

SAN GABRIEL VALLEY WATER COMPANY

December 29, 2011

Advice Letter No. 410-A

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company ("San Gabriel") hereby requests ministerial review and approval 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>
2101-W	Preliminary Statement (cont.)	N/A	--
2102-W	Preliminary Statement (cont.)	N/A	2071-W
2103-W	Table of Contents	N/A	2100-W

This supplemental advice letter makes minor changes suggested by the Division of Water and Audits to the original advice letter submitted on December 14 to add the existing Water Quality Litigation Memorandum Account (WQLMA) for the Fontana Water Company division to the Preliminary Statement and to correct a typographical error in another Preliminary Statement in San Gabriel's authorized tariffs. This advice letter does not propose any changes to the rates and charges in the Fontana Water Company division. In accordance with Rule 7.3 of General Order 96-B, **this filing is designated as a Tier 2 advice letter.** San Gabriel requests that the proposed tariffs be made effective on January 1, 2012.

Discussion

On March 26, 1998, the Commission issued Resolution No. W-4094, authorizing all water utilities under Commission jurisdiction to establish memorandum accounts for recording expenses resulting from water contamination litigation and to file for recovery of reasonable expenses recorded in the memorandum account in a subsequent general

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rate case application or separate advice letter. San Gabriel made its first entry to this memorandum account in 2002, and the Commission has previously authorized San Gabriel to amortize the balances as of July 2003 (D.04-07-034, Ordering Paragraph 14), February 2007 (D.07-04-046, Ordering Paragraph 5), and June 18, 2009 (D.09-06-027, Ordering Paragraph 21) balances in the WQLMA.

On May 13, 2011, San Gabriel submitted Advice Letter 398 to amortize the March 2011 balance in the WQLMA. On June 23, 2011, the Division of Water and Audits suspended Advice Letter 398 until October 20, 2011 because it requires a Commission Resolution for approval. This suspension was automatically extended for an additional 180 days under General Rule 7.5.2 of General Order 96-B.

On November 2, 2011, San Gabriel was notified by telephone by the Water and Audits Division that they had been instructed by Legal Division not to process Advice Letter 398 until San Gabriel's tariffs were amended to include the WQLMA in its Preliminary Statement. This advice letter is submitted in response to this information.

Included also herein is a revised tariff to correct a typographical error in the Preliminary Statement at Paragraph L for Interim Rates Memorandum Account ("IRMA") which is changed to Paragraph M. In the existing Preliminary Statement, there are two paragraphs labeled as Paragraph L. The first one (Tariff Sheet No. 2060-W) will remain unchanged.

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. Finally, 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.

San Gabriel Valley Water Company



Daniel A. Dell'Osa
Director of Rates and Revenue

cc: James Boothe, CPUC – Water and Audits Division
Hani Moussa, CPUC – Water Branch, DRA
Danilo Sanchez, CPUC – Water Branch, DRA

PRELIMINARY STATEMENT

(Continued)

N. Water Quality Litigation Memorandum Account (WQLMA) For the Fontana Water Company Division (N)

1. Purpose: The purpose of this memorandum account is to record outside legal and consulting expenses for water quality litigation that are not reflected in base rates and any amortization of those recorded balances in accordance with Resolution W-4094 incurred after March 26, 1998, the effective date of Resolution W-4094.
2. The following entries will be made monthly to the WQLMA in the Fontana Water Company division:
 - a. The recorded outside legal and consulting expenses for water quality litigation (debit).
 - b. The billed revenues to amortize the recorded balances in the WQLMA (credit).
 - c. 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.
 - d. 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 3 advice letter whenever the balance exceeds 2% of San Gabriel's authorized revenue requirement or three years has elapsed since the date the memorandum account was established. If the balance is below 2%, San Gabriel shall propose its amortization in a general rate case. (N)

(To be inserted by utility)

Issued by

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

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R. W. Nicholson

Date Filed _____

Decision No. _____

NAME

Effective _____

President

Resolution No. W-4094

TITLE

PRELIMINARY STATEMENT
(Continued)

**M. Interim Rates Memorandum Account ("IRMA") For Los Angeles County and (T)
Fontana Water Company Divisions**

1. Purpose: The purpose of this memorandum account is to track the difference between the revenues billed under the interim rates and revenues that would have been billed under the rates adopted by the Commission in A. 10-07-019.
2. The interim rates shall be the currently authorized rates.
3. The effective date is July 1, 2011.
4. After the Commission issues a final decision in A. 10-07-019, San Gabriel will request by advice letter the amortization of the balance recorded in the IRMA.
5. 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.

(To be inserted by utility)

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

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Resolution No. _____

TITLE

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The following listed tariff sheets contain all effective rates and rules affecting the rates and services of the utility, together with information relating thereto:

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(continued)

(To be inserted by utility)

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