

SAN GABRIEL VALLEY WATER COMPANY

February 25, 2019

Advice Letter 527-A

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

<u>CPUC</u> <u>Sheet No.</u>	<u>Title</u>	<u>Schedule</u> <u>No.</u>	<u>Canceling</u> <u>CPUC</u> <u>Sheet No.</u>
2865-W	General Metered Service (cont.)	FO-1	2914-W
2866-W	General Metered Service-Conservation	FO-1C	2915-W
2867-W	Recycled Water Service (cont.)	FO-6	2918-W
2868-W	California Alternative Rates for Water (cont.)	FO-CARW	2892-W
2939-W	Preliminary Statement, Section S	N/A	2764-W
2940-W	Table of Contents	N/A	2938-W

An original and four copies of this supplemental advice letter are submitted in compliance with Resolution W-5174 to amortize the April 2018 undercollection of \$2,161,866 recorded in the Mains Projects Memorandum Account (MPMA) through a \$0.0491 per Ccf surcharge for 36 months. In addition, in further compliance with Resolution W-5174, San Gabriel establishes a Mains Project Balancing Account (MPBA) in its Preliminary Statements, transfers the authorized \$2,161,866 balance in the MPMA to the MPBA, closes the MPMA, and removes it from the Preliminary Statements. In accordance with Water Industry Rule 7.3.1(3), **this advice letter is designated as Tier 1**, and San Gabriel hereby requests a March 7, 2019 effective date.

Purpose and Background

San Gabriel's present rates became effective on January 1, 2019 through Advice Letter 534. San Gabriel was authorized to establish the Mains Project Memorandum Account pursuant to D.14-05-001, Ordering Paragraph 5, and Advice Letter 438, in order to record the revenue

requirement resulting from the cost of constructing mains "which [were] beyond the scope of work performed consistent with the City of Fontana's Capital Improvement Plan," for later rate recovery after a reasonableness review. This memorandum account is described in Section S of the Preliminary Statement to San Gabriel's tariffs.

On February 21, 2019, the Commission issued Resolution 5174-W, granting San Gabriel's request in part. Ordering Paragraph Nos. 2, 3, and 4 state:

2. San Gabriel Valley Water Company shall file a supplement to Advice Letter No. 527-W within ten days of the effective date of this resolution to reduce the authorized balance in the Mains Project Memorandum Account from \$3,385,564 to \$2,161,866. The added special conditions in the attached tariff pages to Advice Letter No. 527-W are to be amended to indicate amortization of the Mains Project Balancing Account (MPBA) through a temporary thirty-six-month surcharge of \$0.0491 per hundred cubic feet effective ten days following receipt of the supplement to Advice Letter 527-W. Pursuant to General Order 96-B, Water Industry Rule 3.2, San Gabriel Valley Water Company shall inform customers, by bill insert in the first bill that includes the above surcharge, of the amount of the surcharge expressed in dollar and percentage terms.
3. San Gabriel Valley Water Company shall do the following as part of its supplement to Advice Letter No. 527-W:
 - a. Establish a Mains Project Balancing Account (MPBA) in the Preliminary Statements of its Tariff;
 - b. Transfer the authorized balance of \$2,161,866 from the Mains Project Memorandum Account (MPMA) to the MPBA for amortization; and
 - c. Close and remove the MPMA from the Preliminary Statements of its Tariff.
4. At the end of the thirty-six-month amortization of the Mains Project Balancing Account (MPBA), any remaining balance, plus or minus, shall be transferred to the Previously Authorized Balances Balancing Account for the Fontana Water Company Division and the MPBA closed and removed from the Preliminary Statements of the San Gabriel Valley Water Company Tariff.

Discussion

San Gabriel is authorized to amortize the April 2018 balance in the Mains Projects Memorandum Account by a 36-month temporary surcharge of \$0.0491 per Ccf. The adopted

surcharge will raise the monthly bill of the typical residential customer using 14 Ccf under Schedule FO-1C with a 5/8" x 3/4" meter by \$0.69 or less than 1% from \$73.32 to \$74.01.

Service and Notice

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. In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will also post this advice letter to its website www.fontanawater.com. No other parties have requested notification of tariff filings related to the Fontana Water Company division. Pursuant to General Order 96-B, Water Industry Rule 3.2, San Gabriel will inform customers, by bill insert in the first bill that includes the above surcharge, of the amount of the surcharge expressed in dollar and percentage terms.

Protest and Responses

Anyone may respond to or protest this advice letter. When submitting a written response or protest please include San Gabriel Valley Water Company's name and this advice letter number in the subject line. 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.

February 25, 2019

A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

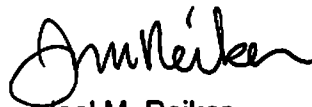
A response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 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 Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to us, addressed to:

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

Thank you for your assistance in processing this tariff filing.



