

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



March 3, 2021

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. 248, filed on February 1, 2021, regarding authorization to implement a 12-month temporary surcharge/surcredit to amortize the under/over collected balances recorded in the balancing and memorandum accounts as authorized in D.20-09-019.

Enclosed are copies of the following revised tariff sheets, effective March 4, 2021, for the utility's files:

<b>P.U.C. Sheet No.</b>	<b>Title of Sheet</b>
1063-W	Schedule No. 1, Page 2
1064-W	Schedule No. 1, Page 3
1065-W	Schedule No. 2, Page 2
1066-W	Schedule No. 3, Page 2
1067-W	Schedule No. 3, Page 3
1068-W	Schedule No. 4, Page 2
1069-W	Preliminary Statement H, Page 3
1070-W	Preliminary Statement N and O, Page 8
1071-W	Preliminary Statement O, Page 9
1072-W	Preliminary Statement R and S, Page 10
1073-W	Preliminary Statement S and T, Page 11
1074-W	Preliminary Statement V, Page 12
1075-W	Preliminary Statement V, Page 13
1076-W	Preliminary Statement X, Page 14
1077-W	Preliminary Statement Y, Page 15
1078-W	Preliminary Statement Z, Page 16
1079-W	Preliminary Statement AA and BB, Page 17
1080-W	Preliminary Statement CC, Page 19

**P.U.C.**

<b>Sheet No.</b>	<b>Title of Sheet</b>
1081-W	Table of Contents, Page 1

Please contact Kevin Truong at [VT4@cpuc.ca.gov](mailto:VT4@cpuc.ca.gov) or 415-703-1353, if you have any questions.

Thank you,

/s/ROBIN BRYANT

Robin Bryant  
Water Division

Enclosures





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. 248-W

February 1, 2021

**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:

<b>CPUC Sheet No.</b>	<b>Title of Sheet</b>	<b>Canceling Sheet No.</b>
1063-W	Schedule No. 1, Page 2	986-W
1064-W	Schedule No. 1, Page 3	Original
1065-W	Schedule No. 2, Page 2	964-W
1066-W	Schedule No. 3, Page 2	987-W
1067-W	Schedule No. 3, Page 3	Original
1068-W	Schedule No. 4, Page 2	968-W
1069-W	Preliminary Statement H, Page 3	670-W
1070-W	Preliminary Statement N and O, Page 8	671-W
1071-W	Preliminary Statement O, Page 9	892-W
1072-W	Preliminary Statement R and S, Page 10	718-W
1073-W	Preliminary Statement S and T, Page 11	719-W
1074-W	Preliminary Statement V, Page 12	904-W
1075-W	Preliminary Statement V, Page 13	905-W
1076-W	Preliminary Statement X, Page 14	906-W
1077-W	Preliminary Statement Y, Page 15	776-W
1078-W	Preliminary Statement Z, Page 16	789-W
1079-W	Preliminary Statement AA and BB, Page 17	888-W
1080-W	Preliminary Statement CC, Page 19	907-W
1081-W	Table of Contents, Page 1	1062-W

**Summary**

This request is made pursuant to Ordering Paragraph No. 5 of D.20-09-019, dated October 2, 2020. The purpose of this advice letter is to transfer various Balancing and Memorandum Accounts to the Consolidated Expense Balancing Account for amortization. Liberty Apple

Valley proposes a 12-month surcharge to amortize the authorized balance in the Consolidated Expense Balancing Account.

Liberty Apple Valley proposes a 12-month surcredit to refund the authorized balances recorded in the Employee and Retiree Healthcare Balancing Account and the Tangible Property Regulations Consequences Memorandum Account. Liberty Apple Valley proposes that the disposition of these accounts be through a combined 12-month surcredit.

Liberty Apple Valley proposes a 12-month surcredit to refund the authorized balance recorded in the Pension Expense Balancing Account. As discussed below, a separate surcredit for this account is necessary for tracking purposes.

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 surcredits proposed by this advice letter.

