



Application No. _____

Exhibit No. _____ SG-3 **FILED**
1-04-16

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SAN GABRIEL VALLEY WATER COMPANY

Fontana Water Company Division

REPORT ON OPERATIONS

Recorded Years 2011-2015

Test Year 2017-2018

Escalation Years 2018-2019 and 2019-2020

January 2016

TABLE OF CONTENTS

<u>Chapter</u>	<u>Title</u>
1	Introduction
2	History
3	Present Operations
4	Water Sales and Operating Revenues
5	Operation and Maintenance Expenses
6	Administrative and General Expenses
7	Taxes
8	Utility Plant
9	Depreciation Reserve and Expense
10	Rate Base [includes allocation of General Division items from Exhibit SG-1]
11	Summary of Earnings [includes allocation of General Division items from Exhibit SG-1]
12	Rates and Service

CHAPTER 1

Introduction

A - Purpose of Report

1. This report has been prepared to present to the California Public Utilities Commission (Commission) a broad range of detailed information concerning the Fontana Water Company Division (Fontana Water Company or Division) of San Gabriel Valley Water Company (San Gabriel), its operations, and a summary of its earnings.

B - Scope of Report

2. This report presents a brief history of the Division; its present operations; development of operating revenues and operating expenses for Estimated Year 2016 and Test Year 2017-2018; development of taxes, depreciation, and rate base for Estimated Year 2016 and for the Test Years 2017-2018 and 2018-2019; rate schedules at both present and proposed rates; and summaries of earnings at both present and proposed rates.

Note: Calendar year 2015 recorded data is not available and all 2015 information shown is for twelve months ended October 2015. These figures will be updated to December 2015, in April 2016, as permitted under the Commission's Rate Case Plan.

CHAPTER 2

History

1. Fontana Domestic Water Company began operations in the Fontana area in 1924. Fontana Water Company, as successor to Fontana Domestic, assumed operations in 1945. Today, Fontana Water Company is faced with significant challenges regarding both water supply and water quality, as described in more detail elsewhere in this application.
2. A table showing the Active Service Connections is provided on page 4-3.
3. Since the Division was granted a general rate change by Decision No. 14-05-001, dated May 1, 2014, covering Test Year 2012-2013 and Escalation Years 2013-2014 and 2014-2015, the following authorized rate adjustments have occurred in the Division:

<u>Advice Letter No.</u>	<u>Decision or Resolution No.</u>	<u>Date of Decision or Resolution</u>	<u>Nature of Proceedings</u>
436	D.14-05-001	05/01/14	Implementation of new rates, effective 05/06/14 (\$1,997,900 or 3.5% increase)
--	--	--	Water Cost Surcredit expired effective 06/30/14 (\$7,411,656 or 14.7% increase)
440-A	D.14-05-001	05/01/14	Escalation Year 2014-2015, effective 07/01/14 (\$372,600 or 0.6%)

<u>Advice Letter No.</u>	<u>Date of Decision or Resolution No.</u>	<u>Decision or Resolution</u>	<u>Nature of Proceedings</u>
444-A	--	--	Water Cost Offset, effective 07/01/14 (\$1,250,955 or 2.1% increase)
443	D.14-05-001	05/01/14	Sandhill Refund, effective 08/01/14 (\$3,529,199 or 5.9% decrease)
441-A	--	--	CARW Amortization, effective 08/20/14 (\$2,142,670 or 3.8% increase)
448	--	--	CARW Amortization, suspended effective 09/24/14 (\$2,142,670 or 3.7% decrease)
440-C	D.14-05-001	05/01/14	Escalation Year 2014-2015, adjusted effective 10/01/14 (\$26,600 or 0.0% decrease)
448	--	--	CARW Amortization, reinstated effective 11/01/14 (\$2,142,670 or 3.8% increase)
452	--	--	El Monte office project reinstated effective 12/31/14 (\$54,213 or 0.1% increase)
457	D.14-05-001	05/01/14	GRC Interim Rate shortfall amortization Effective 02/13/15 (\$2,339,216 or 4.0% increase)
--	D.13-05-027	05/23/13	Cost of Capital Refund expired, effective 02/26/15 (\$476,325 or 0.8% increase)

<u>Advice Letter No.</u>	<u>Date of Decision or Resolution No.</u>	<u>Decision or Resolution</u>	<u>Nature of Proceedings</u>
--	--	--	GRC Bal. Acct. Amortization expired effective 05/06/15 (\$524,285 or 0.9% increase)
461	--	--	Water Cost Amortization, effective 05/06/15 (\$2,041,351 or 3.3% increase)
467	--	--	WRAM Amortization effective 08/27/15 (\$1,519,223 or 2.2% increase)
--	--	--	CARW Amortization expired effective 09/20/15 (\$2,142,670 or 3.4% decrease)
459-A	--	--	WQLMA Amortization effective 10/27/15 (\$2,259,469 or 3.4% increase)

4. As a result of the approved rate adjustments, the typical residential non-CARW customer (5/8" x 3/4" meter and using 19 Ccf/mo.) has experienced the following changes (including surcharges/surcredits):

<u>Date</u>	<u>Monthly Bill</u>	<u>Increase</u>
05/06/14	\$54.17	--
07/01/14	\$64.48	19.0%
08/01/14	\$60.36	(6.4%)
08/20/14	\$63.40	5.0%
09/24/14	\$60.36	4.8%
10/01/14	\$60.33	(0.1%)
11/01/14	\$63.37	5.0%
12/31/14	\$63.42	0.1%
02/13/15	\$66.15	4.3%
02/25/15	\$66.71	0.8%
05/06/15	\$66.73	4.5%
08/27/15	\$72.80	4.4%
09/20/15	\$69.77	(4.2%)
10/27/15	\$72.42	3.8%
	Cumulative	33.7%

CHAPTER 3

Present Operations

1. Division operations are managed and carried out principally from Fontana Water Company's headquarters, located at 15966 Arrow Route, Fontana, California. Areas served in the Division include portions of the cities of Fontana, Rancho Cucamonga, and Rialto, as well as adjacent unincorporated territory in the County of San Bernardino. Chart 3A is the current service area map.
2. Field operations of the Division are conducted under the general supervision of Josh Swift, General Manager. Applications for service, complaints, inquiries, collections, and water conservation activities are handled by personnel at the administrative office. Operations and engineering personnel handle production, treatment, customer service, construction, service installation, and inspection functions. The company's Water Quality Department is responsible for water sampling, water testing, and the preparation of water quality reports required by the State of California Water Resources Control Board - Department of Drinking Water, and other governmental agencies. The organization of the Division is shown in Charts 3B, 3C, 3D, 3E, 3F and 3G. General Division employees furnish engineering, drafting, meter repair, billing, purchasing, accounting, auditing, human resources, legal, regulatory and other required services.

3. Surface water treatment at the Sandhill Surface Water Treatment Plant consists of conventional treatment including coagulation, flocculation, sedimentation, and filtration processes, as well as a Link-Belt traveling screen and diatomaceous earth filtration. The Sandhill Surface Water Treatment Plant treats local surface flow from Lytle Creek and State Water Project water from the Inland Empire Utilities Agency (IEUA) and San Bernardino Valley Municipal Water District.

Other water treatment includes granular activated carbon adsorption to remove volatile organic chemicals at Plant F10, ion exchange technology to remove perchlorate from two wells located at Plants F17 and e well located at plant F23, and chlorination for disinfection at all points of entry to the distribution system.

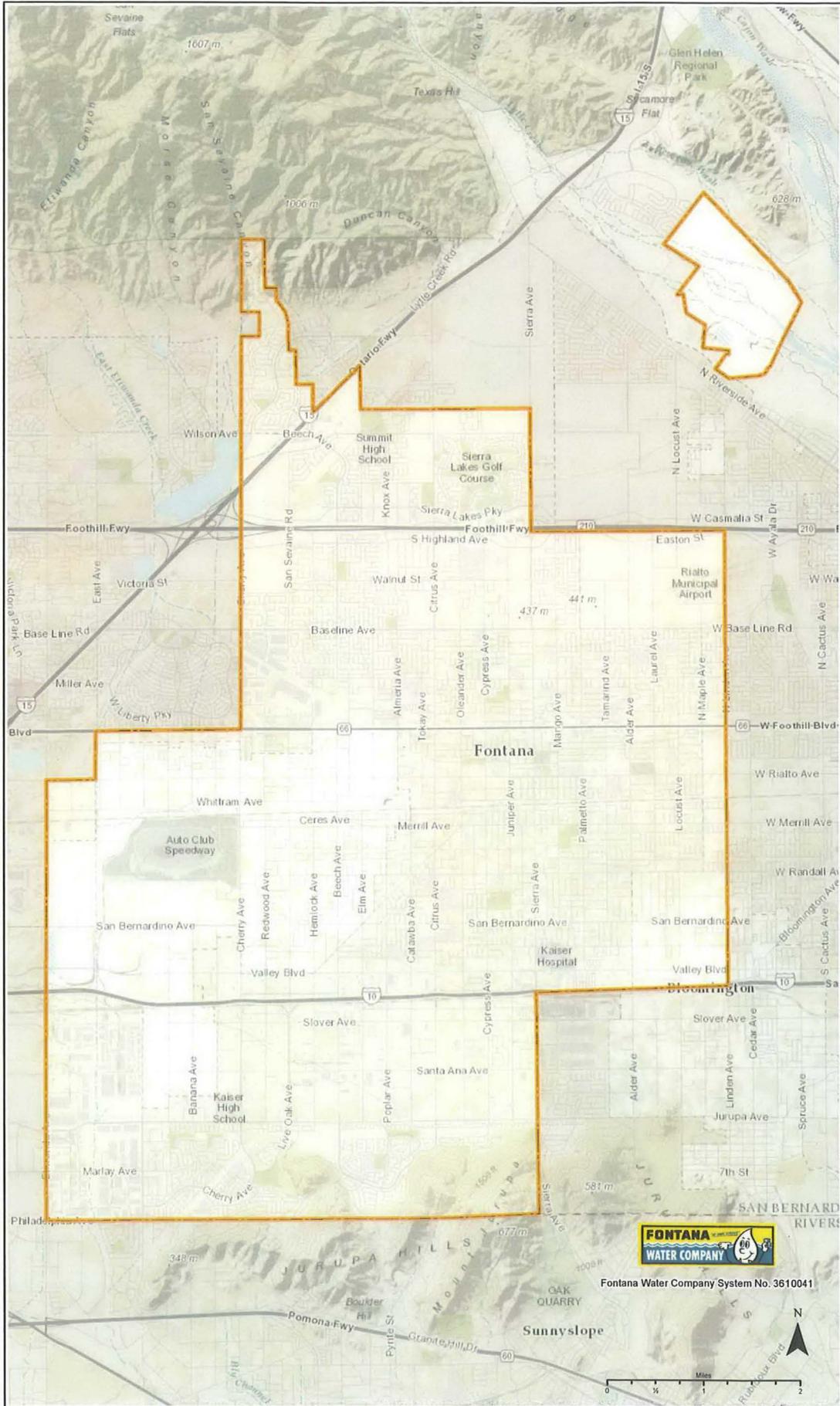
4. Fontana Water Company supplies untreated water for use by Cemex Sand & Gravel in the Lytle Creek area under a special contract authorized by the Commission and included on tariff sheet List of Contracts and Deviations. Fontana Water Company is working with the City of Fontana and the IEUA to design, construct and operate a recycled water distribution system for landscape irrigation, thus conserving existing supplies of potable water and reducing the consumption of energy by reducing the production and distribution of potable water for non-drinking water purposes. In accordance with Ordering Paragraph No. 1 of Decision No. 12-06-002, on June 7, 2012, in Application No. 11-06-005, the Commission approved the agreement with the City of Fontana regarding the provision of recycled water service and the rates and

charges associated with that service. Construction of the recycled infrastructure is underway, and service of recycled water is anticipated to commence prior to Test Year 2017-2018.

5. Since the last general rate case, major plant additions included new water storage reservoirs at Plants F21, F23, and F53; booster pumping stations at Plants F16, F21, F23 and F53; and the installation of 13,235 lineal feet of water transmission and distribution pipelines.

6. Chart 3C is a schematic diagram showing the wells, boosters, storage facilities and certain other major facilities located in the Division.

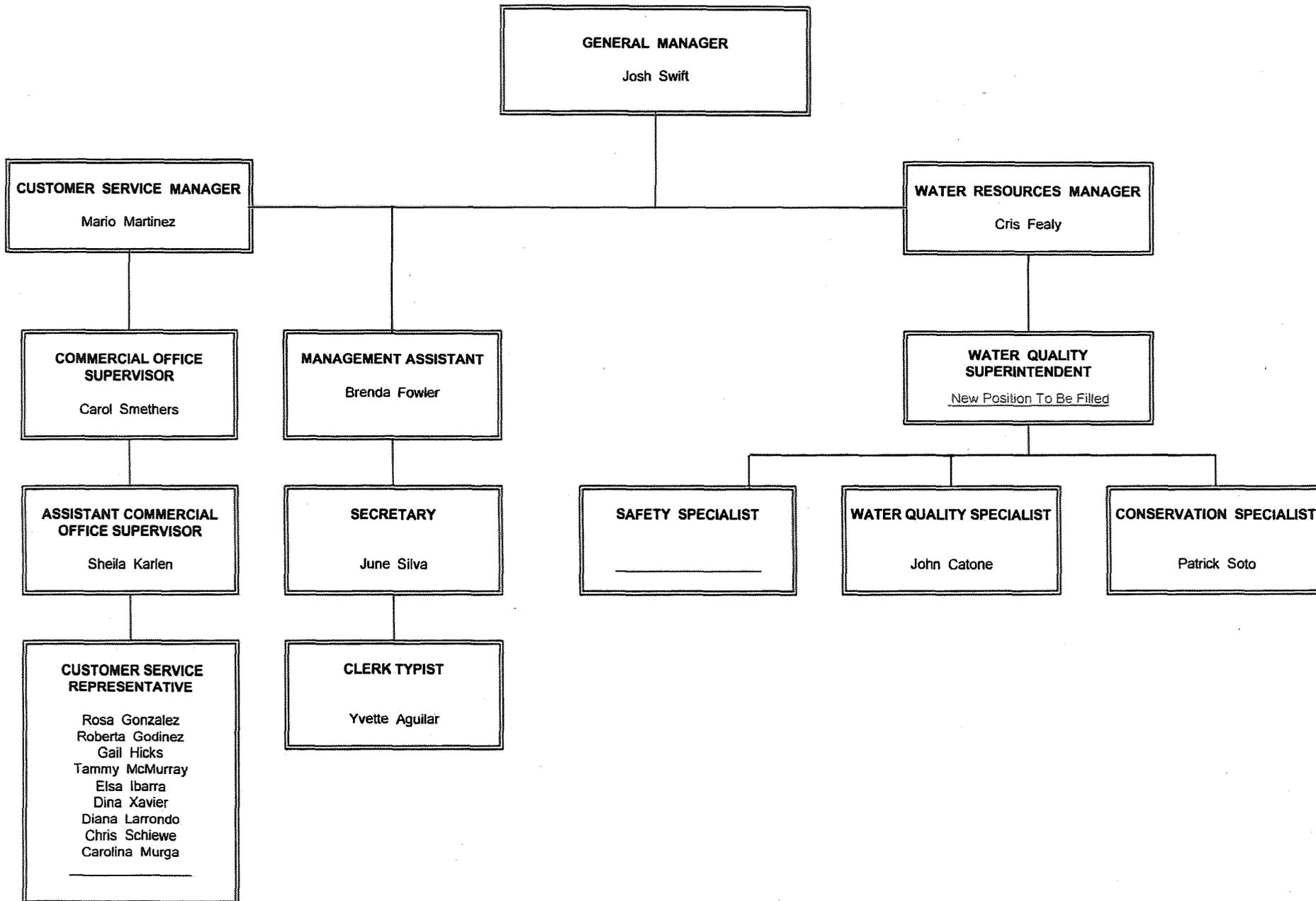
CHART 3A



Fontana Water Company System No. 3610041

SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY DIVISION – ADMINISTRATION & COMMERCIAL OFFICE

October 18, 2015

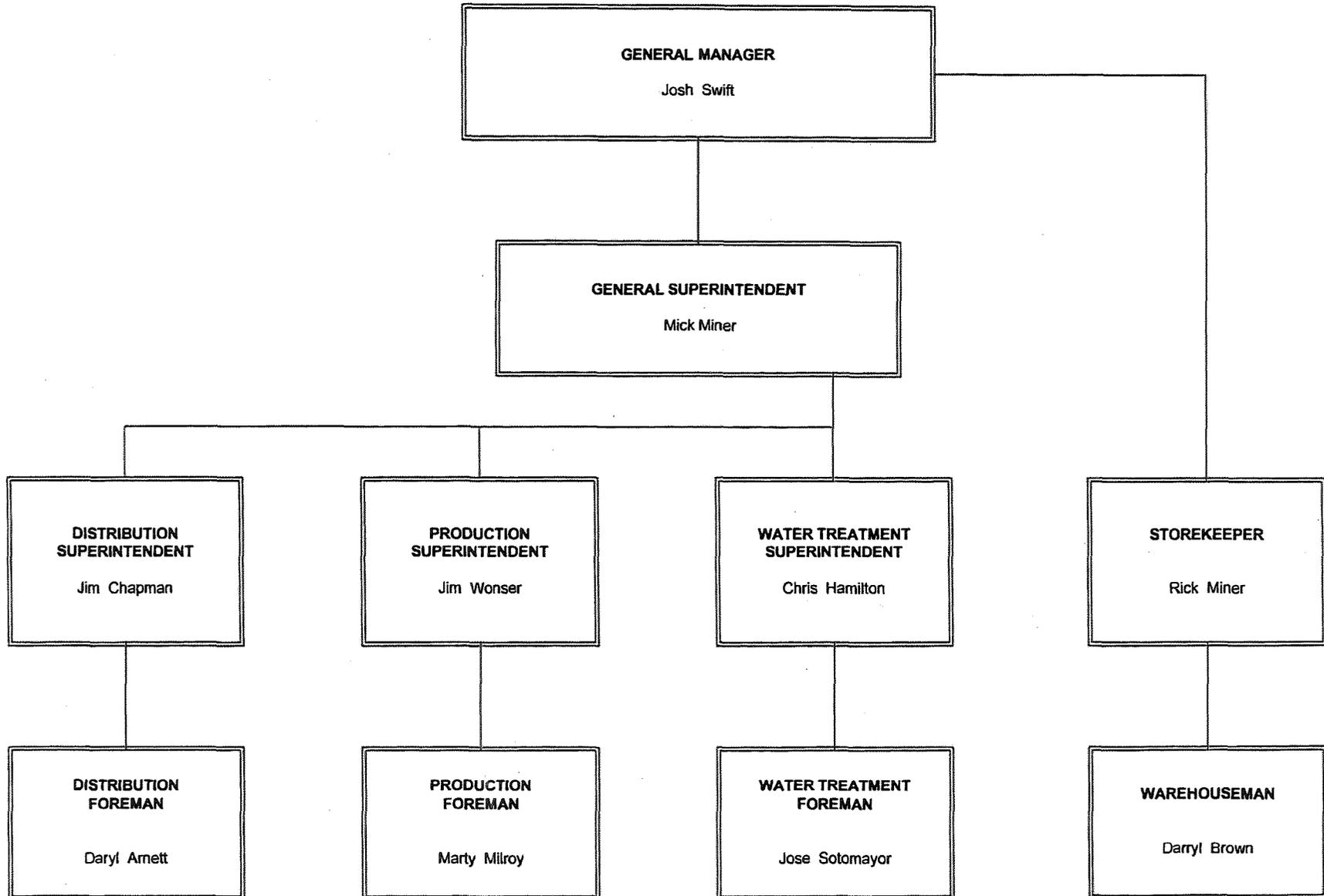


3-5

CHART 3B

**SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY DIVISION – OPERATIONS**

October 4, 2015

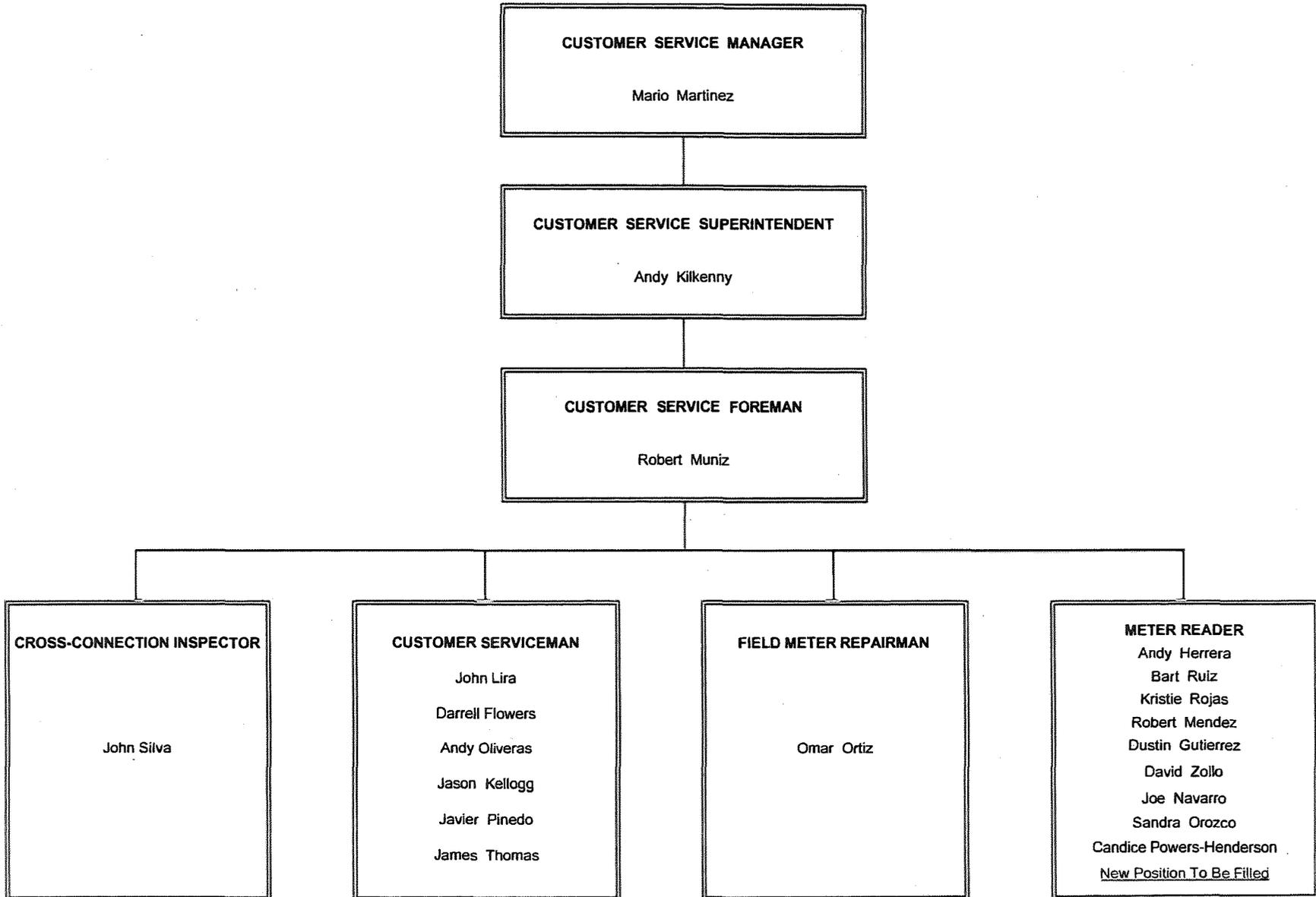


3-6

CHART 3C

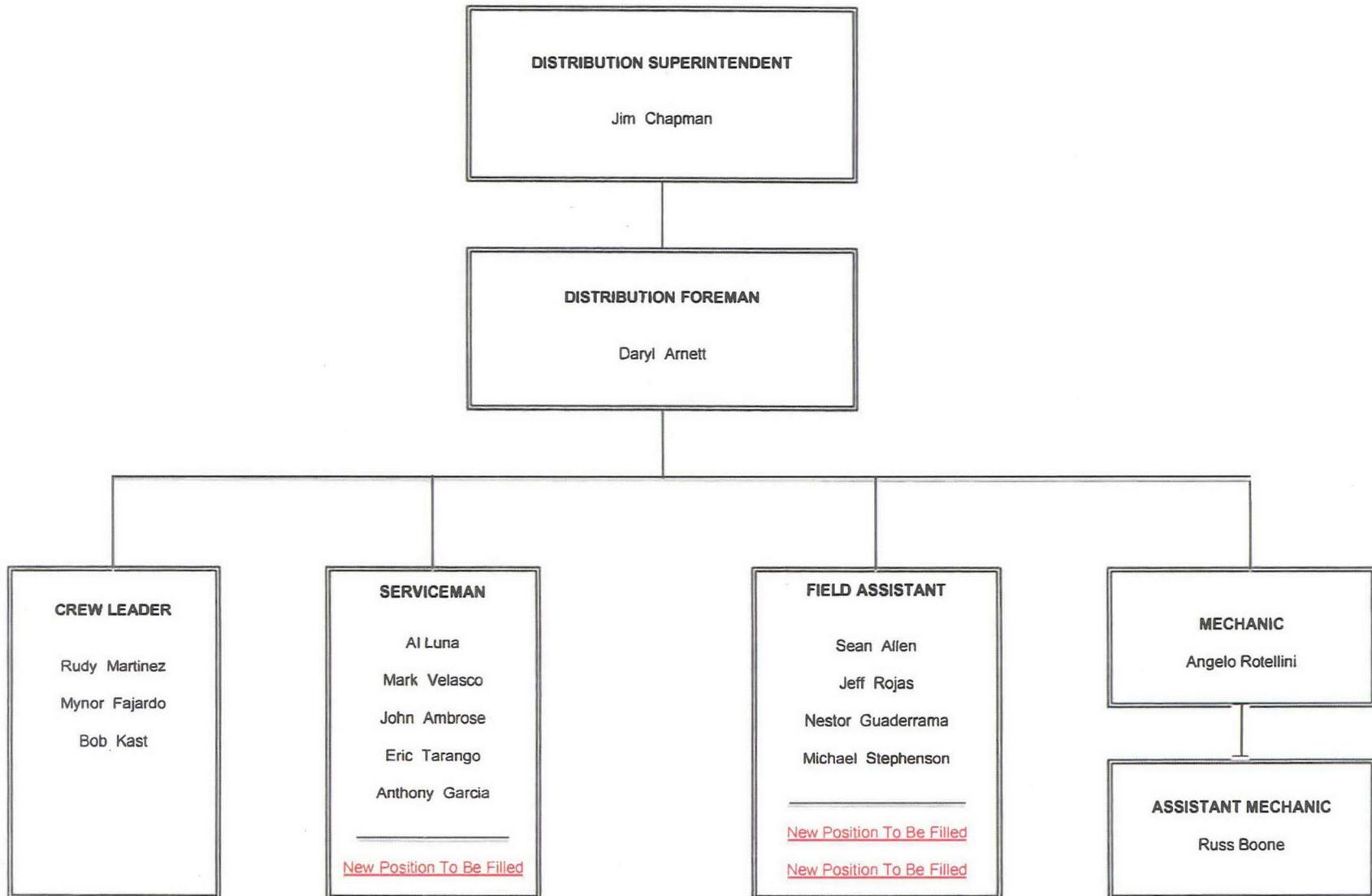
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY DIVISION – CUSTOMER SERVICE DEPARTMENT

