

SAN GABRIEL VALLEY WATER COMPANY

May 25, 2018

Advice Letter No. 526

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

<u>CPUC</u> <u>Sheet No.</u>	<u>Title</u>	<u>Schedule</u> <u>No.</u>	<u>Canceling</u> <u>CPUC</u> <u>Sheet No.</u>
2859-W	General Metered Service	LA-1	2818-W
2860-W	General Metered Service – Conservation Rates	LA-1C	2828-W
2861-W	Recycled Water Metered Service	LA-6	2822-W
2862-W	Preliminary Statement, Paragraph H1	N/A	2824-W
2863-W	Table of Contents (cont'd)	N/A	2831-W
2864-W	Table of Contents	N/A	2858-W

This **water cost offset** filing increases revenues in San Gabriel's Los Angeles County division by \$1,394,789 or 2.0% to offset increases in water supply costs and groundwater pumping assessments effective July 1, 2018. In accordance with Water Industry Rule 7.3.1(7) and Water Industry Rule 8.4 (as modified by Resolution W-4664) of General Order 96-B, **this filing is designated Tier 1**. The attached tariff schedules shall take effect July 1, 2018 and rates will be increased by \$0.1139/Ccf.

Purpose and Background

The major portion of water supplies for San Gabriel's Los Angeles County division come from groundwater pumped from the Main San Gabriel Basin and to a lesser extent from groundwater pumped from the Central Basin. The water supply costs and assessments currently reflected in present rates were adopted, effective on July 1, 2017 as a result of Advice Letter 497. In the Main San Gabriel Basin, the cost of Leased Water Rights have decreased from the adopted \$779.70/AF to \$751.97/AF, Cyclic Storage has increased from the adopted \$769/AF to \$798/AF, the Water

Resource Development Assessment has increased from the adopted \$70/AF to \$105/AF (part of the Watermaster Pumping Assessment on San Gabriel's Water Cost Summary), the Replacement Water Assessment has increased from the adopted \$898/AF to \$934/AF, the San Gabriel Valley Water Association Assessment has increased from the adopted \$1.00/AF to \$1.30/AF, the Recycled Water Upper San Gabriel Valley Municipal Water District (USGVMWD) cost has increased from the adopted \$718.40/AF to \$747.20/AF and the Recycled Water County Sanitation District (CSD) of Los Angeles County (LAC) has increased from the adopted \$496.50/AF to \$532.00/AF. The Water Replenishment District of Southern California increased its Replenishment Assessment from the adopted \$318/AF to \$339/AF. The Central Basin Watermaster decreased its Service Assessment from the adopted \$4,760.49 to \$4,701.26 per year.

The most recently adopted revenue requirement (Advice Letter 497) is \$72,461,851. In both pending Advice Letters 520 and 521, San Gabriel has requested rate decreases effective July 1, 2018. The impact of the now requested changes from those pending requests to water supply costs and pumping assessments increases the adopted expense from \$17,090,400 to \$18,469,667, and increases the pending proposed revenue requirement of \$69,947,342 by \$1,394,789 or 2.0% to \$71,342,131.

The proposed rates submitted with this advice letter raise the monthly bill of the typical residential customer on Schedule No. LA-1 with a 5/8" x 3/4" meter using 12 Ccf by \$1.37 or 2.1% from \$66.15 to \$67.52 and the typical residential customer on Schedule No. LA-1C by \$1.37 or 2.1% from \$65.17 to \$66.54. San Gabriel has furnished the Commission's Water Division staff with two copies of workpapers providing detailed support for the proposed increase.

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

Notice of Rate Increase

In accordance with Water Industry Rule 3.2 of General Order 96-B, as modified by Commission Resolution W-4664, San Gabriel will inform its customers of the increase by bill insert (a draft of which is provided with the workpapers) in the first bill

that includes the increased rates. No other parties have requested notification of tariff filings related to the Los Angeles County division.

In accordance with Water Industry Rule 3.3 of General Order 96-B, San Gabriel will also 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, Water Division, 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 Water Division, the respondent or protestant shall send a copy of the protest by mail to San Gabriel addressed as follows:

May 25, 2018

San Gabriel Valley Water Company
Vice President of Regulatory Affairs
11142 Garvey Avenue
El Monte, CA 91733
FAX: (626)448-5530 or
E-mail: jmreiker@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 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) 448-6183.



