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| Commissioner | : | <u>Genevieve Shiroma</u> |
| Administrative Law Judge | : | <u>Gerald F. Kelly</u> |
| Public Advocates Office | : | <u>Chris Ronco</u> |
| Witness(es) | | _____ |



PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION

**REPORT ON SALES &
OPERATIONAL REVENUES, RATE
DESIGN AND BAMA**

San Francisco, California
August 14, 2023

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1 **MEMORANDUM**

2 The Public Advocates Office at the California Public Utilities Commission (“Cal
3 Advocates”) examined application material, data request responses, and other
4 information presented by Suburban Water Systems (“Suburban) in Application (“A.”) 23-
5 01-001 to provide the California Public Utilities Commission (“Commission” or
6 “CPUC”) with recommendations in the interests of ratepayers for safe and reliable
7 service at the lowest cost. Chris Ronco prepared this report under the general supervision
8 of Program Manager Richard Rauschmeier, Program & Project Supervisor Hani Moussa,
9 and Project Lead Suliman Ibrahim. Shanna Foley is Cal Advocates legal counsel.

10 Although every effort was made to comprehensively review, analyze, and provide
11 the Commission with recommendations on each ratemaking and policy aspect presented
12 in the Application, the absence from Cal Advocates’ testimony of any particular issue
13 connotes neither agreement nor disagreement of the underlying request, methodology, or
14 policy position related to that issue.

1 **CHAPTER 1 SALES & OPERATIONAL REVENUES**

2 **I. INTRODUCTION**

3 This chapter presents the analysis and recommendations for forecasting
4 Suburban’s water sales and operating revenues. An accurate water sales forecast is vital,
5 since any over or under forecasts spread Suburban’s revenue requirement over more or
6 less sales, leading to inaccurate customer rates that may result in under or over collection
7 of revenue. In developing its recommendations, Cal Advocates reviewed Suburban’s
8 Results of Operation, testimony, historical data and data requests responses.

9 **II. SUMMARY OF RECOMMENDATIONS**

10 The Commission should adopt the following recommendations for Suburban’s
11 sales and operating revenues Test Year (“TY”) forecast:

- 12 • A 5 year-average customer growth forecast for each customer class by
13 meter size.
- 14 • A 5 year-average forecast of sales per customer for non-residential or
15 business customer classes.
- 16 • A 5 year-average forecast of sales per customer for residential and business
17 customer classes, instead of Suburban’s proposed New Committee Method
18 forecasts which under forecasts leading to higher customer rates.
- 19 • \$240,220 in revenue from Non-Tariffed Products & Services (“NTPS”)
20 attributed to ratepayers.
- 21 • \$104,376,565 for TY 2024 operating revenue forecast at present rates.

22 **III. ANALYSIS**

23 Suburban is proposing an operating revenue TY forecast of \$100,940,885 at
24 present rates.¹ This total consists of the various revenues presented in **Table 1-1**. This

¹ Suburban Workpapers, Volume I, Table 10-1, Line 5.

1 chapter will focus on the forecasting process of the water service revenues and the other
2 water revenues.

3
4

Table 1-1: Suburban’s TY Revenue Forecast at Present Rates

| Type of Revenue | TY Forecast |
|-----------------------------------|---------------|
| Water Service Revenues | \$99,873,237 |
| P.U.C Reimbursement Fee | \$798,986 |
| Other Water Revenues | \$233,098 |
| Amortization of Deferred Revenues | \$35,564 |
| Total Operating Revenues | \$100,940,885 |

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“Water service revenue” is the revenue collected from service and quantity charges. The “other water revenues” consists of revenues Suburban earns from services other than water sales to customers and is treated as a reduction to revenue recovered from customer rates. The “other water revenues” portion of this chapter will focus specifically on NTP&S revenue.

11 **Sales**

12 Suburban sells water to several customer classes and charges both a fixed service
13 charge and a quantity charge. The quantity charge is a Single Quantity Rate (“SQR”) for
14 all customers except for residential customers who are under an increasing two block rate
15 design.² To forecast the total TY sales, Suburban forecasts the number of customers, then
16 the per customer sales. The number of customers times the sales per customer is the total
17 sales.

² For more on rate design recommendations, see Chapter 2.

1 **1. Customer Forecast**

2 Suburban forecasts the TY customer count using the 5-year average growth rate
3 (2017-2021). This is an appropriate forecast method for customer count and is in line
4 with the Revised Rate Case Plan (“RRCP”).³ **Table 1-2** summarizes Suburban’s customer
5 count forecasts.

6
7 **Table 1-2: Suburban’s Average Customer Count TY 2024 Forecast⁴**

| Customer Class | San Jose Hills | Whittier La Mirada |
|-----------------------|----------------|--------------------|
| Residential | 39,832 | 32,835 |
| Business | 2,369 | 2,036 |
| Industrial | 21 | 15 |
| Public Authorities | 149 | 138 |
| Other Water Utilities | 0 | 14 |
| Construction | 17 | 19 |
| Recycled | 42 | 0 |
| Private Fire | 387 | 411 |

8
9 **2. Sales per Customer**

10 For its sales forecasts for every customer class besides residential and business
11 customers, Suburban uses the 5-year average of sales per customer. The Commission
12 should adopt these sales per customer forecasts.

13 However, for residential and business customers Suburban uses the New
14 Committee Method (“NCM”) forecast.⁵ The NCM is a multivariable regression forecast

³ D.07-05-062, page A-23.

⁴ The customer class forecasts are further broken down by meter sizes. The Commission should adopt Suburban’s proposed meter size forecast distribution as well.

⁵ Direct Testimony of Heppenstall, page 3.

1 model using time, average monthly temperature, and monthly rainfall as independent
2 variables to predict future sales per customer.⁶ When reviewing past sales data, Suburban
3 workpapers, and recent Commission decisions, it is apparent the NCM forecast method is
4 not appropriate or accurate for Suburban’s residential and business customers sales.

5 The NCM regresses its three independent variables back 120 months to establish a
6 statistical relation between those variables and the amount of water Suburban sold to
7 ratepayers.⁷ Suburban performed this regression to produce its proposed per customer
8 sales in **Table 1-3**⁸

9
10 **Table 1-3: Suburban’s Proposed Sales Per Customer Forecasts (CCF)**

| | TY 2024² | Escalation 2025 |
|-----------------|----------------------------|------------------------|
| SJH Residential | 166.1 | 154.9 |
| WLM Residential | 163.6 | 156.8 |
| SJH Business | 939.0 | 931.0 |
| WLM Business | 885.0 | 870.0 |

11
12 These forecasts are the lowest per customer sales in the past 6 years and imply a
13 decreasing consumption trend, despite no such trend existing in the recorded data.¹⁰ This
14 random drop in forecasted sales with no basis in historic data is typical of past Suburban
15 NCM forecasts. The NCM is historically less accurate than other forecasting methods for

⁶ Time in the NCM model is a whole number variable representing how far in the past or in the future the month data point is.

⁷ D.07-05-062, page A-23.

⁸ Direct Testimony of Heppenstall, Attachment A, page II-8.

⁹ Suburban’s proposed TY sales per customer are an average of the prior GRC and the result of the NCM performed for this GRC.

¹⁰ Suburban Workpapers, Volume I, Table 4-1, Lines 1-8.

1 Suburban’s residential and business customer sales. **Tables 1-4 and 1-5** compare the last
 2 two GRC TY recorded sales, the NCM forecasted sales and the 5-year average forecasted
 3 sales.

4

5 **Table 1-4: 2018 NCM Total Sales Forecast Comparison (CCF)¹¹**

| | NCM | 5-year average | Actual | NCM – Actual | Average - Actual |
|----------|------------|-----------------------|---------------|---------------------|-------------------------|
| SJH Res. | 6,492,380 | 7,417,545 | 7,206,528 | -9.91% | 2.93% |
| WLM Res. | 5,042,849 | 5,576,042 | 5,525,290 | -8.73% | 0.92% |
| SJH Bus. | 2,009,041 | 2,179,693 | 2,356,493 | -14.74% | -7.50% |
| WLM Bus. | 1,703,626 | 1,964,878 | 2,054,252 | -17.07% | -4.35% |

6

7 **Table 1-5: 2021 NCM Total Sales Forecast Comparison (CCF)¹²**

| | NCM | 5-year average | Actual | NCM – Actual | Average - Actual |
|----------|------------|-----------------------|---------------|---------------------|-------------------------|
| SJH Res. | 6,324,036 | 7,004,388 | 7,082,485 | -10.71% | -1.10% |
| WLM Res. | 4,953,344 | 5,321,696 | 5,505,599 | -10.03% | -3.34% |
| SJH Bus. | 2,369,746 | 2,271,214 | 2,295,883 | 3.22% | -1.07% |
| WLM Bus. | 1,906,262 | 1,932,965 | 1,975,110 | -3.49% | -2.13% |

8

9 A 5-year average consistently produces a total sales forecast closer to recorded
 10 sales compared to Suburban’s NCM sales forecast. Additionally, the NCM under
 11 forecasted for all but one of the eight sales amounts. The NCM over forecasted for San
 12 Jose Hills business customer sales in 2021 but was still less accurate than using the 5-
 13 year average. Under forecasting sales harms ratepayers, since predicting less sales leads

¹¹ A.20-03-001, SWS 202 GRC – Workpapers Vol. 1, Table 4-1.

¹² A.23-01-001, Volume I Workpapers (Final Application), Table 4-1.

1 to utilities unnecessarily raising rates higher to cover the adopted revenue requirement.
 2 The statistics behind the NCM explain the inaccuracy and its tendency to under forecast
 3 Suburban sales.

4 For this GRC, Suburban regresses data going back to February 2010 to meet the
 5 NCM 120 months requirement, after removing months when California placed drought
 6 sales restrictions on rate payers.¹³ The NCM uses the resulting variable coefficients from
 7 the regression to indicate what sales per customer will be in a future month based on
 8 average monthly rainfall, temperature and how far in the future a month is. Suburban’s
 9 NCM regression workpapers contain proof the forecasting method is not appropriate,
 10 accurate or statistically sound. **Table 1-6** below is a segment of the tables from
 11 **Attachment 1-1** containing the p-values of the average monthly temperature variables in
 12 the regression.

13
 14 **Table 1-6: P-values of Monthly Temperature Variables in NCM**
 15 **Regression¹⁴**

| Variable | SJH Res. | WLM Res. | SJH Bus. | WLM Bus. |
|----------|----------|-------------|----------|----------|
| Temp1 | 0.555171 | 0.733221704 | 0.245792 | 0.011021 |
| Temp2 | 0.678558 | 0.821059979 | 0.321098 | 0.011609 |
| Temp3 | 0.773084 | 0.897420877 | 0.398597 | 0.012357 |
| Temp4 | 0.477793 | 0.559983863 | 0.253196 | 0.002935 |
| Temp5 | 0.341069 | 0.396705046 | 0.191943 | 0.00147 |
| Temp6 | 0.157372 | 0.196720419 | 0.106344 | 0.000813 |
| Temp7 | 0.048736 | 0.077431025 | 0.034308 | 0.000141 |
| Temp8 | 0.053351 | 0.082437313 | 0.027479 | 0.000153 |

¹³ Direct Testimony of Heppenstall, page 4. Regression results are included as Attachment 1-1: Suburban’s Response to Cal Advocates Data Request CR8-001, Question 1.

¹⁴ Temp1, Temp2, Temp3, etc... are the average temperatures of the months January, February, March, etc.

| | | | | |
|--------|----------|-------------|----------|----------|
| Temp9 | 0.036365 | 0.056051126 | 0.020614 | 8E-05 |
| Temp10 | 0.182035 | 0.23554912 | 0.070666 | 0.001182 |
| Temp11 | 0.287984 | 0.34633815 | 0.118762 | 0.002673 |
| Temp12 | 0.515442 | 0.595282943 | 0.171398 | 0.008373 |

1
2 In a multivariable regression such as the NCM, a variable’s p-value describes how
3 likely the result from regression is random for that variable and the variable itself has no
4 significant impact on determining the dependent variable.¹⁵ For example, the “Temp1”
5 variable for San Jose Hills Residential sales is 55.5171%, which is not likely to have a
6 statistical relation with the sales per customer. Using an alpha value of 0.01, none of the
7 monthly average temperature variables are significant for determining future sales per
8 customer for all of Suburban’s residential customers and for the San Jose Hills business
9 customers.¹⁶ This shows a third of the NCM regression’s variables are not statistically
10 significant for determining sales per customer for 3 of the 4 customer classes in question.
11 Therefore, the NCM successfully only establishes a relationship between monthly rainfall
12 and time for Suburban sales.

13 While Suburban’s proposed model does attribute future sales to rainfall and time,
14 there are other forecasts that do so as well, while also incorporating more factors to
15 ensure accuracy.

16 The Commission developed new requirements for forecasting sales since
17 Suburban filed its previous GRC. As part of R.17-06-024, the Commission established
18 the following factors utilities must consider when developing forecasts:¹⁷

¹⁵ “P-Value and Statistical Significance: What it is & Why it Matters”
<https://www.simplypsychology.org/p-value.html>

¹⁶ An alpha value for regressions is the value used to determine when you should consider a variable insignificant based on the p-value. An alpha of 0.01 is used for regressions for which the results are serious if inaccurate, such as the impact of sales forecasts on rates.

¹⁷ D.20-08-047, page 106.

- 1 a) Impact of revenue collection and rate design on sales and revenue collection.
- 2 b) Impact of planned conservation programs.
- 3 c) Changes in customer counts.
- 4 d) Previous and upcoming changes to building codes requiring low flow fixtures
- 5 and other water-saving measures as well as any other relevant code changes.
- 6 e) Local and statewide trends in consumption, demographics, climate population
- 7 density and historic trends by ratemaking area.
- 8 f) Past sales trends.

9 According to the Commission, these factors serve to improve sales forecast
10 accuracy and establish more uniform standards among water utilities.¹⁸ Additionally, the
11 Commission concluded forecasts must include drought year sales data in forecasts since
12 “drought is the new normal in California.”¹⁹ Suburban’s proposed NCM forecast
13 contravenes the Commission’s goals by removing drought mandated months.

14 Suburban does not explain how its NCM incorporates these six factors in its
15 application. This is because the NCM does not incorporate these factors. The non-
16 modified multivariable regression model only attempts to use time, temperature, and
17 rainfall for predicting sales.