October 18, 2015



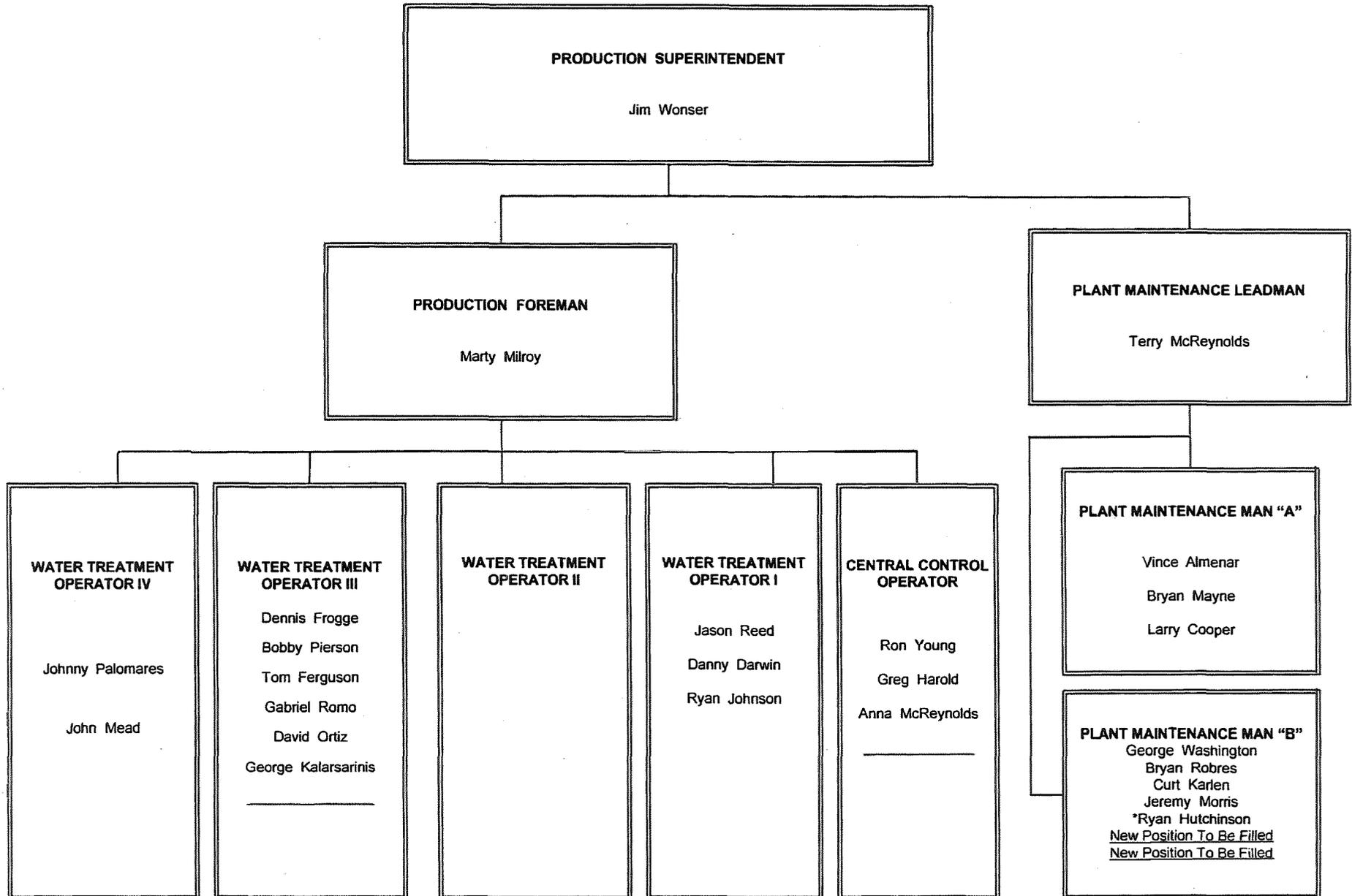
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY DIVISION – DISTRIBUTION DEPARTMENT

October 18, 2015



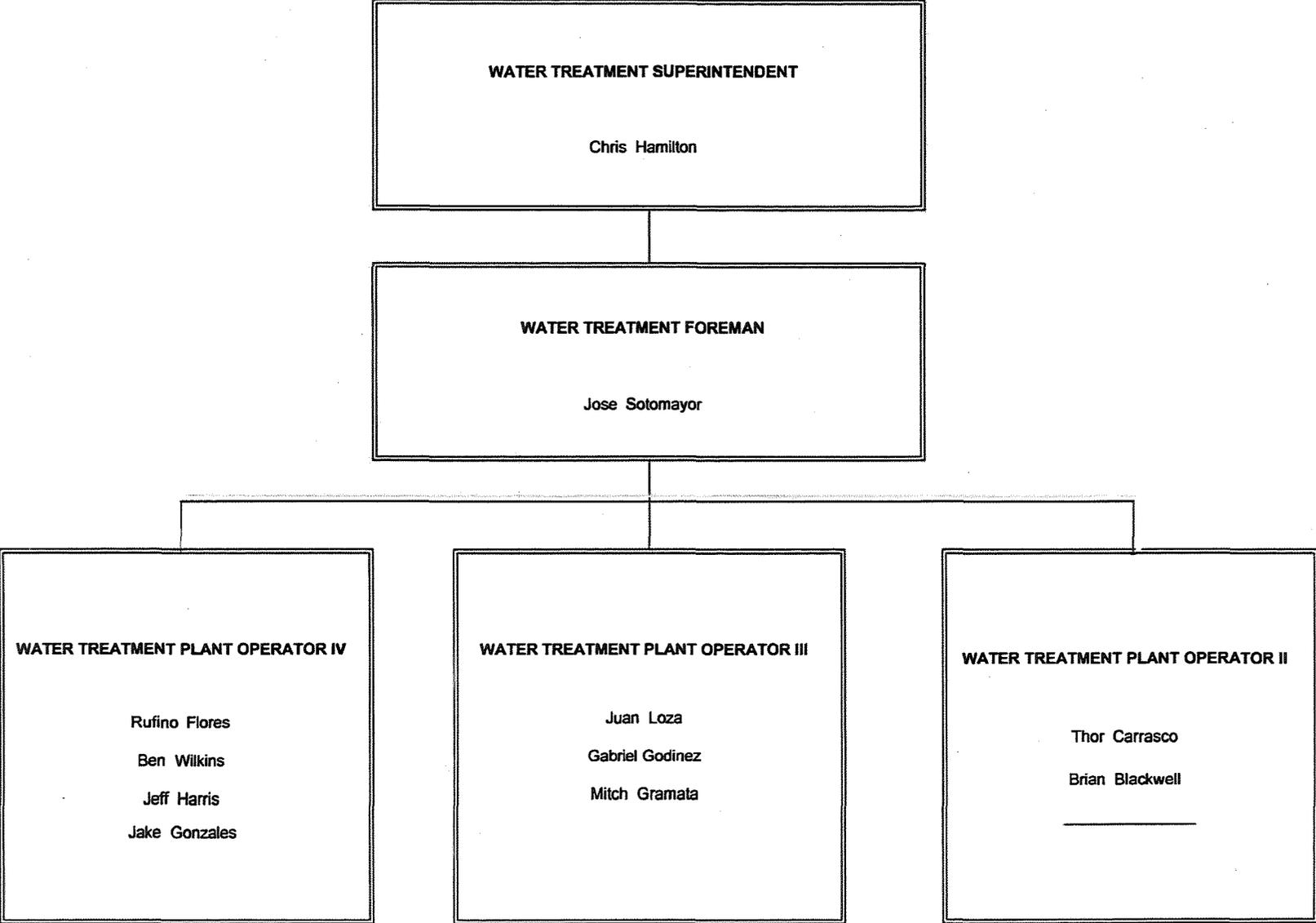
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY DIVISION – PRODUCTION DEPARTMENT

October 18, 2015



**SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY DIVISION – WATER TREATMENT DEPARTMENT**

October 18, 2015



SAN GABRIEL VALLEY WATER COMPANY
 FONTANA DIVISION WATER SYSTEM SCHEMATIC
 AUGUST, 2013

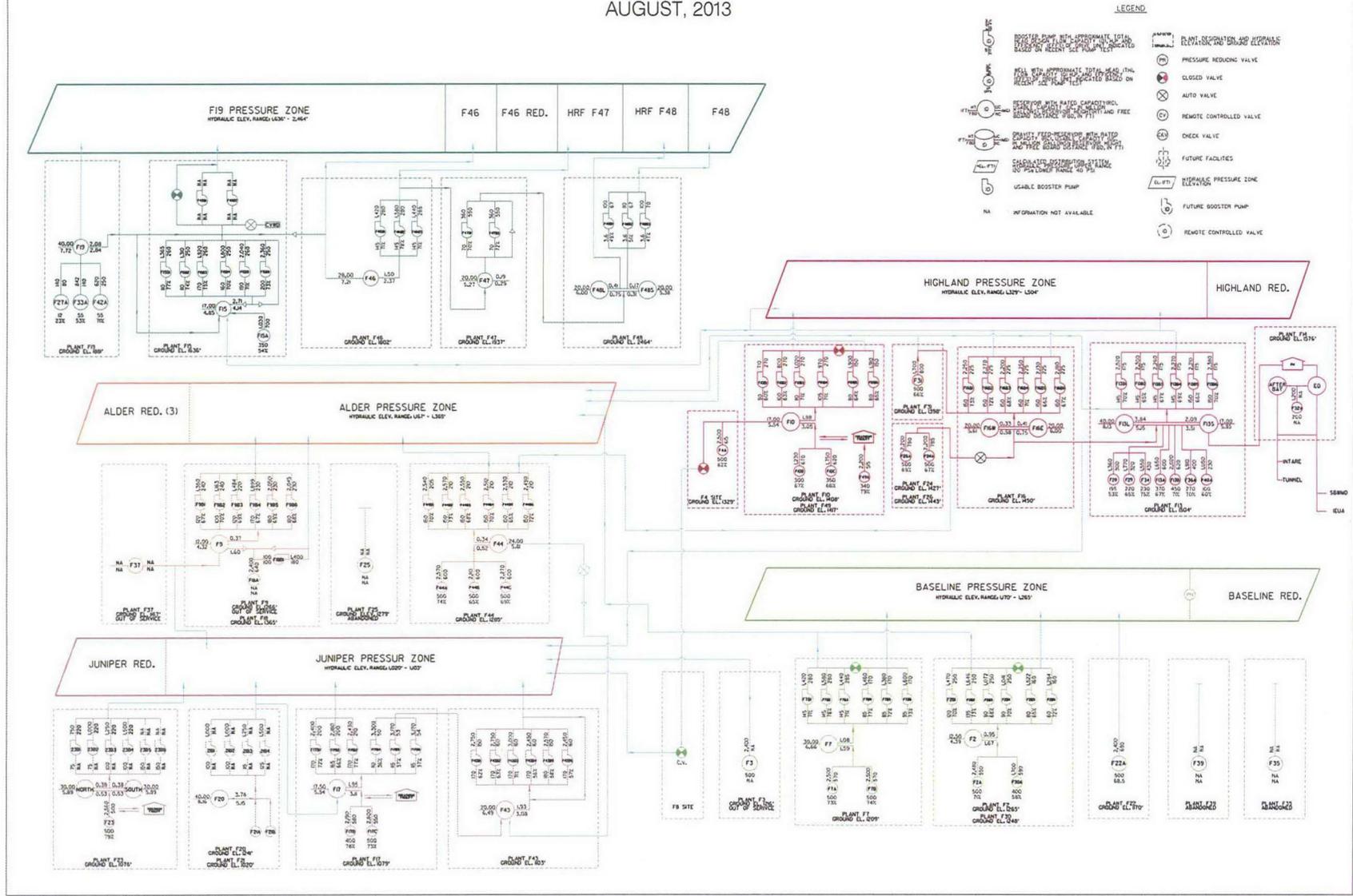


CHART 3F

CHAPTER 4

Water Sales and Operating Revenues

1. Operating revenues are obtained principally from general metered sales to residential, commercial, industrial, public authority and construction customer classifications. In addition, recycled water sales are forecasted for this rate case cycle. All customers are billed monthly. Charges for private fire service, miscellaneous water sales, and operating cost recoveries from third parties provide the balance of operating revenues.
2. As shown herein on Table 4C-1, total operating revenues recorded for each of the past five years are:

<u>Year</u>	<u>Revenues</u>
2011	\$55,611,400
2012	\$57,868,300
2013	\$49,145,000
2014	\$53,401,500
2015	\$52,827,800

3. As shown herein on Table 4B-1, total metered water consumption in hundreds of cubic feet (Ccf) for the same years is as follows:

<u>Year</u>	<u>Consumption (Ccf)</u>
2011	15,924,000
2012	17,127,000
2013	17,063,600
2014	17,211,600
2015	15,891,800

4. A tabulation of the year-end number of active service connections in each customer classification for the past five years follows:

Application
January 2016

Year-End Active Service Connections

<u>Customer Classification</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Metered Connections</u>					
Residential-Single Family	39,793	39,876	40,178	40,392	40,648
Residential-Multi-Family-Small	954	952	947	940	953
Residential-Multi-Family-Large	129	129	130	130	130
Commercial-Small	2,146	2,140	2,144	2,181	2,187
Commercial-Large	338	342	347	354	354
Industrial-Small	36	37	37	36	36
Industrial-Large *	51	50	50	50	48
Public Authority-Small	286	294	303	308	306
Public Authority-Large	291	289	287	287	287
Construction	51	47	53	55	50
Recycled Water	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Metered	44,075	44,156	44,476	44,733	44,999
<u>Flat Rate Services</u>					
Private Fire Service	<u>872</u>	<u>879</u>	<u>892</u>	<u>922</u>	<u>943</u>
Total Number of Customers	<u>44,947</u>	<u>45,035</u>	<u>45,368</u>	<u>45,655</u>	<u>45,942</u>
Public Fire Hydrants	4,917	4,936	4,981	5,047	5,141

* includes Cemex and California Steel Industries

5. The estimated average number of active service connections in each customer classification for Estimated Year 2016, Test Year 2017-2018, and Escalation Years 2018-2019 and 2019-2020, as shown below, are based on the recorded year-end 2015. For the Residential (Single Family, Multi Family-Small and Multi Family-Large), Commercial-Small, Industrial (Large and Small), Public Authority-Small, and Construction classes, forecasted customer growth is based on the average annual rate of growth over the five year period ending 2015. Forecasted customer growth for the Commercial-Large and Public Authority-Large customer classes is based on the average

annual rate of growth in customers over the five year period ending 2015, adjusted to reflect the conversion of those Commercial-Large and Public Authority-Large customers San Gabriel expects to convert to recycled water service. Forecasted customer growth for the Recycled Water class is based on the existing number of Commercial-Large and Public Authority-Large customers San Gabriel will be converting to recycled water service in 2016 and 2017. Finally, San Gabriel forecasted the addition of one Large Industrial customer, Niagara Bottling (Niagara), which San Gabriel expects to begin serving in 2016.

Additional discussion and explanation of each of San Gabriel's customer growth forecasts is provided in Section IV.2 of Exhibit SG-7 (Reiker).

Estimated Average Active Service Connections

<u>Customer Classification</u>	<u>Estimated 2016</u>	<u>Test Year 2017-2018</u>	<u>Escalation Yr 2018-2019</u>	<u>Escalation Yr 2019-2020</u>
<u>Metered Connections</u>				
Residential-Single Family	40,754	41,071	41,283	41,494
Residential-Multi-Family-Small	949	938	931	923
Residential-Multi-Family-Large	131	135	138	140
Commercial-Small	2,181	2,163	2,150	2,138
Commercial-Large	366	398	417	441
Industrial-Small	36	34	34	33
Industrial-Large *	49	48	47	47
Public Authority-Small	303	295	290	284
Public Authority-Large	288	292	304	317
Construction	51	52	54	55
Recycled Water	<u>6</u>	<u>25</u>	<u>31</u>	<u>31</u>
Total Metered	45,114	45,451	45,679	45,903
<u>Flat Rate Services</u>				
Private Fire Services	<u>950</u>	<u>973</u>	<u>987</u>	<u>1,002</u>
Total Number of Customers	<u>46,064</u>	<u>46,424</u>	<u>46,666</u>	<u>46,905</u>
Public Fire Hydrants	5,167	5,219	5,271	5,323

* includes Cemex, California Steel Industries, and Niagara Bottling

6. Adjusted rainfall and temperature data for each of the past 10 years and their respective 10-year averages for this period are furnished in Tables 4A-1 through 4A-12, inclusive. The tables also furnish the average rainfall and temperature for the past 30-year period.

Residential-Single Family, Residential-Multi Family - Small, and Residential-Multi Family - Large sales data for each of the past 10 years and the 10-year average for this period are furnished in Tables 4A-1, 4A-2 and 4A-3, respectively. Normalized Residential (Single Family, Multi Family-Small, and Multi Family-Large) sales for Estimated Year 2016, Test Year 2017-2018, and Escalation Years 2018-2019 and 2019-2020, are based on recorded sales for the 12 months ending June 2014 (2013-2014),

adjusted to reflect the State Water Resources Control Board's ("Water Board") mandated water use reduction percentage for the Fontana Water Company division of 28%.

Commercial-Small and Commercial-Large sales data for each of the past 10 years and the 10-year average for this period are furnished in Tables 4A-4 and 4A-5, respectively. Normalized sales to Commercial (Small and Large) customers for Estimated Year 2016, Test Year 2017-2018, and Escalation Years 2018-2019 and 2019-2020 are based on recorded sales for 2013-2014, adjusted to reflect the Water Board's mandated water use reduction percentage for the Fontana Water Company division of 28%.

Industrial-Small and Industrial-Large (except for the two largest existing Industrial customers, California Steel Industries (CSI) and Cemex, and one forecasted new Industrial customer, Niagara) sales data for each of the past 10 years and the 10-year averages for this period are furnished in Tables 4A-6 and 4A-7, respectively. Because of their size and the unique factors that influence their water use, sales to CSI, Cemex, and Niagara are forecasted separately. Normalized sales to Industrial-Small and Industrial-Large customers for Estimated Year 2016, Test Year 2017-2018, and Escalation Years 2018-2019 and 2019-2020, were derived by a method which eliminates the variations due to time, rainfall, and temperature known as the New Committee Method (with modifications).¹

1. The New Committee Method, adopted in D.04-06-018, is a multiple regression analysis that uses ten years of monthly data and eliminates the variation due to time, rainfall, and temperature.

Public Authority-Small and Public Authority-Large sales data for each of the past 10 years and the 10-year average for this period are furnished in Tables 4A-8 and 4A-9, respectively. Normalized sales to Public Authority-Small and Public Authority-Large customers for Estimated Year 2016, Test Year 2017-2018, and Escalation Years 2018-2019 and 2019-2020, are based on actual per customer sales for the 12 months ending November 2015.

Sales to CSI, one of the Company's two largest existing Industrial customers, for each of the past 10 years and the 10-year average for this period are furnished in Table 4A-10. Normalized sales to CSI for Estimated Year 2016, Test Year 2017-2018 and Escalation Years 2018-2019 and 2019-2020 are based on actual sales to CSI for the 12 months ending November 2015.

Sales to Cemex, one of the Company's two largest existing Industrial customers, for each of the past 10 years and the 10-year average for this period are furnished in Table 4A-11. Normalized sales to Cemex for Estimated Year 2016, Test Year 2017-2018 and Escalation Years 2018-2019 and 2019-2020 are based on the annualized weekly average sales to Cemex during June and July 2015.

Normalized sales to Niagara are based on Niagara's own estimates of potable water needs ranging from the time of initial startup (originally estimated to occur in late 2015) through full production in 2020.

Construction sales data for each of the past 10 years and the 10-year average for this period are furnished in Table 4A-12. Normalized sales to Construction customers for Estimated Year 2016, Test Year 2017-2018, and Escalation Years 2018-2019 and 2019-2020 are based on a ten year average of recorded sales to Construction customers.

Forecasted recycled water sales in the Fontana Water Company division are based on the estimated recycled water demands of the customers San Gabriel expects to convert to recycled water service in 2016 and 2017.

Additional discussion and explanation of each of San Gabriel's sales forecasts is provided in Section IV.2 of Exhibit SG-7 (Reiker).

7. Present metered service rates for the purpose of this report are the Advice Letter No. 459 tariff rates, which became effective on October 27, 2015.
8. Private fire service revenues are based on Estimated Year 2016, Test Year 2017-2018, and Escalation Years 2018-2019 and 2019-2020, services set forth in the tabulation in Paragraph 5 of this chapter. Present revenues were developed using the existing charge of \$9.37 per inch of diameter and the 7.69" average size service, and the proposed revenues were developed using the rates set forth in Chapter 12.

9. Construction revenues for Estimated Year 2016, Test Year 2017-2018, and Escalation Years 2018-2019 and 2019-2020, were estimated by multiplying the forecasted Construction sales by the Quantity Rate from Schedule FO-1.
10. Metered water sales and average sales per customer in each customer classification, and the amount and source of water for the recorded years 2011 through 2015, Estimated Year 2016, Test Year 2017-2018, and Escalation Years 2018-2019 and 2019-2020, are shown in Tables 4B-1 and 4B-2, respectively.
11. Operating revenues by customer classification for the recorded years are set forth in Table 4C-1. Operating revenues at present rates for Estimated Year 2016 and Test Year 2017-2018 are shown in Table 4C-2. This table also contains a comparison of operating revenues for Test Year 2017-2018 at present and proposed rates.
12. Other Water Revenue, Account 614, includes third party reimbursements for Operation and Maintenance costs, principally for reimbursements from San Bernardino County for the cost of operating the wellhead treatment facility at Plant F10 to remove contamination from groundwater produced at Plant Nos. F10 and F49. The third party reimbursements are “revenue neutral” as offsetting expenses must first be incurred, with reimbursements received shortly thereafter. The forecasts for Estimated Year 2016 and Test Year 2017-2018 and Escalation Years 2018-2019 and 2019-2020 are based on a 5-year average.

TABLE 4A-1
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY
Residential-Single Family

<u>YEAR</u>	<u>RAINFALL ADJ. TO 4" MAXIMUM PER MONTH¹</u>	<u>TEMPERATURE YEARLY AVERAGE¹</u>	<u>AVERAGE SALES PER CUSTOMER YEARLY CCF</u>
2005-2006	13.67	68.2	298.04
2006-2007	4.43	69.3	321.81
2007-2008	13.32	68.2	301.48
2008-2009	10.72	69.3	285.98
2009-2010	15.32	65.8	250.53
2010-2011	16.6	64.6	236.21
2011-2012	12.52	65.9	240.36
2012-2013	7.31	67	245.09
2013-2014	11.12	67.8	252.24
2014-2015	11.13	68.6	222.74
10-Year Average ¹	11.61	67.5	265.45
30-Year Average ¹	10.74	67.2	--
Estimated 2016	--	--	182.00
Test Year 2017-2018	--	--	182.00
Escalation Year 2018-2019	--	--	182.00
Escalation Year 2019-2020	--	--	182.00

1. Data obtained from "Annual Summary of Climatological Data for California," published by the U.S. Department of Commerce. The Fontana Union Water Company, Station No. 2194 is used for rainfall and temperature. Rainfall totals and temperature averages are placed in phase with sales by using 1/2 of the prior December, plus January through November of the current year, plus 1/2 of the current December.

TABLE 4A-2
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY
Residential-Multi Family - Small

<u>YEAR</u>	<u>RAINFALL ADJ. TO 4" MAXIMUM PER MONTH¹</u>	<u>TEMPERATURE YEARLY AVERAGE¹</u>	<u>AVERAGE SALES PER CUSTOMER YEARLY CCF</u>
2005-2006	13.67	68.2	709
2006-2007	4.43	69.3	732
2007-2008	13.32	68.2	693
2008-2009	10.72	69.3	665
2009-2010	15.32	65.8	622
2010-2011	16.6	64.6	607
2011-2012	12.52	65.9	600
2012-2013	7.31	67	614
2013-2014	11.12	67.8	621
2014-2015	11.13	68.6	570
10-Year Average ¹	11.61	67.5	643
30-Year Average ¹	10.74	67.2	--
Estimated 2016	--	--	447
Test Year 2017-2018	--	--	447
Escalation Year 2018-2019	--	--	447
Escalation Year 2019-2020	--	--	447

1. Data obtained from "Annual Summary of Climatological Data for California," published by the U.S. Department of Commerce. The Fontana Union Water Company, Station No. 2194 is used for rainfall and temperature. Rainfall totals and temperature averages are placed in phase with sales by using 1/2 of the prior December, plus January through November of the current year, plus 1/2 of the current December.

TABLE 4A-3
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY
Residential-Multi Family - Large

<u>YEAR</u>	<u>RAINFALL ADJ. TO 4" MAXIMUM PER MONTH¹</u>	<u>TEMPERATURE YEARLY AVERAGE¹</u>	<u>AVERAGE SALES PER CUSTOMER YEARLY CCF</u>
2005-2006	13.67	68.2	10,800
2006-2007	4.43	69.3	10,678
2007-2008	13.32	68.2	9,176
2008-2009	10.72	69.3	10,759
2009-2010	15.32	65.8	8,565
2010-2011	16.6	64.6	8,444
2011-2012	12.52	65.9	8,633
2012-2013	7.31	67	8,646
2013-2014	11.12	67.8	8,695
2014-2015	11.13	68.6	8,010
10-Year Average ¹	11.61	67.5	9,241
30-Year Average ¹	10.74	67.2	--
Estimated 2016	--	--	6,260
Test Year 2017-2018	--	--	6,260
Escalation Year 2018-2019	--	--	6,260
Escalation Year 2019-2020	--	--	6,260

1. Data obtained from "Annual Summary of Climatological Data for California," published by the U.S. Department of Commerce. The Fontana Union Water Company, Station No. 2194 is used for rainfall and temperature. Rainfall totals and temperature averages are placed in phase with sales by using 1/2 of the prior December, plus January through November of the current year, plus 1/2 of the current December.

