# APPENDIX A

**BEFORE THE PUBLIC UTILITIES COMMISSION**

**OF THE STATE OF CALIFORNIA**

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|---|---|
| In the matter of the Application of Suburban Water Systems (U 339-W) for authority to increase rates charged for water service by $5,633,937 or 12.1% in fiscal 2006-2007, $1,640,549 or 3.1% in fiscal 2007-2008 and $1,364,551 or 2.5% in fiscal 2008-2009 | A. 05-08-034 |

# SETTLEMENT AGREEMENT BETWEEN SUBURBAN WATER SYSTEMS AND THE OFFICE OF RATEPAYER ADVOCATES


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Date: December 28, 2005

**BEFORE THE PUBLIC UTILITIES COMMISSION**

**OF THE STATE OF CALIFORNIA**

| | |
|---|---|
| In the matter of the Application of Suburban Water Systems (U 339-W) for authority to increase rates charged for water service by $5,633,937 or 12.1% in fiscal 2006-2007, $1,640,549 or 3.1% in fiscal 2007-2008 and $1,364,551 or 2.5% in fiscal 2008-2009 | A. 05-08-034 |

# SETTLEMENT AGREEMENT BETWEEN SUBURBAN WATER SYSTEMS AND THE OFFICE OF RATEPAYER ADVOCATES

## 1. GENERAL

1.1 Pursuant to Article 13.5, Rules 51 et seq., of the Commission Rules of Practice and Procedure (Rule), the Parties described below intend this proposed agreement to be their final, complete, and mutual settlement of the General Rate Case stated above (Settlement). This Settlement resolves all issues of fact or law between the Parties unless otherwise stated:

- The Suburban Water Systems ("Suburban"); and
- The Division of Ratepayer Advocates ("DRA").[1]

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 more cost-effective than undertaking the expenses, delays, and uncertainties of an evidentiary hearing. The Parties jointly request that Commission accept and adopt this

[1] As of January 1, 2006, DRA became a Division of the Commission and hereafter will be referred to as "the Division of Ratepayer Advocates" or "DRA."

proposed Settlement as reasonable, consistent with the law, and in the ratepayers' interests.

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 or any other water corporation, in this or any future proceeding.

1.4 The Parties agree and intend that no signatory to this Settlement or any DRA employee assumes any personal liability as a result of this Settlement. The Parties agree not to bring any legal action in any state or federal court and 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 This Settlement provides for a rate increase for Suburban during its fiscal Test Year 2006–2007 in the amount of $2,973,872, or a 6.38% increase over current rates; and for the Escalation Years 2007–2008 and 2008–2009, respectively an estimated rate increase of $1,449,093, or 2.91% and $1,344,888, or 2.62% over the then current rates (*see* Exhibit C for the calculation of the estimated increase in rates for Suburban during 2008-2009). The actual rate adjustment for each of the two Escalation Years cannot be finally determined until an advice letter for that year is filed, evaluated, and approved in May of the pertinent Escalation Year. While the estimated expenses for Escalation Year 2007–2008 are presented below, such expenses for the Escalation Year 2008–2009 are not yet determinable. Attached as Appendix A to this Settlement is a comparison exhibit showing the Parties' respective ratemaking analyses and differences.

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

1.7 Included in this Settlement are supporting references to the Office of Ratepayer Advocates Report on the Results of Operations of Suburban Water System ("DRA Report"); the Office of Ratepayer Advocates Report on the Cost of Capital of Suburban Water System ("DRA Cost of Capital 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 COST OF CAPITAL

2.1 The Parties agree to a return on equity of 10.00% resulting in a weighted cost of capital of 8.65% for Test Year 2006–2007, for Escalation Years 2007–2008 and Escalation Years 2008–2009. The initial and final Settlement positions of the Parties are listed below.

| | DRA Capital Structure | Suburban Capital Structure | Settlement Capital Structure |
|---|---|---|---|
| Test Year 2006/2007 | | | |
| Long-Term Debt | 42.2% | 41.69% | 41.2% |
| Preferred Equity | 4.5% | 4.66% | 4.5% |
| Common Equity | 54.3% | 53.64% | 54.3% |
| Escalation Year 2007/2008 | | | |
| Long-Term Debt | 42.2% | 41.90% | 41.2% |
| Preferred Equity | 4.5% | 4.33% | 4.5% |

| | | | |
|---|---|---|---|
| Common Equity | 54.3% | 53.76% | 54.3% |
| Escalation Year 2008/2009 | | | |
| Long-Term Debt | 42.2% | 41.98% | 41.2% |
| Preferred Equity | 4.5% | 4.05% | 4.5% |
| Common Equity | 54.3% | 53.97% | 54.3% |

| | DRA Return on Equity | Suburban Return on Equity | Settlement Return on Equity |
|---|---|---|---|
| Test Year 2006/2007 | 9.57% | 11.75% | 10.00% |
| Escalation Year 2007/2008 | 9.57% | 11.75% | 10.00% |
| Escalation Year 2008/2009 | 9.57% | 11.75% | 10.00% |

2.2 The cost of common equity was settled based on the current trends in interest rates that were not available at the time of the DRA's Report.

(DRA Cost of Capital Report, pp. 1-1 – 4-6; Mulle Direct, pp. 1-58; Zepp Rebuttal, pp. 1-10)

## 3. SALES

3.1 **Customers (Connections)** – DRA agrees with Suburban's estimates of the number of customers. See Appendix D to this Settlement at page 9 of 13.

(Application – Exhibit A, Tables 4-3, 4-4, 4-5, 4-6, 4-7; DRA Report, pp. 2-7, 2-8)

3.2 **Average Residential Consumption** – Suburban used the "New Committee Method" as provided for in the Commission's Interim Order Adopting Rate Case Plan (D.04-06-018). DRA agrees with Suburban's residential consumption estimates for all the service areas.

(Application – Exhibit A, Table 4-1, DRA Report, p. 2-2)

3.3 **Average Commercial Consumption** – Suburban and DRA agree that the estimate of average commercial consumption for the West Covina area is 1,445 Ccf. In its rebuttal testimony, Suburban accepted DRA's estimate of average commercial consumption for the San Jose Hills area of 1,607 Ccf and 1,497 Ccf for the Whittier/La Mirada area. Suburban also agrees with DRA's estimate of 1,543 Ccf for the Walnut area, which was based on DRA's estimate of an increasing trend in consumption. The Parties' initial and Settlement positions are summarized below.

| | Suburban | DRA | Settlement |
|---|---|---|---|
| San Jose Hills | 1,587.9 Ccf | 1,607 .0.Ccf | 1,607.0 Ccf |
| West Covina | 1,445.0 Ccf | 1,445.0 Ccf | 1,445.0 Ccf |
| Walnut | 1,213.7 Ccf | 1,543.0 Ccf | 1,543.0 Ccf |
| Whittier/La Mirada | 1,451.3 Ccf | 1,497.0 Ccf | 1,497.0 Ccf |

(Application – Exhibit A, Chapter 4, Table 4-1; DRA Report, pp. 2-4 – 2-5, Table 2-2; Rebuttal Testimony of Robert L. Kelly ("Kelly Rebuttal"), p. 1.)

3.4 **Average Industrial Consumption** – DRA agrees with Suburban's estimates for average industrial consumption for all service areas except the San Jose Hills service area. For this Settlement the Parties agree to use 11,328 Ccf as the estimate for average industrial consumption for the San Jose Hills service area. This figure was arrived at by taking the five year historical average and then reducing that figure to take into account the overall decline in industrial consumption in the San Jose Hills service area. The Parties' initial and Settlement positions are summarized below:

| | Suburban | DRA | Settlement |
|---|---|---|---|
| San Jose Hills | 9,956.0 Ccf | 12,700.0 Ccf | 11,328.0 Ccf |
| West Covina | 0.0 Ccf | 0.0 Ccf | 0.0 Ccf |
| Walnut | 0.0 Ccf | 0.0 Ccf | 0.0 Ccf |
| Whittier/La Mirada | 7,418.0 Ccf | 7,418,0 Ccf | 7,418.0 Ccf |

(Application - Exhibit A, Chapter 4, Table 4-1; DRA Report, pp. 2-5 – 2-6; Table 2-3; Kelly Rebuttal, pp. 2-3.)

3.5 **Average BKK Consumption** – The Parties agree to use 69,174 Ccf as the estimate for average BKK consumption. This figure is based on (i) a four-year average adjusted for a short-term increase in consumption and (ii) temporary irrigation and construction water consumption. The Parties' initial and Settlement positions are summarized below:

| | Suburban | DRA | Settlement |
|---|---|---|---|
| Average BKK | 55,426.0 Ccf | 82,922.0 Ccf | 69,174.0 Ccf |

(Application – Exhibit A, Chapter 4, Table 4-2; DRA Report, pp. 2-6 – 2-7, Graph 2-2; Kelly Rebuttal, pp. 3-4.)

3.6 **Non-Tariffed Services** – In 2001, Suburban implemented a new non-tariffed service pursuant to the Commission's Privatization and Excess Capacity Decision 00-07-018. This new program offered customers houseline maintenance services. The revenue sharing is accounted for as active projects which are defined in D. 00-07-018. DRA agrees with Suburban's amount and method of non-tariffed revenue sharing.

(Application – Exhibit A, p. 4-5, Table 4-10.)

3.7 **Unaccounted For Water** – Suburban requests a parameter for unaccounted for water of 6.7%. DRA agrees this level of unaccounted for water is reasonable.

(Workpapers, Volume 1 of 2, Table 5-1D, Line 13; DRA Report, p. 2-8.)

## 4. REVENUES

4.1 **CPUC Reimbursement Fee** – The Parties agree to exclude the CPUC reimbursement fee from both the revenue requirement and expenses.

(DRA Report, pp. 2-10, 3-18, Kelly Rebuttal, p. 5.)

4.2. **Returned Check Charge** – The Parties agree to a returned check charge of $18.00, which is the actual charge incurred by Suburban for a returned check.

| | Suburban | DRA | Settlement |
|---|---|---|---|
| Returned Check Charge | $25.00 | $12.00 | $18.00 |

(Application – Exhibit A, Chapter 4, Table 4-10, Line 26, DRA Report, pp. 2-10 – 2-11; Kelly Rebuttal, pp. 6-7.)

## 5. EXPENSES

5.1 **Escalation Factors** – The Parties agree that labor expenses should be escalated by the most recent labor inflation factors published by pertinent Commission Staff, instead of the compensation per hour index Suburban initially used. This factor, however, is inappropriate for escalating non-labor expenses.

5.2 **Payroll** – The Parties agree that payroll estimates should be based on the 2005 pay levels, because the actual 2005 pay levels were known at the time of filing and included with Suburban's Application. Suburban will exclude bonuses, employee welfare cost, and FASB 71 from the payroll estimates. Suburban also withdraws its request for an additional three-person leak crew and four water quality assistants. DRA agrees to include the payroll expenses for an in-house legal counsel and a data administrator. For both positions, Suburban plans to hire individuals with appropriate levels of experience and education, who can immediately start working on the various projects. The Parties' Settlement regarding Payroll for the fiscal Test Year and Escalation Years are as follows:

2006-2007 (Test Year)

DRA $5,661,000

Suburban $6,546,380

Settlement $5,810,353

2007-2008 (Escalation Year)

DRA $5,777,078

Suburban $6,857,552

Settlement $6,086,542

(Application – Exhibit A, Chapter 5, Table 5-1, Line 4; DRA Report, pp. 3-4 – 3-7; Kelly Rebuttal, pp. 7-12; Attachment A, p. 1; Cohen Rebuttal, pp. 1-8.)

5.3 **Operation and Maintenance Expenses**

5.3.1 Other Source of Supply (Maintenance of Wells) – Due to the fact that several wells were offline during 2000, 2001 and 2004, DRA''s use of 5 year average with labor escalation factor as methodology to estimate 2005 expenses does not reflect the reasonable maintenance expense of these wells. The Parties agree to estimated expenses of $69,995 for Test Years 2006-2007; $71,580 for Escalation Year 2007-2008. These estimates are based on using an estimate of $66,000 for 2005 and escalating that number for the Test Year and the Escalation Years. The Parties' initial and Settlement positions are summarized below.

2006-2007 (Test Year)

Suburban $69,995

DRA $41,541

Settlement $69,995

2007-2008 (Escalation Year)

Suburban $71,580

DRA $42,480

Settlement $71,580

(Application – Exhibit A, Chapter 5, Table 5-1, Line 9; DRA Report, p. 3-14, Table 3-9; Kelly Rebuttal, Attachment A, p. 2.)

5.3.2 Other Pumping Expenses – DRA uses a 5 year average with labor escalation factor to estimate 2005 expenses. However, due to the increased cost of material

and parts, which necessitated adjustments for expenses for clay valves, gas engines, pump repairs and plant piping, DRA agrees to estimates of $176,485 for Test Year 2006-2007; $180,482 for Escalation Year 2007-2008. The Parties' initial and Settlement positions are summarized below.

2006-2007 (Test Year)

| | |
|---|---|
| Suburban | $176,485 |
| DRA | $142,328 |
| Settlement | $176,485 |

2007-2008 (Escalation Year)

| | |
|---|---|
| Suburban | $180,482 |
| DRA | $145,545 |
| Settlement | $180,482 |

(Application – Exhibit A, Chapter 5, Table 5-1, Line 11; DRA Report, p. 3-14, Table 3-9; Kelly Rebuttal, Attachment A, p. 3.)

