



FILED

01-02-13
04:59 PM

Valencia Water Company

Application No. _____

Date _____

Attachment A _____

A1301003

VALENCIA WATER COMPANY
ATTACHMENTS & EXHIBITS TO
GRC APPLICATION

VALENCIA WATER COMPANY
 ATTACHMENTS AND EXHIBITS TO 2014-16 GRC APPLICATION

<u>Attachment</u>	<u>Exhibit</u>	<u>Description</u>	<u>Witnesses</u>
Attachment A		Attachment and Exhibit List	
Attachment B		Balance Sheet and Income Statement	
Attachment C		Comparison Exhibit	
Attachment D		Current and Proposed Tariffs	
Attachment E		Notice to Customers	
Attachment F		Affiliated Transaction Reports (also Exhibit 6)	
	Exhibit 1	Report on Results of Operation (bound separately)	Beverly Johnson Greg Milleman Keith Abercrombie Cris Perez Daniel Conway
	Exhibit 2	Report on Capital Additions (bound separately)	Keith Abercrombie Cris Perez Patrick Reeves Greg Milleman
	Exhibit 3	Capital Investment Plan	Keith Abercrombie
	Exhibit 4	Water SMART Program & Tiered Rates	Matthew Dickens Greg Milleman
	Exhibit 5	Balancing and Memorandum Accounts	Greg Milleman Beverly Johnson
	Exhibit 6	Affiliated Transaction Reports (also Attachment F)	Beverly Johnson
	Exhibit 7	Organization Development Plan	Keith Abercrombie
	Exhibit 8	Water Supply and Quality	Keith Abercrombie Cris Perez
	Exhibit 9	Perchlorate Litigation Settlement and Update	Greg Milleman Keith Abercrombie
	Exhibit 10	2010 Urban Water Management Plan	Keith Abercrombie Greg Milleman
	Exhibit 11	2011 Santa Clarita Valley Water Report	Keith Abercrombie
	Exhibit 12	Water Conservation (bound separately)	Matthew Dickens Greg Milleman
	Exhibit 13	Prepared Direct Testimony of Keith Abercrombie	
	Exhibit 14	Prepared Direct Testimony of Greg Milleman	
	Exhibit 15	Prepared Direct Testimony of Beverly Johnson	
	Exhibit 16	Prepared Direct Testimony of Cris Perez	
	Exhibit 17	Prepared Direct Testimony of Matthew Dickens	
	Exhibit 18	Prepared Direct Testimony of Daniel M. Conway	
	Exhibit 19	Prepared Direct Testimony of Patrick J. Reeves	

Valencia Water Company

Application No. _____

Date _____

Attachment B

VALENCIA WATER COMPANY

BALANCE SHEET AND INCOME STATEMENT

VALENCIA WATER COMPANY
BALANCE SHEET
(000s)

11/30/2012

Current Assets:	
Cash	\$9,043
Metered and other Receivables	2,439
Materials and supplies	355
Prepaid expenses	<u>203</u>
Total current assets	<u>12,040</u>
Property, plant and equipment	
Plant in Service	164,044
Plant under Construction	<u>2,716</u>
	166,760
Accumulated Depreciation	<u>(54,925)</u>
Total Property, Plant, and Equipment	<u>111,835</u>
Other Assets	<u>5,791</u>
Total assets	<u><u>\$129,666</u></u>
Current liabilities:	
Bank Line of Credit	\$0
Accounts payable/ Accrued Expenses	<u>3,081</u>
Total current liabilities	<u>3,081</u>
Long-Term Liabilities	
Deferred Income Taxes	10,660
Advances for Construction	11,695
Contributions in Aid of Construction	54,255
Other Deferred Credits	2,464
Long-Term Debt	<u>24,000</u>
Total long-term liabilities	<u>103,074</u>
Total liabilities	<u>106,155</u>
Stockholder's equity:	
Capital Stock and Surplus	8,944
Retained Earnings	<u>14,567</u>
Total stockholder's equity	<u>23,511</u>
Total liabilities and equity	<u><u>\$129,666</u></u>

VALENCIA WATER COMPANY
INCOME STATEMENT
(000s)

	<u>Year-To-Date</u> <u>11/30/2012</u>
OPERATING REVENUES	\$24,429
OPERATING EXPENSES	
Purchased Power	1,439
Imported Water	7,989
Property Taxes	382
Operations and Maintenance	4,040
Administration and General	3,711
Depreciation and amortization	2,428
Other	(28)
Total	<u>19,961</u>
Operating Income (loss)	4,468
Interest Expense	(1,065)
Interest Income	7
Litigation Settlement	529
	<u>3,939</u>
Pre-tax Income (loss)	<u>3,939</u>
Income tax benefit (expense)	<u>(1,658)</u>
Net Income (Loss)	<u><u>\$2,281</u></u>

Valencia Water Company

Application No. _____

Date _____

Attachment _____ C _____

VALENCIA WATER COMPANY

COMPARISON EXHIBIT

TO BE PROVIDED WITH FINAL APPLICATION

ATTACHMENT C

Comparison Exhibit Explaining Differences
Between the Proposed Application and the Application

Document	Attachment Exhibit	Reference ¹	Difference	Reference to Other Areas Impacted ¹
(1) Application		Section 6.6	Reference to Rule 23(i) corrected to reference to Rule 3.2(a)(8)	
(2) Application	B	N/A	Balance Sheet & Income Statement reflect 11/30/12 balances.	N/A
(3) Application	C	N/A	Comparison Exhibit added based on changes made throughout GRC documents	N/A
(4) Application	D	N/A	Proposed tariff rates updated based on rates per Exhibit 1	N/A
(5) Application	E	N/A	Notice updated based on all other changes in Results of Operation Exhibit 1	
(6) Application	F	N/A	Affiliated Transaction Reports added for years 2007 through 2010.	Application Section 3.1; Exhibit 6; Response to Minimum Data Requirements, II.I.1
(7) Results of Operations	N/A	1	Coversheet Modified date from November 2012 to January 2013	Exhibit 1 Workpapers, Cover Sheet
(8) Results of Operations	N/A	1	Table of Contents Updated page numbers as appropriate based on changes to text	
(9) Results of Operations	N/A	1	Chapter 1 Overview of Exhibit Updated revenue increase amounts and percent based on updated revenue requirement calculation	Application text and applicable tables; Exhibit 1 Chapter 11, p.11-1

ATTACHMENT C

Comparison Exhibit Explaining Differences
Between the Proposed Application and the Application

Document	Attachment	Exhibit	Reference ¹	Difference	Reference to Other Areas Impacted ¹
(10) Results of Operations	N/A	1	Chapter 1, Table 1 - Recorded amounts modified to reflect most recent 12 months, i.e., Dec. 1, 2011 through Nov. 30, 2012. Added Note 1 to reference source of 2012 adopted numbers.		Chapter 1, Tables 1-2 and 1-3
(11) Results of Operations	N/A	1	Chapter 1, Table 1 - Added balance in perchlorate litigation memorandum account to explanation of Outside Services Employed.		
(12) Results of Operations	N/A	1	Chapter 2, p.2-1 Historical Background	Added language regarding pending purchase of Valencia by Castaic Lake Water Agency	Application, Sections 3.0 and 3.8
(13) Results of Operations	N/A	1	Chapter 2, p.2-2 Proceedings Before the Commission	Added Advice Letter 146, Escalation rate increase for 2013	Application, Section 1.3
(14) Results of Operations	N/A	1	Chapter 4, Tables 4-1 through 4-6	Added supplemental Tables 4-1A, 4-2A, 4-3A, 4-4A, and 4-6A in order to present customers, sales and revenues in conformity with the Minimum Data Requirements.	Exhibit 1 Workpapers, Worksheet 4-6C added. Exhibit 1 p.4-1 updated. Response to Minimum Data Requirements section II.A. #1-5 updated.
(15) Results of Operations	N/A	1	Chapter 4, Tables 4-6 and 4-6A	Added line to reflect Revenues per Customer in accordance with the Minimum Data Requirements.	Response to Minimum Data Requirements, II.A.5.
(16) Results of Operations	N/A	1	Workpapers, Worksheet 4-6B (previously 4-6A)	Renamed this worksheet from 4-6A to 4-6B to accommodate new Table 4-6A. Updated 2013 Rates based on actual escalation rates implemented Jan. 1, 2013.	Exhibit 1 and Exhibit 1 Workpapers Chapter 12 Present Rates

ATTACHMENT C

Comparison Exhibit Explaining Differences
Between the Proposed Application and the Application

Document	Attachment	Exhibit	Reference ¹	Difference	Reference to Other Areas Impacted ¹
(17) Results of Operations	N/A	1	Chapter 5, p.5-6, GIS Specialist	Modified text to reflect that the GIS Specialist position was filled in November 2012.	
(18) Results of Operations	N/A	1	Chapter 5, p.5-11, Employee Pensions and Benefits	Additional text in support of projected medical and dental insurance premium increases.	Exhibit 1 Workpapers, Worksheet 5-4 added for same purpose.
(19) Results of Operations	N/A	1	Chapter 5, Table 5-1	Modified worksheet reference for payroll expenses on lines 1 through 10, and added Note 1.	
(20) Results of Operations	N/A	1	Chapter 5, Table 5-1, page 2	Added row 57-a to reflect A&G expense per customer percentage of change	
(21) Results of Operations	N/A	1	Workpapers, Worksheet 5-1B	Added lines to reflect water production, purchased water, pumped water, recycled purchased water, recycled pumped and treated water in CCF.	Response to Minimum Data Requirements, II.C.4.
(22) Results of Operations	N/A	1	Chapter 5, Table 5-2	Removed 2014 Cost of Capital expenses for years 2014 and 2015 to be consistent with separate cost of capital stipulation between Valencia and DRA	Exhibit 1 Chapter 5 text "Regulatory Expense" section; Exhibit 1 Workpapers Worksheet 5-1E
(23) Results of Operations	N/A	1	Workpapers, Worksheet 6-2A	Added reference to Exhibit 2, Report on Capital Additions	
(24) Results of Operations	N/A	1	Chapter 11, p.11-1	Modified text to reflect return on ratebase and return on equity based on draft stipulation with DRA on cost of capital	
(25) Report on Capital Additions	N/A	2	Appendix B	CIP balance updated for 11/30/12 actual numbers	N/A

ATTACHMENT C

Comparison Exhibit Explaining Differences
Between the Proposed Application and the Application

Document	Attachment Exhibit	Reference ¹	Difference	Reference to Other Areas Impacted ¹
(26) Balancing & Memorandum Accounts	N/A	5 Tables 1, 2, 4, 6, 7, and 9	Updated tables and text to reflect activity through 11/30/12. Table 1, pp.3-4, removed 2010 Tax Memorandum Account to account for input of replacement plant.	N/A
(27) Balancing & Memorandum Accounts	N/A	5 Section 8 and Table 10	Added Table 10 to show activity in Credit / Debit Card Memorandum Account, and updated Section 8 to reference the new table	N/A
(28) Urban Water Management Plan	N/A	10 N/A	Added letter from Department of Water Resources affirming a completed UWMP.	Response to Minimum Data Requirements, p.10, I.E.1.
(29) Water Conservation Plan	N/A	12 Throughout	Correction of minor typographical errors and non-substantive wording edits	
(30) Minimum Data Requirements	N/A	N/A	Response to I.E.3 Modified response to state that water loss audit is provided and added Enclosure 30, results of water loss audit.	
(31) Minimum Data Requirements	N/A	N/A	Response to I.E.4 Modified response to state that cost / benefit analysis for reducing unaccounted for water is provided. Added Enclosure 31 for cost / benefit analysis.	
(32) Minimum Data Requirements	N/A	N/A	Response to I.E.6 Updated response to include current leak data through 12/7/12, and added Enclosure 32 which includes download from leak database.	
(33) Minimum Data Requirements	N/A	N/A	Response to I.F.3 Modified response to explain why Valencia does not plan to covert its private fire meters to metered service.	

ATTACHMENT C

Comparison Exhibit Explaining Differences
Between the Proposed Application and the Application

Document	Attachment	Exhibit	Reference ¹	Difference	Reference to Other Areas Impacted ¹
(34) Minimum Data Requirements	N/A	N/A	Response to II.K.12	Modified response to correct the reference to Exhibit 2, Report on Capital Additions, with added reference to specific projects.	
(35) Minimum Data Requirements	N/A	N/A	Enclosure 1	Updated Worksheet 5-1A-2 to reflect GIS Specialist hired in November 2012	N/A
(36) Minimum Data Requirements	N/A	N/A	Enclosure 2	Updated to reflect rate change to be effective 1/1/13 via Advice Letter 146.	Exhibit 1 Chapter 2
(37) Supplemental Data Request	N/A	N/A	Enclosure 12	2012 Purchased Power schedule updated through November 2012	N/A

¹ For numeric changes made to Exhibit 1, this Comparison Exhibit references where changes were made within the model. However, due to calculations and linked cells within the model, numeric changes may affect other areas of the model.

Valencia Water Company

Application No. _____

Date _____

Attachment D _____

VALENCIA WATER COMPANY

CURRENT AND PROPOSED TARIFFS

ATTACHMENT D
CURRENT AND PROPOSED TARIFFS

Included in this Attachment are all current tariffs to which Valencia proposes a change in this general rate case filing. This is not a complete compilation of all of Valencia's current tariffs. All current tariffs are available on Valencia's website at www.valenciawater.com. For each tariff to which a change is proposed in this general rate case, only for the pages which are affected by the change are included in the Proposed Tariff in this Attachment. A summary description of the proposed tariff changes is included in Exhibit 1 filed in support of this Application, Chapter 12.

Tariffs included in this Attachment

- Preliminary Statement
- Schedule No. 1-R Residential General Metered Service
- Schedule No. 1-NR General Metered Service – Non-Residential
- Schedule No. 1-DIM Dedicated Irrigation Metered Service
- Schedule No. 1-DIM-MS Dedicated Irrigation Mixed Sources Metered Service
- Schedule No. 4 Private Fire Service
- Schedule No. VAR Variance Explanation and Process
- Rule No. 9 Rendering and Payment of Bills
- Rule No. 11 Discontinuance and Restoration of Service
- Rule No. 16 Service Connections, Meters, and Customer's Facilities
- Form No. 10 Water SMART Program Variance Request

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

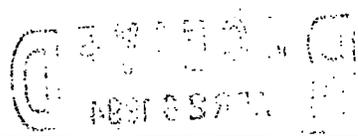
The characteristics of the service furnished are indicated in Rule No. 2, Description of Service.

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. _____

Valencia Water Company
24631 Avenue Rockefeller
Valencia, CA 91355
Los Angeles County

Canceling Revised
Original
Original

Cal. P.U.C. Sheet No. 530-W
Cal. P.U.C. Sheet No. 8-6

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.

F. Military Family Relief Program (MFRP) Memorandum Account

(N)

1. The Company shall establish a Memorandum Account to provide for review and potential future recovery of reduced revenues resulting from implementation of its MFRP as described in Rule Number 22.

2. Charges to the Memorandum Account shall consist of MFRP credits on customer bills and the costs of publishing related notices and applications plus interest consistent with Commission Memorandum Account Procedures.

3. Credits to the Memorandum Account shall consist of amounts recovered through authorized surcharge collections plus interest consistent with Commission Memorandum Account Procedures.

4. The Company shall include cumulative balances in this Memorandum Account in its annual request for account review required by Commission Decision 03-06-072.

(N)

(To be inserted by utility)

Issued by

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

vice Letter No. 110

Robert J. DiPrimio
NAME

Date Filed MAR 15 2006

Decision No. _____

President
TITLE

Effective APR 26 2006

Resolution No. _____

PRELIMINARY STATEMENT
(continued)

G. Low-Income Ratepayer Assistance Memorandum Account

1. Purpose: The purpose of this memorandum account is to track the costs and lost revenues of this program against the surcharge revenues collected.
2. The following entries will be made monthly to the LIRA memorandum account:
 - a) The recorded reduction in billed service charge revenues given to qualified customers for service provided under Schedule No. LIRA (debit);
 - b) LIRA program costs of performing incremental activities which would not have been incurred absent the LIRA program and which have not been reflected in authorized rates (debit);
 - c) Recorded surcharge revenues collected from non-qualifying customers (credit);
 - d) Franchise fees and uncollectible account expense, based on a) and c) above and the adopted rates for franchise fees and uncollectible accounts expense (debit or credit);
 - e) Monthly interest expense calculated at 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3-month), published in the Federal Reserve Statistical Release (debit or credit).

H. Cost of Capital Proceeding Memorandum Account

(N)

The Cost of Capital Litigation Memorandum Account includes the incremental costs incurred by Valencia Water Company limited to incremental non-employee resources engaged in litigating the cost of capital proceeding Application 09-05-002 to determine the just and reasonable cost of capital for base year 2010. These costs are eligible for recovery in the next general rate case amortized over the life of the rate case cycle after Valencia Water Company makes a persuasive showing in the next general rate case that the costs were incremental, reasonable, and prudently controlled and managed.

(N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 126

Robert J. DiPrimio
NAME

Date Filed AUG - 6 2009

Decision No. 09-07-038

President
TITLE

Effective JUL 30 2009

Resolution No. _____

Valencia Water Company
24631 Avenue Rockefeller
Valencia, CA 91355
Los Angeles County

Original _____ Cal. P.U.C. Sheet No. 589-W
Canceling _____ Cal. P.U.C. Sheet No. _____

PRELIMINARY STATEMENTS
(continued)

I. WATER REVENUE ADJUSTMENT MECHANISM / MODIFIED COST BALANCING ACCOUNT (WRAM/MCBA) (N)

1. Purpose

The purpose of the WRAM/MCBA Balancing Accounts is to track the difference between Commission Approved water revenue and actual water revenues along with Commission approved supply expenses versus actual supply expense for future disposition. These accounting mechanisms are part of a pilot program including conservation rate design. The pilot program will be reviewed in Valencia's General Rate Case proceeding that is scheduled to be filed on January 1, 2013.

2. Applicability

The WRAM Balancing Account and MCBA apply to all ratemaking areas within Valencia Water Company.

3. Definitions

- A. WRAM-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" and Schedule No. 5 "Recycled and Untreated Water Service".
- B. Recorded WRAM-eligible revenue is all quantity rate revenue billed to General Metered customers in a particular period.
- C. Adopted WRAM-eligible revenue is all Commission approved metered usage related revenue.
- D. Non WRAM revenue includes service charges, public and private fire charges, unmetered miscellaneous revenues, deferred revenue and surcharges and surcredits.
- E. MCBA-eligible supply expenses are all purchased water expense and purchased power expense, including recycled water.
- F. Adopted MCBA-eligible expenses are all Commission approved purchased water expense and purchased power expense, including recycled water.
- G. Recorded MCBA-eligible expenses are all purchased water expense and purchased power expense, including recycled water.

(continued)

(To be inserted by utility)

Issued by

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

Decision Letter No. 132

Keith Abercrombie
NAME

Date Filed JAN 13 2011

Decision No. 10-12-029

General Manager
TITLE

Effective FEB - 1 2011

Resolution No. _____

PRELIMINARY STATEMENTS
(continued)

I. WATER REVENUE ADJUSTMENT MECHANISM/MODIFIED COST BALANCING ACCOUNT (WRAM/MCBA) (N)

4. Accounting Procedure

A. The following entries will be recorded monthly to the WRAM Balancing Account:

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

B. The following entries will be recorded monthly in the MCBA:

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 MCBA balance = (3) + (6).

C. The Adopted WRAM-eligible revenues, and Adopted MCBA-eligible expenses shall use the monthly conversion factors shown in A.9.

5. VWC shall record the accumulated WRAM Balance monthly, by adding its entry in section I.4.A.3, to the prior accumulated month balance. VWC will record the accumulated MCBA Balance, by adding its entry in Section I.4.B.7 to the prior month's accumulated balance. VWC shall apply interest to the average net balance in the WRAM and MCBA accounts 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 WRAM and MCBA accounts.

6. Net WRAM and net MCBA will be combined to evaluate surcharge/surcredit for all General Metered customers (customers on Schedule No. 1-R, 1-NR, and 5).

7. Effective Date

The WRAM/MCBA Balancing Account shall go into effect on the effective date of Advice Letter No. 132. (N)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 132

Keith Abercrombie
NAME

Date Filed JAN 13 2011

Decision No. 10-12-029

General Manager
TITLE

Effective FEB - 1 2011

Resolution No. _____

PRELIMINARY STATEMENTS
(continued)

I. WATER REVENUE ADJUSTMENT MECHANISM/MODIFIED COST BALANCING ACCOUNT (N)
(WRAM/MCBA)

8. Reporting and Disposition

- A. By March 31st of each year, Valencia will provide the Division of Water and Audits (with a copy to DRA) with a written report on the status of the WRAM and MCBA accounts as described herein.
1. If the report shows an overcollection in the net WRAM/MCBA balance, Valencia will file an advice letter to amortize the balance within 30 days, unless Valencia has already filed for recovery or refund in the previous 6 months.
 2. Concurrent with Valencia's filing of any advice letter to recover the balance of the WRAM and MCBA accounts, Valencia will provide the Division of Water and Audits (with a copy to DRA) with a written report on the status of the WRAM and MCBA accounts as described herein.
 3. WRAM: The written report will include a section on the WRAM showing the revenue over- or under-collection with respect to actual (or recorded) water sales, by customer class, as of December 31st of the preceding calendar year. Differences between Total Adopted Quantity Revenues and Total Actual Quantity Revenues will be tracked in the WRAM and accrue interest at the 90-day commercial paper rate.
 4. MCBA: The written report will include a section on the MCBA comparing Total Adopted MCBA Costs with Total Actual MCBA Costs as of December 31st of the preceding calendar year. Differences between Total Adopted MCBA Costs and Total Actual MCBA Costs will be tracked in the MCBA's and accrue interest at the 90-day commercial paper rate.
- B. The net balances of the WRAM and MCBA accounts will be resolved in the following manner:
1. The WRAM and MCBA accounts will always be considered together for the purposes of determining the need for additional revenue recovery from, or for refunds to, ratepayers, and will be netted prior to any refund or recovery.
 2. Valencia will track revenues in the WRAM account by customer class for analysis purposes, but implementation of a surcharge or surcredit will be done considering the net balance of the WRAM and MCBA accounts for all customer classes included in the WRAM/MCBA.
- C. Valencia will use the following procedures for amortization of the WRAM/MCBA:
1. Refund or collect the WRAM/MCBA balance no more frequently than six month intervals.
 2. Amortize the WRAM/MCBA balance if it exceeds two percent of Valencia's last approved revenue requirement.
 3. Follow SP U-27-W by refraining from amortizing any WRAM/MCBA balance that is less than two percent of Valencia's last approved revenue requirement.
 4. Follow the time periods set forth in Decision 03-06-072, Appendix A, p. 3 (also described in SP U-27-W (Paragraph 56.b)).
 5. Follow Decision 03-06-072, Appendix A, p. 3, also described in SP U-27-W (Paragraph 40)) by amortizing undercollections by a surcharge on the quantity rate and refunding overcollections by a surcredit to the service charge.

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 132

Keith Abercrombie
NAME

Date Filed JAN 13 2011

Decision No. 10-12-029

General Manager
TITLE

Effective FEB - 1 2011

Resolution No. _____

PRELIMINARY STATEMENTS
 (continued)

I. WATER REVENUE ADJUSTMENT MECHANISM/MODIFIED COST BALANCING ACCOUNT (WRAM/MCBA) (N)

9. 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%

10. Rate Changes.

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

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

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

(continued)

(N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 132

Keith Abercrombie
NAME

Date Filed JAN 13 2011

Decision No. 10-12-029

General Manager
TITLE

Effective FEB - 1 2011

Resolution No. _____

PRELIMINARY STATEMENTS
(continued)

J. WATER QUALITY LITIGATION MEMORANDUM ACCOUNT (WQLMA)

The Water Quality Litigation Memorandum Account (WQLMA) includes expenses resulting from water contamination litigation in accordance with Resolution W-4094 dated March 26, 1998. Reasonable costs recorded in the WQLMA are eligible for recovery in a subsequent general rate case application or in accordance with Commission policy.

K. TAX RELIEF, UNEMPLOYMENT INSURANCE REAUTHORIZATION AND JOB CREATION ACT OF 2010 MEMORANDUM ACCOUNT

(N)

1. Purpose

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 Memorandum Account ("2010 Tax Act Memorandum Account") is established in accordance with CPUC Resolution L-411A. The purpose of this memorandum account is to track on a CPUC-jurisdictional, revenue requirement basis the impacts of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 ("The New Tax Law") not otherwise reflected in rates from April 14, 2011 until the effective date of the revenue requirement changes in the Utility's next General Rate Case ("Memo Account Period"). The Utility shall record in this memorandum account: (a) decreases in revenue requirement resulting from increases in deferred tax reserve; (b) offsets to reflect additional costs or expenses, not otherwise recovered in rates, incurred as a result of additional utility infrastructure investment enabled by the bonus depreciation provisions of the New Tax Law, to the extent allowed by Ordering Paragraph 5 of Resolution L-411A; and (c) amounts to reflect the impacts of any decrease in Section 199 deductions resulting from bonus depreciation taken, changes in working cash resulting from the New Tax Law, and any other direct changes in revenue requirement resulting from the Utility's taking advantage of the New Tax Law.

The 2010 Tax Act Memorandum Account shall be used in determining whether any future rate adjustment is appropriate to reflect impacts of the New Tax Law during the Memo Account Period. This memorandum account shall not be used to recover any net revenue requirement increase recorded during the Memorandum Account Period. If, at the end of the Memo Account Period, this memorandum account reflects a net revenue requirement increase, the memorandum account shall be terminated without any impact on rates.

The following limits allowed by Ordering Paragraph 5 of Resolution L-411A apply to the additional needed utility infrastructure investments that may be tracked in the 2010 Tax Act Memorandum Account: (a) the property in which the investment is made must be Commission-jurisdictional; (b) the property in which the investment is made must itself be eligible for bonus depreciation; (c) at least 90% of the investment must have a tax depreciable life of at least 15 years, and any remaining investments must be ancillary to such investment; and (d) if a utility determines that it would be best to invest in something other than the typical types of projects included in general rate case type applications, the utility must file an application or advice letter seeking Commission approval in order to record the revenue requirement impact of that investment as an offset in the memorandum account.

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(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 138-A

Keith Abercrombie
NAME

Date Filed AUG 15 2011

Decision No. _____

General Manager
TITLE

Effective APR 14 2011

Resolution No. L-411A

PRELIMINARY STATEMENTS
(continued)

K. TAX RELIEF, UNEMPLOYMENT INSURANCE REAUTHORIZATION AND JOB CREATION ACT OF 2010 MEMORANDUM ACCOUNT (N)

2. Applicability

The 2010 Tax Memorandum Account applies to each ratemaking area within Utility's service area tracking the revenue requirement impact of each change resulting from the New Tax Law.

3. Memorandum Account Entries

The entries made to the 2010 Tax Act Memorandum Account may include the following:

- a. Debit for decrease in revenue requirement resulting from increase in deferred tax reserve.
- b. Credit for increase in revenue requirement resulting from the impact of any decrease in Section 199 deductions resulting from bonus depreciation taken.
- c. Credit or debit for increase or decrease, respectively, in revenue requirement resulting from the impact of any calculations in working cash resulting from the New Tax Law or from bonus depreciation taken.
- d. Credit or debit for increase or decrease, respectively, in revenue requirement resulting from any other direct change in revenue requirement resulting from the Utility's taking advantage of the New Tax Law.
- e. Credit for increase in revenue requirement resulting from additional Utility infrastructure investment consistent with the limitations set forth by Order Paragraph 5 of Resolution L-411A and detailed in Purpose of this Preliminary Statement.
- f. Balances in the Tax Memorandum Account will accrue interest at the 90-day commercial paper rate.

This is a memorandum account that is to be tracked "off balance sheet," and no general ledger entries are required at this time. At such time that the Commission rules that the Utility is required to make an adjustment to its revenue requirement and rates, as a result of the tax impacts not otherwise reflected in rates, the Utility will make the appropriate entries in its general ledger.

4. Disposition

In the Utility's next General Rate Case (GRC), or at such other time as ordered in that GRC decision, the Commission shall address the disposition of amounts (a) recorded in the 2010 Tax Act Memorandum Account and (b) forecast for the remainder of the Memo Account Period, and may cause any net revenue requirement decrease to be reflected in prospective rates. (N)

(To be inserted by utility)

Issued by

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

Decision Letter No. 138-A

Keith Abercrombie

Date Filed AUG 15 2011

NAME

Decision No. _____

General Manager

Effective APR 14 2011

TITLE

Resolution No. L-411A

Valencia Water Company
24631 Avenue Rockefeller
Valencia, CA 91355
Los Angeles County

Original _____ Cal. P.U.C. Sheet No. 658-W
Canceling _____ Cal. P.U.C. Sheet No. _____

PRELIMINARY STATEMENTS
(continued)

L. CREDIT / DEBIT CARD MEMORANDUM ACCOUNT

The Credit / Debit Card Memorandum Account shall include all costs previously authorized in rates that are being used to support the credit and debit card payment options. This would include all ongoing maintenance, operation and capital costs needed to support this payment option. In addition, all cost of noticing the program shall be accounted for in the memorandum account until the Utility files its next general rate case. The Utility shall also record in this memorandum account any savings arising from the reduced number of shutoffs associated with timely payment of bills using debit or credit cards. The net balance in the memorandum account shall be refunded to customers as part of the Utility's next general rate case. After the balance in the memorandum account has been fully refunded to ratepayers, the memorandum account shall be closed.

