

# SAN GABRIEL VALLEY WATER COMPANY

February 13, 2015

Advice Letter 457

U337W

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

San Gabriel Valley Water Company ("San Gabriel") hereby requests review and approval of the following changes in tariff sheets applicable to its Fontana Water Company division:

<u>CPUC</u> <u>Sheet No.</u>	<u>Title</u>	<u>Schedule</u> <u>No.</u>	<u>Canceling</u> <u>CPUC</u> <u>Sheet No.</u>
2437-W	General Metered Service (continued)	FO-1	2380-W
2438-W	General Metered Conservation Rates	FO-1C	2381-W
2439-W	Recycled Water Service (continued)	FO-6	2384-W
2440-W	Calif. Alternative Rates for Water (continued)	FO-CARW	2336-W
2441-W	Table of Contents	N/A	2436-W

An original and four copies of this advice letter are submitted in compliance with D.15-02-003 in A.11-07-005, which authorizes San Gabriel to recover from customers the revenue undercollection tracked in its Interim Rates Memorandum Account (IRMA). This advice letter proposes recovery of the January 2015 balance of \$7,017,649 in the IRMA through a temporary 36-month surcharge of \$0.1440/Ccf. **This advice letter is designated as Tier 1**, allowing it to become effective upon submission.

### Background

On July 11, 2011, San Gabriel filed General Rate Case Application No. 11-07-005 for its Fontana Water Company division. On May 29, 2012, the Administrative Law Judge issued a ruling granting San Gabriel's motion for interim rate relief, having determined that it

was unlikely the Commission would issue a decision in time for the new rates to become effective on July 1, 2012, the first day of the test year, ruling:

San Gabriel Valley Water Company (San Gabriel) may file a Tier 1 Advice Letter, to implement interim rates and to establish an Interim Rates Memorandum Account. San Gabriel must track the difference between the current rates and the final rates adopted by the Commission in this proceeding. The memorandum account must not become effective before July 1, 2012 and must end upon a final decision in this proceeding.

On June 29, 2012, San Gabriel filed Advice Letter 416 to establish the Interim Rates Memorandum Account and it was approved effective July 1, 2012, adding Section M ("Interim Rates Memorandum Account ("IRMA") for the Fontana Water Company division") to San Gabriel's Preliminary Statement to its tariffs. The purpose of the IRMA is to track the difference between revenues billed under interim rates and the revenues that would have been billed had the rates adopted by the Commission in A.11-07-005 become effective on July 1, 2012. On May 1, 2014, the Commission issued D.14-05-001 in A.11-07-005, and the adopted rates became effective on May 6, 2014. D.15-02-003 was issued on February 10, 2015, correcting D.14-05-001 by adding a clause to Ordering Paragraph 3 of D.14-05-001 and correcting Attachment II, Appendices A and D. The added clause is as follows:

and San Gabriel Valley Water Company must also file a Tier 1 advice letter to amortize the 2012 Interim Rate Memorandum Account to true-up interim rates to the final rates adopted in this proceeding.

The present rates in the Fontana Water Company division became effective on December 1, 2014 through Advice Letter No. 452.

### **Discussion**

In order to compute the revenue undercollection from interim rates, San Gabriel used a billing analysis generator application programmed in its IBM AS400 computer to determine billing based on actual customer consumption data and meter sizes from July 1, 2012 through May 5, 2014. Consumption and meter data are processed through the billing analysis generator, initially using the actual then-current billed rates to generate **actual billed** results or interim rate revenues, and then using the D.15-02-003 adopted rates to generate **adopted** billing results. As required by the Administrative Law Judge's May 29, 2012 Ruling, the differences in monthly revenues from this process 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 undercollection in the IRMA through a temporary surcharge over three years. The proposed surcharge of \$0.1440/Ccf is based on the metered sales adopted by the Commission in D.14-05-001. The effect of the proposed surcharge will increase the monthly bill of the typical non-CARW residential customer (5/8" x 3/4" meter and 19 Ccf) served under Schedule FO-1C by \$2.74 or 4.1% from \$63.42 to \$66.16.

Supporting detailed workpapers for the \$7,017,649 revenue shortfall and the proposed \$0.1440/Ccf surcharge have been submitted with this advice letter to the Commission staff for its review.

### **Notice of Advice Letter Filing**

In accordance with Water Industry Rules 3.2 and 3.3 of General Order 96-B, San Gabriel will post this advice letter to its website [www.sgvwater.com](http://www.sgvwater.com). Distribution of this advice letter is being made to the attached service list in accordance with Water Industry Rule 4.1 of General Order No. 96-B. 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.

### **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 San Gabriel 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;
- (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 relitigating a prior order of the Commission.

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, 3<sup>rd</sup> floor  
California Public Utilities Commission,  
505 Van Ness Avenue, San Francisco, CA 94102  
Email: [water\\_division@cpuc.ca.gov](mailto: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 of the protest by mail to San Gabriel addressed as follows:

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

February 13, 2015

The advice letter process does not provide for any responses, protests or comments, except for San Gabriel's reply, after the 20-day comment period.

