

SAN GABRIEL VALLEY WATER COMPANY

September 18, 2018

Advice Letter 532

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company ("San Gabriel") hereby requests ministerial review of the following changes in tariff sheets applicable to its Fontana Water Company division:

<u>CPUC Sheet No.</u>	<u>Title</u>	<u>Schedule No.</u>	<u>Canceling CPUC Sheet No.</u>
2894-W	General Metered Service	FO-1	2846-W
2895-W	General Metered Service (cont.)	FO-1	2890-W
2896-W	General Metered Conservation Rates	FO-1C	2891-W
2897-W	Private Fire Service	FO-4	2849-W
2898-W	Recycled Water Service	FO-6	2850-W
2899-W	Recycled Water Service (cont.)	FO-6	2875-W
2900-W	Preliminary Statement, Paragraph H2	N/A	2852-W
2901-W	Table of Contents	N/A	2893-W

An original and four copies of this advice letter are submitted to reduce rates by \$178,700 or 0.3% to correct a recently discovered error in rates that became effective on July 1, 2018. With Water Division's concurrence, the overcollected revenues from July 1 to September 30 (estimated at approximately \$45,000) will be credited to the 2018 Tax Accounting Memorandum Account, which San Gabriel intends to request amortization in its general rate case to be filed in January 2019. This advice letter is designated as Tier 1, with a requested October 1, 2018 effective date.

Discussion

The present rate schedules in the Fontana Water Company division became effective on July 1, 2018, through Advice Letter Nos. 522-A and 524. San Gabriel recently discovered a computational error that reflects a slightly higher rate of return than the 8.49% that the Commission has authorized. This advice letter corrects that error by reducing rates effective October 1, 2018. The monthly bill of a typical residential customer with a 5/8" x 3/4" meter and served under Schedule FO-1C will be reduced by \$0.87 or 1.4% from \$63.04 to \$62.17.

San Gabriel has provided the Commission staff's Water Division with supporting workpapers for its review and approval. As soon as the amount of the revenue overcollection during the months of July, August and September can be determined, San Gabriel will provide to Water Division documentation of that amount, as well as accounting documentation showing that the amount has been booked to the 2018 Tax Act Memorandum Account.

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;
- (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 relitigating a prior order of the Commission.

A protest shall provide citations or evidence 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 Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division
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 Water Division, the respondent or protestant shall send a copy of the protest by mail to us, addressed to San Gabriel:

September 18, 2018

San Gabriel Valley Water Company
Vice President of Regulatory Affairs
11142 Garvey Avenue
El Monte, CA 91733
FAX: (626)448-5530 or
E-mail jmreiker@sgvwater.com

If you have not received a reply to your protest within 10 business days, contact me at (626) 448-6183.

Cities and counties that need approval of their Board of Supervisors or Board of Commissioners to protest should inform the Water Division, within the 20 day protest period, so that a late filed protest can be entered. 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 advice letter.



Joel M. Reiker
Vice President of Regulatory Affairs

cc: James Boothe, CPUC – Water Division
Victor Chan, CPUC – Water Branch, CalPA
Richard Smith, CPUC – Water Branch, CalPA

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. \$ 3.4206 (R)

Per Meter
Per Month

Service Charges:

For 5/8 x 3/4-inch meter	\$ 16.55
For 3/4-inch meter	24.81
For 1-inch meter.....	41.36
For 1-1/2-inch meter	82.73
For 2-inch meter.....	132.37
For 3-inch meter.....	248.14
For 4-inch meter.....	413.66
For 6-inch meter.....	826.00
For 8-inch meter.....	1,322.00
For 10-inch meter.....	1,905.00
For 12-inch meter.....	2,730.00

(R)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 532

R. W. Nicholson

Date Filed _____

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Effective _____

President

TITLE

Resolution No. _____

SCHEDULE NO. FO-1
Fontana Water Company
GENERAL METERED SERVICE
(continued)

RATES (continued)

	<u>Per Battery</u> <u>Per Month</u>	
For two 2-inch meters	\$ 264.00	(R)
For three 2-inch meters	398.00	
For four 2-inch meters.....	529.00	
For two 3-inch meters	496.00	
For two 4-inch meters	827.00	
For one 8-inch meter, two 2-inch meters.....	1,584.00	
For two 8-inch meters	2,643.00	(R)

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is added to the quantity charge computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A surcharge of \$0.2425/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.
3. A surcharge of \$0.0372 per Ccf is to be applied to the quantity rates for twelve months effective July 1, 2018 to amortize the net under-collection in the Plant F23 Project Balancing Account.
4. A surcharge of \$0.2563 per Ccf is to be applied to the quantity rates effective July 1, 2018 through June 30, 2021 to amortize the net undercollection in the Water Cost Balancing Account.
5. A surcharge of \$0.1254 per Ccf is to be applied to the quantity rates for twenty-four months effective October 1, 2018 to amortize the net undercollection in the Fontana Drought Lost Revenue and Drought Surcharge Revenue Balancing Accounts.

