

SAN GABRIEL VALLEY WATER COMPANY

December 2, 2014

Advice Letter No. 453

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 and Fontana Water Company divisions:

<u>CPUC Sheet No.</u>	<u>Title</u>	<u>Schedule No.</u>	<u>Canceling CPUC Sheet No.</u>
2389-W	Preliminary Statement F1	N/A	N/A
2390-W	Preliminary Statement F2	N/A	N/A
2391-W	Preliminary Statement G1	N/A	2241-W
2392-W	Preliminary Statement G2	N/A	2229-W
2393-W	Preliminary Statement H1	N/A	2249-W
2394-W	Preliminary Statement H2	N/A	2312-W
2395-W	Preliminary Statement I1 & I2	N/A	N/A
2396-W	Preliminary Statement I3	N/A	2296-W
2397-W	Preliminary Statement J1	N/A	N/A
2398-W	Preliminary Statement J2	N/A	N/A
2399-W	Preliminary Statement J3	N/A	2108-W
2400-W	Preliminary Statement K & L	N/A	2108-W
2401-W	Preliminary Statement M & N	N/A	N/A
2402-W	Preliminary Statement O1 & O2	N/A	2168-W
2403-W	Preliminary Statement P1	N/A	2060-W
2404-W	Preliminary Statement P1 (cont'd)	N/A	2061-W
2405-W	Preliminary Statement P2	N/A	2170-W

<u>CPUC Sheet No.</u>	<u>Title</u>	<u>Schedule No.</u>	Canceling <u>CPUC Sheet No.</u>
2406-W	Preliminary Statement Q	N/A	N/A
2407-W	Preliminary Statements R & S	N/A	2300-W
2408-W	Preliminary Statement T	N/A	2302-W
2409-W	Preliminary Statement U	N/A	N/A
2410-W	Preliminary Statement V	N/A	2346-W
2411-W	Preliminary Statement W	N/A	N/A
2412-W	Preliminary Statement X	N/A	2375-W (pending)
2413-W	Table of Contents	N/A	2388-W

An original and four copies of this advice letter are submitted pursuant to General Order 96-B, General Rule 8.5.3, to add to San Gabriel's Preliminary Statement descriptions of previously authorized balancing and memorandum accounts, including the re-designation of the CARW memorandum accounts as balancing accounts as ordered by Resolution Nos. W-4987 and W-4997, and the combining of two Fontana Water Company division memorandum accounts into a single memorandum account as authorized by D.14-05-001.

This advice letter also requests the establishment of a new balancing account (PABBA) for each division in which to record unamortized balances transferred from other balancing and memorandum accounts that the Commission has previously reviewed and approved for amortization.

In accordance with Water Industry Rule 7.3.3 of General Order 96-B, **this filing is designated as Tier 3.**

Discussion

San Gabriel maintains a number of balancing and memorandum accounts as previously authorized by the Commission:

General Division

Income Tax Repair Regulations Memorandum Account
Cost of Capital Memorandum Account
Cost of Capital Interim Rate Memorandum Account (IRMA)
Water Conservation Memorandum Account

Los Angeles County Division

Pumped Water Balancing Account
Purchased Water Balancing Account
Purchased Power Balancing Account
California Alternative Rates for Water (CARW) Balancing Account
Water Revenue Adjustment Mechanism (WRAM) Balancing Account
Catastrophic Event Memorandum Account (CEMA)
Conservation Program Balancing Account
Water Quality Litigation Plaintiff-Related Memorandum Account
Water Quality Litigation Defense-Related Memorandum Account
2010 Tax Act Memorandum Account
Interim Rates Memorandum Account (IRMA)
Section 790 Memorandum Account

Fontana Water Company

Water Production Balancing Account
Purchased Power Balancing Account
California Alternative Rates for Water (CARW) Balancing Account
Water Revenue Adjustment Mechanism (WRAM) Balancing Account
Catastrophic Event Memorandum Account (CEMA)
Conservation Program Balancing Account
Plant F23 Perchlorate Facilities Balancing Account
DOHS/EPA Memorandum Account
Implementation of Water Action Plan Objectives (WAP) Balancing Account
Water Quality Litigation Memorandum Account
Water Quality Memorandum Account
Facilities Fees Memorandum Account
Land Parcels #215 and #221 Memorandum Account
Interim Rates Memorandum Account (IRMA)
Section 790 Memorandum Account
Plant F23 Project Memorandum Account
Mains Project Memorandum Account
Sandhill Project Memorandum Account

Not all of the above regulatory accounts are currently described in the company's tariff book. Also, from time to time, the Commission has authorized San Gabriel, following a review of the reasonableness of the expenses recorded therein, temporary surcharges and surcredits to amortize balances in these accounts. Some of these accounts (e.g., supply cost balancing accounts) are ongoing, so that any over- or under-amortization is automatically tracked in the account. Other accounts (e.g., IRMA and the DOHS/EPA memorandum accounts) do not continue to record expenses other than interest on any over- or under-collection remaining once the amortization period has concluded.

Per Section Q of the Settlement Agreement adopted by D.14-05-001 in A.11-07-005 for the Fontana Water Company Division, San Gabriel agreed to combine its Water Quality Memorandum Account (WQMA) and its Water Quality Litigation Memorandum Account (WQLMA) into a single memorandum account, as shown in Attachment B to the Settlement. This advice letter proposes to eliminate the WQMA and to add the agreed-upon language for WQLMA.