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

### **Background and Discussion**

Ordering Paragraph No. 5 of D.20.09.019 states the following:

5. Liberty Utilities (Apple Valley Ranchos Water) Corp.'s balancing and memorandum accounts as contained in Appendix G to this decision are approved.

### **Proposed Surcharge**

Pursuant to the Appendix G of D.20-09-019, for the domestic system, 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**

<b>Account Description</b>	<b>12/31/2017 Authorized Amount*</b>
Incremental Cost Balancing Account	\$80,171
Income Tax Repair Regulations Implementation (ITRRI) Memorandum Account	\$87,974
Low Income Customer Data Sharing Cost Memorandum Account	\$9,079
2014 Water Conservation Memorandum Account	\$538,091
Cost of Capital Memorandum Account	\$31,338
Interim Rates Memorandum Account 2012	\$250,509

Miscellaneous Balancing and Memorandum Accounts - Advice Letter 177-W	\$77,657
Miscellaneous Memorandum Accounts - Advice Letter 210-W	\$2,164
Interim Rates Memorandum Account 2015**	(\$70,720)
Total	\$1,006,263
*( ) Brackets indicate over-collection	
**Recorded balance as of April 30, 2018	

The net total of the balancing and memorandum accounts, for the domestic system, is an under-collected balance of \$1,006,263. With interest through December 31, 2020, the total under-collected balance is \$1,056,423. The increase in revenues would generate an increase in uncollectible and franchise expense of \$13,264.

Pursuant to the Appendix G of D.20-09-019, for the irrigation system, the net total under-collected balance for the Incremental Cost Balancing Account is \$40,970. With interest through November 30, 2020, the total under-collected balance is \$42,992.

The net total under-collection of the balancing and memorandum accounts is \$1,112,679 or 4.65% of Liberty Apple Valley's 2020 authorized revenue requirement.

Liberty Apple Valley is requesting to recover \$1,069,687 for the domestic system and \$42,992 for the irrigation system. For the domestic system, Liberty Apple Valley proposes a 12-month surcharge of \$0.277 per Ccf for Schedule No. 1, Residential General Metered Service, Schedule No. 3, Non-Residential General Metered Service, and Schedule No. 4, Non-Metered Fire Service. For the irrigation system, Liberty Apple Valley proposes a 12-month surcharge of \$0.086 per Ccf for Schedule No. 2, Gravity Irrigation Service.

**Proposed Surcredit**

Pursuant to Appendix G of D.20-09-019, for the domestic system, the Balancing and Memorandum Accounts shown in Table 2 are authorized for refund.

**Table 2. Authorized Balancing and Memorandum Accounts**

<b>Account Description</b>	<b>12/31/2017 Authorized Amount</b>
Employee and Retiree Healthcare Balancing Account (ERHBA)	(\$375,361)
Pension Expense Balancing Account (PEBA)	(\$948,968)
Tangible Property Regulations Consequences Memorandum Account (TPRC)	(\$668,527)
Total	(\$1,992,856)

The net total of the balancing and memorandum accounts, for the domestic system, is an over-collected balance of \$1,992,856. With interest through December 31, 2020, the total over-collected balance is \$2,091,195. The over-collection generates a decrease in additional uncollectible and franchise expense of \$17,448.

To refund the balance of the ERHBA and TPRC, Liberty Apple Valley proposes a 12-month surcredit of \$4.43 per customer for Schedule No. 1, Residential General Metered Service, Schedule No. 3, Non-Residential General Metered Service, and Schedule No. 4, Non-Metered Fire Service.

To refund the balance of the PEBA (see discussion below), Liberty Apple Valley proposes a separate 12-month surcredit of \$4.06 per customer for Schedule No. 1, Residential General Metered Service, Schedule No. 3, Non-Residential General Metered Service, and Schedule No. 4, Non-Metered Fire Service.

#### Pension Expense Balancing Account (PEBA)

For the Pension Expense Balancing Account, Appendix G of D.20-09-019 states the following: “Refund the balance over 12 months. Continue the Account.”

