

PRELIMINARY STATEMENT

A. Territory Served by the Utility

The area in which service is or will be furnished by this utility under its main extension rule is described below and is delineated on the service area map(s) shown on or attached to the tariff sheet(s) following:

The service area is approximately 19 square miles in northern Los Angeles County. It is partly within the incorporated City of Santa Clarita and within portions of the unincorporated communities of Castaic, Newhall, Saugus, Stevenson Ranch, and Valencia. The service area lies only within the Castaic Lake Water Agency service area boundaries.

(T)
(T)
(T)

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

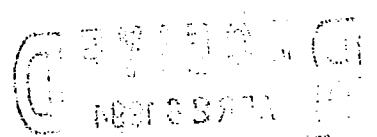
The characteristics of the service furnished are indicated in Rule No. 2, Description of Service.

D. Procedure to Obtain Service

Service as described herein will be furnished to any person or corporation whose premises are within the utility's service area, provided 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 and valves are installed as required in Rule No. 16, Service Connections, Meters, and customer's Facilities, under "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 and customers must also conform to and comply with the other established rules as provided herein.



(To be inserted by utility)

Issued by

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

Advice Letter No. 58

Robert DiPrimio
NAME

Date Filed DEC 21 1993

Decision No. _____

Managing Director
TITLE

Effective APR 28 1994

Resolution No. _____

PRELIMINARY STATEMENT
(Continued)

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 charges.
- (D) To signify discontinued materials, 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 not change in rate, rule or condition.

(D)

(continued)

Issued by

Keith Abercrombie

General Manager

Effective

5/1/15

PRELIMINARY STATEMENT
(Continued)

F. REVENUE STABILIZATION ACCOUNT (RSA)

(C)

1. Purpose

The purpose of the RSA is to track the difference between approved water revenue and actual water revenues along with approved supply expenses versus actual supply expense for future disposition.

2. Applicability

The RSA applies to all ratemaking areas within Valencia Water Company.

3. Definitions

- A. RSA-eligible revenue is all General Metered revenue from the quantity rate. General Metered revenue is revenue generated from customers under the quantity rates in Schedule No. 1-R "Residential General Metered Service", Schedule No. 1-NR "Non-Residential General Metered Service", Schedule No. 1-DIM "Dedicated Irrigation Metered Service", Schedule No. 1-DIM-MS "Dedicated Irrigation Service – Mixed Source", and Schedule No. 5 "Recycled and Untreated Water Service".
- B. Recorded RSA-eligible revenue is all quantity rate revenue billed to General Metered customers in a particular period.
- C. Adopted RSA-eligible revenue is all approved metered usage related revenue.
- D. Non RSA revenue includes service charges, public and private fire charges, unmetered miscellaneous revenues, deferred revenue and surcharges and surcredits.
- E. Eligible supply expenses are all purchased water expense and purchased power expense, including recycled water.
- F. Adopted eligible expenses are all approved purchased water expense and purchased power expense, including recycled water.
- G. Recorded eligible expenses are all purchased water expense and purchased power expense, including recycled water.

(C)

(continued)

Issued by

Kenneth J. Petersen

General Manager

Effective

10/1/16

PRELIMINARY STATEMENT
(Continued)

F. REVENUE STABILIZATION ACCOUNT (RSA)

4. Accounting Procedure

A. The following entries will be recorded monthly to the RSA:

1. Recorded RSA-eligible revenue
2. Adopted RSA-eligible revenue
3. Total net RSA balance = (1) minus (2)

B. The following entries will be recorded monthly for the eligible expenses:

1. Recorded purchased water cost,
2. Adopted purchased water cost,
3. Difference between (1) and (2),
4. Recorded purchased power cost,
5. Adopted purchased power cost,
6. Difference between (4) and (5), and
7. Total net expenses balance = (3) + (6).

C. The Adopted RSA-eligible revenues, and Adopted eligible expenses shall use the monthly conversion factors shown in F.8.

(D)

5. VWC shall record the accumulated RSA Balance monthly, by adding its entry in section F.4.A.3, to the prior accumulated month balance. VWC will record the accumulated expense balance, by adding its entry in Section F.4.B.7 to the prior month's accumulated balance. VWC will record the accumulated LIRA balance by adding its entry in F.4.D. to the prior month's accumulated balance. VWC shall apply interest to the average net balance in the RSA at a rate equal to one twelfth the interest rate on three month Commercial Paper for the previous month as reported in the Federal Reserve Statistical Release, H.15. or its successor. Accumulated interest will be included in the amount on which interest is charged, but will be identified as a separate component of the RSA.

6. Net RSA will be used to evaluate surcharge/surcredit for all customers on Schedule No. 1-R, 1-NR, 1-DIM, 1-DIM-MS, and 5.

(continued)

Issued by

Kenneth J. Petersen

General Manager

Effective

1/1/18

PRELIMINARY STATEMENT
(Continued)

F. REVENUE STABILIZATION ACCOUNT (RSA)
(C)

7. Disposition

A. At the end of each 3-year rate cycle, any unanticipated additional funds in the RSA account beyond those needed to make up for unforeseen revenue shortfalls will be used to offset rates in the next rate assessment.

8. Monthly Adjustment Factors.

The annual adopted revenues, purchase water costs and purchase power costs power cost shall be converted to monthly adopted value by using the following Monthly Adjustment Factors:

Month	Revenues	Water Costs	Power Costs
January	6%	5%	7%
February	5%	4%	5%
March	5%	7%	5%
April	5%	7%	5%
May	7%	11%	6%
June	9%	12%	8%
July	11%	13%	9%
August	12%	10%	12%
September	13%	10%	11%
October	11%	9%	14%
November	9%	7%	10%
December	7%	5%	8%
Total	100%	100%	100%

9. Rate Changes.

Whenever a rate change is implemented that affects adopted RSA revenues and/or adopted costs, the change in monthly RSA revenue and cost for the first two months after its effective date should be prorated to reflect standard billing lag according to the following formula:

$$1^{st} \text{ month Effective \%} = \frac{(\text{Days in Month 1} - \text{Start Day of month} + 1)^2}{2 * (\text{Days in Month 1})^2}$$

$$2^{nd} \text{ month Effective \%} = 1 - \frac{(\text{start day of month 1} - 1)^2}{2 * (\text{days in month 1}) * (\text{days in month 2})}$$

(C)

Issued by

Kenneth J. Petersen

General Manager

Effective

10/1/16