

SAN GABRIEL VALLEY WATER COMPANY

September 5, 2014

Advice Letter 440-B

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>
2304-W	General Metered Service	FO-1	2338-W
2305-W	General Metered Service (cont.)	FO-1	2314-W
2306-W	General Metered Conservation Rates	FO-1C	2315-W
2307-W	Private Fire Service	FO-4	2289-W
2308-W	Recycled Water Service	FO-6	2340-W
2309-W	Recycled Water Service (cont.)	FO-6	2316-W
2310-W	Construction and Tank Truck Service	FO-9C	2292-W
2311-W	Service to Tract Houses During Construction	FO-9CL	2293-W
2312-W	Preliminary Statement (continued)	N/A	2341-W
2313-W	Table of Contents	N/A	2318-W

An original and four copies of this supplemental advice letter are submitted in compliance with the D.14-06-001, dated June 11, 2014, in Application 11-07-005 to implement a revenue increase of \$346,000, or 0.6% for Escalation Year 2014-2015. As a result of discussions with Commission staff, Advice Letter 440-A reduced the increase requested in Advice Letter 440 from \$372,600 to \$346,000. This supplemental Advice Letter proposes that the annualized \$26,600 difference be refunded through a one-time refund of \$0.18 per customer on bills issued during the month of October 2014. **This supplemental advice letter is designated as Tier 2.**

September 5, 2014

Discussion

On May 16, 2014, San Gabriel submitted Advice Letter 440, requesting an escalation year increase of \$372,600. Since the advice letter was designated as Tier 1, the proposed rates became effective on July 1, 2014.

On August 15, 2014, San Gabriel submitted supplemental Advice Letter 440-A, incorporating certain recommendations made by the Office of Ratepayer Advocates, reducing the escalation year increase to \$346,000. San Gabriel proposed to record the over-collected revenues in its Water Production balancing account.

This second supplemental advice letter proposes the same \$346,000 escalation year increase, but instead of recording the over-collected revenues in its Water Production balancing account, San Gabriel proposes instead to make a one-time refund of \$0.18 per customer during the month of October 2014.

The tariff schedules reflecting the Escalation Increase are attached hereto. San Gabriel has provided workpapers supporting the calculation of the earnings test and the proposed rates, to the Commission's Water and Audits Division staff for their review.

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.

Thank you for your assistance in processing this tariff filing.



Daniel A. Dell'Osa
Director of Rates and Revenue

cc: James Boothe, CPUC – Water Division
Hani Moussa, CPUC – Water Branch, DRA
Danilo Sanchez, CPUC – Water Branch, DRA

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

APPLICABILITY

Applicable to all metered water service, except for those Residential customers required to be served under Schedule FO-1C.

TERRITORY

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

RATES

Quantity Rates:

For all water used, per 100 cu. ft. \$ 2.7168 (R)

Per Meter
Per Month

Service Charges:

For 5/8 x 3/4-inch meter	\$ 13.89
For 3/4-inch meter	20.84
For 1-inch meter.....	34.73
For 1-1/2-inch meter.....	69.45
For 2-inch meter.....	111.10
For 3-inch meter.....	208.40
For 4-inch meter.....	347.30
For 6-inch meter.....	690.00
For 8-inch meter.....	1,110.00
For 10-inch meter.....	1,600.00
For 12-inch meter.....	2,290.00

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 440-B

R. W. Nicholson

Date Filed _____

Decision No. 14-05-001 & 14-06-001

NAME

Effective _____

President

TITLE

Resolution No. _____

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

RATES (continued)

	Per Battery <u>Per Month</u>
For two 2-inch meters	\$ 222.00
For three 2-inch meters	333.00
For four 2-inch meters.....	444.00
For two 3-inch meters	417.00
For two 4-inch meters	695.00
For one 8-inch meter, two 2-inch meters.....	1,330.00
For two 8-inch meters	2,220.00

(I)

