CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS

Advice Letter Cover Sheet

Utility Name:	Liberty Utilities (Apple Valley Ranchos Water) Corp.	**Date Mailed to Service List:**	October 21, 2026
District:	N/A		
CPUC Utility #:	U 346-W	**Protest Deadline (20th Day):**	November 10, 2026
Advice Letter #:	294-W	**Review Deadline (30th Day):**	November 20, 2026
Tier	☒1 ☐2 ☐3 ☒ Compliance	**Requested Effective Date:**	December 1, 2026
Authorization	D.26-05-032/D.26-08-012	**Rate Impact:**	$394,769 or 1.33% ($239,129) or (0.82%)
Description:	The purpose for this advice letter is to seek authorization to amortize balancing and memorandum accounts as authorized by the Commission in Ordering Paragraph Nos. 7 and 8 of D.26-05-032.		

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact:	Tiffany Thong	**Utility Contact:**	AnnMarie Sanchez
Phone:	562.923.0711	**Phone:**	562.923.0711
Email:	Tiffany.Thong@libertyutilities.com	**Email:**	AnnMarie.Sanchez@Libertyutilities.com
DWA Contact:	Tariff Unit		
Phone:	(415) 703-1133		
Email:	Water.Division@cpuc.ca.gov		

DWA USE ONLY

DATE	STAFF	COMMENTS

[ ] APPROVED **[ ] WITHDRAWN** **[ ] REJECTED**

Signature: _____ **Comments:** _____

Date: _____

Liberty Utilities (Apple Valley Ranchos Water) Corp.
21760 Ottawa Road
Apple Valley, CA 92308-6533
Tel: 760-247-6484
Fax: 760-247-1654

Advice Letter No. 294-W

October 21, 2026

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 attached revised tariff sheets applicable to water service in its service territory.

Summary

This request is made pursuant to Ordering Paragraph Nos. 7 and 8 of D.26-05-032, issued May 15, 2026, as revised by D.26-08-012, issued August 21, 2026. The purpose of this advice letter is to amortize the balancing and memorandum accounts as approved in these decisions.

Liberty Apple Valley seeks Commission approval of the over-collected balance recorded in the Water Rate Adjustment Mechanism ("WRAM") balancing account and Modified Cost Balancing Account (MCBA). Liberty Apple Valley proposes that the disposition of these accounts be amortized through a one-time surcredit.

Liberty Apple Valley requests approval of the over-collected balance recorded in the Conservation Expense One-Way Balancing Account ("CEOWBA") through December 31, 2023. Liberty Apple Valley proposes that the disposition of this account be amortized through a one-time surcredit.

Liberty Apple Valley requests approval of the over-collected balance recorded in the Consolidated Expense Balancing Account ("CEBA") through December 31, 2023. Liberty Apple Valley proposes to amortize balance through a one-time surcredit.

Liberty Apple Valley requests approval of the over-collected balance recorded in the Tax Cuts and Jobs Act ("TCJA") memorandum account through December 31, 2023. Liberty Apple Valley proposes that the disposition of this account be amortized through a one-time surcredit.

Liberty Apple Valley requests approval of the over-collected balance recorded in the Employee Retiree Healthcare Balancing Account ("ERHBA") through December 31, 2023. Liberty Apple Valley proposes that the disposition of this account be amortized through a one-time surcredit.

Liberty Apple Valley proposes a 12-month temporary surcharge to amortize the under-collected balance recorded in the Catastrophic Event Memorandum Account ("CEMA") as of December 31, 2023.

Liberty Apple Valley proposes a 36-month temporary surcharge to amortize the under-collected balance recorded in the Incremental Cost Balancing Account ("ICBA") for the gravity system as of December 31, 2023.

Liberty Apple Valley proposes to update the Preliminary Statement to reflect the closing of the various balancing and memorandum accounts. Deletion of these accounts from the Preliminary Statement will not prevent the amortization of the total balance recorded in the accounts including any residual balance that may remain after completion of the surcharge and surcredit proposed by this advice letter.

Liberty Apple Valley proposes to update the special conditions for Schedule No. 1, Residential General Metered Service, Schedule No. 2, Gravity Irrigation Service, Schedule No. 3, Non-Residential General Metered Service, and Schedule No. 4, Non-Metered Fire Service, and delete the special conditions no longer in effect.

