

PROPOSED RESOLUTION

Resolution W-4989
DWA/ RSK/ BMD/ jp4

Agenda ID #13157 (Rev. 1)
Item #33

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION NO. W-4989
August 14, 2014

R E S O L U T I O N

(RES. W-4989), SAN GABRIEL VALLEY WATER COMPANY. ORDER APPROVING SAN GABRIEL VALLEY WATER COMPANY'S AGREEMENT FOR RECYCLED WATER SERVICE TO GRANT REA PARK.

By Advice Letter No. 433 filed on April 9, 2014.

SUMMARY

San Gabriel Valley Water Company (San Gabriel), a Class A water utility, seeks approval from the California Public Utilities Commission (Commission) for the Agreement For Recycled Water Service To Grant Rea Park (Agreement) with the City of Montebello (City). Under the Agreement San Gabriel will deliver recycled water to the City's park (Grant Rea Park) at a discount to the recycled water tariffed quantity rate. This Resolution approves authorization to provide recycled water service under the Agreement at rates that deviate from those established by the Commission in San Gabriel's recycled water tariff schedule.

BACKGROUND

San Gabriel and the City entered into the Agreement on March 13, 2014. San Gabriel filed Advice Letter 433 requesting Tier 1 designation pursuant to General Order 96-B, Water Industry Rule 7.3.1(9), service to a government agency. Rule 7.3.1(9) provides that such service can begin without prior Commission approval. However, the utility must also file an advice letter with the Commission seeking reasonableness review of the rates, charges, terms and conditions under the service. (General Order 96-B, General Rule 8.2.3)

In accordance with General Order 96-B, General Rule 8.5.6, San Gabriel requests to add the Agreement, if approved by the Commission, to its *List of Contracts and Deviations* shown in its tariffs.

NOTICE AND PROTESTS

San Gabriel served copies of Advice Letter 433 in accordance with General Order 96-B,

Water Industry Rule 4.1 and General Rule 7.2. Service was provided to San Gabriel's General Order 96-B service list on April 9, 2014.

DISCUSSION

Water service to Grant Rea Park is currently provided through a potable water connection with Montebello Land & Water Mutual at a rate of \$2.23 per hundred cubic feet (Ccf). The Agreement between San Gabriel and the City (a municipal corporation and public agency of the State of California) entails delivering recycled water for irrigation to Grant Rea Park, which is partially located within San Gabriel's customer service area in Los Angeles County. The recycled water service will be through a single 2-inch metered connection. The initial term of the Agreement is ten years and may be renewed by either San Gabriel or the City for an additional ten-year term. The City will pay the tariffed monthly service charge of \$168.10 for the 2-inch connection plus a discounted quantity rate set at 70% of San Gabriel's potable water rate. At the current tariffed rate the discounted quantity rate under the Agreement would be \$1.8502 per Ccf. San Gabriel's tariffed quantity rate for recycled water is \$2.2467 per Ccf. The Agreement provides for an approximate 18% discount from the recycled tariffed quantity rate that the Commission established in Decision 12-06-002.

As part of the Agreement, the City will reimburse San Gabriel up to an amount of \$30,000 to install the 2-inch meter connection. San Gabriel provided documentation demonstrating that the estimated cost for this work is \$18,600.

California is currently in the third year of a drought that has the entire state under extreme drought conditions. Due to severe drought conditions, in his April 25, 2014 Proclamation of a Continued State of Emergency, the Governor called for city parks to reduce the use of potable water for outdoor irrigation. The Agreement between San Gabriel and the City would reduce potable water demands by 53 acre-feet per year based on 2013 water consumption levels for irrigation at Grant Rea Park.

Under General Order 96-B General Rule 8.2.3,¹ a utility may charge a government entity, including a "municipal corporation," which we interpret to include Montebello, a

1. 8.2.3 Emergency Service; Service to Government Agencies

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At all times, a utility other than a telephone corporation may provide service (other than resale service) to a government agency for free, or a reduced rates and charges, or under terms and conditions otherwise deviating from its tariffs then in effect. The utility may begin such service without prior Commission approval, but the utility shall promptly submit an advice letter to the appropriate Industry Division to notify the Commission of the

discounted rate without running afoul of the nondiscrimination provision of Public Utilities Code 453. Especially in view of the drought emergency confronting California, we find the discount on recycled water to be justified under General Order 96-B.

COMMENTS

Public Utilities Code Section 311(g)(1) provides that resolutions generally must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Advice Letter 433 is unprotested and grants the relief requested. Pursuant to Section 311(g)(2), this draft Resolution was not mailed for public comment.

FINDINGS AND CONCLUSIONS

1. San Gabriel Valley Water Company (San Gabriel) filed Advice Letter No. 433 on April 9, 2014, seeking approval from the California Public Utilities Commission (Commission) of the Agreement for Recycled Water Service to Grant Rea Park (Agreement) with the City of Montebello.
2. The Agreement is to deliver recycled water to irrigate Grant Rea Park, which is partially located within San Gabriel's customer service area in Los Angeles County.
3. The Agreement provides recycled water service at a quantity rate that deviates from San Gabriel's recycled water tariffed quantity rate.
4. The initial term of the Agreement is ten years and may be renewed by either San Gabriel or the City of Montebello for an additional ten-year term.
5. The recycled water service quantity rate under the Agreement is set at 70% of San Gabriel's potable water rate. At the current tariffed rate the discounted quantity San Gabriel's current tariffed recycled water quantity rate is \$2.2467 per Ccf.

utility's provision of such service and of the rates, charges, terms and conditions under which the service is provided. Although the advice letter may be effective pending disposition under General Rule 7.5.3, the Commission may determine, in an appropriate proceeding, the reasonableness of such service.