In this advice letter, San Gabriel proposes to rearrange and expand its Preliminary Statement as follows:

- F1 (new) Previously Authorized Balances Balancing Account (PABBA) for the Los Angeles County Division
- F2. (new) Previously Authorized Balances Balancing Account (PABBA) for the Fontana Water Company Division
- G1 (now F) California Alternative Rates for Water (CARW) Balancing Account for Los Angeles County Division
- G2 (now G) California Alternative Rates for Water (CARW) Balancing Account for the Fontana Water Company Division
- H1 (now K) Water Revenue Adjustment Mechanism (WRAM) Memorandum Account for Los Angeles County Division

- H2 (now J) Water Revenue Adjustment Mechanism (WRAM) Memorandum Account for the Fontana Water Company Division
- I1 Water Quality Litigation Plaintiff-Related Memorandum Account for the Los Angeles County Division
- I2 Water Quality Litigation Defense-Related Memorandum Account for the Los Angeles County Division
- I3 (now P) Water Quality Litigation Memorandum Account (WQLMA) for the Fontana Water Company Division
- J1 Conservation Program Memorandum Account for the Los Angeles County Division
- J2 Conservation Program Memorandum Account for the Fontana Water Company Division
- J3 (now H) Implementation of Water Action Plan Objectives (WAP) Memorandum Account for the Fontana Water Company Division
- K (now I) Cost of Capital Litigation Memorandum Account for the Los Angeles County and the Fontana Water Company Divisions
- L Section 790 Memorandum Account for the Los Angeles County and the Fontana Water Company Divisions
- M Facilities Fees Memorandum Account for the Fontana Water Company Division
- N Land Parcels #215 and #221 Memorandum Account for the Fontana Water Company Division
- O1 (now M) Interim Rates Memorandum Account (IRMA) for the Fontana Water Company Division
- O2 (now N) Cost of Capital Interim Rates Memorandum Account (CCIRMA) for the Los Angeles County and Fontana Water Company Divisions
- P1 (now L) 2010 Tax Act Memorandum Account for the Los Angeles County Division

- P2 (now O) Income Tax Repair Regulations Memorandum Account (ITRRMA) for the Los Angeles County and the Fontana Water Company Divisions
- Q DOHS/EPA Memorandum Account for the Fontana Water Company Division
- R (now Q) Plant F23 Project Memorandum Account for Fontana Water Company Division
- S (now R) Mains Project Memorandum Account for Fontana Water Company Division
- T (now S) Plant F23 Perchlorate Facilities Balancing Account for Fontana Water Company Division
- U Catastrophic Event Memorandum Account (CEMA)
- V (now U) Water Conservation Memorandum Account (WCMA)
- W Sandhill Project Memorandum Account
- X (pending) Credit Card Memorandum Account

Except for the balancing accounts described in Sections F1 and F2 and the Credit Card Memorandum Account that is the subject of pending Advice Letter 451, the Commission has previously authorized San Gabriel to maintain each of the above balancing and memorandum accounts. The authorization for each account is listed on the proposed Preliminary Statements. San Gabriel proposes the new Previously Authorized Balances Balancing Accounts in order to better track unamortized balances transferred from the balancing and memorandum accounts that the Commission has approved for amortization, thus avoiding the need to specifically track and true-up the amortization of each of the authorized balances. Paragraph 31 of the Water & Audit Division's Standard Practice U-27-W references this type of balancing account. Once the Commission approves the amortization of the balances from any balancing or memorandum account, San Gabriel will transfer that balance to the proposed

new PABBA (for the appropriate division) and will reduce the balance in the PABBA by all amortization revenues received. This proposed procedure will simplify the Commission's review of the activity in the other balancing and memorandum accounts, since they will no longer contain balances that have previously been reviewed for reasonableness by the Commission. Moreover, once unamortized balances are transferred to the proposed new PABBA, several memorandum accounts could be eliminated. Finally, the establishment of the PABBAs will reduce the frequency of rate changes, as it will not be necessary to adjust rates each time the Commission approves the recorded balance in a balancing or memorandum account for amortization.

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 Advice Letter Filing

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 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.

December 2, 2014

Thank you for processing this advice letter.



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

PRELIMINARY STATEMENT
(Continued)

F1. Previously Authorized Balances Balancing Account (PABBA) for the Los Angeles County Division

1. Purpose: The purpose of this balancing account is to consolidate and track the amortizations of balances originating in all other balancing and memorandum accounts after those balances have been reviewed and approved by the Commission. This balancing account will automatically retain for later resolution any under- or over-amortizations that may exist after the authorized surcharges or surcredits have expired.
2. The following entries will be made to the PABBA:
 - a. Balances of other balancing and memorandum accounts that have been reviewed and approved by the Commission for amortization will be transferred to this Account (debit for authorized under-collections and credit for authorized over-collections).
 - b. Each month, billed revenues from surcharges and surcredits that have been authorized to amortize this balancing account will be recorded in this account (credit for surcharge revenues and debits for surcredit revenues).
 - c. Each month, franchise fees and uncollectible account expense, based on 2b above and the CPUC-adopted rates for franchise fees and uncollectible accounts expense, will be recorded in this account (debit or credit to reduce the billed revenues to collected revenues).
 - d. Each month, 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.txt>), or its successor publication (debit or credit).

Authorization: Established pursuant to Resolution W-xxxxx and Advice Letter 453

(To be inserted by utility)
Advice Letter No. 453
Decision No. _____

Issued by
R. W. Nicholson
NAME
President
TITLE

(To be inserted by Cal. P.U.C.)
Date Filed _____
Effective _____
Resolution No. _____

PRELIMINARY STATEMENT

(Continued)

F2. Previously Authorized Balances Balancing Account (PABBA) for the Fontana Water Company Division

1. Purpose: The purpose of this balancing account is to consolidate and track the amortizations of balances originating in all other balancing and memorandum accounts after those balances have been reviewed and approved by the Commission. This balancing account will automatically retain for later resolution any under- or over-amortizations that may exist after the authorized surcharges or surcredits have expired.
2. The following entries will be made to the PABBA:
 - a. Balances of other balancing and memorandum accounts that have been reviewed and approved by the Commission for amortization will be transferred to this Account (debit for authorized under-collections and credit for authorized over-collections).
 - b. Each month, billed revenues from surcharges and surcredits that have been authorized to amortize this balancing account will be recorded in this account (credit for surcharge revenues and debits for surcredit revenues).
 - c. Each month, franchise fees and uncollectible account expense, based on 2b above and the CPUC-adopted rates for franchise fees and uncollectible accounts expense, will be recorded in this account (debit or credit to reduce the billed revenues to collected revenues).
 - d. Each month, 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.txt>), or its successor publication (debit or credit).

