



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

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Application of Suburban Water Systems
(U339W) for Authority to Increase Rates Charged for Water Service by
\$8,932,501 or 13.37% in 2015, by
\$3,210,905 or 4.32% in 2016, and by
\$2,722,809 or 3.51% in 2017.

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**APPLICATION OF SUBURBAN WATER SYSTEMS (U339W)
FOR AUTHORITY TO INCREASE RATES CHARGED FOR WATER SERVICE**

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February 24, 2014

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**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 \$8,932,501 or 13.37% in 2015, by \$3,210,905 or 4.32% in 2016, and by \$2,722,809 or 3.51% in 2017.

A.14-

**APPLICATION OF SUBURBAN WATER SYSTEMS (U339W)
FOR AUTHORITY TO INCREASE RATES CHARGED FOR WATER SERVICE**

As directed by the California Public Utilities Commission ("Commission") in Decision (D.) 07-05-062 (Order Instituting Rulemaking to Consider Revisions to the General Rate Case Plan for Class A Water Companies, ("Rate Case Plan")), Suburban Water Systems ("Suburban" or "Applicant") hereby submits its general rate case ("GRC") application to increase rates for water service.

I. STATEMENT OF RELIEF SOUGHT

By this Application, Suburban seeks a general rate increase for water service for the total company in order to realize the following increased revenue:

<u>Year</u>	<u>Amount of Increase</u>	<u>Percent</u>
2015	\$8,932,501	13.37%
2016	\$3,210,905	4.32%
2017	\$2,722,809	3.51%

Following is a summary of the requested increase:

Comparison of Proposed Increase to Last
Test Year Adopted and Recorded Actual Amounts
(Dollar Amounts in Thousands)

	<u>Last Test Year Adopted</u>	<u>Last Recorded Year</u>
Total Rev Req \$	\$9,406.8	\$10,310.0 *
Total Rev Req %	14.18%	15.75%
Rate Base \$	\$31,051.8	\$27,667.8
Rate Base %	33.90%	29.13%
Operating Expenses \$	\$7,120.0	\$11,073.0
Operating expenses %	11.94%	19.89%
Rate of Return	-0.04%	-2.02%

*Of the total revenue requirement increase in 2015, 25% is brought about by needed investments in utility plant.

II. NECESSITY FOR GENERAL RATE RELIEF

Basic to Applicant's request for authority to raise rates is the fact that, in the test years at its present general metered rates, any annual increase in revenues will be more than offset by increases in expenses, including costs related to capital expenditures. Suburban has little opportunity for customer growth inasmuch as its service area is substantially built out. The customer count increased only .81% since Suburban's last GRC. The general metered rates the Commission previously authorized will, with the passage of time, become unjustly and unreasonable low. The rates Suburban requests are just and reasonable, and reflect and pass through to customers

only increased costs to the Applicant for service.

A. Primary Factors for Increase

As required by the Rate Case Plan, following are primary factors behind Suburban's request for increased rates:

1. Reduced Sales (\$3,000,000)

Potable water sales began to plummet beginning mid-2008. In 2011 the gulf between adopted and recorded residential sales had reached 17%, meaning the volume of water sold to residential customers was 17% below the level adopted in rates. This reduction in residential sales has a substantial impact on Suburban inasmuch as residential customers represent 95% of Suburban's customer base. During the three years 2009, 2010 and 2011 Suburban lost \$8 million pretax as a result of reduced sales.

We project that this declining trend in usage will continue unabated. Unless we proactively consider this declining trend in developing Suburban's rates, then we project that in 2015 Suburban will lose \$1.30 for every undersold Ccf which amounts to a total loss of 2,255,000 which represents a financial loss of \$3 million pretax. While this issue has no impact on revenue requirement, it has a profound impact on rate design and Suburban's ability to earn its authorized rate of return.

2. Increased Production Costs (\$4,800,000)

This application factors production cost increases into proposed rates and results in no profit additional profit to Suburban. This estimated increase in production costs

reflects increases that have already occurred in the unit cost per acre foot of pumped water assessments and in the price per acre foot of purchased water. These cost increases represent pass-through costs projected to be incurred in the test years and which are identical to costs currently being deferred in balancing accounts for future recovery from customers through monthly surcharges. Based on per unit cost increases that have already occurred or that have been announced, these increases are estimated at \$1,380,000 for pumped water assessments and \$3,420,000 for purchased water.

