

# SAN GABRIEL VALLEY WATER COMPANY

January 27, 2016

Advice Letter No. 473

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:

<b>CPUC</b>		<b>Schedule</b>	<b>Canceling</b>
<b><u>Sheet No.</u></b>	<b><u>Title</u></b>	<b><u>No.</u></b>	<b><u>CPUC Sheet No.</u></b>
2530-W	Preliminary Statement (continued)	N/A	N/A
2531-W	Table of Contents	N/A	2526-W

An original and four copies of this advice letter are submitted herewith. San Gabriel seeks to add Paragraph Y to its Preliminary Statement, describing the operations of a new Water-Energy Nexus Memorandum Account ("WENMA") as authorized by Decision ("D.") 15-09-023. The purpose of the WENMA is to record the costs San Gabriel incurs in connection with projects undertaken pursuant to decisions issued in the Water-Energy Nexus Rulemaking, R.13-12-011, such as San Gabriel's Shared Network AMI Pilot Program with Southern California Gas Company ("SoCalGas"). **As authorized by D.15-09-023, this advice letter is designated as a Tier 1 advice letter.**

### **Background**

The Commission adopted D.15-09-023 on September 17, 2015, and issued the Decision on September 25, 2015, in Rulemaking ("R.") 13-12-011, the Water-Energy Nexus proceeding. Ordering Paragraph 10, of the Decision provides, in pertinent part:

Water corporations are authorized to establish memorandum accounts to record expenses incurred for water-energy nexus projects through a Tier 1 advice letter filing.

San Gabriel has proposed in its current General Rate Case ("GRC"), Application ("A.") 16-01-002, a one-year AMI Pilot Program in partnership with SoCalGas beginning in 2016. The AMI Pilot Program will evaluate the feasibility of using SoCalGas' existing AMI network to remotely collect and transmit hourly water usage data from 500 of San Gabriel's customers.

For the AMI Pilot Program, San Gabriel will select 250 in-service meters from each of its two service territories. It will install a Meter Transmission Unit (“MTU”) on the underside lid of the meter box and connect the MTU by a cable to the water meter. The MTU will record hourly water consumption, which will be transmitted to SoCalGas’ AMI network. Pilot Program participants will be able to access a secure web portal and consumer engagement program, which will provide them with hourly water usage information. San Gabriel will use special software to analyze, identify, and locate water loss based on these data.

San Gabriel’s AMI Pilot Program will permit it to evaluate the benefits, costs, and value of deploying AMI throughout its entire service area. For example, AMI would permit San Gabriel to provide its customers with data about their hourly water consumption, which could influence customer water use behavior. AMI can also be used to detect water leaks. Both of these features could lead to water conservation and, as a result, reduced energy consumption. San Gabriel will be able to evaluate these water and energy savings through the Pilot Program.

San Gabriel is requesting recovery of total forecasted costs of \$224,000 to conduct the one-year AMI Pilot Program in A.16.01-002. However, it will begin to incur costs associated with the Pilot within the next few weeks, well before the Commission reaches a decision on its GRC. Accordingly, San Gabriel submits this request for a WENMA to record the costs incurred in connection with projects undertaken pursuant to decisions issued in R.13-12-011, including the AMI Pilot Program.

### **Discussion**

San Gabriel hereby submits this advice letter filing to request approval of the WENMA to record the expenses it incurs in connection with projects undertaken pursuant to decisions issued in the Water-Energy Nexus Rulemaking, R.13-12-011 pursuant to Ordering Paragraph 10. The first such project is San Gabriel’s AMI Pilot Program with SoCalGas. As discussed above, the AMI Pilot Program promotes water-energy conservation. In fact, one purpose of the Pilot is to determine whether AMI installations result in water savings and, in turn, embedded energy savings.

The Commission envisioned in D.15-09-023 that AMI pilot projects would be included among the types of projects for which a Tier 1 memorandum account would be appropriate. In particular, the Commission stated:

Water smart meters may offer significant water (and so energy) savings by, among other things, providing real-time feedback on water use. A smart meter can, under some circumstances, indicate immediately if there is a leak at a customer premises. In contrast,

traditional billing systems may take weeks or months to provide evidence of a leak.<sup>1</sup>

The Commission, in D.15-09-023, encouraged water companies to take “bold measures,” including “making available advanced water meters to customers at the customers’ cost to communicate information to manage customer use of water and energy.”<sup>2</sup> San Gabriel’s AMI Pilot Program is such an effort.