Background and Discussion

Ordering Paragraph Nos. 7 and 8 of D.26.05.032 states the following:

7. *Treatment of Liberty Utilities (Apple Valley Ranchos Water) Corp.'s balancing and memorandum accounts is approved as set forth in this decision:*
   - b. *Apple Valley Ranchos is authorized to refund the over-collected balance in its Water Rate Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) and close that account.*
   - d. *Apple Valley Ranchos is authorized to transfer balances in its Conservation Expense One-Way Balancing Accounts (CEOWBA) to its Consolidated Expense Balancing accounts (CEBA) and then close those accounts.*
   - e. *Apple Valley Ranchos is authorized to recover the recorded balances in its Catastrophic Event Memorandum Accounts through December 31, 2023.*
   - f. *Apple Valley Ranchos is authorized to recover or refund recorded balances in their respective CEBAs through December 31, 2023.*
   - g. *Apple Valley Ranchos is authorized to transfer recorded balances in its Tax Cuts and Jobs Act Memorandum Accounts to its CEBAs through December 31, 2023.*
   - h. *Apple Valley Ranchos is authorized to transfer recorded balance in its Employee and Retiree Healthcare Balancing Account (ERHBA) to its CEBA through December 31, 2023.*
8. *Apple Valley Ranchos is authorized to recover or refund the recorded balance in its ICBA Irrigation through December 31, 2023.*

Proposed Surcredit

Consolidated Expense Balancing Account

Pursuant to Ordering Paragraph Nos. 7.d, 7.f, 7.g, and 7.h of D.26-05-032, the balancing and memorandum accounts shown in Table 1 are authorized for transfer to the Consolidated Expense Balancing Account (CEBA). This will consolidate the amortization of the Commission approved balances in these balancing and memorandum accounts.

Table 1. Authorized Balancing and Memorandum Accounts (Over-Collected)

Account Description	12/31/2023 Balance
Conservation Expense One-Way Balancing Account (CEOWBA)	$9,363
Consolidated Expense Balancing Account (CEBA)	$88,961
Tax Cuts and Jobs Act (TCJA) Memorandum Account	$12,197
Employee and Retiree Healthcare Balancing Account (ERHBA)	$932
Total	$111,453

The total balance of the balancing and memorandum accounts as of December 31, 2023, was an over-collected balance of $111,453. With interest through August 31, 2026, the total over-collected balance was $125,211.

Water Revenue Adjustment Mechanism/Modified Cost Balancing Account
Pursuant to Ordering Paragraph 7.b. of D.26-05-032, Liberty Apple Valley is authorized to refund the over-collected balance in the Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) and close these accounts.

The balance recorded in the WRAM and MCBA through August 31, 2026, was an over-collected balance of $113,917.

The combined total of the CEBA and WRAM and MCBA is an over-collected balance of ($239,129) or (0.82%) of Liberty Apple Valley's 2026 authorized revenue requirement.

To refund the CEBA and WRAM and MCBA, Liberty Apple Valley proposes a one-time surcredit to the service charge applicable for Schedule No. 1, Residential Metered Service and Schedule No. 3, Non-Residential Metered Service.

The surcredit refunded to customers will be applied first to the WRAM and MCBA to eliminate the remaining net over-collected balance in those terminated accounts, with any remaining balance applied to the CEBA, which remains an active balancing account.

Proposed Surcharges

Catastrophic Event Memorandum Account
Pursuant to Ordering Paragraph 7.e of D.26-05-032, Liberty Apple Valley is authorized to recover the recorded balance in the Catastrophic Event Memorandum Account (CEMA), which reflects expenses incurred as a result of the COVID-19 pandemic through December 31, 2023.

The balance authorized to recover in the CEMA as of December 31, 2023, was an under-collection of $65,335. With interest through August 31, 2026, the total under-collected balance was $73,400. The under-collection generates an increase in additional uncollectible and franchise expense of $1,072, resulted in a total balance of $74,473.

To amortize the CEMA, Liberty Apple Valley proposes a 12-month surcharge of $0.019 per Ccf for Schedule No. 1, Residential Metered Service and Schedule No. 3, Non-Residential Metered Service.

