

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 27, 2010

Draft Resolution No. W-4863
Agenda ID #10051

TO: Interested Parties to Suburban Water Systems' Advice Letter No. 271-W

Enclosed is draft Resolution W-4863 of the Division of Water and Audits. It will be on the Commission's January 27, 2011 agenda. The Commission may then act on this Resolution or it may postpone action until later.

When the Commission acts on the draft resolution, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare a different resolution. Only when the Commission acts does the resolution become binding on the parties.

Parties to this matter may file comments on this draft resolution. An original and 2 copies of the comments, with a certificate of service, should be submitted to:

Division of Water and Audits, Third Floor
Attention: Ravi Kumra
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Parties may submit comments on or before January 17, 2011. The date of submission is the date the comments are received by the Division of Water and Audits. Parties must serve a copy of their comments on the utility on the same date that the comments are submitted to the Division of Water and Audits.

Comments shall be limited to five pages in length plus a subject index listing the recommended changes to the draft resolution, a table of authorities and appendix setting forth the proposed findings and ordering paragraphs.

Comments shall focus on factual, legal or technical errors in the draft resolution, and shall make specific reference to the record or applicable law. Comments which fail to do so will be accorded no weight and are not to be submitted.

Persons interested in comments of parties may write to Ravi Kumra or telephone him at (415) 703-2571.

KAYODE KAJOPAIYE
RAMI KAHLON, Director
Division of Water and Audits

Enclosures: Draft Resolution No. W-4863
Certificate of Service
Service List

DWA/RSK/RKK

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIADIVISION OF WATER AND AUDITS
Water and Sewer Advisory BranchRESOLUTION NO. W-4863
January 27, 2011**R E S O L U T I O N**

(RES. W-4863), SUBURBAN WATER SYSTEMS (SUBURBAN). ORDER AUTHORIZING RECOVERY OF A SURCHARGE OF \$256,421, INCLUDING INTEREST, FOR LEGAL AND RELATED COSTS OF PARTICIPATING IN INVESTIGATION (I.) 07-01-022.

SUMMARY

By Advice Letter (AL) 271-W, filed on December 31, 2009, Suburban seeks Commission approval to recover legal and related costs of participating in I.07-01-022 (Order Instituting Investigation to Consider Policies to Achieve the Commission's Conservation Objective for Class A Water Utilities, referred to from here on as the Conservation OII). The amount Suburban requests is \$270,077, which is to be recovered through a monthly surcharge of \$0.895 starting on April 1, 2010, and lasting for four months thereafter.

This resolution grants recovery of \$256,421, including interest, through a monthly surcharge of \$0.850 from all customer classes starting on February 1, 2011 through May 1, 2011.

BACKGROUND

In Decision (D.) 08-02-036, the Commission authorized the establishment of a memorandum account to track the legal and related expenses Suburban (and other Class A water utilities) incurred in participating in the Conservation OII. Specifically, Ordering Paragraph (OP) 5 of this decision states:

"A memorandum account is authorized for Suburban and other Class A water utilities to track legal and related expenses incurred in participating in this proceeding from the date of issuance of this order instituting investigation (OII). Costs of preparing applications consolidated with this proceeding, whether incurred prior or subsequent to the issuance of the OII, shall not be tracked in the authorized memorandum accounts. Suburban's request to track legal and consulting expenses incurred prior to the issuance of this OII is denied."

Thus, D.08-02-036 permitted tracking in these memorandum accounts of legal and related costs incurred in participating in the Conservation OII from the date of issuance of the Conservation OII, which was January 11, 2007.

On July 24, 2009, Suburban filed AL 267-W requesting reimbursements for legal and related costs incurred in participating in the Conservation OII. Pursuant to D.08-02-036, OP 5, Suburban tracked in a memorandum account for legal and related costs of participating in the Conservation OII. Suburban requested authorization to recover from all customers \$269,884 through a monthly surcharge of \$0.896, which would last for four months beginning on September 1, 2009.

