

Memorandum

Date: August 1, 2013

To: The Honorable Michael R. Peevey
President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

From: Department of Water Resources

Subject: Notification of Determination of Revenue Requirements for 2014

Pursuant to California Water Code sections 80110 and 80134 and the Terms and Conditions of the March 8, 2002 Rate Agreement between the California Department of Water Resources (DWR) and the California Public Utilities Commission (Commission), DWR hereby advises and notifies the Commission of its Determination of Revenue Requirements for the period January 1, 2014 through and including December 31, 2014. Capitalized terms not defined herein shall have the meaning set forth in the Rate Agreement. DWR has made its determination in accordance with California Water Code, Division 27 and the California Code of Regulations, Division 23, Chapter 4, Sections 510–517. A copy of the DWR's 2014 Revenue Requirements Determination is attached.

DWR requests that the Commission calculate, revise and impose Bond Charges in accordance with Article V of the Rate Agreement sufficient to satisfy the Rate Covenant therein. DWR also hereby requests that the Commission calculate, revise, and impose Power Charges in accordance with Article VI of the Rate Agreement sufficient to provide monies in the amounts and at the times necessary to satisfy DWR's Retail Revenue Requirements delineated in the attached 2014 Revenue Requirements Determination for the period January 1, 2014 through and including December 31, 2014. Due to the decline in the number of power purchase contracts that DWR will manage over the next two years, the Commission will note a substantial positive balance in the Operating Account. DWR requests that the Commission consider the financial benefits to ratepayers, and fulfillment of the power purchase program's legislative directive, in allocating these reserves to repayment of outstanding bond debt, thereby accelerating the end date of DWR's involvement in the program.

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DWR appreciates the Commission's assistance in implementing its Revenue Requirements Determination for 2014. If you have any questions or need additional information, please contact me at (916) 574-0311.

A handwritten signature in black ink that reads "John Pacheco". The signature is written in a cursive, flowing style.

John Pacheco
Acting Deputy Director
California Energy Resources Scheduling

Attachment

(cc: See attached list.)

cc: Honorable Michel Peter Florio, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Honorable Catherine J. K. Sandoval, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Honorable Mark J. Ferron, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Honorable Carla J. Peterman, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Honorable Seaneen M. Wilson, Administrative Law Judge
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Mr. Paul Clanon, Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Service List Rulemaking 13-02-019 (via electronic mail)