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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Application of Suburban Water Systems (U339W) for Authority to Establish its Authorized Cost of Capital for the period from January 1, 2013 through December 31, 2015	A.12-05-___ Filed May 1, 2012	A1205004

APPLICATION OF SUBURBAN WATER SYSTEMS (U339W) FOR AN AUTHORIZED COST OF CAPITAL FOR UTILITY OPERATIONS FOR THE PERIOD FROM JANUARY 1, 2013 THROUGH DECEMBER 31, 2015

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May 1, 2012

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APPLICATION OF SUBURBAN WATER SYSTEMS (U339W) FOR AN AUTHORIZED COST OF CAPITAL FOR UTILITY OPERATIONS FOR THE PERIOD FROM JANUARY 1, 2013 THROUGH DECEMBER 31, 2015

I. INTRODUCTION

Pursuant to Articles 2 and 3 of the Rules of Practice Procedure of the California Public Utilities Commission ("Commission") and as directed by the Commission in Decision ("D.") 07-05-062, Suburban Water Systems ("Suburban") hereby submits this application for an authorized cost of capital for its utility operations for the period from January 1, 2013 through December 31, 2015. Specifically, Suburban files this Application in compliance with Ordering Paragraph 4 of D.07-05-062, which requires all Class A water utilities to comply with the filing schedule and all other requirements set forth in that decision.[1]

Suburban requests for the period from January 1, 2013 through December 31, 2015 that the Commission find reasonable and authorize: (1) a capital structure of approximately 37% long-term debt, 3% preferred stock, and 60% common equity; (2) a cost of long-term debt of 7.05%; a cost of preferred stock of 4.24%, (3) a return on common equity of 11.25%; and (4) a weighted average return on rate base of 9.49%.

[1] D.07-05-062, Order Instituting Rulemaking to Consider Revisions to the General Rate Case Plan for Class A Water Companies, 2007 Cal. PUC LEXIS 226, *48.

II. EVALUATION CRITERIA

Water utilities have a constitutional right to the opportunity to earn a reasonable return on their investments. When ruling on the rate of return that Suburban has requested in this application, the Commission must consider the criteria the United States Supreme Court set forth in the Hope[2] and Bluefield[3] cases. These cases contain the following guidelines for rate of return decisions:

- The allowed rate of return should be comparable to that generally being made on investments and other business undertakings which are attended by corresponding risks and uncertainties;
- The return should be sufficient to maintain the utility's credit status;
- The return should allow the utility to attract the capital necessary to provide proper service to customers; and
- The return should be sufficient to ensure confidence in the financial soundness of the utility.

Adhering to these principles will strike the appropriate balance between a reasonable shareholder return and the interests of customer as reflected in the price for service.

III. REQUESTED RELIEF

The Commission issued Suburban's most recent cost of capital decision in October 2010, in which it adopted a return on rate base for Suburban of 8.83%.[4] In this application, Suburban is requesting an overall rate of return of 9.49% based on a weighted average cost of long-term debt of 2.62%, a weighted average preferred stock of 0.12%, and a weighted average cost of equity of 6.75% and a capital structure composed of approximately 37% long-term debt, 3% preferred stock, and 60% common equity. In D.07-06-052, the Commission ordered water

[2] FPC v. Hope Natural Gas Co., 320 U.S. 591 (1944).
[3] Bluefield Water Works and Improvement Co., 262 U.S. 679 (1923).
[4] D.10-10-035, Application of San Jose Water Company (U168W) for Authority to Determine its Cost of Capital and to Apply that Cost of Capital in Rates for the Period From January 1, 2010 through December 31, 2012 And Related Matters, 2010 Cal. PUC LEXIS 433, *27.

utilities to include information on the proposed capital structure and rate of return in the format below.

	Test Year 2013 Escalation Years 2014 and 2015		
	Capital Structure	**Cost**	**Weighted Cost**
Long-Term Debt	37.12%	7.05%	2.62%
Preferred Stock	2.88%	4.24%	0.12%
Common Equity	60.00%	11.25%	6.75%
TOTAL	100.00%		9.49%

By granting Suburban's requests, the Commission will enable Suburban to continue to finance its investments on reasonable terms through 2015. The 0.66% increase in the requested rate of return in this application is entirely the result of the increase in the cost of equity.

