



BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

FILED

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In the Matter of the Application of)
SAN GABRIEL VALLEY WATER)
COMPANY (U337W) for an authorized)
Cost of Capital for 2013 through 2015)

A1205002

Application No. _____

APPLICATION

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May 1, 2012

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SAN GABRIEL VALLEY WATER)
COMPANY (U337W) for an authorized)
Cost of Capital for 2013 through 2015)

Application No. _____

APPLICATION

Pursuant to Articles 2 and 3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), and as directed by the Commission in decisions D.07-05-062¹ and D.10-10-035², this application is made pursuant to Section 454 *et seq.* of the California Public Utilities Code by San Gabriel Valley Water Company (“San Gabriel” or “Applicant”) for an authorized cost of capital for the years 2013 through 2015.

San Gabriel respectfully requests that the Commission find reasonable and authorize the following costs of capital:

	<u>Capital</u> <u>Ratios</u>	<u>Cost</u> <u>Factor</u>	<u>Wtd. Cost</u> <u>Factor</u>
Long-Term Debt	37.16%	6.26%	2.33%
Common Stock Equity	<u>62.84%</u>	11.60%	<u>7.29%</u>
Total	100.00%		9.62%

Based on adopted water sales levels and revenue requirements at the time of this Application, the proposed 9.62% return on rate base will require additional annual revenues in 2013 as follows:

<u>Division</u>	<u>Increase</u>	<u>Percentage</u>
Los Angeles County	\$1,250,000	1.96%
Fontana Water Company	\$1,460,000	2.29%

¹ Order Instituting Rulemaking to Consider Revisions to the General Rate Case Plan for Class A Water Companies, D.07-05-062, May 24, 2007, at 15 and Ordering Paragraph Nos. 4 and 5.

² Application of San Jose Water Company, et al., D.10-10-035, October 28, 2010, at 75 (Ordering Paragraph No. 14).

In accordance with existing Commission procedures, if the previously authorized Cost of Capital Adjustment Mechanism triggers a rate change, San Gabriel proposes to implement the corresponding water rates for Calendar Years 2014 and 2015 by submitting a Tier 2 advice letter by October 15 of the prior year, requesting rate adjustments effective on January 1.

I. THE APPLICANT

A. Incorporation and Place of Business

The exact legal name of Applicant is San Gabriel Valley Water Company and its principal place of business is located at 11142 Garvey Avenue, El Monte, California. Its telephone number is (626) 448-6183 and its facsimile number is (626) 448-5530.

Applicant is a corporation duly organized and existing under and by virtue of the laws of the State of California. A certified copy of Applicant's Articles of Incorporation was filed with this Commission on or about July 27, 1945 as an exhibit in Application No. 26877. Certified copies of amendments thereto were filed on August 19, 1957 in a supplement to Application No. 37092; on January 23, 1963 in Application No. 45131; and on October 26, 1979 in Application No. 59243. The Articles of Incorporation, as so amended, are by this reference made a part hereof.

B. Business

Applicant is a California corporation, subject to the jurisdiction of the Public Utilities Commission of the State of California ("Commission"). Applicant is engaged in the business of producing, treating, storing, distributing, and selling water and providing water service in Los Angeles County and San Bernardino County, as a public utility to over 93,000 customers as of December 31, 2011. For a more detailed description of Applicant's business, reference is made to results of operations, maps, rate schedules, financial reports, and other information heretofore filed by Applicant with the Commission and which by this reference are made part of this Application.

C. Property

Applicant owns wells, pumping plants, water treatment plants, reservoirs and storage tanks, transmission mains, distribution mains, services and appurtenant meters, fire hydrants, offices, buildings, general shops, warehouses for materials and supplies, land, water rights, and other property necessary for the conduct of its business.

D. Financial Information

Applicant's balance sheet as of December 31, 2011, and its related statement of income for the twelve months then ended are attached hereto as **Attachment A** and made a part of this Application. The original cost of utility plant, together with the related reserves for depreciation and amortization, are shown on the balance sheet included in such financial statements.

San Gabriel's capital stock is not listed on a national securities exchange, nor is the stock of San Gabriel's parent company, Utility Investment Company. All of the outstanding common stock of San Gabriel is held by Utility Investment Company pursuant to the authority granted by Commission Decision No. 92806, dated March 17, 1981. Pursuant to D.93-09-036, San Gabriel has entered into a Services Agreement with Utility Investment Company. Other than the Services Agreement, San Gabriel is not a party to, nor does it know of any proposal to become a party to, any transaction with any person having a material financial interest which San Gabriel would be required to include in its annual report under the provisions of Section 2 of General Order No. 104-A.

II. PROCEDURAL BACKGROUND

In its most recent decision on the Rate Case Plan (D.07-05-062), the Commission directed the Class A water utilities, other than the three largest multi-district Class A water utilities, to file cost of capital applications by May 1, 2009, and triennially thereafter. In its decision determining base year 2010 cost of capital for San Gabriel and other applicants filing cost of capital applications by May 1, 2009 (D.10-10-035), the Commission directed San Gabriel, among other Class A water utilities, to file its next cost of capital application on or

before May 1, 2012, for a new 2013 base year. This application is filed in compliance with those prior decisions.

This application is supported by schedules, testimony, exhibits and workpapers on issues critical to the Commission's assessment of the appropriate cost of capital for San Gabriel. These issues include business and regulatory risk, cost of new issues of long-term debt, interest rates and general economic conditions, capital structure, and shareholder returns on the capital San Gabriel has invested in facilities necessary to serve its customers.

III. FINANCIAL REQUIREMENTS

A. Return on Equity ("ROE")

The financial requirements of San Gabriel include projections of the debt and equity capital components through the year 2015. San Gabriel's expert witness, Ms. Pauline Ahern, CRRA, developed the range of estimated equity costs based on four common equity cost rate models for San Gabriel and also estimated equity costs for the benchmark water utilities sample in her prepared testimony based on a variety of methodologies and studies. Ms. Ahern's recommended common equity cost rate resulting from those methodologies and studies is shown in Tables 1, 2, and 3 of her prepared testimony in Exhibit SG-1. Ms. Ahern recommends an 11.60% return on common equity. The recommended 11.60% ROE takes into account all of the additional risk factors that Ms. Ahern evaluated in developing her range of estimated equity costs. The recommended 11.60% return on common stock equity recognizes San Gabriel's traditionally efficient operations and the unique increased risks that are currently being experienced by San Gabriel and those expected in future operations, as described in Exhibit SG-2, Direct Testimony of Robert W. Nicholson. The recommended 11.60% ROE enables San Gabriel to service its debt, to maintain healthy earnings and a strong capital structure, issue future long-term debt financing at rates and on terms favorable to the company and its customers, pay a reasonable dividend to its common stockholders, and have sufficient retained earnings to meet its growing, and often unexpected, utility plant and equipment replacement requirements.

