

DRAFT

August 23, 2007

Resolution W-4655

Apple Valley/AL 140-W/FLC/JPT/EYC/AJT/jlj

APPENDIX A

**RULE NO. 15**  
 (continued)

**MAIN EXTENSIONS**

- C 1. f. A Supplemental Water Acquisition Fee will be charged to all applicants for a main extension to serve a new subdivision, tract, housing project, industrial development, commercial building, or shopping center as a refundable advance in order to address issues of long-term availability and cost of water supply. The purpose of the Supplemental Water Acquisition Fee will be to fund AVR's pre-purchase of Replacement Water from the Mojave Water Agency (MWA), or for AVR to acquire water rights should they become readily available. Pre-purchased Replacement Water purchased from MWA will be capitalized by AVR and amortized to expense over a 40-year period consistent with the life of the advance contract. The Supplemental Water Acquisition Fee will be calculated as follows:\*
- Residential developments ..... \$3,000 per lot
- Commercial, Industrial, or other developments ..... \$3,000 per equivalent average residential water use based on the water use of a similar business or facility.
- Applicants will have the option to either: 1) pay the entire fee at the time of completion of the main extension at the current rate; or 2) pay the fee for each lot, or equivalent, at the time the meter is set, subject to whatever changes to the rate or nature of the fee are in effect at that time.
- \*Development for which use of water rights is provided for under the Water Supply Agreement between AVR and Jess Ranch Water Company are exempt from this fee.

(continued)

(To be inserted by utility)	Issued By	(To be inserted by Cal. P.U.C.)
Advice No. <u>140-W</u>	<u>LEIGH K. JORDAN</u> Name	Date Filed _____
Dec. No. _____	<u>EXECUTIVE VICE PRESIDENT</u> Title	Effective _____
		Resolution No. _____

RULE NO. 15  
(continued)

MAIN EXTENSIONS

- C. 2. Refunds
- a. The amount advanced under Section C.1.a, C.1.b, C.1.c, C.1.e., and C.1.f shall be subject to refund by the utility, in cash, without interest, to the party or parties entitled thereto as set forth in the following two paragraphs. The total amount so refunded shall not exceed the total of the amount advanced and for a period not to exceed 40 years after the date of the contract. (C)
  - b. Payment of refunds shall be made not later than June 30 of each year, beginning the year following execution of contract, or not later than 6 months after the contract anniversary date if on an anniversary date basis.
  - c. Whenever costs of main extensions and/or special facilities have been advocated pursuant to Section C.1.a., C.1.b, or C.1.c., the utility shall annually refund to the contract holders an amount equal to 2 ½ percent of the advances until the principal amounts of the contracts have been fully repaid.

Whenever costs of special facilities have been advanced pursuant to sections C.1.b., or C.1.c., the amount so advanced shall be divided by the number of lots (or living units, whichever is greater) which the special facilities are designed to serve, to obtain an average advance per lot (or living unit) for special facilities. When another builder applies for a main extension to serve any lots for which the special facilities are to be used, the new applicant shall, in addition to the costs of his proposed main extension, also advance an amount for special facilities. This amount shall be the average advance per lot for special facilities for each lot to be used less 2 ½ percent of the average advance for each year in which refund have been due and payable on the original contract, prorated to June 30, or the contract anniversary date on a monthly basis.

The amount advanced to the utility by the new applicant shall be immediately refunded to the holder of the original contract, which included the cost of the special facilities, and the original contract advance will be reduced accordingly. The utility will thenceforth refund 2 ½ percent annually on each of the contract amounts, as determined above, to the holders of the contract.

Advances and refunds based on additional builder participation will be determined in a similar manner.

In no case shall the refund on any contract exceed the amount advanced.

(continued)

(To be inserted by utility)

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Advice No. 140-W

LEIGH K. JORDAN  
Name

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

Dec. No. \_\_\_\_\_

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

21760 OTTAWA ROAD

P. O. BOX 7005

APPLE VALLEY, CA 92307-7005

Canceling REVISED Cal. P.U.C. Sheet No.

