

SAN GABRIEL VALLEY WATER COMPANY

January 5, 2017

Advice Letter No. 490

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

CPUC		Schedule	Canceling
<u>Sheet No.</u>	<u>Title</u>	<u>No.</u>	<u>Sheet No.</u>
2663-W	General Metered Service	FO-1	2618-W
2664-W	General Metered Service Conservation	FO-1C	2629-W
2665-W	Recycled Water Metered Service	FO-6	2622-W
2666-W	Preliminary Statement (continued)	N/A	2626-W
2667-W	Table of Contents	N/A	2662-W

This **water cost offset** advice letter increases revenues in San Gabriel's Fontana Water Company division by \$1,045,128 or 1.4% to offset increases in purchased water costs and groundwater pumping assessments. In accordance with Water Industry Rule 7.3.1(7) as modified by Resolution W-4664 and Water Industry Rule 8.4 of General Order 96-B, **this filing is designated Tier 1**. The enclosed rates will become effective upon the filing of this advice letter.

Background

Water supply for San Gabriel's Fontana Water Company division ("Fontana") comes mainly from Lytle Creek Surface water, Non-Chino Basin wells, Chino Basin Wells, and untreated water from the State Water Project. Most of Fontana's water rights are obtained from San Gabriel's 39.74% ownership in Fontana Union Water Company ("Union"). Cucamonga Valley Water District ("CVWD") charges Fontana for water

produced from Lytle Creek surface water and Non-Chino Basin wells that exceeds San Gabriel's share of Union's rights at 85% of the rates then in effect for the Metropolitan Water District of Southern California's ("MWD") Tier 1, as adopted by MWD's local sub-agency, the Inland Empire Utilities Agency ("IEUA").

Also, San Gabriel is a party to the Chino Basin groundwater judgment which governs Fontana's pumping of groundwater from its Chino Basin wells. That judgment requires Fontana to pay groundwater replenishment and other assessments levied by the Chino Basin Watermaster. The Watermaster's replenishment assessment rate is based largely on the MWD/IEUA untreated Tier 2 rate. Fontana also enters into annual Chino Basin pumping rights leases at the prevailing rate, when available, to offset a portion of the Watermaster replenishment assessments.

Changes in Water Costs (effective on or before January 1, 2017)

- Watermaster's Replenishment Assessment rate has increased from \$611.00 per AF to \$779.28 per AF.
- Watermaster's Administrative Assessment has increased from \$15.58 per AF to \$16.23 per AF.
- Watermaster's OBMP Assessment has decreased from \$41.96 per AF to \$39.95 per AF.
- Appropriative Pool & 85/15 Assessment has decreased from \$10.87 per AF to \$9.40 per AF.
- Land Use Conversion Assessment has decreased from \$30.23 per AF to \$25.96 per AF.
- Leased Water costs have increased from \$504.05 per AF to \$516.35 per AF.
- CVWD charges for water produced from Lytle Creek surface water and Non-Chino Basin wells in excess of San Gabriel's share of Union's rights has increased from \$517.65 per AF to 85% of \$666.00 or \$566.10 per AF.
- MWD/IEUA's untreated rate (Tier 1) for State Water Project Water delivered to Fontana's water treatment plant has increased from \$609.00 per AF to \$666.00 per AF.
- IEUA Assessment (active meters) has decreased from \$25.24 to \$18.98 per meter.

- Monthly IEUA Capacity Charge has decreased from \$10,900 per cfs to \$8,000 per Cfs.
- Calendar Year Assessments on Fontana Union Water Company Water Stock have increased slightly from \$104.00 per share to \$110.00 per share.

The annual water supply costs and assessments currently reflected in rates were adopted with Advice Letter No. 482 and became effective on July 5, 2016.

The impact of these changes to water costs causes an increase to the adopted expense from \$13,411,119 to \$14,444,223 and increases adopted annual revenues from \$72,849,769 to \$73,894,897 an increase of \$1,045,128 or 1.4%. The proposed rates submitted with this advice letter raise the monthly bill of the typical non-CARW residential customer (5/8" x 3/4" meter and 19 Ccf) served under General Metered Rate Schedule FO-1 by \$1.22 or 1.5% from \$80.43 to \$81.65 and the Conservation Rate Schedule FO-1C by \$1.18 or 1.5% from \$78.30 to \$79.48. San Gabriel has furnished the Commission's Water Division staff with two copies of workpapers providing detailed support for the proposed increase.

The matters addressed in this advice letter are not now the subject of any formal filings with the California Public Utilities Commission, including a formal complaint, nor action in any court of law.

Notice of Rate Increase

In accordance with Water Industry Rule 3.2 of General Order 96-B, as modified by Commission Resolution W-4664, San Gabriel will inform its customers of the increase by bill insert (a draft of which is provided with the workpapers) in the first bill that includes the increased rates. No other parties have requested notification of tariff filings related to the Fontana Water Company division.