The balance authorized to be refunded in the PEBA as of December 31, 2017 is an over-collection of \$948,968. With interest through December 31, 2020, the total over-collected balance is \$995,796. The over-collection generates a decrease in additional uncollectible and franchise expense of \$12,503.

During the course of review of the December 31, 2019 accounting close, discrepancies were discovered with Liberty Apple Valley’s PEBA. At the time of discovery, the record of the Test Year 2019 general rate case (A.18-01-002, D. 20-09-019) had already closed and therefore the corrective actions would have to be proposed in the next Liberty Apple Valley general rate case. Refunding the amount authorized in D.20-09-019 will not prevent Liberty Apple Valley from seeking Commission review of its revised 2016 and 2017 PEBA in the Test Year 2022 general rate case proceeding. Liberty Apple Valley is a wholly owned subsidiary of Liberty Utilities (Park Water) Corp. (“Liberty Park Water”). Currently, the Commission’s Utility Audit Branch (“UAB”) is auditing Liberty Park Water’s 2018 balancing accounts. Liberty Park Water has provided the revised PEBA for years 2016 – 2018 to UAB. The same methodological revisions made to the PEBA for Liberty Park Water are applicable to Liberty Apple Valley. The revised account balance and supporting workpapers are currently under review by the UAB. Because a future true-up adjustment will be required for the PEBA, Liberty Park Water proposes a separate surcredit to enable the tracking of the surcredits applied to the account balance.

#### Update to Preliminary Statement

In addition, to the disposition of the various Balancing and Memorandum Accounts described above, Liberty Apple Valley proposes to update the Preliminary Statement consistent with D.20-09-019. Pursuant to Appendix G of D.20-09-019, Liberty Apple Valley is updating the Preliminary Statement to reflect the termination of the Balancing and Memorandum Accounts listed in Table 3. These Balancing and Memorandum Accounts are no longer active, and therefore should be deleted from the Preliminary Statement.

**Table 3. Terminated Balancing and Memorandum Accounts**

<b>Balancing and Memorandum Accounts Description</b>
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Office Remodel Balancing Account
Conservation Expense One-Way Balancing Account (General Rate Case Cycle 2015-2017)
Income Tax Repair Regulations Implementation (ITRRI) Memorandum Account
Low Income Customer Data Sharing Cost Memorandum Account
2014 Water Conservation Memorandum Account
Cost of Capital Memorandum Account
Conservation Proceeding Memorandum Account (AL 177-W)
Military Family Relief Program Memorandum Account
Solar Project Memorandum Account
Interim Rates Memorandum Account 2015
Employee and Retiree Healthcare Balancing Account
Tangible Property Regulations Consequences Memorandum Account

### **Update to Special Conditions**

Liberty Apple Valley proposes to delete Special Condition 14 and Special Condition 15 in Schedule No. 1 and Schedule No. 3. 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, 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 March 4, 2021.

### **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 February 1, 2021 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.18-01-002, 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, 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 us, addressed to:

Edward Jackson  
Director, Rates and Regulatory Affairs (West Region)  
Liberty Utilities (Park Water) Corp.  
9750 Washburn Road  
P. O. Box 7002  
Downey, CA 90241  
Fax: (562) 861-5902  
E-Mail: [Edward.Jackson@LibertyUtilities.com](mailto: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.

Very truly yours,

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.

/s/ Edward N. Jackson  
EDWARD N. JACKSON  
Director, Rates and Regulatory Affairs (West Region)  
[Edward.Jackson@LibertyUtilities.com](mailto:Edward.Jackson@LibertyUtilities.com)

ENJ/aml

Attachments

**SCHEDULE NO. 1**

**RESIDENTIAL GENERAL METERED SERVICE**

- 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.
- 15. 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 234-W-A. This surcredit is to refund the over collection in the WRAM and MCBA as of December 31, 2018.

(D)

The table below shows the surcredits for each meter size.

