

**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: 01/30/2025

District: Los Angeles County and Fontana
Water Company Divisions

CPUC Utility #: U337W

Protest Deadline (20th Day): 02/19/25

Advice Letter #: 617

Review Deadline (30th Day): 03/01/25

Tier ☒ 1 ☐ 2 ☐ 3 ☐ Compliance

Requested Effective Date: 01/30/25

Authorization G.O. 96-B, Water Industry Rule 7.3.1

Rate Impact: \$0

Description: Update Rule No. 15 Income Tax
Component

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: Crystal Navarro

Utility Contact: Joel M. Reiker

Phone: (626) 448-6183

Phone: (626) 448-6183

Email: cjnavarro@sgvwater.com

Email: jmreiker@sgvwater.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE

STAFF

COMMENTS

[] **APPROVED**

[] **WITHDRAWN**

[] **REJECTED**

Signature: _____

Comments: _____

Date: _____

SAN GABRIEL VALLEY WATER COMPANY

January 30, 2025

Advice Letter No. 617

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company (“San Gabriel” or “Company”) hereby submits 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.
3447-W	Rule No. 15 Main Extensions (cont.)	N/A	2797-W
3448-W	Table of Contents (cont.)	N/A	3408-W
3449-W	Table of Contents	N/A	3446-W

Purpose and Background

The purpose of this advice letter is to update the Rule No. 15 Income Tax Component (ITC) of Contributions In Aid of Construction (CIAC) and advances in Aid of Construction (AIAC), using Method 5, to reflect San Gabriel’s new adopted cost of capital, as adopted by Decision 24-12-007 and implemented on January 1, 2025 by advice letter 614. In accordance with Water Industry Rule 7.3.1, **this filing is designated as Tier 1.**

Workpapers supporting the revised ITC have been provided to the Water Division for its review.

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 and www.fontanawater.com.

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 relitigating 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

Mailing Address:
California Public Utilities Commission
Water Division, 3rd 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

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.

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/ Crystal Navarro

Crystal Navarro
Regulatory Analyst II

cc: Bruce DeBerry, CPUC – Water Division
Victor Chan, CPUC – Water Branch, Cal Advocates
Richard Rauschmeier, CPUC – Water Branch, Cal Advocates

\encl.

Rule No. 15

MAIN EXTENSIONS

(continued)

E. Income Tax Component of Contributions and Advances Provision

1. Contributions in Aid Of Construction (CIAC), including Facilities Fees, and Advances for Construction (AIAC) shall include, but are not limited to, cash, services, facilities, labor, property, and income taxes thereon provided by a person or an agency to the utility. The value of non-cash contributions and advances shall be based upon the utility's estimates. Contributions and advances shall consist of two components for the purpose of recording transactions as follows:

- a. Income Tax Component (ITC), and
- b. The contribution or advance.

2. The ITC shall be calculated by multiplying the appropriate portion of the contribution or advance by the following tax factors:

	LA	FWC	
a. For CIAC:	21.02%	20.86%	(T)
b. For AIAC:	21.92%	21.88%	(T)

3. The tax factors are established using Method 5, as set forth in Decision No. 87-09-026 in I.86-11-019.

4. The formula to compute the ITC tax factors include:

a. Federal income tax rate:	21.00%	
b. State franchise tax rate:	8.84%	
c. Discount rate:	7.82%	(T)
d. Pre-tax rate of return:	10.27%/10.25%	(T)
e. Cost of debt:	4.99%	(T)
f. Debt:equity ratio:	35.05%:64.95%	(T)
g. Net-to-gross multiplier	1.404660/1.401559	(T)

5. The ITC tax factors have been derived from the above-listed tax rates and will remain in effect until changes to those rates would increase or decrease the ITC tax factors by five percentage points or more. When and if that occurs, the utility will file a Tier 1 advice letter showing the new rates and cancel this sheet.

6. The utility shall inform the Applicant of the final cost of the installation of all facilities and the resulting tax paid thereon.

7. In the event the utility collects an ITC using an incremental tax rate that is more than its incremental tax rate as determined on a taxable year basis, without consideration of a tax credit or tax loss carryforward, the difference between what was and what should have been collected will be refunded to the Applicant.

(To be inserted by utility)

Issued by

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

Advice Letter No. 617

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)

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TABLE OF CONTENTS

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)

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TITLE

Resolution No.

ADVICE LETTER DISTRIBUTION LIST

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Arcadia, CA 91006
pcranmer@ArcadiaCA.gov

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
ca.rates@amwater.com

City of El Monte Water Department
11333 Valley Boulevard
El Monte, CA 91734
water@elmonteca.gov

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

City Clerk, City of Irwindale
5050 North Irwindale Avenue
Irwindale, CA 91706
cityclerk@irwindale.gov

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
Attn: Amy Ho
320 West Newmark Avenue
Monterey Park, CA 91754
amho@montereypark.ca.gov

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
Customerservice@picowaterdistrict.net

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1444 West Garvey Avenue
West Covina, CA 91790

City Clerk, City of Rosemead
8838 Valley Boulevard
Rosemead, CA 91770
Ehernandez@cityofrosemead.org

City Clerk, City of San Gabriel
425 South Mission Drive
San Gabriel, CA 91778
cityclerk@sgch.org

San Gabriel County Water District
8366 East Grand Avenue
Rosemead, CA 91770
Ccorona@sgcwgwd.com

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
630 East Foothill Boulevard
San Dimas, CA 91773
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
cmalaiba@vcwd.org

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

Kiki Carlson
Suburban Water Systems
kcarlson@swwc.com

Liberty Utilities (Park Water) Corp.
9750 Washburn Road
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OMUCadmin@ontarioca.gov
cnishida@ontarioca.gov

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AskRUA@rialtoca.gov

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