The Division of Water and Audits (DWA) rejected AL 267-W on procedural grounds because the AL was not filed as a Tier 3 filing pursuant to General Order 96-B (GO 96-B), Rule 5.3 and Industry Rule 7.3.3 (7). In its letter of rejection, DWA informed Suburban that its AL filing was substantially deficient and that if Suburban re-filed its request it should also show why it was reasonable for the Commission to amortize the memorandum account balances in rates for Suburban's participation in the Conservation OII. Some items that DWA required that Suburban submit included: audited numbers showing Suburban's actual regulatory-related labor, non-labor, and professional service expenses from the rate case cycle, which includes the period 2007-2008, compared to the Commission-authorized expenses for these accounts for the rate case cycle; financial statements for 2007 and 2008 to support this showing; a description of substantial contribution Suburban made to D.08-02-036, and an explanation of how Suburban's participation provided benefits to ratepayers.

By AL 271-W, filed on December 31, 2009, Suburban re-requested Commission approval to recover legal and related costs of participating in the Conservation OII. The total amount requested for recovery was \$270,077 including interest. Recovery would be through a monthly surcharge of \$0.895 from all customer classes for four months starting April 1, 2010.

Suburban filed AL 271-W as a Tier 3 filing. Suburban provided none of the additional information that DWA identified in its rejection letter.

On January 30, 2010, DWA suspended AL 271-W for an initial period of 120 days. On May 31, 2010, DWA suspended the AL for an additional 180 days because additional information was required to complete the review of the AL filing. AL 271 may not go into effect without Commission approval.

NOTICE AND PROTEST

Suburban provided all affected customers mail notice of AL 271-W pursuant to General Order (GO) 96-B. Suburban properly served AL 271-W in accordance with GO 96-B.

On January 21, 2010, the Division of Ratepayer Advocates (DRA) timely protested AL 271-W. DRA recommended that AL 271-W be rejected because it “does not meet previous Commission orders as described in DWA’s rejection letter dated July 30, 2009” of Suburban’s previous AL 267-W and because the “analysis, calculations, or data in... [AL 271-W] omit the necessary information to determine whether the relief requested is just and reasonable”. Suburban did not respond to DRA’s protest.

With respect to DRA’s first argument that AL 271-W does not meet previous Commission’s orders as described in DWA’s rejection letter of AL 267-W, we note that the deficiencies noted in DWA’s letter of rejection are not necessary to addressing the request in AL 271-W.

With respect to DRA’s second argument that AL 271-W does not provide enough information to allow the Commission to determine whether recovery of the costs is appropriate here, we note that subsequent to filing AL 271-W, Suburban responded to a DWA Staff data request and provided DWA Staff with some additional information DWA requested. With this additional information, DWA and the Commission can adequately evaluate the appropriateness of Suburban’s request in AL 271-W.

DISCUSSION

With respect to the recovery of costs recorded in a memorandum account, Suburban has the burden of showing the following:

- i. Suburban acted prudently when it incurred the costs for which it seeks recovery.
- ii. As a matter of policy, Suburban’s ratepayers should pay for these categories of costs, in addition to otherwise authorized rates.
- iii. These costs have not been recovered in other authorized rates.
- iv. Suburban paid reasonable amounts for the services it procured.

(See Resolution W-4824, Ordering Paragraph 5.) Below, we discuss Suburban's compliance with each of these criteria.

- i. Was Suburban prudent when it decided to incur the costs booked to the memorandum account?*

Suburban established the memorandum account to track legal and related expenses it incurred in participating in the Conservation OII pursuant to D.08-02-036, OP 5, which authorized the establishment of this memorandum account. The costs Suburban booked in this memorandum account pertain only to legal and related expenses incurred in participating in the Conservation OII and, thus, Suburban appropriately included these costs in the memorandum account per D.08-02-036. Also, Suburban participated in the Conservation OII at the direction of the Commission, which required Suburban (and other utilities) to participate in this proceeding in order to help the Commission develop conservation rate designs and address non-rate design issues. For these reasons, Suburban acted prudently in booking to the memorandum account legal and related expenses it incurred in participating in the Conservation OII.

- ii. Should Suburban's ratepayers pay for the categories of costs involved in addition to otherwise authorized rates?*

As discussed above, Suburban incurred the legal and related expenses at issue here because the Commission made Suburban a respondent in the Conservation OII and thus required Suburban to participate in this proceeding. Thus, this category of expenses should appropriately be borne by ratepayers.