B. Long-Term Debt Costs

The rates for new long-term debt are based on the average of forecasted Long-Term Treasury Bond rates prepared by Blue Chip consensus forecasts, December 2011; Value Line Quarterly Forecast, February 24, 2012, plus a spread of 225 basis points above the Long-term Treasury Bond rates (see Exhibit SG-3, Direct Testimony of David M. Batt, Attachment A). This differential is consistent with the evaluation by insurance companies that purchase San Gabriel's bonds through private placements.

In Table A of Exhibit SG-3, Mr. Batt shows that the weighted average long-term debt cost factor is 2.33% for the year 2013. Table B in Exhibit SG-3 is a tabulation of the weighted average long-term debt costs for the years 2012 through 2015.

C. Capital Structure

Table A in Exhibit SG-3 is a tabulation of the projected weighted average capital structures and cost factors for the years 2012 through 2015.

Table C in Exhibit SG-3 is a tabulation of the actual 2011 and the projected average common stock equity for the years 2012 through 2015. The projected growth in common stock equity results from projected retained earnings based on the recommended ROE and maintaining San Gabriel's current dividend payout rate on common stock equity.

IV. REVENUE REQUIREMENT AND RATE ADJUSTMENTS

San Gabriel proposes that any changes to its adopted revenue requirement resulting from the return on rate base adopted in this proceeding be made effective in rates using the Commission's adopted rate design procedures on January 1, 2013, implemented through a compliance advice letter, and if so triggered by the Cost of Capital Adjustment Mechanism on January 1, 2014 and on January 1, 2015, respectively, by Tier 2 advice letters submitted by October 15 of the prior year. **Attachment B** contains the presently effective rates. **Attachment C** contains the most recently adopted Summary of Earnings for the Los Angeles County and Fontana Water Company divisions, as well as for the company as a whole.

Also shown therein are the revenue requirement and revenue increases to the presently effective rates required to allow the proposed 9.62% return on rate base in Calendar Year 2013.

V. NOTICES

Drafts of customer notices for each division are included as Attachment D. San Gabriel will submit these draft notices to the Commission's Public Advisor for review and will comply with the notice requirements of Public Utilities Code Section 454(a), and Rules 3.2(b), 3.2(c), and 3.2(d) of the Commission's Rules of Practice and Procedure.

VI. CATEGORY, HEARING AND PROPOSED SCHEDULE

The following is provided in accordance with the requirements of Rule 2.1(c) of the Commission's Rules of Practice and Procedure:

- (A) Category – Ratesetting.
- (B) Need for Hearing – There is a need for a hearing.
- (C) Issues – The issues in this application are San Gabriel's forecast of its debt and equity capital costs and its capital structure.
- (D) Schedule – The proposed procedural schedule is as follows (all dates are 2012):

May 1	Application filing deadline
June 11	Prehearing conference
July 31	DRA and intervenors serve testimony
August 21	Applicant serves Rebuttal testimony
September 10	Evidentiary hearings begin
October 9	Opening briefs
October 22	Reply briefs
November 12	Proposed Decision
December 20	Final Decision

**VII. OTHER INFORMATION REQUIRED BY THE COMMISSION'S
RULES OF PRACTICE AND PROCEDURE**

A. Correspondence and Communications

Correspondence and communication about this Application and notices, orders, and other papers are to be addressed to and served on the following:

Daniel A. Dell'Osa
Director, Rates and Revenue
San Gabriel Valley Water Company
11142 Garvey Avenue
Post Office Box 6010
El Monte, CA 91734
Telephone: (626) 448-6183
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B. Minimum Data Requirements

Attachment E provides cross-references to the company exhibits, workpapers, and testimony for the Minimum Data Requirements for Utility Cost of Capital Application, as required under the Rate Case Plan.

VIII. SERVICE

Applicant will serve a copy of this application upon the service lists in A.10-07-019 and A.11-07-005, the most recent general rates cases for San Gabriel's Los Angeles County and Fontana Water Company divisions, respectively.

IX. EXHIBITS AND TESTIMONY

A. Attachments to Application

- A: Financial Statements
- B: Presently Effective Tariffs
- C: Summaries of Earnings
- D: Draft Customer Notices
- E: Minimum Data Requirement Index

B. Exhibits (served, but not filed)

- SG-1: Direct Testimony of Pauline M. Ahern, CRRA
- SG-2: Direct Testimony of Robert W. Nicholson
- SG-3: Direct Testimony of David M. Batt

WHEREFORE, San Gabriel requests the Commission to issue its opinion and order herein:

1. Finding that the existing rates in the Los Angeles County and Fontana Water Company divisions are unjust and unreasonable and are inadequate to provide a just and reasonable rate of return on San Gabriel's investment in utility plant, and that the increases in rates and other tariff changes herein proposed are justified;
2. Adopting a capital structure for San Gabriel consisting of 37.16% long-term debt and 62.84% common stock equity for 2013;
3. Adopting for San Gabriel an 11.60% cost of common stock equity for 2013 through 2015;
4. Adopting for San Gabriel a 9.62% return of rate on base for 2013 through 2015;
5. Adopt the same Cost of Capital Adjustment Mechanism as adopted in D.09-07-051 with the benchmark measurement period updated for the period covered by this case;
6. Authorizing any rate changes resulting from this application to be computed as illustrated by the company in its workpapers and implemented through Tier 2 advice letters, effective on January 1, 2013, 2014, and 2015; and

7. Granting such other and further relief which the Commission finds to be just and reasonable.

Dated May 1, 2012

SAN GABRIEL VALLEY WATER COMPANY

By /Robert W. Nicholson/
Robert W. Nicholson, President

Timothy J. Ryan
Vice President and General Counsel
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Attorneys for San Gabriel Valley Water Company

SAN GABRIEL VALLEY WATER COMPANY

Comparative Balance Sheet

at December 31, 2011

(dollars in thousands)