A. Return on Equity

In this application, Suburban is requesting that the Commission authorize a return on equity of 11.25%, which is the same as that recommended in Paul R. Moul's attached testimony. Suburban fully supports the concepts and theories regarding financial risk as proposed by Mr. Moul.

B. Cost of Debt

Consistent with the capital structure ratios for the company, the embedded cost rates of Suburban's securities must also be employed. The actual embedded cost rate of long-term debt on December 31, 2011 was 7.05%.

C. Capital Structure

Suburban has projected substantial capital needs over the three years ending December 31, 2015 in order to finance its unusually large construction program. The volume of

utility construction is projected to be unusually intense at about $14.2 million annually, nearly double historic levels. Equity as a proportion of the capital structure is expected to remain constant at 60%. Preferred stock as a proportion of the capital structure is expected to remain constant in dollar terms resulting and representing on average 2.88% of the capital structure. Long-term debt as a proportion of the capital structure is expected to make up the difference in funding needs, averaging 37.12% over the three years.

IV. RECOVERY OF COSTS RELATED TO THIS PROCEEDING

A. Costs for This Proceeding Are Not Included in Suburban's Current Rates

In Suburban's most recent general rate case it entered into a partial settlement with the Division of Ratepayer Advocates ("DRA"). The costs for this proceeding were included in that settlement. Shortly before the filing date of this application, the Commission issued its decision, D.12-04-009, in Suburban's most recent general rate case. Although the Commission stated in Ordering Paragraph 1 of D.12-04-009, "The proposed test year 2012 ratemaking settlement (Attachment A) between Suburban Water Systems and the Division of Ratepayer Advocates is adopted," it actually excluded the costs of this proceeding from the authorized revenue requirement. Suburban is considering filing a Petition for Modification of D.12-04-009 to correct this error.

B. Suburban Has Requested Memorandum Account Treatment for Costs Related to This Proceeding

Because D.12-04-009 failed to include the 2012 Cost of Capital Proceeding costs in the cost of service, on April 26, 2012 Suburban submitted Advice Letter 291-W requesting authorization to establish a 2012 Cost of Capital Litigation Memorandum Account to record the incremental costs incurred by Suburban. The memorandum account would be limited to incremental non-employee resources engaged in litigating this 2012 Cost of Capital proceeding. These costs would be considered by the Commission for recovery in the Suburban's next general rate case and, if approved, would be amortized over the three-year rate case cycle, 2015-2017. In the event that Suburban should prevail in recovering 2012 cost of capital costs in a separate

Petition for Modification of D.12-04-009, the memorandum account would become null and void.

V. RISKS AND CASH FLOW COMMITMENTS

In determining Suburban's cost of capital, the Commission should take into account the various risks that Suburban faces. Some of these risks are faced by the entire water industry, such as risks related to water quality. As Mr. Moul discusses in his direct testimony, drinking water quality has received heightened attention out of concern over the integrity of the source of supply, which is often threatened by changing land use and the permissible level of discharged contaminants established by state and federal agencies. Moreover, water companies have experienced increased water treatment and monitoring requirements and escalating costs in order to comply with the increasingly stringent regulatory requirements. Other business risks relate to drought conditions due to loss of snow pack and precipitation and global climate change. Ongoing drought conditions have resulted in declining underground water storage capacity, an increase in pumping cost, and the need to use high cost purchased water.

Other risks are more specific to Suburban. For example, D.12-04-009 recognized Suburban's need for substantially heightened spending on infrastructure. In that decision, the Commission authorized Suburban to $14.8 million in 2012 and $14.2 million per year in 2013 and 2014 on capital projects. This represents a significant increase compared to Suburban's historic spending level of approximately $7-8 million per year. Moreover, the fact that all of these projects are actually in rates and that none are subject to advice letter treatment places an added burden and risk on Suburban to ensure that this aggressive construction schedule is completed on a timely basis.