- iii. Have the costs that Suburban is requesting reimbursement for in the memorandum account been covered by other authorized rates?*

The costs for legal and related expenses incurred in participating in the Conservation OII that are booked in the memorandum account were authorized to be tracked separately, and none of those costs were authorized in Suburban's last General Rate Case (GRC) or any other authorization. As such, the costs in the memorandum account Suburban is requesting recovery for now are not covered by other authorized rates.

- iv. Did Suburban pay reasonable amounts for the legal and related services it procured in order to participate in the Conservation OII?*

Staff of the DWA evaluated the work papers submitted by Suburban with its AL filing. Staff recommends a disallowance of \$7,528 before interest charges. Disallowances are for: (1) excess charges for legal research; (2) excess charges for clerical tasks; (3) improper charges for attending Commission meetings; (4) improper charges for rate design application; and (5) improper travel expenses by Suburban's regulatory staff. See Table 1 for a summary of the disallowances.

(1) Excess charges for legal research

Suburban has requested recovery of \$2,400 for 7.5 hours of legal research for participating in the Conservation OII, at an hourly rate of \$320 per hour. This amount was incurred for: review of notices of intent to claim intervener compensation; review of e-mail correspondence regarding settlement meetings; researching privacy requirements applicable to customer data; and analysis of obligations of publicly regulated utilities to safeguard customer information. Suburban has indicated that the work required legal research skills greater than those of a paralegal and that this work needed to be performed by an attorney and, thus, justifies the higher hourly rate requested here. Staff disagrees with Suburban's conclusion that the tasks here needed to be performed by an attorney and believes that the tasks should have been performed by paralegal staff. Therefore, for this work, Staff recommends recovery at a rate of \$180 per hour, for a total of \$1,350, and recommends that \$1,050 in excess charges for legal research be disallowed. The recovery rate is based on staff's experience.

(2) Excess charges for clerical tasks

Suburban seeks to recover \$4,320 for 24 hours of clerical work performed at \$180 per hour by paralegal staff. Suburban has indicated that the tasks included organizing and updating binders for witnesses. Based on the description of the work involved that Suburban provided, Staff believes these tasks should have been done by office support staff and that this work did not require the expertise of a paralegal. Therefore, for this work, Staff recommends that Suburban be allowed recovery at a rate of \$50 per hour, for a total of \$1,200, and recommends that \$3,120 in excess charges for performing clerical tasks be disallowed. The recovery rate is based on staff's experience.

(3) Improper charges for attending Commission meetings

Suburban has requested recovery of \$774 for 4.3 hours, at a rate of \$180 per hour, for sending an attorney to attend Commission meetings where the Conservation OII was addressed in order to take notes at these meetings. We note that all Commission meetings are accessible via webcast and are archived and are accessible for approximately two days following the Commission meeting.¹ Meeting results are also available on the Commission's website after each meeting. Based on the information Suburban provided, it appears that the purpose for Suburban attending these Commission meetings was informational only and that the on-line source discussed above would have provided an adequate and cost effective avenue for obtain this information. Thus, Staff recommends that the Commission disallow \$774, which is the amount Suburban is requesting reimbursement for attending these Commission meetings.

(4) Improper charges for rate design application

In its request, Suburban included legal expenses of \$506 for preparation of its rate design application. Reimbursement for this cost is not permitted by D.08-02-036, OP 5, which prohibits the tracking in the memorandum account of costs related to preparing these applications. Staff recommends disallowance of \$506 for preparation of the rate design application.

(5) Improper travel expenses by Suburban's regulatory staff

Suburban included \$2,078 for travel expenses incurred by its Vice-President of Regulatory Affairs. No explanations were provided for the purpose of each trip or the deliverables. Staff recommends that \$2,078 in improper travel expenses by Suburban's regulatory staff should be disallowed.

¹ See <http://www.cpuc.ca.gov/PUC/Webcasts/>. Also, audio tapes of specific portions of Commission meetings are available through the Commission's Press office. http://cpuc.granicus.com/ViewPublisher.php?view_id=2.