	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>	<u>Increase (Decrease)</u>
<u>ASSETS</u>			
UTILITY PLANT			
Gross Utility Plant	\$ 577,540	\$ 555,254	\$ 22,286
Less Accumulated Depreciation	139,620	128,311	11,309
Net Utility Plant	<u>437,920</u>	<u>426,943</u>	<u>10,977</u>
INVESTMENTS	<u>5,190</u>	<u>5,190</u>	<u>0</u>
CURRENT ASSETS			
Cash on Hand and in Banks	1,380	1,257	123
Investments and Special Deposits	4	4	0
Accounts Receivable	11,621	9,984	1,637
Materials and Supplies	1,698	1,659	39
Other	11,337	1,795	9,542
Total Current Assets	<u>26,040</u>	<u>14,699</u>	<u>11,341</u>
DEFERRED DEBITS			
Prepaid Income Taxes	2,479	2,552	(73)
Other	4,237	4,121	116
Total Deferred Debits	<u>6,716</u>	<u>6,673</u>	<u>43</u>
	<u>\$ 475,866</u>	<u>\$ 453,505</u>	<u>\$ 22,361</u>
<u>LIABILITIES</u>			
CAPITALIZATION			
Common Stock	\$ 2,400	\$ 2,400	\$ 0
Capital Surplus	249	249	0
Retained Earnings	158,868	146,347	12,521
Common Stock Equity	<u>181,517</u>	<u>148,996</u>	<u>12,521</u>
Long-Term Debt	104,000	74,000	30,000
Total Capitalization	<u>265,517</u>	<u>222,996</u>	<u>42,521</u>
CURRENT LIABILITIES			
Notes Payable	0	31,500	(31,500)
Accounts Payable	14,423	5,365	9,058
Accrued Expenses	6,540	3,738	2,802
Other	13,761	19,931	(6,170)
Total Current Liabilities	<u>34,724</u>	<u>60,534</u>	<u>(25,810)</u>
DEFERRED CREDITS			
Advances for Construction	38,607	39,364	(757)
Contributions in Aid of Construction	79,001	77,946	1,055
Deferred Income Tax	46,312	39,184	7,128
Other	11,705	13,481	(1,776)
Total Deferred Credits	<u>175,625</u>	<u>169,975</u>	<u>5,650</u>
	<u>\$ 475,866</u>	<u>\$ 453,505</u>	<u>\$ 22,361</u>

DECEMBER 2011

SAN GABRIEL VALLEY WATER COMPANY
Comparative Statement of Income
December 31, 2011
(dollars in thousands)

	<u>12 Months To Date</u>		<u>December</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
OPERATING REVENUE	\$ 113,737	\$ 110,782	\$ 10,402	\$ 8,633
OPERATING EXPENSES				
Operation and Maintenance	65,270	70,660	2,887	2,688
Depreciation	10,648	10,313	591	561
Taxes Other Than Income Taxes	4,338	4,205	427	361
Income Taxes	13,834	8,958	5,002	2,787
Total Operating Expenses	<u>94,090</u>	<u>94,136</u>	<u>8,907</u>	<u>6,397</u>
OPERATING INCOME	<u>19,647</u>	<u>16,646</u>	<u>1,495</u>	<u>2,236</u>
OTHER (INCOME) AND DEDUCTIONS				
Other (Income) - Net	(31)	(27)	(5)	1
Interest on Long-Term Debt	5,530	5,341	540	445
Other Interest	471	654	2	74
Other - Net	12	17	2	1
Total Other (Income) and Deductions	<u>5,982</u>	<u>5,985</u>	<u>539</u>	<u>521</u>
NET INCOME	<u>13,665</u>	<u>10,661</u>	<u>\$ 956</u>	<u>\$ 1,715</u>
Common Dividends	<u>8,902</u>	<u>8,685</u>		
INCOME RETAINED	<u>\$ 4,763</u>	<u>\$ 1,976</u>		
Active Services	92,975	92,735		

DECEMBER 2011

SCHEDULE NO. LA-1
Los Angeles County Tariff Area
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service, except for those Residential customers required to be served under Schedule LA-1C.

TERRITORY

Portions of Arcadia, Baldwin Park, El Monte, City of Industry, Irwindale, La Puente, Montebello, Monterey Park, Pico Rivera, Rosemead, San Gabriel, Santa Fe Springs, South El Monte, West Covina, Whittier and vicinity, Los Angeles County.

RATES

Quantity Rates:

For all water delivered, per 100 cu. ft..... \$ 2.5354 (I)

Service Charge:

	Per Meter Per Month	
For 5/8 x 3/4-inch meter	\$ 21.06	(I)
For 3/4-inch meter	31.59	
For 1-inch meter	52.65	
For 1-1/2-inch meter	105.30	
For 2-inch meter	168.50	
For 3-inch meter	315.90	
For 4-inch meter	526.50	
For 6-inch meter	1,050.00	
For 8-inch meter	1,680.00	
For 10-inch meter	2,420.00	
For 12-inch meter	3,470.00	
For 14-inch meter	4,630.00	(I)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 407

R. W. Nicholson

Date Filed NOV 15 2011

Decision No. 11-11-018

Effective NOV 15 2011

Exhibit B
Page 1 of 20

Resolution No.

SCHEDULE NO. LA-1
Los Angeles County Tariff Area
GENERAL METERED SERVICE
(continued)

RATES (continued)

Per Battery
Per Month

For two 2-inch meters	\$ 337.00
For three 2-inch meters.....	506.00
For four 2-inch meters.....	674.00
For two 3-inch meters	632.00
For three 3-inch meters.....	948.00
For two 4-inch meters	1,053.00
For three 4-inch meters.....	1,580.00
For one 8-inch meter, one 2-inch meter.....	1,850.00

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used 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 reserve account surcharge of \$0.0995 per Ccf is to be applied to the quantity rates for a 24-month period beginning July 25, 2011 and ending on July 24, 2013.
3. A surcharge of \$0.1531 per Ccf is to be applied to the quantity rates for a 12-month period beginning November 15, 2011 and ending on November 14, 2012 to amortize the Purchase Power Balancing Account.
4. A surcharge of \$0.2168 per Ccf is to be applied to the quantity rates for a 12-month period (N) beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate (N) Memorandum Account. (N)

(To be inserted by utility)

Advice Letter No. 409-A

Decision No. 12-02-027

Issued by

D. W. NICHOLS

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

Date Filed MAR 20 2012

Effective APR - 1 2012

Resolution No. _____

SCHEDULE NO. LA-1C
Los Angeles County Tariff Area
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 Arcadia, Baldwin Park, El Monte, City of Industry, Irwindale, La Puente, Montebello, Monterey Park, Pico Rivera, Rosemead, San Gabriel, Santa Fe Springs, South El Monte, West Covina, Whittier and vicinity, Los Angeles County.

