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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of San Gabriel Valley Water Company (U337W) for Authority to Increase Rates Charged for Water Service in its Fontana Water Company Division by \$8,164,800 or 14.2% in July 2012, \$3,067,400 or 4.7% in July 2013, and \$3,758,200 or 5.6% in July 2014.

Application 11-07-005
(Filed July 11, 2011)

**ADMINISTRATIVE LAW JUDGE'S RULING
GRANTING INTERIM RATES**

Pursuant to Section 455.2 of the Public Utilities Code,¹ this ruling grants San Gabriel Valley Water Company (San Gabriel) motion for interim rate relief effective July 1, 2012. The ruling requires San Gabriel to track the difference between current rates and final rates in an interim rate relief memorandum account subject to refund, consistent with the final rates adopted by the Commission in Application 11-07-005.

The rate case plan adopted in Decision 07-05-062, requires the applicant to file a motion for interim rate relief on or before the date for filing its opening brief, unless a different date is designated by the Presiding Officer. San Gabriel's

¹ <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=puc&group=00001-01000&file=451-467>.

January 31, 2012 verbal motion at the evidentiary hearings was timely made and unopposed. (Transcript at 622 – 623.)

In its motion San Gabriel asserts that it made a substantial showing supporting rate increases for 2012, 2013 and 2014 which are in excess of the current rates. Also, the rate increase proposed by the Division of Ratepayer Advocates, while lower than San Gabriel's, is still higher than the rate of inflation (and current rates). Therefore, San Gabriel has met its burden under § 455.2.

San Gabriel's request for interim rate relief is in the public interest because the Commission has found in the past that delays should not result in either the utility foregoing revenues necessary for just and reasonable rates or the ratepayers paying less (or more) than reasonable rates. San Gabriel has not caused any delay due to its actions and therefore the rate case plan requires the Commission to grant interim rate relief pursuant to § 455.2.

The general rate case encompasses all aspects of the company's operations necessary to develop the revenue requirement. An extensive record was developed on all disputed items and the settling parties also filed a partial settlement. There is a substantial likelihood that the final decision will not be timely for new rates to become effective on July 1, 2012.

The Commission recognized in past decisions that the public interest dictates utilities should not be financially harmed or ratepayers benefit from deferred rate increases caused by delays in processing general rate cases. Denying San Gabriel's request for interim rates would delay implementing rates consistent with the final rates adopted by the Commission in the pending general rate case. This would financially harm San Gabriel and is therefore not in the public interest.

San Gabriel seeks to have rates subject to refund or surcharge pending a final decision in the proceeding. San Gabriel did not request that the current rates in effect change in the interim. (Transcript at 622.) The criteria for granting interim rate relief set forth in Pub. Util. Code § 455.2 have been met and no party has protested the motion for interim rate relief. For these reasons, San Gabriel's motion for interim rate relief is granted.

IT IS RULED that:

San Gabriel Valley Water Company (San Gabriel) may file a Tier 1 Advice Letter, to implement interim rates and to establish an Interim Rates Memorandum Account. San Gabriel must track the difference between the current rates and the final rates adopted by the Commission in this proceeding. The memorandum account must not become effective before July 1, 2012 and must end upon a final decision in this proceeding.

Dated May 29, 2012, at San Francisco, California.

/s/ DOUGLAS M. LONG

Douglas M. Long
Administrative Law Judge