207-W, 208-W, 209-W,

210-W, 211-W, 212-W

**FORM NO. 5 - Page 1 of 4**

**MAIN EXTENSION CONTRACT**

**SUBDIVISIONS, TRACTS, HOUSING PROJECTS, INDUSTRIAL DEVELOPMENTS,  
COMMERCIAL BUILDINGS, OR SHOPPING CENTERS**

JOB #: 410XXXXX

UTILITY: Name: Apple Valley Ranchos Water Co.  
Address: P.O. Box 7005, Apple Valley, CA 92307

APPLICANT: Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State Zip

**PRELIMINARY STATEMENT:** This contract is entered into pursuant to the requirements of and in accordance with the various applicable provisions of the Utility's Main Extension Rule (hereinafter referred to as the "Rule") in effect and on file with the California Public Utilities Commission ("CPUC"), a copy of which is available upon request. This contract does not require specific authorization of CPUC to carry out the contract terms and conditions.

**PURPOSE OF CONTRACT:** Applicant hereby applies for a water main extension. The facilities or work described in attached Exhibit B shall be installed or performed by Utility and those described in Exhibit C installed by Applicant and conveyed to the Utility. Such facilities will be used for the purpose of furnishing public utility water service to that certain property whose location is described below and/or delineated on the map attached as Exhibit A and known as:

Main Extension for

Located at

\_\_\_\_\_  
[Job Name ] [description of location - between x and y streets]  
\_\_\_\_\_

Utility agrees that it will, as soon as necessary materials and labor are available, and necessary permits, franchises, licenses or other governmental authorizations have been obtained, commence and prosecute to completion with all reasonable diligence the work of installing the facilities or performing work described in attached Exhibit B, and when the facilities or work described in Exhibit B has been completed, and the facilities described in Exhibit C are complete and accepted by Utility, and, if Applicant elects Option 2 with respect to Section C.1.f., the requirements of the Main Extension Contract For Supplemental Water Acquisition Fee Paid Under Option 2 have been met, will provide utility service in accordance with Utility's tariffs.

(continued)

(To be inserted by utility)

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

Advice No. 140-W

LEIGH K. JORDAN

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Resolution No.

(N)(C)

(N)(C)

(N)

(N)(C)

(N)

**FORM NO. 5 Page 2 of 4**  
**MAIN EXTENSION CONTRACT**

(N)  
(N)

**FACILITIES TO BE INSTALLED:**

(N)

1. Subject to Refund (Section C.2)

a) Distribution System (Applicable - Non Applicable)

Applicant shall advance the amount of \$ \_\_\_\_\_ to cover the cost of distribution facilities or work performed described in Exhibit B pursuant to Section C.1.a. of Rule No. 15 which amounts includes \$ \_\_\_\_\_ which has already been deposited pursuant to Section A5.b. of Rule No. 15, before construction of the main extension is commenced, subject to revision of the amount advanced pursuant to Section A.6.e. of Rule. Applicant agrees to pay the cost of installed facilities described in Exhibit C, pursuant to Section C.1.c. of Rule. The portion of such cost to be treated as an Advance Subject To Refund shall not exceed \$ \_\_\_\_\_.

b) Special Facilities (Applicable - Non Applicable)

Applicant shall advance the estimated cost of special facilities (other than fire protection) described in Exhibit B pursuant to Section C.1.b. of Rule 15, which is \$ \_\_\_\_\_, or pay the cost of special facilities, described in Exhibit C, installed pursuant to Section C.1.c. of Rule 15, the amount of such cost to be treated as an advance subject to refund not to exceed \$ \_\_\_\_\_, and transfer good title to said facilities to utility. Either amount is to be refunded pursuant to Section C.2.c. of Rule 15. The number of lots or living units to be served by these special facilities shall be considered to be \_\_\_\_\_.

c) Supply Facilities Fee (Applicable - Non Applicable)

Applicant shall advance the amount of \$ \_\_\_\_\_ the cost of supply facilities fee described in Exhibit B pursuant to Section C.1.e. of Rule. This amount is for \_\_\_\_\_ 5/8" Meter Equivalents, which is spread over \_\_\_\_\_ parcels.

d) Supplemental Water Acquisition Fee (Applicable - Non Applicable) (Option 1 - Option 2)

Applicant shall advance the amount of \$ \_\_\_\_\_, the cost of supplemental water acquisition fee described in Exhibit B pursuant to Section C.1.f. of Rule, paid prior to completion of the project according to Option 1. This amount is for \_\_\_\_\_ residential lots and commercial, industrial, or other meters with \_\_\_\_\_ average residential water use equivalents based on the water use of a similar business or facility. If Applicant elects to pay the fee under Option 2, a separate Main Extension Contract For Supplemental Water Acquisition Fee Paid Under Option 2 must be executed.