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 surcredit of \$0.2165 per Ccf is to be applied to the quantity rates for thirty-six months beginning on August 1, 2014 and ending on July 31, 2017 to refund an overcollection associated with the Sandhill Water Treatment Facility Plant.
3. A surcredit of \$0.0294 per Ccf is to be applied to the quantity rates for a 12-month period beginning on February 26, 2014 to amortize the overcollection in the Cost of Capital Interim Rate Memorandum Account (CCIRMA).
4. A surcredit of \$0.0330 per Ccf is to be applied to the quantity rates for a 12-month period beginning on May 6, 2014 to amortize the March 2011 balances in five balancing and memorandum accounts as authorized by D.14-05-001.
5. A surcharge of \$0.1297/Ccf is to be applied to the quantity rates of only non-CARW customers to recover the estimated benefits provided under the California Alternative Rates for Water (CARW) program.
6. A surcharge of \$0.1597 per Ccf is to be applied to the quantity rates of only non-CARW customers for a 12-month period beginning August 20, 2014 to amortize the undercollection in the California Alternative Rates for Water (CARW) Memorandum Account.
7. Pursuant to Advice Letter 440-B, bills issued during the month of October 2014 will include a one-time refund of \$0.18 per customer. (N)
(N)

(To be inserted by utility)

Issued by

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

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NAME

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President

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Resolution No. _____

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.....	\$ 2.5057	(I)
For all Ccf greater than 16 Ccf, per 100 cu. Ft.....	\$ 2.8701	(R)

Service Charges:

Per Meter
Per Month

For 5/8 x 3/4-inch meter	\$ 14.52
For 3/4-inch meter	21.78
For 1-inch meter	36.31
For 1-1/2-inch meter	72.61
For 2-inch meter	116.20
For 3-inch meter	217.80

SPECIAL CONDITIONS

- All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
- A surcredit of \$0.2165 per Ccf is to be applied to the quantity rates for thirty-six months beginning on August 1, 2014 and ending on July 31, 2017 to refund an overcollection associated with the Sandhill Water Treatment Facility Plant.
- A surcredit of \$0.0294 per Ccf is to be applied to the quantity rates for a 12-month period beginning on February 26, 2014 to amortize the overcollection in the Cost of Capital Interim Rate Memorandum Account (CCIRMA).
- A surcredit of \$0.0330 per Ccf is to be applied to the quantity rates for a 12-month period beginning on May 6, 2014 to amortize the March 2011 balances in five balancing and memorandum accounts as authorized by D.14-05-001.
- A surcharge of \$0.1297/Ccf is to be applied to the quantity rates of only non-CARW customers to recover the estimated benefits provided under the California Alternative Rates for Water (CARW) program.
- A surcharge of \$0.1597 per Ccf is to be applied to the quantity rates of only non-CARW customers for a 12-month period beginning August 20, 2014 to amortize the undercollection in the California Alternative Rates for Water (CARW) Memorandum Account.
- Pursuant to Advice Letter 440-B, bills issued during the month of October 2014 will include a one-time refund of \$0.18 per customer. (N)
(N)

(To be inserted by utility)

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NAME

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Resolution No. _____

SCHEDULE NO. FO-4
Fontana Water Company
PRIVATE FIRE SERVICE

APPLICABILITY

Applicable to water service furnished to private fire systems and to private fire hydrants.

TERRITORY

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

RATE

Per Service
Per Month

For each inch of diameter of service connection \$9.40 (I)

SPECIAL CONDITIONS

1. The customer will pay, without refund, the entire cost of the private fire service facilities.
2. The private fire service facilities shall be installed by the utility or under the utility's direction and shall be the sole property and subject to the control of the utility, with the right to alter, repair, replace and the right to remove upon discontinuance of service.
3. The minimum diameter for the private fire service connection will be 4-inches. The maximum diameter shall not be larger than the diameter of the water main to which the private fire service facilities are attached unless said main is circulating, in which case with the approval of the utility the maximum diameter may be larger by not more than 2-inches than the diameter of said circulating main.
4. If a water main of adequate size is not available adjacent to the premises to be served, then a new main from the nearest existing main of adequate size will be installed by the utility at the cost of the customer. Such cost shall not be subject to refund.
5. The private fire service facilities will include a detector check valve or other similar device acceptable to the utility which will indicate the use of water. The facilities may be located within the customer's premises or within public right of way adjacent thereto. Where located within the premises, the utility and its duly authorized agents shall have the right of ingress to and egress from the premises for all purposes related to said facilities. In the event the installation is solely a private fire hydrant facility, the requirement for a detector check valve or other similar device may be waived.
- 5a. Pursuant to Advice Letter 440-B, bills issued during the month of October 2014 will include a one-time refund of \$0.18 per customer. (N)

(continued)

(To be inserted by utility)

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Decision No. 14-05-001 & 14-06-001

NAME

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President

TITLE

Resolution No. _____

SCHEDULE NO. FO-6
Fontana Water Company Tariff Area
RECYCLED WATER METERED SERVICE

APPLICABILITY

Applicable to all recycled water metered service.