5.3.3 Water Treatment Expenses – The Parties agree to use the "CPUC Proposed Other Expenses Inflation Factor" excluding the growth escalation factor. Instead of applying a five-year average for every expense item, DRA now agrees with Suburban that the use of a five-year average is appropriate for all expenses within this category, except for Field Supplies, Laboratory Services, Department of Health Services Fees, Uniforms, and Chemicals and Filtering Materials, all of which were adjusted to reflect changes in requirements, increased chemical costs, and additional staffing. The Parties' initial and Settlement positions are summarized below:

2006-2007 (Test Year)

| | |
|---|---|
| DRA | $419,898 |

Suburban $635,165

Settlement $635,165

2007-2008 (Escalation Year)

DRA $429,397

Suburban $637,568

Settlement $637,568

(Application – Exhibit A, Chapter 5, Table 5-1, Line 12; DRA Report, p. 3-14, Table 3-9; Kelly Rebuttal Attachment A, p. 5.)

5.3.4 Transmission and Distribution Expenses – The Parties agree that a customer growth factor should not be used in estimating these expenses. Instead of applying a five-year average to every expense item, DRA now agrees with Suburban that the use a five year average for all transmission and distribution expenses except in the following subcategories is reasonable: Welding Services, Permits, Street Repairs, Safety Supplies, Field Equipment Repair, Large Meter Program and Small Meter Program. These subcategories have been adjusted to reflect an increase in repairs, increased charges from cities served by Suburban, and new regulations. The Parties initial and Settlement positions are summarized below:

2006-2007 (Test Year)

DRA $908,922

Suburban $1,089,507

Settlement $1,089,507

2007-2008 (Escalation Year)

DRA $929,482

Suburban $1,114,174

Settlement $1,114,174

(Application – Exhibit A, Chapter 5, Table 5-1, Line 13; DRA Report, p. 3-15, Table 3-10; Kelly Rebuttal, Attachment B, p. 1.)

5.3.5 Other Customer Accounts – The Parties agree that the customer growth factor should not be used to estimate expenses in this category. DRA also agrees with Suburban that Billstock/Envelope expenses and Customer Service expenses should be adjusted to reflect monthly billing in West Covina and customer deposit interest from prior years. The Parties' initial and Settlement positions are summarized below:

2006-2007 (Test Year)

| | |
|---|---|
| Suburban | $130,726 |
| DRA | $109,730 |
| Settlement | $130,726 |

2007-2008 (Escalation Year)

| | |
|---|---|
| Suburban | $133,356 |
| DRA | $112,210 |
| Settlement | $133,356 |

(Application – Exhibit A, Chapter 5, Table 5-1, Line 16; DRA Report, p. 3-14, Table 3-9; Kelly Rebuttal, Attachment A, p. 4.)

## 5.4 Administrative and General Expenses

5.4.1 Office Supplies and Other Expenses – Suburban agrees with DRA's recommendation to exclude employee coffee shop expenses from this category. The Parties agree to use a five-year average non-labor escalation factor plus customer growth factor for all estimated amounts with the exception of the following categories: Safety Supplies, Travel Expense, Printing/Communications, Safety Incentives, Telecommunications, and Other Expenses. These

subcategories were adjusted to reflect greater travel costs, new conservation brochures, award of safety incentives, increased telecommunication costs and removal of a non-representative year. The positions of the Parties and the Settlement position are summarized below.

2006-2007 (Test Year)

| | |
|---|---|
| DRA | $839,044 |
| Suburban | $905,023 |
| Settlement | $895,023 |

2007-2008 (Escalation Year)

| | |
|---|---|
| DRA | $858,024 |
| Suburban | $927,452 |
| Settlement | $917,204 |

(Application – Exhibit A, Chapter 5, Table 5-1, Line 18; DRA Report, p. 3-15, Table 3-10; Kelly Rebuttal, Attachment B, p. 2.)

5.4.2 Insurance, Injuries and Damages – Suburban agrees to reduce its estimate in this category by $415,210. The positions of the Parties and the Settlement position are summarized below.

2006-2007 (Test Year)

| | |
|---|---|
| DRA | $1,011,464 |
| Suburban | $1,663,360 |
| Settlement | $1,248,510 |

2007/2008 (Escalation Year )

| | |
|---|---|
| DRA | $1,034,329 |
| Suburban | $1,704,588 |
| Settlement | $1,309,670 |

(Application – Exhibit A, Chapter 5, Table 5-1, Line 20; DRA Report, p. 3-16, Table 3-11; Kelly Rebuttal, Attachment C, p. 3; Sterling Direct, pp. 1 – 4.)

5.4.3 Employees Pensions and Benefits – The Parties made several adjustments to DRA's projections in order to produce more accurate estimates. Those adjustments are summarized as follows:

| Item | Amount |
|---|---|
| Agreed that projected pension expense should not consider a 5 year average of unrelated adjustments that occurred in 2000, 2001 and 2002 | $238,744 |
| Medical and Dental Insurance – Agreed to use the projection sponsored by Suburban witness Douglas Hansen | $372,174 |
| Bonuses – Agreed to eliminate bonuses, but this was not the right expense account for the adjustment | $184,310 |
| Other adjustments, including reflecting customer growth in escalation factors pursuant to the rate case plan. | $41,039 |
| | $836,267 |

The positions of the Parties and the Settlement position are summarized below.

2006-2007 (Test Year)

| | |
|---|---|
| DRA | $ 609,015 |
| Suburban | $1,445,282 |
| Settlement | $1,445,282 |

2007-2008 (Escalation Year)

| | |
|---|---|
| DRA | $ 621,503 |
| Suburban | $1,476,758 |
| Settlement | $1,476,758 |

(Application – Exhibit A, Chapter 5, Table 5-1, Line 21; DRA Report, p. 3-4, Table 3-2; Kelly Rebuttal, Attachment C, p. 3.)

5.4.4 Outside Services Employed – DRA accepts Suburban's estimate for this category which has been reduced by $29,682 to reflect an expected 15% reduction in legal fees resulting from the employment of an in-house legal counsel (*see above* section 5.2). The positions of the Parties and the Settlement position are summarized below.

2006-2007 (Test Year)

| | |
|---|---|
| DRA | $470,415 |
| Suburban | $638,452 |
| Settlement | $608,769 |

2007-2008 (Escalation Year)

| | |
|---|---|
| DRA | $481,049 |
| Suburban | $603,502 |
| Settlement | $573,083 |

(Application – Exhibit A, Chapter 5, Table 5-1, Line 26; DRA Report, p. 3-4, Table 3-2; Kelly Rebuttal, Attachment C, p. 2.)

5.4.5 Other Administrative and General Expenses – Instead of applying a five-year average to every expense item, DRA now agrees with Suburban to estimate expenses using a five-year average non-labor escalation factor plus customer growth escalation factor for the Test and Escalation Years stated below, with the exception of the following subcategories: Fiduciary Insurance, Professional Dues, Mold-Related Costs, Building Maintenance, and Machine Rent/Repair. These subcategories were adjusted to reflect increased fiduciary responsibilities, Commission policy for California Water Association and National Association of Water Company dues and increased maintenance costs. The Parties initial and Settlement positions are summarized below:

2006-2007 (Test Year)

DRA $362,770

Suburban $371,053

Settlement $371,053

2007-2008 (Escalation Year)

DRA $370,976

Suburban $380,249

Settlement $380,249

(Application – Exhibit A, Chapter 5, Table 5-1, Line 27; DRA Report, p. 3-4, Table 3-2; Kelly Rebuttal, attachment B, p. 3.)

5.4.6 Rents – The Parties agree to use the actual amounts for the Main Office Rents and a five-year average non-labor escalation factor for the Test and Escalation Years plus customer growth factor for Machine Rent/Repair. The Parties initial and Settlement positions are summarized below:

2006-2007(Test Year)

DRA $245,070

Suburban $255,183

Settlement $255,183

2007-2008 (Escalation Year)

DRA $250,095

Suburban $270,207

Settlement $270,207

(Application – Exhibit A, Chapter 5, Table 5-1, Line 28; DRA Report, p. 3-4, Table 3-2; Kelly Rebuttal, Attachment C, p. 4.)

5.4.7 Parent Company Allocation – Suburban agrees to reduce its parent company allocation to exclude employee welfare expenses, bonuses and amortization of

past Sarbanes-Oxley expenses. DRA agrees to adopt Suburban's estimate for future Sarbanes-Oxley compliance costs. The Parties initial and Settlement positions are summarized below:

| | |
|---|---|
| 2006-2007 (Test Year) | |
| DRA | $2,564,917 |
| Suburban | $2,901,450 |
| Settlement | $2,637,879 |
| 2007-2008 (Escalation Year) | |
| DRA | $2,607,450 |
| Suburban | $2,967,147 |
| Settlement | $2,697,132 |

DRA agrees to the four-factor parent company allocation of 33.1% proposed by Suburban.

(Application – Exhibit A, Chapter 5, Table 5-1, Line 30; DRA Report, pp. 3-8 – 3-12; Hansen Rebuttal, pp. 1-2; Clary Rebuttal, pp. 1-3.)

5.4.8 Utility Group Allocation – Suburban agrees to reduce the Utility Group Allocation to exclude employee bonuses and employee welfare expenses. Also, the Parties agreed that labor expenses should be escalated by the most recent labor inflation factors published by pertinent Commission Staff instead of the compensation per hour index Suburban initially used. This issue was not raised in Suburban's testimony or DRA's report but was addressed during settlement discussions. The positions of the Parties and the Settlement positions are summarized below

| | |
|---|---|
| 2006-2007 (Test Year) | |
| DRA | $749,203 |

| | |
|---|---|
| Suburban | $796,745 |
| Settlement | $704,910 |
| 2007-2008 (Escalation Year) | |
| DRA | $766,623 |
| Suburban | $828,721 |
| Settlement | $733,121 |

DRA agrees to the four-factor utility group allocation of 63.6% proposed by Suburban.

(Application – Exhibit A, Chapter 5, Table 5-1, Line 31; DRA Report, p. 3-12.)

5.4.9 Transportation - Clearing – Instead of applying a five-year average for every expense item, DRA now agrees with Suburban that the use of a five-year average non-labor escalation factor without customer growth escalation factor with the exception of the following subcategories: Car/Truck Gas, Lease Payment – Cars, Auto Insurance, and Transportation Capitalized. These subcategories were adjusted to reflect additional rolling stock, current lease schedule and increased insurance costs. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| 2006-2007 (Test Year) | |
| DRA | $615,533 |
| Suburban | $707,472 |
| Settlement | $707,472 |
| 2007-2008 (Escalation Year) | |
| DRA | $629,457 |
| Suburban | $722,079 |
| Settlement | $722,079 |

(Application – Exhibit A, Chapter 5, Table 5-1, Line 32; DRA Report, p. 3-4, Table 3-2; Kelly Rebuttal, Attachment B, p. 4.)

5.4.10 Tools & Work Equipment – Instead of applying a five-year average for every expense item, DRA now agrees with Suburban that the use of a five-year average with a non-labor escalation factor and without a customer growth escalation factor for the Test and Escalation Years except for Lease Payment – Heavy Equipment, which was adjusted to reflect new equipment. The positions of the Parties and the Settlement position are summarized below.

2006-2007 (Test Year)

| | |
|---|---|
| DRA | $25,895 |
| Suburban | $66,342 |
| Settlement | $66,342 |

2007-2008 (Escalation Year)

| | |
|---|---|
| DRA | $26,481 |
| Suburban | $66,342 |
| Settlement | $66,342 |

(Application – Exhibit A, Chapter 5, Table 5-1, Line 33; DRA Report, p. 3-4, Table 3-2; Kelly Rebuttal, Attachment B, p. 5.)

5.4.11 Postage – Suburban mistakenly used the 2006 first-class rate instead of the presorted bulk rate in estimating postage costs. Suburban agrees to use DRA's methodology to estimate postage costs. The difference between the postage cost in DRA's Report and the Settlement postage cost is due to the change in average number of customers. Also DRA allowed for special mailings.

2006-2007 (Test Year)

| | |
|---|---|
| DRA | $336,591 |

| | |
|---|---|
| Suburban | $353,429 |
| Settlement | $336,591 |
| 2007-2008 (Escalation Year) | |
| DRA | $336,006 |
| Suburban | $354,243 |
| Settlement | $337,367 |

(Application – Exhibit A, Chapter 5, Table 5-1, Line 14; DRA Report, pp. 3-16 – 3-17, Table 3-12.)

5.4.12 Regulatory Expense – Suburban requests regulatory expenses of $361,050 to be recovered over three years in the amount of $120,350 per year. DRA agrees with this Suburban request.

(Application – Exhibit A, p. 5-3; Workpapers, Volume 1 of 2, Table 5-1L)

## 6. PLANT IN SERVICE

### 6.1 2005 Plant Additions

6.1.1 Construct 4,000 LF in Lark Ellen & Fairgrove – Based on the fact that Suburban has already spent $1,292,000 on this project and that it is expected to be completed by December 31, 2005, DRA agrees to accept Suburban's requested amount for this project. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | Advice Letter with $960,000 cap |
| Suburban | $960,000 |
| Settlement | $960,000 |

(Application – Exhibit A, Chapter 6, Table 6-1, Line 15; DRA Report, pp. 5-1 – 5-2; Carver Rebuttal, p. 1.)

