

Preliminary Statement BE

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BE. Lead And Copper Rule Memorandum Account (LCMA)

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1. Purpose: The purpose of the LCMA is to record any incremental expenses and carrying costs on capital investments that are required to comply with the Lead and Copper Rule Revisions (LCRR) of the United States Environmental Protection Agency that are not otherwise covered in Cal Water’s revenue requirement.
2. Applicability: The LCMA is applicable to all incremental expenses, including operations and maintenance (O&M) costs, and carrying costs on any capital investments that may be required, including but not limited to the following:
  - Development of service line material inventories for each water system;
  - Preparation of lead service line replacement 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 systems, and preparation for and the cost of sampling in those facilities; and
  - Preparation of messaging for public education and customer notifications.
3. Accounting Procedure: The LCMA does not have a rate component.
  - a. A debit entry shall be made to the LCMA to record the costs described above in Section 2 (Applicability).
  - b. Interest shall accrue to the LCMA 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. Amounts equal to the revenue of each capital expenditure at Cal Water’s authorized rate of return and related expenses (including return, income taxes, ad valorem tax, depreciation, and other taxes and fees).
4. Effective Date: The LCMA shall go into effect on March 16, 2023, the filing date of Advice Letter 2473.

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<small>(To be inserted by utility)</small>	<small>Issued By</small>	<small>(To be inserted by CPUC)</small>
Advice Letter <u>2473-A</u>	<u>Greg A. Milleman</u>	Date Filed <u>04/21/2023</u>
Decision	<u>Vice President</u>	Effective <u>03/16/2023</u>
		Resolution _____

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- 5. Disposition: Amounts recorded in the Memorandum Account are subject to a reasonableness review in a General Rate Case, or in an appropriate advice letter filing consistent with General Order 96-B.

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Decision

Issued By

Greg A. Milleman  
Vice President

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