

SAN GABRIEL VALLEY WATER COMPANY

March 7, 2017

Advice Letter No. 491-A

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company ("San Gabriel") hereby submits the following proposed changes in tariff sheets applicable to both its Los Angeles County and Fontana Water Company divisions:

CPUC		Schedule	Canceling
<u>Sheet No.</u>	<u>Title</u>	<u>No.</u>	<u>CPUC Sheet No.</u>
2668-W	Preliminary Statement (continued)	N/A	N/A
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An original and four copies of this supplemental advice letter are submitted herewith. **This filing changes the language in the proposed Paragraph Z to the Preliminary Statement, describing the operations of a new School Lead Testing Memorandum Account ("SLTMA"), to conform to language acceptable to Commission staff.** The purpose of the SLTMA is to record the incremental costs San Gabriel incurs in connection with the School Lead Testing required under Permit Amendment 2017PA-SCHOOLS, issued by the State Water Resources Control Board Division of Drinking Water on January 17, 2017, in each of San Gabriel's three public water systems.

This advice letter is designated Tier 2. Per the direction of the California Public Utilities Commission's Water Division, this advice letter is filed pursuant to General Order 96B - Water Industry Rule 7.3.2(7) and 8.2 (Request for Similar Treatment). San Gabriel is requesting similar treatment as requested by Golden State Water Company.

Background

The State Water Resources Control Board's Division of Drinking Water ("SWRCB's DDW"), in collaboration with the California Department of Education, has begun testing drinking water for lead in schools ("K-12"). Schools that are served by public water systems, such as San Gabriel, may request assistance from their public water system to conduct water sampling for lead and to provide technical assistance if an elevated lead sample site is found.

Recent events in the United States have shown that lead in drinking water remains an on-going public health concern, particularly for children. Lead rarely occurs naturally in California's drinking water sources, but may become present when water passes through older plumbing fixtures or solder containing lead that connects plumbing. Schools that are served by a public water system are not required to test their water for lead under the current Lead and Copper Rule.

As a result of Permit Amendment 2017PA-SCHOOLS, school administrators may request that their public water system collect and analyze up to five water samples at each K-12 school served by the water system. The public water system and/or the State Water Resources Control Board can also provide technical assistance if an elevated (i.e., an exceedance of 15 parts per billion) lead sample site is found. The water system is not required to pay for any maintenance or corrections needed at the school if elevated lead levels are found in the drinking water. Under the new requirement, testing is voluntary for schools, but if the schools make a written request, the public water system must collect the samples within three months and report the results back to the school within two business days. Sampling locations can include drinking fountains, cafeteria and food preparation areas, and reusable water bottle filling stations. This one-time program extends until November 1, 2019.

Discussion

San Gabriel provides water service to approximately one hundred and fifty K-12 schools. No later than July 1, 2017, San Gabriel will submit the required listing of these schools to the SWRCB's Division of Drinking Water.

San Gabriel expects to incur substantial expenses which are not currently reflected in rates and which were not anticipated in its most recent general rate case (A.16-01-002). By this advice letter, San Gabriel requests the establishment of a School Lead Testing Memorandum Account for each ratemaking division in order to record incremental expenses that will be incurred as a result of the amended permits, so that it may request recovery of those expenses, subject to a reasonableness review, at a later date.

Notice of Advice Letter Filing

This advice letter does not seek to increase any rate or charge. Therefore, notice of this advice letter is not required under General Rule 4.2. In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will post this advice letter to its websites www.sgvwater.com and www.fontanawater.com. Pursuant to Water Industry Rule 4.1, copies of this advice letter are being served on the parties listed on the attached Distribution List.

Response to Protest

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 may be:

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 errors or omissions;

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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 re-litigating a prior order of the Commission.

A protest shall provide citations or proofs where available to allow staff to properly consider the protest. A response or protest must be made in writing or by electronic mail and must be received by the 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
e-mail: 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 us, addressed to:

San Gabriel Valley Water Company
11142 Garvey Avenue
El Monte, CA 91733
Tel: (626) 448-6183
FAX (626) 448-5380
e-mail: jmreiker@sgvwater.com

March 7, 2017

Thank you for your assistance in processing this advice letter.

Sincerely,



Joel M. Reiker
Vice President of Regulatory Affairs

cc: James Boothe, CPUC – Water Division
Hani Moussa, CPUC – Water Branch, ORA
Lisa Bilir, CPUC – Water Branch, ORA

PRELIMINARY STATEMENT
(Continued)

Z. SCHOOL LEAD TESTING MEMORANDUM ACCOUNT

School Lead Testing Memorandum Account ("SLTMA") shall be maintained in each ratemaking division to track expenses, and their subsequent amortizations, associated with conducting Lead tests at schools that request this service. The SLTMA is established pursuant to Permit Amendment No. 2017PA-SCHOOLS, issued by the State Water Resources Control Board Division of Drinking Water on January 17, 2017.

1. Purpose

The purpose of the SLTMA is to track the incremental expenses (not already reflected in authorized rates) for customer outreach, and other incremental operation costs, including but not limited to, Legal, Operations and Maintenance and Administrative and General expenses that are unforeseen, unexpected and directly associated with complying and implementing the School Lead Testing Program.

2. Applicability

The SLTMA does not have a rate component.

The SLTMA shall include, but will not be limited to:

- a. Incremental and necessary labor costs associated with planning and coordinating with K-12 schools to develop individual sampling plans, collecting and submitting samples to laboratories, and administering program requirements including assisting the school with interpretation of laboratory results, and contracted labor;
- b. Laboratory fees for all lead sampling and reporting of the results to DDW and the school, and all laboratory coordination and instruction;
- c. Incremental customer outreach costs that are necessary in coordination with the local school district, local community and local official, in compliance with DDW's School Lead Testing Program.

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

- a. A debit entry shall be made to the SLTMA at the end of the month to record the expenses discussed above.
- b. Interest shall accrue to the SLTMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

3. Disposition

San Gabriel will seek recovery of any amounts recorded in this memorandum account, subject to a reasonableness review, either by a Tier 3 advice letter or in a general rate case, as appropriate.

Authorization: Established pursuant to Advice Letter 491-A, effective March __, 2017.

(To be inserted by utility)
Advice Letter No. 491-A
Decision No. _____

Issued by
R. W. Nicholson
NAME
President
TITLE

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

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(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 491-A

R. W. Nicholson

Date Filed _____

Decision No. _____

NAME

Effective _____

President

Resolution No. _____

TITLE

DISTRIBUTION LIST
San Gabriel Valley Water Company
Los Angeles County Division
Advice Letter No. 491-A

City of Arcadia
240 West Huntington Drive
Arcadia, CA 91006

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

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

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

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

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

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

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

City of Industry Waterworks System
Post Office Box 3136
La Puente, CA 91744

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

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

Golden State Water Company
Attn: Ronald Moore, Regulatory Affairs
630 East Foothill Boulevard
San Dimas, CA 91773

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

Suburban Water Systems
Attn: Bob Kelly
1211 East Center Court Drive
Covina, CA 91724-3603

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

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

City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640

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

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

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

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

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

Kiki Carlson
Suburban Water Systems
kcarlson@swwc.com

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

DISTRIBUTION LIST
San Gabriel Valley Water Company
Fontana Water Company Division
Advice Letter No. 491-A

Kendall H. MacVey, Esq.
Best, Best & Krieger, LLP
3390 University Avenue 5th Floor
Riverside, CA 92502-1028

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