**3. Indirectly Allocated Parent Company Costs
(\$2,700,000)**

The decision in Suburban's last general rate case, D.12-04-009, reduced Suburban's requested parent company costs for the test year 2012 from the requested \$4,094,000 to \$1,706,000. This was primarily a result of the Commission basing its allocation on a two-factor formula rather than Suburban's requested four-factor formula, a methodology that had been used almost exclusively in Suburban's earlier rate cases. This change caused Suburban to receive only a 15.9% allocation rather than a 32.7% allocation of total allocable parent company costs authorized by the decision, \$11.0 million. In this proceeding we project allocable parent company costs will decline precipitously to \$9.0 million in 2015. We have applied the Commission's preferred two-factor methodology which is now substantially higher, 49.8%. This results in Suburban receiving a \$4.5 million allocation which is only marginally higher than

the \$4.1 million allocation that Suburban requested the last rate case. Simply put, Suburban cannot function without parent company support at a \$4.5 million level as is now corroborated by even the Commission's revised two factor method of allocation

4. Increased Headcount (\$558,000)

See Chapter 3 of Exhibit A "Report on the Results of Operations Test Years 2015 and 2016 of Suburban Water Systems".

5. Increased Conservation Expense (\$337,500)

See Direct Testimony of Darleen Phares.

B. Continuation of Trial Program

In Decision 08-02-036 the Commission approved a settlement agreement between Suburban and the Division of Ratepayer Advocates ("DRA", now the Office of Ratepayer Advocates ("ORA")). The settlement adopted a trial program of conservation rates for residential customers consisting of a two-tier inclining block rate structure. The twelve-month moving average residential water demand has declined dramatically - 16% in the San Jose Hills Service Area and 10% in the Whittier/La Mirada Service Area - since Suburban introduced conservation rates on October 1, 2008. The trial program included a Monterey-style Water Revenue Adjustment Mechanism ("WRAM"). Suburban recommends that the Commission authorize it to continue this trial program.

Some of Suburban's non-residential customers are highly water intensive, such as juice manufacturers. Water is a large component of their cost structure. Given the current state of the economy, Suburban strongly recommends that for

purposes of this proceeding that the trial program not be expanded beyond the current residential customer class.

In this proceeding Suburban requests that there be no changes in the current inclining block rate design for residential customers, no change in the uniform rate design for non-residential customers and that the current Monterey-style WRAM and long-standing incremental cost balancing accounts be continued unchanged. Suburban requests that the current recycled water rate design that provides recycled water quantity rates set at 85% of the quantity rate of non-residential metered service, be maintained. Suburban requests that any changes in cost of service and rates resulting from this proceeding be applied as proposed in this application; that is, applied uniformly to the rate design and WRAM that the Commission ultimately approves for the trial program.

III. LIST OF CONTENTIOUS ISSUES

As required by the Rate Case Plan, Suburban includes in this application the following list of potentially contentious issues:

Issue: Additional Staffing Needs (Revenue requirement impacts for 2015 and 2016 are \$557,678 and \$548,777, respectively). See Exhibit A, "Report on the Results of Operations Test Years 2015 and 2016 of Suburban Water Systems."

Issue: Construction Projects (Revenue requirement impacts for 2015 and 2016 are \$595,513 and \$3,519,867 respectively). See Direct Testimony of Craig Gott.

Issue: Water Conservation Program (Revenue requirement impacts for 2015 and 2016 are \$337,500 in both years). See Direct Testimony of Darleen Phares.

Issue: Special Request - Healthcare balancing Account (Revenue requirement impact unknown). See Section V, Special Requests, Employee Healthcare Balancing Account (p. 9, 10)

Issue: catch-up option that would convert to a forecast rather than an amortization for recovery of rate case expense. (Revenue requirement impacts for each of the years 2015 and 2016 is \$248,276) Required pursuant to D.12-04-009, Ordering Paragraph 6:

Suburban Water Systems must include as an option in its next general rate case a detailed proposal as described in this decision, to catch-up (sic) amortization of prior regulatory costs and transition to a test year forecast.

