

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 22, 2018

Edward N. Jackson
Director, Rates and Regulatory Affairs
Liberty Utilities (Apple Valley Ranchos Water) Corp.
21760 Ottawa Road
Apple Valley, CA 92308-6533

Dear Mr. Jackson,

The Commission has approved Liberty Utilities' (Apple Valley Ranchos Water) Advice Letter No. 228, filed on April 2, 2018, regarding authorization to implement a temporary surcharge to the water rates in Liberty Apple Valley's Service Area of \$0.156 per Ccf for domestic metered customers for a 17- month period.

Enclosed are copies of the following revised tariff sheets for the utility's files:

<u>P.U.C. Sheet No.</u>	<u>Title of Sheet</u>
955-W	Residential General Metered Service, page 2
956-W	Non-Residential General Metered Service, page 2
957-W	Table of Contents, page 1

Please contact Carmen Rocha at 415-703-2162, if you have any questions.

Thank you,

/s/ROBIN BRYANT

Robin Bryant
Water & Sewer Advisory Branch
Division of Water and Audits

Enclosures



Advice Letter No. 228-W

April 2, 2018

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

<u>CPUC Sheet No.</u>	<u>Title of Sheet</u>	<u>Schedule Number</u>	<u>Canceling Sheet No.</u>
955-W	Residential General Metered Service, page 2	Schedule 1	942-W
956-W	Non-Residential General Metered Service, page 2	Schedule 3	945-W
957-W	Table of Contents, page 1		954-W

Summary

This advice letter filing requests authorization to implement a temporary surcharge to the water rates in Liberty Apple Valley's Service Area. Liberty Apple Valley is seeking a temporary surcharge of \$0.156 per Ccf for domestic metered customers for a 17-month period. The surcharge is designed to recover the combined under-collection recorded in the 2017 Water Revenue Adjustment Mechanism (WRAM) Account and the Modified Production Cost Balancing Account (MCBA). Liberty Apple Valley is also seeking recovery of the residual account balances remaining from the 2015 and prior WRAM MCBA surcharges that have expired. Liberty Apple Valley further requests recovery of the under-amortized account balance from the active 2016 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 Liberty Apple Valley 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.

The purpose of the WRAM is to track the difference between adopted and actual commodity rate revenue excluding revenue for fire service, miscellaneous fees, and 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, replenishment assessments (pump tax), and chemicals. The MCBA captures variations in production costs due to either changes in unit price or changes in consumption.

Liberty Apple Valley 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 2016-2017 water year and therefore the leased water rights and make-up assessment balances recorded in the MCBA for calendar year 2017 are estimated. Liberty Apple Valley will true-up the estimated balance of leased water rights and the make-up assessment recorded in the MCBA for calendar year 2017 in a future advice letter filing that requests amortization of the combined balance recorded in the WRAM and MCBA for calendar year 2018.

Liberty Apple Valley filed an information-only report with Water Division on November 30, 2017 detailing the WRAM and MCBA data for nine months ending September 30, 2017. As compared to the information-only report, this filing includes an updated twelve months of WRAM and MCBA data, ending December 31, 2017, with a total net under-collected balance of \$240,837. With interest through February 28, 2018, the total net balance is \$241,499.

As described in Advice Letter 223-W-A, the make-up assessment and the leased water rights balances recorded in the MCBA for calendar year 2016 were estimated. In this advice letter, Liberty Apple Valley proposes to true-up the balances of the leased water rights and make-up expense recorded in the MCBA to the extent possible. The leased water rights expense for the 2016-2017 water year has been finalized and there is no change from the estimated to actual. The make-up assessment expense for 2016-2017 water year is revised to the current estimate. The total

adjustment was an under-collection of \$1,593. With interest through February 28, 2017, the total adjustment was an under-collection of \$4,602.

Liberty Apple Valley filed Advice Letter No. 196-W-A on June 18, 2015 seeking recovery of the combined WRAM and MCBA balance as of December 31, 2014. Advice Letter 196-W-A was approved by the Commission on July 2, 2015 implementing an 18-month surcharge. The surcharge is no longer in effect. With interest through February 28, 2018, the total remaining under-collection or residual balance is \$566,200.

Liberty Apple Valley filed Advice Letter No. 217-W on March 31, 2016 seeking recovery of the combined WRAM and MCBA balance as of December 31, 2015. Advice Letter 217-W was approved by the Commission on May 18, 2016 implementing a 12-month surcharge. The surcharge is no longer in effect. With interest through February 28, 2018, the total remaining under-collection or residual balance is \$5,158.