6.1.2 Construction Connection in La Habra Heights Water District – Subsequent to the issuance of DRA's report, Suburban cancelled this project. The Parties agree that the requested amount should be removed from the 2005 budget.

| | |
|---|---|
| DRA | Advice Letter with $75,000 cap |
| Suburban | $75,000 |
| Settlement | $0 |

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 16; DRA Report, p. 5-2; Carver Rebuttal, pp. 1-2.)

6.1.3 Construction Connection with the City of Fullerton – Because this project will not be completed in 2005, Suburban agrees to request the project via advice letter with a $100,000 cap on the requested amount. The positions of the Parties and the Settlement position are summarized below:

| | |
|---|---|
| DRA | Advice Letter with $100,000 cap |
| Suburban | $100,000 |
| Settlement | Advice Letter with $100,000 cap |

Due to lead-time required and cost variability, DRA and Suburban agree that Suburban is authorized to file an advice letter seeking authorization to include in rate base, upon completion, the actual costs of this project not to exceed $100,000 and to receive a corresponding rate adjustment for the additional rate base. Secondly the Parties agree that the final decision should contain an ordering paragraph authorizing the advice letter.

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 17; DRA Report, p. 5-2; Carver Rebuttal, p. 3.)

6.1.4 Meters and Replacements – Because Suburban has already spent $324,820 on

replacement meters and expects to spend the remaining $14,180 during December, the Parties agree to adopt Suburban's requested amount. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $300,000 |
| Suburban | $339,000 |
| Settlement | $339,000 |

(Application – Exhibit A, Chapter 6, Table 6-1B, Line 11; DRA Report, p. 5-3; Carver Rebuttal, p. 4.)

6.1.5. Office Furniture and Equipment – Because the actual cost for mail room equipment was less than estimated, Suburban accepts DRA's recommendation. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $182,000 |
| Suburban | $285,000 |
| Settlement | $182,000 |

(Application – Exhibit A, Chapter 6, Table 6-1B, Line 14; DRA Report, p. 5-3; Carver Rebuttal, p. 4.)

6.1.6 Personal Computers (Hardware and Software) – Because Suburban has already spent $95,599 replacing computer hardware and software and recently received an invoice for $3,435 for mapping system improvements, the Parties agree to adopt Suburban's requested amount for this category. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $73,000 |
| Suburban | $101,000 |
| Settlement | $101,000 |

(Application – Exhibit A, Chapter 6, Table 6-1B, Line 15; DRA Report, p. 5-4; Carver Rebuttal, p. 5.)

## 6.2 2006-2007 Plant Additions

6.2.1 Plant 217 Replace Booster Pump Station – After reviewing subsequent information supporting Suburban' position that this plant is at the end of its useful life and because this pump station is the sole source of supply for approximately 600 customers, DRA agrees that the Commission should authorize this project. Authorization of this project will improve to long term utility viability, ensure water quality in the short and long term, and encourage infrastructure development and investment, as noted in the December 16, 2005 Scoping Memo. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $0 |
| Suburban | $600,000 |
| Settlement | $600,000 |

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 20; DRA Report, pp. 4-6, Table 4-2; Carver Rebuttal, pp. 5-6.)

6.2.2 Plant 110 Replace Booster Pump Station – After reviewing subsequent information supporting Suburban' position that this plant is near the end of its useful life, DRA now agrees that the Commission should authorize this project. Authorization of this project will improve to long term utility viability, ensure water quality in the short and long term, and encourage infrastructure development and investment, as noted in the December 16, 2005 Scoping Memo. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $0 |
| Suburban | $700,000 |

| | |
|---|---|
| Settlement | $700,000 |

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 21; DRA Report, p. 4-6, Table 4-2; Carver Rebuttal, pp. 6-7.)

6.2.3 Plant 238 R-1 Paint and Recoat 3.0 MG Tank – Because inlet/outlet piping modifications are not currently required on existing reservoirs and for purposes of this Settlement, Suburban agrees that the cost of piping modifications should be excluded from the cost estimate for this project. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $203,300 |
| Suburban | $225,000 |
| Settlement | $203,300 |

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 23; DRA Report, p. 4-7, Table 4-2; Carver Rebuttal, pp. 7-8.)

6.2.4. Plant 167 R-1 Paint and Recoat 1.5 MG Tank – For Settlement purposes, Suburban agrees that the cost of piping modifications should be excluded from the cost estimate for this project. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $254,100 |
| Suburban | $300,000 |
| Settlement | $254,100 |

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 24; DRA Report, p. 4-7, Table 4-2; Carver Rebuttal, pp. 7-8.)

6.2.5 Plant 132 R-1 Paint and Recoat 0.5 MG Tank - In the interest of compromise, Suburban agrees that the cost of piping modifications should be excluded from the

cost estimate for this project. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $84,700 |
| Suburban | $215,000 |
| Settlement | $84,700 |

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 28; DRA Report, p. 4-7- 4-8, Table 4-2; Carver Rebuttal, pp. 7-8.)

6.2.6 Plant 236 R-1 Paint and Recoat 2.0 MG Tank - In the interest of compromise, Suburban agrees that the cost of piping modifications should be excluded from the cost estimate for this project. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $271,000 |
| Suburban | $350,000 |
| Settlement | $271,000 |

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 29; DRA Report, p. 4-8, Table 4-2; Carver Rebuttal, pp. 7-8.)

6.2.7 Plant 503 R-1 Paint and Recoat 7.0 MG Tank – Because inlet/outlet piping modifications are not currently required on existing reservoirs and in the interest of compromise, Suburban agrees that the cost of piping modifications should be excluded from the cost estimate for this project. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $427,000 |
| Suburban | $500,000 |
| Settlement | $427,000 |

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 30; DRA Report, p. 4-8- 4-9, Table 4-2; Carver Rebuttal, pp. 7-8.)

6.2.8 Office Furniture and Equipment – Suburban clarified that security expenses were included in this category. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $43,000 |
| Suburban | $180,000 |
| Settlement | $143,000 |

(Application – Exhibit A, Chapter 6, Table 6-1B, Line 14; DRA Report, p. 4-9; Carver Rebuttal, pp. 8-9.)

6.2.9 Personal Computers (Hardware and Software) – Based on Suburban' clarification of that mapping system upgrades are included in this category, DRA agrees that Suburban's requested amount should be authorized. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $76,000 |
| Suburban | $210,000 |
| Settlement | $210,000 |

(Application – Exhibit A, Chapter 6, Table 6-1B, Line 15; DRA Report, p. 4-10; Carver Rebuttal, pp. 9-10.)

## 6.3 2007-2008 Plant Additions

6.3.1 Plant 132 R-1 Paint and Recoat 0.5 MG Tank – Because inlet/outlet piping modifications are not currently required on existing reservoirs and in the interest of compromise, Suburban agrees that the cost of piping modifications should be excluded from the cost estimate for this project. The positions of the Parties and

the Settlement position are summarized below.

| | |
|---|---|
| DRA | $84,700 |
| Suburban | $215,000 |
| Settlement | $84,700 |

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 28; DRA Report, p. 4-12, Table 4-2; Carver Rebuttal, pp. 7-8, 10-11.)

6.3.2 Plant 236 R-1 Paint and Recoat 2.0 MG Tank – Because inlet/outlet piping modifications are not currently required on existing reservoirs and in the interest of compromise, Suburban agrees that the cost of piping modifications should be excluded from the cost estimate for this project. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $271,000 |
| Suburban | $350,000 |
| Settlement | $271,000 |

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 29; DRA Report, p. 4-12, Table 4-2; Carver Rebuttal, pp. 7-8, pp. 10-11.)

6.3.3 Plant 503 R-1 Paint and Recoat 7.0 MG Tank - Because inlet/outlet piping modifications are not currently required on existing reservoirs and in the interest of compromise, Suburban agrees that the cost of piping modifications should be excluded from the cost estimate for this project. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $427,000 |
| Suburban | $500,000 |
| Settlement | $427,000 |

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 30; DRA Report, p. 4-12 – 4-13, Table 4-2; Carver Rebuttal, pp. 7-8, 10-11.)

6.3.4 Plant 205 Replace Pump Station – After reviewing data supporting Suburban's position that this plant is near the end of its useful life, DRA now agrees that the Commission should authorize this project. Authorization of this project will improve to long term utility viability, ensure water quality in the short and long term, and encourage infrastructure development and investment, as noted in the December 16, 2005 Scoping Memo. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $0 |
| Suburban | $800,000 |
| Settlement | $800,000 |

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 33; DRA Report, p. 5-13; Carver Rebuttal, pp. 5-7, 11.)

6.3.5 Install 3,500 LF of 8-inch PVC in Villa Verde, Youngwood & Condesa – Suburban originally planned to start this project in late 2008. Suburban agrees to postpone this project until 2009. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $0 |
| Suburban | $225,000 |
| Settlement | $0 |

(Application – Exhibit A, Chapter 6, Table 6-1A, Line 35; DRA Report, p. 5-13; Carver Rebuttal, p. 11.)

6.3.6 Office Furniture and Equipment - Based on clarification of the inclusion of

security expenses in this category, DRA agrees that Suburban's requested amount should be authorized. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $33,500 |
| Suburban | $130,000 |
| Settlement | $130,000 |

(Application – Exhibit, A, Chapter 6, Table 6-1B, Line 14; DRA Report, p. 4-14; Carver Rebuttal, p. 12.)

6.3.7 Personal Computers (Hardware and Software) – Based on Suburban clarification that mapping system upgrades are included in this category, DRA agrees that Suburban's requested amount should be authorized. The positions of the Parties and the Settlement position are summarized below.

| | |
|---|---|
| DRA | $77,500 |
| Suburban | $210,000 |
| Settlement | $210,000 |

(Application – Exhibit A, Chapter 6, Table 6-1B, Line 15; DRA Report, p. 4-14; Carver Rebuttal, pp. 12.)

## 7. DEPRECIATION AND AMORTIZATION

Differences in DRA and Suburban's estimates were due to differences in requested and recommended plant additions. Suburban and DRA used the same methodology and depreciation accrual rates to forecast depreciation. The weighted average accumulated depreciation and amortization for 2006-2007 and 2007-2008 are included in Appendix D.

(Application – Exhibit A, Chapter 7, Table 7-4; DRA Report, p. 6-1, Aldinger Direct, pp. 1-15.)

## 8. RATE BASE

8.1 **General** - Differences in DRA and Suburban's estimates were due to differences in plant additions, depreciation and working cash. The differences in working cash estimates were due to differences in expense estimates, longer lead/lag day estimate for purchased power, and DRA exclusion of Depreciation and Uncollectible Amounts. A summary of weighted average rate base in included as part of Appendix D.

(Application – Exhibit A, Chapter 8, Table 8-1; DRA Report, p. 6-1.)

8.2.1 **Lead/Lag –** Suburban agrees to adopt DRA's estimate of 33 lag days, based on DRA's estimate of twelve sample power bills.

| | Suburban | DRA | Settlement |
|---|---|---|---|
| Purchased Power Average Days Lag | 28.8 | 33 | 33 |

(Application – Exhibit A, Chapter 8, Table 8-2, Line 6; DRA Report, p. 6-2; Kelly Rebuttal, p. 16.)

8.3 **Depreciation and Uncollectible Amounts** - The Parties agree to follow Standard Practice U-16, which takes into account uncollectible amounts when developing the average lag of payment expenses. As for depreciation in working cash, the Parties agree to comply with Commission resolution of this issue in D.05-12-020.

(Application – Exhibit A, Table 8-2, Lines 8 and 19; DRA Report, p. 6-2; Kelly Rebuttal, p. 16.)

## 9. TAXES

9.1 **General** – With the exception of the issues specifically mentioned below, the difference between DRA and Suburban's tax estimates are due to different estimates of revenue requirement, expenses, and rate base.

(Application – Exhibit A, Chapter 9, Tables 9-1, 9-2, 9-3; DRA Report, pp. 7-1 – 7-5.)

9.2 **Interest Expense** – The Parties agree that the time value of money is important to consider when calculating interest expense. (Application – Workpapers, Volume 1 of 2, Table 9-4, Line 13; DRA Report, p. 7-5; Kelly Rebuttal, p. 17.)

9.3 **American Jobs Creation Act** - Due to uncertainty of the potential benefits associated with the American Jobs Creation Act, Suburban agrees to record any future tax benefits associated with the Act in a memorandum account, the balance of which will be refunded to ratepayers when the Commission decides the actual tax benefits, if any, realized by Suburban under the Act. Until the Commission has finally determined those actual tax benefits, in every GRC, Suburban is to report the recorded balance of the memorandum account and the status of its tax benefit under the Act.

