBA)

Region 2 Monthly Detail (in Thousands)

(1)	(2)	(3)	(4)	(5)
Month	Qty Charge Revenue for WRAM	MCBA Purchased Water	Well Water*	Total Production Costs
Jan	\$7,297.52	\$2,269.55	\$932.74	\$3,202.29
Feb	\$6,922.47	\$1,991.02	\$861.80	\$2,852.82
Mar	\$7,371.39	\$2,320.61	\$958.07	\$3,278.68
Apr	\$7,868.48	\$2,529.38	\$949.90	\$3,479.28
May	\$8,804.20	\$2,942.65	\$996.31	\$3,938.96
Jun	\$9,239.16	\$2,991.33	\$1,022.64	\$4,013.97
Jul	\$9,258.74	\$3,248.74	\$1,066.13	\$4,314.87
Aug	\$9,421.99	\$3,295.63	\$1,058.48	\$4,354.11
Sep	\$8,939.94	\$3,020.64	\$1,022.03	\$4,042.67
Oct	\$7,702.52	\$2,729.91	\$1,001.62	\$3,731.53
Nov	\$6,842.15	\$2,309.00	\$943.89	\$3,252.89
Dec	\$6,390.41	\$2,049.00	\$937.78	\$2,986.77
12-Month Total	\$96,058.97	\$31,697.45	\$11,751.38	\$43,448.85

(C)

 (C)

*Note: Well Water includes Purchased Electricity and Pump Taxes Costs

2015 Adopted Quantities: \$96,058.97 AL 1587-W 2015 Escalation (Effective January 1, 2015)

Total Purchased Water \$31,697.45 AL 1572-WA Offset Increase (Effective July 1, 2014)
 Total Well Water \$11,751.38
 \$43,448.85

(Continued)