

SAN GABRIEL VALLEY WATER COMPANY

May 15, 2018

Advice Letter 524

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company ("San Gabriel") hereby requests 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>
2846-W	General Metered Service	FO-1	2833-W
2847-W	General Metered Service (cont.)	FO-1	2841-W
2848-W	General Metered Service Conservation Rates	FO-1C	2842-W
2849-W	Private Fire Service	FO-4	2836-W
2850-W	Recycled Water Metered Service	FO-6	2837-W
2851-W	Recycled Water Metered Service (cont.)	FO-6	2843-W
2852-W	Preliminary Statement, Paragraph H2	N/A	2839-W
2853-W	Table of Contents	N/A	2845-W

The purpose of this advice letter is to reduce rate base (and rates) to reflect the collection and application of the amount of Facilities Fees recorded in the Facilities Fees Memorandum Account which reserves the estimated remaining cost to complete the Fontana Recycled Water Project. An original and four copies of this advice letter are submitted to reflect in rates Facilities Fees and memorandum account interest recorded since June 2017, and to decrease the adopted annual revenue requirement by \$790,234 or 1.1% effective July 1, 2018 (to coincide with other anticipated rate changes). The proposed rate reduction will cause the monthly bill of the typical non-CARW residential customer on conservation rate Schedule No. FO-1C to decrease by \$0.70 or 1.1% from \$63.74 to \$63.04. **This advice letter, proposing a rate reduction, is designated as Tier 1.**

Discussion

San Gabriel last adjusted rates to reflect Facilities Fees and interest recorded in the Facilities Fees Memorandum Account through June 2017 by Advice Letter No. 504, effective September 15, 2017. This advice letter proposes to adjust rates to reflect the balance in the Facilities Fees Memorandum Account as of March 2018.

When San Gabriel collects deposits of Facilities Fees from developers, it credits Account 30-242-85. When the related construction jobs are either completed or abandoned, San Gabriel debits the deposited amount from this account. For completed jobs, the deposit is transferred to Account 30-242-86. Monthly net changes recorded in these two accounts are included in the Facilities Fees Memorandum Account, with the following two adjustments:

First, when San Gabriel applies Facilities Fees to a completed project, it transfers that amount from Account 30-242-86 to Account 30-242, Contributions in Aid of Construction (CIAC). Since rates are not simultaneously adjusted when this accounting transfer takes place, San Gabriel retains these transferred amounts in the memorandum account until the rates are adjusted, as it did in September 2017 with the \$3,370,495 approved in Advice Letter No. 504.

Second, D.12-06-002 in A.11-06-005 authorized the use of Facilities Fees to fund a new recycled water project. Ordering Paragraph No. 3 states:

3. San Gabriel Valley Water Company shall offset all Project Costs and any accrued capitalized interest costs recorded in the Project Work Order by (a) the amount of facilities fees received pursuant to Fontana Water Company Tariff Schedule No. FO-FF, CPUC Sheet Nos. 1875W and 1876W and (b) any available grants or contributions received from other sources for the local recycled water distribution system project, until all the Project costs and any accrued capitalized interest costs have been offset and reimbursed.

The Settlement Agreement approved in D.12-06-002 provided that no Recycled Water Project costs will ever be included in San Gabriel's rate base or otherwise be included in San Gabriel's revenue requirement for ratemaking purposes. Accordingly, the subject recycled water project was designated by the Commission as first in line to be offset by Facilities Fees on a going-forward basis, and the capital expenditures to construct the recycled water project have never been reflected in rate base. Because the recycled water project is not permitted to be reflected

in rate base, San Gabriel continues to record the capital costs of this project in the Facilities Fees Memorandum Account as an offset to compute the amount of Facilities Fees (plus interest) that are available for application to other projects.

The purpose of this advice letter is to reflect in rates the amount of collected Facilities Fees (plus interest) recorded in the Facilities Fees Memorandum Account through April 2018, which exceed the estimated amount still to be applied to the Recycled Water Project pending completion.

The currently adopted rates became effective on January 1, 2018 through Advice Letter 510. The proposed decrease in the previously adopted base rate revenues is \$790,234 or 1.1% from \$72,030,166 to \$71,239,932. The proposed rates were designed by proportionately reducing the present rates by 1.1%.

Supporting Workpapers

San Gabriel has furnished to the Commission staff for its review and verification, workpapers supporting the proposed revenue requirement and rate design.

Notice of Rate Change

In accordance with the requirements of Water Industry Rule 4.1 of General Order No. 96-B, this advice letter is being sent to the parties listed on the attached distribution list. 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 on its website www.fontanawater.com.