2) Not Subject to Refund

a) Fire Protection (Applicable - Non Applicable)

If the distribution system is designed to meet fire flow requirements in excess of the minimum fire flow contained in Section VIII 1(a) in CPUC General Order No. 103, as ordered by Decision No. 82-04-089 dated April 21, 1982, Applicant shall pay, as a contribution in aid of construction pursuant to Section D.2 of Rule, the increase in cost of the distribution mains necessary to meet such higher fire flow requirements. The amount of such cost, included in either Exhibit B or Exhibit C, is \$ \_\_\_\_\_.

(N)

(continued)

(To be inserted by utility)

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

Advice No. 140-W

LEIGH K. JORDAN  
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Dec. No.

EXECUTIVE VICE PRESIDENT  
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Resolution No.

**FORM NO. 5 Page 3 of 4**  
**MAIN EXTENSION CONTRACT**  
(continued)

(N)  
(N)

If private fire protection services or other facilities are included in the distribution system for which the customer is responsible for the cost and which Utility will own pursuant to Rule 16 – Service Connections, Meters and Customer’s Facilities, Applicant shall pay, as a contribution in aid of construction, the cost of those facilities. The amount of such cost, included in either Exhibit B or Exhibit C, is \$\_\_\_\_\_.

(N)

b) Special Facilities (Applicable - Non-Applicable)

If facilities other than mains or hydrants are required to provide supply, pressure, or storage primarily for fire protection service, or portion of such facilities allocated in proportion to the capacity designed for fire protection purposes, Applicant shall pay, as a contribution in aid of construction pursuant to Section D.3 of Rule 15, the estimated or allocated cost of special facilities primarily required to provide fire protection service, which is \$\_\_\_\_\_.

c) Plant Facilities (Applicable - Non-Applicable)

Pursuant to Section C.1.d. of Rule, if, in the opinion of the utility it appears that a proposed main extension will not, within a reasonable period, develop sufficient revenue to make the extension self-supporting, or if for some other reason it appears to the utility that a main extension contract would place an excessive burden on customers, the utility may require nonrefundable contributions of plant facilities from developers in lieu of an advance subject to refund. Applicant agrees to contribute the amount of \$\_\_\_\_\_ to cover the cost of facilities described in said Exhibit B before construction of the main extension is commenced, subject to revision of the amount advanced pursuant to Section A.6.e. of Rule. Applicant agrees to pay the cost of installed facilities described in Exhibit C, pursuant to Section C.1.c. of Rule, such cost to be treated as a contribution.

**REFUNDS:** The amount Advanced Subject to Refund shall be refunded pursuant to Section C.2. of Rule. until Applicant shall notify Utility in writing to the contrary, all refunds hereunder shall be paid by Utility to Applicant.

**ADJUSTMENT TO COST AND UTILITY'S RIGHT TO OFFSET:** Amounts advanced or contributed are subject to adjustment pursuant to Section A.6.e. of Rule and Utility shall have the right to offset against any refunds payable hereunder, the amount of any indebtedness then due or owing by Applicant to Utility.

(N)

(continued)

(To be inserted by utility)

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

Advice No. 140-W

LEIGH K. JORDAN

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

Name

Effective \_\_\_\_\_

Dec. No. \_\_\_\_\_

EXECUTIVE VICE PRESIDENT

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

Title

21760 OTTAWA ROAD

P. O. BOX 7005

APPLE VALLEY, CA 92307-7005

Canceling

REVISED

Cal. P.U.C. Sheet No.

207-W, 208-W, 209-W,  
210-W, 211-W, 212-W

**FORM NO. 5 Page 4 of 4**  
**MAIN EXTENSION CONTRACT**  
(continued)

(N)  
(N)

**CONDITIONS:** The Utility will not be required to make extensions under this Contract where the easements, rights-of-way or streets are not kept free from other interfering construction of street work during installation of said water system. Applicant agrees to use its best efforts to assist Utility to obtain any and all permits or other governmental authorizations which may be required for the installation of the facilities. Applicant will provide any easements or rights-of-way required for the installation prior to construction.