Meter Size	One-Time Surcredit
5/8"	\$ 21.76
3/4"	\$ 32.64
1"	\$ 54.40
1 1/2"	\$ 108.80
2"	\$ 174.08
3"	\$ 326.40
4"	\$ 544.00
6"	\$1,088.00
8"	\$1,740.80
10"	\$3,155.20

(D)

- 16. As authorized by the California Public Utilities Commission, an amount of \$0.277 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 248-W. This surcharge will recover the under collection in the Consolidated Expense Balancing Account as of December 31, 2020.
- 17. As authorized by the California Public Utilities Commission, an amount of \$4.43 surcredit per customer is to be added to the Customer's bill for a period of 12 months, beginning on the effective date of Advice Letter 248-W. This surcredit will refund the over collection in the Employee and Retiree Healthcare Balancing Account and Tangible Property Regulations Consequences Memorandum as of December 31, 2017.

(N)

(N)

(continued)

(To be inserted by utility)

Issued By

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

Advice No. 248-W CHRISTOPHER G. ALARIO  
 Name

Date Filed 02/01/2021

Dec. No. D.20-09-019 PRESIDENT  
 Title

Effective 03/04/2021

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

LIBERTY UTILITIES  
(APPLE VALLEY RANCHOS WATER) CORP.  
21760 OTTAWA ROAD  
P. O. BOX 7005  
APPLE VALLEY, CALIFORNIA 92307-7005

ORIGINAL Cal. P.U.C. Sheet No. 1064-W  
Canceling \_\_\_\_\_ Cal. P.U.C. Sheet No. NEW

**SCHEDULE NO. 1**

**RESIDENTIAL GENERAL METERED SERVICE**

- 18. As authorized by the California Public Utilities Commission, an amount of \$4.06 surcredit per (N) customer is to be added to the Customer's bill for a period of 12 months, beginning on the effective date of Advice Letter 248-W. This surcredit will refund the over collection in the Pension Expense Balancing Account as of December 31, 2017. (N)

(To be inserted by utility)

Issued By

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

Advice No. 248-W

CHRISTOPHER G. ALARIO  
Name

Date Filed 02/01/2021

Dec. No. D.20-09-019

PRESIDENT  
Title

Effective 03/04/2021

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(APPLE VALLEY RANCHOS WATER) CORP.  
21760 OTTAWA ROAD  
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APPLE VALLEY, CALIFORNIA 92307-7005

REVISED Cal. P.U.C. Sheet No. 1065-W

Canceling REVISED Cal. P.U.C. Sheet No. 964-W

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**SCHEDULE NO. 2**

**GRAVITY IRRIGATION SERVICE**

5. As authorized by the California Public Utilities Commission, an amount of \$0.086 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 248-W. This surcharge will recover the under collection in the Incremental Cost Balancing Account as of December 31, 2017. (N)  
|  
(N)

(To be inserted by utility)

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Advice No. 248-W

CHRISTOPHER G. ALARIO  
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PRESIDENT  
Title

Effective 03/04/2021

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

**SCHEDULE NO. 3**

**NON-RESIDENTIAL GENERAL METERED SERVICE**

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.
15. 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 234-W-A. This surcredit is to refund the over collection in the WRAM and MCBA as of December 31, 2018.

(D)

The table below shows the surcredits for each meter size.

Meter Size	One-Time Surcredit
5/8"	\$ 21.76
3/4"	\$ 32.64
1"	\$ 54.40
1 1/2"	\$ 108.80
2"	\$ 174.08
3"	\$ 326.40
4"	\$ 544.00
6"	\$1,088.00
8"	\$1,740.80
10"	\$3,155.20

(D)

16. As authorized by the California Public Utilities Commission, an amount of \$0.277 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 248-W. This surcharge will recover the under collection in the Consolidated Expense Balancing Account as of December 31, 2020.
17. As authorized by the California Public Utilities Commission, an amount of \$4.43 surcredit per customer is to be added to the Customer's bill rate for a period of 12 months, beginning on the effective date of Advice Letter 248-W. This surcredit will refund the over collection in the Employee and Retiree Healthcare Balancing Account and Tangible Property Regulations Consequences Memorandum as of December 31, 2017.

