

SAN GABRIEL VALLEY WATER COMPANY

March 20, 2012

Advice Letter 409-A

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 Los Angeles County and Fontana Water Company divisions:

<u>CPUC Sheet No.</u>	<u>Title</u>	<u>Schedule No.</u>	<u>Canceling CPUC Sheet No.</u>
2092-W	General Metered Service (continued)	LA-1	2074-W
2093-W	General Metered Conservation Rates (continued)	LA-1C	N/A
2094-W	Recycled Water Service (continued)	LA-6	2078-W
2095-W	California Alternative Rates for Water (continued)	LA-CARW	2087-W
2096-W	General Metered Service (continued)	FO-1	2082-W
2097-W	General Metered Conservation Rates (continued)	FO-1C	2083-W
2098-W	California Alternative Rates for Water (continued)	FO-CARW	2084-W
2099-W	Table of Contents (continued)	N/A	2090-W
2100-W	Table of Contents	N/A	2091-W

An original and four copies of this supplemental advice letter are submitted in compliance with Ordering Paragraph No. 12 of D.11-11-018¹, dated November 10, 2011, in Application 10-07-019, which authorizes San Gabriel to recover from customers the difference between its authorized interim rates tracked in its Interim Rate Memorandum Account (IRMA) and the rates adopted in this decision for Test Year 2011-2012.

This is a supplemental advice letter to update the estimated balance previously submitted in Advice Letter 409 dated November 21, 2011, requesting amortization of the IRMA, to reflect the actual balance to be recovered. The advice letter proposes the

¹ D.12-02-027, dated February 16, 2012, modified D.11-11-018 by slightly reducing the adopted revenue requirement and other related charges.

recovery of the balance in the IRMA through a temporary 12-month \$0.2168/Ccf surcharge in the Los Angeles County Division and a temporary 6-month \$0.0271/Ccf surcharge in the Fontana Water Company Division. **In accordance with D.11-11-018, Ordering Paragraph No. 12, this is a Tier 2 advice letter.**

Background

On July 16, 2010, San Gabriel filed General Rate Case Application No. 10-07-019 for its Los Angeles County Division and its General Division. On May 27, 2011, San Gabriel filed a motion for interim rate relief, followed by an amended motion for interim rate relief on May 31, 2011, because it became unlikely the Commission would issue a decision in time for the new rates to become effective on July 1, 2011, the first day of the test year.

On June 24, 2011, the assigned ALJ granted the motion for interim rate relief ruling that "the interim rates shall be the currently authorized rates"² and granting authorization to establish the IRMA for San Gabriel's Los Angeles County Division. San Gabriel was ordered to file a Tier 1 advice letter to establish the IRMA with the Commission within five days and on June 29, 2011, San Gabriel submitted Advice Letter No. 403-A, which was approved effective July 1, 2011.

On June 29, 2011, San Gabriel filed an additional motion seeking to modify the June 24 ruling to extend the interim rate relief to the Fontana Water Company Division. On August 17, 2011, the assigned ALJ granted the motion and ruled that "the interim rates for both districts shall be the currently authorized rates"³.

On August 19, 2011, San Gabriel filed Advice Letter No. 406 which was approved on August 31, 2011 authorizing San Gabriel to modify its Preliminary Statement to include Fontana Water Company division in the previously authorized IRMA. The IRMA tracks the difference between revenues billed under the interim rates and the revenues that would have been billed had the rates adopted by the Commission in A.10-07-019 become effective July 1, 2011. The interim rates were billed between July 1, 2011 and December 14, 2011 for both divisions.

² Administrative Law Judge's Ruling Granting Interim Rates dated June 24, 2011, Ruling Paragraph No. 2.

³ Administrative Law Judge's Ruling Modifying Ruling Granting Interim Rates dated August 17, 2011, Ruling Paragraph No. 2.

Discussion

The present rates in the Los Angeles County and Fontana Water Company divisions became effective on November 15, 2011 by Advice Letter Nos. 407 and 408.

On November 10, 2011, the Commission adopted D.11-11-018 in Application No. 10-07-019. Ordering Paragraph No. 12 states:

San Gabriel shall file a Tier 2 advice letter within 10 days of the effective date of this decision to amortize rates, and collect from (or refund to) customers, the difference between its authorized interim rates tracked in its Interim Rate Memorandum Account and the rates adopted in this decision for Test Year 2011-2012.

In order to compute the revenue shortfall, San Gabriel used a billing analysis generator application to determine billing based on actual customer consumption data between July 1, 2011 and November 14, 2011. This consumption data is processed through the billing analysis generator, initially using the current historical or base rates to generate the BASE Billing Results and then using the D.11-11-018 adopted rates as modified by D.12-02-027 to generate the ADOPTED Billing Results. The differences in monthly revenues from this process for each division were then recorded in the IRMA, which applied interest at the 90-day commercial paper rate to the average monthly balances.

