

SAN GABRIEL VALLEY WATER COMPANY

June 24, 2016

Advice Letter 480

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company ("San Gabriel") hereby submits the following proposed changes in tariff sheets applicable to both 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>
2579-W	Rule No. 14.1	N/A	2467-W
2580-W	Schedule No. 14.1	N/A	2481-W
2581-W	Schedule No. 14.1	N/A	2485-W
2582-W	Table of Contents	N/A	2533-W
2583-W	Table of Contents	N/A	2578-W

An original and four copies of this advice letter are submitted herewith. San Gabriel seeks to change the Current Activated Stage in Schedule No. 14.1, Staged Water Shortage Surcharges and Penalties, from Stage 2 mandatory water conservation and drought surcharges to Stage 1 with voluntary water conservation targets and no drought surcharges. **This advice letter is designated as a Tier 1 advice letter.** San Gabriel requests an effective date of June 24, 2016.

Background

San Gabriel last modified its Tariff Rule 14.1, Water Storage Contingency Plan, effective June 1, 2015, through Advice Letter 463. That modification incorporated Section D, Staged Reduction of Water Usage and Mandatory Restrictions, by which San Gabriel could impose restrictions on water usage in four stages in response to conservation targets set by the Commission or other government agency. Effective June 22, 2015, through Advice Letter 464-A, the Commission authorized Schedule 14.1, Staged Water Shortage Surcharges and Penalties. Section A.7 of Schedule 14.1 designated Stage 2 as the "Current Activated Stage," and authorized

San Gabriel to bill Drought Surcharges based on customer usage. Section A.6 of Schedule 14.1 authorizes San Gabriel to deactivate a specific stage of the Water Shortage Contingency Plan through a Tier 1 advice letter. Because of recent changed conditions, San Gabriel requests authority to reduce its Current Activated Stage from Stage 2 to Stage 1.

On April 1, 2015, Governor Brown signed Executive Order B-29-15, directing the State Water Resources Control Board (Water Board) to impose restrictions starting June 2015 to achieve a statewide 25 percent reduction in potable urban water use through February 2016, as compared to the amount used in 2013. The restrictions required that those areas with higher per capita usage achieve proportionately greater reductions than those with lower usage. On May 5, 2015, the Water Board issued Resolution No. 2015-0032, adopting emergency regulations designed to achieve the 25 percent statewide reduction in potable urban water use mandated by Executive Order B-29-15. The mandatory urban water use reductions applicable in San Gabriel's Los Angeles County and Fontana Water Company divisions, based on the emergency regulations adopted by the Water Board in Resolution No. 2015-0032, were 16% and 28%, respectively. On May 7, 2015, the Commission issued Resolution W-5041 directing (1) all water utilities under its jurisdiction to comply with the emergency regulations adopted by the Water Board in Resolution No. 2015-0032, (2) Class A and B water utilities to implement water use reduction programs designed to reduce total potable water use by the Water Board's conservation standard applicable in each service area, and (3) utilities to prepare and file advice letters to establish Schedule 14.1 tariffs as soon as practicable. In compliance with Resolution W-5041, San Gabriel filed Advice Letter 463 modifying Rule 14.1 and Advice Letter 464-A implementing Staged Water Shortage Surcharges and Penalties.

On November 13, 2015, Governor Brown issued Executive Order B-36-15 calling for an extension of urban water use restrictions until October 31, 2016, should drought conditions persist through January 2016, and directed the Water Board to consider modifying the restrictions to incorporate insights gained from the existing restrictions. On February 2, 2016, the Water Board adopted Resolution No. 2016-0007 and a revised, extended drought emergency regulation. The revised, extended drought emergency regulation established adjustments to reduce the conservation standards of urban water suppliers in consideration of, among other things, differences in climate affecting different parts of the state. Based on the revised, extended

emergency regulation adopted by the Water Board in Resolution No. 2016-0007, the mandatory water use reductions applicable in San Gabriel's Los Angeles County and Fontana Water Company divisions were lowered to 14% and 26%, respectively. On February 11, 2016, the Commission issued Resolution W-5082, directing all water utilities under its jurisdiction to comply with the emergency regulations adopted by the Water Board in Resolution No. 2016-007, continuing the restrictions adopted by the Commission in Resolution W-5041, and authorizing utilities that have established memorandum accounts to track lost revenues and expenses due to the drought to continue tracking such shortfalls as long as drought management measures are necessary.