**TABLE 4A-4
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY
Commercial - Small**

<u>YEAR</u>	<u>RAINFALL ADJ. TO 4" MAXIMUM PER MONTH¹</u>	<u>TEMPERATURE YEARLY AVERAGE¹</u>	<u>AVERAGE SALES PER CUSTOMER YEARLY CCF</u>
2005-2006	13.67	68.2	612
2006-2007	4.43	69.3	651
2007-2008	13.32	68.2	594
2008-2009	10.72	69.3	562
2009-2010	15.32	65.8	516
2010-2011	16.6	64.6	519
2011-2012	12.52	65.9	551
2012-2013	7.31	67	581
2013-2014	11.12	67.8	594
2014-2015	11.13	68.6	557
10-Year Average ¹	11.61	67.5	574
30-Year Average ¹	10.74	67.2	--
Estimated 2016	--	--	427
Test Year 2017-2018	--	--	427
Escalation Year 2018-2019	--	--	427
Escalation Year 2019-2020	--	--	427

1. Data obtained from "Annual Summary of Climatological Data for California," published by the U.S. Department of Commerce. The Fontana Union Water Company, Station No. 2194 is used for rainfall and temperature. Rainfall totals and temperature averages are placed in phase with sales by using 1/2 of the prior December, plus January through November of the current year, plus 1/2 of the current December.

TABLE 4A-5
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY
Commercial - Large

<u>YEAR</u>	<u>RAINFALL ADJ. TO 4" MAXIMUM PER MONTH¹</u>	<u>TEMPERATURE YEARLY AVERAGE¹</u>	<u>AVERAGE SALES PER CUSTOMER YEARLY CCF</u>
2005-2006	13.67	68.2	4,973
2006-2007	4.43	69.3	5,722
2007-2008	13.32	68.2	4,995
2008-2009	10.72	69.3	4,778
2009-2010	15.32	65.8	4,428
2010-2011	16.6	64.6	4,174
2011-2012	12.52	65.9	4,371
2012-2013	7.31	67	4,328
2013-2014	11.12	67.8	4,223
2014-2015	11.13	68.6	3,835
10-Year Average ¹	11.61	67.5	4,583
30-Year Average ¹	10.74	67.2	N/A
Estimated 2016	--	--	3,040
Test Year 2017-2018	--	--	3,040
Escalation Year 2018-2019	--	--	3,040
Escalation Year 2019-2020	--	--	3,040

1. Data obtained from "Annual Summary of Climatological Data for California," published by the U.S. Department of Commerce. The Fontana Union Water Company, Station No. 2194 is used for rainfall and temperature. Rainfall totals and temperature averages are placed in phase with sales by using 1/2 of the prior December, plus January through November of the current year, plus 1/2 of the current December.

TABLE 4A-6
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY
Industrial - Small

<u>YEAR</u>	<u>RAINFALL ADJ. TO 4" MAXIMUM PER MONTH¹</u>	<u>TEMPERATURE YEARLY AVERAGE¹</u>	<u>AVERAGE SALES PER CUSTOMER YEARLY CCF</u>
2005-2006	13.67	68.2	1,121
2006-2007	4.43	69.3	1,046
2007-2008	13.32	68.2	721
2008-2009	10.72	69.3	742
2009-2010	15.32	65.8	618
2010-2011	16.6	64.6	669
2011-2012	12.52	65.9	713
2012-2013	7.31	67	595
2013-2014	11.12	67.8	659
2014-2015	11.13	68.6	672
10-Year Average ¹	11.61	67.5	756
30-Year Average ¹	10.74	67.2	N/A
Estimated 2016	--	--	524
Test Year 2017-2018	--	--	524
Escalation Year 2018-2019	--	--	524
Escalation Year 2019-2020	--	--	524

1. Data obtained from "Annual Summary of Climatological Data for California," published by the U.S. Department of Commerce. The Fontana Union Water Company, Station No. 2194 is used for rainfall and temperature. Rainfall totals and temperature averages are placed in phase with sales by using 1/2 of the prior December, plus January through November of the current year, plus 1/2 of the current December.

TABLE 4A-7
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY
Industrial - Large²

<u>YEAR</u>	<u>RAINFALL ADJ. TO 4" MAXIMUM PER MONTH¹</u>	<u>TEMPERATURE YEARLY AVERAGE¹</u>	<u>AVERAGE SALES PER CUSTOMER YEARLY CCF</u>
2005-2006	13.67	68.2	13,427
2006-2007	4.43	69.3	12,982
2007-2008	13.32	68.2	12,398
2008-2009	10.72	69.3	11,608
2009-2010	15.32	65.8	8,686
2010-2011	16.6	64.6	8,880
2011-2012	12.52	65.9	8,666
2012-2013	7.31	67	9,160
2013-2014	11.12	67.8	10,031
2014-2015	11.13	68.6	10,520
10-Year Average ¹	11.61	67.5	10,636
30-Year Average ¹	10.74	67.2	N/A
Estimated 2016	--	--	8,443
Test Year 2017-2018	--	--	8,443
Escalation Year 2018-2019	--	--	8,443
Escalation Year 2019-2020	--	--	8,443

1. Data obtained from "Annual Summary of Climatological Data for California," published by the U.S. Department of Commerce. The Fontana Union Water Company, Station No. 2194 is used for rainfall and temperature. Rainfall totals and temperature averages are placed in phase with sales by using 1/2 of the prior December, plus January through November of the current year, plus 1/2 of the current December.

2. Excludes the three largest customers (Cemex, California Steel, and Niagara Bottling), which are forecasted separately.

TABLE 4A-8
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY
Public Authority - Small

<u>YEAR</u>	<u>RAINFALL ADJ. TO 4" MAXIMUM PER MONTH¹</u>	<u>TEMPERATURE YEARLY AVERAGE¹</u>	<u>AVERAGE SALES PER CUSTOMER YEARLY CCF</u>
2005-2006	13.67	68.2	1,196
2006-2007	4.43	69.3	1,408
2007-2008	13.32	68.2	1,332
2008-2009	10.72	69.3	1,171
2009-2010	15.32	65.8	972
2010-2011	16.6	64.6	995
2011-2012	12.52	65.9	1,139
2012-2013	7.31	67	1,089
2013-2014	11.12	67.8	1,047
2014-2015	11.13	68.6	813
10-Year Average ¹	11.61	67.5	1,116
30-Year Average ¹	10.74	67.2	N/A
Estimated 2016	--	--	605
Test Year 2017-2018	--	--	605
Escalation Year 2018-2019	--	--	605
Escalation Year 2019-2020	--	--	605

1. Data obtained from "Annual Summary of Climatological Data for California," published by the U.S. Department of Commerce. The Fontana Union Water Company, Station No. 2194 is used for rainfall and temperature. Rainfall totals and temperature averages are placed in phase with sales by using 1/2 of the prior December, plus January through November of the current year, plus 1/2 of the current December.

TABLE 4A-9
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY
Public Authority - Large

<u>YEAR</u>	<u>RAINFALL ADJ. TO 4" MAXIMUM PER MONTH¹</u>	<u>TEMPERATURE YEARLY AVERAGE¹</u>	<u>AVERAGE SALES PER CUSTOMER YEARLY CCF</u>
2005-2006	13.67	68.2	6,278
2006-2007	4.43	69.3	7,132
2007-2008	13.32	68.2	6,181
2008-2009	10.72	69.3	6,637
2009-2010	15.32	65.8	5,976
2010-2011	16.6	64.6	5,716
2011-2012	12.52	65.9	6,123
2012-2013	7.31	67	6,234
2013-2014	11.12	67.8	6,961
2014-2015	11.13	68.6	5,234
10-Year Average ¹	11.61	67.5	6,247
30-Year Average ¹	10.74	67.2	N/A
Estimated 2016	--	--	3,892
Test Year 2017-2018	--	--	3,892
Escalation Year 2018-2019	--	--	3,892
Escalation Year 2019-2020	--	--	3,892

1. Data obtained from "Annual Summary of Climatological Data for California," published by the U.S. Department of Commerce. The Fontana Union Water Company, Station No. 2194 is used for rainfall and temperature. Rainfall totals and temperature averages are placed in phase with sales by using 1/2 of the prior December, plus January through November of the current year, plus 1/2 of the current December.

TABLE 4A-10
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY
California Steel Industries

<u>YEAR</u>	<u>RAINFALL ADJ. TO 4" MAXIMUM PER MONTH¹</u>	<u>TEMPERATURE YEARLY AVERAGE¹</u>	<u>AVERAGE SALES PER CUSTOMER YEARLY CCF</u>
2005-2006	13.67	68.2	573,712
2006-2007	4.43	69.3	158,335
2007-2008	13.32	68.2	70,020
2008-2009	10.72	69.3	39,527
2009-2010	15.32	65.8	139,663
2010-2011	16.6	64.6	259,747
2011-2012	12.52	65.9	132,255
2012-2013	7.31	67	160,381
2013-2014	11.12	67.8	192,280
2014-2015	11.13	68.6	131,702
10-Year Average ¹	11.61	67.5	185,762
30-Year Average ¹	10.74	67.2	N/A
Estimated 2016	--	--	30,775
Test Year 2017-2018	--	--	30,775
Escalation Year 2018-2019	--	--	30,775
Escalation Year 2019-2020	--	--	30,775

1. Data obtained from "Annual Summary of Climatological Data for California," published by the U.S. Department of Commerce. The Fontana Union Water Company, Station No. 2194 is used for rainfall and temperature. Rainfall totals and temperature averages are placed in phase with sales by using 1/2 of the prior December, plus January through November of the current year, plus 1/2 of the current December.

**TABLE 4A-11
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY
CEMEX**

<u>YEAR</u>	<u>RAINFALL ADJ. TO 4" MAXIMUM PER MONTH¹</u>	<u>TEMPERATURE YEARLY AVERAGE¹</u>	<u>AVERAGE SALES PER CUSTOMER YEARLY CCF</u>
2005-2006	13.67	68.2	286,468
2006-2007	4.43	69.3	180,967
2007-2008	13.32	68.2	133,624
2008-2009	10.72	69.3	124,376
2009-2010	15.32	65.8	186,989
2010-2011	16.6	64.6	206,430
2011-2012	12.52	65.9	200,123
2012-2013	7.31	67	237,696
2013-2014	11.12	67.8	251,841
2014-2015	11.13	68.6	233,342
10-Year Average ¹	11.61	67.5	204,186
30-Year Average ¹	10.74	67.2	N/A
Estimated 2016	--	--	225,173
Test Year 2017-2018	--	--	225,173
Escalation Year 2018-2019	--	--	225,173
Escalation Year 2019-2020	--	--	225,173

1. Data obtained from "Annual Summary of Climatological Data for California," published by the U.S. Department of Commerce. The Fontana Union Water Company, Station No. 2194 is used for rainfall and temperature. Rainfall totals and temperature averages are placed in phase with sales by using 1/2 of the prior December, plus January through November of the current year, plus 1/2 of the current December.

TABLE 4A-12
SAN GABRIEL VALLEY WATER COMPANY
FONTANA WATER COMPANY
Construction

<u>YEAR</u>	<u>RAINFALL ADJ. TO 4" MAXIMUM PER MONTH¹</u>	<u>TEMPERATURE YEARLY AVERAGE¹</u>	<u>AVERAGE SALES PER CUSTOMER YEARLY CCF</u>
2005-2006	13.67	68.2	3,020
2006-2007	4.43	69.3	2,582
2007-2008	13.32	68.2	1,664
2008-2009	10.72	69.3	1,398
2009-2010	15.32	65.8	1,332
2010-2011	16.6	64.6	1,087
2011-2012	12.52	65.9	1,453
2012-2013	7.31	67	3,489
2013-2014	11.12	67.8	4,146
2014-2015	11.13	68.6	4,896
10-Year Average ¹	11.61	67.5	2,507
30-Year Average ¹	10.74	67.2	N/A
Estimated 2016	--	--	2,507
Test Year 2017-2018	--	--	2,507
Escalation Year 2018-2019	--	--	2,507
Escalation Year 2019-2020	--	--	2,507

1. Data obtained from "Annual Summary of Climatological Data for California," published by the U.S. Department of Commerce. The Fontana Union Water Company, Station No. 2194 is used for rainfall and temperature. Rainfall totals and temperature averages are placed in phase with sales by using 1/2 of the prior December, plus January through November of the current year, plus 1/2 of the current December.

TABLE 4B-1
San Gabriel Valley Water Company
Fontana Water Company
TOTAL WATER SALES and SUPPLY

	Recorded Years				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Metered Sales - KCCF</u>					
Residential - Single Family	9,207.4	9,782.8	9,765.7	9,736.7	8,975.5
Residential - Multi-Family - Small	554.0	579.2	578.3	568.0	534.7
Residential - Multi-Family - Large	1,110.4	1,122.4	1,120.7	1,108.6	1,049.3
Commercial - Small	1,128.2	1,221.0	1,235.7	1,263.3	1,205.9
Commercial - Large	1,422.3	1,537.3	1,426.1	1,447.4	1,351.1
Industrial - Small	25.3	23.7	23.2	24.4	24.2
Industrial - Large	388.1	412.4	446.1	521.0	485.3
Niagara Bottling	0.0	0.0	0.0	0.0	0.0
California Steel Industries	102.2	228.2	231.9	255.3	241.3
Cemex USA	285.8	329.5	303.9	304.3	253.8
Public Authority - Small	1,670.6	1,781.6	1,769.2	1,804.1	1,498.7
Public Authority - Large	29.7	108.9	162.6	178.6	272.0
Construction	15,924.0	17,127.0	17,063.6	17,211.6	15,891.8
Subtotal	0.0	0.0	0.0	0.0	0.0
Recycled Water	15,924.0	17,127.0	17,063.6	17,211.6	15,891.8
Total					
<u>Water Supply - KCCF</u>					
Wells	9,522.0	15,720.7	13,549.5	13,400.5	12,128.8
Lytle Creek Surface Water	8,091.7	2,446.2	1,437.9	849.8	857.5
Purchased	403.2	449.4	4,286.0	4,557.8	4,362.2
Subtotal	18,016.9	18,616.4	19,273.5	18,808.1	17,348.5
Recycled Water	0.0	0.0	0.0	0.0	0.0
Subtotal	18,016.9	18,616.4	19,273.5	18,808.1	17,348.5
Total					
Unmetered & Unaccounted for (KCCF)	2,092.8	1,489.4	2,209.9	1,596.5	1,456.8
Unmetered & Unaccounted for (%)	11.6%	8.0%	11.5%	8.5%	8.4%

NOTE: Recorded October 2015 information is temporarily shown for Calendar 2015

TABLE 4B-2
San Gabriel Valley Water Company
Fontana Water Company
TOTAL WATER SALES and SUPPLY

	Estimated 2016	Test Year 2017-2018	Escalation Years	
			2018-2019	2019-2020
<u>Metered Sales- KCCF</u>				
Residential - Single Family	7,417.2	7,474.9	7,513.5	7,551.9
Residential - Multi-Family - Small	424.2	419.3	416.2	412.6
Residential - Multi-Family - Large	820.1	845.1	863.9	876.4
Commercial - Small	931.3	923.6	918.1	912.9
Commercial - Large	1,112.6	1,209.9	1,267.7	1,340.6
Industrial - Small	18.9	17.8	17.8	17.3
Industrial - Large	371.5	354.6	346.2	337.7
Niagara Bottling	433.1	541.4	649.7	974.5
California Steel Industries	30.8	30.8	30.8	30.8
Cemex USA	225.2	225.2	225.2	225.2
Public Authority - Small	183.3	178.5	175.5	171.8
Public Authority - Large	1,120.9	1,136.5	1,183.2	1,233.8
Construction	127.9	130.4	135.4	137.9
Subtotal	13,216.9	13,487.9	13,742.9	14,223.4
Recycled Water	71.9	156.2	220.4	220.4
Total	13,288.8	13,644.1	13,963.3	14,443.8
<u>Water Supply - KCCF</u>				
Wells	7,870.0	8,169.8	8,451.8	8,983.5
Lytle Creek Surface Water	2,178.0	2,178.0	2,178.0	2,178.0
Purchased	4,573.8	4,573.8	4,573.8	4,573.8
Subtotal	14,621.8	14,921.6	15,203.6	15,735.3
Recycled Water	71.9	156.2	220.4	220.4
Total	14,693.6	15,077.7	15,424.1	15,955.7
Unmetered & Unaccounted for (KCCF)	1,404.9	1,433.7	1,460.8	1,511.8
Unmetered & Unaccounted for (%)	9.6%	9.6%	9.6%	9.6%
<u>Water Sales per Average Customer (CCF)</u>				
Residential - Single Family		182.00	182.00	182.00
Residential - Multi-Family - Small		447	447	447
Residential - Multi-Family - Large		6,260	6,260	6,260
Commercial - Small		427	427	427
Commercial - Large		3,040	3,040	3,040
Industrial - Small		524	524	524
Industrial - Large		8,443	8,443	8,443
California Steel Industries		10,258	10,258	10,258
Cemex USA		225,173	225,173	225,173
Public Authority - Small		605	605	605
Public Authority - Large		3,892	3,892	3,892
Construction		2,507	2,507	2,507
Recycled Water - Contract		5,601	6,232	6,232
Recycled Water - Tariff		9,635	9,635	9,635

TABLE 4C-1
San Gabriel Valley Water Company
Fontana Water Company
OPERATING REVENUES at AUTHORIZED RATES

(Dollars in Thousands)

	Recorded Years				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Metered Revenues</u>					
Residential - Single Family	\$33,193.9	\$34,113.0	\$28,727.4	\$30,313.6	\$29,808.3
Residential - Multi-Family - Small	\$1,810.6	\$1,841.8	\$1,578.8	\$1,713.3	\$1,795.2
Residential - Multi-Family - Large	\$3,416.8	\$3,389.4	\$2,908.5	\$3,267.7	\$3,455.0
Total Residential	<u>\$38,421.3</u>	<u>\$39,344.1</u>	<u>\$33,214.7</u>	<u>\$35,294.6</u>	<u>\$35,058.4</u>
Commercial - Small	\$4,346.2	\$4,527.4	\$4,051.4	\$4,388.5	\$4,586.5
Commercial - Large	\$3,997.6	\$4,228.8	\$3,357.6	\$3,968.7	\$4,067.1
Total Commercial	<u>\$8,343.8</u>	<u>\$8,756.2</u>	<u>\$7,409.0</u>	<u>\$8,357.2</u>	<u>\$8,653.7</u>
Industrial - Small	\$98.1	\$91.2	\$80.7	\$86.3	\$90.6
Industrial - Large	\$1,019.4	\$1,057.5	\$959.3	\$1,307.7	\$1,360.1
Niagara Bottling	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
California Steel Industries	\$308.4	\$380.6	\$269.2	\$382.6	\$318.8
Cemex USA	\$229.6	\$395.0	\$354.0	\$480.1	\$568.5
Total Industrial	<u>\$1,655.6</u>	<u>\$1,924.4</u>	<u>\$1,663.3</u>	<u>\$2,256.7</u>	<u>\$2,338.0</u>
Public Authority - Small	\$1,017.1	\$1,102.7	\$924.9	\$961.3	\$826.1
Public Authority - Large	\$4,604.3	\$4,784.9	\$4,001.5	\$4,732.8	\$3,857.5
Total Public Authority	<u>\$5,621.4</u>	<u>\$5,887.6</u>	<u>\$4,926.3</u>	<u>\$5,694.1</u>	<u>\$4,683.6</u>
Construction	\$169.9	\$348.1	\$397.8	\$503.8	\$891.3
Recycled Water	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Metered Service	<u>\$54,212.1</u>	<u>\$56,260.3</u>	<u>\$47,611.1</u>	<u>\$52,106.4</u>	<u>\$51,625.0</u>
<u>Flat Rate Service</u>					
Private Fire Service	\$986.3	\$1,002.5	\$1,001.7	\$877.7	\$802.1
<u>Miscellaneous</u>					
Rent from Water Property	\$0.0	\$0.0	\$7.5	\$0.0	\$0.0
Other Water Revenues	\$413.0	\$605.5	\$524.8	\$417.4	\$400.7
Total Miscellaneous Service	<u>\$413.0</u>	<u>\$605.5</u>	<u>\$532.3</u>	<u>\$417.4</u>	<u>\$400.7</u>
Total	<u><u>\$55,611.4</u></u>	<u><u>\$57,868.3</u></u>	<u><u>\$49,145.0</u></u>	<u><u>\$53,401.5</u></u>	<u><u>\$52,827.8</u></u>

NOTE: Recorded October 2015 information is temporarily shown for Calendar 2015

TABLE 4C-2
San Gabriel Valley Water Company
Fontana Water Company
OPERATING REVENUES at PRESENT and PROPOSED RATES
(Dollars in Thousands)

	Estimated	Test Year 2017-2018			
	Year 2016	Present	Proposed	Proposed	Percent
	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
<u>Metered Revenues</u>					
Residential - Single Family	\$31,256.8	\$31,499.9	\$43,792.7	\$12,292.8	39.0%
Residential - Multi-Family - Small	\$1,541.9	\$1,524.6	\$2,115.7	\$591.1	38.8%
Residential - Multi-Family - Large	\$2,814.7	\$2,901.0	\$4,030.7	\$1,129.8	38.9%
Total Residential	<u>\$35,613.4</u>	<u>\$35,925.5</u>	<u>\$49,939.2</u>	<u>\$14,013.7</u>	39.0%
Commercial - Small	\$3,889.2	\$3,857.6	\$5,343.1	\$1,485.4	38.5%
Commercial - Large	\$3,587.6	\$3,895.1	\$5,419.8	\$1,524.7	39.1%
Total Commercial	<u>\$7,476.8</u>	<u>\$7,752.8</u>	<u>\$10,762.8</u>	<u>\$3,010.1</u>	38.8%
Industrial - Small	\$78.1	\$73.8	\$102.2	\$28.4	38.4%
Industrial - Large	\$1,172.8	\$1,122.9	\$1,562.8	\$440.0	39.2%
Niagara Bottling	\$1,197.0	\$1,491.4	\$2,083.3	\$591.9	39.7%
California Steel Industries	\$144.0	\$144.0	\$198.7	\$54.7	38.0%
Cemex USA	\$517.2	\$517.2	\$721.9	\$204.7	39.6%
Total Industrial	<u>\$3,109.1</u>	<u>\$3,349.2</u>	<u>\$4,668.9</u>	<u>\$1,319.7</u>	39.4%
Public Authority - Small	\$772.4	\$748.8	\$1,036.3	\$287.5	38.4%
Public Authority - Large	\$3,574.0	\$3,621.7	\$5,040.9	\$1,419.3	39.2%
Total Public Authority	<u>\$4,346.4</u>	<u>\$4,370.5</u>	<u>\$6,077.2</u>	<u>\$1,706.7</u>	39.1%
Construction	\$347.7	\$354.5	\$495.4	\$140.9	39.7%
Recycled Water	\$161.2	\$355.6	\$470.4	\$114.9	32.3%
Total Metered Service	<u>\$51,054.6</u>	<u>\$52,108.1</u>	<u>\$72,414.0</u>	<u>\$20,305.9</u>	39.0%
<u>Flat Rate Service</u>					
Private Fire Service	\$821.4	\$841.3	\$1,143.0	\$301.7	35.9%
<u>Miscellaneous</u>					
Rent from Water Property	\$1.5	\$1.5	\$1.5	\$0.0	0.0%
Other Water Revenues	\$472.3	\$472.3	\$472.3	\$0.0	0.0%
Total Miscellaneous Service	<u>\$473.8</u>	<u>\$473.8</u>	<u>\$473.8</u>	<u>\$0.0</u>	0.0%
Total	<u><u>\$52,349.8</u></u>	<u><u>\$53,423.1</u></u>	<u><u>\$74,030.8</u></u>	<u><u>\$20,607.6</u></u>	38.6%

CHAPTER 5

Operation and Maintenance Expenses

1. Operation and maintenance expenses comprise those operating expenses classified as source of supply expenses, pumping expenses, water treatment expenses, transmission and distribution expenses, and customer account expenses.
2. For the purpose of this report, direct operation and maintenance expenses have been separated into eleven components, namely; purchased water and assessments, purchased power, chemicals, payroll, materials and supplies, transportation, uncollectibles, utilities and rents, outside services, conservation expenses, and miscellaneous expenses. In addition, recorded direct operation and maintenance payroll expenses have been restated to give effect to the fact that payroll, initially charged to Account 100-3, Construction Work in Progress, and later distributed to operating expense accounts or accounts receivable - billing, has been segregated from other components of construction work in progress.
3. Table 5A sets forth the classification of recorded 2011 through 2015 direct operation and maintenance expenses restated to the extent described in paragraph 2 of this chapter. Table 5B sets forth similarly these operation and maintenance expenses for Estimated Year 2016 and Test Year 2017-2018.

4. Direct operation and maintenance Payroll expenses estimated for the test year are based upon the existing organizational structure and payroll. Payroll expenses shown in Table 5B reflect additional required employees and salaries, as well as the anticipated wage increases to be granted in Estimated Year 2016 and Test Year 2017-2018.
5. Normalized water production and purchases were developed from normalized water consumption by applying a corrective factor to provide for unsold water of 9.6%.
6. Purchased Water and Assessments expense consists of water lease costs, assessments and replenishment costs imposed by the Chino Basin Watermaster on water produced from the Chino Basin, assessments levied on Fontana Union Water Company water entitlement stock, assessments imposed by the Inland Empire Utilities Agency (“IEUA”), an MWD member agency, the San Bernardino Valley Municipal Water District (“SBVMWD”), and purchased State Water Project (“SWP”) and Cucamonga Valley Water District (“CVWD”) water costs. The applicable unit costs for these items do not reflect increases in Test Year 2017-2018, because increases to those rates are yet to be established by the governing water agencies. Fontana Water Company relies on surface water diversions from Lytle Creek and, in addition, production from wells in a non-adjudicated basin (known as “No Man’s Land”) and in the Rialto, Lytle and Chino Basins. In addition, the company’s agreement with the City of Fontana regarding recycled water (cost and quantities), approved by the Commission in Ordering Paragraph No. 1 of Decision 12-06-002 in Application No. 11-06-005, provides for a source of recycled water at a cost lower than other alternative suppliers.

7. The tables on the following pages show the estimated quantities of water the company will produce from the Chino Basin in Estimated Year 2016 and Test Year 2017-2018, together with the unit cost and assessments applicable to those production quantities. The company minimizes its Chino Basin Watermaster pumping, boosting, and replenishment assessments and costs by treating surface water and purchased SWP water at the Sandhill Treatment Plant, by leasing unused Chino Basin pumping rights each year which might be available from time to time from other pumpers, and by purchasing water in local groundwater storage accounts from the Chino Basin Watermaster or other pumpers. The applicable unit costs for these items reflect only rates that have already been adopted and established by the governing water agencies.