Authorization: Established pursuant to Resolution W-xxxxx and Advice Letter 453

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PRELIMINARY STATEMENT

(Continued)

G1. California Alternative Rates for Water (CARW) Balancing Account For The Los Angeles County Division (T)

1. Purpose: The purpose of the balancing 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. (T)
2. The following entries will be made monthly to the CARW Balancing Account in the Los Angeles County division: (T)
 - a. The recorded reduction in billed Service Charge revenues for service provided under Schedule No. LA-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 2008	\$834,210
November 2010	\$828,463
November 2011	\$883,778
July 2012	\$900,906
April 2013	\$953,439
July 2013	\$932,487

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.txt>), or its successor publication (debit or credit).
3. The balancing 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. (T)

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.

Authorization: Established pursuant to D.05-05-015, Ordering Paragraph 3 (N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 453

R. W. Nicholson

Date Filed _____

Decision No. _____

NAME

Effective _____

President

TITLE

Resolution No. _____

PRELIMINARY STATEMENT

(Continued)

G2. California Alternative Rates for Water (CARW) Balancing Account For The Fontana Water Company Division (T)

1. Purpose: The purpose of the balancing 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. (T)
2. The following entries will be made monthly to the CARW Balancing Account in the Fontana Water Company division: (T)
 - 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 2009	\$1,004,712
July 2010	\$1,114,417
October 28, 2010	\$1,108,002
January 2011	\$1,105,407
July 2011	\$1,142,363
April 2013	\$1,196,577
May 2013	\$1,169,400

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 balancing 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. (T)

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.

Authorization: Established pursuant to D.05-05-015, Ordering Paragraph 3

(N)

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TITLE

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PRELIMINARY STATEMENT

(Continued)

**H1. Water Revenue Adjustment Mechanism (WRAM) Memorandum Account for the (T)
Los Angeles County Division**

1. Purpose: The purpose of this memorandum account is to track the Quantity Rate revenues collected under Schedule LA-1C tiered rates against the revenues that would have been collected under a single block Quantity Rate.
2. The following entries will be made monthly to the WRAM memorandum Account in the Los Angeles County division:
 - a. The recorded revenues collected through the tiered Quantity Rate under Schedule No. LA-1C (debit).
 - b. The calculated revenues that would have been collected under a single block Quantity Rate for the same water usage as in 2a above (credit).
 - c. The CPUC-adopted Quantity Rates (\$/Ccf) to be used in calculating the revenues for 2a and 2b above are as follows:

<u>Effective Date</u>	<u>Single Block Rate</u>	0-13 Ccf/mo.	Over 13 Ccf/mo.
		<u>Tier 1 Rate</u>	<u>Tier 2 Rate</u>
November 29, 2010	\$2.0840	\$1.9523	\$2.2451
November 15, 2011	\$2.5354	\$2.3751	\$2.7314
July 1, 2012	\$2.5842	\$2.4208	\$2.7839
April 1, 2013	\$2.5863	\$2.4228	\$2.7862
July 1, 2013	\$2.5295	\$2.3696	\$2.7250
July 25, 2013	\$2.6432	\$2.4833	\$2.8387

- d. Franchise fees and uncollectible account expense, based on the net of 2a and 2b above, and the CPUC-adopted rates for franchise fees and uncollectible expenses.
 - e. Monthly interest 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.txt>), or its successor publication.
3. The balance in the memorandum account shall be amortized by a Tier 1 advice letter whenever the balance exceeds 2% of the authorized revenue requirement for the preceding calendar year. If the balance is below 2%, San Gabriel shall propose its amortization in a general rate case.
4. 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.

Authorization: Established pursuant to D.10-04-031, Ordering Paragraph 4; and Advice Letter 385 (N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 453R. W. Nicholson

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Effective _____

President

Resolution No. _____

TITLE

PRELIMINARY STATEMENT

(Continued)

**H2. Water Revenue Adjustment Mechanism (WRAM) Memorandum Account For The (T)
Fontana Water Company Division**

1. Purpose: The purpose of this memorandum account is to track the Quantity Rate revenues collected under Schedule FO-1C tiered rates against the revenues that would have been collected under a single block Quantity Rate.
2. The following entries will be made monthly to the WRAM memorandum Account in the Fontana Water Company division:
 - a. The recorded revenues collected through the tiered Quantity Rate under Schedule No. FO-1C (debit).
 - b. The calculated revenues that would have been collected under a single block Quantity Rate for the same water usage as in 2a above (credit).
 - c. The CPUC-adopted Quantity Rates (\$/Ccf) to be used in calculating the revenues for 2a and 2b above are as follows:

		0-16 Ccf/mo.	Over 16 Ccf/mo.
<u>Effective Date</u>	<u>Single Block Rate</u>	<u>Tier 1 Rate</u>	<u>Tier 2 Rate</u>
July 1, 2011	\$2.5046	\$2.3529	\$2.7057
April 1, 2013	\$2.5067	\$2.3549	\$2.7080
May 28, 2013	\$2.4498	\$2.3014	\$2.6465
July 1, 2013	\$2.5689	\$2.4133	\$2.7753
July 1, 2014	\$2.6625	\$2.5011	\$2.8765

- d. Franchise fees and uncollectible account expense, based on the net of 2a and 2b above, and the CPUC-adopted rates for franchise fees and uncollectible expenses.
 - e. Monthly interest 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.txt>), or its successor publication.
3. The balance in the memorandum account shall be amortized by a Tier 1 advice letter whenever the balance exceeds 2% of the authorized revenue requirement for the preceding calendar year. If the balance is below 2%, San Gabriel shall propose its amortization in a general rate case.
4. 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.

