

# Memorandum

Date: October 15, 2015

To: The Honorable Michael Picker,  
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 2016

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 that its Determination of Revenue Requirements for the period January 1, 2016 through and including December 31, 2016, provided to the Commission on August 6, 2015, remains unchanged<sup>1</sup>. 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. Unlike past years, after reviewing its Operating Results as of September 30, 2015, the Department determined that no changes to its 2016 Revenue Requirement dated August 6, 2015 are required.

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, and to satisfy DWR's Retail Revenue Requirements delineated in the 2016 Revenue Requirement Determination for the period January 1, 2016 through and including December 31, 2016 provided to the Commission on August 6, 2015. As noted in the Determination, the last power purchase contract with Kings River Conservation District terminated in April 2015 and DWR ceased purchasing power for sale to customers in the IOUs service areas, therefore the imposition of a Power Charge is not required. The Power Charge accounts contain excess amounts that can be allocated back to ratepayers in the IOU service areas. The excess amounts are primarily due to energy crisis settlements and the diminishing required minimum balances in the Power Charge Accounts.

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<sup>1</sup> Capitalized terms not defined herein shall have the meaning set forth in the Rate Agreement

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DWR appreciates the Commission's assistance in implementing its Revenue Requirements Determination for 2016. If you have any questions or need additional information, please contact me at (916) 557-4632.

A handwritten signature in black ink, appearing to read "John Pacheco". The signature is fluid and cursive, with the first name "John" being larger and more prominent than the last name "Pacheco".

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

Honorable Liane M. Randolph, 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 15-02-012 (via electronic mail)