18 Other water utilities are moving away from the NCM or using modified versions
19 that incorporate these factors. Golden State Water Company proposed a 3- and 2-year
20 average of recent consumption to forecast residential and business classes in its most
21 recent GRC.²⁰ Cal Advocates agreed with this sales forecast, meaning both parties
22 proposed a non NCM forecast.

23 Liberty Utilities proposed a modified NCM forecast in its most recent GRCs,
24 including variables to factor in drought months and the Covid-19 pandemic effect on

¹⁸ D.20-08-047, page 17.

¹⁹ D.20-08-047, page 18.

²⁰ A.20-07-012.

1 sales.²¹ Cal Advocates disagreed with this method for residential and business customers
2 in both of Liberty’s applications. Cal Advocates recommend a 2-year average for both
3 classes in Park Water, and a 2-year average for residential and 12-month average for
4 business in Apple Valley. In its proposed decision filed in December 2022, the
5 Commission agreed with the Cal Advocates for both GRC’s residential customer
6 forecasts, but with Liberty for business.²²

7 Regardless of outcome, all forecasts in consideration for the Liberty and Golden
8 State GRCs differ from the old standard of using only NCM to forecast consumption as
9 Suburban has proposed. These other GRCs followed the trend of relying less on the NCM
10 forecasts because of its inaccuracy, discussed in R.17-06-024.²³

11 The Commission should not adopt the NCM in this case because it under
12 forecasts sales, resulting in Suburban raising customer rates to an unnecessary extent.
13 Recent Commission decisions, statistical flaws in the NCM, and historical data, show that
14 a 5-year average is more accurate and a more appropriate forecast method for Suburban’s
15 residential and business sales. The Commission should adopt the sales per customer
16 forecasts for Suburban’s residential and business customers using the 5-year average
17 (2018-2022) the resulting total sales in **Table 1-7**.

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²¹ Liberty Utilities proposed the same method for its two distinct companies with two separate GRCs, Apple Valley Ranchos Water (A.21-07-003) and Park Water (A.21-07-004).

²² A.21-07-003 and A.21-07-004, PD of ALJ Park, p. 8-12. The Commission agreed a 2 year average forecast for residential best matched current trends. For business, the Commission stated that Cal Advocates did not provide enough justification for its forecast of business sales.

²³ D.20-08-047, p. 63-64.

Table 1-7: 5-year Average Sales Forecast for TY (CCF)²⁴

| | Sales Per Customer | Total Sales |
|-----------------|---------------------------|--------------------|
| SJH Residential | 175.30 | 6,982,365 |
| WLM Residential | 1741.42 | 5,628,652 |
| SJH Business | 975.71 | 2,311,462 |
| WLM Business | 961.56 | 1,957,741 |

Operational Revenues

Table 1-8 compares the TY revenues the Commission should adopt at present rates and the revenues Suburban is proposing.

Table 1-8: TY Revenues at Present Rates

| Type of Revenue | Suburban's Proposed | Recommended | Difference |
|-----------------------------------|----------------------------|----------------------|-------------------|
| Water Service Revenues | \$99,873,237 | \$103,251,308 | 3.38% |
| P.U.C Reimbursement Fee | \$798,986 | \$826,010 | 3.38% |
| Other Water Revenues | \$233,098 | \$263,683 | 13.12% |
| Amortization of Deferred Revenues | \$35,564 | \$35,564 | 0.00% |
| Total Operating Revenues | \$100,940,885 | \$104,376,565 | 3.40% |

The recommended operating revenue is higher because the higher recommended sales forecast increases the water service revenues at present rates.

²⁴ Suburban provided 2022 sales data in response to Cal Advocate's request. The most recent available data should be used in the forecast. Attachment 1-2: Suburban's Response to Cal Advocates Data Request CR8-001, Question 2.

1 **3. Water Service Revenues**

2 Water service revenues include service revenues (from fixed charges) and usage
3 revenues (from quantity charges). Those components are calculated as follows:

4 Service Revenue = *Customers Per Meter Size * Service Charge*

5 Usage Revenues = (*CCF Usage Per Customer * Total Customers in that Class*) *
6 *Quantity Rate*

7 The Commission should adopt a service revenue of \$30,975,392 and a usage
8 revenue of \$72,275,916 at present rates. These amounts are representative of the 30/70
9 split of Suburban’s revenue requirement between its service revenue and usage revenue.²⁵

10 **4. Other Water Revenues**

11 Other Water Revenues are treated as a reduction to the Total Operating Revenues,
12 resulting in the Water Service Revenues Suburban recovers via customer rates.

13 Therefore, any under forecasting for other water revenues harms ratepayers since the
14 reduction is smaller. Suburban’s other water revenues consist of 3 sources, shown below
15 in **Table 1-9**.

16 **Table 1-9: Suburban’s Other Revenue Forecast²⁶**

| Other Revenue | TY Amount |
|----------------------|------------------|
| Misc. Service | \$24,401 |
| Rule No.9 | (\$942) |
| NTPS | \$209,639 |
| TOTAL | \$233,098 |

17
18 The remainder of this chapter will focus on the NTPS portion of revenues. A
19 NTPS is a product or service a utility may provide using excess capacity of its assets or

²⁵ Results of Operations (Final Application), page 12-1.

²⁶ Suburban Workpapers, Volume I, Table 4-7, Lines 16-18.

1 resources. Suburban provides 4 different NTPS, each of which Suburban collects
2 revenues from and allocates the revenues between ratepayers and shareholders.²⁷ The
3 allocation to ratepayers is the amount included in the other water revenues total. **Table 1-**
4 **10** breaks down Suburban’s 4 NTPS and their corresponding TY revenue.

6 **Table 1-10: Suburban’s TY Forecast of Total NTPS²⁸**

| NTPS | Total Revenue |
|----------------------|----------------------|
| Sativa ²⁹ | \$269,956 |
| Lifeline Program | \$597,868 |
| Cell Tower Leases | \$94,189 |
| Recycled Water | \$23,236 |

7
8 Suburban properly distributes the total revenues in **Table 1-10** to ratepayers, based
9 on the appropriate Commission guidelines to calculate the \$209,639 amount in **Table 1-**
10 **9**. However, Suburban does not correctly forecast the revenue amount obtained from its
11 Lifeline Maintenance Plan Program (“Lifeline Program”).

12 Suburban’s Lifeline Program is a program in which enrolled customers can have
13 Suburban repair the portion of the water pipe that is typically not the utilities
14 responsibility to repair.³⁰ Revenue from this program comes from a monthly enrollment
15 fee. Suburban forecasts the TY revenue from this NTPS as the recorded revenue from
16 2021.³¹ Suburban’s forecast is unreasonable since it ignores the fact there is consistent

²⁷ D.12-01-042, Rule X.

²⁸ Workpapers Vol I (Final Application), Tab: NTP&S, Cells: 200F, 201F, 206F, 207F.

²⁹ The NTPS revenue from Sativa is from the Sativa Potable Water System Operations and Management Agreement, as explained in Attachment 1-3: Suburban’s Response to Data Request CR8-001, Question 3.

³⁰ Attachment 1-4: Lifeline Maintenance Plan terms and conditions.

³¹ Workpapers Vol I (Final Application), Tab: NTP&S, Cell: 151C.

1 growth in program enrollment and the per month enrollment fee has increased for
2 customers.³²

3 For the past 5 years, customer enrollment in the Lifeline Program enrollment has
4 increased. However, Suburban is using the most recent enrollment number for its TY
5 forecast, which means Suburban is forecasting no growth, despite the historical trend.
6 The Commission should adopt a TY revenue forecast that considers the trend of
7 increasing enrollment. To assume customer enrollment growth in proportion with the
8 total customer growth, the Commission should adopt a 5-year average forecast for
9 customer enrollment growth to forecast TY enrollment of the program which results in
10 10,737 customers.

11 Suburban’s 2021 revenue is also not an appropriate Lifeline Program forecast
12 because the enrollment price has increased since 2021. While the monthly enrollment
13 was \$5.97 in 2021, it is currently \$6.97 a month or \$83.64 a year. This annual costs times
14 10,737 customers brings the TY forecast revenue Lifeline Program to \$898,043 This
15 leads to a \$30,585 increase in other water revenues after allocating the revenue to
16 ratepayers, shown in **Table 1-11**.

17
18 **Table 1-11: Recommended TY Other Revenue Forecast**

| Other Revenue | TY Amount |
|----------------------|------------------|
| Misc. Service | \$24,401 |
| Rule No.9 | (\$942) |
| NTPS | \$240,224 |
| TOTAL | \$263,683 |

19
20

³² Attachment 1-5: Suburban’s Response to Cal Advocates Data Request CR8-002, Question 2.

1 **IV. CONCLUSION**

2 There are several issues with Suburban’s sales and revenues TY forecasts. All of
3 which are harmful to ratepayers and would result in higher than necessary rates. The
4 Commission should make sure all forecasts are as accurate as possible by adopting the
5 recommended changes included throughout this chapter.

CHAPTER 2 RATE DESIGN

I. INTRODUCTION

This chapter presents the analysis and recommendations for Suburban’s rate design and its Low-Income Ratepayer Assistance program (“CAP”).³³ Rate design provides potential for utilities to promote conservation and equity through rates while helping to ensure recovery of the revenue requirement. In developing its recommendations, Cal Advocates reviewed Suburban’s Results of Operation, testimony, historical data, and data requests responses.

II. SUMMARY OF RECOMMENDATIONS

The Commission should adopt the following recommendations for Suburban’s rate design and CAP program:

- Increase the number of blocks from 2 to 3 for Suburban’s increasing block rate structure.
- Fix Suburban’s current rate design to obtain revenue neutrality. Set tier 2 and tier 3 quantity rates to 1.25 and 1.95 times the Single Quantity Rate (“SQR”), respectively.³⁴ Set tier 1 rates as dependent variable to keep revenue neutrality.
- Increase the CAP surcredit to \$10.05 per month.
- Increase the per CCF surcharge to \$0.08654 for non-CAP customers to fund the \$10.05 per month surcredit.
- Set the newly acquired Sativa customers rates at a \$67.83 per month flat rate before they are on a metered service and for 6 months after they are put on a metered service.

³³ In Special Request #13, Suburban is requesting to change the name of its Low Income Ratepayer Assistance program to Customer Assistance Program (“CAP”), pursuant to D.20-08-047. This chapter will refer to the program as the CAP.

³⁴ The SQR is the rate that would be charged if there was only one tier. It is equal to the forecasted quantity revenue divided by the total forecasted sales.

1 **III. ANALYSIS**

2 Suburban is proposing to continue its same rate design from the last GRC.³⁵ The
3 rate design consists of a 30/70% revenue split between recovering revenues from fixed
4 and quantity charges. Tier breakpoints for residential customers are determined by meter
5 size of customers, and quantity rates are determined by which of the 3 zones the customer
6 lives in.³⁶ The difference between the quantity rates is because it costs more to provide
7 water to zone 2 and 3 customers, since they are at a higher elevation.³⁷

8 **Rate Design**

9 **1. Revenue Allocation**

10 Suburban claims moving away from its current 30/70 split between its service and
11 usage revenue recovery would harm low income customers, since they are often low
12 water users.³⁸ Analysis of obtained monthly customer sales data supports this claim, since
13 on average CAP customers used less water than non-CAP customers.³⁹ However, this
14 shows the need to improve Suburban’s current rate design structure to aid low water users
15 who are often low income customers. Increasing the blocks from the current 2 to 3 and
16 rates set to benefit low water users benefits low income customers, while also promoting
17 conservation.

³⁵ Results of Operation, Chapter 12: Rates.

³⁶ Rate design aspects such as breakpoints only apply to residential customers.

³⁷ Zones are also referred to as tariffs.

³⁸ Results of Operations, page 12-3.

³⁹ Attachment 2-1: Suburban’s Response to Cal Advocates Data Request CR8-004, Question 1. This is an excerpt and full file can be provided upon request.

1 **2. Tier Breakpoints**

2 Suburban currently uses a 2-tiered increasing block rate structure. Suburban is the
3 only Class A water utility with just 2 tiers.⁴⁰ The tier breakpoint is dependent on the
4 residential customer’s meter size as shown in **Table 2-1**.

5
6 **Table 2-1: Suburban’s Current Tier Breakpoints**

| Tier Breakpoints | |
|------------------|---------|
| 5/8” meter | 20 CCF |
| 3/4” meter | 20 CCF |
| 1” meter | 28 CCF |
| 1 1/2” meter | 70 CCF |
| 2” meter | 233 CCF |
| 3” meter | 321 CCF |

7
8 The Commission approved this rate design in 2008.⁴¹ Suburban did see some
9 reduction in customer sales after implementing these breakpoints. However, this was 15
10 years ago and there is no longer a decreasing trend of sales, meaning the initial impact of
11 this rate design had on conservation is no more. A 3-tiered rate design is more beneficial
12 for conservation since a 2-tiered design may prevent the rate design from properly price
13 signaling.⁴² Typically, a tier 1 breakpoint is set to capture essential indoor use.⁴³
14 However, because Suburban’s current design has such a drastic difference between
15 breakpoints among the meter sizes, the Commission should adopt a 3-tiered rate design

⁴⁰ California Water Service, California American Water, Golden State Water, San Jose Water, San Gabriel Valley Water, Great Oaks Water, Liberty Apple and Liberty Park all use 3 tiers for their rate design.

⁴¹ D.08-02-036, pages 20-22.

⁴² Utility Operations BMP Implementation Guidebook, page 39.

⁴³ Utility Operations BMP Implementation Guidebook, page 40.

1 still based on meter size. The Commission should adopt a 3-tiered rate design with
2 breakpoints set at the CCF amounts in **Table 2-2**.

