

**CALIFORNIA PUBLIC UTILITIES  
COMMISSION  
DIVISION OF WATER AND  
AUDITS  
Advice Letter Cover Sheet**

(Date Filed / Received Stamp by CPUC)

<b>AL # 190-W-A</b>	<b>Date Mailed to Service List:</b> June 25, 2014	<b>Requested Effective Date:</b> July 2, 2014	<b>Requested Tier:</b> <input checked="" type="checkbox"/> Tier 1 <input type="checkbox"/> Tier 2 <input type="checkbox"/> Tier 3
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<b>Replacing AL #:</b> AL # 190-W	<b>Authorization for Filing:</b> D.12-04-048	<b>Compliance Filing?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Rate</b> \$ 2,201,884	<b>Impact</b> % 9.42
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**The public has 20 days from Date Mailed (above) to protest this advice letter. If you chose to protest or respond to the advice letter, send Protest and/or Correspondence within 20 days to:**

Director  
Division of Water and Audits  
505 Van Ness Ave.  
San Francisco, CA 94102

**and if you have email capability, also email to:**

[water\\_division@cpuc.ca.gov](mailto:water_division@cpuc.ca.gov)

**Your protest also must be served on the Utility**

(see attached advice letter for more information and grounds for protest)

<b>Company Name:</b> Apple Valley Ranchos Water Company	<b>CPUC Utility Number:</b> WTA <u>U-346-W</u>
<b>Address:</b> 21760 Ottawa Road, P.O. Box 7005	WTB _____
<b>City, State, Zip:</b> Apple Valley, CA 92307-7005	WTC _____
	WTD _____
	SWR _____

	<b>Contact Name:</b>	<b>Phone No.</b>	<b>Fax No.</b>	<b>Email Address:</b>
Filer	Edward N. Jackson	562.923.0711	562.861.5902	<a href="mailto:ed.jackson@parkwater.com">ed.jackson@parkwater.com</a>
Alternate	Ellen M. Zimbalist	562.923.0711	562.861.5902	<a href="mailto:ezimbalist@parkwater.com">ezimbalist@parkwater.com</a>

**Description:** This advice letter requests Commission authorization to implement a temporary surcharge to amortize the combined balance in the WRAM and the MCBA. The tariffs affected are 777-W, 779-W, and 780-W.

**(FOR CPUC USE ONLY)**

<b>WTS Budget/Activity/Type</b> _____/_____/_____	<b>Process as:</b> <input type="checkbox"/> Tier 1 <input type="checkbox"/> Tier 2 <input type="checkbox"/> Tier 3
<b>Project Manager:</b> _____	<b>20th Day</b> _____ <b>30th Day</b> _____
<b>Analyst:</b> _____	<b>Suspended on:</b> _____
<b>Due Date:</b> _____	<b>Extended on:</b> _____
<b>Completion Date:</b> _____	<b>Resolution No.:</b> _____
	<b>AL/Tariff Effective Date:</b> _____

**APPLE VALLEY RANCHOS  
WATER CO.**

P.O. BOX 7005  
21760 OTTAWA ROAD  
APPLE VALLEY, CA 92307  
(760) 247-6484 • FAX (760) 247-1654



Advice Letter No. 190-W-A

June 25, 2014

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Apple Valley Ranchos Water Company (U 346 W) ("AVR") hereby transmits the following revised tariff sheets applicable to water service in its service territory:

Calif. P.U.C. <u>Sheet No.</u>	<u>Title of Sheet</u>	<u>Schedule Number</u>	<u>Canceling Sheet No.</u>
777-W	Residential General Metered Service, page 2	Schedule 1	784-W
779-W	Non-Residential General Metered Service, page 2	Schedule 3	786-W
780-W	Table of Contents, page 1		788-W

**Summary**

This supplemental filing is being made to incorporate changes as discussed with the Division of Water and Audits. This supplemental filing will replace Advice Letter 190-W in its entirety.

This advice letter filing requests authorization to implement a temporary surcharge to the water rates in AVR's Service Area. AVR is seeking a temporary surcharge of \$0.245 per Ccf for domestic metered customers for an 18-month period. The surcharge is designed to recover the combined under-collection recorded in the Water Revenue Adjustment Mechanism (WRAM) Account and the Modified Production Cost Balancing Account (MCBA). AVR is also requesting recovery of the unamortized account balance from the active 2012 WRAM/MCBA surcharge. This request is made pursuant to the Commission's direction in Decision 08-02-036, dated February 28, 2008 and Decision 12-04-048 dated April 19, 2012.

**Background and Discussion**

In D.08-09-026, dated September 18, 2008, the Commission adopted the Settlement Agreement between AVR and the Division of Ratepayer Advocates (DRA) dated June 20, 2008 in proceeding A.08-01-002. D.08-09-026 adopted a program for AVR consisting of a conservation rate design and related mechanisms for decoupling sales and revenue (WRAM and MCBA). The

WRAM and MCBA were effective January 1, 2009, the effective date of D.08-09-026. In D.12-04-048 the Commission modified D.08-09-026 by authorizing an 18-month amortization schedule for the net balance recorded in the WRAM and MCBA. D.12-04-048 also authorized the recovery of account balances that have been unamortized thus far while the surcharge has been in effect, providing for advice letters requesting amortization of the WRAM/MCBA balance to be filed on March 31<sup>st</sup>. Due to an oversight, AVR is filing its request past the deadline, but believes that no useful purpose would be served by any further delay in amortizing the combined under-collection in the WRAM/MCBA.