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(To be inserted by utility)

Issued by

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

Advice Letter No. 144

Keith Abercrombie
NAME

Date Filed JUL 11 2012

Decision No. _____

General Manager
TITLE

Effective AUG 10 2012

Resolution No. W-4908

Schedule No. 1-R
RESIDENTIAL GENERAL METERED SERVICE

APPLICABILITY

Applicable to all individually metered residential water service.

TERRITORY

The service area of Valencia Water Company in the Community of Valencia and vicinity in Los Angeles County as defined in the preliminary statement.

WATER SMART ALLOCATION PROGRAM

Water allocations are an effective method of calculating the water use needs at a residence and are implemented to promote greater water use efficiency. Water SMART allocations are provided to all individually metered residential homes and are based on the specific indoor and outdoor water needs of each individual residence.

RATES

Quantity Rates: For all water delivered per 100 cu. ft.

Tier Name	Tier Level	Tier Rate
Super Efficient	Tier 1: Indoor monthly water allocation	\$1.175
Efficient	Tier 2: Outdoor monthly water allocation (Tiers 1+2 = 100% of total monthly allocation)	\$1.399
Inefficient	Tier 3: 101%-150% of monthly water allocation	\$1.749
Excessive	Tier 4: 151%-200% of monthly water allocation	\$2.274
Wasteful	Tier 5: Use in excess of 200% of monthly water allocation	\$2.956

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The amount of water used within each tier is billed at the corresponding rate for that tier.

Service Charges:

Service charges as shown on Schedule 1-NR shall apply. The Service Charge is a readiness-to-serve charge which is applicable to all General Metered Service and to which is to be added to the monthly charge computed at the Quantity Rates.

SPECIAL CONDITIONS

- All bills are subject to the reimbursement fee set forth in Schedule No. UF.
- A surcharge of \$0.04 per month is to be applied to the monthly service charge from the effective date of Advice Letter No. 112 in order to offset revenue reductions given to LIRA customers.

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(To be inserted by utility)

Issued by

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

Advice Letter No. 140-A

Keith Abercrombie
NAME

Date Filed NOV 23 2011

Decision No. 10-12-029

General Manager
TITLE

Effective JAN - 1 2012

Resolution No. _____

Schedule No. 1-R
RESIDENTIAL GENERAL METERED SERVICE

(continued)

3. Indoor water allocation is based on 6,500 gallons per thirty (30) day month allocated at gallons per number of days in each billing period assuming an average household of four (4).

(N)

Outdoor water allocation for the month is based on individual landscaped area, evapotranspiration, and number of days in the billing period. It is calculated daily using the formula below. The daily water allocations for each day in the billing period are accumulated for the applicable month's outdoor water allocation.

$$\text{Daily Outdoor Water Allocation} = (\text{ET}_o \times \text{Kc}_1 \times \text{LA}_1 \times .623) / \text{IE} + (\text{ET}_o \times \text{Kc}_2 \times \text{LA}_2 \times .623) / \text{IE}$$

Where ET_o = Actual Evapotranspiration Factor (Inches/Day)

Where Kc_1 = .7 Crop Coefficient for the first 2,500 square feet of Landscape Area. The 0.7 crop coefficient is for high water using plants such as turf grass.

Where Kc_2 = .5 Crop Coefficient for any incremental increase in landscaped area that exceeds 2,500 square feet up to a limit of 10,000 square feet. The 0.5 crop coefficient is for medium water using plants such as shrubs, trees and ground cover.

Where LA_1 = The first 2,500 square feet of actual Landscape Area.

Where LA_2 = Any incremental increase in actual landscaped area that exceeds 2,500 square feet up to a limit of 10,000 square feet.

Where .623 = Conversion Factor (Gallons/Sq Ft)

Where IE = Irrigation Efficiency = .71

To calculate the outdoor water allocation, the landscaped area is the individually metered customer's actual landscaped area, including the water surface area of swimming pools and spas, with the following parameters.

- Minimum Landscaped Area - 500 square feet.
- Maximum Landscaped Area - 10,000 square feet.

(N)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 132

Keith Abercrombie
NAME

Date Filed JAN 13 2011

Decision No. 10-12-029

General Manager
TITLE

Effective FEB - 1 2011

Resolution No. _____

Schedule No. 1-R
RESIDENTIAL GENERAL METERED SERVICE

(continued)

4. The parameters for the tiers are as follows:

Tier 1 amount is equal to the customer's indoor water allocation (6,500 gallons, which would round to 9 ccfs per 30 day month, prorated based on the number of days in each month);

Tier 2 amount is equal to the customer's outdoor water allocation;

Tier 1 and Tier 2 combined make up 100% of the customer's total water allocation;

Tier 3 is 101-150% of the customer's total water allocation;

Tier 4 is 151-200% of the customer's total water allocation; and

Tier 5 is any use in excess of 200% of the customer's total water allocation.

5. Tiered rates are a function of the Single Quantity Rate (SQR) as follows:

Tier Rate Criteria		
Rate Tier	% of SQR	Function of
Tier 1	0.84	Times SQR
Tier 2	1.00	Times SQR
Tier 3	1.25	Times SQR
Tier 4	1.30	Times Tier 3
Tier 5	1.30	Times Tier 4

The SQR is defined as the quantity rate per 100 cu. ft. listed on Schedule 1-NR.

6. Due to the under-collection in the utility's Purchased Power and Purchased Water Balancing Accounts, a surcharge of \$0.009 per 100 cu. ft. of water used is to be applied to the quantity rates until the under-collection in the balancing account has been fully amortized, approximately 12 months.
7. The Water Quality Surcredit is to refund amounts previously collected in general rates used to fund water quality litigation. The funds received were recorded in the Water Quality Litigation Memorandum Account. The surcredit shall remain in effect until the amount of \$531,605 has been fully refunded in accordance with D.10-12-029, approximately 12 months. (T)
8. Due to the under-collection in the utility's Water Revenue Adjustment Mechanism / Modified Cost Balancing Account (WRAM / MCBA), a surcharge of \$0.056 per 100 cu. Ft. of water used is to be applied to the quantity rates until the under-collection in the WRAM / MCBA has been fully amortized, approximately 12 months. (N)
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 (N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 139

Keith Abercrombie
NAME

Date Filed OCT 11 2011

Decision No. 10-12-029

General Manager
TITLE

Effective NOV - 2 2011

Resolution No. _____

Valencia Water Company
 24631 Avenue Rockefeller
 Valencia, CA 91355
 Los Angeles County

Revised _____ Cal. P.U.C. Sheet No. 639-W
 Cancelling Revised _____ Cal. P.U.C. Sheet No. 609-W

Schedule No. 1-NR
General Metered Service – Non-Residential

APPLICABILITY

Applicable to all metered water service for which no special schedule is available.

TERRITORY

The service area of Valencia Water Company in the Community of Valencia and vicinity in Los Angeles County as defined in the preliminary statement.

RATES

	<u>Per Meter Per Month</u>	<u>Water Quality Surcredit</u>
Quantity Rates:		
For all water delivered per 100 cu. ft.	\$1.399 (I)	
Service Charge:		
For 5/8 x 3/4-inch Meter	9.03 (R)	(\$0.71)
For 3/4-inch Meter	13.55	(1.06)
For 1-inch Meter	22.58	(1.77)
For 1 1/2-inch Meter	45.15	(3.54)
For 2-inch Meter	72.24	(5.66)
For 3-inch Meter	135.45	(10.61)
For 4-inch Meter	225.76	(17.69)
For 6-inch Meter	451.51	(35.38)
For 8-inch Meter	722.42	(56.60)
For 10-inch Meter	1,038.48	(81.36)
For 12-inch Meter	1,489.99	(116.74)
For 14-inch Meter	2,031.81 (R)	(159.19)

The Service Charge is a readiness-to-serve charge which is applicable to all General Metered Service and to which is to be added to the monthly charge computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. A surcharge of \$0.04 per month is to be applied to the monthly service charge from the effective date of Advice Letter No. 112 in order to offset revenue reductions given to LIRA customers.
3. For construction water service under this schedule, a meter installation and removal charge of \$45.00 is required in advance of service.
4. Due to the under-collection in the utility's Purchased Power and Purchased Water Balancing Accounts, a surcharge of \$0.009 per 100 cu. ft. of water used is to be applied to the quantity rates until the under-collection in the balancing account has been fully amortized, approximately 12 months.
5. The Water Quality Surcredit is to refund amounts previously collected in general rates used to fund water quality litigation. The funds received were recorded in the Water Quality Litigation Memorandum Account. The surcredit shall remain in effect until the amount of \$531,605 has been fully refunded in accordance with D.10-12-029, approximately 12 months. (T)

(To be inserted by utility)

Issued by

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

Advice Letter No. 140-A

Keith Abercrombie
NAME

Date Filed NOV 23 2011

Decision No. 10-12-029

General Manager
TITLE

Effective JAN - 1 2012

Resolution No. _____

Valencia Water Company
24631 Avenue Rockefeller
Valencia, CA 91355
Los Angeles County

Original _____ Cal. P.U.C. Sheet No. 635-W
Canceling _____ Cal. P.U.C. Sheet No. _____

Schedule No. 1-NR
General Metered Service – Non-Residential

(continued)

SPECIAL CONDITIONS

6. Due to the under-collection in the utility's Water Revenue Adjustment Mechanism / Modified Cost Balancing Account (WRAM / MCBA), a surcharge of \$0.056 per 100 cu. Ft. of water used is to be applied to the quantity rates until the under-collection in the WRAM / MCBA has been fully amortized, approximately 12 months.

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(To be inserted by utility)

Issued by

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

Decision Letter No. 139

Keith Abercrombie
NAME

Date Filed OCT 11 2011

Decision No. 10-12-029

General Manager
TITLE

Effective NOV - 2 2011

Resolution No. _____

Valencia Water Company
 24631 Avenue Rockefeller
 Valencia, CA 91355
 Los Angeles County

Original _____ Cal. P.U.C. Sheet No. 641-W
 Canceling _____ Cal. P.U.C. Sheet No. _____

Schedule No. 1-DIM
DEDICATED IRRIGATION METERED SERVICE

APPLICABILITY

Applicable to all individual meters dedicated to irrigation.

TERRITORY

The service area of Valencia Water Company in the Community of Valencia and vicinity in Los Angeles County as defined in the preliminary statement.

WATER SMART ALLOCATION PROGRAM

Water allocations are an effective method of calculating the water use needs and are implemented to promote greater water use efficiency. Water SMART allocations are provided to all customers with meters dedicated for irrigation and are based on the specific water needs of each customer.

RATES

Quantity Rates: For all water delivered per 100 cu. ft.

Tier Name	Tier Level	Tier Rate
Super Efficient	Tier 1: 0-35% of monthly water allocation	\$1.175
Efficient	Tier 2: 36-100% of monthly water allocation (Tiers 1+2 = 100% of total monthly allocation)	\$1.399
Inefficient	Tier 3: 101%-150% of monthly water allocation	\$1.539
Excessive	Tier 4: 151%-200% of monthly water allocation	\$1.770
Wasteful	Tier 5: Use in excess of 200% of monthly water allocation	\$2.213

The amount of water used within each tier is billed at the corresponding rate for that tier.

Service Charges:

Service charges as shown on Schedule 1-NR shall apply. The Service Charge is a readiness-to-serve charge which is applicable to all General Metered Service and to which is to be added to the monthly charge computed at the Quantity Rates.

SPECIAL CONDITIONS

- All bills are subject to the reimbursement fee set forth in Schedule No. UF.
- A surcharge of \$0.04 per month is to be applied to the monthly service charge from the effective date of Advice Letter No. 112 in order to offset revenue reductions given to LIRA customers.

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(To be inserted by utility)

Issued by

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

Advice Letter No. 141

Keith Abercrombie
NAME

Date Filed JAN 20 2012

Decision No. 12-01-005

General Manager
TITLE

Effective JAN 23 2012

Resolution No. _____

Valencia Water Company
24631 Avenue Rockefeller
Valencia, CA 91355
Los Angeles County

Original _____ Cal. P.U.C. Sheet No. 642-W
Canceling _____ Cal. P.U.C. Sheet No. _____

Schedule No. 1-DIM
DEDICATED IRRIGATION METERED SERVICE

(continued)

3. The outdoor water allocation for the month is based on individual landscaped area, evapotranspiration, and number of days in the billing period. It is calculated daily using the formula below. The daily water allocations for each day in the billing period are accumulated for the applicable month's outdoor water allocation.

(N)

$$\text{Daily Outdoor Water Allocation} = (ET_o \times Kc_1 \times LA \times .623) / IE + (ET_o \times Kc_2 \times SLA \times .623) / IE$$

Where ET_o = Actual Evapotranspiration Factor (Inches/Day)

Where Kc_1 = .5 Crop Coefficient for the Landscape Area. The 0.5 crop coefficient is for medium water using plants such as shrubs, trees and ground cover or a mixture of low water using plants (native) and high water using plants (turf).

Where Kc_2 = .2 Crop Coefficient for any Special Landscaped Area.

Where LA = The actual Landscape Area, including the surface area of swimming pools, spas, fountains, ponds and lakes being served by the dedicated irrigation meter.

Where SLA = The Special Landscaped Area is the landscaped area within the LA for areas of active play such as parks, sports fields and golf courses or dedicated solely to edible plants.

Where .623 = Conversion Factor (Gallons/Sq Ft)

Where IE=Irrigation Efficiency = .625

(N)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 141

Keith Abercrombie
NAME

Date Filed JAN 20 2012

Decision No. 12-01-005

General Manager
TITLE

Effective JAN 23 2012

Resolution No. _____

Valencia Water Company
 24631 Avenue Rockefeller
 Valencia, CA 91355
 Los Angeles County

Original _____ Cal. P.U.C. Sheet No. 643-W
 Canceling _____ Cal. P.U.C. Sheet No. _____

Schedule No. 1-DIM
DEDICATED IRRIGATION METERED SERVICE

(continued)

4. The parameters for the tiers are as follows:

Tier 1 amount is 0-35% of the customer's total water allocation;

Tier 2 amount is 36-100% of the customer's total water allocation;

Tier 1 and Tier 2 combined make up 100% of the customer's total water allocation;

Tier 3 is 101-150% of the customer's total water allocation;

Tier 4 is 151-200% of the customer's total water allocation; and

Tier 5 is any use in excess of 200% of the customer's total water allocation.

5. Tiered rates are a function of the Single Quantity Rate (SQR) as follows:

Tier Rate Criteria		
Rate Tier	% of SQR	Function of
Tier 1	0.84	Times SQR
Tier 2	1.00	Times SQR
Tier 3	1.10	Times SQR
Tier 4	1.15	Times Tier 3
Tier 5	1.25	Times Tier 4

The SQR is defined as the quantity rate per 100 cu. ft. listed on Schedule 1-NR.

6. This tariff is not available to customers that receive their water service from multiple sources (i.e., potable and recycled) that are subject to Schedule No. 1-DIM-MS, "Dedicated Irrigation Metered Service – Mixed Sources".

7. Due to the under-collection in the utility's Purchased Power and Purchased Water Balancing Accounts, a surcharge of \$0.009 per 100 cu. ft. of water used is to be applied to the quantity rates until the under-collection in the balancing account has been fully amortized, approximately 12 months from the effective date of Advice Letter No. 132.

8. Due to the under-collection in the utility's Water Revenue Adjustment Mechanism / Modified Cost Balancing Account (WRAM / MCBA), a surcharge of \$0.056 per 100 cu. Ft. of water used is to be applied to the quantity rates until the under-collection in the WRAM / MCBA has been fully amortized, approximately 12 months.

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(To be inserted by utility)

Issued by

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

Advice Letter No. 141

Keith Abercrombie
NAME

Date Filed JAN 20 2012

Decision No. 12-01-005

General Manager
TITLE

Effective JAN 23 2012

Resolution No. _____

Valencia Water Company
 24631 Avenue Rockefeller
 Valencia, CA 91355
 Los Angeles County

Original _____ Cal. P.U.C. Sheet No. 644-W
 Canceling _____ Cal. P.U.C. Sheet No. _____

Schedule No. 1-DIM-MS
DEDICATED IRRIGATION MIXED SOURCES METERED SERVICE

APPLICABILITY

Applicable to all customers that irrigate a common landscaped area from mixed sources. This includes potable water, recycled water and untreated water in any combination of two or more sources.

TERRITORY

The service area of Valencia Water Company in the Community of Valencia and vicinity in Los Angeles County as defined in the preliminary statement.

WATER SMART ALLOCATION PROGRAM

Water allocations are an effective method of calculating the water use needs and are implemented to promote greater water use efficiency. Water SMART allocations are provided to all customers with meters dedicated for irrigation (individual or mixed sources) and are based on the specific water needs of each customer.

RATES

Customers on this tariff are charged for their water use using the "Principle of Recycled Priority". The principle of recycled water priority assumes the recycled water use falls in the bottom tiers first and assumes the potable water use falls in the higher tiers where the recycled water left off.

Customers receiving service under this tariff are not eligible for a discounted rate for their potable water consumption, except as stated in Special Condition 5.

Potable Water Quantity Rates: For all potable water delivered per 100 cu. ft.

Tier Name	Tier Level	Tier Rate
Super Efficient	Tier 1: 0-35% of monthly water allocation	\$1.399
Efficient	Tier 2: 36%-100% of monthly water allocation (Tiers 1+2 = 100% of total monthly allocation)	\$1.399
Inefficient	Tier 3: 101%-150% of monthly water allocation	\$1.539
Excessive	Tier 4: 151%-200% of monthly water allocation	\$1.770
Wasteful	Tier 5: Use in excess of 200% of monthly water allocation	\$2.213

The amount of water used within each tier is billed at the corresponding rate for that tier.

Recycled Water Quantity Rates: For all recycled water delivered per 100 cu. ft at the rate listed on Schedule No.5. Recycled Water is not subject to tiered rate prices.

Service Charges:

Service charges as shown on Schedule 1-NR shall apply. The Service Charge is a readiness-to-serve charge which is applicable to all General Metered Service and to which is to be added to the monthly charge computed at the Quantity Rates.

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(To be inserted by utility)

Issued by

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

Advice Letter No. 141

Keith Abercrombie
NAME

Date Filed JAN 20 2012
JAN 23 2012

Decision No. 12-01-005

General Manager
TITLE

Effective _____

Resolution No. _____

(N)

(N)

Schedule No. 1-DIM-MS
DEDICATED IRRIGATION MIXED SOURCES METERED SERVICE

(continued)

SPECIAL CONDITIONS

(N)

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. The outdoor water allocation for the month is based on individual landscaped area, evapotranspiration, and number of days in the billing period. It is calculated daily using the formula below. The daily water allocations for each day in the billing period are accumulated for the applicable month's outdoor water allocation.

$$\text{Daily Outdoor Water Allocation} = (\text{ET}_0 \times \text{Kc}_1 \times \text{LA} \times .623) / \text{IE} + (\text{ET}_0 \times \text{Kc}_2 \times \text{SLA} \times .623) / \text{IE}$$

Where ET_0 = Actual Evapotranspiration Factor (Inches/Day)

Where Kc_1 = .5 Crop Coefficient for the Landscape Area. The 0.5 crop coefficient is for medium water using plants such as shrubs, trees and ground cover or a mixture of low water using plants (native) and high water using plants (turf).

Where Kc_2 = .2 Crop Coefficient for any Special Landscaped Area.

Where LA = The actual Landscape Area, including the surface area of fountains, ponds and lakes being served by the dedicated irrigation meters.

Where SLA = The Special Landscaped Area is the landscaped area within the LA for areas of active play such as parks, sports fields and golf courses or dedicated solely to edible plants.

Where .623 = Conversion Factor (Gallons/Sq Ft)

Where IE = Irrigation Efficiency = .625

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(To be inserted by utility)

Issued by

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

Advice Letter No. 141

Keith Abercrombie
NAME

Date Filed JAN 20 2012

Decision No. 12-01-005

General Manager
TITLE

Effective JAN 23 2012

Resolution No. _____

Schedule No. 1-DIM-MS
DEDICATED IRRIGATION MIXED SOURCES METERED SERVICE

(continued)

3. The parameters for the tiers are as follows:

Tier 1 amount is 0-35% of the customer's total water allocation;

Tier 2 amount is 36%-100% of the customer's total water allocation;

Tier 1 and Tier 2 combined make up 100% of the customer's total water allocation;

Tier 3 is 101%-150% of the customer's total water allocation;

Tier 4 is 151%-200% of the customer's total water allocation; and

Tier 5 is any use in excess of 200% of the customer's total water allocation.

4. Tiered rates are a function of the Single Quantity Rate (SQR) as follows:

Tier Rate Criteria		
Rate Tier	% of SQR	Function of
Tier 1	1.00	Times SQR
Tier 2	1.00	Times SQR
Tier 3	1.10	Times SQR
Tier 4	1.15	Times Tier 3
Tier 5	1.25	Times Tier 4

The SQR is defined as the quantity rate per 100 cu. ft. listed on Schedule 1-NR.

5. Customers on this tariff will receive the discount Tier 1 rate for their potable water consumption at the rate shown on Schedule No. 1-DIM during any period (longer than 7 days) when the utility is unable to deliver recycled or untreated water.

6. A surcharge of \$0.04 per month is to be applied to the monthly service charge from the effective date of Advice Letter No. 112 in order to offset revenue reductions given to LIRA customers.

7. Due to the under-collection in the utility's Purchased Power and Purchased Water Balancing Accounts, a surcharge of \$0.009 per 100 cu. ft. of water used is to be applied to the quantity rates until the under-collection in the balancing account has been fully amortized, approximately 12 months from the effective date of Advice Letter No. 132.

8. Due to the under-collection in the utility's Water Revenue Adjustment Mechanism / Modified Cost Balancing Account (WRAM / MCBA), a surcharge of \$0.056 per 100 cu. Ft. of water used is to be applied to the quantity rates until the under-collection in the WRAM / MCBA has been fully amortized, approximately 12 months.

(N)

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(To be inserted by utility)

Issued by

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

Advice Letter No. 141

Keith Abercrombie
NAME

Date Filed JAN 20 2012

Decision No. 12-01-005

General Manager
TITLE

Effective JAN 23 2012

Resolution No. _____

Schedule No. 4

PRIVATE FIRE SERVICE

APPLICABILITY

Applicable to all private fire service and private fire hydrants.

TERRITORY

The service area of Valencia Water Company in the Community of Valencia and vicinity in Los Angeles County as defined in the preliminary statement.

RATES

	Per Service Per Month
For 2-inch Service	\$22.30
For 4-inch Service	\$32.30
For 6-inch Service	\$46.10
For 8-inch Service	\$61.50
For 10-inch Service	\$126.90
For 12-inch Service	\$183.80
For 14-inch Service	\$249.90

SPECIAL CONDITIONS

1. A surcharge of \$0.04 per month is to be applied to the monthly service charge from the effective date of Advice Letter No. 112 in order to offset revenue reductions given to LIRA customers.

(N)
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(N)

2. The private fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

(L)

3. The minimum diameter for fire protection service shall be two inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.

4. If a distribution main of adequate size to service a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

(L)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 112

Robert J. DiPrimio
NAME

Date Filed DEC 28 2006

Decision No. D.06-11-051

President
TITLE

Effective JAN 27 2007

Resolution No. _____

Schedule No. 4

PRIVATE FIRE SERVICE

(continued)

5. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Insurance Services Office for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund. (L)

6. For water delivered for other than fire protection purposes, charges shall be made therefore under Schedule No. 1, General Metered Service.

7. The Utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.

8. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (L)

(To be inserted by utility)

Issued by

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

Service Letter No. 112

Robert J. DiPrimio
NAME

Date Filed DEC 28 2006

Decision No. D.06-11-051

President
TITLE

Effective JAN 27 2007

Resolution No. _____

Schedule No. VAR
VARIANCE EXPLANATION AND PROCESS

Residential Water SMART Allocation Program - Variance

(N)

The Water Smart Allocation program is applicable to all individually metered residential water service. The Water SMART Allocation program is based on four (4) people per home and the specific landscaped area of each customer's lot. While the Water SMART program is designed specifically for each individual customer, there may be instances when a customer needs a modified Water SMART allocation. These situations will be administered through the Variance Process described in this tariff.

Variations

1. Grounds for Variance

Variations are classified as either indoor or outdoor variance. Each type of variance is subject to different rules. Proof acceptable to Valencia Water Company (the Company) will be required for each variance. Variations may be inspected and/or require periodic renewal. The Company will document its conclusions pertaining to whether a variance is accepted, amended or denied. The Company reserves the right to rescind any and all variations granted if in violation with this tariff.

2. Indoor Variations Allowed

The following indoor variations are allowed once approved by the Company

a. Number of people residing in the individually metered residential home (Water SMART allocation standard set at four (4) people per home)

1. Each additional two (2) people in a residential home will increase the monthly allocation by 750 gallons per month.
 - Up to four (4) people is 6500 gallons per month
 - Five (5) to six (6) people is 7250 gallons per month
 - Seven (7) to eight (8) people is 8000 gallons per month
 - Additional 750 gallons per month for each additional two (2) people over eight (8)
2. All variance requests are subject to proof of residency that is acceptable to the Company (e.g. birth certificates, school records, etc.).
3. As a condition to approving a variance request of nine (9) people or greater in a residential home, the Company will require a residential water survey of the home.
4. Approved Variations for additional people are valid for two (2) years and must be resubmitted on or before the expiration date to remain in effect.

(N)

(Continued)

(To be inserted by utility)

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Advice Letter No. 132

Keith Abercrombie
NAME

Date Filed JAN 13 2011

Decision No. 10-12-029

General Manager
TITLE

Effective FEB - 1 2011

Resolution No. _____

Schedule No. VAR
VARIANCE EXPLANATION AND PROCESS

(continued)

2. Indoor Variances Allowed

(N)

b. Licensed Care Facilities (in an individually metered residential home)

1. A current license from the appropriate agency will be required.
2. A licensed 24 hour care facility will be allocated increases based on additional people per residential home at 1,000 gallons per month per two additional persons.
3. A licensed day care facility (not 24 hour) will be allocated increases based on additional people per residential home at 750 gallons per month per additional person.
4. Additional special medical needs will be determined as stated below in 2.c.
5. Approved Variances for Licensed Care Facilities are valid for one (1) year and must be resubmitted on or before the expiration date to remain in effect.

c. Medical Needs

1. Variance approval for increased allocations will be determined based on the type of medical needs as defined by a medical provider. Approval will be contingent upon medical documentation substantiating the requested variance amount.
2. Approved Variances for medical needs are valid for two (2) years and must be resubmitted on or before the expiration date to remain in effect.

3. Outdoor Variances Allowed

The following outdoor variances are allowed once approved by the Company

a. Landscaped Area

1. The Landscaped Area (LA) assigned to a residential customer will be changed so that the water allocation is based on the actual landscaped area maintained and irrigated by the residential customer, but limited to a maximum of 10,000 square feet of (LA).
2. The LA will exclude customer owned property that is maintained and irrigated by another (e.g. HOA or LMD).
3. Swimming pools are considered part of the LA.
4. It is the obligation of the customer to provide the Company with acceptable documentation of the actual landscaped area served. This will consist of a two dimensional 8.5" x 11" drawing/sketch. The drawing must show the overall lot and the foot print of the house, hardscaped areas and landscaped areas.
5. If the landscaped area cannot be confirmed by the Company using County property tax assessor information and Google Earth, or its equivalent, the Company will perform a field verification of the landscaped area.

(N)

(Continued)

(To be inserted by utility)

Issued by

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Decision No. 10-12-029

General Manager
TITLE

Effective FEB - 1 2011

Resolution No. _____

Schedule No. VAR
VARIANCE EXPLANATION AND PROCESS

(continued)

3. Outdoor Variances Allowed

(N)

b. Fire Control Zones

Changed allocations will be approved by the Company for residential customer maintained and irrigated Fire Control Zones (FCZ) based on such factors as area, slope, planting material, etc as defined by the local fire department. Approval will be contingent upon fire department documentation substantiating the requested variance amount.

4. Non Variance Items

The following cases are not considered variances.

- a. Edible Crops.
- b. Filling (or refilling) swimming pools and spas.
- c. Large dogs.

5. Effect of Approved Variance to Water SMART Allocation

Approved variances will extend each tier of the residential Water SMART Allocation structure by the approved number of increased gallons (or equivalent ccf's).

6. How to Request a Variance

- a. Call in, walk in or web request
- b. Complete and signing form
- c. Submit all other documentation as defined above in this tariff.

