

# SAN GABRIEL VALLEY WATER COMPANY

November 29, 2010

Advice Letter 392

U337W

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

San Gabriel Valley Water Company ("San Gabriel") hereby submits one original and four copies of the following proposed changes in tariff sheets applicable to its Fontana Water Company Division:

<u>CPUC Sheet No.</u>	<u>Title</u>	<u>Canceling Schedule No.</u>	<u>CPUC Sheet No.</u>
1983-W	General Metered Service	FO-1	1948-W
1984-W	General Metered Service (continued)	FO-1	1936-W
1985-W	General Metered Service - Conserv. Rates	FO-1C	1960-W
1986-W	Private Fire Service	FO-4	1942-W
1987-W	Construction and Tank Service	FO-9C	1937-W
1988-W	Service to Tract Houses	FO-9CL	1938-W
1989-W	Cal. Alternative Rates for Water (CARW)	FO-CARW	1959-W
1990-W	Cal. Alter. Rates for Water (CARW)(cont.)	FO-CARW	1907-W
1991-W	Preliminary Statement (cont.)	N/A	1951-W
1992-W	Preliminary Statement (cont.)	N/A	1851-W
1993-W	Table of Contents	N/A	1981-W

### Purpose

In accordance with Ordering Paragraph No. 13 in Decision No. ("D") 10-10-035 dated October 28, 2010, San Gabriel submits this advice letter to implement rates reflecting the revised cost of capital, resulting in an overall \$350,000 or 0.6% reduction in revenue requirement. This advice letter is submitted in accordance with General Order No. 96-B. **This advice letter is designated as Tier 1 and therefore is effective immediately upon submittal.**

### Background

The present rates in the Fontana Water Company Division became effective through Advice Letters 383-B (Step Increase) and 385 (Conservation Rates) on July 1, 2010. On

October 28, 2010, the Commission issued D.10-10-035 in Application 09-05-004 and other consolidated applications, in which the relevant Ordering Paragraphs are as follows:

12. *San Gabriel [Valley] Water Company's cost of capital for its base year 2010 operations is as follows:*

<b>San Gabriel [Valley] Water Company Adopted Base Year 2010—A.09-05-004</b>			
	<b>Ratio</b>	<b>Cost</b>	<b>Weighted Cost</b>
Debt	36%	7.56%	2.72%
Equity	64%	10.20%	6.53%
	100%		9.25%

13. *San Gabriel [Valley] Water Company must file a Tier 1 advice letter to implement the rate changes to reflect the change in the 2010 cost of capital of 9.25%.*
18. *All advice letters required to implement the 2010 base year rate of return adopted in this decision must be filed within 30 days of this order. The rate changes to reflect the change in cost of capital shall be effective on January 1, 2010, as authorized by Decision 09-12-019, subject to the individual determination by the Commission's Division of Water and Audits that the advice letters are in compliance with this decision.*

At page 68 of D.10-10-035, the effective date of the rate change for San Gabriel is clarified as follows:

*San Gabriel chose not to establish a 2010 Cost of Capital Memorandum Account authorized by D.09-12-019 and therefore it need not make any rate change adjustments before the effective date of this decision, and appropriate changes have been made in this decision.*

Workpapers supporting the proposed rates have been provided to the Division of Water and Audits for review. These workpapers show an adopted revenue requirement of \$60,800,000 for the previously authorized 9.32% return on rate base. The 9.25% return on rate base adopted in D.10-10-035 results in a revenue requirement of \$60,450,000, a reduction of \$350,000 or

0.6%. To implement this reduction, San Gabriel has proportionally reduced each component of its present rates (other than Schedule FO-CARW) by 0.6%. For example, under Schedule No. FO-1, the Quantity Rate is reduced from \$2.1536/Ccf to \$2.1412/Ccf while the Monthly Service Charge for a 5/8" x 3/4" meter is reduced from \$18.69 to \$18.58. Schedule No. FO-CARW was revised to maintain the required discounts for qualified low-income customers.

Under the proposed rates, the monthly bill for a typical Residential customer on Schedule No. FO-1C, 5/8" x 3/4" meter and using 23 Ccf, will be reduced from \$68.22 to \$67.83, a reduction of \$0.39 or 0.6%.

### **Notice and Service**

Distribution of this advice letter is being made to the attached service list in accordance with Water Industry Rule 4.1 of General Order No. 96-B. 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 to its website.

### **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 relitigating a prior order of the Commission.)

November 29, 2010

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

Tariff Unit, Division of Water and Audits, 3<sup>rd</sup> floor  
California Public Utilities Commission,  
505 Van Ness Avenue, San Francisco, CA 94102  
[water\\_division@cpuc.ca.gov](mailto:water_division@cpuc.ca.gov)

On the same date the response or protest is submitted to the Division of Water and Audits, the respondent or protestant shall send a copy of the protest by mail to us, addressed to:

San Gabriel Valley Water Company  
Director, Rates and Revenue  
11142 Garvey Avenue  
El Monte, CA 91733  
FAX: (626)448-5530 or  
E-mail [dadellosa@sgvwater.com](mailto:dadellosa@sgvwater.com)

The advice letter process does not provide for any responses, protests or comments, except for the utility's reply, after the 20-day comment period.

Replies: The utility shall reply to each protest and may reply to any response. Each reply must be received by the Division of Water and Audits within 5 business days after the end of the protest period, and shall be served on the same day to the person who filed the protest or response.

If you have not received a reply to your protest within 10 business days, contact the undersigned person at (626) 448-6183.

