

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



March 11, 2022

Tiffany Thong  
Manager, Rates and Regulatory Affairs  
Liberty Utilities (Apple Valley Ranchos Water) Corp.  
21760 Ottawa Road  
Apple Valley, CA 92308-6533

Dear Ms. Thong,

The Water Division of the California Public Utilities Commission has approved Liberty Utilities' (Apple Valley Ranchos Water) Advice Letter No. 260, filed on December 8, 2021, regarding authorization to establish the 2021 Water Conservation Memorandum Account.

Enclosed are copies of the following revised tariff sheets, effective December 8, 2021, for the utility's files:

<b>P.U.C.</b>	
<b>Sheet No.</b>	<b>Title of Sheet</b>
1154-W	Preliminary Statement, Sheet 26 II. 2021 Water Conservation Memorandum Account
1155-W	Table Of Contents, Sheet 1

Please contact Eustace Ednacot at [ERE@cpuc.ca.gov](mailto:ERE@cpuc.ca.gov) or 415-703-1492, if you have any questions.

Thank you.

Enclosures

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Liberty Utilities (Apple Valley Ranchos Water) Corp.  
9750 Washburn Road  
Downey, CA 90241-7002  
Tel: 562-923-0711  
Fax: 562-861-5902

Advice Letter No. 260-W

December 8, 2021

## **TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Liberty Utilities (Apple Valley Ranchos Water) Corp. (U 3 14-W) (“Liberty Apple Valley”) hereby submits the following revised tariff sheets applicable to water service in its service territory:

### **Purpose**

Liberty Apple Valley is seeking authorization to create and implement the 2021 Water Conservation Memorandum Account (“2021 WCMA”) to track incremental expenses incurred by Liberty Apple Valley to activate Schedule 14.1 mandatory rationing efforts and the implementation of Rule 14.1.

### **Background**

The Governor of the State of California proclaimed a State of Emergency, on April 21, 2021, May 21, 2021, July 8, 2021, and on October 19, 2021, declaring severe drought conditions in all counties in the State of California. These counties include: Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Kern, Kings, Lake, Lassen, Madera, Mariposa, Mendocino, Merced, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, Yuba, Inyo, Marin, Mono, Monterey, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, and Santa Cruz. The October proclamation added the remaining counties of: Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Francisco, and Ventura. Of which now affects the Liberty Apple Valley service area. Now statewide, all counties are experiencing dire and severe drought conditions.

In his Emergency Drought Declaration on October 19, 2021, Governor Newsome cited, “climate change continues to intensify the impacts of droughts on our communities, environment, and economy, and California is in a second consecutive year of dry conditions, resulting in drought in all parts of the State and extreme or exceptional drought in most of the State; and WHEREAS the meteorological summer in California and the rest of the western United States was the hottest on record...”.

The Emergency Drought Declarations obligates water companies to work diligently with state water suppliers to conserve water during this declared drought condition. The following selected Ordering Paragraphs are from the October 19, 2021 Emergency Drought Declaration:

- 1. All agencies of the state government are to utilize and employ state personnel, equipment, and facilities for the performance of any and all activities consistent with the direction of the Governor’s Office of Emergency Services and the State**

**Emergency Plan. Also, to protect their safety, all residents are to obey the direction of emergency officials with regard to this emergency in order to protect their safety.**

**4. Consistent with the policies stated in Water Code Section 1011.5(a), local agencies are encouraged to take actions to coordinate use of their available supplies and to substitute an alternate supply of groundwater from existing groundwater wells for the unused portion of surface water that the local agency is otherwise entitled to use. For actions taken pursuant to this paragraph, the provisions of Chapter 3 (commencing with Section 85225) of Part 3 of Division 35 of the Water Code and regulations adopted pursuant thereto are suspended for any (a) actions taken by state agencies pursuant to this paragraph, (b) actions taken by a local agency where the state agency with primary responsibility for implementing the directive concurs that local action is required, and (c) permits or approvals necessary to carry out actions under (a) or (b). The entities implementing this paragraph shall maintain on their websites a list of all activities or approvals that rely on the suspension of the foregoing Water Code provisions.**

**7. To proactively prevent situations where a community runs out of drinking water, the Water Board, the Department of Water Resources, the Office of Emergency Services, and the Office of Planning and Research shall assist local agencies with identifying acute drinking water shortages in domestic water supplies, and shall work with local agencies in implementing solutions to those water shortages.**<sup>1</sup>

### **Compliance**

Liberty Apple Valley's request in this advice letter is in compliance with the directives in Section 24 of the Commission's Drought Procedures, adopted February 27, 2014 via Resolution No. W-4976. Section 24 states,

*All expenses incurred by utility to activate both Rule 14.1 voluntary conservations and Schedule 14.1 mandatory rationing efforts that have not been considered in a General Rate Case or other proceeding, shall be recoverable by utility if determined to be reasonable by Commission. These monies shall be accumulated by the utility in a separate memorandum account for disposition as directed or authorized from time to time by the Commission.*

Liberty Apple Valley proposes the 2021 WCMA remain in effect until the drought is officially declared over.

