

SAN GABRIEL VALLEY WATER COMPANY

July 25, 2011

Advice Letter No. 404

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:

CPUC Sheet No.	Title	Schedule No.	Canceling CPUC Sheet No.
2054-W	General Metered Service (cont'd)	LA-1	2043-W
2055-W	General Metered Service-Conservation	LA-1C	2044-W
2056-W	Recycled Water Metered Service	LA-6	2047-W
2057-W	Calif. Alternative Rate for Water (cont'd)	LA-CARW	2036-W
2058-W	Table of Contents (cont'd)	N/A	2052-W
2059-W	Table of Contents	N/A	2053-W

An original and four copies of this advice letter are submitted pursuant to General Order 96-B, Water Industry Rule 8.5, to amortize the \$4,154,540 recorded undercollection in the Pumped Water Balancing Account and a \$619,499 recorded overcollection in the Purchased Water Balancing Account as of June 30, 2011, through a temporary 24-month surcharge of \$0.0995 per Ccf. The surcharge will produce additional annual revenues of \$1,786,477 or 3.2% for two years. In accordance with Water Industry Rule 7.3.1 as modified by Resolution W-4664 and Water Industry Rule 8.5 of General Order 96-B, **this filing is designated Tier 1**. The enclosed tariff schedules become effective immediately with the submittal of this advice letter.

Background

The current rate schedules in this division became effective on July 1, 2011 through Advice Letter No. 403-A. The present rates have been in effect since November 29, 2010, and the water supply costs and assessments reflected in these rates were implemented through a water supply cost offset in Advice Letter 384, effective July 1, 2010.

San Gabriel maintains incremental water supply cost balancing accounts for pumped water and for purchased water in the Los Angeles County division. The Main San Gabriel Basin Watermaster levies Replacement Water Assessments (RWA) on all groundwater producers for water pumped above the quantity of the basin's operating safe yield determined by the Watermaster. D.05-07-044 adopted 21,621.2 acre feet ("AF") in Escalation Year 2007-2008, D.08-06-022 adopted 18,166.8 AF as the amounts of pumped water subject to the RWA in most recently adopted Test Year 2008-2009.

Discussion

Watermaster establishes the assessment rates for certain cost components (such as the RWA) for the entire fiscal year (e.g., 2008-2009, 2009-2010, 2010-2011) in May of each fiscal year for all applicable production during the fiscal year.

As the direct result of sharply higher costs of supplemental water adopted by the Metropolitan Water District of Southern California for groundwater replenishment purposes, the Main San Gabriel Basin Watermaster increased the RWA from \$251.90 to \$512.00 per AF during the last three years. That requires San Gabriel to calculate its balancing account starting July 2008 using the RWA applicable to its groundwater production during all of each fiscal year. This has resulted in a net \$3,535,041 undercollection as of June 2011 in the Pumped and Purchased Water Balancing Accounts.

The undercollected balance represents 6.4% of San Gabriel's total operating revenues of \$55,701,825 as reported in the company's 2010 Annual

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Report for its Los Angeles County division. San Gabriel proposes a 2-year amortization surcharge of \$0.0995 per Ccf because the undercollection is more than 5% of annual revenues. The new rates submitted with this advice letter increase the monthly bill of the typical residential customer (5/8" x 3/4" meter and 23 Ccf) by \$2.29 or 3.3% from \$67.83 to \$70.12 for general metered water service (Schedule No. LA-1) and by \$2.29 or 3.3% from \$67.73 to \$70.02 for conservation rate metered water service customers (Schedule No. LA-1C). San Gabriel has furnished the Commission's Division of Water and Audits staff with two copies of workpapers providing detailed support for the proposed increase.

The matters addressed in this advice letter are not now the subject of any formal filings with the California Public Utilities Commission, including a formal complaint, nor action in any court of law.

Notice of Rate Increase

In accordance with Water Industry Rule 3.2 of General Order 96-B, as modified by Commission Resolution W-4664, San Gabriel will inform its customers of the increase by bill insert (the form of which is attached hereto) in the first bill that includes the increase rates. No other parties have requested notification of tariff filings related to the Los Angeles County division.

In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will post this advice letter to its website www.sgvwater.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.

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 response or protest must be made in writing or by electronic mail and must be received by the Division of Water and Audits within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Division of Water and Audits, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
Email: water_division@cpuc.ca.gov

On the same date the response or protest is submitted to the Division of Water and Audits, the respondent or protestant shall send a copy of the protest by mail to San Gabriel addressed as follows:

San Gabriel Valley Water Company
Director, Rates and Revenue
11142 Garvey Avenue
El Monte, CA 91733
FAX: (626)448-5530 or
E-mail: dadellosa@sgvwater.com

The advice letter process does not provide for any responses, protests or comments, except for San Gabriel's reply, after the 20-day comment period.

Replies: San Gabriel will reply to each protest and may reply to any response. Each reply must be received by the Division of Water and Audits within 5

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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 10 business days, contact me at (626) 448-6183.