For purposes of this General Rule 8.2.3, "government agency" means the United States and its departments, Indian tribes recognized by the United States or the State of California, the State of California and its political subdivisions and municipal corporations, including the departments thereof, and public fairs and celebrations.

6. Under the Agreement, the City of Montebello will reimburse San Gabriel for up to \$30,000 for San Gabriel's cost to install a 2-inch metered service connection. San Gabriel estimates that the cost for this work is \$18,600.
7. Given the current extreme drought conditions and the Governor's call to conserve potable water sources, San Gabriel's request for authorization to provide recycled water service under the Agreement at rates that deviate from those established by the Commission is in the public interest and should be approved.

THEREFORE IT IS ORDERED THAT:

1. San Gabriel Valley Water Company's request to provide recycled water service at rates that deviate from tariff recycled water serve under the Agreement for Recycled Water Service to Grant Rea Park with the City of Montebello is approved. Advice Letter No. 433 as supplemented to reflect changes made to the List of Contracts and Deviations subsequent to the filing of Advice Letter No. 433 as shown in the Attachment A is approved. Tariff sheet 2269-W attached to Advice Letter No. 433 shall indicate that it is cancelling tariff sheet 2343-W. Advice Letter No. 433 shall be supplemented consistent with this Ordering Paragraph within 5 days of the effective date of this order.
2. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 14, 2014; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

ATTACHMENT A

LIST OF CONTRACTS AND DEVIATIONS

Name & Location of Customer	Type or Class of Service	Execution and Expiration Date	Commission Authorization Number and Date	Most Comparable Regular Tariff	
				Schedule Number	Contract Differences
1. Norman's Nursery	Recycled Water	02/28/94	W-3882 10/12/94	N/A	N/A
2. LA Sanchez Nursery	Recycled Water	5/24/11	06/27/11	N/A	N/A
3. CemexUSA Construction, Inc	Non-Potable Water	11/22/00	01/24/01	N/A	N/A
4. Rose Hills	Recycled Water	05/30/02 06/30/17	09/11/02	N/A	N/A
5. County of Los Angeles Department of Parks and Recreation Amendment No. 1	Recycled Water	06/27/06 06/30/17 Amended 3/2/10	AL346 11/15/06 AL 388	N/A	N/A
6. City of Fontana	Recycled Water	04/26/11	D.12-06-002	N/A	N/A
7. City of Montebello	Potable Water		DWA Disposition	N/A	N/A
8. City of Montebello	Recycled Water	03/13/14 03/13/24	W-4989	N/A	N/A

(N)
(N)

END OF ATTACHMENT A

CERTIFICATE OF SERVICE

I certify that I have by either electronic mail or postal mail, this day, served a true copy of Proposed Resolution No. W-4989 on all parties in these filings or their attorneys as shown on the attached lists.

Dated August 4, 2014, at San Francisco, California.

/s/ JENNIFER PEREZ

Jennifer Perez

Parties should notify the Division of Water and Audits, Fourth Floor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on which your name appears.

**SAN GABRIEL VALLEY WATER COMPANY
ADVICE LETTER NO. 433
SERVICE LIST**

City of Arcadia
240 West Huntington Drive
Arcadia, CA 91006

City Clerk, City of Rosemead
8838 Valley Boulevard
Rosemead, CA 91770

City Clerk, City of Baldwin Park
14403 East Pacific Avenue
Baldwin Park, CA 91706

City Clerk, City of San Gabriel
425 South Mission Drive
San Gabriel, CA 91778

California-American Water Company
1033 B Ave. Suite 200
Coronado, CA 92118-3439

San Gabriel County Water District
8366 East Grand Avenue
Rosemead, CA 91770

City of El Monte Water Department
11333 Valley Boulevard
El Monte, CA 91734

City of Santa Fe Springs Water Department
Post Office Box 2120
Santa Fe Springs, CA 90670

City of Industry Waterworks System
Post Office Box 3136
La Puente, CA 91744

City Clerk, City of South El Monte
1415 Santa Anita Avenue
South El Monte, CA 91733

City Clerk, City of Irwindale
5050 North Irwindale Avenue
Irwindale, CA 91706

Golden State Water Company
Attn: Ronald Moore, Regulatory Affairs
630 East Foothill Boulevard
San Dimas, CA 91773

City Clerk, City of La Puente
15900 East Main Street
La Puente, CA 91744

Suburban Water Systems
Attn: Bob Kelly
1325 N. Grand Ave., Suite 100
Covina, CA 91724

La Puente Valley County Water District
112 North 1st Street
La Puente, CA 91744

Valley County Water District
14521 East Ramona Boulevard
Baldwin Park, CA 91706

City of Montebello Water Department
1600 West Beverly Boulevard
Montebello, CA 90640

City of Whittier Water Department
13230 East Penn Street
Whittier, CA 90602

City of Monterey Park Water Department
320 West Newmark Avenue
Monterey Park, CA 91754

California Public Utilities Commission
Office of Ratepayer Advocates
505 Van Ness Avenue
San Francisco, CA 94102-4208

City of Pico Rivera Water Department
6615 Passons Boulevard
Pico Rivera, CA 90660

Kiki Carlson
Suburban Water Systems
kcarlson@swwc.com

Pico Water District
Post Office Box 758
Pico Rivera, CA 90660-0758

City Clerk, City of West Covina
1444 West Garvey Avenue
West Covina, CA 91790