

November 15, 2004

Advice Letter 332

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>Canceling Schedule No.</u>	<u>CPUC Sheet No.</u>
1654-W	General Metered Service	FO-1	1649-W
1655-W	Table of Contents	N/A	1653-W

An original and four copies of this advice letter are submitted in compliance with Ordering Paragraph No. 7 of Decision No.04-07-034 in Application 02-11-044, dated July 8, 2004.

Purpose and Background

The purpose of this submittal is to reflect in rates the costs of ten new positions as 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. Ordering Paragraph No 7 states:

7. San Gabriel is authorized 13 new positions in its Fontana Division and three new positions in its General Office. The costs for these positions are not included in rates at this time. After San Gabriel has hired personnel for these new positions, it may request recovery of these costs by means of an advice letter. Such advice letters shall be allowed only once every year.

The authorized positions (see D.04-07-034, pp. 19-20, 26-27, 31-32) and their current hiring status are as follows:

Fontana Water Company Division

1. Assistant General Manager	Filled 08/25/02
2. Customer Serviceman	Filled 02/22/04
3. Plant Maintenance Man "B"	Filled 04/12/04
4. Water Treatment Operator III	Filled 04/25/04
5. Engineer/Draftsman	Filled 05/12/04
6. Water Treatment Operator III	Filled 05/16/04
7. Water Treatment Operator III	Filled 08/22/04
8. Field Meter Repairman	Filled 08/23/04
9. Water Quality Specialist	Filled 10/03/04
10. Water Treatment Operator III	To be filled
11. Human Resources Clerk	To be filled
12. Customer Serviceman	To be filled
13. Water Treatment Operator III	To be filled

General Office

1. Rate Analyst	Filled 12/29/03
2. Accountant	To be filled
3. Property Manager	To be filled

San Gabriel is seeking to include the actual annualized payroll costs and payroll taxes, of the filled positions in rates (\$513,233 or 1.3%). Although these costs affect both Service Charges and Quantity Rates as designated by the Commission in D.86-05-064 in the Rate Design OII, San Gabriel does not possess the workpapers that developed the Summary of Earnings adopted in D.04-07-034. Therefore, San Gabriel proposes to only increase the Quantity Rate by \$0.0273/Ccf to recover these costs. The effect of this proposed increase will raise the monthly bills of the typical residential customer (23 Ccf) by \$0.63. San Gabriel requests approval of this proposed increase effective on January 1, 2005, to coincide with the Attrition Increase proposed in Advice Letter 331.

Discussion

The present rate schedules in the Fontana Water Company division became effective on September 28, 2004, pursuant to Resolution W-4498 and Advice Letter No. 327 which authorized a temporary surcharge to amortize the balancing accounts. Prior to that, a general rate case increase was made effective on July 17, 2004, pursuant to D.04-07-034 and Advice Letter No. 328. San Gabriel has also submitted Advice Letter No. 331 which proposes an attrition increase to become

effective on January 1, 2005. For the typical residential customer (5/8" x 3/4" meter and 23 Ccf per month), the \$0.63 increase proposed herein represents a 1.3% increase over the rates proposed in Advice Letter 331 for which the typical monthly bill is \$47.53. The combined effect of both advice letters would increase the typical monthly bill by \$2.40 or 5.2% from \$45.76 at present rates to \$48.16 under the rates proposed herein.

The tariff schedules reflecting the proposed increase are attached hereto. Workpapers supporting the costs of the filled positions and the calculation of the proposed increase to the Quantity Rate have been submitted to the Commission's Water Division for its review. The proposed rates herein assume approval of the attrition rates proposed in Advice Letter 331, and San Gabriel requests the same January 1, 2005 effective date. An earnings test is not required to be submitted with this advice letter.

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. 02-11-044 have already been mailed to the customers or published in accordance with applicable law and Commission rules.

Conclusion

San Gabriel respectfully requests processing by the Commission's Water Division so the new rates can become effective on January 1, 2005, to coincide with the rate change proposed in Advice Letter 331. 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
Daniel R. Paige, CPUC – ORA, Sacramento