(N)

(N)

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(To be inserted by utility)

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Advice No. 248-W CHRISTOPHER G. ALARIO  
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ORIGINAL Cal. P.U.C. Sheet No. 1067-W  
Canceling \_\_\_\_\_ Cal. P.U.C. Sheet No. NEW

Page 3

**SCHEDULE NO. 3**

**NON-RESIDENTIAL GENERAL METERED SERVICE**

18. As authorized by the California Public Utilities Commission, an amount of \$4.06 surcredit per (N) customer is to be added to the Customer's bill for a period of 12 months, beginning on the effective date of Advice Letter 248-W. This surcredit will refund the over collection in the Pension Expense Balancing Account as of December 31, 2017. (N)

(To be inserted by utility)

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REVISED Cal. P.U.C. Sheet No. 1068-W

Canceling REVISED Cal. P.U.C. Sheet No. 968-W

**SCHEDULE NO. 4**

**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.
- 9. As authorized by the California Public Utilities Commission, an amount of \$0.277 per Ccf is to be added to the quantity rate for a period of 12-months, beginning on the effective date of Advice Letter 248-W. This surcharge will recover the under collection in the Consolidated Expense Balancing Account as of December 31, 2020.
- 10. As authorized by the California Public Utilities Commission, an amount of \$4.43 surcredit per customer is to be added to the Customer's bill for a period of 12 months, beginning on the effective date of Advice Letter 248-W. This surcredit will refund the over collection in the Employee and Retiree Healthcare Balancing Account and Tangible Property Regulations Consequences Memorandum Account as of December 31, 2017.
- 11. As authorized by the California Public Utilities Commission, an amount of \$4.06 surcredit per customer is to be added to the Customer's bill for a period of 12 months, beginning on the effective date of Advice Letter 248-W. This surcredit will refund the over-collection in the Pension Expense Balancing Account as of December 31, 2017.

(N)  
 |  
 (N)

(To be inserted by utility)

Issued By

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

Advice No. 248-W CHRISTOPHER G. ALARIO  
 Name

Date Filed 02/01/2021

Dec. No. D.20-09-019 PRESIDENT  
 Title

Effective 03/04/2021

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



**PRELIMINARY STATEMENT**

**H. Military Family Relief Program (MFRP) Memorandum Account**

(D)

AVR shall maintain a Military Family Relief Program Memorandum Account to provide for review and potential recovery of reduced revenues resulting from implementation of the MFRP as described in Rule No. 21.

1. Purpose: The purpose of the MFRP Memorandum Account is to record uncollectibles and program related expenses for the implementation and administration of the MFRP. The MFRP Memorandum Account shall include MFRP uncollectibles and administrative costs such as printing, publishing and mailing related notices. Disposition of amounts recorded in the MFRP Memorandum Account shall be determined in a regulatory proceeding authorized by the Commission.
2. Accounting Procedure: The following entries will be made monthly to the MFRP Memorandum Account:
  - a. The recorded incremental costs associated with the implementing and opening the MFRP program (debit).
  - b. Monthly interest expenses 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, 15, (<http://www.federalreserve.gov/release/H15/data/m/cp/3m/txt>), or its successor publication (debit or credit).

(D)

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(To be inserted by utility)

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

Advice No. 248-W

CHRISTOPHER G. ALARIO

Date Filed

02/01/2021

Name

Effective

03/04/2021

Dec. No. D.20-09-019

PRESIDENT

Title

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

**PRELIMINARY STATEMENT**

**N. Conservation Proceeding Memorandum Account**

(D)

1. Purpose

The purpose of the Conservation Proceeding Memorandum Account is to track the legal and regulatory expenses associated with participation in I.07-01-022 from the date of issuance of the proceeding.

After the Conservation Proceeding Memorandum Account is terminated and a final balance has been calculated, Apple Valley will seek recovery of that balance in its next general rate case or by filing a Tier 3 advice letter. The authority to establish this account was granted in Decision 10-04-001, dated April 8, 2010.

2. Accounting Procedure: The following entries will be made monthly to the Conservation Implementation Costs Memorandum Account:

- a. The recorded legal and regulatory costs associated with participation in Investigation 07-01-022 (debit).
- b. Monthly interest expense 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 publication (debit or credit).