7. Effective Date and Termination Date of Variance

- a. An approved variance will become effective within thirty (30) days of receipt of the variance request.
- b. Approved variances are valid for the period specified above in this tariff.
- c. Approved variances valid for a specified time period automatically terminate upon change of ownership of the residence.

8. Variance Renewals

- a. Approved variances with a specified termination date must be resubmitted on or before the expiration date to remain in effect.
- b. Variance renewals follow the same process as the original variance as defined above in this tariff.

9. Customer Variance Grievance Procedure

If a variance request response from the Company is not in compliance with this tariff, a customer may request mediation with the California Public Utilities Commission. The Commission will review the basis of the variance request discrepancy and provide judgment in accordance with its findings.

(N)

(To be inserted by utility)

Issued by

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Advice Letter No. 132

Keith Abercrombie

Date Filed JAN 13 2011

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General Manager

Effective FEB - 1 2011

Resolution No. _____

Rule No. 9

RENDERING AND PAYMENT OF BILLS

A. Rendering of Bills

Bills for service will be rendered to each customer on a monthly or bimonthly basis at the option of the utility, unless otherwise provided in the rate schedules.

At the customer's request, the utility may be requested to provide either paper or electronic bills for service, but not both.

(N)

The customer may elect to receive and view regular bills for service and other legal and mandated notices electronically and to no longer receive paper bills and legal and mandated notices. Customers requesting this option may be required to complete additional forms and agreements. Legal and mandated notices shall be included with the utility's electronic means of bill delivery; except, however, all notices of termination of service shall be made in accordance with Rule No. 8. The customer may discontinue electronic billing upon 30 days prescribed notice.

(N)

1. Metered Service

- a. Meters will be read at regular intervals for the preparation of periodic bills and as required for the preparation of opening bills, closing bills and special bills.
- b. The opening bill for metered service will not be less than the established monthly minimum or readiness to serve charge for the service. Any amount paid in excess of the prorated charges otherwise applicable to the opening period will be credited against the charge for the succeeding regular billing period, except that no such credit shall accrue if the total period of service is less than one month.
- c. It may not always be practicable to read meters at intervals which will result in billing periods of equal number of days.
 - (1) Should a monthly billing period contain less than 27 days or more than 33 days a pro rata correction in the amount of the bill will be made.
 - (2) The charge for metered service for a bimonthly period will be computed by doubling the monthly minimum or readiness to serve charge and the number of cubic feet to which each block rate is applicable on a monthly basis.

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(To be inserted by utility)

Issued by

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Keith Abercrombie
NAME

Date Filed APR 24 2012

Decision No. _____

General Manager
TITLE

Effective AUG 10 2012

REGISTRATION NO. _____

Rule No. 9

RENDERING AND PAYMENT OF BILLS
(Continued)

1. Metered Service (Continued)

(3) For billing periods other than monthly or bimonthly adjustments will be made proportionate to that for a monthly billing period.

d. Bills for metered service will show at least the reading of the meter at the end of the period for which the bill is rendered, the meter constant, if any, the number and kinds of units, and date of the current meter reading.

e. Each meter on a customer's premises will be considered separately and the readings of two or more meters will not be combined except where combination of meter readings is specifically provided for in the applicable rate schedule, or where the utility's operating convenience or necessity may require the use of more than one meter or a battery of meters. In the latter case, the monthly minimum or readiness to serve charge will be prorated from the monthly minimum or readiness to serve charges of the applicable rate schedule upon the basis of a meter size equivalent in diameter to the total combined discharge areas of such meters.

2. Flat Rate Service

a. Bills for flat rate service are payable in advance.

b. The opening bill for flat rate service will be the established monthly charge for the service. Any amount paid in excess of the prorated charges otherwise applicable to the opening period will be credited against the charge for the succeeding regular billing period, except that no such credit shall accrue if the total period of service is less than one month.

c. For billing periods other than monthly, the charge for flat rate service will be computed by multiplying the monthly charge by the number of months in the billing period.

3. Proration of Bills

a. The charges applicable to opening periods, closing bills and bills rendered for periods corresponding to less than 27 days or more than 33 days for monthly billing periods will be computed as follows:

(Continued)

(To be inserted by utility)

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Advice Letter No. 142

Keith Abercrombie
NAME

Date Filed APR 24 2012

Decision No. _____

General Manager
TITLE

Effective AUG 10 2012

Rule No. 9

RENDERING AND PAYMENT OF BILLS
(Continued)

3. Proration of Bills (Continued)

(1) Metered Service

The amount of the minimum charge (and the quantity allowed therefor) or the readiness to serve charge and the quantity in each of the several quantity rate blocks will be prorated on the basis of the ratio of the number of days in the period to the actual number of days in the month. The measured quantity of usage will be applied to such prorated amounts and quantities.

(2) Flat Rate Service

The billing period charge will be prorated on the basis of the ratio of the number of days in the period to the actual number of days in the month.

B. Payment of Bills

1. Bills for service are due and payable upon presentation and payment may be made at any commercial office of the utility or to any representative of the utility authorized to make collections. Collection of closing bills may be made at the time of presentation.

2. Utility may charge \$10.00 for any bad checks or electronic fund transfers that are not honored by the customer's financial institution. (C)
(C)

3. Credit/Debit Card Option (N)

At the option of the customer, a credit or debit card payment can be made. These payments will be accepted through the use of a vendor(s), and a non-refundable \$2.50 convenience fee per transaction shall apply. Customers are limited to one transaction per each assessed fee. If a customer has more than one account, a separate transaction is needed for each account. A non-refundable convenience fee will apply for each transaction completed and will be added as a charge to the credit/debit card account by the vendor(s) and not the utility billing statement. The convenience fee is paid directly to the vendor(s), not the utility. This payment option is not available to customers who have made fraudulent payments within the last 12 months. (N)

(To be inserted by utility)

Issued by

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Keith Abercrombie
NAME

Date Filed APR 24 2012

Decision No. _____

General Manager
TITLE

Effective AUG 10 2012

RULE NO. 11

DISCONTINUANCE AND RESTORATION OF SERVICE

A. Customer's Request for Discontinuance of Service

1. A customer may have service discontinued by giving not less than two days' advance notice thereof to the utility. Charges for service may be required to be paid until the requested date of discontinuance or such later date as will provide not less than the required two days' advance notice.
2. When such notice is not given, the customer will be required to pay for service until two days after the utility has knowledge that the customer has vacated the premises or otherwise has discontinued water service.

B. Discontinuance of Service by Utility

1. For Nonpayment of Bills

- a. Past-Due Bills. When bills are rendered monthly or bimonthly, they will be considered past due if not paid within 19 days from the date of mailing. The utility shall allow every residential customer at least 19 days from the date of mailing its bill for services, postage prepaid, to make payment of the bill. The utility may not discontinue residential service for nonpayment of a delinquent account unless the utility first gives notice of the delinquency and impending discontinuance, at least 10 days prior to the proposed discontinuance, by means of a notice mailed, postage prepaid, to the customer to whom the service is provided if different than to whom the service is billed, not earlier than 19 days from the date of mailing the utility's bill for services. The 10-day discontinuance of service notice shall not commence until five days after the mailing of the notice.

(T)

(T)

- b. When a bill for water service has become past due and a 10-day discontinuance of residential service notice or a 7-day discontinuance of nonresidential service notice for nonpayment has been issued, service may be discontinued if bill is not paid within the time required by such notice. The customer's service, however, will not be discontinued for nonpayment until the amount of any deposit made to establish credit for that service has been fully absorbed.

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JUN 1 1993

(To be inserted by utility)

MAIL ROOM
Advice Letter No. 56

Issued by

Robert DiPrimio

NAME

Managing Director

TITLE

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

Date Filed JUN 1 1993

Effective JUL 12 1993

Resolution No. W 3770

Decision No. _____

RULE NO. 11
(continued)

DISCONTINUANCE AND RESTORATION OF SERVICE

B. 1. c. Any customer, residential as well as nonresidential, who has initiated a billing complaint or requested an investigation within 5 days of receiving a disputed bill or who has, before discontinuance of service made a request for extension of the payment period of a bill asserted to be beyond the means of the customer to pay in full within the normal period for payment, shall not have residential water service discontinued for nonpayment during the pendency of an investigation by the utility of such customer complaint or request and shall be given an opportunity for review of the complaint, investigation, or request by a review manager of the utility. The review shall include consideration of whether a residential customer shall be permitted to make installment payments on any unpaid balance of the delinquent account over a reasonable period of time, not to exceed 12 months. Such service shall not be discontinued for nonpayment for any customer complying with an installment payment agreement entered into with the utility, provided the customer also keeps current his account for water service as charges accrue in each subsequent billing period. If a residential customer fails to comply with an installment payment agreement, the utility will give a 10-day discontinuance of service notice before discontinuing such service, but such notice shall not entitle the customer to further investigation by the utility.

d. Any customer whose complaint or request for an investigation pursuant to subdivision (c) has resulted in an adverse determination by the utility may appeal the determination to the Commission. Any subsequent appeal of the dispute or complaint to the Commission shall be in accordance with the Commission adopted Rules of Practice and Procedure.

e. Service to a residential water customer will not be discontinued for nonpayment when the customer has previously established to the satisfaction of the utility that:

- (1) The customer is elderly (age 62 or over) or handicapped,* or upon certification of a licensed physician or surgeon that to discontinue water will be life threatening to the customer; and

Proof of age must be supported by certificate of birth, driver's license, passport or other reliable document. Proof of handicap must be by certification from a licensed physician, surgeon, public health nurse or social worker.

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JUN 1 1993

ROOM

(To be inserted by utility)

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

Advice Letter No. 56

Robert DiPrimio

Date Filed JUN 1 1993

Decision No.

Managing Director

Effective JUL 12 1993

RULE NO. 11
(continued)

DISCONTINUANCE AND RESTORATION OF SERVICE

- B. 1. e. (2) The customer is temporarily unable to pay for such service in accordance with the provisions of the utility's tariffs; and
- (3) The customer is willing to arrange installment payments satisfactory to the utility, over a period not to exceed 12 months, including arrangements for prompt payment of subsequent bills.

However, service may be discontinued to any customer who does not comply with an installment payment agreement or keep current his account for water service as charges accrue in each subsequent billing period.

- f. A customer's residential service may be discontinued for nonpayment of a bill for residential service previously rendered him at any location served by the utility.
- g. Service will not be discontinued by reason of delinquency in payment for service on any Saturday, Sunday, legal holiday, or at any time during which the business offices of the utility are not open to the public.
- h. Where water service is provided to residential users in a multi-unit residential structure, mobilehome park, or permanent residential structures in a labor camp, where the owner, manager, or operator is listed by the utility as the customer of record, the utility will make every good faith effort to inform the users, when the account is in arrears, that service will be discontinued. Notice will be in as prescribed in subdivision (a) above, and in Rules Nos. 5 and 8.
 - (1) Where said users are individually metered.

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(N)

The utility is not required to make service available to these users unless each user agrees to the terms and conditions of service and meets the requirement of the law and the utility's rules and tariffs. However, if one or more users are willing and able to assume responsibility for subsequent charges by these users to the account to the satisfaction of the utility, and if there is a practical

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(To be inserted by utility)

Issued by

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

Advice Letter No. 56

Robert DiPrimio
NAME

Date Filed JUN 1 1993

Decision No.

Managing Director
TITLE

Effective JUL 12 1993

Resolution No. W 3770

RULE NO. 11
(continued)

DISCONTINUANCE AND RESTORATION OF SERVICE

B. 1. h. physical means, legally available to the utility of selectively providing services to these users who have met the requirements of the utility's rules and tariffs, the utility will make service available to these users. For these selected users establishment of credit will be as prescribed in Rule No. 6, except that where prior service for a period of time is a condition for establishing credit with the utility, proof that is acceptable to the utility of residence and prompt payment of rent or other credit obligation during that period of time is a satisfactory equivalent.

(N)

(2) Where said users are master metered.

The utility is not required to make service available to these users unless each user agrees to the terms and conditions of service, and meets the requirements of the law and the utility's rules and tariffs and the following.

The same Rule 11 item B.1.h. (1) above which applies to individually metered users also applies to master metered users, except a representative may act on the behalf of a master metered user, and the utility will not discontinue service in any of the following situations:

- (a) During the pendency of an investigation by the utility of a master-metered customer dispute or complaint.
- (b) When the master-metered customer has been granted an extension of the period for repayment of a bill.
- (c) For an indebtedness owed by the master metered customer to any other person or corporation or when the obligation represented by the delinquent account or other indebtedness was incurred with a person or corporation other than the utility demanding payment therefor.
- (d) When a delinquent account relates to another property owned, managed, or operated by the master-metered customer.

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Advice Letter No. 56

Robert DiPrimio
NAME

Date Filed JUN 1 1993

Decision No.

Managing Director
TITLE

Effective JUL 12 1993

Resolution No. W 3770

RULE NO. 11
(continued)

DISCONTINUANCE AND RESTORATION OF SERVICE

- B. 1. h. (e) When a public health or building officer certifies that determination would result in a significant threat to the health or safety of the residential occupants or the public. Proof of age or handicap are described in Rule 11.B.1.e. (N)
- i. A reasonable attempt must be made by the utility to personally contact an adult person on the residential customer's premises either by telephone or in person, at hours prior to discontinuance. For elderly or handicapped residential customers, the utility shall provide at least 48 hours' notice by telephone or in person. For these customers, if telephone or personal contact cannot be made, a notice of discontinuance of service shall be posted in a conspicuous location at the service address at least 48 hours prior to discontinuance. Such notice shall be independent of, and in addition to, other notice(s) as may be prescribed in the utility's tariffs. (C)
- j. Residential Customer's Remedies Upon Receipt of Discontinuance Notice (N)
- (1) If upon receipt of a 10-day discontinuance notice, a residential customer is unable to pay, he must contact the utility before discontinuance of service to make payment arrangements to avoid discontinuance of service. (N)
- (2) If, after contacting the utility, the residential customer alleges to the Commission an inability to pay and that he is unable to make payment arrangements with the utility he should write to the Commission's Consumer Affairs Branch (CAB) to make an informal complaint. This action must be taken within the 10-day discontinuance of service notice.
- (3) The CAB's resolution of the matter will be reported to the utility and the residential customer within ten business days after receipt of the informal complaint. If the customer is not satisfied with such resolution, he must file, within ten business days after the date of the CAB's letter, a formal complaint with the Commission under Public Utilities Code Section 1702 on a form provided by the CAB.

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JUN 1 1993
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(continued)
Issued by

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

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Robert DiPrinio
NAME

Date Filed JUN 1 1993

Decision No.

Managing Director
TITLE

Effective JUL 12 1993

Resolution No. W 3770

RULE NO. 11
(continued)

DISCONTINUANCE AND RESTORATION OF SERVICE

B. 1. j. (4) Failure of the residential as well as nonresidential customer to observe these time limits shall entitle the utility to insist upon payment or, upon failure to pay, to discontinue the customer's service.

k. Designation of a Third-Party Representative (Elderly or Handicapped only)

- (1) Customer must inform utility if he desires that a third party receive discontinuance or other notices on his behalf.
- (2) Utility must be advised of name, address, and telephone number of third party with a letter from third party accepting this responsibility.
- (3) Only customers who certify that they are elderly or handicapped are entitled to third-party representation.*

2. For Noncompliance with Rules

The utility may discontinue service to any customer for violation of these rules after it has given the customer at least five days' written notice of such intention. Where safety of water supply is endangered, service may be discontinued immediately without notice.

3. For Waste of Water

- a. Where negligent or wasteful use of water exists on a customer's premises, the utility may discontinue the service if such practices are not remedied within five days after it has given the customer written notice to such effect.
- b. In order to protect itself against serious and unnecessary waste or misuse of water, the utility may meter any flat rate service and apply the regularly established meter rates where the customer continues to misuse or waste water beyond five days after the utility has given the customer written notice to remedy such practices.

* Proof of age must be supported by certificate of birth, driver's license, passport or other reliable document. Proof of handicap must be by certification from a licensed physician, public health nurse, or social worker.

JUN 1 1993

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(To be inserted by utility)

Issued by

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Advice Letter No. 56

Robert DiPrimio
NAME

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Decision No.

Managing Director
TITLE

Effective JUL 12 1993

Resolution No. W 3770

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Rule No. 11
(continued)

DISCONTINUANCE AND RESTORATION OF SERVICE

B. 4. For Unsafe Apparatus or Where Service is Detrimental or Damaging to the Utility or its Customers

If an unsafe or hazardous condition is found to exist on the customer's premises, or if the use of water thereon by apparatus, appliances, equipment or otherwise is found to be detrimental or damaging to the utility or its customers, the service may be shut off without notice. The utility will notify the customer immediately of the reasons for the discontinuance and the corrective action to be taken by the customer before service can be restored.

5. For Fraudulent Use of Service

When the utility has discovered that a customer has obtained service by fraudulent means, or has diverted the water service for unauthorized use, the service to that customer may be discontinued without notice. The utility will not restore service to such customer until that customer has complied with all filed rules and reasonable requirements of the utility and the utility has been reimbursed for the full amount of the service rendered and the actual cost to the utility incurred by reason of the fraudulent use.

C. Restoration of Service

1. Reconnection Charge

Where service has been discontinued for violation of these rules or for nonpayment of bills, the utility may charge \$25.00 for reconnection of service during regular working hours or \$40.00 for reconnection of service at other than regular working hours when the customer has requested that the reconnection be made at other than regular working hours. These charges to be due and payable (N) prior to reconnection. (N)

2. To be Made During Regular Working Hours

The utility will endeavor to make reconnections during regular working hours on the day of the request, if conditions permit, otherwise reconnections will be made on the regular working day following the day the request is made.

(To be inserted by utility)

Issued by

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

Advice Letter No. 132

Keith Abercrombie
NAME

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General Manager
TITLE

Effective FEB - 1 2011

Resolution No. _____

RULE NO. 11
(continued)

DISCONTINUANCE AND RESTORATION OF SERVICE

C. 3. To Be Made at Other Than Regular Working Hours

When a customer has requested that the reconnection be made at other than regular working hours, the utility will reasonably endeavor to so make the reconnection if practicable under the circumstances.

4. Wrongful Discontinuance

A service wrongfully discontinued by the utility, must be restored without charge for the restoration to the customer within 24 hours.

D. Refusal to Serve

1. Conditions for Refusal

The utility may refuse to serve an applicant for service under the following conditions:

- a. If the applicant fails to comply with any of the rules as filed with the Public Utilities Commission.
- b. If the intended use of the service is of such a nature that it will be detrimental or injurious to existing customers.
- c. If, in the judgement of the utility, the applicant's installation for utilizing the service is unsafe or hazardous, or of such nature that satisfactory service cannot be rendered.
- d. Where service has been discontinued for fraudulent use, the utility will not serve an applicant until it has determined that all conditions of fraudulent use or practice has been corrected.

2. Notification to Customers

When an applicant is refused service under the provisions of this rule, the utility will notify the applicant promptly of the reason for the refusal to service and of the right of applicant to appeal the utility's decision to the Public Utilities Commission.

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RECEIVED

JUN 1 1993

(To be inserted by utility)

Issued by

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

Advice Letter No. 56

Robert DiPrimio
NAME

Date Filed JUN 1 1993

Decision No.

Managing Director
TITLE

Effective JUL 12 1993

Resolution No. W 3770

Rule No. 16

SERVICE CONNECTIONS, METERS, AND CUSTOMER'S FACILITIES

A. General

1. Utility's Responsibility

- a. (1) In urban areas with dedicated front streets, rear service roads, or public utility easements the utility will furnish and install the service pipe, curb stop, meter and meter box at its own expense for the purpose of connecting its distribution system to the customer's piping, except for temporary services and as otherwise provided in Rule No. 15, Main Extensions. The service connection, curb stop, meter and meter box will be installed at a convenient place between the property line and the curb, or inside the customer's property line where necessary.
- (2) In areas which do not have dedicated front streets, rear service roads, or public utility easements, the utility will furnish and install the service pipe, curb stop, meter and meter box as above provided but at a convenient point on or near the customer's property except for service beyond the service area.
- b. The service connection will determine the point of delivery of water service to the customer.

2. Customer's Responsibility

a. Condition Precedent to Receiving Service

The customer as a condition precedent to receiving service shall:

- (1) Furnish and lay the necessary piping to make the connection from the service connection to the place of consumption and shall keep such piping in good repair in accordance with such reasonable requirements of the utility as may be incorporated in its rules herein.
- (2) Provide a main valve on the piping between the service connection and the point of customer use.

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 54

Richard Hackney
NAME

Date Filed JAN 4 1993

Decision No. 92-12-059

President

Effective JAN 9 1993

Rule No. 16
(continued)

SERVICE CONNECTIONS, METERS, AND CUSTOMER'S FACILITIES

- A. 2. a. (3) Where service is rendered at or near the service area boundary for use beyond the service area, install, operate, and maintain the facilities necessary to provide service.
- A. 2. b. The customer's piping shall extend to that point on the curb line or property line of easiest access to the utility from its existing distribution system or requiring the least extension of the existing distribution main. The utility shall be consulted before installation thereof and its approval of location secured.
3. Ownership and Absence of Rental Obligation Where Facilities Are on Premises of Customer
- a. The service pipe, curb stop, meter, and meter box furnished by or on behalf of the utility at its own expense and located wholly or partially upon a customer's premises are the property of the utility.
- b. No rent or other charge will be paid by the utility where the utility-owned service facilities are located on a customer's premises.
4. Access to Premises of Customer
- a. The utility shall at all reasonable hours have access to meters, service connections and other property owned by it which may be located on customer's premises for purposes of installation, maintenance, operation or removal of the property at the time service is to be terminated. The customer's system should be open for inspection at all reasonable times to authorized representatives of the utility.
- b. Any inspection work or recommendations made by the utility or its agents in connection with plumbing or appliances or any use of water on the customer's premises, either as a result of a complaint or otherwise, will be made without charge.
- A. 5. Responsibility for Loss or Damage
- a. The utility will not be responsible for any loss or damage caused by any negligence or wrongful act of a customer or of a customer's

(continued)

(To be inserted by utility)

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Advice Letter No. 54

Richard Hackney
NAME

Date Filed JAN 4 1993

Decision No. 92-12-059

President

Effective JAN 9 1993

Rule No. 16
(continued)

SERVICE CONNECTIONS, METERS, AND CUSTOMER'S FACILITIES

- A. 5. a. authorized representatives in installing, maintaining, operating or using any or all appliances, facilities or equipment for which service is supplied.
- A. 5. b. The customer will be held responsible for damage to utility's meters and other property resulting from the use or operation of appliances and facilities on customer's premises, including, but not limited to damage caused by steam, hot water, or chemicals.

B. Services

1. Charge for Service Connections

Except as provided in subparagraphs a., b., or c. below, the utility shall make no charge to a customer for making a service connection except in case of connections for private fire protection service, connections for temporary service, changes made at the request and for the convenience of the customer, where additional connections are requested because of divisions of land ownership when the land before division was receiving service, and as otherwise provided in the utility's main extension rules.

a. Individual Customer Connection Fee

A Class C or Class D utility, or a Class A or Class B utility district or subsidiary serving 2,000 or fewer connections, may accept from individual customers amounts in contribution as a connection fee calculated pursuant to the Commission's Connection Fee Data Form contained in the utility's tariffs.

- b. In lieu of paying the connection fee, an applicant for a service connection may retain a licensed contractor, qualified in the judgment of the utility, to install the service connection. Cost to the utility of inspection and supervision of the installation, including gross-up for tax required by a contribution, shall be paid by the applicant. The applicant shall provide the utility with a statement of actual construction cost in reasonable detail. The amount shall be treated as contribution by the utility. The installation shall be in accordance with plans and specifications of the utility.

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 54

Richard Hackney
NAME

Date Filed JAN 4 1993

Decision No. 92-12-059

President

Effective JAN 9 1993

Rule No. 16
(continued)

SERVICE CONNECTIONS, METERS, AND CUSTOMER'S FACILITIES

B. 1. c. A Class C or Class D utility, or a Class A or Class B utility district or subsidiary servicing 2,000 or fewer connections, may accept from individual customers amounts in contribution as a facilities fee calculated pursuant to tariff approved by the Commission.

B. 2. Size of Service Pipe

- a. The minimum size of service pipe installed by the utility will not be less than 3/4-inch nominal size.
- b. The utility may require the customer to provide such data as may be necessary for the utility to properly size a service larger than 3/4-inch nominal size consistent with pressure requirements.

3. Installation

Only duly authorized employees or agents of the utility (or contractors, upon approval of the utility) will be permitted to install a service pipe from the utility's main to the location of the service connection. The connection from the meter to the customer's piping will be made by the utility; provided, however, that if the customer's piping requires repair or replacement, the connection may, at the option of the utility, be made by the customer or his agent.

C. Cross-Connections

1. Protective Regulation

No physical connection between the potable water supply system of the public utility and that of any other water supply or source of actual or potential contamination will be permitted except in compliance with the regulations of the State Department of Public Health contained in Title 17, Sections 7583-7605 of the California Code of Regulations under "Regulations Relating to Cross-Connections."

2. Backflow Preventers Required

The utility will evaluate the degree of potential health hazard to the public water supply which may be created as a result of conditions existing on a user's premises. As a minimum, the

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 54

Richard Hackney
NAME

Date Filed JAN 4 1993

Decision No. 92-12-059

President

Effective JAN 9 1993

Rule No. 16
(continued)

SERVICE CONNECTIONS, METERS, AND CUSTOMER'S FACILITIES

- C. 2. evaluation will consider: the existence of cross-connections, the nature of materials handled on the property, the probability of a backflow occurring, the degree of piping system complexity, and the potential for piping system modification.

The utility will require the installation of approved backflow preventers of required type under any of the following conditions:

- a. Where a fresh water supply which has not been approved by the State Department of Health Services is already available from a well, spring, reservoir or other source. (If the customer agrees to abandon this other supply and agrees to remove all pumps and piping necessary for the utilization of this supply, the installation of backflow preventers will not be required.)
- b. Where salt water, or water otherwise contaminated, is available for industrial or fire protection purposes at the same premises.
- c. Where the premises are or may be engaged in industrial processes using or producing process waters or liquid industrial wastes, or where the premises are or may be engaged in handling sewage or any other dangerous substances.
- d. Where fresh water hydrants or other outlets are or may be installed on piers or docks.
- e. Where the circumstances are such that there is special danger of backflow of sewage or other contaminated liquids through plumbing fixtures or water-using or treating equipment, or storage tanks and reservoirs.
- f. Premises that have internal cross-connections that are not abated to the satisfaction of the utility or the health agency.
- g. Premises where cross-connections are likely to occur and entry is restricted so that cross-connection inspections cannot be made with sufficient frequency or at sufficiently short notice to assure that cross-connections do not exist.
- h. Premises having a repeated history of cross-connections being established or re-established.

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 54

Richard Hackney
NAME

Date Filed JAN 4 1993

Decision No. 92-12-059

President

Effective JAN 9 1993

Rule No. 16
(continued)

SERVICE CONNECTIONS, METERS, AND CUSTOMER'S FACILITIES

C. 3. Type and Expense of Backflow Preventers

Any backflow preventer utilized shall be of the type and design specified and approved for the circumstances in Section 7604, Title 17 of the California Code of Regulations, except that a customer may utilize an approved backflow preventer providing greater protection than required by Section 7604. Such backflow preventers shall be installed by and at the expense of the customer, in a manner approved by the utility and the public health agency having jurisdiction. Backflow preventers shall be installed as close as practical to the customer's connection to the utility and in a location which is readily available for periodic inspection.

Backflow preventers shall be tested, repaired or replaced at the expense of the customer.

4. Periodic Testing of Backflow Preventers

Whenever a backflow preventer is installed, relocated, or repaired, the customer shall have it tested by persons who have demonstrated their competency in testing of these preventers to the utility or health agency. Backflow preventers shall be tested at least annually or more frequently if determined to be necessary by the health agency or utility. The utility shall notify the customer when testing of backflow preventers is needed. The notice shall give the date when the test must be completed. Reports of testing and maintenance shall be maintained by the utility for a minimum of three years.

5. Refusal to Serve or Discontinuance of Service

The utility may refuse or discontinue service:

- a. Until there has been installed on the customer's piping an approved backflow preventer of the required type, if one is required.
- b. Where the utility has been denied access to the customer's premises to make an evaluation.
- c. Where the customer refuses to test a backflow preventer, or to repair or replace a faulty backflow preventer.

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 54

Richard Hackney
NAME

Date Filed JAN 4 1993
Effective JAN 9 1993

Decision No. 92-12-059

President

Effective

Rule No. 16
(continued)

SERVICE CONNECTIONS, METERS, AND CUSTOMER'S FACILITIES

- C. 5. d. Where there is a direct or indirect connection between the public water system and a sewer line.
- e. Where there is an unprotected direct or indirect connection between the public water system and a system or equipment containing contaminants.
- f. Where there is an unprotected direct or indirect connection between the public water system and auxiliary water system.
- g. When there is a situation which presents an immediate health hazard to the public water system.

