

June 1, 2007

**Advice Letter 353**

**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>
1798-W	General Metered Service (cont.)	FO-1	1780-W
1799-W	California Alternative Rates for Water (cont.)	FO-CARW	1706-W
1800-W	Table of Contents	N/A	1797-W

An original and four copies of this advice letter is submitted in compliance with Ordering Paragraph No. 5 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 surcharge that will produce a two-year temporary increase of \$1,519,700 or 3.3% to amortize a \$3,039,343 balance recorded in the Water Quality Litigation Memorandum Account.

**Purpose and Background**

The purpose of this advice letter submittal is to request amortization of the February 2007 balance in the Water Quality Litigation Memorandum Account for the Fontana Water Company division as authorized by the Commission in Decision No. 07-04-046, dated April 12, 2007 in Application No. 05-08-021. Ordering Paragraph No. 5 states:

To amortize its Water Quality Litigation Memorandum Account San Gabriel shall file an advice letter setting forth a detailed description of the services provided by San Gabriel's outside counsel. The amount approved by the Water Division shall be recovered by surcharge.

Finding of Fact No. 63 states:

San Gabriel's proposal to amortize the balance recorded in the Water Quality Litigation Memorandum Account as of June 30, 2006 is reasonable but outdated. We will authorize a 24-month amortization of the February 28, 2007 balance in the account.

The adopted Test Year 2006-2007 revenue requirement is \$41,938,800. By Advice Letter No. 350, San Gabriel has requested rates that are designed to produce \$44,780,200 during Escalation Year 2007-2008. The proposed amortization of the Water Quality Litigation Memorandum Account is designed to recover \$3,039,343 over twenty-four months, resulting in a 3.3% annual increase to those rates expected to become effective on July 1, 2007. The impact of this proposed increase will raise the monthly water bill of a typical residential customer (5/8" x 3/4" meter and 23 Ccf) by \$1.70 or 3.5% from \$48.39 to \$50.09.

### **Discussion**

The present rate schedules in the Fontana Water Company division became effective on May 22, 2007, pursuant to D.07-04-046 and Advice Letter No. 348. The tariff schedules reflecting the proposed surcharge are attached hereto. San Gabriel has provided workpapers supporting the calculation of the proposed surcharge to the Commission's Water Division staff for their review as required by D.07-04-046. Previously, the July 2003 balance in the Water Quality Litigation Memorandum Account was amortized from July 2005 through July 2006. Since the Commission has found reasonable in D.07-04-046 the balance recorded in this memorandum account as of June 30, 2006, the workpapers set forth the required detailed description of the services provided by San Gabriel's outside counsel for the months July 2006 through February 2007.

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**

In order to minimize the frequency of rate changes, San Gabriel requests processing by the Commission's Water Division so the rates proposed herein will become effective on July 1, 2007, concurrent with the rates proposed in pending Advice Letter No. 350. 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