(N)

**SUCCESSORS AND ASSIGNS:** The obligations of the applicant shall be joint and several. This agreement shall bind and inure to the benefit of the heirs, representatives, executors, administrators, successors and/or assigns of the respective Parties hereto.

**JURISDICTION OF PUBLIC UTILITIES COMMISSION:** This Contract shall at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California or as said Commission may, from time to time, direct in the exercise of its jurisdiction.

The effective of this Contract shall be \_\_\_\_\_  
(Date)

**SIGNATURE PAGE:**

Dated: \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_  
Authorized Representative of  
Apple Valley Ranchos Water Company

Title: \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_  
Authorized Representative of Applicant

Title: \_\_\_\_\_

(N)

(To be inserted by utility)

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

Advice No. 140-W

LEIGH K. JORDAN  
Name

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

Dec. No. \_\_\_\_\_

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Title

Effective \_\_\_\_\_

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

**FORM NO. 6 - Page 1 of 3**  
**MAIN EXTENSION CONTRACT**  
**FOR SUPPLEMENTAL WATER ACQUISITION FEES PAID UNDER OPTION 2**

(N)

(N)

**JOB #: 410XXXXX**

(N)

**UTILITY:** **Name:** Apple Valley Ranchos Water Co.  
**Address:** P.O. Box 7005, Apple Valley, CA 92307

(N)

**APPLICANT:** **Name:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
\_\_\_\_\_  
**City State Zip**

**PRELIMINARY STATEMENT:** This contract is entered into pursuant to the requirements of and in accordance with the various applicable provisions of the Utility's Main Extension Rule (hereinafter referred to as the "Rule") in effect and on file with the California Public Utilities Commission ("CPUC"), a copy of which is available upon request. This contract does not require specific authorization of CPUC to carry out the contract terms and conditions.

**PURPOSE OF CONTRACT:** Applicant has applied for a water main extension by executing a Preliminary Main Extension Contract with Utility for the main extension described below. The facilities or work to be installed or performed by Utility and those installed by Applicant and conveyed to the Utility, with the exception of Supplemental Water Acquisition Fees, are described in Exhibit B and in Exhibit C attached to that contract. Such facilities will be used for the purpose of furnishing public utility water service to that certain property located as described below and/or delineated on the map attached to that contract as Exhibit A and known as:

**Main Extension for**

**Located at**

\_\_\_\_\_  
[Job Name ]

\_\_\_\_\_  
[description of location - between x and y streets]

Utility agrees that it will, as soon as necessary materials and labor are available, and necessary permits, franchises, licenses or other governmental authorizations have been obtained, commence and prosecute to completion with all reasonable diligence the work of installing the facilities or performing work described in attached Exhibit B, and when the facilities or work described in Exhibit B has been completed, and the facilities described in Exhibit C are complete and accepted by Utility, and, if Applicant elects Option 2 with respect to Section C.1.f., the requirements of the Main Extension Contract For Supplemental Water Acquisition Fee Paid Under Option 2 have been met, will provide utility service in accordance with Utility's tariffs.

This contract covers Supplemental Water Acquisition Fees which Applicant has elected to pay under Option 2, at the time that meters are set. The Supplemental Water Acquisition Fees to be paid by Applicant in connection with the above main extension are described in Exhibit A attached to this contract.

(N)

(continued)

(To be inserted by utility)

Issued By

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

Advice No. 140-W

LEIGH K. JORDAN

Date Filed

Name

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EXECUTIVE VICE PRESIDENT

Title

Resolution No.

**FORM NO. 6 Page 2 of 3**  
**MAIN EXTENSION CONTRACT**

(N)  
(N)

**FACILITIES TO BE INSTALLED:**

(N)

1. Subject to Refund (Section C.2)

a) Supplemental Water Acquisition Fee

Applicant shall advance the amount of \$ \_\_\_\_\_, the cost of supplemental water acquisition fee described in Exhibit a pursuant to Section C.1.f. of Rule No. 15, paid at the time that the meters are set according to Option 2. This amount is for \_\_\_\_\_ residential lots and commercial, industrial, or other meters with \_\_\_\_\_ average residential water use equivalents based on the water use of a similar business or facility. The above amount is subject to adjustment for changes in the rate or nature of the Fee approved by the CPUC applicable to any meters set after such change is approved.