Authorization: Established pursuant to D.10-04-031, Ordering Paragraph 4; and Advice Letter 385 (N)

(To be inserted by utility)

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PRELIMINARY STATEMENT

(Continued)

11. Water Quality Litigation – Plaintiff Related Memorandum Account for Los Angeles County Division

1. Purpose: In accordance with Resolution W-4089 and W-4094, the purpose of this memorandum account is to track the plaintiff-related outside legal and consulting expenses of pursuing polluters and the proceeds recovered.
2. The following entries will be made to the Water Quality Litigation – Plaintiff Related Memorandum Account each month:
 - a. Outside legal and consulting expenses incurred to pursue polluters (debits for expenses).
 - b. Any amounts received from damage awards, settlements, government sources, and/or insurance companies that are not immediately recorded as Contributions-in-Aid of Construction or as other operating revenues (credits).
 - c. 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.txt>), or its successor publication (debit or credit).

Authorization: Established pursuant to Resolution 4089, dated January 21, 1998; Advice Letter 300; and D.10-12-058, Ordering Paragraph 1, Appendix C, Item 4

12. Water Quality Litigation – Defense Related Memorandum Account for Los Angeles County Division

1. Purpose: In accordance with Resolution W-4089 and W-4094, the purpose of this memorandum account is to track the defense-related outside legal and consulting expenses of defending against water quality claims against the company. The memorandum account also tracks defense-related outside legal costs incurred by the company to pursue insurance coverage for such water quality claims.
2. The following entries will be made to the Water Quality Litigation – Defense Related Memorandum Account each month:
 - a. Outside legal and consulting expenses incurred to defend against water quality claims against the company and to pursue insurance coverage for such water quality claims (debits for expenses).
 - b. Any amounts received from insurance companies (credits)
 - c. 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.txt>), or its successor publication (debit or credit).

Authorization: Established pursuant to Resolution 4089, dated January 21, 1998; Advice Letter 300; and D.10-12-058, Ordering Paragraph 1, Appendix C, Item 4

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PRELIMINARY STATEMENT

(Continued)

I3. Water Quality Litigation Memorandum Account (WQLMA) for the Fontana Water Company Division

1. Purpose: The purpose of this memorandum account is to record outside legal and consulting expenses for water quality litigation, as well as contamination proceeds that are not reflected in base rates and any amortization of those recorded balances in accordance with Resolution W-4094 incurred after March 26, 1998, the effective date of Resolution W-4094.
2. The following entries will be made monthly to the WQLMA in the Fontana Water Company division:
 - a. The recorded outside legal and consulting expenses for water quality litigation as well as expenditures related to water quality, including capital costs and operations and maintenance expenses of needed wellhead treatment facilities that cannot be reasonably forecasted (debit).
 - b. The billed revenues to amortize the recorded balances in the WQLMA (credit).
 - c. Franchise fees expense, based on 2b above, and the CPUC-adopted rates for franchise fees (debit).
 - d. Water contamination proceeds from damage awards, settlements, government sources, and insurance (credit).
 - e. Monthly interest 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.txt>), or its successor publication (debit or credit).
3. The balance in the memorandum account shall be amortized by a Tier 3 advice letter whenever the balance exceeds 2% of the authorized revenue requirement for the Fontana Water Company division or three years have elapsed since the date the memorandum account was established. If the balance is below 2%, San Gabriel shall propose its amortization in a general rate case.

Authorization: Established pursuant to Resolution W-4094, dated March 26, 1990 and D.10-12-058, (N)
Ordering Paragraph 4 (N)

(To be inserted by utility)

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R. W. Nicholson

NAME

President

TITLE

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

Date Filed _____

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PRELIMINARY STATEMENT

(Continued)

J1. Conservation Program Balancing Account for the Los Angeles County Division

1. Purpose: The purpose of this one-way balancing account is to track the actual versus authorized expenditures over the three-year general rate case cycle so that any unspent funds collected through rates can be returned to ratepayers.
2. The following entries will be made each month to the Conservation Program Balancing Account:
 - a. The estimated billed revenues associated with the adopted conservation program budget will be calculated, based on the actual number of customers and the recorded water sales (credit for revenues).
 - b. Franchise fees and uncollectible account expense, based on 2a above and the CPUC-adopted rates for franchise fees and uncollectible accounts expense (debit).
 - c. Conservation expenditures will be recorded (debits for expenditures).
 - d. 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.txt>), or its successor publication (debit or credit).

*Authorization: Established pursuant to D.11-11-018, Ordering Paragraph 1,
Settlement Section II.E.2*

(To be inserted by utility)

Advice Letter No. 453

Decision No. _____

Issued by

R. W. Nicholson

NAME

President

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

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Effective _____

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PRELIMINARY STATEMENT

(Continued)

J2. Conservation Program Balancing Account for the Fontana Water Company Division

1. Purpose: The purpose of this one-way balancing account is to track the actual versus authorized expenditures over the three-year general rate case cycle so that any unspent funds collected through rates can be returned to ratepayers.
2. The following entries will be made each month to the Conservation Program Balancing Account:
 - a. The estimated billed revenues associated with the adopted conservation program budget will be calculated, based on the actual number of customers and the recorded water sales (credit for revenues).
 - b. Franchise fees and uncollectible account expense, based on 2a above and the CPUC-adopted rates for franchise fees and uncollectible accounts expense (debit).
 - c. Conservation expenditures will be recorded (debits for expenditures).
 - d. 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.txt>), or its successor publication (debit or credit).

