

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



January 24, 2018

Edward N. Jackson  
Director of Revenue Requirements  
Liberty Utilities (Apple Valley Ranchos Water) Corp.  
PO Box 7005  
Apple Valley, CA 92307

Dear Mr. Jackson,

The Commission has approved Liberty Utilities (Apple Valley Ranchos Water) Corp.'s Advice Letter No. 227-W, filed on December 29, 2017 regarding authorization to create and implement the Tax Cuts and Jobs Act Memorandum Account (TCJA) to track the impact on the Commission-jurisdictional revenue requirement caused by changes from the 2018 Federal Tax Law.

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

<b><u>P.U.C. Sheet No.</u></b>	<b><u>Title of Sheet</u></b>
953-W	Preliminary Statement
954-W	Table of Contents

Please contact Jim Boothe at 415-703-1748, 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. 227-W

December 29, 2017

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Calif. P.U.C. Sheet No.	Title of Sheet	Canceling Sheet No.
953-W	Preliminary Statement	Original
954-W	Table of Contents	952-W

**Purpose**

Liberty Apple Valley is seeking authorization to create and implement the Tax Cuts and Job Acts Memorandum Account ("TCJA") to track the impact on Commission-jurisdictional revenue requirement caused by changes in the business tax rate and other potential tax code changes from the 2018 Federal Tax Law.

**Background and Discussion**

The 2018 Federal Tax Law (2018 Tax Cuts and Jobs Act) reduces the federal tax rate for businesses from 35% to 21% for the tax year beginning January 1, 2018. Existing authorized utility rates for water and sewer service are based on the current federal tax rate of 35%. In its correspondence dated December 22, 2017 to all Class A and B Water and Sewer utilities, Water Division directed all Class A and B water and sewer utilities to file Tier 1 advice letters to establish and add a 2018 Tax Accounting Memorandum Account to their respective preliminary statements.

In accordance with this directive, Liberty Apple Valley proposes to revise its Preliminary Statement to include the Tax Cuts and Job Acts Memorandum Account ("TCJA"). The TCJA should be amortized and closed as part of the next general rate adjustment where the authorized federal tax expense can be adjusted to reflect changes in the federal tax rate for businesses in prospective water rates.

No cost information is required for this advice letter filing.

**Tier Designation**

This advice letter is submitted with Tier 1 Designation.

**Effective Date**

Apple Valley Ranchos Water requests this filing become effective January 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 December 28, 2017 to competing and adjacent utilities and other utilities or interested parties having requested such notification.

**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 relitigating 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, Division of Water and Audits, 3<sup>rd</sup> floor  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
E-Mail: [Water\\_divison@cpuc.ca.gov](mailto:Water_divison@cpuc.ca.gov)

On the same date, the response or protest is submitted to the Division of Water and Audits, 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: [DLCADowneyRegulatoryAffairs@libertyutilities.com](mailto:DLCADowneyRegulatoryAffairs@libertyutilities.com)

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division 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 this person at (562) 923-0711, ext. 1212.

A list of adjacent utilities, either public or privately owned, and other interested parties that have been furnished a copy of this advice letter, is attached.

Very truly yours,

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.

/s/ Edward N. Jackson

EDWARD N. JACKSON  
Liberty Utilities (California)  
Director, Rates and Regulatory Affairs  
9750 Washburn Road  
Downey, CA 90241  
562.923.0711, ext. 1212  
[Edward.Jackson@libertyutilities.com](mailto:Edward.Jackson@libertyutilities.com)

ENJ/ssf

**PRELIMINARY STATEMENT**

(Continued)

**DD. Tax Cuts and Jobs Act ("TCJA") Memorandum Account**

(N)

