

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

Utility Name: San Gabriel Valley Water Co.
District: Fontana Water Company
Division

Date Mailed to Service List: 08/14/20

CPUC Utility #: U337W

Protest Deadline (20th Day): 09/03/20

Advice Letter #: 555

Review Deadline (30th Day): 09/14/20

Tier 1 2 3 Compliance

Requested Effective Date: 08/19/20

Authorization

Rate Impact: \$1,348,495
1.7%

Description: Water Supply Cost Offset

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Joel M. Reiker

Utility Contact: Christine Sluss

Phone: (626)448-6183

Phone: (626)448-2235

Email: jmreiker@sgvwater.com

Email: csluss@sgvwater.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE

STAFF

COMMENTS

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____

SAN GABRIEL VALLEY WATER COMPANY

August 14, 2020

Advice Letter 555

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 in its Fontana Water Company division:

CPUC Sheet No.	Title	Schedule No.	Cancelling CPUC Sheet No.
3102-W	General Metered Service	FO-1	3088-W
3103-W	General Metered Service – Conservation Rates	FO-1C	3090-W
3104-W	Recycled Water Metered Service	FO-6	3092-W
3105-W	Preliminary Statement, Paragraph H2	N/A	3094-W
3106-W	Table of Contents	N/A	3101-W

Request

In this **water cost offset** filing, San Gabriel proposes to increase rates, effective August 19, 2020, by \$0.0869 per hundred cubic feet ("Ccf") in the Fontana Water Company division to offset increases in purchased water costs and groundwater pumping assessments, producing additional annual revenues of \$1,348,495, or 1.7% compared to the proposed revenue requirement in Advice Letter ("AL") 553, also filed on this date with the same requested effective date as this advice letter. This is the third advice letter for the Fontana Water Company division filed on this date with a requested effective date of August 19, 2020.¹ In accordance with Water Industry Rule 7.3.1(7) and Water Industry Rule 8.4 of General Order 96-B, **this advice letter is designated Tier 1.**

Purpose and Background

The water supply costs and assessments currently pending in Advice Letter 552, which San Gabriel has also filed on this date with the same requested effective date as this advice letter, reflect the costs that were in effect at the time San Gabriel filed its general rate case ("GRC") in Application ("A.") 19-01-001 on January 2, 2019, with a test year beginning July 1, 2020. Several categories of water supply costs have either increased or decreased subsequent to San Gabriel filing its GRC.

¹ Advice Letter 552 implements the Test Year 2020-2021 rates approved in Decision 20-08-006, and Advice Letter 553 re-implements the reduction in rates approved in Advice Letter 541 pursuant to Decision 20-08-006.

The following increases and decreases to the water supply costs reflected in AL 552 have occurred:

- The Chino Basin Watermaster Replenishment Assessment has increased from \$703.04/acre foot (“AF”) to \$743.00/AF.
- The Chino Basin Watermaster Administrative Assessment has increased from \$18.03/AF to \$23.09/AF
- The Chino Basin Watermaster OBMP Assessment has decreased from \$53.60/AF to \$51.90/AF
- The Appropriative Pool and 85/15 Assessment has decreased from \$13.04/AF to \$9.65/AF.
- The Land Use Conversion Assessment has decreased from \$34.40/AF to \$26.78/AF.
- The cost of leased water rights has increased from \$500.40/AF to \$559.44/AF.
- The Cucamonga Valley Water District (“CVWD”) charge for water produced from Lytle Creek surface water in excess of San Gabriel’s share of rights has decreased from \$590.75/AF to \$543.60/AF.
- The CVWD charge for water produced from non-Chino Basin wells in excess of San Gabriel’s share of rights has decreased from \$590.75/AF to \$543.60/AF.
- The Metropolitan Water District of Southern California (“MWD”)/Inland Empire Utilities Agency (“IEUA”) untreated rate (Tier 1) for State Water Project (“SWP”) water delivered to the Fontana Water Company division’s treatment plant has increased from \$695.00/AF to \$755.00/AF.
- The IEUA recycled water rate has increased from \$470.00/AF to \$490.00/AF.
- The IEUA Meter Equivalent Unit (“MEU”) Charge has increased from \$11.88/MEU to \$12.48/MEU.
- The IEUA Readiness to Serve Charge has increased from \$9,368.97/month to \$16,753.99/month.
- The IEUA Capacity Charge has increased from \$14,790.00/month to \$14,886.67/month.