In accordance with D.15-09-023, this advice letter is appropriate for Industry Division disposition, is properly classified as a Tier 1 advice letter, and as such is effective pending disposition, as of January 27, 2016. Copies of revised pages of the Preliminary Statement and Table of Contents are appended to this advice letter.

### **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. In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will post this advice letter to its website [www.sgvwater.com](http://www.sgvwater.com) and [www.fontanawater.com](http://www.fontanawater.com). Pursuant to Water Industry Rule 4.1, copies of this advice letter are being served on the parties listed on the attached Distribution List.

### **Response to Protest**

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 may be:

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 errors or omissions;
4. The relief requested in the advice letter is pending before the Commission in a formal proceeding; or

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<sup>1</sup> *Order Instituting Rulemaking into Policies to Promote a Partnership Framework between Energy Investor Owned Utilities and the Water Sector to Promote Water-Energy Nexus Programs*, D.15-09-023, p. 45.

<sup>2</sup> *Id.* p. 46.

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  
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 us, addressed to:

Mr. Robert. J. DiPrimio, Senior Vice President  
San Gabriel Valley Water Company  
11142 Garvey Avenue  
El Monte, CA 91733  
e-mail: [rdiprimio@sgvwater.com](mailto:rdiprimio@sgvwater.com)

Thank you for your assistance in processing this advice letter.

Sincerely,



Joel M. Reiker  
Vice President of Regulatory Affairs

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

**PRELIMINARY STATEMENT**

(Continued)

**Y. Water-Energy Nexus Memorandum Account (“WENMA”)**

1. Purpose

The purpose of this memorandum account is to track costs the utility incurs in connection with projects undertaken pursuant to decisions issued by the Public Utilities Commission in its Water-Energy Nexus Rulemaking, R.13-12-001.

2. The following entries will be made to the WENMA:

- a. Costs incurred pursuant to decisions issued in the Water-Energy Nexus Rulemaking, R.13-12-011.
- b. Monthly 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).

3. Costs/expenses recorded herein will be allocated between the Los Angeles County and Fontana Water Company divisions using the 4-factor methodology and will be amortized in rates subsequent to a finding of reasonableness by the Commission.

*Authorization: Established pursuant to D.15-09-023, Ordering Paragraph 10*

(To be inserted by utility)

Advice Letter No. 473

Decision No. D.15-09-023

*Issued By*

R.W. Nicholson

President

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

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

Effective \_\_\_\_\_

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:

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(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 473

R. W. Nicholson

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

Decision No. D.15-09-023

NAME

Effective \_\_\_\_\_

President

TITLE

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

Distribution List  
San Gabriel Valley water Company  
Los Angeles County  
Fontana Water Company Division  
**Advice Letter No. 473**

Kendall H. MacVey, Esq.  
Best, Best & Krieger, LLP  
3390 University Avenue 5th Floor  
Riverside, CA 92502-1028

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

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

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

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

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

City of Montebello  
1600 West Beverly Boulevard  
Montebello, CA 90640

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

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

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

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

City Clerk, City of Rosemead  
8838 Valley Boulevard  
Rosemead, CA 91770

City Clerk, City of San Gabriel  
425 South Mission Drive  
San Gabriel, CA 91778

San Gabriel County Water District  
8366 East Grand Avenue  
Rosemead, CA 91770

City of Santa Fe Springs Water Department  
Post Office Box 2120  
Santa Fe Springs, CA 90670

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

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

City of Arcadia  
240 West Huntington Drive  
Arcadia, CA 91006

City Clerk, City of Baldwin Park  
14403 East Pacific Avenue  
Baldwin Park, CA 91706

California-American Water Company  
1033 B Ave. Suite 200  
Coronado, CA 92118-3439

City of El Monte Water Department  
11333 Valley Boulevard  
El Monte, CA 91734

City of Industry Waterworks System  
Post Office Box 3136  
La Puente, CA 91744

City Clerk, City of Irwindale  
5050 North Irwindale Avenue  
Irwindale, CA 91706

City Clerk, City of South El Monte  
1415 Santa Anita Avenue  
South El Monte, CA 91733

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

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

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

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

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

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