

May 15, 2007

Advice Letter 350

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>
1779-W	General Metered Service	FO-1	1758-W
1780-W	General Metered Service (Cont.)	FO-1	1759-W
1781-W	Private Fire Service	FO-4	1760-W
1782-W	Construction and Tank Truck Service	FO-9C	1761- W
1783-W	Services to Tract Houses During Construction	FO-9CL	1762- W
1784-W	California Alternative Rates for Water	FO-CARW	1789-W
1785-W	Preliminary Statement (continued)	N/A	1765-W
1786-W	Table of Contents	N/A	1778-W

An original and four copies of this advice letter is submitted in compliance with Ordering Paragraph No. 2 of Decision No. 07-04-046 in Application 05-08-021, dated April 12, 2007 and Investigation 06-03-001, dated March 2, 2006 to implement a \$2,814,400 or 6.7% increase for Escalation Year 2007-2008.

Purpose and Background

The purpose of this advice letter submittal is to implement rates for Escalation Year 2007-2008 authorized by the Commission for the Fontana Water Company division in Decision No. 07-04-046, dated April 12, 2007 in Application No. 05-08-021. The proposed Escalation Year 2007-2008 revenue increase of \$2,814,400 or 6.7% was determined based on March 2007 escalation factors which are the most recent escalation factors. The effect of the proposed increase will raise the typical monthly bill of the typical residential customer (5/8" x 3/4" meter and 23 Ccf) by \$2.93 or 6.4% from

\$45.46 to \$48.39. In accordance with Ordering Paragraph No. 2, the revised tariff schedules shall take effect on July 1, 2007.

Discussion

The present rate schedules in the Fontana Water Company division became effective on May __, 2007, pursuant to D.07-04-046 and Advice Letter No. 348.

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 ending March 31, 2007. The pro forma rate of return is calculated in accordance with guidelines provided by the Commission's Water Division staff.

Recorded	7.68%
Authorized	9.33%
Pro Forma	6.73%

Because the pro forma rate of return is lower than the authorized rate of return, San Gabriel is authorized to implement the total Escalation Increase of \$2,814,400.

The tariff schedules reflecting the Escalation 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 D.07-04-046.

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 Water Company division. No further public notice is required because all public notices in connection with Application No. 05-08-021 have already been mailed to the customers or published in accordance with applicable law and Commission rules.

Conclusion

May 15, 2007

San Gabriel requests processing by the Commission's Water Division so the proposed rates will become effective on July 1, 2007, as provided in Ordering Paragraph No. 2 of D.07-04-046. Thank you for your assistance in processing this advice letter.

San Gabriel Valley Water Company

Daniel A. Dell'Osa
Director of Rates and Revenue

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