

# SAN GABRIEL VALLEY WATER COMPANY

January 27, 2014

**Advice Letter 431**

**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:

<b>CPUC Sheet No.</b>	<b>Title</b>	<b>Schedule No.</b>	<b>Canceling CPUC Sheet No.</b>
2258-W	General Metered Service (continued)	FO-1	2221-W
2259-W	General Metered Conservation Rates	FO-1C	2222-W
2260-W	Recycled Water Service (continued)	FO-6	2225-W
2261-W	California Alternative Rates for Water (continued)	FO-CARW	2199-W
2262-W	Table of Contents	N/A	2257-W

An original and four copies of this advice letter are submitted to: (1) refund the \$476,325.28 over-collection in the Cost of Capital Interim Rate Memorandum Account, and (2) amortize the \$58,928.15 under-collection in the Cost of Capital Expense Memorandum Account. The net \$417,397.13 is proposed to be refunded to customers through a temporary 12-month surcredit of \$0.0258/Ccf. **This advice letter is designated as Tier 1 and is effective today, January 27, 2014.**

### **Background**

On May 1, 2012, San Gabriel filed A.12-05-002 requesting a determination of its cost of capital for the years 2013 through 2015. This application was subsequently consolidated with A.12-05-001, A.12-05-004, and A.12-05-005, and was ultimately approved by D.13-05-027.

On December 7, 2012, the Office of Ratepayer Advocates ("ORA") filed a motion for interim rates because a decision could not be issued in time for rates to become effective on

the first day of the test year (January 1, 2013). On December 18, 2012, Administrative Law Judge ("ALJ") Rochester granted ORA's motion, as follows:

San Gabriel Valley Water Company, Park Water Company and Apple Valley Ranchos Water Company, and Suburban Water Systems shall file with the Commission, by Tier 1 Advice Letter, a tariff implementing interim rates in their respective service territories and establishing Memorandum Accounts to track the difference between the interim rate and the final rates adopted by the Commission in this proceeding. The interim rates shall become effective no sooner than January 1, 2013.

Subsequently on December 24, 2012 by e-mail and later on January 3, 2013 by a written ruling, ALJ Rochester removed the requirement that the utilities request interim rates but affirmed the requirement that applicants file advice letters to establish memorandum accounts. On December 31, 2012, San Gabriel submitted Advice Letter No. 421 to establish a Cost of Capital Interim Rates Memorandum Account ("CCIRMA"), as described in the Section N of the Preliminary Statements to the company's tariffs. Interim rates were subsequently charged for service between January 1, 2013 and May 28, 2013. The purpose of the CCIRMA is to track the difference between revenues billed under the interim rates and the revenues that would have been billed had the rates adopted by the Commission in A.12-05-002 become effective on January 1, 2013. The current balance in this account to be refunded to customers, including interest through December 31, 2013, is \$476,325.28.

D.11-11-018 in A.10-07-019 adopted a general rate case settlement between San Gabriel and ORA, which at page 46, included the term: "3) the cost that will be incurred for participation in the next Cost of Capital proceeding should be recorded in a memorandum account for later recovery." On April 18, 2012, San Gabriel submitted Advice Letter 412-A to establish the Cost of Capital Expense Memorandum Account ("CCEMA"), as described in the Section I of the Preliminary Statements to the company's tariffs. The current balance in this account to be collected from customers, including interest through December 31, 2013, is \$116,481.82. This division's share of that balance is \$58,928.15.

The present rates in the Fontana Water Company division became effective on May 28, 2013, by Advice Letter No. 427.

### **Discussion**

Workpapers supporting the balances in these accounts, as well as the proposed surcredit, have been supplied to the Commission staff for review.

January 27, 2014

In order to compute the revenue overcollection from interim rates, San Gabriel used a billing analysis generator application to determine billing based on actual customer consumption data between December 2012 and June 2013. This consumption data is processed through the billing analysis generator, initially using the current historical or base rates to generate the BILLED Results and then using the D.13-05-027 adopted rates to generate the ADOPTED Results. The differences in monthly revenues from this process for each division were then recorded in the CCIRMA, which applied interest at the 90-day commercial paper rate to the average monthly balances.

San Gabriel proposes a 12-month surcredit of \$0.0258/Ccf, based on adopted annual metered sales of 16,184,220 Ccf. The effect of the proposed surcredit for the typical monthly bill of the average residential customer (5/8" x 3/4" meter and 19 Ccf) is a reduction of \$0.36 or 0.6% from \$60.26 to \$59.90.

