

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

**Advice Letter Cover Sheet**

**Utility Name:** San Gabriel Valley Water Co.

**Date Mailed to Service List:** 12/07/23

**District:** Companywide

**CPUC Utility #:** U337W

**Protest Deadline (20<sup>th</sup> Day):** 12/03/23

**Advice Letter #:** 594-A

**Review Deadline (30<sup>th</sup> Day):** 12/13/23

**Tier** ☐ 1 ☒ 2 ☐ 3 ☐ Compliance

**Requested Effective Date:** 1/01/24

**Authorization** General Order 96-B Rule  
7.3.2(7) and 8.2

**Rate Impact:** \$0  
0.0%

**Description:** Supplemental Advice Letter Seeking a  
Drinking Water Fees Balancing Account  
(DWBA)

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:** Patricia G. Butcher

**Phone:** (626) 448-6183

**Phone:** (626) 423-2235

**Email:** jmreiker@sgvwater.com

**Email:** pbutcher@sgvwater.com

**DWA Contact:** Tariff Unit

**Phone:** (415) 703-1133

**Email:** [Water.Division@cpuc.ca.gov](mailto:Water.Division@cpuc.ca.gov)

**DWA USE ONLY**

DATE

STAFF

COMMENTS

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[ ] **APPROVED**

[ ] **WITHDRAWN**

[ ] **REJECTED**

**Signature:** \_\_\_\_\_

**Comments:** \_\_\_\_\_

**Date:** \_\_\_\_\_

\_\_\_\_\_

# SAN GABRIEL VALLEY WATER COMPANY

December 7, 2023

Advice Letter No. 594-A

U337W

## TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company ("San Gabriel" or "Company") hereby submits this Tier 2 supplemental advice letter requesting authority to make the following changes in tariff sheets applicable to its Los Angeles County and Fontana Water Company divisions:

CPUC Sheet No.	Title	Schedule No.	Cancelling CPUC Sheet No.
3305-W	Preliminary Statement (Cont.) Section P5 - L.A.	n/a	n/a
3306-W	Preliminary Statement (Cont.) Section P6 - Fontana	n/a	n/a
3307-W	Table of Contents	n/a	3304-W

San Gabriel submits this supplemental advice letter pursuant to General Order 96-B, General Rule 7.3.2(7) and 8.2, requesting treatment similar to the authority granted to Class B, C, and D water companies in Resolution (Res.) W-4698 to establish a balancing account for drinking water user fees. The "Drinking Water Fees Balancing Account" (DWBA). In accordance with Water Industry Rule 7.3.2(7), **this is designated as a Tier 2 advice letter**. The revised tariffs attached to this supplemental advice letter reflect changes to the proposed preliminary statements requested by Water Division.

### Purpose and Background

On September 22, 2021, the Water Board adopted emergency regulations that adjusted drinking water fees to conform to the revenues set forth in the Budget Act for fiscal year (FY) 2021-22. The emergency regulation adjusted the fee schedule adopted in FY 2019-20 to increase fees to community water systems, including San Gabriel, by an average of approximately 26.6 percent.

On September 20, 2022 the Water Board further adjusted its drinking water fees to conform to the revenue levels set forth in the Budget Act for Fiscal year 2022-2023, which included a 14.1% increase in drinking water fees. The Water Board has continued to increase its drinking water fees on an annual basis, resulting in expense increases that are much higher than those included in presently-authorized rates. According to the Water Board these water fee increases have occurred due to program expenditure increases in the Safe Drinking Water Account (SDWA), such as funding for the Water Resilience and Drought Project.

As indicated in Res. W-4698, the Commission has allowed Class B, C, and D water utilities to pass on costs reasonably incurred while complying with water quality and user fees since 1993. In Res. W-4327, memorandum accounts for the small companies were authorized for water quality compliance costs because of the potentially limited financial ability of small water companies to comply, and their less frequent rate case filings. In the same resolution, the Commission allowed the opening of memorandum accounts for fees charged by the Division of Drinking Water's (DWW's) predecessor "due to the variation in each billing the inclusion of such costs in base rates is often not feasible."<sup>1</sup>

Upon expiration of the memorandum accounts for the small companies, the Commission determined in Res. W-4698 that there was a continued need to track drinking water user fees in a regulatory mechanism, and further that the appropriate mechanism was a balancing account rather than a memorandum account, stating that: "These types of costs are always recoverable...; the only issue is the reasonableness of the amount to be recovered. In this they are similar to the purchased water, purchased power, and pump tax balancing accounts approved for recovery without an earnings test by D.06-04-037, April 13, 2006. Thus, the accounts tracking these costs should be classified as balancing accounts and recovery should be by advice letter requesting amortization of a Balancing Account (Tier 1)."<sup>2</sup>

San Gabriel seeks to have similar treatment afforded to the small water utilities in regards to recording and recovery of drinking water fees. San Gabriel is required to comply with the Commission's and Water Board's water quality orders including being required to remit the Water Board's user fees. As stated in the "Findings and Conclusions" of Res. W-4698, "...Class B, C, and D water utilities need to be able to flow through reasonably incurred user fees to the ratepayers by means of a User Fee Balancing Account."<sup>3</sup> As stated previously, the Water Board has continued to increase its drinking water fees substantially on an annual basis, resulting in expense increases that are much higher than those included in presently-authorized rates.