3
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Table 2-2: Recommended Tier Breakpoints⁴⁴

| Tier Breakpoints | | |
|------------------|---------|---------|
| 5/8" meter | 10 CCF | 30 CCF |
| 3/4" meter | 10 CCF | 30 CCF |
| 1" meter | 14 CCF | 42 CCF |
| 1 1/2" meter | 35 CCF | 105 CCF |
| 2" meter | 117 CCF | 350 CCF |
| 3" meter | 161 CCF | 482 CCF |

5

6 This rate design allows customers to adapt usage to the 3-tiers, while also
7 benefiting customers who use the average amount since for all cases, average use
8 customer bill totals decrease.⁴⁵ This rate design will also aid low-income customers since
9 as previously stated they are typically low users. **Table 2-7** compares the average bills of
10 low-income and non low-income customers under the current and recommended rate
11 design, at Suburban's proposed revenue requirement for 2024.⁴⁶

12 Additionally, conservation-oriented rate design is a more rate payer friendly way
13 to reduce usage, as opposed to increasing Suburban's conservation budget.⁴⁷ The
14 recommend rate design makes up for the difference in Suburban's requested conservation
15 budget increase and the recommended budget.

⁴⁴ Tier 1 breakpoint are set at 1/2 times the current breakpoint, tier 2 is set at 1.5 times current breakpoint.

⁴⁵ Attachment 2-1: Suburban's Response to Cal Advocates Data Request CR8-004, Question 1.

⁴⁶ Average monthly consumption in 2022 for CAP customers was 12 CCF, and for non-CAP customers it was 13 CCF. Table 2-7 is for San Jose Hills Tariff Area 1.

⁴⁷ Cal Advocates Report and Recommendations on Operations and Maintenance Expenses, Administrative and General Expenses, Payroll, and Conservation.

1 **3. Service and Quantity Rates**

2 The breakdown of how Suburban plans to recover its proposed water service TY
3 revenues between service and quantity rates is shown below in **Table 2-3**.

4
5 **Table 2-3: Suburban’s TY Proposed Water Service Revenue Breakdown**

| Type of Revenue | Total Amount |
|------------------------------|---------------|
| Service Revenues | \$35,891,159 |
| Quantity Revenues | \$83,746,039 |
| Total Water Service Revenues | \$119,637,198 |

6
7 To recover 30% of its revenue requirement for service revenues, Suburban charges
8 customers a fixed monthly rate regardless of how much water the customers uses.
9 Suburban determines the fixed monthly rate using the ratios below compared to 5/8”
10 meters, which is in accordance with Commission standards.⁴⁸ Those fixed rates are
11 shown below in **Table 2-4**.

12
13 **Table 2-4: Recommended Fixed Charge Ratios⁴⁹**

| Meter Size | Ratio |
|-------------|-------|
| 5/8” x 3/4” | 1.0 |
| 3/4” | 1.5 |
| 1” | 2.5 |
| 1 – 1/2” | 5.0 |
| 2” | 8.0 |
| 3” | 15.0 |
| 4” | 25.0 |

⁴⁸ Standard Practice U-07-W, page 5.

⁴⁹ Results of Operations, page 12-10.

| | |
|-----|-------|
| 6" | 50.0 |
| 8" | 80.0 |
| 10" | 115.0 |

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The Commission should approve these ratios for the final service rate calculation.

For the remaining component of the water service revenues, usage revenues, the Commission should adopt quantity rates that ensure revenue neutrality. Revenue neutrality is when the revenue a utility receives under a fixed single quantity rate equals that under a block rate structure. Any difference leads to balances in Suburban’s Monterey Water Revenue Adjustment Mechanism (“M-WRAM”). The M-WRAM balance is then recovered via surcharges, which circumvents the typical forecasting process for ratemaking, and lowers the transparency of what rate payers are paying. When analyzing monthly billing data for 2022, it is apparent that Suburban’s proposed rate design is not revenue neutral.⁵⁰

Of the \$83,746,039 Suburban is proposing for recovery from quantity charges, \$57,266,910 is attributed to residential customers.⁵¹ **Table 2-5** below compares this forecasted amount with the forecasted revenue Suburban would receive using its proposed rates, tier breakpoints, and monthly billing data.

⁵⁰ Attachment 2-1: Suburban’s Response to Cal Advocates Data Request CR8-004, Question 1.

⁵¹ Result of Operations, page 12-24.

1

Table 2-5: Revenue Comparison for Revenue Neutrality

| Comparison of TY 2024 Quantity Charge Revenue | | |
|--|---------------------|---------------------|
| | Suburban’s Proposed | From Bill Analysis |
| SJH Total | \$32,881,061 | \$32,201,533 |
| WLM Total | \$24,385,849 | \$24,085,832 |
| TOTAL | \$57,266,910 | \$56,287,366 |

2

3

The comparison shows that if the Commission adopted Suburban’s proposed rate design, Suburban will likely under collect quantity revenues by almost \$1,000,000. This under collection would lead to high M-WRAM balances which as previously stated, Suburban would recover via surcharges.

7

To reach revenue neutrality, the revenue from the billing analysis must equal \$57,266,910. To do so, the Commission should adopt the following quantity rate factors of the single quantity rate in **Table 2-6**.

10

11

Table 2-6: Revenue Comparison for Revenue Neutrality

| | SQR⁵² | Tier 1 Rate Factor | Tier 2 Rate Factor | Tier 3 Rate Factor |
|------------|-------------------------|---------------------------|---------------------------|---------------------------|
| SJH | | | | |
| Tariff 1 | \$4.84615 | 0.87944 | 1.25 | 1.95 |
| Tariff 2 | \$5.04398 | 0.83461 | 1.25 | 1.95 |
| Tariff 3 | \$5.26049 | 0.88812 | 1.25 | 1.95 |
| WLM | | | | |
| Tariff 1 | \$4.28379 | 0.91480 | 1.25 | 1.95 |

⁵² These are the SQRs under Suburban’s proposed revenue requirement. The recommended SQRs differ and are a result of all of Cal Advocate’s recommendations.

| | | | | |
|----------|-----------|---------|------|------|
| Tariff 2 | \$4.55567 | 0.85431 | 1.25 | 1.95 |
| Tariff 3 | \$5.02280 | 0.37220 | 1.25 | 1.95 |

1
2 Under Cal Advocates’ proposal, tier 2 and tier 3 rates are set at 1.055 and 1.255
3 times the SQR to set the largest burden of rates on customers that use the most water, to
4 promote conservation. Tier 1 rates are then set as the dependent variable, changing for
5 each tariff. These recommended quantity rate factors ensure revenue neutrality, minimize
6 M-WRAM balances, promote conservation, and benefit CAP customers using less water
7 on average for Suburban.

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9

Table 2-7: Average Customer Bill Comparison

| | Current Rate Design | Recommended Rate Design |
|------------------|---------------------|-------------------------|
| Service Charge | \$28.090 | \$28.090 |
| Quantity Charge | | |
| Tier 1 | \$4.725 | \$4.262 |
| Tier 2 | \$5.303 | \$6.058 |
| Tier 3 | | \$9.450 |
| Non-CAP Subtotal | \$89.515 | \$88.882 |
| CAP Subtotal | \$84.790 | \$82.824 |

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CAP

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Suburban currently offers qualifying CAP customers a surcredit of \$8.76 per month through its CAP program.⁵³ To fund the program, non-CAP customers receive a

⁵³ Al 378-W. Customers qualify on a total combined annual income with the threshold based on the number of persons in the household.

1 per CCF surcharge of \$0.056. Suburban is requesting to increase the surcredit to \$10.48
2 per month, which would require a surcharge of \$0.088 per CCF based on Suburban’s
3 customer and sales forecast.⁵⁴

4 **4. Surcredit**

5 The Commission should adopt a surcredit of \$10.05 per month, instead of
6 Suburban’s proposed \$10.48 per month. \$10.48 per month is a 20% increase from the
7 current surcredit. This is a significant increase and with the recommended rate design of
8 3 tiers, CAP customers would already see a decrease in their rates in proportion to non-
9 CAP customers. Much like with conservation and its impact on revenue requirement, rate
10 design provides a benefit to the CAP program, without the increased costs of running the
11 program to an unnecessary extent.

12 **5. Surcharge**

13 The Commission should make several adjustments to the non-CAP customer
14 surcharge calculation. Suburban reports the number of CAP participants every month, as
15 a compliance filing for R.17-0-024. The most recent filing shows 11,782 customers.⁵⁵
16 The Commission should use this total in the calculation of the program costs, instead of
17 the program participation at the time of Suburban filing this application.

18 Suburban includes \$9,809 of expenses from data sharing in its surcharge
19 calculation.⁵⁶ It is unclear why Suburban includes this amount, since it has a balancing
20 account for any expenses incurred for data sharing requirements.⁵⁷ The Commission
21 should remove this \$9,809 amount from the surcharge calculation.

⁵⁴ Volume II Workpapers (Final Application), page 863.

⁵⁵ Attachment 2-2: Suburban’s February 2023 R.17-06-024 Report

⁵⁶ Volume II Workpapers (Final Application), page 863.

⁵⁷ See Chapter 4, Special Request 2 for more details.

1 In addition to adopting a surcredit of \$10.05 for the surcharge calculation, the
 2 Commission should also use the recommended sales forecast discussed in Chapter 1.
 3 With these two changes, plus the above recommendations, the resulting surcharge is
 4 \$0.08654 per CCF, as opposed to Suburban’s proposed \$0.088 per CCF. **Table 2-8** below
 5 shows even with the recommended smaller CAP discount, CAP customers still have
 6 smaller bills under the recommended rate design.

7

8 **Table 2-8: Average Bill Comparison with CAP benefits included⁵⁸**

| | Current Rate Design | Recommended Rate Design |
|----------------------|---------------------|-------------------------|
| Non CAP | \$89.515 | \$88.882 |
| CAP Subtotal | \$84.790 | \$82.824 |
| CPUC Fee | 0.80% | 0.80% |
| | | |
| CAP Monthly Discount | \$10.480 | \$10.050 |
| Per CCF CAP Charge | \$0.08800 | \$0.08654 |
| | | |
| Non-CAP Bill | \$91.375 | \$90.718 |
| CAP Total Bill | \$74.990 | \$73.440 |

9

10 **Sativa Rate Design**

11 Suburban is acquiring the Sativa water system and its roughly 1,600 service
 12 connections.⁵⁹ In Special Request (“SR”) #17, Suburban proposes how to handle the
 13 transition of these customer in terms of rates.

⁵⁸ This bill comparison is for San Jose Hills Tariff Area 1.

⁵⁹ A.21-08-011.

1 Through December 31, 2023, Suburban will charge Sativa customers \$62.00 per
2 month as the base charge for a single unit.⁶⁰ After 2023, Suburban will charge Sativa
3 customers a flat rate equivalent to a bill equal to ¾” meter using 14 CCF in Whittier/ La
4 Mirada Tariff Area 1 until the customer’s connection is metered.⁶¹ Suburban is also
5 requesting to keep this flat rate for a six month trial once the connection is metered, for
6 “acclimating Sativa customers to metered rates.”⁶² This results in a per month total bill
7 of \$86.89 for each Sativa customer. However, this fixed rate is not beneficial to Sativa
8 customers since it is calculated using higher use than the system average, thereby
9 charging these ratepayers more than under a metered rate.

10 Sales data obtained from the State Water Resource Control Board (“SWRCB”)
11 shows the average monthly sales per customer in the Sativa area is 12.22 CCF.⁶³
12 Suburban is charging a bill for higher water use compared to what the average Sativa
13 customers use, under the guise that it’s for the customers’ benefit. Using the average use,
14 the recommended rate design and the recommended service revenue, the flat rate charge
15 for Sativa customers should be \$67.52 as opposed to Suburban’s proposed \$86.89 per
16 month. The Commission should adopt a per month flat rate of \$67.83 based on the
17 average Sativa customer uses, until the customers are metered and for the additional 6
18 months to adapt to an increasing block rate.

19 **IV. CONCLUSION**

20 Proper rate design promotes conservation, equity, and revenue neutrality. The
21 Commission should adopt all recommendations in this Chapter to establish a rate
22 structure and CAP credit that meets these goals.

⁶⁰ A.21-08-011, page 7.

⁶¹ Attachment 2-3: Suburban’s Response to Data Request CR8-006, Question 1.

⁶² A.23-01-001, page 14.

⁶³ Attachment 2-4: Sativa 2021 customer sales data.

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CHAPTER 3 BALANCING AND MEMORANDUM ACCOUNTS

I. INTRODUCTION

This chapter presents the analysis and recommendations for Suburban’s Balancing and Memorandum Accounts (“BAMA”). Balancing accounts track Commission authorized expenses against recorded expense, which allow the utility to recover or refund the difference after review. Memorandum accounts track expenses which the utility can request to recover through a later review. Both types of accounts, from now on referred to collectively as BAMA in this chapter, allow the utility to circumvent the typical ratemaking process, reduce customer transparency, and reduce its incentive to effectively manage expenses. In developing its recommendations, Cal Advocates reviewed Suburban’s testimony, historical data, and data requests responses.

II. SUMMARY OF RECOMMENDATIONS

The Commission should adopt the following recommendations for Suburban’s BAMA:

- Immediately close accounts the Commission previously authorized to close after balance recovery.
- Remove expense items from accounts already recorded in General Ledger (“GL”) accounts to prevent Suburban from double recovering.
- Properly include offsets to expenses that reduce the requested recovery amount.

1 **III. ANALYSIS**

2 Suburban is seeking to recover 9 different BAMA balances consolidated in a one-
 3 time surcredit of \$0.13 per CCF in its Special Request (“SR”) #1.⁶⁴ The BAMAs are
 4 summarized below in **Table 3-1**.

5

6 **Table 3-1: Suburban’s Requested SR #1 Surcredit Components**⁶⁵

| BAMA | Under/ (Over) Collection | Interest | Total |
|--|---|-----------------|--------------|
| ATR – Employee Transfer Memo Account | (\$27,771) | (\$874) | (\$28,645) |
| Military Family Relief Program Memo Account | \$3,089 | \$141 | \$3,230 |
| Mandatory Conservation Memo Account | \$48,979 | \$1,678 | \$50,657 |
| Drinking Water Fees Memo Account | \$22,406 | \$954 | \$23,360 |
| PFAS-Per and Polyfluoralkyl Substances Memo Account | \$67,823 | \$3,009 | \$70,833 |
| Employee Healthcare Balancing Account 2019-2020 | (\$351,420) | (\$25,613) | (\$377,033) |
| Water Contamination Litigation Memo Account | \$12,407 | \$559 | \$12,966 |
| 2020 Tax Cuts & Jobs Act (TCJA) Surcredit Amortization | \$285 | \$12 | \$297 |

⁶⁴ The utility is also seeking to create, extend, close, update and amortize several accounts via Special Requests, discussed in Chapter 4.

