





Advice Letter No. 223-W

March 31, 2017

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Calif. P.U.C. <u>Sheet No.</u>	<u>Title of Sheet</u>	<u>Schedule Number</u>	<u>Canceling Sheet No.</u>
936-W	Residential General Metered Service, page 1	Schedule 1	924-W
937-W	Residential General Metered Service, page 2	Schedule 1	916-W
938-W	Non-Residential General Metered Service, page 1	Schedule 3	926-W
939-W	Non-Residential General Metered Service, page 2	Schedule 3	918-W
940-W	Table of Contents, page 1		935-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 \$0.065 per Ccf for domestic metered customers for a 12-month period. The surcharge is designed to recover the combined under-collection recorded in the 2016 Water Revenue Adjustment Mechanism (WRAM) Account and the Modified Production Cost Balancing Account (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.

**Background and Discussion**

In D.08-09-026, dated September 18, 2008, the Commission adopted the Settlement Agreement between AVR and the Division of Ratepayer Advocates (DRA) dated June 20, 2008 in proceeding A.08-01-002. D.08-09-026 adopted a program for AVR 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 gravity irrigation water service. The purpose of the MCBA is to track the difference between adopted and actual costs for the following variable costs: purchased power, leased water rights, replenishment assessments (pump tax), and chemicals. The MCBA captures variations in production costs due to either changes in unit price or changes in consumption.

Liberty Apple Valley provides domestic water service from its wells that are located within the Mojave Ground Water Basin. The Mojave Water Agency (MWA), the water master of the Mojave Basin, in accordance with the terms of the adjudication of that basin, uses a "water year" that runs from October 1 to September 30. Because of the retroactive calculation methodology used by the MWA to administer the adjudication and levy replacement water (leased water rights) and replenishment assessments, actual amounts are currently unavailable for the 2016-2017 water year and therefore the leased water rights and make-up assessment balances recorded in the MCBA for calendar year 2016 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 2016 in a future advice letter filing that requests amortization of the combined balance recorded in the WRAM and MCBA for calendar year 2017.

Liberty Apple Valley filed an information-only report with the Division of Water and Audits on November 30, 2016 detailing the WRAM and MCBA data for nine months ending September 30, 2016. In that report, Liberty Apple Valley indicated that the WRAM includes an adjustment for the Interim Rates Memorandum Account authorized by D.15-11-030. The purpose of this adjustment is to ensure that the commodity revenues tracked in the Interim Rates Memorandum Account are excluded from the WRAM. In addition, the WRAM contains an adjustment for the Drought Emergency Surcharges authorized in Advice Letter 197-W pursuant to the state mandated water use reduction in Schedule 14.1. The Drought Emergency Surcharges collected is used to offset the under-collected revenues in the WRAM. As compared to the information-only report, this filing includes an updated twelve months of WRAM and MCBA data, ending December 31, 2016, with a total net under-collected balance of \$244,316. With interest through February 28 2017, the total net balance is \$245,482.

As described in Advice Letter 217-W, the make-up assessment and the leased water rights balances recorded in the MCBA for calendar year 2015 were estimated. In this advice letter, Liberty Apple Valley proposes to true-up the balances of the leased water rights and make-up expense recorded in the MCBA to the extent possible. The make-up expense and leased water rights expense for the 2015-2016 water year has been finalized and were revised to reflect the

actual. The total adjustment was \$204. With interest through February 28, 2017, the total adjustment was \$846.

Liberty Apple Valley proposes to combine the above balances for a total under-collection of \$245,482. Liberty Apple Valley is therefore requesting recovery of \$245,482 or 1.02% of its 2017 adopted revenue requirements for the domestic system. Liberty Apple Valley proposes to recover the under-collection through a 12-month surcharge of \$0.065 per Ccf applicable to domestic service for Schedule No. 1, residential general metered service, and Schedule No. 3, non-residential general metered service.