RATES

Quantity Rates:

For the first 13 Ccf of water used, per 100 cu. ft.	\$ 2.3751	(I)
For all Ccf greater than 13 Ccf, per 100 Cu. Ft.	\$ 2.7314	(I)

Per Meter
Per Month

Service Charges:

For 5/8 x 3/4-inch meter	\$ 21.06	(I)
For 3/4-inch meter	31.59	
For 1-inch meter.....	52.65	
For 1-1/2-inch meter	105.30	
For 2-inch meter.....	168.50	
For 3-inch meter.....	315.90	(I)

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A reserve account surcharge of \$0.0995 per Ccf is to be applied to the quantity rates for 24-month period beginning July 25, 2011 and ending on July 24, 2013.
3. A surcharge of \$0.1531 per Ccf is to be applied to the quantity rates for a 12-month period beginning November 15, 2011 and ending on November 14, 2012 to amortize the Purchase Power Balancing Account. (N)
|
(N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 407

R. W. Nicholson
NAME

Date Filed NOV 15 2011

Decision No. 11-11-018

Effective NOV 15 2011

Resolution No. _____

Exhibit B
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SCHEDULE NO. LA-1C
Los Angeles County Tariff Area
GENERAL METERED SERVICE - CONSERVATION RATES
(continued)

SPECIAL CONDITIONS (continued)

- 4. A surcharge of \$0.2168 per Ccf is to be applied to the quantity rates for a 12-month period (C) beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate Memorandum Account.

(To be inserted by utility)

Advice Letter No. 411

Decision No. 12-02-027

Issued by

R. W. Nicholson

NAME

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

Date Filed APR 11 2012

Effective APR 11 2012

Resolution No. _____

SCHEDULE NO. LA-4
Los Angeles County Division
PRIVATE FIRE SERVICE

APPLICABILITY

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

TERRITORY

Portions of Arcadia, Baldwin Park, El Monte, City of Industry, Irwindale, La Puente, Montebello, Monterey Park, Pico Rivera, Rosemead, San Gabriel, Santa Fe Springs, South El Monte, West Covina, Whittier and vicinity, Los Angeles County.

RATE

Per Service
Per Month

For each inch of diameter of service connection \$ 13.92 (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.

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 407

R. W. Nicholson

Date Filed NOV 15 2011

Decision No. 11-11-018

Effective NOV 15 2011

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Resolution No.

SCHEDULE NO. LA-6
Los Angeles County Tariff Area
RECYCLED WATER METERED SERVICE

APPLICABILITY

Applicable to all recycled water metered service.

TERRITORY

Portions of Arcadia, Baldwin Park, El Monte, City of Industry, Irwindale, La Puente, Montebello, Monterey Park, Pico Rivera, Rosemead, San Gabriel, Santa Fe Springs, South El Monte, West Covina, Whittier and vicinity, Los Angeles County.

RATES

Quantity Rates:

For all water delivered per 100 cu. ft..... \$ 2.1551 (I)

Service Charge:

	<u>Per Meter</u> <u>Per Month</u>		
For 5/8 x 3/4-inch meter	\$ 21.06	(I)	
For 3/4-inch meter	31.59		
For 1-inch meter	52.65		
For 1-1/2-inch meter.....	105.30		
For 2-inch meter	168.50		
For 3-inch meter	315.90		
For 4-inch meter	526.50		
For 6-inch meter	1,050.00		
For 8-inch meter	1,680.00		
For 10-inch meter	2,420.00		
For 12-inch meter	3,470.00		
For 14-inch meter	4,630.00		(I)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 407

R. W. Nicholson

Date Filed NOV 15 2011

Decision No. 11-11-018

NAME

Effective NOV 15 2011

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Resolution No.

SCHEDULE NO. LA-6
 Los Angeles County Tariff Area
RECYCLED WATER METERED SERVICE
 (continued)

RATES - (continued)

	<u>Per Battery</u> <u>Per Month</u>
For two 2-inch meters	\$ 337.00
For three 2-inch meters.....	506.00
For four 2-inch meters	674.00
For two 3-inch meters	632.00
For three 3-inch meters.....	948.00
For two 4-inch meters	1,053.00
For three 4-inch meters.....	1,580.00
For one 8-inch meter, one 2-inch meter.....	1,850.00

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 85% of the Quantity Rate of Schedule No. LA-1.
2. The customer is responsible for compliance with all local, state, and federal rules and regulations that apply to the use of reclaimed water on the customer's premises.
3. The utility will supply only such reclaimed water at such pressure as may be available from time to time from the reclaimed water 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.
4. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
5. A reserve account surcharge of \$0.0995 per Ccf is to be applied to the quantity rates for a 24-month period beginning July 25, 2011 and ending on July 24, 2013.
6. A surcharge of \$0.1531 per Ccf is to be applied to the quantity rates for a 12-month period beginning November 15, 2011 and ending on November 14, 2012 to amortize the Purchase Power Balancing Account.
7. A surcharge of \$0.2168 per Ccf is to be applied to the quantity rates for a 12-month period beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate Memorandum Account. (N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 409-A

R W Nicholson

Date Filed MAR 20 2012

Decision No. 12-02-027

Exhibit B

Effective APR - 1 2012

Page 7 of 20

Resolution No. _____

SCHEDULE NO. LA-9C
Los Angeles County Division
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 Arcadia, Baldwin Park, El Monte, City of Industry, Irwindale, La Puente, Montebello, Monterey Park, Pico Rivera, Rosemead, San Gabriel, Santa Fe Springs, South El Monte, West Covina, Whittier and vicinity, Los Angeles County.

RATES

	<u>Unit Rates</u>	
For sidewalk construction, per 100 sq. ft.	\$0.912	(I)
For street curb construction, per 100 lineal ft.	\$1.789	(I)
For trench settling, per lineal foot of section of trench 2 feet by 4 feet	\$0.066	(I)
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	\$11.25	
For compaction of fill, per cubic yard of fill material	\$0.108	(I)
For water delivered to tank wagon or truck, per 100 gallons.....	\$0.285	(I)
 Minimum Charge		
For any service rendered under this schedule.....	<u>Per Month</u> \$47.76	(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 public fire hydrants, 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.

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 407

R. W. Nicholson
NAME

Date Filed NOV 15 2011

Decision No. 11-11-018

Effective NOV 15 2011

Exhibit B
Page 8 of 20

Resolution No. _____

SCHEDULE NO. LA-9CL
Los Angeles County Division
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

Los Angeles County Division, Los Angeles County

RATES

For each lot for the construction period \$16.55 (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.

(To be inserted by utility)

Issued by

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

Advice Letter No. 407

R. W. Nicholson

Date Filed NOV 15 2011

Decision No. 11-11-018

Effective NOV 15 2011

Exhibit B
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Resolution No.

SCHEDULE NO. LA-CARW
Los Angeles County Tariff Area
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 Arcadia, Baldwin Park, El Monte, City of Industry, Irwindale, La Puente, Montebello, Monterey Park, Pico Rivera, Rosemead, San Gabriel, Santa Fe Springs, South El Monte, West Covina, Whittier and vicinity, Los Angeles County.