**O. Low-Income Customer Data Sharing Cost Memorandum Account**

1. Purpose:

The purpose of the Low-Income Customer Data Sharing Cost Memorandum Account is to track the one-time and ongoing data sharing costs which have not been reflected in authorized rates (debit). The authority to establish this account was granted in CPUC Decision 11-05-020 dated May 10, 2011. This account will be reviewed for recovery in AVR's next general rate case application or AVR will file a Tier 3 advice letter to request recovery of the balance and ongoing data sharing costs.

2. Accounting Procedure: The following entries will be made monthly to the Low-Income Customer Data Sharing Cost Memorandum Account:

- a. The recorded incremental costs associated with implementing and ongoing data sharing program costs (debit).

(D)

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(To be inserted by Utility)		Issued By	(To be inserted by Cal. P.U.C.)	
Advice No.	<u>248-W</u>	<u>CHRISTOPHER G. ALARIO</u>	Date Filed	<u>02/01/2021</u>
		Name	Effective	<u>03/04/2021</u>
Dec. No.	<u>D.20-09-019</u>	<u>PRESIDENT</u>	Resolution No.	<u></u>
		Title		

LIBERTY UTILITIES  
(APPLE VALLEY RANCHOS WATER) CORP.  
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REVISED Cal. P.U.C. Sheet No. 1071-W

Canceling REVISED Cal. P.U.C. Sheet No. 892-W

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**PRELIMINARY STATEMENT**

**O. Low-Income Customer Data Sharing Cost Memorandum Account**

- b. Monthly interest expense 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 15, (<http://www.federalreserve.gov/releases/H15/data/m/cp3m/txt>), or its successor publication (debit or credit).

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Advice No. 248-W

CHRISTOPHER G. ALARIO  
Name

Date Filed 02/01/2021

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PRESIDENT  
Title

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**PRELIMINARY STATEMENT**

**R. Office Remodel Balancing Account (ORBA)**

(D)

1. Purpose

The purpose of the Office Remodel Balancing Account is to track the revenue requirement associated with the building project, a reconfigured office building or other improvements. The recovery is limited to the annual revenue requirement associated with the forecast amount for construction costs of \$702,000 and is subject to a complete reasonableness review for the cost and scope of the project. AVR will file a Tier 3 Advice Letter to request recovery of the balance once construction is completed or this account will be reviewed for recovery in AVR's next general rate case application. The authority to establish this account was granted in Decision 12-09-004, dated September 13, 2012.

2. Accounting Procedure

The following entries will be made monthly to the ORBA:

- A. The recorded incremental revenue requirement resulting from rate base components associated with the project (debit).
- B. Monthly interest expense 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 publication (debit or credit).

**S. Employee and Retiree Healthcare Balancing Account**

1. Purpose

The purpose of the Employee and Retiree Healthcare Balancing Account is to record and recover the difference between the adopted forecast and the actual costs of employee and retiree healthcare expenses beginning January 1, 2012. AVR will file an Advice Letter to request recovery of the balance or request recovery in AVR's next general rate case application. The authority to establish this account was granted in Decision 12-09-004, dated September 13, 2012.

2. Accounting Procedure

A. The following entries will be made monthly to the Employee and Retiree Balancing

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**PRELIMINARY STATEMENT**

**S. Employee and Retiree Healthcare Balancing Account (continued)**

(D)

Account:

1. Recorded employee and retiree health care expense
2. Adopted employee and retiree healthcare expense
3. Net employee and retiree healthcare balance = (1) minus (2)

B. Monthly interest expense 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](http://www.federalreserve.gov/Releases/H15/NFCP>M3.txt)), or its successor publication (debit or credit).

(D)

**T. Pension Expense Balancing Account**

1. Purpose

The purpose of the Pension Balancing Account is to track the difference between actual and authorized pension expense. AVR will file an Advice Letter to request recovery of the balance or request recovery in AVR's next general rate case application. The authority to establish this account was granted in Decision 12-09-004, dated September 13, 2012.