C. 6. Pumps and Boosters

When a customer receiving service at the utility's main or service connection must, by means of a pump of any kind, increase the pressure of the water received, the pump shall not be attached to any pipe directly connected to the utility's main or service pipe. Such pumping or boosting of pressure shall be done, at the option of the utility, either:

- a. From a sump, cistern or storage tank which must be served through an air gap connection, or
- b. From a combination of an approved backflow preventer plus a device approved by the water utility to prevent the booster pump from drawing the utility's system pressure below 20 psig.

This requirement shall not apply to American Water Works Association (AWWA) Class 2 Fire Protection systems, except as provided for in the Information Bulletin issued by the Office of State Fire Marshal on December 10, 1984.

AWWA Class 2 fire protection systems have direct connections from public water mains only; no pumps, tanks or reservoirs, except that booster pumps may be installed in the connections from the street mains to the fire protection systems; no physical connection from other water supplies; no antifreeze or other additives of any kind; all sprinkler drains discharging to atmosphere, dry wells, or other safe outlets.

(To be inserted by utility)

Issued by

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

Advice Letter No. 54

Richard Hackney
NAME

Date Filed JAN 4 1993

Decision No. 92-12-059

President

Effective JAN 9 1993

Valencia Water Company
24631 Avenue Rockefeller
Valencia, CA 91355
Los Angeles County

Original _____ Cal. P.U.C. Sheet No. 605-W
Canceling _____ Cal. P.U.C. Sheet No. _____

Form No. 10
Valencia Water Company
Water SMART Program Variance Request

(N)

Name: _____ Account Number: _____

Service Address: _____

Daytime Phone: _____ E-mail address: _____

For Approval/Denial Notification

This form is to request an allocation greater than the standard amount Valencia Water Company (VWC) uses for your type of home. If you believe you need an increased allocation based on the criteria listed below, you must complete and return this form. The Water SMART Program is designed to serve as a tool to help you identify problems such as leaks or over-watering. Using water efficiently helps save you money on your water bill and comply with the state mandate to reduce per capita water consumption by 20% by 2020. Variances may be approved for any of the following reasons and are subject to periodic review by VWC.

Additional landscape area:

(The landscaped area allocated to your property is shown on your water bill, located above the graph, on the top left).

Current Allocation _____ Sq Ft Additional Allocation Requested _____ Sq Ft

You must also submit a two (2) dimensional sketch. Show dimensions in feet and the total area in square feet. Include the surface area of pool and spa but **do not include hardscape area (i.e. driveways, patios) as part of the landscape total**. You may use the back of this form for your sketch. Additional information may be requested including a water audit. Maximum landscape area allowed to calculate outdoor allocation is 10,000 Sq Ft.

Additional people in household:

Current Allocation 4 Additional Allocation Requested _____

When requesting this variance, you must attach proof of permanent residency for each person in the household. Proof may be children's birth certificates, school records, blank checks with preprinted name and address, copies of income tax returns, driver's license, lease agreements, etc. Additional information may be requested, including a water audit at your home. Increased allocations for additional occupants must be renewed every two (2) years. Forms will be mailed to you for this purpose.

Other (As listed in Valencia's Variance Tariffs):

There may be instances where an increased allocation on a permanent or temporary basis may be appropriate. If you believe that is the case, please provide the details below and attach any documentation you may have. Our Customer Service Department will contact you regarding your request within 30 business days.

In most cases, if approved, variances will be applied starting with your next bill.

I have completed this form and affirm that I am the above account holder and the information contained herein, including attachments, is complete and accurate. I may be liable for back charges for providing false information. Further, I understand that VWC reserves the right to inspect and/or rescind all variances granted.

Please return to:
Attn: Variance Request
Valencia Water Company
24631 Avenue Rockefeller
Valencia, CA 91355

Signature _____ Date _____

(VWC Personnel Only)

Denied _____ Approved _____ Signature _____ Date _____

(N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 132

Keith Abercrombie
NAME

Date Filed JAN 13 2011

Decision No. 10-12-029

General Manager
TITLE

Effective FEB - 1 2011

Resolution No. _____

PROPOSED
PRELIMINARY STATEMENT
(continued)

G. Low-Income Ratepayer Assistance Memorandum Account

1. Purpose: The purpose of this memorandum account is to track the costs and lost revenues of this program against the surcharge revenues collected.
2. The following entries will be made monthly to the LIRA memorandum account:
 - a) The recorded reduction in billed service charge revenues given to qualified customers for service provided under Schedule No. LIRA (debit);
 - b) LIRA program costs of performing incremental activities which would not have been incurred absent the LIRA program and which have not been reflected in authorized rates (debit);
 - c) Recorded surcharge revenues collected from non-qualifying customers (credit);
 - d) Franchise fees and uncollectible account expense, based on a) and c) above and the adopted rates for franchise fees and uncollectible accounts expense (debit or credit);
 - e) Monthly interest expense calculated at 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3-month), published in the Federal Reserve Statistical Release (debit or credit).
3. The company will file a Tier 2 advice letter annually by October 31 to adjust the LIRA surcharge based on current LIRA enrollment levels and the current LIRA memorandum account balance. The advice letter will calculate the estimated level of LIRA surcharges necessary to support the program for the following year based on estimated LIRA participate levels and ongoing LIRA administration costs. The adjusted surcharge will be implemented on January 1 of each year.

(N)
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(N)

H. Cost of Capital Proceeding Memorandum Account

The Cost of Capital Litigation Memorandum Account includes the incremental costs incurred by Valencia Water Company limited to incremental non-employee resources engaged in litigating the cost of capital proceeding Application 09-05-002 to determine the just and reasonable cost of capital for base year 2010. These costs are eligible for recovery in the next general rate case amortized over the life of the rate case cycle after Valencia Water Company makes a persuasive showing in the next general rate case that the costs were incremental, reasonable, and prudently controlled and managed.

(continued)

PROPOSED
PRELIMINARY STATEMENT
(continued)

I. WATER REVENUE ADJUSTMENT MECHANISM/MODIFIED COST BALANCING ACCOUNT (WRAM/MCBA)

4. Accounting Procedure

A. The following entries will be recorded monthly to the WRAM Balancing Account:

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

B. The following entries will be recorded monthly in the MCBA:

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 MCBA balance = (3) + (6).

C. The Adopted WRAM-eligible revenues, and Adopted MCBA-eligible expenses shall use the monthly conversion factors shown in A.9.

5. VWC shall record the accumulated WRAM Balance monthly, by adding its entry in section I.4.A.3, to the prior accumulated month balance. VWC will record the accumulated MCBA Balance, by adding its entry in Section I.4.B.7 to the prior month's accumulated balance. VWC shall apply interest to the average net balance in the WRAM and MCBA accounts 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 WRAM and MCBA accounts.

6. Net WRAM and net MCBA will be combined to evaluate surcharge/surcredit for all General Metered customers.

(C)

7. Effective Date

The WRAM/MCBA Balancing Account shall go into effect on the effective date of Advice Letter No. 132.

(continued)

PROPOSED
PRELIMINARY STATEMENT
(continued)

I. WATER REVENUE ADJUSTMENT MECHANISM/MODIFIED COST BALANCING ACCOUNT (WRAM/MCBA)

8. Reporting and Disposition

- A. By November 30th of each year, Valencia will provide the Division of Water and Audits (with a copy to DRA) with a written report on the status of the WRAM and MCBA accounts as described herein.
1. By November 30th of each year, Valencia will provide the Division of Water and Audits (with a copy to DRA) with a written report on the status of the WRAM and MCBA accounts for the 9 month period ended September 30 of the current calendar year as described herein.
 2. WRAM: The written report will include a section on the WRAM showing the revenue over- or under-collection with respect to actual (or recorded) water sales, by customer class. Differences between Total Adopted Quantity Revenues and Total Actual Quantity Revenues will be tracked in the WRAM and accrue interest at the 90-day commercial paper rate.
 3. MCBA: The written report will include a section on the MCBA comparing Total Adopted MCBA Costs with Total Actual MCBA Costs. Differences between Total Adopted MCBA Costs and Total Actual MCBA Costs will be tracked in the MCBA's and accrue interest at the 90-day commercial paper rate.
- B. The net balances of the WRAM and MCBA accounts will be resolved in the following manner:
1. The WRAM and MCBA accounts will always be considered together for the purposes of determining the need for additional revenue recovery from, or for refunds to, ratepayers, and will be netted prior to any refund or recovery.
 2. Prior year over or under-collection amounts remaining after expiration of the surcredit or surcharge amortization period will be included in Valencia's current year annual Tier 1 advice letter submission.
 3. Valencia will track revenues in the WRAM account by customer class for analysis purposes, but implementation of a surcharge or surcredit will be done considering the net balance of the WRAM and MCBA accounts for all customer classes included in the WRAM/MCBA.
- C. Valencia will use the following procedures for amortization of the annual WRAM/MCBA:
1. Submit its annual request for amortization of net WRAM / MCBA balances by a Tier 1 Advice Letter on or before March 31
 2. Amortize the WRAM/MCBA balance if it exceeds two percent of Valencia's last authorized revenue requirement.
 3. If the annual net WRAM/MCBA balance is an over-collection requiring amortization, Valencia will file an advice letter to amortize the balance within 30 days
 4. Follow the amortization time periods set forth in Decision 12-04-048.
 5. Follow Decision 03-06-072, Appendix A, p. 3, also described in SP U-27-W (Paragraph 40)) by amortizing undercollections by a surcharge on the quantity rate and refunding overcollections by a surcredit to the service charge.

(C)

(C)

(continued)

PROPOSED
PRELIMINARY STATEMENT
(continued)

J. WATER QUALITY LITIGATION MEMORANDUM ACCOUNT (WQLMA)

The Water Quality Litigation Memorandum Account (WQLMA) includes expenses resulting from water contamination litigation in accordance with Resolution W-4094 dated March 26, 1998. Reasonable costs recorded in the WQLMA are eligible for recovery in a subsequent general rate case application or in accordance with Commission policy.

(D)

(D)

**PROPOSED
Schedule No. 1-R
RESIDENTIAL GENERAL METERED SERVICE**

APPLICABILITY

Applicable to all individually metered residential water service.

TERRITORY

The service area of Valencia Water Company in the Community of Valencia and vicinity in Los Angeles County as defined in the preliminary statement.

WATER SMART ALLOCATION PROGRAM

Water allocations are an effective method of calculating the water use needs at a residence and are implemented to promote greater water use efficiency. Water SMART allocations are provided to all individually metered residential homes and are based on the specific indoor and outdoor water needs of each individual residence.

RATES

Quantity Rates: For all water delivered per 100 cu. ft.

Tier Name	Tier Level	Tier Rate Jan. 1, 2014	Tier Rate Jan. 1, 2015
Super Efficient	Tier 1: Indoor monthly water allocation	\$1.393	\$1.435
Efficient	Tier 2: Outdoor monthly water allocation (Tiers 1+2 = 100% of total monthly allocation)	\$1.659	\$1.709
Inefficient	Tier 3: 101%-150% of monthly water allocation	\$2.073	\$2.136
Excessive	Tier 4: 151%-200% of monthly water allocation	\$2.696	\$2.777
Wasteful	Tier 5: Use in excess of 200% of monthly water allocation	\$3.504	\$3.610

(I)
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(I)

The amount of water used within each tier is billed at the corresponding rate for that tier.

Service Charges:

Service charges as shown on Schedule 1-NR shall apply. The Service Charge is a readiness-to-serve charge which is applicable to all General Metered Service and to which is to be added to the monthly charge computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. A surcharge of \$0.91 per month is to be applied to the monthly service charge from the effective date of Advice Letter No. XXX in order to offset revenue reductions given to LIRA customers. (I)

(continued)

PROPOSED
Schedule No. 1-R
RESIDENTIAL GENERAL METERED SERVICE

(continued)

3. Indoor water allocation is based on 6,500 gallons per thirty (30) day month allocated at gallons per number of days in each billing period assuming an average household of four (4).

Outdoor water allocation for the month is based on individual landscaped area, evapotranspiration, and number of days in the billing period. It is calculated daily using the formula below. The daily water allocations for each day in the billing period are accumulated for the applicable month's outdoor water allocation.

$$\text{Daily Outdoor Water Allocation} = (ET_o \times Kc_1 \times LA_1 \times .623) / IE + (ET_o \times Kc_2 \times LA_2 \times .623) / IE$$

Where ET_o = Actual Evapotranspiration Factor (Inches/Day)

Where Kc_1 = .7 Crop Coefficient for the first 2,500 square feet of Landscape Area. The 0.7 crop coefficient is for high water using plants such as turf grass.

Where Kc_2 = .5 Crop Coefficient for any incremental increase in landscaped area that exceeds 2,500 square feet. The 0.5 crop coefficient is for medium water using plants such as shrubs, trees and ground cover. (D)

Where LA_1 = The first 2,500 square feet of actual Landscape Area.

Where LA_2 = Any incremental increase in actual landscaped area that exceeds 2,500 square feet. (D)

Where .623 = Conversion Factor (Gallons/Sq Ft)

Where IE = Irrigation Efficiency = .71

To calculate the outdoor water allocation, the landscaped area is the individually metered customer's actual landscaped area, including the water surface area of swimming pools and spas, with the following parameters.

Minimum Landscaped Area - 500 square feet.
Maximum Landscaped Area – No limit. (C)

(continued)

PROPOSED
Schedule No. 1-R
RESIDENTIAL GENERAL METERED SERVICE
(continued)

4. The parameters for the tiers are as follows:

Tier 1 amount is equal to the customer's indoor water allocation (6,500 gallons, which would round to 9 cdfs per 30 day month, prorated based on the number of days in each month);

Tier 2 amount is equal to the customer's outdoor water allocation;

Tier 1 and Tier 2 combined make up 100% of the customer's total water allocation;

Tier 3 is 101-150% of the customer's total water allocation;

Tier 4 is 151-200% of the customer's total water allocation; and

Tier 5 is any use in excess of 200% of the customer's total water allocation.

5. Tiered rates are a function of the Single Quantity Rate (SQR) as follows:

Tier Rate Criteria		
Rate Tier	% of SQR	Function of
Tier 1	0.84	Times SQR
Tier 2	1.00	Times SQR
Tier 3	1.25	Times SQR
Tier 4	1.30	Times Tier 3
Tier 5	1.30	Times Tier 4

The SQR is defined as the quantity rate per 100 cu. ft. listed on Schedule 1-NR.

(D)

6. Due to the under-collection in the utility's Water Revenue Adjustment Mechanism / Modified Cost Balancing Account (WRAM / MCBA), a surcharge of \$0.056 per 100 cu. Ft. of water used is to be applied to the quantity rates until the under-collection in the WRAM / MCBA has been fully amortized, approximately 12 months.

PROPOSED
Schedule No. 1-NR
General Metered Service – Non-Residential

APPLICABILITY

Applicable to all metered water service for which no special schedule is available.

TERRITORY

The service area of Valencia Water Company in the Community of Valencia and vicinity in Los Angeles County as defined in the preliminary statement.

RATES

	<u>Per Meter Per Month</u>		
	<u>Jan. 1, 2014</u>	<u>Jan. 1, 2015</u>	
Quantity Rates:			
For all water delivered per 100 cu. ft.	\$1.659	\$1.709	(I)
Service Charge:			
For 5/8 x 3/4-inch Meter	10.65	10.97	
For 3/4-inch Meter	15.98	16.46	
For 1-inch Meter	26.63	27.44	
For 1 1/2-inch Meter	53.26	54.87	
For 2-inch Meter	85.21	87.80	
For 3-inch Meter	159.77	164.62	
For 4-inch Meter	266.28	274.36	
For 6-inch Meter	532.56	548.73	
For 8-inch Meter	851.10	877.97	
For 10-inch Meter	1,224.89	1,262.08	
For 12-inch Meter	1,757.46	1,810.80	
For 14-inch Meter	2,396.53	2,469.28	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all General Metered Service and to which is to be added to the monthly charge computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. A surcharge of \$0.91 per month is to be applied to the monthly service charge from the effective date of Advice Letter No. XXX in order to offset revenue reductions given to LIRA customers. (I)
3. For construction water service under this schedule, a meter installation and removal charge of \$45.00 is required in advance of service.
4. Due to the under-collection in the utility's Water Revenue Adjustment Mechanism / Modified Cost Balancing Account (WRAM / MCBA), a surcharge of \$0.056 per 100 cu. Ft. of water used is to be applied to the quantity rates until the under-collection in the WRAM / MCBA has been fully amortized, approximately 12 months. (D)

PROPOSED
Schedule No. 1-DIM
DEDICATED IRRIGATION METERED SERVICE

APPLICABILITY

Applicable to all individual meters dedicated to irrigation.

TERRITORY

The service area of Valencia Water Company in the Community of Valencia and vicinity in Los Angeles County as defined in the preliminary statement.

WATER SMART ALLOCATION PROGRAM

Water allocations are an effective method of calculating the water use needs and are implemented to promote greater water use efficiency. Water SMART allocations are provided to all customers with meters dedicated for irrigation and are based on the specific water needs of each customer.

RATES

Quantity Rates: For all water delivered per 100 cu. ft.

Tier Name	Tier Level	Tier Rate Jan. 1, 2014	Tier Rate Jan. 1, 2015
Super Efficient	Tier 1: 0-35% of monthly water allocation	\$1.393	\$1.435
Efficient	Tier 2: 36-100% of monthly water allocation (Tiers 1+2 = 100% of total monthly allocation)	\$1.659	\$1.709
Inefficient	Tier 3: 101%-150% of monthly water allocation	\$1.825	\$1.880
Excessive	Tier 4: 151%-200% of monthly water allocation	\$2.098	\$2.162
Wasteful	Tier 5: Use in excess of 200% of monthly water allocation	\$2.623	\$2.702

(I)
|
(I)

The amount of water used within each tier is billed at the corresponding rate for that tier.

Service Charges:

Service charges as shown on Schedule 1-NR shall apply. The Service Charge is a readiness-to-serve charge which is applicable to all General Metered Service and to which is to be added to the monthly charge computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. A surcharge of \$0.91 per month is to be applied to the monthly service charge from the effective date of Advice Letter No. XXX in order to offset revenue reductions given to LIRA customers. (I)

(continued)

PROPOSED
Schedule No. 1-DIM
DEDICATED IRRIGATION METERED SERVICE

(continued)

3. The outdoor water allocation for the month is based on individual landscaped area, evapotranspiration, and number of days in the billing period. It is calculated daily using the formula below. The daily water allocations for each day in the billing period are accumulated for the applicable month's outdoor water allocation.

$$\text{Daily Outdoor Water Allocation} = (ET_o \times Kc_1 \times LA \times .623) / IE + (ET_o \times Kc_2 \times SLA \times .623) / IE$$

Where ET_o = Actual Evapotranspiration Factor (Inches/Day)

Where Kc_1 = .5 Crop Coefficient for the Landscape Area. The 0.5 crop coefficient is for medium water using plants such as shrubs, trees and ground cover or a mixture of low water using plants (native) and high water using plants (turf).

Where Kc_2 = .2 Crop Coefficient for any Special Landscaped Area.

Where LA = The actual Landscape Area, including the surface area of swimming pools, spas, fountains, ponds and lakes being served by the dedicated irrigation meter.

Where SLA = The Special Landscaped Area is the landscaped area within the LA for areas of active play such as parks, sports fields and golf courses or dedicated solely to edible plants.

Where .623 = Conversion Factor (Gallons/Sq Ft)

Where IE = Irrigation Efficiency = .625

(continued)

PROPOSED
Schedule No. 1-DIM
DEDICATED IRRIGATION METERED SERVICE

(continued)

4. The parameters for the tiers are as follows:

Tier 1 amount is 0-35% of the customer's total water allocation;

Tier 2 amount is 36-100% of the customer's total water allocation;

Tier 1 and Tier 2 combined make up 100% of the customer's total water allocation;

Tier 3 is 101-150% of the customer's total water allocation;

Tier 4 is 151-200% of the customer's total water allocation; and

Tier 5 is any use in excess of 200% of the customer's total water allocation.

5. Tiered rates are a function of the Single Quantity Rate (SQR) as follows:

Tier Rate Criteria		
Rate Tier	% of SQR	Function of
Tier 1	0.84	Times SQR
Tier 2	1.00	Times SQR
Tier 3	1.10	Times SQR
Tier 4	1.15	Times Tier 3
Tier 5	1.25	Times Tier 4

The SQR is defined as the quantity rate per 100 cu. ft. listed on Schedule 1-NR.

6. This tariff is not available to customers that receive their water service from multiple sources (i.e., potable and recycled) that are subject to Schedule No. 1-DIM-MS, "Dedicated Irrigation Metered Service – Mixed Sources".

(D)

7. Due to the under-collection in the utility's Water Revenue Adjustment Mechanism / Modified Cost Balancing Account (WRAM / MCBA), a surcharge of \$0.056 per 100 cu. Ft. of water used is to be applied to the quantity rates until the under-collection in the WRAM / MCBA has been fully amortized, approximately 12 months.

PROPOSED
Schedule No. 1-DIM-MS
DEDICATED IRRIGATION MIXED SOURCES METERED SERVICE

APPLICABILITY

Applicable to all customers that irrigate a common landscaped area from mixed sources. This includes potable water, recycled water and untreated water in any combination of two or more sources.

TERRITORY

The service area of Valencia Water Company in the Community of Valencia and vicinity in Los Angeles County as defined in the preliminary statement.

WATER SMART ALLOCATION PROGRAM

Water allocations are an effective method of calculating the water use needs and are implemented to promote greater water use efficiency. Water SMART allocations are provided to all customers with meters dedicated for irrigation (individual or mixed sources) and are based on the specific water needs of each customer.

RATES

Customers on this tariff are charged for their water use using the "Principle of Recycled Priority". The principle of recycled water priority assumes the recycled water use falls in the bottom tiers first and assumes the potable water use falls in the higher tiers where the recycled water left off.

Customers receiving service under this tariff are not eligible for a discounted rate for their potable water consumption, except as stated in Special Condition 5.

Potable Water Quantity Rates: For all potable water delivered per 100 cu. ft.

Tier Name	Tier Level	Tier Rate Jan. 1, 2014	Tier Rate Jan. 1, 2015
Super Efficient	Tier 1: 0-35% of monthly water allocation	\$1.659	\$1.709
Efficient	Tier 2: 36%-100% of monthly water allocation (Tiers 1+2 = 100% of total monthly allocation)	\$1.659	\$1.709
Inefficient	Tier 3: 101%-150% of monthly water allocation	\$1.825	\$1.880
Excessive	Tier 4: 151%-200% of monthly water allocation	\$2.098	\$2.162
Wasteful	Tier 5: Use in excess of 200% of monthly water allocation	\$2.623	\$2.702

(I)
|
(I)

The amount of water used within each tier is billed at the corresponding rate for that tier.

Recycled Water Quantity Rates: For all recycled water delivered per 100 cu. ft at the rate listed on Schedule No.5. Recycled Water is not subject to tiered rate prices.

Service Charges:

Service charges as shown on Schedule 1-NR shall apply. The Service Charge is a readiness-to-serve charge which is applicable to all General Metered Service and to which is to be added to the monthly charge computed at the Quantity Rates.

(continued)

PROPOSED
Schedule No. 1-DIM-MS
DEDICATED IRRIGATION MIXED SOURCES METERED SERVICE

(continued)

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. The outdoor water allocation for the month is based on individual landscaped area, evapotranspiration, and number of days in the billing period. It is calculated daily using the formula below. The daily water allocations for each day in the billing period are accumulated for the applicable month's outdoor water allocation.

$$\text{Daily Outdoor Water Allocation} = (ET_o \times K_{c_1} \times LA \times .623) / IE + (ET_o \times K_{c_2} \times SLA \times .623) / IE$$

Where ET_o = Actual Evapotranspiration Factor (Inches/Day)

Where K_{c_1} = .5 Crop Coefficient for the Landscape Area. The 0.5 crop coefficient is for medium water using plants such as shrubs, trees and ground cover or a mixture of low water using plants (native) and high water using plants (turf).

Where K_{c_2} = .2 Crop Coefficient for any Special Landscaped Area.

Where LA = The actual Landscape Area, including the surface area of fountains, ponds and lakes being served by the dedicated irrigation meters.

Where SLA = The Special Landscaped Area is the landscaped area within the LA for areas of active play such as parks, sports fields and golf courses or dedicated solely to edible plants.

Where .623 = Conversion Factor (Gallons/Sq Ft)

Where IE = Irrigation Efficiency = .625

(continued)

PROPOSED
Schedule No. 1-DIM-MS
DEDICATED IRRIGATION MIXED SOURCES METERED SERVICE

(continued)

3. The parameters for the tiers are as follows:

Tier 1 amount is 0-35% of the customer's total water allocation;

Tier 2 amount is 36%-100% of the customer's total water allocation;

Tier 1 and Tier 2 combined make up 100% of the customer's total water allocation;

Tier 3 is 101%-150% of the customer's total water allocation;

Tier 4 is 151%-200% of the customer's total water allocation; and

Tier 5 is any use in excess of 200% of the customer's total water allocation.

4. Tiered rates are a function of the Single Quantity Rate (SQR) as follows:

Tier Rate Criteria		
Rate Tier	% of SQR	Function of
Tier 1	1.00	Times SQR
Tier 2	1.00	Times SQR
Tier 3	1.10	Times SQR
Tier 4	1.15	Times Tier 3
Tier 5	1.25	Times Tier 4

The SQR is defined as the quantity rate per 100 cu. ft. listed on Schedule 1-NR.

5. Customers on this tariff will receive the discount Tier 1 rate for their potable water consumption at the rate shown on Schedule No. 1-DIM during any period (longer than 7 days) when the utility is unable to deliver recycled or untreated water.
6. A surcharge of \$0.91 per month is to be applied to the monthly service charge from the effective date of Advice Letter No. XXX in order to offset revenue reductions given to LIRA customers. (I)
- (D)
7. Due to the under-collection in the utility's Water Revenue Adjustment Mechanism / Modified Cost Balancing Account (WRAM / MCBA), a surcharge of \$0.056 per 100 cu. Ft. of water used is to be applied to the quantity rates until the under-collection in the WRAM / MCBA has been fully amortized, approximately 12 months.

PROPOSED
Schedule No. 4

PRIVATE FIRE SERVICE

APPLICABILITY

Applicable to all private fire service and private fire hydrants.

TERRITORY

The service area of Valencia Water Company in the Community of Valencia and vicinity in Los Angeles County as defined in the preliminary statement.

RATES

		Per Service Per Month
For	2-inch Service	\$22.30
For	4-inch Service	\$32.30
For	6-inch Service	\$46.10
For	8-inch Service	\$61.50
For	10-inch Service	\$126.90
For	12-inch Service	\$183.80
For	14-inch Service	\$249.90

SPECIAL CONDITIONS

1. A surcharge of \$0.91 per month is to be applied to the monthly service charge from the effective date of Advice Letter No. XXX in order to offset revenue reductions given to LIRA customers. (I)
2. The private fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
3. The minimum diameter for fire protection service shall be two inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.
4. If a distribution main of adequate size to service a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant.

Schedule No. 4

PRIVATE FIRE SERVICE

(continued)

5. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Insurance Services Office for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund.

6. For water delivered for other than fire protection purposes, charges shall be made therefore under the appropriate metered service tariff schedule.

(C)
(C)

7. The Utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.

8. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Schedule No. VAR
VARIANCE EXPLANATION AND PROCESS

Residential Water SMART Allocation Program - Variance

The Water Smart Allocation program is applicable to all individually metered residential water service. The Water SMART Allocation program is based on four (4) people per home and the specific landscaped area of each customer's lot. While the Water SMART program is designed specifically for each individual customer, there may be instances when a customer needs a modified Water SMART allocation. These situations will be administered through the Variance Process described in this tariff.

Variations

1. Grounds for Variance

Variations are classified as either indoor or outdoor variance. Each type of variance is subject to different rules. Proof acceptable to Valencia Water Company (the Company) will be required for each variance. Variations may be inspected and/or require periodic renewal. The Company will document its conclusions pertaining to whether a variance is accepted, amended or denied. The Company reserves the right to rescind any and all variations granted if in violation with this tariff.

2. Indoor Variations Allowed

The following indoor variation are allowed once approved by the Company

a. Number of people residing in the individually metered residential home (Water SMART allocation standard set at four (4) people per home)

1. Each additional person in a residential home will increase the monthly allocation by 1,650 gallons per month, or 55 gallons per additional person per day. (C)
(C)
(D)
2. All variance requests are subject to proof of residency that is acceptable to the Company (e.g. birth certificates, school records, etc.).
3. As a condition to approving a variance request of nine (9) people or greater in a residential home, the Company will require a residential water survey of the home.
4. Approved Variations for additional people are valid for two (2) years and must be resubmitted on or before the expiration date to remain in effect.

