

# SAN GABRIEL VALLEY WATER COMPANY

June 25, 2014

Advice Letter No. 444

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 changed tariff sheets applicable to its Fontana Water Company division:

<u>CPUC</u>		<u>Schedule</u>	<u>Canceling</u>
<u>Sheet No.</u>	<u>Title</u>	<u>No.</u>	<u>Sheet No.</u>
2338-W	General Metered Service	FO-1	2286-W
2339-W	General Metered Service Conservation	FO-1C	2334-W
2340-W	Recycled Water Metered Service	FO-6	2290-W
2341-W	Preliminary Statement (continued)	N/A	2230-W
2342-W	Table of Contents	N/A	2337-W

This water supply **expense offset** filing increases revenues in San Gabriel's Fontana Water Company division by \$1,250,955 or 2.0% to offset increases in purchased water costs and groundwater pumping assessments. In accordance with Water Industry Rule 7.3.1(7) as modified by Resolution W-4664 and Water Industry Rule 8.4 of General Order 96-B, **this filing is designated Tier 1** and the enclosed rates are requested to be made effective July 1, 2014.

### Purpose and Background

Water supply for San Gabriel's Fontana Water Company division ("Fontana") comes mainly from Lytle Creek Surface water, Non-Chino Basin wells, Chino Basin Wells, and untreated water from the State Water Project. Fontana's water rights are

obtained from San Gabriel's 39.74% ownership in Fontana Union Water Company ("Union"). Each water year begins July 1 and ends June 30 of the following year. Cucamonga Valley Water District ("CVWD") charges Fontana for water produced from Lytle Creek surface water and Non-Chino Basin wells that exceeds San Gabriel's share of Union's rights at 85% of the rates then in effect for the Metropolitan Water District of Southern California's ("MWD") Tier 1, as adopted by MWD's local sub-agency, the Inland Empire Utilities Agency ("IEUA").

Also, San Gabriel is a party to the Chino Basin groundwater judgment which governs Fontana's pumping of groundwater from its Chino Basin wells. That judgment requires Fontana to pay groundwater replenishment and other assessments levied by the Chino Basin Watermaster. The Watermaster's replenishment assessment rate is based largely on the MWD/IEUA untreated Tier 2 rate. Fontana also enters into annual Chino Basin pumping rights leases at the prevailing rate, when available, to offset a portion of the Watermaster replenishment assessments.

#### **Changes in Water Costs**

- Watermaster's groundwater replenishment assessment rate has increased from \$541.00 per AF to \$608.00 per AF effective July 1, 2013.
- In July 2013 Watermaster increased the Administrative Assessment from \$7.40 to \$9.76 per AF.
- OBMP Assessment from \$42.01 to \$30.63 per AF.
- Appropriative Pool & 85/15 Assessment decreased from \$14.90 to \$3.95 per AF.
- Land Use Conversion Assessment was decreased from \$30.89 to \$28.79 per AF.
- Leased water has decreased from \$527.00 per AF to \$504.05 per AF.
- CVWD charges for water produced from Lytle Creek surface water and Non-Chino Basin wells in excess of San Gabriel's share of Union's rights has increased from \$458.15 per AF to 85% of \$606.00 or \$515.10 per AF.
- Effective January 1, 2014, MWD/IEUA's untreated rate (Tier 1) for State Water Project Water delivered to Fontana's water treatment plant has decreased from \$664.00 to \$606.00 per AF.
- IEUA Assessment on active meters has increased from \$12.90 to \$21.06, effective July 1, 2013.

- Monthly IEUA Capacity Charge from \$6,000 to \$8,600.
- Fontana Union Water Company Water Stock Assessments increased from \$28.00 to \$105.00.

The water supply costs and assessments currently reflected in rates were adopted in D.14-05-001 in A.11-07-005 and became effective on May 6, 2014, but those adopted costs were based on Test Year 2012-13.

The impact of these changes to water costs causes an increase to the adopted expense from \$11,652,265 to \$12,888,828 and increases the revenue requirement from \$61,080,070 to \$62,331,025 an increase of \$1,250,955 or 2.0%. The proposed rates submitted with this advice letter raise the monthly bill of the typical residential customer (5/8" x 3/4" meter and 19 Ccf) served under General Metered Rate Schedule FO-1 by \$1.46 or 2.6% from \$56.43 to \$57.89 and the Conservation Rate Schedule FO-1C by \$1.40 or 2.6% from \$54.17 to \$55.57. San Gabriel has furnished the Commission's Division of Water and Audits staff with two copies of workpapers providing detailed support for the proposed increase.

