

SAN GABRIEL VALLEY WATER COMPANY

September 4, 2009

Advice Letter No. 377

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>
1906-W	General Metered Service (cont.)	FO-1	1898-W
1907-W	CA Alternative Rates for Water (cont.)	FO-CARW	1899-W
1908-W	Table of Contents	N/A	1905-W

San Gabriel submits this advice letter to refund \$176,249.29 to its customers in the Fontana Water Company division, through a 12-month temporary surcredit of \$0.0092/Ccf, representing unspent revenues (plus interest) related to conservation programs and activities for the period August 22, 2008 through June 30, 2009. In accordance with Water Industry Rule 7.3 of General Order 96-B, **this advice letter is designated Tier 1**. San Gabriel requests an effective date of October 1, 2009 to allow interested parties an opportunity to comment on the company's proposed refund.

Purpose and Background

In Decision ("D.") 08-08-018 in Application No. 07-08-017, the Commission authorized the company a maximum \$305,000 annual budget to fund conservation programs and activities for the period from August 21, 2008 through June 30, 2009. The company was further authorized to establish a one-way conservation balancing account

to track amounts collected through the conservation expense surcharge component and conservation expenses incurred up to the annualized limit. The balancing account was required to end by the effective date of new rates to be set under Fontana Water Company's 2008 general rate case (i.e., July 1, 2009), and the company was ordered to submit this advice letter to refund any over-collection to the extent that actual revenues received exceeded the lower of the annual limit or actual expenditures. A summary report of the conservation activities must be provided to the Division of Water and Audits and the Division of Ratepayer Advocates in October 2009. That report will contain detailed information such as the actual number of rebates or equipment provided for each type of water saving device or other equipment provided to Fontana Water Company division customers and the resulting estimated water savings.

Advice Letters Nos. 375 and 376 in this division are currently under review and pending approval.

Discussion

The company has furnished the Commission's Water and Audits Division staff with two copies of workpapers providing detailed support for the proposed temporary rate decrease. As shown in those workpapers, the company expended \$37,483.26 in the Fontana Water Company division for the adopted conservation programs and activities between August 21, 2008 and June 30, 2009. Because this budget period is less than a full year, the authorized budget is \$261,548 (= \$305,000 x 313 days/365 days). Also, as shown in the workpapers, the company billed its customers \$215,365.48 in revenues related to the adopted conservation programs and activities. With interest, the over-collected amount in the balancing account as of August 31, 2009 is \$176,249.29. The company proposes to refund this amount to customers through a temporary 12-month \$0.0092/Ccf surcredit deducted from the Quantity Charge, because the revenues were originally collected through a corresponding \$0.0150/Ccf increase to the Quantity Charge.

The proposed surcredit will decrease revenues, consisting of the previously adopted TY 2009-2010 revenue requirement of \$55,500,800 and the pending Advice Letter No. 376 water supply offset of \$2,367,556, by \$176,249 or 0.3%. The monthly bill

of the typical residential customer (5/8" x 3/4" meter and 23 Ccf) will decrease by \$0.22 or 0.3% from \$65.20 to \$64.98.

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 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. Since this advice letter decreases rates, no other notice is required. In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will also post this advice letter to its website.

San Gabriel Valley Water Company

Daniel A. Dell'Osa
Director of Rates and Revenue

cc: Fred L. Curry, CPUC – Water and Audits Division
Hani Moussa, CPUC – Water Branch, DRA
Danilo Sanchez, CPUC – Water Branch, DRA