

# Preparing Water and Sewer Advice Letters per General Order 96-B

Fred L. Curry

# Introduction

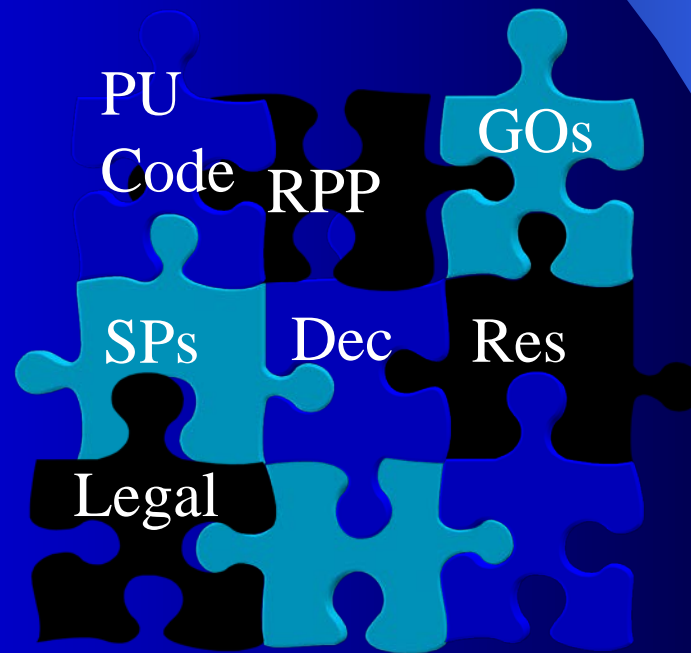
- Steps in Preparing Advice Letters and Resolutions
- General Order 96-B
- U-8-W

# Agenda

- An Advice Letter is a legal document that requests something from the Commission
- Has both format and minimum requirements
- Must be complete or it will be rejected
- Has three levels of review
- Approval and Effective Dates
- Other details

# What is an Advice Letter?

- Normally changes tariff sheets
- Must meet certain requirements



# Format and Requirements

- Content
- Numbering
- Justification
- Work Papers
- Service List
- Cover Sheet

# Look at CPI Advice Letter

- 1. Master CPI Advice Letter with tariffs.doc

# Cover Sheet

- [Cover Sheet.doc](#)

# Three Levels of Review

- Tier 1 - Compliance
- Tier 2 – Staff has clear standard of review
- Tier 3 - Requires a resolution



# Approval and Effective Dates

- Ask for what you want
- Dates can be anytime

# Types of Advice Letters

- Memorandum Account
- Expense Offset
- Rate Base Offset
- General Rate Case

# Summary of Earnings

- Lets do an Earnings Test
- 2. Master Earnings Test.xlsx
- Now Let's Do A CPI Earnings Test
- 3. Master CPI Earnings Test.xlsx

# Memorandum Accounts

- First Set up the Account
- Meadow Valley\Meadow Valley AL 14, Memorandum and Balancing Accounts.docx
- Then Ask for Recovery
  - 2% in one year
  - 5-10% in two years
  - Over 10% in three years

# Memorandum Accounts

- Done By Surcharge
- Include Additional Expenses that you incur by changing rates.

# Expense Offset

- Changes to Deductable Expenses Only
- 3. Master Expense Offset  
Workpapers.xlsx

# Rate Base Offset

- Requires Calculation of Income Taxes
- Tax on Tax, calculated by  $1/\text{Tax Rate}$
- Hard to calculate if it varies with income
- 4. Master Rate Base Offset Workpapers Class D with an earnings test.xlsx

# General Rate Case

- Two Sets of Workpapers
- Class D – 5 Sheets
- Class B and C – 63 Sheets
- Class D
- [6. Master Class D GRC Workpapers.xlsx](#)
- Class B and C
- [7. Master Class B and C Rate Adjustment Workbook.xlsx](#)



# Summary

- Advice Letters can help you
- Don't ignore the increases you deserve
  - CPI
  - Rate Base Offset
  - Memorandum Accounts
- Request Help if you need it
  - CPUC
  - Consultants