

# SAN GABRIEL VALLEY WATER COMPANY

August 27, 2018

Advice Letter No. 530

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 Los Angeles County and Fontana Water Company divisions:

<u>CPUC Sheet No.</u>	<u>Title</u>	<u>Schedule No.</u>	<u>Canceling CPUC Sheet No.</u>
2878-W	Preliminary Statement F1	N/A	2389-W
2879-W	Preliminary Statement F2	N/A	2390-W
2880-W	Preliminary Statement I3	N/A	2518-W
2881-W	Table of Contents	N/A	2877-W

An original and four copies of this advice letter are submitted pursuant to General Order 96-B, General Rule 7.6.1, to clarify San Gabriel's Preliminary Statement descriptions of the operation in each division of the Previously Authorized Balances Balancing Account (PABBA).

In accordance with Water Industry Rule 7.3.1(3) of General Order 96-B, **this filing is designated as Tier 1.**

### Discussion

The PABBA was established, effective July 23, 2015, through Advice Letter 453 and Commission Resolution W-5043, and is described in Preliminary Statement Paragraphs F1 and F2. Since its inception, San Gabriel has been able to reduce the number of reserve accounts it maintains in each division. However, the present tariff language describing the PABBA is not as clear as it should be.

San Gabriel and the Water Division, after discussions, have agreed that the Preliminary Statement language regarding the PABBA should be amended to clarify that only residual balances are transferred to the PABBA from non-recurring memorandum and balancing accounts, as reflected in the following language:

- Sections F1 (Tariff Sheet 2389) and F2 (Tariff Sheet 2390-W) – The language in these tariffs is modified to indicate that the PABBA is to be used for transferring balances, reviewed and approved by the Commission for transfer, from balancing and memorandum accounts that are no longer needed and are to be simultaneously closed.
- Section I3 (Tariff Sheet 2518-W) – Deletes Paragraph 4 that requires WQLMA balances approved for amortization in Fontana to be transferred to PABBA. Since the WQLMA remains an open account, any balances in that account that are being amortized should remain therein.

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 Advice Letter Filing**

In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will post this advice letter to its websites [www.sgvwater.com](http://www.sgvwater.com) and [www.fontanawater.com](http://www.fontanawater.com). Distribution of this advice letter is being made to the attached service lists 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 Division of Water and Audits within 20 days of the date this advice letter is filed. 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  
e-mail: [water\\_division@cpuc.ca.gov](mailto: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 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  
e-mail: [jmreiker@sgvwater.com](mailto: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.

August 27, 2018

Replies: San Gabriel will reply to each protest and may reply to any response. Each reply must be received by the Division of Water and Audits 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.

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

Thank you for your assistance in processing this tariff filing.

A handwritten signature in black ink, appearing to read "Joel M. Reiker". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

**PRELIMINARY STATEMENT**

(Continued)

**F1. Previously Authorized Balances Balancing Account (PABBA) for the Los Angeles County Division**

- 1. Purpose: The purpose of the PABBA is to consolidate balances, originating in other balancing and memorandum accounts that are no longer needed, after those balances have been reviewed and approved by the Commission. The PABBA will retain for later resolution any under- or over-amortizations that may exist after the authorized surcharges or surcredits have expired. (T)
- 2. The following entries will be made to the PABBA:
  - a. Following review of the balances by the Commission and its authorization to close balancing and memorandum accounts that are no longer needed, the balances will be transferred to the PABBA and consolidated with any existing PABBA balance (debit for transferred under-collections and credit for transferred over-collections). (T)
  - b. Each month, billed revenues from surcharges and surcredits authorized to amortize the PABBA will be recorded (debits for surcredit revenues and credits for surcharge revenues).
  - c. Each month, franchise fees and uncollectible account expense, based on 2b above and the CPUC-adopted rates for franchise fees and uncollectible accounts expense, will be recorded (debit or credit to reduce the billed revenues to collected revenues). (T)
  - d. Each month, 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 Resolution W-5043 and Advice Letter 453*

(To be inserted by utility)

Advice Letter No. 530

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

Issued by

R. W. Nicholson  
NAME

President  
TITLE

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

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

Effective \_\_\_\_\_

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

**PRELIMINARY STATEMENT**

(Continued)

**F2. Previously Authorized Balances Balancing Account (PABBA) for the Fontana Water Company Division**

- 1. Purpose: The purpose of the PABBA is to consolidate balances, originating in other balancing and memorandum accounts that are no longer needed, after those balances have been reviewed and approved by the Commission. The PABBA will retain for later resolution any under- or over-amortizations that may exist after the authorized surcharges or surcredits have expired. (T)
- 2. The following entries will be made to the PABBA:
  - a. Following review of the balances by the Commission and its authorization to close balancing and memorandum accounts that are no longer needed, the balances will be transferred to the PABBA and consolidated with any existing PABBA balance (debit for transferred under-collections and credit for transferred over-collections). (T)
  - b. Each month, billed revenues from surcharges and surcredits authorized to amortize the PABBA will be recorded (debits for surcredit revenues and credits for surcharge revenues).
  - c. Each month, franchise fees and uncollectible account expense, based on 2b above and the CPUC-adopted rates for franchise fees and uncollectible accounts expense, will be recorded (debit or credit to reduce the billed revenues to collected revenues). (T)
  - d. Each month, 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).