⁶⁵ A.23-01-001, page 7.

| | | | |
|--|--|------------------------------|----------------|
| | | 1.14% Add Franchise Fee | (\$2,785) |
| | | 0.45% Add Uncollectible | (\$1,100) |
| Various Surcharge Amortization (Previously Approved) | | | \$55,235 |
| TOTAL | | | (\$192,985) |
| | | Estimated 2024 Monthly Sales | 1,465, 992 CCF |
| | | Per CCF Surcredit | (\$0.13) |

1
2 There are several issues with these accounts discussed below, and the Commission
3 should adopt the recommendations that result in per CCF surcredit of \$0.16232 instead of
4 \$0.13 for one month.

5 **Affiliate Transfer Fee (“ATR”) - Employee Transfer**
6 **Memo Account**

7 Suburban records transfer fees from affiliates when an employee is transferred,
8 assigned, or employed by the affiliate in its ATR Employee Transfer Memo Account.⁶⁶
9 The account was established pursuant to D. 10-10-019 and should remain open after
10 amortization of its \$28,645 over collection.

11 **Military Family Relief Program Memo Account**

12 Suburban records the difference resulting from reduced revenues from
13 implementation of the Californian Military Families Financial Relief Program Act in its

⁶⁶ Suburban Preliminary Statement L.

1 Military Family Relief Program Memo Account.⁶⁷ The Commission required Suburban to
2 close this account after amortization in the previous GRC.⁶⁸ Suburban has yet to amortize
3 this balance because it is less than the 2% threshold for filing an advice letter for
4 amortization.⁶⁹ To uphold its previous decision, the Commission should require Suburban
5 to close this account after amortizing its \$3,230 balance.

6 **Mandatory Conservation Memo Account**

7 Suburban claims to track the incremental costs and penalties associated with the
8 implementation of mandatory conservation and water rationing moratoria through Rule
9 No. 14.1 and Schedule No 14.1 in its Mandatory Conservation Memo Account.⁷⁰
10 However, Suburban failed to track the fines from water use penalties imposed on
11 ratepayers and offset the costs included in the account with those penalties for not only
12 this GRC, but the previous GRC as well.⁷¹ With interest, the offset totals \$278 which
13 Suburban agrees to include in the SR #1 surcredit calculation.

14 To prevent Suburban from not including fines or penalties from water use
15 penalties in this account going forward, the Commission should require Suburban to
16 report the penalty totals when seeking recovery of this account. Even if the amount is \$0
17 in the future, the additional reporting increases Suburban's transparency for BAMA
18 recovery.

19

⁶⁷ Military and Veterans Code section 800-813, Suburban Preliminary Statement E.

⁶⁸ D.21-10-024, page 32.

⁶⁹ Attachment 3-1: Suburban's Response to DR CR8-003, Question 4.

⁷⁰ Suburban Preliminary Statement K.

⁷¹ Attachment 3-2: Suburban's Response to DR CR8-008, Questions 1-4.

1 **Drinking Water Fees Memo Account**

2 Suburban records the differences between actual drinking water fees charged by
3 the SWRCB based on the revised fee structure authorized in the previous GRC.⁷²
4 Suburban claims it still includes this account on its Preliminary Statement, despite the
5 Commission requiring Suburban to close the account, because it represents the residual
6 balance from previously authorized “various surcharge” in D.21-10-024.⁷³ However, in
7 the previous GRC, Suburban agreed to close the account after amortizing the balance the
8 account contained at the time of its filing.⁷⁴ The \$23,360 requested in SR 1 goes against
9 that statement in the rebuttal and thus the Commission should remove it from the SR 1
10 calculation.

11 **PFAS-Per and Polyfluoralkyl Substances Memo Account**

12 Suburban records incremental expenses that are not otherwise covered in its
13 revenue requirement, to comply with the regulatory standards set by California’s
14 SWRCB, to detect, monitor and report per-and polyfluoroalkly substances (“PFAS”) in
15 drinking water.⁷⁵ Suburban is seeking recovery of expenses from January 30, 2020 to
16 August 14, 2022, plus interest.⁷⁶

17 Several of the expense items Suburban is attempting to include in this account are
18 already included in the General Ledger for operation and labor expenses. Three entries,
19 identified by amount, invoice number and amount, match between the General Ledger
20 and the BAMA.⁷⁷ The Commission should remove the entries in the PFAS Memo

⁷² Suburban Preliminary Statement O.

⁷³ Attachment 3-1: Suburban’s Response to DR CR8-003, Question 4.

⁷⁴ A.20-03-001, Rebuttal Testimony of Kiki Carlson, page 22.

⁷⁵ Suburban Preliminary Statement W.

⁷⁶ Volume II Workpapers (Final Application), page 789.

⁷⁷ Attachment 3-3: Suburban’s Response to DR CR8-005, Question 1 – Attachment A.

1 Account identified below in **Table 3-2**. If not removed, Suburban would double recover
2 for these expenses since they are already included in the expense forecast for base rates.
3 Ratepayers should not pay twice for utility expenses, while the utility only incurs the
4 expense once.

6 **Table 3-2: PFAS BAMA Expenses Recommended for Removal**

| Invoice # | Amount |
|--------------|---------|
| W0F0174-SUBU | \$1,800 |
| W0J0048-SUBU | \$1,500 |
| W0I0221-SUBU | \$1,500 |

7
8 The \$4,800 removal, plus the associated interest, decreases the recommended
9 PFAS BAMA balance to \$65,823.

10 **Employee Healthcare Balancing Account 2019-2020**

11 Suburban records and recovers the difference between the adopted and the actual
12 costs of employee health care expenses in its Employee Healthcare Balancing Account.⁷⁸
13 The Commission required Suburban to close this account after amortization for the
14 various issues discussed in Suburban’s previous GRC.⁷⁹ Therefore, the Commission
15 should require Suburban to close the account after amortizing its \$377,033 over
16 collection.

⁷⁸ Suburban Preliminary Statement J.

⁷⁹ D.21-10-024, page 37.

1 **Water Contamination Litigation Memo Account**

2 Suburban tracks expenses associated with outside legal and consulting costs for
3 water contamination lawsuits and litigation.⁸⁰ The Commission should approve the
4 \$12,966 requested in the SR #1 surcredit calculation.

5 **2020 Tax Cuts & Jobs Act (TCJA) Surcredit**
6 **Amortization**

7 Suburban tracks the impacts of the TCJA not otherwise reflected in rates from
8 January 1, 2018 until the effective date of the revenue requirement changes in the next
9 GRC.⁸¹ Suburban is requesting to close this account in SR #14, discussed in Chapter 4.
10 The Commission should allow the amortization of the \$297 balance and the immediate
11 closure of this account.

12 **Various Surcharge Amortization (Previously Approved)**

13 Suburban is requesting \$55,235 related to various surcharges from its previous
14 GRC SR #6.⁸² The Commission authorized this surcharge in D.21-1-024 and its total of
15 ten offsets.⁸³ Therefore, the Commission should approve this request and include the
16 \$55,235 in the SR #1 surcredit.

17 **IV. CONCLUSION**

18 In addition to the above recommendations, the Commission should update the
19 forecasted monthly sales to be in line with the recommendations in Chapter 1. The
20 resulting monthly sales for the surcredit calculation is 1,368,253 CCFs. The Commission
21 should incorporate the various recommendations for the 9 BAMAs and the recommended

⁸⁰ Suburban Preliminary Statement Y.

⁸¹ Suburban Preliminary Statement R.

⁸² D.21-10-024, page 3.

⁸³ Attachment 3-4: Suburban’s Response to DR CR8-003, Question 3.

1 monthly sales to calculate the resulting per CCF surcredit of \$0.16232. The Commission
2 should adopt this surcredit amount for SR #1.

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1 **CHAPTER 4 SPECIAL REQUESTS #1, 2, 9, 10, 11, 14, 15, 17, 18**

2 **I. INTRODUCTION**

3 This chapter presents the analysis and recommendations for Suburban’s SR #1, 2,
4 9, 10, 11, 14, 15, 17 and 18. The various requests details are as follows:

- 5 • SR #1 – Various Offsets
- 6 • SR #2 – LIRA Memorandum Account and Low Income Data Sharing
7 Memorandum Account Amortizations, and Update LIRA Surcharge
- 8 • SR # 9 – Update the Amortization of Water Revenue Adjustment
9 Mechanism (“WRAM”) Balancing Account for Period October 2019 –
10 December 202 in 2023 General Rate Case, and Information only filing for
11 period January 2021 through August 2022.
- 12 • SR #10 – Covid-19 Catastrophic Event Memorandum Account
13 Amortization
- 14 • SR #11 – Covid-19 Catastrophic Event Memorandum Account Remain
15 Open
- 16 • SR #14 – Closing Selected Memorandum Accounts
- 17 • SR #15 – Request for Lead and Copper Rule Revision Memorandum
18 Account
- 19 • SR #17 – Sativa Tariff Fixed Charge
- 20 • SR #18 – Extend until December 31, 2026 the Expiration Date of the
21 Asbestos Litigation Memorandum Account (“ALMA”).

22 In developing its recommendations, Cal Advocates reviewed Suburban’s
23 testimony, historical data, and data requests responses.

24 **II. SUMMARY OF RECOMMENDATIONS**

25 The Commission should adopt the following recommendations for Suburban’s
26 Special Requests:

- 27 • SR #1, Adopt a surcredit of \$0.16232 per CCF for one month.⁸⁴

⁸⁴ For analysis, see Chapter 3.

- 1 • SR #2, Adopt a monthly surcredit of \$10.05 for CAP customers and
2 surcharge of \$0.08567 per CCF for Non CAP customers.⁸⁵ Close Low
3 Income Data Sharing Memorandum Account after amortization.
- 4 • SR # 9, Approve WRAM amortization and update calculation with
5 recommended sales forecast.
- 6 • SR #10, Approve account balance amortization.
- 7 • SR #11, Deny extension of account.
- 8 • SR #14, Approve closure of accounts.
- 9 • SR #15, Deny Lead and Copper Rule account.
- 10 • SR #17, Adopt a flat rate of \$67.86 for Sativa customers.⁸⁶
- 11 • SR #18, Deny extension of account.

12 III. ANALYSIS

13 **SR #2 - LIRA Memorandum Account and Low Income** 14 **Data Sharing Memorandum Account Amortizations, and** 15 **Update LIRA Surcharge**

16 Suburban is requesting to amortize its Low Income Data Sharing Memo Account
17 and update its LIRA surcharge. For the second part of this SR, please see Chapter 2.

18 For its Data Sharing Memo Account, Suburban is requesting to amortize \$178,033
19 of under collection as a onetime surcharge of \$0.135 per CCF.⁸⁷ The Commission should
20 allow Suburban to amortize this amount but with the updated recommended sales
21 forecasts in Chapter 1. This results in a \$0.13012 per CCF surcharge.

22 The Commission should also require Suburban to close this account immediately
23 after. The Commission ordered Suburban to keep this BAMA open in its previous GRC
24 because the rulemaking determining the guidelines for low income customer data sharing

⁸⁵ For analysis, see Chapter 2.

⁸⁶ For analysis, see Chapter 2.

⁸⁷ A.23-01-001, page 8.

1 was still open.⁸⁸ Since the previous GRC decision, the Commission issued a final
2 decision in the rulemaking, which states that the data sharing standards should be the
3 same one set in place since 2011.⁸⁹ Therefore, the cost of the low income data sharing is
4 known and should not justifying continuing the BAMA.

5 **SR # 9 – Update the Amortization of Water Revenue**
6 **Adjustment Mechanism (“WRAM”) Balancing Account**
7 **for Period October 2019 – December 2021 in 2023**
8 **General Rate Case, and Information only filing for period**
9 **January 2021 through August 2022.**

10 Suburban is requesting to update its WRAM balance account. It is important to
11 note that Suburban’s account is a M-WRAM, as mentioned in Chapter 2. M-WRAMs are
12 addressed pursuant to D.20-08-047, so the Commission should approve this request.

13 **SR #10 – Covid-19 Catastrophic Event Memorandum**
14 **Account Amortization**

15 Suburban is requesting to amortize an under collection of \$1,631,854 in its Covid-
16 19 Catastrophic Event Memo Account as a twelve-month surcharge of \$0.093. However,
17 the Commission should adopt a surcharge calculated from the recommended sales
18 forecast discussed in Chapter 1. Therefore, the recommended surcharge is \$0.08841 per
19 CCF for a year to recover the \$1,631,854 balance.

20 **SR #11 – Covid-19 Catastrophic Event Memorandum**
21 **Account Remain Open**

22 Suburban is requesting to extend its Covid-19 Catastrophic Event Memo Account.
23 The basis for Suburban’s request is the Commission’s approval of Advice Letter (“AL”)
24 353-W, which Suburban filed in 2021.⁹⁰ The Commission approved AL 353-W which

⁸⁸ D.21-10-024, page 31.

⁸⁹ D.21-07, page 79.

⁹⁰ A.23-01-001, page 11.

1 allowed Suburban to extend emergency customer protections through June 30, 2021.⁹¹
2 However, in the AL, Suburban used projections for 2021 customers, which are now
3 outdated.

4 Suburban claims an estimated 17-20% of residential customers would face
5 disconnection without customer protections in place. Suburban’s estimate for July 2021 –
6 December 2021 customers is shown below in **Table 4-1**.

7

8 **Table 4-1: Suburban’s Estimate of Customers Facing Disconnection for 2021⁹²**

| Number of Residential Customers Projected | | | | |
|---|-----------------------------|---------|----------------------------|---------|
| To Be Facing Possible Disconnection | | | | |
| | Before Customer Protections | | After Customer Protections | |
| | Customers | Percent | Customers | Percent |
| Jul-21 | 12,021 | 17.0% | 0 | 0 |
| Aug-21 | 12,375 | 17.5% | 0 | 0 |
| Sep-21 | 12,728 | 18.0% | 0 | 0 |
| Oct-21 | 13,082 | 18.5% | 0 | 0 |
| Nov-21 | 13,435 | 19.0% | 0 | 0 |
| Dec-21 | 13,789 | 19.5% | 0 | 0 |

9

10 R.17-06-024 requires that Class A water utilities file monthly compliance filings
11 reporting the number of customers with unpaid bills for more than 79 days. These
12 customers would face disconnection. In Suburban’s most recent filing, it identified 7,093
13 customers.⁹³ This is almost half of the estimated customers Suburban is using for the
14 basis of its argument for extension of its Covid-19 Memo Account.

