

SAN GABRIEL VALLEY WATER COMPANY

August 31, 2018

Advice Letter 531

U337W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

<u>CPUC Sheet No.</u>	<u>Title</u>	<u>Schedule No.</u>	<u>Canceling CPUC Sheet No.</u>
2882-W	Preliminary Statement O	N/A	N/A
2883-W	Table of Contents	N/A	2881-W

San Gabriel Valley Water Company seeks authority to establish a Cost of Capital Memorandum Account ("CoCMA") to record costs related to Noticing of the Public Participation Hearings in Application ("A.") 18-05-005. This advice letter is filed as a tier 1.

Purpose and Background

San Gabriel filed its Cost of Capital general rate case ("GRC") in A.18-05-005 on May, 1, 2018. The estimated costs for this proceeding were approved in Decision ("D.") 17-06-008. However, these costs did not include the related notices of the Cost of Capital Public Participation Hearing (PPH), notice of cancellation of the PPH, or notice of rescheduling the PPH. Because the costs are not currently authorized for recovery in rates and the expenses are of a substantial nature, at the pre-hearing conference San Gabriel requested that the presiding Administrative Law Judge ("ALJ") authorize the establishment of a CoCMA.

Pursuant to ALJ Karl J. Bemederfer's ruling on August 17, 2018 during the prehearing conference in the Cost of Capital proceeding Application (A.)18-05-005, San Gabriel is

requesting authorization to establish a CoCMA as specified in the following Attachment A, Reporter's Transcript Pages 8 through 10.

San Gabriel requests an effective date of this advice letter of July 27, 2018, which is the date of the email from the Public Advisor's office first identifying when the PPH was scheduled to be held (Attachment 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 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; 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. 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
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 us, addressed to:

San Gabriel Valley Water Company
11142 Garvey Avenue
El Monte, CA 91733
Tel: (626) 448-6183
FAX (626) 448-5530
e-mail: jmreiker@sgvwater.com

Thank you for your assistance in processing this tariff filing.



Joel M. Reiker
Vice President of Regulatory Affairs

cc: James Boothe, CPUC – Water Division
Victor Chan, CPUC – Water Branch, ORA
Richard Smith, CPUC – Water Branch, ORA

PRELIMINARY STATEMENT
(Continued)

O. Cost of Capital Memorandum Account (CoCMA) for the Los Angeles County and Fontana Water Company Divisions

(N)

1. Purpose: The purpose of the Cost of Capital Memorandum Account (CoCMA) is to track the incremental costs incurred by the Company limited to incremental non-employee resources engaged in disseminating Public Participation Hearing ("PPH") notices in A. 18-05-005 to establish cost of capital for the period from January 1, 2019 through December 31, 2021. These costs are eligible for recovery after the Company makes a persuasive showing that the costs were incremental, reasonable, and prudently controlled and managed.
2. The following entries will be made monthly to the CoCMA:
 - a. The recorded outside expenses for printing, assembling, mailing, posting and newspaper printing associated with the Notice of the PPH, Notice of the cancellation of the PPH and the rescheduling of the PPH.
 - b. 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 (debit or credit).
3. Disposition: Costs recorded in the CoCMA may be recovered in rates only after a request by San Gabriel, a showing of reasonableness, and approval by the Commission. Such a request may be made by a formal application specifically for that purpose, by inclusion in a subsequent general rate case, or other ratesetting request, as detailed in G.O. 96-B and Standard Practices.

(N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 531

R. W. Nicholson

Date Filed

Decision No.

NAME

Effective

President

TITLE

Resolution No.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA

ADMINISTRATIVE LAW JUDGE KARL J. BEMESDERFER, presiding

	)	PREHEARING
	)	CONFERENCE
)	
Application of Great Oaks Water)	
Company (U162W) for an Order	)	Application
establishing its authorized cost of	)	18-05-001
capital for the period from July 1,)	
2019 through June 30, 2022.	)	Application
	)	18-05-004
)	
	)	CONSOLIDATED
)	
And Related Matter.	)	Application
	)	18-05-005
)	
	)	Application
	)	18-05-006
)	

