

# SAN GABRIEL VALLEY WATER COMPANY

May 2, 2014

Advice Letter 435

U337W

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

San Gabriel Valley Water Company ("San Gabriel") hereby submits one original and four copies of the following proposed changes in tariff sheets applicable to its Los Angeles County division:

<u>CPUC</u> <u>Sheet No.</u>	<u>Title</u>	<u>Canceling</u> <u>Schedule</u> <u>No.</u>	<u>CPUC</u> <u>Sheet No.</u>
2283-W	List of Contracts and Deviations	N/A	2269-W
2284-W	Table of Contents (continued)	N/A	2270-W
2285-W	Table of Contents	N/A	2282-W

### Purpose

This advice letter is submitted in accordance with General Rule 8.5.6 of General Order No. 96-B for the purpose of modifying San Gabriel's List of Contracts and Deviations to add a *Water Service Agreement* (the "Agreement", appended hereto as **ATTACHMENT A**) with City of Montebello ("City"). Under the agreement, the City may request deliveries of water during temporary periods of emergency or as the City considers necessary to supplement or fully supply its northern water system customers. Any such deliveries would be at a reduced rate. In accordance with Water Industry Rule 7.3.1.9 (service to a government agency), **this advice letter is recommended as Tier 1 but will require a Commission resolution for approval.**

### Background

The Agreement, dated December 1, 2013, provides for an interconnection between San Gabriel's water system and City's "Northern System", most of which is located within San Gabriel's certificated service area authorized by the Commission, and the remainder of which is surrounded by or immediately adjacent to San Gabriel's service area.

City's sole source of water supply for the Northern System is from the Central Basin Municipal Water District ("CBMWD") which delivers treated water which is imported from the Colorado River or Northern California by the Metropolitan Water District of Southern California. Those supplies are subject to reductions or curtailments that could arise from the drought-

May 2, 2014

related reduction of all State Water project allocations to zero by the California Department of Water Resources and significant reductions in the availability of water from the Colorado River Aqueduct now and in the foreseeable future. Under the Agreement, the City can receive deliveries of local groundwater for the Northern System allowing the City to reduce reliance on imported water and mitigate the effects of the on-going and severe drought conditions across the state. San Gabriel will supply only such quantity of water at such pressure as may be available from time to time from its water system, to assure that normal operating flows and pressures can be provided to City's system. For any water City receives from San Gabriel, the City will pay a rate equal to ninety percent of the applicable CBMWD rate for Tier 1 treated water. Thus, the current charge to the City per the Agreement would be \$934.20 per AF (90% of \$1,038.00 per AF). By comparison, the Quantity Rate, excluding the temporary surcredit, under San Gabriel's Schedule No. LA-1 (see **ATTACHMENT B**) is \$2.6432 per Ccf or \$1,151.38 per AF. City will also pay the Monthly Service Charge under that schedule for a 1-1/2" meter, currently \$105.06 per month.

Pursuant to the Agreement, San Gabriel will install (at City's cost) a service connection on Westmoreland Drive, east of Perry Avenue (which is within San Gabriel's service area in the City of Montebello). San Gabriel will own all facilities on its side of the metered connection, including the control valve, water meter, utility vault, related piping and appurtenances. San Gabriel and City will be jointly responsible for the cost of maintaining these facilities. The Agreement remains in effect until terminated by either party upon ninety days' written notice. City is responsible for the cost of removing these facilities at the termination of the Agreement.

Any revenues received for water deliveries under the Agreement will be recorded in San Gabriel's General Ledger to Account 606 – Sales to Other Water Utilities for Resale.

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 and Service**

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. No other parties have requested notification of tariff filings related to the Los Angeles County Division. Since this advice letter does not increase rates or withdraw service, no other notice is required. In accordance with

Water Industry Rule 3.3 of General Order 96-B, San Gabriel will also post this advice letter to its website.

**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; or
- (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 Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3<sup>rd</sup> floor  
California Public Utilities Commission,  
505 Van Ness Avenue, San Francisco, CA 94102  
[water\\_division@cpuc.ca.gov](mailto:water_division@cpuc.ca.gov)

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 us, addressed to:

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](mailto:dadellosa@sgvwater.com)

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

May 2, 2014

Replies: The utility shall reply to each protest and may reply to any response. Each reply must be received by the Water Division 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) 774-2251.

Very truly yours,

A handwritten signature in black ink, appearing to read "Daniel Dell'Osa". The signature is fluid and cursive, with a large initial "D" and "O".