**San Gabriel Valley Water Company
Fontana Water Company
WATER COST SUMMARY
Estimated Year 2016**

	<u>Quantity</u> <u>Basis</u> (AF)	<u>Unit</u> <u>Cost</u> (\$/AF)	<u>Total Cost or</u> <u>Assessment</u> (\$000)
<u>Chino Basin Wells</u>			
Replenishment Assessment	4,666.0	\$610.00	\$2,846.2
Administrative Assessment	9,167.0	\$12.80	\$117.3
OBMP Assessment	9,167.0	\$27.69	\$253.8
Appropriative Pool & 85/15 Assess.	9,167.0	\$12.98	\$119.0
Land Use Conversion Assessment	696.0	\$27.70	\$19.3
Appropriative Rights	1.0	\$0.00	\$0.0
Leases	4,500.0	\$517.65	\$2,329.4
Total - Chino Basin Wells	9,167.0		\$5,685.1
<u>Non-Chino Basin Wells</u>			
FWC Share	6,141.0	\$0.00	\$0.0
CVWD Share	2,759.0	\$517.65	\$1,428.2
Total - Non-Chino Basin Wells	8,900.0		\$1,428.2
<u>Lytle Creek Surface Water</u>			
FWC Share	3,450.0	\$0.00	\$0.0
CVWD Share	1,550.0	\$517.65	\$802.4
Total - Lytle Creek Surface Water	5,000.0		\$802.4
<u>Other Sources of Supply</u>			
SWP Purchases - IEUA	10,000.0	\$609.00	\$6,090.0
SWP Purchases - SBVMWD	500.0	\$125.80	\$62.9
CVWD Interconnection	0.0	\$515.00	\$0.0
Recycled Water	165.0	\$410.00	\$67.7
Total - Purchased Water	10,665.0		\$6,220.6
<u>Other Charges</u>			
IEUA Assessment (active meters)	45,114.0	\$2.11	\$95.2
IEUA Monthly Capacity Charge (\$/cfs)		\$10,900.00	\$130.8
Water Stock Assessments (shares)	6,051.1	\$64.00	\$387.3
Total	33,732.0		\$14,749.5
Composite Cost		\$437.25	per Acre-Foot

**San Gabriel Valley Water Company
Fontana Water Company
WATER COST SUMMARY
Test Year 2017-2018**

	<u>Quantity</u> <u>Basis</u> (AF)	<u>Unit</u> <u>Cost</u> (\$/AF)	<u>Total Cost or</u> <u>Assessment</u> (\$000)
<u>Chino Basin Wells</u>			
Replenishment Assessment	1,754.2	\$610.00	\$1,070.1
Administrative Assessment	6,255.2	\$12.80	\$80.1
OBMP Assessment	6,255.2	\$27.69	\$173.2
Appropriative Pool & 85/15 Assess.	6,255.2	\$12.98	\$81.2
Land Use Conversion Assessment	696.0	\$27.70	\$19.3
Appropriative Rights	1.0	\$0.00	\$0.0
Leases	4,500.0	\$517.65	\$2,329.4
Total - Chino Basin Wells	6,255.2		\$3,753.2
<u>Non-Chino Basin Wells</u>			
FWC Share	8,625.0	\$0.00	\$0.0
CVWD Share	3,875.0	\$517.65	\$2,005.9
Total - Non-Chino Basin Wells	12,500.0		\$2,005.9
<u>Lytle Creek Surface Water</u>			
FWC Share	3,450.0	\$0.00	\$0.0
CVWD Share	1,550.0	\$517.65	\$802.4
Total -Lytle Creek Surface Water	5,000.0		\$802.4
<u>Other Sources of Supply</u>			
SWP Purchases - IEUA	10,000.0	\$609.00	\$6,090.0
SWP Purchases - SBVMWD	500.0	\$125.80	\$62.9
CVWD Interconnection	0.0	\$515.00	\$0.0
Recycled Water	358.5	\$410.00	\$147.0
Total - Purchased Water	10,858.5		\$6,299.9
<u>Other Charges</u>			
IEUA Assessment (active meters)	45,451.0	\$2.11	\$95.9
IEUA Monthly Capacity Charge (\$/cfs)		\$10,900.00	\$130.8
Water Stock Assessments (shares)	6,051.1	\$64.00	\$387.3
Total	34,613.7		\$13,475.3
Composite Cost		\$389.31	per Acre-Foot

8. Charges to Account No. 726, Purchased Power for Pumping, and Account 742, Water Treatment Operation, for Estimated Year 2016 and Test Year 2017-2018, have been based on demand, energy, and operating conditions experienced in 2015, adjusted for normalized water production, and plant additions and conversions. Estimated Year 2016 and Test Year 2017-2018 expenses have been based upon currently effective Southern California Edison Company rates.
9. The tabulation below summarizes the expenses for power shown in Table 5B.

<u>SCE Schedule</u>	<u>Estimated 2016</u>	<u>Test Year 2017-2018</u>
<u>TOU-GS-1</u>		
Energy (kWh)	38,000	38,000
Cost per kWh	\$0.122613	\$0.122613
Annual Expense	\$4,659	\$4,659
<u>TOU-GS-2</u>		
Energy (kWh)	98,000	98,000
Cost per kWh	\$0.280985	\$0.280985
Annual Expense	\$27,536	\$27,536
<u>TOU-8-B</u>		
Energy (kWh)	17,397,000	17,396,500
Cost per kWh	\$0.158973	\$0.171665
Annual Expense	\$2,765,651	\$2,986,374
<u>TOU-PA-2</u>		
Energy (kWh)	4,354,000	4,354,000
Cost per kWh	\$0.097953	\$0.097953
Annual Expense	\$426,486	\$426,486
<u>TOU-PA-3</u>		
Energy (kWh)	16,834,000	16,834,000
Cost per kWh	\$0.142969	\$0.142969
Annual Expense	\$2,406,735	\$2,406,735
Total Power Costs	<u>\$5,631,067</u>	<u>\$5,851,791</u>

10. Uncollectible Accounts written off during the past five calendar years have averaged 0.2582% of Division revenues, excluding Rents and Other Water Revenues. Uncollectible accounts for Estimated Year 2016 and Test Years 2017-2018 have been calculated by application of this rate to present and proposed revenues.

11. The forecasts of two subaccounts, Transportation Expense and Utilities and Rents Expense, are not based on the recorded five-year average. Transportation Expense is based on Recorded 2015 expense, adjusted for non-labor inflation. Utilities and Rents, which largely consists of purchased electricity, is also based on Recorded 2015 expense, adjusted for non-labor inflation.

TABLE 5A

**San Gabriel Valley Water Company
Fontana Water Company
OPERATIONS and MAINTENANCE EXPENSE
(Dollars in Thousands)**

<u>Account Classification</u>	<u>Recorded Years</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Operation Expense</u>					
Purchased Water & Assessments	\$11,894.2	\$11,830.2	\$13,530.7	\$16,220.6	\$13,396.4
Purchased Power	\$3,495.5	\$4,413.0	\$4,665.7	\$5,428.8	\$4,748.3
Chemicals	\$438.7	\$392.6	\$492.0	\$500.2	\$422.4
Payroll	\$3,325.0	\$3,256.0	\$3,092.6	\$3,213.8	\$3,169.1
Materials & Supplies	\$413.6	\$306.9	\$246.5	\$434.0	\$568.6
Transportation	\$563.3	\$594.4	\$573.9	\$558.5	\$582.6
Uncollectibles	\$210.3	\$184.4	\$157.1	\$136.3	\$111.9
Outside Services	\$243.5	\$222.4	\$197.8	\$238.3	\$330.7
Utilities & Rents	\$58.9	\$59.1	\$71.8	\$58.6	\$60.2
Miscellaneous	\$306.8	\$105.6	\$262.1	\$94.4	\$19.2
Total Operation Expense	\$20,949.8	\$21,364.5	\$23,290.2	\$26,883.5	\$23,409.4
<u>Maintenance Expense</u>					
Payroll	\$1,405.0	\$1,717.5	\$1,694.2	\$1,755.2	\$1,757.4
Materials & Supplies	\$569.4	\$494.4	\$423.6	\$425.8	\$387.5
Transportation	\$299.2	\$315.7	\$304.9	\$296.7	\$309.5
Outside Services	\$197.1	\$200.0	\$214.2	\$260.7	\$282.6
Utilities & Rents	\$13.2	\$16.1	\$16.4	\$16.5	\$18.2
Miscellaneous	\$43.9	\$19.4	\$37.8	\$61.5	\$61.6
Total Maintenance Expense	\$2,527.9	\$2,763.1	\$2,691.1	\$2,816.4	\$2,816.8
Total	\$23,477.7	\$24,127.6	\$25,981.4	\$29,700.0	\$26,226.2

NOTE: Recorded October 2015 information is temporarily shown for Calendar 2015

TABLE 5B

**San Gabriel Valley Water Company
Fontana Water Company
OPERATIONS and MAINTENANCE EXPENSE**

(Dollars in Thousands)

<u>Account Classification</u>	<u>Estimated 2016</u>	<u>Test Year 2017-2018</u>
<u>At Present Rates</u>		
<u>Operation Expense</u>		
Purchased Water & Assessments	\$14,749.5	\$13,475.3
Purchased Power	\$5,631.1	\$5,851.8
Chemicals	\$459.6	\$480.9
Payroll	\$3,179.8	\$3,555.2
Materials & Supplies	\$183.0	\$191.5
Transportation	\$591.2	\$618.5
Uncollectibles @ 0.2582%	\$133.9	\$136.7
Outside Services	\$263.6	\$278.7
Utilities & Rents	\$61.1	\$64.0
Miscellaneous	\$736.3	\$766.6
Total Operating Expense	\$25,989.2	\$25,419.1
<u>Maintenance Expense</u>		
Payroll	\$1,763.4	\$1,971.5
Materials & Supplies	\$471.9	\$493.7
Transportation	\$314.1	\$328.6
Outside Services	\$246.7	\$260.9
Utilities & Rents	\$18.5	\$19.3
Miscellaneous	\$45.8	\$47.9
Total Maintenance Expense	\$2,860.4	\$3,121.9
Total	\$28,849.6	\$28,541.1
<u>At Proposed Rates</u>		
Uncollectibles @ 0.2582%		\$189.9
Other O&M		\$28,404.3
Total		\$28,594.3

CHAPTER 6

Administrative and General Expenses

1. Direct administrative expenses have been separated into the components shown in Table 6A, which sets forth the classification of recorded 2011 through 2015 direct administrative and general expenses. Similarly, Table 6B reflects these expenses for Estimated Year 2016 and Test Year 2017-2018.
2. Included in Account 795 (Employees' Pensions and Benefits) are the following items: annual pension contributions, vacation, holiday, sick leave, health insurance, dental insurance, workers' compensation insurance, life insurance, long term disability insurance, and miscellaneous expenses. Estimated annual pension contributions, life and long term disability insurance, vacation, holiday, and sick leave expenses for the Test Year are based upon the payroll estimates discussed in the General Report (Exhibit SG-1). Trends in life and long term disability insurance reflect specific premium increase information from insurance providers. Health, dental insurance, and workers' compensation insurance increases were estimated using information on trends in their respective insurance lines as provided by the brokers, insurance companies and newsletters, with San Gabriel's specific experience factored in as available and applicable. For the remainder of the expense items in this account, San Gabriel's recorded 2011-

2015 experience was used to project those expense items for Estimated Year 2016 and Test Year 2017-2018.

3. Consistent with longstanding practice, the forecast of Regulatory Commission Expenses include the forecasted 3-year amortization of the incremental costs of this proceeding.
4. As required by D.85-06-031, the 1.17% Public Utilities Commission User Fee is not shown in Table 6B for the Estimated Year 2016 and Test Year 2017-2018.
5. County and city franchise fees payable annually at a rate of 0.6303% of applicable water service revenues (excluding Rents and Other Water Revenues) are recorded in Account No. 796, Franchise Requirements. This rate has been applied to applicable water service revenues estimated for the Estimated Year 2016 and Test Year 2017-2018, to provide franchise fees under both present and proposed rates.
6. Credits to Account No. 812, Administrative Expenses Transferred, are related to construction of utility plant additions. The rate used by San Gabriel to capitalize administrative overhead costs to capital construction projects is 8%. This rate has been used to forecast Administrative Expenses Transferred to capital projects through Account No. 812, and credits in the amount of \$375,926 and \$1,454,889 have been projected for Estimated Year 2016 and Test Year 2017-2018, respectively.

TABLE 6A

**San Gabriel Valley Water Company
Fontana Water Company**
ADMINISTRATIVE and GENERAL EXPENSE

(Dollars in Thousands)

<u>Account Classification</u>	Recorded Years				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Payroll	\$444.5	\$433.7	\$446.7	\$457.2	\$416.1
Materials & Supplies	\$92.5	\$72.2	\$73.9	\$73.3	\$74.7
Transportation	\$17.6	\$17.2	\$14.5	\$17.0	\$17.8
Pensions & Benefits	\$2,100.0	\$2,334.7	\$2,267.4	\$2,388.1	\$2,527.4
Franchise Fees	\$352.9	\$358.5	\$304.9	\$329.7	\$333.7
Outside Services	\$1,242.4	\$1,104.1	\$1,261.3	\$763.8	\$576.2
Injuries & Damages	\$504.7	\$505.2	\$522.9	\$624.3	\$782.4
Regulatory Commission Expense	\$351.1	\$148.7	\$13.0	\$278.7	\$402.0
Utilities & Rents	\$17.3	\$15.2	\$15.7	\$17.1	\$18.8
Miscellaneous Expenses	\$14.6	\$14.2	\$14.4	\$18.9	\$22.1
Administrative Expense Transferred	(\$778.6)	(\$501.0)	(\$817.8)	(\$1,216.0)	(\$1,216.0)
Total	<u>\$4,358.9</u>	<u>\$4,502.7</u>	<u>\$4,116.9</u>	<u>\$3,752.1</u>	<u>\$3,955.0</u>

NOTE: Recorded October 2015 information is temporarily shown for Calendar 2015

TABLE 6B

**San Gabriel Valley Water Company
Fontana Water Company
ADMINISTRATIVE and GENERAL EXPENSE**

(Dollars in Thousands)

<u>Account Classification</u>	<u>Estimated 2016</u>	<u>Test Year 2017-2018</u>
<u>At Present Rates</u>		
Payroll	\$417.5	\$466.8
Materials & Supplies	\$79.2	\$82.7
Transportation	\$18.0	\$18.8
Pensions & Benefits	\$2,850.4	\$3,281.7
Franchise Fees @ 0.6303%	\$327.0	\$333.7
Outside Services	\$341.0	\$357.3
Injuries & Damages	\$937.3	\$1,030.4
Regulatory Commission Expense	\$636.0	\$636.0
Utilities & Rents	\$19.1	\$20.0
Miscellaneous Expenses	\$17.2	\$18.0
Administrative Expense Transferred	(\$375.9)	(\$1,454.9)
Total	<u>\$5,266.6</u>	<u>\$4,790.6</u>
<u>At Proposed Rates</u>		
Franchise Fees @ 0.6303%		\$463.6
Other A&G		\$4,456.9
Total		<u>\$4,920.5</u>

CHAPTER 7

Taxes

A - General

1. Other than taxes on income, utility taxes are comprised of payroll taxes on direct payroll expenses and ad valorem taxes on direct utility plant. Table 7A shows payroll taxes and ad valorem taxes for the recorded years 2011 through 2015. Payroll taxes and ad valorem taxes for Estimated Year 2016 and Test Years 2017-2018 and 2018-2019 (only ad valorem taxes) are shown in Tables 7B.
2. State Franchise Taxes are based on estimated net income before taxes on income at both present and proposed rates. Federal Income Taxes are estimated similarly after first deducting the prior year's State Franchise Taxes from net income before taxes on income. Savings resulting from the American Jobs Creation Act, the Economic Stimulus Act of 2008, the American Recovery and Reinvestment Act of 2009, the Small Business Jobs Act of 2010 (HR 5297), the Tax Relief Act of 2010, and the Federal Repair Regulations are also reflected in the calculation of deferred income taxes, in accordance with the normalization rules of the 1986 Tax Reform Act. State and Federal Income Taxes for Estimated Year 2016, Test Year 2017-2018, and Escalation Years 2018-2019 and 2019-2020, at present rates and at proposed rates, are shown in Tables 7C-1 and 7C-2, respectively.

B - Payroll Taxes

3. Payroll taxes include Federal Insurance Contributions Act (FICA) taxes, Federal Unemployment Insurance (FUTA) taxes, and State Unemployment Insurance (SUI) taxes. The FICA rate used for Estimated Year 2016 is 6.2% applicable to the first \$118,500 of each individual's annual wages for the basic portion, plus 1.45% of each individual's total annual wages for the Medicare portion. The maximum taxable base is increased each November (applicable to the following year) and has been forecasted in this application, based on the average increase from 2011-2015, to be \$120,840 in 2017 and \$123,180 in 2018.

The maximum taxable base for both FUTA and SUI is the first \$7,000 of each individual's annual wages. The FUTA rate is 2.10% applicable to the maximum taxable base in each calendar year. The SUI rate is 3.30% applicable to the maximum taxable base in each calendar year.

4. For purposes of projecting payroll taxes for Test Year 2017-2018, it is assumed that field taxable payroll will be incurred evenly throughout the calendar year. Table 7B sets forth the division payroll taxes for Estimated Year 2016 and Test Year 2017-2018.

C - Ad Valorem Taxes

5. Recorded ad valorem taxes, with minor exceptions, are assessed on direct utility plant as of the beginning of each year. Direct ad valorem taxes for Estimated Year 2016 and Test Years 2017-2018 and 2018-2019 were developed giving consideration to the current

assessment procedures employed by the San Bernardino County Assessor's Office. The effective tax rate was then applied to the estimated property tax assessable utility plant, less reserve for depreciation, deferred income taxes, advances for construction, and contributions in aid of construction estimates developed in other sections of this report. The results are set forth in Table 7B.

D - State Franchise Tax

6. State Franchise Taxes for Estimated Year 2016, Test Year 2017-2018, and Escalation Years 2018-2019 and 2019-2020, are calculated at both present and proposed water rates in Tables 7C-1 and 7C-2, respectively. The current tax rate of 8.84% has been used. The principal difference between book income and taxable income arises from use of accelerated depreciation for state tax purposes. The flow-through method of accounting for state accelerated depreciation has been used.

E - Income Taxes

7. Federal Income Taxes for Estimated Year 2016, Test Year 2017-2018, and Escalation Years 2018-2019 and 2019-2020, are calculated at both present and proposed water rates in Tables 7C-1 and 7C-2, respectively. The current tax rate of 35% has been used. Federal Income Tax expense for these years has been determined in accordance with the normalization requirements of the 1986 Tax Reform Act and subsequent regulations. San Gabriel employs the following methods for computing the depreciation deduction for the purpose of determining its actual Federal Income Tax payments:

- a. Accelerated depreciation on the double declining balance method on applicable utility plant additions beginning January 1, 1964, through December 31, 1980;
- b. Class life ADR system on applicable utility plant additions beginning January 1, 1972, through December 31, 1980;
- c. ACRS depreciation rates under the Economic Recovery Tax Act of 1981 (ERTA-81) on applicable utility plant additions beginning January 1, 1981, through December 31, 1986;
- d. MACRS depreciation rates under the 1986 Tax Reform Act (TRA-86) on applicable plant additions beginning January 1, 1987;
- e. The Job Creation and Worker Assistance Act of 2002, including the modifications prescribed by the Jobs and Growth Tax Relief Reconciliation Act of 2003;
- f. The Economic Stimulus Act of 2008;
- g. The American Recovery and Reinvestment Act of 2009;
- h. The Small Business Jobs Act of 2010 (HR 5297); and

- i. The Tax Relief Act of 2010.
8. Pursuant to the normalization requirements of ERTA-81, the Federal Income Tax effects of ACRS and MACRS depreciation and investment tax credits are not considered in calculating Federal Income Tax expense for ratemaking purposes in Estimated Year 2016, Test Years 2017-2018, and Escalation Years 2018-2019 and 2019-2020, as set forth in Tables 7C-1 and 7C-2.
9. Debt interest expense is allocated to the Division on the basis of the weighted cost of debt multiplied by the average rate base, less the estimated interest to be capitalized during the period covered by this general rate case, as required by the TRA-86.

TABLE 7A

**San Gabriel Valley Water Company
Fontana Water Company
PAYROLL TAX and AD VALOREM TAX EXPENSES**

(Dollars in Thousands)

	Recorded Years				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
FICA	\$494.7	\$496.6	\$522.7	\$548.2	\$523.0
FUTA	\$5.6	\$6.4	\$11.1	\$12.6	\$14.2
SUI	\$25.6	\$26.3	\$24.0	\$23.8	\$23.0
Total Payroll Taxes	\$525.9	\$529.2	\$557.7	\$584.6	\$560.2
Less: Payroll Taxes Capitalized	(\$51.4)	(\$39.4)	(\$78.1)	(\$75.0)	\$70.4
Payroll Taxes	<u>\$474.6</u>	<u>\$489.8</u>	<u>\$479.7</u>	<u>\$509.6</u>	<u>\$630.6</u>
Ad Valorem Taxes	<u>\$1,751.6</u>	<u>\$1,848.2</u>	<u>\$2,057.2</u>	<u>\$1,981.7</u>	<u>\$1,971.7</u>
Total	<u>\$2,226.1</u>	<u>\$2,338.0</u>	<u>\$2,536.9</u>	<u>\$2,491.4</u>	<u>\$2,602.3</u>

NOTE: Recorded October 2015 information is temporarily shown for Calendar 2015

TABLE 7C-1

**San Gabriel Valley Water Company
Fontana Water Company
COMPUTATION OF TAXES ON INCOME
AT PRESENT RATES
(Dollars in Thousands)**

	<u>Estimated 2016</u>	<u>Test Year 2017-2018</u>
<u>Operating Revenues</u>	\$52,349.8	\$53,423.1
<u>Deductions</u>		
Operating Expenses, excluding Depreciation & Income Taxes	\$42,806.3	\$42,955.7
Interest Expense	\$3,866.4	\$4,035.4
Subtotal	<u>\$46,672.7</u>	<u>\$46,991.0</u>
<u>State Tax Calculation</u>		
Taxable Income Before Other Deductions	\$5,677.1	\$6,432.1
Less: Depreciation-State	\$9,450.0	\$10,110.8
Less: Repair Regulations Deduction	\$186.9	\$1,328.8
State Taxable Income	<u>(\$3,959.8)</u>	<u>(\$5,007.5)</u>
State Corporate Franchise Tax at 8.84%	(\$350.0)	(\$442.7)
Amortization of CIAC Tax	\$15.7	\$15.8
Total State Income Tax Expense	<u>(\$334.4)</u>	<u>(\$426.9)</u>
<u>Federal Tax Calculation</u>		
Taxable Income Before Other Deductions	\$5,677.1	\$6,432.1
Less: Depreciation-Federal (book)	\$6,903.9	\$7,442.6
Less: Domestic Production Activities Deduction	\$115.8	\$115.8
Less: State Corp. Franchise Tax - Prior Year	(\$381.5)	(\$334.4)
Federal Taxable Income	<u>(\$961.1)</u>	<u>(\$791.8)</u>
Federal Tax at 35%	(\$336.4)	(\$277.1)
Amortization of CIAC Tax	\$56.5	\$57.1
Total Federal Income Tax Expense	<u>(\$279.8)</u>	<u>(\$220.1)</u>

TABLE 7C-2

**San Gabriel Valley Water Company
Fontana Water Company
COMPUTATION OF TAXES ON INCOME
AT PROPOSED RATES
(Dollars in Thousands)**

	Test Year	Escalation Years	
	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
<u>Operating Revenues</u>	\$74,030.8	\$77,073.3	\$81,773.7
<u>Deductions</u>			
Operating Expenses, excluding			
Depreciation & Income Taxes	\$43,138.8	\$44,467.9	\$46,071.8
Interest Expense	\$4,035.4	\$4,407.5	\$4,407.5
Subtotal	<u>\$47,174.1</u>	<u>\$48,875.3</u>	<u>\$50,479.3</u>
<u>State Tax Calculation</u>			
Taxable Income Before Other Deductions	\$26,856.6	\$28,198.0	\$31,294.5
Less: Depreciation-State	\$10,110.8	\$10,807.0	\$11,503.2
Less: Repair Regulations Deduction	\$1,328.8	\$1,648.2	\$1,691.6
State Taxable Income	<u>\$15,417.0</u>	<u>\$15,742.7</u>	<u>\$18,099.7</u>
State Corporate Franchise Tax at 8.84%	\$1,362.9	\$1,391.7	\$1,600.0
Amortization of CIAC Tax	\$15.8	\$15.9	\$16.0
Total State Income Tax Expense	<u><u>\$1,378.7</u></u>	<u><u>\$1,407.6</u></u>	<u><u>\$1,616.0</u></u>
<u>Federal Tax Calculation</u>			
Taxable Income Before Other Deductions	\$26,856.6	\$28,198.0	\$31,294.5
Less: Depreciation-Federal (book)	\$7,442.6	\$7,981.9	\$8,521.3
Less: Domestic Production Activities Deduction	\$115.8	\$115.8	\$115.8
Less: State Corp. Franchise Tax - Prior Year	(\$334.4)	\$1,378.7	\$1,407.6
Federal Taxable Income	<u>\$19,632.7</u>	<u>\$18,721.6</u>	<u>\$21,249.9</u>
Federal Tax at 35%	\$6,871.4	\$6,552.6	\$7,437.4
Amortization of CIAC Tax	\$57.1	\$57.4	\$57.6
Total Federal Income Tax Expense	<u><u>\$6,928.5</u></u>	<u><u>\$6,610.0</u></u>	<u><u>\$7,495.0</u></u>

CHAPTER 8

Utility Plant

1. Recorded utility plant in service and construction work in progress for the Division for recorded 2011 through 2015 are presented in Table 8A.
2. Estimated utility plant shown in Table 8C is based upon San Gabriel's construction budget and estimated advances for construction, contributions in aid of construction, and items to be retired.
3. Utility Plant Additions from the 2016 through 2019 Capital Budgets, and the estimated retirements in those same years, are shown in Table 8B. Ratemaking adjustments for 2016 through 2019 have been melded into the plant balances by plant account to ensure that those amounts are not factored into the forecasts of Depreciation Expense and Ad Valorem Taxes.
4. San Gabriel's capital budget for the Fontana Water Company division includes projects related to water supply, water storage, and conservation. To meet its water demands, the capital budget includes the construction of one new perchlorate removal treatment system, an expansion of an existing perchlorate removal treatment system, three replacement wells, a new booster station, and seven water storage reservoirs, which include one replacement reservoir and two new reservoirs. The capital budget also

includes the refurbishment of wells, replacement of booster facilities, retrofitting of a reservoir, and installation of pipelines that replace pipelines that leak or are old or no longer serviceable.