Table 1: SUBURBAN WATER SYSTEMS				
CONSERVATION OII MEMORANDUM ACCOUNT				
---- Summary of Adjustments				
		<i>Claimed by Utility</i>	<i>Recommended by Staff</i>	<i>Adjustment</i>
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d=c-b</i>
1	Legal Research	\$ 2,400	\$ 1,350	\$ (1,050)
2	Charges for clerical tasks	\$ 4,320	\$ 1,200	\$ (3,120)
3	Attending Commission meetings	\$ 774	\$ -	\$ (774)
4	Rate Design Application	\$ 506	\$ -	\$ (506)
5	Travel expenses by Suburban's staff	\$ 2,078	\$ -	\$ (2,078)
	Total	\$ 10,078	\$ 2,550	\$ (7,528)

After Staff recommended disallowance of \$7,528, Suburban should be reimbursed \$256,299 before interest for its legal and related expenses associated with participation in the Conservation OII. After interest², the total amount to be recovered by Suburban is \$256,427. The recovery of these costs will be through a monthly surcharge of \$0.850 for four months starting January 1, 2011, from all customer classes. See Table 2 for details.

Table 2: SUBURBAN WATER SYSTEMS					
CONSERVATION OII MEMORANDUM ACCOUNT					
---- Surcharge calculation					
Total amount to be recovered ¹		\$256,299			
<i>Recovery Month</i>	<i>Recovery Amt.</i>	<i>Interest ²</i>	<i>Surcharge</i>	<i>Total Customers ³</i>	<i>Surcharge per customer</i>
	<i>a</i>	<i>b</i>	<i>c=a+b</i>	<i>d</i>	<i>e=c/b</i>
Feb-11	\$64,056	\$ 49	\$ 64,105	75,424	\$ 0.850
Mar-11	\$64,069	\$ 37	\$ 64,105	75,424	\$ 0.850
Apr-11	\$64,081	\$ 25	\$ 64,105	75,424	\$ 0.850
May-11	\$64,093	\$ 12	\$ 64,105	75,424	\$ 0.850
Total	\$256,299		\$ 256,421		
Notes					
1 Principal and Interest balance as of 1/31/2011					
2 Using three month non-financial commercial paper rate of 0.23% for January 2011.					
3 Total customers as of 11/30/2009					

² Interest is calculated based on the three month commercial paper rate as reported in Federal Reserve Statistical release H.15.

The affected tariffs are shown in Appendix A.

COMMENTS

Public Utilities Code (PU Code) Section 311(g)(1) generally requires that resolutions must be served on all parties and be subject to at least 30 days public review and comment prior to a vote of the Commission. This draft resolution was mailed on December 27, 2010 to Suburban, the protestant DRA, and the parties on the service list. Comments were received from _____ on _____.

FINDINGS

1. Decision (D.) 08-02-036, Ordering Paragraph (OP) No. 5 authorized Suburban Water Systems (Suburban) and other Class A water utilities to establish memorandum accounts to track the legal and related costs of participating in the proceeding I.07-01-022 (or the Conservation OII).
2. Suburban filed Advice Letter (AL) 267-W on July 24, 2009, for reimbursement of all legal and related expenses for participation in I.07-01-022.
3. DWA rejected AL 267-W on procedural grounds and noted substantive deficiencies.
4. Suburban filed AL 271-W on December 31, 2009.
5. AL 271-W was substantially similar to AL 267-W.
6. DRA protested AL 271-W because: (1) AL 271-W did not meet previous Commission orders described in DWA's rejection letter for AL 267-W, and (2) Insufficient information was submitted that prevented a determination of reasonableness of the requested relief.
7. DRA's protest should be rejected because: (1) the deficiencies noted in DWA's rejection letter for AL 267-W are not necessary to address the request in AL 271-W; and (2) Suburban provided additional information to DWA to permit an adequate evaluation of the appropriateness of Suburban's request in AL 271-W.