TERRITORY

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

RATES

Quantity Rates:

For all water delivered per 100 cu. ft..... \$ 2.0376 (R)

Service Charge:

	Per Meter
For 5/8 x 3/4-inch meter.....	\$ 13.89
For 3/4-inch meter.....	20.84
For 1-inch meter.....	34.73
For 1-1/2-inch meter.....	69.45
For 2-inch meter.....	111.10
For 3-inch meter.....	208.40
For 4-inch meter.....	347.30
For 6-inch meter.....	690.00
For 8-inch meter.....	1,110.00
For 10-inch meter.....	1,600.00
For 12-inch meter.....	2,290.00

(continued)

(To be inserted by utility)

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R. W. Nicholson

NAME

President

TITLE

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

Date Filed _____

Effective _____

Resolution No. _____

SCHEDULE NO. FO-6
Fontana Water Company Tariff Area
RECYCLED WATER METERED SERVICE
(continued)

RATES – (continued)

	Per Battery	
	<u>Per Month</u>	
For two 2-inch meters.....	\$ 222.00	
For three 2-inch meters.....	333.00	
For four 2-inch meters.....	444.00	
For two 3-inch meters.....	417.00	
For two 4-inch meters.....	695.00	
For one 8-inch meter, one 2-inch meter.....	1,330.00	
For two 8-inch meters.....	2,220.00	(I)

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 75% of the Quantity Rate of Schedule No. FO-1.
2. The customer is responsible for compliance with all local, state, and federal rules and regulations that apply to the use of recycled water on the customer's premises.
3. The utility will supply only such recycled water at such pressure as may be available from time to time from the recycled 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 surcredit of \$0.2165 per Ccf is to be applied to the quantity rates for thirty-six months beginning on August 1, 2014 and ending on July 31, 2017 to refund an overcollection associated with the Sandhill Water Treatment Facility Plant.
6. A surcredit of \$0.0294 per Ccf is to be applied to the quantity rates for a 12-month period beginning on February 26, 2014 to amortize the overcollection in the Cost of Capital Interim Rate Memorandum Account (CCIRMA).
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8. A surcharge of \$0.1297/Ccf is to be applied to the quantity rates of only non-CARW customers to recover the estimated benefits provided under the California Alternative Rates for Water (CARW) program.
9. A surcharge of \$0.1597 per Ccf is to be applied to the quantity rates of only non-CARW customers for a 12-month period beginning August 20, 2014 to amortize the undercollection in the California Alternative Rates for Water (CARW) Memorandum Account.
10. Pursuant to Advice Letter 440-B, bills issued during the month of October 2014 will include a one-time refund of \$0.18 per customer. (N)
(N)

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TITLE

SCHEDULE NO. FO-9C
Fontana Water Company
CONSTRUCTION AND TANK TRUCK SERVICE

APPLICABILITY

Applicable to temporary water service furnished for construction purposes and for water delivered to tank trucks from fire hydrants or other outlets.

TERRITORY

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

RATE

Unit Rates

For sidewalk construction, per 100 sq. feet.....	\$0.712	(R)
For street curb construction, per 100 lineal feet	1.424	
For trench settling, per lineal foot of section of trench 2 feet by 4 feet	0.059	
For sprinkling subgrade of street and roadway construction in application of oil or any form of patented oil paving or surfacing, or for rolling and settling subgrade, per 3,000 square feet of roadway.....	9.98	
For compaction of fill, per cubic yard of fill material.....	0.089	
For water delivered to tank wagon or truck, per 100 gallons.....	0.227	

MINIMUM CHARGE

For any service rendered under this schedule..... \$35.76

(R)

SPECIAL CONDITIONS

1. An applicant wishing to obtain water deliveries under this schedule must first obtain a written permit from the utility.
2. Where water is to be obtained from a public fire hydrant, a permit must be obtained from the fire protection district or other public agency having jurisdiction.
3. For other temporary uses the quantity of water used shall be estimated or metered by the utility. Charges for such water shall be at the quantity rate for General Metered Service applicable to the tariff area within which the water is delivered.
4. An applicant for service under this schedule must pay the utility in advance the net cost of installing and removing any facilities necessary to provide such service.
5. Pursuant to Advice Letter 440-B, bills issued during the month of October 2014 will include a one-time refund of \$0.18 per customer.

