

**ATTACHMENT A**  
**List of Appearances**

Applicant: Manatt, Phelps & Phillips, LLP, by Lori Anne Dolqueist,  
for Suburban Water Systems.

Protestant: Selina Shek, Attorney at Law, for the Commission's  
Division of Ratepayer Advocates

**(END OF ATTACHMENT A)**

**ATTACHMENT B**

**August 1, 2008 Joint Motion of the Division of Rate payer Advocates and  
Suburban Water Systems for Adoption of a Settlement Agreement**

**and**

**August 1, 2008 Settlement Agreement Between the Division of  
Ratepayer Advocates and Suburban Water Systems**

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



**FILED**

08-01-08  
04:35 PM

Application of Suburban Water Systems (U339W) for authority to increase rates charged for water service by \$6,820,539 or 13.57% in 2009, \$1,698,004 or 2.97% in 2010, and \$1,250,644 or 2.12% in 2011

A.08-01-004  
(Filed January 2, 2008)

**JOINT MOTION OF THE DIVISION OF RATEPAYER ADVOCATES AND  
SUBURBAN WATER SYSTEMS FOR THE ADOPTION OF A SETTLEMENT  
AGREEMENT**

SELINA SHEK

DIVISION OF RATEPAYER ADVOCATES  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Telephone: (415) 703-2423  
Email: sel@cpuc.ca.gov

Attorney for the Division of Ratepayer  
Advocates

Dated: August 1, 2008

LORI ANNE DOLQUEIST  
SARAH E. LEEPER

MANATT, PHELPS & PHILLIPS, LLP  
One Embarcadero Center, 30th Floor  
San Francisco, CA 94111  
Telephone: (415) 291-7400  
Email: ldolqueist@manatt.com

Attorneys for Applicant  
Suburban Water Systems

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

Application of Suburban Water Systems (U339W) for authority to increase rates charged for water service by \$6,820,539 or 13.57% in 2009, \$1,698,004 or 2.97% in 2010, and \$1,250,644 or 2.12% in 2011

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**JOINT MOTION OF THE DIVISION OF RATEPAYER ADVOCATES AND  
SUBURBAN WATER SYSTEMS FOR THE ADOPTION OF A SETTLEMENT  
AGREEMENT**

**I. INTRODUCTION**

Pursuant to Rule 51 et seq. of the Rules of Practice and Procedure (Rule) of the California Public Utilities Commission (“Commission”), the Division of Ratepayer Advocates (“DRA”) and Suburban Water System (“Suburban”) (collectively, “the Parties”) move for Commission approval and adoption of the Settlement Agreement (“Settlement”) attached as Exhibit 1. The Parties mutually and jointly support the proposed Settlement as reasonable, consistent with the law, and in the ratepayers’ interests.

**II. BACKGROUND**

Pursuant to the Commission’s Rate Case Plan, (D.07-05-062), on January 2, 2008, Suburban applied for authority to increase rates charged for water service by \$6,820,539 or 13.57% Test Year 2009, \$1,698,004 or 2.97% in Escalation Year 2010, and \$1,250,644 or 2.12% in Escalation Year 2011. On May 5, 2008, DRA issued its Report on the Results of Operations of Suburban Water Systems (“DRA Suburban Report”) and Report on the Southwest Water Company/Utility Group Costs of Suburban Water Systems (“DRA Southwest Report”). On June 2, 2008, Suburban provided rebuttal testimony. From June 10 to June 12, 2008, the Parties met and conferred in Los Angeles. The Parties compared historical, descriptive, and financial data and reached a settlement on most, but not all, of the disputed issues in the proceeding.

Evidentiary hearings on the remaining disputed issues occurred on June 16, 17, 30 and July 7, 2008.

### III. SUMMARY

The Settlement provides for the following rate increases, the differences between the DRA and Suburban figures resulting from the remaining litigated issues between the Parties.

	<b>DRA</b>	<b>Suburban</b>
2009 (\$)	\$(72,063)	\$5,570,563
2009 (%)	(0.14%)	11.08%
2010 (\$)	\$1,643,317	\$1,508,585
2010 (%)	3.27%	2.70%
2011 (\$)	\$1,638,615	\$1,280,008
2011 (%)	3.12%	2.22%

### IV. ANALYSES

#### A. The Settlement is Reasonable

Pursuant to Rule 51.1(e), the Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the ratepayers' interest. In the Southern California Gas Co. decision, the Commission held that the parties' evaluation should carry material weight in the Commission's review of a settlement.<sup>1</sup>

As compared with a complete evidentiary hearing on all issues, the Settlement achieves a significant savings in time, resources, and expense for all the Parties. Hypothetically, a full hearing could have resulted in more or less rate increases than requested by Suburban or recommended by DRA. However, a full hearing would have taken several more days; required additional witness testimonies for both sides; and necessitated significant additional travel.

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<sup>1</sup> South. Calif. Gas Co., D.00-09-034, 2000 Cal. PUC LEXIS 694, \*\*29, 31.

In this case, the proposed Settlement is reasonable in light of the whole record because it will allow Suburban to recover a reasonable amount of increased costs, promotes operational efficiency, infrastructure development, and investment, while avoiding rate shock to the ratepayers and keeping rate burdens as low as reasonable.

The Settlement is mutually beneficial to both Suburban and ratepayers. The Parties recommend that the Commission find the Settlement reasonable in light of the whole record.

**B. The Settlement is Consistent with the Law**

All the Parties have entered into this Settlement voluntarily and upon review and advice by their respective legal counsels and technical staff. The Commission's approval and adoption of the Settlement will not be construed as an admission or concession by any Party regarding any fact or matter of law in dispute in this proceeding, nor as any statement of precedent or policy of any kind for any purpose against Suburban in any current or future proceedings. Finally, the Settlement Agreement is an integrated agreement, so that if the Commission rejects any portion of a Settlement, each Party to the Settlement Agreement has the right to withdraw. The Parties therefore believe the Settlement is consistent with the law.

**C. The Settlement is in the Public Interest**

The Settlement Agreement will result in a reduction in Suburban's original general rate case request while still providing for reasonable estimates of many categories of Suburban's expected expenses and allowing Suburban to complete much-needed capital projects. Therefore, the Parties believe that the Settlement is in the interests of the public.

**V. CONCLUSION**

The Parties jointly sponsor this Motion and the accompanying Settlement as reasonable, consistent with the law, and in the public's as well as Suburban's interests. The Parties respectfully ask the Commission to adopt as expeditiously as possible the Settlement.

DIVISION OF RATEPAYER ADVOCATES

MANATT, PHELPS & PHILLIPS, LLP

By: Selina Shek  
Selina Shek

By: \_\_\_\_\_  
Lori Anne Dolqueist

Attorney for the Division of Ratepayer  
Advocates

Attorneys for Applicant Suburban Water  
Systems

August 1, 2008

August \_\_, 2008

90023261.2

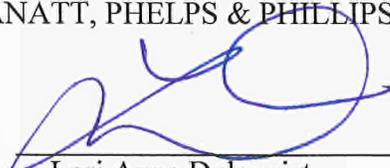
DIVISION OF RATEPAYER ADVOCATES

MANATT, PHELPS & PHILLIPS, LLP

By: \_\_\_\_\_  
Selina Shek

Attorney for the Division of Ratepayer  
Advocates

August 1, 2008

By:  \_\_\_\_\_  
Lori Anne Dolqueist

Attorneys for Applicant Suburban Water  
Systems

August 1, 2008

90023261.2

**PROOF OF SERVICE**

I, Cinthia A. Velez, declare as follows:

I am employed in the City and County of San Francisco, California. I am over the age of eighteen years and not a party to this action. My business address is Manatt, Phelps & Phillips, LLP, One Embarcadero Center, 30th Floor, San Francisco, California 94111-3719. On August 1, 2008, I served the within:

***Joint Motion of the Division of Ratepayer Advocates and  
Suburban Water Systems for the Adoption of a Settlement Agreement***

on the interested parties in this action addressed as follows:

***See attached service list***

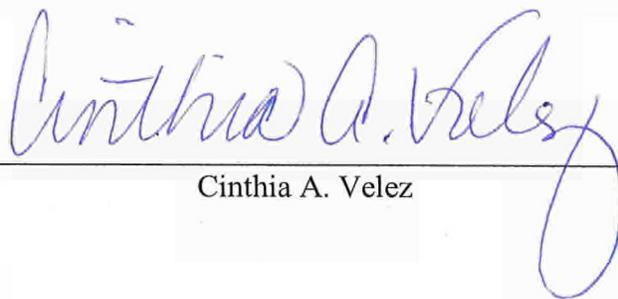


**(BY CPUC E-MAIL SERVICE)** By transmitting such document electronically from Manatt, Phelps & Phillips, LLP, San Francisco, California, to the electronic mail addresses listed above. I am readily familiar with the practice of Manatt, Phelps & Phillips, LLP for transmitting documents by electronic mail, said practice being that in the ordinary course of business, such electronic mail is transmitted immediately after such document has been tendered for filing. Said practice also complies with Rule 1.10(b) of the Public Utilities Commission of the State of California and all protocols described therein.



**(BY MAIL)** By placing such document(s) in a sealed envelope, with postage thereon fully prepaid for first class mail, for collection and mailing at Manatt, Phelps & Phillips, LLP, San Francisco, California following ordinary business practice. I am readily familiar with the practice at Manatt, Phelps & Phillips, LLP for collection and processing of correspondence for mailing with the United States Postal Service, said practice being that in the ordinary course of business, correspondence is deposited in the United States Postal Service the same day as it is placed for collection.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on August 1, 2008, at San Francisco, California.

  
\_\_\_\_\_  
Cinthia A. Velez

**CPUC E-Mail Service List**  
**A.08-01-004**  
**(Updated July 31, 2008)**

sel@cpuc.ca.gov  
ldolqueist@manatt.com  
bobkelly@bobkelly.com  
vcc@cpuc.ca.gov  
flc@cpuc.ca.gov  
klk@cpuc.ca.gov

**U.S. Mail Service List**  
**A.08-01-004**  
**(Updated July 31, 2008)**

Kenneth L. Koss  
California Public Utilities Commission  
Division of Administrative Law Judges  
505 Van Ness Avenue, Room 5041  
San Francisco, CA 94102-3214

**EXHIBIT 1**

90023261.2

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

Application of Suburban Water Systems (U339W) for authority to increase rates charged for water service by \$6,820,539 or 13.57% in 2009, \$1,698,004 or 2.97% in 2010, and \$1,250,644 or 2.12% in 2011

A.08-01-004  
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**SETTLEMENT AGREEMENT BETWEEN THE DIVISION OF RATEPAYER  
ADVOCATES AND SUBURBAN WATER SYSTEMS**

SELINA SHEK

DIVISION OF RATEPAYER ADVOCATES  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Telephone: (415) 703-2423  
Email: sel@cpuc.ca.gov

Attorney for the Division of Ratepayer  
Advocates

Dated: August 1, 2008

LORI ANNE DOLQUEIST  
SARAH E. LEEPER

MANATT, PHELPS & PHILLIPS, LLP  
One Embarcadero Center, 30th Floor  
San Francisco, CA 94111  
Telephone: (415) 291-7400  
Email: ldolqueist@manatt.com

Attorneys for Applicant  
Suburban Water Systems

**BEFORE THE PUBLIC UTILITIES COMMISSION  
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Application of Suburban Water Systems (U339W) for authority to increase rates charged for water service by \$6,820,539 or 13.57% in 2009, \$1,698,004 or 2.97% in 2010, and \$1,250,644 or 2.12% in 2011

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(Filed January 2, 2008)

**SETTLEMENT AGREEMENT BETWEEN THE DIVISION OF RATEPAYER  
ADVOCATES AND SUBURBAN WATER SYSTEMS**

**1. GENERAL**

**1.1** Pursuant to Article 12 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Division of Ratepayer Advocates (“DRA”) and Suburban Water Systems (“Suburban,” collectively, “the Parties”) have agreed on the terms of this Settlement Agreement which they now submit for approval.

**1.2** After conducting discovery, negotiating in person, and analyzing their respective interests and claims, the Parties have determined that this Settlement is in their best interests and limits the expenses, delays, and uncertainties of further evidentiary hearings. The Parties jointly request that the Commission accept and adopt this proposed Settlement as reasonable, consistent with the law, and in the public interest.

**1.3** The Parties intend that nothing expressed in this Settlement constitutes any admission or concession by any Party regarding any disputed fact or matter of law in this proceeding. Furthermore, the Parties understand and intend that according to Commission rules and regulations, the Commission’s acceptance and adoption of this Settlement may not be used as a precedent or a policy of any kind for or against any of the Parties in this or any future proceeding.

**1.4** The Parties agree and intend that no signatory to this Settlement assume any personal liability because of this Settlement. The Parties agree not to bring any legal action in any state or federal court or administrative agency or in any other forum, against any signatory to this Settlement, any attorneys representing DRA or Suburban, or any employee, staff, or agent of DRA or Suburban involved with this Settlement. All rights and remedies of the Parties are limited to those available under Commission rules and regulations.

**1.5** The Parties agree that this Settlement Agreement is an integrated agreement, so that if the Commission rejects any portion of this Settlement Agreement, each Party has the right to withdraw, terminate this Settlement Agreement and pursue all rights, which either Party may have as of the execution date of this Settlement Agreement. Furthermore, the Parties are presenting the Settlement Agreement as an integrated package such that parties are agreeing to the Settlement as a whole, as opposed to agreeing to specific elements of the Settlement. This Settlement Agreement constitutes and represents the entire agreement between the Parties and supersedes all prior and contemporaneous agreements, negotiations, representations, warranties and understandings of the Parties with respect to the subject matter set forth herein.

**1.6** The Parties may execute the Settlement Agreement in counterparts, each of which shall be deemed an original, and the counterparts together shall constitute one and the same instrument.

**1.7** By signing below, each signatory for a Party by signing below represents and warrants that he/she is authorized to sign this Settlement Agreement on such Party's behalf and thereby bind such Party to the terms of this Settlement Agreement.

**1.8** This Settlement Agreement may be amended or changed only by a written agreement signed by the Parties.

**1.9** Included in this Settlement are supporting references to the Division of Ratepayer Advocates' Report on the Results of Operations of Suburban Water Systems ("DRA Suburban Report"); the Division of Ratepayer Advocates' Report on the Southwest Water Company/Utility Group Costs of Suburban Water Systems ("DRA Southwest Report"); Suburban's Application

for Authority to Increase Rates for Water Service and related Exhibits (“Application”); Suburban’s Exhibit A – Results of Operations to the Application (“Application – Exhibit A”); and Suburban’s direct and rebuttal testimonies (example, “Carver Rebuttal”).

## 2. SUMMARY

2.1 The table below summarizes rate increases for Suburban in Test Year 2009 pursuant to the Settlement Agreement. The estimated rate adjustment for each of the two Escalation Years (2010 and 2011) is included in the table below but cannot be finally determined until an advice letter for that year is filed, evaluated, and approved in December of the year prior to the pertinent Escalation Year.

	<b>DRA</b>	<b>Suburban</b>
2009 (\$)	\$(72,063)	\$5,570,563
2009 (%)	(0.14%)	11.08%
2010 (\$)	\$1,643,317	\$1,508,585
2010 (%)	3.27%	2.70%
2011 (\$)	\$1,638,615	\$1,280,008
2011 (%)	3.12%	2.22%

Attached as Appendix A to this Settlement is a comparison exhibit showing the Parties’ respective ratemaking analyses and differences.

2.2 For the most part, the differences between Suburban’s and DRA’s original estimates and the stipulated estimates are due to data developments occurring after the issuance of DRA’s Reports and the Parties’ stipulations to some expenses after additional discussions.

## 3. CONSUMPTION

3.1 Business Class Use Per Customer – Suburban used data from April 1997-March 2007. DRA used data from August 1997 – March 2007. In the spirit of compromise, the Parties

agreed to the estimates below for business class use. (Application, Exh. A, pp. 4.5-4.11; Exh. G, DRA Report, pp. 2-3 – 2-5; Exh. 8; Rebuttal Testimony of Robert Kelly (“Kelly Rebuttal”), pp. 2-3.)

	<u>San Jose Hills</u>	<u>Whittier/La Mirada</u>
DRA	1,545.4 ccf	1,443.7 ccf
Suburban	1,593.3 ccf	1,438.3 ccf
Settlement	1,542.4 ccf	1,441.0 ccf

**4. RATEBASE**

**4.1 Working Cash** - Based on discussions during the settlement conference and in the spirit of compromise, DRA agrees to accept Suburban's calculation methodology for working cash, with actual working cash to be determined based on the resolution of ancillary issues that have an impact on working cash such as payroll. (Application, Exh. A, p. 8-1; Exh. 8, Kelly Rebuttal, pp. 32-33.)