One of the projects approved in D.12-04-009, the Plant 214 reservoir project, involves a complex land swap with another entity. As part of this project, Suburban will build two new reservoirs, one 2.3 million gallons, the other 2.5 million gallons, on another entity's property that Suburban will be acquiring as part of the swap. The current Suburban-owned property that Suburban will be swapping has a 6.0 million gallon reservoir that Suburban plans to lease back during the construction period. This represents a complex transaction that bears

substantial risks where timing and deft execution are critical. Where a substantial ongoing capital investment is required to meet the high quality of product and service that customers demand, supportive regulation is absolutely essential.

Suburban's risk is higher than larger water companies due to its smaller size and because Suburban does not have a decoupling-style water revenue adjustment mechanism ("WRAM") or modified cost balancing account ("MCBA"). As Robert L. Kelly, Suburban's Vice President of Regulatory Affairs discusses in his direct testimony, Suburban's demand-side financial risks are substantial. Suburban's Monterey-style WRAM accounts for only a very small portion of demand-side risks; that is, variations in sales brought about by Suburban's conservation rate design. Suburban is entirely unprotected from variations in water demand relating to drought and prolonged rainfall, which constitute the great majority of demand-side risk. For example, for the year 2009 alone Suburban's net pre-tax demand-side losses that Suburban shareholders had to bear were $1,612,000 ($1,692,000 total undercollections less only $80,000 that were recoverable by the Monterey-WRAM).

The rate of return that the Commission adopts must be commensurate with the risk to which Suburban's capital is exposed. The risks and cash-flow commitments discussed above justify Suburban's requested rate.

VI. CUSTOMER IMPACT

The requested revenue increase as a result of this application is $1.2 million. Suburban has included in Appendix B to this application a calculation of the estimated revenue impact of the proposed cost of capital increases. Appendix C to this application is an estimate of the bill impact on residential customers. Appendix D to this application are draft customer notices for Suburban's two service areas, Whittier/La Mirada and San Jose Hills. Suburban has submitted these notices to the Commission's Public Advisor for review and will comply with the notice requirements of Public Utilities Code § 454(c) and Rule 3.2(b)-(d) of the Commission's Rules of Practice and Procedure. Suburban is seeking authorization to implement the new cost of

capital effective January 1, 2013.[5]

VII. SB 960 SCOPING MEMORANDUM

A. Category

The Commission should categorize this proceeding as ratesetting.

B. Are Evidentiary Hearings Necessary?

Yes. Potentially, there may be factual disputes on material issues, which will necessitate hearings. Suburban intends to introduce the following evidentiary items in support of the application: (1) this application and appendices, copies of which have been or will be delivered to the Commission; (2) prepared witness qualifications and direct testimony to support the reasonableness of Suburban's requests; (3) prepared and oral rebuttal testimony and related exhibits to support Suburban's specific requests.

C. Are Public Witness Hearings Necessary?

No.

D. Issues

The issues are whether Suburban has demonstrated the reasonableness of the proposed (1) capital structure, (2) cost of debt, (3) cost of preferred stock, (4) cost of equity and (5) return on rate base.

E. Schedule

Pursuant to Rule 2.1(c) of the Commission's Rules of Practice and Procedure, Suburban has included a proposed procedural schedule with this application. Suburban has attached the proposed schedule as Appendix E. The proposed schedule takes into account the Commission's recommendation in D.07-05-062 that it reach a final decision within six months.[6]

VIII. OTHER FORMAL MATTERS AND PROCEDURAL REQUIREMENTS

A. Legal Name

Applicant's legal name is Suburban Water Systems. Suburban's office address is

[5] The requested increase in this proceeding could be affected if Suburban files for modification or reconsideration of its most recent general rate case decision, D.12-04-009.
[6] D.07-05-062, 2007 Cal. PUC LEXIS 226, *24.