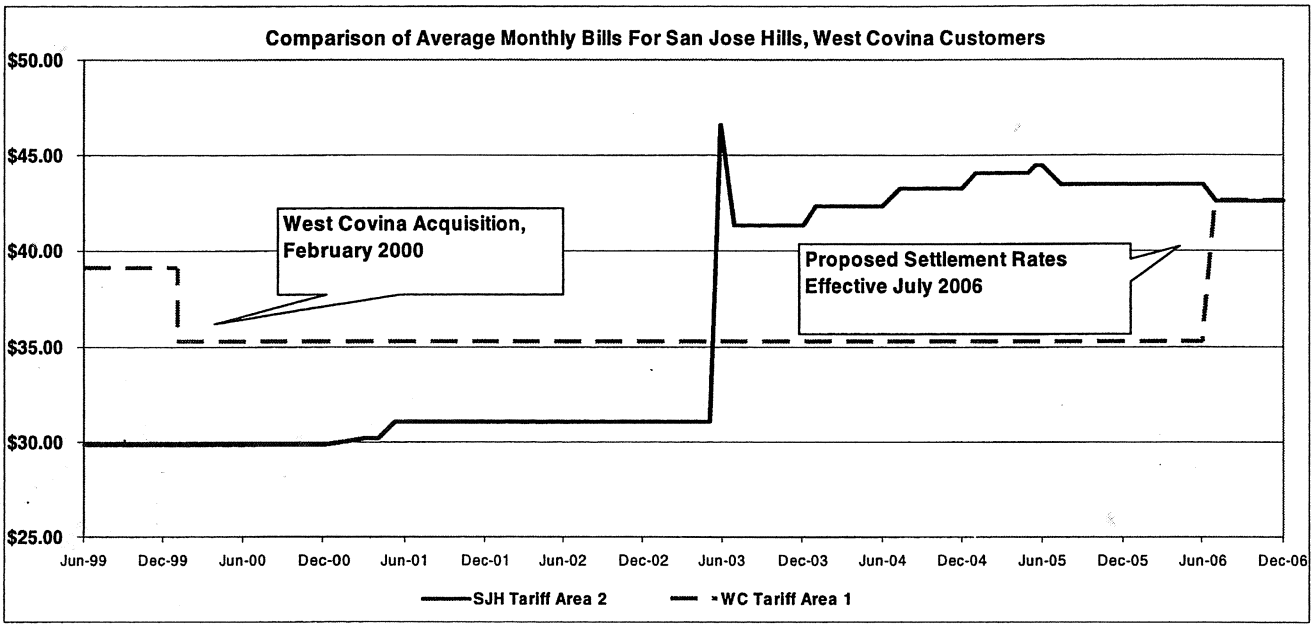
(DRA Report, pp. 7-5 – 7-7; Hansen Rebuttal, p. 3.)

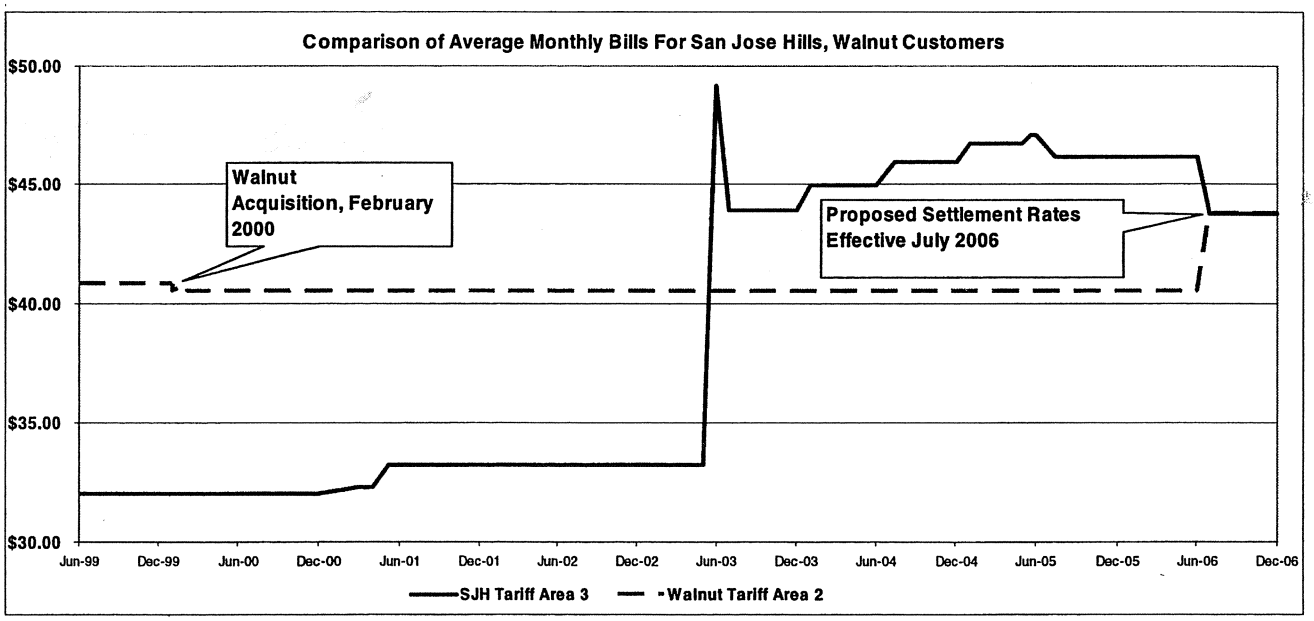
## 10. POLICY ISSUES

10.1 **Combining the San Jose Hills, West Covina and Walnut Service Areas** – DRA agrees with Suburban's proposal to consolidate rates for the San Jose Hills, West Covina and Walnut service areas. DRA finds such ratemaking meets the Commission's guidelines for consolidating districts and would also comply with the Commission's policy of setting rates on a cost-to-serve basis. Further, the consolidation would bring West Covina's rates, and to a lesser degree Walnut's rates, into line with San Jose Hills's rates. These current rate disparities among these service areas result from the West Covina and Walnut rates remaining unchanged since Suburban acquired those systems in February 2000. Customers in these two acquired systems have not experienced any of the rate increases that the San Jose Hills customers have had since Suburban's last general rate increase in May 2003 (*see* graphs below and additional documentation attached as

Appendix B).

(Application – pp. 6-8; DRA Report, pp. 8-1 – 8-5.)




10.2 **Establishing a Fixed Ratio for Purchased Power** – Southern California Edison

Company (Edison) provides electric power to Suburban. The Settlement recognizes that the energy charge component of SCWC's monthly electric bill from Edison will vary in the future depending upon the actual mix of Utility Retained Generation (URG) and the cost of power provided by the Department of Water Resources (DWR). The Settlement assumes a monthly mix of purchased energy cost based on the following assumed URG/DWR ratios, and Suburban agrees to record for recovery on an annual basis the difference between these assumed ratios and the actual mixes in an existing memorandum account, the Supply Cost Balancing-Type Memorandum Account.

| | URG | DWR |
|---|---|---|
| Well Pumps – Central Basin | 70% | 30% |
| Well Pumps – Main Basin | 69% | 31% |
| Boosters | 69% | 31% |

The above fixed ratios are only valid for the duration of this rate case and Suburban will need to justify their use again in the next general rate case.

(Application, p. 9; DRA Report, pp. 8-6 – 8-7; Kelly Rebuttal, 18-20.)

11. **Low Income Program** - The Parties agree that within 90 days following the issuance date of Commission decision approving and adopting the Parties proposed Settlement, Suburban will apply for a low income program. The Parties agreed on a future filing instead of including a low income program as part of this GRC because of the time needed to obtain data from Southern California Edison in order to estimate the number of Suburban customers who will participate in the low income program. Such data is expected to enable Suburban, DRA, and the Commission to determine

more accurately the number of prospective participating customers in a water low income program, instead of relying on the census data Suburban provided in its last general rate case. Suburban has attempted to obtain this data from Southern California Edison but has been unsuccessful thus far.

(DRA Report, 8-8, 8-9, 8-10; Kelly Rebuttal, p. 20-23.)

12. **Add References in Tariffs To Section 774 of the Public Utilities Code** – The Parties agreed to add a new provision in its Private Fire Protection Service Tariff and its Fire Hydrant Service On Private Property Tariff, that would reflect Section 774 of the Public Utilities Code. That Section limits a Water Utility's liability when provisioning or maintaining an adequate water supply, water pressure, and fire protection equipment or facility and service. This new provision would be identical to a similar provision already approved for the tariffs of the San Jose Water Co., the Golden State Water Co., and the San Gabriel Valley Water Co.

(Application, pp. 9, 10; DRA Report p. 9-7.)

13. **Update Suburban's Tariff Area Maps** - The Parties agreed to changes in Suburban's service area maps to reflect the zone changes resulting from the consolidation of the San Jose Hills, West Covina and Walnut service areas, and would also show the changes in service areas that have occurred over many years mostly due to fill-ins.

(Application, p. 8)

14. **Correction to Suburban Tariff Schedule No. 4** – In Suburban's Schedule No. 4, Private Fire Protection Service, the Parties agreed to delete the words, "excluding the connection at the main." The cost of private fire service installations includes the cost of connecting to the main.

(Application – Exhibit A, p. 12-5)

15. **Continuous Service Agreement** – Suburban requests a Continuous Service Agreement as a new tariffed form. This form is an agreement between Suburban and property owners/managers who want to continue water service to premises vacated by a tenant. It directs Suburban to continue water service from the time a tenant requests service to be discontinued until a new tenant applies for service. It allows Suburban to send the bill to the property owner/managers until the time a new tenant occupies the premises.

(Application, p. 10, DRA Report pp. 9-7, 9-8)

Respectfully submitted,

By:_____
Danilo Sanchez –Program Director, Water
DIVISION OF RATEPAYER ADVOCATES
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

February __, 2006

Respectfully submitted,

By:_____
Robert Kelly – Vice President Regulatory Affairs
SOUTHWEST WATER UTILITY GROUP
1211 E. Center Court Drive
Covina, CA 91724-3603

February__, 2006

(Application – Exhibit A, p. 12-5)

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(Application, p. 10, DRA Report pp. 9-7, 9-8)

Respectfully submitted,

By: _____

Danilo Sanchez – Program Director, Water
DIVISION OF RATEPAYER
ADVOCATES
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

February 15, 2006

Respectfully submitted,

By: _____

Robert Kelly – Vice President Regulatory
Affairs
SOUTHWEST WATER UTILITY
GROUP
1211 E. Center Court Drive
Covina, CA 91724-3603

February__, 2006

(Application – Exhibit A, p. 12-5)

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(Application, p. 10, DRA Report pp. 9-7, 9-8)

Respectfully submitted,

By:_____
Danilo Sanchez –Program Director, Water
DIVISION OF RATEPAYER
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California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

February __, 2006

Respectfully submitted,

By: Robert Kelly
Robert Kelly – Vice President Regulatory
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SOUTHWEST WATER UTILITY
GROUP
1211 E. Center Court Drive
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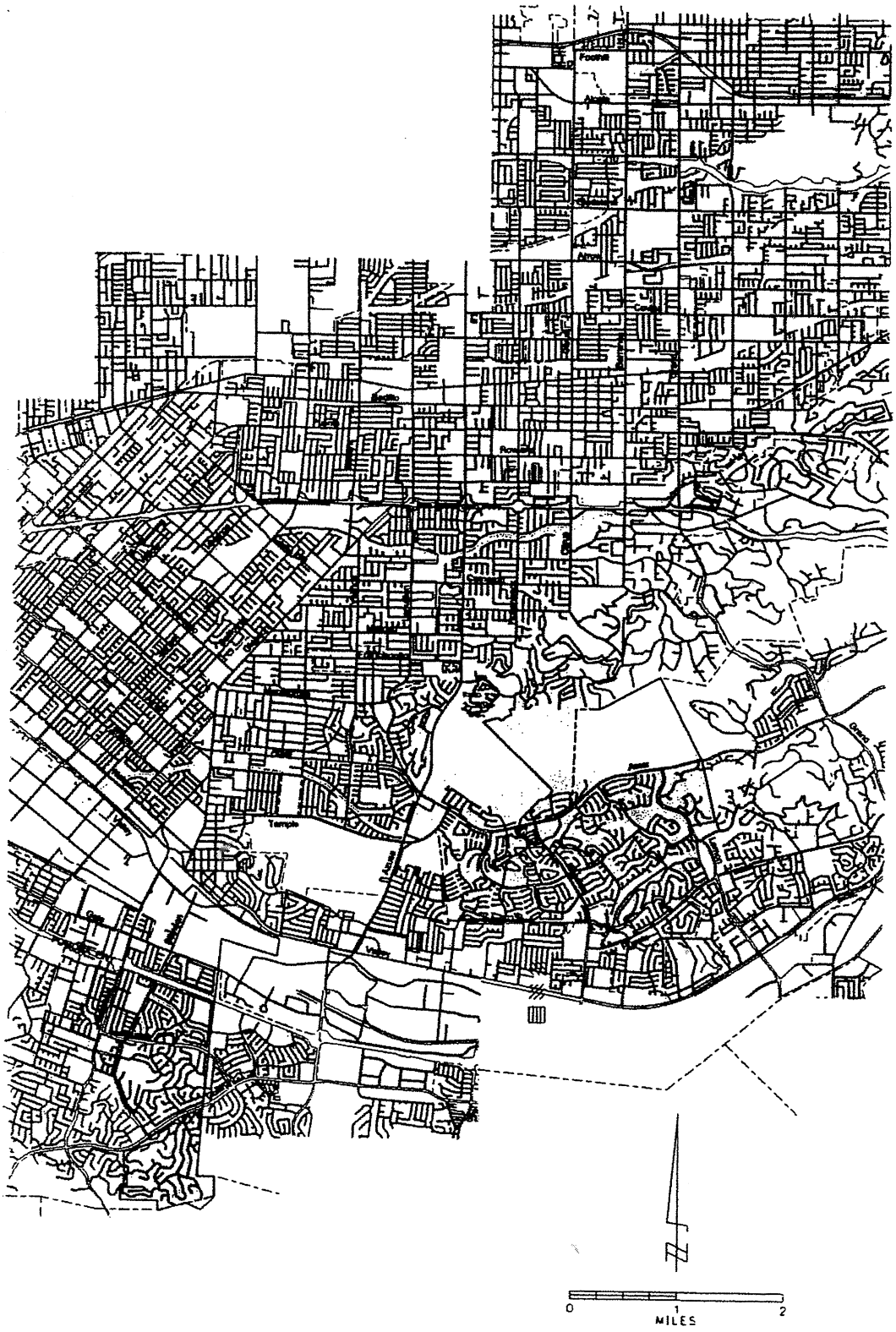
February 16, 2006