Daniel A. Dell'Osa  
Director of Rates and Revenue

cc: James Boothe, CPUC – Water and Audits Division  
Hani Moussa, CPUC – Water Branch, ORA  
Danilo Sanchez, CPUC – Water Branch, ORA  
City of Montebello

LIST OF CONTRACTS AND DEVIATIONS

Name & Location of Customer	Type or Class of Service	Execution and Expiration Date	Commission Authorization Number and Date	Most Comparable Regular Tariff	
				Schedule Number	Contract Differences
1. Norman's Nursery	Recycled Water	02/28/94	W-3882 10/12/94	N/A	N/A
2. LA Sanchez Nursery	Recycled Water	5/24/11	06/27/11	N/A	N/A
3. Cemex USA Construction, Inc	Non-Potable Water	11/22/00	01/24/01	N/A	N/A
4. Rose Hills	Recycled Water	05/30/02 06/30/17	09/11/02	N/A	N/A
5. County of Los Angeles Department of Parks and Recreation Amendment No. 1	Recycled Water	06/27/06 06/30/17 Amended 3/2/10	AL346 11/15/06 AL388	N/A	N/A
6. City of Fontana	Recycled Water	04/26/11	D.12-06-002	N/A	N/A
7. City of Montebello	Recycled Water	03/13/14 03/13/24	W-____	N/A	N/A
8. City of Montebello	Potable Water	03/13/14	W-____	N/A	N/A (N) (N)

(To be inserted by utility)

*Issued by*

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

Advice Letter No. 435

R. W. Nicholson  
NAME

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

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

President  
TITLE

Effective \_\_\_\_\_

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

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3. Application for Service	394-W	1747-W
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(continued)

(To be inserted by utility)  
Advice Letter No. 435  
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Issued by  
R. W. Nicholson  
NAME  
President  
TITLE

(To be inserted by Cal. P.U.C.-)  
Date Filed \_\_\_\_\_  
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Resolution No. \_\_\_\_\_

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:

<u>Subject Matter of Sheet</u>	<u>C.P.U.C. Sheet No.</u>
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(continued)

(To be inserted by utility)  
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R. W. Nicholson  
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AGREEMENT 2903

WATER SERVICE AGREEMENT

This Water Service Agreement ("Agreement") is made as of December 1, 2013, by and between CITY OF MONTEBELLO, a Municipal corporation ("Customer") and SAN GABRIEL VALLEY WATER COMPANY, a California corporation ("San Gabriel").

RECITALS

A. Whereas, San Gabriel is a public utility engaged in the business of producing, distributing, and selling water to its customers, subject to the jurisdiction of the California Public Utilities Commission ("Commission").

B. Whereas, Customer owns a water system, known as its "Northern System," which is located within San Gabriel's certificated service area as authorized by the Commission, except for several areas surrounded by or immediately adjacent to San Gabriel's service area.

C. Whereas, Customer and San Gabriel have an existing two-way 8-inch metered interconnection located on the east side of Montebello Boulevard, west of San Gabriel Boulevard, pursuant to the Interconnection Agreement dated November 11, 1985.

D. Whereas, Customer desires an additional metered service connection ("Service Connection") from San Gabriel for the sale and delivery of water to Customer for use in Customer's Northern System during temporary periods of emergency or as Customer considers necessary to supplement or fully supply the requirements of Customer's Northern System.

Now therefore, in consideration of the premises, mutual covenants, promises, and conditions set forth in this Agreement and for other good, valuable, and adequate consideration, the parties hereto agree as follows:

AGREEMENT



1. Installation of the Service Connection.

A one-way Service Connection is to be installed by San Gabriel and located on Westmoreland Drive, east of Perry Avenue (near existing Metropolitan Water District of Southern California ("MWD") connection CB-24), which is within San Gabriel's service area in the City of Montebello as shown on the plans attached hereto as Exhibit "A," incorporated fully herein by this reference. Customer will reimburse San Gabriel for the cost of installing the Service Connection, which costs shall be subject to Customer's review and approval before San Gabriel installs the Service Connection.

Water delivered to Customer pursuant to this Agreement shall be measured and recorded by a 12-inch water meter with the capability of measuring the expected range of flow within two percent (2%) accuracy in accordance with applicable American Water Works Association industry standards.

2. Ownership of the Service Connection.

San Gabriel shall own all facilities on its side of the Service Connection consisting of the connection between Customer's pipeline and San Gabriel's pipeline and in addition, shall include the control valve, water meter, utility vault, related piping, and appurtenances as indicated on Exhibit A.

Customer shall own that portion of the Service Connection from the downstream side of the water meter to the connection with Customer's water pipeline as indicated on Exhibit A.

