

PRELIMINARY STATEMENT
(Continued)

G. California Alternative Rates for Water (CARW) Memorandum Account For The Fontana Water Company Division

1. Purpose: The purpose of the memorandum account is to track the costs of the program against the estimates reflected in rates, until sufficient experience with the CARW program is attained that such costs can be reliably forecast in a general rate case proceeding.
2. The following entries will be made monthly to the CARW memorandum Account in the Fontana Water Company division:
 - a. The recorded reduction in billed Service Charge revenues for service provided under Schedule No. FO-CARW (debit).
 - b. Franchise fees and uncollectible account expense, based on 2a above and the CPUC-adopted rates for franchise fees and uncollectible accounts expense (credit).
 - c. CARW program costs of performing incremental activities which would not have been incurred absent the CARW program and which have not been reflected in authorized rates (debit).
 - d. One-twelfth of the annual CPUC-adopted revenue reduction for the CARW program as reflected in rates (credit)¹. These CPUC-adopted amounts are as follows:

<u>Effective</u>	<u>Annual Amount</u>	
July 2005	\$1,505,925	
April 2006	\$646,919	
May 2007	\$752,902	
July 2007	\$859,980	
January 2008	\$967,633	(T)
July 2008	\$1,021,383	(N)

The above amounts will be proportionately adjusted when monthly service charges change.

- e. 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.text>), or its successor publication (debit or credit).

3. 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.

SAN GABRIEL VALLEY WATER COMPANY

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Revised

Cal. P.U.C. Sheet No. 1829-W

Cal. P.U.C. Sheet No. 1785-W

¹ CPUC D.05-05-015 describes this item as a “debit” at page 5 of the decision. After further review, the company finds that this item will regularly be a credit, so it is being described as such in this tariff sheet..

