

**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:** November 2, 2020

**District:** N/A

**CPUC Utility #:** U 346-W      **Protest Deadline (20<sup>th</sup> Day):** November 22, 2020

**Advice Letter #:** 247-W      **Review Deadline (30<sup>th</sup> Day):** December 2, 2020

**Tier**     1     2     3     Compliance      **Requested Effective Date:** December 2, 2020

**Authorization** D.12-04-048      **Rate Impact:** \$860,743  
3.79%

**Description:** Liberty Apple Valley requests authorization to implement a 12-month temporary surcharge to recover the combined under-collection recorded in its 2019 WRAM and MCBA.

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:** Edward N. Jackson

**Phone:** 562.923.0711

**Email:** [Edward.Jackson@libertyutilities.com](mailto:Edward.Jackson@libertyutilities.com)

**DWA Contact:** Tariff Unit

**Phone:** (415) 703-1133

**Email:** [Water.Division@cpuc.ca.gov](mailto:Water.Division@cpuc.ca.gov)

**Utility Contact:** AnnMarie Lett

**Phone:** 562.923.0711

**Email:** [AnnMarie.Lett@Libertyutilities.com](mailto:AnnMarie.Lett@Libertyutilities.com)

**DWA USE ONLY**

DATE

STAFF

COMMENTS

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

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WITHDRAWN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. 247-W

November 2, 2020

## 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>
1060-W	Schedule No. 1, Page 2	986-W
1061-W	Schedule No. 3, Page 2	987-W
1062-W	Table of Contents, Page 1	1059-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 \$0.225 per Ccf for domestic metered customers for a 12-month period. The surcharge is designed to recover the combined under-collection recorded in the 2019 Water Revenue Adjustment Mechanism (“WRAM”) and the Modified Production Cost Balancing Account (“MCBA”). In addition, Liberty Apple Valley requests recovery of the residual balances recorded in the 2018 and prior WRAM and MCBA. 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.

Due to the delay of the issuance of a final decision in Liberty Apple Valley’s general rate case (“GRC”) proceeding (A.18-01-002), the Commission granted Liberty Apple Valley an extension of time to file the advice letter to amortize the net balance recorded in its 2019 WRAM and MCBA.

### **Background and Discussion**

#### **Test Year 2019 General Rate Case Proceeding**

On January 2, 2018, Liberty Apple Valley filed a GRC application with a Test Year effective date of July 1, 2019. Liberty (Park Water) Corp. (“Liberty Park Water”) similarly filed a GRC application (A. 18-01-003). On February 13, 2018, Liberty Apple Valley and Liberty Park Water filed a motion to consolidate these proceedings. On March 16, 2018, the assigned Administrative Law Judge (“ALJ”) issued a ruling granting the motion to consolidate these proceedings. On June 13, 2018, the assigned Commissioner issued a Scoping Memo and Ruling that authorized a 20-month deadline of September 2, 2019 to resolve the consolidated proceeding. Public participation hearings were held on October 28, 2018. Evidentiary hearings were held during the week of November 5, 2018. Liberty Apple Valley filed its opening and reply briefs on December 12, 2018 and January 11, 2019 respectively. Liberty Apple Valley and

the Public Advocates Office (previously known as the Office of Ratepayer Advocates) filed the Joint Comparison Exhibit on January 25, 2019. On March 19, 2019, the ALJ granted interim rate relief and the establishment of a memorandum account to track the difference between interim rates and the final approved rates. On August 15, 2019, the Commission issued D.19-08-036 extending the statutory deadline from September 2, 2019 to March 2, 2020. On February 27, 2020, the Commission issued D. 20-02-067 extending the statutory deadline from March 2, 2020 to September 2, 2020. On August 27, 2020, the Commission issued D.20-08-049 extending the statutory deadline from September 2, 2020 to October 10, 2020. On September 24, 2020, the Commission issued D.20-09-019 authorizing 2019 revenue requirements for Liberty Apple Valley and Liberty Park Water.

On March 24, 2020, pursuant to Rule 16.6 of the Commissions' Rules of Practice and Procedure, Liberty Apple Valley requested an extension of time, from March 31, 2020 to until the Commission issued a final decision on Liberty Apple Valley's GRC proceeding, to file an advice letter requesting amortization of the net balance recorded in the 2019 WRAM and MCBA.

On April 2, 2020, the Commission granted Liberty Apple Valley's extension request to file an advice letter to amortize the net balance recorded in its 2019 WRAM and MCBA.

### **WRAM and MCBA**

In D.08-02-036, dated September 18, 2008, the Commission adopted the Settlement Agreement between Liberty Apple Valley (then Apple Valley Ranchos Water Company) 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 2019-2020 water year and therefore the leased water rights and make-up assessment balances recorded in the MCBA for calendar year 2019 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 2019 in a future advice letter filing that requests amortization of the combined balance recorded in the WRAM and MCBA for calendar year 2019.

