

SAN GABRIEL VALLEY WATER COMPANY

September 5, 2012

Advice Letter 419

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company ("San Gabriel") submits this advice letter to report on the one-way balancing account for the Fontana Water Company division conservation budget for the general rate case cycle from July 1, 2009 through June 30, 2012. An original and four copies of this advice letter are submitted in compliance with General Order 96-B. **This advice letter is designated as a Tier 1 compliance filing.**

Background

Decision No. 09-06-027 in Application No. 11-07-005 adopted a settlement agreement authorizing San Gabriel a maximum annual conservation program budget of \$400,000 for the period from July 1, 2009 through June 30, 2012. San Gabriel was given flexibility within the budget to spend the authorized conservation funds on specific programs subject to caps for designated categories. In addition, San Gabriel was directed to track and report in a one-way balancing account revenues collected and costs expended for its conservation programs and to refund unspent conservation budget funds, if any. Attachment 2 at page 2 of 2, paragraph 5 of the Settlement Agreement (Attachment to D.09-06-027), states:

One-way balancing account. FWC shall track its authorized expenses in a one-way balancing account subject to refund so that any unspent funds will be refunded to the ratepayers. FWC shall collect the authorized budget through rates. Within 60 days of July 1, 2012, or the effective date of new rates under 2011 GRC, FWC shall file an advice letter with the Commission demonstrating its revenues collected, its costs, and the over-collection, if any. FWC shall include a methodology for the refund, if any.

This advice letter demonstrates that the collected amounts for the conservation programs have been fully and reasonably spent and therefore no refund to customers is required. All the details of the conservation program balancing account authorized in D. 09-06-027 are contained in the workpapers provided to the Division of Water and Audits.

Discussion

In D.09-06-027, San Gabriel was authorized a maximum annual conservation program budget of \$400,000 for the 3-year general rate case cycle. San Gabriel was given flexibility to spend the conservation dollars on categories that were best suited to achieve its conservation goals. The parties to the adopted settlement in that proceeding agreed to the budget with San Gabriel obligated to verify that the expenditures benefited Fontana Water Company division customers, with a small allowance for overhead costs of third-party providers. From July 1, 2009 to June 30, 2012, revenues through volumetric rates and service charges were tracked in the one-way balancing account and were offset by actual conservation program costs. Refunds to ratepayers are not required because the balance in the one-way balancing account as of June 30, 2012 is \$64,514 undercollected.

In the Education and Public Information Program category, San Gabriel's costs exceeded the annual cap in 2010-2011 by \$3,349. This amount was excluded from the Conservation Program Balancing Account in June 2011. No third-party providers allocated their overheads to the conservation expenses charged to San Gabriel. All inventories of equipment and supplies in the Residential, Commercial, Industrial & Institutional and Large Landscape program categories, the costs of which were booked to the Conservation Program Balancing Account, have been distributed to or installed for the benefit of Fontana Water Company division customers.

Notice of Advice Letter

In accordance with the requirements of Water Industry Rule 4.1 of General Order No. 96-B, this advice letter is being sent to the parties listed on the attached distribution list. 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 also post this advice letter on its website www.fontanawater.com.

Notice to customers is not required because this advice letter does not seek to increase rates or restrict service.

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; 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 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:

September 5, 2012

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

Thank you for your assistance in processing this advice letter.

San Gabriel Valley Water Company



Daniel A. Dell'Osa
Director of Rates and Revenue

cc: James Booth, CPUC – Division of Water and Audits
Hani Moussa, CPUC – Water Branch, DRA
Danilo Sanchez, CPUC – Water Branch, DRA

DISTRIBUTION LIST
San Gabriel Valley Water Company
Fontana Water Company Division
Advice Letter No. 419

Kendall H. MacVey, Esq.
Best, Best & Krieger, LLP
3750 University Avenue
Riverside, CA 92501

Rialto Water Department
150 South Palm Avenue
Rialto, CA 92376

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

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

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

Mr. Paul V. Fernandez
cutiepicandtubby@aol.com

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

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
9680 Citrus Avenue, Bldg. No. 4
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

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