5. In addition to plant which has been closed to fixed capital, construction work in progress must also be included in rate base in accordance with the Commission's policy as to water utilities (as discussed in D.94-06-033 in I.90-11-033).

6. Table 8A shows construction work in progress for the recorded years 2011 through 2015. The amounts shown are used in developing the weighted average utility plant shown in Table 8A. For Estimated Year 2016 and Test Years 2017-2018 and 2018-2019, as shown in Table 8C, the company's estimates of construction work in progress have been based upon the December 2015 balance, less construction costs offset by facilities fees.

TABLE 8B

**San Gabriel Valley Water Company
Fontana Water Company
BUDGETED PLANT ADDITIONS**

(Dollars in Thousands)

<u>Plant Account</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
306 - Land and Land Rights	\$0.0	\$0.0	\$0.0	\$300.0
Net Retirements	(\$1.2)	(\$1.2)	(\$1.2)	(\$1.2)
315 - Wells	\$375.0	\$1,705.0	\$3,225.0	\$375.0
Net Retirements	(\$16.0)	(\$16.0)	(\$16.0)	(\$16.0)
321 - Pumping Structures	\$1,120.0	\$3,650.0	\$780.0	\$600.0
Net Retirements	(\$18.4)	(\$18.4)	(\$18.4)	(\$18.4)
324 - Pumping Equipment	\$150.0	\$2,530.0	\$1,120.0	\$2,210.0
Net Retirements	(\$110.1)	(\$110.1)	(\$110.1)	(\$110.1)
331 - Treatment Structures	\$0.0	\$500.0	\$0.0	\$4,390.0
Net Retirements	\$115.8	\$115.8	\$115.8	\$115.8
332 - Treatment Equipment	\$0.0	\$0.0	\$0.0	\$2,020.0
Net Retirements	(\$9.0)	(\$9.0)	(\$9.0)	(\$9.0)
342 - Reservoirs	\$2,360.0	\$600.0	\$5,050.0	\$6,880.0
Net Retirements	\$30.8	\$30.8	\$30.8	\$30.8
343 - Mains	\$500.0	\$4,350.0	\$8,700.0	\$5,000.0
Net Retirements	(\$91.1)	(\$91.1)	(\$91.1)	(\$91.1)
344 - Fire Mains	\$0.0	\$0.0	\$0.0	\$0.0
Net Retirements	\$0.0	\$0.0	\$0.0	\$0.0
345 - Services	\$100.0	\$2,100.0	\$2,200.0	\$2,300.0
Net Retirements	(\$174.4)	(\$174.4)	(\$174.4)	(\$174.4)
345A- Fire Services	\$0.0	\$0.0	\$0.0	\$0.0
Net Retirements	\$0.0	\$0.0	\$0.0	\$0.0
346 - Meters	\$460.0	\$1,234.0	\$984.0	\$909.0
Net Retirements	\$0.0	\$0.0	\$0.0	\$0.0
348 - Fire Hydrants	\$190.0	\$194.0	\$198.0	\$202.0
Net Retirements	(\$7.8)	(\$7.8)	(\$7.8)	(\$7.8)
371 - Structures & Improvement:	\$280.0	\$660.0	\$1,720.0	\$700.0
Net Retirements	(\$121.3)	(\$121.3)	(\$121.3)	(\$121.3)
372 - Office Equipment	\$210.0	\$450.0	\$460.0	\$450.0
Net Retirements	(\$11.8)	(\$11.8)	(\$11.8)	(\$11.8)
373 - Transportation Equipment	\$228.0	\$317.0	\$249.0	\$280.0
Net Retirements	(\$114.1)	(\$114.1)	(\$114.1)	(\$114.1)
376 - Communication Equipmen	\$55.0	\$35.0	\$35.0	\$35.0
Net Retirements	(\$1.5)	(\$1.5)	(\$1.5)	(\$1.5)
378 - Tools & Equipment	\$126.0	\$42.0	\$44.0	\$46.0
Net Retirements	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)
GROSS ADDITIONS	\$6,154.0	\$18,367.0	\$24,765.0	\$26,697.0
NET RETIREMENTS	(\$530.4)	(\$530.4)	(\$530.4)	(\$530.4)
NET ADDITIONS	\$5,623.6	\$17,836.6	\$24,234.6	\$26,166.6

TABLE 8C

**San Gabriel Valley Water Company
Fontana Water Company
FORECASTED UTILITY PLANT**

(Dollars in Thousands)

<u>Plant Account</u>	<u>Forecasted Year-End Balances</u>			
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
301 - Organization	\$2.3	\$2.3	\$2.3	\$2.3
302 - Franchises	\$2.1	\$2.1	\$2.1	\$2.1
303 - Water Rights	\$0.0	\$0.0	\$0.0	\$0.0
306 - Land and Land Rights	\$7,723.3	\$7,722.1	\$7,721.0	\$8,019.8
315 - Wells	\$8,942.3	\$10,631.3	\$13,840.4	\$14,199.4
321 - Pumping Structures	\$11,218.2	\$14,849.8	\$15,611.3	\$16,192.9
324 - Pumping Equipment	\$38,872.9	\$41,292.8	\$42,302.7	\$44,402.6
331 - Treatment Structures	\$4,406.0	\$5,021.8	\$5,137.6	\$9,643.4
332 - Treatment Equipment	\$35,047.6	\$35,038.6	\$35,029.6	\$37,040.6
342 - Reservoirs	\$14,483.7	\$15,114.5	\$20,195.3	\$27,106.1
343 - Mains	\$134,378.8	\$138,637.7	\$147,246.7	\$152,155.6
344 - Fire Mains	\$0.8	\$0.8	\$0.8	\$0.8
345 - Services	\$40,053.7	\$41,979.3	\$44,004.9	\$46,130.5
345A- Fire Services	\$10,697.5	\$10,697.5	\$10,697.5	\$10,697.5
346 - Meters	\$460.0	\$1,694.0	\$2,678.0	\$3,587.0
348 - Fire Hydrants	\$10,500.0	\$10,686.2	\$10,876.5	\$11,070.7
371 - Structures & Improvements	\$11,527.5	\$12,066.2	\$13,664.9	\$14,243.7
372 - Office Equipment	\$2,515.9	\$2,954.1	\$3,402.3	\$3,840.5
373 - Transportation Equipment	\$3,217.5	\$3,420.5	\$3,555.4	\$3,721.3
376 - Communication Equipment	\$204.8	\$238.3	\$271.9	\$305.4
378 - Tools & Equipment	\$1,176.5	\$1,218.0	\$1,261.5	\$1,307.0
Total Plant in Service	\$335,431.3	\$353,267.9	\$377,502.5	\$403,669.2
Construction Work in Progress	\$14,609.5	\$14,609.5	\$14,609.5	\$14,609.5
Total	\$350,040.8	\$367,877.4	\$392,112.0	\$418,278.6
	Forecasted Average Year Balances			
	Estimated	Test Year	Test Year	
	2016	2017-2018	2018-2019	
Total	\$344,061.7	\$367,877.4	\$392,112.0	

Note: Plant Accounts include ratemaking adjustments.

CHAPTER 9

Depreciation Reserve and Expense

1. The depreciation reserve, accruals, and expense for the recorded years 2011 through 2015, Estimated Year 2016, and Test Years 2017-2018, and 2018-2019, are shown in this Chapter. As with Utility Plant, ratemaking adjustments have been added to the depreciation reserve balances by account.
2. Table 9A sets forth the recorded depreciation data for the last five years.
3. Table 9B sets forth projected depreciation data for Estimated Year 2016 and Test Years 2017-2018 and 2018-2019.
4. As previously stated, Table 9A shows for the last five years the recorded depreciation accruals on depreciable plant. These accruals are segregated between accruals for clearing accounts, contributed plant, and depreciation expense.
5. Depreciation expense for Forecasted Years 2016 through 2019 has been computed by applying the current depreciation rates on file with the Commission to the average depreciable plant for the respective years and adjusting for average contributions in aid

of construction and transportation equipment. The results of these estimates are shown in Tables 9C-1, 9C-2, 9C-3, and 9C-4.

TABLE 9A

**San Gabriel Valley Water Company
Fontana Water Company**
RECORDED DEPRECIATION and AMORTIZATION RESERVES
(Dollars in Thousands)

<u>Plant Account</u>	<u>Recorded Year-End Balances</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
301 - Organization	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
302 - Franchises	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
303 - Water Rights	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
306 - Land and Land Rights	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
315 - Wells	\$3,290.8	\$3,433.7	\$3,702.6	\$3,986.6	\$4,226.6
321 - Pumping Structures	\$1,346.1	\$1,542.4	\$1,749.4	\$1,992.7	\$2,232.9
324 - Pumping Equipment	\$12,056.3	\$13,171.6	\$14,367.8	\$15,682.6	\$16,857.0
331 - Treatment Structures	\$408.1	\$501.7	\$596.4	\$691.7	\$771.5
332 - Treatment Equipment	\$6,231.4	\$7,445.5	\$8,678.8	\$9,939.3	\$11,013.6
342 - Reservoirs	\$2,719.5	\$2,961.2	\$3,202.9	\$3,457.9	\$3,730.5
343 - Mains	\$29,371.8	\$31,546.1	\$33,856.5	\$36,227.2	\$38,236.3
344 - Fire Mains	\$0.7	\$0.7	\$0.7	\$0.7	\$0.8
345 - Services	\$4,622.0	\$5,351.9	\$6,065.8	\$6,962.3	\$7,713.1
345A- Fire Services	\$3,257.3	\$3,540.4	\$3,831.5	\$4,130.5	\$4,383.2
346 - Meters	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
348 - Fire Hydrants	\$3,199.7	\$3,436.8	\$3,677.9	\$3,912.7	\$4,124.2
371 - Structures & Improvements	\$218.1	\$313.6	\$409.2	\$504.9	\$585.3
372 - Office Equipment	(\$730.1)	(\$727.6)	(\$734.3)	(\$682.6)	(\$613.6)
373 - Transportation Equipment	\$1,529.7	\$1,572.9	\$1,757.9	\$2,031.1	\$2,041.9
376 - Communication Equipment	\$56.7	\$59.7	\$66.5	\$73.4	\$79.5
378 - Tools & Equipment	\$100.5	\$155.2	\$211.9	\$272.3	\$296.7
Depreciation Reserve	\$67,678.4	\$74,305.7	\$81,441.5	\$89,183.2	\$95,679.5
Amortization Reserve	\$0.9	\$1.0	\$1.0	\$1.1	\$1.2
Ratemarking Adjustments	(\$683.8)	(\$1,921.9)	(\$2,195.4)	(\$2,468.9)	(\$2,696.8)
Total	<u>\$66,995.4</u>	<u>\$72,384.8</u>	<u>\$79,247.1</u>	<u>\$86,715.4</u>	<u>\$92,983.9</u>
	<u>Recorded Average Year Balances</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total	<u>\$64,074.1</u>	<u>\$69,690.1</u>	<u>\$75,815.9</u>	<u>\$82,981.2</u>	<u>\$89,849.6</u>

Note: Year-end 2010 for the above average year calculation is \$61,152,853.72 = Depreciation (\$61,855,142.32) plus Amortization (\$800.28) minus Ratemarking Adjustments (\$703,088.88).

NOTE: Recorded October 2015 information is temporarily shown for Calendar 2015

TABLE 9B

**San Gabriel Valley Water Company
Fontana Water Company
FORECASTED DEPRECIATION and AMORTIZATION RESERVES**

(Dollars in Thousands)

<u>Plant Account</u>	Forecasted Year-End Balances			
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
301 - Organization	\$0.0	\$0.0	\$0.0	\$0.0
302 - Franchises	\$0.0	\$0.0	\$0.0	\$0.0
303 - Water Rights	\$0.0	\$0.0	\$0.0	\$0.0
306 - Land and Land Rights	\$0.0	\$0.0	\$0.0	\$0.0
315 - Wells	\$4,482.7	\$4,772.9	\$5,145.0	\$5,576.7
321 - Pumping Structures	\$2,373.9	\$2,711.3	\$3,107.2	\$3,520.9
324 - Pumping Equipment	\$18,190.6	\$19,568.4	\$21,007.7	\$22,502.9
331 - Treatment Structures	\$866.2	\$969.1	\$1,080.0	\$1,242.3
332 - Treatment Equipment	\$13,132.8	\$14,039.9	\$14,946.7	\$15,879.5
342 - Reservoirs	\$4,027.1	\$4,357.3	\$4,750.9	\$5,277.6
343 - Mains	\$40,715.0	\$43,286.2	\$45,984.2	\$48,815.4
344 - Fire Mains	\$0.8	\$0.8	\$0.8	\$0.8
345 - Services	\$8,554.6	\$9,419.2	\$10,333.0	\$11,298.4
345A- Fire Services	\$4,697.7	\$5,012.2	\$5,326.7	\$5,641.3
346 - Meters	\$4.3	\$24.2	\$64.6	\$122.6
348 - Fire Hydrants	\$4,367.8	\$4,616.0	\$4,868.8	\$5,126.5
371 - Structures & Improvements	\$1,081.0	\$1,298.1	\$1,535.0	\$1,792.0
372 - Office Equipment	(\$342.6)	(\$232.7)	(\$103.1)	\$46.3
373 - Transportation Equipment	\$2,227.1	\$2,427.0	\$2,642.5	\$2,872.0
376 - Communication Equipment	\$128.1	\$144.1	\$162.7	\$184.0
378 - Tools & Equipment	\$361.8	\$431.8	\$504.3	\$579.5
Depreciation Reserve	\$104,868.9	\$112,845.8	\$121,357.2	\$130,478.5
Amortization Reserve	\$1.3	\$1.3	\$1.4	\$1.5
Total	\$104,870.1	\$112,847.1	\$121,358.6	\$130,480.0
	Forecasted Average Year Balances			
	Estimated	Test Year	Test Year	
	2016	2017-2018	2018-2019	
Total	\$98,927.0	\$112,847.1	\$121,358.6	

Note: Ratemaking adjustments are included in the Plant Accounts.

TABLE 9C-1

San Gabriel Valley Water Company
Fontana Water Company

SUMMARY OF
ANNUAL DEPRECIATION ACCRUAL DETERMINATION
STRAIGHT LINE REMAINING LIFE METHOD

Year 2016 Forecast

(Dollars in Thousands)

<u>Account No. - Description</u>	<u>Average Gross Plant</u>	<u>Average Depreciation Reserve</u>	<u>Net Balance</u>	<u>Remaining Life (Yrs)</u>	<u>Annual Accrual</u>	<u>% of Gross Plant</u>
315 - Wells	\$8,762.8	\$4,354.6	\$4,408.2	15.1	\$292.7	3.34%
321 - Pumping Structures	\$10,667.4	\$2,236.6	\$8,430.7	29.7	\$283.8	2.66%
324 - Pumping Equipment	\$38,853.0	\$17,523.8	\$21,329.1	15.3	\$1,394.8	3.59%
331 - Treatment Structures	\$4,348.1	\$818.9	\$3,529.2	36.6	\$96.5	2.22%
332 - Treatment Equipment	\$35,052.1	\$12,679.2	\$22,373.0	24.5	\$911.4	2.60%
342 - Reservoirs	\$13,288.3	\$3,878.8	\$9,409.5	31.9	\$295.0	2.22%
343 - Mains	\$131,807.5	\$39,475.6	\$92,331.9	35.6	\$2,596.6	1.97%
344 - Fire Mains	\$0.8	\$0.8	\$0.0	3.3	\$0.0	1.81%
345 - Services	\$40,090.9	\$8,133.9	\$31,957.0	32.0	\$998.3	2.49%
345A - Fire Services	\$10,697.5	\$4,540.5	\$6,157.0	19.6	\$314.5	2.94%
346 - Meters	\$230.0	\$2.1	\$227.9	53.6	\$4.3	1.85%
348 - Fire Hydrants	\$10,408.8	\$4,246.0	\$6,162.9	23.8	\$259.2	2.49%
371 - Structures & Improvements	\$10,647.6	\$1,098.6	\$9,549.0	48.5	\$197.0	1.85%
372 - Office Equipment	\$2,416.8	(\$390.5)	\$2,807.3	26.1	\$107.5	4.45%
373 - Transportation Equipment	\$3,160.5	\$2,134.5	\$1,026.0	3.5	\$293.0	9.27%
376 - Communication Equipment	\$178.0	\$121.8	\$56.2	4.0	\$14.0	7.87%
378 - Tools & Equipment	\$1,113.7	\$329.3	\$784.5	12.0	\$65.5	5.88%
Total	\$321,724.0	\$101,184.5	\$220,539.5		\$8,124.0	2.53%
Contributions in Aid of Construction						
315 - Wells	\$0.0				\$0.0	
321 - Pumping Structures	\$589.5				\$15.7	
324 - Pumping Equipment	\$1,154.5				\$41.4	
331 - Treatment Structures	\$0.0				\$0.0	
332 - Treatment Equipment	\$3,368.9				\$87.6	
342 - Reservoirs	\$1,395.0				\$31.0	
343 - Mains	\$7,607.1				\$149.9	
344 - Fire Mains	\$0.8				\$0.0	
345 - Services	\$1,612.0				\$40.1	
345A - Fire Services	\$10,390.7				\$305.5	
346 - Meters	\$4,105.4				\$75.9	
348 - Hydrants	\$4,034.0				\$100.4	
Less: Contributions Adjustment	\$34,257.9				\$847.6	
Less: Transfer to Clearing Accounts					\$372.5	
Depreciation Expense					\$6,903.9	

TABLE 9C-2

San Gabriel Valley Water Company
Fontana Water Company

SUMMARY OF
ANNUAL DEPRECIATION ACCRUAL DETERMINATION
STRAIGHT LINE REMAINING LIFE METHOD

Year 2017 Forecast

(Dollars in Thousands)

<u>Account No. - Description</u>	<u>Average Gross Plant</u>	<u>Average Depreciation Reserve</u>	<u>Net Balance</u>	<u>Remaining Life (Yrs)</u>	<u>Annual Accrual</u>	<u>% of Gross Plant</u>
315 - Wells	\$9,786.8	\$4,627.8	\$5,159.0	15.8	\$326.9	3.34%
321 - Pumping Structures	\$13,034.0	\$2,542.6	\$10,491.4	30.3	\$346.7	2.66%
324 - Pumping Equipment	\$40,082.9	\$18,879.5	\$21,203.4	14.7	\$1,439.0	3.59%
331 - Treatment Structures	\$4,713.9	\$917.6	\$3,796.2	36.3	\$104.6	2.22%
332 - Treatment Equipment	\$35,043.1	\$13,586.3	\$21,456.8	23.5	\$911.1	2.60%
342 - Reservoirs	\$14,799.1	\$4,192.2	\$10,606.9	32.3	\$328.5	2.22%
343 - Mains	\$136,508.3	\$42,000.6	\$94,507.7	35.1	\$2,689.2	1.97%
344 - Fire Mains	\$0.8	\$0.8	\$0.0	2.3	\$0.0	1.81%
345 - Services	\$41,016.5	\$8,986.9	\$32,029.6	31.4	\$1,021.3	2.49%
345A - Fire Services	\$10,697.5	\$4,855.0	\$5,842.5	18.6	\$314.5	2.94%
346 - Meters	\$1,077.0	\$14.2	\$1,062.8	53.3	\$19.9	1.85%
348 - Fire Hydrants	\$10,593.1	\$4,491.9	\$6,101.2	23.1	\$263.8	2.49%
371 - Structures & Improvements	\$11,796.8	\$1,189.6	\$10,607.3	48.6	\$218.2	1.85%
372 - Office Equipment	\$2,735.0	(\$287.7)	\$3,022.7	24.8	\$121.7	4.45%
373 - Transportation Equipment	\$3,319.0	\$2,327.1	\$991.9	3.2	\$307.7	9.27%
376 - Communication Equipment	\$221.6	\$136.1	\$85.4	4.9	\$17.4	7.87%
378 - Tools & Equipment	\$1,197.2	\$396.8	\$800.4	11.4	\$70.4	5.88%
Total	\$336,622.5	\$108,857.3	\$227,765.2		\$8,501.1	2.53%

Contributions in Aid of Construction

315 - Wells	\$0.0	\$0.0
321 - Pumping Structures	\$1,014.5	\$27.0
324 - Pumping Equipment	\$1,154.5	\$41.4
331 - Treatment Structures	\$0.0	\$0.0
332 - Treatment Equipment	\$3,368.9	\$87.6
342 - Reservoirs	\$2,575.0	\$57.2
343 - Mains	\$8,657.1	\$170.5
344 - Fire Mains	\$0.8	\$0.0
345 - Services	\$1,612.0	\$40.1
345A - Fire Services	\$10,390.7	\$305.5
346 - Meters	\$4,105.4	\$75.9
348 - Hydrants	\$4,134.0	\$102.9
Less: Contributions Adjustment	\$37,012.9	\$908.3
Less: Transfer to Clearing Accounts		\$395.5
Depreciation Expense		\$7,197.3

TABLE 9C-3

San Gabriel Valley Water Company
Fontana Water Company

SUMMARY OF
ANNUAL DEPRECIATION ACCRUAL DETERMINATION
STRAIGHT LINE REMAINING LIFE METHOD

Year 2018 Forecast

(Dollars in Thousands)

<u>Account No. - Description</u>	<u>Average Gross Plant</u>	<u>Average Depreciation Reserve</u>	<u>Net Balance</u>	<u>Remaining Life (Yrs)</u>	<u>Annual Accrual</u>	<u>% of Gross Plant</u>
315 - Wells	\$12,235.9	\$4,959.0	\$7,276.9	17.8	\$408.7	3.34%
321 - Pumping Structures	\$15,230.5	\$2,909.2	\$12,321.3	30.4	\$405.1	2.66%
324 - Pumping Equipment	\$41,797.8	\$20,288.1	\$21,509.7	14.3	\$1,500.5	3.59%
331 - Treatment Structures	\$5,079.7	\$1,024.5	\$4,055.1	36.0	\$112.8	2.22%
332 - Treatment Equipment	\$35,034.1	\$14,493.3	\$20,540.9	22.6	\$910.9	2.60%
342 - Reservoirs	\$17,654.9	\$4,554.1	\$13,100.8	33.4	\$391.9	2.22%
343 - Mains	\$142,942.2	\$44,635.2	\$98,307.0	34.9	\$2,816.0	1.97%
344 - Fire Mains	\$0.8	\$0.8	\$0.0	1.3	\$0.0	1.81%
345 - Services	\$42,992.1	\$9,876.1	\$33,116.0	30.9	\$1,070.5	2.49%
345A - Fire Services	\$10,697.5	\$5,169.5	\$5,528.0	17.6	\$314.5	2.94%
346 - Meters	\$2,186.0	\$44.4	\$2,141.6	53.0	\$40.4	1.85%
348 - Fire Hydrants	\$10,781.3	\$4,742.4	\$6,038.9	22.5	\$268.5	2.49%
371 - Structures & Improvements	\$12,865.6	\$1,416.6	\$11,449.0	48.1	\$238.0	1.85%
372 - Office Equipment	\$3,178.2	(\$167.9)	\$3,346.1	23.7	\$141.4	4.45%
373 - Transportation Equipment	\$3,487.9	\$2,534.8	\$953.2	2.9	\$323.3	9.27%
376 - Communication Equipment	\$255.1	\$153.4	\$101.7	5.1	\$20.1	7.87%
378 - Tools & Equipment	\$1,239.7	\$468.1	\$771.7	10.6	\$72.9	5.88%
Total	\$357,659.3	\$117,101.5	\$240,557.8		\$9,035.6	2.53%
Contributions in Aid of Construction						
315 - Wells	\$0.0				\$0.0	
321 - Pumping Structures	\$1,014.5				\$27.0	
324 - Pumping Equipment	\$1,154.5				\$41.4	
331 - Treatment Structures	\$0.0				\$0.0	
332 - Treatment Equipment	\$3,368.9				\$87.6	
342 - Reservoirs	\$2,575.0				\$57.2	
343 - Mains	\$9,707.1				\$191.2	
344 - Fire Mains	\$0.8				\$0.0	
345 - Services	\$1,612.0				\$40.1	
345A- Fire Services	\$10,390.7				\$305.5	
346 - Meters	\$4,105.4				\$75.9	
348 - Hydrants	\$4,234.0				\$105.4	
Less: Contributions Adjustment	\$38,162.9				\$931.4	
Less: Transfer to Clearing Accounts					\$416.3	
Depreciation Expense					\$7,687.8	

TABLE 9C-4

San Gabriel Valley Water Company
Fontana Water Company

SUMMARY OF
ANNUAL DEPRECIATION ACCRUAL DETERMINATION
STRAIGHT LINE REMAINING LIFE METHOD

Year 2019 Forecast

(Dollars in Thousands)

<u>Account No. - Description</u>	<u>Average Gross Plant</u>	<u>Average Depreciation Reserve</u>	<u>Net Balance</u>	<u>Remaining Life (Yrs)</u>	<u>Annual Accrual</u>	<u>% of Gross Plant</u>
315 - Wells	\$14,019.9	\$5,360.9	\$8,659.0	18.5	\$468.3	3.34%
321 - Pumping Structures	\$15,902.1	\$3,314.0	\$12,588.1	29.8	\$423.0	2.66%
324 - Pumping Equipment	\$43,352.7	\$21,755.3	\$21,597.4	13.9	\$1,556.4	3.59%
331 - Treatment Structures	\$7,390.5	\$1,161.1	\$6,229.3	38.0	\$164.1	2.22%
332 - Treatment Equipment	\$36,035.1	\$15,413.1	\$20,622.1	22.0	\$936.9	2.60%
342 - Reservoirs	\$23,650.7	\$5,014.3	\$18,636.4	35.5	\$525.0	2.22%
343 - Mains	\$149,701.1	\$47,399.8	\$102,301.3	34.7	\$2,949.1	1.97%
344 - Fire Mains	\$0.8	\$0.8	\$0.0	0.3	\$0.0	1.81%
345 - Services	\$45,067.7	\$10,815.7	\$34,252.0	30.5	\$1,122.2	2.49%
345A - Fire Services	\$10,697.5	\$5,484.0	\$5,213.5	16.6	\$314.5	2.94%
346 - Meters	\$3,132.5	\$93.6	\$3,038.9	52.4	\$58.0	1.85%
348 - Fire Hydrants	\$10,973.6	\$4,997.6	\$5,975.9	21.9	\$273.2	2.49%
371 - Structures & Improvements	\$13,954.3	\$1,663.5	\$12,290.8	47.6	\$258.2	1.85%
372 - Office Equipment	\$3,621.4	(\$28.4)	\$3,649.8	22.6	\$161.2	4.45%
373 - Transportation Equipment	\$3,638.4	\$2,757.3	\$881.1	2.6	\$337.3	9.27%
376 - Communication Equipment	\$288.7	\$173.4	\$115.3	5.1	\$22.7	7.87%
378 - Tools & Equipment	\$1,284.3	\$541.9	\$742.3	9.8	\$75.5	5.88%
Total	\$382,711.1	\$125,917.9	\$256,793.2		\$9,645.5	2.52%
<u>Contributions in Aid of Construction</u>						
315 - Wells	\$0.0				\$0.0	
321 - Pumping Structures	\$1,014.5				\$27.0	
324 - Pumping Equipment	\$1,154.5				\$41.4	
331 - Treatment Structures	\$0.0				\$0.0	
332 - Treatment Equipment	\$3,368.9				\$87.6	
342 - Reservoirs	\$2,575.0				\$57.2	
343 - Mains	\$9,707.1				\$191.2	
344 - Fire Mains	\$0.8				\$0.0	
345 - Services	\$1,612.0				\$40.1	
345A - Fire Services	\$10,390.7				\$305.5	
346 - Meters	\$4,105.4				\$75.9	
348 - Hydrants	\$4,334.0				\$107.9	
Less: Contributions Adjustment	\$38,262.9				\$933.9	
Less: Transfer to Clearing Accounts					\$435.5	
Depreciation Expense					\$8,276.0	

CHAPTER 10

Rate Base

1. The various rate base components set forth in this section have been developed using average balances. The rate bases for the recorded years 2011 through 2015 are summarized in Table 10C. The estimated or projected rate bases for Estimated Year 2016, and Test Years 2017-2018, and 2018-2019, are shown in Table 10D.
2. The average yearly balances for utility plant were developed in Chapter 8 and are set forth in Tables 10C and 10D.
3. The average yearly balances for depreciation reserve were developed in Chapter 9 and are set forth in Tables 10C and 10D.
4. The average yearly balances for advances for construction and contributions in aid of construction for recorded years 2011 through 2015, Estimated Year 2016, and Test Years 2017-2018 and 2018-2019, are shown in Tables 10A and 10B, respectively.
5. The average rate base for Estimated Year 2016, and Test Years 2017-2018 and 2018-2019, was calculated by adding to the average net utility plant the values for materials and supplies, working cash, tax on contributions, tax on advances, investment in

Fontana Union Water, and the net General Division plant allocation, and deducting the average estimated values for advances, contributions, accumulated deferred income taxes, and investment tax credit. Rate base has been reduced for disallowances made by the Commission in prior general rates cases.

