

Preliminary Statement

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A. Territory Served by the Utility

The geographic area described under the designation "Territory" in each rate schedule and depicted in the Service Area Map found on Sheet 4-W

B. Types and Classes of Service

The types and classes of service furnished are set forth in each rate schedule under the designation "Applicability."

C. Description of Service

The characteristics of the service furnished are indicated in Rule No. 2, Description of Service.

D. Procedure to Obtain Service

Service as described herein will be furnished, provide application is made in accordance with Rule No. 3, Application for Service; credit is established as required in Rule No. 6, Establishment and Re-Establishment of Credit; Customer's piping is installed as required in Rule No. 16, Service Connections, Meters, and Customer's Facilities under section A.2, "Customer's Responsibility;" and a contract is signed in those certain circumstances specified in Rule No. 4, Contracts.

Where an extension of the Utility's Mains is necessary, Rule No. 15, Main Extensions, applies, and if the project is of a temporary or speculative nature, Rule No. 13, Temporary Service, is applicable.

Applicants for service must also conform to and comply with the other established rules as provided herein.

(N)

(continued)

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Resolution # _____

Preliminary Statement (continued)

(N)

E. Symbols

Whenever tariff sheets are refiled, changes will be identified by the following symbols:

- (C) To signify changed listing, rule or condition which may affect rates or changes.
- (D) To signify discontinued material, including listing, rate, rule or condition.
- (I) To signify increase.
- (L) To signify material relocated from or to other part of tariff schedules with no change in text, rate, rule, or condition.
- (N) To signify new material including listing, rate, rule, or condition.
- (R) To signify reduction.
- (T) To signify change in wording of text but no change in rate, rule, or condition.

F. Memorandum Accounts

The company has established the following memorandum accounts. The purpose of these accounts is to recover costs not anticipated in rates. The balance in these accounts will be recovered in rates after CPUC review and audit of the reasonableness of the costs recorded therein. The accounts are listed with the authorizing CPUC Resolution, Decision, or Public Utilities Code (PU Code). Additional description can be found in the authorizing document(s).

1. Unanticipated Repair Cost Memorandum Account (URCMA)

Decision 92-03-093 (March 31, 1992)

2. Catastrophic Event Memorandum Account (CEMA)

Resolution E-3238 (July 24, 1991) & PU Code 454.9

Note: Should a disaster or emergency occur, the utility will inform the Division of Water and Audits of the CPUC, within 30 days after the catastrophic event, that the utility has started booking costs to its CEMA.

(continued)

(N)

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3. Infrastructure Act Memorandum account (IAMA)

Decision 06-05-041 (May 25, 2006) & PU Code 789

Note: This account is established to track gains on real property

4. Water Contamination Litigation Expense Memorandum Account

Resolution W-4094 (March 26, 1998)

5. Engineering Consultant Surcharge Memorandum Account

Purpose:

The Engineering Consultant Surcharge Memorandum Account (“ECSMA”) implements directions in Commission Decision No. 16-01-047. In that decision, the Commission directed Utility to engage an engineering consultant to conduct an engineering study assessment of the state of the existing water system; make recommendations on adequacy of the water system including the distribution system, the water supply, fire flow, compliance with Water Board Requirements, new proposed water projects, perform preliminary design of new capital projects, and prepare capital budgets and revenue requirements; make recommendations regarding alternative water supply resources if needed; and develop a schedule for converting the existing unmetered water connections to metered connections in the development. The study was to be funded by a separate surcharge of \$45,000, equaling \$124 per connection, on all lot owners during Fiscal Year 2015-2016, to be offset by the amount of refunds also required by Decision No. 16-01-047.

Accounting Procedure:

The ECSMA addresses the costs discussed immediately above. Utility will make entries to this account for expenses and revenue as follows:

- a. Debit entries equal to the costs incurred by Utility in employing the engineering consultant;
- b. Credit entries equal to the amount of refunds due customers for all surcharge revenues received from lot owners;
- c. Debit entries for refund amounts that exceed the amount of the surcharge.

(N)

(continued)

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6. Legal Expense Memorandum Account

Purpose:

Commission Decision No. 16-01-047 permits Utility to establish a memorandum account to track legal expenses for review in its next general rate case, subject to reasonableness review. The Legal Expense Memorandum Account (“LEMA”) is established for that purpose.

Accounting Procedure:

The LEMA is for the purpose to recording legal expenses as discussed immediately above. Utility will make entries to this account for expenses and revenue as follows:

- a. Debit entries equal to the costs of legal expenses incurred that in the opinion of Utility are necessary and reasonable for Utility operations.
- b. Credit entries equal to amounts which the Commission allows in future Commission orders, after conduct of a reasonableness review, to be credited to the LEMA.

G. Balancing Accounts

The company has established the following balancing accounts. The purpose of these accounts is to track changes in costs for the named expense category. The balance in these accounts will be recovered in rates after CPUC review and audit of the costs recorded herein. The accounts are listed with the authorizing CPUC Resolution, Decision, or Public Utilities Code (PU Code). Additional description can be found in the authorizing document(s).

- 1. **Purchased Power**, Resolution W-4467 (April 22, 2004)
- 2. **Purchased Water**, Resolution W-4467 (April 22, 2004)
- 3. **Pump Tax**, Resolution W-4467 (April 22, 2004)
- 4. **Payroll**, Resolution W-4467 (April 22, 2004)
- 5. **Payroll Taxes**, Resolution W-4467 (April 22, 2004)
- 6. **Contract Labor**, Resolution W-4467 (April 22, 2004); Note: Restricted to the Operational and Maintenance portion of contract labor.
- 7. **Water Quality Balancing Account (WQBA)**, Resolution W-4698, July 31, 2008
- 8. **California Department of Public Health User Fees Balancing Account (UFBA)**, Resolution W-4698 (July 31, 2008); Notes: Pertains to fees that are billed under Section 4019.10 of the California Health and Safety Code.

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(continued)

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H. Customer Refunds

Pursuant to Commission Decision 16-01-047, Ordering Paragraphs 3a and 3b, refunds will be made for actual overpayments by lot owners for excess rates charged (@25%) and 100% of payments for easements to the Odd Fellows Recreation Association (Odd Fellows) and Sierra Park Services, Inc. The following refunds will be made in twenty (20) equal quarterly payments over five years for 2016, 2017, 2018, 2019, and 2020 by March 31, June 30, September 30 and December 31:

1. Pursuant to Ordering Paragraph 3a: For Fiscal Year (FY) 2013 (June 1, 2013 through May 31, 2014) and FY 2014, the total refund amount is \$157,756. Total refund amount for FY 2015 is \$64,568.50. Refunds per service connection are:

	<u>Per Service Connection</u>
For improved lots (total: \$187,821)	\$615.81
FY 2013 and 2014 (total: \$133,150)	\$436.56
FY 2015 (total: \$54,671)	\$179.25
For unimproved vacant lots (total: \$24,606)	\$584.80
FY 2013 and 2014 (total: \$24,606)	\$417.05
FY 2015 (total: \$9897)	\$167.75

The refund amounts for 2015 include payments for easements that were collected but not transferred to others.

2. Pursuant to Ordering Paragraph 3b: Odd Fellows is required to refund excess amounts collected in rates in FY 2012 and easements in FY 2013, 2014 and 2015 to the Water Company for Refunding to customers. The total amount of Refund is \$109,432 allocated proportionately to the improved and unimproved lots as directed by Decision 16-01-047.

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