Discussion

This advice letter proposes to increase the adopted water supply costs and pumping assessments from \$23,094,819 to \$24,431,986, and to increase the proposed revenue requirement in pending AL 553 by \$1,348,495, or 1.7%.

The proposed rates submitted with this advice letter will increase the monthly bill for the typical non-CARW residential customer in the Fontana Water Company division on conservation rate Schedule FO-1C with a $\frac{5}{8}$ x $\frac{3}{4}$ -inch meter and using 15 Ccf, compared to the proposed rates in AL 553, by \$1.30, or 1.6% from \$81.54 to \$82.85.

The cumulative effect of ALs 552, 553 and this advice letter on the monthly bill of the typical non-CARW residential customer in the Fontana Water Company division on conservation rate Schedule FO-1C with a $\frac{5}{8}$ x $\frac{3}{4}$ -inch meter and using 15 Ccf will be an increase of \$7.88, or 10.5% from \$74.96 to \$82.85.

San Gabriel has furnished to the Commission’s Water Division staff for its review and

verification workpapers supporting the proposed revenue requirement and rate design.

Service and Notice

This advice letter is filed in accordance with Standard Practice U-27-W. No customer notice is required. San Gabriel will inform its customers of the overall net rate change effective August 19, 2020 in dollar and percentage terms by a bill message on the first bill on which the changes appear.

Distribution of this advice letter is being made to the attached service list in accordance with Water Industry Rule 4.1 of General Order 96-B. No other parties have requested notification of tariff filings related to the Fontana Water Company division. 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.

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 may not rely on a policy objection to an advice letter where the relief requested in the advice letter follows rules or directions established by statute or Commission order applicable to the utility. 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 response or protest is:

Email Address:
water.division@cpuc.ca.gov

Mailing Address:
California Public Utilities Commission
Water Division, 3rd Floor
505 Van Ness Avenue
San Francisco, CA 94102

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 San Gabriel addressed as follows:

Email Address:

jmreiker@sgvwater.com

Mailing Address:

San Gabriel Valley Water Company
Vice President of Regulatory Affairs
11142 Garvey Avenue
El Monte, CA 91733

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division, 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.

The advice letter process does not provide for any further responses, protests or comments, except for San Gabriel's reply, after the 20-day comment period. San Gabriel will reply to each protest and may reply to any response. Each reply must be received by the Water Division within five business days after the end of the protest period, and shall be served on the same day to the person who filed the protest or response in accordance with General Order 96-B, General Rule 7.4.3.

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

San Gabriel Valley Water Company

/s/ Joel M. Reiker

Joel M. Reiker
Vice President of Regulatory Affairs

cc: Bruce DeBerry, CPUC – Water Division
Victor Chan, CPUC – Water Branch, Cal Advocates
Richard Rauschmeier, CPUC – Water Branch, Cal Advocates

\encl.

Bill Message

Fontana Water Company Division

Effective August 19, 2020, your bill includes an overall increase as a result of Advice Letters 552, 553 and 555. For the typical non-CARW residential customer on conservation rate Schedule FO-1C with a $\frac{5}{8}$ x $\frac{3}{4}$ -inch meter and using 15 Ccf, the monthly increase is \$7.88, or 10.5%. Learn more at <https://www.fontanawater.com/rates-regulatory/advice-letter-filings-with-cpuc/>.

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. \$3.5200 (I)

Per Meter
Per Month

Service Charges:

For 5/8 x 3/4-inch meter	\$ 18.71
For 3/4-inch meter.....	28.05
For 1-inch meter.....	46.75
For 1-1/2-inch meter	93.51
For 2-inch meter.....	149.60
For 3-inch meter.....	280.53
For 4-inch meter.....	467.49
For 6-inch meter.....	933.78
For 8-inch meter.....	1,500.00
For 10-inch meter.....	2,145.70
For 12-inch meter.....	3,089.40

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 555

J. M. Reiker

Date Filed

Decision No.