On May 9, 2016, Governor Brown issued Executive Order B-37-16 calling on the Water Board to adjust emergency water conservation regulations through the end of January 2017, in recognition of differing water supply conditions across the state. On May 18, 2016, the Water Board issued Resolution No. 2016-0029, replacing the prior percentage reduction-based water conservation standard with a locally-developed conservation standard based on each water supplier's specific circumstances. Based on the revised emergency regulation adopted by the Water Board in Resolution No. 2016-0029, individual urban water suppliers were required to self-certify by June 22, 2016, the level of available water supplies they have, assuming three additional dry years with the same level of precipitation the state experienced from 2013 to 2015, and a level of water conservation necessary to assure adequate supplies over that time. Urban water suppliers that project supply shortages under the three additional dry years are required to meet a conservation standard equal to the amount of the shortage. On June 23, 2016, the Commission issued Resolution W-5103, directing all water utilities under its jurisdiction to comply with Water Board Resolution No. 2016-0029, and to file advice letters to amend their Tariff Schedule 14.1, if necessary, based upon their compliance with Resolution No. 2016-0029.

On June 22, 2016, San Gabriel filed data and information in compliance with the Water Board's Resolution No. 2016-0029, self-certifying in both its Los Angeles County and Fontana Water Company divisions. In that Water Board filing, San Gabriel's data and information shows that it will have sufficient available water supplies to meet expected demands, assuming three additional dry years with the same level of precipitation experienced from 2013 to 2015. Because San Gabriel does not project a supply shortage under the three additional dry years, San Gabriel is

not required to meet a mandatory conservation standard under the revised emergency regulation adopted by the Water Board in Resolution No. 2016-0029.

Discussion

Nevertheless, the state remains in a serious drought and drought management measures are still deemed necessary as evidenced by the Governor's Executive Order B-37-16, which declares a drought emergency through January 2017. Although San Gabriel does not expect to experience a supply shortage under the revised emergency regulation adopted by the Water Board in Resolution No. 2016-0029, San Gabriel believes it is prudent to request voluntary water use reductions in both its Los Angeles County and Fontana Water Company divisions equal to the mandatory water use reductions adopted by the Water Board in Resolution No. 2016-007 of 14% in the Los Angeles County division and 26% in the Fontana Water Company division, compared to 2013 levels. Based on the commendable conservation efforts of San Gabriel's customers during the past twelve months, San Gabriel anticipates that its customers will be able to continue their water-efficient practices even with the cessation of drought surcharges. Accordingly, San Gabriel seeks approval through this advice letter to reduce the Current Activated Stage of its Schedule 14.1 Staged Water Shortage Surcharges and Penalties from Stage 2 to Stage 1.

Based on the rates in effect as of June 24, 2016, the existing drought surcharges (\$/Ccf) applicable under San Gabriel's Schedule 14.1 Staged Water Shortage Surcharges and Penalties, Stage 2, are as follows:

	<u>Sch. LA-1</u>	<u>Sch. LA-1C</u>	<u>Sch. FO-1</u>	<u>Sch. FO-1C</u>
Highest Quantity Rate	\$2.7428	\$2.9383	\$2.7192	\$2.8789
Drought Surcharges:				
Residential (over 20 Ccf)	\$2.7428	\$2.9383	\$2.7192	\$2.8789
Non-Residential (on all consumption)	\$0.2743		\$0.2719	

Under Stage 1, San Gabriel will no longer bill these surcharges. The restrictions under Stage 1 of Rule 14.1 will remain in effect, including limitations on watering lawn, landscape or other vegetation, water fountains and decorative features, and restaurants serving water to patrons only upon request. In addition, because the Commission adopted sales forecasts for each division prior to the state adopting the emergency regulations discussed above, San Gabriel will continue to track lost revenues and expenses due to the Governor's declared drought emergency in its

previously established Drought Lost Revenue Memorandum Account pursuant to Ordering Paragraph No. 3 of Commission Resolution W-5082. New adopted sales forecasts reflecting significant declines achieved by San Gabriel's customers in both divisions are expected to be adopted in A.16-01-002, effective July 1, 2017.

Notice of Advice Letter Filing

This advice letter does not seek to increase any rate or charge. Therefore, notice of this advice letter is not required under General Rule 4.2. However, San Gabriel intends to notify its customers of the changes requested herein by mail, press release, and posting on its website. 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 and 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 the utility 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.