**5. EXPENSES**

**5.1 Suburban Expenses**

**5.1.1 Payroll** – The Parties’ differences in this category were based on DRA’s removal of specific positions as well as DRA’s allegations regarding Suburban’s historical level of employment. The Parties did not resolve their differences regarding Suburban’s historical level of employment. However, based on discussions during the settlement conference and in the spirit of compromise, the parties agree that Suburban withdraw its request for two leak crews (six positions total) and one of the water quality positions. DRA agrees to allow the three remaining water quality positions, one of which Suburban has already hired. The Commission, however, will determine separately the rate recovery associated with these positions.

(Application, Exh. A, pp. 3-2 – 3-3; Exh. 18, Direct Testimony of Koby Cohen, pp. 2-11; Exh. 9,

DRA Suburban Report, pp. 3-4 – 3-10; Exh. 8, Kelly Rebuttal, pp. 3-4; Exh. 22, Rebuttal Testimony of Koby Cohen, pp. 1-10.)

5.1.2 Purchased Water – The purchased water expenses are a factor of the level of consumption. The Parties agree to increase the purchased water expenses as set forth below to reflect their agreement on the issue of business class use per customer. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, p. 3-10; Exh. 8, Kelly Rebuttal, p. 5.)

DRA	\$9,032,500
Suburban	\$8,981,100
Settlement	\$9,021,070

5.1.3 Purchased Power – In its Report, DRA made a downward adjustment to Suburban’s original estimate for purchased power to reflect a rebate from Southern California Edison for replacement of a motor with a smaller one and also a new variable frequency drive to control motor speed, which are expected to result in power savings at Plant 147-W. Suburban accepts this adjustment. (Application, Exh. A, pp. 5-2, 5-7; Exh. G, DRA Suburban Report, pp. 3-10 – 3-11; Exh. 8, Kelly Rebuttal, p. 5.)

DRA	\$3,056,500
Suburban	\$3,078,700
Settlement	\$3,056,758

5.1.4 Cooperating Respondents Reimbursements – DRA’s audit of this category revealed the need for an upward adjustment of \$600. Suburban accepts this adjustment. (Application, Exh. A, pp. 3-4 – 3-7; Exh. G, DRA Suburban Report, pp. 3-11; Exh. 8, Kelly Rebuttal, p. 5.)

DRA	\$28,400
Suburban	\$27,800
Settlement	\$28,375

5.1.5 Maintenance of Structures and Improvements – Suburban used a five-year average adjusted for inflation to develop its estimate for expenses associated with maintenance and improvements. DRA excluded the highest and lowest amounts of the most recent recorded five years, after adjustment for inflation. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, pp. 3-11 – 3-12; Exh. 8, Kelly Rebuttal, pp. 5-6.)

DRA	\$28,959
Suburban	\$40,855
Settlement	\$34,907

5.1.6 Maintenance of Pumping Equipment – Except for one subaccount, maintenance of clay valves, Suburban used a five-year average adjusted for inflation to develop its estimate. DRA excluded the highest and lowest amounts of the most recent recorded five years, after adjustment for inflation. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, pp. 3-12 – 3-13; Exh. 8, Kelly Rebuttal, pp. 6-7.)

DRA	\$101,472
Suburban	\$122,195
Settlement	\$111,834

5.1.7 Operation Labor and Expenses – Except for Department of Health Services fees, which it annualized, Suburban used a five-year average adjusted for inflation to develop its estimate. DRA excluded the highest and lowest amounts of the most recent recorded five years, after adjustment for inflation. Based on discussions during the settlement conference

and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, pp. 5-2, 5-7; Exh. G, DRA Suburban Report, pp. 3-13 – 3-14; Exh. 8, Kelly Rebuttal, pp. 7-8.)

DRA	\$236,776
Suburban	\$257,426
Settlement	\$257,219

5.1.8 Chemicals and Filtering Materials – To develop its estimate, Suburban used an annualized amount for 2007 and escalated that number. DRA used the last recorded expenses for 2006, and escalated that number, to develop its estimate. Suburban explained, however, that additional chemicals are required now that its groundwater sources have been restored. DRA agrees to accept Suburban’s estimate. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, p. 3-14 – 3-15; Exh. 8, Kelly Rebuttal, p. 8.)

DRA	\$231,659
Suburban	\$327,616
Settlement	\$327,616

5.1.9 Maintenance of Reservoirs and Tanks – Suburban used a five-year average adjusted for inflation to develop its estimate. DRA excluded the highest and lowest amounts of the most recent recorded five years, after adjustment for inflation. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, pp. 3-15 – 3-16; Exh. 8, Kelly Rebuttal, pp. 5-6.)

DRA	\$15,489
Suburban	\$16,682
Settlement	\$16,085

5.1.10 Maintenance of Transmission and Distribution Mains – To develop its estimate, Suburban used an adjusted five-year average for most of the subaccounts. DRA excluded the highest and lowest amounts of the most recent recorded five years, after adjustment for inflation. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, pp. 3-16 – 3-17; Exh. 8, Kelly Rebuttal, pp. 8-9.)

DRA	\$692,254
Suburban	\$771,471
Settlement	\$764,496

5.1.11 Maintenance of Services – To develop its estimate, Suburban used an adjusted five-year average for most of the subaccounts, with the exception of service line repair, which it annualized. The higher cost per leak is due in part to the grey plastic pipes in certain parts of Suburban’s service area. DRA excluded the highest and lowest amounts of the most recent recorded five years, after adjustment for inflation. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, pp. 3-17 – 3-18; Exh. 8, Kelly Rebuttal, pp. 10-11.)

DRA	\$175,473
Suburban	\$206,960
Settlement	\$191,217

5.1.12 Maintenance of Meters – To develop its estimate, Suburban used an adjusted five-year average for most of the subaccounts and included a “catch-up” increase for its small meter replacements. DRA excluded the highest and lowest amounts of the most recent recorded five years, after adjustment for inflation. Based on discussions during the settlement

conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, pp. 3-18 – 3-19; Exh. 8, Kelly Rebuttal, pp. 12-14.)

DRA	\$91,156
Suburban	\$164,104
Settlement	\$163,736

5.1.13 Postage – DRA adjusted Suburban’s original estimate upward to account for the May 2007 postage increase. Suburban accepts this adjustment. (Application, Exh. A, p. 5-2; Exh. G, DRA Suburban Report, p. 3-19; Exh. 8, Kelly Rebuttal, p. 14.)

DRA	\$334,100
Suburban	\$332,328
Settlement	\$334,100

5.1.14 Meter Reading Expenses – Suburban used a five-year average adjusted for inflation to develop its estimate. DRA excluded the highest and lowest amounts of the most recent recorded five years, after adjustment for inflation. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, p. 3-20; Exh. 8, Kelly Rebuttal, pp. 5-6.)

DRA	\$21,901
Suburban	\$23,150
Settlement	\$22,529

5.1.15 Water Conservation Expenses – DRA removed the escalation adjustment in Suburban’s original estimate for this category of expenses. Suburban accepts this adjustment.

(Application, Exh. A, pp. 5-4 – 5-6; Exh. G, DRA Suburban Report, p. 3-21; Exh. 8, Kelly Rebuttal, p. 14.)

DRA	\$200,000
Suburban	\$204,760
Settlement	\$200,000

5.1.16 Capacity Reservation Charges – Suburban mistakenly included this expense item twice in its application. Upon conference with DRA, Suburban agreed to remove the duplicate expense item and keep the capacity reservation charges as part of the purchased water account. (Exh. G, DRA Suburban Report, pp. 3-21 – 3-22.)

DRA	\$0
Suburban	\$124,550
Settlement	\$0

5.1.17 Office Supplies and Other Expenses – To develop its estimate for these expenses, Suburban used an adjusted five-year average for most of the subaccounts. DRA excluded the highest and lowest amounts of the most recent recorded five years, after adjustment for inflation. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, p. 3-22; Exh. 8, Kelly Rebuttal, pp. 15-19.)

DRA	\$894,991
Suburban	\$1,002,334
Settlement	\$978,663

5.1.18 CPUC Reimbursement Fee – Suburban included the CPUC reimbursement fee as part of the expenses in its application. Suburban does not object, however, to the CPUC

reimbursement fee and related expenses being excluded for the purpose of presentation, such as not being shown in the Summary of Earnings. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, p. 3-25; Exh. 8, Kelly Rebuttal, p. 21.)

DRA	\$0
Suburban	\$753,449
Settlement	\$0

5.1.19 Outside Services Employed - Suburban used a combination of a five-year escalated average and annualized amounts to develop its estimates. DRA excluded the highest and lowest amounts of the most recent recorded five years, after adjustment for inflation. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, pp. 3-25 – 3-26; Exh. 8, Kelly Rebuttal, pp. 21-23.)

DRA	\$354,848
Suburban	\$530,488
Settlement	\$388,774

5.1.20 Miscellaneous General – Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of miscellaneous general expenses. (Application, Exh. A, p. 5-7; Exh. G, p. 3-27; Kelly Rebuttal, p. 23.)

DRA	\$91,534
Suburban	\$110,532
Settlement	\$101,033

5.1.21 Maintenance of General Plant – Suburban used a five-year average adjusted for inflation to develop its estimate. DRA excluded the highest and lowest amounts of

the most recent recorded five years, after adjustment for inflation. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-7; Exh. G, p. 3-27; Exh. 8, Kelly Rebuttal, pp. 5-6.)

DRA	\$321,602
Suburban	\$322,898
Settlement	\$322,250

5.1.22 Rents – The differences between Suburban and DRA in this category were due to issues related to Suburban’s move to the new Whittier/La Mirada office, discussed in more detail below. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree to include DRA’s estimate of only 80% of Whittier/La Mirada office contracted rent, with the understanding that in Suburban’s next general rate case 100% will be allowed. In addition, the Parties agree to include office machine rent at a level half way between DRA’s estimate and Suburban’s estimate. The amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, pp. 3-28 – 3-29; Exh. 8, Kelly Rebuttal, p. 24.)

DRA	\$350,570
Suburban	\$429,696
Settlement	\$399,086

5.1.23 General Administrative Overhead – The differences between the Parties in this category were due to the differences regarding capital expenditures. Based on the settlement of capital expenditures, discussed below, the Parties agree that the amount below is reasonable. (Application, Exh. A, p. 5-3; Exh. G., DRA Suburban Report, p. 3-29; Exh. 8, Kelly Rebuttal, pp. 24-25.)

DRA	\$758,500
-----	-----------

Suburban \$999,300  
Settlement \$872,900

5.1.24 Transportation Expenses – Suburban developed its estimate for this category based on a combination of an adjusted five-year average, annualized amounts, and specific costs for certain subaccounts. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, pp. 3-30 – 3-31; Exh. 8, Kelly Rebuttal, pp. 25-26.)

DRA \$978,163  
Suburban \$1,110,653  
Settlement \$1,035,270

5.1.25 Tools and Work Equipment – Suburban developed its estimate for this category based on a combination of an adjusted five-year average, annualized amounts, and specific costs for certain subaccounts. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-7; Exh. G, DRA Suburban Report, pp. 3-31 – 3-32; Exh. 8, Kelly Rebuttal, pp. 26-27.)

DRA \$92,880  
Suburban \$169,005  
Settlement \$93,742

## **5.2 Utility Group Expenses**

5.2.1 Payroll Taxes – Based on discussions during the settlement conference and in the spirit of compromise, Suburban agrees to accept DRA’s estimate. (Application, Exh. A, p. 5-9; Exh. B, DRA Southwest Report, pp. 2-1 – 2-2; Exh. 8, Kelly Rebuttal, p. 29.)

DRA	\$49,072
Suburban	\$62,454
Settlement	\$49,072

5.2.2 Health Insurance – Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. 5, Direct Testimony of Walter Bench (“Bench Direct”), pp. 2-7; Exh. B, DRA Southwest Report, pp. 1-9 – 1-11; Exh. 6, Rebuttal Testimony of Walter Bench (“Bench Rebuttal”), pp. 2-4.)

DRA	\$49,497
Suburban	\$50,145
Settlement	\$49,821

5.2.3 Employee Welfare – Suburban agreed to accept DRA’s recommendation in this category. (Application, Exh. A, p. 5-9; Exh. B, DRA Southwest Report, p. 2-3; Exh. 8, Kelly Rebuttal, p. 29.)

DRA	\$0
Suburban	\$628
Settlement	\$0

5.2.4 401k Employer Contribution – Suburban based its estimate on annualized recorded expenses as of August 2007. DRA based its recommendation on recorded year 2006. Based on discussions during the settlement conference, DRA agrees to accept Suburban’s estimate. (Application, Exh. A, p. 5-9; Exh. B, DRA Southwest Report, pp. 2-3 – 2-4; Exh. 8, Kelly Rebuttal, pp. 29-30.)

DRA	\$33,365
Suburban	\$45,411

Settlement \$45,411

5.2.5 Machine Rental and Repairs – Suburban based its estimate on 2007 expenses, annualized. DRA based its estimate on an escalated average of the last three years of recorded data. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-9; Exh. B, DRA Southwest Report, pp. 2-5 – 2-6; Exh. 8, Kelly Rebuttal, pp. 30-31.)

DRA	\$9,421
Suburban	\$10,871
Settlement	\$10,146

5.2.6 Rent – DRA noted in its Southwest Report that rent, a fixed amount per contract, should not be escalated and adjusted the amount accordingly. Suburban agrees with DRA’s adjustment. (Application, Exh. A, p. 5-9; Exh. B, DRA Southwest Report, pp. 2-6 – 2-7.)

DRA	\$44,149
Suburban	\$46,474
Settlement	\$44,149

5.2.7 Car/Truck Gas – Suburban based its estimate on the annualized recorded expenses as of August 2007. Based on discussions during the settlement conference, DRA agrees to accept Suburban’s estimate. (Application, Exh. A, p. 5-9; Exh. B, DRA Southwest Report, pp. 2-7 – 2-8; Exh. 8, Kelly Rebuttal, p. 31.)

DRA	\$7,085
Suburban	\$9,485
Settlement	\$9,485

5.2.8 Car Allowance – Suburban based its estimate on the annualized recorded expenses as of August 2007. Based on discussions during the settlement conference, DRA agrees to accept Suburban’s estimate. (Application, Exh. A, p. 5-9; Exh. B, DRA Southwest Report, pp. 2-8 – 2-9; Exh. 8, Kelly Rebuttal, p. 31.)

DRA	\$0
Suburban	\$29,501
Settlement	\$29,501

5.2.9 Travel and Entertainment Tax Deductible – Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-9; Exh. B, DRA Southwest Report, pp. 2-9 – 2-11; Exh. 8, Kelly Rebuttal, p. 32.)

DRA	\$47,610
Suburban	\$68,404
Settlement	\$60,087

### **5.3 Southwest (Parent Company) Expenses**

5.3.1 Health Insurance - Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Exh. 5, Bench Direct, pp. 2-7; Exh. B, DRA Southwest Report, p. 1-9 – 1-11; Exh. 6, Bench Rebuttal, pp. 2-4.)

DRA	\$110,141
Suburban	\$119,692
Settlement	\$114,916

5.3.2 Transfer Agent Fees – Transfer agent fees are based on the number of shares outstanding. Based on discussions during the settlement conference and in the spirit of

compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-8; Exh. B, DRA Southwest Report, p. 1-32 – 1-33; Exh. 2, Rebuttal Testimony of David Stanton (“Stanton Rebuttal”), p. 9.)

DRA	\$89,324
Suburban	\$129,479
Settlement	\$119,987

5.3.3 Subscriptions – Suburban based its estimate on a full-year forecast for 2007, escalated. DRA used a five-year average, escalated. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-8; Exh. B, DRA Southwest Report, p. 1-36; Exh. 2, Stanton Rebuttal, pp. 10-11.)

DRA	\$21,952
Suburban	\$31,580
Settlement	\$26,766

5.3.4 Telephone and Fax Expense – Suburban based its estimate on forecasted 2007, escalated. DRA used a four-year average, escalated. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-8; Exh. B, DRA Southwest Report, pp. 1-36 – 1-37; Exh. 2, Stanton Rebuttal, p. 11.)

DRA	\$31,122
Suburban	\$35,791
Settlement	\$33,456

5.3.5 Voicemail - Suburban based its estimate on forecasted 2007, escalated. DRA used a four-year average, escalated. Based on discussions during the settlement conference

and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-8; Exh. B, DRA Southwest Report, p. 1-38; Exh. 2, Stanton Rebuttal, pp. 11-12.)

DRA	\$3,720
Suburban	\$4,211
Settlement	\$3,966

5.3.6 Training and Seminars - Suburban based its estimate for these expenses on a full-year forecast for 2007, escalated. DRA used a five-year average, escalated. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-8; Exh. B, DRA Southwest Report, pp. 1-53 – 1-54; Exh. 2, Stanton Rebuttal, p. 15.)

DRA	\$25,553
Suburban	\$27,487
Settlement	\$26,520

5.3.7 Professional Dues - Suburban based its estimate on a full-year forecast for 2007, escalated. DRA used a five-year average, escalated. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-8; Exh. B, DRA Southwest Report, p. 1-61; Exh. 2, Stanton Rebuttal, p. 16.)

