

SAN GABRIEL VALLEY WATER COMPANY

May 15, 2018

Advice Letter No. 525

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 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>
2854-W	General Metered Service (cont'd)	FO-1	2847-W
2855-W	General Metered Service-Conservation	FO-1C	2848-W
2856-W	Recycled Water Metered Service	FO-6	2851-W
2857-W	Calif. Alternative Rate for Water (cont'd)	FO-CARW	2844-W
2858-W	Table of Contents	N/A	2853-W

An original and four copies of this advice letter are submitted pursuant to General Order 96-B, Water Industry Rule 8.5, to amortize the \$11,289,628 recorded undercollection in the Water Cost Balancing Account as of March 2018, through a temporary 36-month surcharge of \$0.2563 per Ccf. The surcharge is designed to produce additional revenues of \$3,763,209 per year. In accordance with Water Industry Rule 7.3.1 as modified by Resolution W-4664 and Water Industry Rule 8.5 of General Order 96-B, **this filing is designated Tier 1**. The proposed effective date is July 1, 2018 to coincide with other anticipated rate changes for this division.

Background

The purpose of this full cost balancing account is to record the difference between the actual cost of pumped and purchased water and the adopted cost reflected in rates. This balancing account was authorized by Public Utilities Code Section 792.5 and by Resolution 4505-W. On June 15, 2017, the Commission issued D.17-06-008, with an effective date of July 1, 2017, in Application 16-01-002, that adopted a

settlement agreement in which San Gabriel would add a description of its water cost balancing account to its Preliminary Statement (Paragraph P3).

San Gabriel was authorized to amortize the March 2015 undercollected balance of \$3,949,087 in this account through AL 461, effective May 6, 2015 through May 5, 2017. San Gabriel has implemented water cost offsets effective July 5, 2016 (AL 482) and January 5, 2017 (AL 490). D.17-06-008 authorized an updated water supply mix as of July 1, 2017, and San Gabriel later implemented a water cost offset effective January 1, 2018 (AL 510).

San Gabriel has concurrently submitted Advice Letters 522 to implement the 2018-2019 Escalation Rates, Advice Letter 523 to refund the balance in its 2018 Tax Accounting Memorandum Account, and Advice Letter 524 to reduce rates for Facilities Fees, each with a proposed effective date of July 1, 2018.

Discussion

The undercollected balance as of March 2018 in the Water Cost Balancing Account is \$11,289,628. This amount represents 16% of San Gabriel's total adopted revenue requirement of \$72,030,166. Therefore, San Gabriel proposes a 3-year amortization surcharge of \$0.2563 per Ccf because the undercollected balance is greater than 10% of annual revenues.

San Gabriel notes that the balance in this account rose swiftly from \$3,949,087 in March 2015 (the previous balance amortized) to the current \$11,289,628 despite timely filings of water cost offsets during this 3-year period. This occurred because San Gabriel is required to use the adopted water supply mix to determine the proposed rate changes. When the actual water supply mix varies significantly from the adopted water supply mix due to such factors as reduced availability of low-cost Lytle Creek surface water, as was the case during the recent drought emergency, the increased purchased water costs and assessments are recorded in the Water Cost Balancing Account for future recovery.

The new rates proposed in this advice letter increase the monthly bill of the typical non-CARW residential customer (5/8" x 3/4" meter and 14 Ccf) by \$3.60 or 5.0% from \$71.41 to \$75.01 for general metered water service (Schedule No. FO-1) and by \$3.60 or 5.0% from \$72.15 to \$75.75 for conservation rate metered water service

customers (Schedule No. FO-1C). However, the net impact of all four advice letters proposed to become effective on July 1, 2018 is as follows:

	<u>Schedule FO-1</u>	<u>Schedule FO-1C</u>
Typical Bill @ Present Rates	\$71.41	\$72.15
AL 522	0.00	0.00
AL 523	(2.40)	(2.40)
AL 524	(0.72)	(0.70)
AL 525	<u>3.60</u>	<u>3.60</u>
Typical Bill @ Rates effective July 1	\$71.89	\$72.65
Net Proposed Increase	\$0.48	\$0.50
	0.7%	0.7%

San Gabriel has furnished the Commission's Water Division staff with two copies of workpapers providing detailed support for the proposed increase for its review and verification.

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 (the form of which is attached hereto) 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 post this advice letter to its website www.fontanawater.com. Finally, 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. 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 Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a 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 the Water Division, the respondent or protestant shall send a copy of the protest by mail to San Gabriel addressed as follows:

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

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 Water Division 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.

May 15, 2018

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

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 Booth, 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	\$ 266.00
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

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.
6. A surcharge of \$0.2563 per Ccf is to be applied to the quantity rates effective July 1, 2018 through June 30, 2021 to amortize the net undercollection in the Water Cost Balancing Account. (N)
(N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 525

R. W. Nicholson
NAME

Date Filed _____

Decision No. _____

President
TITLE

Effective _____

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

Service Charges:	Per Meter
	Per Month
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

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.
7. A surcharge of \$0.2563 per Ccf is to be applied to the quantity rates effective July 1, 2018 through June 30, 2021 to amortize the net undercollection in the Water Cost Balancing Account. (N)
(N)

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Resolution No.

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
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

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.
9. A surcharge of \$0.2563 per Ccf is to be applied to the quantity rates effective July 1, 2018 through June 30, 2021 to amortize the net undercollection in the Water Cost Balancing Account. (N)
(N)

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TITLE

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.
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.
10. A surcharge of \$0.2186 per Ccf is to be applied to the quantity rates of Schedule FO-1C only for twelve months ending on January 31, 2019, to amortize the net undercollection in the Water Revenue Adjustment Mechanism (WRAM) memorandum account.
11. 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.
12. A surcharge of \$0.2563 per Ccf is to be applied to the quantity rates effective July 1, 2018 through June 30, 2021 to amortize the net undercollection in the Water Cost Balancing Account. (N)
(N)
(N)

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(continued)

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DISTRIBUTION LIST
San Gabriel Valley Water Company
Fontana Water Company Division
Advice Letter No. 525

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