**REFUNDS:** The amount Advanced Subject to Refund shall be refunded pursuant to Section C.2. of Rule No. 15. Until Applicant shall notify Utility in writing to the contrary, all refunds hereunder shall be paid by Utility to Applicant.

**ADJUSTMENT TO COST AND UTILITY'S RIGHT TO OFFSET:** Amounts advanced or contributed are subject to adjustment pursuant to Section A.6.e. of Rule and Utility shall have the right to offset against any refunds payable hereunder, the amount of any indebtedness then due or owing by Applicant to Utility.

**CONDITIONS:** The Utility will close this contract at the end of the calendar year in which the main extension is completed covering whatever Supplemental Water Acquisition Fees have been paid up to that point. Applicant and utility agree to enter into a new contract for each subsequent calendar year, until all meters have been set, which will cover the Supplemental Water Acquisition Fees due on whatever meters have not yet been set at that time.

Supplemental Water Acquisition Fees paid under Option 2 are subject to whatever changes in rate or nature of the Fee which may have been approved by the CPUC at the time that the meter is set.

**SUCCESSORS AND ASSIGNS:** The obligations of the Applicant shall be joint and several. This agreement shall bind and inure to the benefit of the heirs, representatives, executors, administrators, successors and/or assigns of the respective Parties hereto.

**JURISDICTION OF PUBLIC UTILITIES COMMISSION:** This Contract shall at all times be Subject to such changes or modifications by the Public Utilities Commission of the State of California or as said Commission may, from time to time, direct in the exercise of its jurisdiction.

The effective date of this Contract shall be \_\_\_\_\_  
(Date)

(N)

(continued)

(To be inserted by utility)	Issued By	(To be inserted by Cal. P.U.C.)
Advice No. <u>140-W</u>	<u>LEIGH K. JORDAN</u> Name	Date Filed _____
Dec. No. _____	<u>EXECUTIVE VICE PRESIDENT</u> Title	Effective _____
		Resolution No. _____

APPLE VALLEY RANCHOS WATER COMPANY  
21760 OTTAWA ROAD  
P. O. BOX 7005  
APPLE VALLEY, CA 92307-7005

ORIGINAL

Cal. P.U.C. Sheet No.

571-W

Canceling \_\_\_\_\_

Cal. P.U.C. Sheet No. \_\_\_\_\_

**FORM NO. 6 Page 3 of 3**  
**MAIN EXTENSION CONTRACT**  
(continued)

(N)

(N)

**SIGNATURE PAGE:**

(N)

Dated: \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_

(N)

Authorized Representative of  
Apple Valley Ranchos Water Company

Title: \_\_\_\_\_

(N)

Dated: \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_

(N)

Authorized Representative of Applicant

Title: \_\_\_\_\_

(N)

(To be inserted by utility)

Issued By

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

Advice No. 140-W

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EXECUTIVE VICE PRESIDENT

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Title

DRAFT

Resolution W-4655  
Apple Valley / AL 140-W / FLC / JPT / EYC / AJT / jlj

August 23, 2007

APPENDIX B

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is entered into between Apple Valley Ranchos Water Company (AVR) and the Division of Ratepayer Advocates (DRA), collectively, the Parties.

### 1. Recitals

A. AVR's current rates were set in Decision 05-12-020 issued by the California Public Utilities Commission in December of 2005 for test Year 2006 and Escalation Years 2007 and 2008.

B. Since 2003, AVR has been requiring applicants for a main extension to advance the cost of the acquisition of one acre foot of Base Annual Production water rights per residential lot as special facilities under its Main Extension Rule. AVR has informed DRA that it began having difficulty acquiring water rights with the result that, in some cases, by the time water rights could be found available for purchase, the cost had increased over the, then, current market price advanced by applicants, and eventually the difficulty reached a point where AVR was unable to find any water rights available for purchase. AVR currently has approximately \$1.5 million of moneys advanced from applicants for main extensions for the purpose of acquiring water rights and for which AVR has not been able to find water rights available to purchase. Although water rights are not readily available for purchase, the Mojave Water Agency (MWA) has a program under which Replacement Water can be pre-purchased for future years, "banked" in the groundwater basin, and pumped in the future years. This MOU deals with the resolution of this situation.