The Commission Staff has been provided with workpapers developing the balances described above. The calculation of the surcharge is included in the workpapers.

**Tier Designation**

Pursuant to D.07-01-024, this advice letter is submitted with a Tier 1 designation.

**Requested Effective Date**

Pursuant to General Rule 7.3.2 of General Order 96-B, Liberty Apple Valley requests this filing become effective May 1, 2016.

**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 March 31, 2017 to competing and adjacent utilities and other utilities or interested parties having requested such notification.

In accordance with Resolution W-4664, notice is not required. Liberty Apple Valley will include notice of the rate within the bill during the first billing period the increase is in effect.

**Response or Protest**

Anyone may respond to or protest this advice letter. When submitting a response or protest, please include the utility name and advice letter number in the subject line. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds are:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require re-litigating a prior order of the Commission).

A protest shall provide citations or proofs where available to allow Staff to properly consider the protest.

A response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit  
Water Division, 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 (Park Water) Corp.  
9750 Washburn Road  
P. O. Box 7002  
Downey, CA 90241  
Fax: (562) 861-5902  
E-Mail: [regulatoryaffairs@parkwater.com](mailto:regulatoryaffairs@parkwater.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, ext. 1212.

Very truly yours,

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.

/s/ Edward N. Jackson

EDWARD N. JACKSON

Representative

Liberty Utilities (Park Water) Corp.

Director, Rates and Regulatory Affairs

9750 Washburn Road

Downey, CA 90241

562.923.0711, ext. 1212

[edward.jackson@libertyutilities.com](mailto:edward.jackson@libertyutilities.com)

ENJ/emz

Enclosure

**SCHEDULE NO. 1**

**RESIDENTIAL GENERAL METERED SERVICE**

**APPLICABILITY**

Applicable to residential metered water service.

**TERRITORY**

Town of Apple Valley and vicinity, San Bernardino County.

**RATES**

Quantity Rates:

Tier 1 First 12 100 cu. ft.	\$ 3.876
Tier 2 Over 12 through 24 100 cu. ft.	\$ 4.488
Tier 3 All over 24 100 cu. ft.	\$ 5.100

Service Charge:

Per Meter  
Per Month

For 5/8 x 3/4-inch meter.....	\$ 22.21
For 3/4-inch meter.....	33.32
For 1-inch meter.....	55.53
For 1 1/2-inch meter.....	111.05
For 2-inch meter.....	177.68
For 3-inch meter.....	333.15
For 4-inch meter.....	555.25
For 6-inch meter.....	1,110.50
For 8-inch meter.....	1,776.80
For 10-inch meter.....	3,220.45

This Service Charge is a readiness-to-serve charge which is applicable to all metered services and to which is to be added the monthly charge computed at the Quantity Rates.

**SPECIAL CONDITIONS**

1. A late charge will be imposed per Schedule No. LC.
2. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the Company, service to subsequent tenants in that unit will, at the Company's option, be furnished on the account of the landlord or property owner.
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
4. As authorized by the California Public Utilities Commission, an amount of \$0.287 per Ccf (T) is to be added to the quantity rate for a period of 18 months, beginning on the effective date of Advice Letter 196-W. This surcharge will recover the under-collection in the WRAM and MCBA Balancing Accounts as of December 31, 2014.

(To be inserted by utility)

Issued By

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

Advice No. 223-W

GREGORY S. SORENSEN  
Name

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

Dec. No. 12-04-048

PRESIDENT  
Title

Effective \_\_\_\_\_

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

**SCHEDULE NO. 1**

**RESIDENTIAL GENERAL METERED SERVICE**

(Continued)