Accordingly, San Gabriel requests that a "Drinking Water Fees Balancing Account" (DWBA) be added to its preliminary statements for its' Los Angeles County and Fontana Water Divisions with an effective date of January 01, 2024.

#### Service and Notice

Distribution of this advice letter is being made to the attached service lists 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 Los Angeles County or Fontana Water Company divisions. In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will also post this advice letter to its websites [www.sgvwater.com](http://www.sgvwater.com) and [www.fontanawater.com](http://www.fontanawater.com).

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<sup>1</sup> Res. W-4327 at 3.

<sup>2</sup> Res. W-4698, Order Establishing Water Quality and User Fee Balancing Accounts for Class B, C, and D Water Utilities at 1.

<sup>3</sup> Res. W-4698, "Findings & Conclusions", at 2.

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 re-litigating 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](mailto:water.division@cpuc.ca.gov)

Mailing Address:  
California Public Utilities Commission  
Water Division, 3<sup>rd</sup> 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](mailto: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

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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

11142 GARVEY AVENUE  
EL MONTE, CALIFORNIA 91733

Original \_\_\_\_\_  
Cancelling \_\_\_\_\_

Cal. P.U.C. Sheet No. 3305-W  
Cal. P.U.C. Sheet No. \_\_\_\_\_

**PRELIMINARY STATEMENT**  
**(Continued)**

**P5. Drinking Water Fees Balancing Account (DWBA) for the Los Angeles County Division**

(N)

1. Purpose

The purpose of the Drinking Water Fees Balancing Account (DWBA) is to track the difference between all actual fees charged by the State Water Resources Control Board (State Board) (based upon the revised fee schedule adopted by the State Board on September 22, 2021, and any subsequent revisions) and the State Board fees authorized in rates. The effective date of the DWBA is January 1, 2024.

2. Accounting Procedure

Each month, San Gabriel will make the following entries to update the balance in this account:

- a. The estimated billed revenues associated with the adopted amount of State Board fees included in rates (credit).
- b. The billed revenues from any State Board fee cost offsets approved since the most recent general rate case (credit), plus any currently effective amortization revenues or credits (credit or debit).
- c. Billed revenues shall be reduced by the uncollectibles and franchise fees factors most recently authorized by the Commission to arrive at collected revenues.
- c. Recorded State Board fees (debit).
- d. Pursuant to Standard Practice U-27-W of the Water Division, interest recorded monthly by applying one-twelfth of the Federal Reserve 3-month Commercial Paper Rate - non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate) to the average monthly balance (debit or credit).

3. Disposition

San Gabriel may request amortization of this account by advice letter when the balance reaches 2% of annual revenues or at any level through a general rate case application. Prior to recovery, the balance in this account will be subject to a reasonableness review.

(N)

(To be inserted by utility)

*Issued by*

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

Advice Letter No. 594-A

J. M. Reiker

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

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

NAME

Effective \_\_\_\_\_

Vice President of Regulatory Affairs

TITLE

Resolution No. \_\_\_\_\_

11142 GARVEY AVENUE  
EL MONTE, CALIFORNIA 91733

Original \_\_\_\_\_  
Cancelling \_\_\_\_\_

Cal. P.U.C. Sheet No. 3306-W  
Cal. P.U.C. Sheet No. \_\_\_\_\_

**PRELIMINARY STATEMENT**  
**(Continued)**

**P6. Drinking Water Fees Balancing Account (DWBA) for the Fontana Water Company Division**

(N)

1. Purpose

The purpose of the Drinking Water Fees Balancing Account (DWBA) is to track the difference between all actual fees charged by the State Water Resources Control Board (State Board) (based upon the revised fee schedule adopted by the State Board on September 22, 2021, and any subsequent revisions) and the State Board fees authorized in rates. The effective date of the DWBA is January 1, 2024.