15 The Commission requires that to qualify for a memorandum account, the expenses
16 must be:

⁹¹ AL 353-W.

⁹² AL 353-W, page 10.

⁹³ Attachment 2-2: Suburban’s February 2023 R.1-06-024 Report.

- 1 • Caused by an event of an unexceptional nature that is not under the utility’s
2 control;
- 3 • Cannot have been reasonably foreseen in the utility’s last general rate case
4 and will occur before the utility’s next schedule rate case;
- 5 • Of a substantial nature as to the amount of money involved when any
6 offsetting costs decrease are taken into account;
- 7 • That ratepayers will benefit by the memo account treatment⁹⁴

8 The decreasing number of customers facing disconnections shows the amount of
9 money involved is becoming less significant. Additionally, Governor Newsom recently
10 declared the Covid-19 State of Emergency over, meaning its impact on disconnections
11 will only decrease.⁹⁵ Therefore, the amount the BAMA is seeking to track not only can be
12 reasonably foreseen because of the required monthly compliance fillings, but it is also not
13 of substantial nature. Extending the account only serves the purpose of shifting the risk of
14 forecasting disconnections from Suburban to ratepayers since they will face the burden of
15 future surchargers from the Covid-19 Memo Account. Extending the account does not
16 benefit ratepayers and therefore the Commission should deny Suburban’s request.

17 **SR #14 – Closing Selected Memorandum Accounts**

18 Suburban is requesting to close the three following BAMAs:

- 19 • School Lead Testing Memo Account
- 20 • Tax Cuts & Jobs Act Memo Account
- 21 • A.18-05-004 Cost of Capitol Memo Account

22 The Commission should approve SR #14 and allow Suburban to close these three
23 accounts.

⁹⁴ Standard Practice U-27-W, Section 52.

⁹⁵ <https://www.gov.ca.gov/2023/02/28/governor-newsom-marks-end-of-californias-covid-19-state-of-emergency/>

1 **SR #15 – Request for Lead and Copper Rule Revision**
2 **Memorandum Account**

3 Suburban is requesting to establish a Lead and Copper Rule Revision Memo
4 Account to record costs it may incur due to the Environmental Protection Agency’s
5 (“EPA”) Lead and Copper Rule Revision. Suburban fails to show any significant expense
6 would occur or the account would benefit ratepayers.⁹⁶ Part of the revised rules includes
7 an inventory of service lines and its materials. The State of California already has an
8 inventory of such lines.⁹⁷ Therefore, Suburban should not incur future significant
9 expenses for this requirement.

10 Additionally, Suburban has not pursued other cost recovery options that do not
11 increase the burden on ratepayers. The Bipartisan Infrastructure Law signed by President
12 Biden on November 15, 2021 provides \$15 billion for grant and loans to water systems
13 for lead service line replace. Suburban has not applied for any such funding.⁹⁸ The
14 Commission should deny Suburban’s request to implement this account.

15 **SR #18 – Extend until December 31, 2026 the Expiration**
16 **Date of the Asbestos Litigation Memorandum Account**
17 **(“ALMA”)**

18 Suburban is requesting to extend its ALMA beyond its expiration date of
19 December 31, 2026, despite the Commission rejecting its proposal to do so.⁹⁹ The Water
20 Division rejected Suburban’s proposal since there is no statute or Commission order that
21 authorizes an extension to the ALMA and Suburban has not made the case the need
22 remains compelling.¹⁰⁰ Suburban currently has no ongoing asbestos lawsuits, unlike Cal

⁹⁶ Standard Practice U-27-W, Section 52.

⁹⁷ California Health & Safety Code Section 116885 requires all community water systems to compile inventory of lead services.

⁹⁸ Attachment 4-1: Suburban’s Response to Data Request DR CR8-007, Question 2

⁹⁹ AL 377.

¹⁰⁰ CPUC Water Division Disposition of Suburban Water System – Advice Letter 377-W and 3770WA

1 Water which Suburban references.¹⁰¹ Suburban also fails to provide any indication of
2 future litigation or a need for this account to remain open. In accordance with the
3 Commission’s Standard Practices, a utility should only establish a BAMA if there is a
4 benefit to ratepayers and if the costs are significant.¹⁰² The Commission should deny
5 Suburban’s request to extend this account.
6

7 **IV. CONCLUSION**

8 The Commission should adopt the above recommendations as they relate to
9 Suburban’s Special Requests discussed in this Chapter.
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¹⁰¹ Attachment 4-2: Suburban’s Response to Data Request CR8-007, Question 1.

¹⁰² Standard Practice U-27-W, Section 52.

Attachment A: Qualifications of Witness

QUALIFICATIONS AND PREPARED TESTIMONY
OF

Chris Ronco

Q.1 Please state your name and address.

A.1 My name is Chris Ronco and my business address is 505 Van Ness Avenue, San Francisco, California 94102.

Q.2 By whom are you employed and what is your job title?

A.2 I am a Public Utilities Regulatory Analyst II in the Water Branch of the Public Advocates Office.

Q.3 Please describe your educational and professional experience.

A.3 I received a Bachelor of Science Degree in Environmental Economics & Policy and a Bachelor of Arts Degree in Geography from the University of California, Berkeley in 2019. My previous professional experience includes working as a water conservation assistant and as an intern with a resource conservation district. I have been with the Public Advocates Office – Water Branch since October 2019, during which I have worked on several General Rate Cases.

Q.4 What is your area of responsibility in this proceeding?

A.4 In this proceeding I prepared analysis and testimony addressing Suburban Water Systems' proposal for Sales forecasting, Revenues, Rate Design, and Balancing and Memorandum Accounts.

Q.5 Does that complete your prepared testimony?

A.5 Yes, it does.

Attachment 1-1: Suburban's Response to Cal Advocates Data Request CR8-001, Question 1

1

WLM Res (ANOVA)

| SUMMARY OUTPUT | | | | | | | | | | |
|-----------------------|--------------|----------------|--------------|-------------|----------------|--------------|--------------|--------------|--|--|
| Regression Statistics | | | | | | | | | | |
| Multiple R | 0.945855859 | | | | | | | | | |
| R Square | 0.894643306 | | | | | | | | | |
| Adjusted R Square | 0.880595747 | | | | | | | | | |
| Standard Error | 1.202251199 | | | | | | | | | |
| Observations | 120 | | | | | | | | | |
| ANOVA | | | | | | | | | | |
| | df | SS | MS | F | Significance F | | | | | |
| Regression | 14 | 1288.746565 | 92.05332606 | 63.58674415 | 1.08644E-44 | | | | | |
| Residual | 105 | 151.7678344 | 1.445407946 | | | | | | | |
| Total | 119 | 1440.514399 | | | | | | | | |
| | Coefficients | Standard Error | t Stat | P-value | Lower 95% | Upper 95% | Lower 95.0% | Upper 95.0% | | |
| Intercept | 13.72976505 | 4.12851076 | 3.325597497 | 0.001216225 | 5.543690855 | 21.91583924 | 5.543690855 | 21.91583924 | | |
| rain | -0.891370163 | 0.167876304 | -5.309684233 | 6.17572E-07 | -1.224237863 | -0.558502464 | -1.224237863 | -0.558502464 | | |
| temp1 | 0.023815333 | 0.069686317 | 0.341750484 | 0.733221704 | -0.114359762 | 0.161990427 | -0.114359762 | 0.161990427 | | |
| temp2 | 0.01568796 | 0.069186532 | 0.22674875 | 0.821058979 | -0.121496153 | 0.152872072 | -0.121496153 | 0.152872072 | | |
| temp3 | 0.008803471 | 0.068121163 | 0.129232542 | 0.897420877 | -0.126268212 | 0.143875154 | -0.126268212 | 0.143875154 | | |
| temp4 | 0.038404606 | 0.065679248 | 0.584729677 | 0.559983863 | -0.091825211 | 0.168634422 | -0.091825211 | 0.168634422 | | |
| temp5 | 0.054191039 | 0.063679129 | 0.851001571 | 0.396705046 | -0.072072911 | 0.18045499 | -0.072072911 | 0.18045499 | | |
| temp6 | 0.079912368 | 0.061508844 | 1.299201255 | 0.196720419 | -0.042048308 | 0.201873044 | -0.042048308 | 0.201873044 | | |
| temp7 | 0.104328863 | 0.058504107 | 1.783274175 | 0.077431025 | -0.011673974 | 0.2203317 | -0.011673974 | 0.2203317 | | |
| temp8 | 0.098829326 | 0.056361726 | 1.753482958 | 0.082437313 | -0.012925565 | 0.210584217 | -0.012925565 | 0.210584217 | | |
| temp9 | 0.108594298 | 0.056207445 | 1.932026942 | 0.056051126 | -0.002854682 | 0.220043279 | -0.002854682 | 0.220043279 | | |
| temp10 | 0.069124917 | 0.057940965 | 1.193023232 | 0.23554912 | -0.045761313 | 0.184011147 | -0.045761313 | 0.184011147 | | |
| temp11 | 0.058876372 | 0.062239465 | 0.945965266 | 0.34633815 | -0.06453299 | 0.182285733 | -0.06453299 | 0.182285733 | | |
| temp12 | 0.036164502 | 0.067873563 | 0.532821619 | 0.595282943 | -0.098416236 | 0.17074524 | -0.098416236 | 0.17074524 | | |
| Trend Term | -0.020916106 | 0.002593468 | -8.064917818 | 1.26119E-12 | -0.026058474 | -0.015773738 | -0.026058474 | -0.015773738 | | |

2

SJH Res (ANOVA)

| SUMMARY OUTPUT | | | | | | | | | | |
|-----------------------|--------------|----------------|--------------|-------------|----------------|--------------|--------------|--------------|--|--|
| Regression Statistics | | | | | | | | | | |
| Multiple R | 0.946123112 | | | | | | | | | |
| R Square | 0.895148944 | | | | | | | | | |
| Adjusted R Square | 0.881168803 | | | | | | | | | |
| Standard Error | 1.339725585 | | | | | | | | | |
| Observations | 120 | | | | | | | | | |
| ANOVA | | | | | | | | | | |
| | df | SS | MS | F | Significance F | | | | | |
| Regression | 14 | 1608.953512 | 114.9252508 | 64.03003776 | 8.46752E-45 | | | | | |
| Residual | 105 | 188.4607875 | 1.794864642 | | | | | | | |
| Total | 119 | 1797.414299 | | | | | | | | |
| | Coefficients | Standard Error | t Stat | P-value | Lower 95% | Upper 95% | Lower 95.0% | Upper 95.0% | | |
| Intercept | 13.73590301 | 4.600595528 | 2.985679337 | 0.003521051 | 4.613771923 | 22.85803409 | 4.613771923 | 22.85803409 | | |
| rain | -0.882254245 | 0.187072535 | -4.716107823 | 7.43031E-06 | -1.253184524 | -0.511323966 | -1.253184524 | -0.511323966 | | |
| temp1 | 0.045966113 | 0.077654772 | 0.591929023 | 0.555170529 | -0.108008954 | 0.199941181 | -0.108008954 | 0.199941181 | | |
| temp2 | 0.032041131 | 0.077097837 | 0.415590535 | 0.678557745 | -0.120829638 | 0.1849119 | -0.120829638 | 0.1849119 | | |
| temp3 | 0.021944884 | 0.075910646 | 0.289088352 | 0.773083766 | -0.128571905 | 0.172461672 | -0.128571905 | 0.172461672 | | |
| temp4 | 0.052140708 | 0.073189504 | 0.712406907 | 0.477792911 | -0.092980559 | 0.197261975 | -0.092980559 | 0.197261975 | | |
| temp5 | 0.067866551 | 0.070960677 | 0.956396618 | 0.341068739 | -0.072835363 | 0.208568465 | -0.072835363 | 0.208568465 | | |
| temp6 | 0.097613418 | 0.068542225 | 1.424135535 | 0.157372373 | -0.038293152 | 0.233519989 | -0.038293152 | 0.233519989 | | |
| temp7 | 0.130001902 | 0.065193904 | 1.994080646 | 0.048735793 | 0.000734434 | 0.25926937 | 0.000734434 | 0.25926937 | | |
| temp8 | 0.1227293 | 0.062806547 | 1.954084502 | 0.053351027 | -0.001804481 | 0.24726308 | -0.001804481 | 0.24726308 | | |
| temp9 | 0.132783044 | 0.062634624 | 2.119962328 | 0.036365446 | 0.008590154 | 0.256975934 | 0.008590154 | 0.256975934 | | |
| temp10 | 0.086739283 | 0.064566368 | 1.343412774 | 0.182034613 | -0.041283897 | 0.214762463 | -0.041283897 | 0.214762463 | | |
| temp11 | 0.074070416 | 0.06935639 | 1.067968149 | 0.287994106 | -0.063450494 | 0.211591326 | -0.063450494 | 0.211591326 | | |
| temp12 | 0.049359076 | 0.075634734 | 0.652597996 | 0.515441713 | -0.10061063 | 0.199328781 | -0.10061063 | 0.199328781 | | |
| Trend Term | -0.028355198 | 0.002890024 | -9.811404241 | 1.62517E-16 | -0.034085583 | -0.022624813 | -0.034085583 | -0.022624813 | | |