June 24, 2016

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, Division of Water and Audits, 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 Division of Water and Audits, the respondent or protestant shall send a copy by mail (or e-mail) to us, addressed to:

San Gabriel Valley Water Company
Vice President of Regulatory Affairs
11142 Garvey Avenue
El Monte, CA 91733
(626) 448-6183
FAX (626) 448-5530 or
E-mail: jmreiker@sgvwater.com

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Division of Water and Audits, within the 20 day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

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

Danilo Sanchez, CPUC – Water Branch, ORA

RULE NO. 14.1
WATER SHORTAGE CONTINGENCY PLAN
(continued)

A. GENERAL INFORMATION (continued)

- 2. f. If the utility chooses to subsequently activate a different stage of Schedule No. 14.1.
- g. Current Active Stage: Stage 1 (T)
- 3. When Schedule No. 14.1 is in effect, but the utility determines that water supplies are again sufficient to meet normal demands and mandatory restrictions are no longer necessary, the utility shall seek Commission approval via a Tier 1 advice letter to de-activate the particular stage of mandatory reductions or allocations that had been authorized.

B. NON-ESSENTIAL OR UNAUTHORIZED WATER USES

The following non-essential or unauthorized uses of water are declared to be a waste of water and are subject to the terms and conditions of Rule Nos. 11 and 14.1:

- 1. **Obligation to Fix Leaks, Breaks or Malfunctions:** Use of water through any broken or defective plumbing fixture, sprinkler, watering or irrigation system on the customer's premises must cease when the utility has notified the customer in writing to repair the broken or defective plumbing fixture, sprinkler, watering or irrigation system, and the customer has failed to make such repairs within five (5) days after receipt of such notice.
- 2. **Restrictions on washing vehicles:** The use of a hose that dispenses potable water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle or device attached to it is prohibited. Use of water for washing commercial aircraft, cars, buses, boats, trailers or other commercial vehicles at any time is prohibited, except at commercial or fleet vehicle or boat washing facilities operated at a fixed location where equipment using water is properly maintained to avoid wasteful use.
- 3. **Operation of commercial car washes that do not recycle the potable water used as required by the California Water Code Sections 10950-10953.**

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 480

R. W. Nicholson

Date Filed _____

Decision No. _____

NAME

Effective _____

President

TITLE

Resolution No. W-5103

SCHEDULE NO. 14.1
STAGED WATER SHORTAGE SURCHARGES and PENALTIES

A. APPLICABILITY

1. This schedule applies to all water customers served under all tariff rates schedules authorized by the California Public Utilities Commission ("Commission"). This schedule is effective only in times of staged water reductions, as required by Rule No. 14.1, and only for the period noted in the Special Conditions section below.
2. If any provision in this Schedule No. 14.1 is inconsistent with Rule No. 14.1, the provisions in this Schedule No. 14.1 shall apply.
3. This schedule shall be activated by the Commission authorization when the utility files a Tier 2 advice letter.
4. Once the schedule is activated, the utility is authorized to implement other Stages of the schedule by filing a Tier 2 advice letter.
5. When a particular stage of this schedule is activated, the period over which it shall be effective will be included in the language in Schedule No. 14.1.
6. When this schedule becomes effective, it shall remain in effect until the utility files a Tier 1 advice letter to deactivate a specific Stage of the Water Shortage Contingency Plan and the Commission authorizes the utility's proposal.
7. Current Activated Stage: Rule No. 14.1, Stage 1 (T)

B. TERRITORY

This schedule is applicable for both the Los Angeles County and Fontana Water Company division service areas served by the utility.

(continued)

(To be inserted by utility)

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SCHEDULE NO. 14.1
STAGED WATER SHORTAGE SURCHARGES and PENALTIES

(continued)

E. FLOW RESTRICTOR CHARGES

The charge for installation and removal of a flow-restricting device shall be:

<u>Connection Size</u>	<u>Charges</u>
5/8" to 1".....	\$150.00
1-1/2" to 2".....	\$200.00
3" and larger.....	\$300.00

The flow restrictor will remain installed for a minimum of 7 days.

