

# SAN GABRIEL VALLEY WATER COMPANY

May 17, 2011

Advice Letter 399

U337W

## TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company ("San Gabriel") hereby requests ministerial review of the following changes in tariff sheets applicable to its Fontana Water Company division:

<u>CPUC Sheet No.</u>	<u>Title</u>	<u>Schedule No.</u>	<u>Canceling CPUC Sheet No.</u>
2017-W	General Metered Service	FO-1	2004-W
2018-W	General Metered Service (cont.)	FO-1	1995-W
2019-W	General Metered Service - Conservation	FO-1C	2005-W
2020-W	Private Fire Service	FO-4	1997-W
2021-W	Construction and Tank Truck Service	FO-9C	1998-W
2022-W	Service to Tract Houses During Construction	FO-9CL	1999-W
2023-W	California Alternative Rates For Water	FO-CARW	2011-W
2024-W	Preliminary Statement (cont.)	N/A	2001-W
2025-W	Preliminary Statement (cont.)	N/A	2007-W
2026-W	Table of Contents	N/A	2016-W

An original and four copies of this advice letter are submitted in compliance with Ordering Paragraph No. 4 of Decision No. 09-06-027 in Application No. 08-07-009 to implement a revenue increase of \$889,800, or 1.4% for Escalation Year 2011-2012. This is designated as a Tier 1 advice letter, with a requested July 1, 2011 effective date.

### Purpose and Background

This advice letter submittal is to implement rates for Escalation Year 2011-2012 authorized by the Commission for the Fontana Water Company division in Decision No. 09-06-027, dated June 18, 2009, in Application No. 08-07-009. Ordering Paragraph No. 4 of Decision 09-06-027 states:

4. Escalation advice letters for July 2010 and July 2011, including workpapers, may be filed in accordance with General Order 96-B no later than 45 days prior to the first day of the escalation year. To the extent that the pro forma earnings test for the 12 months ending September 30, as adopted in D.04-06-018, exceeds the amount authorized in this decision, the requested increase shall

be reduced by the utility from the level authorized in this decision to conform to the pro forma earnings test. Advice letters filed in compliance with this decision shall be handled as Tier 1 filings, effective on the first day of the test year.

Based on DRA's March 2011 escalation factors for 2010, 2011, and 2012, San Gabriel requests a revenue increase of \$889,800, or 1.4% for Escalation Year 2011-2012. The effect of the adopted increase will raise the typical monthly bill of the typical residential customer (5/8" x 3/4" meter and 23 Ccf) on General rates by \$0.97 or 1.4% from \$70.87 to \$71.84 and of the typical residential customer on Conservation rates by \$1.63 or 2.3% from \$70.81 to \$72.44. In accordance with Ordering Paragraph No. 4 of Decision No. 09-06-027, the revised tariff schedules shall take effect on July 1, 2011.

### **Discussion**

The present rate schedules in the Fontana Water Company division became effective on January 1, 2011, through Advice Letter 393 for the water supply expense offset and Advice Letter No. 390-A for a rate base offset to reflect the collection of additional Facilities Fees.

The following summary lists the recorded, authorized, and pro forma rates of return in Fontana Water Company division for the twelve months ending February 28, 2011. The pro forma rate of return is calculated in accordance with guidelines provided by the Commission's Water Division staff.

Recorded	5.33%
Authorized	9.25%
Pro Forma	8.74%

The tariff schedules reflecting the Escalation Increase are attached hereto. San Gabriel has provided workpapers supporting the recorded and pro forma rates of return set forth herein, as well as the calculation of the proposed rates, to the Commission's Water Division staff for their review as required by the Decision.

In accordance with the requirements of Water Industry Rule 4.1 of General Order No. 96-B, this advice letter is being sent to the parties listed on the attached distribution list. No other parties have requested notification of tariff filings related to the Fontana Water Company division. No further public notice is required because all public notices in connection with Application No. 08-07-009 have already been mailed to the customers or published in accordance with applicable law and Commission rules.

**Conclusion**

San Gabriel requests processing by the Commission's Division of Water and Audits so the proposed rates will become effective on July 1, 2011, as provided in Ordering Paragraph No. 4 of D.09-06-027. Thank you for your assistance in processing this advice letter.

San Gabriel Valley Water Company



Daniel A. Dell'Osa  
Director of Rates and Revenue

c: James Boothe, CPUC – Division of Water and Audits  
Hani Moussa, CPUC – Water Branch, DRA  
Danilo Sanchez, CPUC – Water Branch, DRA

**SCHEDULE NO. FO-1**  
Fontana Water Company  
**GENERAL METERED SERVICE**

**APPLICABILITY**

Applicable to all metered water service, except for those Residential customers required to be served under Schedule FO-1C.

