

SAN GABRIEL VALLEY WATER COMPANY

August 22, 2014

Advice Letter 446

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company ("San Gabriel") hereby submits the following proposed 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>
2346-W	Preliminary Statement (continued)	N/A	N/A
2347-W	Table of Contents	N/A	2345-W

An original and four copies of this advice letter are submitted herein. San Gabriel seeks authorization to establish a Water Conservation Memorandum Account ("WCMA") and to add Paragraph U to its Preliminary Statement describing how the WCMA will function.

The WCMA will track recorded costs associated with conservation measures associated with Governor Brown's January 17, 2014 Drought Emergency Declaration calling for a 20 percent reduction in water usage, his April 25, 2014 Proclamation of Continued State of Emergency, the California Public Utilities Commission's (Commission) Resolution No. W-4976 adopting drought procedures for voluntary and mandatory water conservation measures related to both Rule 14.1 voluntary water conservation and Schedule 14.1 mandatory rationing efforts and Commission Resolution No. 5000 adopting emergency regulations for state-wide urban water consumption. **This advice letter is submitted with a Tier 2 designation.**

Background

On January 17, 2014, Governor Brown declared a State of Emergency in response to severe drought conditions in the State of California. In his Emergency Drought Declaration, the Governor cited, "the State of California is experiencing record

dry conditions, with 2014 projected to become the driest year on record.” The Governor’s Emergency Drought Declaration calls for water companies to work diligently with state water suppliers to reduce water usage by 20 percent. The following selected Ordering Paragraphs are from the January 17, 2014 Emergency Drought Declaration:

1. State agencies, led by the Department of Water Resources, will execute a statewide water conservation campaign to make all Californians aware of the drought and encourage personal actions to reduce water usage. This campaign will be built on the existing Save Our Water campaign (www.saveourh2o.org) and will coordinate with local water agencies. This campaign will call on Californians to reduce their water usage by 20 percent.

7. The Water Board will put water right holders throughout the state on notice that they may be directed to cease or reduce water diversions based on water shortages.

10. The state’s Drinking Water Program will work with local agencies to identify communities that may run out of drinking water, and will provide technical and financial assistance to help these communities address drinking water shortages. It will also identify emergency interconnections that exist among the state’s public water systems that can help these threatened communities.

The Governor’s Emergency Drought Declaration and Proclamation of Continued State of Emergency direct local water suppliers, among other things, to promote water conservation in response to severe drought conditions in California. Local water suppliers are encouraged to work cooperatively at the regional and state level to take aggressive, immediate action to reduce water consumption by 20%. San Gabriel, a Class A water utility subject to the jurisdiction of the Commission, shall comply with the Governor’s Emergency Drought Declaration and drought procedures ordered by the Commission by expanding water conservation awareness and taking other reasonable and necessary actions to reduce the harmful impacts of the drought on its customers.

On August 15, 2014, the Commission adopted Resolution W-5000 ordering San Gabriel and all water utilities under the jurisdiction of the Commission to comply with State Water Resources Control Board’s Resolution No. 2014-0038. San Gabriel is

required to take all necessary steps outlined in Resolution No. W-5000, which include notifying customers of the State Water Resources Control Board's mandatory water use restrictions, fines for violations, reporting and all other actions required by the Commission.

San Gabriel request in this advice letter is in compliance with the directives in Section 24 of the Commission's Drought Procedures, adopted February 27, 2014 via Resolution No. W-4976. Section 24 states:

All expenses incurred by utility to activate both Rule 14.1 voluntary conservations and Schedule 14.1 mandatory rationing efforts that have not been considered in a General Rate Case or other proceeding, shall be recoverable by utility if determined to be reasonable by Commission. These monies shall be accumulated by the utility in a separate memorandum account for disposition as directed or authorized from time to time by the Commission.

The WCMA will record San Gabriel's incremental public relations expenses, incremental water conservation material expenses, and other Operations and Maintenance ("O&M") and Administrative and General ("A&G") expenses that are unforeseen and unexpected, associated with implementing the mandated conservation practices outlined in Rule 14.1, Schedule 14.1, the Governor's Emergency Drought Declaration dated January 17, 2014 and Executive order dated April 25, 2014, and Commission Resolution No. W-5000 adopting emergency regulations for state-wide urban water conservation. San Gabriel will request recovery of amounts recorded in the WCMA in its next general rate case proceeding, or another regulatory proceeding as directed by the Commission. San Gabriel proposes the WCMA remain in effect until the drought is officially declared over and reasonable expenses recorded therein have been amortized.

The Governor's statewide Emergency Drought Declaration is not an event within San Gabriel's control. San Gabriel could not have reasonably foreseen the Governor's Emergency Drought Declaration in its last general rate case. San Gabriel will incur

extraordinary expenses to comply with the Governor's Emergency Drought Declaration and such efforts will be in the best interest of its customers.

San Gabriel requests that the attached proposed tariffs be made effective February 27, 2014 in compliance with Commission Resolution No. W-4976.

Protest and Responses

Anyone may respond to or protest this advice letter. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds are:

- (1) San Gabriel did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory, provided that such a protest may not be made where it would require re-litigating a prior order of the Commission.