Joel M. Reiker
Vice President of Regulatory Affairs

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

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	\$ 261.00
For three 2-inch meters	394.00
For four 2-inch meters.....	523.00
For two 3-inch meters	491.00
For two 4-inch meters	818.00
For one 8-inch meter, two 2-inch meters.....	1,567.00
For two 8-inch meters	2,615.00

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.
6. A surcharge of \$0.0491 per Ccf is to be applied to the quantity rates for thirty-six months effective March 7, 2019 to amortize the net undercollection in the Mains Project Balancing Account for Fontana Water Company Division.

(N)
(N)
(N)

(To be inserted by utility)

Advice Letter No. 527-A

Decision No. _____

Issued by

R. W. Nicholson

NAME

President

TITLE

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

Date Filed _____

Effective _____

Resolution No. W-5174

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..... \$ 3.2235
For all Ccf greater than 16 Ccf, per 100 cu. Ft..... \$ 3.6980

Service Charges:	<u>Per Meter</u>
	<u>Per Month</u>
For 5/8 x 3/4-inch meter	\$ 16.37
For 3/4-inch meter	24.54
For 1-inch meter	40.92
For 1-1/2-inch meter	81.84
For 2-inch meter	130.95
For 3-inch meter	245.48

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. (D)
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.
6. A surcharge of \$0.0491 per Ccf is to be applied to the quantity rates for thirty-six months effective March 7, 2019 to amortize the net undercollection in the Mains Project Balancing Account for Fontana Water Company Division. (N)
(N)
(N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 527-A

R. W. Nicholson

Date Filed _____

Decision No. _____

NAME

Effective _____

President

TITLE

Resolution No. W-5174

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.....	\$ 261.00
For three 2-inch meters.....	394.00
For four 2-inch meters.....	523.00
For two 3-inch meters.....	491.00
For two 4-inch meters.....	818.00
For one 8-inch meter, one 2-inch meter.....	1,567.00
For two 8-inch meters.....	2,615.00

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.
8. A surcharge of \$0.0491 per Ccf is to be applied to the quantity rates for thirty-six months effective March 7, 2019 to amortize the net undercollection in the Mains Project Balancing Account for Fontana Water Company Division. (N)
(N)
(N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 527-A

R. W. Nicholson
NAME

Date Filed _____

Decision No. _____

President
TITLE

Effective _____

Resolution No. W-5174

SCHEDULE NO. FO-CARW
Fontana Water Company
CALIFORNIA ALTERNATIVE RATES FOR WATER

(continued)

SPECIAL CONDITIONS (continued)

2. Application and Eligibility Declaration: An application and eligibility declaration on a form authorized by the Commission is required for each request for service under this schedule. Renewal of a customer's eligibility declaration will be required every two years and may be required on an annual basis. Customers are only eligible to receive service under this rate schedule at one residential location at any one time, and the rate applies only to the customer's permanent primary residence. The schedule is not applicable where, in the opinion of the Utility, either the accomodation or the occupancy is transitory.
3. Commencement of Rate: Eligible customers shall be billed on this schedule commencing no later than one billing period after receipt and approval of the customer's application by the Utility.
4. Verification: Information provided by the applicant is subject to verification by the Utility. Refusal or failure of a customer to provide documentation of eligibility acceptable to the Utility, upon the request of the Utility, shall result in removal from this rate schedule.
5. Notice from Customer: It is the customer's responsibility to notify the Utility if there is a change in the customer's eligibility status.
6. Customers may be re-billed for periods of ineligibility under the applicable rate schedule.
7. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
8. 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. (D)
9. 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.
10. 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.
11. A surcharge of \$0.0491 per Ccf is to be applied to the quantity rates for thirty-six months effective March 7, 2019 to amortize the net undercollection in the Mains Project Balancing Account for Fontana Water Company Division. (N)
(N)
(N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 527-A

R.W. Nicholson

Date Filed _____

Decision No. _____

NAME

Effective _____

President

Resolution No. W-5174

TITLE

PRELIMINARY STATEMENT
(Continued)

R. Plant F23 Project Balancing Account for Fontana Water Company Division

1. Purpose: The purpose of this balancing account is to track the authorized 12-month amortization of the balance previously recorded in the Plant F23 Project Memorandum Account in compliance with Commission Resolution W-5165, Ordering Paragraph 3.
2. The following entries will be made monthly to the Plant F23 Project Balancing Account:
 - a. The estimated billed revenues associated with the adopted \$0.0372/Ccf surcharge will be calculated based on the recorded water sales (credit),
 - b. Franchise fees and uncollectibles account expense, based on 2a above, and the CPUC-adopted rates for franchise fees and uncollectible accounts expense (debit), and
 - c. Interest expense calculated at 1/12 of the most recent month's interest rate on Non-Financial Commercial Paper (prime, 3-month), published in the Federal Reserve Statistical Release, H.15 (<http://federalreserve.gov/releases/H15/data/m/cp3m.txt>), or its successor publication (debit).
3. Disposition: In compliance with Commission Resolution W-5165, Ordering Paragraph 5, at the end of the 12-month surcharge collection period of the balancing account, any monies collected more than, or less than, the authorized recovery balance, shall be transferred (following approval of a Tier 2 advice letter) to the Previously Authorized Balance Balancing Account for future refund or recovery.

