

SAN GABRIEL VALLEY WATER COMPANY

May 22, 2015

Advice Letter 464

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>
2481-W	Schedule No. 14.1	N/A	N/A
2482-W	Schedule No. 14.1 (continued)	N/A	N/A
2483-W	Schedule No. 14.1 (continued)	N/A	N/A
2484-W	Schedule No. 14.1 (continued)	N/A	N/A
2485-W	Schedule No. 14.1 (continued)	N/A	N/A
2486-W	Table of Contents	N/A	2480-W

An original and four copies of this advice letter are submitted herewith. San Gabriel seeks to add Schedule No. 14.1, Staged Water Shortage Surcharges and Penalties, to its tariffs in accordance with Resolution No. W-5041, dated May 7, 2015. San Gabriel also now seeks to activate Stage 2 Water Shortage of Schedule No. 14.1 which will authorize San Gabriel to implement surcharges and penalties to encourage reduced water usage. San Gabriel has also submitted today Advice Letter 463 to implement a revised Rule No. 14.1, Water Shortage Contingency Plan. This advice letter is designated as a Tier 2 advice letter. San Gabriel requests an effective date of June 22, 2015.



Background

California is in its fourth consecutive year of drought. On April 1, 2015, Governor Brown signed Executive Order B-29-15, directing the State Water Resources Control Board to impose restrictions starting in June 2015 to achieve a statewide 25 percent reduction in potable urban water usage through February 2016, as compared to the amount used in 2013. The restrictions require that those areas with higher per capita usage achieve proportionately greater reductions than those with lower usage.

San Gabriel has filed Advice Letter 463 requesting substantial modifications to its Rule No. 14.1 in compliance with Resolution W-5041 to address the severe drought and water supply conditions now existing throughout the state.

Ordering Paragraph No. 4 of Resolution W-5041 states:

4. *Compliance with the water-use restrictions set forth in this Resolution is effective June 1, 2015. For water utilities that must file Schedule 14.1 tariffs, those utilities shall prepare and file Advice Letters to establish Schedule 14.1 as soon as practicable.*

San Gabriel has an existing Rule No. 14.1, effective September 18, 2008, that was authorized by the Commission. In response to Ordering Paragraph No. 2 of Resolution W-4976, dated February 27, 2014, and by letter dated March 28, 2014, San Gabriel notified the Director, Division of Water and Audits that it was activating Rule No. 14.1, calling for a 20% voluntary reduction in water usage by each customer. While the current statewide target is a 25% reduction, the State Water Board is requiring customers to reduce usage from the 2013 levels in San Gabriel's Los Angeles County Division by 16% and in San Gabriel's Fontana Water Company Division by 28%.

The Commission provided an example of Schedule No. 14.1 in Resolution W-4976, but explained that "... the samples are not intended as required language but, that each utility to adopt as written or modify. ... the utilities are free to design an escalation of water use restrictions as the rationing stages increase." San Gabriel's proposed Schedule No. 14.1

modifies the example to address its specific customer base and in light of the events occurring subsequent to the issuance of Resolution W-4976.

Description of the Proposed Schedule No. 14.1

The proposed Schedule No. 14.1 (Staged Water Shortage Surcharges and Penalties) provides for surcharges on excessive water usage and penalties for water use violations. It further designates charges for the installation and removal of flow-restricting devices and real time metering devices.

Section C (Drought Emergency Surcharges):

This section provides for surcharges on excessive water uses. Based on the mandated 16% and 28% reductions, San Gabriel proposes to apply surcharges on Residential usage over 20 Ccf per month in both divisions. A reduction to 20 Ccf per month by all Residential customers would achieve the mandated usage reduction percentages in each division. For all other metered customers, San Gabriel proposes to apply a lower surcharge, but on the total water usage.

Stage 1 Water Alert

Surcharges and penalties are not imposed.

Stage 2 Water Shortage

The proposed Surcharge on residential customers is set at 100% of the highest tier Quantity Rate (excluding surcharges and surcredits) then in effect and is applicable to all usage greater than 20 Ccf per month. The proposed Surcharge on all other metered customers is set at 10% of the Quantity Rate (without surcharges or surcredits) then in effect but is applicable to all metered usage.