(Continued)

Schedule No. VAR
VARIANCE EXPLANATION AND PROCESS

(continued)

2. Indoor Variances Allowed

b. Licensed Care Facilities (in an individually metered residential home)

1. A current license from the appropriate agency will be required.
2. A licensed 24 hour care facility will be allocated increases based on additional people per residential home at 1,650 gallons per month per additional person. (C)
3. A licensed day care facility (not 24 hour) will be allocated increases based on additional people per residential home at 750 gallons per month per additional person.
4. Additional special medical needs will be determined as stated below in 2.c.
5. Approved Variances for Licensed Care Facilities are valid for one (1) year and must be resubmitted on or before the expiration date to remain in effect.

c. Medical Needs

1. Variance approval for increased allocations will be determined based on the type of medical needs as defined by a medical provider. Approval will be contingent upon medical documentation substantiating the requested variance amount.
2. Approved Variances for medical needs are valid for two (2) years and must be resubmitted on or before the expiration date to remain in effect.

3. Outdoor Variances Allowed

The following outdoor variances are allowed once approved by the Company

a. Landscaped Area

1. The Landscaped Area (LA) assigned to a residential customer will be changed so that the water allocation is based on the actual landscaped area maintained and irrigated by the residential customer. (D)
2. The LA will exclude customer owned property that is maintained and irrigated by another (e.g. HOA or LMD).
3. Swimming pools are considered part of the LA.
4. It is the obligation of the customer to provide the Company with acceptable documentation of the actual landscaped area served. This will consist of a two dimensional 8.5" x 11" drawing/sketch. The drawing must show the overall lot and the foot print of the house, hardscaped areas and landscaped areas.
5. If the landscaped area cannot be confirmed by the Company using County property tax assessor information and Google Earth, or its equivalent, the Company will perform a field verification of the landscaped area.

(Continued)

Schedule No. VAR
VARIANCE EXPLANATION AND PROCESS

(continued)

3. Outdoor Variances Allowed

b. Fire Control Zones

Changed allocations will be approved by the Company for residential customer maintained and irrigated Fire Control Zones (FCZ) based on such factors as area, slope, planting material, etc as defined by the local fire department. Approval will be contingent upon fire department documentation substantiating the requested variance amount.

c. Erosion Control Zones

Changed allocations will be approved by the Company for residential customer maintained and irrigated Erosion Control Zones (ECZ) based on such factors as area, slope, planting material, etc., as defined by the City or County. Approval will be contingent upon City or County documentation substantiating the requested variance modification (e.g. crop coefficient or irrigation efficiency).

(N)
|
(N)

4. Non Variance Items

The following cases are not considered variances.

- a. Edible Crops.
- b. Filling (or refilling) swimming pools and spas.
- c. Large dogs.

5. Effect of Approved Variance to Water SMART Allocation

Approved variances will extend each tier of the residential Water SMART Allocation structure by the approved number of increased gallons (or equivalent ccf's).

6. How to Request a Variance

- a. Call in, walk in or web request
- b. Complete and signing form
- c. Submit all other documentation as defined above in this tariff.

7. Effective Date and Termination Date of Variance

- a. An approved variance will become effective within thirty (30) days of receipt of the variance request.
- b. Approved variances are valid for the period specified above in this tariff.
- c. Approved variances valid for a specified time period automatically terminate upon change of ownership of the residence.

8. Variance Renewals

- a. Approved variances with a specified termination date must be resubmitted on or before the expiration date to remain in effect.
- b. Variance renewals follow the same process as the original variance as defined above in this tariff.

9. Customer Variance Grievance Procedure

If a variance request response from the Company is not in compliance with this tariff, a customer may request mediation with the California Public Utilities Commission. The Commission will review the basis of the variance request discrepancy and provide judgment in accordance with its findings.

PROPOSED
Rule No. 9

RENDERING AND PAYMENT OF BILLS
(Continued)

3. Proration of Bills (Continued)

(1) Metered Service

The amount of the minimum charge (and the quantity allowed therefor) or the readiness to serve charge and the quantity in each of the several quantity rate blocks will be prorated on the basis of the ratio of the number of days in the period to the actual number of days in the month. The measured quantity of usage will be applied to such prorated amounts and quantities.

(2) Flat Rate Service

The billing period charge will be prorated on the basis of the ratio of the number of days in the period to the actual number of days in the month.

B. Payment of Bills

1. Bills for service are due and payable upon presentation and payment may be made at any commercial office of the utility or to any representative of the utility authorized to make collections. Collection of closing bills may be made at the time of presentation.
2. Utility may charge \$15.00 for any bad checks or electronic fund transfers that are not honored by the customer's financial institution. (I)
3. Credit/Debit Card Option

At the option of the customer, a credit or debit card payment can be made. These payments will be accepted through the use of a vendor(s), and a non-refundable \$2.50 convenience fee per transaction shall apply. Customers are limited to one transaction per each assessed fee. If a customer has more than one account, a separate transaction is needed for each account. A non-refundable convenience fee will apply for each transaction completed and will be added as a charge to the credit/debit card account by the vendor(s) and not the utility billing statement. The convenience fee is paid directly to the vendor(s), not the utility. This payment option is not available to customers who have made fraudulent payments within the last 12 months.

PROPOSED
Rule No. 11
(continued)

DISCONTINUANCE AND RESTORATION OF SERVICE

B. 4. For Unsafe Apparatus or Where Service is Detrimental or Damaging to the Utility or its Customers

If an unsafe or hazardous condition is found to exist on the customer's premises, or if the use of water thereon by apparatus, appliances, equipment or otherwise is found to be detrimental or damaging to the utility or its customers, the service may be shut off without notice. The utility will notify the customer immediately of the reasons for the discontinuance and the corrective action to be taken by the customer before service can be restored.

5. For Fraudulent Use of Service

When the utility has discovered that a customer has obtained service by fraudulent means, or has diverted the water service for unauthorized use, the service to that customer may be discontinued without notice. The utility will not restore service to such customer until that customer has complied with all filed rules and reasonable requirements of the utility and the utility has been reimbursed for the full amount of the service rendered and the actual cost to the utility incurred by reason of the fraudulent use.

C. Restoration of Service

1. Reconnection Charge

Where service has been discontinued for violation of these rules or for nonpayment of bills, the utility may charge \$30.00 for reconnection of service during regular working hours or \$50.00 for reconnection of service at other than regular working hours when the customer has requested that the reconnection be made at other than regular working hours. These charges to be due and payable prior to reconnection. (l)

2. To be Made During Regular Working Hours

The utility will endeavor to make reconnections during regular working hours on the day of the request, if conditions permit, otherwise reconnections will be made on the regular working day following the day the request is made.

PROPOSED
Rule No. 16

SERVICE CONNECTIONS, METERS, AND CUSTOMER'S FACILITIES

C. 3. Type and Expense of Backflow Preventers

Any backflow preventer utilized shall be of the type and design specified and approved for the circumstances in Section 7604, Title 17 of the California Code of Regulations, except that a customer may utilize an approved backflow preventer providing greater protection than required by Section 7604. Such backflow preventers shall be installed by and at the expense of the customer, in a manner approved by the utility and the public health agency having jurisdiction. Backflow preventers shall be installed as close as practical to the customer's connection to the utility and in a location which is readily available for periodic inspection.

Backflow preventers shall be tested, repaired or replaced at the expense of the customer.

4. Periodic Testing of Backflow Preventers

Whenever a backflow preventer is installed, relocated, or repaired, the customer shall have it tested by persons who have demonstrated their competency in testing of these preventers to the utility or health agency. Backflow preventers shall be tested at least annually or more frequently if determined to be necessary by the health agency or utility. The utility shall notify the customer when testing of backflow preventers is needed. The notice shall give the date when the test must be completed. Reports of testing and maintenance shall be maintained by the utility for a minimum of three years.

If the customer has not provided documentation to the utility of having tested their backflow device in accordance with this rule within 30 days of receiving their third backflow testing notice from the utility, the utility will perform the test on the customer's backflow device(s). The customer's account will be charged a backflow testing fee of \$70 per device tested if the utility performs the backflow test for the customer.

(N)
|
(N)

5. Refusal to Serve or Discontinuance of Service

The utility may refuse or discontinue service:

- a. Until there has been installed on the customer's piping an approved backflow preventer of the required type, if one is required.
- b. Where the utility has been denied access to the customer's premises to make an evaluation.
- c. Where the customer refuses to test a backflow preventer, or to repair or replace a faulty backflow preventer.

(continued)

PROPOSED
Form No. 10
Valencia Water Company
Water SMART Program Variance Request



Valencia Water Company Water SMART Program Variance Request

Name: _____ Account Number: _____

Service Address: _____

Daytime Phone: _____ E-mail address: _____

For Approval/ Denial Notification

This form is to request an allocation greater than the standard amount Valencia Water Company (VWC) uses for your type of home. If you believe you need an increased allocation based on the criteria listed below, you must complete and return this form. The **Water SMART** Program is designed to serve as a tool to help you identify problems such as leaks or over-watering. Using water efficiently helps save you money on your water bill and comply with the state mandate to reduce per capita water consumption by 20% by 2020. Variances may be approved for any of the following reasons and are subject to periodic review by VWC.

Additional landscape area:

(The landscaped area allocated to your property is shown on your water bill, located above the graph, on the top left).

Current Allocation _____ Sq Ft Additional Allocation Requested _____ Sq Ft

You must also submit a two (2) dimensional sketch. Show dimensions in feet and the total area in square feet. Include the surface area of pool and spa but **do not include hardscape area (i.e. driveways, patios) as part of the landscape total**. You may use the back of this form for your sketch. Additional information may be requested including a water audit. (D)

Additional people in household:

Current Allocation _____ **4** Additional Allocation Requested _____

When requesting this variance, you must attach proof of permanent residency for each person in the household.

Proof may be children's birth certificates, school records, blank checks with preprinted name and address, copies of income tax returns, driver's license, lease agreements, etc. Additional information may be requested, including a water audit at your home. Increased allocations for additional occupants must be renewed every two (2) years. Forms will be mailed to you for this purpose.

Other (As listed in Valencia's Variance Tariffs):

There may be instances where an increased allocation on a permanent or temporary basis may be appropriate. If you believe that is the case, please provide the details below and attach any documentation you may have. Our Customer Service Department will contact you regarding your request within 30 business days.

In most cases, if approved, variances will be applied starting with your next bill.

I have completed this form and affirm that I am the above account holder and the information contained herein, including attachments, is complete and accurate. I may be liable for back charges for providing false information. Further, I understand that VWC reserves the right to inspect and/ or rescind all variances granted.

Please return to:
Attn: Variance Request
Valencia Water Company
24631 Avenue Rockefeller
Valencia, CA 91355

Signature _____ Date _____

(VWC Personnel Only)
Denied _____ Approved _____ Signature _____ Date _____

Valencia Water Company

Application No. _____

Date _____

Attachment E _____

VALENCIA WATER COMPANY

NOTICE TO CUSTOMERS

NOTICE OF RATE INCREASE REQUEST BY VALENCIA WATER COMPANY
BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION
REQUEST FOR PUBLIC COMMENTS

APPLICATIONS NO. 13-01-XXX and 13-01-YYY

Valencia Water Company has filed requests with the California Public Utilities Commission (Commission) for a general increase in water rates and an adjustment to its return on ratebase. Commission policy requires Valencia to file a general rate case and cost of capital application every three years. The combined effect of Applications 13-01-XXX and 13-01-YYY is an increase to annual revenues by \$3,186,000 or 12.68 percent to become effective on January 1, 2014, and by an additional amount of \$888,000 or 3.12 percent effective on January 1, 2015, and by an additional amount of \$1,252,000 or 4.28 percent effective on January 1, 2016. Rates for January 1, 2016 will be based on the Commission's escalation rates in effect at the time of that escalation filing.

WHAT IS A GENERAL RATE CASE (GRC)

Every three years investor-owned utilities such as Valencia Water Company are required to file a GRC in which the Commission sets annual revenue levels. Annual revenue is the total amount of money a utility collects through rates in a given year for specific purposes. The actual rates, or level of prices charged to customers will be determined from the annual revenue received by Valencia. The rate increases requested in these Applications are intended to recover increased operating expenses and capital costs associated with delivering a reliable supply of water that meets or exceeds state and federal drinking water standards which are not recovered in present rates, and these increases are partially offset by a reduction in the cost of debt. In this general rate case Application, the Company also seeks a Commission finding that it has operated in compliance with all applicable water quality standards, that its Urban Water Management Plan is adequate, approval of changes to balancing and memorandum accounts as described in the Application, and approval of tariff changes as described in the Application.

Proposed revenue changes by customer class are shown in the attached tables.

COMMISSION PROCESS

The Commission wants to hear from customers of Valencia Water Company. If you wish to informally protest this filing as a customer, you may do so by emailing or writing to the Public Advisor's Office (PAO). You may submit written comments to the Commission at the address shown below. Your comments on any aspect of the Company's operations or on the proposed rate increases are very much desired by the Commission and may be sent to the PAO at the address below. These comments could include proposed rates, quality of service or other concerns. Please mention that you are writing about Application 13-01-XXX or 13-01-YYY of Valencia Water Company. These comments, which will become part of the formal record of this proceeding, will be circulated to the Commissioners, the Administrative Law Judge (ALJ) assigned to the proceeding and Division of Ratepayer Advocates (DRA) staff. The DRA staff consists of engineers, accountants, economists, and attorneys, who independently evaluate the proposals of utilities and present their recommendations to the Commission.

FORMALLY PROTESTING THE APPLICATION

Formal protests to this application must be filed with the Commission no later than February 4, 2013. The Commission's PAO was established to assist members of the public who want to protest or otherwise participate in the Commission's proceedings. For assistance in filing a formal protest with the Commission or otherwise participating in the formal proceeding, please contact the PAO at 505 Van Ness Avenue, San Francisco, CA 94102, or via email to public.advisor@cpuc.ca.gov. Please refer to Application 13-01-XXX and 13-01-YYY any written or email correspondence.

HEARINGS

The Commission staff may schedule a Public Participation Hearing as part of their processing of this request. Customers will be notified of the date, time and location of any such hearing. The Commission may hold Evidentiary Hearings (EHs) whereby parties of record provide testimony and are subject to cross-examination before an ALJ. These hearings are open to the public, but only those who are formal parties of record can participate. The Commission has its own court reporters who will record the comments of those formal parties of record participating in the EHs. After considering all proposals and evidence presented during the formal hearing process, the assigned ALJ will issue a proposed draft decision. When the Commission issues a final decision on the application, it may adopt amend or modify all or part of the ALJ's proposed decision as written. The Commission's decision may be different than Valencia's formal request.

FOR FURTHER INFORMATION AND TO OBTAIN A COPY OF THE APPLICATIONS

A copy of the Valencia Water Company requests may be inspected in its business office at 24631 Avenue Rockefeller, Valencia, CA 91355. Further information about the applications may be obtained at the Valencia Water Company business office, or you may call customer service at (661) 294-0828. For more information about participating in this case or to send comments to the Commission, please contact the Commission at:

California Public Utilities Commission
Public Advisors Office, Suite 2103
505 Van Ness Avenue
San Francisco, CA 94102
E-mail: Public.advisor@cpuc.ca.gov
Phone (866) 849-8390 (toll free)

**NOTICE OF PROPOSED RATE INCREASE BY VALENCIA WATER COMPANY
BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION**

Shown Below are the Proposed Revenue Changes for Different Usages and by Customer Class.

	2014 Present	2014 Proposed	2014 Increase	2014 Percent	2015 Prior Rates	2015 Proposed	2015 Increase	2015 Percent
General Metered Water Service								
Monthly Bill, 3/4-inch meter								
10 Ccf Usage	\$27.67	\$32.08	\$4.41	16.0%	\$32.08	\$33.10	\$1.02	3.2%
20 Ccf Usage	\$42.60	\$48.43	\$5.83	13.7%	\$48.43	\$49.99	\$1.56	3.2%
40 Ccf Usage	\$72.46	\$81.12	\$8.66	11.9%	\$81.12	\$83.75	\$2.63	3.2%
Private Fire Protection								
Monthly Bill, 6-inch Connection	\$46.10	\$46.10	\$0.00	0.0%	\$46.10	\$46.10	\$0.00	0.0%
Revenues By Customer Class								
Single Family Residential	\$ 12,636,790	\$ 14,387,546	\$ 1,750,756	13.9%	\$ 14,471,560	\$ 14,936,378	\$ 464,818	3.2%
Multi Family Residential	\$ 1,179,959	\$ 1,343,420	\$ 163,461	13.9%	\$ 1,343,420	\$ 1,386,567	\$ 43,147	3.2%
Business	\$ 2,883,321	\$ 3,244,981	\$ 361,660	12.5%	\$ 3,260,942	\$ 3,366,316	\$ 105,374	3.2%
Industrial	\$ 1,208,928	\$ 1,365,143	\$ 156,214	12.9%	\$ 1,365,143	\$ 1,409,177	\$ 44,035	3.2%
Public Authorities	\$ 548,212	\$ 614,223	\$ 66,011	12.0%	\$ 622,759	\$ 642,932	\$ 20,173	3.2%
Dedicated Irrigation	\$ 5,498,048	\$ 6,154,090	\$ 656,042	11.9%	\$ 6,188,028	\$ 6,388,558	\$ 200,530	3.2%
Construction	\$ 40,484	\$ 47,288	\$ 6,804	16.8%	\$ 47,288	\$ 48,786	\$ 1,499	3.2%
Total, General Metered Water Service	\$ 23,995,741	\$ 27,156,691	\$ 3,160,949		\$ 27,299,140	\$ 28,178,715	\$ 879,575	
Untreated/ Recycled	\$ 226,555	\$ 251,625	\$ 25,071	11.1%	\$ 251,625	\$ 259,812	\$ 8,187	3.3%
Private Fire Protection Service Revenues	\$ 790,108	\$ 790,108	\$ -	0.0%	\$ 796,241	\$ 796,241	\$ -	0.0%
Total Water Service Revenues	\$ 25,012,404	\$ 28,198,424	\$ 3,186,020	12.7%	\$ 28,347,006	\$ 29,234,768	\$ 887,762	3.1%
Total Other Water Revenues	\$ 118,797	\$ 118,797	\$ -	0.0%	\$ 126,819	\$ 126,819	\$ -	0.0%
TOTAL OPERATING REVENUES	\$ 25,131,201	\$ 28,317,221	\$ 3,186,020	12.7%	\$ 28,473,825	\$ 29,361,587	\$ 887,762	3.1%

NOTICE OF PROPOSED RESIDENTIAL RATE INCREASE BY VALENCIA WATER COMPANY
BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION
2014

Small Lot Water Allocation of 11 ccf																		
Monthly Usage	Tier 1 Indoor	Tier 2 Outdoor	Tier 3 101%-150%	Tier 4 15%-200%	Tier 5 200%+	Total Usage Charge	5/8" Meter			3/4" Meter			1" Meter					
							Rate	Change (\$)	Change (%)	Monthly Service Charge	Proposed Rates	Present Rates	Change (\$)	Change (%)	Monthly Service Charge	Proposed Rates	Present Rates	Change (\$)
0	\$1,353	\$1,610	\$2,013	\$2,617	\$3,402	\$0.00	\$10.34	\$8.40	\$1.94	23%	\$15.51	\$15.51	\$2.96	24%	\$25.84	\$25.84	\$4.94	24%
5	\$6.77	\$10.34	\$17.10	\$24.12	\$31.37	\$6.77	\$10.34	\$14.58	\$2.52	17%	\$15.51	\$22.27	\$3.54	19%	\$25.84	\$32.61	\$5.53	20%
10	\$12.18	\$16.11	\$23.45	\$30.79	\$38.05	\$13.79	\$10.34	\$20.99	\$3.13	15%	\$15.51	\$29.29	\$4.15	17%	\$25.84	\$33.49	\$6.14	18%
15	\$12.18	\$3.22	\$8.05	\$12.08	\$15.70	\$23.45	\$10.34	\$29.82	\$3.97	13%	\$15.51	\$38.96	\$4.99	15%	\$25.84	\$42.32	\$6.97	16%
20	\$12.18	\$3.22	\$12.08	\$7.85	\$15.70	\$35.33	\$10.34	\$45.66	\$4.99	12%	\$15.51	\$44.82	\$6.01	13%	\$25.84	\$51.17	\$8.00	15%
25	\$12.18	\$3.22	\$12.08	\$15.70	\$23.81	\$49.98	\$10.34	\$60.32	\$6.26	12%	\$15.51	\$50.83	\$7.28	13%	\$25.84	\$58.22	\$9.27	14%
30	\$12.18	\$3.22	\$12.08	\$15.70	\$23.81	\$66.99	\$10.34	\$77.33	\$9.60	11%	\$15.51	\$62.50	\$8.75	12%	\$25.84	\$70.25	\$10.74	13%
40	\$12.18	\$3.22	\$12.08	\$15.70	\$23.81	\$101.01	\$10.34	\$111.35	\$100.68	11%	\$15.51	\$116.52	\$116.69	11%	\$25.84	\$126.85	\$13.68	12%
50	\$12.18	\$3.22	\$12.08	\$15.70	\$23.81	\$135.03	\$10.34	\$145.37	\$131.75	10%	\$15.51	\$150.54	\$144.63	11%	\$25.84	\$160.87	\$16.62	12%

Medium Lot Water Allocation of 19 ccf																		
Monthly Usage	Tier 1 Indoor	Tier 2 Outdoor	Tier 3 101%-150%	Tier 4 15%-200%	Tier 5 200%+	Total Usage Charge	5/8" Meter			3/4" Meter			1" Meter					
							Rate	Change (\$)	Change (%)	Monthly Service Charge	Proposed Rates	Present Rates	Change (\$)	Change (%)	Monthly Service Charge	Proposed Rates	Present Rates	Change (\$)
0	\$1,353	\$1,610	\$2,013	\$2,617	\$3,402	\$0.00	\$10.34	\$8.40	\$1.94	23%	\$15.51	\$15.51	\$2.96	24%	\$25.84	\$25.84	\$4.94	24%
5	\$6.77	\$10.34	\$17.10	\$24.12	\$31.37	\$6.77	\$10.34	\$14.58	\$2.52	17%	\$15.51	\$22.27	\$3.54	19%	\$25.84	\$32.61	\$5.53	20%
10	\$12.18	\$16.11	\$23.45	\$30.79	\$38.05	\$13.79	\$10.34	\$20.99	\$3.13	15%	\$15.51	\$29.29	\$4.15	17%	\$25.84	\$33.49	\$6.14	18%
15	\$12.18	\$9.66	\$16.10	\$21.08	\$28.01	\$21.84	\$10.34	\$28.35	\$3.83	14%	\$15.51	\$37.34	\$4.85	15%	\$25.84	\$47.68	\$6.83	17%
20	\$12.18	\$16.10	\$21.08	\$28.01	\$36.02	\$30.29	\$10.34	\$36.07	\$4.56	13%	\$15.51	\$45.80	\$5.58	14%	\$25.84	\$56.13	\$7.56	16%
25	\$12.18	\$16.10	\$21.08	\$28.01	\$36.02	\$40.36	\$10.34	\$50.69	\$5.43	12%	\$15.51	\$55.86	\$6.45	13%	\$25.84	\$66.20	\$8.46	15%
30	\$12.18	\$16.10	\$21.08	\$28.01	\$36.02	\$51.02	\$10.34	\$61.36	\$6.30	12%	\$15.51	\$66.53	\$7.37	12%	\$25.84	\$76.87	\$9.36	14%
40	\$12.18	\$16.10	\$21.08	\$28.01	\$36.02	\$77.98	\$10.34	\$88.32	\$9.64	11%	\$15.51	\$93.49	\$9.70	12%	\$25.84	\$103.82	\$11.68	13%
50	\$12.18	\$16.10	\$21.08	\$28.01	\$36.02	\$112.00	\$10.34	\$122.34	\$110.62	10%	\$15.51	\$127.51	\$12.64	11%	\$25.84	\$137.84	\$14.62	12%
60	\$12.18	\$16.10	\$21.08	\$28.01	\$36.02	\$146.02	\$10.34	\$156.36	\$141.80	10%	\$15.51	\$161.53	\$15.58	11%	\$25.84	\$171.86	\$17.57	11%
70	\$12.18	\$16.10	\$21.08	\$28.01	\$36.02	\$180.04	\$10.34	\$190.38	\$172.87	10%	\$15.51	\$195.55	\$18.52	10%	\$25.84	\$205.88	\$20.51	11%

Large Lot Water Allocation of 30 ccf																		
Monthly Usage	Tier 1 Indoor	Tier 2 Outdoor	Tier 3 101%-150%	Tier 4 15%-200%	Tier 5 200%+	Total Usage Charge	5/8" Meter			3/4" Meter			1" Meter					
							Rate	Change (\$)	Change (%)	Monthly Service Charge	Proposed Rates	Present Rates	Change (\$)	Change (%)	Monthly Service Charge	Proposed Rates	Present Rates	Change (\$)
0	\$1,353	\$1,610	\$2,013	\$2,617	\$3,402	\$0.00	\$10.34	\$8.40	\$1.94	23%	\$15.51	\$15.51	\$2.96	24%	\$25.84	\$25.84	\$4.94	24%
5	\$6.77	\$10.34	\$17.10	\$24.12	\$31.37	\$6.77	\$10.34	\$14.58	\$2.52	17%	\$15.51	\$22.27	\$3.54	19%	\$25.84	\$32.61	\$5.53	20%
10	\$12.18	\$16.11	\$23.45	\$30.79	\$38.05	\$13.79	\$10.34	\$20.99	\$3.13	15%	\$15.51	\$29.29	\$4.15	17%	\$25.84	\$33.49	\$6.14	18%
15	\$12.18	\$9.66	\$16.10	\$21.08	\$28.01	\$21.84	\$10.34	\$28.35	\$3.83	14%	\$15.51	\$37.34	\$4.85	15%	\$25.84	\$47.68	\$6.83	17%
20	\$12.18	\$17.71	\$25.76	\$33.81	\$45.99	\$29.89	\$10.34	\$40.22	\$4.52	13%	\$15.51	\$45.39	\$5.54	14%	\$25.84	\$55.73	\$7.53	16%
25	\$12.18	\$25.76	\$33.81	\$45.99	\$66.12	\$37.94	\$10.34	\$48.27	\$5.22	12%	\$15.51	\$53.44	\$6.24	13%	\$25.84	\$63.78	\$8.22	15%
30	\$12.18	\$33.81	\$45.99	\$66.12	\$88.32	\$45.99	\$10.34	\$56.32	\$5.91	12%	\$15.51	\$61.49	\$6.93	13%	\$25.84	\$71.83	\$8.92	14%
40	\$12.18	\$33.81	\$45.99	\$66.12	\$88.32	\$66.12	\$10.34	\$66.80	\$7.66	11%	\$15.51	\$81.62	\$8.67	12%	\$25.84	\$91.96	\$10.66	13%
50	\$12.18	\$33.81	\$45.99	\$66.12	\$88.32	\$89.27	\$10.34	\$99.60	\$9.65	11%	\$15.51	\$104.77	\$10.67	11%	\$25.84	\$115.11	\$12.66	12%
60	\$12.18	\$33.81	\$45.99	\$66.12	\$88.32	\$119.44	\$10.34	\$125.77	\$113.86	10%	\$15.51	\$130.94	\$118.01	11%	\$25.84	\$141.28	\$14.92	12%
70	\$12.18	\$33.81	\$45.99	\$66.12	\$88.32	\$149.46	\$10.34	\$159.79	\$144.94	10%	\$15.51	\$164.96	\$149.09	10%	\$25.84	\$175.30	\$17.86	11%
80	\$12.18	\$33.81	\$45.99	\$66.12	\$88.32	\$183.48	\$10.34	\$193.81	\$176.02	10%	\$15.51	\$198.98	\$181.81	10%	\$25.84	\$209.32	\$18.86	11%
90	\$12.18	\$33.81	\$45.99	\$66.12	\$88.32	\$217.50	\$10.34	\$227.83	\$207.10	10%	\$15.51	\$233.00	\$212.25	10%	\$25.84	\$243.34	\$23.74	11%
100	\$12.18	\$33.81	\$45.99	\$66.12	\$88.32	\$251.52	\$10.34	\$261.85	\$238.18	10%	\$15.51	\$267.02	\$242.33	10%	\$25.84	\$277.36	\$26.69	11%

NOTICE OF PROPOSED RESIDENTIAL RATE INCREASE BY VALENCIA WATER COMPANY
BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION
2015