A - Other Rate Base Adjustments

6. The Commission in Decision No. 93848, dated December 15, 1981, stated that conventional normalization methods shall be used for the purposes of the ERTA-81. The deductions set forth in Table 10D have been prepared in accordance with the staff guidelines sent to all Class A Water Utilities by letter dated February 22, 1982.
7. The item "Tax on Advances and Contributions" reflects unrecovered income taxes paid by San Gabriel on advances and contributions.

B - Materials and Supplies

8. The requirements for materials and supplies shown in Table 10D for Estimated Year 2016, and Test Years 2017-2018 and 2018-2019, have been determined from the recorded 2011-2015 levels adjusted for inflation and the projected growth of utility plant in service during this rate case cycle.

C - Working Cash Allowance

9. The components of San Gabriel's operational cash requirements are working funds and miscellaneous special funds necessary to maintain a satisfactory banking relationship.
10. The amounts of working cash-lead lag included in Table 10D are to compensate shareholders for the funds they provide which are committed to the business for the purpose of paying operating expenses in advance of receipt of offsetting revenue. The procedure used in developing working cash is based upon a detailed lead-lag study of revenues and expenses, as described in Exhibit SG-4 (Batt), beginning on page 36.

D – Net General Division Plant Allocation

11. The allocation of Net General Division Plant was developed in Chapter 6 of the General Division Report (Exhibit SG-1). The allocations shown in Table 8B of the General Division Report have been set forth in Table 10D to develop the total rate base for this study.

E - Facilities Fees

12. A memorandum account for tracking the collection of facilities fees was authorized by D.07-04-046. San Gabriel has submitted annual advice letters in 2007 through 2010, as an offset to the rate base adjustment for the Sandhill Treatment facility. The Facilities Fees memorandum account, including updates to the memorandum account through

December 31, 2015, is addressed in Exhibit SG-4 (Batt). San Gabriel proposes to increase Facilities Fees (except those applicable to Fire Services) to bring them more in line with those charged by neighboring water utilities.

F - Fontana Union Stock

13. San Gabriel records its water entitlements in Fontana Union Stock, which represents the water entitlement for most of the company's water supply, as required by D.92-04-032 in A.91-08-034, and by the Commission's Uniform System of Accounts. As provided in that and previous Commission decisions, the entitlement (excluding the previously disallowed portion) is included in the company's rate base for ratemaking purposes.

TABLE 10A

**San Gabriel Valley Water Company
Fontana Water Company
ADJUSTMENTS TO UTILITY PLANT**

(Dollars in Thousands)

	Recorded Years				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Advances for Construction</u>					
Beginning-of-Year Balance	\$36,349.4	\$35,640.0	\$34,555.1	\$33,776.7	\$34,585.7
Net Additions	\$580.6	\$224.7	\$531.1	\$2,145.5	\$0.0
Refunds	(\$1,290.0)	(\$1,309.6)	(\$1,309.6)	(\$1,336.5)	(\$626.4)
End-of-Year Balance	<u>\$35,640.0</u>	<u>\$34,555.1</u>	<u>\$33,776.7</u>	<u>\$34,585.7</u>	<u>\$33,959.3</u>
Average Balance	<u>\$35,994.7</u>	<u>\$35,097.6</u>	<u>\$34,165.9</u>	<u>\$34,181.2</u>	<u>\$34,272.5</u>
<u>Contributions in Aid of Construction</u>					
Beginning-of-Year Balance	\$23,956.3	\$23,531.0	\$23,207.2	\$22,733.3	\$24,600.8
Additions	\$388.5	\$502.4	\$364.3	\$2,749.4	\$142.1
Depreciation Accrual	(\$813.8)	(\$826.2)	(\$838.2)	(\$882.0)	(\$539.7)
End-of-Year Balance	<u>\$23,531.0</u>	<u>\$23,207.2</u>	<u>\$22,733.3</u>	<u>\$24,600.8</u>	<u>\$24,203.2</u>
Average Balance	<u>\$23,743.6</u>	<u>\$23,369.1</u>	<u>\$22,970.3</u>	<u>\$23,667.0</u>	<u>\$24,402.0</u>

NOTE: Recorded October 2015 information is temporarily shown for Calendar 2015

TABLE 10B

**San Gabriel Valley Water Company
Fontana Water Company**
ADJUSTMENTS TO UTILITY PLANT

(Dollars in Thousands)

	<u>Estimated 2016</u>	<u>Test Year 2017-2018</u>	<u>Test Year 2018-2019</u>
<u>Advances for Construction</u>			
Beginning-of-Year Balance	\$33,959.3	\$32,197.69	\$31,023.3
Net Additions	\$0.0	\$0.0	\$0.0
Refunds	(\$1,174.4)	(\$1,174.4)	(\$1,174.4)
End-of-Year Balance	<u>\$32,784.9</u>	<u>\$31,023.3</u>	<u>\$29,848.9</u>
Average Balance	<u>\$33,372.1</u>	<u>\$31,610.5</u>	<u>\$30,436.1</u>
<u>Contributions in Aid of Construction</u>			
Beginning-of-Year Balance	\$24,203.2	\$27,311.4	\$27,541.6
Additions	\$3,310.0	\$1,150.0	\$100.0
Depreciation Accrual	(\$847.6)	(\$919.8)	(\$932.7)
End-of-Year Balance	<u>\$26,665.6</u>	<u>\$27,541.6</u>	<u>\$26,708.9</u>
Average Balance	<u>\$25,434.4</u>	<u>\$27,426.5</u>	<u>\$27,125.2</u>

TABLE 10C

**San Gabriel Valley Water Company
Fontana Water Company**
AVERAGE DEPRECIATED RATE BASE
(Dollars in Thousands)

<u>Description</u>	<u>Recorded Years</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Utility Plant	\$289,338.6	\$296,999.6	\$305,942.6	\$326,047.6	\$338,299.4
Depreciation Reserve	\$64,074.1	\$69,690.1	\$75,815.9	\$82,981.2	\$89,849.6
Net Utility Plant	<u>\$225,264.5</u>	<u>\$227,309.5</u>	<u>\$230,126.7</u>	<u>\$243,066.4</u>	<u>\$248,449.8</u>
Less:					
Advances	\$35,994.7	\$35,097.6	\$34,165.9	\$34,181.2	\$34,272.5
Contributions	\$23,743.6	\$23,369.1	\$22,970.3	\$23,667.0	\$24,402.0
Accumulated Deferred Income Taxes	\$23,212.9	\$26,589.9	\$29,055.6	\$32,578.5	\$33,411.9
Deferred Investment Tax Credit	\$374.5	\$355.3	\$336.1	\$316.9	\$297.7
Subtotal	<u>\$141,938.8</u>	<u>\$141,897.6</u>	<u>\$143,598.7</u>	<u>\$152,322.8</u>	<u>\$156,065.7</u>
Plus:					
Materials and Supplies	\$833.3	\$933.4	\$924.7	\$1,013.0	\$1,151.5
Operational Cash Requirement	\$18.0	\$23.0	\$28.0	\$28.0	\$28.0
Working Cash-Lead Lag	\$1,000.0	\$1,300.0	\$1,600.0	\$1,600.0	\$1,600.0
Tax on Advances and Contributions	\$1,999.6	\$1,932.8	\$1,856.4	\$1,807.3	\$1,827.9
Water Entitlements - Fontana Union	\$2,575.6	\$2,575.6	\$2,575.6	\$2,575.6	\$2,575.6
Net Common Plant Allocation	\$7,661.7	\$8,056.0	\$8,590.6	\$9,034.1	\$9,307.3
Average Rate Base	<u><u>\$156,027.0</u></u>	<u><u>\$156,718.5</u></u>	<u><u>\$159,174.1</u></u>	<u><u>\$168,380.7</u></u>	<u><u>\$172,556.1</u></u>

NOTE: Recorded October 2015 information is temporarily shown for Calendar 2015

TABLE 10D

**San Gabriel Valley Water Company
Fontana Water Company
AVERAGE DEPRECIATED RATE BASE
(Dollars in Thousands)**

<u>Description</u>	<u>Estimated 2016</u>	<u>Test Year 2017-2018</u>	<u>Test Year 2018-2019</u>
Utility Plant	\$344,061.7	\$367,877.4	\$392,112.0
Depreciation Reserve	\$98,927.0	\$112,847.1	\$121,358.6
Net Utility Plant	<u>\$245,134.7</u>	<u>\$255,030.3</u>	<u>\$270,753.4</u>
Less:			
Advances	\$33,372.1	\$31,610.5	\$30,436.1
Contributions	\$25,434.4	\$27,426.5	\$27,125.2
Accumulated Deferred Income Taxes	\$35,134.3	\$36,022.7	\$37,010.5
Deferred Investment Tax Credit	\$316.9	\$345.7	\$364.9
Subtotal	<u>\$150,877.0</u>	<u>\$159,624.8</u>	<u>\$175,816.6</u>
Plus:			
Materials and Supplies	\$941.9	\$1,073.9	\$1,181.7
Operational Cash Requirement	\$28.0	\$15.0	\$15.0
Working Cash-Lead Lag	\$1,600.0	\$2,835.7	\$3,039.1
Tax on Advances and Contributions	\$1,694.1	\$1,601.6	\$1,539.4
Water Entitlements - Fontana Union	\$2,575.6	\$2,575.6	\$2,575.6
Net Common Plant Allocation	\$9,702.5	\$10,624.8	\$11,427.0
Average Rate Base	<u><u>\$167,419.1</u></u>	<u><u>\$178,351.4</u></u>	<u><u>\$195,594.5</u></u>

CHAPTER 11

Summary of Earnings

1. The revenues, operation and maintenance expenses, taxes and depreciation expenses developed in the preceding chapters of this report and the allocation of common utility expenses have been brought together to develop the net operating revenue for the periods under consideration. These net revenues have been related to the rate bases, developed in Chapter 10, to determine rates of return.
2. The experienced rates of return are shown on Table 11A for the recorded years.
3. The rates of return for Estimated Year 2016 and Test Year 2017-2018 at present rates are developed on Table 11B.
4. The rates of return for Test Year 2017-2018 at proposed rates is set forth on Table 11C. This table also sets for the revenues and expenses that were utilized in developing the estimated rates for Escalation Years 2018-2019 and 2019-2020.

A - Net-to-Gross Multiplier

5. The change in gross revenue required to produce a unit change in net revenues may be obtained by applying the net-to-gross multiplier to the net revenue increment required.

The net-to-gross multiplier is developed using the following factors:

Uncollectibles	0.2582%
Franchise Fee	0.6303%
California Corporation Franchise Tax	8.84%
Federal Income Tax	35.00%
Resultant N-T-G Factor	1.796588

This N-T-G Factor is only appropriate for calculating the needed revenues to increase the return on an established rate base. This N-T-G multiplier cannot be used for calculating an incremental revenue requirement for a rate base offset project that would be financed by a combination of debt and equity.

B – Escalation Year 2018-2019

6. The estimated revenue requirement for 2018-2019 is based in part on escalation of certain Test Year 2017-2018 expenses and in part on Test Year 2018-2019 rate base-related items (i.e., Depreciation Expense, Ad Valorem Taxes, and Income Taxes). The rates used to produce Escalation Year 2018-2019 required revenues are shown in Table 12B in Chapter 12.

C – Escalation Year 2019-2020

7. The estimated revenue requirement for 2019-2020 is based on escalation of Escalation Year 2018-2019 expenses, and in part on changes in rate base-related items between Test Year 2017-2018 and Test Year 2018-2019 that are assumed to continue for another year. The rates used to produce Escalation Year 2019-2020 required revenues are shown in Table 12B in Chapter 12.

TABLE 11A

**San Gabriel Valley Water Company
Fontana Water Company**
SUMMARY OF EARNINGS and RATES OF RETURN

(Dollars in Thousands)

	Recorded Years				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operating Revenues	\$55,611.4	\$57,868.3	\$49,145.0	\$53,401.5	\$52,827.8
Operating Expenses					
Purchased Water & Assessments	\$11,894.2	\$11,830.2	\$13,530.7	\$16,220.6	\$13,396.4
Purchased Power	\$3,495.5	\$4,413.0	\$4,665.7	\$5,428.8	\$4,748.3
Chemicals	\$438.7	\$392.6	\$492.0	\$500.2	\$422.4
Payroll	\$5,174.4	\$5,407.2	\$5,233.5	\$5,426.2	\$5,342.6
Materials & Supplies	\$1,075.6	\$873.5	\$744.0	\$933.2	\$1,030.7
Transportation	\$880.1	\$927.3	\$893.3	\$872.2	\$909.9
Pensions & Benefits	\$2,100.0	\$2,334.7	\$2,267.4	\$2,388.1	\$2,527.4
Uncollectibles	\$210.3	\$184.4	\$157.1	\$136.3	\$111.9
Franchise Fees	\$352.9	\$358.5	\$304.9	\$329.7	\$333.7
Outside Services	\$1,683.1	\$1,526.4	\$1,673.3	\$1,262.8	\$1,189.4
Injuries & Damages	\$504.7	\$505.2	\$522.9	\$624.3	\$782.4
Regulatory Commission Expense	\$351.1	\$148.7	\$13.0	\$278.7	\$402.0
Utilities & Rents	\$89.4	\$90.4	\$103.8	\$92.3	\$97.3
Miscellaneous Expense	\$365.3	\$139.2	\$314.4	\$174.8	\$102.9
Administrative Expense Transferred	(\$778.6)	(\$501.0)	(\$817.8)	(\$1,216.0)	(\$1,216.0)
Subtotal	<u>\$27,836.7</u>	<u>\$28,630.3</u>	<u>\$30,098.3</u>	<u>\$33,452.1</u>	<u>\$30,181.2</u>
Bank Charges	\$51.9	\$56.0	\$57.7	\$64.2	\$67.1
Allocated Common Expenses	\$4,079.6	\$4,332.2	\$4,653.3	\$5,012.5	\$5,518.2
Total Operating Expense	<u>\$31,968.2</u>	<u>\$33,018.5</u>	<u>\$34,809.3</u>	<u>\$38,528.8</u>	<u>\$35,766.4</u>
Depreciation	\$5,907.8	\$6,136.6	\$6,406.7	\$6,759.3	\$7,366.3
Ad Valorem Taxes	\$1,751.6	\$1,848.2	\$2,057.2	\$1,981.7	\$1,971.7
Payroll Taxes	\$474.6	\$489.8	\$479.7	\$509.6	\$630.6
Total Expense before Income Taxes	<u>\$40,102.1</u>	<u>\$41,493.1</u>	<u>\$43,752.9</u>	<u>\$47,779.5</u>	<u>\$45,735.1</u>
Net Revenue Before Income Taxes	\$15,509.3	\$16,375.2	\$5,392.1	\$5,622.0	\$7,092.7
State Income Tax	\$1,032.6	\$1,092.4	(\$23.4)	(\$600.3)	(\$381.5)
Federal Income Tax	\$4,464.3	\$4,268.4	\$13.3	\$272.1	\$1,304.2
Total Expenses	<u>\$45,599.0</u>	<u>\$46,853.9</u>	<u>\$43,742.8</u>	<u>\$47,451.3</u>	<u>\$46,657.7</u>
Net Operating Revenues	\$10,012.3	\$11,014.4	\$5,402.2	\$5,950.2	\$6,170.1
Rate Base	\$156,027.0	\$156,718.5	\$159,174.1	\$168,380.7	\$172,556.1
Rate of Return	6.42%	7.03%	3.39%	3.53%	3.58%

NOTE: Recorded October 2015 information is temporarily shown for Calendar 2015

TABLE 11B

**San Gabriel Valley Water Company
Fontana Water Company
SUMMARY OF EARNINGS and RATES OF RETURN
at PRESENT RATES**

(Dollars in Thousands)

	Estimated <u>2016</u>	Test Year <u>2017-2018</u>
Operating Revenues	\$52,349.8	\$53,423.1
Operating Expenses		
Purchased Water & Assessments	\$14,749.5	\$13,475.3
Purchased Power	\$5,631.1	\$5,851.8
Chemicals	\$459.6	\$480.9
Payroll	\$5,360.7	\$5,993.5
Materials & Supplies	\$734.1	\$767.9
Transportation	\$923.3	\$966.0
Pensions & Benefits	\$2,850.4	\$3,281.7
Uncollectibles @ 0.2582%	\$133.9	\$136.7
Franchise Fees @ 0.6303%	\$327.0	\$333.7
Outside Services	\$851.3	\$896.9
Injuries & Damages	\$937.3	\$1,030.4
Regulatory Commission Expense	\$636.0	\$636.0
Utilities & Rents	\$98.7	\$103.3
Miscellaneous Expense	\$799.3	\$832.5
Administrative Expense Transferred	(\$375.9)	(\$1,454.9)
Subtotal	<u>\$34,116.2</u>	<u>\$33,331.6</u>
Bank Charges	\$69.8	\$74.0
Allocated Common Expenses	<u>\$6,194.2</u>	<u>\$6,993.3</u>
Total Operating Expense	\$40,380.2	\$40,399.0
Depreciation Expense	\$6,903.9	\$7,442.6
Ad Valorem Taxes	\$1,915.5	\$1,983.5
Payroll Taxes	\$510.6	\$573.2
Total Expense before Income Taxes	<u>\$49,710.2</u>	<u>\$50,398.2</u>
Net Revenue Before Income Taxes	\$2,639.6	\$3,024.9
State Income Tax	(\$334.4)	(\$426.9)
Federal Income Tax	(\$279.8)	(\$220.1)
Total Expenses	<u>\$49,096.0</u>	<u>\$49,751.3</u>
Net Operating Revenues	\$3,253.8	\$3,671.8
Rate Base	\$167,419.1	\$178,351.4
Rate of Return	1.94%	2.06%

TABLE 11C

**San Gabriel Valley Water Company
Fontana Water Company**
SUMMARY OF EARNINGS and RATES OF RETURN
at PROPOSED RATES
(Dollars in Thousands)

	Test Year	Escalation	Escalation
	2017-2018	Year	Year
	2017-2018	2018-2019	2019-2020
Operating Revenues	\$74,030.8	\$77,073.3	\$81,773.7
Operating Expenses			
Purchased Water & Assessments	\$13,475.3	\$13,784.9	\$14,260.0
Purchased Power	\$5,851.8	\$5,986.2	\$6,192.5
Chemicals	\$480.9	\$497.5	\$513.5
Payroll	\$5,993.5	\$6,179.4	\$6,383.5
Materials & Supplies	\$767.9	\$794.4	\$820.0
Transportation	\$966.0	\$999.3	\$1,031.5
Pensions & Benefits	\$3,281.7	\$3,383.5	\$3,495.2
Uncollectibles @ 0.2582%	\$189.9	\$197.8	\$209.9
Franchise Fees @ 0.6303%	\$463.6	\$482.8	\$512.4
Outside Services	\$896.9	\$937.3	\$980.4
Injuries & Damages	\$1,030.4	\$1,052.1	\$1,074.2
Regulatory Commission Expense	\$636.0	\$636.0	\$636.0
Utilities & Rents	\$103.3	\$106.8	\$110.3
Miscellaneous Expense	\$832.5	\$861.2	\$889.0
Administrative Expense Transferred	(\$1,454.9)	(\$1,505.1)	(\$1,553.6)
Subtotal	<u>\$33,514.7</u>	<u>\$34,394.0</u>	<u>\$35,554.8</u>
Bank Charges	\$74.0	\$76.6	\$79.0
Allocated Common Expenses	\$6,993.3	\$7,234.8	\$7,467.9
Total Operating Expense	<u>\$40,582.1</u>	<u>\$41,705.3</u>	<u>\$43,101.7</u>
Depreciation Expense	\$7,442.6	\$7,981.9	\$8,521.3
Ad Valorem Taxes	\$1,983.5	\$2,171.6	\$2,359.6
Payroll Taxes	\$573.2	\$591.0	\$610.5
Total Expense before Income Taxes	<u>\$50,581.3</u>	<u>\$52,449.8</u>	<u>\$54,593.1</u>
Net Revenue Before Income Taxes	\$23,449.4	\$24,623.5	\$27,180.7
State Income Tax	\$1,378.7	\$1,407.6	\$1,616.0
Federal Income Tax	\$6,928.5	\$6,610.0	\$7,495.0
Total Expenses	<u>\$58,888.5</u>	<u>\$60,467.3</u>	<u>\$63,704.1</u>
Net Operating Revenues	\$15,142.3	\$16,606.0	\$18,069.7
Rate Base	\$178,351.4	\$195,594.5	
Rate of Return	8.49%	8.49%	

TABLE 11D

**San Gabriel Valley Water Company
Fontana Water Company**
OPERATING REVENUES PERCENTAGE INCREASE

(Dollars in Thousands)

ESCALATION YEAR 2018-2019

	Proposed 2017-2018 Rates	Proposed 2018-2019 Rates	Dollars Increase	Percentage Increase
<u>Metered Revenues</u>				
Residential - Single Family	\$44,018.8	\$45,019.6	\$1,000.8	2.3%
Residential - Multi-Family, Small	\$2,099.4	\$2,150.4	\$51.0	2.4%
Residential - Multi-Family, Large	\$4,117.0	\$4,220.9	\$103.9	2.5%
Total Residential	<u>\$50,235.2</u>	<u>\$51,391.0</u>	<u>\$1,155.8</u>	2.3%
Commercial, Small	\$5,313.0	\$5,434.8	\$121.8	2.3%
Commercial, Large	\$5,697.0	\$5,843.3	\$146.3	2.6%
Total Commercial	<u>\$11,010.1</u>	<u>\$11,278.1</u>	<u>\$268.1</u>	2.4%
Industrial, Small	\$102.2	\$104.5	\$2.3	2.3%
Industrial, Large	\$1,501.8	\$1,541.1	\$39.3	2.6%
Niagara Bottling	\$2,494.8	\$2,564.1	\$69.3	2.8%
California Steel Industries	\$198.7	\$203.1	\$4.4	2.2%
Cemex USA	\$721.9	\$741.7	\$19.8	2.7%
Total Industrial	<u>\$5,019.3</u>	<u>\$5,154.5</u>	<u>\$135.1</u>	2.7%
Public Authority, Small	\$1,018.9	\$1,042.2	\$23.3	2.3%
Public Authority, Large	\$5,252.1	\$5,387.7	\$135.5	2.6%
Total Public Authority	<u>\$6,271.0</u>	<u>\$6,429.9</u>	<u>\$158.8</u>	2.5%
Construction	\$514.4	\$528.8	\$14.4	2.8%
Recycled Water	\$629.7	\$642.4	\$12.7	2.0%
Subtotal	<u>\$73,679.7</u>	<u>\$75,424.6</u>	<u>\$1,744.9</u>	2.4%
<u>Flat Rate Service</u>				
Private Fire Service	\$1,159.5	\$1,174.9	\$15.5	1.3%
<u>Miscellaneous</u>				
Rent from Water Property	\$1.5	\$1.5	\$0.0	0.0%
Other Water Revenues	\$472.3	\$472.3	\$0.0	0.0%
Subtotal	<u>\$473.8</u>	<u>\$473.8</u>	<u>\$0.0</u>	0.0%
Total Operating Revenues	<u><u>\$75,312.9</u></u>	<u><u>\$77,073.3</u></u>	<u><u>\$1,760.4</u></u>	2.3%

TABLE 11E

**San Gabriel Valley Water Company
Fontana Water Company
OPERATING REVENUES PERCENTAGE INCREASE**

(Dollars in Thousands)

ESCALATION YEAR 2019-2020

	Proposed 2018-2019 Rates	Proposed 2019-2020 Rates	Dollars Increase	Percentage Increase
<u>Metered Revenues</u>				
Residential - Single Family	\$45,249.7	\$46,936.5	\$1,686.8	3.7%
Residential - Multi-Family, Small	\$2,132.1	\$2,199.1	\$67.0	3.1%
Residential - Multi-Family, Large	\$4,279.0	\$4,401.8	\$122.7	2.9%
Total Residential	<u>\$51,660.9</u>	<u>\$53,537.4</u>	<u>\$1,876.5</u>	3.6%
Commercial, Small	\$5,404.3	\$5,603.6	\$199.2	3.7%
Commercial, Large	\$6,173.7	\$6,335.3	\$161.6	2.6%
Total Commercial	<u>\$11,578.0</u>	<u>\$11,938.9</u>	<u>\$360.9</u>	3.1%
Industrial, Small	\$101.3	\$105.0	\$3.7	3.6%
Industrial, Large	\$1,506.3	\$1,543.3	\$37.0	2.5%
Niagara Bottling	\$3,832.9	\$3,901.7	\$68.8	1.8%
California Steel Industries	\$203.1	\$211.2	\$8.1	4.0%
Cemex USA	\$741.7	\$756.2	\$14.5	2.0%
Total Industrial	<u>\$6,385.3</u>	<u>\$6,517.4</u>	<u>\$132.1</u>	2.1%
Public Authority, Small	\$1,019.6	\$1,057.3	\$37.7	3.7%
Public Authority, Large	\$5,617.7	\$5,762.2	\$144.5	2.6%
Total Public Authority	<u>\$6,637.3</u>	<u>\$6,819.5</u>	<u>\$182.2</u>	2.7%
Construction	\$538.6	\$548.0	\$9.5	1.8%
Recycled Water	\$642.4	\$657.3	\$14.9	2.3%
Subtotal	<u>\$77,442.4</u>	<u>\$80,018.4</u>	<u>\$2,576.0</u>	3.3%
<u>Flat Rate Service</u>				
Private Fire Service	\$1,192.8	\$1,281.6	\$88.8	7.4%
<u>Miscellaneous</u>				
Rent from Water Property	\$1.5	\$1.5	\$0.0	0.0%
Other Water Revenues	\$472.3	\$472.3	\$0.0	0.0%
Subtotal	<u>\$473.8</u>	<u>\$473.8</u>	<u>\$0.0</u>	0.0%
Total Operating Revenues	<u><u>\$79,108.9</u></u>	<u><u>\$81,773.7</u></u>	<u><u>\$2,664.8</u></u>	3.4%

CHAPTER 12

Rates and Service

A - Present and Proposed Rates

1. The fifteen sheets of Table 12A show the present tariffs for General Metered Service (both General Rates and Tiered Conservation Rates), California Alternative Rates for Water (CARW), Recycled Water Service, Private Fire Service, Construction and Tank Truck Service, and Service to Tract Houses during Construction, under which service is currently rendered in the Division. Schedule No. FO-FF (Facilities Fees) is also included in Table 12A.
2. D.10-04-031 in Application 08-09-008 established a procedure for calculating conservation rates for directly-metered Residential customers, effective July 1, 2010. That procedure is being followed for the proposed rates in this general rate case.

