

APPLE VALLEY RANCOS WATER COMPANY

| <u>Balancing Account Name</u> | <u>Balancing Account Description</u> | <u>Authorizing Decision or Resolution or Advice Letter</u> | <u>Balance as of End of June 30, 2025 ²</u> | <u>Balance as of End of December 31, 2025 ²</u> | <u>Most Recent Conducted Review/Audit</u> | <u>Notes or Comments</u> |
|---|--|---|--|--|---|--|
| 2019 WRAM/MCBA | Tracks water revenues and water production related costs for future disposition | D.08.09.026 effective September 18, 2008 and D.12-04-048 effective April 19, 2012 | \$35,913.71 | \$36,636.77 | AL 257-W | Effective June 10, 2022, Advice Letter 257-W approved a 12-month surcharge to recover the 2019 and prior WRAM and MCBA balances. |
| 2020 WRAM/MCBA | | | \$2,902.80 | \$2,961.25 | | AL 252-W-A approved a one-time surcredit, effective November 15, 2021. |
| 2021 WRAM/MCBA | | | (\$26,713.61) | (\$27,251.45) | AL 262-W | AL 262-W approved a one-time surcredit effective May 1, 2022. |
| 2022 WRAM/MCBA | | | (\$121,066.96) | (\$123,504.45) | AL 270-W-A | AL 270-W-A approved a one-time surcredit, effective April 7, 2023. |
| Incremental Cost BA | Tracks water production costs for the domestic system; includes purchased power and pump tax | D.03.06.072; June 19, 2003 | \$0.00 | \$0.00 | A.18-01-002, D.20-09-2019 | AL 248-W authorized transfer balance to CEBA for a 12-month temporary surcharge, effective March 4, 2021. |
| CARW Revenue Reallocation BA | Tracks recorded discounts and surcharges | D.05.12.020; December 15, 2005/D.08.09.026; September 18, 2008/D.12.09.004; September 13, 2012/D.15.11.030; November 19, 2015 | \$559,811.63 | \$582,367.78 | A.21-07-003, D.23-02-003 | AL 269-W-A authorized the under-collected balance recorded through December 31, 2021 be embedded in the surcharge rate for Schedule No. CAP-SC, effective April 7, 2023. |
| Office Remodel BA | Tracks the revenue requirement associated with the building project, a reconfigured building project, a reconfigured office building or other improvements | D.12.09.004; September 13, 2012 | \$0.00 | \$0.00 | | |
| Employee and Retiree Healthcare BA | Tracks the difference between the actual forecast and the authorized costs of employee and retiree healthcare expense | D.12.09.004; September 13, 2012/D.15.11.030; November 19, 2015 | (\$1,001.16) | (\$1,021.31) | A.18-01-002, D.20-09-2019 | AL 248-W authorized a 12-month temporary surcredit, effective March 4, 2021. |
| Pension Expense BA | Tracks the difference between actual and authorized pension expense | D.12.09.004; September 13, 2012/D.15.11.030; November 19, 2015 | \$375,427.94 | (\$149,514.65) | A.21-07-003, D.23-02-003 | AL 275-W-A authorized a 36-month temporary surcharge, with balance recorded through Dec 31, 2021, effective Sept 1, 2023. |
| One-Way Conservation BA | Tracks the difference between actual and authorized conservation program expenses | D.12.09.004; September 13, 2012/D.15.11.030; November 19, 2015 | (\$10,061.23) | (\$10,263.80) | A.21-07-003, D.23-02-003 | AL 275-W-A authorized a one-time temporary surcredit, with balance recorded through June 30, 2022, effective Sept 1, 2023. |
| Consolidated Expense Balancing Account (CEBA) | Consolidates the amortization of Commission approved balancing accounts and memorandum accounts where appropriate | D.20-09-2019 | (\$95,596.55) | (\$97,521.24) | A.18-01-002, D.20-09-2019 | AL 248-W authorized a 12-month temporary surcharge, effective March 4, 2021. |
| Incremental Cost Balancing Account (ICBA) | Tracks the water supply related costs for the domestic (potable water) system, includes purchased power, replenishment, and chemicals. | D.23-02-003, February 2, 2023 | \$2,152,336.01 | \$2,452,313.12 | A.21-07-003, D.23-02-003 | AL 269-W-A authorized the establishment of this account, effective July 1, 2022. This account tracks the water supply related costs for the domestic system, includes purchased power, replenishment, and chemicals. |
| Drinking Water Fees Balancing Account (DWFBA) | Tracks the drinking water fees charged by the State Water Resources Control Board | AL 278-W-A, December 29, 2023 | \$77,963.91 | \$94,455.64 | | AL 278-W-A authorized conversion of the Drinking Water Fees Memorandum Account (DWFMA) to Drinking Water Fees Balancing Account (DWFBA), effective December 15, 2021. Tracks the drinking water fees charged by the State Board. |
| Monterey Water Revenue Adjustment Mechanism (MWRAM) Balancing Account | Tracks the difference between recorded and authorized quantity rate water revenues under tiered and single rates for residential customers | D.23-02-003, February 2, 2023 | \$969,080.17 | \$858,784.30 | | |
| Yermo Water Revenue Balancing Account | Tracks the difference between actual and authorized revenue requirement for the 2019-2021 rate cycle. | D.20-09-019, September 24, 2020 | \$502,624.55 | \$418,475.05 | A.21-07-003, D.23-02-003 | AL 275-W-A authorized a 36-month temporary surcharge, with balance recorded through June 30, 2022, effective Sept 1, 2023. |
| Incremental Cost BA | Tracks gravity irrigation incremental costs | D.03.006.072/ AL 183 effective April 26, 2013 | \$393,936.17 | \$306,201.47 | A.18-01-002, D.20-09-2019 | AL 248-W authorized a 12-month temporary surcharge, effective March 4, 2021. |
| Authorized Revenue Requirement-Domestic & Yermo | | D.15.11.030 | \$30,518,441 | \$30,518,441 | D.24-12-007 | AL 284-W authorized revenue requirement in Cost of Capital, effective Jan 1, 2025 |
| Authorized Revenue Requirement-Irrigation | | D.15.11.030 | \$349,060 | \$349,060 | D.24-12-007 | |

²A positive balance reflects an under-collection. A negative balance reflects an over-collection. Revised signs convention per Water Division request, starting Q2 2025.

\$5,031,180.38
 (\$215,623.00)
 \$4,815,557.38

\$4,712,597.36
 (\$369,478.88)
 \$4,343,118.48