In addition to the net WRAM and MCBA balance for calendar year 2017 and the residual balance from the expired surcharge described above, Liberty Apple Valley proposes to include the under-amortized balance, as of February 28, 2018 from the active surcharge for 2016 WRAM/MCBA that are ongoing. Because the actual sales were lower than the adopted sales assumed for the surcharge calculation, Liberty Apple Valley did not recover the regulatory account balance as intended and authorized the Commission. Therefore, pursuant to the procedure authorized in D.12-04-048 (Section 3.7 Treatment for Under-Amortized or Over-Amortized) Liberty Apple Valley is requesting to include with this filing the under-amortized balance for the active WRAM/MCBA surcharge of \$14,248.

Liberty Apple Valley proposes to combine the above balances for a total under-collection of \$831,708. Liberty Apple Valley is therefore requesting recovery of \$831,708 or 3.45% of its 2017 adopted revenue requirements for the domestic system. To minimize the impact on customers, Liberty Apple Valley proposes to recover the under-collection through a 17-month surcharge of \$0.156 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, Liberty Apple Valley requests this filing become effective May 1, 2018.

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 April 2, 2018 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. Liberty Apple Valley 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. When submitting a response or protest, please include the utility name and advice letter number in the subject line. 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 Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit
Water Division, 3rd floor
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
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 N. Jackson
Director, Rates and Regulatory Affairs
Liberty Utilities (California)
9750 Washburn Road
P. O. Box 7002
Downey, CA 90241
Fax: (562) 861-5902
E-Mail: Edward.Jackson@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 Edward Jackson at (562) 923-0711, extension 1212.

Very truly yours,

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.

/s/ Edward N. Jackson
EDWARD N. JACKSON
Director, Rates and Regulatory Affairs
Liberty Utilities (California)
9750 Washburn Road
Downey, CA 90241
Fax: (562) 861-5902
E-Mail: Edward.Jackson@LibertyUtilities.com

ENJ:ssf

Enclosures

SCHEDULE NO. 1
RESIDENTIAL GENERAL METERED SERVICE

(Continued)

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| 11. | As authorized by the California Public Utilities Commission, an amount of \$0.430 per Ccf is to be added to the quantity rate for a period of 21.5 months, beginning on the effective date of Advice Letter 216-W-A. This surcharge will recover the under-collection in the Interim Rates Memorandum account as of November 23, 2015. | (D)

(D) |
| | | D |
| 13. | As authorized by the California Public Utilities Commission, an amount of \$0.065 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 223-W-A. This surcharge will recover the under-collection in the WRAM and MCBA as of December 31, 2016. | |
| 14. | As authorized by the California Public Utilities Commission, an amount of \$0.156 per Ccf is to be added to the quantity rate for a period of 17 months, beginning on the effective date of Advice Letter 228-W. This surcharge will recover the under-collection in the WRAM and MCBA as of December 31, 2017. | (I)

(I) |

(To be inserted by utility)

Advice Letter No. 228-W
 Decision No. D.12-04-048

Issued By

Gregory S. Sorensen
Name
President
Title

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

Date Filed 04/02/2018
 Effective 05/22/2018
 Resolution No. _____

SCHEDULE NO. 3
NON-RESIDENTIAL GENERAL METERED SERVICE

(Continued)

11. As authorized by the California Public Utilities Commission, an amount of \$0.430 per Ccf is to be added to the quantity rate for a period of 21.5 months, beginning on the effective date of Advice Letter 216-W-A. This surcharge will recover the under-collection in the Interim Rates Memorandum Account as of November 23, 2015. (D) | (D)
13. As authorized by the California Public Utilities Commission, an amount of \$0.065 per CcF is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 228-W. This surcharge will recover the under-collection in the WRAM and MCBA as of December 31, 2016. (D)
14. As authorized by the California Public Utilities Commission, an amount of \$0.156 per CcF is to be added to the quantity rate for a period of 17 months, beginning on the effective date of Advice Letter 228-W. This surcharge will recover the under-collection in the WRAM and MCBA as of December 31, 2017. (I) | (I)

(To be inserted by utility)

Advice Letter No. 228-W

Decision No. D.12-04-048

Issued By

Gregory S. Sorensen
Name

President
Title

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

Date Filed 04/02/2018
Effective 05/22/2018

Resolution No. _____

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(continued)

(To be inserted by utility)

Advice No. 228-W

Issued By

GREGORY S. SORENSEN

Name

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

Date Filed 04/02/2018

Effective 05/22/2018

Decision No. _____

PRESIDENT

Title

Resolution No. _____

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.
ADVICE LETTER 228-W
SERVICE LIST

Jim Hansen
Navajo Mutual Water Company
P. O. Box 392
Apple Valley, CA 92307
jhansenjr@email.com

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14955 Dale Evans Parkway
Apple Valley, CA 92307
dcron@applevalley.org

County of San Bernardino
Special Districts Department
Water and Sanitation Division
12402 Industrial Blvd.
Bldg. D, Ste. 6
Victorville, CA 92392
Customerservice@sdd.sbcounty.gov

California Public Utilities Commission
Attention Ting-Pong Yuen
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ting-pong.yuen@cpuc.ca.gov

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