Stage 3 Water Shortage

The proposed Surcharge on residential customers is set at 200% of the highest tier Quantity Rate (excluding surcharges and surcredits) then in effect and is applicable to all usage greater than 20 Ccf per month. The proposed Surcharge on all other metered customers is set at 15% of the Quantity Rate (without surcharges or surcredits) then in effect but is applicable to all metered usage.

Stage 4 Water Shortage

The proposed Surcharge on residential customers is set at 300% of the highest tier Quantity Rate (excluding surcharges and surcredits) then in effect and is applicable to all usage greater than 20 Ccf per month. The proposed Surcharge on all other metered customers is set at 20% of the Quantity Rate (without surcharges or surcredits) then in effect but is applicable to all metered usage.

Based on the rates in effect as of May 22, 2015, the proposed Surcharges (\$/Ccf) 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	\$2.6906	\$2.8861	\$2.7192	\$2.8789
Residential				
Stage 1	N/A	N/A	N/A	N/A
Stage 2	\$2.6906	\$2.8861	\$2.7192	\$2.8789
Stage 3	\$5.3812	\$5.7722	\$5.4384	\$5.7578
Stage 4	\$8.0718	\$8.6583	\$8.1576	\$8.6367
Non-Residential				
Stage 1	N/A		N/A	
Stage 2	\$0.2691		\$0.2719	
Stage 3	\$0.4036		\$0.4078	
Stage 4	\$0.5382		\$0.5438	

Section D (Water Use Violation Penalties):

San Gabriel intends to rely on local government agencies to enforce the prohibited uses of water. However, it will work with customers to comply with such restrictions by informing

them of the restrictions and by seeking voluntary compliance. However, if such efforts are unsuccessful and the local government agency's enforcement actions are inadequate, San Gabriel may assess penalties as indicated below:

First and Second Offenses: Written warning only

Third Offense (within one year of the same restriction): Written warning and \$100 penalty

Fourth Offense (within one year of the same restriction): Written warning and \$250 penalty

Fifth Offense (within one year of the same restriction): Written warning and \$500 penalty

Sixth and Later Offenses (within one year of the same restriction): Written warning, \$500 penalty, installation of a flow restrictor, and/or service discontinuance pursuant to Rule No. 11

Section 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

Section F (Special Conditions)

A Tier 1 advice letter will be submitted to the Commission to activate any of the Drought Emergency Surcharges and/or Water Use Violation penalties listed above. A Tier 1 advice letter will also be used to discontinue these charges. Surcharges and penalties will be separately identified on the customer's water bill. Monies collected from surcharges and penalties will be used to offset lost revenues and extraordinary conservation expenses not reflected in rates.

Finally, this schedule will remain in effect through February 2016 unless discontinued or renewed by the Commission.

Public Meetings

San Gabriel has scheduled a public meeting in each of its division to inform its customers of the state's new drought requirements, the proposed changes to Rule No. 14.1 and the proposed new Schedule No. 14.1. These meetings have been scheduled where adequate seating and parking should be available, as follows:

Los Angeles County Division
Monday, June 8, 5:30 pm
So. El Monte Community Center
1530 Central Avenue
South El Monte, CA 91733

Fontana Water Company Division
Thursday, June 11, 5:30 pm
Jesse Turner Center
15556 Summit Avenue
Fontana, CA 92336

Customers will be notified of these meetings by direct mailing and through a notice published in a local newspaper.

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 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.

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
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

May 22, 2015

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.



Daniel A. Dell'Osa
Director of Rates and Revenue

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

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 1 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 2

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)

Issued by

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

Advice Letter No. 464

R. W. Nicholson

Date Filed _____

Decision No. W-5034 & W-5041

NAME

Effective _____

President

TITLE

Resolution No. _____

SCHEDULE NO. 14.1
STAGED WATER SHORTAGE SURCHARGES and PENALTIES
(continued)

C. DROUGHT EMERGENCY SURCHARGES

In response to the Governor's Drought Emergency Executive Order (B-29-15) the State Water Resources Control Board ("Water Board") imposed restrictions to achieve a statewide 25% reduction in potable urban water usage through February 29, 2016. These restrictions require water consumers to reduce usage as compared to the amount they used in 2013.

These restrictions are designed to strongly encourage those customers with high per capita usage to achieve proportionally greater reduction than those with lower usage.