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;

May 15, 2018

- (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 Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a response or protest is:

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

On the same date the response or protest is submitted to Water Division, the respondent or protestant shall send a copy of the protest by mail (or email) to San Gabriel addressed as follows:

San Gabriel Valley Water Company
Vice President of Regulatory Affairs
11142 Garvey Avenue
El Monte, CA 91733
FAX: (626) 448-5530 or
E-mail: jmreiker@sgvwater.com

San Gabriel requests that the attached proposed tariffs be made effective immediately..

Respectfully submitted,



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

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. \$ 3.4771 (R)

Per Meter
Per Month

Service Charges:

For 5/8 x 3/4-inch meter	\$ 16.67
For 3/4-inch meter	24.99
For 1-inch meter.....	41.66
For 1-1/2-inch meter	83.32
For 2-inch meter.....	133.32
For 3-inch meter.....	249.91
For 4-inch meter.....	416.61
For 6-inch meter.....	832.00
For 8-inch meter.....	1,331.00
For 10-inch meter.....	1,919.00
For 12-inch meter.....	2,750.00

(R)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 524

R. W. Nicholson

Date Filed _____

Decision No. _____

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	\$ 266.00	(R)
For three 2-inch meters	401.00	
For four 2-inch meters	533.00	
For two 3-inch meters	500.00	
For two 4-inch meters	833.00	
For one 8-inch meter, two 2-inch meters	1,595.00	
For two 8-inch meters	2,662.00	(R)

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.
3. 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.
4. 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.
5. A surcredit of \$0.1716 per Ccf is to be applied to the quantity rates for six months from July 1, 2018 until December 31, 2018 to amortize the estimated net overcollected balance in the 2018 Tax Accounting Memorandum Account.

(To be inserted by utility)

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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.....	\$ 3.3124	(R)
For all Ccf greater than 16 Ccf, per 100 cu. ft.....	\$ 3.7999	

Service Charges:	Per Meter	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$ 16.67	
For 3/4-inch meter	24.99	
For 1-inch meter	41.66	
For 1-1/2-inch meter	83.32	
For 2-inch meter	133.32	
For 3-inch meter	249.91	(R)

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.
3. 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.
4. 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.
5. A surcharge of \$0.2186 per Ccf is to be applied to the quantity rates for twelve months ending on January 31, 2019 to amortize the net undercollection in the Water Revenue Adjustment Mechanism (WRAM) memorandum account.
6. A surcredit of \$0.1716 per Ccf is to be applied to the quantity rates for six months from July 1, 2018 until December 31, 2018 to amortize the estimated net overcollected balance in the 2018 Tax Accounting Memorandum Account.

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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 \$11.17 (R)

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.

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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..... \$ 2.6079 (R)

Per Meter

Service Charge:

For 5/8 x 3/4-inch meter.....	\$ 16.67
For 3/4-inch meter.....	24.99
For 1-inch meter.....	41.66
For 1-1/2-inch meter.....	83.32
For 2-inch meter.....	133.32
For 3-inch meter.....	249.91
For 4-inch meter.....	416.61
For 6-inch meter.....	832.00
For 8-inch meter.....	1,331.00
For 10-inch meter.....	1,919.00
For 12-inch meter.....	2,750.00 (R)

(continued)

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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.....	\$ 266.00	(R)
For three 2-inch meters.....	401.00	
For four 2-inch meters.....	533.00	
For two 3-inch meters.....	500.00	
For two 4-inch meters.....	833.00	
For one 8-inch meter, one 2-inch meter.....	1,595.00	
For two 8-inch meters.....	2,662.00	(R)

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.
6. 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.
7. 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.
8. A surcredit of \$0.1716 per Ccf is to be applied to the quantity rates for six months from July 1, 2018 until December 31, 2018 to amortize the estimated net overcollected balance in the 2018 Tax Accounting Memorandum Account.

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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:

<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, 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	
July 1, 2017	\$3.4884	\$3.3200	\$3.8181	
September 15, 2017	\$3.4525	\$3.2859	\$3.7789	
January 1, 2018	\$3.5157	\$3.3491	\$3.8421	
July 1, 2018	\$3.5157	\$3.3491	\$3.8421	
July 1, 2018	\$3.4771	\$3.3124	\$3.7999	(N)

- 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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TABLE OF CONTENTS

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DISTRIBUTION LIST
San Gabriel Valley Water Company
Fontana Water Company Division
Advice Letter No. 524

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

Kiki Carlson
Suburban Water Systems
kcarlson@swwc.com

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

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