2. Accounting Procedure

A. The following entries will be made monthly to the Pension Balancing Account:

1. Recorded pension expense
2. Adopted pension expense
3. Net pension balance = (1) minus (2)

B. Monthly interest expense 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 publication (debit or credit).

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		Resolution No. _____

**PRELIMINARY STATEMENT**

**V. Cost of Capital Memorandum Account**

(D)

1. Purpose

The purpose of the Cost of Capital Memorandum Account is to track the difference between the revenue AVR actually receives at rates based on the current authorized Cost of Capital and the revenues that AVR would have received at rates based on a future Commission decision adopting a final Cost of Capital for 2013. The authority to establish this account was granted in the ALJ's ruling in A.12-05-001. The account will track the following differences in revenue for 2013:

- a. The difference in service charge revenue determined by the recorded number of customers multiplied by the difference between the service charge rates based on the current authorized Cost of Capital and the service charge rates resulting from the Cost of Capital increase authorized by the Commission at a future date.
- b. The difference in commodity rate revenue determined by the recorded water sales multiplied by the difference between the commodity rates based on the current authorized Cost of Capital and the commodity rates resulting from Cost of Capital increase authorized by the Commission at a future date.

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LIBERTY UTILITIES  
 (APPLE VALLEY RANCHOS WATER) CORP.  
 21760 OTTAWA ROAD  
 P. O. BOX 7005  
 APPLE VALLEY, CALIFORNIA 92307-7005

REVISED Cal. P.U.C. Sheet No. 1075-W

Canceling REVISED Cal. P.U.C. Sheet No. 905-W

**PRELIMINARY STATEMENT**

**V. Cost of Capital Memorandum Account** (continued)

This account will not duplicate amounts recorded in the WRAM Balancing Account. This account will terminate after the Commission issues a final decision in A.12-05-001 and authorizes new rates based on a final Cost of Capital. Disposition of the amounts recorded in the Cost of Capital Memorandum Account shall be determined in a regulatory proceeding authorized by the Commission.

1. Accounting Procedure: The following entries will be made monthly to the Cost of Capital Memorandum Account.
  - a. The difference between actual revenues based on current authorized cost of capital and the actual revenues recalculated at the water rates authorized by the Commission as described above (debit).
  - b. Monthly interest expenses calculated at 1/12 of the most recent month's interest rate on Commercial Paper (nonfinancial, 3-month), published in the Federal Reserve Statistical Release, 15, (<http://www.federalreserve.gov/release/H15>), or its successor publication (debit or credit).

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**PRELIMINARY STATEMENT**

**X. Income Tax Repair Regulations Implementation (ITRRI) Memorandum Account**

**(D)**

1. Purpose

The purpose of the ITRRI Memorandum Account is to track the costs of initial implementation of the Repair Regulations and will include (i) outside implementation service fees, and (ii) other directly applicable costs to comply with the U.S. Treasury Department Regulations issued in December 2011 (T.D. 9564) and the Internal Revenue Service guidance issued on December 17, 2012 (Internal Revenue Bulletin 2012-51, Notice 2012-73). The ITRRI Memorandum Account will be made effective upon approval of Advice Letter No. 187-W.

2. Applicability

The following entries will be made monthly to the ITRRI Memorandum Account:

- a. A debit entry shall be made to the ITRRI Memorandum Account at the end of each month to record any costs associated with the implementation of Repair Regulations.
- b. Monthly interest expense calculated at 1/12 of the most recent month's interest rate on Commercial Paper (nonfinancial, 3-month), published in the Federal Reserve Statistical Release H.15, [http://www.federalreserve.gov/Releases/H15>NFCP>M3.txt](http://www.federalreserve.gov/Releases/H15/NFCP>M3.txt), or its successor publication (debit or credit).

3. Disposition

The ITRRI Memorandum Account will be reviewed in AVR's next General Rate Case.