IV. COMPLIANCE MATTERS

A. Rate Case Expense

Decision 12-04-009 requires disclosure in this application of specified rate case expense information:

We direct Suburban in its next rate case to present 10-years of actual data and, in addition to whatever proposal it prefers, to also present a three year forecast for the next rate case cycle as well as a catch-up adjustment to shift from amortization to a forward forecast. (p. 6, 7)

Following is 10 years of data relating to Suburban's rate case expense:

Year	Amount
2003	\$111,625

2004	\$2,225
2005	\$205,571
2006	\$68,892
2007	\$56,866
2008	\$340,947
2009	\$14,106
2010	\$54,618
2011	\$343,244
2012	\$48,017

Following is the forecast for the 2015-2017 rate case cycle:

2013	\$220,488
2014	\$481,699
	\$702,187

Following is the estimated catch-up adjustment to shift from amortization to a forward forecast, which effectively represents the estimated cost of the 2018-2020 rate case cycle:

2016	\$231,640
2017	\$513,189
	\$744,829

V. SPECIAL REQUESTS

A. Amortization of 2012 Cost of Capital Litigation Memorandum Account

Costs associated with Suburban's 2012 Cost of Capital Litigation Memorandum Account are not included in Suburban's current rates and have not otherwise been recovered. In Suburban's previous general rate case (A.11-02-002) it entered into a partial settlement with DRA. The costs for the 2012 cost of capital proceeding were included in that settlement. The subsequent decision in that proceeding, D.12-04-009, Ordering Paragraph 1 stated "The proposed test year 2012 ratemaking settlement (Attachment A) between Suburban Water Systems and the

Division of Ratepayer Advocates is adopted." However, the decision excluded the costs of the 2012 cost of capital proceeding from the authorized revenue requirement. Suburban and DRA filed a joint Petition for Modification of D.12-04-009 addressing this error. Suburban also addressed this issue (among others) in its Application for Rehearing of D.12-04-009. In D.13-12-030 the Commission granted limited rehearing on this issue, but a procedural schedule for the rehearing has not yet been issued.

Therefore, Suburban seeks amortization in base rates as part of this proceeding similar to rate case expense.

B. Amortization of Forecasted 2016 Cost of Capital Costs, and Establish Associated Memorandum Account

Expenses related to cost of capital proceedings are handled differently than general rate case costs. In the Settlement Agreement in A.11-02-002, Suburban and DRA agreed to recovery of the regulatory expenses for the 2012 cost of capital proceeding as forecasted costs amortized currently over 3 years. In this proceeding Suburban requests similar treatment for 2016 cost of capital costs.¹ Suburban seeks amortization of forecasted 2016 Cost of Capital in base rates as part of this proceeding similar to rate case expense.

C. Employee Healthcare Balancing Account

This is a request for similar treatment as Apple Valley Ranchos Water Company in D.12-09-004, Ordering Paragraph

¹ The cost of capital proceeding was originally scheduled for 2015. Suburban and other Class A water utilities have agreed to a one-year postponement of the cost of capital filings, which was approved by the Commission's Executive Director.

8.

Apple Valley Ranchos Water Company must timely file a Tier 1 advice letter to create and implement an Employee and Retiree Health Care Balancing Account to record and recover the difference between the adopted forecast and the actual costs of employee and retiree health care expense beginning January 1, 2012.

It is generally agreed that there are numerous drivers that are creating upward pressure on the cost of medical care. A leading driver is the newly enacted Patient Protection and Affordable Care Act which will result in an influx of newly insured who will be gaining access to health services.

It is also generally agreed that there is no question about the reasonableness of Suburban providing healthcare coverage. Therefore there should be no question that a balancing account rather than a memorandum account is the appropriate method of regulatory accounting.

The purpose of the Employee Healthcare Balancing Account is to record and recover the difference between the adopted forecast and the actual costs of employee healthcare expenses beginning January 1, 2015. Suburban will subsequently file a Tier 1 Advice Letter, or alternatively request resolution in a general rate case, in order to determine the disposition of accumulated balances.