Joel M. Reiker
Vice President of Regulatory Affairs

cc: James Boothe, CPUC – Water Division
Hani Moussa, CPUC – Water Branch, ORA
Richard Smith, CPUC – Water Branch, ORA

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..... \$ 3.4214 (I)

Service Charge:

	Per Meter Per Month
For 5/8 x 3/4-inch meter.....	\$ 22.37
For 3/4-inch meter.....	33.56
For 1-inch meter.....	55.95
For 1-1/2-inch meter.....	111.88
For 2-inch meter.....	179.04
For 3-inch meter.....	335.64
For 4-inch meter.....	559.47
For 6-inch meter.....	1,120.00
For 8-inch meter.....	1,790.00
For 10-inch meter.....	2,570.00
For 12-inch meter.....	3,690.00
For 14-inch meter.....	4,930.00

(continued)

(To be inserted by utility)

Advice Letter No. 526

Decision No. _____

Issued by

R. W. Nicholson
NAME

President
TITLE

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

Date Filed _____

Effective _____

Resolution No. _____

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

APPLICABILITY

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

TERRITORY

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

RATES

Quantity Rates:

For the first 13 Ccf of water used, per 100 cu. ft.	\$ 3.2838	(I)
For all Ccf greater than 13 Ccf, per 100 Cu. Ft.	\$ 3.7421	(I)

Per Meter
Per Month

Service Charges:

For 5/8 x 3/4-inch meter	\$ 22.37
For 3/4-inch meter	33.56
For 1-inch meter.....	55.95
For 1-1/2-inch meter	111.88
For 2-inch meter.....	179.04
For 3-inch meter.....	335.64

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A surcharge of \$0.2128/Ccf is to be applied to the quantity rates of only non-CARW customers to cover the estimated benefits provided under the California Alternative Rates for Water (CARW) Program.
3. A surcharge of \$0.3388 per Ccf is to be applied to the quantity rates of only non-CARW customers for twelve months beginning on the effective date of September 20, 2017 to amortize the net undercollection in the California Alternative Rates for Water (CARW) Balancing Account.
4. A surcredit of \$0.0216 per Ccf is to be applied to the quantity rates for twelve months effective September 20, 2017 to amortize the net overcollection in the Conservation Program Balancing Account.
5. A surcredit of \$0.1942 per Ccf is to be applied to the quantity rates for six months from July 1, 2018 until December 31, 2018 to amortize the estimated net overcollected balance in the 2018 Tax Accounting Memorandum Account.

(To be inserted by utility)

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TITLE

Resolution No. _____

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

APPLICABILITY

Applicable to all recycled water metered service.

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..... \$ 2.9082 (I)

Service Charge:

	<u>Per Meter</u> <u>Per Month</u>
For 5/8 x 3/4-inch meter.....	\$ 22.37
For 3/4-inch meter.....	33.56
For 1-inch meter.....	55.95
For 1-1/2-inch meter.....	111.88
For 2-inch meter.....	179.04
For 3-inch meter.....	335.64
For 4-inch meter.....	559.47
For 6-inch meter.....	1,120.00
For 8-inch meter.....	1,790.00
For 10-inch meter.....	2,570.00
For 12-inch meter.....	3,690.00
For 14-inch meter.....	4,930.00

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TITLE

PRELIMINARY STATEMENT
(Continued)

H1. Water Revenue Adjustment Mechanism (WRAM) Memorandum Account for the 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. <u>Tier 1 Rate</u>	Over 13 Ccf/mo. <u>Tier 2 Rate</u>	
July 1, 2016	\$2.8329	\$2.6730	\$3.0284	
October 6, 2016	\$2.8417	\$2.6813	\$3.0379	
January 1, 2017	\$2.8894	\$2.7290	\$3.0856	
April 8, 2017	\$2.9021	\$2.7410	\$3.0991	
July 1, 2017	\$3.2010	\$3.0631	\$3.5226	
July 1, 2017	\$3.3159	\$3.1780	\$3.6375	
July 1, 2018	\$3.3075	\$3.1699	\$3.6282	
July 1, 2018	\$3.4214	\$3.2838	\$3.7421	(N)

- 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/federalreservc.gov/releases/H15/data/m/cp3m.txt](http://www.federalreservc.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

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DISTRIBUTION LIST
San Gabriel Valley Water Company
Los Angeles County Division
Advice Letter No. 526

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
655 W. Broadway, Suite 1410
San Diego, CA 92101

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

Industry Public Utilities
Post Office Box 3165
City of Industry, 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