RATES

Per Meter
Per Month

Quantity Rates (General):		
For all water used, per 100 cu. ft.	\$2.5354	(I)
Quantity Rates (Conservation):		
For the first 13 Ccf used, 100 cu. ft.	\$2.3751	(I)
For all Ccf greater than 13 Ccf per month, per 100 cu. ft.	\$2.7314	(I)
Service Charges:		
For 5/8 x 3/4-inch meter	\$10.53	(I)
For 3/4-inch meter	15.80	(I)
For 1-inch meter	26.33	(I)

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 or 2	\$31,800
3	\$37,400
4	\$45,100
5	\$52,800
6	\$60,500

(continued)

(To be inserted by utility)
Advice Letter No. 407
Decision No. 11-11-018

Issued by
R. W. Nicholson
NAME

(To be inserted by Cal. P.U.C.)
Date Filed NOV 15 2011
Effective NOV 15 2011

Exhibit B
Page 10 of 20

Resolution No. _____

SCHEDULE NO. LA-CARW
Los Angeles County Tariff Area
CALIFORNIA ALTERNATIVE RATES FOR WATER
(continued)

SPECIAL CONDITIONS (continued)

For households with more than six persons, add \$7,700 annually for each additional person residing in the household.

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 reserve account surcharge of \$0.0995 per Ccf is to be applied to the quantity rates for a 24-month period beginning July 25, 2011 and ending on July 24, 2013.
9. A surcharge of \$0.1531 per Ccf is to be applied to the quantity rates for a 12-month period beginning November 15, 2011 and ending on November 14, 2012 to amortize the Purchase Power Balancing Account.
10. A surcharge of \$0.2168 per Ccf is to be applied to the quantity rates for a 12-month period beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate Memorandum Account. (N)
(N)
(N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 409-A

R W. Nicholson

Date Filed MAR 20 2012

Decision No. 12-02-027

Exhibit B

Effective APR - 1 2012

Page 11 of 20

Resolution No.

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. \$ 2.2903

	<u>Per Meter</u>
	<u>Per Month</u>
Service Charges:	
For 5/8 x 3/4-inch meter	\$ 19.16
For 3/4-inch meter	28.74
For 1-inch meter	47.90
For 1-1/2-inch meter	95.80
For 2-inch meter	153.25
For 3-inch meter	287.40
For 4-inch meter	479.00
For 6-inch meter	960.00
For 8-inch meter	1,530.00
For 10-inch meter	2,200.00
For 12-inch meter	3,160.00

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 406

R. W. Nicholson
NAME

Date Filed AUG 19 2011

Decision No.

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Resolution No.

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	\$ 307.00
For three 2-inch meters	460.00
For four 2-inch meters	613.00
For two 3-inch meters	575.00
For two 4-inch meters	958.00
For one 8-inch meter, two 2-inch meters	1,840.00
For two 8-inch meters	3,060.00

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 rate adjustment of \$0.0298 per Ccf for the adopted increase revenue requirements associated with the General Division is to be added to the quantity rates beginning November 15, 2011 and ending on the effective date of the rates from Application 11-07-005.
3. A surcharge of \$0.0271 per Ccf is to be applied to the quantity rates for a 6-month period beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate Memorandum Account. (N)
(N)
(N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 409-A

R. W. Nicholson

Date Filed MAR 20 2012

Decision No. 12-02-027

Exhibit B

Effective APR - 1 2012

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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..... \$ 2.3529
For all Ccf greater than 16 Ccf, per 100 cu. Ft..... \$ 2.7057

Per Meter
Per Month

Service Charges:

For 5/8 x 3/4-inch meter \$ 15.85
For 3/4-inch meter 23.77
For 1-inch meter..... 39.62
For 1-1/2-inch meter 79.28
For 2-inch meter..... 126.81
For 3-inch meter..... 237.74

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. AA-UF.
2. A rate adjustment of \$0.0298 per Ccf for the adopted increase revenue requirements associated with the General Division is to be added to the quantity rates beginning November 15, 2011 and ending on the effective date of the rates from Application 11-07-005. (N)
3. A surcharge of \$0.0271 per Ccf is to be applied to the quantity rates for a 6-month period beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate Memorandum Account. (N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 411

R. W. Nicholson
NAME

Date Filed APR 11 2012

Decision No. 12-02-027

Effective APR 11 2012

Exhibit B
Page 14 of 20

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\$12.44

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)

(To be inserted by utility)

Issued by

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

Advice Letter No. 406

R. W. Nicholson

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Decision No. _____

NAME

Effective JUL - 1 2011

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Resolution No. _____

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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.....	\$0.9797
For street curb construction, per 100 lineal feet.....	1.959
For trench settling, per lineal foot of section of trench 2 feet by 4 feet.....	0.083
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.....	13.76
For compaction of fill, per cubic yard of fill material.....	0.124
For water delivered to tank wagon or truck, per 100 gallons.....	0.319

MINIMUM CHARGE

For any service rendered under this schedule..... \$49.30

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.

(continued)

(To be inserted by utility)

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Advice Letter No. 406

R.W. Nicholson

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Resolution No. _____

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 . . . \$16.86

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.

(To be inserted by utility)

Advice Letter No. 406

Decision No. _____

Issued by

R.W. Nicholson

Exhibit B
Page 17 of 20

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

Date Filed AUG 19 2011

Effective JUL - 1 2011

Resolution No. _____

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

	<u>Per Meter</u>
	<u>Per Month</u>
Quantity Rates (General):	
For all water used, per 100 cu. ft.	\$2.2903

Quantity Rates (Conservation):	
For the first 16 Ccf used, 100 cu. ft.	\$2.3539
For all Ccf greater than 16 Ccf per month, per 100 cu. ft.	\$2.7057

Service Charges:

	<u>General</u>	<u>Conservation</u>
For 5/8 x 3/4-inch meter.....	\$ 9.58	\$6.27
For 3/4-inch meter.....	14.37	9.40
For 1-inch meter.....	23.95	15.67

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</u> <u>In Household</u>	<u>Total Gross</u> <u>Annual Income</u>
1 or 2	\$31,800
3	\$37,400
4	\$45,100
5	\$52,800
6	\$60,500

For households with more than six persons, add \$7,700 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. 406

R.W. Nicholson
NAME

Date Filed AUG 19 2011

Decision No. _____

Effective JUL - 1 2011

Exhibit B
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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 rate adjustment of \$0.0298 per Ccf for the adopted increase revenue requirements associated with the General Division is to be added to the quantity rates beginning November 15, 2011 and ending on the effective date of the rates from Application 11-07-005.
9. A surcharge of \$0.0271 per Ccf is to be applied to the quantity rates for a 6-month period beginning on the effective date of Advice Letter 409-A to amortize the Interim Rate Memorandum Account. (N)
(N)
(N)

(To be inserted by utility)

Issued by

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

Advice Letter No. 409-A

R.W. Nicholson

Date Filed MAR 20 2012

Decision No. 12-02-027

Exhibit B

Effective APR - 1 2012

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Resolution No. _____

PRELIMINARY STATEMENT
(Continued)