San Gabriel proposes to recover the revenue shortfall in the IRMA through separate temporary surcharges in each division. The \$3,186,330 IRMA balance for the Los Angeles County division is 5.0% of the adopted \$63,682,700 annual revenue requirement. Therefore, San Gabriel proposes a 12-month surcharge of \$0.2168/Ccf, based on adopted metered sales of 14,694,519 Ccf. The \$217,269 IRMA balance for the Fontana Water Company division is 0.3% of the adopted \$63,850,000 annual revenue requirement. Therefore, San Gabriel proposes a 6-month surcharge of \$0.0271/Ccf, based on 2011 actual metered sales of 16,063,519 Ccf.

For the Los Angeles County division customers, the effect of the proposed surcharge for the typical monthly bill of the average residential customer (5/8" x 3/4" meter and 23 Ccf) is an increase of \$4.99 or 6.3% from \$79.25 to \$84.24.

For Fontana Water Company division customers, the effect of the implementation of interim rates increase the typical monthly bill of the average residential customer (5/8" x 3/4" meter and 23 Ccf) is an increase of \$0.62 or 0.8% from \$73.49 to \$74.12.

March 20, 2012

Distribution of this advice letter is being made to the attached service lists in accordance with Water Industry Rule 4.1 of General Order 96-B, and San Gabriel will post this advice letter to its websites in accordance with Water Industry Rule 3.3. No further public notice is required because all public notices in connection with Application No. 10-07-019 have already been made in accordance with applicable law and Commission rules.

Thank you for your assistance in processing this supplemental tariff filing.

San Gabriel Valley Water Company



Daniel A. Dell'Osa
Director of Rates and Revenue

cc: Bruce DeBerry, CPUC – Water Division
Hani Moussa, CPUC – Water Branch, DRA
Danilo Sanchez, CPUC – Water Branch, DRA

SCHEDULE NO. LA-1
Los Angeles County Tariff Area
GENERAL METERED SERVICE
(continued)

RATES (continued)

Per Battery
Per Month

For two 2-inch meters	\$ 337.00
For three 2-inch meters.....	506.00
For four 2-inch meters.....	674.00
For two 3-inch meters	632.00
For three 3-inch meters.....	948.00
For two 4-inch meters	1,053.00
For three 4-inch meters.....	1,580.00
For one 8-inch meter, one 2-inch meter.....	1,850.00

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A reserve account surcharge of \$0.0995 per Ccf is to be applied to the quantity rates for a 24-month period beginning July 25, 2011 and ending on July 24, 2013.
3. A surcharge of \$0.1531 per Ccf is to be applied to the quantity rates for a 12-month period beginning November 15, 2011 and ending on November 14, 2012 to amortize the Purchase Power Balancing Account.
4. A surcharge of \$0.2168 per Ccf is to be applied to the quantity rates for a 12-month period (N) beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate (N) Memorandum Account. (N)

(To be inserted by utility)

Advice Letter No. 409-A
Decision No. 12-02-027

Issued by

R. W. Nicholson
NAME
President
TITLE

(To be inserted by Cal. P.U.C.)

Date Filed _____
Effective _____
Resolution No. _____

SCHEDULE NO. LA-1C
Los Angeles County Tariff Area
GENERAL METERED SERVICE - CONSERVATION RATES
(continued)

SPECIAL CONDITIONS (continued)

- 5. A surcharge of \$0.2168 per Ccf is to be applied to the quantity rates for a 12-month period beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate Memorandum Account.

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Resolution No. _____

SCHEDULE NO. LA-6
Los Angeles County Tariff Area
RECYCLED WATER METERED SERVICE
(continued)

RATES - (continued)

Per Battery
Per Month

For two 2-inch meters	\$ 337.00
For three 2-inch meters.....	506.00
For four 2-inch meters.....	674.00
For two 3-inch meters	632.00
For three 3-inch meters.....	948.00
For two 4-inch meters	1,053.00
For three 4-inch meters.....	1,580.00
For one 8-inch meter, one 2-inch meter.....	1,850.00

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for reclaimed water used computed at the Quantity Rates.

SPECIAL CONDITIONS

1. The Quantity Rate is set at 85% of the Quantity Rate of Schedule No. LA-1.
2. The customer is responsible for compliance with all local, state, and federal rules and regulations that apply to the use of reclaimed water on the customer's premises.
3. The utility will supply only such reclaimed water at such pressure as may be available from time to time from the reclaimed water system. The customer shall indemnify the utility and save it harmless against any and all claims arising out of service under this schedule and shall further agree to make no claims against the utility for any loss or damage resulting from service under this schedule.
4. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
5. A reserve account surcharge of \$0.0995 per Ccf is to be applied to the quantity rates for a 24-month period beginning July 25, 2011 and ending on July 24, 2013.
6. A surcharge of \$0.1531 per Ccf is to be applied to the quantity rates for a 12-month period beginning November 15, 2011 and ending on November 14, 2012 to amortize the Purchase Power Balancing Account.
7. A surcharge of \$0.2168 per Ccf is to be applied to the quantity rates for a 12-month period beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate Memorandum Account. (N)
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SCHEDULE NO. LA-CARW
Los Angeles County Tariff Area
CALIFORNIA ALTERNATIVE RATES FOR WATER
(continued)

SPECIAL CONDITIONS (continued)

For households with more than six persons, add \$7,700 annually for each additional person residing in the household.