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, and San Gabriel will post this advice letter to its website in accordance with Water Industry Rule 3.3. No further public notice is required.

Thank you for your assistance in processing this advice letter.

San Gabriel Valley Water Company



Daniel A. Dell'Osa  
Director of Rates and Revenue

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

**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 .....	\$ 300.00
For three 2-inch meters .....	450.00
For four 2-inch meters .....	600.00
For two 3-inch meters .....	562.00
For two 4-inch meters .....	937.00
For one 8-inch meter, two 2-inch meters .....	1,800.00
For two 8-inch meters .....	2,993.00

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 rate adjustment of \$0.0298 per Ccf for the adopted increase revenue requirements associated with the General Division is to be added to the quantity rates beginning November 15, 2011 and ending on the effective date of the rates from Application 11-07-005.
3. A surcredit of \$0.46 per Ccf is to be applied to the quantity rates for twenty-months beginning on the effective date of Advice Letter 420 and ending on June 30, 2014 to refund an overcollection in the Water Production Balancing Account.
4. A surcredit of \$0.0258 per Ccf is to be applied to the quantity rates for a 12-month period beginning on the effective date of Advice Letter 431 to amortize: (1) the overcollection in the Cost of Capital Interim Rate Memorandum Account (CCIRMA), and (2) the undercollection in the Cost of Capital Expense Memorandum Account (CCEMA). (N)  
(N)  
(N)  
(N)

(To be inserted by utility)

*Issued by*

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

Advice Letter No. 431

R. W. Nicholson  
NAME

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

Decision No. \_\_\_\_\_

President  
TITLE

Effective \_\_\_\_\_

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 16 Ccf of water used, per 100 cu. ft..... \$ 2.3014  
For all Ccf greater than 16 Ccf, per 100 cu. Ft..... \$ 2.6465

Per Meter  
Per Month

Service Charges:

For 5/8 x 3/4-inch meter ..... \$ 15.50  
For 3/4-inch meter ..... 23.25  
For 1-inch meter ..... 38.75  
For 1-1/2-inch meter ..... 77.55  
For 2-inch meter ..... 124.04  
For 3-inch meter ..... 232.54

**SPECIAL CONDITIONS**

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A rate adjustment of \$0.0298 per Ccf for the adopted increase revenue requirements associated with the General Division is to be added to the quantity rates beginning November 15, 2011 and ending on the effective date of the rates from Application 11-07-005.
3. A surcredit of \$0.46 per Ccf is to be applied to the quantity rates for twenty-months beginning on the effective date of Advice Letter 420 and ending on June 30, 2014 to refund an overcollection in the Water Production Balancing Account.
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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.....	\$ 300.00
For three 2-inch meters.....	450.00
For four 2-inch meters.....	600.00
For two 3-inch meters.....	562.00
For two 4-inch meters.....	937.00
For one 8-inch meter, one 2-inch meter.....	1,800.00
For two 8-inch meters.....	2,993.00

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 rate adjustment of \$0.0298 per Ccf for the adopted increased revenue requirement associated with the General Division is to be added to the quantity rates beginning November 15, 2011 and ending on the effective date of the rates from Application 11-07-005.
6. A surcredit of \$0.46 per Ccf is to be applied to the quantity rates for twenty-months beginning on the effective date of Advice Letter 420 and ending on June 30, 2014 to refund an overcollection in the Water Production Balancing Account.
7. A surcredit of \$0.0258 per Ccf is to be applied to the quantity rates for a 12-month period beginning on the effective date of Advice Letter 431 to amortize: (1) the overcollection in the Cost of Capital Interim Rate Memorandum Account (CCIRMA), and (2) the undercollection in the Cost of Capital Expense Memorandum Account (CEMA). (N)  
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**SCHEDULE NO. FO-CARW**  
Fontana Water Company  
**CALIFORNIA ALTERNATIVE RATES FOR WATER**

*(continued)*

**SPECIAL CONDITIONS** (continued)

<u>No. of Persons In Household</u>	<u>Total Gross Annual Income</u>
6	\$63,180
7	\$71,220
8	\$79,260

For households with more than eight persons, add \$8,040 annually for each additional person residing in the household.

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 rate adjustment of \$0.0298 per Ccf for the adopted increase revenue requirements associated with the General Division is to be added to the quantity rates beginning November 15, 2011 and ending on the effective date of the rates from Application 11-07-005.
9. A surcredit of \$0.46 per Ccf is to be applied to the quantity rates for twenty-months beginning on the effective date of Advice Letter 420 and ending on June 30, 2014 to refund an overcollection in the Water Production Balancing Account.
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