WLM Bus (ANOVA)

| SUMMARY OUTPUT | | | | | | | | | | |
|-----------------------|--------------|----------------|--------------|-------------|----------------|--------------|--------------|--------------|--|--|
| Regression Statistics | | | | | | | | | | |
| Multiple R | 0.943374108 | | | | | | | | | |
| R Square | 0.889954708 | | | | | | | | | |
| Adjusted R Square | 0.875282002 | | | | | | | | | |
| Standard Error | 7.156732794 | | | | | | | | | |
| Observations | 120 | | | | | | | | | |
| ANOVA | | | | | | | | | | |
| | df | SS | MS | F | Significance F | | | | | |
| Regression | 14 | 43492.59705 | 3106.614075 | 60.65375609 | 1.03596E-43 | | | | | |
| Residual | 105 | 5377.97655 | 51.21882428 | | | | | | | |
| Total | 119 | 48870.5736 | | | | | | | | |
| | Coefficients | Standard Error | t Stat | P-value | Lower 95% | Upper 95% | Lower 95.0% | Upper 95.0% | | |
| Intercept | 17.80452312 | 24.5761022 | 0.724464888 | 0.470391602 | -30.92534769 | 66.53439393 | -30.92534769 | 66.53439393 | | |
| rain | -6.247903348 | 0.999330131 | -6.252091428 | 8.86491E-09 | -8.229390396 | -4.2664163 | -8.229390396 | -4.2664163 | | |
| temp1 | 1.073556987 | 0.414827079 | 2.587962648 | 0.011020982 | 0.251031518 | 1.896082455 | 0.251031518 | 1.896082455 | | |
| temp2 | 1.057980216 | 0.411851968 | 2.568836129 | 0.01160912 | 0.241353843 | 1.874606589 | 0.241353843 | 1.874606589 | | |
| temp3 | 1.0323196 | 0.405510066 | 2.545731134 | 0.012357172 | 0.228268048 | 1.836371153 | 0.228268048 | 1.836371153 | | |
| temp4 | 1.190806997 | 0.390973891 | 3.04574557 | 0.002934917 | 0.415577994 | 1.966036 | 0.415577994 | 1.966036 | | |
| temp5 | 1.238318861 | 0.379067631 | 3.26674915 | 0.00147019 | 0.486697773 | 1.989939949 | 0.486697773 | 1.989939949 | | |
| temp6 | 1.262635725 | 0.366148408 | 3.448426093 | 0.000812656 | 0.536631069 | 1.988640381 | 0.536631069 | 1.988640381 | | |
| temp7 | 1.375926314 | 0.348261879 | 3.950838138 | 0.000141348 | 0.685387341 | 2.066465288 | 0.685387341 | 2.066465288 | | |
| temp8 | 1.318022201 | 0.335508762 | 3.928428549 | 0.000153321 | 0.652770302 | 1.9832741 | 0.652770302 | 1.9832741 | | |
| temp9 | 1.373696612 | 0.334590363 | 4.105607227 | 7.99685E-05 | 0.71026573 | 2.037127495 | 0.71026573 | 2.037127495 | | |
| temp10 | 1.150077735 | 0.344909618 | 3.334432192 | 0.001181852 | 0.466185676 | 1.833969795 | 0.466185676 | 1.833969795 | | |
| temp11 | 1.139746346 | 0.370497629 | 3.076258135 | 0.002673068 | 0.405117988 | 1.874374704 | 0.405117988 | 1.874374704 | | |
| temp12 | 1.085838057 | 0.404036159 | 2.687477429 | 0.008372715 | 0.28470899 | 1.886967124 | 0.28470899 | 1.886967124 | | |
| Trend Term | -0.103272299 | 0.015438335 | -6.689341638 | 1.12109E-09 | -0.133883666 | -0.072660932 | -0.133883666 | -0.072660932 | | |

SJH Bus (ANOVA)

| SUMMARY OUTPUT | | | | | | | | | |
|-----------------------|--------------|----------------|--------------|-------------|----------------|--------------|--------------|--------------|--|
| Regression Statistics | | | | | | | | | |
| Multiple R | 0.922990558 | | | | | | | | |
| R Square | 0.85191157 | | | | | | | | |
| Adjusted R Square | 0.832166447 | | | | | | | | |
| Standard Error | 6.161328788 | | | | | | | | |
| Observations | 120 | | | | | | | | |
| ANOVA | | | | | | | | | |
| | df | SS | MS | F | Significance F | | | | |
| Regression | 14 | 22930.39088 | 1637.885063 | 43.14541521 | 4.71877E-37 | | | | |
| Residual | 105 | 3986.007106 | 37.96197244 | | | | | | |
| Total | 119 | 26916.39799 | | | | | | | |
| | Coefficients | Standard Error | t Stat | P-value | Lower 95% | Upper 95% | Lower 95.0% | Upper 95.0% | |
| Intercept | 59.03709714 | 21.15790129 | 2.790309698 | 0.006255393 | 17.08488731 | 100.989307 | 17.08488731 | 100.989307 | |
| rain | -4.563188484 | 0.860336928 | -5.303955154 | 6.33054E-07 | -6.269077686 | -2.857299282 | -6.269077686 | -2.857299282 | |
| temp1 | 0.416825825 | 0.357130286 | 1.167153395 | 0.245792195 | -0.29129756 | 1.12494921 | -0.29129756 | 1.12494921 | |
| temp2 | 0.353474639 | 0.3545668972 | 0.996913623 | 0.321098331 | -0.349570135 | 1.056519412 | -0.349570135 | 1.056519412 | |
| temp3 | 0.295699817 | 0.349109142 | 0.847585415 | 0.398596799 | -0.396319122 | 0.988118756 | -0.396319122 | 0.988118756 | |
| temp4 | 0.386722932 | 0.336594751 | 1.148927399 | 0.253196438 | -0.280682281 | 1.054128145 | -0.280682281 | 1.054128145 | |
| temp5 | 0.428589792 | 0.326344489 | 1.313304825 | 0.191942949 | -0.218491045 | 1.07567063 | -0.218491045 | 1.07567063 | |
| temp6 | 0.513445553 | 0.315222154 | 1.628837142 | 0.106344259 | -0.111581749 | 1.138472855 | -0.111581749 | 1.138472855 | |
| temp7 | 0.642939792 | 0.299823398 | 2.144394991 | 0.034308176 | 0.04844538 | 1.237434204 | 0.04844538 | 1.237434204 | |
| temp8 | 0.645807273 | 0.288844066 | 2.235633622 | 0.027478503 | 0.073082848 | 1.218531699 | 0.073082848 | 1.218531699 | |
| temp9 | 0.677082459 | 0.288053403 | 2.350544905 | 0.020614006 | 0.105925772 | 1.248239146 | 0.105925772 | 1.248239146 | |
| temp10 | 0.542258248 | 0.296937391 | 1.826170313 | 0.070666173 | -0.046513746 | 1.131030241 | -0.046513746 | 1.131030241 | |
| temp11 | 0.501686909 | 0.318966458 | 1.572851616 | 0.118761701 | -0.130764656 | 1.134138473 | -0.130764656 | 1.134138473 | |
| temp12 | 0.479024888 | 0.347840235 | 1.377140536 | 0.171397634 | -0.210678043 | 1.168727819 | -0.210678043 | 1.168727819 | |
| Trend Term | -0.055946437 | 0.013291073 | -4.20932424 | 5.41754E-05 | -0.082300179 | -0.029592694 | -0.082300179 | -0.029592694 | |

Attachment 1-2: Suburban's Response to Cal Advocates Data Request CR8-001, Question 2

| Contract Account | Currently Active | Pipe Size | January 20 | February 20 | March 20 | April 20 | May 20 | June 20 | July 20 | August 20 | September 20 | October 20 | November 20 | December 20 | Total 202 |
|------------------|------------------|-----------|------------|-------------|----------|----------|--------|---------|---------|-----------|--------------|------------|-------------|-------------|-----------|
| 6000000001 | Y | 3/4" | 26 | - | 17 | - | 10 | 24 | - | 21 | 8 | 6 | 17 | 4 | 133 |
| 6000000002 | Y | 3/4" | 23 | - | 26 | - | 15 | 27 | - | 25 | 15 | 12 | 13 | 15 | 171 |
| 6000000005 | Y | 3/4" | 5 | - | 6 | - | 3 | 6 | - | 6 | 5 | 3 | 2 | 2 | 38 |
| 6000000007 | Y | 3/4" | 2 | - | 2 | - | 1 | 2 | - | 2 | 1 | 1 | 1 | 1 | 13 |
| 6000000009 | Y | 3/4" | 22 | - | 27 | - | 16 | 27 | - | 29 | 15 | 18 | 15 | 16 | 185 |
| 6000000011 | Y | 3/4" | 7 | - | 8 | - | - | 20 | - | 14 | 6 | 4 | 3 | 1 | 63 |
| 6000000012 | Y | 3/4" | 14 | - | 6 | - | 8 | 19 | - | 15 | 14 | 1 | 5 | 2 | 84 |
| 6000000013 | Y | 3/4" | 96 | - | 70 | - | 27 | 60 | - | 66 | 29 | 32 | 31 | 40 | 451 |
| 6000000015 | Y | 3/4" | 14 | - | 28 | - | 4 | 9 | - | 13 | 5 | 8 | 5 | 4 | 90 |
| 6000000020 | N | 3/4" | 9 | - | 9 | - | 5 | 7 | - | 32 | 7 | 5 | 1 | 1 | 76 |
| 6000000021 | Y | 3/4" | 10 | - | 24 | - | 20 | 17 | - | 22 | 6 | 9 | 5 | 2 | 115 |
| 6000000026 | Y | 3/4" | 13 | - | 13 | - | 8 | 13 | - | 14 | 7 | 8 | 6 | 7 | 89 |
| 6000000028 | Y | 3/4" | 19 | - | 26 | - | 15 | 28 | - | 27 | 11 | 17 | 12 | 10 | 165 |
| 6000000029 | Y | 3/4" | 13 | - | 12 | - | 4 | 13 | - | 10 | 7 | 4 | 3 | 3 | 69 |
| 6000000030 | Y | 3/4" | 22 | - | 22 | - | 11 | 23 | - | 21 | 13 | 14 | 12 | 11 | 149 |
| 6000000031 | Y | 3/4" | 21 | - | 20 | - | 12 | 20 | - | 22 | 10 | 12 | 9 | 10 | 136 |
| 6000000032 | Y | 3/4" | 15 | - | 22 | - | 12 | 23 | - | 39 | 15 | 12 | 7 | 6 | 151 |
| 6000000034 | Y | 3/4" | 22 | - | 20 | - | 15 | 38 | - | 43 | 24 | 21 | 9 | - | 192 |
| 6000000038 | Y | 3/4" | 31 | - | 29 | - | 9 | 23 | - | 23 | 9 | 9 | 9 | 8 | 150 |
| 6000000045 | Y | 3/4" | 10 | - | 13 | - | 8 | 17 | - | 19 | 9 | 10 | 4 | 3 | 93 |
| 6000000047 | Y | 3/4" | 3 | - | 3 | - | 1 | 2 | - | 3 | 1 | 1 | 1 | 1 | 16 |

Attachment 1-3: Suburban's Response to Data Request CR8-001, Question 3

3. In reference to line 155 in worksheet "NTP&S" of file "Workpapers Vol. I CONFIDENTIAL (Final Application) please explain the following:
 - a. An explanation of how Suburban is acquiring NTP&S revenue from the Sativa water system.

1

Response:

The NTP&S is from the Sativa Potable Water System Operations and Management Agreement effective April 20, 2021, which resulted from Suburban's acquisition of Sativa water system.

1

Attachment 1-4: Suburban's Lifeline Maintenance Program Terms and Conditions

TERMS and CONDITIONS

PLEASE READ THIS CONTRACT CAREFULLY. IT INCLUDES IMPORTANT LIMITATIONS AND EXCLUSIONS.

THE Lifeline™ MAINTENANCE PLAN IS DESIGNED FOR RESIDENTIAL CUSTOMERS WHO OWN THE WATER PIPE RUNNING FROM SUBURBAN'S WATER METER TO THEIR FOUNDATION WALL. IF YOU ARE A RENTER OR LIVE IN ANY OTHER ARRANGEMENT THAT PLACES RESPONSIBILITY FOR THAT WATER PIPE ON ANOTHER PERSON, THE LIFELINE MAINTENANCE PLAN IS NOT FOR YOU.

THE Lifeline™ MAINTENANCE PLAN IS NOT A SUBSTITUTE FOR INSURANCE. PLEASE CONSULT WITH YOUR INSURANCE COMPANY OR AGENT TO DETERMINE WHETHER THE WATER PIPE RUNNING FROM SUBURBAN'S WATER METER TO YOUR FOUNDATION WALL IS COVERED BY YOUR INSURANCE.

Terms & Conditions

As used herein, "We," "Us" and "Our" mean Suburban Water Systems; "You" and "Your" Means the residential customer of Suburban Water Systems who is a party to this Contract; and Lifeline means the Maintenance Plan set forth in this contract.

Suburban Water Systems, a water service company regulated by the California Public Utilities Commission, is financially responsible for performance under Lifeline. Lifeline is a non-tariffed program operated by Suburban and is not regulated by the California Public Utilities Commission. The information and prices contained in this contract are accurate as of March 31, 2023.

We reserve the right to change the terms, conditions and price of Lifeline by providing You with at least one (1) month advance notice of the change(s). Notice of change(s) may occur through any reasonable method, such as inclusion in our monthly service bill, and Your continued payment of the monthly enrollment fee after the effective date of the change(s) shall constitute acceptance of the change(s). We reserve the right to discontinue Lifeline at any time.

1. What We Service.

Lifeline maintains Your "Lateral Line." Subject to the exceptions set forth below, Your Lateral Line is the water pipe extending from Your water meter to the outside foundation wall of the related house. To be eligible for Lifeline, the Lateral Line must be no greater than 1-1/2 inches in diameter. A separate Maintenance Plan is required for each additional service connection and/or Lateral Line on Your property. Lateral Line excludes any irrigation lines, auxiliary water lines serving swimming pools or accessory structures, or any use other than the residential structure designating the service address, even if such water pipes may be connected to the Lateral Line.

2. When Our Service Responsibility Starts.

Lifeline commences on the date of the first service bill following our approval of Your enrollment. We reserve the right to make an on-site inspection of Your Lateral Line, and the associated parts of Your premises plumbing to ensure they are in proper operating condition, as well as inspecting the other conditions of Your property to ensure We can provide Lifeline service, before accepting any responsibility under Lifeline. We reserve the right to refuse enrollment in Lifeline for any reason. Lifeline is not transferable.

3. Our Obligations and Exceptions.

A. **Obligations:** When a leak is reported to Us, We or Our contractors will:

i. Determine, in Our sole discretion, whether and how to repair or replace any portion of the Lateral Lines.

ii. Provide all parts, material and labor required to make the repairs or replacements, including the cost of water service shut-off and the cost of excavation. We reserve the right to select the parts or materials used, however all such parts and materials will comply with all applicable laws, regulations, codes and standards.

iii. Clean-up Our worksite and make such remediation of the area disturbed by Our work as is consistent with the performance of a workmanlike job. For example, remediation would include basic repairs to sidewalks and the filling, loaming and re-seeding of grass, but would not include replacement of custom tile or outbuildings.