The service charges have been designed to recover approximately 30% of metered revenues. The proposed Conservation Rate Schedule FO-1C shown in Table 12B, Sheet 2 of 7, contains a 2-tier Quantity Rate with all usage beyond the first 16 Ccf per month charged at a 15% premium over the initial block rate, while maintaining revenue neutrality. The proposed Conservation Rate schedule is developed expressly in accordance with the requirements and methodology adopted by the Commission in

D.10-04-031, dated April 8, 2010, which established San Gabriel's conservation rate design.

Schedule FO-1, applicable to the remaining metered customer classes, maintains a single Quantity Rate structure in accordance with the Commission's current rate design standards.

Because Construction customers are currently billed for the actual water they use instead of the fixed charges listed in Schedule FO-9C (Construction and Tank Service) and Schedule FO-9CL (Service to Tract Houses During Construction), San Gabriel is requesting to replace the fixed charges in Schedule FO-9C with the Quantity Rate (including temporary surcharges and surcredits) from Schedule FO-1 and to eliminate Schedule LA-9CL entirely.

B - Rate Comparisons

3. Table 12C compares the monthly charge in the Division for a 5/8 x 3/4-inch, 1-inch, 2-inch, and 4-inch meter at various consumption levels at present and proposed rates for both Schedule Nos. FO-1 (general service) and FO-1C (tiered conservation rates).

C - Service

4. A tabulation of service complaints for the past five years, 2011 through 2015, is set forth in the tabulation below:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Taste & Odor	0	0	0	0	0
Turbidity	0	0	0	0	0
Pressure (High or Low)	127	172	114	114	48
Water Quality	17	21	53	53	20
Sand	0	0	0	0	0
Air-Milky-Cloudy	0	0	0	0	0
Bill Inquiries	0	0	0	0	0
Leaks, Mains	0	0	0	0	0
Leaks, Services	0	0	0	0	0
Leaks, Hydrants	0	0	0	0	0
Misc. Other Complaints	<u>17</u>	<u>18</u>	<u>19</u>	<u>16</u>	<u>6</u>
 TOTAL	 161	 211	 186	 183	 74

5. The company takes customer service very seriously. When customers call the company to express a concern with the amount of the water bill, quality of water, or service rendered in general, a Customer Service Representative (CSR) will speak to the customer to ascertain the nature of the concern. Often, the CSR will be able to satisfy the customer over the phone. If the CSR is unable to resolve the matter over the phone, the CSR will schedule an appointment for a Customer Serviceman to go to the customer's premises to try to understand and resolve the customer's complaint. The Customer Servicemen goes through a checklist of questions and actions specific to the nature of the complaint (i.e. taste and odor, low pressure, high bill) to determine the cause of the problem. If the cause is determined to be within the company's control, the Customer Serviceman will initiate action to remedy the situation. Usually, the Customer

Serviceman is able to resolve the customer's concern either by a response or by action by the company. In any event, the Customer Service Superintendent or Foreman always follow-up by phone to make sure the customer is satisfied.

6. The company remains committed to minimizing the overall number of customer complaints. For example, the company has a proactive main and service replacement program to help prevent leaks and improve water pressure. Also, the company regularly trains its employees in customer service techniques. This is in the form of outside seminars, internal training, and circulated training material. The company's Customer Servicemen have been trained to perform indoor and outdoor Water Audits, including how to advise customers about conserving water and making effective and more efficient use of water both indoors and outdoors.

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. \$ 2.7192 (I)

Per Meter
Per Month

Service Charges:

For 5/8 x 3/4-inch meter	\$ 13.90	(I)
For 3/4-inch meter	20.86	
For 1-inch meter.....	34.76	
For 1-1/2-inch meter.....	69.51	
For 2-inch meter.....	111.19	
For 3-inch meter.....	208.58	
For 4-inch meter.....	348.00	
For 6-inch meter.....	691.00	
For 8-inch meter.....	1,111.00	
For 10-inch meter.....	1,601.00	
For 12-inch meter.....	2,292.00	(I)

(continued)

(To be inserted by utility)

Issued by

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Advice Letter No. 452

R. W. Nicholson

Date Filed DEC - 1 2014

Decision No. 11-11-018

NAME

Effective DEC 3 2014

President

Resolution No.

TITLE

TABLE 12A

Sheet 2 of 15

SAN GABRIEL VALLEY WATER COMPANY

11142 GARVEY AVENUE
EL MONTE, CALIFORNIA 91733

Revised

Cancelling

Revised

Cal. P.U.C. Sheet No. 2520-W

Cal. P.U.C. Sheet No. 2515-W

SCHEDULE NO. FO-1
Fontana Water Company
GENERAL METERED SERVICE
(continued)

RATES (continued)

	<u>Per Battery</u> <u>Per Month</u>
For two 2-inch meters	\$ 222.00
For three 2-inch meters	333.00
For four 2-inch meters.....	444.00
For two 3-inch meters	417.00
For two 4-inch meters	696.00
For one 8-inch meter, two 2-inch meters	1,331.00
For two 8-inch meters	2,202.00

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is added to the quantity charge computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A surcredit of \$0.1047 per Ccf is to be applied to the quantity rates for the remainder of the thirty-six months ending on July 31, 2017 to refund an overcollection associated with the Sandhill Water Treatment Facility Plant.
3. A surcharge of \$0.1297/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.
4. A surcharge of \$0.1440 per Ccf is to be applied to the quantity rates for thirty-one months beginning on February 13, 2015 and ending on September 12, 2017 to recover an undercollection recorded in the Interim Rates Memorandum Account.
5. A surcharge of \$0.1257 per Ccf is to be applied to the quantity rates for twenty-four months beginning on May 6, 2015 and ending on May 5, 2017 to recover the March 2015 undercollection recorded in the Water Production Balancing Account.
6. A surcharge of \$0.1394 per Ccf is to be applied to the quantity rates for a twelve month period beginning on October 27, 2015 to amortize the undercollection in the Water Quality Litigation Memorandum Account (WQLMA).

(R)
(C)

(To be inserted by utility)

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R. W. Nicholson

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NAME

Effective NOV 19 2015

President

TITLE

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..... \$ 2.5032
For all Ccf greater than 16 Ccf, per 100 cu. Ft..... \$ 2.8789

Service Charges:

	Per Meter <u>Per Month</u>
For 5/8 x 3/4-inch meter.....	\$ 14.53
For 3/4-inch meter.....	21.80
For 1-inch meter.....	36.34
For 1-1/2-inch meter.....	72.67
For 2-inch meter.....	116.30
For 3-inch meter.....	217.98

SPECIAL CONDITIONS

- All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
- A surcredit of \$0.1047 per Ccf is to be applied to the quantity rates for the remainder of the thirty-six months ending on July 31, 2017 to refund an overcollection associated with the Sandhill Water Treatment Facility Plant. (R)
- A surcharge of \$0.1297/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. (C)
- A surcharge of \$0.1440 per Ccf is to be applied to the quantity rates for thirty-one months beginning on February 13, 2015 and ending on September 12, 2017 to recover an undercollection recorded in the Interim Rates Memorandum Account.
- A surcharge of \$0.1257 per Ccf is to be applied to the quantity rates for twenty-four months beginning on May 6, 2015 and ending on May 5, 2017 to recover the March 2015 undercollection recorded in the Water Production Balancing Account.
- A surcharge of \$0.1394 per Ccf is to be applied to the quantity rates for a twelve month period beginning on October 27, 2015 to amortize the undercollection in the Water Quality Litigation Memorandum Account (WQLMA).
- A surcharge of \$0.1617 per Ccf for an 11-month period beginning on August 27, 2015 is to be applied to the quantity rate to amortize the undercollection in the Water Revenue Adjustment Mechanism (WRAM) Balancing Account.

(To be inserted by utility)

Issued by

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Advice Letter No. 470

R. W. Nicholson

Date Filed NOV 19 2015

Decision No. 15-11-028

NAME

Effective NOV 19 2015

President
TITLE

Resolution No.

SCHEDULE NO. FO-4
Fontana Water Company
PRIVATE FIRE SERVICE

APPLICABILITY

Applicable to water service furnished to private fire systems and to private fire hydrants.

TERRITORY

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

RATE

Per Service
Per Month

For each inch of diameter of service connection\$9.37 (I)

SPECIAL CONDITIONS

1. The customer will pay, without refund, the entire cost of the private fire service facilities.
2. The private fire service facilities shall be installed by the utility or under the utility's direction and shall be the sole property and subject to the control of the utility, with the right to alter, repair, replace and the right to remove upon discontinuance of service.
3. The minimum diameter for the private fire service connection will be 4-inches. The maximum diameter shall not be larger than the diameter of the water main to which the private fire service facilities are attached unless said main is circulating, in which case with the approval of the utility the maximum diameter may be larger by not more than 2-inches than the diameter of said circulating main.
4. If a water main of adequate size is not available adjacent to the premises to be served, then a new main from the nearest existing main of adequate size will be installed by the utility at the cost of the customer. Such cost shall not be subject to refund.
5. The private fire service facilities will include a detector check valve or other similar device acceptable to the utility which will indicate the use of water. The facilities may be located within the customer's premises or within public right of way adjacent thereto. Where located within the premises, the utility and its duly authorized agents shall have the right of ingress to and egress from the premises for all purposes related to said facilities. In the event the installation is solely a private fire hydrant facility, the requirement for a detector check valve or other similar device may be waived.

(D)

(continued)

(To be inserted by utility)

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R. W. Nicholson

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TITLE

11142 GARVEY AVENUE
EL MONTE, CALIFORNIA 91733

Revised

Cal. P.U.C. Sheet No. 1087-W

Cancelling Revised

Cal. P.U.C. Sheet No. 683-W

Schedule No. FO-4
Fontana Water Company

PRIVATE FIRE SERVICE

SPECIAL CONDITIONS - Continued

6. No structure shall be built over the private fire service facilities (T)
and the customer shall maintain and safeguard the area occupied by the private
fire service facilities from traffic and other hazardous conditions. The
customer will be responsible for any damage to the private fire service (T)
facilities whether resulting from the use or operation of appliances and
facilities on customer's premises or otherwise.

7. Subject to the approval of the utility, any change in the location or (T)
construction of the private fire service facilities as may be requested by (T)
public authority or the customer will be made by the utility following payment
to the utility of the entire cost of such change.

8. The customer's installation must be such as to separate effectively (T)
the private fire service facilities from that of the customer's regular
domestic water service. Any unauthorized use of water from the private fire (T)
service facilities will be charged for at the applicable tariff rates and may
be grounds for the utility's discontinuing private fire service without
liability to the utility. (T)

9. There shall be no cross connection between the systems supplied by (T)
water through the utility's private fire service facilities and any other (T)
source of supply without the specific approval of the utility. The specific
approval, if given, will at least require at the customer's expense, a special
double check valve installation or other backflow prevention device acceptable (T)
to the utility. Any unauthorized cross connection may be grounds for
immediately discontinuing private fire service without liability to the (T)
utility. (T)

10. The utility will supply only such water at such pressure as may be (T)
available from time to time as a result of its operation of the system. The
customer shall indemnify the utility and save it harmless against any and all
claims arising out of service under this schedule and shall further agree to
make no claims against the utility for any loss or damage resulting from
service under this schedule. Section 774 of the Public Utilities Code limits (T)
the liability of the utility resulting from a claim regarding adequacy of
pressure or supply for fire protection service. (T)

11. The customer shall be responsible for the periodic testing of any (T)
backflow prevention devices as required by public authority or the utility.
Any repair or replacement of such devices or of any other facilities installed
to provide private fire service shall be done at the customer's expense. Any (T)
refusal to comply with the above requirements may be grounds for the utility's
discontinuing private fire service without liability to the utility. (T)

(To be inserted by utility)

Issued by

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

Advice Letter No. 223

R. E. Heytens

Date Filed JAN 29 1986

Decision No. _____

NAME
Vice President

Effective FEB 28 1986

Resolution No. _____

TITLE

TABLE 12A

Sheet 6 of 15

~~SAN GABRIEL VALLEY WATER COMPANY~~

11142 GARVEY AVENUE
EL MONTE, CALIFORNIA 91733

Revised _____
Cancelling Revised _____

Cal. P.U.C. Sheet No. 1476-W
Cal. P.U.C. Sheet No. 1447-W

SCHEDULE NO. FO-4
Fontana Water Company
PRIVATE FIRE SERVICE
(continued)

SPECIAL CONDITIONS - continued

- 12. As authorized by the California Public Utilities Commission, all bills are subject to a one-time surcharge of \$2.02. This charge offsets the Department of Health Services fee and certain water testing expenses incurred under the Environmental Protection Agency's adopted National Primary Drinking Water Regulations. (C)
|
(C)
- 13. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.

(To be inserted by utility)

Advice Letter No. 301
Decision No. _____

Issued by

M. L. Whitehead
NAME
President
TITLE

12-10

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

Date Filed AUG 0 8 1998
Effective SEP 1 5 1998
Resolution No. W 4013

TABLE 12A

~~SAN GABRIEL VALLEY WATER COMPANY~~

Sheet 7 of 15

11142 GARVEY AVENUE
EL MONTE, CALIFORNIA 91733

Revised
Cancelling Revised

Cal. P.U.C. Sheet No. 2383-W
Cal. P.U.C. Sheet No. 2308-W

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..... \$ 2.0394 (I)

Service Charge:

	Per Meter	
For 5/8 x 3/4-inch meter	\$ 13.90	(I)
For 3/4-inch meter	20.86	
For 1-inch meter	34.76	
For 1-1/2-inch meter	69.51	
For 2-inch meter	111.19	
For 3-inch meter	208.58	
For 4-inch meter	348.00	
For 6-inch meter	691.00	
For 8-inch meter	1,111.00	
For 10-inch meter	1,601.00	
For 12-inch meter	2,292.00	(I)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 452

R. W. Nicholson
NAME

Date Filed DEC - 3 2014

Decision No. 11-11-018

President
TITLE

Effective DEC 3 2014

Resolution No.

Revised

Cal. P.U.C. Sheet No. 2522-W

Cancelling

Revised

Cal. P.U.C. Sheet No. 2461-W

SCHEDULE NO. FO-6
Fontana Water Company Tariff Area
RECYCLED WATER METERED SERVICE
(continued)

RATES - (continued)

Table with 2 columns: Description of metered service and Per Battery Per Month rate. Includes rows for two 2-inch meters, three 2-inch meters, four 2-inch meters, two 3-inch meters, two 4-inch meters, one 8-inch meter and one 2-inch meter, and two 8-inch meters.

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for reclaimed water used computed at the Quantity Rates.

SPECIAL CONDITIONS

- 1. The Quantity Rate is set at 75% of the Quantity Rate of Schedule No. FO-1.
2. The customer is responsible for compliance with all local, state, and federal rules and regulations that apply to the use of recycled water on the customer's premises.
3. The utility will supply only such recycled water at such pressure as may be available from time to time from the recycled water system.
4. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
5. A surcredit of \$0.1047 per Ccf is to be applied to the quantity rates for remainder of the thirty-six months ending on July 31, 2017 to refund an overcollection associated with the Sandhill Water Treatment Facility Plant.
6. A surcharge of \$0.1297/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.
7. A surcharge of \$0.1597 per Ccf is to be applied to the quantity rates of only non-CARW customers for a 12-month period ending September 20, 2015 to amortize the undercollection in the California Alternative Rates for Water (CARW) Memorandum Account.
8. A surcharge of \$0.1440 per Ccf is to be applied to the quantity rates for thirty-one months beginning on February 13, 2015 and ending on September 12, 2017 to recover an undercollection recorded in the Interim Rates Memorandum Account.
9. A surcharge of \$0.1257 per Ccf is to be applied to the quantity rates for twenty-four months beginning on May 6, 2015 and ending on May 5, 2017 to recover the March 2015 undercollection recorded in the Water Production Balancing Account.

(R)
(C)

(To be inserted by utility)

Issued by

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

Advice Letter No. 470

R. W. Nicholson

Date Filed NOV 19 2015

Decision No. 15-11-028

NAME

Effective NOV 19 2015

President

TITLE

12-12

Resolution No.

TABLE 12A

~~SAN GABRIEL VALLEY WATER COMPANY~~ Sheet 9 of 15

11142 GARVEY AVENUE
EL MONTE, CALIFORNIA 91733

Revised
Cancelling Revised

Cal. P.U.C. Sheet No. 2385-W
Cal. P.U.C. Sheet No. 2310-W

SCHEDULE NO. FO-9C
Fontana Water Company
CONSTRUCTION AND TANK TRUCK SERVICE

APPLICABILITY

Applicable to temporary water service furnished for construction purposes and for water delivered to tank trucks from fire hydrants or other outlets.

TERRITORY

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

RATE

Unit Rates

For sidewalk construction, per 100 sq. feet.....	\$0.721	(I)
For street curb construction, per 100 lineal feet	1.441	(I)
For trench settling, per lineal foot of section of trench 2 feet by 4 feet	0.060	
For sprinkling subgrade of street and roadway construction in application of oil or any form of patented oil paving or surfacing, or for rolling and settling subgrade, per 3,000 square feet of roadway.....	10.10	(I)
For compaction of fill, per cubic yard of fill material.....	0.090	
For water delivered to tank wagon or truck, per 100 gallons.....	0.230	

MINIMUM CHARGE

For any service rendered under this schedule..... \$36.18 (I)

SPECIAL CONDITIONS

1. An applicant wishing to obtain water deliveries under this schedule must first obtain a written permit from the utility.
2. Where water is to be obtained from a public fire hydrant, a permit must be obtained from the fire protection district or other public agency having jurisdiction.
3. For other temporary uses the quantity of water used shall be estimated or metered by the utility. Charges for such water shall be at the quantity rate for General Metered Service applicable to the tariff area within which the water is delivered.
4. An applicant for service under this schedule must pay the utility in advance the net cost of installing and removing any facilities necessary to provide such service.

(D)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 452

R. W. Nicholson

Date Filed DEC 3 2014

Decision No. 11-11-018

NAME

Effective DEC 3 2014

President

Resolution No.

TITLE

SCHEDULE NO. FO-9C
Fontana Water Company
CONSTRUCTION AND TANK TRUCK SERVICE

(continued)

SPECIAL CONDITIONS - continued

- 5. If water is taken from a fire hydrant or other outlet without written permission from the utility, the utility shall estimate the amount taken and render a bill under this schedule. The bill may include the cost of removing any facilities or repairing any damage connected with such unauthorized use.
- 6. An applicant using a fire hydrant must use a gate wye assembly approved by the fire department and must operate the fire hydrant using and appropriate spanner wrench. Any repairs to the fire hydrant resulting from the use of unapproved attachments, improper wrenches, or otherwise shall be paid for by the applicant.
- 7. As authorized by the California Public Utilities Commission, all bills are subject to a one-time surcharge of \$0.89. This charge offsets the Department of Health Services fee and certain water testing expenses incurred under the Environmental Protection Agency's adopted National Primary Drinking Water Regulations.
- 8. All bills are subject to the reimbursement fee set forth in Schedule No. AA-UF.

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(To be inserted by utility)

Issued by

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

Advice Letter No. 305

M. L. Whitehead
NAME

Date Filed JAN 24 2000

Decision No. _____

President
TITLE

Effective FEB 19 2000

Resolution No. W4033

TABLE 12A

~~SAN GABRIEL WATER COMPANY~~

Sheet 11 of 15

11142 GARVEY AVENUE
EL MONTE, CALIFORNIA 91733

Revised
Cancelling Revised

Cal. P.U.C. Sheet No. 2386-W
Cal. P.U.C. Sheet No. 2311-W

SCHEDULE NO. FO-9CL
Fontana Water Company
SERVICE TO TRACT HOUSES DURING CONSTRUCTION

APPLICABILITY

Applicable to water service for house construction where houses are being constructed as part of a real estate development.

TERRITORY

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

RATES

For each lot for the construction period . . . \$12.37 (I)

SPECIAL CONDITIONS

1. This service is available only to real estate developers or builders who make application prior to installation of mains and services and who undertake the construction of houses as part of the development. At its option the utility may provide the service if application is made after mains and services have been installed.
2. Water service under this tariff schedule is only to be used for house construction. It does not include water use for landscaping or other tract improvement work.
3. When each house passes final inspection water service under this schedule will be terminated.
4. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.

(D)

(To be inserted by utility)

Advice Letter No. 452

Decision No. 11-11-018

Issued by

R.W. Nicholson
NAME

President
TITLE

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

Date Filed DEC - 2014

Effective DEC 3 2014

Resolution No.

TABLE 12A

SAN GABRIEL VALLEY WATER COMPANY

Sheet 12 of 15

11142 GARVEY AVENUE
EL MONTE, CALIFORNIA 91733

Revised

Cal. P.U.C. Sheet No. 1875-W

Cancelling Revised

Cal. P.U.C. Sheet No. 1821-W

SCHEDULE NO. FO-FF
Fontana Water Company
FACILITIES FEES

APPLICABILITY

Applicable to all applicants for installation of service connections to serve new customers and private fire service connections under Rule 15, Rule 16, and other tariff provisions. Applicable to all applicants for service from the Utility in the territory served for premises not previously connected to its distribution mains, for additional service connections to existing premises, and for increases in the size of meters and private fire service connections to existing premises at the customer's request.

(T)
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(T)

TERRITORY

The schedule is applicable within the entire territory served by the Fontana Water Company division of the Utility.

RATES

Facility Fee for each Meter or Private Fire Service Connection:

(T)

For 5/8 x 3/4-inch	\$5,000.00
For 3/4-inch	\$5,000.00
For 1-inch	\$6,650.00
For 1-1/2-inch	\$10,000.00
For 2-inch	\$13,350.00
For 3-inch	\$20,000.00
For 4-inch	\$26,650.00
For 6-inch	\$40,000.00
For 8-inch	\$53,350.00
For 10-inch	\$66,650.00
For 12-inch	\$80,000.00
For 14-inch	\$93,350.00

SPECIAL CONDITIONS

1. Facilities fees are payable in addition to and do not limit any charges that may be applicable under Rule 15, Rule 16, and other tariff provisions.
2. These fees are not subject to the Public Utilities Commission Reimbursement Fee surcharge in Schedule UF.
3. Facilities Fees shall only be used for the repair and replacement of existing infrastructure or the installation of new infrastructure and shall not be used for the cost of the service connection or the meter.

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(continued)

(To be inserted by utility)
Advice Letter No. 369
Decision No. 07-04-046/08-04-005

Issued by
M. L. Whitehead
NAME
President
TITLE

(To be inserted by Cal. P.U.C.)
Date Filed JAN 22 2009
Effective JAN 26 2009
Resolution No.

TABLE 12A

SAN GABRIEL VALLEY WATER COMPANY

Sheet 13 of 15

11142 GARVEY AVENUE
EL MONTE, CALIFORNIA 91733

Revised
Cancelling Revised

Cal. P.U.C. Sheet No. 1876-W
Cal. P.U.C. Sheet No. 1821-W

SCHEDULE NO. FO-FF
Fontana Water Company
FACILITIES FEES
(continued)

Special Conditions (continued)

- 4. An estimate of the Facilities Fees shall be included in any deposit required of the applicant under Rules 15 and 16, or otherwise. The tariff sheet in effect at the time the statement of actual construction costs is provided to the applicant under Rules 15 or 16, or otherwise, shall determine the applicable amount of the Facilities Fees. (L)
- 5. The Facility Fee applicable for increases in the size of existing meters or the diameter of private fire service connections shall be computed as the difference between the Facility Fee applicable to the existing meter size or private fire service connection size and the larger meter size or private fire service connection size requested by the customer. (N)
- 6. Facilities Fees are based on meter size, except for private fire service connections, for which the Facilities Fees are based on the diameter of the private fire service connection. (N)

(To be inserted by utility)

Advice Letter No. 369

Decision No. 07-04-046/08-04-005

Issued by

M. L. Whitehead

NAME

President

TITLE

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

Date Filed JAN 22 2009

Effective JAN 26 2009

Resolution No.