1325 N. Grand Avenue, Covina, CA 91724-4044.

B. Corporate Status

Applicant Suburban, a California corporation, was originally formed on April 15, 1907 as the San Jose Hills Water Company and intended to function as a mutual water company providing water service for agricultural use. San Jose Hills Water Company was incorporated under the laws of the State of California on June 27, 1944 as a public utility water company. In 1953, San Jose Hills Water Company purchased Whittier Water Company. The name was officially changed to Suburban Water Systems on October 23, 1953. For ratemaking and CPUC reporting purposes, the new Whittier District, even though non-contiguous, was combined with the San Jose Hills District. On September 23, 1976, Southwest Water Company purchased Suburban Water Systems and the name was changed to Southwest Suburban Water. In 1976, following its purchase of Suburban Water Systems, Southwest Suburban Water transferred its La Mirada and Etiwanda systems to Southwest Suburban Water, thus consolidating all California utility operations into one operating company. On September 23, 1976, the Board of Directors for Suburban Water Systems voted to change the name of the company to Southwest Suburban Water. On July 22, 1982, Southwest Suburban Water's Board of Directors voted to change its name back to Suburban Water Systems. In 1998, Suburban Water Systems purchased the assets of Maple Water Company, a small mutual water company located in Valinda. In 2000, Suburban Water Systems purchased the assets of the 7,000 customer municipal water system owned by the City of West Covina. In 2010, the Commission granted a transfer of indirect control of Suburban Water Systems pursuant to a Settlement Agreement between the Division of Ratepayer Advocates, Suburban Water systems, SouthWest Water Company, SW Merger Acquisition Corp., IIF Subway Investment LP, and USA Water Services, LLC. Today, Suburban Water Systems serves approximately 75,000 customers in its San Jose Hills and Whittier/La Mirada Service Areas. Communities served are Glendora, Covina, West Covina, La Puente, Hacienda Heights, Walnut, Whittier, La Mirada, La Habra, and Buena Park as well as unincorporated Los Angeles and Orange County areas.

C. Articles of Incorporation

A certified copy of Applicant's Articles of Incorporation and all amendments thereto has heretofore been filed with the Commission in connection with Application Nos. 41492, 44154, 53900, 57025, 83-08-29 and in 06-08-015. The Articles of Incorporation have not been subsequently amended.

D. General Order No. 104-A

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.

IX. CORRESPONDENCE CONCERNING PROPOSED APPLICATION

Correspondence and communications concerning this Application should be addressed to:

Robert L. Kelly
Vice President – Regulatory Affairs
Suburban Water Systems
1325 N. Grand Avenue, Suite 100
Covina, CA, 91724-4044
Telephone: (626) 543-2590
Facsimile: (626) 331-4848
E-Mail: bkelly@swwc.com

Copies of such correspondence and communications should be sent to:

Lori Anne Dolqueist, Esq.
Manatt, Phelps & Phillips, LLP
One Embarcadero Center, 30th Floor
San Francisco, CA 94111
Telephone: (415) 291-7400
Facsimile: (415) 291-7474
Email: LDolqueist@manatt.com

X. SERVICE

Pursuant to Rule 3.2 of the Commission's Rules of Practice and Procedure, a copy

of this application and appendices has been served upon the service list attached hereto. Unless otherwise noted on the service list, recipients will receive a copy of the application and appendices only. The testimonies are available by request.

XI. APPENDICES AND TESTIMONY

A. Appendices

Appendix A: Balance Sheet and Income Statement

Appendix B: Revenue Requirement Impact

Appendix C: Typical Bill Impact

Appendix D: Draft Customer Notice

Appendix E: Proposed Schedule

Appendix F: Minimum Data Requirement Information

B. Testimony[7]

Direct Testimony Robert L. Kelly

Direct Testimony of Paul R. Moul

XII. CONCLUSION

As demonstrated by this application, the attached appendices and supporting testimony, the Commission should authorize for Suburban: (1) an approximate 37% long-term debt, 3% preferred stock, and 60% common equity capital structure for 2013-2015; (2) a cost of debt of 7.05% for 2013-2015; (3) a return on preferred stock of 4.24% for 2013-2015; (4) a return on common equity of 11.25% for 2013-2015; and (5) a weighted average return on rate base of 9.49 %.