DRA	\$45,083
Suburban	\$103,162
Settlement	\$72,135

5.3.8 Interest – Deferred Compensation - Suburban based its estimate on a full-year forecast for 2007, escalated. DRA used a five-year average, escalated. Based on

discussions during the settlement conference, DRA agrees to accept Suburban's estimate. (Application, Exh. A, p. 5-8; Exh. B, DRA Southwest Report, pp. 1-67 – 1-68; Exh. 2, Stanton Rebuttal, p. 18.)

DRA	\$77,195
Suburban	\$104,214
Settlement	\$104,214

5.3.9 Miscellaneous Expense - Suburban based its estimate on forecasted 2007, escalated. DRA used a four-year average, escalated. Based on discussions during the settlement conference and in the spirit of compromise, the Parties agree that the amount below is a reasonable estimate of expenses. (Application, Exh. A, p. 5-8; Exh. B, DRA Southwest Report, pp. 1-68 – 1-69; Exh. 2, Stanton Rebuttal, p. 18.)

DRA	\$9,617
Suburban	\$53,686
Settlement	\$31,652

## **6. PLANT IN SERVICE**

### **6.1 Routine Plant and Direct Purchases**

6.1.1 Plant Improvements at Various Locations – This category of expenses includes routine plant maintenance and repair projects, such as general painting of structures and aboveground equipment, landscaping, repair of fences, and other minor repairs to utility plant. The agreed-upon amount takes into account the historical spending for this category as well as the fact that field staff is often unable to perform routine plant improvements due to other duties. The positions of the Parties and the settled outcome are summarized below. (Application Exh. A, p. 6-3; Exh. G, DRA Suburban Report, pp. 4-2 – 4-3; Exh. 20, Rebuttal Testimony of Paul Carver (“Carver Rebuttal”), pp. 2-3.)

	<u>2008</u>	<u>2009</u>	<u>2010</u>
DRA	\$200,000	\$200,000	\$200,000
Suburban	\$300,000	\$400,000	\$312,000
Settlement	\$238,933	\$318,577	\$248,490

6.1.2 Security Upgrades – This category includes security updates for various plant locations in the San Jose Hills and Whittier/La Mirada service areas. Security upgrades include new fencing, electronic gates and magnetic key systems. DRA identified a duplicate item included in Suburban’s request. With that item removed, the Parties agree on the amount below. (Application, Exh. A, ch. 6; Exh. G, DRA Suburban Report, pp. 4-4 – 4-5; Exh. 20, Carver Rebuttal, pp. 3-6.)

	<u>2008</u>	<u>2009</u>	<u>2010</u>
DRA	\$100,000	\$100,000	\$100,000
Suburban	\$200,000	\$200,000	\$200,000
Settlement	\$200,000	\$157,820	\$200,000

6.1.3 Personal Computers (Hardware and Software) – This category includes mapping system upgrades, computer and printer replacements, and software purchases, upgrades and conversions. Although Suburban has finished its mapping system upgrades, there will continue to be costs related to system maintenance and upgrades. The positions of the Parties and the settled outcome are summarized below. (Application, Exh. A, p. 6-5; Exh. G, DRA Suburban Report, pp. 4-5 – 4-7; Exh. 20, Carver Rebuttal, pp. 6-7.)

	<u>2010</u>
DRA	\$50,000
Suburban	\$100,000
Settlement	\$100,000

**6.2 Major Plant Improvements – San Jose Hills District**

6.2.1 Plant 110 Replace Pump Station – The differences between the Parties related to costs for security upgrades at this site. After additional discussion during the settlement conference, DRA agrees to restore the amounts for the electronic gate and other security measures. The Parties agrees to remove the costs related to replacement of the chain link fence. (Exh. 16, Direct Testimony of Paul Carver, P.E., (“Carver Direct”), pp. 6-8; Exh. G, DRA Suburban Report, pp. 4-9 – 4-10; Exh. 20, Carver Rebuttal, p. 7.)

2008

DRA	\$2,133,000
Suburban	\$2,231,000
Settlement	\$2,181,760

6.2.2 Plant 147 W-2 Pump and Motor Replacement – Suburban agrees with DRA’s recommended amount since it will be receiving a rebate from Southern California Edison for replacement of the old motor with a smaller motor and a new variable frequency drive (VFD) to control motor speed. (Exh. G, DRA Suburban Report, pp. 4-10 – 4-11; Carver Rebuttal, p. 7.)

2008

DRA	\$150,000
Suburban	\$240,000
Settlement	\$150,000

6.2.3 Plant 505 R-1 Painting, Coating, Piping and Site Work – The differences between the Parties related to costs for security upgrades and piping modifications at this site. After additional discussion during the settlement conference, DRA agrees to restore the amounts for the electronic gate and other security measures. Suburban agrees to remove the costs related

to the piping modifications. (Exh. 16, Carver Direct, pp. 3-5; Exh. G, DRA Suburban Report, pp. 4-11 – 4-15; Exh. 20, Carver Rebuttal, pp. 7-8.)

2008

DRA	\$1,220,000
Suburban	\$1,570,000
Settlement	\$1,263,046

6.2.4 Plant 167 R-1 Painting, Coating, Piping and Site Work - The differences between the Parties related to costs for security upgrades, piping and site modifications. After additional discussion during the settlement conference, Suburban agrees to accept DRA's estimate. (Exh. 16, Carver Direct, pp. 23-26; Exh. G, DRA Suburban Report, pp. 4-15 – 4-16; Exh. 20, Carver Rebuttal, p. 9.)

2009

DRA	\$450,000
Suburban	\$1,066,000
Settlement	\$450,000

6.2.5 Install Pipe 2600 LF of 16" DIP in Grand Avenue from San Dimas to Gladstone – After discussions at the settlement conference, DRA agrees to allow this project based on the showing made in Suburban's Application and supporting testimony. (Exh. 16, Carver Direct, pp. 41-42; Exh. G, DRA Suburban Report, pp. 4-18 – 4-19; Exh. 20, Carver Rebuttal, pp. 9-10.)

2010

DRA	\$0
Suburban	\$1,000,000
Settlement	\$1,000,000

6.2.6 Plant 503 R-1 Painting, Coating and Piping Work – The differences between the Parties related to costs for security upgrades and piping modifications at this site. After additional discussion during the settlement conference, Suburban agrees to accept DRA’s estimate. (Exh. 16, Carver Direct, pp. 20-22; Exh. G, DRA Suburban Report, pp. 4-16 – 4-18; Carver Rebuttal, p. 9.)

	<u>2009</u>
DRA	\$1,240,000
Suburban	\$1,600,000
Settlement	\$1,240,000

6.2.7 Install 2000 LF of 16” DIP in Grand Avenue from Gladstone to Armstead – After discussions at the settlement conference, DRA agrees to allow this project based on the showing made in Suburban’s Application and supporting testimony. (Exh. 16, Carver Direct, pp. 29-31; Exh. G, DRA Suburban Report, pp. 4-18 – 4-19; Exh. 20, Carver Rebuttal, pp. 9-10.)

	<u>2009</u>
DRA	\$0
Suburban	\$800,000
Settlement	\$800,000

### **6.3 Major Plant Improvements – Whittier/La Mirada District**

6.3.1 La Mirada – Replace Grey Plastic Pipes – Grey plastic pipes, installed in the 1950s, are extremely thin and brittle. After discussion with Suburban, DRA recognized the problems with the grey plastic pipes, but still expressed reservations about Suburban’s records of leak repairs, which could provide additional data on the problems with the grey plastic pipe. Given these issues, the Parties agree that that the amounts listed below are reasonable for this project. (Exh. 16, Carver Direct, pp. 10-11; Exh. G, DRA Suburban Report, pp. 4-20 – 4-21; Exh. 20, Carver Rebuttal, pp. 12.)

	<u>2008</u>	<u>2009</u>	<u>2010</u>
DRA	\$0	\$0	\$0
Suburban	\$259,000	\$441,000	\$1,228,000
Settlement	\$129,500	\$220,500	\$614,000

6.3.2 MWD Relocation – For this 2008 project, Suburban rerouted pipelines into vaults behind the curb and out of traffic for safety reasons. Based on discussions during the settlement conference, DRA agrees to accept this project based on the showing made in Suburban’s Application and supporting testimony. (Exh. 16, Carver Direct, pp. 11-12; Exh. G, DRA Suburban Report, pp. 4-21 – 4-22; Exh. 20, Carver Rebuttal, pp. 12-15.)

	<u>2008</u>
DRA	\$0
Suburban	\$1,200,000
Settlement	\$1,200,000

6.3.3 Plant 201 Equip Well W-10 – In its Suburban Report, DRA noted a calculation error for the 16-inch discharge pipe and removed the costs for the security measures. After additional discussion during the settlement conference, Suburban agrees to accept DRA’s estimate. (Exh. 16, Carver Direct, pp. 15-17; Exh. G, DRA Suburban Report, pp. 4-22 – 4-23; Exh. 20, Carver Rebuttal, p. 15.)

	<u>2008</u>
DRA	\$1,119,000
Suburban	\$1,300,000
Settlement	\$1,119,000

6.3.4 Plant 236 R-1 Painting, Coating, Piping Modifications and Site Work –

The differences between the Parties related to costs for security upgrades, piping and site modifications. After additional discussion during the settlement conference, Suburban agrees to accept DRA's estimate. (Exh. 16, Carver Direct, pp. 13-15; Exh. G, DRA Suburban Report, pp. 4-23 – 4-24; Carver Rebuttal, pp. 15.)

2008

DRA	\$576,000
Suburban	\$1,304,000
Settlement	\$576,000

6.3.5 Plant 428 Construct New 2MG Tank – After discussions with DRA at the

settlement conference, Suburban agrees to withdraw its request for this project. (Exh. 16, Carver Direct, pp. 51-52; Exh. G, DRA Suburban Report, pp. 4-24 – 4-25; Exh. 20, Carver Rebuttal, pp. 15-16.)

2010

DRA	\$0
Suburban	\$1,787,000
Settlement	\$0

6.3.6 Zone 600 & 620 Install 3500 LF of 8" PVC in Villa Verde, Youngwood

and Condessa – After discussions with DRA at the settlement conference, Suburban agrees to withdraw its request for this project. (Exh. 16, Carver Direct, pp. 49-50; Exh. G, DRA Suburban Report, pp. 4-25 – 4-26; Exh. 20, Carver Rebuttal, pp. 16-17.)

2010

DRA	\$0
Suburban	\$872,000
Settlement	\$0

6.3.7 Plant 205 Replace Pump Station – After additional discussion during the settlement conference, Suburban agrees to accept DRA’s estimate. (Exh. 16, Carver Direct, pp. 53-54; Exh. G, DRA Suburban Report, pp. 4-27; Exh. 20, Carver Rebuttal, p. 18.)

	<u>2010</u>
DRA	\$1,816,000
Suburban	\$1,900,000
Settlement	\$1,816,000

#### **6.4 Plant Additions Not Previously Authorized**

6.4.1 San Jose Hills RASF Complete Block Wall and Gates - After additional discussion during the settlement conference, DRA agrees to restore the amount for security measures based on the showing made in Suburban’s Application and supporting testimony. (Application, Exh. A, p. 6-3; Exh. G, DRA Suburban Report, pp. 4-28; Exh. 20, Carver Rebuttal, p. 18.)

	<u>2005 Recorded</u>
DRA	\$2,701
Suburban	\$17,071
Settlement	\$17,071

6.4.2 Whittier La Mirada New Office Tenant Improvement – Suburban’s previous Whittier/La Mirada office was becoming increasingly crowded and was no longer large enough to accommodate existing personnel. Additionally, the old office space could not be expanded or remodeled. Suburban therefore moved the entire Whittier/La Mirada operation to a new office space in 2006. After discussing the matter with Suburban at the settlement conference, DRA agreed that the move was justified, but expressed concern over the record keeping related to the move and the support for the move included in the application. The parties

agreed that Suburban should be allowed to place 80% of this project in rate base now and 100% in the next general rate case. (Application, Exh. A, p. 6-3; Exh. G, DRA Suburban Report; Exh. 20, Carver Rebuttal, pp. 19-20.)

2005-2006 Recorded

DRA	\$92,341
Suburban	\$184,682
Settlement	\$147,745

6.4.3 Sunset Pipeline – Suburban built a pipeline that connects the northern end of the pressure zone with the area currently served by Plant 147. Suburban constructed the Sunset pipeline based on water quality data that there was a contamination risk at the Plant 147 well. Suburban was concerned that it might be forced to shut down the well if the contaminants exceeded the MCLs. After discussing the matter at the settlement conference, DRA agrees to allow the full amount for this project in ratebase based on the showing made in Suburban’s Application and supporting testimony. (Application, Exh. A, p. 6-3; Exh. G, DRA Suburban Report, pp. 4-30 – 4-31; Exh. 20, Carver Rebuttal, pp. 21-23.)

2006 Recorded

DRA	\$0
Suburban	\$1,847,206
Settlement	\$1,847,206

**6.5 Data Collection and Reporting**

6.5.1 In its Suburban Report, DRA expressed concern about Suburban’s record keeping for leak repairs, estimates for future projects and justification for completed projects. The Parties agree to meet within 90-days of the approval of this Settlement Agreement to develop a memorandum of understanding (MOU) regarding these issues. (Exh. G, DRA Suburban Report, pp. 4-19.)

DIVISION OF RATEPAYER ADVOCATES

SUBURBAN WATER SYSTEMS

By: \_\_\_\_\_  
Dana Appling

By: Robert L. Kelly  
Robert L. Kelly

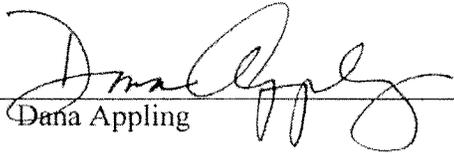
Date: August 1, 2008

Date: August 1, 2008

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DIVISION OF RATEPAYER ADVOCATES

SUBURBAN WATER SYSTEMS

By:   
Dana Appling

By: \_\_\_\_\_  
Robert L. Kelly

Date: August 1, 2008

Date: August 1, 2008

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**APPENDIX A**

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**TABLE A**  
**SUBURBAN WATER COMPANY**  
**SUMMARY OF EARNINGS**

Test Year 2009

Item	Suburban		Difference	DRA		Remark	Note No.
	Application	Current		Current	Report		
	(Dollars in Thousands)						
Water Service Revenue	57,923.6	55,829.7	5,642.6	50,187.1	46,588.0		
Other Water Revenues:							
Miscellaneous Service Revenues	130.0	130.0	0.0	130.0	130.0		
Rent from Water Property	8.6	8.6	0.0	8.6	8.6		
Other Revenues	13.5	13.5	0.0	13.5	13.5		
Other Revenues - Service Line Maint. Program	35.6	35.6	(320.8)	356.4	356.4		1
Amortization of Deferred Revenues	13.5	13.5	0.0	13.5	13.5		
<b>Total Revenue</b>	<b>58,124.9</b>	<b>56,031.0</b>	<b>5,321.9</b>	<b>50,709.1</b>	<b>47,110.0</b>		
<b>Expenses</b>							
Operation & Maintenance	19,830.9	19,763.8	0.0	19,763.8	19,480.2		
Payroll Expense	7,824.9	7,488.5	1,438.9	6,049.6	6,049.7		
Administrative and General	11,724.1	10,435.9	3,460.9	6,975.1	6,979.2		
Depreciation Expense	5,108.6	5,066.8	0.0	5,066.8	4,975.6		
Taxes Other Than Income	1,585.2	1,551.6	110.3	1,441.3	1,367.4		
CCFT	816.6	793.9	26.8	767.1	505.6		
FIT	3,093.3	2,990.4	261.1	2,729.3	376.5		
<b>Total Expenses</b>	<b>49,983.5</b>	<b>48,091.0</b>	<b>5,298.0</b>	<b>42,792.9</b>	<b>39,734.2</b>		
<b>Net Income</b>	<b>8,141.4</b>	<b>7,940.0</b>	<b>23.8</b>	<b>7,916.2</b>	<b>7,375.8</b>		
Rate base	94,106.6	91,777.4	275.2	91,502.2	85,262.7		Derivative
Rate of Return	8.65%	8.65%		8.65%	8.65%		

**NOTE:**

**1 Other Revenues - Service Line Maint. Prog.**

Suburban recorded 10% of non-tariffed revenue above the line, whereas DRA recommended 100% above the line. For the discussion, please see DRA's "Report on The Southwest Water Company/Utility Group Costs of Suburban Water Systems" Chapter 5, pages 5-1 through 5-18, Suburban's rebuttal testimony of Robert L. Kelly, page 42 line 18 through page 47 line 17, and Exhibit 9 "Reconciliation of RHP Data Request Responses to Entries in Below-the-Line General Ledger Accounts."