Monthly Usage Rate	Small Lot Water Allocation of 11 ccf					5/8" Meter					3/4" Meter					1" Meter				
	Tier 1 Indoor	Tier 2 Outdoor	Tier 3 101%-150%	Tier 4 151%-200%	Tier 5 200%+	Total Usage Charge	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)		
	\$1,397	\$1,663	\$2,079	\$2,703	\$3,513	\$0.00	\$10.66	\$10.34	\$0.32	3%	\$15.98	\$15.98	\$15.51	\$0.48	3%	\$26.64	\$26.64	\$25.84	\$0.80	
5	\$6.99	\$1.66				\$6.99	\$10.66	\$17.64	\$0.54	3%	\$15.98	\$22.97	\$22.27	\$0.70	3%	\$26.64	\$33.62	\$32.61	\$1.02	
10	\$12.57	\$3.33				\$14.24	\$10.66	\$24.12	\$0.77	3%	\$15.98	\$30.22	\$29.29	\$0.93	3%	\$26.64	\$40.88	\$39.63	\$1.25	
15	\$12.57	\$3.33	\$8.32			\$24.22	\$10.66	\$33.79	\$1.08	3%	\$15.98	\$40.20	\$38.96	\$1.24	3%	\$26.64	\$50.85	\$49.29	\$1.56	
20	\$12.57	\$3.33	\$12.47	\$8.11		\$36.48	\$10.66	\$45.66	\$1.47	3%	\$15.98	\$52.47	\$50.83	\$1.63	3%	\$26.64	\$63.12	\$61.17	\$1.95	
25	\$12.57	\$3.33	\$12.47	\$16.22	\$7.03	\$51.62	\$10.66	\$62.27	\$1.95	3%	\$15.98	\$67.60	\$65.49	\$2.11	3%	\$26.64	\$78.26	\$75.82	\$2.43	
30	\$12.57	\$3.33	\$12.47	\$16.22	\$24.59	\$69.18	\$10.66	\$79.84	\$2.51	3%	\$15.98	\$85.17	\$82.50	\$2.67	3%	\$26.64	\$95.82	\$92.83	\$2.99	
40	\$12.57	\$3.33	\$12.47	\$16.22	\$59.72	\$104.31	\$10.66	\$114.97	\$3.62	3%	\$15.98	\$120.30	\$116.52	\$3.78	3%	\$26.64	\$130.95	\$126.85	\$4.10	
50	\$12.57	\$3.33	\$12.47	\$16.22	\$94.85	\$139.44	\$10.66	\$150.10	\$4.73	3%	\$15.98	\$155.43	\$150.54	\$4.89	3%	\$26.64	\$166.08	\$160.87	\$5.21	

Monthly Usage Rate	Medium Lot Water Allocation of 19 ccf					5/8" Meter					3/4" Meter					1" Meter				
	Tier 1 Indoor	Tier 2 Outdoor	Tier 3 101%-150%	Tier 4 151%-200%	Tier 5 200%+	Total Usage Charge	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)		
	\$1,397	\$1,663	\$2,079	\$2,703	\$3,513	\$0.00	\$10.66	\$10.34	\$0.32	3%	\$15.98	\$15.98	\$15.51	\$0.48	3%	\$26.64	\$26.64	\$25.84	\$0.80	
5	\$6.99	\$1.66				\$6.99	\$10.66	\$17.64	\$0.54	3%	\$15.98	\$22.97	\$22.27	\$0.70	3%	\$26.64	\$33.62	\$32.61	\$1.02	
10	\$12.57	\$3.33				\$14.24	\$10.66	\$24.12	\$0.77	3%	\$15.98	\$30.22	\$29.29	\$0.93	3%	\$26.64	\$40.88	\$39.63	\$1.25	
15	\$12.57	\$3.33	\$2.08			\$22.55	\$10.66	\$32.17	\$1.03	3%	\$15.98	\$38.54	\$37.34	\$1.19	3%	\$26.64	\$49.19	\$47.68	\$1.51	
20	\$12.57	\$3.33	\$12.47	\$2.70		\$31.28	\$10.66	\$40.63	\$1.31	3%	\$15.98	\$47.27	\$45.80	\$1.47	3%	\$26.64	\$57.92	\$56.13	\$1.79	
25	\$12.57	\$3.33	\$12.47	\$2.70	\$2.70	\$41.68	\$10.66	\$52.33	\$1.64	3%	\$15.98	\$57.66	\$55.86	\$1.80	3%	\$26.64	\$68.32	\$66.20	\$2.12	
30	\$12.57	\$3.33	\$12.47	\$2.70	\$3.51	\$52.70	\$10.66	\$63.35	\$1.99	3%	\$15.98	\$68.68	\$66.58	\$2.15	3%	\$26.64	\$79.34	\$76.87	\$2.47	
40	\$12.57	\$3.33	\$12.47	\$2.70	\$3.51	\$80.54	\$10.66	\$91.19	\$2.88	3%	\$15.98	\$96.52	\$93.49	\$3.04	3%	\$26.64	\$107.18	\$103.82	\$3.35	
50	\$12.57	\$3.33	\$12.47	\$2.70	\$3.51	\$115.67	\$10.66	\$126.32	\$3.99	3%	\$15.98	\$131.65	\$127.51	\$4.15	3%	\$26.64	\$142.31	\$137.84	\$4.46	
60	\$12.57	\$3.33	\$12.47	\$2.70	\$3.51	\$150.80	\$10.66	\$161.45	\$5.10	3%	\$15.98	\$166.78	\$161.53	\$5.26	3%	\$26.64	\$177.44	\$171.86	\$5.57	
70	\$12.57	\$3.33	\$12.47	\$2.70	\$3.51	\$185.93	\$10.66	\$196.58	\$6.21	3%	\$15.98	\$201.91	\$195.55	\$6.37	3%	\$26.64	\$212.57	\$205.88	\$6.68	

Monthly Usage Rate	Large Lot Water Allocation of 30 ccf					5/8" Meter					3/4" Meter					1" Meter				
	Tier 1 Indoor	Tier 2 Outdoor	Tier 3 101%-150%	Tier 4 151%-200%	Tier 5 200%+	Total Usage Charge	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)		
	\$1,397	\$1,663	\$2,079	\$2,703	\$3,513	\$0.00	\$10.66	\$10.34	\$0.32	3%	\$15.98	\$15.98	\$15.51	\$0.48	3%	\$26.64	\$26.64	\$25.84	\$0.80	
5	\$6.99	\$1.66				\$6.99	\$10.66	\$17.64	\$0.54	3%	\$15.98	\$22.97	\$22.27	\$0.70	3%	\$26.64	\$33.62	\$32.61	\$1.02	
10	\$12.57	\$3.33				\$14.24	\$10.66	\$24.12	\$0.77	3%	\$15.98	\$30.22	\$29.29	\$0.93	3%	\$26.64	\$40.88	\$39.63	\$1.25	
15	\$12.57	\$3.33	\$2.08			\$22.55	\$10.66	\$32.17	\$1.03	3%	\$15.98	\$38.54	\$37.34	\$1.19	3%	\$26.64	\$49.19	\$47.68	\$1.51	
20	\$12.57	\$3.33	\$12.47	\$2.70		\$30.87	\$10.66	\$41.52	\$1.30	3%	\$15.98	\$46.85	\$45.39	\$1.46	3%	\$26.64	\$57.51	\$55.73	\$1.78	
25	\$12.57	\$3.33	\$12.47	\$2.70	\$2.70	\$39.18	\$10.66	\$49.84	\$1.56	3%	\$15.98	\$55.17	\$53.44	\$1.72	3%	\$26.64	\$65.82	\$63.78	\$2.04	
30	\$12.57	\$3.33	\$12.47	\$2.70	\$3.51	\$47.50	\$10.66	\$58.16	\$1.83	3%	\$15.98	\$63.48	\$61.49	\$1.99	3%	\$26.64	\$74.14	\$71.83	\$2.31	
40	\$12.57	\$3.33	\$12.47	\$2.70	\$3.51	\$68.29	\$10.66	\$78.95	\$2.49	3%	\$15.98	\$84.27	\$81.62	\$2.65	3%	\$26.64	\$94.93	\$91.96	\$2.97	
50	\$12.57	\$3.33	\$12.47	\$2.70	\$3.51	\$92.20	\$10.66	\$102.86	\$3.25	3%	\$15.98	\$108.18	\$104.77	\$3.41	3%	\$26.64	\$118.84	\$115.11	\$3.73	
60	\$12.57	\$3.33	\$12.47	\$2.70	\$3.51	\$119.23	\$10.66	\$129.89	\$4.11	3%	\$15.98	\$135.21	\$130.94	\$4.27	3%	\$26.64	\$145.87	\$141.28	\$4.59	
70	\$12.57	\$3.33	\$12.47	\$2.70	\$3.51	\$154.36	\$10.66	\$165.02	\$5.22	3%	\$15.98	\$170.34	\$164.96	\$5.38	3%	\$26.64	\$181.00	\$175.30	\$5.70	
80	\$12.57	\$3.33	\$12.47	\$2.70	\$3.51	\$189.49	\$10.66	\$200.15	\$6.33	3%	\$15.98	\$205.47	\$198.98	\$6.49	3%	\$26.64	\$216.13	\$209.32	\$6.81	
90	\$12.57	\$3.33	\$12.47	\$2.70	\$3.51	\$224.62	\$10.66	\$235.28	\$7.44	3%	\$15.98	\$240.60	\$233.00	\$7.60	3%	\$26.64	\$251.26	\$243.34	\$7.92	
100	\$12.57	\$3.33	\$12.47	\$2.70	\$3.51	\$259.75	\$10.66	\$270.41	\$8.55	3%	\$15.98	\$275.73	\$267.02	\$8.71	3%	\$26.64	\$286.39	\$277.36	\$9.03	

NOTICE OF PROPOSED DEDICATED IRRIGATION METER RATE INCREASE BY VALENCIA WATER COMPANY
BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION
2014

Small Lot Water Allocation of 34 ccf														
1 1/2" Meter						2" Meter								
Monthly Usage Rate	Tier 1 0%-35%	Tier 2 36%-100%	Tier 3 101%-150%	Tier 4 151%-200%	Tier 5 200%+	Total Usage Charge	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)
0	\$1,353	\$1,610	\$1,771	\$2,037	\$2,546	\$0.00	\$25.84	\$25.84	\$4.94	24%	\$51.69	\$41.80	\$9.89	24%
10	\$13.53	\$13.04	\$13.04	\$13.04	\$13.04	\$13.53	\$25.84	\$39.37	\$6.12	18%	\$51.69	\$54.16	\$11.06	20%
20	\$16.10	\$29.14	\$29.14	\$29.14	\$29.14	\$29.14	\$25.84	\$54.99	\$7.49	16%	\$51.69	\$68.40	\$12.43	18%
30	\$16.10	\$35.58	\$35.58	\$35.58	\$35.58	\$45.24	\$25.84	\$71.09	\$8.88	14%	\$51.69	\$83.11	\$13.82	17%
40	\$16.10	\$35.58	\$35.58	\$35.58	\$35.58	\$62.31	\$25.84	\$88.15	\$10.35	13%	\$51.69	\$98.70	\$15.30	15%
50	\$16.10	\$35.58	\$35.58	\$35.58	\$35.58	\$80.02	\$25.84	\$105.86	\$11.88	13%	\$51.69	\$114.88	\$16.83	15%
60	\$16.10	\$35.58	\$30.11	\$18.33	\$5.09	\$100.12	\$25.84	\$125.97	\$13.62	12%	\$51.69	\$131.70	\$18.56	14%
70	\$16.10	\$35.58	\$30.11	\$34.63	\$5.09	\$121.51	\$25.84	\$147.35	\$15.47	12%	\$51.69	\$152.78	\$20.41	13%
80	\$16.10	\$35.58	\$30.11	\$34.63	\$30.55	\$146.97	\$25.84	\$172.81	\$17.67	11%	\$51.69	\$176.04	\$22.61	13%

Medium Lot Water Allocation of 171 ccf														
1" Meter						1 1/2" Meter								
Monthly Usage Rate	Tier 1 0%-35%	Tier 2 36%-100%	Tier 3 101%-150%	Tier 4 151%-200%	Tier 5 200%+	Total Usage Charge	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)
0	\$1,353	\$1,610	\$1,771	\$2,037	\$2,546	\$0.00	\$25.84	\$25.84	\$4.94	24%	\$51.69	\$41.80	\$9.89	24%
50	\$67.65	\$64.64	\$64.64	\$64.64	\$64.64	\$67.65	\$25.84	\$93.49	\$10.81	13%	\$51.69	\$103.58	\$15.76	15%
100	\$80.98	\$145.14	\$145.14	\$145.14	\$145.14	\$145.62	\$25.84	\$171.46	\$17.58	11%	\$51.69	\$174.78	\$22.53	13%
150	\$80.98	\$176.95	\$176.95	\$176.95	\$176.95	\$226.12	\$25.84	\$202.43	\$24.53	11%	\$51.69	\$227.81	\$29.48	12%
200	\$80.98	\$176.95	\$139.91	\$51.36	\$31.29	\$311.29	\$25.84	\$337.13	\$31.89	10%	\$51.69	\$326.14	\$36.83	11%
250	\$80.98	\$176.95	\$152.31	\$87.59	\$49.83	\$399.84	\$25.84	\$425.68	\$39.53	10%	\$51.69	\$451.52	\$44.48	11%
300	\$80.98	\$176.95	\$152.31	\$175.18	\$17.82	\$499.83	\$25.84	\$525.67	\$48.18	10%	\$51.69	\$551.51	\$53.12	11%
350	\$80.98	\$176.95	\$152.31	\$175.18	\$175.18	\$605.24	\$25.84	\$631.08	\$57.79	10%	\$51.69	\$656.93	\$62.24	10%
400	\$80.98	\$176.95	\$152.31	\$175.18	\$145.12	\$732.54	\$25.84	\$758.38	\$69.09	10%	\$51.69	\$784.23	\$73.24	10%
450	\$80.98	\$176.95	\$152.31	\$175.18	\$272.42	\$859.84	\$25.84	\$885.68	\$79.29	10%	\$51.69	\$911.53	\$84.24	10%
500	\$80.98	\$176.95	\$152.31	\$175.18	\$399.72	\$987.14	\$25.84	\$1,012.98	\$90.29	10%	\$51.69	\$1,038.93	\$95.23	10%

Large Lot Water Allocation of 512 ccf														
1" Meter						1 1/2" Meter								
Monthly Usage Rate	Tier 1 0%-35%	Tier 2 36%-100%	Tier 3 101%-150%	Tier 4 151%-200%	Tier 5 200%+	Total Usage Charge	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)	Monthly Service Charge	Total Bill at Proposed Rates	Change (\$)	Change (%)
0	\$1,353	\$1,610	\$1,771	\$2,037	\$2,546	\$0.00	\$25.84	\$25.84	\$4.94	24%	\$51.69	\$41.80	\$9.89	24%
100	\$135.30	\$242.46	\$242.46	\$242.46	\$242.46	\$135.30	\$25.84	\$161.14	\$16.68	12%	\$51.69	\$186.99	\$21.62	13%
200	\$242.46	\$33.49	\$194.49	\$194.49	\$194.49	\$275.95	\$25.84	\$301.79	\$28.82	11%	\$51.69	\$327.63	\$33.76	11%
300	\$242.46	\$355.49	\$355.49	\$355.49	\$355.49	\$436.95	\$25.84	\$462.79	\$42.72	10%	\$51.69	\$488.63	\$47.66	11%
400	\$242.46	\$355.49	\$355.49	\$355.49	\$355.49	\$597.95	\$25.84	\$623.79	\$56.62	10%	\$51.69	\$649.63	\$61.56	10%
500	\$242.46	\$355.49	\$355.49	\$355.49	\$355.49	\$758.95	\$25.84	\$784.79	\$70.52	10%	\$51.69	\$810.63	\$75.46	10%
600	\$242.46	\$355.81	\$155.85	\$332.95	\$934.11	\$934.11	\$25.84	\$959.96	\$85.64	10%	\$51.69	\$985.22	\$90.59	10%
700	\$242.46	\$355.81	\$155.85	\$332.95	\$1,111.21	\$1,111.21	\$25.84	\$1,137.06	\$100.93	10%	\$51.69	\$1,162.90	\$105.88	10%
800	\$242.46	\$355.81	\$155.85	\$332.95	\$1,296.83	\$1,296.83	\$25.84	\$1,322.67	\$116.97	10%	\$51.69	\$1,348.51	\$121.91	10%
900	\$242.46	\$355.81	\$155.85	\$332.95	\$1,500.53	\$1,500.53	\$25.84	\$1,526.37	\$134.59	10%	\$51.69	\$1,552.21	\$139.53	10%
1000	\$242.46	\$355.81	\$155.85	\$332.95	\$1,704.23	\$1,704.23	\$25.84	\$1,730.07	\$152.20	10%	\$51.69	\$1,755.91	\$157.15	10%
1100	\$242.46	\$355.81	\$155.85	\$332.95	\$1,946.61	\$1,946.61	\$25.84	\$1,972.45	\$173.15	10%	\$51.69	\$1,998.30	\$178.09	10%
1200	\$242.46	\$355.81	\$155.85	\$332.95	\$2,201.21	\$2,201.21	\$25.84	\$2,227.05	\$195.15	10%	\$51.69	\$2,252.90	\$200.09	10%
1300	\$242.46	\$355.81	\$155.85	\$332.95	\$2,455.81	\$2,455.81	\$25.84	\$2,481.65	\$211.15	10%	\$51.69	\$2,507.50	\$222.09	10%

NOTICE OF PROPOSED DEDICATED IRRIGATION METER RATE INCREASE BY VALENCIA WATER COMPANY
BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION
2015

Small Lot Water Allocation of 34 ccf											
Monthly Usage	Tier 1 0%-35%	Tier 2 36%-100%	Tier 3 101%-150%	Tier 4 151%-200%	Tier 5 200%+	1" Meter		1 1/2" Meter		2" Meter	
						Total Bill at Proposed Rates	Monthly Service Charge	Total Bill at Proposed Rates	Monthly Service Charge	Total Bill at Proposed Rates	Monthly Service Charge
Rate	\$1,397	\$1,663	\$1,829	\$2,104	\$2,630	Change (\$)	Change (%)	Change (\$)	Change (%)	Change (\$)	Change (%)
0	\$0.00	\$26.64	\$26.64	\$26.64	\$26.64	\$0.80	3%	\$51.69	3%	\$85.25	3%
10	\$13.97	\$26.64	\$26.64	\$26.64	\$26.64	\$1.24	3%	\$63.28	3%	\$92.55	3%
20	\$16.62	\$26.64	\$26.64	\$26.64	\$26.64	\$1.75	3%	\$73.37	3%	\$106.23	3%
30	\$16.62	\$26.64	\$26.64	\$26.64	\$26.64	\$2.28	3%	\$83.37	3%	\$120.50	3%
40	\$16.62	\$26.64	\$26.64	\$26.64	\$26.64	\$2.84	3%	\$93.37	3%	\$135.25	3%
50	\$16.62	\$26.64	\$26.64	\$26.64	\$26.64	\$3.42	3%	\$103.37	3%	\$150.50	3%
60	\$16.62	\$26.64	\$26.64	\$26.64	\$26.64	\$4.08	3%	\$113.37	3%	\$166.25	3%
70	\$16.62	\$26.64	\$26.64	\$26.64	\$26.64	\$4.79	3%	\$123.37	3%	\$182.50	3%
80	\$16.62	\$26.64	\$26.64	\$26.64	\$26.64	\$5.63	3%	\$133.37	3%	\$199.25	3%
Medium Lot Water Allocation of 171 ccf											
Monthly Usage	Tier 1 0%-35%	Tier 2 36%-100%	Tier 3 101%-150%	Tier 4 151%-200%	Tier 5 200%+	1" Meter		1 1/2" Meter		2" Meter	
						Total Bill at Proposed Rates	Monthly Service Charge	Total Bill at Proposed Rates	Monthly Service Charge	Total Bill at Proposed Rates	Monthly Service Charge
Rate	\$1,397	\$1,663	\$1,829	\$2,104	\$2,630	Change (\$)	Change (%)	Change (\$)	Change (%)	Change (\$)	Change (%)
0	\$0.00	\$26.64	\$26.64	\$26.64	\$26.64	\$0.80	3%	\$51.69	3%	\$85.25	3%
50	\$69.85	\$26.64	\$26.64	\$26.64	\$26.64	\$3.00	3%	\$119.34	3%	\$155.10	3%
100	\$83.61	\$26.64	\$26.64	\$26.64	\$26.64	\$5.56	3%	\$197.31	3%	\$233.32	3%
150	\$83.61	\$26.64	\$26.64	\$26.64	\$26.64	\$8.22	3%	\$277.81	3%	\$318.79	3%
200	\$83.61	\$26.64	\$26.64	\$26.64	\$26.64	\$11.02	3%	\$374.79	3%	\$406.76	3%
250	\$83.61	\$26.64	\$26.64	\$26.64	\$26.64	\$13.92	3%	\$451.52	3%	\$482.54	3%
300	\$83.61	\$26.64	\$26.64	\$26.64	\$26.64	\$17.21	3%	\$551.51	3%	\$601.48	3%
350	\$83.61	\$26.64	\$26.64	\$26.64	\$26.64	\$20.68	3%	\$678.40	3%	\$710.36	3%
400	\$83.61	\$26.64	\$26.64	\$26.64	\$26.64	\$24.88	3%	\$809.90	3%	\$841.86	3%
450	\$83.61	\$26.64	\$26.64	\$26.64	\$26.64	\$29.08	3%	\$941.40	3%	\$973.36	3%
500	\$83.61	\$26.64	\$26.64	\$26.64	\$26.64	\$33.28	3%	\$1,072.90	3%	\$1,104.86	3%
Large Lot Water Allocation of 512 ccf											
Monthly Usage	Tier 1 0%-35%	Tier 2 36%-100%	Tier 3 101%-150%	Tier 4 151%-200%	Tier 5 200%+	1" Meter		1 1/2" Meter		2" Meter	
						Total Bill at Proposed Rates	Monthly Service Charge	Total Bill at Proposed Rates	Monthly Service Charge	Total Bill at Proposed Rates	Monthly Service Charge
Rate	\$1,397	\$1,663	\$1,829	\$2,104	\$2,630	Change (\$)	Change (%)	Change (\$)	Change (%)	Change (\$)	Change (%)
0	\$0.00	\$26.64	\$26.64	\$26.64	\$26.64	\$0.80	3%	\$51.69	3%	\$85.25	3%
100	\$139.70	\$26.64	\$26.64	\$26.64	\$26.64	\$5.20	3%	\$186.99	3%	\$224.95	3%
200	\$250.34	\$26.64	\$26.64	\$26.64	\$26.64	\$9.79	3%	\$327.63	3%	\$370.18	3%
300	\$250.34	\$26.64	\$26.64	\$26.64	\$26.64	\$15.10	3%	\$488.63	3%	\$536.50	3%
400	\$250.34	\$26.64	\$26.64	\$26.64	\$26.64	\$20.42	3%	\$649.63	3%	\$702.81	3%
500	\$250.34	\$26.64	\$26.64	\$26.64	\$26.64	\$25.73	3%	\$810.63	3%	\$869.13	3%
600	\$250.34	\$26.64	\$26.64	\$26.64	\$26.64	\$31.48	3%	\$985.80	3%	\$1,050.04	3%
700	\$250.34	\$26.64	\$26.64	\$26.64	\$26.64	\$37.28	3%	\$1,162.90	3%	\$1,232.94	3%
800	\$250.34	\$26.64	\$26.64	\$26.64	\$26.64	\$43.36	3%	\$1,348.51	3%	\$1,424.64	3%
900	\$250.34	\$26.64	\$26.64	\$26.64	\$26.64	\$50.06	3%	\$1,552.21	3%	\$1,635.04	3%
1000	\$250.34	\$26.64	\$26.64	\$26.64	\$26.64	\$56.76	3%	\$1,755.91	3%	\$1,845.44	3%
1100	\$250.34	\$26.64	\$26.64	\$26.64	\$26.64	\$63.76	3%	\$1,972.45	3%	\$2,095.82	3%
1200	\$250.34	\$26.64	\$26.64	\$26.64	\$26.64	\$73.16	3%	\$2,227.05	3%	\$2,358.82	3%
1300	\$250.34	\$26.64	\$26.64	\$26.64	\$26.64	\$81.56	3%	\$2,507.50	3%	\$2,621.82	3%

Valencia Water Company

Application No. _____

Date _____

Attachment F

VALENCIA WATER COMPANY
AFFILIATED TRANSACTION REPORTS

ANNUAL REPORT OF
VALENCIA WATER COMPANY
AFFILIATED TRANSACTIONS
2007

In accordance with Decision No. 07-09-026 and the associated Affiliated Transaction Rules, Valencia Water Company ("Valencia") hereby files its annual report of affiliated transactions for the year 2007.

A. Services Provided by Valencia to any Affiliated Company

1. Water Revenues: During 2007, Valencia sold water to affiliated companies in accordance with its Commission approved tariffs. The amount of water revenues from affiliated companies was \$612,009.

B. Services Provided by Affiliated Companies to Valencia

1. Inter-company Services: Valencia received services from its parent company pursuant to written contracts (attached):
 - General and Administrative services - \$56,004
 - Information Systems services - \$80,700
 - Federal and State Income Tax and Property Tax services - \$12,600
2. Employee Benefits: Valencia reimbursed its parent company for the cost of employee benefits provided to its employees during 2007 for medical, dental, and life insurance, long-term disability, employee savings and retirement plans. The amount represents a pass through of actual costs incurred by the parent, i.e., the employer's share of the benefit costs - \$571,244.
3. Board of Directors: Valencia paid \$19,000 for services provided by members of Valencia's Board of Directors that work for its parent or affiliated companies.

C. Assets Transferred between Valencia and any Affiliated Company

Valencia does not nor has it ever paid for easements from any affiliated companies to serve their projects or for Valencia funded projects that benefit all of its customers. Therefore, Valencia's ratebase does not reflect any costs associated with these real estate interests.

1. Easements: Valencia recorded nine (9) easements from affiliated companies for land rights to construct various water utility plant. Valencia did not pay its affiliates for these easement rights.
2. Quit Claim Deeds: Valencia recorded two (2) quit claim deeds to an affiliated company for easements that are no longer necessary for utility service and to avoid the potential liability associated with these easements. The easements that were quit claimed were originally given to Valencia by its affiliated company at no cost.

D. Employees Transferred between Valencia and any Affiliated Company

During 2007, 1 employee was transferred from Newhall Land, Valencia's parent company, to Valencia. This employee was hired as an Information Technology Technician.

E. Financing Arrangements and Transactions Between Valencia and Any Affiliated Company

There were no financing arrangements between Valencia and its affiliated companies during 2007.

F. Transactions between Valencia and Affiliated Companies for Construction of Water Distribution Plant

In accordance with Rule 15, Valencia received \$2,197,919 from affiliated companies to construct water distribution plant during 2007.

G. Dividends Paid

Valencia paid dividends to its parent company during 2007 as follows. The amount paid was consistent with dividends paid in the prior year.

- Common Stock Dividends - \$798,980
- Preferred Stock Dividends - \$114,000

H. Intercompany Balances Outstanding

Valencia had the following balances related to affiliated transactions on its books as of December 31, 2007:

- Accounts Receivable (for water sales) - \$47,932

- Accounts Payable (for trade payables and payroll). Parent company processes accounts payable and payroll on behalf of Valencia, resulting in this intercompany balance. - \$109,507
- Dividends Payable - \$228,245
- CIAC - \$31,043,800
- Construction Deposits - \$5,162,855
- Common Stock - \$1,536,500
- Preferred Stock - \$1,200,000



Letter of Authorization

Authorization Number: 2007-02

Account Number: 8963.09

Name: Administrative Services

Consultant: Newhall Land & Farming Company

General Agreement Number: 1115

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Provide financial accounting, treasury, risk management, legal, personnel, internal audit and other administrative services in accordance with attachment memorandum Dated December 19, 2006.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2007.

The maximum authorized for the service under this Authorization, including reimbursables, is \$56,004.00, and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2007 and completed no later than December 31, 2007, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning one to this office.

THE NEWHALL LAND & FARMING COMPANY

By: _____

Donald L. Kimball

Its: ~~Senior Vice President and Chief Financial Officer~~

Date: _____

11/6/07

VALENCIA WATER COMPANY

By: _____

Its: President

Date: _____

1/8/07



Letter of Authorization

Authorization Number: 2007-03

Account Number: 8963.09

Name: Information Systems Services

Consultant: Newhall Land & Farming Company

General Agreement Number: 1115

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Provide information systems services in accordance with attached memorandum dated December 19, 2006.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2007.

The maximum authorized for the service under this Authorization, including reimbursables, is \$80,700.00 annually, and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2007 and completed no later than December 31, 2007, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning one to this office.

NEWHALL LAND & FARMING COMPANY

By: _____

Donald L. Kimball

Its: _____

Donald L. Kimball
Senior Vice President and Chief Financial Officer

Date: _____

1/6/07

VALENCIA WATER COMPANY

By: _____

Robert A. Jimeno

Its: _____

President

Date: _____

1/08/07

5

Valencia Water Company



24631 Avenue Rockefeller • P.O. BOX 5904 • Valencia, CA 91385-5904
(661) 294-0828 • Fax (661) 294-3806

Letter of Authorization Exhibit A

Authorization Number: 2007-04

Account Number: 8963.09

Name: Prepare and File 2006 Tax returns

Consultant: Newhall Land & Farming Company

General Agreement Number: 1115

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Prepare and file 2006 federal and state income and property tax returns and estimated tax payments in accordance with attached memorandum dated December 19, 2006.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2007.

The maximum authorized for the service under this Authorization, including reimbursables, is \$12,600.00, and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2007 and completed no later than December 31, 2007, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning one to this office.