3. Maintenance of the Service Connection.

The Customer and San Gabriel shall be jointly responsible, on an equal share basis, for the cost of maintaining the water meter, utility vaults, control valve, related piping, and

appurtenances associated with the Service Connection. Such maintenance includes annual testing of the water meter. San Gabriel will perform or arrange for all necessary maintenance, repairs, and testing and the Customer will reimburse San Gabriel for one-half (1/2) of the cost within thirty (30) days after receipt of an invoice from San Gabriel. If the periodic testing of the water meter shows that the water meter is not measuring within the expected range of accuracy, San Gabriel will make an appropriate billing adjustment.

Customer will arrange for all necessary maintenance and/or repair of those portions of the Service Connection, which it owns, and will be responsible for the costs of such maintenance and/or repair of said portions.

4. Backflow Prevention.

If requested by San Gabriel, Customer shall install a backflow prevention device, of a type and design acceptable to San Gabriel, on the Customer's side of the Service Connection and maintain the device in proper operating condition at Customer's cost and expense.

5. Delivery of Water.

The parties to this Agreement intend that Customer will be an active customer and the water meter will remain in place, and San Gabriel's control valve will normally remain open. San Gabriel will supply only such water at such pressure as may be available from time to time from the operation of its water system, to assure that normal operating pressures are provided to the Customer's system. Water deliveries to Customer will not be limited, curtailed, or terminated except in the case of a Force Majeure event (as defined in Section 15 below) or pursuant to a Water Rationing Plan applicable to all affected San Gabriel customers as approved by the Commission in accordance with San Gabriel's Tariff Rule No. 14.1.

6. Rates and Charges.

Water furnished through the Service Connection shall be measured by a water meter, which San Gabriel shall read monthly. San Gabriel will bill Customer and Customer agrees to pay San Gabriel an amount equal to ninety percent (90%) of the commodity rate applicable to the delivery of Non-Interruptible Treated Tier 1 water from MWD by the Central Basin Municipal Water District (CBMWD) for water delivered by San Gabriel through the Service Connection. In the event MWD discontinues such rate, San Gabriel shall bill Customer for water delivered through the Service Connection at an amount equal to ninety percent (90%) of the then current CBMWD rate for Non-Interruptible Treated MWD water deliveries. In lieu of Customer paying San Gabriel's general metered monthly service charge for the 12-inch water meter, San Gabriel will bill Customer the applicable monthly service charge for a one and one-half inch (1½") meter.

7. Indemnification.

With the exception of any claim, cause of action, or any liability, loss, damage or expense arising solely from the quality of water, presence of pollutants, pesticides or chemicals, safety of water delivered through the Service Connection, and/or San Gabriel's negligent or intentional misconduct, Customer hereby releases and agrees to indemnify, hold harmless, and defend San Gabriel and its directors, officers, employees, agents, and contractors from and against any claim, cause of action, or any liability, loss, damage or expense, including reasonable attorney's fees, which San Gabriel or its directors, officers, employees, agents, and contractors may incur or suffer by reason of any claim asserted by or on behalf of Customer or Customer's customers, the public, or other person or entity, directly or indirectly arising from this Agreement, or relating to any water or water service furnished pursuant to this Agreement.

8. Continuation of Agreement.

Provided that Customer complies with and performs all of the terms and conditions required of it under this Agreement and as set forth in San Gabriel's tariff schedules and rules as approved by the Commission, this Agreement shall remain in effect until terminated by either party with or without cause, upon ninety (90) days' written notice given to the other party. This Agreement shall, at all times, be subject to changes or modifications by the Commission as said Commission may, from time to time, direct in the exercise of its jurisdiction.

9. Removal of the Service Connection.

Upon termination of this Agreement, in addition to all other rights it may have, Customer, at its sole discretion, may remove all of any part of the Service Connection which it owns. Also upon termination, Customer will, upon request from San Gabriel, disconnect the Service Connection from San Gabriel's system at Customer's expense.

10. Laws, Regulations, Permits.

Customer shall give all notices required by law and comply with all laws, ordinances, rules, and regulations. Any necessary or required permit or license, including, without limitation, the public drinking water program permits administered by the California Department of Public Health or such other agency or department designated by the State of California, and National Pollution Discharge Elimination System MS4 permits, shall be secured, paid for, and complied with by Customer.

11. Non-Assignability.

This Agreement and any right arising under or by virtue of this Agreement shall not be assigned or transferred by Customer without the prior written consent of San Gabriel. This Agreement shall not inure to the benefit of any successor, assignee, or transferee of Customer.

