

# SAN GABRIEL VALLEY WATER COMPANY

September 4, 2009

Advice Letter No. 376

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:

<u>CPUC Sheet No.</u>	<u>Title</u>	<u>Schedule No.</u>	<u>Canceling CPUC Sheet No.</u>
1903-W	General Metered Service	FO-1	1890-W
1904-W	California Alternative Rate for Water	FO-CARW	1895-W
1905-W	Table of Contents	N/A	1902-W

This **expense offset** filing increases revenues in its Fontana Water Company division by \$2,367,556 or 4.3% 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 effective immediately.

### 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 Mutual Water Company ("Union"). Each water year that 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 is in excess of 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 required that the company 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 rate.

**Changes in Water Costs**

Beginning September 1, 2009, MWD/IEUA's rate for untreated groundwater replenishment is \$378.00 per AF. On the same day, MWD/IEUA's untreated Tier 2 rate increased from \$528.00 to \$576.00 for state project water delivered to Fontana's treatment plant. CVWD charges 85% of \$576.00 or \$489.60 per AF for water produced from Lytle Creek surface water and Non-Chino Basin wells which is in excess of San Gabriel's share of Union's rights. Watermaster has increased the Administrative Assessment from \$4.50 to \$6.17 per AF, the OBMP Assessment from \$31.80 to \$44.07, and the Land Use Conversion Assessment from \$29.76 to \$29.93. As a direct result, the costs of leased water have also increased. Also, IEUA has increased its Readiness to Serve Assessment from \$7.14 to \$9.18 ( $\$0.765 \times 12$ ) for each meter per year.

The water supply costs and assessments currently reflected in rates were adopted in D.09-06-027 in A.08-07-009. The present rate schedules in this division became effective on July 1, 2009 as a result of Advice Letter 373.

The impact of these changes to water costs and assessments increases the adopted expense from \$8,980,166 to \$11,323,329 and increases the previously adopted TY2009-2010 revenue requirement of \$55,500,800 by \$2,367,556 or 4.3% to \$57,868,356. The new rates submitted with this advice letter raise the monthly bill of the typical residential customer (5/8" x 3/4" meter and 23 Ccf) by \$2.86 or 4.6% from \$62.34 to \$65.20. San Gabriel has furnished the Commission's Water and Audits Division 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). 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. 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.

San Gabriel Valley Water Company

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cc: Fred L. Curry, CPUC – Water and Audits Division  
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