**TERRITORY**

Portions of Fontana, Rancho Cucamonga, Rialto, and vicinity, San Bernardino County.

**RATES**

Quantity Rates:

For all water used, per 100 cu. ft. .... \$ 2.2903 (I)

Per Meter  
Per Month

Service Charges:

For 5/8 x 3/4-inch meter .....	\$ 19.16	(I)
For 3/4-inch meter .....	28.74	
For 1-inch meter .....	47.90	
For 1-1/2-inch meter .....	95.80	
For 2-inch meter .....	153.25	
For 3-inch meter .....	287.40	
For 4-inch meter .....	479.00	
For 6-inch meter .....	960.00	
For 8-inch meter .....	1,530.00	
For 10-inch meter .....	2,200.00	
For 12-inch meter .....	3,160.00	

(continued)

(To be inserted by utility)

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Advice Letter No. 399

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Decision No. 09-06-027

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**SCHEDULE NO. FO-1**  
**Fontana Water Company**  
**GENERAL METERED SERVICE**  
*(continued)*

**RATES** (continued)

	<u>Per Battery</u> <u>Per Month</u>	
For two 2-inch meters .....	\$ 307.00	(I)
For three 2-inch meters .....	460.00	
For four 2-inch meters .....	613.00	
For two 3-inch meters .....	575.00	
For two 4-inch meters .....	958.00	
For one 8-inch meter, two 2-inch meters .....	1,840.00	
For two 8-inch meters .....	3,060.00	(I)

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is added to the quantity charge computed at the Quantity Rates.

**SPECIAL CONDITIONS**

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.

(To be inserted by utility)

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**SCHEDULE NO. FO-1C**  
Fontana Water Company  
**GENERAL METERED SERVICE - CONSERVATION RATES**

**APPLICABILITY**

Applicable to all metered Residential customers, excluding apartments, trailer parks, and any other facility in which Residential customers receive service through a master meter.

**TERRITORY**

Portions of Fontana, Rancho Cucamonga, Rialto, and vicinity, San Bernardino County.

**RATES**

Quantity Rates:

For the first 16 Ccf of water used, per 100 cu. ft.....	\$ 2.3529	(I)
For all Ccf greater than 16 Ccf, per 100 cu. Ft.....	\$ 2.7057	(I)

**Per Meter  
Per Month**

Service Charges:

For 5/8 x 3/4-inch meter .....	\$ 15.85	(R)
For 3/4-inch meter .....	23.77	
For 1-inch meter.....	39.62	
For 1-1/2-inch meter .....	79.28	
For 2-inch meter.....	126.81	
For 3-inch meter.....	237.74	

**SPECIAL CONDITIONS**

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.

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**SCHEDULE NO. FO-4**  
Fontana Water Company  
**PRIVATE FIRE SERVICE**

**APPLICABILITY**

Applicable to water service furnished to private fire systems and to private fire hydrants.

**TERRITORY**

Portions of Fontana, Rancho Cucamonga, Rialto and vicinity, San Bernardino County.

**RATE**

Per Service  
Per Month

For each inch of diameter of service connection..... \$12.44

(I)

**SPECIAL CONDITIONS**

1. The customer will pay, without refund, the entire cost of the private fire service facilities.
2. The private fire service facilities shall be installed by the utility or under the utility's direction and shall be the sole property and subject to the control of the utility, with the right to alter, repair, replace and the right to remove upon discontinuance of service.
3. The minimum diameter for the private fire service connection will be 4-inches. The maximum diameter shall not be larger than the diameter of the water main to which the private fire service facilities are attached unless said main is circulating, in which case with the approval of the utility the maximum diameter may be larger by not more than 2-inches than the diameter of said circulating main.
4. If a water main of adequate size is not available adjacent to the premises to be served, then a new main from the nearest existing main of adequate size will be installed by the utility at the cost of the customer. Such cost shall not be subject to refund.
5. The private fire service facilities will include a detector check valve or other similar device acceptable to the utility which will indicate the use of water. The facilities may be located within the customer's premises or within public right of way adjacent thereto. Where located within the premises, the utility and its duly authorized agents shall have the right of ingress to and egress from the premises for all purposes related to said facilities. In the event the installation is solely a private fire hydrant facility, the requirement for a detector check valve or other similar device may be waived.

