

July 21, 2005

Advice Letter 337

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company ("San Gabriel") hereby requests ministerial review of the following changes in 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>
1686-W	General Metered Service	FO-1	1654-W
1687-W	General Metered Service (cont.)	FO-1	1627-W
1688-W	California Alternative Rates for Water	FO-CARW	---
1689-W	California Alternative Rates for Water (cont.)	FO-CARW	---
1690-W	Notice and Application For California Alternative Rates For Water	Form 16B	---
1691-W	Notice and Application For California Alternative Rates For Water (cont.)	Form 16B	---
1692-W	Preliminary Statement	N/A	---
1693-W	Table of Contents (continued)	N/A	1683-W
1694-W	Table of Contents	N/A	1685-W

The purpose of this filing is to implement in San Gabriel's Fontana Water Company Division a low-income program in compliance with Ordering Paragraph No. 1 of D.05-05-015, dated May 5, 2005, in A.03-04-025 and with Ordering Paragraph No. 18 of D.04-07-034, dated July 8, 2004 in A.02-11-044. Concurrently, San Gabriel has submitted Advice Letter No. 336 to implement an identical low-income program in its Los Angeles County Division.

Purpose and Background

San Gabriel filed A.03-04-025 on April 22, 2003, in compliance with Ordering Paragraph No. 12 of Decision 02-10-058 in Application 01-10-028, proposing a California Alternative Rates for Water (CARW) program in its Los Angeles County Division. Ordering Paragraph No. 18 of D.04-07-034, dated July 8, 2004, in A.02-11-044 requires San Gabriel to implement in its Fontana Water Company division a low-income program identical to that to be authorized by the Commission in A.03-04-025 for its Los Angeles County division. On May 5, 2005, the Commission issued D.05-05-015 adopting San Gabriel's proposed low-income rate assistance program.

The CARW program is designed to maintain the existing level of revenues with program benefits and cost offset by service charge increases for non-qualifying customers. San Gabriel was ordered in D.05-05-015 to make its compliance filing by July 4, 2005 (60 days after the decision was issued). However, with the counsel and assistance of the Water Division, San Gabriel received from the Executive Director a 90-day extension in order to coordinate this rate change to coincide with the effective date of the General Rate Case increase in San Gabriel's Los Angeles County Division (A. 04-09-005). Therefore, San Gabriel requests approval of this advice letter to be made effective on the same day as Advice Letter No. 335.

Overview Of Adopted CARW Program

San Gabriel's CARW program offers a 50% reduction to the monthly service charges to customers meeting the following criteria: (1) water account is classified as residential (2) housing unit is either a single family dwelling or duplex (3) service is provided through a 1-inch or smaller meter and (4) household income requirement is met.

To participate in the CARW program, customers must submit an application and eligibility declaration on a Commission-approved form. After the application is submitted, reviewed, and accepted, the customer's next bill will show (1) brief acceptance statement in the message box area (2) a change in rate schedule code

and (3) a 50% reduction in service charge. The CARW customer will receive the full 50% reduction on the monthly service charge on the next bill regardless of when the application is approved. A detailed CARW implementation procedure is provided in the supporting workpapers to this advice letter.

Rate Impact of CARW Program to Qualified and Non-Qualified Customers

Based on participation data obtained from Southern California Edison's low-income program, CARE (California Alternate Rates For Energy), San Gabriel forecasted a participation rate of 30.7% for its low-income program in the Fontana Water Company Division. The monthly service charge based on this 30.7% participation rate for a 5/8" x 3/4" meter has been redesigned as follows:

	Fontana Water Company Division
D.04-07-034	\$12.74
Proposed (Non-CARW)	\$14.46
Proposed (CARW)	\$7.23

The net percentage impact on monthly bills to qualifying customers and to non-qualifying customers served by a 5/8" x 3/4" meter with a consumption of 23 Ccf is therefore:

	Fontana Water Company Division
Qualifying	-11.4%
Non-Qualifying	3.6%

Note: Refer to workpapers for detailed calculations.

Memorandum Account

Ordering Paragraph No. 3 of D.05-05-015 authorizes the establishment of a memorandum account to track actual costs and savings associated with the CARW program and compare them to forecasted amounts until such costs can be accurately

July 21, 2005

forecasted in a general rate case proceeding. San Gabriel proposes to reflect this memorandum account in the Preliminary Statement of its tariffs.

General

No further public notice is required because all public notices in connection with Application No. 02-11-044 have already been mailed to the customers or published in accordance with applicable law and Commission rules. An original and four copies of this advice letter (along with supporting workpapers) have been provided to Water Division for its review. No earnings test is required for this advice letter.

In accordance with Section III-G of General Order 96-A, a copy of this advice letter is being mailed to all parties listed on the Service List attached to this advice letter. No other parties have requested notification. Notification of customers was made when Application No. 02-11-044 were filed, and customers will again be notified when the CARW program is implemented upon approval of this advice letter.

Thank you for your assistance in processing this tariff filing.

San Gabriel Valley Water Company

Daniel A. Dell'Osa
Director of Rates and Revenue

c: Fred L. Curry, CPUC – Water Division
Danilo Sanchez, CPUC – Water and Natural Gas Branch, ORA