

# PROPOSED RESOLUTION

Resolution W-5043  
DWA

AGENDA ID #14104 (Rev. 1)  
Item #27

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS  
Water and Sewer Advisory Branch

RESOLUTION W-5043  
July 23, 2015

### RESOLUTION

(RES. W- 5043), SAN GABRIEL VALLEY WATER COMPANY (SAN GABRIEL). ORDER APPROVING RE-DESIGNATION OF TWO BALANCING ACCOUNTS, MODIFYING DESCRIPTION OF PRELIMINARY STATEMENTS, COMBINING TWO MEMORANDUM ACCOUNTS AND ESTABLISHING TWO NEW BALANCING ACCOUNTS.

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By Advice Letter No. 453-W filed on December 2, 2014.

### SUMMARY

By Advice Letter (AL) No. 453-W, filed on December 2, 2014, San Gabriel Valley Water Company (San Gabriel) seeks Commission authorization to: (1) re-designate its California Alternate Rates for Water ( CARW) memorandum accounts as balancing accounts as ordered by Resolution Nos. W-4987 and W-4997; (2) modify the descriptions contained in the preliminary statements for previously authorized balancing and memorandum accounts; (3) combine two Fontana Water Company division (Fontana) memorandum accounts into a single memorandum account as authorized by Decision (D.) 14-05-001; and lastly (4) establish a new Previously Authorized Balances Balancing Account (PABBA) for each division to record unamortized balances transferred from other balancing and memorandum accounts that the Commission has previously reviewed and approved for amortization. After the Commission approves the amortization of the balances from any balancing or memorandum account, San Gabriel plans to transfer those balances less any offsetting revenues received to the proposed new PABBA.

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This Resolution approves San Gabriel's requests.

## **BACKGROUND**

San Gabriel Valley Water Company (San Gabriel or Utility) seeks authority to (1) re-designate its California Alternate Rates for Water ( CARW) memorandum accounts as balancing accounts pursuant to Resolution Nos. W-4987 and W-4997, modify descriptions to tariffs for previously authorized balancing and memorandum accounts, combine two Fontana Water Company division (Fontana) memorandum accounts into a single memorandum account as authorized by Decision (D.) 14-05-001 and add two new balancing accounts known as Previously Authorized Balances Balancing Account (PABBA) for each division. The utility believes that the PABBAs will simplify tracking of balances already authorized for recovery by the Commission. Upon approval of Advice Letter (AL) 453-W, the utility will move previously approved balances to the two new balancing accounts and eliminate those accounts that are no longer needed. The utility believes that the changes sought in AL 453-W will simplify the Commission's review of the activity in other balancing and memorandum accounts, eliminate several memorandum accounts and reduce the frequency of rate changes, as it will not be necessary to adjust rates each time the Commission approves the recorded balances in a balancing or memorandum account.

## **NOTICE AND PROTEST**

San Gabriel served AL No. 453-W in accordance with General Order 96-B, Water Industry Rules 4.1 and 4.3.

On December 26, 2014, the Office of Ratepayer Advocates (ORA) requested and received, from the Division of Water and Audits (DWA), an extension of time until February 15, 2015 to review AL 453-W, and submit a late file protest, if

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necessary. On December 29, 2014, DWA suspended AL 453-W to accommodate ORA's request. ORA did not protest AL 453-W.

No other protests were received.

## DISCUSSION

### *Re-designation of CARW memorandum accounts as balancing accounts*

San Gabriel seeks authorization to re-designate two CARW memorandum accounts to balancing account as ordered by Resolution Nos. W-4987<sup>1</sup> and W-4997<sup>2</sup> dated August 14, 2014. San Gabriel's request is consistent with the Commission's orders in Resolution Nos. W-4987 and W-4997 and should be approved.

### *Modifying descriptions of preliminary statements*

San Gabriel requests authorization to modify its preliminary statement for its previously authorized balancing and memorandum accounts so they are more descriptive. DWA staff finds this request reasonable and recommends approval.

### *Consolidating two Fontana memorandum accounts*

San Gabriel seeks authorization to combine its Water Quality Memorandum Account (WQMA) and Water Quality Litigation Account (WQLMA) into a single memorandum account, eliminate the WQMA and add the agreed-upon language

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<sup>1</sup> Resolution No. W-4987 authorized San Gabriel to transfer balances from the CARW memorandum account to a CARW balancing account and close the memorandum account for its Los Angeles County Division.

<sup>2</sup> Resolution No. W-4997 authorized San Gabriel to transfer balances from the CARW memorandum account to a CARW balancing account and close the memorandum account for its Fontana Division.

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to the preliminary statement for the WQLMA for the Fontana Water Company Division. This was authorized by Decision (D.) 14-05-001.<sup>3</sup> San Gabriel's proposal is consistent with D. 14-05-001 and should be approved.

### *Establishing a new PABBA for each division*

San Gabriel proposes to establish two new PABBAs, one for its Los Angeles Division and one for its Fontana Division. The purpose of the PABBA is to consolidate and track the amortizations of balances originating in all other balancing and memorandum accounts after those balances have been reviewed and approved any the Commission. The balancing account will retain, for later resolution, and under / over collections that may exist after authorized sur-charges or sur-credits have expired.