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**SCHEDULE NO. FO-9C**  
Fontana Water Company  
**CONSTRUCTION AND TANK TRUCK SERVICE**

**APPLICABILITY**

Applicable to temporary water service furnished for construction purposes and for water delivered to tank trucks from fire hydrants or other outlets.

**TERRITORY**

Portions of Fontana, Rancho Cucamonga, Rialto and vicinity, San Bernardino County.

**RATE**

**Unit Rates**

For sidewalk construction, per 100 sq. feet.....	\$0.9797	(I)
For street curb construction, per 100 lineal feet.....	1.959	(I)
For trench settling, per lineal foot of section of trench 2 feet by 4 feet .....	0.083	(I)
For sprinkling subgrade of street and roadway construction in application of oil or any form of patented oil paving or surfacing, or for rolling and settling subgrade, per 3,000 square feet of roadway.....	13.76	(I)
For compaction of fill, per cubic yard of fill material.....	0.124	(I)
For water delivered to tank wagon or truck, per 100 gallons.....	0.319	(I)

**MINIMUM CHARGE**

For any service rendered under this schedule..... \$49.30 (I)

**SPECIAL CONDITIONS**

1. An applicant wishing to obtain water deliveries under this schedule must first obtain a written permit from the utility.
2. Where water is to be obtained from a public fire hydrant, a permit must be obtained from the fire protection district or other public agency having jurisdiction.
3. For other temporary uses the quantity of water used shall be estimated or metered by the utility. Charges for such water shall be at the quantity rate for General Metered Service applicable to the tariff area within which the water is delivered.
4. An applicant for service under this schedule must pay the utility in advance the net cost of installing and removing any facilities necessary to provide such service.

(continued)

(To be inserted by utility)

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**SCHEDULE NO. FO-9CL**  
Fontana Water Company  
**SERVICE TO TRACT HOUSES DURING CONSTRUCTION**

**APPLICABILITY**

Applicable to water service for house construction where houses are being constructed as part of a real estate development.

**TERRITORY**

Portions of Fontana, Rancho Cucamonga, Rialto and vicinity, San Bernardino County

**RATES**

For each lot for the construction period . . . \$16.86 (I)

**SPECIAL CONDITIONS**

1. This service is available only to real estate developers or builders who make application prior to installation of mains and services and who undertake the construction of houses as part of the development. At its option the utility may provide the service if application is made after mains and services have been installed.
2. Water service under this tariff schedule is only to be used for house construction. It does not include water use for landscaping or other tract improvement work.
3. When each house passes final inspection water service under this schedule will be terminated.
4. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.

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**SCHEDULE NO. FO-CARW**  
**Fontana Water Company**  
**CALIFORNIA ALTERNATIVE RATES FOR WATER**

**APPLICABILITY**

Applicable to residential domestic service to CARW households with a 1-inch or smaller meter, where the customer meets all the Special Conditions of this rate schedule.

**TERRITORY**

Portions of Fontana, Rancho Cucamonga, Rialto, and vicinity, San Bernardino County.

**RATES**

	Per Meter	
	<u>Per Month</u>	
Quantity Rates (General):		
For all water used, per 100 cu. ft. ....	\$2.2903	(I)
Quantity Rates (Conservation):		
For the first 16 Ccf used, 100 cu. ft. ....	\$2.3539	(I)
For all Ccf greater than 16 Ccf per month, per 100 cu. ft. ....	\$2.7057	(I)
Service Charges:		
	<u>General</u>	<u>Conservation</u>
For 5/8 x 3/4-inch meter.....	\$ 9.58	\$6.27 (I)(R)
For 3/4-inch meter.....	14.37	9.40 (I)(R)
For 1-inch meter.....	23.95	15.67 (I)(R)

**SPECIAL CONDITIONS**

1. CARW Household: A CARW Household is a household where the total gross income from all sources is less than shown on the table below based on the number of persons in the household. Total gross income shall include income from all sources, both taxable and non-taxable. Persons who are claimed as dependent on another person's income tax return are not eligible for this program.

<u>No. of Persons In Household</u>	<u>Total Gross Annual Income</u>	
1 or 2	\$31,800	(C)
3	\$37,400	
4	\$45,100	
5	\$52,800	
6	\$60,500	(C)

For households with more than six persons, add \$7,700 annually for each additional person residing in the household. (C)

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**PRELIMINARY STATEMENT**

(Continued)

**G. California Alternative Rates for Water (CARW) Memorandum Account For The Fontana Water Company Division**

1. Purpose: The purpose of the memorandum account is to track the costs of the program against the estimates reflected in rates, until sufficient experience with the CARW program is attained that such costs can be reliably forecast in a general rate case proceeding.