### 2. Agreements and Understandings

A. AVR agrees to file an advice letter to modify its Main Extension Rule (Rule 15) to incorporate a Supplemental Water Acquisition Fee, to be charged to applicants for main extensions as a refundable advance, similar to AVR's existing Supply Facilities Fee adopted in Decision 05-12-020, in order to address issues of long-term availability and cost of water supply. The Supplemental Water Acquisition Fee requested by AVR will be set at \$3,000 per residential lot for Residential developments and for Commercial, Industrial or other types of developments, will be set at a rate of \$3,000 per equivalent

average residential water use based on the water use of a similar business or facility. The stated purpose of the Supplemental Water Acquisition Fee will be to fund AVR's pre-purchase of Replacement Water from MWA, or for AVR to acquire water rights should they become readily available. Pre-purchased Replacement Water purchased from MWA will be capitalized by AVR and amortized to expense over a 40-year period consistent with the life of the advance contract set forth in the Main Extension Rule. AVR proposes to file the advice letter within approximately 30 days from the date of this MOU.

B. The Parties agree to support AVR's advice letter filing described above. The Parties also agree that the fee described above is appropriate through December 31, 2008. Either Party may propose changes to the existence, amount, nature, or purpose of the fees in AVR's next GRC proceeding, or subsequent proceedings, to be effective January 1, 2009 or later. Either Party is free to oppose any such proposed changes.

C. The Parties agree that, until the above referenced Supplemental Water Acquisition Fee becomes effective, AVR will continue to collect from applicants for main extension, as a refundable advance, the current market cost, as best it can be determined, of one acre-foot of water rights per residential lot. The Parties agree that these moneys, along with all other moneys collected to purchase water rights for which AVR has not expended because of its inability to find water rights available to purchase, shall be used to pre-purchase Replacement Water from MWA or to purchase water rights from the Mojave Basin should any become readily available at the time.

D. As of this date, AVR has in its possession approximately \$1.5 million of unspent moneys which were collected from applicants for main extensions for the purchase of water rights. The Parties agree that the moneys collected by AVR so far and any additional collected through December 31, 2008, either for the purchase of water rights at then current market price or as Supplemental Water Acquisition Fees pursuant to the modification of AVR's Main Extension Rule once it becomes effective, will be considered by the Parties for all purposes to be the correct amounts, appropriately advanced, to have been collected from applicants for the acquisition of supplemental water. The parties agree that the amount of water rights and/or pre-purchased Replacement Water purchased by AVR with the moneys collected as described above through December 31, 2008 will be considered to be the correct amount to have been

acquired. The Parties agree that the amounts of moneys advanced and the amounts of water rights and/or pre-purchased Replacement Water purchased by AVR with the moneys collected as described above through December 31, 2008 will be used as the basis for setting rates to be effective from January 1, 2009 onward. The Parties agree that either party in the next general rate increase proceeding may propose a different manner of collection, on a prospective basis, from January 1, 2009 onward, and either party may propose some other ratemaking treatment for moneys collected on or after January 1, 2009.

E. The Parties agree that the procedures described above with respect to the amounts of moneys advanced and the amounts of water rights and/or pre-purchased Replacement Water purchased by AVR with the moneys collected through December 31, 2008 will be reflected in AVR's next GRC along with any consequent and consistent impact on rate base and expenses. The Parties agree not to seek changes in AVR's rates to reflect the changed procedures described in this MOU that would be effective prior to January 1, 2009.

F. The Parties agree that no signatory to the MOU assumes personal liability as a result of this agreement. All rights and remedies of the Parties are limited to those available before the Commission.

DIVISION OF RATEPAYER  
ADVOCATES

By   
Danilo Sanchez  
Chief, Water Branch

California Public Utilities Commission  
Division of Ratepayer Advocates  
505 Van Ness Avenue  
San Francisco, CA 94102

Dated: October 18, 2006

APPLE VALLEY RANCHOS  
WATER COMPANY

By   
Leigh K. Jordan  
Executive Vice President

Apple Valley Ranchos Water  
Company  
9750 Washburn Road  
Downey, CA 90241-7002

Dated: October 18, 2006