

SAN GABRIEL VALLEY WATER COMPANY

November 15, 2010

Advice Letter 390

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

<u>CPUC Sheet No.¹</u>	<u>Title</u>	<u>Schedule No.</u>	<u>Canceling CPUC Sheet No.</u>
	General Metered Service	FO-1	1948-W
	General Metered Service (cont.)	FO-1	1936-W
	General Metered Service Conservation Rates	FO-1C	1960-W
	Private Fire Service	FO-4	1942-W
	Construction and Tank Truck Service	FO-9C	1937-W
	Service to Tract Houses during Construction	FO-9CL	1938-W
	California Alternative Rates for Water	FO-CARW	1959-W
	California Alternative Rates for Water (cont.)	FO-CARW	1907-W
	Preliminary Statement (cont.)	N/A	1940-W
	Preliminary Statement (cont.)	N/A	1951-W
	Table of Contents	N/A	

An original and four copies of this advice letter are submitted in compliance with Ordering Paragraph Nos. 20 and 24 of Decision No. 09-06-027, dated June 18, 2009, in Application No. 08-07-009 to reflect in rates \$885,300 of additional Facilities Fees revenues recorded in the Facilities Fees memorandum account. Approval of this advice letter will decrease the adopted annual revenue requirement on January 1, 2011 by \$143,555 or 0.24%. The proposed rate change will cause the monthly bill of the typical residential customer to decrease by \$0.16 or 0.23% from \$69.98 to \$70.14. This advice letter is designated as a Tier 2 Rate Base Offset filing in accordance with Commission Resolution W-4749 and does not require a Commission Resolution for approval.

¹ "...all Tier 2 and Tier 3 advice letters from this moment on, do not file numbered tariff sheets with the advice letter. After approval, you will supplement the tariffs with properly numbered tariff sheets." Fred Curry's email dated April 27, 2009.

Purpose and Background

In the last general rate case for this Division (D.09-06-027 in A.08-07-009), the Commission ordered:

- 20. San Gabriel Valley Water Company is authorized to file a ratebase offset advice letter to incorporate total Sandhill Water Treatment Plant Cost of \$40,307,114.
- 24. San Gabriel Valley Water Company is authorized to continue to file advice letters to adjust rates for facilities fees revenues.

Discussion

Present rates became effective on July 1, 2010 through Advice Letter 383-B. Advice Letter 378, effective January 1, 2010, reflected in rates the authorized \$40,307,114 of investment in the Sandhill Surface Water Treatment Plant upgrade project and the offsetting facilities fees recorded through September 2009. As of September 2010, the recorded capital cost is \$40,952,007.

The following summarizes the proposed change to Rate Base:

Adopted Cost of Sandhill Treatment Plant	\$40,307,114
Investment already in rates	<u>(\$40,307,114)</u>
Additional Investment for this advice letter	\$0
Less: Facilities Fees collected (since AL 378)	<u>(\$885,300)</u>
Net Decrease to Rate Base	<u>(\$885,300)</u>

Workpapers supporting the revised revenue requirement and rate design have been provided to Water Division for review. The decrease to rate base produces a \$143,555 or 0.24% decrease to the \$60,800,000 revenue requirement adopted in Advice Letter No. 383-B. The proposed rates were designed in conformance the Commission's Water Rate Design Policy adopted in D.86-05-064, as modified by D.10-04-031 adopting tiered conservation rates for Residential customers. It should be noted that San Gabriel will be submitting a Tier 1 advice letter to revise its cost of capital in compliance with D.10-10-035. Because that rate change will become effective prior to January 1, 2011, the calculations presented in this advice letter will need to be updated.

Notice of Rate Change

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. In accordance with Water Industry Rule 3.3 of General Order

96-B, San Gabriel will also post this advice letter on its website www.fontanawater.com. No further public notice is required because all public notices in connection with Application No. 08-07-009 have already been mailed to customers or published in accordance with applicable law and Commission rules.

Protest and Responses

Anyone may respond to or protest this advice letter. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds are:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require re-litigating a prior order of the Commission.)

A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

A response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
water_division@cpuc.ca.gov

November 15, 2010

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to us, addressed to:

San Gabriel Valley Water Company, 11142 Garvey Avenue, El Monte, CA 91733,
(626) 448-6183, FAX (626) 448-5530, or email dadellosa@sgvwater.com

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division, within the 20 day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

Conclusion

Pursuant to Ordering Paragraph No. 3 of D.07-04-046 as extended by Ordering Paragraph No. 24 of D.09-06-027, San Gabriel requests processing by the Commission's Water and Audit Division so the rates proposed herein will become effective on January 1, 2011. Thank you for your assistance in processing this advice letter.

San Gabriel Valley Water Company



Daniel A. Dell'Osa
Director of Rates and Revenue

cc: James Booth, CPUC – Water and Audit Division
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. \$ 2.1485 (R)

Per Meter
Per Month

Service Charges:

For 5/8 x 3/4-inch meter	\$ 18.65	(R)
For 3/4-inch meter.....	27.97	(R)
For 1-inch meter.....	46.62	(R)
For 1-1/2-inch meter	93.23	(R)
For 2-inch meter.....	149.10	(R)
For 3-inch meter.....	279.74	(R)
For 4-inch meter.....	466.20	(R)
For 6-inch meter.....	928.00	
For 8-inch meter.....	1,496.00	(R)
For 10-inch meter.....	2,145.00	(R)
For 12-inch meter.....	3,073.00	