2. The following entries will be made monthly to the CARW memorandum Account in the Fontana Water Company division:

a. The recorded reduction in billed Service Charge revenues for service provided under Schedule No. FO-CARW (debit).

b. Franchise fees and uncollectible account expense, based on 2a above and the CPUC-adopted rates for franchise fees and uncollectible accounts expense (credit).

c. CARW program costs of performing incremental activities which would not have been incurred absent the CARW program and which have not been reflected in authorized rates (debit).

d. One-twelfth of the annual CPUC-adopted revenue reduction for the CARW program as reflected in rates (credit)<sup>1</sup>. These CPUC-adopted amounts are as follows:

<u>Effective</u>	<u>Annual Amount</u>	
July 2005	\$1,505,925	
April 2006	\$646,919	
May 2007	\$752,902	
July 2007	\$859,980	
January 2008	\$967,633	
July 2009	\$1,004,712	
July 2010	\$1,114,417	
October 28, 2010	\$1,108,002	
January 2011	\$1,105,407	
July 2011	\$1,142,363	(N)

The above amounts will be proportionately adjusted when monthly service charges change.

e. Monthly interest expense calculated at 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3-month), published in the Federal Reserve Statistical Release, H.15 (<http://www.federalreserve.gov/releases/H15/data/m/cp3m.text>), or its successor publication (debit or credit).

3. The memorandum account will terminate when so ordered in a CPUC general rate case decision, at which time any remaining debit (undercollection) or credit (overcollection) balance will be amortized through a rate surcharge or surcredit.

<sup>1</sup> CPUC D.05-05-015 describes this item as a "debit" at page 5 of the decision. After further review, the company finds that this item will regularly be a credit, so it is being described as such in this tariff sheet..

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**PRELIMINARY STATEMENT**

(Continued)

**J. Water Revenue Adjustment Mechanism (WRAM) Memorandum Account For Fontana Water Company Division**

1. Purpose: The purpose of this memorandum account is to track the Quantity Rate revenues collected under Schedule FO-1C tiered rates against the revenues that would have been collected under a single block Quantity Rate.
2. The following entries will be made monthly to the WRAM memorandum Account in the Fontana Water Company division:
  - a. The recorded revenues collected through the tiered Quantity Rate under Schedule No. FO-1C (debit).
  - b. The calculated revenues that would have been collected under a single block Quantity Rate for the same water usage as in 2a above (credit).
  - c. The CPUC-adopted Quantity Rates (\$/Ccf) to be used in calculating the revenues for 2a and 2b above are as follows:

<u>Effective Date</u>	<u>Single Block Rate</u>	0-16 Ccf/mo. Over 16 Ccf/mo.	
		<u>Tier 1 Rate</u>	<u>Tier 2 Rate</u>
July 1, 2010	\$2.2775	\$2.1396	\$2.4604
October 28, 2010	\$2.2644	\$2.1273	\$2.4462
January 1, 2011	\$2.3980	\$2.2527	\$2.5906
July 1, 2011	\$2.5046	\$2.3529	\$2.7057

(I)

- d. Franchise fees and uncollectible account expense, based on the net of 2a and 2b above, and the CPUC-adopted rates for franchise fees and uncollectible expenses.
- e. Monthly interest calculated at 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3-month), published in the Federal Reserve Statistical Release, H.15 (<http://www/federalreserve.gov/releases/H15/data/m/cp3m.txt>), or its successor publication.
3. The balance in the memorandum account shall be amortized by a Tier 1 advice letter whenever the balance exceeds 2% of the authorized revenue requirement for the preceding calendar year. If the balance is below 2%, San Gabriel shall propose its amortization in a general rate case.
4. The memorandum account will terminate when so ordered in a CPUC general rate case decision, at which time any remaining debit (undercollection) or credit (overcollection) balance will be amortized through a rate surcharge or surcredit.

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The following listed tariff sheets contain all effective rates and rules affecting the rates and services of the utility, together with information relating thereto:

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General Metered Service - Conservation	FO-1C	2019-W
Private Fire Service	FO-4	2020-W 1087-W 1476-W
Construction and Tank Truck Service	FO-9C	2021-W 1516-W (C)
Service to Tract Houses During		
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California Alternative Rates For Water	FO-CARW	2011-W 1990-W
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