Authorization: Established pursuant to D.14-05-001, Ordering Paragraph 1, Settlement Attachment A, Section 2

(To be inserted by utility)

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PRELIMINARY STATEMENT

(Continued)

J3. Implementation of Water Action Plan Objectives (WAP) Balancing Account For The Fontana Water Company Division

1. Purpose: This temporary, one-way balancing account is established in accordance with Decision No. 08-08-018 in Application No. 07-08-017 to track amounts collected via the conservation expenses surcharge component and conservation expenses incurred up to an annualized limit. The prorated limit is the prorated portion of the \$305,000 annual budget.
2. The following entries will be made monthly to the WAP Balancing Account:
 - a. The recorded Conservation Surcharge revenues billed at the interim surcharge rate of \$0.015 per hundred cubic feet (credit).
 - b. Franchise fees and uncollectible account expense, based on 2a above and the CPUC-adopted rates for franchise fees and uncollectible accounts expense (debit).
 - c. Conservation program costs incurred up to the prorated portion of the \$305,000 annual budget (debit). The prorated portion of the annual budget is \$263,219 for the period August 21, 2008 through June 30, 2009. Conservation program costs will be recorded by the following categories:
 1. Education and Public Information Programs (capped at \$50,000)
 2. Residential (capped at \$228,600)
 3. Commercial, Industrial & Institutional (capped at \$262,500)
 4. Large Landscape (capped at \$123,800)
3. The balancing account will terminate when so ordered in a CPUC general rate case decision, at which time any credit (overcollection) balance will be amortized through a rate surcredit.

Authorization: Established pursuant to D.08-08-018, Ordering Paragraph 7, and Advice Letter 367-A

(N)
(N)

(To be inserted by utility)

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PRELIMINARY STATEMENT

(Continued)

K. Cost of Capital Litigation Memorandum Account for the Los Angeles County and Fontana Water Company Divisions(D)
(T)
(T)

In accordance with D.11-11-018, the Cost of Capital Litigation Memorandum Account will include the incremental costs incurred by San Gabriel Valley Water Company limited to incremental non-employee resources engaged in litigating the 2012 cost of capital proceeding. These costs are eligible for recovery in the next general rate case amortized over the life of the rate case cycle after San Gabriel Valley Water Company makes a persuasive showing in the next general rate case that the costs were incremental, reasonable, and prudently controlled and managed.

Authorization: Established pursuant to D.11-11-018, Ordering Paragraph 1, Settlement Section III.D.1; and Advice Letter 412-A

(N)

L. Section 790 Memorandum Account for the Los Angeles County and the Fontana Water Company Divisions

1. Purpose: The purpose of this memorandum account is to track the net proceeds from sales of real property pending reinvestment in real property that is necessary or useful to the company for public utility purposes pursuant to the Water Utility Infrastructure Improvement Act of 1995, Public Utilities Code §789 et seq.
2. The following entries will be made to the Section 790 Memorandum Account:
 - a. Net proceeds from sales of real property that were at any time included in rate base will be separately recorded, and the date of such sales will be noted. (credits for net proceeds).
 - b. Reinvestments of previously-recorded net proceeds will be recorded, and the date of such reinvestment will be noted (credit for reinvestments).
 - c. Each month, 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.txt>), or its successor publication (credit) will be calculated on the net balance of amounts recorded under 2a and 2b, above.

Authorization: Established pursuant to D.06-05-041, Ordering Paragraph 17

(N)

(To be inserted by utility)

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R.W. Nicholson
NAME

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PRELIMINARY STATEMENT**(Continued)****M. Facilities Fees Memorandum Account for the Fontana Water Company Division**

1. Purpose: The purpose of this memorandum account is to track facilities fees collected from developers until they are invested in Utility Plant and credited to Contributions in Aid of Construction.
2. The following entries will be made each month to the Facilities Fees Memorandum Account:
 - a. Facilities fees collected from developers will be recorded in this account (credits for facilities fees).
 - b. Facilities fees applied to projects, as directed by the Commission, and transferred to Contributions-in-Aid of Construction (debits).
 - c. 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.txt>), or its successor publication on the net average balance of 2a and 2b, above (debit or credit).

Authorization: Established pursuant to D.07-04-046, Ordering Paragraph 3

N. Land Parcels #215 and #221 Memorandum Account for the Fontana Water Company Division

1. Purpose: The purpose of this memorandum account is to track the investment in land parcels #215 and #221 being held for future.
2. The following entries will be made to the Land Parcels #215 and #221 Memorandum Account:
 - a. Recorded original cost of land purchase for parcels #215 and #221 will be recorded in this account (debit for investments).
 - b. Each month, 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.txt>), or its successor publication (debit or credit).

Authorization: Established pursuant to D.09-06-027, Ordering Paragraph 10.

(To be inserted by utility)

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PRELIMINARY STATEMENT

(Continued)

O1. Interim Rates Memorandum Account ("IRMA") for the Fontana Water Company Division. (T)

1. Purpose: The purpose of this memorandum account is to track the difference between the revenues billed under the interim rates and revenues that would have been billed under the rates adopted by the Commission in A. 11-07-005.
2. The interim rates shall be the currently authorized rates.
3. The effective date is July 1, 2012.
4. After the Commission issues a final decision in A. 11-07-005, San Gabriel will request by advice letter the amortization of the balance recorded in the IRMA.
5. 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.

Authorization: Established pursuant to Administrative Law Judge's Ruling Granting Interim Rates, dated May 29, 2012, in A.11-07-005, and Advice Letter 416 (N)
(N)

O2. Cost of Capital Interim Rates Memorandum Account ("CCIRMA") for the Los Angeles County and Fontana Water Company divisions. (T)

1. Purpose: The purpose of this memorandum account is to track the difference in each division between the revenues billed under the currently authorized rates and revenues that would have been billed under the rates adopted by the Commission in the consolidated Cost of Capital proceeding A. 12-05-001, et al.
2. The effective date is January 1, 2013.
3. After the Commission issues a final decision in A. 12-05-001, et al., San Gabriel will request by advice letter the amortization of the balance recorded in the CCIRMA for each division and terminate this memorandum account.

