

CalAm Letter of Support

City Council Meeting

Decoupling Primer

- Definition
 - Tool to avoid over-collection or under-collection of water fees
 - Tracks difference between CPUC-authorized projected revenue and recorded revenue
 - Over Collection ($\text{Recorded} > \text{CPUC Projected}$) = Water utility will refund through surcredit
 - Under Collection ($\text{Recorded} < \text{CPUC Projected}$) = Water utility will surcharge the customer to recover the under collection
- Benefits
 - Aligns with California's water conservation goals
 - Removes financial incentive to sell more water
 - Decouples sales from revenues
 - Lower bills for low usage customers
 - Addresses “very significant fixed costs” that do not fluctuate



Background

- Golden State Water (including CalAm) Submitted its General Rate Case (GRC) to California Public Utilities Commission (CPUC)
- At a September 2019 workshop, The Public Advocate's Office issued a report recommending to replace decoupling
- In July 2020, CPUC decided to remove full decoupling in their GRC
 - Utility companies objected that removing decoupling was not part of the scope of the hearing. CPUC disagreed and denied a rehearing
- Golden State Water Company v. Public Utilities Commission



What We Know

- In Favor
 - Since 2010, over-collection has been triggered 9 times
 - Customers received \$3.7 M in credits.
 - SB 1469 (September 2022), requires CPUC to consider decoupling proposals
- Against
 - Public Advocate's Office Findings (September 2019)
 - No Significant impact on water consumption
 - Very significant impact on customer bills

