

May 15, 2007

Advice Letter 349

337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company ("San Gabriel") hereby requests ministerial review of the following changes in tariff sheets applicable to its Los Angeles County division:

<u>CPUC Sheet No.</u>	<u>Title</u>	<u>Schedule No.</u>	<u>Canceling CPUC Sheet No.</u>
1767-W	General Metered Service	LA-1	1753-W
1768-W	General Metered Service (cont.)	LA-1	1736-W
1769-W	Limited Irrigation Service	LA-3L	1737-W
1770-W	Private Fire Service	LA-4	1738-W
1771-W	Reclaimed Water Metered Service	LA-6	1754-W
1772-W	Reclaimed Water Metered Service (cont.)	LA-6	1740-W
1773-W	Construction & Tank Truck Service	LA-9C	1741-W
1774-W	Service to Tract Houses During Construction	LA-9CL	1742-W
1775-W	California Alternative Rates For Water	LA-CARW	1755-W
1776-W	Preliminary Statement (cont.)	N/A	1744-W
1777-W	Table of Contents (cont.)	N/A	1756-W
1778-W	Table of Contents	N/A	1766-W

An original and four copies of this advice letter are submitted in compliance with Ordering Paragraph No. 2 of Decision No. 05-07-044 in Application No. 04-09-005 to implement a \$696,000 or 1.6% increase for Escalation Year 2007-2008.

Purpose and Background

The purpose of this advice letter submittal is to implement rates for Escalation Year 2007-2008 authorized by the Commission for the Los Angeles County division in Decision No. 05-07-044, dated July 21, 2005 in Application No. 04-09-005. The adopted Escalation Year 2007-2008 revenue increase of \$416,800 or 1.0% was an estimate based on escalation factors available before the decision was issued. As directed, that estimate is adjusted using the most recent escalation factors. Based on the March 2007 escalation factors, San Gabriel requests a revenue increase of \$696,000 or 1.6% for Escalation Year 2007-2008. The effect of the adopted increase will raise the typical monthly bill of the typical residential customer (5/8" x 3/4" meter and 23 Ccf) by \$0.59 or 1.2% from \$50.91 to \$51.50. In accordance with Ordering Paragraph No. 2 of Decision No. 05-07-044, the revised tariff schedules shall take effect on July 1, 2007.

Discussion

The present rate schedules in the Los Angeles County division became effective on November 27, 2006, pursuant to D.05-07-044 and Advice Letter No. 347.

The following summary lists the recorded, authorized, and pro forma rates of return in San Gabriel's Los Angeles County division for the twelve months ending March 31, 2007. The pro forma rate of return is calculated in accordance with guidelines provided by the Commission's Water Division staff.

Recorded	8.40%
Authorized	9.43%
Pro Forma	7.93%

Because the pro forma rate of return is lower than the authorized rate of return, San Gabriel is authorized to implement the total Escalation Increase of \$696,000.

The tariff schedules reflecting the Escalation Increase are attached hereto. San Gabriel has provided workpapers supporting the recorded and pro forma rates of return set forth herein, as well as the calculation of the proposed rates, to the Commission's Water Division staff for their review as required by the Decision.

In accordance with the requirements of Section III-G of General Order No. 96-A, this advice letter is being sent to the parties listed on the attached distribution list. No other parties

May 15, 2007

have requested notification of tariff filings related to the Los Angeles County division. No further public notice is required because all public notices in connection with Application No. 04-09-005 have already been mailed to the customers or published in accordance with applicable law and Commission rules.

Conclusion

San Gabriel requests processing by the Commission's Water Division so the proposed rates will become effective on July 1, 2007, as provided in Ordering Paragraph No. 2 of D.05-07-044. Thank you for your assistance in processing this advice letter.

San Gabriel Valley Water Company

Daniel A. Dell'Osa
Director of Rates and Revenue

c: Fred L. Curry, CPUC – Water Division
Hani Moussa, CPUC – Water Branch, DRA
Danilo Sanchez, CPUC – Water Branch, DRA