

December 1, 2014

Town of Apple Valley  
Attention: Dennis Cron, Assistant Town Manager  
14955 Dale Evans Parkway  
Apple Valley, CA 92307

Dear Dennis,

I viewed the video of the Apple Valley Town Council Meeting of November 18, 2014 and feel compelled to write to you regarding your response to the Council's question regarding efforts of Town staff to request information from Ranchos regarding rate issues. Your response was that for 25 years you have worked with people from Ranchos and Golden State on rate applications and rate filings and you then stated: "If it's information that Ranchos wants us to have, they will share it. If it's not, we get to go to court and demand it."

I am frankly disappointed and mystified by this response.

I have been involved with all Ranchos' applications and filings with the California Public Utilities Commission since 1989. In the earlier years, the Town had limited involvement in these proceedings. You and I though, worked substantially together in 2004 to develop a tariff deviation agreement for irrigation service to James Woody Park to allow the Town to avoid the expense of drilling a well and keep the park on Ranchos' system to benefit customers. In 2010-2011, at your request, we again worked together to develop a tariff deviation for the Apple Valley Golf Course to achieve the same results. In both cases we exchanged information and I provided you all our calculations on the cost-benefit analyses used to determine the tariff deviation rates. Just this July, I and others from Ranchos met with you in response to your questions about the water transfers associated with these agreements to discuss and clarify the procedures for calculating the amounts. I do not remember any instances where you asked for information that I did not provide.

Starting in 2009 the Town, through its attorneys, filed protests to a number of Ranchos' advice letter filings, generally taking issue with the procedures of the CPUC, to which Ranchos provided responses pursuant to CPUC rules. However, I am not aware of any requests from you or anyone else at the Town to meet with Ranchos to discuss, or any requests that Ranchos provide the Town information on, the issues involved with these rate matters.

In the last 25 years, the Town has actively participated in only two General Rate Increase (GRC) applications, the current 2015-217 proceeding and the prior application for years 2012-2014. In the 2012-2014 GRC Ranchos responded to all the Town's data requests including providing our workpapers. Because the Town did not enter into a Non-Disclosure Agreement (NDA) with Ranchos, some sections of the workpapers were redacted as they contained confidential information (employee names, individual customer information, safety-sensitive/system security information, and limited proprietary business information) which is not considered to be public information pursuant to CPUC General Order 66-C.

In the current 2015-217 GRC Ranchos responded to the Town's request for all exhibits and the Minimum Data Requirements (MDR), which was provided on a redacted basis for the same reasons as in the prior GRC,. Ranchos responded fully to Town's Data requests, including requests for certain sections of workpapers. The only exception was with respect to the Town's Data Request Number 3. This data request was overly broad, unduly burdensome and untimely.

Data Request Number 3 was submitted by the Town only eight business days before the start of hearings in the proceeding, notwithstanding the Town being active in the proceeding for the prior five months. The data request was made during the time period during which Ranchos was scheduled to be participating in settlement discussions with the Town and ORA, as well as preparing for hearings. Aside from being untimely, the data request was overly broad. In Data Request Number 3 the Town requested: 1) the full workpapers for Ranchos application, including the sections containing confidential information, and all workpapers on Ranchos' rebuttal testimony; 2) all data requests submitted to Ranchos by ORA; 3) all Ranchos' response to ORA's data requests; 4) all data requests submitted by Ranchos to ORA; 5) all ORA's responses; and 6) all document /correspondence exchanged between Ranchos and its affiliated companies for an unspecified period of time. In essence, this request entailed thousands of pages of documents.

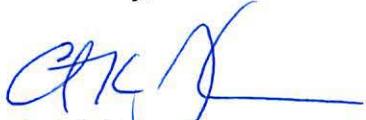
Given the lateness of the Town's request, the shortness of time provided by the Town for Ranchos to respond prior to hearings, other activities required by the proceeding during that timeframe, and the fact that the Town declined to enter into an NDA so that Ranchos would have to review all the requested material for confidential information, Ranchos had no alternative other than to object to the Town's eleventh-hour requests as being unduly burdensome, and in the case of item 6, also overly broad. Ranchos did however make a good faith effort to provide what responses it could in the time available prior to hearings and provided the Town with all workpapers for its rebuttal testimony, a set of redacted workpapers for its application, and copies of all data requests submitted by Ranchos to ORA.

In summary, based on my direct and ongoing experience, over the last 25 years the Town has not been proactive in initiating discussions with, or requesting information from, Ranchos on rate matters, other than in the last two rate case. In every case where Town

requested information from Ranchos on rate matters in a reasonable and timely manner, Ranchos provided that information. In the one instance of the failure of Town's attorneys to request information in a timely fashion so as to allow Ranchos to respond, Ranchos provided information to the best of its ability in the time available.

I cannot see any basis in fact for your statement, or at least strong implication, that Ranchos has refused to share rate -related information with the Town and forced Town to go to court to demand it. That simply has not happened.

Sincerely,



Leigh K. Jordan  
Executive Vice President  
Apple Valley Ranchos Water Company

LKJ/emz

cc: Town Council  
Frank Robinson, Town Manager  
John Brown, Town Attorney