NEWHALL LAND & FARMING COMPANY

By: *D. Kimball*

Its: Donald L. Kimball
Senior Vice President and Chief Financial Officer

Date: 1/6/07

VALENCIA WATER COMPANY

By: *Robert DePina*

Its: President

Date: 1/08/07

DATE: December 19, 2006

TO: Files

FROM: Beverly Johnson
Controller

SUBJECT: 2007 Inter-company Services

Valencia Water Company's parent company, Newhall Land, provides extensive services to Valencia on a routine basis as part of its normal business processes. Although Valencia is a wholly owned subsidiary of Newhall, Valencia is treated as one of Newhall's divisions for purposes of accounting, information systems, treasury, risk management, legal and all other services provided. Therefore, Valencia benefits from the economies of scale that Newhall realizes by handling these services on a much larger scale than Valencia would on a standalone basis. Furthermore, Valencia is benefiting from economies of scale realized under Newhall's new ownership structure since the January 27, 2004 acquisition of Newhall by an entity jointly owned by Lennar Corporation and LNR Property Corporation ("Lennar").

Valencia projects approximately \$149,000 per year for services to be received from approximately 18 Newhall employees, including finance professionals, various levels of accounting professionals and income tax professionals (several of which are CPAs), human resource professionals, and information systems experts. If Valencia were to obtain all of these services on its own, the cost would be far greater than \$149,000. We would incur not only the additional salary expense, but other expenses such as the associated employee benefits expense, costs for office space, office equipment and furniture. Without the sharing of personnel and costs, made possible only by the affiliation with Newhall, there would be no ability to receive such a wide range of services for only \$149,000 per year.

Following is a description of the services Valencia receives from Newhall.

1. Financial Accounting: Valencia is tied into Newhall's accounting system and receives the same services that all Newhall divisions receive, including:
 - Accounts payable control (i.e., verification of proper approvals) both before and after checks are cut (postage for checks included)
 - Cut, sign and mail all payroll checks (postage included)
 - Storage and retrieval of all accounting documents (all documents are imaged for online access and microfilmed for record retention)
 - Fixed asset management and control

7

- Project cost reporting
 - Write and maintain all company policies and procedures, updating as necessary for changes in the business environment
 - Negotiate fees for external auditors to ensure the company receives audit services at a competitive price.
2. Treasury: All financial services including:
- Cash management
 - Maintain banking relationships
 - Primary responsibility for all lending transactions (line of credit renewals, debt financing, etc.)
3. Income Tax:
- Calculate quarterly estimated tax payments
 - Prepare and file annual income tax return
 - Resolve property tax issues, with LA County
 - Prepare and file Annual Return for Report of Employee Benefit Plans (for all employee benefit programs)
 - Consult and advise on all taxation issues as needed
4. Risk Management:
- Manage all insurance policies ensuring the company is adequately protected at competitive prices
 - Obtain lower insurance premiums for Valencia based on relationships with brokers and insurance companies
 - Handle filing of all insurance claims
 - Follow up and monitor all claims filed to ensure proper settlement
 - Implement and maintain Certificate of Insurance tracking program for all vendors.
 - Maintain complete safety program including quarterly inspections, providing safety training schedule to comply with OSHA requirements, provide safety training materials, and hold quarterly safety committee meetings to address safety related issues.
5. Personnel and payroll:
- Handle all human resource issues, including hiring, termination, disciplinary actions, leaves of absence, and all related documentation requirements.
 - Manage all employee benefit programs, including retirement plan, employee savings plan, life insurance, disability, medical / dental insurance, employee vacation and sick leave.
 - Provide all payroll related services including cutting payroll checks, payroll tax filings, employee W-2 forms, pre-tax employee benefit programs, paycheck direct deposit.

- Monitor and enforce court orders received for employee wage garnishment for child support, medical insurance, child care, or other court ordered wage garnishments.
 - Management training programs – onsite and offsite training for leadership, coaching, ethics, etc.
 - Write and maintain all personnel policies and procedures
6. Information Systems: Provide services related to information systems, including:
- Purchase and install all new software and software upgrades, and maintain licensing requirements
 - Purchase, install and maintain all hardware
 - Consult and advise on complex system issues such as network storage requirements and system backup issues.
 - Provide virus scanning and security protection on all incoming electronic files, and respond when viruses do infect the system.
 - Provide assistance with all system implementations, such as accounting system implementation and upgrades, cash processing system implementation and upgrades, etc. System implementations and upgrades typically involve major effort and coordination between Newhall's I/S and accounting departments, for which Valencia receives full benefit at generally no cost and very few labor hours.
 - Maintain e-mail system
 - Manage data storage and recovery systems
 - Provide network administrator to deal with network issues

Occasionally, Newhall may perform a larger scale special project that goes beyond the scope of the normal services provided. For such projects, Newhall will then bill Valencia additional charges based on the employee hours dedicated to that specific project.

The economies of scale Valencia realizes by being part of Newhall's programs is not easily quantifiable. However, this inherent savings is passed on to the ratepayers through reduced expenses, which would otherwise be higher. For example, in 2003, Valencia's insurance policies were non-renewed due to changes in the insurance industry. We would have had difficulty obtaining any new insurance if not for our relationship with Newhall. Additionally, the benefit of being part of a larger organization is reflected in lower costs for health care coverage provided to employees, as well as various other employee benefits programs. Another example is our recent renewal of a bank line of credit. Newhall's treasury department negotiated the entire renewal, and Valencia only had to make a cursory review of the agreement and pay the renewal fee. These are examples of the types of services Valencia receives from Newhall which are not easily quantifiable.

Services from Lennar:

After the acquisition of Newhall by Lennar on January 27, 2004, some of the services that used to be provided by Newhall were transitioned over to Lennar. The annual cost of these services was calculated to be \$10,000, and was reduced from the fees paid to

Newhall in 2006 and later. Valencia is not currently paying Lennar for these services. The services provided by Lennar are described below.

1. Legal: Lennar has in-house counsel who provide various services to all its divisions as follows:
 - Advise on all matters with potential legal ramifications, including contract negotiations, vendor insurance requirements, personnel matters, current litigation, corporate and regulatory compliance issues, and any other legal matters as needed.
 - Monitors all lawsuits and claims
 - Negotiates lower legal fees and expenses based on Lennar's relationship with legal firms (i.e., firms are required to use only approved vendor for copying services, firms are prohibited from charging for faxes, etc.)
 - The legal services provided to Valencia are extremely critical due to the various lawsuits in which Valencia is involved (e.g., litigation regarding pinhole leaks in pipes, perchlorate litigation, Water Management Program litigation, Urban Water Management Plan litigation, potential for unfounded toxic tort liability claims).

2. Internal Audit: Ensure the company is protected by adequate internal controls and policies and procedures.
 - Performs periodic audits of various operational and business processes, including new system implementations to ensure proper internal controls are in place to properly safeguard the company's assets.
 - Provides written reports and recommendations on all internal reviews and audits and presents its reports and recommendations to Valencia's senior management.
 - Assists with developing policies and procedures during new system implementations to ensure proper segregation of duties and proper internal control.

ANNUAL REPORT OF
VALENCIA WATER COMPANY
AFFILIATED TRANSACTIONS
2008

In accordance with Decision No. 07-09-026 and the associated Affiliated Transaction Rules, Valencia Water Company ("Valencia") hereby files its annual report of affiliated transactions for the year 2008.

A. Services Provided by Valencia to any Affiliated Company

1. Water Revenues: During 2008, Valencia sold water to affiliated companies in accordance with its Commission approved tariffs. The amount of water revenues from affiliated companies was \$642,812.

B. Services Provided by Affiliated Companies to Valencia

1. Inter-company Services: Valencia received services from its parent company pursuant to written contracts (attached):
 - General and Administrative services - \$57,000
 - Information Systems services - \$73,980
 - Federal and State Income Tax and Property Tax services - \$12,840
2. Employee Benefits: Valencia reimbursed its parent company for the cost of employee benefits provided to its employees during 2008 for medical, dental, and life insurance, long-term disability, employee savings and retirement plans. The amount represents a pass through of actual costs incurred by the parent, i.e., the employer's share of the benefit costs - \$1,431,846.
3. Board of Directors: Valencia paid \$20,000 for services provided by members of Valencia's Board of Directors that work for its parent or affiliated companies.
4. Miscellaneous Services: Valencia received other services from its parent company as follows:
 - Weed control services at various facilities - \$3,923
 - GPS Survey of Valencia Water Meters - \$2,777

C. Assets Transferred between Valencia and any Affiliated Company

Valencia does not nor has it ever paid for easements from any affiliated companies to serve their projects or for Valencia funded projects that benefit all of its customers. Therefore, Valencia's ratebase does not reflect any costs associated with these real estate interests.

1. Easements: Valencia recorded six (6) easements from affiliated companies for land rights to construct various water utility plant. Valencia did not pay its affiliates for these easement rights.
2. Fee Parcels: Valencia recorded three (3) fee parcels from affiliated companies for land rights to construct various water utility plant. Valencia did not pay its affiliates for these fee rights.
3. Quit Claim Deeds: Valencia recorded one (1) quit claim deed to an affiliated company for easements that are no longer necessary for utility service and to avoid the potential liability associated with these easements. The easements that were quit claimed were originally given to Valencia by its affiliated company at no cost.

During the year, Valencia's parent company filed for Chapter 11 bankruptcy protection (LandSource Communities Development LLC, Case No. 08-11111). Accordingly, Valencia wrote off approximately \$82,000 in pre-bankruptcy accounts receivable from the parent.

D. Employees Transferred between Valencia and any Affiliated Company

During 2008, no employees were transferred between Newhall Land, Valencia's parent company, and Valencia.

E. Financing Arrangements and Transactions Between Valencia and Any Affiliated Company

There were no financing arrangements between Valencia and its affiliated companies during 2008.

F. Transactions between Valencia and Affiliated Companies for Construction of Water Distribution Plant

In accordance with Rule 15, Valencia received \$1,098,530 from affiliated companies to construct water distribution plant during 2008.

G. Dividends Paid

Valencia paid dividends to its parent company during 2008 as follows. The amount paid was comprised of first quarter dividends only. No dividends were paid for the remainder of the year.

- Common Stock Dividends - \$199,745
- Preferred Stock Dividends - \$28,500

H. Intercompany Balances Outstanding

Valencia had the following balances related to affiliated transactions on its books as of December 31, 2008:

- Accounts Receivable (for water sales) - \$114,578
- Accounts Payable - \$0
- Dividends Payable - \$0
- CIAC - \$34,861,014
- Construction Deposits - \$1,389,748
- Common Stock - \$1,536,500
- Preferred Stock - \$1,200,000



Letter of Authorization

Exhibit A

Authorization Number: 2008-02

Account Number: 8963.09

General Agreement Number: 1115

Consultant: Newhall Land & Farming Co.

Name: Administrative Services

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Provide financial accounting, treasury, risk management, legal, personnel, internal audit and other administrative services in accordance with attached memorandum dated 01/08/2008.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2008.

The maximum authorized for the service under this Authorization, including reimbursables, is \$57,000.00 (Fifty seven thousand dollars) and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2008 and completed no later than December 31, 2008, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson, Valencia Water Company Controller.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning both to our office. We will return an executed copy to you for your records.

NEWHALL LAND & FARMING, CO.

VALENCIA WATER COMPANY

By: *D. Kimball*
Donald L. Kimball

By: *Robert Alvarado*

Its: Senior Vice President and Chief Financial Officer

Its: President

Date: 1/9/08

Date: 1-16-08

Valencia Water Company



24631 Avenue Rockefeller • P.O. BOX 5904 • Valencia, CA 91385-5904
(661) 294-0828 • Fax (661) 294-3806

Letter of Authorization Exhibit A

Authorization Number: 2008-03
General Agreement Number: 1115
Name: Information Systems Services

Account Number: 8963.09
Consultant: Newhall Land & Farming Co.

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Provide information systems services in accordance with attached memorandum dated 01/08/2008.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2008.

The maximum authorized for the service under this Authorization, including reimbursables, is \$73,980.00 (Seventy three thousand nine hundred eighty dollars) and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2008 and completed no later than December 31, 2008, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson, Valencia Water Company Controller.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning both to our office. We will return an executed copy to you for your records.

NEWHALL LAND & FARMING, CO.

By: D. Kimball
Donald L. Kimball

Its: Senior Vice President and Chief Financial Officer

Date: 1/9/08

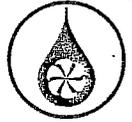
VALENCIA WATER COMPANY

By: Robert [Signature]

Its: President

Date: 1-16-08

Valencia Water Company



24631 Avenue Rockefeller • P.O. BOX 5904 • Valencia, CA 91385-5904
(661) 294-0828 • Fax (661) 294-3806

Letter of Authorization

Exhibit A

Authorization Number: 2008-04
General Agreement Number: 1115
Name: Prepare and File 2007 Tax Returns

Account Number: 8963.09
Consultant: Newhall Land & Farming Co.

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Prepare and file 2007 federal and state income and property tax returns and estimated tax payments in accordance with attached memorandum dated 01/08/2008.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2008.

The maximum authorized for the service under this Authorization, including reimbursables, is \$12,840.00 (Twelve thousand eight hundred forty dollars) and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2008 and completed no later than December 31, 2008, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson, Valencia Water Company Controller.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning both to our office. We will return an executed copy to you for your records.

NEWHALL LAND & FARMING, CO.

By: D. Kimball
Donald L. Kimball
Its: Senior Vice President and Chief Financial Officer

Date: 1/9/08

VALENCIA WATER COMPANY

By: Robert [Signature]
Its: President

Date: 1-16-08

DATE: January 8, 2008
TO: Files
FROM: Beverly Johnson
Controller
SUBJECT: 2008 Inter-company Services

Valencia Water Company's parent company, Newhall Land, provides extensive services to Valencia on a routine basis as part of its normal business processes. Although Valencia is a wholly owned subsidiary of Newhall, Valencia is treated as one of Newhall's divisions for purposes of accounting, information systems, treasury, risk management, legal and all other services provided. Therefore, Valencia benefits from the economies of scale that Newhall realizes by handling these services on a much larger scale than Valencia would on a standalone basis. Furthermore, Valencia is benefiting from economies of scale realized under Newhall's new ownership structure since the January 27, 2004 acquisition of Newhall by an entity jointly owned by Lennar Corporation and LNR Property Corporation ("Lennar").

Valencia projects approximately \$144,000 per year for services to be received from Newhall employees, including finance professionals, various levels of accounting professionals and income tax professionals (several of which are CPAs), human resource professionals, and information systems experts. If Valencia were to obtain all of these services on its own, the cost would be far greater than \$144,000. We would incur not only the additional salary expense, but other expenses such as the associated employee benefits expense, costs for office space, office equipment and furniture. Without the sharing of personnel and costs, made possible only by the affiliation with Newhall, there would be no ability to receive such a wide range of services for only \$144,000 per year.

Following is a description of the services Valencia receives from Newhall.

1. Financial Accounting: Valencia is tied into Newhall's accounting system and receives the same services that all Newhall divisions receive, including:
 - Accounts payable control (i.e., verification of proper approvals) both before and after checks are cut (postage for checks included)
 - Cut, sign and mail all payroll checks (postage included)
 - Storage and retrieval of all accounting documents (all documents are imaged for online access and microfilmed for record retention)
 - Fixed asset management and control
 - Project cost reporting

- Write and maintain all company policies and procedures, updating as necessary for changes in the business environment
 - Negotiate fees for external auditors to ensure the company receives audit services at a competitive price.
2. Treasury: All financial services including:
- Cash management
 - Maintain banking relationships
 - Primary responsibility for all lending transactions (line of credit renewals, debt financing, etc.)
3. Income Tax:
- Calculate quarterly estimated tax payments
 - Prepare and file annual income tax return
 - Resolve property tax issues with LA County
 - Prepare and file Annual Return for Report of Employee Benefit Plans (for all employee benefit programs)
 - Consult and advise on all taxation issues as needed
4. Risk Management:
- Manage all insurance policies ensuring the company is adequately protected at competitive prices
 - Obtain lower insurance premiums for Valencia based on relationships with brokers and insurance companies
 - Handle filing of all insurance claims
 - Follow up and monitor all claims filed to ensure proper settlement
 - Implement and maintain Certificate of Insurance tracking program for all vendors.
 - Maintain complete safety program including quarterly inspections, providing safety training schedule to comply with OSHA requirements, provide safety training materials, and hold quarterly safety committee meetings to address safety related issues.
5. Personnel and payroll:
- Handle all human resource issues, including hiring, termination, disciplinary actions, leaves of absence, and all related documentation requirements.
 - Manage all employee benefit programs, including retirement plan, employee savings plan, life insurance, disability, medical / dental insurance, employee vacation and sick leave.
 - Provide all payroll related services including cutting payroll checks, payroll tax filings, employee W-2 forms, pre-tax employee benefit programs, paycheck direct deposit.
 - Monitor and enforce court orders received for employee wage garnishment for child support, medical insurance, child care, or other court ordered wage garnishments.

- Management training programs – onsite and offsite training for leadership, coaching, ethics, etc.
 - Write and maintain all personnel policies and procedures
6. Information Systems: Provide services related to information systems, including:
- Consult and advise on complex system issues such as network storage requirements and system backup issues.
 - Provide virus scanning and security protection on all incoming electronic files, and respond when viruses do infect the system.
 - Provide assistance with all system implementations, such as accounting system implementation and upgrades, cash processing system implementation and upgrades, etc. System implementations and upgrades typically involve major effort and coordination between Newhall's I/S and accounting departments, for which Valencia receives full benefit at generally no cost and very few labor hours.
 - Maintain e-mail system
 - Manage data storage and recovery systems
 - Provide network administrator to deal with network issues

Occasionally, Newhall may perform a larger scale special project that goes beyond the scope of the normal services provided. For such projects, Newhall will then bill Valencia additional charges based on the employee hours dedicated to that specific project.

The economies of scale Valencia realizes by being part of Newhall's programs is not easily quantifiable. However, this inherent savings is passed on to the ratepayers through reduced expenses, which would otherwise be higher. For example, Valencia's insurance policies were non-renewed due to changes in the insurance industry. We would have had difficulty obtaining any new insurance if not for our relationship with Newhall. Additionally, the benefit of being part of a larger organization is reflected in lower costs for health care coverage provided to employees, as well as various other employee benefits programs. Another example is our recent renewal of a bank line of credit. Newhall's treasury department negotiated the entire renewal, and Valencia only had to make a cursory review of the agreement and pay the renewal fee. These are examples of the types of services Valencia receives from Newhall which are not easily quantifiable.

Services from Lennar:

After the acquisition of Newhall by Lennar on January 27, 2004, some of the services that used to be provided by Newhall were transitioned over to Lennar. The annual cost of these services was calculated to be \$10,000, and was reduced from the fees paid to Newhall in 2006 and later. Valencia is not currently paying Lennar for these services. The services provided by Lennar are described below.

1. Legal: Lennar has in-house counsel who provide various services to all its divisions as follows:
 - Advise on all matters with potential legal ramifications, including contract negotiations, vendor insurance requirements, personnel matters, current litigation,

corporate and regulatory compliance issues, and any other legal matters as needed.

- Monitors all lawsuits and claims
- Negotiates lower legal fees and expenses based on Lennar's relationship with legal firms (i.e., firms are required to use only approved vendor for copying services, firms are prohibited from charging for faxes, etc.)
- The legal services provided to Valencia are extremely critical due to the various lawsuits in which Valencia is involved (e.g., litigation regarding pinhole leaks in pipes, perchlorate litigation, Water Management Program litigation, Urban Water Management Plan litigation, potential for unfounded toxic tort liability claims).

2. Internal Audit: Ensure the company is protected by adequate internal controls and policies and procedures.

- Performs periodic audits of various operational and business processes, including new system implementations to ensure proper internal controls are in place to properly safeguard the company's assets.
- Provides written reports and recommendations on all internal reviews and audits and presents its reports and recommendations to Valencia's senior management.
- Assists with developing policies and procedures during new system implementations to ensure proper segregation of duties and proper internal control.

ANNUAL REPORT OF
VALENCIA WATER COMPANY
AFFILIATED TRANSACTIONS
2009

In accordance with Decision No. 07-09-026 and the associated Affiliated Transaction Rules, Valencia Water Company ("Valencia") hereby files its annual report of affiliated transactions for the year 2009.

A. Services Provided by Valencia to any Affiliated Company

1. Water Revenues: During 2009, Valencia sold water to affiliated companies in accordance with its Commission approved tariffs. The amount of water revenues from affiliated companies was \$619,734.

B. Services Provided by Affiliated Companies to Valencia

1. Inter-company Services: Valencia received services from its parent company pursuant to written contracts (attached):
 - General and Administrative services - \$58,200
 - Information Systems services - \$75,480
 - Federal and State Income Tax and Property Tax services - \$13,080
2. Employee Benefits: Valencia reimbursed its parent company for the cost of employee benefits provided to its employees during 2009 for medical, dental, and life insurance, long-term disability, employee savings and retirement plans. The amount represents a pass through of actual costs incurred by the parent, i.e., the employer's share of the benefit costs - \$386,747.
3. Board of Directors: Valencia paid \$18,000 for services provided by members of Valencia's Board of Directors that work for its parent or affiliated companies.
4. Miscellaneous Services: Valencia received other services from its parent company as follows:
 - GPS Survey of Valencia Water Meters - \$32,500

C. Assets Transferred between Valencia and any Affiliated Company

Valencia does not nor has it ever paid for easements from any affiliated companies to serve their projects or for Valencia funded projects that benefit all of its customers. Therefore, Valencia's ratebase does not reflect any costs associated with these real estate interests.

1. Easements: Valencia recorded four (4) easements from affiliated companies for land rights to construct various water utility plant. Valencia did not pay its affiliates for these easement rights.
2. Fee Parcels: Valencia recorded zero (0) fee parcels from affiliated companies for land rights to construct various water utility plant.
3. Quit Claim Deeds: Valencia recorded zero (0) quit claim deeds to an affiliated company for easements that are no longer necessary for utility service and to avoid the potential liability associated with these easements

D. Employees Transferred between Valencia and any Affiliated Company

During 2009, two employees were transferred between Newhall Land, Valencia's parent company, and Valencia.

E. Financing Arrangements and Transactions Between Valencia and Any Affiliated Company

There were no financing arrangements between Valencia and its affiliated companies during 2009.

F. Transactions between Valencia and Affiliated Companies for Construction of Water Distribution Plant

In accordance with Rule 15, Valencia refunded \$430,477 to affiliated companies from deposits made to construct water distribution plants.

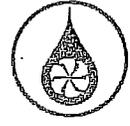
G. Dividends Paid

- Valencia paid no dividends to its parent company during 2009.

H. Intercompany Balances Outstanding

Valencia had the following balances related to affiliated transactions on its books as of December 31, 2009:

- Accounts Receivable (for water sales) - \$70,276
- Accounts Payable - \$0
- Dividends Payable - \$114,000
- CIAC - \$34,501,246
- Construction Deposits - \$248,224
- Common Stock - \$1,536,500
- Preferred Stock - \$1,200,000



Valencia Water Company

24631 Avenue Rockefeller • P.O. BOX 5904 • Valencia, CA 91385-5904
(661) 294-0828 • Fax (661) 294-3806

Letter of Authorization Exhibit A

Authorization Number: 2009-05
General Agreement Number: 1115
Name: Administrative Services

Account Number: 8963.09
Consultant: Newhall Land & Farming Co.

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Provide financial accounting, treasury, risk management, legal, personnel, internal audit and other administrative services in accordance with attached memorandum dated 12/22/2008.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2009.

The maximum authorized for the service under this Authorization, including reimbursables, is \$58,200.00 (Fifty eight thousand two hundred dollars) and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2009 and completed no later than December 31, 2009, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson, Valencia Water Company Controller.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning both to our office. We will return an executed copy to you for your records.

NEWHALL LAND & FARMING, CO.

VALENCIA WATER COMPANY

By: Donald L. Kimball
Donald L. Kimball

By: Robert D. Pardo

Its: Senior Vice President and Chief Financial Officer

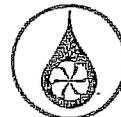
Its: President

Date: 1/3/2009

Date: 1-6-09

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Valencia Water Company

24631 Avenue Rockefeller • P.O. BOX 5904 • Valencia, CA 91385-5904
(661) 294-0828 • Fax (661) 294-3808

Letter of Authorization Exhibit A

Authorization Number: 2009-04
General Agreement Number: 1115
Name: Information Systems Services

Account Number: 8963.09
Consultant: Newhall Land & Farming Co.

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Provide information systems services in accordance with attached memorandum dated 12/22/2008.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2009.

The maximum authorized for the service under this Authorization, including reimbursables, is \$75,480.00 (Seventy five thousand four hundred eighty dollars) and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2009 and completed no later than December 31, 2009, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson, Valencia Water Company Controller.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning both to our office. We will return an executed copy to you for your records.

NEWHALL LAND & FARMING, CO.

VALENCIA WATER COMPANY

By: Donald L. Kimball

By: Robert DiPuccio

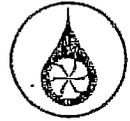
Its: Senior Vice President and Chief Financial Officer

Its: President

Date: 1/3/2009

Date: 1-6-09

Valencia Water Company



4631 Avenue Rockefeller • P.O. BOX 5904 • Valencia, CA 91385-5904
(661) 294-0828 • Fax (661) 294-3806

Letter of Authorization Exhibit A

Authorization Number: 2009-03

Account Number: 8963.09

General Agreement Number: 1115

Consultant: Newhall Land & Farming Co.

Name: Prepare and File 2008 Tax Returns

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Prepare and file 2008 federal and state income and property tax returns and estimated tax payments in accordance with attached memorandum dated 12/22/2008.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2009.

The maximum authorized for the service under this Authorization, including reimbursables, is \$13,080.00 (thirteen thousand eighty dollars) and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2009 and completed no later than December 31, 2009, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson, Valencia Water Company Controller.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning both to our office. We will return an executed copy to you for your records.

NEWHALL LAND & FARMING, CO.

VALENCIA WATER COMPANY

By: *D. Kimball*
Donald L. Kimball

By: *Robert Altman*

Its: Senior Vice President and Chief Financial Officer

Its: President

Date: 1/3/2009

Date: 1-6-09

DATE: December 22, 2008
TO: Files
FROM: Beverly Johnson
Controller
SUBJECT: 2009 Inter-company Services

Valencia Water Company's parent company, Newhall Land, provides extensive services to Valencia on a routine basis as part of its normal business processes. Although Valencia is a wholly owned subsidiary of Newhall, Valencia is treated as one of Newhall's divisions for purposes of accounting, information systems, treasury, risk management, legal and all other services provided. Therefore, Valencia benefits from the economies of scale that Newhall realizes by handling these services on a much larger scale than Valencia would on a standalone basis. Furthermore, Valencia is benefiting from economies of scale realized under Newhall's new ownership structure since the January 27, 2004 acquisition of Newhall by an entity jointly owned by Lennar Corporation and LNR Property Corporation ("Lennar").

Valencia projects approximately \$147,000 per year for services to be received from Newhall employees, including finance professionals, various levels of accounting professionals and income tax professionals (several of which are CPAs), human resource professionals, and information systems experts. If Valencia were to obtain all of these services on its own, the cost would be far greater than \$147,000. We would incur not only the additional salary expense, but other expenses such as the associated employee benefits expense, costs for office space, office equipment and furniture. Without the sharing of personnel and costs, made possible only by the affiliation with Newhall, there would be no ability to receive such a wide range of services for only \$147,000 per year.

Following is a description of the services Valencia receives from Newhall.

1. Financial Accounting: Valencia is tied into Newhall's accounting system and receives the same services that all Newhall divisions receive, including:
 - Accounts payable control (i.e., verification of proper approvals) both before and after checks are cut (postage for checks included)
 - Cut, sign and mail all payroll checks (postage included)
 - Storage and retrieval of all accounting documents (all documents are imaged for online access and microfilmed for record retention)
 - Fixed asset management and control
 - Project cost reporting

- Write and maintain all company policies and procedures, updating as necessary for changes in the business environment
 - Negotiate fees for external auditors to ensure the company receives audit services at a competitive price.
2. Treasury: All financial services including:
- Cash management
 - Maintain banking relationships
 - Primary responsibility for all lending transactions (line of credit renewals, debt financing, etc.)
3. Income Tax:
- Calculate quarterly estimated tax payments
 - Prepare and file annual income tax return
 - Resolve property tax issues with LA County
 - Prepare and file Annual Return for Report of Employee Benefit Plans (for all employee benefit programs)
 - Consult and advise on all taxation issues as needed
4. Risk Management:
- Manage all insurance policies ensuring the company is adequately protected at competitive prices
 - Obtain lower insurance premiums for Valencia based on relationships with brokers and insurance companies
 - Handle filing of all insurance claims
 - Follow up and monitor all claims filed to ensure proper settlement
 - Implement and maintain Certificate of Insurance tracking program for all vendors.
 - Maintain complete safety program including quarterly inspections, providing safety training schedule to comply with OSHA requirements, provide safety training materials, and hold quarterly safety committee meetings to address safety related issues.
5. Personnel and payroll:
- Handle all human resource issues, including hiring, termination, disciplinary actions, leaves of absence, and all related documentation requirements.
 - Manage all employee benefit programs, including retirement plan, employee savings plan, life insurance, disability, medical / dental insurance, employee vacation and sick leave.
 - Provide all payroll related services including cutting payroll checks, payroll tax filings, employee W-2 forms, pre-tax employee benefit programs, paycheck direct deposit.
 - Monitor and enforce court orders received for employee wage garnishment for child support, medical insurance, child care, or other court ordered wage garnishments.