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 Rate Increase**

In accordance with Water Industry Rule 3.2 of General Order 96-B, San Gabriel will inform its customers of the increase by bill insert (a draft of which is attached hereto).

In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will also post this advice letter to its website. Finally, 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. No other parties have requested notification of tariff filings related to the Fontana Water Company division.

#### **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.

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, 3<sup>rd</sup> floor  
California Public Utilities Commission,  
505 Van Ness Avenue, San Francisco, CA 94102  
[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 by mail (or e-mail) to us, addressed to:

San Gabriel Valley Water Company  
Director of Rates and Revenue  
11142 Garvey Avenue  
El Monte, CA 91733  
(626) 448-6183  
FAX (626) 448-5530 or  
E-mail: [dadellosa@sgvwater.com](mailto:dadellosa@sgvwater.com)

Cities and counties that need Board of Supervisors or Board of Commissioners

June 25, 2014

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.

Very truly yours,



Daniel A. Dell'Osa  
Director of Rates and Revenue

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

**SCHEDULE NO. FO-1**  
Fontana Water Company  
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service, except for those Residential customers required to be served under Schedule FO-1C.

TERRITORY

Portions of Fontana, Rancho Cucamonga, Rialto, and vicinity, San Bernardino County.

RATES

Quantity Rates:

For all water used, per 100 cu. ft. .... \$ 2.6997 (I)

Per Meter  
Per Month

Service Charges:

For 5/8 x 3/4-inch meter .....	\$ 14.05
For 3/4-inch meter .....	21.07
For 1-inch meter.....	35.11
For 1-1/2-inch meter .....	70.23
For 2-inch meter.....	112.40
For 3-inch meter.....	210.70
For 4-inch meter.....	351.10
For 6-inch meter.....	700.00
For 8-inch meter.....	1,120.00
For 10-inch meter.....	1,620.00
For 12-inch meter.....	2,320.00

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 444

R. W. Nicholson

Date Filed

Decision No.

NAME

Effective

President

Resolution No.

TITLE

**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.....	\$ 2.4854	(I)
For all Ccf greater than 16 Ccf, per 100 cu. Ft.....	\$ 2.8582	(I)

Service Charges:	<u>Per Meter</u>
	<u>Per Month</u>

For 5/8 x 3/4-inch meter .....	\$ 14.69
For 3/4-inch meter .....	22.03
For 1-inch meter .....	36.71
For 1-1/2-inch meter .....	73.43
For 2-inch meter .....	117.53
For 3-inch meter .....	220.31

**SPECIAL CONDITIONS**

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A surcredit of \$0.2165 per Ccf is to be applied to the quantity rates for thirty-six months beginning on July 1, 2014 and ending on June 30, 2017 to refund an overcollection associated with the Sandhill Water Treatment Facility Plant.
3. A surcredit of \$0.0294 per Ccf is to be applied to the quantity rates for a 12-month period beginning on the effective date of Advice Letter 431-A to amortize the overcollection in the Cost of Capital Interim Rate Memorandum Account (CCIRMA).
4. A surcredit of \$0.0330 per Ccf is to be applied to the quantity rates for a 12-month period beginning on the effective date of Advice Letter 436 to amortize the March 2011 balances in five balancing and memorandum accounts as authorized by D.14-05-001.
5. A surcharge of \$0.1297/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.

(To be inserted by utility)

Issued by

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

Advice Letter No. 444

R. W. Nicholson

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

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

NAME

Effective \_\_\_\_\_

President

TITLE

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

**SCHEDULE NO. FO-6**  
Fontana Water Company Tariff Area  
**RECYCLED WATER METERED SERVICE**

**APPLICABILITY**

Applicable to all recycled water metered service.

**TERRITORY**

Portions of Fontana, Rancho Cucamonga, Rialto, and vicinity, San Bernardino County.

