

ALJ/MLQ/jds 4/02/2025



**FILED**

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A2501001

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of SAN GABRIEL VALLEY WATER COMPANY (U-337W) for Authority to Increase Rates Charged for Water Service in its Los Angeles County Division by \$13,758,500 or 13.2% in July 2026, \$4,535,700 or 3.8% in July 2027, and \$4,867,900 or 4.0% in July 2028, and in its Fontana Water Company division by \$12,335,200 or 12.7% in July 2026, \$4,368,100 or 3.9% in July 2027, and \$4,467,900 or 3.9% in July 2028, and related relief.

Application 25-01-001

**EMAIL RULING ON RESULTS OF OPERATIONS  
MODEL VALIDATION**

Dated April 2, 2025, at San Francisco, California.

/s/ MINH LeQUANG

Minh LeQuang  
Administrative Law Judge

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**Subject:** A.25-01-001 San Gabriel Valley Water Company Ruling on Results of Operations Model Validation

To all interested Parties:

This ruling directs San Gabriel Valley Water Company (San Gabriel Water) to meet with technical staff from the Commission's Water Division to jointly prepare a "Dummy Run" of the Results of Operations (R/O) to both validate the efficacy of the applicant's model/worksheets as well as instruct the Water Division staff on how the R/O calculation process operates. This exercise is intended to avoid or reduce last-minute problems when preparing an R/O to reflect the proposed and later final decision in this proceeding.

San Gabriel Water's expert staff shall meet with advisory staff from the Commission's Water Division to instruct and assist the Water Division staff to prepare a "Dummy Run" of the test year R/O making, in turn, four "Dummy Disallowances" to verify the R/O model's functionality and its accuracy in reflecting the impact of changes across the entire R/O. For example, some changes could also affect the working cash calculation, return on investment, income taxes, etc.:

- i. reduce the largest plant addition by 15%;
- ii. reduce the largest expense category by 15%;
- iii. reduce the second largest plant addition by 10%; and then
- iv. reduce the second largest expense category by 10%.

These "dummy disallowances" should be conducted sequentially and cumulatively, i.e., a first run includes only item (i), and then adjustments (ii) through (iv) are individually added so that after each intermediate run Water Division is able to verify the expected impact to the R/O occurs, as well as gain experience in running the R/O. The fourth run would be the cumulative impact of all four "dummy" adjustments. San Gabriel Water and Water Division staff should adapt the four proposed "dummy" adjustments as they see fit to achieve the intent of the above suggestions which is to simulate the impact on the R/O of two capital and two expense-related adjustments.

San Gabriel Water must serve a report on the service list attesting whether the test was successful. This report is due 30 days after this ruling.

**Docket Office shall formally file this ruling.**

IT IS RULED that:

- 1- San Gabriel Water shall meet with the Commission's Water Division staff and jointly prepare tests runs of adjustments for the test year Results of Operations.
- 2- This test shall be conducted within 30 days of this ruling.
- 3- San Gabriel Water shall serve a report to the service list attesting whether the test was successful.

**Minh LeQuang (he / him)**

Administrative Law Judge

California Public Utilities Commission

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