12. Notices.

Written notice required to be given to either party shall be given by personal delivery, certified mail, or by overnight courier service such as Federal Express, addressed and delivered as set forth below. Other correspondence and invoices may be sent by first-class mail, addressed and delivered as set forth below:

San Gabriel Valley Water Company  
11142 Garvey Avenue  
Post Office Box 6010  
El Monte, CA 91734

City of Montebello  
1600 West Beverly Boulevard  
Montebello, CA 90640

ATTN: R. W. Nicholson, President

ATTN: Francesca-Tucker-Schulyer  
City Administrator

13. Attorney Fees.

If either party to this Agreement brings suit to enforce, interpret, or to recover for breach of any term, covenant, or condition contained herein, the prevailing party shall be entitled to reasonable attorney fees in addition to the amount of any judgment, recovery, litigation expenses, and costs.

14. Entire Agreement.

This Agreement is intended by the parties as a complete and exclusive statement of the terms of their agreement and it supersedes all prior agreements, written or oral, as to this subject matter.

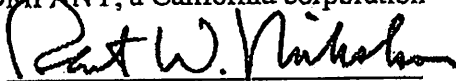
No waiver, modification, or amendment of any of the provisions hereof shall be binding unless in writing and signed by the party against whom enforcement of such waiver, modification, or amendment is sought.

15. Force Majeure.


A party is not liable for failure to perform the party's obligations if such failure is a result of Acts of God (including fire, flood, earthquake, storm, hurricane or other natural disaster), war, invasion, act of foreign enemies, hostilities (regardless of whether war is declared), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation, terrorists activities, nationalization, government sanction, order, rule, or direction, blockage, embargo, labor dispute, strike, lockout, contamination or pollution, or interruption or failure of a water supply source, electricity, telephone service, telemetry, or other water system control mechanism. No party is entitled to terminate this Agreement under such circumstances. If a party asserts Force Majeure as an excuse for failure to perform its obligation hereunder, then that party must take reasonable steps to minimize harm or damages caused by said nonperformance to the other party, and the nonperforming party must provide timely notice of the likelihood or actual occurrence of a Force Majeure event described in this Section 15 to the other party.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by their respective duly authorized officers. The effective date of this Agreement shall be the date first above written.

SAN GABRIEL VALLEY WATER COMPANY, a California corporation

By   
President

CITY OF MONTEBELLO,  
a Municipal corporation

By   
City Administrator

ATTEST:

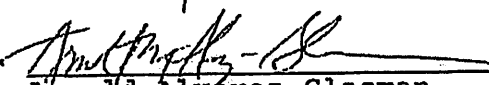
By \_\_\_\_\_  
Secretary

Date 

ATTEST:

By   
Daniel Hernandez  
City Clerk

Date 11/25/13

  
7 Arnold Alvarez-Glasman  
City Attorney

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

APPLICABILITY

Applicable to all metered water service, except for those Residential customers required to be served under Schedule LA-1C.

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 all water delivered, per 100 cu. ft..... \$ 2.6432 (I)

Service Charge:

	Per Meter <u>Per Month</u>
For 5/8 x 3/4-inch meter .....	\$ 21.02
For 3/4-inch meter .....	31.52
For 1-inch meter .....	52.52
For 1-1/2-inch meter .....	105.06
For 2-inch meter .....	168.10
For 3-inch meter .....	315.16
For 4-inch meter .....	525.27
For 6-inch meter .....	1,047.00
For 8-inch meter .....	1,673.00
For 10-inch meter .....	2,418.00
For 12-inch meter .....	3,465.00
For 14-inch meter .....	4,620.00

(continued)

(To be inserted by utility)

Advice Letter No. 429

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

Issued by

R. W. Nicholson

NAME

President

TITLE

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

Date Filed JUL 25 2013

Effective JUL 25 2013

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

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

<u>RATES</u> (continued)	<u>Per Battery</u> <u>Per Month</u>
For two 2-inch meters.....	\$ 335.00
For three 2-inch meters.....	505.00
For four 2-inch meters.....	673.00
For two 3-inch meters.....	631.00
For three 3-inch meters.....	946.00
For two 4-inch meters.....	1,050.00
For three 4-inch meters.....	1,576.00
For one 8-inch meter, one 2-inch meter.....	1,847.00

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. (D)
2. A surcredit of \$0.0406 per Ccf is to be applied to the quantity rates for a 12-month period beginning on the effective date of Advice Letter 430-A to amortize the overcollection in the Cost of Capital Interim Rate Memorandum Account (CCIRMA). (N)  
(N)  
(N)

(To be inserted by utility)  
Advice Letter No. 430-A  
Decision No. \_\_\_\_\_

Issued by  
R. W. Nicholson  
NAME  
President  
TITLE

(To be inserted by Cal. P.U.C.)  
Date Filed FEB 24 2014  
Effective FEB 26 2014  
Resolution No. \_\_\_\_\_