

# SAN GABRIEL VALLEY WATER COMPANY

December 22, 2017

Advice Letter No.510

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 changed tariff sheets applicable to its Fontana Water Company division:

CPUC		Schedule	Canceling
<u>Sheet No.</u>	<u>Title</u>	<u>No.</u>	<u>Sheet No.</u>
2777-W	General Metered Service	FO-1	2751-W
2778-W	General Metered Service Conservation	FO-1C	2753-W
2779-W	Recycled Water Metered Service	FO-6	2755-W
2780-W	Preliminary Statement (continued)	N/A	2757-W
2781-W	Table of Contents	N/A	2776-W

This **water cost offset** advice letter increases revenues in San Gabriel's Fontana Water Company division by \$922,566 or 1.3% to offset increases in purchased water costs and groundwater pumping assessments. In accordance with Water Industry Rule 7.3.1(7) as modified by Resolution W-4664 and Water Industry Rule 8.4 of General Order 96-B, **this filing is designated Tier 1**. The enclosed rates will become effective January 1, 2018.

### Background

Water supply for San Gabriel's Fontana Water Company division ("Fontana") comes mainly from Lytle Creek Surface water, Non-Chino Basin wells, Chino Basin Wells, and untreated water from the State Water Project. Most of Fontana's water rights are obtained from San Gabriel's 39.74% ownership in Fontana Union Water Company ("Union"). Cucamonga Valley Water District ("CVWD") charges Fontana for water

produced from Lytle Creek surface water and Non-Chino Basin wells that exceeds San Gabriel's share of Union's rights at 85% of the rates then in effect for the Metropolitan Water District of Southern California's ("MWD") Tier 1, as adopted by MWD's local sub-agency, the Inland Empire Utilities Agency ("IEUA").

Also, San Gabriel is a party to the Chino Basin groundwater judgment which governs Fontana's pumping of groundwater from its Chino Basin wells. That judgment requires Fontana to pay groundwater replenishment and other assessments levied by the Chino Basin Watermaster. The Watermaster's replenishment assessment rate is based largely on the MWD/IEUA untreated Tier 2 rate. Fontana also enters into annual Chino Basin pumping rights leases at the prevailing rate, when available, to offset a portion of the Watermaster replenishment assessments.

**Changes in Water Costs (effective on or before January 1, 2018)**

- Watermaster's Replenishment Assessment rate has increased from \$779.28 per AF to \$807.29 per AF.
- Watermaster's Administrative Assessment has increased from \$16.23 per AF to \$18.03 per AF.
- Watermaster's OBMP Assessment has increased from \$39.95 per AF to \$53.60 per AF.
- Appropriative Pool & 85/15 Assessment has increased from \$9.40 per AF to \$13.04 per AF.
- Land Use Conversion Assessment has increased from \$25.96 per AF to \$34.40 per AF.
- Leased Water costs have increased from \$516.35 per AF to \$555.00 per AF.
- CVWD charges for water produced from Lytle Creek surface water and Non-Chino Basin wells in excess of San Gabriel's share of Union's rights have increased from \$566.10 per AF to 85% of \$695.00 or \$590.75 per AF.
- MWD/IEUA's untreated rate (Tier 1) for State Water Project Water delivered to Fontana's water treatment plant has increased from \$666.00 per AF to \$695.00 per AF.
- Monthly IEUA Capacity Charge has increased from \$8,000 per cfs to \$8,700 per Cfs.

The impact of these changes to water costs causes an increase to the adopted water supply costs from \$17,697,405 to \$18,611,777 and increases adopted annual revenues from \$71,107,600 to \$72,030,166 an increase of \$922,566 or 1.3%. The proposed rates submitted with this advice letter raise the monthly bill of the typical non-CARW residential customer (5/8" x 3/4" meter and 19 Ccf) served under General Metered Rate Schedule FO-1 by \$1.20 or 1.3% from \$92.29 to \$93.49 and the Conservation Rate Schedule FO-1C by \$1.21 or 1.3% from \$90.60 to \$91.81. 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, San Gabriel will inform its customers of the increase by bill insert (a draft of which is provided with the workpapers). No other parties have requested notification of tariff filings related to the Fontana Water Company 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 at [www.fontanawater.com](http://www.fontanawater.com).

Also, 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. When submitting a written response or protest please include San Gabriel Valley Water Company's name and this advice letter number in the subject line. 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 the utility 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 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 Water Division within 20 days of the date this advice letter is filed. When submitting a written response or protest please include San Gabriel Valley Water Company's name in the subject line. 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 by mail (or e-mail) to San Gabriel, addressed to:

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

December 22, 2017

Thank you for your assistance in processing this advice letter.