D. Credit Card Payment Option, Expenditure of Capital Costs, And Associated Memorandum Account

Pursuant to AB 746, Suburban seeks authorization to commence a 12-month pilot credit card payment option for Suburban customers. For those customers participating in this

program, there will not be a transaction charge for the use of an accepted credit card for utility bill payment. Suburban proposes a Credit Card Pilot Program Memorandum Account as well as clarifying changes to Rule No. 9. This is a request for similar treatment as California Water Service Company as approved in their Advice Letter No. 1808-B.

Suburban seeks authorization to establish an associated memorandum account, the Credit Card Pilot Program Memorandum Account ("CCPPMA"). The CCPPMA will track credit card program costs and savings, including depreciation, return and income taxes relating to associated capital costs as approved by the Commission.

E. Affiliate Transaction Rule Employee Transfer, Military Family Relief Program Memorandum Accounts Amortization, Leased Vehicle Sale Proceeds Amortization

Pursuant to D.11-10-034, Appendix A, IV.D.3, Suburban requests authority to amortize as a one-time surcredit the current \$41,147 credit balance in its Affiliate Transaction Rule Employee Transfer Memorandum Account.

Suburban also requests authority to amortize its Military Family Relief Program Memorandum Account. The current debit balance in the Military Family Relief Program Memorandum Account is \$8,694.

Suburban also requests authority to amortize Leased Vehicle Sale Proceeds of \$128,405 as a one-time surcredit.

Suburban requests to amortize the combined amounts in January 2015 as a one-time surcredit of \$0.101 per 100 cubic feet of water used.

F. Water Revenue Adjustment Mechanism ("WRAM") Balancing Account Amortization

Suburban requests authority to amortize as a one time surcharge the current \$555,311 debit balance as of December 31, 2013 in its WRAM Balancing Account which includes the under collection of prior amortization authorized by Advice Letter 285-W. Bills for January 2015 would be subject to a one-time surcharge of \$0.399 and \$0.305 per 100 cubic feet of water used applicable to residential customers in San Jose Hills and Whittier/La Mirada Service Areas.

G. Low Income Ratepayer Assistance Memorandum Account Amortization

Suburban requests authority to amortize as a one time surcharge the current \$343,433 debit balance in its Low Income Ratepayer Assistance Memorandum Account as of December 31, 2013 which includes prior amortization amounts over-refunded as authorized by Advice Letter 294-W. Bills for January 2015 would be subject to a surcharge of \$0.217 per 100 cubic feet of water used.

H. Income Tax Repair Regulations Implementation Memorandum Account Amortization

Suburban requests authority to amortize as a one time surcharge the current \$40,297 debit balance in its Income Tax Repair Regulations Implementation Memorandum Account. Bills for January 2015 would be subject to a surcharge of \$0.025 per 100

cubic feet of water used.

I. Increase Amount Of Deposit To Establish Credit and Criteria for Return of Deposits

Suburban requests authority to increase the amount of the deposit to establish credit from \$5.00 to \$30.00. This is a request for similar treatment as Golden State Water Company pursuant to their Tariff Rule No. 7A.1.a.

A. Amount to Establish Credit

1. Metered Service

To establish credit by deposit, the amount for residential service requiring not more than one 5/8 x 3/4-inch meter will be \$30.00 when bills are rendered monthly or \$60.00 when bills are rendered bimonthly.

Suburban also requests to add criteria to Return of Deposits in section D.

Deposits will be returned to customers after being held for 12 consecutive months, provided that all bills for service are paid prior to becoming past due. The return of the deposit will be made with interest as provided in Paragraph E of this rule.

J. Increase Low Income Ratepayer Assistance Surcharge

In order to support the Low Income Ratepayer Assistance program, Suburban requests authority to increase the amount of the Low Income Ratepayer Assistance Surcharge from \$.014 to \$0.043 per 100 cubic feet. This surcharge is applied to the monthly bills of all metered customers, excluding those customers receiving a Low Income Ratepayer Assistance credit.

K. Customer Information Sharing

Suburban requests similar treatment to California-American Water Company for the sharing of confidential customer

data in D.09-02-006. Specifically, Suburban requests authority to create Rule No. 23, Customer Information Sharing, in order to be able to disclose certain customer information to prescribed entities, if requested. This information will be used for the sole purposes of calculating fees such as local taxes, sewer fees, miscellaneous city and county fees and/or for the facilitation of water conservation efforts, whereby the calculation of these fees and efforts depends on data held by Suburban.