2. Accounting Procedure

Each month, San Gabriel will make the following entries to update the balance in this account:

- a. The estimated billed revenues associated with the adopted amount of State Board fees included in rates (credit).
- b. The billed revenues from any State Board fee cost offsets approved since the most recent general rate case (credit), plus any currently effective amortization revenues or credits (credit or debit).
- c. Billed revenues shall be reduced by the uncollectibles and franchise fees factors most recently authorized by the Commission to arrive at collected revenues.
- c. Recorded State Board fees (debit).
- d. Pursuant to Standard Practice U-27-W of the Water Division, interest recorded monthly by applying one-twelfth of the Federal Reserve 3-month Commercial Paper Rate - non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate) to the average monthly balance (debit or credit).

3. Disposition

San Gabriel may request amortization of this account by advice letter when the balance reaches 2% of annual revenues or at any level through a general rate case application. Prior to recovery, the balance in this account will be subject to a reasonableness review.

(N)

(To be inserted by utility)

*Issued by*

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

Advice Letter No. 594-A

J. M. Reiker

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

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

NAME

Effective \_\_\_\_\_

Vice President of Regulatory Affairs

TITLE

Resolution No. \_\_\_\_\_

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(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 594-A

J. M. Reiker

Date Filed

Decision No.

NAME

Effective

Vice President of Regulatory Affairs

TITLE

Resolution No.



## ADVICE LETTER DISTRIBUTION LIST

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Arcadia, CA 91006

City Clerk, City of Baldwin Park  
14403 East Pacific Avenue  
Baldwin Park, CA 91706

California-American Water Company  
655 W. Broadway, Suite 1410  
San Diego, CA 92101

City of El Monte Water Department  
11333 Valley Boulevard  
El Monte, CA 91734

Industry Public Utilities  
Post Office Box 3165  
City of Industry, CA 91744

City Clerk, City of Irwindale  
5050 North Irwindale Avenue  
Irwindale, CA 91706

City Clerk, City of La Puente  
15900 East Main Street  
La Puente, CA 91744

La Puente Valley County Water District  
112 North 1st Street  
La Puente, CA 91744

City of Montebello  
1600 West Beverly Boulevard  
Montebello, CA 90640

City of Monterey Park Water Department  
320 West Newmark Avenue  
Monterey Park, CA 91754

City of Pico Rivera Water Department  
6615 Passons Boulevard  
Pico Rivera, CA 90660

Pico Water District  
Post Office Box 758  
Pico Rivera, CA 90660-0758

City Clerk, City of West Covina  
1444 West Garvey Avenue  
West Covina, CA 91790

City Clerk, City of Rosemead  
8838 Valley Boulevard  
Rosemead, CA 91770

City Clerk, City of San Gabriel  
425 South Mission Drive  
San Gabriel, CA 91778

San Gabriel County Water District  
8366 East Grand Avenue  
Rosemead, CA 91770

City of Santa Fe Springs Water Department  
Post Office Box 2120  
Santa Fe Springs, CA 90670

City Clerk, City of South El Monte  
1415 Santa Anita Avenue  
South El Monte, CA 91733

Golden State Water Company  
Attn: Ronald Moore, Regulatory Affairs  
630 East Foothill Boulevard  
San Dimas, CA 91773  
[rkmoore@gswater.com](mailto:rkmoore@gswater.com)

Suburban Water Systems  
Attn: Bob Kelly  
1325 N. Grand Ave., Suite 100  
Covina, CA 91724

Valley County Water District  
14521 East Ramona Boulevard  
Baldwin Park, CA 91706

City of Whittier Water Department  
13230 East Penn Street  
Whittier, CA 90602

Kiki Carlson  
Suburban Water Systems  
[kcarlson@swwc.com](mailto:kcarlson@swwc.com)

Liberty Utilities (Park Water) Corp.  
9750 Washburn Road  
P.O. Box 7002  
Downey, CA 90241  
[AdviceLetterService@LibertyUtilities.com](mailto:AdviceLetterService@LibertyUtilities.com)

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2535 Commerce Way  
Commerce, CA 90040

ADVICE LETTER DISTRIBUTION LIST

San Gabriel Valley Water Company

Fontana Water Company Division

**Advice Letter No. 594-A**

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Colton, CA 92324

Cucamonga Valley Water District  
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Rancho Cucamonga, CA 91730

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Fontana, CA 92335

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Fontana Unified School District  
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Samuel Martinez, Executive Officer  
Local Agency Formation Commission for  
San Bernardino County  
1170 West Third Street, Unit 150  
San Bernardino, CA 92415-0490

City of Ontario Water Department  
303 East B Street  
Ontario, CA 91764

City of Rialto Water Department  
150 South Palm Avenue  
Rialto, CA 92376

West Valley Water District  
Post Office Box 920  
Rialto, CA 92377

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[rkmoore@gswater.com](mailto:rkmoore@gswater.com)