San Gabriel Valley Water Company

A handwritten signature in black ink, appearing to read "Joel M. Reiker". The signature is fluid and cursive, with a large initial "J" and "R".

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. FO-1**  
Fontana Water Company  
GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

Portions of Fontana, Rancho Cucamonga, Rialto, and vicinity, San Bernardino County.

RATES

Quantity Rates:

For all water used, per 100 cu. ft. .... \$ 3.5157 (I)

Per Meter  
Per Month

Service Charges:

For 5/8 x 3/4-inch meter .....	\$ 16.85
For 3/4-inch meter.....	25.27
For 1-inch meter.....	42.12
For 1-1/2-inch meter .....	84.24
For 2-inch meter.....	134.80
For 3-inch meter.....	252.68
For 4-inch meter.....	421.23
For 6-inch meter.....	841.00
For 8-inch meter.....	1,346.00
For 10-inch meter.....	1,940.00
For 12-inch meter.....	2,781.00

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 510

R. W. Nicholson  
NAME

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

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

President  
TITLE

Effective \_\_\_\_\_

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

**SCHEDULE NO. FO-1C**  
Fontana Water Company  
**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 Fontana, Rancho Cucamonga, Rialto, and vicinity, San Bernardino County.

**RATES**

Quantity Rates:

For the first 16 Ccf of water used, per 100 cu. ft.....	\$ 3.3491	(I)
For all Ccf greater than 16 Ccf, per 100 cu. Ft.....	\$ 3.8421	(I)

	Per Meter
Service Charges:	<u>Per Month</u>
For 5/8 x 3/4-inch meter .....	\$ 16.85
For 3/4-inch meter .....	25.27
For 1-inch meter .....	42.12
For 1-1/2-inch meter .....	84.24
For 2-inch meter .....	134.80
For 3-inch meter .....	252.68

**SPECIAL CONDITIONS**

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A surcharge of \$0.2425/Ccf is to be applied to the quantity rates of only non-CARW customers to recover the estimated benefits provided under the California Alternative Rates for Water (CARW) program.
3. A surcharge of \$0.1352 per Ccf is to be applied to the quantity rates of non-CARW customers for twenty-four months beginning on the effective date of Advice Letter 475-A and ending on January 31, 2018 to amortize the undercollection in the California Alternative Rates for Water (CARW) Balancing Account.
4. A surcharge of \$0.1484 per Ccf is to be applied to the quantity rates for twelve months effective August 13, 2017 to amortize the net undercollection in the Plant F23 Perchlorate Facilities Balancing Account.
5. A surcredit of \$0.0084 per Ccf is to be applied to the quantity rates for twelve months effective September 15, 2017 to amortize the net overcollection in the Conservation Program Balancing Account.

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**SCHEDULE NO. FO-6**  
Fontana Water Company Tariff Area  
RECYCLED WATER METERED SERVICE

**APPLICABILITY**

Applicable to all recycled water metered service.

**TERRITORY**

Portions of Fontana, Rancho Cucamonga, Rialto, and vicinity, San Bernardino County.

**RATES**

Quantity Rates:

For all water delivered per 100 cu. ft.....\$ 2.6368 (I)

Per Meter

Service Charge:

For 5/8 x 3/4-inch meter .....	\$ 16.85
For 3/4-inch meter .....	25.27
For 1-inch meter .....	42.12
For 1-1/2-inch meter.....	84.24
For 2-inch meter .....	134.80
For 3-inch meter .....	252.68
For 4-inch meter .....	421.23
For 6-inch meter .....	841.00
For 8-inch meter .....	1,346.00
For 10-inch meter .....	1,940.00
For 12-inch meter .....	2,781.00

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**PRELIMINARY STATEMENT**  
**(Continued)**

**H2. Water Revenue Adjustment Mechanism (WRAM) Memorandum Account for the Fontana Water Company Division**

1. Purpose: The purpose of this memorandum account is to track the Quantity Rate revenues collected under Schedule FO-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 Fontana Water Company division:
  - a. The recorded revenues collected through the tiered Quantity Rate under Schedule No. FO-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>	0-16 Ccf/mo. Over 16 Ccf/mo.	
		<u>Tier 1 Rate</u>	<u>Tier 2 Rate</u>
July 1, 2016	\$2.6973	\$2.5338	\$2.9139
August 30, 2016	\$2.6593	\$2.4981	\$2.8729
January 5, 2017	\$2.7236	\$2.5585	\$2.9423
July 1, 2017	\$3.4884	\$3.3200	\$3.8181
September 15, 2017	\$3.4525	\$3.2859	\$3.7789
January 1, 2018	\$3.5157	\$3.3491	\$3.8421 (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.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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(continued)

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DISTRIBUTION LIST  
San Gabriel Valley Water Company  
Fontana Water Company Division  
**Advice Letter No. 510**

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