(N)

(N)

(continued)

(To be inserted by utility)

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Decision No. 14-05-001 & 14-06-001

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SCHEDULE NO. FO-9CL
Fontana Water Company
SERVICE TO TRACT HOUSES DURING CONSTRUCTION

APPLICABILITY

Applicable to water service for house construction where houses are being constructed as part of a real estate development.

TERRITORY

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

RATES

For each lot for the construction period . . . \$12.22 (R)

SPECIAL CONDITIONS

1. This service is available only to real estate developers or builders who make application prior to installation of mains and services and who undertake the construction of houses as part of the development. At its option the utility may provide the service if application is made after mains and services have been installed.
2. Water service under this tariff schedule is only to be used for house construction. It does not include water use for landscaping or other tract improvement work.
3. When each house passes final inspection water service under this schedule will be terminated.
4. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
5. Pursuant to Advice Letter 440-B, bills issued during the month of October 2014 will include a one-time refund of \$0.18 per customer. (N)
(N)

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PRELIMINARY STATEMENT

(Continued)

J. Water Revenue Adjustment Mechanism (WRAM) Memorandum Account For Fontana Water Company Division

1. Purpose: The purpose of this memorandum account is to track the Quantity Rate revenues collected under Schedule FO-1C tiered rates against the revenues that would have been collected under a single block Quantity Rate.
2. The following entries will be made monthly to the WRAM memorandum Account in the Fontana Water Company division:
 - a. The recorded revenues collected through the tiered Quantity Rate under Schedule No. FO-1C (debit).
 - b. The calculated revenues that would have been collected under a single block Quantity Rate for the same water usage as in 2a above (credit).
 - c. The CPUC-adopted Quantity Rates (\$/Ccf) to be used in calculating the revenues for 2a and 2b above are as follows:

<u>Effective Date</u>	<u>Single Block Rate</u>	0-16 Ccf/mo. Over 16 Ccf/mo.	
		<u>Tier 1 Rate</u>	<u>Tier 2 Rate</u>
July 1, 2011	\$2.5046	\$2.3529	\$2.7057
April 1, 2013	\$2.5067	\$2.3549	\$2.7080
May 28, 2013	\$2.4498	\$2.3014	\$2.6465
July 1, 2013	\$2.5689	\$2.4133	\$2.7753
July 1, 2014	\$2.6641	\$2.5057	\$2.8701 (C)

- d. Franchise fees and uncollectible account expense, based on the net of 2a and 2b above, and the CPUC-adopted rates for franchise fees and uncollectible expenses.
- e. Monthly interest 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.
3. The balance in the memorandum account shall be amortized by a Tier 1 advice letter whenever the balance exceeds 2% of the authorized revenue requirement for the preceding calendar year. If the balance is below 2%, San Gabriel shall propose its amortization in a general rate case.
4. The memorandum account will terminate when so ordered in a CPUC general rate case decision, at which time any remaining debit (undercollection) or credit (overcollection) balance will be amortized through a rate surcharge or surcredit.

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TABLE OF CONTENTS

The following listed tariff sheets contain all effective rates and rules affecting the rates and services of the utility, together with information relating thereto:

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(continued)

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DISTRIBUTION LIST
San Gabriel Valley Water Company
Fontana Water Company Division
Advice Letter No. 440-B

Kendall H. MacVey, Esq.
Best, Best & Krieger, LLP
3750 University Avenue
Riverside, CA 92501

City of Rialto Water Department
150 South Palm Avenue
Rialto, CA 92376

City of Colton Water Department
650 North La Cadena Drive
Colton, CA 92324

West Valley Water District
Post Office Box 920
Rialto, CA 92377

Cucamonga Valley Water District
Post Office Box 638
Rancho Cucamonga, CA 91730

Mr. Paul V. Fernandez
cuticpicandtubby@aol.com

Debbie Brazill
Deputy City Manager
City of Fontana
8353 Sierra Avenue
Fontana, CA 92335

Kiki Carlson
Suburban Water Systems
kcarlson@swwc.com

Chuck Hays
Public Works Director
City of Fontana Public Service Department
16489 Orange Way
Fontana, CA 92335

Marvin T. Sawyer, District Counsel
Fontana Unified School District
9680 Citrus Avenue, Bldg. No. 4
Fontana, CA 92335

Kathleen Rollings-McDonald, Executive Director
Local Agency Formation Commission for
San Bernardino County
215 North D Street, Suite 204
San Bernardino, CA 92415

City of Ontario Water Department
303 East B Street
Ontario, CA 91764