Liberty Apple Valley filed an information-only report with Water Division for the amounts recorded in the WRAM and MCBA during calendar year 2019 on December 2, 2019 detailing the WRAM and MCBA data for nine months, ending September 30, 2019. As compared to the information-only report, this filing includes an updated twelve months of WRAM and MCBA data, ending December 31, 2019, reflecting the adopted quantities in Liberty Apple Valley's GRC (D.20-09-019, issued date of October 2, 2020), with a total net under-collected balance of \$381,173. With interest through September 30, 2020, the under-collection is \$383,210.

The combined balance recorded in the WRAM and MCBA for the period January 1, 2019 through December 31, 2019 including interest through September 30, 2020, is an under-collection of \$383,210.

As described in Advice Letter 234-W-A, the leased water rights and make-up assessment balances recorded in the MCBA for calendar year 2018 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. The leased water rights expense for the 2018-2019 water has been finalized and there is no change from the estimated to actual. The make-up assessment expense for 2017-2018 water year is revised to actual. The total adjustment was an over-collection of \$6,214. With interest through September 30, 2020, the total adjustment was an over-collection of \$7,830.

Liberty Apple Valley filed Advice Letter No. 234-W-A on January 28, 2020 seeking approval to refund the combined over-collected balance recorded in the 2018 WRAM and MCBA and the over-amortized balance from the expired 2017 WRAM and MCBA surcharge. This advice letter authorized a one-time surcredit, effective March 1, 2020.

Currently, there is no WRAM and MCBA surcharge or surcredit in effect. With interest through September 30, 2020, the total residual balance recorded in the 2018 and prior WRAM and MCBA is \$485,363.

The total of the above balances is \$860,743 ( $\$383,210 - \$7,830 + \$485,363$ ) or 3.79% of Liberty Apple Valley's 2019 adopted revenue requirement.

Liberty Apple Valley is therefore requesting recovery of \$860,743 or 3.79% of its adopted 2019 revenue requirement. Liberty Apple Valley proposes to recover the under-collection recorded in the WRAM and MCBA through a 12-month surcharge of \$0.225 per Ccf applicable to domestic service for schedules PR-1-R, residential metered service and PR-1-NR, non-residential metered service.

The Commission Staff has been provided with workpapers developing the balances in the WRAM and MCBA. The calculation of the surcharges 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 on December 2, 2020.

### **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 November 2, 2020 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 change 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 Division of Water and Audits 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 N. Jackson  
Director, Rates and Regulatory Affairs  
Liberty Utilities (West Region)  
9750 Washburn Road  
P. O. Box 7002  
Downey, CA 90241  
Phone: (562) 923.0711, ext. 1212  
Fax: (562) 861-5902  
E-Mail: [AdviceLetterService@libertyutilities.com](mailto:AdviceLetterService@libertyutilities.com)

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Division of Water and Audits within the 20-day protest period so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

If you have not received a reply to your protest within 10 business days, contact Edward Jackson at (562) 923-0711.

Very truly yours,

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.

*/s/ Edward N. Jackson*

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EDWARD N. JACKSON  
Director, Rates and Regulatory Affairs

ENJ/al

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. (D)
- 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	Monthly Surcredit Rate
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

- 16. As authorized by the California Public Utilities Commission, an amount of \$0.225 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 247-W. This surcharge will recover the under-collection in the WRAM and MCBA as of December 31, 2019. (N)

(To be inserted by utility)	Issued By	(To be inserted by Cal. P.U.C.)
Advice No. <u>247-W</u>	<u>CHRISTOPHER G. ALARIO</u> Name	Date Filed _____
Dec. No. <u>D.12-04-048</u>	<u>PRESIDENT</u> Title	Effective _____
		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. (D)
- 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.

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- 16. As authorized by the California Public Utilities Commission, an amount of \$0.225 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 247-W. This surcharge will recover the under-collection in the WRAM and MCBA as of December 31, 2019. (N)

(To be inserted by utility)

Issued By

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

Advice No. 247-W CHRISTOPHER G. ALARIO  
 Name

Date Filed \_\_\_\_\_

Dec. No. D.12-04-048 PRESIDENT  
 Title

Effective \_\_\_\_\_

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



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The following listed tariff sheets contain all effective rates and rules affecting the charges and service of the utility, together with other pertinent information:

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Schedule No. 3	Non-Residential General Metered Service-Apple Valley	1054-W, 987-W (T)
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(Continued)

(To be inserted by utility)

Issued By

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

Advice No. 247-W

CHRISTOPHER G. ALARIO  
Name

Date Filed \_\_\_\_\_

Decision No. D.12-04-048

PRESIDENT  
Title

Effective \_\_\_\_\_

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

**LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.  
ADVICE LETTER 247-W  
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[dcron@applevalley.org](mailto:dcron@applevalley.org)

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