F. SPECIAL CONDITIONS

1. A Tier 2 advice letter must be filed with the Commission to activate any of the Drought Emergency Surcharges and/or Water Use Violation Penalties listed in this schedule.
2. The active Drought Emergency Surcharges and/or Water Use Violation Penalties shall remain in effect until a Tier 2 advice letter is filed with the Commission to activate a different Stage or when Schedule No. 14.1 is deactivated.
3. Drought Emergency Surcharges and/or Water Use Violation Penalties must be separately identified on each bill.
4. All monies collected by the utilities through Drought Emergency Surcharges and/or Water Use Violation Penalties shall not be accounted for as reoccurring income, but shall be tracked in a memorandum account for disposition as directed or authorized from time to time by the Commission.
5. All expenses incurred by utility to activate Schedule No. 14.1 that have not been approved and adopted in a general rate case or other proceeding, shall be recoverable by utility if determined to be reasonable by the Commission. Lost revenues associated with reduced sales as a result of activation of Schedule No. 14.1 shall be tracked in a memorandum account for disposition as directed or authorized from time to time by the Commission.
6. This tariff schedule shall remain in effect until January 31, 2017, or until utility files a Tier 2 advice letter to activate a specific Stage of mandatory conservation. (T)
(T)
7. All bills are subject to surcharge fee set forth on Schedule No. AA-UF.

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Date Filed _____
Effective _____
Resolution No. W-5103

TABLE OF CONTENTS
(continued)

<u>Subject Matter of Sheet</u>	<u>C.P.U.C. Sheet No.</u>	
List of Contracts and Deviations	2532-W	
Rule Nos.		
1. Definition	974-W	975-W
2. Description of Service	720-W	
3. Application for Service	394-W	1747-W
4. Contracts	395-W	
5. Special Information Required on Forms	1307-W to 1309-W	
6. Establishment and Re-establishment of Credit	398-W	
7. Deposits	749-W	709-W
8. Notices	1310-W	1311-W
9. Rendering and Payment of Bills	402-W, 403-W, 2373-W, 2374-W	
10. Disputed Bills	980-W	981-W
11. Discontinuance and Restoration of Service	1312-W to 1317-W	
	1850-W	1319-W
12. Information Available to Public	1560-W	1561-W
13. Temporary Service	411-W	412-W
14. Continuity of Service	413-W	
14.1 Water Conservation and Rationing Plan	2466-W, 2579-W, 2468-W to 2478-W	
15. Main Externsions	968-W	899-W 900-W
	1240-W	902-W 903-W
	1241-W 1242-W	906-W 907-W
	969-W 909-W	970-W 1552-W
16. Service Connections, Meters and Customer's Facilities	424-W 1243-W 930-W	
	1244-W 1208-W 1209-W	
	1210-W	1211-W
17. Standards from Measurement of Service	971-W	
18. Meter Tests and Adjustment of Bills for Meter Error	432-W	433-W 434-W
19. Service to Separate Premises and Multiple Units, and Resale of Water	1006-W	1007-W
20. Water Conservation	782-W	

(continued)

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Resolution No. _____

TABLE OF CONTENTS

The following listed tariff sheets contain all effective rates and rules affecting the rates and services of the utility, together with information relating thereto:

<u>Subject Matter of Sheet</u>	<u>C.P.U.C. Sheet No.</u>	
Title Page	1559-W	
Table of Contents	2583-W, 2577-W	(T)
	2582-W, 1563-W	(T)
	1637-W, 2456-W	
Preliminary Statement	634-W, 390-W,	
	2389-W to 2538-W,	(T)
	2393-W to 2395-W, 2518-W,	(T)
	2397-W to 2409-W, 2464-W,	(T)
	2410-W to 2412-W, 2530-W	(T)
 Service Area Maps:		
Fontana Water Company	1533-W	
Los Angeles County Division		
Service Area - East Portion	1183-W	
- South Portion	869-W	
- West Portion	1171-W	
Area Maps of Less Than 40 p.s.i.g.	871-W	
	691-W to 697-W	
 <u>Rate Schedules</u>		
	<u>Schedule</u>	
	<u>Number</u>	
All Tariff Areas		
Surcharge to Fund Public Utilities		
Commission Reimbursement Fee	AA-UF	2525-W
Stages Water Shortage Surcharges and Penalties	14.1	2580-W, 2482-W to 2484-W, 2581-W (C)
Fontana Water Company		
General Metered Service - General	FO-1	2379-W, 2535-W (T)
General Metered Service - Conservation	FO-1C	2536-W (T)
Private Fire Service	FO-4	2382-W, 1087-W, 1476-W
Recycled Water Metered Service	FO-6	2383-W, 2537-W (T)
Construction and Tank Truck Service	FO-9C	2385-W, 1516-W
Service to Tract Houses During Construction	FO-9CL	2386-W
California Alternative Rates For Water	FO-CARW	2451-W, 2523-W (T)
Facilities Fees	FO-FF	1875-W, 1876-W

(continued)

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