Replies: San Gabriel will reply to each protest and may reply to any response. Each reply must be received by the Division of Water and Audits within 5 business days after the end of the protest period, and shall be served on the same day to the person who filed the protest or response.

If you have not received a reply to your protest within 10 business days, contact me at (626) 448-6183.

Thank you for your assistance in processing this advice letter.



Daniel A. Dell'Osa  
Director of Rates and Revenue

cc: James Boothe, CPUC – Water & Audits Division  
Hani Moussa, CPUC – Water Branch, ORA  
Danilo Sanchez, CPUC – Water Branch, ORA

**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 .....	\$ 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 .....	696.00
For one 8-inch meter, two 2-inch meters .....	1,331.00
For two 8-inch meters .....	2,202.00

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 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 ending September 20, 2015 to amortize the undercollection in the California Alternative Rates for Water (CARW) Memorandum Account.
7. A surcharge of \$0.1440 per Ccf is to be applied to the quantity rates for thirty-six months beginning on February 13, 2015 and ending on February 12, 2018 to recover an undercollection recorded in the Interim Rates Memorandum Account. (N)

(To be inserted by utility)  
Advice Letter No. 457  
Decision No. 15-02-003

*Issued by*  
R. W. Nicholson  
NAME  
President  
TITLE

(To be inserted by Cal. P.U.C.)  
Date Filed \_\_\_\_\_  
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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..... \$ 2.5032  
For all Ccf greater than 16 Ccf, per 100 cu. Ft..... \$ 2.8789

Service Charges:	<u>Per Meter</u> <u>Per Month</u>
For 5/8 x 3/4-inch meter .....	\$ 14.53
For 3/4-inch meter .....	21.80
For 1-inch meter .....	36.34
For 1-1/2-inch meter .....	72.67
For 2-inch meter .....	116.30
For 3-inch meter .....	217.98

**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 ending September 20, 2015 to amortize the undercollection in the California Alternative Rates for Water (CARW) Memorandum Account.
7. A surcharge of \$0.1440 per Ccf is to be applied to the quantity rates for thirty-six months beginning on February 13, 2015 and ending on February 12, 2018 to recover an undercollection recorded in the Interim Rates Memorandum Account. (N)  
(N)  
(N)

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**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.....	696.00
For one 8-inch meter, one 2-inch meter.....	1,331.00
For two 8-inch meters.....	2,202.00

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 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).
7. 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.
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 ending September 20, 2015 to amortize the undercollection in the California Alternative Rates for Water (CARW) Memorandum Account.
10. A surcharge of \$0.1440 per Ccf is to be applied to the quantity rates for thirty-six months beginning on February 13, 2015 and ending on February 12, 2018 to recover an undercollection recorded in the Interim Rates Memorandum Account. (N)  
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(N)

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



**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.
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 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.
9. A surcredit of \$0.0294 per Ccf is to be applied to the quantity rates for a 12-month period beginning on the effective date of Advice Letter 431-A to amortize the overcollection in the Cost of Capital Interim Rate Memorandum Account (CCIRMA).
10. A surcredit of \$0.0330 per Ccf is to be applied to the quantity rates for a 12-month period beginning on the effective date of Advice Letter 435 to amortize the March 2011 balances in five balancing and memorandum accounts as authorized by D.14-05-001.
11. A surcharge of \$0.1440 per Ccf is to be applied to the quantity rates for thirty-six months beginning on February 13, 2015 and ending on February 12, 2018 to recover an undercollection recorded in the Interim Rates Memorandum Account.

(N)  
(N)  
(N)

(To be inserted by utility)  
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Decision No. D.15-02-003

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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:

<u>Subject Matter of Sheet</u>	<u>C.P.U.C. Sheet No.</u>
Title Page	1559-W
Table of Contents	2441-W 2435-W (C) 2376-W 1563-W 1637-W 2205-W
Preliminary Statement	634-W, 390-W, 2433-W, 2229-W, 2108-W, 2387-W, 2434-W, 2060-W, 2061-W, 2168-W, 2170-W, 2296-W, 2300-W, 2302-W, 2346-W, 2375-W
Service Area Maps:	
Fontana Water Company	1533-W
Los Angeles County Division	
Service Area - East Portion	1183-W
- South Portion	869-W
- West Portion	1171-W
Area Maps of Less Than 40 p.s.i.g.	871-W 691-W to 697-W
<u>Rate Schedules</u>	<u>Schedule Number</u>
All Tariff Areas	
Surcharge to Fund Public Utilities	
Commission Reimbursement Fee	AA-UF 1807-W
Fontana Water Company	
General Metered Service - General	FO-1 2379-W, 2437-W (C)
General Metered Service - Conservation	FO-1C 2438-W (C)
Private Fire Service	FO-4 2382-W, 1087-W, 1476-W
Recycled Water Metered Service	FO-6 2383-W, 2439-W (C)
Construction and Tank Truck Service	FO-9C 2385-W, 1516-W
Service to Tract Houses During Construction	FO-9CL 2386-W
California Alternative Rates For Water	FO-CARW 2274-W, 2440-W (C)
Facilities Fees	FO-FF 1875-W 1876-W

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