Incremental Cost Balancing Account (Irrigation System)
Pursuant to Ordering Paragraph 8 of D.26-05-032, Liberty Apple Valley is authorized to recover the recorded balance in the Incremental Cost Balancing Account (ICBA) through December 31, 2023.

The balance authorized to recover in the ICBA was an under-collection of $285,102. With interest through August 31, 2026, the total under-collected balance was $320,297.

To amortize the ICBA, Liberty Apple Valley proposes a 36-month surcharge of $0.207 per Ccf for Schedule No. 2, Gravity Irrigation Service.

The combined total of the CEMA and ICBA is an under-collection balance of $394,769 or 1.33% of Liberty Apple Valley's 2026 authorized revenue requirement.

Update to Preliminary Statement
Liberty Apple Valley proposes to update the Preliminary Statement to reflect the termination of the balancing and memorandum accounts. The following balancing and memorandum accounts are no longer active and therefore should be deleted from the Preliminary Statement.

Table 2: Terminated Balancing and Memorandum Accounts

I. Water Revenue Adjustment Mechanism/Modified Cost Balancing Account (WRAM/MCBA)
DD. Tax Cuts and Jobs Act (TCJA) Memorandum Account
HH. Conservation Expense One-Way Balancing Account

Update to Special Conditions
Liberty Apple Valley proposes to delete Special Condition Nos. 21 through 26 in Schedule No. 1 and Schedule No. 3, Special Condition Nos. 7 and 8 in Schedule No. 2, and Special Condition Nos. 20 and 21 in Schedule No. 4. These special conditions have expired and are no longer in effect and therefore should be deleted.

The Commission Staff has been provided with workpapers showing the interest calculations. The calculations of the surcharge and surcredit are included in the workpapers.

Tier Designation
Pursuant to Water Industry Rule 7.3.1(1) of General Order 96-B and D.26-05-032, this advice letter is submitted with 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 December 1, 2026.

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 October 21, 2026 to competing and adjacent utilities and other utilities or interested parties having requested such notification.

Customer notification of this rate increase was previously accomplished in A.24-01-002, et al. as required by Rule No. 3.2 of the Commission's Rules of Practice and Procedure. Additional public notice of this filing is not required.

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 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:

Tiffany Thong
Manager, Rates and Regulatory Affairs
Liberty Utilities (Park Water) Corp.
9750 Washburn Road
P. O. Box 7002
Downey, CA 90241
Fax: (562) 861-5902
E-Mail: Tiffany.Thong@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 Tiffany Thong at Tiffany.Thong@libertyutilities.com.

Very truly yours,

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.

/s/ Tiffany Thong
TIFFANY THONG
Manager, Rates and Regulatory Affairs

TT/as

Attachments

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
1300-W	SCHEDULE NO. 1 RESIDENTIAL GENERAL METERED SERVICE Sheet 2	1217-W
1301-W	SCHEDULE NO. 1 RESIDENTIAL GENERAL METERED SERVICE Sheet 3	1218-W
1302-W	SCHEDULE NO. 1 RESIDENTIAL GENERAL METERED SERVICE Sheet 4	1272-W
1303-W	SCHEDULE NO. 2 GRAVITY IRRIGATION SERVICE Sheet 2	1220-W
1304-W	SCHEDULE NO. 3 NON-RESIDENTIAL GENERAL METERED SERVICE Sheet 2	1221-W
1305-W	SCHEDULE NO. 3 NON-RESIDENTIAL GENERAL METERED SERVICE Sheet 3	1222-W
1306-W	SCHEDULE NO. 3 NON-RESIDENTIAL GENERAL METERED SERVICE Sheet 4	1223-W
1307-W	SCHEDULE NO. 4 NON-METERED FIRE SERVICE Sheet 2	1224-W
1308-W	SCHEDULE NO. 4 NON-METERED FIRE SERVICE Sheet 3	1225-W
1309-W	PRELIMINARY STATEMENT Sheet 4	624-W
1310-W	PRELIMINARY STATEMENT Sheet 5	914-W
1311-W	PRELIMINARY STATEMENT Sheet 6	1104-W
1312-W	PRELIMINARY STATEMENT Sheet 20	994-W
1313-W	PRELIMINARY STATEMENT Sheet 24	1046-W
1314-W	TABLE OF CONTENTS Sheet 1	1299-W