VI. SB 960 SCOPING MEMORANDUM

A. Category: Ratesetting

B. Are Evidentiary Hearings Necessary? Yes.

Potentially, there may be factual disputes on material issues, which will necessitate evidentiary hearings on such topics as water sales and operating revenue, operation and maintenance expenses, utility plant, depreciation, rate base, taxes, revenue requirements, conservation and customer service. Pursuant to the Rate Case Plan, Suburban based cost of capital on D.13-05-027, which established cost of capital for Suburban as well as three other applicants in that proceeding.

C. Support: Suburban plans to introduce the following evidentiary items, as necessary, in support of its rate request: this application, exhibits to the application and testimony, together with Suburban's work papers, and Minimum Data Requirements Responses.

D. Are Public Witness Hearings Necessary? Yes.

VII. SCHEDULE

The Commission's Rate Case Plan governs this application. As permitted in the Commission's Rate Case Plan, Suburban and ORA mutually agreed to extend the filing deadline for Suburban's general rate case application until February 24, 2014 and to continue this extension throughout the general rate case.

According to the rate case processing schedule in the Rate Case Plan, this extension does not prevent the Commission from issuing a decision in time for Suburban to implement new rates by January 1, 2015. Under the Rate Case Plan, the Commission should issue a final decision on December 4, 2015. Nonetheless, ORA will not object to Suburban requesting interim rates if for some reason the Commission does not issue its decision in time for Suburban to implement new rates by January 1, 2015.

This agreement regarding interim rates pertains only to this extension. If Suburban is the cause of additional delay in the procedural schedule that prevents the Commission from issuing a decision in time for Suburban to implement new rates by January 1, 2015, ORA will have to evaluate at that time whether it will need to object to interim rates.

The schedule for the case is shown below. The day schedule shown is consistent with the Commission's Opinion Adopting Revised Rate Case Plan For Class A Water Utilities, D.07-05-062.

**PROPOSED 2014 GENERAL RATE CASE SCHEDULE
SUBURBAN WATER SYSTEMS**

<u>No.</u>	<u>EVENT</u>	<u>DATE</u>	<u>Day Schedule</u>	<u>Item Scheduled Shift Due to Holidays/ Weekends</u>
1.	Proposed Application Tendered	Monday, December 09, 2013	(60)	-3
2.	Deficiency Letter Mailed	Wednesday, January 08, 2014	(30)	
3.	Appeal to Executive Director	Thursday, January 16, 2014	(25)	
4.	Executive Director Acts	Thursday, January 23, 2014	(20)	2
5.	Application Filed/Testimony Served	<u>Monday, February 24, 2014</u>	0	
6.	PHC & PPH Start Date	Thursday, March 06, 2014	10	
7.	PHC Finish Date	Monday, May 12, 2014	75	2
8.	Update of Applicant's Showing	Thursday, April 10, 2014	45	
9.	Public Participation Hearings (End Date)	Tuesday, May 27, 2014	90	2
10.	DRA Testimony	Monday, June 02, 2014	97	1
11.	Other Parties Serve Testimony	Monday, June 02, 2014	97	1
12.	Rebuttal Testimony	Monday, June 16, 2014	112	
13.	ADR Process (Start Date)	Thursday, June 19, 2014	115	
14.	ADR Process (End Date)	Monday, June 30, 2014	125	1
15.	Evidentiary Hearings (if required - start)	Monday, June 30, 2014	126	
16.	Evidentiary Hearings (if required - end)	Monday, July 07, 2014	130	3
17.	Opening Briefs Filed and Served	Monday, August 04, 2014	160	1

18.	Motion for Interim Rates	Monday, August 04, 2014	160	1
19.	Mandatory Status Conference	Monday, August 04, 2014	161	
20.	Reply Briefs Filed and Served (with Comparison Exhibit)	Monday, August 18, 2014	175	
21.	Water Division Technical Conference	Monday, August 25, 2014	180	2
22.	Proposed Decision Mailed	Wednesday, October 22, 2014	240	
23.	Comments on Proposed Decision	Tuesday, November 11, 2014	260	
24.	Reply Comments	Monday, November 17, 2014	265	1
25.	Commission Meeting	Monday, December 01, 2014*	280	

*Actual Date of Commission Meeting is December 04, 2014.