6. As authorized by the California Public Utilities Commission, a surcredit of \$2.77 is to be applied for a period of 12 months beginning on the effective date of Advice Letter 207-W. This surcredit will refund the over-collection in the Employee and Retiree Health Care Balancing Account balance as of December 31, 2014.
7. As authorized by the California Public Utilities Commission, a one-time surcredit of \$0.93 per customer is to be applied on the effective date of Advice Letter 207-W. This surcredit will refund the over-collection in the Pension Expense Balancing Account as of December 31, 2014.
8. As authorized by the California Public Utilities Commission, an amount of \$2.43 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 208-W. This surcharge will recover the under-collection in the CARW Revenue Reallocation Balancing Account as of December 31, 2013.
9. As authorized by the California Public Utilities Commission, a one-time sur-credit of \$0.61 per customer is to be applied on the effective date of Advice Letter 209-W. This sur-credit will refund the over-collection in the One-Way Conservation Balancing Account as of October 31, 2015.
10. As authorized by the California Public Utilities Commission, an amount of \$0.02 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 210-W. This surcharge will recover the net total under-collected balance for the 2011 Conservation Memorandum Account, the 2011 Outside Services Memorandum Account, and the Credit Card Memorandum Account.
11. As authorized by the California Public Utilities Commission, an amount of \$0.430 per Ccf is to be added to the quantity rate for a period of 21.5 months, beginning on the effective date of Advice Letter 216-W-A. This surcharge will recover the under-collection in the Interim Rates Memorandum Account as of November 23, 2015.
12. As authorized by the California Public Utilities Commission, an amount of \$0.169 per Ccf is to be added to the quantity rate for a period of 12-months, beginning on the effective date of Advice Letter 217-W. This surcharge will recover the under-collection in the WRAM and MCBA as of December 31, 2015.
13. As authorized by the California Public Utilities Commission, an amount of \$0.065 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 223-W. This surcharge will recover the under-collection in the WRAM and MCBA as of December 31, 2016. (I)  
|  
(I)

(To be inserted by utility)

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

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GREGORY S. SORENSEN

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Dec. No. D.12-04-048

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Effective \_\_\_\_\_

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



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. 938-W

Canceling REVISED Cal. P.U.C. Sheet No. 926-W

**SCHEDULE No. 3**

**NON-RESIDENTIAL GENERAL METERED SERVICE**

**APPLICABILITY**

Applicable to all non-residential metered water service.

**TERRITORY**

Town of Apple Valley and vicinity, San Bernardino County.

**RATES**

Quantity Rates:

All water delivered per 100 cu. ft. .... \$ 4.336

Service Charge:

Per Meter  
Per Month

For 5/8 x 3/4-inch meter.....	\$ 22.21
For 3/4-inch meter.....	33.32
For 1-inch meter.....	55.53
For 1 1/2-inch meter.....	111.05
For 2-inch meter.....	177.68
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1. A late charge will be imposed per Schedule No. LC.
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Advice No. <u>223-W</u>	<u>GREGORY S. SORENSEN</u>	Date Filed _____
	Name	Effective _____
Dec. No. <u>12-04-048</u>	<u>PRESIDENT</u>	Resolution No. _____
	Title	

**SCHEDULE NO. 3**

**NON-RESIDENTIAL GENERAL METERED SERVICE**  
(Continued)

- 6. As authorized by the California Public Utilities Commission, a surcredit of \$2.77 is to be applied for a period of 12 months, beginning on the effective date of Advice Letter 207-W. This surcredit will refund the over-collection in the Employee and Retiree Health Care Balancing Account balance as of December 31, 2014.
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Name

Dec. No. D.12-04-048

PRESIDENT

Effective \_\_\_\_\_

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

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(continued)

(To be inserted by utility)	Issued By:	(To be inserted by Cal. P.U.C.)
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	Title	Resolution No. _____

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.

ADVICE LETTER 223-W  
DISTRIBUTION LIST

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[dcron@applevalley.org](mailto:dcron@applevalley.org)

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County of San Bernardino  
Special Districts Department  
Water and Sanitation Division  
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Bldg. D, Ste. 6  
Victorville, CA 92392

California Public Utilities Commission  
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