

# SAN GABRIEL VALLEY WATER COMPANY

September 11, 2017

Advice Letter No. 503

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 ("Fontana") division:

<u>CPUC Sheet No.</u>	<u>Title</u>	<u>Schedule No.</u>	<u>Canceling CPUC Sheet No.</u>
2745-W	General Metered Service (cont'd)	FO-1	2728-W
2746-W	General Metered Service Conservation Rates	FO-1C	2729-W
2747-W	Recycled Water Metered Service (cont'd)	FO-6	2730-W
2748-W	California Alternative Rates for Water (cont'd)	FO-CARW	2631-W
2749-W	Preliminary Statement	N/A	2398-W
2750-W	Table of Contents	N/A	2731-W

An original and four copies of this advice letter are submitted pursuant to General Order 96-B, Water Industry Rule 7.3.3(7), to refund the net overcollection in the Conservation Program Balancing Account as of June 30, 2017, through a temporary 12-month surcredit of \$0.0084 per Ccf. The net balance proposed to be refunded is \$122,094 or 0.2% decrease of the adopted revenue requirement.

In accordance with Water Industry Rule 7.3.1(5) of General Order 96-B, **this filing is designated as Tier 1 and San Gabriel requests that the proposed rates become effective on September 15, 2017** to coincide with an expiring surcharge currently in effect.

### Background

The current rate schedules in this division became effective on August 13, 2017 through Advice Letter No. 499.

San Gabriel conducts a number of Commission authorized conservation programs throughout the Fontana division dedicated to conserving water resources. In Decision (“D.”)14-05-001, San Gabriel was authorized to maintain a Conservation Program Balancing Account to track the actual versus authorized conservation program expenditures over the general rate case (“GRC”) cycle so that any unspent funds collected through rates can be returned to ratepayers. As of June 30, 2017, the end of the prior GRC cycle, the overcollected balance in the Conservation Program Balancing Account was \$122,094. By this advice letter San Gabriel proposes to return this overcollection to ratepayers in the form of a surcredit of \$0.0084 per Ccf for twelve months beginning on September 15, 2017.

### **Discussion**

In D. 14-05-001 in Application No. 11-07-005, Appendix A, Settlement Attachment A, Section 2, Page A-3 states:

2. *San Gabriel agrees with DRA’s recommendation to continue tracking expenses in a capped, one-way balancing account with any unspent funds refunded to ratepayers after the end of the rate case period.*

The Conservation Program Balancing Account was authorized in Advice Letter No. 453 by Resolution W-5043 and Preliminary Statement Paragraph J2, effective July 23, 2015. The Conservation Program Balancing Account was addressed again in A.16-01-002, which culminated in D.17-06-008, dated June 15, 2017. Section III.J.4 of the settlement agreement approved in D.17-06-008 states:

4. *The Parties agree to retain the existing procedure, refunding any positive balance remaining as of the effective date of GRC rates.*

In this advice letter, San Gabriel proposes to refund the positive balance remaining in the Conservation Program Balancing Account as of June 30, 2017. As of July 1, 2017, San Gabriel began tracking in the Conservation Program Balancing

Account conservation program expenses for the current GRC cycle, and will refund any positive balance remaining as of the effective date of rates in the next GRC. Accordingly, San Gabriel also requests approval to change its Preliminary Statement Section J-2 to add D. 17-06-008 as an additional authority.

San Gabriel has furnished the Commission's Water Division staff workpapers providing detailed support for the proposed surcredit. These workpapers show the computation of a surcredit of \$0.0084 per Ccf for twelve-months beginning on the September 15, 2017. The impact of this refund causes a decrease in the revenue requirement from \$73,274,062 to \$73,151,968 a decrease of \$122,094 or 0.2%. The new rates submitted with this advice letter will lower the monthly bill of the average non-CARW residential customer on Schedule FO-1 with a 5/8" x 3/4" meter using 19 Ccf by \$0.16 or 0.2% from \$93.29 to \$93.14 and on Schedule No. FO-1C by \$0.16 or 0.2% from \$91.59 to \$91.43.

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

### **Notice of Rate Increase**

In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will also post this advice letter on its website at [www.fontanawater.com](http://www.fontanawater.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 other parties have requested notification of tariff filings related to the Fontana division.

### **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 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; 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 Water Division 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 and this advice letter number in the subject line. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3<sup>rd</sup> 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 Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to San Gabriel, addressed to:

San Gabriel Valley Water Company  
11142 Garvey Avenue  
El Monte, CA 91733

September 11, 2017

Tel: (626) 448-6183  
FAX (626) 448-5530  
e-mail: [jmreiker@sgvwater.com](mailto:jmreiker@sgvwater.com)

Thank you for your assistance in processing this advice letter.

A handwritten signature in black ink, appearing to read "Joel M. Reiker". The signature is fluid and cursive, with a large initial "J" and "M".