TABLE 12A
Sheet 14 of 15

~~SAN GABRIEL VALLEY WATER COMPANY~~

11142 GARVEY AVENUE
EL MONTE, CALIFORNIA 91733

Revised _____
Cancelling Revised _____

Cal. P.U.C. Sheet No. 2451-W
Cal. P.U.C. Sheet No. 2274-W*

SCHEDULE NO. FO-CARW
Fontana Water Company
CALIFORNIA ALTERNATIVE RATES FOR WATER

APPLICABILITY

Applicable to residential domestic service to CARW households with a 1-inch or smaller meter, where the customer meets all the Special Conditions of this rate schedule.

TERRITORY

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

RATES

Same as provided under Schedule FO-1 or FO-1C, whichever is applicable to the CARW customer, but reduced by the following monthly discounts:

For 5/8 x 3/4-inch meter.....	\$ 8.00
For 3/4-inch meter.....	10.00
For 1-inch meter.....	20.00

SPECIAL CONDITIONS

1. CARW Household: A CARW Household is a household where the total gross income from all sources is less than shown on the table below based on the number of persons in the household. Total gross income shall include income from all sources, both taxable and non-taxable. Persons who are claimed as dependent on another person's income tax return are not eligible for this program.

<u>No. of Persons In Household</u>	<u>Total Gross Annual Income</u>
1	\$31,860
2	\$31,860
3	\$40,180
4	\$48,500
5	\$56,820
6	\$65,140
7	\$73,460
8	\$81,780

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(C)

For households with more than eight persons, add \$8,320 annually for each additional person residing in the household.

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 460

R.W. Nicholson

Date Filed APR 24 2015

Decision No. _____

NAME

Effective JUN - 2015

President

TITLE

Resolution No. _____

SCHEDULE NO. FO-CARW
Fontana Water Company
CALIFORNIA ALTERNATIVE RATES FOR WATER
(continued)

SPECIAL CONDITIONS (continued)

2. Application and Eligibility Declaration: An application and eligibility declaration on a form authorized by the Commission is required for each request for service under this schedule. Renewal of a customer's eligibility declaration will be required every two years and may be required on an annual basis. Customers are only eligible to receive service under this rate schedule at one residential location at any one time, and the rate applies only to the customer's permanent primary residence. The schedule is not applicable where, in the opinion of the Utility, either the accomodation or the occupancy is transitory.
3. Commencement of Rate: Eligible customers shall be billed on this schedule commencing no later than one billing period after receipt and approval of the customer's application by the Utility.
4. Verification: Information provided by the applicant is subject to verification by the Utility. Refusal or failure of a customer to provide documentation of eligibility acceptable to the Utility, upon the request of the Utility, shall result in removal from this rate schedule.
5. Notice from Customer: It is the customer's responsibility to notify the Utility if there is a change in the customer's eligibility status.
6. Customers may be re-billed for periods of ineligibility under the applicable rate schedule.
7. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
8. A surcredit of \$0.1047 per Ccf is to be applied to the quantity rates for the remainder of the thirty-six months ending on July 31, 2017 to refund an overcollection associated with the Sandhill Water Treatment Facility Plant. (R) (C)
9. A surcharge of \$0.1440 per Ccf is to be applied to the quantity rates for thirty-one months beginning on February 13, 2015 and ending on September 12, 2017 to recover an undercollection recorded in the Interim Rates Memorandum Account.
10. A surcharge of \$0.1257 per Ccf is to be applied to the quantity rates for twenty-four months beginning on May 6, 2015 and ending on May 5, 2017 to recover the March 2015 undercollection recorded in the Water Production Balancing Account.
11. A surcharge of \$0.1394 per Ccf is to be applied to the quantity rates for a twelve month period beginning on October 27, 2015 to amortize the undercollection in the Water Quality Litigation Memorandum Account (WQLMA).
12. A surcharge of \$0.1617 per Ccf for an 11-month period beginning on August 27, 2015 is to be applied to the quantity rate to amortize the undercollection in the Water Revenue Adjustment Mechanism (WRAM) Balancing Account.

(To be inserted by utility)

Issued by

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

Advice Letter No. 470

R.W. Nicholson
NAME

Date Filed NOV 19 2015

Decision No. 15-11-028

President 12-19
TITLE

Effective NOV 19 2015

Resolution No.

TABLE 12B
Sheet 1 of 7
PROPOSED RATES

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 No. FO-1C.

TERRITORY

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

<u>RATES</u>	Present	Proposed Rates, effective		
	Rates	July 1	July 1	July 1
	eff. 10/27/15	2017	2018	2019
<u>Quantity Rates</u>				
Per 100 cu ft (Ccf)	\$2.7192	\$3.7999	\$3.9060	\$3.9746
<u>Service Charges</u>				
Per service per month				
For 5/8 x 3/4-inch meter	\$13.90	\$18.89	\$19.14	\$20.56
For 3/4-inch meter	\$20.86	\$28.34	\$28.71	\$30.84
For 1-inch meter	\$34.76	\$47.23	\$47.85	\$51.40
For 1-1/2-inch meter	\$69.51	\$94.45	\$95.70	\$102.80
For 2-inch meter	\$111.19	\$151.10	\$153.10	\$164.50
For 3-inch meter	\$208.58	\$283.40	\$287.10	\$308.40
For 4-inch meter	\$348.00	\$472.30	\$478.50	\$514.00
For 6-inch meter	\$691.00	\$940.00	\$960.00	\$1,030.00
For 8-inch meter	\$1,111.00	\$1,510.00	\$1,530.00	\$1,640.00
For 10-inch meter	\$1,601.00	\$2,170.00	\$2,200.00	\$2,360.00
For 12-inch meter	\$2,292.00	\$3,120.00	\$3,160.00	\$3,390.00
For two 2-inch meters	\$222.00	\$302.00	\$306.00	\$329.00
For three 2-inch meters	\$333.00	\$453.00	\$459.00	\$494.00
For four 2-inch meters	\$444.00	\$604.00	\$612.00	\$658.00
For two 3-inch meters	\$417.00	\$567.00	\$574.00	\$617.00
For two 4-inch meters	\$696.00	\$945.00	\$957.00	\$1,028.00
For one 8-inch and two 2-inch meters	\$1,331.00	\$1,810.00	\$1,840.00	\$1,970.00
For two 8-inch meters	\$2,202.00	\$3,020.00	\$3,060.00	\$3,280.00

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is added to the quantity charge computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule AA-UF.
2. A \$0.3902 /Ccf surcharge will be added to the Quantity Rates of all non-CARW customers to cover the costs of the CARW program.

(continued)

TABLE 12B
Sheet 2 of 7
PROPOSED RATES

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.

<u>RATES</u>	Present Rates eff. 10/27/15	Proposed Rates, effective		
		July 1 2017	July 1 2018	July 1 2019
<u>Quantity Rates</u>				
Per 100 cu ft (Ccf)				
Tier 1 (0-16 Ccf/mo.)	\$2.5032	\$3.6165	\$3.7175	\$3.7828
Tier 2 (over 16 Ccf/mo.)	\$2.8789	\$4.1590	\$4.2751	\$4.3502
<u>Service Charges</u>				
Per service per month				
For 5/8 x 3/4-inch meter	\$14.53	\$18.89	\$19.14	\$20.56
For 3/4-inch meter	\$21.80	\$28.34	\$28.71	\$30.84
For 1-inch meter	\$36.34	\$47.23	\$47.85	\$51.40
For 1-1/2-inch meter	\$72.67	\$94.45	\$95.70	\$102.80
For 2-inch meter	\$116.30	\$151.10	\$153.10	\$164.50
For 3-inch meter	\$217.98	\$283.40	\$287.10	\$308.40

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is added to the quantity charge computed at the Quantity Rates.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule AA-UF.
2. A \$0.3902 /Ccf surcharge will be added to the Quantity Rates of all non-CARW customers to cover the costs of the CARW program.

(continued)

Source: Workpapers FRV4 and FRV4a

TABLE 12B
Sheet 3 of 7
PROPOSED RATES

Schedule No. FO-CARW
Fontana Water Company
CALIFORNIA ALTERNATIVE RATES for WATER

APPLICABILITY

Applicable to residential domestic service to CARW households with a 1-inch or smaller meter, where the customer meets all the Special Conditions of this rate schedule.

TERRITORY

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

DISCOUNT

Customers who qualify under this rate schedule will be charged the rates under either Schedule FO-1 or Schedule FO-1C, whichever rate schedule is appropriate, except that the CARW Surcharge is not applicable to CARW customers and the Monthly Service Charge is reduced by the following applicable discount shown below:

	Present Rates eff. 10/27/15	Proposed Service Charge Discount, effective		
		July 1 2017	July 1 2018	July 1 2019
Per meter per month				
For 5/8 x 3/4-inch meter	\$8.00	\$10.00	\$10.00	\$10.00
For 3/4-inch meter	\$10.00	\$10.00	\$10.00	\$10.00
For 1-inch meter	\$20.00	\$20.00	\$20.00	\$20.00

(continued)

TABLE 12B
Sheet 4 of 7
PROPOSED RATES

Schedule No. FO-4
Fontana Water Company
PRIVATE FIRE SERVICE

APPLICABILITY

Applicable to water service furnished to private fire systems and to private fire hydrants.

TERRITORY

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

RATES

	Present Rates eff. 10/27/15	Proposed Rates, effective		
		July 1 2017	July 1 2018	July 1 2019
Per service per month for each inch of diameter of service connection	\$9.37	\$12.73	\$12.90	\$13.86

SPECIAL CONDITIONS

1. The customer will pay, without refund, the entire cost of the private fire service facilities.
2. The private fire service facilities shall be installed by the utility or under the utility's direction and shall be the sole property and subject to the control of the utility, with the right to alter, repair, replace, and the right to remove upon discontinuance of service.
3. The minimum diameter for the private fire service connection will be 4 inches. The maximum diameter shall not be larger than the diameter of the water main to which the private fire service facilities are attached unless said main is circulating, in which case with the approval of the utility, the maximum diameter may be larger by not more than 2 inches than the diameter of said circulating main.
4. If a water main of adequate size is not available adjacent to the premises to be served, then a new main from the nearest existing main of adequate size will be installed by the utility at the cost of the customer. Such cost shall not be subject to refund.
5. The private fire service facilities will include a detector check valve or other similar device acceptable to the utility which will indicate the use of water. The facilities may be located within the customer's premises, or within public right-of-way adjacent thereto. Where located within the premises, the utility and its duly authorized agents shall have the right of ingress to and egress from the premises for all purposes related to said facilities. In the event the installation is solely a private fire hydrant facility, the requirement for a detector check valve or other similar device may be waived.

(continued)

TABLE 12B
Sheet 5 of 7
PROPOSED RATES

Schedule No. FO-6
Fontana Water Company
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

<u>Quantity Rate</u>	Present	Proposed Rates, effective		
	Rates	July 1	July 1	July 1
	<u>eff. 10/27/15</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
For all water delivered per 100 cu.feet.	\$2.0394	\$2.8499	\$2.9295	\$2.9810

Per Meter Per Month

<u>Service Charge</u>	<u>eff. 10/27/15</u>	<u>July 1</u>	<u>July 1</u>	<u>July 1</u>
		<u>2017</u>	<u>2018</u>	<u>2019</u>
Per service per month				
For 5/8 x 3/4-inch meter	\$13.90	\$18.89	\$19.14	\$20.56
For 3/4-inch meter	\$20.86	\$28.34	\$28.71	\$30.84
For 1-inch meter	\$34.76	\$47.23	\$47.85	\$51.40
For 1-1/2-inch meter	\$69.51	\$94.45	\$95.70	\$102.80
For 2-inch meter	\$111.19	\$151.10	\$153.10	\$164.50
For 3-inch meter	\$208.58	\$283.40	\$287.10	\$308.40
For 4-inch meter	\$348.00	\$472.30	\$478.50	\$514.00
For 6-inch meter	\$691.00	\$940.00	\$960.00	\$1,030.00
For 8-inch meter	\$1,111.00	\$1,510.00	\$1,530.00	\$1,640.00
For 10-inch meter	\$1,601.00	\$2,170.00	\$2,200.00	\$2,360.00
For 12-inch meter	\$2,292.00	\$3,120.00	\$3,160.00	\$3,390.00
For two 2-inch meters	\$222.00	\$302.00	\$306.00	\$329.00
For three 2-inch meters	\$333.00	\$453.00	\$459.00	\$494.00
For four 2-inch meters	\$444.00	\$604.00	\$612.00	\$658.00
For two 3-inch meters	\$417.00	\$567.00	\$574.00	\$617.00
For two 4-inch meters	\$696.00	\$945.00	\$957.00	\$1,028.00
For one 8-inch, two 2-inch meters	\$1,331.00	\$1,810.00	\$1,840.00	\$1,970.00
For two 8-inch meters	\$2,202.00	\$3,020.00	\$3,060.00	\$3,280.00

SPECIAL CONDITIONS

- 1.
5. A \$0.3902 /Ccf surcharge will be added to the Quantity Rates of all non-CARW customers to cover the costs of the CARW program.

(continued)

TABLE 12B
Sheet 6 of 7
PROPOSED RATES

Schedule No. FO-9C
Fontana Water Company
CONSTRUCTION SERVICE

APPLICABILITY

Applicable to temporary water service furnished for construction purposes and for water delivered to tank trucks from fire hydrants or other outlets.

TERRITORY

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

RATES

All water used under this rate schedule shall be billed at the Quantity Rate listed in Schedule No. FO-1, including any temporary surcharges and/or surcredits.

SPECIAL CONDITIONS

- 1.
- 2.
3. All temporary uses of water under this schedule shall be metered or estimated by the utility.
- 4.

TABLE 12B
Sheet 7 of 7
PROPOSED RATES

Schedule No. FO-FF
Fontana Water Company
FACILITIES FEES

APPLICABILITY

Applicable to all applicants for installation of service connections to serve new customers and private fire service connections under Rule 15, Rule 16, and other tariff provisions. Applicable to all applicants for service from the Utility in the territory served for premises not previously connected to its distribution mains, for additional service connections to existing premises, and for increases in the size of meters and private fire service connections to existing premises at the customer's request.

TERRITORY

The schedule is applicable within the entire territory served by the Fontana Water Company division of the Utility.

RATES

Facility Fee for each Meter or Private Fire Service Connection:

	<u>Present Rates</u> <u>eff. 10/27/15</u>	<u>Proposed Rates eff. 07/01/17</u>	
		<u>Fire Services</u>	<u>All Others</u>
For 5/8 x 3/4-inch	\$5,000.00	\$5,000.00	\$7,000.00
For 3/4-inch	\$5,000.00	\$5,000.00	\$7,000.00
For 1-inch	\$6,650.00	\$6,650.00	\$9,310.00
For 1-1/2-inch	\$10,000.00	\$10,000.00	\$14,000.00
For 2-inch	\$13,350.00	\$13,350.00	\$18,690.00
For 3-inch	\$20,000.00	\$20,000.00	\$28,000.00
For 4-inch	\$26,650.00	\$26,650.00	\$37,310.00
For 6-inch	\$40,000.00	\$40,000.00	\$56,000.00
For 8-inch	\$53,350.00	\$53,350.00	\$74,690.00
For 10-inch	\$66,650.00	\$66,650.00	\$93,310.00
For 12-inch	\$80,000.00	\$80,000.00	\$112,000.00
For 14-inch	\$93,350.00	\$93,350.00	\$130,690.00

SPECIAL CONDITIONS

1. Facilities fees are payable in addition to and do not limit any charges that may be applicable under Rule 15, Rule 16, and other tariff provisions.
2. These fees are not subject to the Public Utilities Commission Reimbursement Fee surcharge in Schedule UF.
3. Facilities Fees shall only be used for the repair and replacement of existing infrastructure or the installation of new infrastructure and shall not be used for the cost of the service connection or the meter.

TABLE 12C
Sheet 1 of 2
San Gabriel Valley Water Company
Fontana Water Company

BILL COMPARISON AT PRESENT AND PROPOSED RATES
Schedule No. FO-1C
CONSERVATION RATES
(including CARW surcharge)

Monthly Usage (100 Cu. Ft.)	PRESENT RATES eff. 10/27/15	MONTHLY BILLS at PROPOSED RATES								
		Effective July 1, 2017			Effective July 1, 2018			Effective July 1, 2019		
		Monthly Bill	Monthly Bill	\$ Increase	% Incr.	Monthly Bill	\$ Increase	% Incr.	Monthly Bill	\$ Increase
<u>5/8 x 3/4-Inch Meter</u>										
0	\$14.53	\$18.89	\$4.36	30.0%	\$19.14	\$0.25	1.3%	\$20.56	\$1.42	7.4%
10	\$40.83	\$58.96	\$18.13	44.4%	\$60.22	\$1.26	2.1%	\$62.29	\$2.07	3.4%
Typical - 19	\$65.62	\$96.64	\$31.02	47.3%	\$98.86	\$2.21	2.3%	\$101.55	\$2.69	2.7%
30	\$98.68	\$146.69	\$48.01	48.6%	\$150.18	\$3.49	2.4%	\$153.69	\$3.52	2.3%
50	\$158.79	\$237.67	\$78.88	49.7%	\$243.48	\$5.81	2.4%	\$248.50	\$5.02	2.1%
100	\$309.06	\$465.13	\$156.07	50.5%	\$476.75	\$11.62	2.5%	\$485.52	\$8.77	1.8%
150	\$459.33	\$692.59	\$233.26	50.8%	\$710.01	\$17.42	2.5%	\$722.54	\$12.53	1.8%
200	\$609.60	\$920.05	\$310.45	50.9%	\$943.28	\$23.23	2.5%	\$959.56	\$16.28	1.7%
<u>3/4-Inch Meter</u>										
0	\$21.80	\$28.34	\$6.54	30.0%	\$28.71	\$0.37	1.3%	\$30.84	\$2.13	7.4%
10	\$48.10	\$68.41	\$20.31	42.2%	\$69.79	\$1.38	2.0%	\$72.57	\$2.78	4.0%
30	\$105.95	\$156.14	\$50.19	47.4%	\$159.75	\$3.61	2.3%	\$163.97	\$4.23	2.6%
50	\$166.06	\$247.12	\$81.06	48.8%	\$253.05	\$5.93	2.4%	\$258.78	\$5.73	2.3%
100	\$316.33	\$474.58	\$158.25	50.0%	\$486.32	\$11.74	2.5%	\$495.80	\$9.48	1.9%
150	\$466.60	\$702.04	\$235.44	50.5%	\$719.58	\$17.54	2.5%	\$732.82	\$13.24	1.8%
200	\$616.87	\$929.50	\$312.63	50.7%	\$952.85	\$23.35	2.5%	\$969.84	\$16.99	1.8%
300	\$917.41	\$1,384.42	\$467.01	50.9%	\$1,419.38	\$34.96	2.5%	\$1,443.88	\$24.50	1.7%
<u>1-Inch Meter</u>										
0	\$36.34	\$47.23	\$10.89	30.0%	\$47.85	\$0.62	1.3%	\$51.40	\$3.55	7.4%
10	\$62.64	\$87.30	\$24.66	39.4%	\$88.93	\$1.63	1.9%	\$93.13	\$4.20	4.7%
30	\$120.49	\$175.03	\$54.54	45.3%	\$178.89	\$3.86	2.2%	\$184.53	\$5.65	3.2%
50	\$180.60	\$266.01	\$85.41	47.3%	\$272.19	\$6.18	2.3%	\$279.34	\$7.15	2.6%
100	\$330.87	\$493.47	\$162.60	49.1%	\$505.46	\$11.99	2.4%	\$516.36	\$10.90	2.2%
150	\$481.14	\$720.93	\$239.79	49.8%	\$738.72	\$17.79	2.5%	\$753.38	\$14.66	2.0%
200	\$631.41	\$948.39	\$316.98	50.2%	\$971.99	\$23.60	2.5%	\$990.40	\$18.41	1.9%
300	\$931.95	\$1,403.31	\$471.36	50.6%	\$1,438.52	\$35.21	2.5%	\$1,464.44	\$25.92	1.8%
<u>2-Inch Meter</u>										
0	\$116.30	\$151.10	\$34.80	29.9%	\$153.10	\$2.00	1.3%	\$164.50	\$11.40	7.4%
10	\$142.60	\$191.17	\$48.57	34.1%	\$194.18	\$3.01	1.6%	\$206.23	\$12.05	6.2%
30	\$200.45	\$278.90	\$78.45	39.1%	\$284.14	\$5.24	1.9%	\$297.63	\$13.50	4.7%
50	\$144.26	\$369.88	\$225.62	156.4%	\$377.44	\$7.56	2.0%	\$392.44	\$15.00	4.0%
100	\$410.83	\$597.34	\$186.51	45.4%	\$610.71	\$13.37	2.2%	\$629.46	\$18.75	3.1%
150	\$561.10	\$824.80	\$263.70	47.0%	\$843.97	\$19.17	2.3%	\$866.48	\$22.51	2.7%
200	\$711.37	\$1,052.26	\$340.89	47.9%	\$1,077.24	\$24.98	2.4%	\$1,103.50	\$26.26	2.4%
300	\$1,011.91	\$1,507.18	\$495.27	48.9%	\$1,543.77	\$36.59	2.4%	\$1,577.54	\$33.77	2.2%

TABLE 12C
Sheet 2 of 2
San Gabriel Valley Water Company
Fontana Water Company

BILL COMPARISON AT PRESENT AND PROPOSED RATES
Schedule No. FO-1
GENERAL METERED RATES
(Including CARW surcharge)

	PRESENT RATES eff. 10/27/15	MONTHLY BILLS at PROPOSED RATES								
		Effective July 1, 2017		Effective July 1, 2018			Effective July 1, 2019			
Monthly Usage (100 Cu. Ft.)	Monthly Bill	Monthly Bill	\$ Increase	% Incr.	Monthly Bill	\$ Increase	% Incr.	Monthly Bill	\$ Increase	% Incr.
<u>5/8 x 3/4-Inch Meter</u>										
0	\$13.90	\$18.89	\$4.99	35.9%	\$19.14	\$0.25	1.3%	\$20.56	\$1.42	7.4%
10	\$42.36	\$60.79	\$18.43	43.5%	\$62.10	\$1.31	2.2%	\$64.21	\$2.11	3.4%
Typical - 19	\$67.97	\$98.50	\$30.53	44.9%	\$100.77	\$2.27	2.3%	\$103.49	\$2.72	2.7%
30	\$99.27	\$144.59	\$45.32	45.7%	\$148.03	\$3.43	2.4%	\$151.50	\$3.48	2.3%
50	\$156.19	\$228.40	\$72.21	46.2%	\$233.95	\$5.56	2.4%	\$238.80	\$4.85	2.1%
100	\$298.47	\$437.90	\$139.43	46.7%	\$448.76	\$10.86	2.5%	\$457.04	\$8.28	1.8%
150	\$440.76	\$647.41	\$206.65	46.9%	\$663.57	\$16.17	2.5%	\$675.28	\$11.71	1.8%
200	\$583.04	\$856.91	\$273.87	47.0%	\$878.38	\$21.47	2.5%	\$893.52	\$15.14	1.7%
<u>3/4-Inch Meter</u>										
0	\$20.86	\$28.34	\$7.48	35.9%	\$28.71	\$0.37	1.3%	\$30.84	\$2.13	7.4%
10	\$49.32	\$70.24	\$20.92	42.4%	\$71.67	\$1.43	2.0%	\$74.49	\$2.82	3.9%
30	\$106.23	\$154.04	\$47.81	45.0%	\$157.60	\$3.55	2.3%	\$161.78	\$4.19	2.7%
50	\$163.15	\$237.85	\$74.70	45.8%	\$243.52	\$5.68	2.4%	\$249.08	\$5.56	2.3%
100	\$305.43	\$447.35	\$141.92	46.5%	\$458.33	\$10.98	2.5%	\$467.32	\$8.99	2.0%
150	\$447.72	\$656.86	\$209.14	46.7%	\$673.14	\$16.29	2.5%	\$685.56	\$12.42	1.8%
200	\$590.00	\$866.36	\$276.36	46.8%	\$887.95	\$21.59	2.5%	\$903.80	\$15.85	1.8%
300	\$874.57	\$1,285.37	\$410.80	47.0%	\$1,317.57	\$32.20	2.5%	\$1,340.28	\$22.71	1.7%
<u>1-Inch Meter</u>										
0	\$34.76	\$47.23	\$12.47	35.9%	\$47.85	\$0.62	1.3%	\$51.40	\$3.55	7.4%
10	\$63.22	\$89.13	\$25.91	41.0%	\$90.81	\$1.68	1.9%	\$95.05	\$4.24	4.7%
30	\$120.13	\$172.93	\$52.80	44.0%	\$176.74	\$3.80	2.2%	\$182.34	\$5.61	3.2%
50	\$177.05	\$256.74	\$79.69	45.0%	\$262.66	\$5.93	2.3%	\$269.64	\$6.98	2.7%
100	\$319.33	\$466.24	\$146.91	46.0%	\$477.47	\$11.23	2.4%	\$487.88	\$10.41	2.2%
150	\$461.62	\$675.75	\$214.13	46.4%	\$692.28	\$16.54	2.4%	\$706.12	\$13.84	2.0%
200	\$603.90	\$885.25	\$281.35	46.6%	\$907.09	\$21.84	2.5%	\$924.36	\$17.27	1.9%
300	\$888.47	\$1,304.26	\$415.79	46.8%	\$1,336.71	\$32.45	2.5%	\$1,360.84	\$24.13	1.8%
<u>2-Inch Meter</u>										
0	\$111.19	\$151.10	\$39.91	35.9%	\$153.10	\$2.00	1.3%	\$164.50	\$11.40	7.4%
10	\$139.65	\$193.00	\$53.35	38.2%	\$196.06	\$3.06	1.6%	\$208.15	\$12.09	6.2%
30	\$196.56	\$276.80	\$80.24	40.8%	\$281.99	\$5.18	1.9%	\$295.44	\$13.46	4.8%
50	\$253.48	\$360.61	\$107.13	42.3%	\$367.91	\$7.30	2.0%	\$382.74	\$14.83	4.0%
100	\$395.76	\$570.11	\$174.35	44.1%	\$582.72	\$12.61	2.2%	\$600.98	\$18.26	3.1%
150	\$538.05	\$779.62	\$241.57	44.9%	\$797.53	\$17.92	2.3%	\$819.22	\$21.69	2.7%
200	\$680.33	\$989.12	\$308.79	45.4%	\$1,012.34	\$23.22	2.3%	\$1,037.46	\$25.12	2.5%
300	\$964.90	\$1,408.13	\$443.23	45.9%	\$1,441.96	\$33.83	2.4%	\$1,473.94	\$31.98	2.2%