8. In order to recover from ratepayers costs recorded in a memorandum account, the utility must demonstrate that: (1) the utility acted prudently when it incurred those costs; (2) it is appropriate for ratepayers to pay for those categories of costs in addition to otherwise authorized rates; (3) the costs are not covered by other authorized rates; and (4) the level of costs is reasonable.
9. Suburban's workpapers are adequate for determining whether recovery from the memorandum account is appropriate.
10. The costs in the memorandum account are not covered by other authorized rates.
11. It is appropriate for ratepayers to pay for legal and legal related costs in addition to otherwise authorized rates.
12. Suburban was prudent in incurring legal and legal related costs for participation in the Conservation OII.
13. Staff's recommendation of utilizing paralegal staff for legal research, based on a review of the work involved and Staff's experience, is reasonable. The resulting disallowance of \$1,050 for legal research should be adopted.
14. Staff's recommendation of utilizing office support staff for performing clerical tasks, based on a review of the description of the work involved and Staff's experience, is reasonable. The resulting disallowance of \$3,120 for performing such tasks should be adopted.
15. Based on a review of the description of the work involved, Staff's recommendation of disallowance for attending Commission publically held meetings is reasonable. The resulting disallowance of \$774 for this task should be adopted.
16. D.08-02-036, OP No. 5, does not permit charges for preparation of a rate design application. Staff's recommendation for disallowing \$506 for this item is reasonable and should be adopted.
17. Staff's disallowance of travel expenses incurred by Suburban's regulatory staff without any justification or explanation or description of the deliverables is reasonable. The resulting disallowance of \$2,078 for travel expenses by Suburban's regulatory staff should be adopted.

18. Staff's recommendation for recovery of \$256,421, which includes interest, through a surcharge of \$0.850 spread over four months from February 1, 2011 through May 1, 2011, is reasonable and should be approved.

THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utility Code Section 454 to Suburban Water Systems, to file a Tier 1 advice letter incorporating the revised rate schedules attached to this resolution as Appendix A and concurrently cancel its presently effective Schedule SJ-1 (Continued), San Jose Hills Service Area, Residential Metered Service; Schedule SJ-2 (Continued), San Jose Hills Service Area, Non-Residential Metered Service; Schedule WLM-1 (Continued), Whittier/La Mirada Service Area, Residential Metered Service; Schedule WLM-2 (Continued), Whittier/La Mirada Service Area, Non-Residential Metered Service; Schedule No. 4 (Continued), Private Fire Protection Service; Schedule No. 4A (Continued), Fire Hydrant Service on Private Property. The rate schedules shall be effective five days after the date of filing.
2. Suburban Water Systems is authorized to recover \$256,421, which includes interest for its legal and related expenses for participation in I.07-01-022, the Conservation OII. The recovery shall be through a surcharge of \$0.850 per customer from all customer classes for four months from February 1, 2011, through May 1, 2011.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on January 27, 2011; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

APPENDIX A

Schedule SJ-1 (Continued)

SAN JOSE HILLS SERVICE AREA

RESIDENTIAL 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.
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 \$0.0738 per 100 cubic feet for a period of 24 months due to the under-collection in the Reserve Accounts as of September 30, 2008.
4. A surcharge of \$0.031 per 100 cubic feet is to be applied to the monthly bills of all metered customers, excluding those customers receiving a Low Income Ratepayer Assistance (LIRA) credit, in order to support the LIRA program.

(D)

5. Low Income Ratepayer Assistance (LIRA) Memorandum Account

(L)

- a. The Company shall maintain a Low Income Ratepayer Assistance (LIRA) Memorandum Account to record the differences between LIRA discounts, program costs, and the revenues generated by the LIRA surcharge.
- b. The Company will record the LIRA discounts (credits) for service as provided under Schedule No. LIC-1.
- c. The Company will record the LIRA surcharge for service as provided under Special Conditions in Schedule SJ-1.
- d. The Company will record the incremental costs for the LIRA program administration, which have not been reflected in authorized rates.
- e. The Company shall maintain the LIRA memorandum account by making entries at the end of each month as follows:
 - i. A debit entry shall be made to the LIRA memorandum account at the end of each month to record the LIRA discounts and program costs.
 - ii. A credit entry shall be made to the LIRA memorandum account at the end of each month to record the revenues from the LIRA surcharges.
 - iii. Interest shall accrue to the LIRA memorandum account on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of month and the end-of-month balances.

The LIRA memorandum account shall go into effect on the effective date of Advice Letter 254-W.