VIII. OTHER FORMAL MATTERS AND PROCEDURAL REQUIREMENTS

A. This application is made pursuant to Section 451 et seq. of the California Public Utilities Code.

B. Applicant's legal name is Suburban Water Systems. Suburban's corporate office and post office address is 1325 N. Grand Avenue, Suite 100, Covina, CA 91724.

C. Applicant Suburban Water Systems, a California corporation, organized under the laws of the State of California, October 23, 1953, is a Class A regulated water utility organized and operating under the laws of the State of California. Suburban provides water services in various areas of Los Angeles County and Orange County.

D. A certified copy of Applicant's Articles of Incorporation and all amendments thereto have heretofore been filed with the Commission in connection with Application Nos. 41492, 44154, 53900, 57025, 83-08-29 and 06-08-015. The

Articles of Incorporation have not been subsequently amended.

E. None of the persons described in Section 2 of General Order No. 104-A has a material financial interest in any transaction involving the purchase of materials or equipment or the contracting, arranging, or paying for construction, maintenance work, or service of any kind to which Applicant has been a party during the period subsequent to the filing of Suburban's last Annual Report with this Commission or to which Suburban proposed to become a party at the conclusion of the year covered by said Annual Report.

F. Applicant is now and will be ready to proceed with its showing as prescribed by the Commission's Rate Case Plan.

G. Applicant anticipates that, subsequent to the filing of this applicant and prior to the issuance of a decision by the Commission, Applicant may file one or more advice letter requests to offset unanticipated increases in expenses that may be incurred, or to file one or more advice letters requesting recovery or refund of captured balances in its various memorandum or balancing accounts. Any such offset rate increases requested by advice letter will be in addition to the increases in rates requested in this application.

IX. CORRESPONDENCE, NOTICE, AND SERVICE

Correspondence concerning this application should be sent to:

Robert L. Kelly
Suburban Water Systems
1325 N. Grand Avenue, Suite 100
Covina, California 91724-4044
(626) 543-2590
bkelly@swwc.com

Copies of such correspondence and communication should be sent to:

Lori Anne Dolqueist
Manatt, Phelps & Phillips, LLP
One Embarcadero Center
30th Floor
San Francisco, California 94111
(415) 291-7452
LDolqueist@manatt.com

Within ten days of filing this final application, Applicant will cause to be published a notice of the proposed increases in a newspaper of general circulation in the area served and will file proof of publication with the Commission. Applicant will mail a copy of this application to the parties set forth in Exhibit D.

X. EXHIBITS AND TESTIMONY

Suburban provides the following exhibits and testimony in support of this application:

- | | |
|-----------|---|
| Exhibit A | Report on the Results of Operations Test Years 2015 and 2016 of Suburban Water Systems. (Recorded and Pro Forma Utility Operating Income and Rates of Return for the Company, 12 months ended December 31, 2012, are shown in Table 10-1 in Chapter 10 of the exhibit.) |
| Exhibit B | Balance Sheet and Income Statement |
| Exhibit C | Notice To Customers (approved by the Public Advisors Office) |
| Exhibit D | Service List for Final Application |

Exhibit E	Comparison Exhibit Explaining Differences Between the Proposed Application and the Application
Exhibit F	Tariffs
Direct Testimony of Christian Aldinger	Depreciation
Direct Testimony of Walter Bench (CONFIDENTIAL)	Indirect Parent Company Costs, Insurance, and Direct IT Costs
Direct Testimony of Kiki Carlson	Sponsoring portions of Exhibit A, "Suburban Water Systems, Total Company Results of Operations."
Direct Testimony of John Brettl	Water Quality
Direct Testimony of Darleen Phares	Water Conservation
Direct Testimony of Craig Gott	Capital Projects
Direct Testimony of Wendy Illingworth	Demand Forecasts
Direct Testimony of Stephen Johnson	San Gabriel Basin hydrogeology and associated groundwater quality problems
Direct Testimony of Robert Kelly	Sponsoring portions of Exhibit A, "Suburban Water Systems, Total Company Results of Operations."