- Management training programs – onsite and offsite training for leadership, coaching, ethics, etc.
 - Write and maintain all personnel policies and procedures
6. Information Systems: Provide services related to information systems, including:
- Consult and advise on complex system issues such as network storage requirements and system backup issues.
 - Provide virus scanning and security protection on all incoming electronic files, and respond when viruses do infect the system.
 - Provide assistance with all system implementations, such as accounting system implementation and upgrades, cash processing system implementation and upgrades, etc. System implementations and upgrades typically involve major effort and coordination between Newhall's I/S and accounting departments, for which Valencia receives full benefit at generally no cost and very few labor hours.
 - Maintain e-mail system
 - Manage data storage and recovery systems
 - Provide network administrator to deal with network issues

Occasionally, Newhall may perform a larger scale special project that goes beyond the scope of the normal services provided. For such projects, Newhall will then bill Valencia additional charges based on the employee hours dedicated to that specific project.

The economies of scale Valencia realizes by being part of Newhall's programs is not easily quantifiable. However, this inherent savings is passed on to the ratepayers through reduced expenses, which would otherwise be higher. For example, Valencia's insurance policies were non-renewed due to changes in the insurance industry. We would have had difficulty obtaining any new insurance if not for our relationship with Newhall. Additionally, the benefit of being part of a larger organization is reflected in lower costs for health care coverage provided to employees, as well as various other employee benefits programs. Another example is our recent renewal of a bank line of credit. Newhall's treasury department negotiated the entire renewal, and Valencia only had to make a cursory review of the agreement and pay the renewal fee. These are examples of the types of services Valencia receives from Newhall which are not easily quantifiable.

Services from Lennar:

After the acquisition of Newhall by Lennar on January 27, 2004, some of the services that used to be provided by Newhall were transitioned over to Lennar. The annual cost of these services was calculated to be \$10,000, and was reduced from the fees paid to Newhall in 2006 and later. Valencia is not currently paying Lennar for these services. The services provided by Lennar are described below.

1. Legal: Lennar has in-house counsel who provide various services to all its divisions as follows:
- Advise on all matters with potential legal ramifications, including contract negotiations, vendor insurance requirements, personnel matters, current litigation,

corporate and regulatory compliance issues, and any other legal matters as needed.

- Monitors all lawsuits and claims
- Negotiates lower legal fees and expenses based on Lennar's relationship with legal firms (i.e., firms are required to use only approved vendor for copying services, firms are prohibited from charging for faxes, etc.)
- The legal services provided to Valencia are extremely critical due to the various lawsuits in which Valencia is involved (e.g., litigation regarding pinhole leaks in pipes, perchlorate litigation, Water Management Program litigation, Urban Water Management Plan litigation, potential for unfounded toxic tort liability claims).

2. Internal Audit: Ensure the company is protected by adequate internal controls and policies and procedures.

- Performs periodic audits of various operational and business processes, including new system implementations to ensure proper internal controls are in place to properly safeguard the company's assets.
- Provides written reports and recommendations on all internal reviews and audits and presents its reports and recommendations to Valencia's senior management.
- Assists with developing policies and procedures during new system implementations to ensure proper segregation of duties and proper internal control.

ANNUAL REPORT OF
VALENCIA WATER COMPANY
AFFILIATED TRANSACTIONS
2010

In accordance with Decision No. 10-02-015 and the associated Affiliated Transaction Rules, Valencia Water Company ("Valencia") hereby files its annual report of affiliated transactions for the year 2010.

A. Services Provided by Valencia to any Affiliated Company

1. Water Revenues: During 2010, Valencia sold water to affiliated companies in accordance with its Commission approved tariffs. The amount of water revenues from affiliated companies was \$554,863.

B. Services Provided by Affiliated Companies to Valencia

1. Inter-company Services: Valencia received services from its parent company pursuant to written contracts (attached):
 - General and Administrative services - \$58,200
 - Information Systems services - \$75,480
 - Federal and State Income Tax and Property Tax services - \$13,080
2. Employee Benefits: Valencia reimbursed its parent company for the cost of employee benefits provided to its employees during 2010 for medical, dental, and life insurance, long-term disability, employee savings and retirement plans. The amount represents a pass through of actual costs incurred by the parent, i.e., the employer's share of the benefit costs - \$371,878.
3. Board of Directors: Valencia paid \$14,000 for services provided by members of Valencia's Board of Directors that work for its parent or affiliated companies.
4. Risk Management: Valencia paid its parent \$53,409 for worker's compensation insurance and \$387,473 for general liability insurance for its fair share of the group policies held by the parent.
5. Miscellaneous Services: Valencia received other services from its parent company as follows:
 - GPS Survey of Valencia Water Meters - \$15,928

C. Assets Transferred between Valencia and any Affiliated Company

Valencia does not nor has it ever paid for easements from any affiliated companies to serve their projects or for Valencia funded projects that benefit all of its customers. Therefore, Valencia's rate base does not reflect any costs associated with these real estate interests.

1. Easements: Valencia recorded one (1) easement from affiliated companies for land rights to construct various water utility plant. Valencia did not pay its affiliates for this easement rights.
2. Fee Parcels: Valencia recorded zero (0) fee parcels from affiliated companies for land rights to construct various water utility plant.
3. Quit Claim Deeds: Valencia recorded one (1) quit claim deed to an affiliated company for an easement that is no longer necessary for utility service and to avoid the potential liability associated with this easement.

D. Employees Transferred between Valencia and any Affiliated Company

During 2010, one employee was transferred from Newhall Land, Valencia's parent company, to Valencia.

E. Financing Arrangements and Transactions Between Valencia and Any Affiliated Company

There were no financing arrangements between Valencia and its affiliated companies during 2010.

F. Transactions between Valencia and Affiliated Companies for Construction of Water Distribution Plant

In accordance with Rule 15, Valencia received \$263,608 from affiliated companies from deposits made to construct water distribution plants.

G. Dividends Paid

- Valencia paid \$14,798,735 in dividends to its parent company during 2010.

H. Intercompany Balances Outstanding

Valencia had the following balances related to affiliated transactions on its books as of December 31, 2010:

- Accounts Receivable (for water sales) - \$42,905
- Accounts Payable - \$0
- Dividends Payable - \$0
- CIAC - \$33,418,777
- Construction Deposits - \$248,224
- Common Stock - \$1,536,500
- Preferred Stock - \$1,200,000



Valencia Water Company

24631 Avenue Rockefeller • P.O. BOX 5904 • Valencia, CA 91386-5904
(661) 294-0828 • Fax (661) 294-3806

Letter of Authorization

Exhibit A

Authorization Number: 2010-06

Account Number: 8963.09

General Agreement Number: 1115

Consultant: Newhall Land & Farming Co.

Name: Administrative Services

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Provide financial accounting, treasury, risk management, legal, personnel, and other administrative services in accordance with attached memorandum dated 01/04/2010.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2010.

The maximum authorized for the service under this Authorization, including reimbursables, is \$58,200.00 (Fifty eight thousand two hundred dollars) and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2010 and completed no later than December 31, 2010, but not before this contract has been executed by both parties.

Invoices must include the following information:

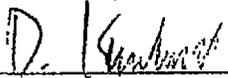
- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson, Valencia Water Company Controller.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning both to our office. We will return an executed copy to you for your records.

NEWHALL LAND & FARMING, CO.

VALENCIA WATER COMPANY

By: 

By: 

Its: Donald L. Kimball
Executive Vice President

Its: President

Date: 1/12/10

Date: 1-14-10



Valencia Water Company

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(661) 294-0828 • Fax (661) 294-3806

Letter of Authorization Exhibit A

Authorization Number: 2010-04
General Agreement Number: 1115
Name: Information Systems Services

Account Number: ~~8963.09~~
Consultant: Newhall Land & Farming Co.

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Provide information systems services in accordance with attached memorandum dated 01/04/2010.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2010.

The maximum authorized for the service under this Authorization, including reimbursables, is \$75,480.00 (Seventy five thousand four hundred eighty dollars) and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2010 and completed no later than December 31, 2010, but not before this contract has been executed by both parties.

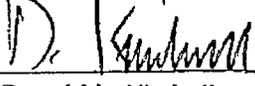
Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

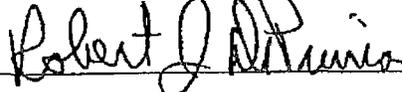
Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson, Valencia Water Company Controller.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning both to our office. We will return an executed copy to you for your records.

NEWHALL LAND & FARMING, CO.

By: 
Donald L. Kimball
Executive Vice President
Its: _____
Date: 4/12/10

VALENCIA WATER COMPANY

By: 
Its: President
Date: 1-14-10



Valencia Water Company

24631 Avenue Rockefeller • P.O. BOX 5904 • Valencia, CA 91385-5904
(661) 294-0828 • Fax (661) 294-3806

Letter of Authorization Exhibit A

Authorization Number: 2010-05
General Agreement Number: 1115
Name: Prepare and File 2009 Tax Returns

Account Number: 8963.09
Consultant: Newhall Land & Farming Co.

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Prepare and file 2009 federal and state income and property tax returns and estimated tax payments in accordance with attached memorandum dated 01/04/2010.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2010.

The maximum authorized for the service under this Authorization, including reimbursables, is \$13,080.00 (thirteen thousand eighty dollars) and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commenced by January 1, 2010 and completed no later than December 31, 2010, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson, Valencia Water Company Controller.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning both to our office. We will return an executed copy to you for your records.

NEWHALL LAND & FARMING, CO.

VALENCIA WATER COMPANY

By: Donald L. Kimball

By: Robert [Signature]

Its: Executive Vice President

Its: President

Date: 1/12/10

Date: 1-14-10

DATE: January 4, 2010

TO: Files

FROM: Beverly Johnson
Controller

SUBJECT: 2010 Inter-company Services

Valencia Water Company's (Valencia) parent company, The Newhall Land and Farming Company (Newhall) and its affiliates, provide extensive services to Valencia on a routine basis as part of its normal business processes. Although Valencia is a wholly owned subsidiary of Newhall, Valencia is treated as one of Newhall's divisions for purposes of accounting, information systems, treasury, risk management, legal and all other services provided. Therefore, Valencia benefits from the economies of scale that Newhall realizes by handling these services on a much larger scale than Valencia would on a standalone basis.

Valencia projects approximately \$147,000 per year for services to be received from Newhall employees, including finance professionals, various levels of accounting professionals and income tax professionals (several of which are CPAs), human resource professionals, and information systems experts. If Valencia were to obtain all of these services on its own, the cost would be far greater than \$147,000. We would incur not only the additional salary expense, but other expenses such as the associated employee benefits expense, costs for office space, office equipment and furniture. Without the sharing of personnel and costs, made possible only by the affiliation with Newhall, there would be no ability to receive such a wide range of services for only \$147,000 per year. This amount is consistent with the amount paid for intercompany services during 2009.

Following is a description of the services Valencia receives from Newhall and its affiliates:

1. Financial Accounting: Valencia is tied into Newhall's accounting system and receives the same services that all Newhall divisions receive, including:
 - Accounts payable control (i.e., verification of proper approvals) both before and after checks are cut. Cut, sign and mail all vendor checks (postage for checks included).
 - Cut, sign and mail all payroll checks (postage included)
 - Storage and retrieval of all accounting documents (all documents are imaged for online access and microfilmed for record retention)
 - Fixed asset management and control

- Project cost reporting
 - Write and maintain all company policies and procedures, updating as necessary for changes in the business environment
 - Negotiate fees for external auditors to ensure the company receives audit services at a competitive price.
2. Treasury: All financial services including:
- Cash management
 - Maintain banking relationships
 - Primary responsibility for all lending transactions (line of credit renewals, debt financing, etc.)
3. Income Tax:
- Calculate quarterly estimated tax payments
 - Prepare and file annual income tax return
 - Resolve property tax issues with LA County
 - Prepare and file Annual Return for Report of Employee Benefit Plans (for all employee benefit programs)
 - Consult and advise on all taxation issues as needed
4. Risk Management:
- Manage all insurance policies ensuring the company is adequately protected at competitive prices
 - Obtain lower insurance premiums for Valencia based on relationships with brokers and insurance companies
 - Handle filing of all insurance claims
 - Follow up and monitor all claims filed to ensure proper settlement
 - Implement and maintain Certificate of Insurance tracking program for all vendors.
 - *Maintain complete safety program including quarterly inspections, providing safety training schedule to comply with OSHA requirements, provide safety training materials, and hold quarterly safety committee meetings to address safety related issues.*
5. Personnel and payroll:
- Handle all human resource issues, including hiring, termination, disciplinary actions, leaves of absence, and all related documentation requirements.
 - Manage all employee benefit programs, including retirement plan, employee savings plan, life insurance, disability, medical / dental insurance, employee vacation and sick leave.
 - Provide all payroll related services including cutting payroll checks, payroll tax filings, employee W-2 forms, pre-tax employee benefit programs, paycheck direct deposit.

- Monitor and enforce court orders received for employee wage garnishment for child support, medical insurance, child care, or other court ordered wage garnishments.
 - Management training programs – onsite and offsite training for leadership, coaching, ethics, etc.
 - Write and maintain all personnel policies and procedures
6. Information Systems: Provide services related to information systems, including:
- Consult and advise on complex system issues such as network storage requirements and system backup issues.
 - Provide virus scanning and security protection on all incoming electronic files, and respond when viruses do infect the system.
 - Provide assistance with all system implementations, such as accounting system implementation and upgrades, cash processing system implementation and upgrades, etc. System implementations and upgrades typically involve major effort and coordination between Newhall's I/S and accounting departments, for which Valencia receives full benefit at generally no cost and very few labor hours.
 - Maintain e-mail system
 - Manage data storage and recovery systems
 - Provide network administrator to deal with network issues

Occasionally, Newhall may perform a larger scale special project that goes beyond the scope of the normal services provided. For such projects, Newhall will then bill Valencia additional charges based on the employee hours dedicated to that specific project.

The economies of scale Valencia realizes by being part of Newhall's programs is not easily quantifiable. However, this inherent savings is passed on to the ratepayers through reduced expenses, which would otherwise be higher. For example, Valencia's insurance policies were recently updated (December 2009) in order to take advantage of new insurance programs that provide enhanced coverages, including enterprise-level earthquake and casualty coverages that include broader definitions for earthquake claims, such as underground wells and piping. We would have had difficulty obtaining a comparably priced insurance policy on a stand alone basis. Additionally, the benefit of being part of a larger organization is reflected in lower costs for health care coverage provided to employees, as well as various other employee benefits programs. These are examples of the types of services Valencia receives from Newhall which are not easily quantifiable.

Legal Services:

Newhall and their affiliates provide these legal services to Valencia at no cost:

- Advise on all matters with potential legal ramifications, including contract negotiations, vendor insurance requirements, personnel matters, current litigation,

corporate and regulatory compliance issues, and any other legal matters as needed.

- Monitors all lawsuits and claims
- Negotiates lower legal fees and expenses based on its relationship with legal firms (i.e., firms are required to use only approved vendor for copying services, firms are prohibited from charging for faxes, etc.)
- The legal services provided to Valencia are extremely critical due to the various lawsuits in which Valencia is involved (e.g., litigation regarding pinhole leaks in pipes, perchlorate litigation, Water Management Program litigation, Urban Water Management Plan litigation, potential for unfounded toxic tort liability claims).

ANNUAL REPORT OF
VALENCIA WATER COMPANY
AFFILIATED TRANSACTIONS
2011

In accordance with Decision No. 10-10-019 and the associated Affiliated Transaction Rules Compliance Plan, Section VIII.F., Valencia Water Company ("Valencia") hereby files its annual report of affiliated transactions for the year 2011.

1. Services Provided by Valencia to any Affiliated Company

Water Revenues: During 2011, Valencia sold water to affiliated companies in accordance with its Commission approved tariffs. The amount of water revenues from affiliated companies was \$498,647.

2. Services Provided by Affiliated Companies to Valencia

A. Inter-company Services: Valencia received services from its parent company pursuant to written contracts (attached):

- General and Administrative services - \$58,800
- Information Systems services - \$76,800
- Federal and State Income Tax and Property Tax services - \$13,200

B. Employee Benefits: Valencia reimbursed its parent company for the cost of employee benefits provided to its employees during 2011 for medical, dental, and life insurance, long-term disability, employee savings and retirement plans. The amount represents a pass through of actual costs incurred by the parent, i.e., the employer's share of the benefit costs - \$372,958.

C. Board of Directors: Valencia paid \$18,500 for services provided by members of Valencia's Board of Directors that work for its parent or affiliated companies.

D. Risk Management: Valencia paid its parent \$56,545 for worker's compensation insurance and \$464,860 for general liability insurance for its fair share of the group policies held by the parent.

E. Miscellaneous Services: Valencia did not receive other services from its parent company.

3. Assets Transferred from Valencia to any Affiliated Company

- a. Easements: Valencia recorded zero (0) easement to affiliated companies for land rights.
- b. Fee Parcels: Valencia recorded zero (0) fee parcels to affiliated companies for land rights.
- c. Quit Claim Deeds: Valencia recorded zero (0) quit claim deeds to an affiliated company for an easement that is no longer necessary for utility service and to avoid the potential liability associated with this easement.

4. Assets Transferred from any Affiliated Company to Valencia

Valencia does not nor has it ever paid for easements from any affiliated companies to serve their projects or for Valencia funded projects that benefit all of its customers. Therefore, Valencia's rate base does not reflect any costs associated with these real estate interests.

- a. Easements: Valencia recorded six (6) easements from affiliated companies for land rights to construct various water utility plant. Valencia did not pay its affiliates for these easement rights.
- b. Fee Parcels: Valencia recorded zero (0) fee parcels from affiliated companies for land rights to construct various water utility plant.
- c. Quit Claim Deeds: Valencia recorded zero (0) quit claim deeds from an affiliated company.

5. Employees Transferred from Valencia to any Affiliated Company

During 2011 no employees transferred from Valencia to any affiliated company.

6. Employees Transferred from any Affiliated Company to Valencia

During 2011, no employees transferred from any affiliated company to Valencia.

7. Financing Arrangements and Transactions Between Valencia and Any Affiliated Company

There were no financing arrangements between Valencia and its affiliated companies during 2011.

8. Services Provided by and/or Assets Transferred from the Parent Holding Company to Affiliate Company which may have Germane Utility Regulations Impacts

There were no services provided by and/or assets transferred from the Parent Holding Company to an affiliate company which may have germane utility regulations impacts.

9. Services Provided by and/or Assets Transferred from Affiliated Company to the Parent Holding Company which may have Germane Utility Regulations Impacts

There were no services provided by and/or assets transferred from an affiliate company to the Parent Holding Company which may have germane utility regulations impacts.

Valencia Water Company



24631 Avenue Rockefeller • P.O. BOX 5904 • Valencia, CA 91385-5904
(661) 294-0828 • Fax (661) 294-3806

Letter of Authorization Exhibit A

Authorization Number: 2011-06
General Agreement Number: 1115
Name: Administrative Services

Account Number: 8963.09
Consultant: Newhall Land & Farming Co.

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Provide financial accounting, treasury, risk management, legal, personnel, and other administrative services in accordance with attached memorandum dated 12/28/2011.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2011.

The maximum authorized for the service under this Authorization, including reimbursables, is \$58,800.00 (Fifty eight thousand eight hundred dollars) and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall be commence January 1, 2011 and completed no later than December 31, 2011, but not before this contract has been executed by both parties.

Invoices must include the following information:

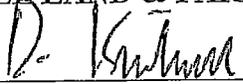
- Authorization Number
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- Total amount authorized hereunder

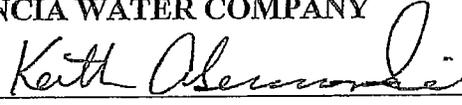
Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson, Valencia Water Company Controller.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning both to our office. We will return an executed copy to you for your records.

NEWHALL LAND & FARMING, CO.

VALENCIA WATER COMPANY

By: 

By: 

Its: Donald L. Kimball
Executive Vice President

Its: General Manager

Date: 1/3/2011

Date: 1/4/2011



Valencia Water Company

24631 Avenue Rockefeller • P.O. BOX 5904 • Valencia, CA 91385-5904
(661) 294-0828 • Fax (661) 294-3806

Letter of Authorization Exhibit A

Authorization Number: 2011-04
General Agreement Number: 1115
Name: Information Systems Services

Account Number: 8963.09
Consultant: Newhall Land & Farming Co.

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Provide information systems services in accordance with attached memorandum dated 12/28/2010.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2011.

The maximum authorized for the service under this Authorization, including reimbursables, is \$76,800.00 (Seventy six thousand eight hundred dollars) and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall commence January 1, 2011 and completed no later than December 31, 2011, but not before this contract has been executed by both parties.

Invoices must include the following information:

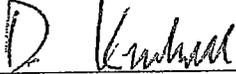
- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

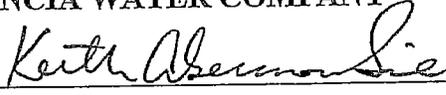
Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson, Valencia Water Company Controller.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning both to our office. We will return an executed copy to you for your records.

NEWHALL LAND & FARMING, CO.

VALENCIA WATER COMPANY

By: 
Donald L. Kimball
Executive Vice President

By: 
General Manager

Date: 1/3/2011

Date: 1/4/2011

Valencia Water Company



24631 Avenue Rockefeller • P.O. BOX 5904 • Valencia, CA 91385-5904
(661) 294-0828 • Fax (661) 294-3806

Letter of Authorization Exhibit A

Authorization Number: 2011-05
General Agreement Number: 1115
Name: Prepare and File 2010 Tax Returns

Account Number: 8963.09
Consultant: Newhall Land & Farming Co.

This letter constitutes Authorization under the above-reference Contract. All services performed under this Authorization shall be in accordance with the terms and conditions of such Contract.

The scope of work to be done under this Authorization is as follows: Prepare and file 2010 federal and state income and property tax returns and estimated tax payments in accordance with attached memorandum dated 12/28/2010.

Compensation for services under this Authorization will be paid as follows: One twelfth of the annual fee shall be paid each month until December 31, 2011.

The maximum authorized for the service under this Authorization, including reimbursables, is \$13,200.00 (thirteen thousand two hundred dollars) and such amount shall not be exceeded without Company's prior written approval.

Services under this Authorization shall commence January 1, 2011 and completed no later than December 31, 2011, but not before this contract has been executed by both parties.

Invoices must include the following information:

- Authorization Number
- General Agreement Number
- Account and/or Job Number
- Total invoiced to date for entire Authorization
- Description of work or services performed
- Total amount authorized hereunder

Please direct invoices and all questions regarding services to be done under this Authorization to Beverly Johnson, Valencia Water Company Controller.

If this Authorization is acceptable to you, please indicate your acceptance by signing both originals and returning both to our office. We will return an executed copy to you for your records.

NEWHALL LAND & FARMING, CO.

VALENCIA WATER COMPANY

By: *D Kimball*

By: *Keith Abernethy*

Its: Donald L. Kimball
Executive Vice President

Its: General Manager

Date: 1/3/2011

Date: 1/4/2011

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DATE: December 28, 2010
TO: Files
FROM: Beverly Johnson
Controller
SUBJECT: 2011 Inter-company Services

Valencia Water Company (Valencia) is owned by The Newhall Land and Farming Company (Newhall). Valencia has contracted with Newhall to provide various services to Valencia in the areas of accounting, information systems, treasury, risk management and legal. Valencia benefits from the economies of scale that Newhall realizes by handling these services on a much larger scale than Valencia would on a standalone basis.

Valencia projects approximately \$149,000 for 2011 services to be received from Newhall employees, including finance professionals, various levels of accounting professionals and income tax professionals (several of which are CPAs), human resource professionals, and information systems experts. If Valencia were to obtain all of these services on its own, the cost would be far greater than \$149,000. We would incur not only the additional salary expense, but other expenses such as the associated employee benefits expense, costs for office space, office equipment and furniture. The sharing of personnel and costs provides the ability to receive a wide range of services for only \$149,000 per year. The 2011 amount is based on the amount paid for intercompany services during 2010, plus an inflation rate of 1.5%.

Following is a description of the services Valencia receives from Newhall and its affiliates:

1. Financial Accounting: Valencia and Newhall use the same accounting system. All of Valencia's accounting transactions are recorded using a separate company code within the accounting system. All accounting records for Valencia are identified by this unique company code and are segregated from all parent company records. Valencia maintains separate bank accounts from Newhall as well. Valencia receives the following accounting services from Newhall:
 - Accounts payable control (i.e., verification of proper approvals) both before and after checks are cut. Cut, sign and mail all vendor checks (postage for checks included).
 - Cut, sign and mail all payroll checks (postage included)

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- Storage and retrieval of all accounting documents (all documents are imaged for online access and microfilmed for record retention)
 - Fixed asset management and control
 - Project cost reporting
 - Write and maintain all company policies and procedures, updating as necessary for changes in the business environment
 - Negotiate fees for external auditors to ensure the company receives audit services at a competitive price.
2. Treasury: Financial services including:
- Cash management
 - Maintain banking relationships
3. Income Tax:
- Calculate quarterly estimated tax payments
 - Prepare and file annual income tax return
 - Resolve property tax issues with LA County
 - Prepare and file Annual Return for Report of Employee Benefit Plans (for all employee benefit programs)
 - Consult and advise on all taxation issues as needed
4. Risk Management:
- Manage all insurance policies ensuring the company is adequately protected at competitive prices
 - Obtain lower insurance premiums for Valencia based on relationships with brokers and insurance companies
 - Implement and maintain Certificate of Insurance tracking program for all vendors.
 - Maintain complete safety program, providing safety training schedule to comply with OSHA requirements, provide safety training materials, and hold quarterly safety committee meetings to address safety related issues.
5. Personnel and payroll:
- Handle all human resource issues, including hiring, termination, disciplinary actions, leaves of absence, and all related documentation requirements.
 - Manage all employee benefit programs, including retirement plan, employee savings plan, life insurance, disability, medical / dental insurance, employee vacation and sick leave.
 - Provide all payroll related services including cutting payroll checks; payroll tax filings, employee W-2 forms, pre-tax employee benefit programs, paycheck direct deposit.
 - Monitor and enforce court orders received for employee wage garnishment for child support, medical insurance, child care, or other court ordered wage garnishments.
 - Write and maintain all personnel policies and procedures

6. Information Systems: Provide services related to information systems, including:
- Consult and advise on complex system issues such as network storage requirements and system backup issues.
 - Provide virus scanning and security protection on all incoming electronic files, and respond when viruses do infect the system.
 - Provide assistance with all system implementations, such as accounting system implementation and upgrades, cash processing system implementation and upgrades, etc. System implementations and upgrades typically involve major effort and coordination between Newhall's I/S and accounting departments, for which Valencia receives full benefit at generally no cost and very few labor hours.
 - Maintain e-mail system
 - Manage data storage and recovery systems
 - Provide network administrator to deal with network issues

Occasionally, Newhall may perform a larger scale special project that goes beyond the scope of the normal services provided. For such projects, Newhall will then bill Valencia additional charges based on the employee hours dedicated to that specific project. Any such projects for which third party costs are incurred shall be billed separately to Valencia, or allocated by Newhall to Valencia.

The economies of scale Valencia realizes by being included in Newhall's programs is not easily quantifiable. However, this inherent savings is passed on to the ratepayers through reduced expenses, which would otherwise be higher. For example, Valencia's insurance policies were recently updated (December 2009) in order to take advantage of new insurance programs that provide enhanced coverages, including enterprise-level earthquake and casualty coverages that include broader definitions for earthquake claims, such as underground wells and piping. We would have had difficulty obtaining a comparably priced insurance policy on a stand alone basis. Additionally, the benefit of being owned by a larger organization is reflected in lower costs for health care coverage provided to employees, as well as various other employee benefits programs. These are examples of the types of services Valencia receives from Newhall which are not easily quantifiable.

Legal Services:

Newhall and their affiliates provide these legal services to Valencia at no cost:

- Advise on all matters with potential legal ramifications, including contract negotiations, vendor insurance requirements, personnel matters, current litigation, corporate and regulatory compliance issues, and any other legal matters as needed.
- Monitors all lawsuits and claims
- Negotiates lower legal fees and expenses based on its relationship with legal firms (i.e., firms are required to use only approved vendor for copying services, firms are prohibited from charging for faxes, etc.)

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- The legal services provided to Valencia are extremely critical due to the various lawsuits in which Valencia is involved (e.g., litigation regarding pinhole leaks in pipes, perchlorate litigation, Water Management Program litigation, Urban Water Management Plan litigation, potential for unfounded toxic tort liability claims).

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