Joel M. Reiker  
Vice President of Regulatory Affairs

cc: James Boothe, CPUC – Water Division  
Hani Moussa, CPUC – Water Branch, ORA  
Richard Smith, 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 .....	\$ 272.00
For three 2-inch meters .....	409.00
For four 2-inch meters .....	545.00
For two 3-inch meters .....	511.00
For two 4-inch meters .....	851.00
For one 8-inch meter, two 2-inch meters .....	1,630.00
For two 8-inch meters .....	2,720.00

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 surcharge of \$0.2425/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. (D)
3. A surcharge of \$0.1352 per Ccf is to be applied to the quantity rates of non-CARW customers for twenty-three 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. (D)
4. A surcharge of \$0.1484 per Ccf is to be applied to the quantity rates for twelve months effective August 13, 2017 to amortize the net undercollection in the Plant F23 Perchlorate Facilities Balancing Account. (N)
5. A surcredit of \$0.0084 per Ccf is to be applied to the quantity rates for twelve months effective September 15, 2017 to amortize the net overcollection in the Conservation Program Balancing Account. (N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 503

R. W. Nicholson

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

Decision No. \_\_\_\_\_

NAME

Effective \_\_\_\_\_

President

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

TITLE

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..... \$ 3.3200  
For all Ccf greater than 16 Ccf, per 100 cu. Ft..... \$ 3.8181

Service Charges:	Per Meter
	<u>Per Month</u>
For 5/8 x 3/4-inch meter .....	\$ 17.02
For 3/4-inch meter .....	25.53
For 1-inch meter .....	42.56
For 1-1/2-inch meter .....	85.11
For 2-inch meter .....	136.20
For 3-inch meter .....	255.30

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A surcharge of \$0.2425/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. (D)
3. 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. (D)
4. A surcharge of \$0.1484 per Ccf is to be applied to the quantity rates for twelve months effective August 13, 2017 to amortize the net undercollection in the Plant F23 Perchlorate Facilities Balancing Account.
5. A surcredit of \$0.0084 per Ccf is to be applied to the quantity rates for twelve months effective September 15, 2017 to amortize the net overcollection in the Conservation Program Balancing Account. (N)  
(N)

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

RATES – (continued)

	Per Battery Per Month
For two 2-inch meters.....	\$ 272.00
For three 2-inch meters.....	409.00
For four 2-inch meters.....	545.00
For two 3-inch meters.....	511.00
For two 4-inch meters.....	851.00
For one 8-inch meter, one 2-inch meter.....	1,630.00
For two 8-inch meters.....	2,720.00

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 surcharge of \$0.2425/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. (D)
6. A surcharge of \$0.1352 per Ccf is to be applied to the quantity rates of non-CARW customers for twenty-three 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. (D)
7. A surcharge of \$0.1484 per Ccf is to be applied to the quantity rates for twelve months effective August 13, 2017 to amortize the net undercollection in the Plant F23 Perchlorate Facilities Balancing Account.
8. A surcredit of \$0.0084 per Ccf is to be applied to the quantity rates for twelve months effective September 15, 2017 to amortize the net overcollection in the Conservation Program Balancing Account. (N)

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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 surcharge of \$0.1484 per Ccf is to be applied to the quantity rates for twelve months effective August 13, 2017 to amortize the net undercollection in the Plant F23 Perchlorate Facilities Balancing Account. (D)  
(N)
- 9. A surcredit of \$0.0084 per Ccf is to be applied to the quantity rates for twelve months effective September 15, 2017 to amortize the net overcollection in the Conservation Program Balancing Account. (N)

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

Advice Letter No. 503 R.W. Nicholson Date Filed \_\_\_\_\_

Decision No. \_\_\_\_\_ NAME Effective \_\_\_\_\_

President Resolution No. W-5110

TITLE

PRELIMINARY STATEMENT  
(Continued)

J2. Conservation Program Balancing Account for the Fontana Water Company Division

1. Purpose: The purpose of this one-way balancing account is to track the actual versus authorized expenditures over the three-year general rate case cycle so that any unspent funds collected through rates can be returned to ratepayers.
2. The following entries will be made each month to the Conservation Program Balancing Account:
  - a. The estimated billed revenues associated with the adopted conservation program budget will be calculated, based on the actual number of customers and the recorded water sales (credit for revenues).
  - b. Franchise fees and uncollectible account expense, based on 2a above and the CPUC-adopted rates for franchise fees and uncollectible accounts expense (debit).
  - c. Conservation expenditures will be recorded (debits for expenditures).
  - d. 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).

*Authorization: Established pursuant to D.14-05-001, Ordering Paragraph 1, Settlement Attachment A, Section 2 and D.17-06-008, Ordering Paragraph 1, Settlement Section IV.J.3. (N)*

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TITLE

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(continued)

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