(D)

6. As authorized by the California Public Utilities Commission (C.P.U.C.), all bills are subject to a monthly surcharge of \$0.850 for 4-month period, beginning with the effective date as determined by the C.P.U.C. pursuant to Suburban's Advice Letter No. 271-W-A. This charge offsets the legal and related costs of participating in Conservation OII Proceeding.

(N)

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(N)

**Schedule SJ-2
(Continued)**

SAN JOSE HILLS SERVICE AREA

NON RESIDENTIAL 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.
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 \$0.0738 per 100 cubic feet for a period of 24 months due to the under-collection in the Reserve Accounts as of September 30, 2008.
4. A surcharge of \$0.031 per 100 cubic feet is to be applied to the monthly bills of all metered customers, excluding those customers receiving a Low Income Ratepayer Assistance (LIRA) credit, in order to support the LIRA program.

(D)

5. **Low Income Ratepayer Assistance (LIRA) Memorandum Account**

(L)

- a. The Company shall maintain a Low Income Ratepayer Assistance (LIRA) Memorandum Account to record the differences between LIRA discounts, program costs, and the revenues generated by the LIRA surcharge.
- b. The Company will record the LIRA discounts (credits) for service as provided under Schedule No. LIC-1.
- c. The Company will record the LIRA surcharge for service as provided under Special Conditions in Schedules SJ-2.
- d. The Company will record the incremental costs for the LIRA program administration, which have not been reflected in authorized rates.
- e. The Company shall maintain the LIRA memorandum account by making entries at the end of each month as follows:
 - i. A debit entry shall be made to the LIRA memorandum account at the end of each month to record the LIRA discounts and program costs.
 - ii. A credit entry shall be made to the LIRA memorandum account at the end of each month to record the revenues from the LIRA surcharges.
 - iii. Interest shall accrue to the LIRA memorandum account on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of month and the end-of-month balances.

The LIRA memorandum account shall go into effect on the effective date of Advice Letter 254-W.

(D)

6. As authorized by the California Public Utilities Commission (C.P.U.C.), all bills are subject to a monthly surcharge of \$0.850 for 4-month period, beginning with the effective date as determined by the C.P.U.C. pursuant to Suburban's Advice Letter No. 271-W-A. This charge offsets the legal and related costs of participating in Conservation OII Proceeding.

(N)

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(N)

**Schedule WLM-1
(Continued)**

WHITTIER/LA MIRADA SERVICE AREA

RESIDENTIAL 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 District as filed in these tariff schedules.
2. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (D)
3. A surcharge of \$0.031 per 100 cubic feet is to be applied to the monthly bills of all metered customers, excluding those customers receiving a Low Income Ratepayer Assistance (LIRA) credit, in order to support the LIRA program. (L)
4. Low Income Ratepayer Assistance (LIRA) Memorandum Account (D)
 - a. The Company shall maintain a Low Income Ratepayer Assistance (LIRA) Memorandum Account to record the differences between LIRA discounts, program costs, and the revenues generated by the LIRA surcharge. (L)
 - b. The Company will record the LIRA discounts (credits) for service as provided under Schedule No. LIC-1.
 - c. The Company will record the LIRA surcharge for service as provided under Special Conditions in Schedule WLM-1.
 - d. The Company will record the incremental costs for the LIRA program administration, which have not been reflected in authorized rates.
 - e. The Company shall maintain the LIRA memorandum account by making entries at the end of each month as follows:
 - i. A debit entry shall be made to the LIRA memorandum account at the end of each month to record the LIRA discounts and program costs.
 - ii. A credit entry shall be made to the LIRA memorandum account at the end of each month to record the revenues from the LIRA surcharges.
 - iii. Interest shall accrue to the LIRA memorandum account on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of month and the end-of-month balances.The LIRA memorandum account shall go into effect on the effective date of Advice Letter 254-W. (D)
5. As authorized by the California Public Utilities Commission (C.P.U.C.), all bills are subject to a monthly surcharge of \$0.850 for 4-month period, beginning with the effective date as determined by the C.P.U.C. pursuant to Suburban's Advice Letter No. 271-W-A. This charge offsets the legal and related costs of participating in Conservation OII Proceeding. (N)
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(N)

