

SAN GABRIEL VALLEY WATER COMPANY

June 30, 2017

Advice Letter No. 497

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>
2721-W	General Metered Service	LA-1	2692-W
2722-W	General Metered Service – Conservation Rates	LA-1C	2694-W*
2723-W	Recycled Water Metered Service	LA-6	2696-W
2724-W	Preliminary Statement (cont'd)	N/A	2711-W
2725-W	Table of Contents (cont'd)	N/A	2719-W
2726-W	Table of Contents	N/A	2720-W

This **water supply cost offset** filing increases revenues in San Gabriel's Los Angeles County division by \$1,397,351 or 2.0% to offset increases in water supply costs and groundwater pumping assessments effective July 1, 2017. 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, 2017 and rates will be increased by \$0.1149/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. In the Main San Gabriel Basin the cost of Leased Water Rights have increased from the adopted

\$721.27/AF to \$779.70/AF, Cyclic Storage has increased from the adopted \$697/AF to \$769/AF, the Water Resource Development Assessment has increased from the adopted \$40/AF to \$70/AF (part of the Watermaster Pumping Assessment on San Gabriel's Water Cost Summary), the Replacement Water Assessment has increased from the adopted \$869/AF to \$898/AF, the Recycled Water Upper San Gabriel Valley Municipal Water District (USGVMWD) cost has increased from the adopted \$695.20/AF to \$718.40/AF and the Recycled Water County Sanitation District (CSD) of Los Angeles County (LAC) has increased from the adopted \$467/AF to \$496.50/AF. The Water Replenishment District of Southern California increased its Replenishment Assessment from the adopted \$297/AF to \$318/AF. The Central Basin Watermaster increased its Service Assessment from the adopted \$4,707.37 to \$4,760.49 per year.

The water supply costs and assessments currently reflected in present rates were adopted in D.17-06-008, effective on July 1, 2017 as a result of Advice Letter 496.

The impact of these changes to water supply costs and pumping assessments increases the adopted expense from \$15,708,600 to \$17,090,400, and increases the previously adopted revenue requirement of \$71,064,500 by \$1,397,351 or 2.0% to \$72,461,851. 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 14 Ccf by \$1.61 or 2.2% from \$73.46 to \$75.07 and the typical residential customer on Schedule No. LA-1C by \$1.61 or 2.2% from \$71.99 to \$73.60. 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:

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

June 30, 2017

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..... \$ 3.3159 (I)

Service Charge:

	<u>Per Meter</u> <u>Per Month</u>
For 5/8 x 3/4-inch meter	\$ 22.43
For 3/4-inch meter	33.65
For 1-inch meter	56.09
For 1-1/2-inch meter.....	112.17
For 2-inch meter	179.50
For 3-inch meter	336.50
For 4-inch meter	560.90
For 6-inch meter	1,120.00
For 8-inch meter	1,790.00
For 10-inch meter	2,580.00
For 12-inch meter	3,700.00
For 14-inch meter	4,940.00

(continued)

(To be inserted by utility)

Issued by

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Advice Letter No. 497

R. W. Nicholson

Date Filed

Decision No.

NAME

Effective

President

Resolution No.

TITLE

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.	\$ 3.1780	(I)
For all Ccf greater than 13 Ccf, per 100 Cu. Ft.	\$ 3.6375	(I)

Per Meter
Per Month

Service Charges:

For 5/8 x 3/4-inch meter	\$ 22.43
For 3/4-inch meter	33.65
For 1-inch meter.....	56.09
For 1-1/2-inch meter	112.17
For 2-inch meter.....	179.50
For 3-inch meter.....	336.50

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 \$0.2269 per Ccf is to be applied to the quantity rates for twelve months beginning on the effective date of September 20, 2016 to amortize the net undercollection in the Drought Lost Revenue and Drought Surcharge Revenue Memorandum Accounts.
4. A surcharge of \$0.0048 per Ccf is to be applied to the quantity rates for twelve months effective July 1, 2017 to amortize the net undercollection in the Cost of Capital Litigation Memorandum Account.

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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. \$ 2.8185 (I)

Service Charge:

	<u>Per Meter</u> <u>Per Month</u>
For 5/8 x 3/4-inch meter	\$ 22.43
For 3/4-inch meter	33.65
For 1-inch meter	56.09
For 1-1/2-inch meter.....	112.17
For 2-inch meter	179.50
For 3-inch meter	336.50
For 4-inch meter	560.90
For 6-inch meter	1,120.00
For 8-inch meter	1,790.00
For 10-inch meter	2,580.00
For 12-inch meter	3,700.00
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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. Over 13 Ccf/mo.	
		<u>Tier 1 Rate</u>	<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
March 9, 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

- 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

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