In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will also post this advice letter to its website at www.fontanawater.com. Also, 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.

Protest and Responses

Anyone may respond to or protest this advice letter. When submitting a written response or protest please include San Gabriel Valley Water Company's name and this

advice letter number in the subject line. 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. When submitting a written response or protest please include San Gabriel Valley Water Company's name in the subject line. 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 San Gabriel, 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: jmreiker@sgvwater.com

January 5, 2017

Thank you for your assistance in processing this advice letter.

San Gabriel Valley Water Company



Joel M. Reiker
Vice President of Regulatory Affairs

cc: James Boothe, CPUC – Water Division
Hani Moussa, CPUC – Water Branch, ORA
Lisa Bilir, CPUC – Water Branch, ORA

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. \$ 2.7772 (I)

Per Meter
Per Month

Service Charges:

For 5/8 x 3/4-inch meter	\$ 13.70
For 3/4-inch meter	20.57
For 1-inch meter.....	34.27
For 1-1/2-inch meter	68.53
For 2-inch meter.....	109.63
For 3-inch meter.....	205.64
For 4-inch meter.....	343.10
For 6-inch meter.....	681.00
For 8-inch meter.....	1,095.00
For 10-inch meter.....	1,578.00
For 12-inch meter.....	2,259.00

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 490

R. W. Nicholson

Date Filed _____

Decision No. _____

NAME

Effective _____

President

TITLE

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.....	\$ 2.5585	(I)
For all Ccf greater than 16 Ccf, per 100 cu. Ft.....	\$ 2.9423	(I)

Service Charges:	Per Meter
	<u>Per Month</u>
For 5/8 x 3/4-inch meter	\$ 14.33
For 3/4-inch meter	21.49
For 1-inch meter	35.82
For 1-1/2-inch meter	71.65
For 2-inch meter	114.67
For 3-inch meter	214.91

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A surcredit of \$0.1047 per Ccf is to be applied to the quantity rates for the remainder of the thirty-six months ending on July 31, 2017 to refund an overcollection associated with the Sandhill Water Treatment Facility Plant.
3. A surcharge of \$0.2408/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.
4. A surcharge of \$0.1440 per Ccf is to be applied to the quantity rates for thirty-one months beginning on February 13, 2015 and ending on September 12, 2017 to recover an undercollection recorded in the Interim Rates Memorandum Account.
5. A surcharge of \$0.1257 per Ccf is to be applied to the quantity rates for twenty-four months beginning on May 6, 2015 and ending on May 5, 2017 to recover the March 2015 undercollection recorded in the Water Production Balancing Account.
6. A surcharge of \$0.1394 per Ccf is to be applied to the quantity rates for a twelve month period beginning on October 27, 2015 to amortize the undercollection in the Water Quality Litigation Memorandum Account (WQLMA).
7. A surcharge of \$0.1352 per Ccf is to be applied to the quantity rates of non-CARW customers for twenty-four months beginning on the effective date of Advice Letter 475-A and ending on January 31, 2018 to amortize the undercollection in the California Alternative Rates for Water (CARW) Balancing Account.
8. A surcharge of \$0.1183 per Ccf is to be applied to the quantity rates for twelve months beginning on the effective date of September 15, 2016 to amortize the net undercollection in the Drought Lost Revenue and Drought Surcharge Revenue Memorandum Accounts.

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Resolution No. W-5110

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..... \$ 2.0829 (I)

Service Charge:

	Per Meter
For 5/8 x 3/4-inch meter.....	\$ 13.70
For 3/4-inch meter.....	20.57
For 1-inch meter.....	34.27
For 1-1/2-inch meter.....	68.53
For 2-inch meter.....	109.63
For 3-inch meter.....	205.64
For 4-inch meter.....	343.10
For 6-inch meter.....	681.00
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PRELIMINARY STATEMENT

(Continued)

H2. Water Revenue Adjustment Mechanism (WRAM) Memorandum Account for the 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:

		0-16 Ccf/mo.	Over 16 Ccf/mo.	
<u>Effective Date</u>	<u>Single Block Rate</u>	<u>Tier 1 Rate</u>	<u>Tier 2 Rate</u>	
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	\$2.6625	\$2.5011	\$2.8765	
December 31, 2014	\$2.6648	\$2.5032	\$2.8789	
July 1, 2016	\$2.6973	\$2.5338	\$2.9139	
August 30, 2016	\$2.6593	\$2.4981	\$2.8729	
January 5, 2017	\$2.7236	\$2.5585	\$2.9423	(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.

Authorization: Established pursuant to D.10-04-031, Ordering Paragraph 4; and Advice Letter 385

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