

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.

A.14-02-004
(Filed February 24, 2014)

**PROTEST
OF THE OFFICE OF RATEPAYER ADVOCATES**

I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission's Rules of Practice and Procedure, the Office of Ratepayer Advocates ("ORA"), hereby protests Suburban Water Systems' ("Suburban") Application for authority to increase rates for water service in 2015, 2016, and 2017.

Suburban filed its Application on February 24, 2014 and it appeared on the Commission's Daily Calendar on February 26, 2014.

II. ISSUES TO BE ADDRESSED

ORA is conducting the necessary discovery, investigation, and review to address issues, such as whether Suburban's estimated levels of revenues, expenses, and rate base are just and reasonable. ORA will also be reviewing whether Suburban's Special Requests are appropriate and in the public interest.

This Protest provides a non-exhaustive identification of issues ORA will examine. As discovery proceeds, other issues may arise.

A. General Issues

1. Whether Suburban’s proposed revenue rate increases for Test and Escalation Years are reasonable and justified, including sales, revenue, consumption, and number of customers;
2. Whether Suburban’s relationship with its parent company, Southwest Water Company (“Southwest”) is reasonable in relation to cost allocations;
3. Whether Suburban’s estimate in its operation & maintenance (“O & M”), and administrative & general (“A & M”) expenses are reasonable, including payroll, and conservation; and
5. Whether Suburban’s proposed additions to plant are accurate, reasonable, and justified, including unauthorized plant, construction work in progress, security, and water quality.

B. Specific Issues

1. Whether Suburban’s estimated reduction in sales, which will affect rate design, but not the revenue requirement is accurate;
2. Whether Suburban’s estimated increase in production costs for pumped water assessments and purchased water is accurate;
3. Whether Suburban’s request for nine new positions is reasonable;
4. Whether Suburban’s conservation budget request that is double the amount the Commission last authorized in 2012 is reasonable;
5. Whether Suburban’s request to continue its trial program of conservation rates for residential customers with a two-tier inclining block rate structure is reasonable;

6. Whether Suburban's catch-up option that would convert to a forecast rather than an amortization for recovery of rate case expense is reasonable; and
7. How the Commission can integrate the limited rehearing the Commission granted Suburban into this rate case.

C. Special Requests

1. Whether the Commission should approve of Suburban's request for the amortization of its cost of capital litigation memorandum account;
2. Whether the Commission should approve of Suburban's request for the amortization of forecasted 2016 cost of capital costs and establish an associated memorandum account;
3. Whether the Commission should approve of Suburban's request for an employee healthcare balancing account;
4. Whether the Commission should approve of Suburban's request for a memorandum account if the Commission approves of its request to provide customers a credit card payment option;
5. Whether the Commission should approve of Suburban's request to amortize a one-time surcredit in its Affiliate Transaction Rule Employee Transfer Memorandum Account and a debit balance in its Military Family Relief Program Memorandum Account as well as authority to amortize leased vehicle sale proceeds as a one-time surcredit;
6. Whether the Commission should approve of Suburban's request to amortize a one-time surcharge in its water revenue adjustment mechanism balancing account;
7. Whether the Commission should approve of Suburban's request to amortize a one-time surcharge in its low-income ratepayer assistance memorandum account;
8. Whether the Commission should approve of Suburban's request to amortize a one-time surcharge in

its income tax repair regulation implementation memorandum account;

9. Whether the Commission should approve of Suburban's request to increase the amount of deposit to establish credit and criteria for return of deposits;
10. Whether the Commission should approve of Suburban's request to increase the amount of the low-income ratepayer assistance surcharge; and
11. Whether the Commission should approve of Suburban's request to create Rule No.23 Customer Information Sharing in order to disclose certain customer information to prescribed entities if requested.

III. NEED FOR HEARINGS

ORA agrees with Suburban that evidentiary hearings will be necessary because Suburban's showing and ORA's analyses are necessarily fact intensive and thus will likely result in a number of factual disputes. ORA recommends holding the evidentiary hearings in the Commission's Los Angeles office. This will allow ORA and Suburban staff to attend these hearings more easily.

IV. SCHEDULE

The following is ORA's proposed schedule:

- **June 9, 2014** - ORA & Intervenors serve their Direct Testimony
- **June 30, 2014** - Suburban serves its Rebuttal Testimony
- **July 10th-July 18, 2014** - Settlement talks
- **July 23, 2014** - Start of Evidentiary Hearings (if needed)
- **August 25, 2014** - Opening Briefs
- **September 8, 2014** - Reply Briefs
- **November 12, 2014** - ALJ's Proposed Decision
- **December 2, 2014** - Comments on Proposed Decision
- **December 8, 2014** - Reply Comments on Proposed Decision
- **December 18, 2014** - Commission Meeting

V. CATEGORIZATION

ORA agrees with Suburban that this proceeding should be categorized as a “ratesetting.”

VI. CONCLUSION

The Commission should adopt ORA’s identified general issues and Suburban's Special Requests as part of the scoping memo in this proceeding. The Commission should also adopt ORA’s proposed schedule.

Respectfully submitted,

/s/ SELINA SHEK

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