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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of California-American Water Company (U210W), California Water Service Company (U60W), Golden State Water Company (U133W), Park Water Company (U314W) and Apple Valley Ranchos Water Company (U346W) to Modify D.08-02-036, D.08-06-002, D.08-08-030, D.08-09-026, D.08-11-023, D.09-05-005, D.09-07-021, and D.10-06-038 regarding the Amortization of WRAM-related Accounts.

APPLICATION 10-09-017
(Filed September 20, 2010)

**APPLE VALLEY RANCHOS WATER COMPANY RULE 3.2 (d)
COMPLIANCE FILING**

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May 4, 2011

APPLE VALLEY RANCHOS WATER COMPANY RULE 3.2 (d)
COMPLIANCE FILING

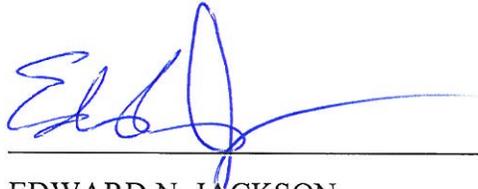
Rule 3.2 (d)

On September 20, 2010, California-American Water Company (U210W), California Water Service Company (U60W), Golden State Water Company (U133W), Park Water Company (U314W), and Apple Valley Ranchos Water Company (U346W) filed Application 10-09-017, requesting Commission authorization for a temporary surcharge rate increase. Notice of the proposed temporary surcharge rate increase for Apple Valley Ranchos Water Company (AVR), (Attachment A), was mailed directly to AVR customers as bill inserts between February 23, 2011 and April 25, 2011.

Dated at Downey, California, May 4, 2011.

Respectfully submitted,

APPLE VALLEY RANCHOS WATER COMPANY



EDWARD N. JACKSON

Representative

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VERIFICATION

STATE OF CALIFORNIA) ss.
COUNTY OF LOS ANGELES)

I, Leigh K. Jordan, am Executive Vice President of the Applicant corporation herein and am authorized to make this verification on its behalf. The statements in the foregoing document are true to my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the above is true and correct.

Executed at Downey, California, this 4th day of May 2011.

APPLE VALLEY RANCHOS WATER COMPANY



LEIGH K. JORDAN
Executive Vice President

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NOTICE OF APPLICATION FILING BY APPLE VALLEY RANCHOS WATER COMPANY TO REVIEW THE RECOVERY PERIOD FOR THE WATER REVENUE ADJUSTMENT MECHANISM(S) (WRAM) AND MODIFIED COST BALANCING ACCOUNT(S) (MCBA)

TEMPORARY SURCHARGE RATE INCREASE

Application No. 10-09-017

The California Public Utilities Commission (CPUC) is seeking public comment on proposed Application 10-09-017 filed on September 20, 2010 by Class A water utilities: Apple Valley Ranchos Water Company, California Water Service Company, California-American Water Company, Golden State Water Company, and Park Water Company. Class A water utilities have more than 10,000 customers. Each water company is providing separate bill insert notices to their own customers.

The purpose of the proposed application is to shorten the time periods over which balances in two CPUC-approved regulatory accounts are recovered (to 18 months) through bill surcharges. The two regulatory accounts, Water Revenue Adjustment Mechanisms (WRAMs) and Modified Cost Balancing Accounts (MCBAs), track the differences between actual and adopted water sales and production costs as part of a water conservation program.

This proposed Application requests approval to reduce the time period for recovery of the net WRAM and MCBA balances that are at or over 5% to 18 months or less. This is necessary to ensure that, consistent with Generally Accepted Accounting Principles (GAAP), the balances tracked during the year are collected within 24 months from the end of that year. Existing CPUC policy mandates recovery of some balances over periods of up to 36 months. If approved, the proposed Application affects how customers are billed, but does not affect the total amount that is to be recovered. Reducing the length of time for recovery will result in a **higher surcharge** (temporary rate increase) that lasts for a shorter time period. **Existing surcharges are lower**, but last for a longer time period. Annual net WRAM and MCBA balances that are less than 5% of a district's annual revenue requirement will not be affected. In addition, future bill surcredits (or refunds) that may result from over-collections of revenue tracked in the WRAM and MCBA accounts will not be affected.