The Water Board's mandated reductions, as compared to the amount used in 2013, are 16% for all customers in the Los Angeles County division and 28% for all customers in the Fontana Water Company division.

a. Residential Class Customers

In addition to the charges for water service listed in Schedule Nos. LA-1, FO-1, LA-1C, FO-1C, LA-CARW, and FO-CARW, when Stage 2, 3, or 4, as defined in Rule No. 14.1 are in effect, a Drought Emergency Surcharge will be added to the bills of Residential Class customers for all usage in excess of 20 Ccf per month as follows:

Stage 1 Water Alert

There are no surcharges for this Stage.

Stage 2 Water Shortage

The Drought Emergency Surcharge will equal 100% of the then-current base (i.e., excluding surcharges and surcredits) Quantity Rate in the general service tariffs or 100% of the then-current base (i.e., excluding surcharges and surcredits) Tier 2 Quantity Rate in the residential conservation rate tariffs, whichever is applicable.

(continued)

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SCHEDULE NO. 14.1
STAGED WATER SHORTAGE SURCHARGES and PENALTIES

(continued)

C. a. Residential Class Customer (continued)

Stage 3 Water Shortage

The Drought Emergency Surcharge will equal 200% of the then-current base (i.e., excluding surcharges and surcredits) Quantity Rate in the general service tariffs or 200% of the then-current base (i.e., excluding surcharges and surcredits) Tier 2 Quantity Rate in the residential conservation rate tariffs, whichever is applicable.

Stage 4 Water Shortage

The Drought Emergency Surcharge will equal 300% of the then-current base (i.e., excluding surcharges and surcredits) Quantity Rate in the general service tariffs or 300% of the then-current base (i.e., excluding surcharges and surcredits) Tier 2 Quantity Rate in the residential conservation rate tariffs, whichever is applicable.

b. All Other Customer Classes

In addition to the charges for water service listed in Schedule Nos. LA-1 and FO-1, when Stage 2, 3, or 4, as defined in Rule No. 14.1 are in effect, a Drought Emergency Surcharge will be assessed on total metered usage as follows:

Stage 1 Water Alert

There are no surcharges for this Stage.

Stage 2 Water Shortage

The Drought Emergency Surcharge will equal 10% of the then-current base (i.e., excluding surcharges and surcredits) Quantity Rate in the general metered service tariffs.

Stage 3 Water Shortage

The Drought Emergency Surcharge will equal 15% of the then-current base (i.e., excluding surcharges and surcredits) Quantity Rate in the general metered service tariffs.

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SCHEDULE NO. 14.1
STAGED WATER SHORTAGE SURCHARGES and PENALTIES
(continued)

C.b. All Other Customer Classes (continued)

Stage 4 Water Shortage

The Drought Emergency Surcharge will equal 20% of the then-current base (i.e., excluding surcharges and surcredits) Quantity Rate in the general metered service tariffs.

D. WATER USE VIOLATION PENALTIES

In accordance with Section E of Rule 14.1, the utility may begin to apply penalty charges if the local governing agency is not enforcing the mandatory use restrictions. These penalty charges will be in addition to other amounts billed to the customer for water service and will be assessed as indicated below:

- a. First and Second Offenses: Written warning, including explanation of penalty for subsequent offense.
- b. Third Offense within one year (of the same restriction): Written warning, including explanation of penalty for subsequent offense and a \$100 penalty charge.
- c. Fourth Offense within one year (of the same restriction): Written warning, including explanation of penalty for subsequent offense and a \$250 penalty charge.
- d. Fifth Offense within one year (of the same restriction): Written warning, including explanation of penalty for subsequent offense and a \$500 penalty charge.
- e. Sixth and later Offenses within one year (of the same restriction): Written warning, including explanation of penalty for subsequent offense, a \$500 penalty charge, installation of a flow restricting device on customer's water meter for the duration of enforcement stage of the Water Shortage Contingency Plan, and/or discontinuance of service pursuant to Rule No. 11.

(continued)

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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 1 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 1 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 February 29, 2016, or until utility files a Tier 1 advice letter to deactivate a specific Stage of mandatory conservation.
7. All bills are subject to surcharge fee set forth on Schedule No. AA-UF.

(To be inserted by utility)

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