

Memorandum

Date: October 18, 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 Revised Revenue Requirement Determination for 2014

Pursuant to California Water Code sections 80110 and 80134 and the Terms and Conditions of the Rate Agreement (Rate Agreement) between the California Department of Water Resources (Department) and the California Public Utilities Commission (Commission) dated March 8, 2002, the Department hereby advises and notifies the Commission of the Department's revised 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. The Department has made this revenue requirement 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 Department's Revised 2014 Revenue Requirement Determination is attached hereto.

To enable the allocation of the revised revenue requirement, the Department 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. The Department also requests that the Commission calculate, revise and impose Power Charges in accordance with Article VI of the Rate Agreement sufficient to provide moneys in the amounts and at the times necessary to satisfy the Department's Retail Revenue Requirement delineated in the attached Revised 2014 Revenue Requirement Determination for the period January 1, 2014 through and including December 31, 2014.

The Revised Revenue Requirement includes the costs of the Kern River Firm Transportation Service Agreement (TSA). It also includes a scenario that projects the potential change in its revenue requirements if the Department is no longer legally and financially responsible for the cost of the TSA.

As noted in the Assigned Commissioner's Scoping Memorandum (Scoping Memo) issued on September 13, 2013, the Department will assist the Commission in determining the allocation of the Department's costs to the ratepayers in the utility service areas – both with the Department being legally and financially responsible for the TSA and with the Department not being legally and financially responsible for the TSA- that reflects the Commission's decision on the TSA

Honorable Michael R. Peevey

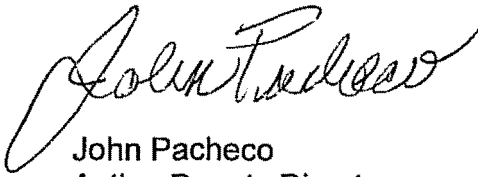
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Settlement Agreement by and between San Diego Gas and Electric Company, Southern California Edison Company and Pacific Gas and Electric Company.

The Department appreciates the Commission's assistance in implementing the Department's revised revenue requirements determination for 2014. I will make my staff and advisors available to the Commission as needed to assist with the allocation scenarios as outlined in the Scoping Memo.

If you have any questions or need additional information, please contact me at (916) 574-0311.



John Pacheco
Acting Deputy Director
California Energy Resources Scheduling

Attachment

(cc: See attached list)

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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
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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)