**APPENDIX A**
**Page 1 of 2**
**SUBURBAN WATER SYSTEMS**
**Test Year 2006/2007**
**Summary of Earnings**

| | (At Present Rates) | | ADOPTED | |
|---|---|---|---|---|
| | SWS Updated | ORA Updated | At Present Rates | At Authorized ROR |
| Operating Revenues: | | | | |
| Water | 46,361.6 | 46,609.6 | 46,609.6 | 49,583.6 |
| Other Revenues | 197.8 | 191.9 | 191.9 | 191.9 |
| Amortization Of Deferred Revenues | 17.1 | 17.1 | 17.1 | 17.1 |
| | 46,576.6 | 46,818.7 | 46,818.7 | 49,792.7 |
| Expenses: | | | | |
| Operation Payroll | 1,510.2 | 1,340.4 | 1,340.4 | 1,340.4 |
| Maintenance Payroll | 1,336.9 | 1,186.6 | 1,186.6 | 1,186.6 |
| Administrative and General Payroll | 3,699.2 | 3,283.3 | 3,283.3 | 3,283.3 |
| Total Payroll Expenses | 6,546.4 | 5,810.4 | 5,810.4 | 5,810.4 |
| Operating Expenses Other Than Payroll: | | | | |
| Pumped Water Assessments, Main Basin | 1,707.2 | 1,707.2 | 1,707.2 | 1,707.2 |
| Pumped Water Assessments, Central Basin | 0.0 | 0.0 | 0.0 | 0.0 |
| Balancing Account Expense | 0.0 | 0.0 | 0.0 | 0.0 |
| Purchased Water | 12,256.9 | 12,563.6 | 12,563.6 | 12,563.6 |
| Other Source of Supply | 70.0 | 70.0 | 70.0 | 70.0 |
| Purchased Power | 2,303.5 | 2,314.6 | 2,314.6 | 2,314.6 |
| Other Pumping Expenses | 176.5 | 176.5 | 176.5 | 176.5 |
| Water Treatment Expenses | 635.2 | 635.2 | 635.2 | 635.2 |
| Transmission and Distribution Expenses | 1,089.5 | 1,089.5 | 1,089.5 | 1,089.5 |
| Postage | 353.4 | 336.6 | 336.6 | 336.6 |
| Uncollectible Accounts | 92.7 | 93.2 | 93.2 | 99.2 |
| Other Customer Accounts Expenses | 130.7 | 130.7 | 130.7 | 130.7 |
| Water Conservation | 32.4 | 32.4 | 32.4 | 32.4 |
| Office Supplies and Other Expenses | 905.0 | 895.0 | 895.0 | 895.0 |
| Property Insurance | 128.8 | 99.0 | 99.0 | 99.0 |
| Insurance, Injuries and Damages | 1,663.4 | 1,248.5 | 1,248.5 | 1,248.5 |
| Employees' Pensions and Benefits | 1,445.3 | 1,445.3 | 1,445.3 | 1,445.3 |
| Franchise Requirements | 607.3 | 610.6 | 610.6 | 648.2 |
| Regulatory Commission Expenses | 120.4 | 120.4 | 120.4 | 120.4 |
| Amortization of CWA Legislative Fees | 0.0 | 0.0 | 0.0 | 0.0 |
| Outside Services Employed | 638.5 | 608.8 | 608.8 | 608.8 |
| Other Administrative and General Expenses | 371.1 | 371.1 | 371.1 | 371.1 |
| Rents | 255.2 | 255.2 | 255.2 | 255.2 |
| General Administrative Overhead- Cr. | (593.7) | (561.9) | (561.9) | (561.9) |
| Parent Company Allocation | 2,901.5 | 2,637.9 | 2,637.9 | 2,637.9 |
| Utility Group Allocation | 796.7 | 704.9 | 704.9 | 704.9 |
| Transportation Expenses - Clearing | 707.5 | 707.5 | 707.5 | 707.5 |
| Tools & Work Equipment | 66.3 | 66.3 | 66.3 | 66.3 |
| Capacity Reservation Charges | 124.6 | 124.6 | 124.6 | 124.6 |
| Total Operating Expenses Other Than Payroll | 28,985.8 | 28,482.5 | 28,482.5 | 28,526.1 |
| Total Operating Expense | 35,532.2 | 34,292.8 | 34,292.8 | 34,336.4 |
| Depreciation Expense | 4,147.3 | 4,194.0 | 4,194.0 | 4,194.0 |
| Payroll Taxes | 618.1 | 545.7 | 545.7 | 545.7 |
| Ad Valorem Taxes | 899.2 | 913.6 | 913.6 | 913.6 |
| Current Income Taxes | 1,181.3 | 1,794.0 | 1,794.0 | 3,078.1 |
| Total Expenses | 42,378.1 | 41,740.1 | 41,740.1 | 43,067.8 |
| Net Operating Revenue | 4,198.5 | 5,078.6 | 5,078.6 | 6,724.9 |
| Rate Base | 76,675.9 | 77,730.0 | 77,730.0 | 77,730.0 |
| Rate of Return | 5.48% | 6.53% | 6.53% | 8.65% |

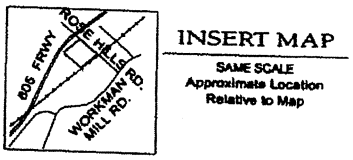
# APPENDIX A
# Page 2 of 2
# SUBURBAN WATER SYSTEMS
# Test Year 2007/2008
# Summary of Earnings

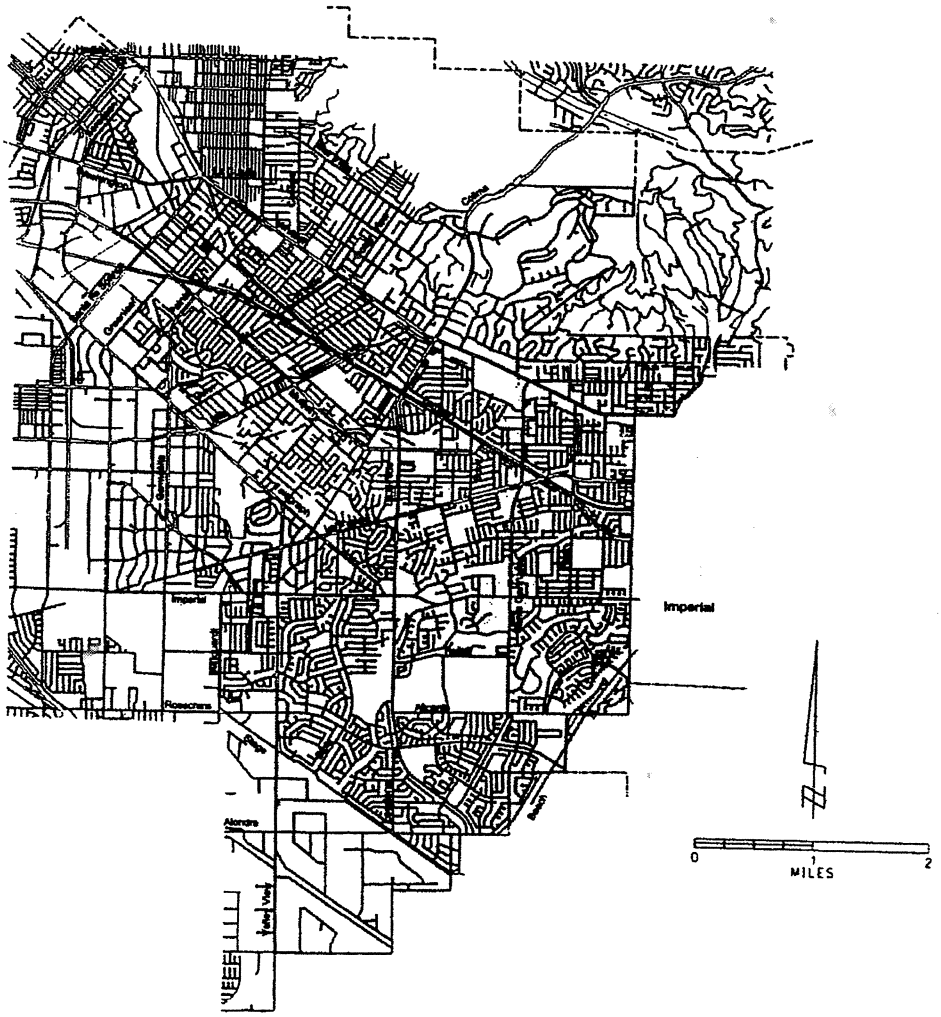
| | (At Present Rates) | | ADOPTED | |
|---|---|---|---|---|
| | SWS Updated | ORA Updated | At Present Rates | At Authorized ROR |
| Operating Revenues: | | | | |
| Water | 46,491.8 | 46,739.6 | 46,739.6 | 51,183.5 |
| Other Revenues | 197.8 | 191.9 | 191.9 | 191.9 |
| Amortization Of Deferred Revenues | 17.1 | 17.1 | 17.1 | 17.1 |
| | 46,706.7 | 46,948.7 | 46,948.7 | 51,392.6 |
| Expenses: | | | | |
| Operation Payroll | 1,582.0 | 1,404.1 | 1,404.1 | 1,404.1 |
| Maintenance Payroll | 1,400.5 | 1,243.0 | 1,243.0 | 1,243.0 |
| Administrative and General Payroll | 3,875.1 | 3,439.4 | 3,439.4 | 3,439.4 |
| Total Payroll Expenses | 6,857.6 | 6,086.5 | 6,086.5 | 6,086.5 |
| Operating Expenses Other Than Payroll: | | | | |
| Pumped Water Assessments, Main Basin | 1,707.7 | 1,707.7 | 1,707.7 | 1,707.7 |
| Pumped Water Assessments, Central Basin | 0.0 | 0.0 | 0.0 | 0.0 |
| Balancing Account Expense | 0.0 | 0.0 | 0.0 | 0.0 |
| Purchased Water | 12,296.1 | 12,602.5 | 12,602.5 | 12,602.5 |
| Other Source of Supply | 71.6 | 71.6 | 71.6 | 71.6 |
| Purchased Power | 2,306.4 | 2,317.4 | 2,317.4 | 2,317.4 |
| Other Pumping Expenses | 180.5 | 180.5 | 180.5 | 180.5 |
| Water Treatment Expenses | 637.6 | 637.6 | 637.6 | 637.6 |
| Transmission and Distribution Expenses | 1,114.2 | 1,114.2 | 1,114.2 | 1,114.2 |
| Postage | 354.2 | 337.4 | 337.4 | 337.4 |
| Uncollectible Accounts | 93.0 | 93.5 | 93.5 | 102.4 |
| Other Customer Accounts Expenses | 133.4 | 133.4 | 133.4 | 133.4 |
| Water Conservation | 33.3 | 33.3 | 33.3 | 33.3 |
| Office Supplies and Other Expenses | 927.5 | 917.2 | 917.2 | 917.2 |
| Property Insurance | 132.0 | 101.4 | 101.4 | 101.4 |
| Insurance, Injuries and Damages | 1,704.6 | 1,309.7 | 1,309.7 | 1,309.7 |
| Employees' Pensions and Benefits | 1,476.8 | 1,476.8 | 1,476.8 | 1,476.8 |
| Franchise Requirements | 609.0 | 612.3 | 612.3 | 669.2 |
| Regulatory Commission Expenses | 120.4 | 120.4 | 120.4 | 120.4 |
| Amortization of CWA Legislative Fees | 0.0 | 0.0 | 0.0 | 0.0 |
| Outside Services Employed | 603.5 | 573.1 | 573.1 | 573.1 |
| Other Administrative and General Expenses | 380.2 | 380.2 | 380.2 | 380.2 |
| Rents | 270.2 | 270.2 | 270.2 | 270.2 |
| General Administrative Overhead- Cr. | (609.4) | (563.3) | (563.3) | (563.3) |
| Parent Company Allocation | 2,967.1 | 2,697.1 | 2,697.1 | 2,697.1 |
| Utility Group Allocation | 828.7 | 733.1 | 733.1 | 733.1 |
| Transportation Expenses - Clearing | 722.1 | 722.1 | 722.1 | 722.1 |
| Tools & Work Equipment | 66.3 | 66.3 | 66.3 | 66.3 |
| Capacity Reservation Charges | 124.6 | 124.6 | 124.6 | 124.6 |
| Total Operating Expenses Other Than Payroll | 29,251.4 | 28,770.0 | 28,770.0 | 28,835.8 |
| Total Operating Expense | 36,109.0 | 34,856.6 | 34,856.6 | 34,922.3 |
| Depreciation Expense | 4,604.4 | 4,626.2 | 4,626.2 | 4,626.2 |
| Payroll Taxes | 647.4 | 571.6 | 571.6 | 571.6 |
| Ad Valorem Taxes | 936.7 | 950.5 | 950.5 | 950.5 |
| Current Income Taxes | 757.4 | 1,407.6 | 1,407.6 | 3,326.4 |
| Total Expenses | 43,054.9 | 42,412.4 | 42,412.4 | 44,397.0 |
| Net Operating Revenue | 3,651.8 | 4,536.2 | 4,536.2 | 6,995.5 |
| Rate Base | 80,295.8 | 80,859.1 | 80,859.1 | 80,859.1 |
| Rate of Return | 4.55% | 5.61% | 5.61% | 8.65% |