**RATES**

Quantity Rates:

For all water delivered per 100 cu. ft. .... \$ 2.0248 (I)

	Per Meter
Service Charge:	
For 5/8 x 3/4-inch meter .....	\$ 14.05
For 3/4-inch meter .....	21.07
For 1-inch meter .....	35.11
For 1-1/2-inch meter.....	70.23
For 2-inch meter .....	112.40
For 3-inch meter .....	210.70
For 4-inch meter .....	351.10
For 6-inch meter .....	700.00
For 8-inch meter .....	1,120.00
For 10-inch meter .....	1,620.00
For 12-inch meter .....	2,320.00

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 444

R. W. Nicholson

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

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

NAME

Effective \_\_\_\_\_

President

TITLE

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



**PRELIMINARY STATEMENT**

(Continued)

**J. Water Revenue Adjustment Mechanism (WRAM) Memorandum Account For Fontana Water Company Division**

1. Purpose: The purpose of this memorandum account is to track the Quantity Rate revenues collected under Schedule FO-1C tiered rates against the revenues that would have been collected under a single block Quantity Rate.
2. The following entries will be made monthly to the WRAM memorandum Account in the Fontana Water Company division:
  - a. The recorded revenues collected through the tiered Quantity Rate under Schedule No. FO-1C (debit).
  - b. The calculated revenues that would have been collected under a single block Quantity Rate for the same water usage as in 2a above (credit).
  - c. The CPUC-adopted Quantity Rates (\$/Ccf) to be used in calculating the revenues for 2a and 2b above are as follows:

<u>Effective Date</u>	<u>Single Block Rate</u>	0-16 Ccf/mo.		Over 16 Ccf/mo.	
		<u>Tier 1 Rate</u>	<u>Tier 2 Rate</u>	<u>Tier 2 Rate</u>	
July 1, 2011	\$2.5046	\$2.3529	\$2.7057	\$2.7057	(D)
April 1, 2013	\$2.5067	\$2.3549	\$2.7080	\$2.7080	
May 28, 2013	\$2.4498	\$2.3014	\$2.6465	\$2.6465	
July 1, 2013	\$2.5689	\$2.4133	\$2.7753	\$2.7753	
June 25, 2014	\$2.6456	\$2.4854	\$2.8582	\$2.8582	(N)
July 1, 2014	\$2.5874	\$2.4306	\$2.7952	\$2.7952	

- d. Franchise fees and uncollectible account expense, based on the net of 2a and 2b above, and the CPUC-adopted rates for franchise fees and uncollectible expenses.
- e. 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.
3. The balance in the memorandum account shall be amortized by a Tier 1 advice letter whenever the balance exceeds 2% of the authorized revenue requirement for the preceding calendar year. If the balance is below 2%, San Gabriel shall propose its amortization in a general rate case.
4. The memorandum account will terminate when so ordered in a CPUC general rate case decision, at which time any remaining debit (undercollection) or credit (overcollection) balance will be amortized through a rate surcharge or surcredit.

(To be inserted by utility)

Issued by

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

Advice Letter No. 444

R. W. Nicholson

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

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

NAME

Effective \_\_\_\_\_

President

TITLE

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	2342-W      2284-W (C) 2283-W      1563-W 1637-W      2205-W
Preliminary Statement	634-W, 390-W, 2241-W, 2229-W, 2108-W, 2341-W, 2249-W, (C) 2060-W, 2061-W, 2168-W, 2170-W, 2296-W, 2300-W, 2302-W
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>Schedule Number</u>
<u>Rate Schedules</u>	
All Tariff Areas	
Surcharge to Fund Public Utilities	
Commission Reimbursement Fee	AA-UF      1807-W
Fontana Water Company	
General Metered Service - General	FO-1      2338-W, 2333-W (C)
General Metered Service - Conservation	FO-1C      2339-W (C)
Private Fire Service	FO-4      2307-W, 1087-W, 1476-W
Recycled Water Metered Service	FO-6      2340-W, 2335-W (C)
Construction and Tank Truck Service	FO-9C      2310-W, 1516-W
Service to Tract Houses During Construction	FO-9CL      2311-W
California Alternative Rates For Water	FO-CARW      2274-W, 2236-W
Facilities Fees	FO-FF      1875-W 1876-W

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 444

R. W. Nicholson

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

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

NAME

Effective \_\_\_\_\_

President

TITLE

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