For example, the average bimonthly bill of a residential customer using 38 Ccf is \$124.67 not including a surcharge for the WRAM and MCBA balances. The sample illustrative chart reflects the rate increase a typical residential customer would have to pay. Under the CPUC's current rules, an additional monthly surcharge of \$3.00 (4.59% of the bill) for the same usage would end after 24 months. If the Application is approved, the additional monthly surcharge would be \$4.01 (6.04% of the bill) for the same usage, but would end after 18 months. This is illustrated by the chart below.

Average Bimonthly Bill for Residential Customers (5/8" meter with 38 Ccf).

	Current	After 24 Months	Proposed	After 18 Months
Average Bimonthly Bill	\$124.67	\$124.67	\$124.67	\$124.67
Surcharge	\$0.158		\$0.211	
Duration	for 24 months		for 18 months	
Total Bimonthly Bill	\$130.67	\$124.67	\$132.68	\$124.67
Total Surcharge Collected	\$72.05		\$72.16	
Impact of Temporary Surcharge Adjustment				
Amount of Increase			\$2.01	
Percentage Increase (as percentage of bill)			1.54%	

Further Information Regarding this Application Filing

The Application and related exhibits may be inspected at Apple Valley Ranchos Water Company, located at 21760 Ottawa Road, Apple Valley, California 92307. If you need additional information, you may call Apple Valley Ranchos Water Company at (760) 247-6484.

The application may also be inspected at the CPUC's Central Files Office in San Francisco at 505 Van Ness Avenue, San Francisco, California 94102 between the hours of 8:00 a.m. and noon daily.

Evidentiary Hearings

The CPUC may hold formal Evidentiary Hearings (EH's) whereby the formal parties of record provide testimony and are subject to cross examination before the CPUC's assigned Administrative Law Judge (ALJ). These hearings are open to the public to listen, but only those who are formal parties of record are allowed to participate. The CPUC has their own court reporters who will take the comment of those formal parties of record participating in the EH's. The water companies that submitted the proposed Application will provide testimony at the hearings. The Division of Ratepayer Advocates (DRA) consists of engineers, accountants, economists, and attorneys who independently evaluate the proposals of utilities for and present their analyses and recommendations to the CPUC at EH's. Once hearings are completed, the ALJ will consider all of the evidence presented and release the proposed draft decision. When the CPUC issues a final decision, it may adopt, amend, or modify all or part of the ALJ's draft decision. The final decision may differ from the proposed applications filed by each water utility listed above.

Public Comments

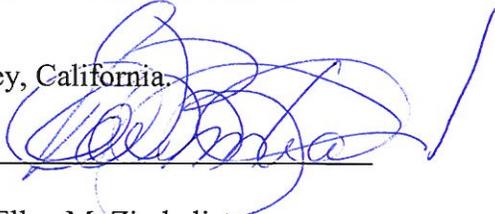
If you wish to comment on this proposed Application filing or informally protest this filing as a customer of Apple Valley Ranchos Water Company, you may do so by contacting the CPUC's Public Advisor's Office (PAO). Written public comment by Apple Valley Ranchos Water Company customers is very much desired by the CPUC and may be sent to the Public Advisor's Office at 320 West 4th Street, Ste. 500, Los Angeles, CA 90013, or via e-mail to public.advisor.la@cpuc.ca.gov. Please state that you are writing about Apple Valley Ranchos Water Company's Application 10-09-017 when sending your written correspondence or e-mail. These public comments will be circulated to the assigned Administrative Law Judge, the assigned Commissioner, and the appropriate line Division CPUC staff for review.

Public Advisor's Phone Number:
213-576-7055
Toll Free: 1-866-849-8391

CERTIFICATE OF SERVICE

I hereby certify that on this date I served the foregoing “APPLE VALLEY RANCHOS WATER COMPANY RULE 3.2 (d) COMPLIANCE FILING” by electronic mail or Federal Express delivery on the Service List for A.10-09-017 below:

Executed this 4th day of May 2011, at Downey, California.



Ellen M. Zimbalist

By Electronic Mail:

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By Federal Express:

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