TABLE A-1

SUBURBAN WATER COMPANY  
OPERATION & MAINTENANCE AND A&G EXPENSES

Test Year 2009

line#	P.U.C. Acct#	Suburban		Difference	DRA		Remark	Note No.	
		Application	Current		Current	Report			
(Dollars in Thousands)									
1		Total Payroll Expenses	7,824.9	7,488.5	1,438.8	6,049.7	6,049.7	Disputed	2
2									
3		<u>Operating and Maintenance Expenses :</u>							
4	703	Pumped Water Assessments, Main Basin	4,586.0	4,586.0	0.0	4,586.0	4,586.0		
5	703	Pumped Water Assessments, Central Basin	282.7	282.7	0.0	282.7	282.7		
6	704	Purchased Water excluding CR Reimb.	9,008.9	9,021.1	0.0	9,021.1	9,032.5	Derivative	
7	711	Maintenance- Well repairs	50.9	50.9	0.0	50.9	50.9		
8	726	Purchased Power	3,078.7	3,056.8	0.0	3,056.8	3,056.5	Derivative	3
9	704	Cooperating Respondent Reimbursement	(27.8)	(28.4)	0.0	(28.4)	(28.4)		4
10	725	Field Supplies	1.5	1.5	0.0	1.5	1.5		
11	730	Building/Plant Supplies	40.9	34.9	0.0	34.9	29.0	Settled	5
12	732	Maintenance of Pumping Equipment	122.2	111.8	0.0	111.8	101.5	Settled	6
13	742	Operation Labor and Expenses	257.4	257.2	0.0	257.2	236.8	Settled	7
14	743	Miscellaneous Expenses	0.0	0.0	0.0	0.0	0.0		
15	744	Chemicals and Filtering Materials	327.6	327.6	0.0	327.6	231.7	Settled	8
16	748	Maintenance of Water Treatment Equipment	25.3	25.3	0.0	25.3	25.3		
17	752	Storage Facilities Expenses	106.6	106.6	0.0	106.6	106.6		
18	754	Meter Expense	0.0	0.0	0.0	0.0	0.0		
19	760	Maintenance of Reservoirs and Tanks	16.7	16.1	0.0	16.1	15.5	Settled	9
20	761	Maintenance of Trans. and Distrib. Mains	771.5	764.5	0.0	764.5	692.3	Settled	10
21	763	Maintenance of Services	207.0	191.2	0.0	191.2	175.5	Settled	11
22	764	Maintenance of Meters	164.1	163.7	0.0	163.7	91.2	Settled	12
23	765	Maintenance of Hydrants	59.5	59.5	0.0	59.5	59.5		
24	773	Postage	332.3	334.1	0.0	334.1	334.1		13
25	772	Meter Reading Expenses	23.2	22.5	0.0	22.5	21.9	Settled	14
26	773	Customer Records & Collection Expenses	82.5	82.5	0.0	82.5	82.5		
27	775	Uncollectible Accounts (0.19%)	95.5	95.5	0.0	95.5	95.5		
28	783	Water Conservation	204.8	200.0	0.0	200.0	200.0		15
29		Capacity Reservation Charges	124.6	0.0	0.0	0.0	0.0		16
30		Total Operating and Maintenance Expenses	19,942.5	19,763.8	0.0	19,763.8	19,480.4		
31									

32	<u>A&amp;G Expenses</u>								
33	792	Office Supplies and Other Expenses	1,002.3	978.7	0.0	978.7	895.0	Settled	17
34	793	Property Insurance	293.5	293.5	0.0	293.5	293.5		
35	794	Insurance, Injuries and Damages	912.2	912.2	0.0	912.2	912.2		
36	795	Employees' Pensions and Benefits	1,267.2	1,267.2	208.1	1,059.1	1,039.1	Disputed	18
37	796	Franchise Requirements (1.3%)	753.0	724.4	73.1	651.3	605.6	Derivative	19
38	797	Regulatory Commission Expenses	129.1	129.1	0.0	129.1	129.1		
39	797	P.U.C. Reimbursement Fee	753.4	0.0	0.0	0.0	0.0	Settled	20
40	798	Outside Services Employed	530.5	388.8	0.0	388.8	354.8	Settled	21
41	799	Miscellaneous General Expenses	110.5	101.0	0.0	101.0	91.5	Settled	22
42	805	Maintenance of General Plant	322.9	322.3	0.0	322.3	321.6	Settled	23
43	811	Rents	429.7	399.1	0.0	399.1	350.6	Settled	24
44	812	General Administrative Overhead- Cr.	(999.3)	(873.0)	0.0	(873.0)	(758.5)	Derivative	25
45	901	Parent Company Allocation	3,738.6	3,684.1	2,799.3	884.7	870.7	Disputed	26
46	901	Utility Group Allocation	986.1	969.0	195.2	773.8	745.5	Disputed	27
47	903	Transportation Expenses - Clearing	1,110.7	1,035.3	0.0	1,035.3	978.2	Settled	28
48	906	Tools & Work Equipment	169.0	93.7	0.0	93.7	92.9	Settled	29
49		Total A&G Expenses	11,509.5	10,425.3	3,275.7	7,149.6	6,921.9		
50									
51		Total All Expense (Payroll, O&M, A&G)	39,276.9	37,677.6	4,714.5	32,963.1	32,452.0		

TABLE A-2

SUBURBAN WATER COMPANY

OPERATION & MAINTENANCE AND A&G EXPENSES (Continued)

Test Year 2009

**NOTE:**

2 Total Payroll Expenses

DRA amount based on 2006 payroll escalated to 2009, which did not include Suburban's 14 proposed positions.

Suburban amount for 2009 based on Estimated 2007 amount, plus the 14 proposed position which two of them already hired.

DRA and Suburban only agreed on the necessity of hiring the three Quality Assurance positions (one of the three already hired). Suburban agreed to withdraw its request to add a six person leak crew. However, the rate recovery associated with the three Quality Assurance positions will be determined separately by the commission. DRA disagrees with both the necessity and rate recovery of the remaining 4 proposed positions that Suburban is still requesting.

Year	Labor Escalation Factor	Original Total Payroll Expenses				Difference
		DRA's Basis	DRA's Report	Suburban's Basis	Suburban	
2006			5,601.5		5,601.5	0.0
2007	103.20%	2006 escalated	5,772.8	2007 calculated	6,375.0	(602.2)
2008	102.60%	2007 escalated	5,922.8	2008 calculated	7,341.7	(1,418.8)
<b>2009</b>	<b>102.00%</b>	<b>2008 escalated</b>	<b>6,049.7</b>	<b>2008 escalated</b>	<b>7,488.5</b>	<b>(1,438.8)</b>
2010	101.90%	2009 escalated	6,164.6	2009 escalated	7,630.8	(1,466.2)

The summary of the settlement between DRA and Suburban for 2009 Payroll is shown below:

	DRA	Suburban	Difference
Payroll expense before adjustment	6,007.0	7,452.3	
Add: <u>Proposed Positions:</u>			
Water Conservation Coordinator	0.0	78.5	
Supplier Diversity Coordinator	0.0	78.5	
Benefit Analyst	0.0	62.9	
Quality Assurance Technician	0.0	62.8	
Quality Assurance Technician	0.0	62.8	
Quality Assurance Technician (already hired)	0.0	47.3	
IT Technician (already hired)	42.6	42.6	
Withdrawal of six Utility Personnel and one Quality Assurance	0.0	(346.9)	
		(52.3)	
	<u>6,049.7</u>	<u>7,488.5</u>	<u>(1,438.8)</u>

3 Purchased Power

In Suburban's Rebuttal Testimony, Suburban accepted DRA's analysis to reduce the Purchased Power by \$22,525 each year for 2009 and 2010.

The reduction in the purchased power was the result of the rebate that Suburban would receive from Southern California Edison when Suburban replaced an inefficient 450 hp electric motor at Plant 147 with more efficient pumping equipment.

The derivation of Purchased Power resulted from the settlement usage per customer for business class in the San Jose Hills and Whittier/La Mirada Service Areas.

4 Cooperating Respondent Reimbursement

In Suburban's Rebuttal Testimony, Suburban accepted DRA's analysis to increase the Cooperating Respondent (CR) Reimbursement amount to \$28,375 to reflect the inflation factor.

5 Building/Plant Supplies

Suburban and DRA agreed to split the difference of \$11,900 during the settlement meeting in Los Angeles, CA.

6 Maintenance of Pumping Equipment

Suburban and DRA agreed to split the difference of \$20,723 during the settlement meeting in Los Angeles, CA.

7 Operation Labor and Expenses

Suburban and DRA agree to split the difference for each sub account, except for Source Code (SC) 176 - Dept. of Health Svcs. Fees, DRA accepted Suburban's request for 2008 for the amount of \$105,000. Suburban explained this expense in Data Request EM-4 response no. 11: "DHS or DPH as they are called now are charging an hourly rate everything they spend time reviewing our system (well) data or writing permits. Based on our construction activities and discussion with DOHS, we expect DPH to spend extra time this year for writing a permit for the new well 201 W10. The DPH is also planning on writing a new permit for the La Mirada systems (wells) to include the upgraded treatment system at Well 410 and treatment modification at Plant 409."

PUC Code	Source Code	Description	Original			Settlement		
			DRA's Report	Suburban	Difference	DRA	Suburban	Difference
742	130	Field Supplies	13,457	13,581	(124)	13,519	13,519	0.0
742	171	Laboratory Services	119,384	119,384	0	119,384	119,384	0.0
742	174	Water Treatment	58	347	(289)	202	202	0.0
742	176	Dept. of Health Svcs. Fees	87,262	107,499	(20,237)	107,499	107,499	0.0
742	304	Uniforms/Clothing	2,578	2,578	(0)	2,578	2,578	0.0
742	600	County Health License Fee	14,037	14,037	0	14,037	14,037	0.0
			236,776	257,426	(20,650)	257,219	257,219	0.0

**OPERATION & MAINTENANCE AND A&G EXPENSES (Continued)**

**8** Chemicals and Filtering Materials

During the settlement meeting, DRA accepted Suburban's request. Suburban supplied the basis for the estimated year in the Workpapers Volume 2 of 2, page no. 32, which is for the additional chemicals required for treating pumped water.

**9** Maintenance of Reservoirs and Tanks

Suburban and DRA agreed to split the difference of \$1,193.

**10** Maintenance of Trans. and Distrib. Mains

DRA and Suburban agree to split the difference, except for source codes 122 and 145: Outside Services and Permit.

PUC Code	Source Code	Description	Original			Settlement			Note No.
			DRA's Report	Suburban	Difference	DRA	Suburban	Difference	
761	121	T/D Line Repair	286,818	305,210	(18,392)	296,014	296,014	0	
761	122	Outside Services	0	0	0	0	0	0	
761	123	Gardening Maintenance	0	344	(344)	172	172	0	
761	130	Field Supplies	30,046	29,333	713	29,689	29,689	0	
761	132	Safety Supplies	0	0	0	0	0	0	
761	133	Field Equipment Repair	8,238	8,300	(62)	8,269	8,269	0	
761	137	Pipeline Rental	11,846	9,676	2,170	10,761	10,761	0	
761	139	Backhoe Service	31,737	33,576	(1,839)	32,656	32,656	0	
761	142	Welding Services	3,578	4,135	(557)	3,857	3,857	0	
761	143	Welding Supplies	23	133	(110)	78	78	0	
761	145	Permits	37,318	102,585	(65,267)	102,585	102,585	0	10.a.
761	148	Street Repairs	259,511	254,624	4,887	257,067	257,067	0	
761	152	Inventory Adjustment	0	480	(480)	240	240	0	
761	184	Small Tools	13,785	13,849	(64)	13,817	13,817	0	
761	304	Uniforms/Clothing	9,354	9,226	128	9,290	9,290	0	
			692,254	771,471	(79,217)	764,495	764,495	0	

**10.a.** Source code 145 - Permit

DRA accepted Suburban's requested amount for Permits. Suburban's request for an additional expense amount is caused by most of Suburban's groundwater supply having now been restored after several years of being out of service due to contamination.

11 Maintenance of Services

Suburban and DRA agree to split the difference of \$31,487.

Suburban's requested \$174,046 for 2009 Service Line Repair was due to catch-up repairs related to the gray plastic service line pipe problem, and the abundance of leaks in the past few years.

PUC Code	Source Code	Description	Original			Settlement		
			DRA's Report	Suburban	Difference	DRA	Suburban	Difference
763	124	Service Line Repair	152,887	174,046	(21,159)	163,466	163,466	0
763	125	Relocation Service/Lines	0	0	0	0	0	0
763	130	Field Supplies	0	0	0	0	0	0
763	139	Backhoe Service	0	1,994	(1,994)	997	997	0
763	145	Permits	70	200	(130)	135	135	0
763	148	Street Repairs	22,517	30,618	(8,101)	26,567	26,567	0
763	184	Small Tools	0	102	(102)	51	51	0
			175,473	206,960	(31,487)	191,216	191,216	0

12 Maintenance of Meters

DRA and Suburban agree to split the difference, except for source code 241 - Small Meter Program.

DRA accepted Suburban's request for the Small Meter Program because of the catch-up meter replacement program as explained in Data Request EM-8 response "Due to the unforeseen events that may occur during the year, capital funds and departmental expenses may be utilized in other areas. During 2007, the Whittier/La Mirada service area allocated the fund for small meter program to other emergency needs. Therefore, the small meter programs that were scheduled to be changed out during 2007 are distributed in the years 2008 through 2010, and this will allow us to catch-up by 2010. This small meter program is consistent with the Water Action Plan objective to promote metered water service to encourage water conservation."

PUC Code	Source Code	Description	Original			Settlement		
			DRA's Report	Suburban	Difference	DRA	Suburban	Difference
764	130	Field Supplies	8,382	8,374	8	8,378	8,378	0
764	132	Safety Supplies	0	0	0	0	0	0
764	133	Field Equipment Repair	63	83	(20)	73	73	0
764	142	Welding Services	1,689	2,038	(349)	1,864	1,864	0
764	143	Welding Supplies	1,031	1,208	(177)	1,120	1,120	0
764	184	Small Tools	3,449	3,270	179	3,360	3,360	0
764	239	Maintenance of Meters	15,500	14,626	874	15,063	15,063	0
764	240	Large Meter Program	10,396	11,649	(1,253)	11,023	11,023	0
764	241	Small Meter Program	50,644	122,856	(72,212)	122,856	122,856	0
			91,156	164,104	(72,948)	163,737	163,737	0

**OPERATION & MAINTENANCE AND A&G EXPENSES (Continued)**

- 13 Postage  
In Suburban's Rebuttal Testimony of Robert L. Kelly, page 14 lines 19-22, Suburban accepted DRA's analysis. Suburban will make an upward adjustment of \$1,800 to \$334,100 for Test Year 2009, due to a postage increase which occurred on May 14,2007, and which was not considered in Suburban's application.
  
- 14 Meter Reading Expenses  
Suburban and DRA agree to split the difference of \$1,243.
  
- 15 Water Conservation  
In Suburban's Rebuttal Testimony of Robert L. Kelly, page 14 lines 24-27, Suburban accepted DRA's analysis. Suburban will make a downward adjustment of \$4,800 to \$200,000 for an escalation adjustment.
  
- 16 Capacity Reservation Charges  
Suburban accepted DRA's analysis for the Capacity Reservation Charges. This was an oversight by Suburban. This amount is already included in P.U.C. account 704 - Purchased Water excluding CR Reimbursement.

17 Office Supplies and Other Expenses

DRA and Suburban agree to split the difference for all the sub accounts, except for source codes 305, 321, and 337: Printing/Communications, Safety Incentives, and Postage-General - DRA accepted Suburban's request.