DWA has reviewed the utility's proposal for a PABBA balancing account and finds that it reasonable. The establishment of a PABBA will enable the utility to; (1) Transfer into the PABBA balancing / memorandum account balances that the Commission has authorized for amortization, (2) Transfer balances of single purpose, non-recurring balancing / memorandum accounts, where recovery of such balances are unlikely as the 2% of revenue threshold (for recovery) condition will not be met, and (3) Aggregate sur-charges / sur-credits of PABBA balances being currently amortized.

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<sup>3</sup> Per Section Q of the settlement agreement adopted by D. 14-05-001, San Gabriel may combine its WQMA and WQLMA into a single memorandum account.

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San Gabriel's request for a PABBA is similar to accounts maintained by other utilities for the same purpose. DWA recommends approval of San Gabriel's request for a PABBA.

### *Conclusion*

San Gabriel's request to convert the CARW memorandum accounts to balancing accounts should be approved. The Company's request to modify the description of its preliminary statements should also be granted. The Company's request to combine the WQMA and the WQLMA into a single memorandum account by eliminating the WQMA and modifying the preliminary statement for the WQLMA should be granted.

Finally, San Gabriel's request to establish two new PABBAs should be approved.

### **SAFETY CONSIDERATIONS**

Compliance with Commission orders to re-designate CARW balancing accounts, adding clarifications to preliminary statements of accounts and combining Fontana memorandum accounts and maintaining account balance records for each balancing and memorandum account improves efficiencies in reporting and reviewing utility records. This will translate to faster review of utility filings and provide San Gabriel with additional financial resources to *safely* operate and maintain its operations for the benefit of its customers, employees, and members of the general public.

### **COMMENTS**

Public Utilities Code Section 311 (g)(2) provides that the 30-day public review period may be reduced or waived for an uncontested matter in which the

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decision grants the relief requested. Accordingly, this draft Resolution was not made available for public comment.

## FINDINGS

1. San Gabriel filed Advice Letter (AL) 453-W requesting authority to: re-designate its California Alternate Rates for Water ( CARW) memorandum accounts as balancing accounts; modify descriptions of preliminary statements for previously authorized balancing and memorandum accounts; combine two Fontana Water Company division (Fontana) memorandum accounts into a single memorandum account; and establish a new Previously Authorized Balances Balancing Account (PABBA) for each division to record unamortized balances transferred from other balancing and memorandum accounts that the Commission has previously reviewed and approved for amortization.
2. Resolutions W-4987 and W-4997 ordered San Gabriel to establish a CARW balancing account to track costs and revenues for its CARW program for its Los Angeles County and Fontana Division and close the CARW memorandum accounts.
3. Re-designation of San Gabriel's CARW memorandum accounts as balancing accounts is reasonable.
4. San Gabriel's proposal to modify descriptions of preliminary statements for previously authorized balancing and memorandum accounts is reasonable.
5. San Gabriel's proposal to combine its Water Quality Memorandum Account (WQMA) and Water Quality Litigation Account (WQLMA) into a

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single memorandum account and eliminate the WQMA is consistent with Decision (D.) 14-05-001 and is reasonable.

6. San Gabriel's proposes to establish two new PABBAs one for its Los Angeles Division and one for its Fontana Division.
7. The purpose of the PABBA is to consolidate and track the amortizations of balances originating in all other balancing and memorandum accounts after those balances have been reviewed for reasonableness and approved by the Commission.
8. San Gabriel shall file a Tier II advice letter for staff to review for reasonableness prior to transferring balances into the PABBA.
9. The surcharge shall be expired prior to all balances authorized and originating in all other balancing and memorandum accounts being requested to transfer residual balances into the PABBA.
10. San Gabriel's request for a PABBA is similar to accounts maintained by other water utilities for the same purpose.
11. It is reasonable to approve San Gabriel's proposal to establish two new PABBAs.

### **THEREFORE, IT IS ORDERED THAT:**

1. San Gabriel Valley Water Company's request to re-designate its California Alternative Rates for Water memorandum accounts as balancing accounts is approved.

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2. San Gabriel Valley Water Company's proposal to modify descriptions of preliminary statements for previously authorized balancing and memorandum accounts is approved.
3. San Gabriel Valley Water Company's proposal to combine its Water Quality Memorandum Account (WQMA) and Water Quality Litigation Account into a single memorandum account and eliminate the WQMA is consistent with Decision (D.) 14-05-001 and is approved.
4. San Gabriel Valley Water Company's proposal to establish two Previously Authorized Balances Balancing Accounts (PABBAs) to record unamortized balances transferred from other balancing and memorandum accounts that the Commission has previously approved for amortization is approved.
5. San Gabriel shall file a Tier II advice letter for staff to review for reasonableness prior to transferring balances into the PABBA.
6. Any surcharge previously approved shall be expired prior to any balances authorized and originating in all other balancing and memorandum accounts being requested to transfer residual balances into the PABBA.
5. All Tariff Sheets filed by San Gabriel Valley Water Company with Advice Letter 453 are approved.

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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 July 23, 2015 the following Commissioners voting favorably thereon:

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TIMOTHY J. SULLIVAN  
Executive Director

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### SERVICE LIST OF SAN GABRIEL VALLEY ADVICE LETTER NO. 453-W

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