H. Implementation of Water Action Plan Objectives (WAP) Balancing Account For The Fontana Water Company Division

1. Purpose: This temporary, one-way balancing account is established in accordance with Decision No. 08-08-018 in Application No. 07-08-017 to track amounts collected via the conservation expenses surcharge component and conservation expenses incurred up to an annualized limit. The prorated limit is the prorated portion of the \$305,000 annual budget.
2. The following entries will be made monthly to the WAP Balancing Account:
 - a. The recorded Conservation Surcharge revenues billed at the interim surcharge rate of \$0.015 per hundred cubic feet (credit).
 - b. Franchise fees and uncollectible account expense, based on 2a above and the CPUC-adopted rates for franchise fees and uncollectible accounts expense (debit).
 - c. Conservation program costs incurred up to the prorated portion of the \$305,000 annual budget (debit). The prorated portion of the annual budget is \$263,219 for the period August 21, 2008 through June 30, 2009. Conservation program costs will be recorded by the following categories:
 1. Education and Public Information Programs (capped at \$50,000)
 2. Residential (capped at \$228,600)
 3. Commercial, Industrial & Institutional (capped at \$262,500)
 4. Large Landscape (capped at \$123,800)
3. The balancing account will terminate when so ordered in a CPUC general rate case decision, at which time any credit (overcollection) balance will be amortized through a rate surcredit.

I. Cost of Capital Litigation Memorandum Account

In accordance with D.11-11-018, the Cost of Capital Litigation Memorandum Account will include the incremental costs incurred by San Gabriel Valley Water Company limited to incremental non-employee resources engaged in litigating the 2012 cost of capital proceeding. These costs are eligible for recovery in the next general rate case amortized over the life of the rate case cycle after San Gabriel Valley Water Company makes a persuasive showing in the next general rate case that the costs were incremental, reasonable, and prudently controlled and managed.

(D)
(N)
|
(N)

(To be inserted by utility)
Advice Letter No. 412-A
Decision No. 11-11-018

Issued by
R.W. Nicholson
NAME

(To be inserted by Cal. P.U.C.)
Date Filed APR 18 2012
Effective APR 18 2012
Resolution No. _____

San Gabriel Valley Water Company
Los Angeles County Division
Summary of Earnings
(\$000)

	D.12-02-027		
	Adopted		Proposed
	Revenue	Proposed	Revenue
	Rqmt.	Increase	Rqmt.
Operating Revenues	\$63,682.7	\$1,250.0	\$64,932.7
Operating Expenses			
Purchased Water & Assessments	\$14,056.0		\$14,056.0
Purchased Power	\$3,740.5		\$3,740.5
Chemicals	\$3,121.5		\$3,121.5
Payroll	\$5,082.7		\$5,082.7
Materials & Supplies	\$834.3		\$834.3
Transportation	\$705.4		\$705.4
Pensions & Benefits	\$2,301.4		\$2,301.4
Uncollectibles @ 0.1530%	\$88.6	\$1.9	\$90.5
Franchise Fees @ 0.9991%	\$578.7	\$12.5	\$591.2
Outside Services	\$1,946.5		\$1,946.5
Injuries & Damages	\$559.1		\$559.1
Regulatory Commission Expense	\$162.1		\$162.1
Utilities & Rents Expense	\$1,270.5		\$1,270.5
Miscellaneous Expense	\$1,018.1		\$1,018.1
Enhanced Conservation Programs	\$382.6		\$382.6
Administrative Expense Transferred	(\$460.8)		(\$460.8)
Subtotal	\$35,387.2	\$14.4	\$35,401.6
Bank Charges	\$53.6		\$53.6
Allocated Common	\$4,022.1		\$4,022.1
Total Operating Expenses	\$39,462.8	\$14.4	\$39,477.3
Depreciation	\$4,427.5		\$4,427.5
Ad Valorem Taxes	\$1,526.2		\$1,526.2
Payroll Taxes	\$455.6		\$455.6
Total Expense before Income Taxes	\$45,872.2	\$14.4	\$45,886.6
Net Revenue Before Income Taxes	\$17,810.5	\$1,235.6	\$19,046.1
State Income Tax @ 8.84%	\$1,069.4	\$153.8	\$1,223.2
Federal Income Tax @ 35%	\$4,780.2	\$609.0	\$5,389.2
Total Expenses	\$51,721.8	\$777.2	\$52,499.0
Net Operating Revenues	\$11,960.9	\$472.8	\$12,433.7
Rate Base	\$129,308.4		\$129,308.4
Rate of Return	9.25%		9.62%
Weighted Cost of Debt	2.72%		2.33%

**San Gabriel Valley Water Company
Fontana Water Company Division
Summary of Earnings
(\$000)**

	AL 399 Adopted Revenue Rgmt.	Proposed Increase	Proposed Revenue Rgmt.
Operating Revenues	\$63,850.0	\$1,460.0	\$65,310.0
Operating Expenses			
Purchased Water & Assessments	\$14,273.1		\$14,273.1
Purchased Power	\$5,070.2		\$5,070.2
Chemicals	\$981.8		\$981.8
Payroll	\$4,832.2		\$4,832.2
Materials & Supplies	\$1,209.1		\$1,209.1
Transportation	\$844.3		\$844.3
Pensions & Benefits	\$2,025.2		\$2,025.2
Uncollectibles @ 0.2648%	\$169.1	\$3.9	\$173.0
Franchise Fees @ 0.7566%	\$488.8	\$11.0	\$499.8
Outside Services	\$525.2		\$525.2
Insurance	\$456.3		\$456.3
Other O&M Expense	\$414.7		\$414.7
Other A&G Expense	\$20.0		\$20.0
Bank Charges	\$65.2		\$65.2
G.O. Allocation	\$3,330.0		\$3,330.0
Depreciation	\$6,018.7		\$6,018.7
Ad Valorem Taxes	\$2,315.3		\$2,315.3
Payroll Taxes	\$438.4		\$438.4
Total Expense Before Income Taxes	<u>\$43,477.6</u>	<u>\$14.9</u>	<u>\$43,492.5</u>
State Income Tax @ 8.84%	\$1,220.4	\$180.0	\$1,400.4
Federal Income Tax @ 35%	\$5,118.3	\$712.8	\$5,831.1
Total Operating Expenses	<u>\$49,816.2</u>	<u>\$907.8</u>	<u>\$50,724.1</u>
 Net Operating Revenues	 \$14,033.8	 \$552.2	 \$14,585.9
 Rate Base	 \$151,682.7		 \$151,682.7
 Rate of Return	 9.25%		 9.62%
 Weighted Cost of Debt	 2.72%		 2.33%

San Gabriel Valley Water Company
Total Company
Summary of Earnings
(\$000)