NAME

Effective

Vice President of Regulatory Affairs

TITLE

Resolution No.

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 14 Ccf of water used, per 100 cu. ft.	\$3.3750	(I)
For all Ccf greater than 14 Ccf, per 100 cu. ft.	\$3.8682	(I)

Service Charges:	<u>Per Meter</u>
	<u>Per Month</u>
For 5/8 x 3/4-inch meter.....	\$ 18.71
For 3/4-inch meter.....	28.05
For 1-inch meter.....	46.75
For 1-1/2-inch meter	93.51
For 2-inch meter.....	149.60
For 3-inch meter.....	280.53

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. All bills are subject to the applicable surcharges and surcredits set forth on Schedule No. FO-AS.

(To be inserted by utility)

Issued by

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

Advice Letter No. 555

J. M. Reiker
NAME

Date Filed _____

Decision No. _____

Vice President of Regulatory Affairs
TITLE

Effective _____

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.....\$ 2.6400 (I)

Service Charge:

	Per Meter Per Month
For 5/8 x 3/4-inch meter	\$ 18.71
For 3/4-inch meter	28.05
For 1-inch meter	46.75
For 1-1/2-inch meter	93.51
For 2-inch meter	149.60
For 3-inch meter	280.53
For 4-inch meter	467.49
For 6-inch meter	933.78
For 8-inch meter	1,500.00
For 10-inch meter	2,145.70
For 12-inch meter	3,089.40

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 555

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Vice President of Regulatory Affairs
TITLE

Effective

Resolution No.

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, 2018	\$3.4206	\$3.2585	\$3.7381	(D)
January 1, 2019	\$3.3839	\$3.2235	\$3.6980	
July 1, 2019	\$3.3917	\$3.2309	\$3.7065	
July 1, 2020	\$3.3917	\$3.2309	\$3.7065	
		<u>0-14 Ccf/mo.</u>	<u>Over 14 Ccf/mo.</u>	
July 1, 2020	\$3.4560	\$3.3100	\$3.8065	
July 1, 2020	\$3.4331	\$3.2881	\$3.7813	
August 19, 2020	\$3.5200	\$3.3750	\$3.8682	(I)

- 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

(To be inserted by utility)
Advice Letter No. 555
Decision No. _____

Issued by
J. M. Reiker
NAME
Vice President of Regulatory Affairs
TITLE

(To be inserted by Cal. 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:

<u>Subject Matter of Sheet</u>	<u>C.P.U.C. Sheet No.</u>	
Title Page	1559-W	
Table of Contents	3106-W, 3100-W	(T)
	3026-W, 2935-W, 2936-W, 2949-W	
Preliminary Statement	634-W, 390-W, 2878-W, 2879-W, 2392-W, 3099-W, 3105-W, 2782-W, 2783-W, 2395-W, 2880-W, 2744-W, 2749-W, 3081-W, 2401-W, 2715-W to 2718-W, 3082-W, 3083-W, 2986-W, 3084-W, 3085-W, 2984-W, 2887-W, 3055-W, 2412-W, 2668-W	(T)
Service Area Maps:		
Fontana Water Company	1533-W	
Los Angeles County Division		
Service Area - East Portion	1183-W	
- South Portion	869-W	
- West Portion	2690-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	3058-W
Stages Water Shortage Surcharges and Penalties	14.1	2580-W, 2482-W to 2484-W, 2581-W
Fontana Water Company		
General Metered Service - General	FO-1	3102-W, 3089-W (T)
General Metered Service - Conservation	FO-1C	3090-W (T)
Private Fire Service	FO-4	3091-W, 1087-W, 1476-W
Recycled Water Metered Service	FO-6	3104-W, 3093-W (T)
Construction Service	FO-9	2707-W, 2708-W
California Alternative Rates For Water	FO-CARW	3075-W, 3076-W
Additional Surcharges/Surcredits	FO-AS	3077-W
Facilities Fees	FO-FF	3078-W, 1876-W

(continued)

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DISTRIBUTION LIST
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Fontana Water Company Division
Advice Letter No. 555

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