[7] In compliance with Rule 1.7 of the Commission's Rules of Practice and Procedure, Suburban did not file the testimony with the Docket Office but did serve the testimony as indicated on the attached service list.

May 1, 2012

MANATT, PHELPS & PHILLIPS, LLP

By: */s/ Lori Anne Dolqueist*
Lori Anne Dolqueist

Attorneys for Applicant
Suburban Water Systems

VERIFICATION

I, the undersigned, declare:

I am an officer of Suburban Water Systems and am authorized to make this Verification for and on its behalf, and I make this Verification for that reason. I have read the above document and know its contents; I am informed and believe and, on that ground, allege that the matters stated in it are true. I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 1, 2012, at Covina, California.

Robert L. Kelly

APPENDIX A
Suburban Water Systems
(A wholly owned subsidiary of SouthWest Water Company)
Balance Sheets
December 31, 2011 and 2010

(Amounts in thousands)	2011	2010
Assets		
Utility property, plant and equipment, at cost	$ 194,927	$ 189,145
Accumulated depreciation and amortization	(67,276)	(63,287)
Utility property, plant and equipment, net	127,651	125,858
Current assets		
Cash and cash equivalents	—	74
Accounts receivable, net	5,596	4,356
Related party receivable from parent company	—	4,724
Regulatory assets (short term)	4,145	3,893
Other current assets	4,399	571
Total current assets	14,140	13,618
Other assets		
Deferred debt issuance cost	784	846
Regulatory assets (long term)	21,566	17,186
Goodwill	1,826	1,826
Intangibles	1,053	1,053
Other	2,108	1,533
Total other assets	27,337	22,444
Total Assets	$ 169,128	$ 161,920
Capitalization and Liabilities		
Capitalization		
Common stockholder's equity		
Common stock	$ 745	$ 745
Capital surplus	5,017	5,017
Retained earnings	56,872	53,707
Total common stockholder's equity	62,634	59,469
Cumulative preferred stock	3,982	3,982
Long-term debt	33,000	33,000
Total capitalization	99,616	96,451
Current liabilities		
Accounts payable and accrued expenses	1,145	519
Related party payable to parent company	8,211	—
Other current liabilities	5,213	10,159
Total current liabilities	14,569	10,678
Other liabilities and deferred credits		
Advances for construction	7,050	7,289
Contributions in aid of construction	16,271	16,714
Developer deposits	1,222	1,176
Deferred income taxes	28,940	26,889
Regulatory liabilities	184	1,371
Other liabilities and deferred credits	1,276	1,352
Total other liabilities and deferred credits	54,943	54,791
Commitments and contingencies (footnote 11)		
Total Capitalization and Liabilities	$ 169,128	$ 161,920

Suburban Water Systems
(A wholly owned subsidiary of SouthWest Water Company)
Statements of Income and Retained Earnings
Years Ended December 31, 2011 and 2010

(Amounts in thousands)	**2011**	**2010**
Operating revenue	$ 56,720	$ 54,978
Operating expenses and taxes:		
Purchased water and power, including production cost balancing accounts	13,233	14,336
Other operating expense	22,510	21,899
Depreciation and amortization	5,935	5,806
Taxes:		
Income tax provision	3,824	2,600
Payroll and local	1,312	1,183
Property	920	914
Total operating expenses and taxes	47,734	46,738
Utility operating income	8,986	8,240
Other income (expense)		
Interest expense and amortization of deferred debt issuance cost	(2,241)	(2,233)
Interest income	263	544
Other expense	—	(198)
Total other expense	(1,978)	(1,887)
Net income	$ 7,008	$ 6,353
Beginning retained earnings	$ 53,707	$ 50,930
Plus net income	7,008	6,353
Less dividends paid		
Series A preferred	115	115
Series B preferred	54	54
Total preferred dividends paid	169	169
Common dividends	3,674	3,407
Total dividends paid	3,843	3,576
Ending retained earnings	$ 56,872	$ 53,707