PUC Code	Source Code	Description	Original			Settlement			Note No.
			DRA's Report	Suburban	Difference	DRA	Suburban	Difference	
792	118	License Fees	18	23	(5)	21	21	0	
792	130	Field Supplies	312	558	(246)	435	435	0	
792	132	Safety Supplies	48,160	48,160	0	48,160	48,160	0	
792	200	Janitorial Service/Supplies	16,140	16,443	(303)	16,291	16,291	0	
792	209	Building Utilities	152,780	153,996	(1,216)	153,388	153,388	0	
792	211	Moving Expenses	0	2,220	(2,220)	1,110	1,110	0	
792	227	Coffee Shop	14,752	14,752	0	14,752	14,752	0	
792	234	Claims Paid	0	0	0	0	0	0	
792	242	Customer Service-Other	10,179	10,179	0	10,179	10,179	0	
792	300	Travel/Expense Repot	60,585	68,564	(7,979)	64,575	64,575	0	
792	301	Travel & Entertainment 50%	26,894	27,174	(280)	27,034	27,034	0	
792	302	Office Supplies	97,272	98,938	(1,666)	98,105	98,105	0	
792	304	Uiforms/Clothing	0	0	0	0	0	0	
792	305	Printing/Communications	48,482	58,357	(9,874)	58,357	58,357	0	17.a.
792	316	Subscriptions	18,464	19,363	(899)	18,914	18,914	0	
792	320	Training/Seminars	3,664	4,304	(640)	3,984	3,984	0	
792	321	Safety Incentives	4,289	31,728	(27,438)	31,728	31,728	0	17.b.
792	322	Recruiting Expenses	0	0	0	0	0	0	
792	324	Other Professional Service	0	0	0	0	0	0	
792	325	Temporary Employment Services	51,292	51,292	0	51,292	51,292	0	
792	328	Professional Dues-Personal	30,257	32,850	(2,593)	31,554	31,554	0	
792	332	Computer Cost Miscellaneous	28,418	31,565	(3,147)	29,991	29,991	0	
792	334	Telecommunications	128,298	132,373	(4,075)	130,335	130,335	0	
792	337	Postage-General	35,198	79,959	(44,761)	79,959	79,959	0	17.c.
792	338	Machine Rent/Repair	30,970	30,970	0	30,970	30,970	0	
792	340	Community Relations	14,383	14,383	0	14,383	14,383	0	
792	622	Other Expenses	74,185	74,185	0	74,185	74,185	0	
		Adjustment per settlement meeting				(11,038)	(11,038)	0	
			894,993	1,002,334	(107,342)	978,663	978,663	0	

17.a. Printing/Communications

Suburban requested an additional expense to cover the annual consumer confidence reports, and other recurring printing.

17.b. Safety Incentives

On a quarterly basis, Suburban rewards employees if there are zero accidents or injuries. In addition, in 2008 Suburban implemented new safety procedures, which include additional rewards for field employees. Suburban provided the breakdown of the cost in Data Request EM-8 response to item 3.h. For further explanation, please see Rebuttal Testimony of Robert L. Kelly (Exhibit 8) page 18 lines 1-21.

17.c. Postage-General

DRA accepted Suburban's request due to the May 2007 increase in postage rates that was not included in Suburban's original application, and because of the added cost of mailing Suburban's Consumer Confidence Report. The required additional disclosures in the report have caused it to become bulkier and Suburban can no longer distribute it as a bill stuffer.

**OPERATION & MAINTENANCE AND A&G EXPENSES (Continued)**

**18 Employees' Pensions and Benefits**

DRA and Suburban settled on all the sub accounts, except for source code 412 - Medical and Dental Insurance.

PUC Code	Source Code	Description	Original			Settlement			Remark	Note No.
			DRA's Report	Suburban	Difference	DRA	Suburban	Difference		
795	319	Safety/Compliance Training	13,146	25,585	(12,439)	25,585	25,585	0		18.a.
795	320	Training / Seminars	76,312	82,478	(6,166)	82,478	82,478	0		18.b.
795	322	Recruiting Expenses	0	0	0	0	0	0		
795	397	401K Employer Contribution	276,582	276,582	0	276,582	276,582	0		
795	398	Employees' Pensions FASB 71	0	0	0	0	0	0		
795	400	Employees' Pensions FASB 87	0	0	0	0	0	0		
795	401	Misc. Charges Pension Plan	7,889	10,325	(2,436)	10,325	10,325	0		18.c.
795	404	Term Life Insurance	17,327	17,327	0	17,327	17,327	0		
795	408	Long-Term Disability Insurance	18,899	18,899	0	18,899	18,899	0		
795	412	Medical and Dental Insurance	855,780	1,063,891	(208,111)	855,780	1,063,891	(208,111)	Disputed	18.d.
795	413	Medical & Dental-Employee Contrib.	(187,705)	(187,705)	0	(187,705)	(187,705)	0		
795	416	Employee Welfare	78,959	80,633	(1,674)	80,633	80,633	0		18.e.
795	420	Employee Education	16,686	16,686	0	16,686	16,686	0		
795	660	Employee Benefits Capitalized	(137,496)	(137,496)	0	(137,496)	(137,496)	0		
			1,036,380	1,267,205	(230,825)	1,059,094	1,267,205	(208,111)		

**18.a. Safety/Compliance Training**

DRA accepted Suburban's amount.

**18.b. Training / Seminars**

DRA accepted Suburban's amount.

**18.c. Misc. Charges Pension Plan**

DRA accepted Suburban's amount.

**18.d. Medical and Dental Insurance**

No agreement was reached.

**18.e. Employee Welfare**

DRA accepted Suburban's amount.

**19 Franchise Requirements (1.3%)**

The original difference between DRA's Report and Suburban was the result of differences in water revenue - due to the difference in the usage per customer for San Jose Hills and Whittier/La Mirada Service Areas.

**20 P.U.C. Reimbursement Fee**

For the purpose of compatibility with the DRA, Suburban excluded the P.U.C. Reimbursement Fee in the A&G Expenses.

21 Outside Services Employed

DRA and Suburban agree to split the difference for all the sub accounts, except for source codes 324 - Other Professional Services; DRA accepted Suburban's adjustment for the basis amount of \$115,000 for 2007, then escalated to 2009.

PUC Code	Source Code	Description	Original			Settlement		
			DRA's Report	Suburban	Difference	DRA	Suburban	Difference
798	310	Legal Fee Extraordinary	0	0	0	0	0	0
798	310	Legal Fee Ordinary	115,320	130,592	(15,272)	122,956	122,956	0
798	312	Audit Fees	127,528	153,570	(26,042)	140,549	140,549	0
798	324	Other Professional Services	112,000	246,326	(134,327)	125,269	125,269	0
			354,848	530,488	(175,640)	388,774	388,774	0

22 Miscellaneous General Expenses

Suburban and DRA agree to split the difference of \$18,998.

23 Maintenance of General Plant

Suburban and DRA agree to split the difference of \$1,296

**OPERATION & MAINTENANCE AND A&G EXPENSES (Continued)**

**24 Rents**

Suburban accepts DRA's amount based on 80% rent for Whittier/La Mirada Service Area - for this proceeding only with the understanding that 100% will be allowed in Suburban's next GRC, and to split the difference for machine rent.

PUC Code	Source Code	Description	Original			Settlement			Note No.
			DRA's Report	Suburban	Difference	DRA	Suburban	Difference	
811	210	AAA Quality Self Storage	2,022	2,022	0	2,022	2,022	0	
		Storetrieve, Inc.	5,385	5,385	0	5,385	5,385	0	
		Main Office	183,424	183,424	0	183,424	183,424	0	
		San Jose Hills (SJH) Office	74,775	74,775	0	74,775	74,775	0	
		SJH Common Area Maintenance	15,448	20,477	(5,029)	20,477	20,477	0	24.a.
		Whittier/La Mirada (WLM) Office	47,218	94,436	(47,218)				
		WLM Common Area Maintenance	9,846	19,692	(9,846)				
		WLM Real Estate Tax	7,321	14,641	(7,321)				
		Total WLM Office Rent	64,384	128,769	(64,384)	103,015	103,015	0	24.b.
811	338	Machine Rent/Repair	5,131	14,845	(9,714)	9,988	9,988	0	
		<b>TOTAL RENT</b>	<b>350,569</b>	<b>429,697</b>	<b>(79,127)</b>	<b>399,086</b>	<b>399,086</b>	<b>0</b>	

**24.a. SJH Common Area Maintenance**

The landlord charged Suburban for the Common Area Maintenance in the San Jose Hills Office starting April 2007. Suburban escalated the 2007 monthly amount times 12 to arrived at the 2008 amount. DRA escalated the 2007 amount (8 months) to arrived at its 2008 amount. Suburban corrected DRA's calculation in the settlement table. Therefore the difference between DRA and Suburban is zero.

**24.b. Total WLM Office Rent**

Suburban accepts DRA's offer to reduce the total Whittier/La Mirada Office Rent by 20%. For the next GRC, DRA will allow 100% for the total rent.

**25 General Administrative Overhead- Cr.**

The amount derived from 10.58% of the Total Capital Expenditures Subject to Administrative Expense Capitalized. DRA and Suburban settled on all the capital expenditures.

**OPERATION & MAINTENANCE AND A&G EXPENSES (Continued)**

26 Parent Company Allocation  
DRA and Suburban agreed to split the difference everything under \$10,000

Line No.	Description	Original			Settlement			Remark	Note No.
		DRA's Report	Suburban	Difference	DRA	Suburban	Difference		
1	<b><u>PAYROLL AND BENEFITS</u></b>								
2	Regular Payroll	2,956,419	3,685,566	(729,147)	2,956,419	3,685,566	(729,147)	Disputed	26.a.
3	Payroll Taxes	235,379	258,814	(23,434)	235,379	258,814	(23,434)	Derivative	*
4	Health Insurance	110,141	119,692	(9,550)	114,916	114,916	0		
5	Employee Welfare	86,093	264,254	(178,160)	86,093	264,254	(178,160)	Derivative	*
6	Workers' Compensation	45,160	0	45,160	45,160	0	45,160	Disputed	
7	Pension Expense	121,265	151,557	(30,292)	121,265	151,557	(30,292)	Derivative	*
8	FAS 123 Compensation Expense	0	1,365,572	(1,365,572)	0	1,365,572	(1,365,572)	Disputed	
9	ESPP Compensation Expense	0	42,747	(42,747)	0	42,747	(42,747)	Disputed	
10	Subtotal Payroll and Benefits	3,554,458	5,888,201	(2,333,743)	3,559,234	5,883,426	(2,324,192)		
11									
12	<b><u>PUBLIC COMPANY COSTS</u></b>								
13	Legal Fees	191,828	631,603	(439,774)	191,828	631,603	(439,774)	Disputed	
14	Audit/Accounting Fees	724,004	1,421,106	(697,102)	724,004	1,421,106	(697,102)	Disputed	
15	Sarbox 404 Testing and Revisions	342,118	342,118	0	342,118	342,118	0		
16	Director's Fees	468,439	468,439	0	468,439	468,439	0		
17	Transfer Agent Fees	89,324	129,479	(40,154)	119,987	119,987	0		26.b.
18	Annual Report	134,742	162,111	(27,369)	134,742	162,111	(27,369)	Disputed	
19	Annual Meeting, 10-K Filings	63,582	134,742	(71,160)	63,582	134,742	(71,160)	Disputed	
20	Shareholder Relations	37,788	100,004	(62,216)	37,788	100,004	(62,216)	Disputed	
21	Financial Public Relations	189,481	189,481	0	189,481	189,481	0		
22	Subtotal Public Company Costs	2,241,307	3,579,082	(1,337,775)	2,271,969	3,569,590	(1,297,621)		
23									
24	<b><u>OFFICE RENT AND EXPENSES</u></b>								
25	Subscriptions	21,952	31,580	(9,628)	26,766	26,766	0		
26	Office Supplies	52,634	52,634	0	52,634	52,634	0		
27	Telephone and Facs Expense	31,122	35,791	(4,669)	33,456	33,456	0		
28	Postage	31,580	31,580	0	31,580	31,580	0		
29	Maintenance and Repairs	4,211	4,211	0	4,211	4,211	0		
30	Voicemail	3,720	4,211	(490)	3,966	3,966	0		
31	Computer & IT Services Fee	199,717	798,977	(599,260)	199,717	798,977	(599,260)	Disputed	
32	Machine Rental	7,257	88,424	(81,167)	7,257	88,424	(81,167)	Disputed	
33	Rent	152,405	261,062	(108,658)	152,405	191,446	(39,041)	Disputed	
34	Property Taxes	8,251	28,422	(20,171)	8,251	28,422	(20,171)	Disputed	
35	Relocation Expenses	4,211	4,211	0	4,211	4,211	0		
36	Subtotal Office Rent and Expenses	517,059	1,341,103	(824,044)	524,453	1,264,093	(739,640)		
37									

38	<b>GENERAL AND ADMINISTRATIVE</b>								
39	Training and Seminars	25,553	27,487	(1,934)	26,520	26,520	0		
40	Executive Conferences	15,790	15,790	0	15,790	15,790	0		
41	Insurance	(187,797)	0	(187,797)	(187,797)	0	(187,797)	Disputed	
42	Broker's Fees	(13,814)	0	(13,814)	(13,814)	0	(13,814)	Disputed	
43	T&E -Tax Deductible	166,420	275,970	(109,550)	166,420	275,970	(109,550)	Disputed	
44	Professional Dues - Personal	45,083	103,162	(58,079)	72,135	72,135	0		26.c.
45	Outside Services	493,344	924,245	(430,901)	493,344	924,245	(430,901)	Disputed	
46	Recruiting	66,130	236,851	(170,721)	66,130	236,851	(170,721)	Disputed	
47	Subtotal General and Administrative Expenses	610,709	1,583,506	(972,796)	638,729	1,551,512	(912,783)		
48									
49	<b>OTHER EXPENSES</b>								
50	Depreciation - General	181,059	181,059	0	181,059	181,059	0		
51	Bank Charges	63,160	63,160	0	63,160	63,160	0		
52	Line of Credit Fees	59,966	105,267	(45,301)	59,966	105,267	(45,301)	Disputed	
53	Interest - Deferred Compensation	77,195	104,214	(27,020)	104,214	104,214	0		26.d.
54	Franchise Taxes	127,373	127,373	0	127,373	127,373	0		
55	Miscellaneous Expense	9,617	53,686	(44,069)	31,652	31,652	0		26.e.
56	Subtotal Other Expenses	518,371	634,761	(116,390)	567,425	612,726	(45,301)		
57									
58	Total Expenses	7,441,904	13,026,652	(5,584,748)	7,561,809	12,881,347	(5,319,538)		
59	Allocation Percent to Suburban	11.7%	28.6%	-16.9%	11.7%	28.6%	-16.9%		26.f.
60	Total Parent Company A&G Expenses to Suburban	870,703	3,725,622	(2,854,920)	884,732	3,684,065	(2,799,334)	Derivative	26.g.

**26.a. Regular Payroll**

No agreement was reached. The main difference between DRA and Suburban is that DRA adjusted the payroll based on 17 months basis instead of 12 months.

\* Payroll Taxes, Employee Welfare, Pension Expense

This is a function of Regular Payroll.

**OPERATION & MAINTENANCE AND A&G EXPENSES (Continued)**

**26.b. Transfer Agent Fees**

Suburban accepts DRA's proposal. Suburban will escalate the 2006 amount of \$109,831 to 2009.

**26.c. Professional Dues - Personal**

Suburban accepts DRA's offer. Suburban will escalate the 2006 amount of \$66,030 to 2009.

**26.d. Interest - Deferred Compensation**

DRA accepts Suburban's amount. Suburban explained that the reason for a higher amount is because of the discontinued pension program.

**26.e. Miscellaneous Expense**

DRA and Suburban agreed to split the difference.

**26.f. Allocation Percent to Suburban**

DRA used 2 factor allocation, which exclude the Gross Plant and Customer factors. Suburban used 4 factor allocation. No agreement was reached.

**26.g. Total Parent Company A&G Expenses to Suburban**

This amount is derived from 28.h and the Total Expenses

**27 Utility Group Allocation**

DRA and Suburban agree on all of the expense amounts in the Utility Group, except for Computer Cost, and no agreement was reached on the percentage of the allocation to Suburban from the Utility Group.

Description	Original			Settlement			Remark	Note No.
	DRA's Report	Suburban	Difference	DRA	Suburban	Difference		
<b><u>PAYROLL AND BENEFITS</u></b>								
Regular Payroll	855,566	855,566	0	855,566	855,566	0		
Payroll Taxes	49,072	62,454	(13,382)	49,072	49,072	0		27.a.
Health Insurance	49,497	50,145	(648)	49,821	49,821	0		27.b.
Employee Welfare	0	628	(628)	0	0	0		27.c.
Unused Sick Time	1,644	1,570	74	1,644	1,644	0		27.d.
Workers' Compensation	4,594	4,594	0	4,594	4,594	0		
Misc. Charges Pension Plan	190	190	0	190	190	0		
401K Employer Contribution	33,365	45,411	(12,046)	45,411	45,411	0		27.e.
Bonus Accrual	289,551	289,551	0	289,551	289,551	0		
Subtotal Payroll and Benefits	1,283,480	1,310,109	(26,629)	1,295,850	1,295,850	0		

<b><u>ADMINISTRATIVE AND GENERAL EXPENSE</u></b>								
Subscriptions	6,869	6,869	0	6,869	6,869	0		
Office Supplies	6,802	6,802	0	6,802	6,802	0		
Printing/Comm, Telecommunication	543	543	0	543	543	0		
Postage	927	927	0	927	927	0		
Building Utilities	14,934	14,934	0	14,934	14,934	0		
Janitorial/Service Supplies	5,206	5,206	0	5,206	5,206	0		
Computer Costs	1,156	30,031	(28,875)	1,156	30,031	(28,875)	Disputed	27.f.
Machine Rental & Repairs	9,421	10,871	(1,450)	10,146	10,146	0		27.g.
Rent	44,149	46,474	(2,325)	44,149	44,149	0		27.h.
Car/Truck Service	861	861	0	861	861	0		
Car/Truck Gas	7,085	9,485	(2,400)	9,485	9,485	0		27.i.
Car Allowance	0	29,501	(29,501)	29,501	29,501	0		27.j.
Audit/Accounting Fees	0	0	0	0	0	0		
D&O and Travel & Accident Insurance	32,949	32,949	0	32,949	32,949	0		
Subtotal Administrative and General Expense	130,903	195,453	(64,550)	163,528	192,403	(28,875)		
<b><u>OTHER EXPENSES</u></b>								
Training and Seminars	24,017	24,017	0	24,017	24,017	0		
Insurance	11,936	11,936	0	11,936	11,936	0		
T&E -Tax Deductible	47,610	68,404	(20,794)	60,087	60,087	0		27.k.
Professional Dues - Personal	11,544	11,544	0	11,544	11,544	0		
Other Professional Service	903	903	0	903	903	0		
Miscellaneous Expense	4,917	4,917	0	4,917	4,917	0		
Subtotal Other Expenses	100,927	121,721	(20,794)	113,404	113,404	0		
<b>TOTAL UTILITY GROUP EXPENSES</b>	<b>1,515,310</b>	<b>1,627,283</b>	<b>(111,973)</b>	<b>1,572,781</b>	<b>1,601,656</b>	<b>(28,875)</b>		
<b>Allocation Percent to Suburban Water Systems</b>	<b>49.20%</b>	<b>60.50%</b>	<b>-11.30%</b>	<b>49.20%</b>	<b>60.50%</b>	<b>-11.30%</b>	Disputed	27.l.
Total Utility Group Expenses to Suburban Water Systems	745,532	984,506	(238,974)	773,808	969,002	(195,194)	Derivative	27.m.

