

SAN GABRIEL VALLEY WATER COMPANY

August 7, 2009

Advice Letter 375

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company ("San Gabriel") hereby requests ministerial review of this Tier 1 advice letter to establish a Cost of Capital Litigation Memorandum Account ("CCLMA") to track the incremental costs incurred for non-employee resources engaged in litigating the cost of capital proceeding (A.09-05-004, et al.). This advice letter filing is 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>CPUC Sheet No.</u>
1901-W	Preliminary Statement (cont.)	N/A	1867-W
1902-W	Table of Contents	N/A	1900-W

An original and four copies of this advice letter are submitted in compliance with Ordering Paragraph 2 of D.09-07-038, dated July 30, 2009 in Application 09-05-001, dated May 1, 2009, to include a Cost of Capital Litigation Memorandum Account in San Gabriel's Preliminary Statement tariff sheet.

Background/Purpose

On May 1, 2009, San Gabriel filed Application No. 09-05-004 to determine its cost of capital for the years 2010 through 2012. This application was subsequently consolidated with applications concurrently filed by five other Class A water utilities.

On July 30, 2009, the Commission issued D.09-07-038 in Application No. 09-05-004, et al. Ordering Paragraph 2 states:

Within 14 days of the effective date of this decision, Valencia Water Company, San Gabriel Valley Water Company, and Suburban Water Systems may each file a Tier 1 Advice Letter to include the Cost of Capital Litigation Memorandum Account in each company's preliminary statement, substantially as follows:

The Cost of Capital Litigation Memorandum Account includes the incremental costs incurred by [utility] limited to incremental non-employee resources engaged in litigating the cost of capital proceeding Application [09-05-00X] to determine the just and reasonable cost of capital for base year 2010. These costs are eligible for recovery in the next general rate case amortized over the life of the rate case cycle after [utility] makes a persuasive showing in the next general rate case that the costs were incremental, reasonable, and prudently controlled and managed.

The purpose of this Tier 1 advice letter is to give effect to Ordering Paragraph No. 2 of D.09-07-038 to establish and implement a Cost of Capital Litigation Memorandum Account. This account will record and track the incremental costs of San Gabriel's non-employee resources engaged in litigating the Cost of Capital proceeding. These recorded costs are eligible for recovery in the next general rate case, amortized over the three-year rate case cycle.

No workpapers or earning tests are associated with this advice letter. No further public notice is required because all public notices in connection with Application No. 09-05-004 have already been made in accordance with applicable law and Commission rules.

In accordance with D.09-07-038, San Gabriel requests that the attached proposed tariff sheets are made effective as of July 30, 2009.

August 7, 2009

San Gabriel Valley Water Company,

A handwritten signature in black ink, appearing to read "Daniel Dell'Osa". The signature is fluid and cursive, with a long horizontal stroke at the beginning and a large loop at the end.

Daniel A. Dell'Osa
Director of Rates and Revenue

cc: Fred L. Curry, CPUC – Water & Audits Division
Danilo Sanchez, CPUC – Water & Audits Division
Hani Moussa, CPUC – Water & Audits Division