B. **Exceptions:** Our obligation to repair and replace Your Lateral Line does not include:

i. Repairing pre-existing leaks or improperly installed pipes and appurtenances.

ii. Repairing leaks arising from digging or drilling by You or persons authorized by You.

iii. Leaks arising from alterations to the Lateral Line, including new service installations and relocations, by You or persons authorized by You.

iv. Parts other than the Lateral Line. Lateral Line excludes, and Lifeline and Lifeline service does not cover, items such as pressure-reducing valves, house valves, backflow devices, water softeners, hose bibs, booster pumps, irrigation and/or fire sprinkler systems.

v. Leaks caused by flooding, sinkholes, terrorism, main breaks, landslides, civil disobedience, riot or war; however, We do not exclude leaks caused by freezing, earthquakes or other natural disasters.

vi. Any labor, parts or other costs for repair or replacement performed by an unauthorized party. All work must be performed by Us or Our authorized

*Only Homeowners/Landlords may apply
*No commercial buildings or apartment/condominiums
*No need to reapply if you are already a Lifeline customer

vii. Flushing any sediment caused by Our repair work out of internal systems, such as toilets and water heaters.

viii. Reimbursement for water that leaked from a damaged Lateral Line, or consumed during repairs, diagnostics, flushing, or other industry standard purposes associated with diagnosis and repair of residential plumbing systems.

4. Our Limited Role in Spotting Leaks; No Liability

If you spot a leak promptly call 800.203.5430 and report it. We or our contractors will promptly respond to requests for service 24 hours a day, 7 days a week. The cost of bringing a crew to Your property is included in Lifeline. Response time may vary based on several factors, including but not limited to weather condition workload and staffing levels. In most cases, We will dispatch a crew within 24 hours. We reserve the right to make temporary repairs and/or a temporary water connection in certain circumstances, including but not limited to, service calls occurring outside of normal business hours, when appropriate tools or materials are unavailable, or work cannot be safely completed with available staff, and make permanent repairs at a later date. If there is an unsafe working condition present, as determined solely by Us, We reserve the right in our sole discretion to delay service until You make the area safe. If You refuse to make the area safe, We will terminate Lifeline and shall have no obligation to make repairs or replacements.

5. How to Report Leaks to Us.

If you spot a leak promptly call 800.203.5430 and report it. We or our contractors will promptly respond to requests for service 24 hours a day, 7 days a week. The cost of bringing a crew to Your property is included in Lifeline. Response time may vary based on several factors, including but not limited to weather condition workload and staffing levels. In most cases, We will dispatch a crew within 24 hours. We reserve the right to make temporary repairs and/or a temporary water connection in certain circumstances, including but not limited to, service calls occurring outside of normal business hours, when appropriate tools or materials are unavailable, or work cannot be safely completed with available staff, and make permanent repairs at a later date. If there is an unsafe working condition present, as determined solely by Us, We reserve the right in our sole discretion to delay service until You make the area safe. If You refuse to make the area safe, We will terminate Lifeline and shall have no obligation to make repairs or replacements.

If You have any difficulty or complaints about our response, please call the number listed above.

6. Cost to You.

Enrollment in Lifeline costs \$6.97 per month, billed through Your Suburban Water Systems monthly bill. We reserve the right to terminate your enrollment for nonpayment.

7. Limitations of Liability.

LIFELINE IS A MAINTENANCE PLAN, NOT PROTECTION FROM THE CONSEQUENCES OF LEAKS.

EXCEPT AS SET FORTH BELOW WITH RESPECT TO ANY REPAIRS OR REPLACEMENTS ACTUALLY MADE UNDER THIS CONTRACT, WE AND OUR AGENTS CONTRACTORS OR LICENSEES ARE NOT LIABLE FOR ANY DAMAGE OF ANY DESCRIPTION ARISING FROM LEAKS IN YOUR LATERAL LINE.

WITH RESPECT TO ANY REPAIRS OR REPLACEMENT ACTUALLY MADE UNDER THIS CONTRACT, WE AND OUR AGENTS, CONTRACTORS OR LICENSEES ARE NOT LIABLE FOR ATTORNEYS' FEES OR INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO PROPERTY DAMAGE, LOST TIME OR PROFITS, A LOSS OF WATER SERVICE, EXCEPT AS ARE PROXIMATELY CAUSED BY OUR OR OUR AGENTS, CONTRACTOR OR LICENSEES' NEGLIGENCE OR WILLFUL ACT.

IN NO EVENT SHALL WE BE RESPONSIBLE FOR DELAYS OR FAILURES TO REPAIR OR REPLACE YOUR LATERAL LINE DUE TO CIRCUMSTANCES BEYOND OUR CONTROL, INCLUDING LABOR STRIKES, NATURAL CATASTROPHES, CIVIL DISTURBANCES, WEATHER, MATERIAL SHORTAGES, AND UNUSUAL WORK LOADS.

WE HEREBY EXPRESSLY DISCLAIM ALL AND ANY IMPLIED WARRANTIES, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OR ANY IMPLIED WARRANTIES NOT EXPRESSLY GRANTED IN THIS CONTRACT.

8. Cancellation and Termination.

Lifeline requires an initial one-year enrollment commitment, although you may cancel within the first sixty (60) days for a full refund if no leak has been reported to us during that period. After the first year you can terminate Lifeline at any time. There is no charge for canceling after the first year, but if you cancel, there will be no proration of the last month's billing. Your enrollment will be automatically renewed on continuing month-to-month basis upon the anniversary date of Your initial enrollment.

Lifeline will continue unless You decide to cancel or We cancel Your enrollment or discontinue Lifeline. To cancel Lifeline, please call us at 800.203.5430 or notify us in writing to Lifeline Maintenance Plan, P.O. Box 6105, Covina, CA 91722. Termination will be effective immediately.

9. **Interpretation:** This contract shall be governed by the laws of the state of California. This contract represents the entire agreement between You and Us. No representative of Suburban Water Systems has authority to waive or alter any term of this contract or to make any representation, promise, guarantee or warranty other than as expressly written in the contract or in a written amendment to this contract as provided for above.

Terms and conditions are subject to change.

*Please complete and return form below with your bill.

EXISTING Lifeline Customers - Please DO NOT Reapply

Customer Name (please print) _____

Daytime Telephone Number _____ Alternate Telephone Number _____

Mailing Address _____ City _____ State _____ Zip _____

Service Address _____ City _____ State _____ Zip _____

Email Address _____ Account Number _____

By signing below, I understand that \$6.97 a month will be charged to my bill. I acknowledge that I have read all of the terms and conditions attached to this page and agree to abide by them.

X _____

Lifeline Maintenance Program is for Suburban Water customers living in a single family dwelling only. Commercial buildings and condominiums/apartments are currently not eligible to participate

Attachment 1-5: Suburban’s Response to Data Request CR8-002, Question 2

2. Please provide in Excel format the following data regarding the Lifeline Maintenance Plan. Be sure to include the information on an annual basis since Suburban began the program. Also include the projected numbers for years 2023, 2024, 2025 and 2026:

Response:

| Year | Number of Participants | Per Month Cost for of Enrollment |
|-------------|--|----------------------------------|
| 2001 – 2012 | Information is not available | |
| 2013 | 8,350 | \$4.97 |
| 2014 | 9,513 | \$4.97 |
| 2015 | 9,999 | \$4.97 |
| 2016 | 10,251 | \$4.97 |
| 2017 | 10,044 | \$4.97 |
| 2018 | 9,849 | \$4.97 |
| 2019 | 9,868 | \$4.97 |
| 2020 | 10,256 | \$4.97 |
| 2021 | 10,592 | \$5.97 |
| 2022 | Information currently is not available | |
| 2023e | 10,592 | \$6.97 |
| 2024e | 10,592 | \$6.97 |
| 2025e | 10,592 | \$6.97 |
| 2026e | 10,592 | \$6.97 |

**Attachment 2-1: Suburban's Response to
Data Request CR8-002, Question 2**

| Contract Account | Currently/Active? | LRA Status | Pipe Size | Zone | January 2022 | February 2022 | March 2022 | April 2022 | May 2022 | June 2022 | July 2022 | August 2022 | September 2022 | October 2022 | November 2022 | December 2022 | Total 2022 |
|------------------|-------------------|------------|-----------|------|--------------|---------------|------------|------------|----------|-----------|-----------|-------------|----------------|--------------|---------------|---------------|------------|
| 6000000565 | Y | N | 1" | 2 | 31 | - | 51 | - | 24 | 48 | - | 57 | 23 | 25 | 15 | 12 | 286 |
| 6000000569 | Y | N | 1" | 2 | 63 | - | 74 | - | 65 | 127 | - | 161 | 59 | 70 | 38 | 28 | 685 |
| 6000000578 | Y | N | 1" | 2 | 20 | - | 32 | - | 32 | 61 | - | 117 | 43 | 44 | 37 | 23 | 409 |
| 6000000580 | Y | N | 1" | 2 | 65 | - | 75 | - | 43 | 78 | - | 69 | 34 | 33 | 28 | 30 | 454 |
| 6000000582 | Y | N | 1" | 2 | 64 | - | 71 | - | 58 | 166 | - | 176 | 93 | 86 | 51 | 47 | 814 |
| 6000000592 | Y | N | 1" | 2 | 95 | - | 110 | - | 61 | 128 | - | 134 | 59 | 60 | 44 | 26 | 714 |
| 6000000595 | Y | N | 1" | 2 | 40 | - | 55 | - | 31 | 56 | - | 82 | 46 | 47 | 37 | 26 | 420 |
| 6000000599 | Y | N | 3/4" | 2 | 27 | - | 29 | - | 20 | 42 | - | 56 | 23 | 23 | 16 | 14 | 250 |
| 600000601 | Y | N | 1" | 2 | 54 | - | 81 | - | 35 | 108 | - | 106 | 48 | 48 | 40 | 44 | 564 |
| 600000609 | Y | N | 1" | 2 | 12 | - | 32 | - | 23 | 55 | - | 66 | 34 | 24 | 15 | 9 | 270 |
| 6000000612 | Y | N | 3/4" | 2 | 12 | - | 11 | - | 7 | 18 | - | 20 | 6 | 4 | 5 | 5 | 88 |
| 6000000614 | Y | N | 3/4" | 2 | 33 | - | 27 | - | 16 | 50 | - | 38 | 19 | 18 | 14 | 14 | 229 |
| 6000000616 | Y | N | 1" | 2 | 14 | - | 43 | - | 30 | 75 | - | 80 | 35 | 21 | 11 | 2 | 311 |
| 6000000618 | Y | N | 1" | 2 | 47 | - | 114 | - | 76 | 166 | - | 182 | 82 | 69 | 41 | 31 | 808 |
| 6000000620 | Y | N | 1" | 2 | 55 | - | 79 | - | 46 | 91 | - | 104 | 59 | 47 | 40 | 31 | 552 |

**Attachment 2-2: Suburban's February 2023
R.17-06-024 Report**

Suburban Water Systems
R 17-06-024 Guidelines Issued 04.28.22
For Month Ending February 28, 2023

| | Single Family CAP | Single Family Non-Cap | Balance of Company* | Total Suburban |
|--|----------------------|--------------------------|------------------------|----------------|
| 1. Number of newly enrolled customers to your CAP | 90 | - | - | 90 |
| 2. Number of overall enrolled customers in your CAP | 11,692 | - | - | 11,692 |
| 3. Number of customers with unpaid bills 79 days or more after invoice date, disaggregated by: | | | | |
| a. Number of customers formally engaged in any special payment arrangement, and | 135 | 505 | 22 | 662 |
| b. Number of customers not engaged in any special payment arrangement to manage their debt | 890 | 5,135 | 406 | 6,431 |
| 4. Dollar amount of unpaid bills 79 days or more after invoice date, disaggregated by: | | | | |
| a. Debt in any special payment arrangement, and | 68,785 | 349,707 | 35,927 | 454,419 |
| b. Debt not in any special payment arrangement | 179,270 | 699,580 | 91,417 | 970,267 |
| 5. Average dollar amount of unpaid bills 79 days or more after invoice date, disaggregated by: | | | | |
| a. Debt in any special payment arrangement, and | 510 | 692 | 1,633 | 606 |
| b. Debt not in any special payment arrangement | 200 | 136 | 227 | 151 |
| 6. Median dollar amount of unpaid bills 79 days or more after invoice date, disaggregated by: | | | | |
| a. Debt in any special payment arrangement, and | 354 | 501 | 999 | 1,854 |
| b. Debt not in any special payment arrangement | 52 | 25 | 23 | 100 |
| 7. Number of customers disconnected for nonpayment, further disaggregated by: | | | | |
| a. Customers engaged in any special payment arrangement | - | - | - | - |
| b. Customers not engaged in any special payment arrangement | 84 | 479 | - | 563 |
| 8. Number of customers reconnected after a disconnection for nonpayment, further disaggregated by: | | | | |
| a. Customers engaged in any special payment arrangement | 2 | 10 | - | 12 |
| b. Customers not engaged in any special payment arrangement | 80 | 466 | - | 546 |
| c. Dollars engaged in any special payment arrangement, and | 1,217 | 10,713 | - | 11,930 |
| d. Dollars not engaged in any special payment arrangements | 34,785 | 163,690 | - | 198,475 |
| 9. Number of customers reconnected after a disconnection for nonpayment, further disaggregated by: | | | | |
| a. Reconnected within 2 days of disconnection, and | 76 | 393 | - | 469 |
| b. Reconnected after 2 days of disconnection | 8 | 86 | - | 94 |
| 10. Total billed water service revenues to be reported no less than quarterly: ** | | | | 24,323,514 |

Note: The data presented herein is unaudited and is for information purposes only.

* Customer categories included in "Balance of Company" includes Business, Industrial, and Public Authority
 ** Suburban's revenue for the most recent prior quarter.