**27.a. Payroll Taxes**

In Suburban's Rebuttal Testimony of Robert L. Kelly, page 29 lines 2-6, Suburban accepted DRA's analysis. Suburban made a downward adjustment of \$13,382.

**OPERATION & MAINTENANCE AND A&G EXPENSES (Continued)**

**27.b. Payroll Taxes**

DRA and Suburban agree to split the difference of \$648.

**27.c. Employee Welfare**

In Suburban's Rebuttal Testimony of Robert L. Kelly, page 29 lines 12-17, Suburban accepted DRA's analysis. Suburban made a downward adjustment to zero on the basis that DRA recommends the requested bonus program for these employees.

**27.d. Unused Sick Time**

In Suburban's Rebuttal Testimony of Robert L. Kelly, page 29 lines 19-24, Suburban accepted DRA's analysis. Suburban made an upward adjustment of \$74.

**OPERATION & MAINTENANCE AND A&G EXPENSES (Continued)**

**27.e. 401K Employer Contribution**

DRA accepts Suburban's amount based on Suburban's Rebuttal Testimony of Robert L. Kelly, page 29 lines 12-17.

**27.f. Computer Costs**

This amount is in dispute.

**27.g. Machine Rental & Repairs**

DRA and Suburban agree to split the difference of \$1,450.

**27.h. Rent**

Suburban accepts DRA's analysis. Suburban made a downward adjustment of \$2,325 because of the inflation factor.

**27.i. Car/Truck Gas**

DRA accepts Suburban's amount.

**27.j. Car Allowance**

DRA accepts Suburban's amount based on the clarification in the Suburban's Rebuttal Testimony of Robert L. Kelly, page 31 lines 15-26.

**27.k. T&E -Tax Deductible**

Suburban accepts DRA's offer. Suburban will reduce the difference of \$20,794 by 40%. Suburban made a downward adjustment of \$8,317.60.

**27.l. Allocation Percent to Suburban Water Systems**

No agreement was reached on the allocation percent of Utility Group Expenses to Suburban.  
DRA used 4 factor allocation but incorporated hypothetical rather than recorded amounts for O&M and payroll.

**27.m. Total Utility Group Expenses to Suburban Water Systems**

This amount is derived from 29.f. and 29.l.

**28** Transportation Expenses - Clearing

DRA and Suburban settled on all the sub accounts amounts, except for source code 108 - Lease Payment-Cars, which is derived from the hiring of the six Utility personnel. DRA disagreed with Suburban's offer. Therefore this amount will be based on the outcome of the treatment of payroll in cost of service.

PUC Code	Source Code	Description	Original			Settlement			Note No.
			DRA's Report	Suburban	Difference	DRA	Suburban	Difference	
903	100	Car/Truck-Service	102,673	102,673	0	102,673	102,673	0	
903	101	Car Allowance	0	0	0	0	0	0	
903	102	Car/Truck-Gas	260,455	260,455	0	260,455	260,455	0	
903	103	Heavy Equipment Service	0	0	0	0	0	0	
903	106	Tires	0	0	0	0	0	0	
903	107	Insurance Deductible	0	0	0	0	0	0	
903	108	Lease Payment-Cars	509,993	545,993	(36,000)	509,993	509,993	0	28.a.
903	112	Lease Payment-Heavy Equipment	0	0	0	0	0	0	
903	118	License Fees	30,522	30,522	0	30,522	30,522	0	
903	150	Sale of Vehicles	(96,490)	0	(96,490)	(39,383)	(39,383)	0	28.b.
903	612	Auto Insurance	246,676	246,676	0	246,676	246,676	0	
903	651	Transportation Capitalized	(75,666)	(75,666)	0	(75,666)	(75,666)	0	
			978,164	1,110,653	(132,489)	1,035,270	1,035,270	0	

**28.a.** Lease Payment-Cars

Suburban reduced this amount by \$36,000 related to eliminating its request for the six person leak crew.

**OPERATION & MAINTENANCE AND A&G EXPENSES (Continued)**

**28.b. Sale of Vehicles**

DRA accepts Suburban's offer. Suburban adjusted the Sale of vehicles based on the expiration of the leases of vehicles.

**Sale of Vehicle backup:**

Year	Est. # of Lease Vehicle expired	Est Total Lease/Month	Est Total Lease/Year	Ratio	Recorded sale of vehicle
2002	20	\$9,620	\$115,441	(0.35)	(\$39,862)
2003	13	\$6,386	\$76,628	(1.06)	(\$80,979)
2004	10	\$4,868	\$58,416	(0.57)	(\$33,238)
2005	11	\$5,856	\$70,277	(0.82)	(\$57,352)
2006	1	\$5,168	\$62,019	(1.42)	(\$88,323)
				<b>ratio average:</b>	<b>(0.84)</b>

Estimated # lease vehicles expired in 2009

6

Cust. Veh.	Make	Model	Lease Pmt./Mo.
05-102-4	FORD	F150 REG	\$593.00
05-105-1	FORD	F150 REG	\$596.34
05-302-4	FORD	RANGER	\$472.20
05-303-4	FORD	RANGER	\$472.13
05-205-1	FORD	F250 REG	\$770.38
05-201-1	FORD	F250 REG	\$1,002.93
Total per month			\$3,906.99
Total per year			\$46,884.00
Ratio for 2009			<b>(0.84)</b>
<b>Sale of Vehicle =</b>			<b>(\$39,382.56)</b>

**29 Tools & Work Equipment**

DRA and Suburban agree to split the difference for all the sub accounts, except for source codes 112 - Lease Payment-Heavy Equipment - Suburban reduced this account by \$74,401, because it eliminated its request for the six person leak crew.

PUC Code	Source Code	Description	Original			Settlement		
			DRA's Report	Suburban	Difference	DRA	Suburban	Difference
906	102	Car/Truck Gas	0	0	0	0	0	0
906	103	Heavy Equipment-Service	19,318	21,042	(1,724)	20,180	20,180	0
906	112	Lease Payment-Heavy Equipment	73,562	147,963	(74,401)	73,562	73,562	0
906	133	Field Equipment Repair	0	0	0	0	0	0
			92,880	169,005	(76,125)	93,742	93,742	0

**TABLE B**  
**SUBURBAN WATER COMPANY**  
**WEIGHTED AVERAGE DEPRECIATED RATEBASE**

**TEST YEAR 2009**

Item	Suburban		Difference	DRA		Remark
	Application	Current		Current	Report	
	(Dollars in Thousands)					
Average Utility Plant in Service	167,021.8	165,556.0	0.0	165,556.0	162,231.4	
Average Construction Work In Progress	4,579.0	4,579.0	0.0	4,579.0	4,579.0	
Average Materials and Supplies	347.9	347.9	0.0	347.9	347.9	
Working Cash	1,782.0	1,642.4	275.2	1,367.1	(909.5)	Derivative
Total Additions to Rate Base	173,730.8	172,125.3	275.2	171,850.1	166,248.8	
<u>Less Deduction from Rate Base:</u>						
Reserve for Depreciation	48,835.4	49,573.6	0.0	49,573.6	50,188.7	
Advances for Construction	5,737.2	5,737.2	0.0	5,737.2	5,737.2	
CIAC	14,681.0	14,681.0	0.0	14,681.0	14,681.0	
Unamortized Investment Tax Credits	388.2	388.2	0.0	388.2	388.2	
Acc. Deferred Taxes, Taxable Advances For Construction	(131.5)	(131.5)	0.0	(131.5)	(131.5)	
Accumulated Deferred Taxes, Taxable CIAC	(70.8)	(70.8)	0.0	(70.8)	(70.8)	
Unamortized Deferred Revenue, Taxable C.I.A.C.	53.0	53.0	0.0	53.0	53.0	
Pension Reserve	0.0	0.0	0.0	0.0	0.0	
Accum. Deferred Income Taxes Depreciation Timing Differences	10,131.7	10,117.3	0.0	10,117.3	10,140.4	
Accum. Deferred Income Taxes - Pension Reserve	0.0	0.0	0.0	0.0	0.0	
Total Deduction from Rate Base	79,624.2	80,347.9	0.0	80,347.9	80,986.2	
Total Average rate Base	94,106.6	91,777.4	275.2	91,502.2	85,262.6	

**Test Year 2010**

Item	Suburban		Difference	DRA		Remark
	Application	Current		Current	Report	
	(Dollars in Thousands)					
Average Utility Plant in Service	173,820.5	170,814.0	0.0	170,814.0	166,511.3	
Average Construction Work In Progress	4,579.0	4,579.0	0.0	4,579.0	4,579.0	
Average Materials and Supplies	355.4	355.4	0.0	355.4	355.4	
Working Cash	1,821.5	1,713.2	270.1	1,443.1	(750.4)	Derivative
Total Additions to Rate Base	180,576.4	177,461.6	270.1	177,191.5	170,695.3	

<u>Less Deduction from Rate Base:</u>					
Reserve for Depreciation	50,228.1	51,733.6	0.0	51,733.6	52,775.2
Advances for Construction	5,611.3	5,611.3	0.0	5,611.3	5,611.3
CIAC	14,044.8	14,044.8	0.0	14,044.8	14,044.8
Unamortized Investment Tax Credits	348.3	348.3	0.0	348.3	348.3
Acc. Deferred Taxes, Taxable Advances For Construction	(125.4)	(125.4)	0.0	(125.4)	(125.4)
Accumulated Deferred Taxes, Taxable CIAC	(35.7)	(35.7)	0.0	(35.7)	(35.7)
Unamortized Deferred Revenue, Taxable C.I.A.C.	42.5	42.5	0.0	42.5	(42.5)
Pension Reserve	0.0	0.0	0.0	0.0	0.0
Accum. Deferred Income Taxes Depreciation Timing Differences	10,185.2	10,145.1	0.0	10,145.1	10,160.9
Accum. Deferred Income Taxes - Pension Reserve	0.0	0.0	0.0	0.0	0.0
Total Deduction from Rate Base	80,299.0	81,764.4	0.0	81,764.4	82,736.9
Total Average rate Base	100,277.4	95,697.2	270.1	95,427.1	87,958.4

**TABLE C**  
**SUBURBAN WATER COMPANY**  
**REVENUE REQUIREMENT**

**TEST YEAR 2009**

Item	Suburban		Difference	DRA	
	Application	Current		Current	Report
(Dollars in Thousands)					
Present Rates per Application	50,247.1	50,259.1	0.0	50,259.1	50,793.0
Proposed Revenue Increase	6,820.5	5,570.6	5,642.6	(72.1)	(3,683.0)
Less Incremental Revenue at Present Rates (eff. July 1, 2008)		(1,520.6)	0.0	(1,520.6)	
Revised Proposed Revenue Increase	6,820.5	<b>4,049.9</b>	<b>5,642.6</b>	<b>(1,592.7)</b>	(3,683.0)
Revised Revenue Requirement	57,067.6	54,309.1	5,642.6	48,666.5	47,110.0
Proposed Revenue Increase (%)	13.57%	11.08%	11.22%	-0.14%	-7.25%
Less Incremental Revenue at Present Rates (eff. July 1, 2008)		-3.03%	0.00%	-3.03%	
Revised Proposed Revenue Increase (%)	13.57%	<b>8.05%</b>	<b>11.22%</b>	<b>-3.17%</b>	-7.25%

**TEST YEAR 2010**

Item	Suburban		Difference	DRA	
	Application	Current		Current	Report
(Dollars in Thousands)					
Proposed Revenue Increase	1,698.0	1,508.6	(134.7)	1,643.3	3,720.0
Proposed Revenue Increase (%)	2.97%	2.70%	-0.57%	3.27%	7.90%

**ATTACHMENT C**

**Rate Tables**

**Prepared by the Commission's Division of Water and Audits**

**APPENDIX A**  
**Page 1 of 1**  
**SUBURBAN WATER SYSTEMS**  
**Test Year 2009**  
**Summary of Earnings**

	(At Present Rates)		ADOPTED	
	SWS Updated	ORA Updated	At Present Rates	At Authorized ROR
<b>Operating Revenues:</b>				
Water	50,259.1	50,259.1	50,259.1	55,829.7
Other Revenues	187.8	508.5	187.8	187.8
Amortization Of Deferred Revenues	13.5	13.5	13.5	13.5
	<u>50,460.4</u>	<u>50,781.2</u>	<u>50,460.4</u>	<u>56,031.0</u>
<b>Expenses:</b>				
Operation Payroll	1,868.6	1,509.6	1,868.6	1,868.6
Maintenance Payroll	1,391.2	1,123.9	1,391.2	1,391.2
Administrative and General Payroll	4,228.7	3,416.2	4,228.7	4,228.7
Total Payroll Expenses	<u>7,488.5</u>	<u>6,049.7</u>	<u>7,488.5</u>	<u>7,488.5</u>
<b>Operating Expenses Other Than Payroll:</b>				
Pumped Water Assessments, Main Basin	4,586.0	4,586.0	4,586.0	4,586.0
Pumped Water Assessments, Central Basin	282.7	282.7	282.7	282.7
Purchased Water Excluding CR Reimb.	8,896.5	8,896.5	8,896.5	8,896.5
CR Reimbursement	(28.4)	(28.4)	(28.4)	(28.4)
Maintenance of Wells	50.9	50.9	50.9	50.9
Purchased Power	3,056.8	3,056.8	3,056.8	3,056.8
Other Pumping Expenses	148.2	148.2	148.2	148.2
Water Treatment Expenses	610.2	610.2	610.2	610.2
Transmission and Distribution Expenses	1,301.6	1,301.6	1,301.6	1,301.6
Postage	334.1	334.1	334.1	334.1
Uncollectible Accounts	95.5	95.5	95.5	106.1
Other Customer Accounts Expenses	105.0	105.0	105.0	105.0
Water Conservation	200.0	200.0	200.0	200.0
Office Supplies and Other Expenses	978.7	978.7	978.7	978.7
Property Insurance	293.5	293.5	293.5	293.5
Insurance, Injuries and Damages	912.2	912.2	912.2	912.2
Employees' Pensions and Benefits	1,267.2	1,059.1	1,267.2	1,267.2
Franchise Requirements	653.4	653.4	653.4	724.4
Regulatory Commission Expenses	129.1	129.1	129.1	129.1
Outside Services Employed	388.8	388.8	388.8	388.8
Other Administrative and General Expenses	423.3	423.3	423.3	423.3
Rents	399.1	399.1	399.1	399.1
General Administrative Overhead- Cr.	(873.0)	(873.0)	(873.0)	(873.0)
Parent Company Allocation	3,684.1	884.7	3,684.1	3,684.1
Utility Group Allocation	969.0	773.8	969.0	969.0
Transportation Expenses - Clearing	1,035.3	1,035.3	1,035.3	1,035.3
Tools & Work Equipment	93.7	93.7	93.7	93.7
Capacity Reservation Charges	124.6	124.6	124.6	124.6
Total Operating Expenses Other Than Payroll	<u>30,118.1</u>	<u>26,915.4</u>	<u>30,118.1</u>	<u>30,199.7</u>
Total Operating Expense	37,606.6	32,965.1	37,606.6	37,688.2
Depreciation Expense	5,066.8	5,066.8	5,066.8	5,066.8
Payroll Taxes	598.4	488.1	598.4	598.4
Ad Valorem Taxes	953.2	953.2	953.2	953.2
Current Income Taxes	1,378.5	3,353.2	1,378.5	3,784.4
Total Expenses	<u>45,603.6</u>	<u>42,826.4</u>	<u>45,603.6</u>	<u>48,091.0</u>
Net Operating Revenue	4,856.9	7,954.8	4,856.9	7,940.0
Rate Base	91,777.4	91,502.2	91,777.4	91,777.4
Rate of Return	5.29%	8.69%	5.29%	8.65%

**APPENDIX B**  
**Page 1 of 6**  
**SUBURBAN WATER SYSTEMS**

Schedule SJ-1

SAN JOSE HILLS SERVICE AREA

RESIDENTIAL METERED SERVICE

APPLICABILITY

Applicable to all residential metered water service.