Authorization: Established pursuant to Administrative Law Judge's Ruling Granting Interim Rates, dated December 18, 2012, in A.12-05-002, and Advice Letter 421 (N)
(N)

(To be inserted by utility)

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PRELIMINARY STATEMENT

(Continued)

P1. Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 Memorandum Account (2010 Tax Act Memorandum Account) for the Los Angeles County Division

(T)

1. Purpose

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 Memorandum Account ("2010 Tax Act Memorandum Account") is established in accordance with CPUC Resolution L-411A. The purpose of this memorandum account is to track on a CPUC-jurisdictional, revenue requirement basis the impacts of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 ("The New Tax Law") not otherwise reflected in rates from April 14, 2011 until the effective date of the revenue requirement changes in San Gabriel's next General Rate Case ("Memo Account Period"). San Gabriel shall record in this memorandum account: (a) decreases in revenue requirement resulting from increases in deferred tax reserve; (b) offsets to reflect additional costs or expenses, not otherwise recovered in rates, incurred as a result of additional utility infrastructure investment enabled by the bonus depreciation provisions of the New Tax Law, to the extent allowed by Ordering Paragraph 5 of Resolution L-411A; and (c) amounts to reflect the impacts of any decrease in Section 199 deductions resulting from bonus depreciation taken, and any other direct changes in revenue requirement resulting from the New Tax Law's effects on San Gabriel.

The 2010 Tax Act Memorandum Account shall be used in determining whether any future rate adjustment is appropriate to reflect impacts of the New Tax Law during the Memo Account Period. This memorandum account shall not be used to recover any net revenue requirement increase recorded during the Memorandum Account Period. If, at the end of the Memo Account Period, this memorandum account reflects a net revenue requirement increase, the memorandum account shall be terminated without any impact on rates.

The following limits allowed by Ordering Paragraph 5 of Resolution L-411A apply to the additional needed utility infrastructure investments that may be tracked in the 2010 Tax Act Memorandum Account: (a) the property in which the investment is made must be Commission-jurisdictional; (b) the property in which the investment is made must itself be eligible for bonus depreciation; (c) at least 90% of the investment must have a tax depreciable life of at least 15 years, and any remaining investments must be ancillary to such investment; and (d) if a utility determines that it would be best to invest in something other than the typical types of projects included in general rate case type applications, the utility must file an application or advice letter seeking Commission approval in order to record the revenue requirement impact of that investment as an offset in the memorandum account.

(continued)

(To be inserted by utility)

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

Advice Letter No. 453

R. W. Nicholson

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PRELIMINARY STATEMENT

(Continued)

P1. 2010 Tax Act Memorandum Account (continued)

(T)

2. Applicability

The 2010 Tax Act Memorandum Account applies to San Gabriel Valley Water Company's Los Angeles County division service area tracking the revenue requirement impact of each change resulting from the New Tax Law.

3. Memorandum Account Entries

The entries made to the 2010 Tax Act Memorandum Account may include the following:

- a. Debit for decrease in revenue requirement resulting from increase in deferred tax reserve.
- b. Credit for increase in revenue requirement resulting from the impact of any decrease in Section 199 deductions resulting from bonus depreciation taken.
- c. Credit or debit for increase or decrease, respectively, in revenue requirement resulting from the impact from bonus depreciation taken.
- d. Credit or debit for increase or decrease, respectively, in revenue requirement resulting from any other direct change in revenue requirement resulting from the New Tax Law's effects on San Gabriel.
- e. Credit for increase in revenue requirement resulting from additional Utility infrastructure investment consistent with the limitations set forth by Ordering Paragraph 5 of Resolutions L-411-A and detailed in Purpose of this Preliminary Statement.
- f. Monthly interest expense calculated at 1/12 of the most recent month's interest rate on Non-financial Commercial Paper (AA, 3-month), published in the Federal Reserve Statistical Release, H.15 (www.federalreserve.gov/release/H15), or its successor publication (debit or credit).

This is a memorandum account that is to be tracked "off balance sheet," and no general ledger entries are required at this time. At such time that the Commission rules that San Gabriel is required to make an adjustment to its revenue requirement and rates, as a result of the tax impacts not otherwise reflected in rates, San Gabriel will make the appropriate entries in its general ledger.

4. Disposition

In San Gabriel's next General Rate Case (GRC), or at such other time as ordered in that GRC decision, the Commission shall address the disposition of amounts (a) recorded in the 2010 Tax Act Memorandum Account and (b) forecast for the remainder of the Memo Account Period, and may cause any net revenue requirement decrease to be reflected in prospective rates.

Authorization: Established pursuant to Resolution L-411A, dated June 23, 2011

(N)

(To be inserted by utility)

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R. W. Nicholson

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PRELIMINARY STATEMENT

(Continued)

**P2. Income Tax Repair Regulations Implementation Memorandum Account (T)
("ITRRIMA") for the Los Angeles County and the Fontana Water Company (T)
Divisions.**

1. Purpose

The purpose of this memorandum account is to track the cost of initial implementation of the Repair Regulations and will include (i) outside implementation service fees and (ii) other directly applicable costs, to comply with the U.S. Treasury Department regulations issued in December 2011 (T.D. 9564) and subsequent guidance issued by the Internal Revenue Service ("IRS").

2. Applicability

The entries to the ITRRIMA include the following:

- a. A debit entry shall be made to the ITRRIMA at the end of each month to record any costs associated with implementing the Repair Regulations.
- b. A credit entry shall be made to the ITRRIMA at the end of each month to record the ITRRIMA related cost recovery collected in rates.
- c. Monthly interest expense calculated at 1/12 of the most recent month's interest rate on Non-financial Commercial Paper (AA, 3-month), published in the Federal Reserve Statistical Release, H.15 ([www/federalreserve.gov/release/H15](http://www.federalreserve.gov/release/H15)), or its successor publication (debit or credit).