XI. CONCLUSION

WHEREFORE, Suburban respectfully requests that this Commission issue its findings and an order to the effect that:

1. The present rates authorized for Suburban are projected to be, in the test years, unfair, unjust and unreasonable;

2. The rates proposed and requested by Suburban are fair, just and reasonable;

3. Suburban also be granted the relief requested in of this application;

4. Suburban Water Systems be authorized to publish, file and make effective, beginning January 1, 2015, the proposed rates requested or such other rates as will result in the additional gross revenues requested in this application; and

5. For such other and further relief as is just.

February 24, 2014

Respectfully submitted,

SUBURBAN WATER SYSTEMS

By: /s/ Robert L. Kelly
Robert L. Kelly
Vice Present, Regulatory Affairs

MANATT, PHELPS & PHILLIPS, LLP

By: /s/ Lori Anne Dolqueist
Lori A. Dolqueist
Attorney for Applicant
Suburban Water Systems

311493132.2

VERIFICATION

I, THE UNDERSIGNED, SAY:

I am authorized to make this Verification for and on its behalf, and I make this Verification; I have read the above document and know its contents; the statements in the foregoing document are true to my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Covina, California this 24th day of February 2014.



/s/ Robert L. Kelly

Robert L. Kelly

NOTICE OF AVAILABILITY

Exhibits A-F in support of Suburban Water System's Application exceeds 50 pages in length and 3.5 megabytes in size. Therefore, pursuant to Rules 1.9(c)(1)-(2), Suburban Water Systems hereby provides this Notice of Availability of Exhibits A-F. Upon written request, Suburban Water Systems will provide a copy of Exhibits A-F in support of the Application on parties on whom this Notice of Availability is served. Parties that wish to obtain a copy of Exhibits A-F in support of the Application should contact:

Demetrio A. Marquez
Paralegal
Manatt, Phelps & Phillips, LLP
1 Embarcadero Center, 30th Floor
San Francisco, CA 94111
Tel: 415-291-7557
Fax: 415-291-7659
Email: dmarquez@manatt.com

Exhibits to the Application

Exhibit A - Results of Operations

Exhibit B - Balance Sheet and Income Statement

Exhibit C - Notice to Customers

Exhibit D - Service List for Final Application

Exhibit E - Comparison Exhibit Explaining Differences between the Proposed Application and the Final Application

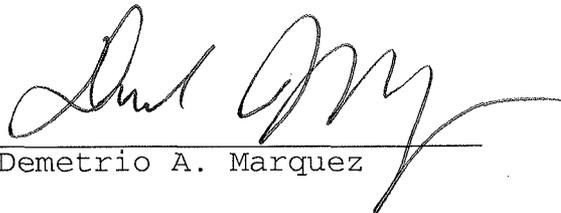
Exhibit F - Tariffs

Suburban Water Systems will serve (but not file) direct testimony in support of the Application.¹ Parties needing

¹ See Section X. in the Application.

a copy of direct testimony should also contact Mr. Marquez.

Dated: February 24, 2014

By: 
Demetrio A. Marquez

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PROOF OF SERVICE

I, Demetrio Marquez, declare as follows:

I am employed in San Francisco County, 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. On February 24, 2014, I served the within:

**APPLICATION OF SUBURBAN WATER SYSTEMS (U339W)
FOR AUTHORITY TO INCREASE RATES CHARGED FOR WATER SERVICE**

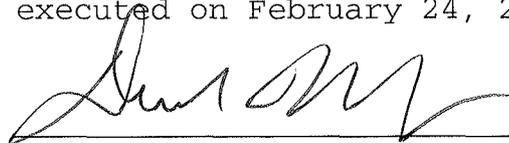
ON THE INTERESTED PARTIES IN THIS ACTION ADDRESSED AS FOLLOWS:

See Attached Service List

(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.

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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 February 24, 2014, at San Francisco, California.



Demetrio A. Marquez

311495898.1

SUBURBAN WATER SYSTEMS

2014 GENERAL RATE CASE

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SUBURBAN WATER SYSTEMS

2014 GENERAL RATE CASE

FINAL APPLICATION SERVICE LIST

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SUBURBAN WATER SYSTEMS

2014 GENERAL RATE CASE

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SUBURBAN WATER SYSTEMS

2014 GENERAL RATE CASE

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