A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

A response or protest must be made in writing or by electronic mail and must be received by the Division of Water and Audits within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Division of Water and Audits, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
water_division@cpuc.ca.gov

On the same date the response or protest is submitted to the Division of Water and Audits, the respondent or protestant shall send a copy by mail (or e-mail) to us,

August 22, 2014

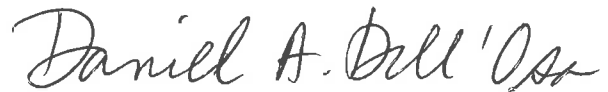
addressed to:

San Gabriel Valley Water Company
Director of Rates and Revenue
11142 Garvey Avenue
El Monte, CA 91733
(626) 448-6183
FAX (626) 448-5530 or
E-mail: dadellosa@sgwater.com

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Division of Water and Audits, within the 20 day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

Thank you for your assistance in processing this tariff filing.

Very truly yours,



Daniel A. Dell'Osa
Director of Rates and Revenue



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

PRELIMINARY STATEMENT

(Continued)

U. Water Conservation Memorandum Account (WCMA)

1. Purpose

The purpose of this memorandum account is to track recorded costs associated with conservation measures associated with Governor Brown's January 17, 2014 Drought Emergency Declaration calling for a 20 percent reduction in water usage, his April 25, 2014 Proclamation of Continued State of Emergency, the California Public Utilities Commission's (Commission) Resolution No. W-4976 adopting drought procedures for voluntary and mandatory water conservation measures related to both Rule 14.1 voluntary water conservation and Schedule 14.1 mandatory rationing efforts and Commission Resolution No. 5000 adopting emergency regulations for state-wide urban water consumption.

2. The WCMA will record San Gabriel's incremental public education and outreach expenses, incremental water conservation materials expenses, and other Operations and Maintenance ("O&M") and Administrative and General ("A&G") expenses that are unforeseen and unexpected directly associated with complying and implementing the mandated conservation practices outlined in the Emergency Drought Declaration Orders.

San Gabriel shall maintain the WCMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to the WCMA at the end of each month to record the expenses discussed above.
- 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).

4. Disposition

Costs recorded in the WCMA may be recovered in rates only after a request by San Gabriel, a showing of reasonableness, and approval by the Commission. Such a request may be made by a formal application specifically for that purpose, by inclusion in a subsequent general rate case, or other ratesetting request, as detailed in G.O. 96-B and Standard Practices.

(To be inserted by utility)

Issued by

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

Advice Letter No. 446

R. W. Nicholson

Date Filed _____

Decision No. _____

NAME

Effective _____

President

TITLE

Resolution No. _____

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(continued)

(To be inserted by utility)

Issued by

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

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NAME

Effective _____

President

TITLE

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DISTRIBUTION LIST
San Gabriel Valley Water Company
Los Angeles County Division
Advice Letter No. 446

City of Arcadia
240 West Huntington Drive
Arcadia, CA 91006

City Clerk, City of Rosemead
8838 Valley Boulevard
Rosemead, CA 91770

City Clerk, City of Baldwin Park
14403 East Pacific Avenue
Baldwin Park, CA 91706

City Clerk, City of San Gabriel
425 South Mission Drive
San Gabriel, CA 91778

California-American Water Company
1033 B Ave. Suite 200
Coronado, CA 92118-3439

San Gabriel County Water District
8366 East Grand Avenue
Rosemead, CA 91770

City of El Monte Water Department
11333 Valley Boulevard
El Monte, CA 91734

City of Santa Fe Springs Water Department
Post Office Box 2120
Santa Fe Springs, CA 90670

City of Industry Waterworks System
Post Office Box 3136
La Puente, CA 91744

City Clerk, City of South El Monte
1415 Santa Anita Avenue
South El Monte, CA 91733

City Clerk, City of Irwindale
5050 North Irwindale Avenue
Irwindale, CA 91706

Golden State Water Company
Attn: Ronald Moore, Regulatory Affairs
630 East Foothill Boulevard
San Dimas, CA 91773

City Clerk, City of La Puente
15900 East Main Street
La Puente, CA 91744

Suburban Water Systems
Attn: Bob Kelly
1211 East Center Court Drive
Covina, CA 91724-3603

La Puente Valley County Water District
112 North 1st Street
La Puente, CA 91744

Valley County Water District
14521 East Ramona Boulevard
Baldwin Park, CA 91706

City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640

City of Whittier Water Department
13230 East Penn Street
Whittier, CA 90602

City of Monterey Park Water Department
320 West Newmark Avenue
Monterey Park, CA 91754

California Public Utilities Commission
Office of Ratepayer Advocates
505 Van Ness Avenue
San Francisco, CA 94102-4208

City of Pico Rivera Water Department
6615 Passons Boulevard
Pico Rivera, CA 90660

Pico Water District
Post Office Box 758
Pico Rivera, CA 90660-0758

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kcarlson@swwc.com

City Clerk, City of West Covina
1444 West Garvey Avenue
West Covina, CA 91790

DISTRIBUTION LIST
San Gabriel Valley Water Company
Fontana Water Company Division
Advice Letter No. 446

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150 South Palm Avenue
Rialto, CA 92376

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

West Valley Water District
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Cucamonga Valley Water District
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Fontana, CA 92335

Kathleen Rollings-McDonald, Executive Director
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215 North D Street, Suite 204
San Bernardino, CA 92415

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