REPORTER'S TRANSCRIPT
San Francisco, California
August 17, 2018
Pages 1 - 23
PHC

Reported by: Doris Huaman, CSR No. 10538
Carol A. Mendez, CSR No. 4330

1 S-a-w-y-e-r, on behalf of the Fontana Unified
2 School District.

3 MS. KOLOSOV: Chris Kolosov,
4 K-o-l-o-s-o-v, as in Victor, for Suburban.

5 Thank you.

6 ALJ BEMESDERFER: Thank you, both.

7 MR. KARP: Your Honor.

8 ALJ BEMESDERFER: Yes.

9 MR. KARP: Joe Karp for Suburban. I
10 have another issue to raise.

11 ALJ BEMESDERFER: Go ahead, Mr. Karp.

12 MR. KARP: Thank you.

13 So this is the first time that a PPH
14 is being held for Suburban in a Cost of
15 Capital Proceeding. And, as you know, the
16 Commission sets rates on a forecast basis.
17 Our expenses that are applicable to this Cost
18 of Capital Proceeding have been set in a GRC
19 several years ago. So we had no opportunity
20 to even conceive of including in our rates a
21 request for recovery of the PPH costs, which
22 include mailing and newspaper publication
23 costs. We had planned to just absorb the
24 cost of that notice for this go-around. But
25 when the first PPH was canceled and we had to
26 send a cancellation notice and then we were
27 going to send a new notice, you know, those
28 costs tripled. And we would respectfully ask

1 the Commission to authorize us to establish a
2 memorandum account to track these costs.

3 We think that this request meets the
4 typical requirement for a memo account. It's
5 unexpected costs. The costs couldn't have
6 been foreseen. There's no opportunity for us
7 to include these costs in a GRC and they're
8 of a material amount. We estimate these
9 costs will exceed \$90,000 for our company.

10 So that is our request. We would
11 like the Commission to authorize us to file a
12 Tier 1 advice letter to establish the memo
13 account. Of course, we're not guaranteed a
14 recovery, but at least it gives us a chance
15 to request recovery.

16 ALJ BEMESDERFER: Any objection to that
17 from ORA?

18 MR. FOSS: No, your Honor.

19 ALJ BEMESDERFER: Mr. Karp, I will
20 treat that as a motion and I will grant it.

21 MR. KARP: Thank you.

22 MS. TEMPLETON: Your Honor, Liberty
23 makes the same request.

24 ALJ BEMESDERFER: And I'll do the same
25 thing.

26 MS. TEMPLETON: Thank you.

27 MR. GUSTER: And Great Oaks as well,
28 your Honor. Thank you.

1 ALJ BEMESDERFER: All right.

2 MS. DAVIDSON: And Suburban as well.

3 ALJ BEMESDERFER: So you can all set up
4 memorandum accounts.

5 MS. DAVIDSON: Oh. I'm sorry.
6 Gabriel, as well. I'm sorry.

7 ALJ BEMESDERFER: All right.

8 Now, are there any other issues to
9 be included in the scope of this proceeding
10 which was, I guess, my initial question? I
11 haven't heard any except for the question of
12 whether the timing of this is a legal --

13 MR. SAWYER: This --

14 ALJ BEMESDERFER: Go ahead, Mr. Sawyer.

15 MR. SAWYER: I have nothing to add.

16 ALJ BEMESDERFER: Okay. Thank you.

17 Is there anything else anybody would
18 like to add?

19 (No response.)

20 ALJ BEMESDERFER: Okay.

21 I would like to turn now to the
22 question of the schedule. And to do that,
23 I'm going to go off the record because I want
24 to have an off-the-record colloquy with
25 counsel. Off the record.

26 (Off the record.)]

27 ALJ BEMESDERFER: Let's go back on the
28 record.

Kiki Carlson

From: Karp, Joseph M. <JKarp@winston.com>
Sent: Friday, July 27, 2018 9:24 AM
To: Richard Rich; Joe Park; Bob Kelly; Kiki Carlson; Kolosov, Chris
Subject: FW: Southern California PPH for A.18-05-001; A.18-05-004; A.18-05-005; A.18-05-006

FYI, see below.

Joseph M. Karp

Partner

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**WINSTON
& STRAWN
LLP**

From: Sanchez, Claudia <Claudia.Sanchez@cpuc.ca.gov>
Sent: Friday, July 27, 2018 8:43 AM
To: Karp, Joseph M. <JKarp@winston.com>
Cc: Klaiber, Steven <Steven.Klaiber@cpuc.ca.gov>
Subject: RE: Southern California PPH for A.18-05-001; A.18-05-004; A.18-05-005; A.18-05-006

SAW OFFICIAL

Hi Joseph,

I just wanted to provide you with a quick update on the LA PPH. Of the dates you provided that worked for the utilities, only August 22 was available. The room has been reserved for that evening. I have already received a couple draft notices, including one from Suburban. We are beginning to review them.

Thanks,

Claudia Sanchez



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320 West Newmark Avenue
Monterey Park, CA 91754

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