

March 31, 2005

**Advice Letter No. 334**

**U337W**

**TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

San Gabriel Valley Water Company ("San Gabriel") requests ministerial review and approval 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>
1661-W	General Metered Service (cont.)	FO-1	1630-W
1662-W	Table of Contents	N/A	1660-W

An original and four copies of this advice letter are submitted in compliance with Ordering Paragraph No. 1 of Decision No. 03-06-072 in Rulemaking No. 01-12-009, dated June 19, 2003. This advice letter provides information for Calendar Year 2004 regarding the activity in the Water Production and Purchased Power balancing-type memorandum accounts and for the July 2003 to December 2004 activity in the Water Quality Litigation memorandum account for San Gabriel's Fontana Water Company division. The accounts are undercollected in the following amounts:

Water Production	(\$54,124)
Purchased Power	\$175,765)
Water Quality Litigation	<u>\$1,163,198</u>
Net	\$993,309

In order to recover this undercollection, San Gabriel proposes a temporary surcharge of \$0.047/Ccf to become effective May 1, 2005, for a 12-month period. The proposed surcharge will increase the typical residential customer's monthly bill by \$1.09 or 2.1% from \$52.01 to \$53.10.

### **Rate History**

Rates in this division became effective on January 1, 2005 through Advice Letter 331, implementing an Attrition Year increase authorized by D.04-07-034. Previously, through Advice Letter 297-W (effective October 4, 1997), the company reduced its Quantity Rate by \$0.01/Ccf (an eleven cent increase for water production costs and a twelve cent reduction for purchased power costs).

Resolution No. W-4269, dated May 3, 2001, in Advice Letter No. 312 authorized the company to increase its quantity rates effective May 8, 2001, by a surcharge of \$0.065/Ccf (resulting in a total surcharge of \$0.086/Ccf in order to reflect Edison's electric charges made effective by D.01-03-018).

D.04-07-034 in A.02-11-044, through Advice Letter 328 effective July 17, 2004, authorized a \$0.1385/Ccf surcharge to amortize the November 2001-December 2002 balances of the Water Production and Purchased Power balancing accounts, the July 2003 balance of the Water Quality Litigation Memorandum Account, and the December 2001 balance of the DOHS/EPA Memorandum account. Decision 04-07-034 in Ordering Paragraph 13 also authorized San Gabriel's continued use of full cost balancing accounts in the Fontana Water Company division.

Resolution W-4498, in Advice Letter 327, effective on September 28, 2004, authorized amortization of a temporary 12-month surcharge of \$0.0300/Ccf for the 2003 balancing accounts.

In its last general rate case (D.04-07-034 in A.02-11-044) San Gabriel was authorized to amortize the July 2003 balance in its Water Quality Litigation memorandum account. As of December 2004, this balance has grown to \$1,689,904. In this advice letter, San Gabriel proposes to amortize the additional amounts (\$1,163,198) accumulated in that account since July 2003.

### **General**

Two copies of supporting workpapers have been provided to Water Division for its review. These workpapers show the calculations and supporting data for the balances shown above. The workpapers also show the following rates of return on rate base for 2004:

Commission-Authorized	9.40%
Recorded	8.27%
Adjusted-Recorded	8.26%

Because the Adjusted-Recorded return is lower than the Commission-Authorized return, no earnings adjustment is required.

In accordance with Section III-G of General Order 96-A, a copy of this advice letter is being mailed to all parties listed on the Distribution List attached to this advice letter. A notice of the proposed increase will be published in a newspaper of general circulation. No other parties have requested notification of tariff filings related to the Fontana Water Company Division.

### **Protests and Responses**

There are two ways to respond to this notice. You can send a protest to the CPUC and the utility, or you can send a response to the CPUC, with a copy to the utility if you wish.

A protest is a document objecting to the granting in whole or in part of the authority sought in this advice letter. A response is a document that does not object to the authority sought, but nonetheless presents information that the party tendering the response believes would be useful to the Commission in acting on the request.

A protest must be mailed within 20 days of the date the California Public Utilities Commission accepts the advice letter for filing. It must state the facts constituting the grounds for the protest, the effect that approval of the advice letter might have on the protestant, and the reasons the protestant believes the advice letter, or part of it, is not justified. If the protest requests an evidentiary hearing, the protest must state the facts the protestant would present at an evidentiary hearing to support its request for whole or partial denial of the advice letter. The utility must respond to the protest within five days.

All protests and responses to this filing should be sent to:

California Public Utilities Commission, Water Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
Fax: (415) 703-4426  
E-Mail: [water\\_division@cpuc.ca.gov](mailto:water_division@cpuc.ca.gov).

All protests should be sent to this utility to:

San Gabriel Valley Water Company  
Director, Rates and Revenue  
11142 Garvey Avenue  
El Monte, CA 91733  
FAX: (626) 448-5530  
E-Mail: [dadellosa@sgvwater.com](mailto:dadellosa@sgvwater.com)

If you have not received a reply to your protest from the utility 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  
Richard Smith, CPUC – Water and Natural Gas Branch, ORA  
Daniel R. Paige, CPUC – Water and Natural Gas Branch, ORA