San Gabriel Valley Water Company



Daniel A. Dell'Osa
Director of Rates and Revenue

cc: Bruce DeBerry, CPUC – Division of Water and Audits
Hani Moussa, CPUC – Water Branch, DRA
Danilo Sanchez, CPUC – Water Branch, DRA

SCHEDULE NO. LA-1
Los Angeles County Tariff Area
GENERAL METERED SERVICE
(continued)

RATES (continued)

Per Battery
Per Month

For two 2-inch meters.....	\$ 318.79
For three 2-inch meters.....	477.69
For four 2-inch meters.....	636.58
For two 3-inch meters.....	596.86
For three 3-inch meters.....	895.79
For two 4-inch meters.....	995.10
For three 4-inch meters.....	1,489.67
For one 8-inch meter, one 2-inch meter.....	1,747.88

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A reserve account surcredit of \$0.0180 per Ccf is to be applied to the quantity rates for a 12-month period beginning August 18, 2010 and ending on August 17, 2011.
3. All bills are subject to a one-time surcharge of \$0.15 per customer. This charge offsets the intervenor compensation expenses incurred under Public Utilities Code §§ 1801-1812.
4. A reserve account surcharge of \$0.0995 per Ccf is to be applied to the quantity rates for a 24-month period beginning July 25, 2011 and ending on July 24, 2013. (N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 404

R. W. Nicholson
NAME

Date Filed _____

Decision No. _____

President
TITLE

Effective _____

Resolution No. _____

SCHEDULE NO. LA-1C
Los Angeles County Tariff Area
GENERAL METERED SERVICE - CONSERVATION RATES

APPLICABILITY

Applicable to all metered Residential customers, excluding apartments, trailer parks, and any other facility in which Residential customers receive service through a master meter.

TERRITORY

Portions of Arcadia, Baldwin Park, El Monte, City of Industry, Irwindale, La Puente, Montebello, Monterey Park, Pico Rivera, Rosemead, San Gabriel, Santa Fe Springs, South El Monte, West Covina, Whittier and vicinity, Los Angeles County.

RATES

Quantity Rates:

For the first 13 Ccf of water used, per 100 cu. ft. \$ 1.9523
For all Ccf greater than 13 Ccf, per 100 Cu. Ft. \$ 2.2451

Per Meter
Per Month

Service Charges:

For 5/8 x 3/4-inch meter \$ 19.90
For 3/4-inch meter 29.85
For 1-inch meter 49.75
For 1-1/2-inch meter 99.51
For 2-inch meter 159.20
For 3-inch meter 298.53

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A reserve account surcredit of \$0.0180 per Ccf is to be applied to the quantity rates for a 12-month period beginning August 18, 2010 and ending on August 17, 2011.
3. All bills are subject to a one-time surcharge of \$0.15 per customer. This charge offsets the intervenor compensation expenses incurred under Public Utilities Code §§ 1801-1812.
4. A reserve account surcharge of \$0.0995 per Ccf is to be applied to the quantity rates for (N)
24-month period beginning July 25, 2011 and ending on July 24, 2013. (N)

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Resolution No. _____

SCHEDULE NO. LA-6
Los Angeles County Tariff Area
RECYCLED WATER METERED SERVICE
(continued)

RATES – (continued)

	<u>Per Battery</u> <u>Per Month</u>
For two 2-inch meters.....	\$ 318.79
For three 2-inch meters	477.69
For four 2-inch meters	636.58
For two 3-inch meters.....	596.86
For three 3-inch meters.....	895.79
For two 4-inch meters.....	995.10
For three 4-inch meters.....	1,489.67
For one 8-inch meter, one 2-inch meter.....	1,747.88

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for reclaimed water used computed at the Quantity Rates.

SPECIAL CONDITIONS

1. The Quantity Rate is set at 85% of the Quantity Rate of Schedule No. LA-1.
2. The customer is responsible for compliance with all local, state, and federal rules and regulations that apply to the use of reclaimed water on the customer's premises.
3. The utility will supply only such reclaimed water at such pressure as may be available from time to time from the reclaimed water system. The customer shall indemnify the utility and save it harmless against any and all claims arising out of service under this schedule and shall further agree to make no claims against the utility for any loss or damage resulting from service under this schedule.
4. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
5. A reserve account surcharge of \$0.0995 per Ccf is to be applied to the quantity rates for a 24-month period beginning July 25, 2011 and ending on July 24, 2013. (N)
(N)

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Resolution No. _____

SCHEDULE NO. LA-CARW
Los Angeles County Tariff Area
CALIFORNIA ALTERNATIVE RATES FOR WATER
(continued)

SPECIAL CONDITIONS (continued)

For households with more than six persons, add \$7,700 annually for each additional person residing in the household.

2. Application and Eligibility Declaration: An application and eligibility declaration on a form authorized by the Commission is required for each request for service under this schedule. Renewal of a customer's eligibility declaration will be required every two years and may be required on an annual basis. Customers are only eligible to receive service under this rate schedule at one residential location at any one time, and the rate applies only to the customer's permanent primary residence. The schedule is not applicable where, in the opinion of the Utility, either the accommodation or the occupancy is transitory.
3. Commencement of Rate: Eligible customers shall be billed on this schedule commencing no later than one billing period after receipt and approval of the customer's application by the Utility.
4. Verification: Information provided by the applicant is subject to verification by the Utility. Refusal or failure of a customer to provide documentation of eligibility acceptable to the Utility, upon the request of the Utility, shall result in removal from this rate schedule.
5. Notice from Customer: It is the customer's responsibility to notify the Utility if there is a change in the customer's eligibility status.
6. Customers may be re-billed for periods of ineligibility under the applicable rate schedule.
7. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
8. A reserve account surcredit of \$0.0180 per Ccf is to be applied to the quantity rates for a 12-month period beginning August 18, 2010 and ending August 17, 2011.
9. All bills are subject to a one-time surcharge of \$0.15 per customer. This charge offsets the intervenor compensation expenses incurred under Public Utilities Code §§ 1801-1812.
10. A reserve account surcharge of \$0.0995 per Ccf is to be applied to the quantity rates for a 24-month period beginning July 25, 2011 and ending on July 24, 2013. (N)
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(continued)

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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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