

Preliminary Statement  
(continued)

AK. 2012 GRC Interim Rate Memorandum Account (2012 IRMA)

1. **Purpose:** Pursuant to the December 19, 2013 Administrative Law Judge's Ruling granting Cal Water's Motion for Interim Rates ("12/19/13 ALJ Ruling") and Attachment A to the Ruling ("Attachment A"), this memorandum account will track the difference between "Interim Rates" (the rates billed to customers between January 1, 2014, and the date that new rates are implemented) and the "Final Rates" adopted in A.12-07-007 (the final rates authorized by the Commission to be effective January 1, 2014).

In addition, the 2012 IRMA will have "sub-accounts" to track for future disposition the balances associated with affordability program modifications and new memorandum and balancing accounts in the Proposed Settlement Agreement filed in A.12-07-007 on October 30, 2013.

"Interim Period:" After the Commission issues a decision with new rates, Cal Water will submit an advice letter to modify its tariff to reflect the new rates, and will specify the effective date of the modified tariff. The "Interim Period" will be from January 1, 2014 to the day before the effective date of the modified tariff.

2. **Applicability:** The 2012 IRMA is applicable to all regulated districts. This excludes out-of-state affiliates and unregulated operations expenses.
3. **Rate Component:** There is no rate component for this memorandum account.
4. **Methodology and Disposition:**
  - a. For each ratemaking area, the 2012 IRMA will track the difference between the revenue received during the Interim Period, and the revenue that Cal Water would have received had Final Rates been in effect during the Interim Period. Monthly interest expense calculated at 1/12 of the most recent month's interest rate on Commercial Paper (prime, 90-day), published in the Federal Reserve Statistical Release, will be applied. At the end of the Interim Period, the balance will be recovered through an Interim Rate Surcharge.
  - b. For each ratemaking area, there will also be a sub-account representing each of the following new balancing and memorandum accounts in the Proposed Settlement Agreement (see also additional balancing accounts in subsection c, below):
    1. Interim Conservation Expense Balancing Sub-Account (Proposed Preliminary Statement Z2);
    2. Interim Pension Cost Balancing Sub-Account (Proposed Preliminary Statement AA2);
    3. Interim Health Cost Balancing Sub-Account (Proposed Preliminary Statement AB2); and
    4. Interim Chromium-6 Memorandum Sub-Account (Proposed Preliminary Statement AI).For each sub-account, estimated debit and credit entries will be recorded in the 2012 IRMA consistent with the Draft Preliminary Statements in Attachment 5 of the Proposed Settlement Agreement. If an account is authorized in a final decision, the balance in the associated sub-account will be calculated consistent with the final authorized preliminary statement, and that balance will be transferred to the newly-authorized account.
  - c. The 2012 IRMA will include the following company-wide sub-accounts associated with the Low-Income Ratepayer Assistance ("LIRA") program and the Rate Support Fund ("RSF") program, both of which are modified under the Proposed Settlement Agreement:
    1. Interim LIRA Sub-Account (Preliminary Statement AJ), and
    2. Interim RSF Sub-Account (Preliminary Statement \_\_ (no proposed designation).These sub-accounts will track the benefits provided and the surcharges collected during the Interim Period. At the end of the Interim Period, if the Commission adopts the proposed program modifications, Retroactive LIRA Credits and Retroactive RSF Credits will be calculated and applied to customer accounts as described in Attachment A to the 12/19/13 ALJ Ruling. In addition, the benefits and surcharges tracked during the Interim Period and the calculated retroactive credits will be transferred to the associated existing balancing accounts for the programs as described in Attachment A to the 12/19/13 Ruling.

(To be inserted by utility)

Advice Letter No. 2117  
Decision No. -

Issued by

PAUL G. TOWNSLEY  
NAME  
Vice President  
TITLE

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

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Resolution No. \_\_\_\_\_