RESIDENTIAL GENERAL METERED SERVICE

(D)

21. As authorized by the California Public Utilities Commission, an amount of $0.224 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 257-W. This surcharge will recover the under-collection in the WRAM and MCBA as of December 31, 2019. **(L)(D)**

24. As authorized by the California Public Utilities Commission, an amount of $0.235 per Ccf is to be added to the quantity rate for a period of 24 months, beginning on the effective date of Advice Letter 274-W. This surcharge will recover the under-collection in the Interim Rates Memorandum Account as of April 30, 2023.

25. As authorized by the California Public Utilities Commission, a one-time surcredit is to be added to the Customer's bill beginning on the effective date of Advice Letter 275-W-A. This surcredit is to refund the over collection in the Conservation Expense One-Way Balancing Account (CEOWBA) as of June 30, 2022.

    The table shows the surcredit for each meter size.

Meter Size	One-Time Surcredit
5/8"	$ 11.20
¾"	$ 16.80
1"	$ 28.00
1 ½"	$ 56.00
2"	$ 89.60
3"	$ 168.00
4"	$ 280.00
6"	$ 560.00
8"	$ 896.00
10"	$1,288.00

26. As authorized by the California Public Utilities Commission, a one-time surcredit is to be added to the Customer's bill beginning on the effective date of Advice Letter 275-W-A. This surcredit is to refund the over collection in the Tax Cuts and Jobs Act Memorandum Account as of June 30, 2022.

    The table below shows the surcredit for each meter size. **(L)(D)**

SCHEDULE NO. 1 Page 3

RESIDENTIAL GENERAL METERED SERVICE

(D)

Meter Size	One-Time Surcredit
5/8”	$ 13.35
¾”	$ 20.03
1”	$ 33.38
1 ½”	$ 66.75
2”	$ 106.80
3”	$ 200.25
4”	$ 333.75
6”	$ 667.50
8”	$1,068.00
10”	$1,535.25

(D)(L)

(D)

4. As authorized by the California Public Utilities Commission, an amount of $0.190 per Ccf is to be added to the quantity rate for a period of 36 months, beginning on the effective date of Advice Letter 275-W-A. This surcharge will recover the under-collection in the Pension Expense Balancing Account as of December 31, 2021. (T)

5. As authorized by the California Public Utilities Commission, an amount of $5.599 per Ccf is to be added to the quantity rate for a period of 36 months, beginning on the effective date of Advice Letter 275-W-A. This surcharge will recover the under-collection in the Yermo Water Revenue Balancing Account as of June 30, 2022. This surcharge is only applicable to Yermo customers. (T)

6. As authorized by the California Public Utilities Commission, an amount of $0.323 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 287-W. This surcharge will recover the under-collection in the Monterey Water Revenue Adjustment Mechanism Balancing Account as of June 30, 2025. (T)

(L)

7. As authorized by the California Public Utilities Commission, an amount of $0.019 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 294-W. This surcharge will recover the under-collection in the CEMA as of December 31, 2023. (N)

8. As authorized by the California Public Utilities Commission, a one-time surcredit is to be added to the Customer's bill beginning on the effective date of Advice Letter 294-W. This surcredit is to refund the over collection in the CEBA and WRAM/MCBA as of December 31, 2023. (N)

SCHEDULE NO. 1

RESIDENTIAL GENERAL METERED SERVICE

Meter Size	One-Time Surcredit
5/8”	$ 8.80
¾”	$ 13.20
1”	$ 22.00
1 ½”	$ 44.00
2”	$ 70.40
3”	$ 132.00
4”	$ 220.00
6”	$ 440.00
8”	$ 704.00
10”	$1,012.00

(N)

(N)

SCHEDULE NO. 2 Page 2

GRAVITY IRRIGATION SERVICE

(D)

7. As authorized by the California Public Utilities Commission, an amount of $0.088 per Ccf is to be added to the quantity rate for a period of 24 months, beginning on the effective date of Advice Letter 274-W. This surcharge will recover the under-collection in the Interim Rates Memorandum Account as of April 30, 2023. (D)

8. As authorized by the California Public Utilities Commission, a one-time surcredit is to be added to the Customer's bill beginning on the effective date of Advice Letter 275-W-A. This surcredit is to refund the over collection in the Tax Cuts and Jobs Act Memorandum Account as of June 30, 2022.