3. Effective Date

The ITRRIMA will be made effective upon Commission approval.

4. Disposition:

The ITRRIMA will be reviewed in San Gabriel's next GRC. To the extent these costs are less than what is forecasted in rates, San Gabriel will refund the difference to its customers.

Authorization: Established pursuant to Resolution W-4945 and Advice Letter 423, effective April 4, 2013

(N)
(N)

(To be inserted by utility)

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R. W. Nicholson

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PRELIMINARY STATEMENT

(Continued)

Q. DOHS/EPA Memorandum Account for the Fontana Water Company Division

1. Purpose: The purpose of this memorandum account is to track charges for water quality testing. This account has been closed to new water quality testing costs as of 2002.
2. The following entries will be made to the DOHS/EPA Memorandum Account:
 - a. Water quality testing costs were recorded in this account (debits for expenses).
 - b. Each month, 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.txt>), or its successor publication (debit or credit).

Authorization: Established pursuant to Resolution W-3784, dated June 23, 1993.

(To be inserted by utility)

Advice Letter No. 453

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Issued by

R. W. Nicholson

NAME

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

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PRELIMINARY STATEMENT

(Continued)

R. Plant F23 Project Memorandum Account for Fontana Water Company Division (T)

1. Purpose: The purpose of this memorandum account, as authorized by D.14-05-001 in A.11-07-005, is to track the recorded costs required by the City of Fontana's Conditional Use Permit for the Plant F23 project.
2. The following entries will be made monthly to the Plant F23 Project Memorandum Account:
 - a. The recorded construction costs of the Plant F23 project required by the City of Fontana's Conditional Use Permit.
 - b. 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.txt>), or its successor publication (debit or credit).
3. After the Plant F23 project is placed into service, San Gabriel will submit an advice letter, supported by specific records which clearly document the expenditures, to reflect in rates the balance of costs recorded in this memorandum account.

Authorization: Established pursuant to D.14-05-001, Ordering Paragraphs 6 and 13, and Advice Letter 437 (N)
(N)

S. Mains Project Memorandum Account for Fontana Water Company Division (T)

1. Purpose: The purpose of this memorandum account, as authorized by D.14-05-001 in A.11-07-005, is to track the recorded costs for mains work in excess of the allowance based on the City of Fontana's Capital Improvement Plan.
2. The following entries will be made monthly to the Mains Project Memorandum Account:
 - a. The recorded construction costs for mains work in excess of the allowance based on the City of Fontana's Capital Improvement Plan.
 - b. 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.txt>), or its successor publication (debit or credit).
3. Each year, San Gabriel will submit an advice letter, supported by specific records which clearly document the expenditures, to reflect in rates the balance recorded in this memorandum account.

Authorization: Established pursuant to D.14-05-001, Ordering Paragraph 5, and Advice Letter 437 (N)

(To be inserted by utility)

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Advice Letter No. 453R. W. Nicholson

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PRELIMINARY STATEMENT

(Continued)

**T. Plant F23 Perchlorate Facilities Balancing Account For Fontana Water Company (T)
Division**

1. Purpose: The purpose of this balancing account, as authorized by D.14-05-001 in A.11-07-005, is to record the revenue requirement resulting from the capital costs if San Gabriel installs perchlorate treatment facilities before its next general rate case.
2. The following entries will be made monthly to the Plant F23 Perchlorate Facilities Balancing Account:
 - a. The revenue requirement resulting from the capital costs of perchlorate treatment facilities installed at Plant F23.
 - b. 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.txt>), or its successor publication (debit or credit).
3. San Gabriel will seek recovery of the amounts recorded in this account, subject to a reasonableness review, in its Test Year 2016-2017 general rate case.

Authorization: Established pursuant to D.14-05-001, Ordering Paragraph 7, and Advice Letter 439 (N)

(To be inserted by utility)

Advice Letter No. 453

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R. W. Nicholson

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PRELIMINARY STATEMENT

(Continued)

U. Catastrophic Event Memorandum Account (CEMA)

1. Purpose

The purpose of this memorandum account is to track the recorded costs associated with a Catastrophic Event for:

- a) Restoring utility service to the utility customers;
- b) Repairing, replacing, or restoring damaged utility facilities, and
- c) Complying with governmental agency orders.

A Catastrophic Event is an event which is declared a disaster by competent state or federal authorities.

If a Catastrophic Event occurs, San Gabriel shall, if possible, inform the Executive director by letter with 30 days after the Catastrophic Event, if San Gabriel has started recording costs in the CEMA. Copies of the letter shall be mailed to the Director of the Water and Audits Division and to the Director of the Office of Ratepayer Advocates. The letter shall specify the Catastrophic Event, date, time, location, service areas affected, impact on San Gabriel facilities, and an estimate of the extraordinary costs expected to be incurred. Costs due to expense and capital items shall be shown separately.

San Gabriel shall not record any capital costs or expenses incurred prior to the start of the declared disaster or state of emergency, as identified by the appropriate authorities.

2. Applicability

The CEMA does not have a rate component.

3. Memorandum Account Entries

Entries to the CEMA shall be made at the end of each month commencing with the month in which the Catastrophic Event occurs.

San Gabriel shall maintain the CEMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to the CEMA at the end of each month to record the expenses discussed above.
- b. 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.txt>), or its successor publication (debit or credit).

4. Disposition

Costs recorded in the CEMA may be recovered in rates only after a request by San Gabriel, a showing of reasonableness, and approval by the Commission. Such a request may be made by a formal application specifically for that purpose, by inclusion in a subsequent general rate case, or other ratesetting request, as detailed in G.O. 96-B and Standard Practices.

