

SAN GABRIEL VALLEY WATER COMPANY

May 25, 2018

Advice Letter 527

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 Sheet No.</u>	<u>Title</u>	<u>Schedule No.</u>	<u>Canceling CPUC Sheet No.</u>
2865-W	General Metered Service	FO-1	2854-W
2866-W	General Metered Service-Conservation	FO-1C	2855-W
2867-W	Recycled Water Service	FO-6	2856-W
2868-W	California Alternative Rates for Water	FO-CARW	2857-W
2869-W	Table of Contents	N/A	2864-W

An original and four copies of this advice letter are submitted to amortize the April 2018 undercollection of \$3,385,564 recorded in the Mains Projects Memorandum Account through a \$0.0768 per Ccf surcharge for 36 months. In accordance with Water Industry Rule 7.3.3(7), this advice letter is designated as Tier 3, and requires a Commission Resolution for approval.

Purpose and Background

San Gabriel's present rates became effective on February 1, 2018 through Advice Letter 518. San Gabriel was authorized to establish the Mains Project Memorandum Account pursuant to D.14-05-001, Ordering Paragraph 5, and Advice Letter 438, in order to record the revenue requirement resulting from the cost of constructing mains "which [were] beyond the scope of work performed consistent with the City of Fontana's Capital Improvement Plan," for later rate recovery after a reasonableness review. This memorandum account is described in Section S of the Preliminary Statement to San Gabriel's tariffs.

Capital budgets for calendar years 2011 through 2014 were included in Application 11-07-005 to support Test Years 2012-2013 and 2013-2014. Accordingly, the Mains Project Memorandum Account only reflects costs for mains projects that were closed from January 2011 through June 2014, but not included in the revenue requirement adopted in D.14-05-001. Section S of the Preliminary Statement in San Gabriel's tariffs describes this memorandum account. Section 3 states:

- "3. Each year, San Gabriel will submit an advice letter, supported by specific records which clearly document the expenditures, to reflect in rates the balance recorded in this memorandum account."

This advice letter is submitted in accordance with this section. In lieu of having submitted an advice letter each year for three years to recover the balance recorded in the Mains Project Memorandum Account, San Gabriel requests that the balance approved for amortization in this advice letter be recovered over a period of three years, or 36 months.

San Gabriel recorded the monthly revenue requirement resulting from the costs of these projects in the memorandum account from May 2014 (when the memorandum account was opened) through June 2017. As of July 1, 2017 (the first day of Test Year 2017-2018 in A.16-01-002), the going-forward capital costs of these projects are reflected in base rates.

In its recently concluded general rate case (A.16-01-002), San Gabriel submitted for review the December 2015 balances of utility plant in service, including utility plant account 343 (mains) which included the projects recorded in the Mains Projects Memorandum Account.

Discussion

San Gabriel seeks authorization to amortize the April 2017 balance in the Mains Projects Memorandum Account. San Gabriel has supplied to Water Division for its review and verification workpapers supporting the reasonableness of the mains projects, the calculations in the memorandum account, and the proposed amortization rate. The April 2018 balance of \$3,385,564 is proposed to be amortized by a 36-month temporary surcharge of \$0.0768 per Ccf. The proposed rates submitted with this advice letter will raise the monthly bill of the typical residential customer using 14 Ccf under Schedule FO-1C with a 5/8" x 3/4" meter by \$1.08 or 1.5% from \$72.16 to \$73.24.

Service and Notice

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. In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will also post this advice letter to its website www.fontanawater.com. No other parties have requested notification of tariff filings related to the Fontana Water Company division. No further public notice is required because all public notices in connection with Application No. 11-07-005 have already been mailed to the customers or published in accordance with applicable law and Commission rules

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. The address

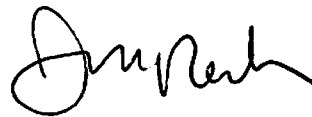
for mailing or delivering a protest is:

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
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 us, addressed to:

San Gabriel Valley Water Company
11142 Garvey Avenue
El Monte, CA 91733
Tel: (626) 448-6183
FAX (626) 448-5530
e-mail: jmreiker@sgvwater.com

Thank you for your assistance in processing this tariff filing.



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	\$ 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.
7. A surcharge of \$0.0768 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 Mains Projects Memorandum Account. (N)
(N)
(N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 527

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
	<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

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.
8. A surcharge of \$0.0768 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 Mains Projects Memorandum Account. (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.
10. A surcharge of \$0.0768 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 Mains Projects Memorandum 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.
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.
13. A surcharge of \$0.0768 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 Mains Projects Memorandum Account.

(N)
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(continued)

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DISTRIBUTION LIST
San Gabriel Valley Water Company
Fontana Water Company Division
Advice Letter No. 527

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