2. Application and Eligibility Declaration: An application and eligibility declaration on a form authorized by the Commission is required for each request for service under this schedule. Renewal of a customer's eligibility declaration will be required every two years and may be required on an annual basis. Customers are only eligible to receive service under this rate schedule at one residential location at any one time, and the rate applies only to the customer's permanent primary residence. The schedule is not applicable where, in the opinion of the Utility, either the accomodation or the occupancy is transitory.
3. Commencement of Rate: Eligible customers shall be billed on this schedule commencing no later than one billing period after receipt and approval of the customer's application by the Utility.
4. Verification: Information provided by the applicant is subject to verification by the Utility. Refusal or failure of a customer to provide documentation of eligibility acceptable to the Utility, upon the request of the Utility, shall result in removal from this rate schedule.
5. Notice from Customer: It is the customer's responsibility to notify the Utility if there is a change in the customer's eligibility status.
6. Customers may be re-billed for periods of ineligibility under the applicable rate schedule.
7. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
8. A reserve account surcharge of \$0.0995 per Ccf is to be applied to the quantity rates for a 24-month period beginning July 25, 2011 and ending on July 24, 2013.
9. A surcharge of \$0.1531 per Ccf is to be applied to the quantity rates for a 12-month period beginning November 15, 2011 and ending on November 14, 2012 to amortize the Purchase Power Balancing Account.
10. A surcharge of \$0.2168 per Ccf is to be applied to the quantity rates for a 12-month period (N) beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate Memorandum (N) Account. (N)

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Resolution No. _____

SCHEDULE NO. FO-1
Fontana Water Company
GENERAL METERED SERVICE
(continued)

RATES (continued)

	<u>Per Battery</u> <u>Per Month</u>
For two 2-inch meters	\$ 307.00
For three 2-inch meters	460.00
For four 2-inch meters	613.00
For two 3-inch meters	575.00
For two 4-inch meters	958.00
For one 8-inch meter, two 2-inch meters	1,840.00
For two 8-inch meters	3,060.00

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is added to the quantity charge computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A rate adjustment of \$0.0298 per Ccf for the adopted increase revenue requirements associated with the General Division is to be added to the quantity rates beginning November 15, 2011 and ending on the effective date of the rates from Application 11-07-005.
3. A surcharge of \$0.0271 per Ccf is to be applied to the quantity rates for a 6-month period beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate Memorandum Account. (N)
(N)
(N)

(To be inserted by utility)

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SCHEDULE NO. FO-1C
Fontana Water Company
GENERAL METERED SERVICE - CONSERVATION RATES

APPLICABILITY

Applicable to all metered Residential customers, excluding apartments, trailer parks, and any other facility in which Residential customers receive service through a master meter.

TERRITORY

Portions of Fontana, Rancho Cucamonga, Rialto, and vicinity, San Bernardino County.

RATES

Quantity Rates:

For the first 16 Ccf of water used, per 100 cu. ft..... \$ 2.3529
For all Ccf greater than 16 Ccf, per 100 cu. Ft..... \$ 2.7057

Per Meter
Per Month

Service Charges:

For 5/8 x 3/4-inch meter \$ 15.85
For 3/4-inch meter 23.77
For 1-inch meter 39.62
For 1-1/2-inch meter 79.28
For 2-inch meter 126.81
For 3-inch meter 237.74

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A surcharge of \$0.0271 per Ccf is to be applied to the quantity rates for a 6-month period (N) beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate (N) Memorandum Account. (N)

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SCHEDULE NO. FO-CARW
Fontana Water Company
CALIFORNIA ALTERNATIVE RATES FOR WATER
(continued)

SPECIAL CONDITIONS (continued)

2. Application and Eligibility Declaration: An application and eligibility declaration on a form authorized by the Commission is required for each request for service under this schedule. Renewal of a customer's eligibility declaration will be required every two years and may be required on an annual basis. Customers are only eligible to receive service under this rate schedule at one residential location at any one time, and the rate applies only to the customer's permanent primary residence. The schedule is not applicable where, in the opinion of the Utility, either the accomodation or the occupancy is transitory.
3. Commencement of Rate: Eligible customers shall be billed on this schedule commencing no later than one billing period after receipt and approval of the customer's application by the Utility.
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5. Notice from Customer: It is the customer's responsibility to notify the Utility if there is a change in the customer's eligibility status.
6. Customers may be re-billed for periods of ineligibility under the applicable rate schedule.
7. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
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9. A surcharge of \$0.0271 per Ccf is to be applied to the quantity rates for a 6-month period beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate Memorandum Account. (N)
(N)
(N)

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(continued)

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(continued)

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