1. **Purpose:** The purpose of the TCJA Memorandum Account (Memo Account) is to track on a CPUC-jurisdictional revenue requirement basis the impacts of the TCJA not otherwise reflected in rates from January 1, 2018 until the effective date of the revenue requirement changes in the Utility's next General Rate Case (Memo Account Period).
2. **General Information.** The Utility shall record in this Memo Account realized increases or decreases in its CPUC-jurisdictional revenue requirement resulting from the TCJA. The Memo Account shall be used in determining whether any rate adjustment is necessary to reflect impacts of the TCJA during the Memo Account Period.
3. **Memo Account Entries.** The entries in the Memo Account may include the following:
  - a. Realized decreases in revenue requirement resulting from the TCJA during the Memo Account Period.
  - b. Realized increases in revenue requirement resulting from the TCJA during the Memo Account Period.
  - c. Balances in the Memo Account will accrue interest at the 90-day commercial paper rate.
4. **Disposition of Memo Account Balance.** In the Utility's next General Rate Case, or at such other time as ordered by the CPUC, the balance in the Memo Account shall be addressed and rates shall be adjusted accordingly, as appropriate.

(N)

(To be inserted by Utility)

Issued By

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

Advice No. 227-W

GREGORY S. SORENSEN

Date Filed 12-29-2017

Dec. No. \_\_\_\_\_

PRESIDENT

Effective 1-1-2018

Resolution No. \_\_\_\_\_

**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>
Title Page	900-W
Table of Contents	954-W, 949-W (T)
Preliminary Statement	845-W, 533-W, 670-W, 624-W, 914-W, 923-W, 902-W, 671-W, 892-W, 718-W, 719-W, 904-W, 905-W, 906-W, 776-W, 789-W, 888-W, 907-W, 934-W, 953-W (T)
Service Area Map-Apple Valley Ranchos	653-W
Service Area Map-Yermo	846-W

**Rate Schedules:**

Schedule No. 1	Residential General Metered Service-Apple Valley	941-W, 942-W
Schedule No. 1	Residential General Metered Service-Yermo	929-W
Schedule No. 2	Gravity Irrigation Service	925-W, 943-W
Schedule No. 3	Non-Residential General Metered Service-Apple Valley	944-W, 945-W
Schedule No. 3	Non-Residential General Metered Service-Yermo	930-W
Schedule No. 4	Non-Metered Fire Service	927-W, 946-W
Schedule No. 5	Fire Flow Testing Charge	850-W
Schedule No. LC	Late Payment Charge	460-W
Schedule 14.1	Water Shortage Contingency Plan	804-W Through 810-W
Schedule UF	Surcharge to Fund PUC Reimbursement Fee	951-W
Schedule CARW	California Alternative Rates for Water	861-W, 527-W
Schedule No. CARW-SC	California Alternative Rates for Water Sur-Charge	862-W

**LIST OF CONTRACTS AND DEVIATIONS:**

**Rules:**

No. 1	Definitions	234-W, 235-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	423-W thru 425-W
No. 6	Establishment and Re-establishment of Credit	362-W
No. 7	Deposits	711-W, 730-W
No. 8	Notices	760-W, 427-W
No. 9	Rendering and Payment of Bills	689-W Through 692-W
No. 10	Disputed Bills	240-W, 241-W
No. 11	Discontinuance and Restoration of Service	428-W thru 433-W, 713-W, 435-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	831-W through 842-W
No. 15	Main Extensions	386-W thru 392-W, 529-W, 714-W, 715-W, 564-W 396-W thru 398-W
No. 16	Service Connections, Meters, and Customer Facilities	399-W thru 405-W

(continued)

(To be inserted by utility)

Issued By:

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

Advice No. 227-W

GREGORY S. SORENSEN

Date Filed

12-29-2017

Dec. No.

Name  
PRESIDENT

Effective

1-1-2018

Title

Resolution No.

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.  
ADVICE LETTER 227-W  
SERVICE LIST

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Navajo Mutual Water Company  
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Apple Valley, CA 92307  
[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.  
Bldg. D, Ste. 6  
Victorville, CA 92392

California Public Utilities Commission  
Attention Ting-Pong Yuen  
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505 Van Ness Avenue  
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[tpy@cpuc.ca.gov](mailto:tpy@cpuc.ca.gov)

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