TERRITORY

Portions of Covina, West Covina, Walnut, La Puente, Glendora, Hacienda Heights and adjacent unincorporated areas in Los Angeles County.

RATES

Quantity Rates, for all water, per 100 cu. ft.:

Tariff Area No. 1	Block 1 .....	\$ 1.540
	Block 2 .....	1.730
Tariff Area No. 2	Block 1 .....	\$ 1.604
	Block 2 .....	1.767
Tariff Area No. 3	Block 1 .....	\$ 1.671
	Block 2 .....	1.910

	<u>Service Charge</u>	<u>Block 1 Usage</u>
	<u>Per Meter</u>	<u>Up To (per 100 cu.ft.)</u>
	<u>Per Month</u>	<u>Per Month</u>
For 5/8 x 3/4-inch meter .....	\$ 9.29	20
For 3/4-inch meter .....	13.93	20
For 1-inch meter .....	23.22	28
For 1-1/2-inch meter .....	46.44	70
For 2-inch meter .....	74.31	233
For 3-inch meter .....	139.32	321

The Service Charge is a readiness-to-serve charge which is applicable to all residential metered service and to which is added the charge computed at the Quantity Rates.

**APPENDIX B**  
**Page 2 of 6**  
**SUBURBAN WATER SYSTEMS**

Schedule SJ-2

SAN JOSE HILLS SERVICE AREA

NON RESIDENTIAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Covina, West Covina, Walnut, La Puente, Glendora, Hacienda Heights and adjacent unincorporated areas in Los Angeles County.

RATES

Per Meter  
Per Month

Quantity Rates:

For all water, per 100 cu. ft.:

Tariff Area No. 1 .....	\$ 1.582
Tariff Area No. 2 .....	1.644
Tariff Area No. 3 .....	1.711

Service Charge:

For 5/8 x 3/4-inch meter .....	\$ 9.29
For 3/4-inch meter .....	13.93
For 1-inch meter .....	23.22
For 1-1/2-inch meter .....	46.44
For 2-inch meter .....	74.31
For 3-inch meter .....	139.32
For 4-inch meter .....	232.20
For 6-inch meter .....	464.41
For 8-inch meter .....	743.06
For 10-inch meter .....	1,068.14

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge computed at the Quantity Rates.

**APPENDIX B**  
**Page 3 of 6**  
**SUBURBAN WATER SYSTEMS**

Schedule WLM-1

WHITTIER/LA MIRADA SERVICE AREA

RESIDENTIAL METERED SERVICE

APPLICABILITY

Applicable to all residential metered water service.

TERRITORY

Portions of Whittier, La Mirada, and adjacent unincorporated areas in Los Angeles County, and Buena Park, La Habra, and adjacent unincorporated areas in Orange County.

RATES

Quantity Rates, for all water, per 100 cu. ft.:

Tariff Area No. 1	Block 1 .....	\$ 1.539
	Block 2 .....	1.738
Tariff Area No. 2	Block 1 .....	\$ 1.637
	Block 2 .....	1.804
Tariff Area No. 3	Block 1 .....	\$ 1.770
	Block 2 .....	1.917

	<u>Service Charge</u> <u>Per Meter</u> <u>Per Month</u>	<u>Block 1 Usage</u> <u>Up To (per 100 cu.ft.)</u> <u>Per Month</u>
For 5/8 x 3/4-inch meter .....	\$ 9.29	20
For 3/4-inch meter .....	13.93	20
For 1-inch meter .....	23.22	28
For 1-1/2-inch meter .....	46.44	70
For 2-inch meter .....	74.31	233
For 3-inch meter .....	139.32	321

The Service Charge is a readiness-to-serve charge which is applicable to all residential metered service and to which is added the charge computed at the Quantity Rates.

**APPENDIX B**  
**Page 4 of 6**  
**SUBURBAN WATER SYSTEMS**

Schedule WLM-2

WHITTIER/LA MIRADA SERVICE AREA

NON RESIDENTIAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Whittier, La Mirada, and adjacent unincorporated areas in Los Angeles County, and Buena Park, La Habra, and adjacent unincorporated areas in Orange County.

RATES

Per Meter  
Per Month

Quantity Rates:

For all water, per 100 cu. ft.:

Tariff Area No. 1 .....	\$ 1.578
Tariff Area No. 2 .....	1.670
Tariff Area No. 3 .....	1.827

Service Charge:

For 5/8 x 3/4-inch meter .....	\$ 9.29
For 3/4-inch meter .....	13.93
For 1-inch meter .....	23.22
For 1-1/2-inch meter .....	46.44
For 2-inch meter .....	74.31
For 3-inch meter .....	139.32
For 4-inch meter .....	232.20
For 6-inch meter .....	446.41
For 8-inch meter .....	743.06
For 10-inch meter .....	1,068.14

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge computed at the Quantity Rates.

**APPENDIX B**  
**Page 5 of 6**  
**SUBURBAN WATER SYSTEMS**

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished to privately owned fire protection systems.

TERRITORY

Throughout all tariff areas.

RATES

Quantity Rates:

For each inch of diameter of service connection . . . . . \$13.13

SPECIAL CONDITIONS

1. The facilities for service to a privately owned fire protection system shall be installed by the Utility or under the Utility's direction. Cost for the entire installation, shall be paid for by the applicant. Such payment shall not be subject to refund.
2. The expense of maintaining the private fire protection facilities on the applicant's premises (including the vault, meter and backflow device) shall be paid for by the applicant.
3. All facilities paid for by the applicant shall be the sole property of the applicant. The Utility and its duly authorized agents shall have the right to ingress to, and egress from the premises for all purposes relating to said facilities.
4. The minimum diameter for the service pipe to fire protection service shall be four inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.
5. If a distribution main of adequate size to service a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a main extension from the nearest existing main of adequate capacity shall be installed by the Utility. The cost of such main extension attributable to the fire protection requirement shall be paid to the Utility as a contribution in aid of construction.

**APPENDIX B**  
**Page 6 of 6**  
**SUBURBAN WATER SYSTEMS**

Schedule No. 4A

FIRE HYDRANT SERVICE ON PRIVATE PROPERTY

APPLICABILITY

Applicable to all fire hydrant service rendered from fire hydrants connected to Company owned mains on private property.

TERRITORY

Throughout all tariff areas.

RATES

For each 6-inch standard fire hydrant, per month . . . . . \$17.37

SPECIAL CONDITIONS

1. The fire hydrant will be installed by the Utility or under the Utility's direction at the cost of the applicant. The cost will not be subject to refund.
2. The fire hydrant shall be used for fire fighting purposes and fire drills only. Water use for fire drills will be limited to 15 minutes per week.
3. The replacement, enlargement, or relocation of any hydrant made at the request of the customer shall be paid for by the customer.
4. All facilities paid for by the applicant shall be the sole property of the applicant. The Utility and its duly authorized agents shall have the right to ingress to, and egress from the premises for all purposes relating to said facilities.

## APPENDIX C

### SUBURBAN WATER SYSTEMS Attrition Calculations for 2011

Financials:		
	Rate of Return Proposed for 2011	8.65%
	Rate of Return Proposed for 2010	8.65%
	Difference	<u>0.00%</u>
Operational:		
	Present Rate of Return for 2010	4.55%
	Present Rate of Return for 2009	5.29%
	Difference	<u>0.74%</u>
	Total Attrition	<u><u>0.74%</u></u>
	Net to Gross Multiplier	1.80751
	2010 Rate Base	\$ 95,697,219
	2011 Attrition = Total Attrition X 2010 Rate Base X N.T.G. Escalation Year 2011 Expense Increase	\$ 1,280,008
Operating Revenues for 2011 = (2010 Operating Revenue + 2011 Attrition)		
	Operating Revenue for 2010	\$ 57,636,998
	Operating Revenue for 2011	\$ 58,917,006
	Increase from 2010 to 2011	<b>2.22%</b>

**APPENDIX D**  
**Page 1 of 10**  
**SUBURBAN WATER SYSTEMS**  
**ADOPTED QUANTITIES**

Net-to-Gross Multiplier	1.80751
Uncollectibles	0.19%
Franchise Tax Rates	1.30%
State Income Tax Rate	8.84%
Federal Income Tax Rate	35.00%

<u>Purchased Power:</u>	Test Year 2009	Test Year 2010
Water Production, Acre Feet	58,564	58,631
Well Pumps Main Basin Production, Acre Feet	38,721	38,721
Well Pumps Main Basin Gas Production, Acre Feet	1,401	1,401
Well Pumps Main Basin Electric Production, Acre Feet	37,319	37,319
Well Pumps Central Basin Electric Production, Acre Feet	1,860	1,860
<u>ELECTRIC</u>		
<u>Main Basin</u>		
Kwh/Acre Foot	409.97	409.97
Cost/Kwh	\$ 0.0830	\$ 0.0830
Kwh Cost (\$000)	\$ 1,269.9	\$ 1,269.9
<u>Central Basin</u>		
Kwh/Acre Foot	698.05	698.05
Cost/Kwh	\$ 0.1061	\$ 0.1061
Kwh Cost - Central Wells (\$000)	\$ 137.8	\$ 137.8
<u>Boosters</u>		
Kwh/Acre Foot	273.81	273.81
Cost/Kwh	\$ 0.0995	\$ 0.0995
Kwh Cost (\$)	\$ 1,595.5	\$ 1,597.3
Total Electric Purchased Power Cost (\$000)	\$ 3,003.2	\$ 3,005.0
Composite Purchased Power Rate/Kwh	\$ 0.0950	\$ 0.0950
<u>Fixed Ratio for Purchased Power</u>		
<u>URG:</u>		
Well Pumps - Central Basin	75.00%	75.00%
Well Pumps - Main Basin	74.00%	74.00%
Boosters	74.00%	74.00%
<u>DWR:</u>		
Well Pumps - Central Basin	25.00%	25.00%
Well Pumps - Main Basin	26.00%	26.00%
Boosters	26.00%	26.00%
<u>NATURAL GAS</u>		
<u>Wells</u>		
Thems/Acre Foot	55.71	55.71
Cost/Therm	\$ 0.8475	\$ 0.8475
Therm Cost - Wells (\$000)	\$ 66.2	\$ 66.2
<u>Boosters</u>		
Thems/Acre Foot	0.13	0.13
Cost/Therm	\$ 1.3084	\$ 1.3084
Therm Cost - Boosters (\$000)	\$ 10.0	\$ 10.0
Total Natural Gas Purchased Power Cost (\$000)	\$ 76.1	\$ 76.1
TOTAL PURCHASED POWER COST BEFORE ADJUSTMENT(\$000)	\$ 3,079.3	\$ 3,081.1
LESS EDISON CREDIT ON PLANT 147	\$ 22.5	\$ 22.5
TOTAL PURCHASED POWER COST AFTER ADJUSTMENT (\$000)	\$ 3,056.8	\$ 3,058.6

**APPENDIX D - Page 2 of 10**  
**SUBURBAN WATER SYSTEMS**  
**ADOPTED QUANTITIES**  
**VOLUME RELATED - PUMPED WATER**

	Test Year 2009	Test Year 2010
<b>QUANTITIES</b>		
Main Basin:		
Owned Rights, Acre Feet	22,642	22,642
Carry Over, Acre Feet	0	0
Replacement Rights, Acre Feet	13,486	13,486
Lease Rights, Acre Feet	200	200
Cyclic Storage, Acre Feet	533	533
Main Basin Production, Acre Feet	36,861	36,861
San Jose Hills Service Area		
Owned Rights, Acre Feet	5,516	5,516
Lease Rights, Acre Feet	138	138
Cyclic Storage, Acre Feet	371	371
Replacement, Acre Feet	9,850	9,850
Project Water, Acre Feet	9,499	9,499
Total San Jose Hills Service Area MSGB, Acre Feet	25,374	25,374
Whittier/La Mirada Service Area		
Owned Rights, Acre Feet	7,627	7,627
Lease Rights, Acre Feet	61	61
Cyclic Storage, Acre Feet	162	162
Replacement, Acre Feet	3,636	3,636
Total Whittier/La Mirada Service Area MSGB, Acre Feet	11,486	11,486
<u>Central Basin:</u>		
Owned Rights, Acre Feet	1,860	1,860
Carry Over, Acre Feet	0	0
Lease Rights, Acre Feet	0	0
Overpump, Acre Feet	0	0
Total Central Basin, Acre Feet	1,860	1,860
Capacity Reservation Charge:		
MWD (Central Basin), CFS	23.5	23.5

**APPENDIX D - Page 3 of 10**  
**SUBURBAN WATER SYSTEMS**  
**ADOPTED QUANTITIES**  
**VOLUME RELATED - PUMPED WATER**

Test Year 2009	Test Year 2010
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**RATES**

Main Basin:

Assessment, Per Acre Foot	\$ 9.40	\$ 9.40
Water Quality Charge, Per Acre Foot	\$ 6.82	\$ 6.82
Cyclic Storage, Per Acre Foot	\$ 125.65	\$ 125.65
Lease, Per Acre Foot	\$ 227.00	\$ 227.00
Over Pump, Per Acre Foot	\$ 251.90	\$ 251.90
MSGB Owned Rights, Per Acre Foot	\$ 16.22	\$ 16.22
MSGB Lease Rights, Per Acre Foot	\$ 236.40	\$ 236.40
MSGB Cyclic Storage, Per Acre Foot	\$ 135.05	\$ 135.05
MSGB Over Pump, Per Acre Foot	\$ 261.30	\$ 261.30
Project Water, Per Acre Foot	\$ 76.82	\$ 76.82

Central Basin:

Volume Charge, Per Acre Foot	\$ 149.00	\$ 149.00
Assessment, Per Acre Foot	\$ 3.01	\$ 3.01
Overpump, Per Acre Foot	\$ 280.00	\$ 280.00
Central Basin Owned Rights, Per Acre Foot	\$ 152.01	\$ 152.01
Central Basin Over Pump, Per Acre Foot	\$ 429.00	\$ 429.00

**COSTS (\$000)**

Main Basin:

San Jose Hills Service Area

Owned Rights, Dollars	\$ 89.5	\$ 89.5
Lease Rights, Dollars	\$ 32.7	\$ 32.7
Cyclic Storage, Dollars	\$ 50.1	\$ 50.1
Over Pump, Dollars	\$ 2,573.9	\$ 2,573.9
Project Water, Dollars	\$ 729.7	\$ 729.7
Total San Jose Hills Service Area MSGB Costs	\$ 3,475.8	\$ 3,475.8

Whittier/La Mirada Service Area

Owned Rights, Dollars	\$ 123.7	\$ 123.7
Lease Rights, Dollars	\$ 14.5	\$ 14.5
Cyclic Storage, Dollars	\$ 21.8	\$ 21.8
Over Pump, Dollars	\$ 950.1	\$ 950.1
Total Whittier/La Mirada Service Area MSGB Costs	\$ 1,110.2	\$ 1,110.2

Central Basin:

Owned Rights	\$ 282.7	\$ 282.7
Lease Rights	\$ -	\$ -
Overpump	\$ -	\$ -
Total Central Basin Costs	\$ 282.7	\$ 282.7

Total Pumped Water Costs	\$ 4,868.7	\$ 4,868.7
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**APPENDIX D - Page 4 of 10**  
**SUBURBAN WATER SYSTEMS**  
**ADOPTED QUANTITIES**  
**VOLUME RELATED - PURCHASED WATER**

	Test Year 2009	Test Year 2010
<b>QUANTITIES</b>		
Covina Irrigating, Acre Feet		
Owned Rights, Acre Feet	1,068	1,068
Lease A, Acre Feet	118	118
Lease B, Acre Feet	853	853
Lease C, Acre Feet	698	698
Lease D, Acre Feet	1,054	1,054
Lease Pool, Acre Feet	10	10
Extra Tier Two, Acre Feet	1,610	1,610
Extra Tier Three, Acre Feet	1,247	1,258
MWD AG	0	0
Total Covina Irrigating, Acre Feet	6,658	6,669
California Domestic Water Co., Acre Feet		
Owned Rights, Acre Feet	3,891	3,891
Union Lease Shares	1,500	1,500
Lease Rights, Acre Feet	3,157	3,160
Over Pump, Acre Feet	0	0
Total California Domestic Water Co., Acre Feet	8,548	8,550
San Gabriel, Acre Feet	18	19
MWD Central Basin - Tier One, Acre Feet	1,744	1,744
MWD Central Basin - Tier Two, Acre Feet	895	898
Azusa Light & Power, Acre Feet	0	0
City of Glendora, Acre Feet	444	445
Rowland County, Acre Feet	0	0
Walnut Valley, Acre Feet	1,075	1,121
City of Covina, Acre Feet	0	0
La Puente, Acre Feet	0	0
Valencia Heights, Acre Feet	0	0
Valley County, Acre Feet	0	0
MWD Upper Basin - Tier One, Acre Feet	462	463
MWD Upper Basin - Tier Two, Acre Feet	0	0
Total Purchased Water, Acre Feet	19,843	19,910
MWD Central Basin Connection, CFS	30	30