APPENDIX B

SUBURBAN WATER SYSTEMS

REVENUE IMPACTS OF PROPOSED CAPITAL COST INCREASES
2012 COST OF CAPITAL APPLICATION

ESTIMATED REVENUE REQUIREMENT IMPACT

	Long-Term Debt	Preferred Stock	Common Equity	Total
Proposed Total	2.62%	0.12%	6.75%	9.49%
Current Total	2.54%	0.17%	6.12%	8.83%
Difference	0.08%	-0.05%	0.63%	0.66%

	2013
Rate Base	$102,130,988
Requested Increase In COC	0.66%
Increase In Return	$674,065
x Net -to-Gross Multiplier	1.80661
Total Customer Impact	$1,217,772

APPENDIX C

SUBURBAN WATER SYSTEMS

PROPOSED BILL IMPACT TO BE INCLUDED ON CUSTOMER NOTICE
2012 COST OF CAPITAL APPLICATION

ESTIMATED 2013 BILL IMPACTS FOR AVERAGE RESIDENTIAL CUSTOMERS

		Whittier/La Mirada Tariff Area 2	San Jose Hills Tariff Area 1
Meter Size: 3/4"			
Average Monthly Usage In Ccf	20		
Proposed Bill		$62.17	$62.64
Current Bill		$61.10	$61.56
Proposed Increase In Monthly Bill ($)		$1.07	$1.08
Proposed Percent of Increase		1.76%	1.76%

APPENDIX D
SUBURBAN WATER SYSTEMS
DRAFT CUSTOMER NOTICES
2012 COST OF CAPITAL APPLICATION

For a Spanish version of this notice, you may visit our website at www.swwc.com/suburban.
Para una version en Espanol de este aviso usted puede visitar nuestro sitio web en www.swwc.com/suburban.

SUBURBAN WATER SYSTEMS
NOTICE OF APPLICATION FILING FOR AN AUTHORIZED COST OF CAPITAL INCREASE FOR UTILITY OPERATIONS FOR 2013-2015

Application No. 12-05-XXX

On May 1, 2012, Suburban Water Systems (Suburban) filed proposed Application 12-05-XXX (A.12-05-XXX) with the California Public Utilities Commission (CPUC) seeking authority to increase its cost of capital for the period 2013– 2015. Cost of capital is a financial term defining how much a corporation is allowed in rates as a return on its investment capital. In this proceeding the CPUC will determine Suburban's reasonable costs and log-term debt and common stock that are part of the authorized cost of capital. If approved by the CPUC, Suburban's revenues requirement would increase by $1,238,038 or 1.78% in 2013.

Water utilities such as Suburban have a constitutional right to the opportunity to earn a return on their utility capital investments. While the CPUC must set rates that allow water utilities this opportunity, these rates do not guarantee that the utility will earn this return. The CPUC bases the rate of return on the cost of capital needed to fund the investments. This CPUC proceeding will analyze Suburban's cost of capital and set the proper rate of return.

INFORMATION REGARDING THE APPLICATION
Suburban requests that the CPUC find reasonable and requests authorization for:

- A capital structure of approximately 37.12% of long-term debt, 2.88% preferred stock, and 60% of common equity for 2013 – 2015
- A cost of long term debt of 7.05%, and preferred stock of 4.24% for 2013 – 2015
- A return on common equity of 6.75% for 2013 – 2015, and
- A weighted average return on rate base of 9.49% for 2013 – 2015

The table below shows the 2013 current and proposed rate impacts on the average residential customer with a 3/4 inch meter size. The figures in the table below do not include applicable taxes and surcharges. The illustrative charts below are assuming the CPUC approves the Cost of Capital proposed by Suburban:

Estimated Residential Monthly Bill (Average Usage: 20 ccf; Meter Size: 3/4")	**Whittier/La Mirada Tariff Area 2**	**San Jose Hills Tariff Area 1**
Proposed Bill	$62.17	$62.64
Current Bill	$61.10	$61.56
Proposed Increase in Monthly Bill	$ 1.07	$ 1.08
Proposed Percent of Increase in Monthly Bill	1.76%	1.76%