**Schedule WLM-2
(Continued)**

WHITTIER/LA MIRADA SERVICE AREA

NON RESIDENTIAL 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 District as filed in these tariff schedules.
2. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (D)
3. A surcharge of \$0.031 per 100 cubic feet is to be applied to the monthly bills of all metered customers, excluding those customers receiving a Low Income Ratepayer Assistance (LIRA) credit, in order to support the LIRA program. (L)
4. Low Income Ratepayer Assistance (LIRA) Memorandum Account (L)
 - a. The Company shall maintain a Low Income Ratepayer Assistance (LIRA) Memorandum Account to record the differences between LIRA discounts, program costs, and the revenues generated by the LIRA surcharge.
 - b. The Company will record the LIRA discounts (credits) for service as provided under Schedule No. LIC-1.
 - c. The Company will record the LIRA surcharge for service as provided under Special Conditions in Schedules WLM-2.
 - d. The Company will record the incremental costs for the LIRA program administration, which have not been reflected in authorized rates.
 - e. The Company shall maintain the LIRA memorandum account by making entries at the end of each month as follows:
 - i. A debit entry shall be made to the LIRA memorandum account at the end of each month to record the LIRA discounts and program costs.
 - ii. A credit entry shall be made to the LIRA memorandum account at the end of each month to record the revenues from the LIRA surcharges.
 - iii. Interest shall accrue to the LIRA memorandum account on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of month and the end-of-month balances.The LIRA memorandum account shall go into effect on the effective date of Advice Letter 254-W. (D)
5. As authorized by the California Public Utilities Commission (C.P.U.C.), all bills are subject to a monthly surcharge of \$0.850 for 4-month period, beginning with the effective date as determined by the C.P.U.C. pursuant to Suburban's Advice Letter No. 271-W-A. This charge offsets the legal and related costs of participating in Conservation OII Proceeding. (N)
(N)
(N)

**Schedule No. 4
(Continued)**

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS (Continued)

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 underwriters 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.
10. The Utility will supply to the privately owned fire protection system only such water at such pressure as 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 acknowledgement of notice of the provisions of Section 774 of the Public Utilities Code.
11. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (D)
(D)
12. As authorized by the California Public Utilities Commission (C.P.U.C.), all bills are subject to a monthly surcharge of \$0.850 for 4-month period, beginning with the effective date as determined by the C.P.U.C. pursuant to Suburban's Advice Letter No. 271-W-A. This charge offsets the legal and related costs of participating in Conservation OII Proceeding. (N)
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|
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(N)

**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 as 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.
9. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
10. As authorized by the California Public Utilities Commission (C.P.U.C.), all bills are subject to a monthly surcharge of \$0.850 for 4-month period, beginning with the effective date as determined by the C.P.U.C. pursuant to Suburban's Advice Letter No. 271-W-A. This charge offsets the legal and related costs of participating in Conservation OII Proceeding.

(D)
(D)
(N)
|
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(N)

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of Draft Resolution No. W-4863 on all parties in this filing or their attorneys as shown on the attached list.

Dated December 27, 2010, at San Francisco, California.

_____/s/JOSIE L. JONES

Josie L. Jones

NOTICE

Parties should notify the Division of Water and Audits, Third Floor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on which your name appears.

SERVICE LIST
DRAFT RESOLUTION NO. W-4863

Robert L. Kelly
Vice President, Regulatory Affairs
Suburban Water Systems
1211 E. Center Court Dr.
Covina, CA 91724

Danilo E. Sanchez
Manager, Water Branch
Division of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Irma Navarro
irmanray@msn.com

Jenny Dai
daiyemindy@yahoo.com.hk

Wm. C. Nichols, III
2315 E. Rio Verde Drive
West Covina CA 91791
wcnic@verizon.net

Linda Rivera
13578 Acapulco Drive
Whittier CA 90605
Rivera_linda@montebello.k12.ca.us

Maria Penilla
mariapenilla@verizon.net

Tika Lee
Tikahyunlee@yahoo.com

Alfonso Salazar
1510 Pocono Street
Valinda CA 91744

Resolution No. W-4863 **DRAFT**
Suburban/ AL 271-W/RSK/JB5/RKK/jlj

January 27, 2011

albegolfin@charter.net