	Adopted			Proposed Increase			Proposed		
	LA County	FWC	Total	LA County	FWC	Total	LA County	FWC	Total
Operating Revenues	\$63,682.7	\$63,850.0	\$127,532.7	\$1,250.0	\$1,460.0	\$2,710.0	\$64,932.7	\$65,310.0	\$130,242.7
Operating Expenses									
Purch. Water & Assess.	\$14,056.0	\$14,273.1	\$28,329.1				\$14,056.0	\$14,273.1	\$28,329.1
Purchased Power	\$3,740.5	\$5,070.2	\$8,810.7				\$3,740.5	\$5,070.2	\$8,810.7
Chemicals	\$3,121.5	\$981.8	\$4,103.3				\$3,121.5	\$981.8	\$4,103.3
Payroll	\$5,082.7	\$4,832.2	\$9,914.9				\$5,082.7	\$4,832.2	\$9,914.9
Materials & Supplies	\$834.3	\$1,209.1	\$2,043.4				\$834.3	\$1,209.1	\$2,043.4
Transportation	\$705.4	\$844.3	\$1,549.7				\$705.4	\$844.3	\$1,549.7
Pensions & Benefits	\$2,301.4	\$2,025.2	\$4,326.6				\$2,301.4	\$2,025.2	\$4,326.6
Uncollectibles	\$88.6	\$169.1	\$257.7	\$1.9	\$3.9	\$5.8	\$90.5	\$173.0	\$263.5
Franchise Fees	\$578.7	\$488.8	\$1,067.5	\$12.5	\$11.0	\$23.5	\$591.2	\$499.8	\$1,091.0
Outside Services	\$1,946.5	\$525.2	\$2,471.7				\$1,946.5	\$525.2	\$2,471.7
Injuries & Damages	\$559.1		\$559.1				\$559.1		\$559.1
Reg. Comm. Expense	\$162.1		\$162.1				\$162.1		\$162.1
Utilities & Rents	\$1,270.5		\$1,270.5				\$1,270.5		\$1,270.5
Miscellaneous Expense	\$1,018.1		\$1,018.1				\$1,018.1		\$1,018.1
Conservation Programs	\$382.6		\$382.6				\$382.6		\$382.6
Insurance		\$456.3	\$456.3					\$456.3	\$456.3
Other O&M Expense		\$414.7	\$414.7					\$414.7	\$414.7
Other A&G Expense		\$20.0	\$20.0					\$20.0	\$20.0
Admin. Exp. Transferred	(460.8)		(460.8)				(460.8)		(460.8)
Bank Charges	53.6	\$65.2	\$118.8				\$53.6	\$65.2	\$118.8
Allocated Common	4,022.1	\$3,330.0	\$7,352.1				\$4,022.1	\$3,330.0	\$7,352.1
Depreciation	4,427.5	\$6,018.7	\$10,446.2				\$4,427.5	\$6,018.7	\$10,446.2
Ad Valorem Taxes	1,526.2	\$2,315.3	\$3,841.5				\$1,526.2	\$2,315.3	\$3,841.5
Payroll Taxes	455.6	\$438.4	\$894.0				\$455.6	\$438.4	\$894.0
State Income Tax	1,069.4	\$1,220.4	\$2,289.8	\$153.8	\$180.0	\$333.8	\$1,223.2	\$1,400.4	\$2,623.6
Federal Income Tax	4,780.2	\$5,118.3	\$9,898.5	\$609.0	\$712.8	\$1,321.8	\$5,389.2	\$5,831.1	\$11,220.3
Total Expenses	\$51,721.8	\$49,816.3	\$101,538.2	\$777.2	\$907.8	\$1,685.1	\$52,499.0	\$50,724.1	\$103,223.2
Net Operating Revenues	\$11,960.9	\$14,033.8	\$25,994.5	\$472.8	\$552.2	\$1,024.9	\$12,433.7	\$14,585.9	\$27,019.5
Rate Base	\$129,308.4	\$151,682.7	\$280,991.1				\$129,308.4	\$151,682.7	\$280,991.1
Rate of Return	9.25%	9.25%	9.25%				9.62%	9.62%	9.62%

**NOTIFICATION OF PROPOSED RATE INCREASE BY
SAN GABRIEL VALLEY WATER COMPANY
APPLICATION NO. 12-05-xxx**

On May 1, 2012, San Gabriel Valley Water Company (San Gabriel) filed its proposed Cost of Capital Increase Application No.12-05-xxx (A.12-05-xxx) with the California Public Utilities Commission (CPUC) for years 2013, 2014 and 2015. Cost of capital is a financial term defining how much a corporation is allowed in rates as a return on its invested capital. This filing requests the following companywide cost of capital for 2013:

	<u>Capital Ratio</u>	<u>Cost</u>	<u>Weighted Cost</u>
Long-Term Debt	37.16%	6.26%	2.33%
Common Equity	<u>62.84%</u>	11.60%	<u>7.29%</u>
Total	100.00%		9.62%

If approved by the CPUC, this application would result in a \$1,250,000 or 1.96% increase in revenues from customers in San Gabriel's Los Angeles County division, effective January 1, 2013. The annualized proposed increases are reflected in the chart below and are based on rates now in effect:

**Annualized Proposed Increases
Based on Rates Now in Effect
(Dollars in Thousands)**

<u>Customer Class</u>	<u>\$</u>	<u>%</u>
Residential	823.1	2.16
Commercial	257.4	2.16
Industrial	47.6	2.17
Public Authority	69.1	2.15
Recycled Water	25.9	2.04
Private Fire Service	26.8	2.16
Construction	0.1	2.18

If approved by the CPUC, the effect of the proposed 2013 cost of capital, based on present rates, on a typical residential customer using 23 Ccf per month is as follows:

	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>
Monthly Service Charge	\$21.06	\$21.51	\$0.45
Quantity Rate	<u>\$58.19</u>	<u>\$59.45</u>	<u>\$1.26</u>
Total	\$79.25	\$80.96	\$1.71 2.16%

San Gabriel also proposes to extend the previously adopted Cost of Capital Litigation Memorandum Account to this cost of capital proceeding.

Further information regarding the Cost of Capital application filing may be obtained from San Gabriel Valley Water Company. A copy of the application may be inspected at the business offices listed below:

San Gabriel Valley Water Company
11142 Garvey Avenue, El Monte, CA 91733
11579 Hadley Street, Whittier, CA 90606
14404 Valley Boulevard, Industry CA 91746
(626) 448-6183
(800) 583-1773

Copies of the Application filing are also available at the CPUC's Central Files Office at 505 Van Ness Avenue, San Francisco, CA daily Monday through Friday between the hours of 8:00 a.m. to noon.