The purpose of the WRAM is to track the difference between adopted and actual commodity rate revenue excluding revenue for gravity irrigation water service. The purpose of the MCBA is to track the difference between adopted and actual costs for the following variable costs: purchased power, leased water rights, and replenishment assessments (pump tax). The MCBA captures variations in production costs due to either changes in unit price or changes in consumption.

AVR provides domestic water service from its wells that are located within the Mojave Ground Water Basin. The Mojave Water Agency (MWA), the water master of the Mojave Basin, in accordance with the terms of the adjudication of that basin, uses a “water year” that runs from October 1 to September 30. Because of the retroactive calculation methodology used by the MWA to administer the adjudication and levy replacement water (leased water rights) and replenishment assessments, actual amounts are currently unavailable for the 2013-2014 water year and therefore the leased water rights and make-up assessment balances recorded in the MCBA for calendar year 2013 are estimated. AVR will true-up the estimated balance of leased water rights and the make-up assessment recorded in the MCBA for calendar year 2013 in a future advice letter filing that requests amortization of the combined balance recorded in the WRAM and MCBA for calendar year 2014.

AVR filed an information-only report with the Division of Water and Audits on November 30, 2013 detailing the WRAM and MCBA data for nine months ending September 30, 2013. In that report, AVR indicated that the WRAM includes an adjustment for the payroll expense of new positions authorized by D.12-09-004 that have not been filled. In addition, the WRAM contains an adjustment for the Cost of Capital Memorandum Account authorized by Administrative Law Judge Rochester’s ruling in A.12-05-001 dated December 24, 2012. The purpose of this adjustment is to ensure that revenues tracked in the Cost of Capital Memorandum Account are excluded from the WRAM. As compared to the information-only report, this filing includes an updated twelve months of WRAM and MCBA data, ending December 31, 2013, with a total net under-collected balance of \$1,793,074. With interest through March 31, 2014, the total net balance is \$1,793,507.

As described in Advice Letter 182-W, the make-up assessment and the leased water rights balances recorded in the MCBA for calendar year 2012 were estimated. In this advice letter, AVR proposes to true-up the balances of the leased water rights and make-up expense recorded in the MCBA to the extent possible. The make-up expense for the 2012-2013 water year has been finalized and the leased water rights expense was revised to reflect the current estimate. Please note that the leased water rights expense is still subject to further adjustment and true-up in a future advice letter filing. The true-up and/or adjustment is an over-collection of \$25,544 with interest through March 31, 2014.

In addition to the net WRAM and MCBA balance for calendar year 2013, AVR proposes to include the under-amortized balance, as of March 31, 2014, from the active surcharge for the 2012 WRAM/MCBA. Because the actual sales were lower than the adopted sales assumed for the surcharge calculation, AVR did not recover the regulatory account balances as intended and authorized by the Commission. Therefore, pursuant to the procedure authorized in D.12-04-048, (Section 3.7 Treatment for Under-Amortized or Over-Amortized Amounts), AVR is requesting authority to include with this filing the under-amortized balance of the on-going WRAM/MCBA of \$433,921 for the 2012 WRAM/MCBA surcharge.

AVR proposes to combine all the above balances for a total under-collection of \$2,201,884. AVR is therefore requesting recovery of \$2,201,884 or 9.42% of its 2014 adopted revenue requirements for the domestic system. AVR proposes to recover the under-collection through an 18-month surcharge of \$0.245 per Ccf applicable to domestic service for Schedule No. 1, residential general metered service, and Schedule No. 3, non-residential general metered service.

The Commission Staff has been provided with workpapers developing the balances described above. The calculation of the surcharge is included in the workpapers.

**Tier Designation**

Pursuant to D.07-01-024, this advice letter is submitted with a Tier 1 designation.

**Requested Effective Date**

Pursuant to General Rule 7.3.2 of General Order 96-B, AVR requests this filing become effective July 2, 2014.

**Notice and Service**

In accordance with General Order 96-B, General Rules 4.3 and 7.2 and Water Industry Rule 4.1, a copy of this advice letter will be mailed or electronically transmitted on June 25, 2014 to competing and adjacent utilities and other utilities or interested parties having requested such notification.

In accordance with Resolution W-4664, notice is not required. AVR will include notice of the rate within the bill during the first billing period the increase is in effect.

**Response or Protest**

Anyone may respond to or protest this advice letter. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds are:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require re-litigating a prior order of the Commission).