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 390

R. W. Nicholson

Date Filed _____

Decision No. 09-06-027

NAME

Effective _____

President

TITLE

Resolution No. _____

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	\$ 298.00	(R)
For three 2-inch meters	447.00	(R)
For four 2-inch meters	597.00	(R)
For two 3-inch meters	560.00	(R)
For two 4-inch meters	933.00	(R)
For one 8-inch meter, two 2-inch meters	1,796.00	(R)
For two 8-inch meters	2,993.00	(R)

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

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

(D)
(D)

(To be inserted by utility)

Issued by

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

Advice Letter No. 390

R. W. Nicholson

Date Filed _____

Decision No. 09-06-027

NAME

Effective _____

President

TITLE

Resolution No. _____

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.	\$ 2.1345	(R)
For all Ccf greater than 16 Ccf, per 100 Cu. Ft.	\$ 2.4546	(R)

**Per Meter
Per Month**

Service Charges:

For 5/8 x 3/4-inch meter	\$ 16.73	(R)
For 3/4-inch meter.....	25.12	
For 1-inch meter.....	41.85	
For 1-1/2-inch meter	83.68	
For 2-inch meter.....	133.83	
For 3-inch meter.....	251.09	(R)

SPECIAL CONDITIONS

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

(To be inserted by utility)

Issued by

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

Advice Letter No. 390

R. W. Nicholson

Date Filed _____

Decision No. 09-06-027

NAME

Effective _____

President

TITLE

Resolution No. _____

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 \$12.31 (R)

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.

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 390

R. W. Nicholson

Date Filed _____

Decision No. 09-06-027

NAME

Effective _____

President

TITLE

Resolution No. _____

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	\$ 0.954	(R)
For street curb construction, per 100 lineal feet.....	1.902	(R)
For trench settling, per lineal foot of section of trench 2 feet by 4 feet.....	0.082	
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	13.39	(R)
For compaction of fill, per cubic yard of fill material	0.121	
For water delivered to tank wagon or truck, per 100 gallons	0.315	(R)
 MINIMUM CHARGE		
For any service rendered under this schedule	\$47.99	(R)

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)

Issued by

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

Advice Letter No. 390

R.W. Nicholson

Date Filed _____

Decision No. 09-06-027

NAME

Effective _____

President

TITLE

Resolution No. _____

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 . . . \$16.50

(R)

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.

(To be inserted by utility)

Issued by

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

Advice Letter No. 390

R.W. Nicholson
NAME

Date Filed _____

Decision No. 09-06-027

President
TITLE

Effective _____

Resolution No. _____

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

APPLICABILITY

Applicable to residential domestic service to CARW households accommodation 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

	<u>Per Meter</u>		
	<u>Per Month</u>		
Quantity Rates (General):			
For all water used, per 100 cu. ft.	\$2.1485		(R)
Quantity Rates (Conservation):			
For the first 16 Ccf used, 100 cu. ft.	\$2.1345		(R)
For all Ccf greater than 16 Ccf per month, per 100 cu. ft.	\$2.4546		(R)
Service Charges:			
	<u>General</u>	<u>Conservation</u>	
For 5/8 x 3/4-inch meter.....	\$ 9.33	\$7.40	(R)
For 3/4-inch meter.....	13.99	11.13	(R)
For 1-inch meter.....	23.31	18.54	(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</u> <u>In Household</u>	<u>Total Gross</u> <u>Annual Income</u>
1 or 2	\$31,300
3	\$36,800
4	\$44,400
5	\$52,000
6	\$59,600

For households with more than six persons, add \$7,600 annually for each additional person residing in the household.

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 390

R.W. Nicholson
NAME

Date Filed _____

Decision No. 09-06-027

President
TITLE

Effective _____

Resolution No. _____

SCHEDULE NO. FO-CARW
Fontana Water Company
CALIFORNIA ALTERNATIVE RATES FOR WATER
(continued)

SPECIAL CONDITIONS (continued)

2. Application and Eligibility Declaration: An application and eligibility declaration on a form authorized by the Commission is required for each request for service under this schedule. Renewal of a customer's eligibility declaration will be required every two years and may be required on an annual basis. Customers are only eligible to receive service under this rate schedule at one residential location at any one time, and the rate applies only to the customer's permanent primary residence. The schedule is not applicable where, in the opinion of the Utility, either the accomodation or the occupancy is transitory.
3. Commencement of Rate: Eligible customers shall be billed on this schedule commencing no later than one billing period after receipt and approval of the customer's application by the Utility.
4. Verification: Information provided by the applicant is subject to verification by the Utility. Refusal or failure of a customer to provide documentation of eligibility acceptable to the Utility, upon the request of the Utility, shall result in removal from this rate schedule.
5. Notice from Customer: It is the customer's responsibility to notify the Utility if there is a change in the customer's eligibility status.
6. Customers may be re-billed for periods of ineligibility under the applicable rate schedule.
7. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.

(D)

(D)

(To be inserted by utility)

Issued by

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

Advice Letter No. 390

R. W. Nicholson

Date Filed _____

Decision No. 09-06-027

NAME

Effective _____

President

TITLE

Resolution No. _____

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)¹. 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	
January 2011	\$1,111,786	(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.

¹ 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..

(To be inserted by utility)

Issued by

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

Advice Letter No. 390

R. W. Nicholson

Date Filed _____

Decision No. 09-06-027

NAME

Effective _____

President

Resolution No. _____

TITLE

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	
January 1, 2011	\$2.2721	\$2.1345	\$2.4546 (N)	

- 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.

(To be inserted by utility)

Issued by

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

Advice Letter No. 390

R. W. Nicholson

Date Filed _____

Decision No. 09-06-027

NAME

Effective _____

President

TITLE

Resolution No. _____