

Preliminary Statement Z6

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Z6. Conservation Expense One-Way Balancing Account 6 (CEBA6)

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1. PURPOSE

The purpose of the CEBA6 is to ensure ratepayers fund only conservation programs consistent with the adopted settlement approved by the Commission in Cal Water's 2024 General Rate Case. The account will track the difference between recorded expenses and authorized expenses and refund to customers amounts included in rates which were not spent during the three-year authorization period.

2. APPLICABILITY

The CEBA6 covers years 2026 through 2028 for all ratemaking areas ("districts") included in the 2024 General Rate Case.

3. ACCOUNTING PROCEDURE:

The following entries will be recorded monthly to each district's CEBA6.

- a. The average annual authorized amount shown on page 117 of D.26-04-045 will be booked on a monthly level based on the spread of revenue approved by the Commission;
- b. Reimbursements from grants provided to offset conservation expenses;
- c. Recorded conservation expenses including properly accounted-for expense accruals;
- d. The difference between authorized expenses and grants, and recorded expenses ((3.a. plus 3.b.) minus 3.c.);
- e. Monthly interest expense equal to the average balance for the month multiplied by 1/12 of the most recent month's interest rate on non-financial Commercial Paper, published in the Federal Reserve Statistical Release H.15 or its successor;
- f. The sum of the current and all prior monthly entries in 3.e., above;
- g. The sum of the current and all prior monthly entries in 3.d., above;
- h. The sum of 3.f. and 3.g.

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Advice Letter	<u>2588-A</u>	<u>Greg Milleman</u>	Date Filed	_____
Decision	<u>26-04-045</u>	<u>Vice President</u>	Effective	_____
		<u>Rates and Regulatory Affairs</u>	Resolution	_____

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4. RATEMAKING PROCEDURE:

- a. Each district's authorized conservation expense has three internal spending caps. Before requesting amortization in rates, Cal Water shall apply these internal spending caps to the totals in 3.c. and adjust from recorded expense any amounts which exceed categorical limits. Cal Water shall reflect the adjustment in its final calculation of 3.h. for each district.
- b. If the total amount recorded in section 3.h. for any district as of December 31, 2028 is a positive number (meaning accumulated expenditures are less than the three-year authorization), Cal Water shall file an advice letter to refund this amount to customers.
- c. If the total amount recorded in section 3.h. as of December 31, 2028 for any district is a negative number (meaning the accumulated expenditures exceed the three-year authorization), the balance shall not be collected.

5. TERMINATION OF THE ACCOUNT:

The CEBA6 for each applicable district shall terminate on December 31, 2028 or when the credit described in 4.b is completed, whichever is later.

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