   The table below shows the surcredit for each meter size.

Meter Size	One-Time Surcredit
5/8"	$ 13.35
¾"	$ 20.03
1"	$ 33.38
1 ½"	$ 66.75
2"	$ 106.80
3"	$ 200.25
4"	$ 333.75
6"	$ 667.50
8"	$1,068.00
10"	$1,535.25

(D)

5. As authorized by the California Public Utilities Commission, an amount of $0.190 per Ccf is to be added to the quantity rate for a period of 36 months, beginning on the effective date of Advice Letter 275-W-A. This surcharge will recover the under-collection in the Pension Expense Balancing Account as of December 31, 2021. (T)

6. As authorized by the California Public Utilities Commission, an amount of $0.207 per Ccf is to be added to the quantity rate for a period of 36 months, beginning on the effective date of Advice Letter 294-W. This surcharge will recover the under-collection in the ICBA (Irrigation) as of December 31, 2023. (N) (N)

SCHEDULE NO. 3

NON-RESIDENTIAL GENERAL METERED SERVICE

(D)

21. As authorized by the California Public Utilities Commission, an amount of $0.224 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 257-W. This surcharge will recover the under-collection in the WRAM and MCBA as of December 31, 2019. **(D)(L)**

24. As authorized by the California Public Utilities Commission, an amount of $0.235 per Ccf is to be added to the quantity rate for a period of 24 months, beginning on the effective date of Advice Letter 274-W. This surcharge will recover the under-collection in the Interim Rates Memorandum Account as of April 30, 2023.

25. As authorized by the California Public Utilities Commission, a one-time surcredit is to be added to the Customer's bill beginning on the effective date of Advice Letter 275-W-A. This surcredit is to refund the over collection in the Conservation Expense One-Way Balancing Account (CEOWBA) as of June 30, 2022.

    The table shows the surcredit for each meter size.

Meter Size	One-Time Surcredit
5/8"	$ 11.20
¾"	$ 16.80
1"	$ 28.00
1 ½"	$ 56.00
2"	$ 89.60
3"	$ 168.00
4"	$ 280.00
6"	$ 560.00
8"	$ 896.00
10"	$1,288.00

26. As authorized by the California Public Utilities Commission, a one-time surcredit is to be added to the Customer's bill beginning on the effective date of Advice Letter 275-W-A. This surcredit is to refund the over collection in the Tax cuts and Jobs Act Memorandum Account as of June 30, 2022.

    The table below shows the surcredit for each meter size. **(D)(L)**

(Continued)

SCHEDULE NO. 3 Page 3

NON-RESIDENTIAL GENERAL METERED SERVICE

(D)

Meter Size	One-Time Surcredit
5/8”	$ 13.35
¾”	$ 20.03
1”	$ 33.38
1 ½”	$ 66.75
2”	$ 106.80
3”	$ 200.25
4”	$ 333.75
6”	$ 667.50
8”	$1,068.00
10”	$1,535.25

(D)(L)

(D)

4. As authorized by the California Public Utilities Commission, an amount of $0.190 per Ccf is to be added to the quantity rate for a period of 36 months, beginning on the effective date of Advice Letter 275-W-A. This surcharge will recover the under-collection in the Pension Expense Balancing Account as of December 31, 2021. (T)

5. As authorized by the California Public Utilities Commission, an amount of $5.599 per Ccf is to be added to the quantity rate for a period of 36 months, beginning on the effective date of Advice Letter 275-W-A. This surcharge will recover the under-collection in the Yermo Water Revenue Balancing Account as of June 30, 2022. This surcharge is only applicable to Yermo customers. (T) (L)

6. As authorized by the California Public Utilities Commission, an amount of $0.019 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 294-W. This surcharge will recover the under-collection in the CEMA as of December 31, 2023. (N)

7. As authorized by the California Public Utilities Commission, a one-time surcredit is to be added to the Customer's bill beginning on the effective date of Advice Letter 294-W. This surcredit is to refund the over collection in the CEBA and WRAM/MCBA as of December 31, 2023. (N)

