

Preliminary Statement BI

BI. Pump Tax Incremental Cost Balancing Account (ICBA)

(N)

1. PURPOSE:

The purpose of this incremental balancing account is to record each month the difference between the cost of pump taxes and the adopted cost reflected in rates, so that these differences can be trued-up through rates subsequent to CPUC review and approval.

2. APPLICABILITY:

The Pump Tax ICBA applies to all areas served by Cal Water where ground water pump taxes (or their equivalent) are assessed.

3. ACCOUNTING PROCEDURE:

Each month, Cal Water will make the following entries to update the balance in this account:

a. Expense Component (debit entry):

- i. the recorded production multiplied by the adopted water mix that is subject to pump taxes (AF), multiplied by the difference between the adopted variable pump tax price (AF) in rates and the current variable pump tax prices (\$AF), plus or minus any necessary expense adjustments.
- ii. The difference between the adopted fixed costs in rates and the current fixed costs, to be recorded in the month that the cost is invoiced.

b. Revenue Component (credit entry): the recorded pump tax ICBA surcharges collected from all customers, plus or minus any necessary revenue adjustments.

c. Interest (debit or credit entry): interest shall accrue monthly by applying one-twelfth of the Federal Reserve 3-month Commercial Paper Rate - non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate) to the average monthly balance.

4. AMORTIZATIONS:

- a. The balance in the balancing account may be amortized by a Tier 1 advice letter annually or requested through a General Rate Case (GRC).

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(To be inserted by utility)	Issued By	(To be inserted by CPUC)
Advice Letter <u>2515</u>	<u>Greg Milleman</u>	Date Filed _____
Decision <u>24-03-042</u>	<u>Vice President</u>	Effective _____
	<u>Rates and Regulatory Affairs</u>	Resolution _____

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5. The balancing account will terminate when so ordered by the Commission, at which time any remaining debt (undercollection) or credit (overcollection) balance will be amortized through a rate surcharge or surcredit, or transferred to the General District Balancing Accounts.

(N)

6. Adopted Pump Tax Rates (per AF) by rate area:

Rate Area	Fixed	Variable
Bakersfield	\$423,138.00	\$39.00
East Los Angeles	\$33,771.41	\$423.00
Los Altos	\$0.00	\$1,974.00
Salinas Valley Region	\$0.00	\$282.00
South Bay Region	\$46,787.35	\$423.00
Stockton	\$0.00	\$425.05
Visalia	\$0.00	\$19.54

Authorization: Public Utilities Code Section 792.5

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