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R. W. Nicholson

NAME

President

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

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

**PRELIMINARY STATEMENT**

(Continued)

**I3. Water Quality Litigation Memorandum Account (WQLMA) for the Fontana Water Company Division**

1. Purpose: The purpose of this memorandum account is to record outside legal and consulting expenses for water quality litigation, as well as contamination proceeds that are not reflected in base rates and any amortization of those recorded balances in accordance with Resolution W-4094 incurred after March 26, 1998, the effective date of Resolution W-4094.
2. The following entries will be made monthly to the WQLMA in the Fontana Water Company division:
  - a. The recorded outside legal and consulting expenses for water quality litigation as well as expenditures related to water quality, including capital costs and operations and maintenance expenses of needed wellhead treatment facilities that cannot be reasonably forecasted (debit).
  - b. Franchise fees expense, based on 2b above, and the CPUC-adopted rates for franchise fees (debit).
  - c. Water contamination proceeds from damage awards, settlements, government sources, and insurance (credit).
  - d. 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 (debit or credit).
3. The balance in the memorandum account shall be amortized by a Tier 3 advice letter whenever the balance exceeds 2% of the authorized revenue requirement for the Fontana Water Company division or three years have elapsed since the date the memorandum account was established. If the balance is below 2%, San Gabriel shall propose its amortization in a general rate case.

(D)

*Authorization: Established pursuant to Resolution W-4094, dated March 26, 1990 and D.10-12-058, Ordering Paragraph 4.*

(To be inserted by utility)

Issued by

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

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(continued)

(To be inserted by utility)

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President

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



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**San Gabriel Valley Water Company**  
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City of Arcadia  
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8838 Valley Boulevard  
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655 W. Broadway, Suite 1410  
San Diego, CA 92101

San Gabriel County Water District  
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City of El Monte Water Department  
11333 Valley Boulevard  
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Post Office Box 2120  
Santa Fe Springs, CA 90670

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1415 Santa Anita Avenue  
South El Monte, CA 91733

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5050 North Irwindale Avenue  
Irwindale, CA 91706

Golden State Water Company  
Attn: Ronald Moore, Regulatory Affairs  
630 East Foothill Boulevard  
San Dimas, CA 91773

City Clerk, City of La Puente  
15900 East Main Street  
La Puente, CA 91744

Suburban Water Systems  
Attn: Bob Kelly  
1211 East Center Court Drive  
Covina, CA 91724-3603

La Puente Valley County Water District  
112 North 1st Street  
La Puente, CA 91744

Valley County Water District  
14521 East Ramona Boulevard  
Baldwin Park, CA 91706

City of Montebello  
1600 West Beverly Boulevard  
Montebello, CA 90640

City of Whittier Water Department  
13230 East Penn Street  
Whittier, CA 90602

City of Monterey Park Water Department  
320 West Newmark Avenue  
Monterey Park, CA 91754

California Public Utilities Commission  
Office of Ratepayer Advocates  
505 Van Ness Avenue  
San Francisco, CA 94102-4208

City of Pico Rivera Water Department  
6615 Passons Boulevard  
Pico Rivera, CA 90660

Pico Water District  
Post Office Box 758  
Pico Rivera, CA 90660-0758

Kiki Carlson  
Suburban Water Systems  
[kcarlson@swwc.com](mailto:kcarlson@swwc.com)

City Clerk, City of West Covina  
1444 West Garvey Avenue  
West Covina, CA 91790

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**Fontana Water Company Division**  
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Kendall H. MacVey, Esq.  
Best, Best & Krieger, LLP  
3390 University Avenue 5<sup>th</sup> Floor  
Riverside, CA 92501

City of Ontario Water Department  
303 East B Street  
Ontario, CA 91764

City of Colton Water Department  
650 North La Cadena Drive  
Colton, CA 92324

City of Rialto Water Department  
150 South Palm Avenue  
Rialto, CA 92376

Cucamonga Valley Water District  
Post Office Box 638  
Rancho Cucamonga, CA 91730

West Valley Water District  
Post Office Box 920  
Rialto, CA 92377

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

Kiki Carlson  
Suburban Water Systems  
[kcarlson@swwc.com](mailto:kcarlson@swwc.com)

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  
Business Services Office  
9680 Citrus Avenue  
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