SCHEDULE NO. 3

NON-RESIDENTIAL GENERAL METERED SERVICE

Meter Size	One-Time Surcredit
5/8”	$ 8.80
¾”	$ 13.20
1”	$ 22.00
1 ½”	$ 44.00
2”	$ 70.40
3”	$ 132.00
4”	$ 220.00
6”	$ 440.00
8”	$ 704.00
10”	$1,012.00

(N)

(N)

SCHEDULE NO. 4 Page 2

NON-METERED FIRE SERVICE

6. Any unauthorized use of water, other than for fire extinguishing purposes shall be charged for at the regular established rate as set forth under Schedule No. 3, Non-Residential General Metered Service, and/or may be the grounds for the immediate disconnection of the service without liability to the Company.

7. A late charge will be imposed per Schedule No. LC.

8. All bills subject to the reimbursement fee set forth on Schedule No. UF.

(D)

(D)

20. As authorized by the California Public Utilities Commission, an amount of $0.235 per Ccf is to be added to the quantity rate for a period of 24 months, beginning on the effective date of Advice Letter 274-W. This surcharge will recover the under-collection in the Interim Rates Memorandum Account as of April 30, 2023.

21. As authorized by the California Public Utilities Commission, a one-time surcredit is to be added to the Customer's bill beginning on the effective date of Advice Letter 275-W-A. This surcredit is to refund the over collection in the Tax Cuts and Jobs Act Memorandum Account as of June 30, 2022.

    The table below shows the surcredit for each meter size.

Meter Size	One-Time Surcredit
2"	$ 14.95
3"	$ 28.04
4"	$ 46.73
6"	$ 93.45
8"	$149.52
10"	$214.94
12"	$214.94

(L)

(D)

9. As authorized by the California Public Utilities Commission, an amount of $0.190 per Ccf is to be added to the quantity rate for a period of 36 months, beginning on the effective date of Advice Letter 275-W-A. This surcharge will recover the under-collection in the Pension Expense Balancing Account as of December 31, 2021.

10. As authorized by the California Public Utilities Commission, an amount of $5.599 per Ccf is to be added to the quantity rate for a period of 36 months, beginning on the effective date of Advice Letter 275-W-A. This surcharge will recover the under-collection in the Yermo Water Revenue Balancing Account as of June 30, 2022. This surcharge is only applicable to Yermo customers.

(L)

SCHEDULE NO. 4

NON-METERED FIRE SERVICE

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PRELIMINARY STATEMENT Page 4

I. WATER REVENUE ADJUSTMENT MECHANISM/MODIFIED COST BALANCING ACCOUNT (WRAM/MCBA) **(D)**

1. Purpose

The purpose of the WRAM and the MCBA is to track water revenues and water production related costs for future disposition. The Commission has determined that these accounting mechanisms are appropriate in coordination with a program of increasing block rate structures and increased conservation activities. The program will be reviewed in AVR's general rate case proceedings.

2. Applicability

The WRAM Balancing Account and the MCBA apply to all areas served.

3. Definitions

A. Non-WRAM revenue is all revenue excluded from the WRAM account, including metered service charges, gravity irrigation quantity charges, public and private fire protection service, and unmetered and other miscellaneous revenue. In addition, surcharges and surcredits, unless specifically included in adopted revenue requirement, are excluded from WRAM accounting.

B. WRAM-eligible revenue is all revenue not excluded in 3.A above. Generally, WRAM eligible revenue results from potable quantity charges to permanent residential, business, industrial and public authority customers.

C. Recorded WRAM-eligible revenue is the amount of WRAM-eligible revenue billed to customers in a particular period.

D. Adopted WRAM-eligible revenue is the amount of metered usage-related revenue necessary in conjunction with adopted non-WRAM revenue to generate the adopted revenue requirement.