SUBURBAN WATER SYSTEMS
SAN JOSE HILLS SERVICE AREA
TARIFF AREAS

| | |
|---|---|
| TARIFF AREA NO. 1 | 547 Zone and Below |
| TARIFF AREA NO. 2 | Above 547 to 900 Zone |
| TARIFF AREA NO. 3 | All Above 900 Zone |




SUBURBAN WATER SYSTEMS
WHITTIER / LA MIRADA SERVICE AREA
TARIFF AREAS

| | |
|---|---|
| TARIFF AREA NO. 1 | ☐ 300 Zone and Below |
| TARIFF AREA NO. 2 | ☐ Above 300 to 820 Zone |
| TARIFF AREA NO. 3 | ☐ All Above 820 Zone |

Schedule SJ-1

SAN JOSE HILLS SERVICE AREA (T)

GENERAL 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 | $ 1.355 | (I) |
| Tariff Area No. 2 | 1.410 | (I) |
| Tariff Area No. 3 | 1.469 | (I) |
| Service Charge: | | |
| For 5/8 x 3/4-inch meter | $ 9.23 | (I) |
| For 3/4-inch meter | 13.85 | (I) |
| For 1-inch meter | 23.09 | (I) |
| For 1-1/2-inch meter | 46.17 | (I) |
| For 2-inch meter | 73.88 | (I) |
| For 3-inch meter | 138.52 | (I) |
| For 4-inch meter | 230.87 | (I) |
| For 6-inch meter | 461.75 | (I) |
| For 8-inch meter | 738.80 | (I) |
| For 10-inch meter | 1,062.02 | (I) |

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.

(Continued)

Schedule SJ-1
(Continued)

SAN JOSE HILLS SERVICE AREA (T)

GENERAL METERED SERVICE

SPECIAL CONDITIONS

1. The boundaries of the Tariff Areas in which the above rates apply are delineated on the Service Area Map for the San Jose Hills Service Area as filed in these tariff schedules. (T)

2. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

3. As authorized by the California Public Utilities Commission, all bills are subject to surcharge of $0.0487 per 100 cubic feet for a period of 12 months due to the under-collection in the Balancing Account as of November 28, 2001.

Schedule WLM-1

## WHITTIER/LA MIRADA SERVICE AREA (T)

## GENERAL 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 | $ 1.291 | (I) |
| Tariff Area No. 2 | 1.373 | (I) |
| Tariff Area No. 3 | 1.512 | (I) |
| Service Charge: | | |
| For 5/8 x 3/4-inch meter | $ 9.23 | (I) |
| For 3/4-inch meter | 13.85 | (I) |
| For 1-inch meter | 23.09 | (I) |
| For 1-1/2-inch meter | 46.17 | (I) |
| For 2-inch meter | 73.88 | (I) |
| For 3-inch meter | 138.52 | (I) |
| For 4-inch meter | 230.87 | (I) |
| For 6-inch meter | 461.75 | (I) |
| For 8-inch meter | 738.80 | (I) |

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.

(Continued)

Schedule WLM-1
(Continued)

WHITTIER/LA MIRADA SERVICE AREA (T)

GENERAL METERED SERVICE

SPECIAL CONDITIONS

1. The boundaries of the Tariff Areas in which the above rates apply are delineated on the Service Area Map for the Whittier/La Mirada Service Area as filed in these tariff schedules. (T)

2. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

3. As authorized by the California Public Utilities Commission, all bills are subject to surcharge of $0.0900 per 100 cubic feet for a period of 36 months due to the under-collection in the Balancing Account as of November 28, 2001.

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. (T)

### RATES

Quantity Rates:

For each inch of diameter of service connection ..... $11.63 (I)
(D)

### 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. (T) (T)

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.

(Continued)

Schedule No. 4
( Continued)

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS (Continued)

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

6. Service hereunder is to private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the undersriters having jurisdiction. All facilities are to be installed according to the Utility's specifications and maintained to the Utility's satisfaction. The Utility may require the installation of a backflow prevention device and a standard detector type meter approved by the Insurance Service Office for protection against theft, leakage, or waste water.

7. No structure shall be built over the service pipe serving fire protection facilities and the customer shall maintain and safeguard the area occupied by the service pipe from traffic or other hazardous conditions. The customer will be responsible for any damage to the service facilities.

8. Subject to the approval of the Utility, any change in the location or construction of the service for the fire protection facilities requested by the public authority or the customer will be made by the Utility following payment to the Utility of the entire cost of such change.

9. Any unauthorized use of water through the service to fire protection facilities will be charged for at the applicable tariff rates and may be grounds for discontinuance of service by the Utility to the privately owned protection system without liability to the Utility.

(T)

(Continued)

Schedule No. 4
(Continued)

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS (Continued)

10. The Utility will supply to the privately owned fire protection system only such water at such pressure s may be available from time to time in the operation of Utility's system. Section 774 of the Public Utilities Code limits the liability of the utility resulting from a claim regarding the provision or maintenance of an adequate water supply, water pressure, equipment or other fire protection facility or service. Acceptance of service under this tariff is acknowledgment of notice of the provisions of Section 774 of the Public Utilities Code. (T) (T) (T) (T) (T)

11. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

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 . . . . . $15.39 (I)

### 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.

(Continued)

Schedule No. 4A
(Continued)

FIRE HYDRANT SERVICE ON PRIVATE PROPERTY

SPECIAL CONDITIONS (Continued)

5. The repair and maintenance of the hydrants will be the responsibility of the applicant.

6. Any unauthorized use of water will be charged therefore under the General Metered Service schedule for the particular tariff area, and/or may be grounds for the Utility to discontinue the service without liability to the Utility.

7. There shall be no cross-connection between the fire hydrant service and any other source of supply without the specific approval of the Utility. This specific approval will require at the customer's expense, a special double check valve installation or other device acceptable to the Utility. Any unauthorized cross-connection may be grounds for immediate disconnection of the fire hydrant service without liability to the Utility.

8. The Utility will supply to the hydrant only such water at such pressure s may be available from time to time in the operation of the Utility's system. Section 774 of the Public Utilities Code limits the liability of the utility resulting from a claim regarding the provision or maintenance of an adequate water supply, water pressure, equipment or other fire protection facility or service. Acceptance of service under this tariff is acknowledgment of notice of the provisions of Section 774 of the Public Utilities Code. (T) (T) (T) (T) (T)

9. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Rule No. 9

## RENDERING AND PAYMENT OF BILLS

A. Rendering of Bills

Bills for service will be rendered each customer on a monthly or bimonthly basis at the option of the Utility, unless otherwise provided in the rate schedules.

1. Metered Service

   a. Meters will be read at regular intervals for the preparations of periodic bills and as required for the preparation of opening bills, closing bills and special bills.

   b. The opening bill for metered service will not be less that the established monthly minimum or readiness to serve charge for the service. Any amount paid in excess of the prorated charges otherwise applicable to the opening period will be credited against the charge for the succeeding regular billing period, except that no such credit shall accrue if the total period of service is less than one month.

   c. It may not always be practicable to read meters at intervals which will result in billing periods of equal numbers of days.

      (1) Should a monthly billing period contain less than 27 days or more than 33 days a pro rata correction in the amount of the bill will be made. (D)

      (2) For billing periods other than monthly or bimonthly, adjustments will be made proportionate to that for a monthly billing period. (T)

   d. Bills for metered service will show at least the reading of the meter at the end of the period for which the bill is rendered, the meter constant, if any, the number and kinds of units, and date of the current meter reading.

(Continued)

Rule No. 9
(Continued)

RENDERING AND PAYMENT OF BILLS

A. 3. (1) Each of the several quantity rate blocks will be prorated on the basis of the ratio of the number of days in the period to the number of days in an average billing period. The measured quantity of usage will be applied to such prorated amounts and quantities.

(2) Flat Rate Service

The billing period charge will be prorated on the basis of the ratio of the number of days in the period to the number of days in an average billing period.

(3) Average Billing Period

The number of days in an average billing period is defined as 365 divided by the number of billing periods in a year. (It is 30.4 days for a monthly billing period.)

B. Payment of Bills

Bills for service are due and payable upon presentation and payment may be made at any commercial office of the Utility or to any representative of the Utility authorized to make collections. Collection of closing bills may be made at the time of presentation.

1. The Utility may charge $18.00 for any bad check or electronic fund transfer not honored. (I)

# APPENDIX C

## SUBURBAN WATER SYSTEMS
## Attrition Calculations for 2008/2009

Financials:

| | |
|---|---|
| Rate of Return Proposed for 2008/2009 | 8.65% |
| Rate of Return Proposed for 2007/2008 | 8.65% |
| Difference | 0.00% |

Operational:

| | |
|---|---|
| Present Rate of Return for 2007/2008 | 5.61% |
| Present Rate of Return for 2006/2007 | 6.53% |
| Difference | 0.92% |
| Total Attrition | **0.92%** |
| Net to Gross Multiplier | 1.80788 |
| 2007/2008 Rate Base | $ 80,859,149 |

2008/2009 Attrition = Total Attrition X 2007/2008 Rate Base X N.T.G. $ 1,344,888
Escalation Year 2008/2009 Expense Increase

Operating Revenues for 2008/2009 =
(2007/2008 Operating Revenue + 2005 Attrition)

| | |
|---|---|
| Operating Revenue for 2007/2008 | $ 51,392,555 |
| Operating Revenue for 2008/2009 | $ 52,737,443 |
| Increase from 2007/2008 to 2008/2009 | **2.62%** |

# APPENDIX D
# Page 1 of 13
# SUBURBAN WATER SYSTEMS
# ADOPTED QUANTITIES

| | |
|---|---|
| Net-to-Gross Multiplier | 1.80788 |
| Uncollectibles | 0.20% |
| Franchise Tax Rates | 1.31% |
| State Income Tax Rate | 8.84% |
| Federal Income Tax Rate | 35.00% |

| Purchased Power: | Test Year 2006/2007 | Test Year 2007/2008 |
|---|---|---|
| Water Production, Acre Feet | 58,945 | 59,068 |
| Well Pumps Main Basin Production, Acre Feet | 26,909 | 26,910 |
| Well Pumps Main Basin Gas Production, Acre Feet | 2,481 | 2,481 |
| Well Pumps Main Basin Electric Production, Acre Feet | 24,428 | 24,429 |
| Well Pumps Main Basin Electric Production, Acre Feet | 24,428 | 24,429 |
| ELECTRIC | | |
| Main Basin | | |
| Kwh/Acre Foot | 423.59 | 423.59 |
| Cost/Kwh | $ 0.0839 | $ 0.0839 |
| Kwh Cost ($000) | $ 868.1 | $ 868.2 |
| Central Basin | | |
| Kwh/Acre Foot | - | - |
| Cost/Kwh | $ 0.0923 | $ 0.0923 |
| Kwh Cost - Central Wells ($000) | $ - | $ - |
| Boosters | | |
| Kwh/Acre Foot | 236.52 | 236.52 |
| Cost/Kwh | $ 0.0892 | $ 0.0892 |
| Kwh Cost ($) | $ 1,243.6 | $ 1,246.2 |
| Total Electric Purchased Power Cost ($000) | $ 2,111.7 | $ 2,114.4 |
| Fixed Ratio for Purchased Power | | |
| URG: | | |
| Well Pumps - Central Basin | 70.00% | 70.00% |
| Well Pumps - Main Basin | 69.00% | 69.00% |
| Boosters | 69.00% | 69.00% |
| DWR: | | |
| Well Pumps - Central Basin | 30.00% | 30.00% |
| Well Pumps - Main Basin | 31.00% | 31.00% |
| Boosters | 31.00% | 31.00% |
| NATURAL GAS | | |
| Wells | | |
| Therms/Acre Foot | 48.12 | 48.12 |
| Cost/Therm | $ 0.7550 | $ 0.7550 |
| Therm Cost - Wells ($000) | 90.1 | 90.1 |
| Boosters | | |
| Therms/Acre Foot | 2.44 | 2.44 |
| Cost/Therm | $ 0.7835 | $ 0.7835 |
| Therm Cost - Boosters ($000) | $ 112.7 | $ 112.9 |
| Total Natural Gas Purchased Power Cost ($000) | $ 202.8 | $ 203.1 |
| TOTAL PURCHASED POWER COST ($000) | $ 2,314.6 | $ 2,317.4 |