Authorization: Established pursuant to Resolution E-3238

(To be inserted by utility)

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Advice Letter No. 453

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PRELIMINARY STATEMENT

(Continued)

V. Water Conservation Memorandum Account (WCMA)

(T)

1. Purpose

The purpose of this memorandum account is to track recorded costs associated with conservation measures associated with Governor Brown's January 17, 2014 Drought Emergency Declaration calling for a 20 percent reduction in water usage, his April 25, 2014 Proclamation of Continued State of Emergency, the California Public Utilities Commission's (Commission) Resolution No. W-4976 adopting drought procedures for voluntary and mandatory water conservation measures related to both Rule 14.1 voluntary water conservation and Schedule 14.1 mandatory rationing efforts and Commission Resolution No. 5000 adopting emergency regulations for state-wide urban water consumption.

2. The WCMA will record San Gabriel's incremental public education and outreach expenses, incremental water conservation materials expenses, and other Operations and Maintenance ("O&M") and Administrative and General ("A&G") expenses that are unforeseen and unexpected directly associated with complying and implementing the mandated conservation practices outlined in the Emergency Drought Declaration Orders.

3. San Gabriel shall maintain the WCMA by making entries at the end of each month as follows: (T)

- a. A debit entry shall be made to the WCMA at the end of each month to record the expenses discussed above.
- b. 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.txt>), or its successor publication (debit or credit).

4. Disposition

Costs recorded in the WCMA may be recovered in rates only after a request by San Gabriel, a showing of reasonableness, and approval by the Commission. Such a request may be made by a formal application specifically for that purpose, by inclusion in a subsequent general rate case, or other ratesetting request, as detailed in G.O. 96-B and Standard Practices.

Authorization: Established pursuant to Resolution W-4976 and Advice Letter 446

(N)

(To be inserted by utility)
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R. W. Nicholson
NAME
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(To be inserted by Cal. P.U.C.)
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Effective _____
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PRELIMINARY STATEMENT**(Continued)****W. Sandhill Project Memorandum Account****1. Purpose**

The purpose of this memorandum account is to track the revenue increases resulting from the inclusion of the Sandhill Project in rate base via advice letter, which revenue increases shall be subject to refund

2. San Gabriel shall maintain the Sandhill Project Memorandum Account by making entries at the end of each month as follows:

- a. A credit entry shall be made at the end of each month to record the revenues discussed above.
- b. 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.txt>), or its successor publication (debit or credit).

3. Disposition

The reasonableness of the construction costs of the Sandhill Project will be determined by the Commission in a future proceeding. If the Commission does not find the utility's entire investment to be reasonable, it may require some or all of the recorded balance in the Sandhill Project Memorandum Account to be refunded to customers.

Authorization: Established pursuant to D.08-04-005, Ordering Paragraph No. 12

(To be inserted by utility)

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PRELIMINARY STATEMENT

(Continued)

X. Credit Card Memorandum Account (CCMA)

(T)

1. Purpose

The purpose of the Credit Card Memorandum Account is to track the costs and savings associated with providing credit/debit card or electronic check payment services. Disposition of the amounts recorded in the Credit Card Memorandum Account shall occur in San Gabriel's next general rate case scheduled for January 2016.

2. San Gabriel shall maintain the CCMA by making entries at the end of each month as follows:

- a. The recorded costs and savings caused by providing credit/debit card payment services (debit or credit).
- b. 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.txt>), or its successor publication (debit or credit).

(To be inserted by utility)

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Commission Reimbursement Fee	AA-UF 1807-W
Fontana Water Company	
General Metered Service - General	FO-1 2379-W, 2380-W
General Metered Service - Conservation	FO-1C 2381-W
Private Fire Service	FO-4 2382-W, 1087-W, 1476-W
Recycled Water Metered Service	FO-6 2383-W, 2384-W
Construction and Tank Truck Service	FO-9C 2385-W, 1516-W
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California Alternative Rates For Water	FO-CARW 2274-W, 2236-W
Facilities Fees	FO-FF 1875-W, 1876-W

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 453R. W. Nicholson

Date Filed _____

Decision No. _____

NAME

Effective _____

President

TITLE

Resolution No. _____

DISTRIBUTION LIST
San Gabriel Valley Water Company
Los Angeles County Division
Advice Letter No. 453

City of Arcadia
240 West Huntington Drive
Arcadia, CA 91006

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

California-American Water Company
1033 B Ave. Suite 200
Coronado, CA 92118-3439

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

City of Industry Waterworks System
Post Office Box 3136
La Puente, 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 Water Department
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 Parsons 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

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

California Public Utilities Commission
Office of Ratepayer Advocates
505 Van Ness Avenue
San Francisco, CA 94102-4208

Kiki Carlson
Suburban Water Systems
kcarlson@swwc.com

DISTRIBUTION LIST
San Gabriel Valley Water Company
Fontana Water Company Division
Advice Letter No. 453

Kendall H. MacVey, Esq.
Best, Best & Krieger, LLP
3750 University Avenue
Riverside, CA 92501

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

City of Colton Water Department
650 North La Cadena Drive
Colton, CA 92324

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

Cucamonga Valley Water District
Post Office Box 638
Rancho Cucamonga, CA 91730

Kiki Carlson
Suburban Water Systems
kcarlson@swwc.com

Debbie Brazill
Deputy City Manager
City of Fontana
8353 Sierra Avenue
Fontana, CA 92335

Chuck Hays
Public Works Director
City of Fontana Public Service Department
16489 Orange Way
Fontana, CA 92335

Marvin T. Sawyer, District Counsel
Fontana Unified School District
9680 Citrus Avenue, Bldg. No. 4
Fontana, CA 92335

Kathleen Rollings-McDonald, Executive Director
Local Agency Formation Commission for
San Bernardino County
215 North D Street, Suite 204
San Bernardino, CA 92415

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