

March 2, 2006

Advice Letter 340

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>
1708-W	General Metered Service	FO-1	1700-W
1709-W	General Metered Service (Cont.)	FO-1	1701-W
1710-W	California Alternative Rates For Water	FO-CARW	1705-W
1711-W	Preliminary Statement (Cont.)	N/A	1692-W
1712-W	Table of Contents	N/A	1707-W

Purpose

The purpose of this filing is to request a reduction of \$777,719 or 6.9% in monthly service charge revenues because the Company has not yet achieved the forecasted participation level in its low-income program, CARW (California Alternative Rates For Water). San Gabriel requests that the proposed rate reduction become effective on 30-day statutory notice in order to mitigate further revenue over-collections.

Background

On August 4, 2005, San Gabriel's Fontana Water Company Division implemented CARW in compliance with Ordering Paragraph No. 18 of D.04-07-034, dated July 8, 2004 in A.02-11-044 and with Ordering Paragraph No. 1 of D.05-05-015, dated May 5, 2005, in A.03-04-025. Ordering Paragraph No. 3 of D.05-05-015

authorized a memorandum account to track actual costs against forecasted costs associated with the CARW program.

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. However, the actual participation rate has been considerably lower than the forecasted rate. The current participation rate of the CARW program in the Fontana Water Company Division only has reached 9.1%, resulting in an over-collection of \$726,892 as of January 2006. The over-collection will continue to increase unless the participation rate is adjusted. In order to mitigate future over-collections, San Gabriel proposes to reduce its rates to reflect a participation level of 15%, instead of 30.7%.

Additionally, the proposed revenue reduction will require a new annual revenue reduction amount as described in the Preliminary Statements. San Gabriel also proposed to add language to the Preliminary Statements that will automatically adjust the annual revenue reduction amount whenever monthly service charges are changed.

Rate Impact

The impact of the proposed rate reduction to CARW customers with a 5/8" x 3/4" and a 1" meter is shown in the table below:

Qualifying CARW Customer	5/8" x 3/4" Meter	1" Meter
Current CARW typical monthly bill	\$43.32	\$54.16
Proposed CARW typical monthly bill	\$42.37	\$51.80
Percentage reduction in the typical monthly bill	2.2%	4.3%

The impact of the proposed rate reduction to non-qualifying CARW customers served by 5/8" x 3/4" and a 1" meter is:

Non-qualifying CARW Customer	5/8" x 3/4" Meter	1" Meter
Current typical monthly bill	\$50.67	\$72.35
Proposed typical monthly bill	\$48.77	\$67.64
Percentage reduction in the typical monthly bill	3.7%	6.5%

Notice

The Commission does not require customer notification for a requested reduction in rates. No individuals or utilities have requested notification of filing of tariffs. Distribution of this advice letter is being made to the attached service list in accordance with General Order No. 96-A, Section III-G.

Response or Protest

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 relitigating a prior order of the Commission.)

A response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
water_division@cpuc.ca.gov

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy of the protest by mail to us, addressed to:

San Gabriel Valley Water Company
Director, Rates and Revenue
11142 Garvey Avenue
El Monte, CA 91733
FAX: (626)448-5530 or
E-mail dadellosa@sqvwater.com

The advice letter process does not provide for any responses, protests or comments, except for the utility's reply, after the 20-day comment period.

Replies: The utility shall reply to each protest and may reply to any response. Each reply must be received by the Water Division within 5 business days after the end of the protest period, and shall be served on the same day to the person who filed the protest or response.

If you have not received a reply to your protest within 10 business days, contact this person at (626) 448-6183.

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