**APPENDIX D - Page 5 of 10**  
**SUBURBAN WATER SYSTEMS**  
**ADOPTED QUANTITIES**  
**VOLUME RELATED - PURCHASED WATER**

	Test Year 2009	Test Year 2010
<b>RATES</b>		
<u>Covina Irrigating:</u>		
Volume Charge, Per Acre Foot	\$ 165.00	\$ 165.00
Excess Tier Two Volume Charge, Per Acre Foot	\$ 175.00	\$ 175.00
Lease Type D, and Excess Tier Three Volume Charge, Per A.F.	\$ 185.00	\$ 185.00
Assessment, Per Share	\$ 70.00	\$ 70.00
Acre Foot Per Share	\$ 1.02	\$ 1.02
Assessment, Per Acre Foot	<u>\$68.63</u>	<u>\$68.63</u>
Lease A, Per Share	\$ 250.00	\$ 250.00
Lease B, Per Share	\$ 423.96	\$ 423.96
Lease C, Per Share	\$ 559.98	\$ 559.98
Lease D, Per Share	\$ 559.98	\$ 559.98
Lease Pool, Per Acre Foot	\$ 201.52	\$ 201.52
Extra, Per Acre Foot	\$ 251.90	\$ 251.90
MWD AG, Per Acre Foot	\$ 498.00	\$ 498.00
Covina Irrigating Owned Rights, Per Acre Foot	\$ 233.63	\$ 233.63
Covina Irrigating Lease A, Per Acre Foot	\$ 410.10	\$ 410.10
Covina Irrigating Lease B, Per Acre Foot	\$ 580.65	\$ 580.65
Covina Irrigating Lease C, Per Acre Foot	\$ 714.00	\$ 714.00
Covina Irrigating Lease D, Per Acre Foot	\$ 734.00	\$ 734.00
Covina Irrigating Lease Pool, Per Acre Foot	\$ 366.52	\$ 366.52
Covina Irrigating Extra Tier Two, Per Acre Foot	\$ 426.90	\$ 426.90
Covina Irrigating Extra Tier Three, Per Acre Foot	\$ 436.90	\$ 436.90
MWD AG, Per Acre Foot	\$ 498.00	\$ 498.00
<u>Cal Domestic:</u>		
Volume Charge, Per Acre Foot	\$ 139.39	\$ 139.39
Lease Volume Charge, Per Acre Foot	\$ 221.99	\$ 221.99
Assessment, Per Acre Foot	\$ 143.75	\$ 143.75
Assessment, Per Share	\$ 69.00	\$ 69.00
Acre Foot Per Share	1.90	1.90
Assessment, Per Acre Foot	\$ 123.44	\$ 123.44
Meter Charge, Per Acre Foot	\$ 3.44	\$ 3.44
Lease, Per Acre Foot	\$ 101.71	\$ 101.71
Excess, Per Acre Foot	\$ 246.65	\$ 246.65
Cal Domestic Owned Rights, Per Acre Foot	\$ 266.27	\$ 266.27
Cal Domestic Union Lease Rights, Per Acre Foot	\$ 364.54	\$ 364.54
Cal Domestic Lease Rights, Per Acre Foot	\$ 365.74	\$ 365.74
Cal Domestic Excess, Per Acre Foot	\$ 390.40	\$ 390.40
MWD Central Basin Connection Maintenance Charge, Per CFS Per Month	\$ 31.00	\$ 31.00
City of Covina Emergency Connection Charge, Per Month	\$ 314.00	\$ 314.00
Walnut Valley Service Charge, Per Month	\$ 15,974.80	\$ 15,974.80
City of Azusa Administrative and Operation Surcharges, Per Month	\$ 6,000.00	\$ 6,000.00
<u>Capacity Reservation Charge:</u>		
MWD (Central Basin), Annually Per CFS	\$ 5,300	\$ 5,300

**APPENDIX D - Page 6 of 10**  
**SUBURBAN WATER SYSTEMS**  
**ADOPTED QUANTITIES**  
**VOLUME RELATED - PURCHASED WATER**

	Test Year 2009	Test Year 2010
<b>RATES</b>		
<u>Other Purchased Water:</u>		
Azusa Light & Power, Per Acre Foot (First 221 A.F.)	\$ 549.00	\$ 549.00
Azusa Light & Power, Per Acre Foot (Remaining A.F.)	\$ 549.00	\$ 549.00
Azusa Light & Power, Administration Fee, Per Acre Foot	\$ 32.94	\$ 32.94
Azusa Light & Power, Per Acre Foot (Remaining A.F.)	<u>\$ 581.94</u>	<u>\$ 581.94</u>
City of Glendora, Per Acre Foot	\$ 508.00	\$ 508.00
City of Glendora, Administration Fee Per Acre Foot	\$ 20.00	\$ 20.00
City of Glendora, Per Acre Foot	<u>\$ 528.00</u>	<u>\$ 528.00</u>
Rowland County, Per Acre Foot	\$ 635.98	\$ 635.98
Walnut, Valley Per Acre Foot (First 1,131 A.F.)	\$ 531.00	\$ 531.00
Walnut, Valley Per Acre Foot (Remaining A.F.)	\$ 627.00	\$ 627.00
City of Covina, Per Acre Foot	\$ 125.00	\$ 125.00
La Puente Valley Water, Per Acre Foot	\$ 60.60	\$ 60.60
Valencia Heights, Per Acre Foot	\$ 263.63	\$ 263.63
Valley County, Per Acre Foot	\$ 353.90	\$ 353.90
San Gabriel, Per Acre Foot	\$ 676.92	\$ 676.92
City of Whittier, Per Acre Foot	\$ 431.24	\$ 431.24
La Habra Heights, Per Acre Foot	\$ 527.00	\$ 527.00
La Habra Heights, Energy Per Acre Foot	\$ 43.09	\$ 43.09
La Habra Heights, Per Acre Foot	<u>\$ 570.09</u>	<u>\$ 570.09</u>
MWD Central Basin (up to 1,744 A.F.) & Upper Basin - Tier One Volume Charge, Per A.F.	\$ 478.00	\$ 478.00
MWD Central Basin Tier One & Tier Two Assessment, Per Acre Foot	\$ 42.00	\$ 42.00
MWD Central Basin Tier One & Tier Two RTS Fee, Per Acre Foot	\$ 7.00	\$ 7.00
MWD Central Basin & Upper Basin - Tier Two (remaining A.F.) Volume Charge, Per A.F.	\$ 574.00	\$ 574.00
MWD Upper Basin Tier One Assessment, Per Acre Foot	\$ 71.00	\$ 71.00
MWD Upper Basin Tier Two Assessment, Per Acre Foot	\$ 75.80	\$ 75.80
MWD Central Basin Tier One (up to 1,744.00 A.F.), Per Acre Foot	\$ 527.00	\$ 527.00
MWD Central Basin Tier Two (remaining A.F.), Per Acre Foot	\$ 623.00	\$ 623.00
MWD Upper Basin Tier One, Per Acre Foot	\$ 549.00	\$ 549.00
MWD Upper Basin Tier Two, Per Acre Foot	\$ 649.80	\$ 649.80

**APPENDIX D - Page 7 of 10**  
**SUBURBAN WATER SYSTEMS**  
**ADOPTED QUANTITIES**  
**VOLUME RELATED - PURCHASED WATER**

	Test Year 2009	Test Year 2010
<b>COSTS (\$000)</b>		
Covina Irrigating		
Owned Rights	\$ 249.6	\$ 249.6
Lease A	\$ 48.5	\$ 48.5
Lease B	\$ 495.3	\$ 495.3
Lease C	\$ 498.1	\$ 498.1
Lease D	\$ 773.7	\$ 773.7
Lease Pool	\$ 3.5	\$ 3.5
MWD AG	\$ -	\$ -
Extra Tier Two	\$ 687.4	\$ 687.4
Extra Tier Three	\$ 544.7	\$ 549.8
Total Covina Irrigating	<u>\$ 3,300.8</u>	<u>\$ 3,305.9</u>
California Domestic Water Co.		
Owned Rights	\$ 1,049.2	\$ 1,049.2
Union Lease Rights	\$ 554.6	\$ 554.6
Lease Rights	\$ 1,169.6	\$ 1,170.6
Over Pump	\$ -	\$ -
Total Cal Domestic	<u>\$ 2,773.4</u>	<u>\$ 2,774.4</u>
Demand Related Purchased Water:		
Azusa Light & Power	\$ -	\$ -
City of Glendora	\$ 234.5	\$ 234.9
Rowland County	\$ -	\$ -
Walnut Valley	\$ 570.9	\$ 595.3
City of Covina	\$ -	\$ -
La Puente Valley Water	\$ -	\$ -
Valencia Heights	\$ -	\$ -
Valley County	\$ -	\$ -
MWD Upper Basin - Tier One	\$ 253.6	\$ 254.0
MWD Upper Basin - Tier Two	\$ -	\$ -
City of Covina Emergency Connection Charge	\$ -	\$ -
Walnut Valley Service Charge	\$ 191.7	\$ 191.7
Azusa A&O Surcharges	\$ 72.0	\$ 72.0
San Gabriel Valley Water Company	\$ 12.1	\$ 12.8
City of Whittier	\$ -	\$ -
La Habra Heights	\$ -	\$ -
MWD Central Basin - Tier One	\$ 919.1	\$ 919.1
MWD Central Basin - Tier Two	\$ 557.3	\$ 559.8
MWD Central Basin Connection Maintenance Charge	\$ 11.2	\$ 11.2
Total Demand Related Purchased Water	<u>\$ 8,896.5</u>	<u>\$ 8,930.9</u>
Capacity Reservation Charge - MWD (Central Basin)	<u>\$ 124.6</u>	<u>\$ 124.6</u>
Total Purchased Water Cost Before CR Reimbursement (\$000)	\$ 9,021.1	\$ 9,055.5
CR Reimbursement	\$ (28.4)	\$ (28.9)
Total Purchased Water Cost After CR Reimbursement (\$000)	<u><u>\$ 8,992.7</u></u>	<u><u>\$ 9,026.5</u></u>

**APPENDIX D - Page 8 of 10**  
**SUBURBAN WATER SYSTEMS**  
**Adopted Average Number of Customers**

	Test Year 2009	Test Year 2010
<b><u>METERED SERVICE:</u></b>		
<u>San Jose Hills Service Area:</u>		
Residential	40,006	40,060
Business	1,584	1,590
Industrial	24	24
Public Authority	303	303
Sales to Other Utilities for Resale	0	0
Construction Water Service	26	28
	41,943	42,005
<u>Whittier/La Mirada Service Area:</u>		
Residential	31,208	31,245
Business	1,396	1,394
Industrial	18	18
Public Authority	169	168
Sales to Other Utilities for Resale	7	7
Construction Water Service	17	18
	32,815	32,850
<u>Total Metered Service:</u>		
Residential	71,214	71,305
Business	2,980	2,984
Industrial	42	42
Public Authority	472	471
Sales to Other Utilities for Resale	7	7
Construction Water Service	43	46
	74,758	74,855

<b><u>UNMETERED SERVICE:</u></b>		
<u>San Jose Hills Service Area:</u>		
Private Fire Protection	332	339
Fire Hydrant	38	39
	370	378
<u>Whittier/La Mirada Service Area:</u>		
Private Fire Protection	370	377
Fire Hydrant	32	33
	402	410
<u>Total Unmetered Service:</u>		
Private Fire Protection	702	716
Fire Hydrant	70	72
	772	788

**Adopted Water Consumption Per Customer (Ccf)**

	Test Year 2009	Test Year 2010
<u>San Jose Hills Service Area:</u>		
Residential	251.8	251.8
Business	1,542.4	1,542.4
Industrial	24,006.0	24,006.0
Public Authority	2,506.0	2,506.0
Resale Water	0.0	0.0
Construction Water	609.0	609.0
<u>Whittier/La Mirada Service Area:</u>		
Residential	231.7	231.7
Business	1,441.0	1,441.0
Industrial	7,455.0	7,455.0
Public Authority	3,614.0	3,614.0
Resale Water	704.0	704.0
Construction Water	1,022.0	1,022.0

**APPENDIX D - Page 9 of 10**  
**SUBURBAN WATER SYSTEMS**  
**Adopted Income Tax Calculation**

	Test Year 2009	Test Year 2010
Operating Revenues		
Water Service Revenue	55,829.7	57,435.7
Other Water Revenues	187.8	187.8
Amortization of Deferred Revenues	13.5	13.5
Total Taxable Operating Revenues	56,031.0	57,637.0
Expenses:		
Operating Expenses(less franchise, uncollectibles, PUC Reimbursement Fee)	36,882.1	37,655.1
CR Reimbursement	(28.4)	(28.9)
Franchise Expense	724.4	745.2
Uncollectibles	106.1	109.1
Tax Depreciation, State	5,062.7	5,236.5
Taxes Other than Income	1,551.6	1,613.8
Interest Expense	2,780.9	2,899.6
Total Expenses	47,079.4	48,230.5
Total CCFT Taxable Income	8,951.6	9,406.5
Total CCFT Tax (8.84%)	791.3	831.5
Federal Income Tax:		
Total Taxable Income	8,951.6	9,406.5
Plus Add'l Tax Depreciation	4.1	4.1
Less Prior Year CCFT	406.2	305.7
	8,549.4	9,104.8
Total FIT Tax (35%)	2,992.3	3,186.7

**APPENDIX D - Page 10 of 10**  
**SUBURBAN WATER SYSTEMS**  
**Adopted Plant In Service**

	Test Year 2009	Test Year 2010
Plant in Service - BOY	162,585,209	168,526,792
Utility Plant Additions During Year	9,140,897	7,037,490
<u>Less:</u>		
Retirements of Plant	3,199,314	2,463,122
Plant-in-Service -EOY	168,526,792	173,101,160
Average Plant In Service	<u>165,556,001</u>	<u>170,813,976</u>

**Adopted Accumulated Depreciation and Expense**

	Test Year 2009	Test Year 2010
Accum. Depreciation (BOY)	48,721,399	50,425,707
<u>Add:</u>		
Depreciation Accrual	5,752,239	5,927,478
Salvage	9,794	9,794
<u>Less:</u>		
Retirements	3,199,314	2,463,122
Cost of Removal	858,411	858,411
Adjustment	0	0
Depreciation Reserve (EOY)	50,425,707	53,041,446
Avg. Accumulated Depreciation	<u>49,573,553</u>	<u>51,733,576</u>

**Adopted Rate Base**

	Test Year 2009	Test Year 2010
Plant in Service	165,555,998	170,813,974
Construction Work In Progress	4,579,026	4,579,026
Materials and Supplies	347,948	355,394
Working Cash	1,642,352	1,713,226
Subtotal	172,125,324	177,461,620
<u>Less:</u>		
Reserve for Depreciation	49,573,553	51,733,576
Advances for Construction	5,737,154	5,611,283
Contribution in Aid of Construction	14,680,970	14,044,788
Unamortized Investment Tax Credits	388,225	348,254
Accumulated Deferred Taxes, Taxable Advances		
For Construction	(131,507)	(125,372)
Accumulated Deferred Taxes, Taxable C.I.A.C.	(70,787)	(35,730)
Unamortized Deferred Revenue, Taxable C.I.A.C.	53,029	42,492
Pension Reserve	0	0
Accumulated Deferred Income Taxes		
Depreciation Timing Differences	10,117,274	10,145,111
Accum. Deferred Income Taxes - Pension Reserve	0	0
Total Deduction	80,347,910	81,764,401
TOTAL RATE BASE	<u>91,777,414</u>	<u>95,697,219</u>

## APPENDIX E

### SUBURBAN WATER SYSTEMS 2009 BILL COMPARISON

Comparison of typical bills for residential metered customers of average usage level at present and authorized rates for the year 2009.

#### General Metered Service (3/4-inch meter)

Service Area	Tariff Area Number	Monthly Usage (Ccf)	Present Rates	Authorized Rates	Percent Increase
San Jose Hills	1	20	\$42.12	\$44.73	6.19%
Whittier/La Mirada	2	20	\$42.66	\$46.67	9.39%

(END OF ATTACHMENT C)