### **Preliminary Statement**

Liberty Apple Valley proposes to establish the 2021 Water Conservation Memorandum Account ("2021 WCMA") to track the incremental expenses, incremental conservation education expenses, water conservation material expenses including but not limited to lawn replacement programs, appliance and fixture rebate programs, other Operations and Maintenance ("O&M")

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<sup>1</sup> <https://www.gov.ca.gov/wp-content/uploads/2021/10/10.19.21-Drought-SOE-1.pdf>.

and Administrative and General (“A&G”) expenses, penalties, fines and surcharges from wholesale providers and governing agencies that are unforeseen, unexpected and directly associated with complying and implementing the mandated conservation practices. The costs being addressed here are caused by an event of exceptional nature and are not in existing rates.

**Memorandum Account Justification**

Accordingly, Liberty Apple Valley believes that the Governor’s statewide drought declaration is an event not within Liberty Apple Valley’s control. Liberty Apple Valley does not have control over natural events, such as droughts. Liberty Apple Valley could not have reasonably foreseen this drought declaration in its last general rate case. Liberty Apple Valley believes the amount of money involved is worth the effort of requesting a memorandum account. Liberty Apple Valley believes its actions to comply with the Governor’s Emergency Drought Declaration is in the best interest of its customers.

**Memorandum Account Treatment**

Liberty Apple Valley is conscious that a memorandum account is not a guarantee of eventual recovery of expenses, nor is it carried as a regular account under the Uniform System of Accounts for water utilities. It is carried "off the books", as a memorandum account. Further, it is also known that Commission policy on memorandum account treatment has always been that the burden of proof of the reasonableness of expenses charged to the account is the responsibility of the utility requesting reimbursement of such expenses.

No cost information is required for this advice letter filing.

**Tier Designation**

This advice letter is submitted with a Tier 2 designation.

**Effective Date**

Liberty Apple Valley is requesting that this filing become effective on December 8, 2021.

**Notice and Service**

This advice letter does not seek to increase any rate or charge. Therefore, customer notice is unnecessary. In accordance with General Order 96-B, General Rule 4.3 and 7.2 and Water Industry Rule 4.1, a copy of this advice letter will be mailed or electronically transmitted to Liberty Apple Valley’s Advice Letter service list.

**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 upon 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;
- (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 within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 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 Liberty Apple Valley, addressed to:

Tiffany Thong  
Manager, Rates and Regulatory Affairs  
Liberty Utilities  
9750 Washburn Road  
P. O. Box 7002  
Downey, CA 90241  
Fax: (562) 861-5902  
E-Mail: [AdviceLetterService@libertyutilities.com](mailto:AdviceLetterService@libertyutilities.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 Tiffany Thong at (562) 805-2088.

Very truly yours,

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.

/s/ Tiffany Thong

Tiffany Thong

Manager, Rates and Regulatory Affairs (West Region)

[Tiffany.Thong@libertyutilities.com](mailto:Tiffany.Thong@libertyutilities.com)

TT/aml

cc: Hani Mousa – Cal PA [hani.mousa@cpuc.ca.gov](mailto:hani.mousa@cpuc.ca.gov)  
Public Advocates, [PublicAdvocatesWater@cpuc.ca.gov](mailto:PublicAdvocatesWater@cpuc.ca.gov)

**Cal P.U.C.  
Sheet No.**

**Title of Sheet**

**Cancelling  
Cal P.U.C.  
Sheet No.**

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1154-W      PRELIMINARY STATEMENT  
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1153-W



**PRELIMINARY STATEMENT**

Page 26

II. **2021 Water Conservation Memorandum Account**\_(continued)

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1. Purpose

The purpose of the 2021 Water Conservation Memorandum Account Expense ("2021WCMA") will track the extraordinary expenses and penalties associated with the activation of Schedule 14.1 and the implementation of Rule 14.1. The 2021WCMA is consistent with Commission Resolution 4976 and the Commission's Standard Practice U-40-W, Procedures for Water Conservation, Rationing, and Service Connection Moratoria.