4. Accounting Procedure

A. The following entries will be made monthly to the WRAM:
   1. Recorded WRAM-eligible revenue
   2. Adopted WRAM-eligible revenue (See Paragraph 7)
   3. Total net WRAM balance = (1) minus (2)

B. The following entries will be made monthly to the MCBA:
   1. Recorded purchased power cost
   2. Adopted purchased power cost (See Paragraph 7)
   3. Difference between (1) and (2)
   4. Recorded replenishment – administrative & biological assessment
   5. Adopted replenishment – administrative & biological assessment (See Paragraph 7)
   6. Difference between (4) and (5)
   7. Recorded replenishment – make-up assessment
   8. Adopted replenishment – make-up assessment (See Paragraph 7)
   9. Difference between (7) and (8) **(D)**

(Continued)

PRELIMINARY STATEMENT

10. Recorded leased water rights **(D)**
11. Adopted leased water rights (See Paragraph 7)
12. Difference between (10) and (11)
13. Recorded cost of chemicals
14. Adopted cost of chemicals (See Paragraph 7)
15. Difference between (13) and (14)
16. Total net MCBA balance = (3) + (6) + (9) + (12) + (15)

5. AVR will record the accumulated WRAM Balance monthly, by adding its entry in section A.3 to the prior accumulated monthly balance. AVR will record the accumulated MCBA Balance, by adding its entry in Section B.13 to the prior month's accumulated balance. AVR shall apply interest to the average net balance in the WRAM and MCBA accounts at a rate calculated at 1/12 of the most recent month's interest rate on commercial paper (prime, 3-month), published in the Federal Reserve Statistical Release, H.15, (http://www.federalreserve.gov/Releases//H15>NFCP>M3.txt), or its successor (debit or credit). Accumulated interest will be included in the amount on which interest is charged, but will be identified as a separate component of the WRAM and MCBA accounts.

6. Disposition

A. By March 31st of each year, AVR will provide the Division of Water and Audit a written report on the status of the WRAM and MCBA (with a copy to DRA). The written report will include a section on the WRAM showing the net accumulated balance as of December 31st of the preceding calendar year. The written report will include a section on the MCBA showing the net accumulated balance as of December 31st of the preceding calendar year. If this report shows that the combined net accumulated balance for the WRAM and the MCBA exceeds 2.0% of the total recorded revenue requirement for the prior calendar year, AVR will file an advice letter within 30 days that amortizes the balance in both of the accounts.

B. In each general rate case filing, AVR will address and request amortization of any remaining amounts in the WRAM and MCBA.

C. Recovery of under-collections and refunds of over-collections will be passed on to ratepayers through volumetric surcharges and surcredits.

D. Due to timing issues, estimated balances will be used for some components of the WRAM an the MCBA. Amortization requests (6.A and 6.B) shall include a true-up of all estimated balances as actual data becomes available.

7. WRAM/MCBA Adopted Quantities

In order to properly record and report on the WRAM/MCBA balances, AVR proposes this preliminary statement as a central location to memorialize the adopted quantities by month for paragraph 4.A.2 (WRAM adopted revenue), 4.B.2 (MCBA adopted purchased power cost), 4.B.5 (MCBA adopted replenishment – administrative & biological assessment), 4.B.8 (MCBA adopted replenishment – make-up assessment), 4.B.11 (MCBA adopted leased water rights) and 4.B.14 (MCBA adopted chemicals). Any time AVR files a rate change or other advice letter affecting these components, it will file to amend the appropriate section of the preliminary statement. **(D)**

(Continued)

PRELIMINARY STATEMENT Page 6

(D)

PRELIMINARY STATEMENT
2021-2022 WRAM & MCBA

WATER REVENUE ADJUSTMENT MECHANISM/MODIFIED COST BALANCING ACCOUNT
(WRAM/MCBA)

