

December 7, 2005

**Advice Letter 339**

**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:

<b><u>CPUC Sheet No.</u></b>	<b><u>Title</u></b>	<b><u>Schedule No.</u></b>	<b><u>Canceling CPUC Sheet No.</u></b>
1700-W	General Metered Service	FO-1	1686-W
1701-W	General Metered Service (Cont.)	FO-1	1687-W
1702-W	Private Fire Service	FO-4	1650-W
1703-W	Construction and Tank Truck Service	FO-9C	1651-W
1704-W	Services To Tract Houses During Construction	FO-9CL	1652-W
1705-W	California Alternative Rates For Water	FO-CARW	1688-W
1706-W	California Alternative Rates For Water (Cont.)	FO-CARW	1689-W
1707-W	Table of Contents	N/A	1694-W

An original and four copies of this advice letter are submitted in compliance with Ordering Paragraph No. 2 of Decision No. 04-07-034 in Application 02-11-044, dated July 8, 2004.

**Purpose and Background**

The purpose of this filing is to implement rates for Attrition Year 2006 authorized by the Commission for the Fontana Water Company division in Decision No. 04-07-034, dated July 8, 2004 in Application No. 02-11-044 for an increase in overall revenues. The increased rates set forth in the Decision were designed by the Commission to increase revenue by \$1,675,000 or 4.1% in 2006. But, for reasons stated below, San Gabriel hereby requests that Attrition Year 2006 be limited to a

revenue increase of only \$579,939 or a little more than a third of the attrition increase for 2006 authorized in Ordering Paragraph 2 of D. 04-07-034. The effect of these adopted increases will raise the typical monthly bill of the typical residential customer (5/8" x 3/4" meter and 23 Ccf) by \$0.81 or 1.6% from \$49.86 to \$50.67. San Gabriel requests approval of this attrition increase effective on January 1, 2006.

**Discussion**

The present rate schedules in the Fontana Water Company division became effective on August 4, 2005, pursuant to D.05-05-014 and D.04-07-034 and Advice Letter No. 337-A to implement the California Alternative Rates For Water (CARW) Program.

The following summary lists the recorded, authorized, and pro forma rates of return in San Gabriel's Fontana Water Company division for the twelve months ended September 2005. The pro forma rate of return is calculated in accordance with guidelines provided by the Commission's Water Division staff.

Recorded	12.05%
Authorized	9.40%
Pro Forma	10.18%

Because the pro forma rate of return is higher than the authorized rate of return, San Gabriel is authorized to implement only 34.62% of the authorized Attrition Increase.

The tariff schedules reflecting the Attrition Increase are attached hereto. San Gabriel has provided workpapers supporting the recorded and pro forma rates of return set forth herein, as well as the calculation of the proposed rates, to the Commission's Water Division staff for their review as required by the Decision.

In accordance with the requirements of Section III-G of General Order No. 96-A, this advice letter is being sent to the parties listed on the attached distribution list. No other parties have requested notification of tariff filings related to the Fontana division. 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.

**Conclusion**

San Gabriel requests processing by the Commission's Water Division so the new rates will become effective on January 1, 2006, as provided in Ordering Paragraph No. 2. Thank you for your assistance in processing this tariff filing.

San Gabriel Valley Water Company

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