

June 1, 2007

Advice Letter No. 354

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 Los Angeles County division:

<u>CPUC Sheet No.</u>	<u>Title</u>	<u>Schedule No.</u>	<u>Canceling CPUC Sheet No.</u>
1801-W	General Metered Service (cont.)	LA-1	1768-W
1802-W	Limited Irrigation Service (cont.)	LA-3L	1722-W
1803-W	Reclaimed Water Metered Serv.(cont.)	LA-6	1772-W
1804-W	California Alternative Rates for Water	LA-CARW	1788-W
1805-W	Table of Contents (continued)	N/A	1777-W
1806-W	Table of Contents	N/A	1800-W

An original and four copies of this advice letter are submitted in compliance with Ordering Paragraph No. 8 of D.04-07-044. This advice letter provides information regarding in the defense-related litigation expenses recorded in the Water Quality Litigation Memorandum Account identical to that previously submitted in Advice Letter No. 338. The previous request was denied by Resolution No. W-4590, dated April 4, 2006, for reasons not related to the reasonableness of expenses recorded in the memorandum account and without prejudice to San Gabriel refiling the advice letter.

By this advice letter, San Gabriel is seeking to amortize a net undercollection of \$1,717,274. In order to amortize this undercollection, San Gabriel proposes a temporary surcharge of \$.0954/Ccf for a twelve-month period. The proposed surcharge will increase the typical (5/8" meter and 23 Ccf) residential customer's monthly bill by \$2.19 or 4.3% from \$51.50 to \$53.69.

Rate History

The current rates in this division became effective on November 27, 2006, through Advice Letter 347, filed in compliance with D.05-07-044. Pending Advice Letter No. 349 requests a step rate increase to become effective on July 1, 2007. The change in rates proposed in this advice letter was calculated assuming approval of the step rate increase.

On July 21, 2005, the Commission issued D.05-07-044 in Application No. 04-09-005. Ordering Paragraph No. 8 states:

San Gabriel is authorized to file an advice letter to begin recovering the balance as of December 31, 2004 in its Water Quality Litigation Memorandum Account associated with its defense of water quality litigation for LA Division. The advice letter shall include proposed tariff sheets and work papers, and shall go into effect upon Water Division's determination that it complies with the decision and the Commission's established procedures for recovering memorandum account balances.

This advice letter seeks to implement Ordering Paragraph No. 8

General

Two copies of supporting workpapers have been provided to Water Division for its review. These workpapers show the calculations and supporting data for the balance that is sought to be amortized. The workpapers supporting the memorandum account are identical to those provided in Advice Letter No. 338 except for a minor correction to the interest calculation.

In accordance with Section III-G of General Order 96-A, a copy of this advice letter is being mailed to all parties listed on the Distribution List attached to this advice letter. Since this filing is made in compliance with D.05-07-044, no further customer notification is required. No other parties have requested notification of tariff filings related to the Los Angeles County division.

Thank you for your assistance in processing this advice letter.

San Gabriel Valley Water Company

Daniel A. Dell'Osa
Director of Rates and Revenue

c: Fred L. Curry, CPUC – Water Division
Hani Moussa, CPUC – Water Branch, DRA
Danilo Sanchez, CPUC – Water Branch, DRA