Very truly yours,



Daniel A. Dell'Osa  
Director of Rates and Revenue

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

**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. .... \$ 2.1412 (R)

Per Meter  
Per Month

Service Charges:

For 5/8 x 3/4-inch meter .....	\$ 18.58	(R)
For 3/4-inch meter.....	27.88	
For 1-inch meter.....	46.46	
For 1-1/2-inch meter .....	92.91	
For 2-inch meter.....	148.59	
For 3-inch meter.....	278.79	
For 4-inch meter.....	464.61	
For 6-inch meter.....	924.65	
For 8-inch meter.....	1,491.37	
For 10-inch meter.....	2,137.62	
For 12-inch meter.....	3,062.27	(R)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 392

R.W. Nicholson

Date Filed \_\_\_\_\_

Decision No. 10-10-035

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 .....	\$ 297.28	(R)
For three 2-inch meters .....	445.42	
For four 2-inch meters .....	594.56	
For two 3-inch meters .....	557.77	
For two 4-inch meters .....	929.62	
For one 8-inch meter, two 2-inch meters .....	1,789.64	
For two 8-inch meters .....	2,982.73	(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)

(To be inserted by utility)

Issued by

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

Advice Letter No. 392

R.W. Nicholson

Date Filed \_\_\_\_\_

Decision No. 10-10-035

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. ....	\$ 2.1273	(R)
For all Ccf greater than 16 Ccf, per 100 Cu. Ft. ....	\$ 2.4462	(R)

**Per Meter**  
**Per Month**

Service Charges:

For 5/8 x 3/4-inch meter .....	\$ 16.67	(R)
For 3/4-inch meter.....	25.04	
For 1-inch meter.....	41.71	
For 1-1/2-inch meter .....	83.40	
For 2-inch meter.....	133.38	
For 3-inch meter.....	250.23	

(To be inserted by utility)

Issued by

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

Advice Letter No. 392

R. W. Nicholson

Date Filed \_\_\_\_\_

Decision No. 10-10-035

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 ..... \$12.27

(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. 392

R.W. Nicholson

Date Filed \_\_\_\_\_

Decision No. 10-10-035

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 .....	\$ 0.950	(R)
For street curb construction, per 100 lineal feet.....	1.900	(R)
For trench settling, per lineal foot of section of trench 2 feet by 4 feet.....	0.080	(R)
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 .....	13.34	(R)
For compaction of fill, per cubic yard of fill material .....	0.120	(R)
For water delivered to tank wagon or truck, per 100 gallons .....	0.310	(R)
 <b>MINIMUM CHARGE</b>		
For any service rendered under this schedule .....	\$47.82	(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. 392

R.W. Nicholson

Date Filed \_\_\_\_\_

Decision No. 10-10-035

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 . . . \$16.44

(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)

Advice Letter No. 392

Decision No. 10-10-035

*Issued by*

R. W. Nicholson

NAME

President

TITLE

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

Date Filed \_\_\_\_\_

Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_

**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. (T)

**TERRITORY**

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

**RATES**

	<u>Per Meter</u>		
	<u>Per Month</u>		
<b>Quantity Rates (General):</b>			
For all water used, per 100 cu. ft. ....	\$2.1412		(R)
<b>Quantity Rates (Conservation):</b>			
For the first 16 Ccf used, 100 cu. ft. ....	\$2.1273		(R)
For all Ccf greater than 16 Ccf per month, per 100 cu. ft. ....	\$2.4462		(R)
<b>Service Charges:</b>			
	<u>General</u>	<u>Conservation</u>	
For 5/8 x 3/4-inch meter.....	\$ 9.30	\$7.38	(R)
For 3/4-inch meter.....	13.94	11.10	(R)
For 1-inch meter.....	23.24	18.47	(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. 392

R.W. Whitehead

Date Filed \_\_\_\_\_

Decision No. 10-10-035

NAME

Effective \_\_\_\_\_

President

TITLE

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)

(To be inserted by utility)

Issued by

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

Advice Letter No. 392

R.W. Nicholson

Date Filed \_\_\_\_\_

Decision No. 10-10-035

NAME

Effective \_\_\_\_\_

President

TITLE

Resolution No. \_\_\_\_\_

**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>	<u>0-16 Ccf/mo. Tier 1 Rate</u>	<u>Over 16 Ccf/mo. Tier 2 Rate</u>	
July 1, 2010	\$2.2775	\$2.1396	\$2.4604	
November 29, 2010	\$2.2644	\$2.1273	\$2.4462	(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. 392

R.W. Nicholson

Date Filed \_\_\_\_\_

Decision No. 10-10-035

NAME

Effective \_\_\_\_\_

President

TITLE

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT**  
**(Continued)**

**F. California Alternative Rates for Water (CARW) Memorandum Accounts For Los Angeles County Division**

1. Purpose: The purpose of the memorandum account in each division 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 Los Angeles County division:

a. The recorded reduction in billed Service Charge revenues for service provided under Schedule No. LA-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	\$1,742,401	
April 2006	\$694,789	
July 2006	\$787,269	
July 2007	\$807,284	
July 2008	\$834,210	
November 2010	\$834,379	(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.txt>), or its successor publication (debit or credit).

3. The memorandum accounts 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.

(To be inserted by utility)

Issued by

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

Advice Letter No. 392

M. L. Whitehead

Date Filed \_\_\_\_\_

Decision No. 10-10-035

NAME

Effective \_\_\_\_\_

President

TITLE

Resolution No. \_\_\_\_\_