# APPENDIX D - Page 2 of 13
# SUBURBAN WATER SYSTEMS
# ADOPTED QUANTITIES
# VOLUME RELATED - PUMPED WATER

| | Test Year 2006/2007 | Test Year 2007/2008 |
|---|---|---|
| **QUANTITIES** | | |
| Main Basin: | | |
| Owned Rights, Acre Feet | 21,384 | 21,384 |
| Replacement Rights, Acre Feet | 3,552 | 3,553 |
| Lease Rights, Acre Feet | 312 | 312 |
| Cyclic Storage, Acre Feet | 1,661 | 1,661 |
| Main Basin Production, Acre Feet | 26,909 | 26,910 |
| | | |
| San Jose Hills Service Area | | |
| Owned Rights, Acre Feet | 11,159 | 11,159 |
| Lease Rights, Acre Feet | 177 | 177 |
| Cyclic Storage, Acre Feet | 943 | 943 |
| Replacement, Acre Feet | 2,021 | 2,022 |
| Project Water, Acre Feet | 986 | 986 |
| Total San Jose Hills Service Area MSGB, Acre Feet | 15,287 | 15,287 |
| | | |
| Whittier/La Mirada Service Area | | |
| Owned Rights, Acre Feet | 9,239 | 9,240 |
| Lease Rights, Acre Feet | 135 | 135 |
| Cyclic Storage, Acre Feet | 718 | 718 |
| Replacement, Acre Feet | 1,530 | 1,531 |
| Total Whittier/La Mirada Service Area MSGB, Acre Feet | 11,622 | 11,623 |
| | | |
| Central Basin: | | |
| Owned Rights, Acre Feet | 0 | 0 |
| Lease Rights, Acre Feet | 0 | 0 |
| Overpump, Acre Feet | 0 | 0 |
| Total Central Basin, Acre Feet | 0 | 0 |
| | | |
| Capacity Reservation Charge: | | |
| MWD (Central Basin), CFS | 23.5 | 23.5 |
| | | |
| **RATES** | | |
| Main Basin: | | |
| Assessment, Per Acre Foot | $ 14.34 | $ 14.34 |
| Water Quality Charge, Per Acre Foot | $ 5.97 | $ 5.97 |
| Cyclic Storage, Per Acre Foot | $ 125.65 | $ 125.65 |
| Lease, Per Acre Foot | $ 222.00 | $ 222.00 |
| Over Pump, Per Acre Foot | $ 246.65 | $ 246.65 |

# APPENDIX D - Page 3 of 13
# SUBURBAN WATER SYSTEMS
# ADOPTED QUANTITIES
# VOLUME RELATED - PUMPED WATER

| | Test Year 2006/2007 | Test Year 2007/2008 |
|---|---|---|
| RATES (Continued) | | |
| MSGB Owned Rights, Per Acre Foot | $ 20.31 | $ 20.31 |
| MSGB Lease Rights, Per Acre Foot | $ 236.34 | $ 236.34 |
| MSGB Cyclic Storage, Per Acre Foot | $ 139.99 | $ 139.99 |
| MSGB Over Pump, Per Acre Foot | $ 260.99 | $ 260.99 |
| Project Water, Per Acre Foot | $ 60.60 | $ 60.60 |
| Central Basin: | | |
| Volume Charge, Per Acre Foot | $ 134.66 | $ 134.66 |
| Assessment, Per Acre Foot | $ 3.76 | $ 3.76 |
| Overpump, Per Acre Foot | $ 280.00 | $ 280.00 |
| Central Basin Owned Rights, Per Acre Foot | $ 138.42 | $ 138.42 |
| Central Basin Over Pump, Per Acre Foot | $ 414.66 | $ 414.66 |
| **COSTS ($000)** | | |
| Main Basin: | | |
| San Jose Hills Service Area | | |
| Main San Gabriel Basin | | |
| Owned Rights, Dollars | $ 226.6 | $ 226.6 |
| Lease Rights, Dollars | $ 41.8 | $ 41.8 |
| Cyclic Storage, Dollars | $ 132.1 | $ 132.1 |
| Over Pump, Dollars | $ 527.6 | $ 527.8 |
| Project Water, Dollars | $ 59.7 | $ 59.7 |
| Total San Jose Hills Service Area MSGB Costs | $ 987.9 | $ 988.1 |
| Whittier/La Mirada Service Area | | |
| Main San Gabriel Basin | | |
| Owned Rights, Dollars | $ 187.6 | $ 187.7 |
| Lease Rights, Dollars | $ 31.8 | $ 31.8 |
| Cyclic Storage, Dollars | $ 100.5 | $ 100.5 |
| Over Pump, Dollars | $ 399.4 | $ 399.6 |
| Total Whittier/La Mirada Service Area MSGB Costs | $ 719.4 | $ 719.6 |
| Central Basin: | | |
| Owned Rights | $ - | $ - |
| Lease Rights | $ - | $ - |
| Overpump | $ - | $ - |
| Total Central Basin Costs | $ - | $ - |
| Total Pumped Water Costs | $ 1,707.2 | $ 1,707.7 |

# APPENDIX D - Page 4 of 13
# SUBURBAN WATER SYSTEMS
# ADOPTED QUANTITIES
# VOLUME RELATED - PURCHASED WATER

| | Test Year 2006/2007 | Test Year 2007/2008 |
|---|---|---|
| **QUANTITIES** | | |
| Covina Irrigating, Acre Feet | | |
| Owned Rights, Acre Feet | 1,021 | 1,021 |
| Lease A, Acre Feet | 113 | 113 |
| Lease B, Acre Feet | 1,000 | 1,000 |
| Lease C, Acre Feet | 438 | 438 |
| Lease D, Acre Feet | 1,434 | 1,434 |
| Lease Pool, Acre Feet | 25 | 25 |
| Extra Tier Two, Acre Feet | 1,298 | 1,298 |
| Extra Tier Three, Acre Feet | 507 | 511 |
| Total Covina Irrigating, Acre Feet | 5,836 | 5,840 |
| | | |
| California Domestic Water Co., Acre Feet | | |
| Owned Rights, Acre Feet | 3,502 | 3,502 |
| Union Lease Shares | 1,648 | 1,648 |
| Lease Rights, Acre Feet | 1,388 | 1,388 |
| Over Pump, Acre Feet | 3,506 | 3,510 |
| Total California Domestic Water Co., Acre Feet | 10,044 | 10,048 |
| | | |
| San Gabriel, Acre Feet | 164 | 163 |
| MWD Central Basin - Tier One, Acre Feet | 1,744 | 1,744 |
| MWD Central Basin - Tier Two, Acre Feet | 728 | 730 |
| | | |
| Azusa Light & Power, Acre Feet | 1,388 | 1,417 |
| City of Glendora, Acre Feet | 205 | 208 |
| Rowland County, Acre Feet | 355 | 353 |
| Walnut Valley, Acre Feet | 1,483 | 1,507 |
| Ciyt 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 | 9,100 | 9,157 |
| MWD Upper Basin - Tier Two, Acre Feet | 989 | 989 |
| Total Purchased Water, Acre Feet | 32,036 | 32,157 |
| MWD Central Basin Connection, Cfs | 30 | 30 |

# APPENDIX D - Page 5 of 13
# SUBURBAN WATER SYSTEMS
# ADOPTED QUANTITIES
# VOLUME RELATED - PURCHASED WATER

| | Test Year 2006/2007 | Test Year 2007/2008 |
|---|---|---|
| **RATES** | | |
| Covina Irrigating: | | |
| Volume Charge, Per Acre Foot | $ 140.00 | $ 140.00 |
| Excess Tier Two Volume Charge, Per Acre Foot | $ 155.00 | $ 155.00 |
| Lease Type D, and Excess Tier Three Volume Charge, Per A.F. | $ 165.00 | $ 165.00 |
| Assessment, Per Share | $ 60.00 | $ 60.00 |
| Acre Foot Per Share | $ 1.10 | $ 1.10 |
| Assessment, Per Acre Foot | $ 54.55 | $ 54.55 |
| Lease A, Per Share | $ 270.00 | $ 270.00 |
| Lease B, Per Share | $ 396.66 | $ 396.66 |
| Lease C, Per Share | $ 532.65 | $ 532.65 |
| Lease D, Per Share | $ 532.65 | $ 532.65 |
| Lease Pool, Per Acre Foot | $ 197.32 | $ 197.32 |
| Extra, Per Acre Foot | $ 246.65 | $ 246.65 |
| Covina Irrigating Owned Rights, Per Acre Foot | $ 194.55 | $ 194.55 |
| Covina Irrigating Lease A, Per Acre Foot | $ 385.45 | $ 385.45 |
| Covina Irrigating Lease B, Per Acre Foot | $ 500.60 | $ 500.60 |
| Covina Irrigating Lease C, Per Acre Foot | $ 624.23 | $ 624.23 |
| Covina Irrigating Lease D, Per Acre Foot | $ 649.23 | $ 649.23 |
| Covina Irrigating Lease Pool, Per Acre Foot | $ 337.32 | $ 337.32 |
| Covina Irrigating Extra Tier Two, Per Acre Foot | $ 401.65 | $ 401.65 |
| Covina Irrigating Extra Tier Three, Per Acre Foot | $ 411.65 | $ 411.65 |
| MWD Central Basin Connection Maintenance Charge, Per CFS Per Month | $ 30.00 | $ 30.00 |
| City of Covina Emergency Connection Charge, Per Month | $ 314.00 | $ 314.00 |
| Cal Domestic: | | |
| 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 |

# APPENDIX D - Page 6 of 13
# SUBURBAN WATER SYSTEMS
# ADOPTED QUANTITIES
# VOLUME RELATED - PURCHASED WATER

| | Test Year 2006/2007 | Test Year 2007/2008 |
|---|---|---|
| **RATES** | | |
| Other Purchased Water: | | |
| Azusa Light & Power, Per Acre Foot (First 221 A.F.) | $ 536.10 | $ 536.10 |
| Azusa Light & Power, Per Acre Foot (Remaining A.F.) | $ 565.15 | $ 565.15 |
| City of Glendora, Per Acre Foot | $ 481.00 | $ 481.00 |
| City of Glendora, Administration Fee Per Acre Foot | $ 20.00 | $ 20.00 |
| City of Glendora, Per Acre Foot | $ 501.00 | $ 501.00 |
| Rowland County, Per Acre Foot | $ 635.98 | $ 635.98 |
| Walnut, Valley Per Acre Foot | $ 603.34 | $ 603.34 |
| 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 | $ 540.00 | $ 540.00 |
| Valley County, Per Acre Foot | $ 348.65 | $ 348.65 |
| San Gabriel, Per Acre Foot | $ 647.74 | $ 647.74 |
| City of Whittier, Per Acre Foot | $ 431.24 | $ 431.24 |
| La Habra Heights, Per Acre Foot | $ 570.00 | $ 570.00 |
| La Habra Heights, Energy Per Acre Foot | $ 23.36 | $ 23.36 |
| La Habra Heights, Per Acre Foot | $ 593.36 | $ 593.36 |
| MWD Central Basin (up to 1,744 A.F.) & Upper Basin - Tier One Volume Charge, Per A.F. | $ 443.00 | $ 443.00 |
| MWD Central Basin Tier One & Tier Two Assessment, Per Acre Foot | $ 38.00 | $ 38.00 |
| MWD Central Basin Tier One & Tier Two RTS Fee, Per Acre Foot | $ 8.00 | $ 8.00 |
| MWD Central Basin & Upper Basin - Tier Two (remaining A.F.) Volume Charge, Per A.F. | $ 524.00 | $ 524.00 |
| MWD Upper Basin Tier One Assessment, Per Acre Foot | $ 44.83 | $ 44.83 |
| MWD Upper Basin Tier Two Assessment, Per Acre Foot | $ 48.88 | $ 48.88 |
| MWD Central Basin Tier One (up to 1,744.00 A.F.), Per Acre Foot | $ 489.00 | $ 489.00 |
| MWD Central Basin Tier Two (remaining A.F.), Per Acre Foot | $ 570.00 | $ 570.00 |
| MWD Upper Basin Tier One, Per Acre Foot | $ 487.83 | $ 487.83 |
| MWD Upper Basin Tier Two, Per Acre Foot | $ 572.88 | $ 572.88 |
| Capacity Reservation Charge: | | |
| MWD (Central Basin), Annually Per CFS | $ 5,300 | $ 5,300 |

