

# SAN GABRIEL VALLEY WATER COMPANY

May 7, 2014

Advice Letter 439

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>
2302-W	Preliminary Statement (continued)	N/A	N/A
2303-W	Table of Contents	N/A	2301-W

An original and four copies of this advice letter are submitted in compliance with Ordering Paragraph No. 7 of D.14-05-001, dated May 1, 2014, in Application 11-07-005. This filing establishes a Plant F23 Perchlorate Facilities Balancing Account to record the revenue requirement resulting from the capital costs of perchlorate treatment facilities installed at Plant F23. **In accordance with D.14-05-001, this is a Tier 1 advice letter.**

### Discussion

On May 7, 2014, the Commission adopted D.14-05-001 in Application No. 11-07-005. Ordering Paragraph No. 7 states:

San Gabriel Valley Water Company (San Gabriel) may file a Tier 1 Advice Letter to establish a balancing account for revenue requirement resulting from the capital costs if it installs perchlorate treatment facilities before its next general rate case.

Ordering Paragraph No. 8 states:

The capital costs of any perchlorate treatment facilities are subject to a reasonableness review in San Gabriel Valley Water Company's next general rate case.

The Commission further clarified its ruling in Section 9.3, Plant F23 of D.14-05-001:

... Therefore, we will ... allow San Gabriel to establish ... (ii) a balancing account to track the actual costs of perchlorate treatment facilities. ... San Gabriel may file for recovery of the perchlorate treatment facilities' costs recorded in the balancing account in its next general rate case where it must show by a preponderance of the evidence that these expenditures were reasonably incurred.

The proposed operation of the balancing account is described in the proposed Section S to the Preliminary Statement of San Gabriel's tariffs.

Distribution of this Advice Letter is being made to the attached service list in accordance with Water Industry Rule 4.1 of General Order 96-B and San Gabriel will post this Advice Letter on its website in accordance with Water Industry Rule 3.3. No further public notice is required because all public notices in connection with Application No. 11-07-005 have already been made in accordance with applicable law and Commission rules.

San Gabriel requests that the attached proposed tariffs be made effective immediately.

Thank you for your assistance in processing this tariff filing.



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

**PRELIMINARY STATEMENT**  
**(Continued)**

**S. Plant F23 Perchlorate Facilities Balancing Account For Fontana Water Company Division**

1. Purpose: The purpose of this balancing account, as authorized by D.14-05-001 in A.11-07-005, is to record the revenue requirement resulting from the capital costs if San Gabriel installs perchlorate treatment facilities before its next general rate case.
2. The following entries will be made monthly to the Plant F23 Perchlorate Facilities Balancing Account:
  - a. The revenue requirement resulting from the capital costs of perchlorate treatment facilities installed at Plant F23.
  - b. Monthly interest expense calculated at 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3-month), published in the Federal Reserve Statistical Release, H.15 (<http://www.federalreserve.gov/releases/H15/data/m/cp3m.txt>), or its successor publication (debit or credit).
3. San Gabriel will seek recovery of the amounts recorded in this account, subject to a reasonableness review, in its Test Year 2016-2017 general rate case.

(To be inserted by utility)

*Issued by*

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

Advice Letter No. 439

R. W. Nicholson  
NAME

Date Filed \_\_\_\_\_

Decision No. 14-05-001

President  
TITLE

Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_

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(continued)

(To be inserted by utility)

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