Authorization: Established pursuant to W-5165 and Advice Letter 406-A

S. Mains Project Balancing Account for Fontana Water Company Division

(D)
(N)

1. Purpose: The purpose of this balancing account, as authorized by Resolution No. W-5174, is to track the amortization of the authorized \$2,161,866 balance transferred from the Mains Project Memorandum Account.
2. The following entries will be made monthly to the Mains Project Balancing Account:
 - a. The estimated billed revenues associated with the adopted \$0.0491/Ccf surcharge will be calculated based on the recorded water sales (credit),
 - b. Franchise fees and uncollectibles account expense, based on 2a above, and the CPUC-adopted rates for franchise fees and uncollectible accounts expense (debit), and
 - c. 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. At the end of the thirty-six month amortization, this account shall be closed and any remaining balance, plus or minus, shall be transferred to the Previously Authorized Balances Balancing Account for the Fontana Water Division.

Authorization: Established pursuant to Ordering Paragraph 3 of Resolution No. W-5174 in Advice Letter 527. (N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 527-A

R. W. Nicholson

Date Filed _____

Decision No. _____

NAME

Effective _____

President

TITLE

Resolution No. W-5174

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(continued)

(To be inserted by utility)

Issued by

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Advice Letter No. 527-A

R. W. Nicholson

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NAME

Effective _____

President

TITLE

Resolution No. _____

DISTRIBUTION LIST
San Gabriel Valley Water Company
Fontana Water Company Division
Advice Letter No. 527-A

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Best, Best & Krieger, LLP
3390 University Avenue 5th Floor
Riverside, CA 92501

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303 East B Street
Ontario, CA 91764

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

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

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

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

Debbie Brazill
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8353 Sierra Avenue
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Chuck Hays
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City of Fontana Public Service Department
16489 Orange Way
Fontana, CA 92335

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Fontana Unified School District
Business Services Office
9680 Citrus Avenue
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

**Advice Letter No. 527-A
San Gabriel Valley Water Company
FONTANA WATER COMPANY DIVISION**

Mains Projects Memo Account

Amortization Rate

Amount to be Amortized		\$2,161,866
Adopted Sales (TY 2018-2019)		14,876,046 Ccf
Less: Recycled Contract Sales		(143,336) Ccf
Adopted Cemex Contract Sales	87,831	
Less: 53.575% of Cemex Contract Sales		<u>(47,055)</u>
		14,685,655 Ccf
Amortization Period		3 Yr.
Amortization Rate		\$0.0491 /Ccf

Revenue Requirement

Adopted Revenue Requirement	\$72,030,166
Proposed Annual Increase	<u>\$720,622</u>
Total	\$72,750,788
	1.0%

Typical Bill Comparison
(Non-CARW Residential Customers)

	<u>Rates</u>		<u>Monthly Bill</u>		<u>Proposed Increase</u>
	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>Proposed</u>	
<u>Schedule No. FO-1 (General Service)</u>					
Service Charge	\$16.85	\$16.85	\$16.85	\$16.85	\$0.00
Quantity Rate @ 14 Ccf	\$3.5157	\$3.5157	\$49.22	\$49.22	\$0.00
Present Amortization Rates	\$0.3825	\$0.3825	\$5.36	\$5.36	\$0.00
Proposed Surcharges/Surcredits	\$0.0000	\$0.0491	\$0.00	\$0.69	\$0.69
Total Monthly Bill			<u>\$71.42</u>	<u>\$72.11</u>	<u>\$0.69</u>
					1.0%
<u>Schedule No. FO-1C (Conservation Rates)</u>					
Service Charge	\$16.85	\$16.85	\$16.85	\$16.85	\$0.00
Tier 1 Quantity Rate @ 14 Ccf	\$3.3491	\$3.3491	\$46.89	\$46.89	\$0.00
Tier 2 Quantity Rate @ 0 Ccf	\$3.8421	\$3.8421	\$0.00	\$0.00	\$0.00
Present Surcharges/Surcredits	\$0.6011	\$0.6011	\$8.42	\$8.42	\$0.00
Proposed Amortization Rate	\$0.0000	\$0.0491	\$0.00	\$0.69	\$0.69
Total Monthly Bill			<u>\$72.16</u>	<u>\$72.85</u>	<u>\$0.69</u>
					1.0%