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**PRELIMINARY STATEMENT**

**Z. 2014 Water Conservation Memorandum Account**

(D)

1. Purpose

The purpose of the 2014 Water Conservation Memorandum Account ("2014WCMA") is to track incremental expenses incurred by AVR to activate Rule 14.1 voluntary conservation, Schedule 14.1 mandatory rationing efforts, and other activities associated with the Governor of the State of California's Drought Emergency Declaration dated January 17, 2014 and Executive order dated April 25, 2014, and drought procedures ordered by the Commission for water conservation.

The 2014WCMA will record AVR's incremental public relations expenses, incremental water conservation material expenses, and other Operations and Maintenance ("O&M") and Administrative and General ("A&G") expenses that are unforeseen and unexpected directly associated with complying and implementing the mandated conservation practices outlined in Rule 14.1, Schedule 14.1, the Governor of the State of California's Drought Emergency Declaration dated January 17, 2014 and Executive order dated April 25, 2014, and drought procedures ordered by the Commission for water conservation. The authority to establish this account was granted in Resolution W-4976 dated February 27, 2014.

2. Accounting Procedure

The following entries will be made monthly to the 2014 Water Conservation Memorandum Account:

- a. The recorded incremental costs (debit).
- b. Monthly interest expense 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 publication (debit or credit).

3. Effective Date

The 2014WCMA shall have an effective date of February 27, 2014, the effective date of Commission Resolution W-4976.

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**PRELIMINARY STATEMENT**

**AA. Interim Rates Memorandum Account – 2015 GRC (IRMA)**

(D)

1. Purpose  
 The purpose of the IRMA is to track the difference between the interim rates and the final rates adopted by the Commission in A.14-01-002. The authority to establish this account was granted in Administrative Law Judge Tsen’s ruling dated August 5, 2014 in Application 14-01-002.
2. Applicability  
 The IRMA applies to all areas served.
3. Effective Date  
 The IRMA will become effective on January 1, 2015.
4. Disposition  
 The IRMA will remain in effect until a decision is reached in AVR’s A.14-01-002 and the new rates are implemented at which time AVR will file an Advice Letter requesting amortization of the balance.

**BB. Solar Project Memorandum Account**

1. Purpose

The purpose of the Solar Project Memorandum Account is to record costs incurred associated with investigating the viability of installing an Alternate Current (AC) solar photovoltaic generation system. After the Solar Project Memorandum Account is terminated and final balance has been calculated, AVR will request recovery of that balance in AVR’s next GRC. The authority to establish this account was granted in Decision 15-11-030, dated November 19, 2015.

2. Accounting Procedure

The following entries will be made monthly to the Solar Project Memorandum Account:

- A. The recorded incremental costs, as define above (debit).
- B. Monthly interest expense 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/1115>NFCP>M3.txt>), or its successor publication (debit or credit).

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**PRELIMINARY STATEMENT**

**CC. 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 conservation program expenses and authorized conservation program expenses. The CEOWBA shall be capped at \$344,066 and shall cover the three-year rate case cycle (2015-2017).

2. Applicability

The following entries will be made monthly to the Conservation Expense One-Way Balancing Account:

- a. A credit entry shall be made to the CEOWBA at the end of each month to record 1/12 of the authorized conservation program expenses for years 2015, 2016, and 2017, as adopted in D.15-11-030.
- b. A debit entry shall be made to the CEOWBA at the end of each month to record 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 3-year authorization cycle, the cumulative internal spending cap of \$344,066 must not be exceeded before a refund filing is required.
- d. Monthly interest expense calculated at 1/12 of the most recent month's interest rate on Commercial Paper (nonfinancial, 3-month), published in the Federal Reserve Statistical Release H.15, (<http://www.federalreserve.gov/Releases//H15>NFCP>M3.txt>), or its Successor publication (debit or credit).

3. Effective Date

The CEOWBA shall have the effective date of January 1, 2015.

4. Termination

The CEOWBA shall terminate on December 31, 2017, or when the surcredit (if applicable) expires, whichever is later.

5. Disposition

Liberty Apple Valley will file a tier 2 advice letter with the Division of Water and Audits to dispose of any refunds (if applicable) recorded in the CEOWBA.

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**LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.  
ADVICE LETTER 248-W  
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