Attachment 2-3: Suburban's Response to Data Request CR8-006, Question 1

1. On page 7 of Suburban's Application for an Order Authorizing Purchase of Utility Assets, Suburban states it will charge Sativa customers a \$62.00 per month flat rate through December 31, 2023. In reference to Suburban's Special Request #17: Sativa Tariff Fixed Charge, Suburban proposes a six-month trial period once a meter is installed for Sativa customers. During this trial, customers will receive bills equal to ¾" meters using 14 CCF in Whittier/La Mirada Tariff Area 1.

a. What does Suburban plan to charge a Sativa customer if after 2023 they are still unmetered? Please explain in detail how this bill amount was calculated.

Response:

Suburban's plan if after 2023 Sativa customers are still unmetered is stated in Special Request No. 17. Please see page 14 of A.23-01-001, Application of Suburban Water Systems (U339W) for Authority to Increase Rates Charged for Water Service.

The bill amount was calculated based on Suburban's A.23-01-001 revenue requirement.

b. Please explain in detail why Suburban is using the assumption of 14 CCF consumption in the trial period bill calculation.

Response:

In A. 23-01-001, Suburban's requested revenue requirement in Test Year 2024 for residential customers is based on annual estimated sales of 163.6 ccf for Whittier/La Mirada service area. One twelfth of 163.6 ccf is equal to 13.63 ccf, rounded to 14 ccf.

c. Does Suburban plan on converting all Sativa residential customers to ¾" meters? If not, why is Suburban proposing to use the assumption of a ¾" meter in its bill calculation?

Response:

Suburban anticipates that most of Sativa meters will be ¾" meters. However, there may be situations where there are multiple dwelling units on a lot where a larger meter size will be necessary to meet the customer needs for potable water.

Attachment 2-4: Sativa's 2021 Customer Sales Data

| Month | GW | SW | Purchase | Total | Sold | NonPotab | Recycled | | *This is in AF | |
|------------------|----|----|----------|----------|----------|----------|----------|---|----------------|----------|
| Jan | | 0 | 0 | 43.2 | 43.2 | 0 | 0 | 0 | | |
| Feb | | 0 | 0 | 39.1 | 39.1 | 0 | 0 | 0 | | |
| Mar | | 0 | 0 | 40.2 | 40.2 | 0 | 0 | 0 | | |
| Apr | | 0 | 0 | 42.7 | 42.7 | 0 | 0 | 0 | | |
| May | | 0 | 0 | 48.8 | 48.8 | 0 | 0 | 0 | | |
| Jun | | 0 | 0 | 49.6 | 49.6 | 0 | 0 | 0 | | |
| Jul | | 0 | 0 | 52.5 | 52.5 | 0 | 0 | 0 | | |
| Aug | | 0 | 0 | 52.8 | 52.8 | 0 | 0 | 0 | | |
| Sep | | 0 | 0 | 49.3 | 49.3 | 0 | 0 | 0 | | |
| Oct | | 0 | 0 | 49.1 | 49.1 | 0 | 0 | 0 | | |
| Nov | | 0 | 0 | 42.9 | 42.9 | 0 | 0 | 0 | | |
| Dec | | 0 | 0 | 42.7 | 42.7 | 0 | 0 | 0 | | |
| TOTAL | | 0 | 0 | 552.9 | 552.9 | 0 | 0 | 0 | | |
| CONVERTED TO CCF | | | | | | | | | | |
| Month | GW | SW | Purchase | Total | Sold | NonPotab | Recycled | | | |
| Jan | | 0 | 0 | 18817.89 | 18817.89 | 0 | 0 | 0 | 11.45337 | 12.21561 |
| Feb | | 0 | 0 | 17031.94 | 17031.94 | 0 | 0 | 0 | 10.36636 | |
| Mar | | 0 | 0 | 17511.1 | 17511.1 | 0 | 0 | 0 | 10.658 | |
| Apr | | 0 | 0 | 18600.09 | 18600.09 | 0 | 0 | 0 | 11.32081 | |
| May | | 0 | 0 | 21257.25 | 21257.25 | 0 | 0 | 0 | 12.93807 | |
| Jun | | 0 | 0 | 21605.73 | 21605.73 | 0 | 0 | 0 | 13.15017 | |
| Jul | | 0 | 0 | 22868.97 | 22868.97 | 0 | 0 | 0 | 13.91903 | |
| Aug | | 0 | 0 | 22999.65 | 22999.65 | 0 | 0 | 0 | 13.99857 | |
| Sep | | 0 | 0 | 21475.05 | 21475.05 | 0 | 0 | 0 | 13.07063 | |
| Oct | | 0 | 0 | 21387.93 | 21387.93 | 0 | 0 | 0 | 13.01761 | |
| Nov | | 0 | 0 | 18687.21 | 18687.21 | 0 | 0 | 0 | 11.37384 | |
| Dec | | 0 | 0 | 18600.09 | 18600.09 | 0 | 0 | 0 | 11.32081 | |
| TOTAL | | 0 | 0 | 240842.9 | 240842.9 | 0 | 0 | 0 | | |

1

Attachment 3-1: Suburban's Response to DR CR8-003, Question 4

4. The following balance and memorandum accounts are in Suburban's Preliminary Statement on its official website, as of January 25th, 2023:
 - a. Recycled Water Balancing Account
 - b. Military Family Relief Program Memorandum Account
 - c. Employee Healthcare Relief Program Memorandum Account
 - d. Drinking Water Fees Memorandum Account

Please explain for each of the above accounts, why each of these accounts are not closed despite the Commission's instructions to close in D.21-10-024, why each account is included in the Preliminary Statement, and why Suburban is not seeking to close these accounts in Special Request 14.

Response:

The following explanations describe the reasons why the account has not been closed:

- a. Recycled Water Balancing Account – ordering paragraph 4 of D.21-10-024 states:

“Suburban Water Systems shall amortize any remaining balance in the Recycled Water Balancing Account and close it at the end of this general rate case (GRC) cycle.”

Since the last GRC covered years 2021, 2022, and 2023, and year 2023 is not over yet, Suburban will not be able to close the account until the company's recorded over/under collection balance has been filed and approved by the Commission, and has been amortized via surcharge or surcredit charged to recycled water customers.
- b. Military Family Relief Program Memorandum Account – Suburban has remaining balance in this account and was not able to file an amortization after the D.21-10-024 was issued due to the amount is less than 2% which is the threshold of filing an advice letter for amortization. However, the remaining balance is being requested for amortization as part of the various surcharge in this proceeding A.23-01-001.
- c. Employee Healthcare Relief Program Memorandum Account – see response b above.
- d. Drinking Water Fees Memorandum Account – this account represents a request to amortize the residual balance from previously authorized “various surcharge” in D.21-10-024.

Attachment 3-2: Suburban’s Response to DR CR8-008, Questions 1-4

1. Under Suburban’s Schedule 14.1, customers are subject to water use violation penalties that result in dollar amount fines dependent on the situation.
 - a. Please provide in Excel format, the amount of fines Suburban collected for each month for the years 2015, 2016, 2017, 2018, 2019, 2020, and 2021.

Response:

Suburban collected fines for years 2015 through 2021 is as follows:

| Date | Amount |
|--------------|--------------|
| Jan. 2016 | \$ 50 |
| Feb. 2016 | \$100 |
| Mar. 2016 | \$ 50 |
| Jun. 2016 | \$ 50 |
| Total | \$250 |

2. In what memorandum account does Suburban record the monies collected through water use violations? Explain how Suburban uses these amounts to offset authorized expenses incurred and lost revenue from reduced sales.

Response:

Suburban records the monies collected through water use violations in the Mandatory Conservation Memorandum Account (MCMA). The collected amounts reduced the expenses incurred. Suburban does not have Drought Lost Revenue Memorandum Account.

3. If Suburban does not record these water use violation fines in a memorandum account, explain why not. Also explain how is Suburban using the amounts identified in response to question 1 to offset expenses from mandatory conservation.

Response:

Not applicable.

4. Did Suburban offset expense using the monies collected through water use violation fines in its prior GRC for the years 2015, 2016, 2017, 2018, and 2019? If not, please explain why.

Response:

Inadvertently the \$250 collected in 2016 have never been included in prior GRC filings. Suburban proposes to include the \$250 including \$27.72 interest to offset the Special Request #1 (Various Offsets) for item 3 – Mandatory Conservation Memorandum Account. Please see the updated file entitled “DR CR8-008 Response #4 - Special Request #1 (Various Offsets) Revised.xlsx”

**Attachment 3-3: Suburban's Response to DR
CR8-005, Question 1 – Attachment A.**

| DR JR06-01 (Hardcoded Data) | | | | | | | | | | | | | | | |
|-----------------------------|--------|------------|---------|-----------|--------|----------|----------|---------------|------------|------------|------------|------------|-----------|--------|-----------|
| | | | | | | | | | | | | | | | |
| | Respon | PUC Acc | PUC Acc | Source | Source | Cost Ele | Cost Ele | Docume | Docume | Docume | Ref Docume | Year | 1. Fiscal | Amount | Invoice # |
| 241 | 1.p | ADVERTTISI | 7830 | Water Con | 212 | WATER CO | 650015 | Vendor Inv KR | Not assign | 1900149237 | 2020 | July 2020 | 600 | 1715 | |
| 258 | 1.p | ADVERTTISI | 7830 | Water Con | 212 | WATER CO | 650015 | Vendor Inv KR | Not assign | 1900154348 | 2020 | October 20 | 2240.01 | 20484 | |
| 259 | 1.p | ADVERTTISI | 7830 | Water Con | 212 | WATER CO | 650015 | Vendor Inv KR | Not assign | 1900154806 | 2020 | November | 536.6 | 20493 | |
| 260 | 1.p | ADVERTTISI | 7830 | Water Con | 212 | WATER CO | 650015 | Vendor Inv KR | Not assign | 1900157347 | 2020 | December | 1629.36 | 20550 | |
| 261 | 1.p | ADVERTTISI | 7830 | Water Con | 212 | WATER CO | 650015 | Vendor Inv KR | Not assign | 1900145991 | 2020 | May 2020 | 4500 | 1346 | |
| 262 | 1.p | ADVERTTISI | 7830 | Water Con | 212 | WATER CO | 650015 | Vendor Inv KR | Not assign | 1900156162 | 2020 | December | 2750 | 1390 | |
| 263 | 1.p | ADVERTTISI | 7830 | Water Con | 212 | WATER CO | 650015 | Vendor Inv KR | Not assign | 1900156342 | 2020 | December | 1250 | 1398 | |

**Attachment 3-4: Suburban's Response to DR
CR8-003, Question 3**

1. Referring to Special Request 1, the ninth offset is described as “Various Surcharge Amortization (Previously Authorized)”. Please provided in Excel format all previously authorized amortizations that total the requested \$55,235 for this offset. Show the calculations used to arrive at \$55,235. Be sure to provide the following for each surcharge:
 - a. A description of each surcharge and which account it is associated with.

Response:

There was only one “one time surcharge” shown on customers’ bills related to various surcharge as authorized in D.21-10-024. Ordering paragraph 10 of D.21-10-024 states “*Suburban Water Systems’ Special Request 6 for one surcharge consisting of the sum of ten offsets is granted.*”

This one surcharge consists of the following:

1. ATR – Employee Transfer Memorandum Account – to record transfer fees received by Suburban from affiliates when an employee of Suburban is transferred, assigned, or otherwise employed by the affiliate, and the transfer payment provision does not apply to clerical workers.
2. Military Family Relief Program Memorandum Account – to record the uncollectible amounts arising from uncollectible and costs of publishing related notices.
3. Mandatory Conservation Memorandum Account (MCMA) – to track the incremental costs, penalties associated with the implementation of mandatory conservation and water rationing moratoria through Rule No. 14.1 and Schedule No. 14.1.
4. Drinking Water Fees Memorandum Account – to track the difference between actual drinking water fees charged by the SWRCB and adopted in Suburban's GRC D.14-12-038.
5. Asbestos Litigation Memorandum Account (ALMA) – to track costs, settlement payments, judgments and credits related to litigation arising from alleged exposure to asbestos from asbestos cement water pipes in Suburban's service areas.
6. School Lead Testing Memorandum Account – to track incremental expenses associated with conducting lead tests at schools pursuant to the amendment to the domestic water supply permit issued by the SWRCB to Suburban on Jan. 17, 2017.
7. A.18-05-004 Cost of Capital Memorandum Account – to track the incremental costs incurred by the company limited to incremental non-employee resources engaged in disseminating PPH notices in A.18-05-004.
8. Employee Healthcare Balancing Account 2016-2018 – to record and recover the difference between the adopted forecast and the actual costs of employee healthcare expenses.

Attachment 4-1: Suburban's Response to Data Request DR CR8-007, Question 2

2. The Bipartisan Infrastructure Law signed by President Biden on November 15, 2021 provides \$15 billion for grants and loans to water systems for lead service line replacement.

a. Has Suburban applied for any funding from this law in the form of a grant or loan for lead service line replacement? If so, how much has Suburban received so far?

Response:

No. Suburban did not find lead services in its systems.

b. The law also provides funding for additional items, for example \$9 billion to address emerging contaminants such as PFAS. Has Suburban applied for any funding from this law not related to lead service line replacement? If so, what has Suburban applied for and what has it received so far?

Response:

1

Suburban has not applied for grant funding for projects related to the President's Infrastructure and Jobs Act.

1

Attachment 4-2: Suburban's Response to Data Request CR8-007, Question 1

1. On page 5-8 of the Results of Operations (Final Application), Suburban references page 47 of D.20-12-007, Exhibit A. On said page, it is stated that "There are asbestos lawsuits against Cal Water that are ongoing, and new lawsuit may still be filed."

- a. Are there any ongoing asbestos lawsuits against Suburban? If so, please list each lawsuit with a case name, case proceeding number, and court venue. Please provide the costs incurred for each lawsuit.

Response:

No. Currently there are no ongoing asbestos lawsuits against Suburban.

- b. Has Suburban ever recovered costs recorded in its Asbestos Litigation Memorandum Account? If so, please provide the date, amount and authorizing document used for each instance.

Response:

Yes, the amount was part of the ten offsets granted in D.21-10-024, ordering paragraph 10, which states "*Suburban Water Systems' Special Request 6 for one surcharge consisting of the sum of ten offsets is granted.*"

The ten offsets was described in Suburban's response to DR CR8-003 question 3.

The authorized amount related to the Asbestos Litigation Memorandum Account including interest was \$21,453.