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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.....	\$ 3.2585	(R)
For all Ccf greater than 16 Ccf, per 100 cu. Ft.....	\$ 3.7381	

	Per Meter	
	<u>Per Month</u>	
Service Charges:		
For 5/8 x 3/4-inch meter	\$ 16.55	
For 3/4-inch meter	24.81	
For 1-inch meter	41.36	
For 1-1/2-inch meter	82.73	
For 2-inch meter	132.37	
For 3-inch meter	248.14	(R)

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A surcharge of \$0.2425/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.
3. A surcharge of \$0.2186 per Ccf is to be applied to the quantity rates for twelve months ending on January 31, 2019 to amortize the net undercollection in the Water Revenue Adjustment Mechanism (WRAM) memorandum account.
4. A surcharge of \$0.0372 per Ccf is to be applied to the quantity rates for twelve months effective July 1, 2018 to amortize the net under-collection in the Plant F23 Project Balancing Account.
5. A surcharge of \$0.2563 per Ccf is to be applied to the quantity rates effective July 1, 2018 through June 30, 2021 to amortize the net undercollection in the Water Cost Balancing Account.
6. A surcharge of \$0.1254 per Ccf is to be applied to the quantity rates for twenty-four months effective October 1, 2018 to amortize the net undercollection in the Fontana Drought Lost Revenue and Drought Surcharge Revenue Balancing Accounts.

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SCHEDULE NO. FO-4
Fontana Water Company
PRIVATE FIRE SERVICE

APPLICABILITY

Applicable to water service furnished to private fire systems and to private fire hydrants.

TERRITORY

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

RATE

Per Service
Per Month

For each inch of diameter of service connection\$11.09 (R)

SPECIAL CONDITIONS

1. The customer will pay, without refund, the entire cost of the private fire service facilities.
2. The private fire service facilities shall be installed by the utility or under the utility's direction and shall be the sole property and subject to the control of the utility, with the right to alter, repair, replace and the right to remove upon discontinuance of service.
3. The minimum diameter for the private fire service connection will be 4-inches. The maximum diameter shall not be larger than the diameter of the water main to which the private fire service facilities are attached unless said main is circulating, in which case with the approval of the utility the maximum diameter may be larger by not more than 2-inches than the diameter of said circulating main.
4. If a water main of adequate size is not available adjacent to the premises to be served, then a new main from the nearest existing main of adequate size will be installed by the utility at the cost of the customer. Such cost shall not be subject to refund.
5. The private fire service facilities will include a detector check valve or other similar device acceptable to the utility which will indicate the use of water. The facilities may be located within the customer's premises or within public right of way adjacent thereto. Where located within the premises, the utility and its duly authorized agents shall have the right of ingress to and egress from the premises for all purposes related to said facilities. In the event the installation is solely a private fire hydrant facility, the requirement for a detector check valve or other similar device may be waived.

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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..... \$ 2.5655 (R)

	Per Meter	
Service Charge:		
For 5/8 x 3/4-inch meter.....	\$ 16.55	
For 3/4-inch meter.....	24.81	
For 1-inch meter.....	41.36	
For 1-1/2-inch meter.....	82.73	
For 2-inch meter.....	132.37	
For 3-inch meter.....	248.14	
For 4-inch meter.....	413.66	
For 6-inch meter.....	826.00	
For 8-inch meter.....	1,322.00	
For 10-inch meter.....	1,905.00	
For 12-inch meter.....	2,730.00	(R)

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SCHEDULE NO. FO-6
Fontana Water Company Tariff Area
RECYCLED WATER METERED SERVICE
(continued)

RATES – (continued)

	Per Battery Per Month	
For two 2-inch meters.....	\$ 264.00	(R)
For three 2-inch meters.....	398.00	
For four 2-inch meters.....	529.00	
For two 3-inch meters.....	496.00	
For two 4-inch meters.....	827.00	
For one 8-inch meter, one 2-inch meter.....	1,584.00	
For two 8-inch meters.....	2,643.00	(R)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for reclaimed water used computed at the Quantity Rates.

SPECIAL CONDITIONS

1. The Quantity Rate is set at 75% of the Quantity Rate of Schedule No. FO-1.
2. The customer is responsible for compliance with all local, state, and federal rules and regulations that apply to the use of recycled water on the customer's premises.
3. The utility will supply only such recycled water at such pressure as may be available from time to time from the recycled water system. The customer shall indemnify the utility and save it harmless against any and all claims arising out of service under this schedule and shall further agree to make no claims against the utility for any loss or damage resulting from service under this schedule.
4. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
5. A surcharge of \$0.2425/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.
6. A surcharge of \$0.0372 per Ccf is to be applied to the quantity rates for twelve months effective July 1, 2018 to amortize the net under-collection in the Plant F23 Project Balancing Account.
7. A surcharge of \$0.2563 per Ccf is to be applied to the quantity rates effective July 1, 2018 through June 30, 2021 to amortize the net undercollection in the Water Cost Balancing Account.

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PRELIMINARY STATEMENT

(Continued)

H2. Water Revenue Adjustment Mechanism (WRAM) Memorandum Account for the 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>	<u>0-16 Ccf/mo. Tier 1 Rate</u>	<u>Over 16 Ccf/mo. Tier 2 Rate</u>	
July 1, 2016	\$2.6973	\$2.5338	\$2.9139	
August 30, 2016	\$2.6593	\$2.4981	\$2.8729	
January 5, 2017	\$2.7236	\$2.5585	\$2.9423	
July 1, 2017	\$3.4884	\$3.3200	\$3.8181	
September 15, 2017	\$3.4525	\$3.2859	\$3.7789	
January 1, 2018	\$3.5157	\$3.3491	\$3.8421	
July 1, 2018	\$3.5157	\$3.3491	\$3.8421	
July 1, 2018	\$3.4206	\$3.2585	\$3.7381	(R)

- 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.

Authorization: Established pursuant to D.10-04-031, Ordering Paragraph 4; and Advice Letter 385

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DISTRIBUTION LIST
San Gabriel Valley Water Company
Fontana Water Company Division
Advice Letter No. 532

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