2. Applicability

The 2021WCMA will record Liberty Apple Valley's incremental public relations expenses, incremental conservation expenses, water conservation material expenses including but not limited to lawn replacement programs, appliance and fixture rebate programs, and other Operations and Maintenance ("O&M") and Administrative and General ("A&G") expenses, penalties, fines and surcharges from wholesale providers and governing agencies that are unforeseen and unexpected directly associated with complying and implementing the mandated conservation practices.

3. Monthly Account Entries

The following entries shall be made to the 2021WCMA on a monthly basis:

- a. The recorded incremental costs.
- b. Monthly interest expense calculated at 1/12 of the most recent month's interest rate on the 3-month non-financial Commercial Paper Rate, published in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances. H.15, (<http://www.federalreserve.gov/Releases/H15/NFCP/M3.txt>), or its successor publication (debit or credit).

4. Effective Date

The 2021WCMA shall have an effective date of December 8, 2021.

5. Disposition

Disposition of amounts recorded in the 2021WCMA shall be determined in Liberty Apple Valley's next General Rate Case application, or as otherwise determined by the Commission if the account's cumulative balance exceeds 2% of Liberty Apple Valley's adopted gross revenues.

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**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:

<b><u>Subject Matter of Sheet:</u></b>		<b><u>CPUC Sheet No.</u></b>
Title Page		900-W
Table of Contents		1155-W, 1097-W (T)
Preliminary Statement	845-W, 533-W, 1069-W, 624-W, 914-W, 1104-W, 902-W, 1070-W, 1071-W, 1072-W, 1073-W, 1074-W, 1075-W, 1076-W, 1077-W, 1078-W, 1079-W, 934-W, 1080-W, 994-W, 996-W, 1044-W, 1105-W, 1046-W, 1047-W, 1154-W	(T)
Service Area Map-Apple Valley Ranchos		1131-W
Service Area Map-Yermo		846-W
<b><u>Rate Schedules:</u></b>		
Schedule No. 1	Residential General Metered Service-Apple Valley	1098-W, 1107-W, 1108-W
Schedule No. 1 YE-R	Residential General Metered Service-Yermo	1100-W, 1083-W
Schedule No. 2	Gravity Irrigation Service	1099-W, 1084-W
Schedule No. 3	Non-Residential General Metered Service-Apple Valley	1101-W, 1109-W, 1110-W
Schedule No. 3 YE-NR	Non-Residential General Metered Service-Yermo	1102-W, 1086-W
Schedule No. 4	Non-Metered Fire Services	1103-W, 1087-W
Schedule No. 5	Fire Flow Testing Charge	850-W
Schedule No. LC	Late Payment Charge	1028-W
Schedule 14.1	Water Shortage Contingency Plan	1133-W through 1140-W
Schedule UF	Surcharge to Fund PUC Reimbursement Fee	1031-W
Schedule CAP	Customer Assistance Program	1093-W, 1094-W
Schedule No. CAP-SC	Customer Assistance Program Sur-Charge	1095-W 819-W

**LIST OF CONTRACTS AND DEVIATION:**

<b><u>Rules:</u></b>		
No. 1	Definitions	999-W, 1000-W
No. 2	Description of Service	159-W
No. 3	Application for Service	13-W, 553-W
No. 4	Contracts	361-W
No. 5	Special Information Required on Forms	1022-W, 1023-W, 1001-W, 1002-W
No. 6	Establishment and Re-establishment of Credit	362-W
No. 7	Deposits	711-W, 730-W
No. 8	Notices	1003-W through 1006-W
No. 9	Rendering and Payment of Bills	689-W through 691-W, 1033-W
No. 10	Disputed Bills	1007-W, 1008-W
No. 11	Discontinuance and Restoration of Services	1029-W, 1010-W through 1019-W
No. 12	Information Available to Public	366-W, 367-W
No. 13	Temporary Service	368-W, 369-W
No. 14	Continuity of Service	370-W
No. 14.1	Water Conservation and Rationing Plan	1141-W through 1152-W
No. 15	Main Extensions	386-W through 392-W, 529-W, 1044-W, 1045-W, 564-W, 396-W through 398-W, 983-W, 984-W
No. 16	Service Connections, Meters, and Customer Facilities	399-W through 405-W

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**LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.**

**SERVICE LIST**

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[jhansenjr@email.com](mailto:jhansenjr@email.com)

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14955 Dale Evans Parkway  
Apple Valley, CA 92307  
[dcron@applevalley.org](mailto:dcron@applevalley.org)

Manuel Benitez  
County of San Bernardino  
Special Districts Department  
Water and Sanitation Division  
12402 Industrial Blvd.  
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