EVIDENTIARY HEARINGS

The CPUC may hold formal Evidentiary Hearings (EHs) on this matter. At the EHs, formal parties of record provide testimony and are subject to cross examination before the CPUC's Administrative Law Judge (ALJ). Expert testimony would also be provided by San Gabriel. These hearings are open to the public to attend and listen, but only those who are formal parties of record can participate. If an EH is scheduled, it would be to analyze the need for the proposed rate increase and the allocation of any approved increases among different classes of customers. The Division of Ratepayer Advocates (DRA) consists of engineers, accountants, economists and attorneys who independently evaluate the proposals of utilities for rate changes and present their analyses and recommendations for the CPUC at the EHs. Once hearings are complete, the ALJ will consider all of the evidence presented and release the draft decision. The CPUC may approve the proposed requests for San Gabriel, approve the draft decision by the ALJ, or may approve an alternate decision filed by a CPUC Commissioner. The final decision may differ from San Gabriel's original proposed request.

CPUC PROCESS

Written public comment by San Gabriel's customers is very much desired by the CPUC and may be sent to the CPUC's Public Advisor's Office (PAO). The PAO was established to assist members of the public who want to participate in CPUC proceedings. If you wish to participate or comment on this application, please contact the Public Advisor's Office, 320 West, 4th Street, Suite 500, Los Angeles, CA 90013, or by e-mail to public.advisor.la@cpuc.ca.gov. When sending an e-mail or writing a letter, please reference A.12-05-xxx, the Cost of Capital application. You may also call the Public Advisor's Office at 1-866-849-8390.

Public comments will become part of the formal public comment correspondence file for this proceeding. All e-mails and letters are circulated to the assigned Commissioner, ALJ, and CPUC staff reviewing this application.

**NOTIFICATION OF PROPOSED RATE INCREASE BY
FONTANA WATER COMPANY
Application No. 12-05-xxx**

On May 1, 2012, Fontana Water Company (the company) filed its proposed Cost of Capital Increase Application No. 12-05-xxx (A.12-05-xxx) with the California Public Utilities Commission (CPUC) for years 2013, 2014, and 2015. Cost of capital is a financial term defining how much a corporation is allowed in rates as a return on its invested capital. This filing requests the following companywide cost of capital for 2013:

	<u>Capital Ratio</u>	<u>Cost</u>	<u>Weighted Cost</u>
Long-Term Debt	37.16%	6.26%	2.33%
Common Equity	<u>62.84%</u>	11.60%	<u>7.29%</u>
Total	100.00%		9.62%

If approved by the CPUC, this application would result in a \$1,460,000 or 2.29% increase in revenues from customers in this division, effective January 1, 2013. The annualized proposed increases are reflected in the chart below and are based on rates now in effect:

**Annualized Proposed Increases
Based on Rates Now in Effect
(Dollars in Thousands)**

<u>Customer Class</u>	<u>\$</u>	<u>%</u>
Residential	1,079.4	2.29
Commercial	161.0	2.31
Industrial	54.2	2.30
Public Authority	126.2	2.30
Private Fire Service	45.1	2.33
Construction	15.3	2.32

If approved by the CPUC, the effect of the proposed 2013 cost of capital, based on present rates, on a residential customer using 23 Ccf per month is as follows:

	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>
Monthly Service Charge	\$15.85	\$16.21	\$0.36
Quantity Rate	<u>\$57.64</u>	<u>\$58.97</u>	<u>\$1.33</u>
Total	\$73.49	\$75.18	\$1.69 2.30%

The company also proposes to extend the previously adopted Cost of Capital Litigation Memorandum Account to this cost of capital proceeding.

Further information regarding the Cost of Capital application filing may be obtained from Fontana Water Company. A copy of the application may be inspected at the business office listed below:

Fontana Water Company
15966 Arrow Route
Fontana, CA 92335
(909) 822-2201
(800) 784-7040

Copies of the Application filing are also available at the CPUC's Central Files Office at 505 Van Ness Avenue, San Francisco, CA daily Monday through Friday between the hours of 8:00 a.m. to noon.

EVIDENTIARY HEARINGS

The CPUC may hold formal Evidentiary Hearings (EHs) on this matter. At the EHs, formal parties of record provide testimony and are subject to cross examination before the CPUC's Administrative Law Judge (ALJ). Expert testimony would also be provided by the company. These hearings are open to the public to attend and listen, but only those who are formal parties of record can participate. If an EH is scheduled, it would be to analyze the need for the proposed rate increase and the allocation of any approved increases among different classes of customers. The Division of Ratepayer Advocates (DRA) consists of engineers, accountants, economists and attorneys who independently evaluate the proposals of utilities for rate changes and present their analyses and recommendations for the CPUC at the EHs. Once hearings are complete, the ALJ will consider all of the evidence presented and release the draft decision. The CPUC may approve the proposed requests for the company, approve the draft decision by the ALJ, or may approve an alternate decision filed by a CPUC Commissioner. The final decision may differ from the company's original proposed request.

CPUC PROCESS

Written public comment by the company's customers is very much desired by the CPUC and may be sent to the CPUC's Public Advisor's Office (PAO). The PAO was established to assist members of the public who want to participate in CPUC proceedings. If you wish to participate or comment on this application, please contact the Public Advisor's Office, 320 West, 4th Street, Suite 500, Los Angeles, CA 90013, or by e-mail to public.advisor.la@cpuc.ca.gov. When sending an e-mail or writing a letter, please reference A.12-05-xxx, the Cost of Capital application. You may also call the Public Advisor's Office at 1-866-849-8390.

Public comments will become part of the formal public comment correspondence file for this proceeding. All e-mails and letters are circulated to the assigned Commissioner, ALJ, and CPUC staff reviewing this application.

Minimum Data Requirements
Cross-References to Exhibits and Testimony

Item	<u>No.</u>	<u>Description</u>	<u>Cross-References</u>
A		Authorized return on equity and rate of return on rate base	SG-3, p.8
B		Actual return on equity and rate of return on rate base	Workpapers
C		Proposed capital structure and rate of return	SG-3, Table A
D		Long-Term Debt	
	1.	Sinking fund amounts for each issue	SG-3, p. 9
	2.	Retirements for each issue	SG-3, p. 9
	3.	Interest rates for each issue	SG-3, Table B
	4.	Terms of each issue	SG-3, p. 9
	5.	Cost of issuance for each issue	SG-3, Table B
	6.	Name of lender for each issue	SG-3, p. 9 & 10
	7.	Formula for new issues	SG-3, Attachment A
	8.	S&P rating	SG-3, p. 10
E		Rating/commenting organizations	
	a.	Contact information	SG-3, p. 10
	b.	Provide on ongoing basis	SG-3, p. 10
F.		Actual rate base by district	SG-3, Attachment D
G.		Workpapers	
	a.	Copies	all
	b.	Supporting documentation for ROE models	SG-1