

Preliminary Statement
Internal Revenue Service Private Letter Ruling Memorandum Account

VVVV. Internal Revenue Service Private Letter Ruling Memorandum Account

(N)

1. Purpose

The purpose of the Internal Revenue Service Private Letter Ruling Memorandum Account (IRSPLRMA), pursuant to the Settlement Agreement adopted in D. 23-06-024, is to track the difference in the revenue requirement between the Rate Case Plan Method (RCP Method) and the Golden State Water Company's Revised Method (Revised Method) to determine rate base in 2024, for possible disposition upon the Internal Revenue Service's issuance of a Private Letter Ruling (PLR). The IRSPLRMA will track the revenue requirement during 2024 only.

If the IRS concludes in their PLR that the RCP Method does result in a normalization violation, then Golden State will recalculate its 2024 rate base and implement revised water rates. No additional entries, with the exception of interest, will be recorded in the IRSPLRMA subsequent to the implementation of the revised water rates. If the IRS concludes that the RCP Method does not result in a normalization violation, then Golden State will not need to utilize the IRSPLRMA and there will be no need to adjust the 2024 rate base and water rates, and Golden State will request to close the IRSPLRMA.

2. Applicability

Golden State shall maintain the IRSPLRMA by making entries as follows:

- a. An entry credit or debit shall be made as appropriate to the IRSPLRMA to track revenues in 2024 until the IRS issues a PLR for 2024. No entries, with the exception of interest, will be recorded in the IRSPLRMA subsequent to the implementation of the revised water rates, if required.
- b. The IRSPLRMA will accrue interest on a monthly basis by applying a rate equal to one-twelfth of the 3-month Non-Financial Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

3. Effective Date

The IRSPLRMA shall go into effect on the effective date of Advice Letter 1934-W.

The IRSPLRMA shall expire on December 31, 2024.

4. Disposition

Disposition of amounts recorded in the IRSPLRMA shall be determined in GSWC's next General Rate Case application, or as otherwise determined by the Commission if the account's cumulative balance exceeds 2% of GSWC's adopted gross revenues. The recovery of over/under collections will be passed on to the customers through volumetric surcharges or flat rate surcredits.

(N)

(Continued)

(To be inserted by utility)

Advice Letter No. 1934-W
Decision No. 23-06-024

Issued By
R. J. Sprowls
President

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

Date Filed December 19, 2023
Effective January 1, 2024
Resolution No. _____