Total Company - Revenue Increase (Thousands of Dollars)				
Customer Class	Current Revenue	Proposed Revenue	Increase ($)	Increase (%)
Residential	$50,273	$51,156	$883	1.76%
Business	11,824	$12,032	208	1.76%
Industrial	1,109	$1,128	19	1.76%
Public Authority	3,610	$3,673	63	1.76%
Irrigation	37	$38	1	1.76%
Private Fire Service	1,126	$1,146	20	1.76%
Fire Hydrants	25	$25	0	1.76%
Other	1,360	1,384	24	1.76%
Total	$69,364	$70,582	$1,218	1.76%

FURTHER INFORMATION
To obtain a copy of the Application or for further information regarding the application you may contact the local service area office. The Application and related exhibits may also be inspected at:

San Jose Hills Service Area
2235 East Garvey Avenue North, Suite A,
West Covina, CA 91791

Whittier/La Mirada Service Area
15088 Rosecrans Avenue
La Mirada, CA 90638

The Application may also be inspected at the CPUC's Central Files Office in San Francisco at 505 Van Ness Avenue, San Francisco, CA 94102 between the hours of 8:00 a.m. and noon daily.

EVIDENTIARY HEARINGS
The CPUC **may** schedule formal Evidentiary Hearings (EH's) whereby formal parties of record provide testimony and are subject to cross examination before the CPUC's Administrative Law Judge (ALJ). These hearings are open to the public to listen, but only those who are formal parties of record are allowed to participate. The CPUC has their own court reporters who will take the comment of those formal parties of record participating in the EH's. Suburban will provide testimony at the hearings. The Division of Ratepayer Advocates (DRA) consists of engineers, accountants, economists and attorneys who independently evaluate the proposals of utilities for and present their analyses and recommendations for the CPUC at EH's. Once hearings are completed, the ALJ will consider all of the evidence presented and release the proposed draft decision. When the CPUC issues a final decision, it may adopt, amend, or modify all or part of the ALJ's draft decision. The final decision may differ from the requests in the application filed by Suburban.

Public Comments
If you wish to comment on this proposed application filing or informally protest this filing as a customer of Suburban, you may do so by contacting the CPUC's Public Advisor's Office (PAO) at 1-866-849-8390. Written public comment by Suburban customers is very much desired by the CPUC and may be sent to the Public Advisor's Office at 505 Van Ness Avenue, San Francisco, CA 94102, or via email to public.advisor@cpuc.ca.gov. Please state that you are writing about Suburban's Application 12-05-XXX when sending your written correspondence or email. All public comments become part of the formal public comment file. These public comments will be circulated to the assigned Administrative Law Judge (ALJ), the assigned Commissioner and appropriate line Division CPUC staff for review.

APPENDIX E

SUBURBAN WATER SYSTEMS
PROPOSED SCHEDULE
2012 COST OF CAPITAL APPLICATION

Event	Per D.07-05-062	Proposed Calendar Dates
Application Filed/Testimony Served	0	5/1/12
Prehearing Conference		May 2012
DRA & Intervener Testimony	46	6/18/12
Rebuttal Testimony Due	60	7/2/12
ADR Processes or Settlement Begins	64	7/5/12
Evidentiary Hearings Begin	78	7/18/12
Evidentiary Hearings end	82	7/22/12
Opening Briefs Filed and Served	103	8/13/12
Reply Briefs Filed and Served (includes Comparison Exhibit)	110	8/20/12
ALJ's Proposed Decision Mailed	193	11/13/12
Comments on Proposed Decision	213	11/30/12
Reply Comment on Proposed Decision	218	12/5/12
Commission Meeting	228	12/17/12
Effective Date of New Rates	244	1/1/13

APPENDIX F

SUBURBAN WATER SYSTEMS
MINIMUM DATA REQUIREMENT INFORMATION
2012 COST OF CAPITAL APPLICATION

Served, but not filed with the CPUC Docket Office, per D.07-05-062.