

# SAN GABRIEL VALLEY WATER COMPANY

December 30, 2010

Advice Letter No. 393

U337W

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

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

CPUC		Schedule	Canceling
<u>Sheet No.</u>	<u>Title</u>	<u>No.</u>	<u>Sheet No.</u>
2004-W	General Metered Service	FO-1	1994-W
2005-W	General Metered Service Conservation	FO-1C	1996-W
2006-W	California Alternative Rate for Water	FO-CARW	2000-W
2007-W	Preliminary Statement (WRAM)	N/A	2002-W
2008-W	Table of Contents	N/A	2003-W

This water supply **expense offset** filing increases revenues in San Gabriel's Fontana Water Company division by \$2,651,840 or 4.4% to offset increases in water costs and groundwater pumping assessments. In accordance with Water Industry Rule 7.3 as modified by Resolution W-4664 and Water Industry Rule 8.4 of General Order 96-B, **this filing is designated Tier 1** and the enclosed rates are requested to be made effective January 1, 2011.

### Purpose and Background

Water supply sources for San Gabriel's Fontana Water Company division ("Fontana") come mainly from Lytle Creek Surface water, Non-Chino Basin wells, Chino Basin Wells, and untreated water from the State Water Project. Fontana's water rights are obtained from San Gabriel's 39.74% ownership in Fontana Union Water Company

("Union"). Each water year begins July 1 and ends June 30 of the following year. Cucamonga Valley Water District ("CVWD") charges Fontana for water produced from Lytle Creek surface water and Non-Chino Basin wells that exceeds San Gabriel's share of Union's rights at 85% of the rates then in effect for the Metropolitan Water District of Southern California's ("MWD") Tier 2, as adopted by MWD's local sub-agency, the Inland Empire Utilities Agency ("IEUA").

Fontana's production of groundwater from its wells in the Chino Basin requires the company to lease water rights at the prevailing rate or pay replenishment assessments levied by Chino Basin Watermaster. Chino Basin Watermaster's rate for untreated groundwater replenishment is based on the MWD/IEUA untreated Tier 2 rate.

#### **Changes in Water Costs**

MWD/IEUA's untreated Tier 2 rate for untreated groundwater replenishment has increased from \$380.00 per AF to \$541.00 per AF effective July 1, 2010. Beginning on January 1, 2011, MWD/IEUA's untreated Tier 2 rate will increase from \$606.00 to \$664.00 for State Project Water delivered to Fontana's water treatment plant. CVWD charges 85% of \$664.00 or \$564.40 per AF for water produced from Lytle Creek surface water and Non-Chino Basin wells in excess of San Gabriel's share of Union's rights. Leased water has increased from \$184.03 per AF to \$400 per AF. In October 2010 Watermaster increased the Administrative Assessment from \$7.19 to \$7.40 per AF, the Appropriative Pool & 85/15 Assessment from \$12.46 to \$14.90 per AF, and the Land Use Conversion Assessment was reduced from \$32.49 to \$30.89 per AF. Watermaster also decreased the OBMP Assessment from \$44.02 to \$42.01 per AF. Finally, the IEUA Assessment on active meters has increased from \$9.18 to \$12.90, effective July 1, 2010.

The water supply costs and assessments currently reflected in rates were adopted in D.09-06-027 in A.08-07-009 and as modified by Advice Letter 380 dated February 12, 2010. For this advice letter, the rates proposed in Advice Letter 390-A that are scheduled to become effective on January 1, 2011 are designated as "Present Rates".

The impact of these changes to water cost increases the adopted expense from \$11,648,555 to \$14,273,073 and increases the revenue requirement of \$60,308,399 proposed in Advice Letter 390-A by \$2,651,840 or 4.4%. The proposed rates submitted with this advice letter raise the monthly bill of the typical residential customer (5/8" x 3/4" meter and 23 Ccf) served under Conservation Rate Schedule FO-1C by \$3.13 or 4.6% from \$67.67 to \$70.80. San Gabriel has furnished the Commission's Division of Water and Audits staff with two copies of workpapers providing detailed support for the proposed increase.

The matters addressed in this advice letter are not now the subject of any formal filings with the California Public Utilities Commission, including a formal complaint, nor action in any court of law.

#### **Notice of Rate Increase**

In accordance with Water Industry Rule 3.2 of General Order 96-B, San Gabriel will inform its customers of the increase by bill insert (a draft of which is attached hereto).

In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will also post this advice letter to its website. Finally, 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.

#### **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 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 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](mailto:dadellosa@sgvwater.com)

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Division of Water and Audits, 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.

December 30, 2010

Very truly yours,

A handwritten signature in black ink, reading "Daniel Dell'Osa". The signature is written in a cursive style with a large, sweeping initial "D".

Daniel A. Dell'Osa  
Director of Rates and Revenue

cc: 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. .... \$ 2.2751 (I)

Per Meter  
Per Month

Service Charges:

For 5/8 x 3/4-inch meter .....	\$ 18.54
For 3/4-inch meter.....	27.81
For 1-inch meter.....	46.35
For 1-1/2-inch meter .....	92.69
For 2-inch meter.....	148.24
For 3-inch meter.....	278.14
For 4-inch meter.....	463.52
For 6-inch meter.....	922.48
For 8-inch meter.....	1,487.88
For 10-inch meter.....	2,132.61
For 12-inch meter.....	3,055.10

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 393

R. W. Nicholson  
NAME

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

Decision No. \_\_\_\_\_

President  
TITLE

Effective \_\_\_\_\_

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.....	\$ 2.2527	(I)
For all Ccf greater than 16 Ccf, per 100 cu. Ft.....	\$ 2.5906	(I)

Per Meter  
Per Month

Service Charges:

For 5/8 x 3/4-inch meter .....	\$ 16.63
For 3/4-inch meter.....	24.98
For 1-inch meter.....	41.61
For 1-1/2-inch meter .....	83.20
For 2-inch meter.....	133.07
For 3-inch meter.....	249.64

**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-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**

	<u>Per Meter</u>		
	<u>Per Month</u>		
<b>Quantity Rates (General):</b>			
For all water used, per 100 cu. ft. ....	\$2.2751		(I)
<b>Quantity Rates (Conservation):</b>			
For the first 16 Ccf used, 100 cu. ft. ....	\$2.2527		(I)
For all Ccf greater than 16 Ccf per month, per 100 cu. ft. ....	\$2.5906		(I)
<b>Service Charges:</b>			
	<u>General</u>	<u>Conservation</u>	
For 5/8 x 3/4-inch meter.....	\$ 9.28	\$7.36	
For 3/4-inch meter.....	13.91	11.07	
For 1-inch meter.....	23.19	18.43	

**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>Total Gross</u>
<u>In Household</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.

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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 (1)

- 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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**TABLE OF CONTENTS**

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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Service Area Maps:			
Fontana Water Company	1533-W		
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- South Portion	869-W		
- West Portion	1171-W		
Area Maps of Less Than 40 p.s.i.g.	871-W	691-W to 697-W	
<b><u>Rate Schedules</u></b>	<b><u>Schedule Number</u></b>		
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Fontana Water Company			
General Metered Service - General	FO-1	2004-W	1995-W (C)
General Metered Service - Conservation	FO-1C		2005-W (C)
Private Fire Service	FO-4	1997-W	1087-W 1476-W
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**DISTRIBUTION LIST**  
**San Gabriel Valley Water Company**  
**Fontana Water Company Division**  
**Advice Letter No. 393**

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