Monthly Detail (In Thousands of Dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Year_Month	Service Charge and other Non-WRAM Revenue	Quantity Charge Revenue for WRAM	Total Revenue	Purchased Power	Replenishment Adm & Bio	Replenishment Make-Up	Leased Water Rights	Chemicals	Total Production Cost
	7,873.2	17,341.2							
2021_07	838.2	1,846.1	2,684.3	102.0	4.6	1.8	0.0	4.1	112.5
2021_08	902.1	1,987.0	2,889.1	109.8	4.9	1.9	0.0	4.5	121.1
2021_09	953.3	2,099.8	3,053.1	116.0	5.2	2.0	0.0	4.7	127.9
2021_10	821.0	1,808.3	2,629.3	99.9	4.5	1.7	0.0	4.1	110.2
2021_11	726.7	1,600.6	2,327.2	88.4	4.0	1.5	0.0	3.6	97.5
2021_12	576.8	1,270.3	1,847.1	70.2	3.2	1.2	0.0	2.9	77.4
2022_01	468.1	1,031.0	1,499.1	57.0	2.6	1.0	0.0	2.3	62.8
2022_02	439.4	967.8	1,407.3	53.5	2.4	0.9	0.0	2.2	59.0
2022_03	390.0	859.1	1,249.1	47.5	2.1	0.8	0.0	1.9	52.3
2022_04	482.0	1,061.6	1,543.5	58.7	2.6	1.0	0.0	2.4	64.7
2022_05	575.4	1,267.3	1,842.6	70.0	3.1	1.2	0.0	2.8	77.2
2022_06	700.3	1,542.3	2,242.6	85.2	3.8	1.5	0.0	3.5	94.0
12 Month Total	7,873.2	17,341.2	25,214.3	958.1	43.0	16.5	0.0	38.9	1,056.6

2021-2022 Adopted Quantities (EY)

Total Operating Revenue:	$25,214.3
Total Purchased Power	$958.1
Total Replenishment-Adm & Bio	$43.0
Total Replenishment-Make-Up	$16.5
Total Leased Water Rights	$0.0
Total Chemicals	$38.9
Total Production Costs	$1,056.6

(D)

PRELIMINARY STATEMENT

(Continued)

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

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. **(D)**

EE. Interim Rates Memorandum Account ("IRMA")

1. Purpose: The purpose of the IRMA is to track the difference between the interim rates and final rates adopted by the Commission in A.18-01-002 et al. The authority to establish this account was granted in Administrative Law Judge Burcham's ruling dated March 19, 2019 in Application 18-01-002 et al.

2. Applicability: The IRMA applies to all areas served.

3. Effective Date: The IRMA will become effective on July 1, 2019.

4. Disposition: The IRMA will remain in effect until a decision is reached in Liberty Apple Valley's A.18-01-002 et al and the new rates are implemented at which time Liberty Apple Valley will file an Advice Letter requesting amortization of the balance.

PRELIMINARY STATEMENT Page 24

HH. Conservation Expense One-Way Balancing Account **(D)**

1. Purpose
   The purpose of the Conservation Expense One-Way Balancing Account ("CEOWBA") is to track the difference between actual program expenses and authorized conservation program expenses. The CEOWBA will be capped at the total adopted expenses for 2019-2021 combined (approximately $923,855) depending on the actual escalation factors for the escalation years.
2. Applicability
   The following entries will be made monthly to the CEOWBA:
   a. A credit shall be made to the CEOWBA at the end of each month to record 1/12 of the authorized conservation program expenses for 2019, 2020, and 2021, as adopted in D.20-09-019.

   b. A debit entry shall be made to the CEOWBA at the end of each month to the monthly actual conservation expenses.

   c. The net difference between the monthly actual expenses and the monthly authorized expenses shall be recorded as a monthly entry in the CEOWBA. If the amount in 2a. exceeds the amount in 2b., a positive entry shall be entered. If 2b. exceeds 2a., a negative entry shall be entered. At the end of the three year authorization cycle, the cumulative internal spending cap (approximately $923,855) must not be exceeded before a refund filing is required.
   Monthly interest expense will be calculated at 1/12 of the most recent month's interest rate on Commercial Paper (non-financial, 3-month), published in the Federal Reserve Statistical Release H.15, (http://www.federalreserve.gov/releases/H15/), or its successor publication (debit or credit).
   d. Refund: If at the end of June 30, 2022, the cumulative balance in the CEOWBA is positive (meaning the actual conservation expenses did not exceed the authorized expenses), Liberty Apple Valley shall refund the net positive balance to its customers. If the amount in the cumulative balance is negative at the end of June 30, 2022, then that balance shall not be recovered from customers.
3. Effective Date
   The CEOWBA shall have the effective date of July 1, 2019.
4. Termination
   The CEOWBA shall terminate on June 30, 2022, or when the surcredit (if applicable) expires, whichever is later.
5. Disposition
   Liberty Apple Valley will file a Tier 2 Advice Letter with Water Division to dispose of any refunds (if applicable) recorded in the CEOWBA. **(D)**

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