A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

A response or protest must be made in writing or by electronic mail and must be received by the Division of Water and Audits within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit  
Division of Water and Audits, 3<sup>rd</sup> floor  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
[water\\_division@cpuc.ca.gov](mailto:water_division@cpuc.ca.gov)

On the same date, the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to us, addressed to:

Edward Jackson  
Representative  
Director of Revenue Requirements  
Park Water Company  
9750 Washburn Road  
P. O. Box 7002  
Downey, CA 90241  
Fax: (562) 861-5902  
E-Mail: [regulatoryaffairs@parkwater.com](mailto:regulatoryaffairs@parkwater.com)

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Division of Water and Audits within the 20-day protest period so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

If you have not received a reply to your protest within 10 business days, contact Edward Jackson at (562) 923-0711, ext. 1212.

Very truly yours,

APPLE VALLEY RANCHOS WATER COMPANY

    /s/ Edward N. Jackson    

EDWARD N. JACKSON  
Representative  
Park Water Company  
Director of Revenue Requirements  
P.O. Box 7002  
Downey, CA 90241  
562.923.0711, ext. 1212  
[regulatoryaffairs@parkwater.com](mailto:regulatoryaffairs@parkwater.com)

ENJ/emz

Attachment

**TABLE OF CONTENTS**

The following listed tariff sheets contain all effective rates and rules affecting the charges and service of the utility, together with other pertinent information:

<u>Subject Matter of Sheet:</u>		<u>C.P.U.C. Sheet No.</u>	
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Table of Contents		780-W, 782-W	(T)
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Service Area Map		653-W	
<b><u>Rate Schedules:</u></b>			
Schedule No. 1	Residential General Metered Service	776-W, 777-W	(C)
Schedule No. 2	Gravity Irrigation Service	771-W, 785-W	
Schedule No. 3	Non-Residential General Metered Service	778-W, 779-W	(C)
Schedule No. 4	Non-Metered Fire Service	773-W, 787-W	
Schedule No. LC	Late Payment Charge	460-W	
Schedule UF	Surcharge to Fund PUC Reimbursement Fee	578-W	
Schedule CARW	California Alternative Rates for Water	708-W, 527-W	
Schedule No. CARW-SC	California Alternative Rates for Water Sur-Charge	709-W	

**LIST OF CONTRACTS AND DEVIATIONS:** 664-W

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No. 22	Fire Protection	716-W	

(continued)

(To be inserted by utility)

Issued By:

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

Advice No. 190-W-A

LEIGH K. JORDAN

Date Filed

Decision No.

Name  
EXECUTIVE VICE PRESIDENT

Effective

Title

Resolution No.

**SCHEDULE NO. 1**  
**RESIDENTIAL GENERAL METERED SERVICE**  
 (Continued)

- 9. As authorized by the California Public Utilities Commission, an amount of \$0.125 per Ccf is to be added to the quantity rate for a period of 24 months, beginning on the effective date of Advice Letter 180-W-A. This surcharge will recover the under-collection in the Interim Rates Balancing Account as of September 19, 2012.
- 10. As authorized by the California Public Utilities Commission, an amount of \$0.263 per Ccf is to be added to the quantity rate for a period of 18 months, beginning on the effective date of Advice Letter 182-W. This surcharge will recover the under-collection in the WRAM and MCBA Balancing Accounts as of December 31, 2012.
- 12. As authorized by the California Public Utility Commission, an amount of \$0.320 per Ccf is to be added to the quantity rate for a period of 18 months, beginning on the effective date of Advice Letter 190-W. This surcharge will recover the under-collection in the WRAM and MCBA as of December 31, 2013.
- 13. As authorized by the California Public Utilities Commission, a one-time surcredit of \$1.15 is to be applied on the effective date of Advice Letter 192-W. This surcredit will refund the over-collection in the Cost of Capital Memorandum Account.
- 14. As authorized by the California Public Utility Commission, an amount of \$0.245 per Ccf is to be added to the quantity rate for a period of 18 months, beginning on the effective date of Advice Letter 190-W-A. This surcharge will recover the under-collection in the WRAM and MCBA as of December 31, 2013. (I)  
 |  
 (I)

<b>(To be inserted by utility)</b>	<b>Issued By</b>	<b>(To be inserted by Cal. P.U.C.)</b>
Advice No. <u>190-W-A</u>	<u>LEIGH K. JORDAN</u> Name	Date Filed _____
Dec. No. _____	<u>EXECUTIVE VICE PRESIDENT</u> Title	Effective _____
		Resolution No. _____



**SCHEDULE NO. 3  
 NON-RESIDENTIAL GENERAL METERED SERVICE**

(Continued)

- 9. As authorized by the California Public Utilities Commission, an amount of \$0.125 per Ccf is to be added to the quantity rate for a period of 24 months, beginning on the effective date of Advice Letter 180-W-A. This surcharge will recover the under-collection in the Interim Rates Balancing Account as of September 19, 2012.
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 |  
 (I)

(To be inserted by utility) Issued By (To be inserted by Cal. P.U.C.)

Advice No.	<u>190-W-A</u>	<u>LEIGH K. JORDAN</u>	Date Filed	_____
		Name		
Dec. No.	_____	<u>EXECUTIVE VICE PRESIDENT</u>	Effective	_____
		Title	Resolution No.	_____

## APPLE VALLEY RANCHOS WATER COMPANY

### ADVICE LETTER 190-W-A DISTRIBUTION LIST

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