# APPENDIX D - Page 7 of 13
# SUBURBAN WATER SYSTEMS
# ADOPTED QUANTITIES
# VOLUME RELATED - PURCHASED WATER

| | Test Year 2006/2007 | Test Year 2007/2008 |
|---|---|---|
| **COSTS ($000)** | | |
| Covina Irrigating | | |
| Owned Rights | $ 198.7 | $ 198.7 |
| Lease A | $ 43.5 | $ 43.5 |
| Lease B | $ 500.6 | $ 500.6 |
| Lease C | $ 273.3 | $ 273.3 |
| Lease D | $ 931.1 | $ 931.1 |
| Lease Pool | $ 8.4 | $ 8.4 |
| Extra Tier Two | $ 521.5 | $ 521.5 |
| Extra Tier Three | $ 208.5 | $ 210.2 |
| Total Covina Irrigating | $ 2,685.7 | $ 2,687.3 |
| California Domestic Water Co. | | |
| California Domestic Water Co. | $ 932.4 | $ 932.4 |
| Owned Rights | $ 600.9 | $ 600.9 |
| Union Lease Rights | $ 507.6 | $ 507.6 |
| Lease Rights | $ 1,368.8 | $ 1,370.1 |
| Total Cal Domestic | $ 3,409.7 | $ 3,411.0 |
| Demand Related Purchased Water: | | |
| Azusa Light & Power | $ 778.1 | $ 794.5 |
| City of Glendora | $ 102.8 | $ 104.5 |
| Rowland County | $ 225.7 | $ 224.7 |
| Walnut Valley | $ 894.5 | $ 909.3 |
| Ciyt of Covina | $ - | $ - |
| La Puente Valley Water | $ - | $ - |
| Valencia Heights | $ - | $ - |
| Valley County | $ - | $ - |
| MWD Upper Basin - Tier One | $ 4,439.4 | $ 4,467.1 |
| MWD Upper Basin - Tier Two | $ 566.9 | $ 566.9 |
| City of Covina Emergency Connection Charge | $ 3.8 | $ 3.8 |
| San Gabriel Valley Water Company | $ 106.0 | $ 105.6 |
| City of Whittier | $ - | $ - |
| La Habra Heights | $ - | $ - |
| MWD Central Basin - Tier One | $ 852.8 | $ 852.8 |
| MWD Central Basin - Tier Two | $ 414.8 | $ 416.0 |
| MWD Central Basin Connection Maintenance Charge | $ 10.8 | $ 10.8 |
| Total Demand Related Purchased Water | $ 8,395.6 | $ 8,455.9 |
| Capacity Reservation Charge: MWD (Central Basin) | $ 124.6 | $ 124.6 |
| CR Reimbursement | $ (1,923.7) | $ (1,948.0) |
| Total Purchased Water Cost ($000) | $ 12,691.9 | $ 12,730.8 |

# APPENDIX D - Page 8 of 13
# SUBURBAN WATER SYSTEMS
## Adopted Average Number of Metered Service Customers

| | 2006/2007 | 2007/2008 |
|---|---|---|
| **METERED SERVICE:** | | |
| San Jose Hills (Including West Covina/Walnut) Service Area: | | |
| Residential | 40,012 | 40,105 |
| Business | 1,600 | 1,615 |
| Industrial | 20 | 20 |
| Public Authority | 307 | 307 |
| Sales to Other Utilities for Resale | 0 | 0 |
| Construction Water Service | 19 | 20 |
| BKK | 5 | 5 |
| | 41,963 | 42,072 |
| San Jose Hills Service Area: | | |
| Residential | 32,977 | 33,036 |
| Business | 1,398 | 1,404 |
| Industrial | 20 | 20 |
| Public Authority | 147 | 147 |
| Sales to Other Utilities for Resale | - | - |
| Construction Water Service | 14 | 15 |
| BKK | - | - |
| | 34,556 | 34,622 |
| West Covina Service Area: | | |
| Residential | 4,298 | 4,331 |
| Business | 172 | 181 |
| Industrial | - | - |
| Public Authority | 159 | 159 |
| Sales to Other Utilities for Resale | - | - |
| Construction Water Service | 5 | 5 |
| BKK | 5 | 5 |
| | 4,639 | 4,681 |
| Walnut Service Area: | | - |
| Residential | 2,737 | 2,738 |
| Business | 30 | 30 |
| Industrial | - | - |
| Public Authority | 1 | 1 |
| Sales to Other Utilities for Resale | - | - |
| Construction Water Service | - | - |
| BKK | - | - |
| | 2,768 | 2,769 |
| Whittier/La Mirada Service Area: | | |
| Residential | 31,168 | 31,198 |
| Business | 1,449 | 1,471 |
| Industrial | 18 | 18 |
| Public Authority | 178 | 179 |
| Sales to Other Utilities for Resale | 7 | 7 |
| Construction Water Service | 15 | 16 |
| BKK | - | - |
| | 32,835 | 32,889 |

# APPENDIX D - Page 9 of 13
# SUBURBAN WATER SYSTEMS
## Adopted Average Number of Metered Service Customers

| | 2006/2007 | 2007/2008 |
|---|---|---|
| **Total Metered Service:** | | |
| Residential | 71,180 | 71,303 |
| Business | 3,049 | 3,086 |
| Industrial | 38 | 38 |
| Public Authority | 485 | 486 |
| Sales to Other Utilities for Resale | 7 | 7 |
| Construction Water Service | 34 | 36 |
| BKK | 5 | 5 |
| | 74,798 | 74,961 |

# APPENDIX D - Page 10 of 13
# SUBURBAN WATER SYSTEMS
## Adopted Average Number of Unmetered Service Customers

| Unmetered Service: | 2006/2007 | 2007/2008 |
|---|---|---|
| San Jose Hills (Including West Covina/Walnut) Service Area: | | |
| Private Fire Protection | 315 | 320 |
| Fire Hydrant | 31 | 31 |
| | 346 | 351 |
| San Jose Hills Service Area: | | |
| Private Fire Protection | 309 | 314 |
| Fire Hydrant | 31 | 31 |
| | 340 | 345 |
| West Covina Service Area: | | |
| Private Fire Protection | 6 | 6 |
| Fire Hydrant | 0 | 0 |
| | 6 | 6 |
| Walnut Service Area: | | |
| Private Fire Protection | 0 | 0 |
| Fire Hydrant | 0 | 0 |
| | 0 | 0 |
| Whittier/La Mirada Service Area: | | |
| Private Fire Protection | 344 | 349 |
| Fire Hydrant | 31 | 32 |
| | 375 | 381 |
| **Total Unmetered Service:** | | |
| Private Fire Protection | 659 | 669 |
| Fire Hydrant | 62 | 63 |
| | 721 | 732 |

# APPENDIX D - Page 11 of 13
# SUBURBAN WATER SYSTEMS
## Water Consumption Per Customer (Ccf)

| | 2006/2007 | 2007/2008 |
|---|---|---|
| San Jose Hills (Including West Covina/Walnut) Service Area: | | |
| Residential | 253.8 | 253.8 |
| Business | 1,588.4 | 1,588.4 |
| Industrial | 11,328.0 | 11,328.0 |
| Public Authority | 2,617.0 | 2,617.0 |
| Resale Water | 0.0 | 0.0 |
| Construction | 433.0 | 433.0 |
| BKK | 69,174.0 | 69,174.0 |
| San Jose Hills Service Area: | | |
| Residential | 246.2 | 246.2 |
| Business | 1,607.0 | 1,607.0 |
| Industrial | 11,328.0 | 11,328.0 |
| Public Authority | 3,348.0 | 3,348.0 |
| Resale Water | 0.0 | 0.0 |
| Construction | 421.0 | 421.0 |
| BKK | 0.0 | 0.0 |
| West Covina Service Area: | | |
| Residential | 282.4 | 282.4 |
| Business | 1,445.0 | 1,445.0 |
| Industrial | 0.0 | 0.0 |
| Public Authority | 1,955.0 | 1,955.0 |
| Resale Water | 0.0 | 0.0 |
| Construction | 465.0 | 465.0 |
| BKK | 69,174.0 | 69,174.0 |
| Walnut Service Area: | | |
| Residential | 300.2 | 300.2 |
| Business | 1,543.0 | 1,543.0 |
| Industrial | 0.0 | 0.0 |
| Public Authority | 365.0 | 365.0 |
| Resale Water | 0.0 | 0.0 |
| Construction | 0.0 | 0.0 |
| BKK | 0.0 | 0.0 |
| Whittier/La Mirada Service Area: | | |
| Residential | 226.2 | 226.2 |
| Business | 1,497.0 | 1,497.0 |
| Industrial | 7,418.0 | 7,418.0 |
| Public Authority | 3,671.0 | 3,671.0 |
| Resale Water | 734.0 | 734.0 |
| Construction | 704.0 | 704.0 |
| BKK | 0.0 | 0.0 |

# APPENDIX D - Page 12 of 13
# SUBURBAN WATER SYSTEMS
# Adopted Income Tax Calculation

| | 2006/2007 | 2007/2008 |
|---|---|---|
| Operating Revenues | | |
| Water Service Revenue | 49,583.6 | 51,183.5 |
| PUC Reimbursement Fee | 694.2 | 716.6 |
| Other Water Revenues | 191.9 | 191.9 |
| Amortization of Deferred Revenues | 17.1 | 17.1 |
| Total Taxable Operating Revenues | 50,486.9 | 52,109.1 |
| | | |
| Expenses: | | |
| Operating Expenses(less franchise, uncollectibles, PUC Reimbursement Fee) | 35,512.7 | 36,098.8 |
| CR Reimbursement | (1,923.7) | (1,948.0) |
| Franchise Expense | 648.2 | 669.2 |
| Uncollectibles | 99.2 | 102.4 |
| PUC Reimbursement Fee | 694.2 | 716.6 |
| Tax Depreciation, State | 4,189.9 | 4,622.1 |
| Taxes Other than Income | 1,459.3 | 1,522.1 |
| Interest Expense | 2,355.2 | 2,450.0 |
| Total Taxable Income | 7,451.8 | 7,876.0 |
| Total CCFT Tax (8.84%) | 658.7 | 696.2 |
| | | |
| Federal Income Tax: | | |
| Total Taxable Income | 7,451.8 | 7,876.0 |
| Plus Addt'l Tax Depreciation | 4.1 | 4.1 |
| Less Prior Year CCFT | 541.8 | 363.7 |
| | | |
| Total FIT Tax (35%) | 2,419.9 | 2,630.7 |

# SUBURBAN WATER SYSTEMS
## Adopted Plant In Service

| | 2006/2007 | 2007/2008 |
|---|---|---|
| Plant in Service - BOY | 138,306,478 | 142,581,145 |
| Utility Plant Additions During Year | 6,380,100 | 6,322,700 |
| Less: | | |
| Retirements of Plant | 2,105,433 | 2,086,491 |
| Plant-in-Service -EOY | 142,581,145 | 146,817,354 |
| Average Plant In Service | 140,443,812 | 144,699,250 |

## Adopted Accumulated Depreciation and Expense

| | 2006/2007 | 2007/2008 |
|---|---|---|
| Accum. Depreciation (BOY) | 43,456,439 | 45,191,654 |
| Add: | | |
| Depreciation Accrual | 4,680,384 | 5,116,334 |
| Salvage | 750 | 750 |
| Less: | | |
| Retirements | 2,105,433 | 2,086,491 |
| Cost of Removal | 843,748 | 843,748 |
| Adjustment | 0 | 0 |
| Depreciation Reserve (EOY) | 45,188,392 | 47,378,498 |
| Avg. Accumulated Depreciation | 44,322,416 | 46,285,076 |

## Adopted Rate Base

| | 2006/2007 | 2007/2008 |
|---|---|---|
| Plant in Service | 140,443,813 | 144,699,250 |
| Construction Work In Progress | 5,819,718 | 5,819,718 |
| Materials and Supplies | 343,431 | 351,943 |
| Working Cash | 985,000 | 985,000 |
| Subtotal | 147,591,962 | 151,855,911 |
| Less: | | |
| Reserve for Depreciation | 44,322,416 | 46,285,076 |
| Advances for Construction | 5,345,525 | 5,232,600 |
| Contribution in Aid of Construction | 9,948,013 | 9,582,918 |
| Unamortized Investment Tax Credits | 488,153 | 448,182 |
| Accumulated Deferred Taxes, Taxable Advances For Construction | (146,845) | (140,710) |
| Accumulated Deferred Taxes, Taxable CIAC | (158,430) | (123,373) |
| Unamortized Deferred Revenue, Taxable C.I.A.C. | 58,234 | 41,101 |
| Pension Reserve | 347,584 | 173,792 |
| Accumulated Deferred Income Taxes Depreciation Timing Differences | 9,779,004 | 9,558,004 |
| Accum. Deferred Income Taxes - Pension Reserve | (121,654) | (60,827) |
| Total Deduction | 69,861,999 | 70,996,762 |
| TOTAL RATE BASE | 77,729,963 | 80,859,149 |

## APPENDIX E

## SUBURBAN WATER SYSTEMS
## 2006/2007 BILL COMPARISON

Comparison of typical bills for residential metered customers of average usage level at present and authorized rates for the year 2006/2007.

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 | $41.93 | $41.52 | -0.98% |
| West Covina | 1 | 20 | $37.32 | $41.52 | 11.25% |
| Walnut | 1 | 20 | $41.14 | $41.52 | 0.92% |
| Whittier/La Mirada | 2 | 20 | $37.59 | $41.88 | 11.41% |

(END OF APPENDIX A)

# APPENDIX B

# APPENDIX B

## LIST OF APPEARANCES

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**(END OF APPENDIX B)**