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05/25/23

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A2301001

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

Application of Suburban Water Systems (U399W) for Authority to Increase Rates Charged for Water Service by \$19,763,961 or 19.79% in 2024, \$6,392,906 or 5.49% in 2025, and \$6,387,993 or 5.20% in 2026.

Application 23-01-001

**ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING**

This Scoping Memo and Ruling (Scoping Memo) sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules)<sup>1</sup>.

**1. Procedural Background**

On January 3, 2023, Suburban Water System (Suburban) filed Application (A.) 23-01-001 seeking authorization from the Commission to increase its rates effective January 1, 2024, by approximately \$19.8 million or 19.79% in 2024; \$6.4 million or 5.49% in 2025; and \$6.4 million or 5.20% in 2025. The Application was filed pursuant to Section 454 of the Pub. Util. Code, Rule 3.2 of the Commission's Rules of Practice and Procedure, and the Rate Case Plan (RCP) for Class A Water Companies adopted by the Commission in Decision (D.) 07-05-062.

<sup>1</sup> Any future reference to Rules refers to the Commission's Rules of Practice and Procedure, unless stated otherwise.

On February 6, 2023, the Commission's Public Advocates Office (Cal Advocates) filed a protest (Protest) to Suburban's Application. No other protests were filed regarding this Application. On February 16, 2023, Suburban filed a response (Response) to the Cal Advocates' Protest. On February 17, 2023, Suburban filed the necessary Rule 3.2 Compliance filing.

A prehearing conference (PHC) was held remotely on May 1, 2023, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. After considering the Application, Protest, Response, Update, and discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo.

## **2. Issues**

The issues to be determined or otherwise considered are:

1. Should the Commission authorize Suburban's request to increase its rates as set forth in the Application?
2. Whether Suburban's proposed rate increases for the Test Year and Escalation Years are just and reasonable?
3. Whether Suburban's estimated number of customers, consumption, and forecasted revenues using current rates are reasonable and supported by the record?
4. Whether Suburban's proposed revenue requirement (and the various components of that revenue requirement) are reasonable and supported by the record?
5. Whether Suburban's proposed rate designs are equitable and promote the Commission's goals of affordability and conservation?
6. Whether Suburban's proposed alternative ratemaking mechanisms, including its various balancing and memorandum accounts are reasonable and in the public interest?

7. Whether Suburban's 18 special requests are just and reasonable rates and adhere to Commission rules, general orders, and standard practices?
8. Whether Suburban's general office and general expenses are impacted by the merger application (A.22-11-010) with Corix Infrastructure Incorporated?
9. Whether Suburban's lack of prior year (2022) recorded data in its application is reasonable?
10. Whether Suburban's water quality meets all applicable state and federal drinking water standards and other provisions of General Order 103 and whether Suburban complies with all Commission Rules, Decisions, and statutes?
11. Evaluate the adequacy of Suburban's customer service.
12. Evaluate the impact any rate increase will have on low-income customers and the best way to address these potential impacts.
13. Whether there are any safety concerns presented in the application which the Commission should evaluate.
14. Whether there are any impacts on the Commission's Environmental and Social Justice Action Plan?

### **3. Need for Evidentiary Hearing**

Suburban and Public Advocates confirmed at the PHC that several issues identified in Section 2 of this Scoping Memo are contested and material issues of fact and that evidentiary hearings therefore are needed at this time. Accordingly, I find that hearings are needed.

### **4. Schedule**

The following schedule is adopted here and may be modified by the Administrative Law Judge (ALJ), or the Assigned Commissioner as required to promote the efficient and fair resolution of the Application.

<b>EVENT</b>	<b>DATE</b>
<b>Motion for Interim Rates</b>	<b>June 12, 2023</b>
<b>Public Participation Hearing</b>	<b>Summer 2023</b>
<b>Cal Advocates Testimony</b>	<b>August 14, 2023</b>
<b>Rebuttal Testimony</b>	<b>September 5, 2023</b>
<b>Settlement and ADR</b>	<b>Until September 15, 2023</b>
<b>Status Update on Settlement Efforts<sup>2</sup></b>	<b>September 18, 2023</b>
<b>Status Conference<sup>3</sup></b>	<b>To Be Determined</b>
<b>Evidentiary Hearings<sup>4</sup></b>	<b>October 2, 2023 October 3, 2023 October 4, 2023</b>
<b>Opening Briefs</b>	<b>October 25, 2023</b>
<b>Reply Briefs (Matter Submitted)</b>	<b>November 8, 2023</b>
<b>Water Division Technical Conference (To Be Determined by Parties if Needed).</b>	<b>To Be Determined</b>
<b>Proposed Decision</b>	<b>90 days after Submission</b>
<b>Comments on the Decision</b>	<b>Per Commission Rules</b>

<sup>2</sup> No later than September 18, 2023, Suburban and Cal Advocates shall jointly advise the ALJ via an email to the Service List concerning settlement efforts and the need for evidentiary hearings.

<sup>3</sup> The ALJ will set a Status Conference shortly after September 18, 2023, to discuss the need for evidentiary hearings or next steps after the parties provide the required status update on settlement efforts.

<sup>4</sup> At this time, it is likely that any evidentiary hearings, if needed, will be conducted remotely.

<b>Reply Comments on the Decision</b>	<b>Per Commission Rules</b>
<b>Final Commission Decision</b>	<b>60 days from Proposed Decision (90 days if an alternate decision is issued)</b>

The proceeding will stand submitted upon the filing of reply briefs, unless the ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Pub. Util. Code section 1701.5.

**5. Alternative Dispute Resolution Program and Settlements**

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law, and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

The Rate Case Plan for Class A Water Utilities<sup>5</sup> requires the appointment of an ALJ neutral to meet with the parties as needed throughout the proceeding. The ALJ neutral and the parties will plan and schedule the specific Alternative Dispute Resolution (ADR) processes that are appropriate for this proceeding, which may include mediation, early neutral evaluation, or other ADR processes as agreed to by the parties. All active parties must participate in an initial session of ADR and each active party must have an official at such meeting with decision-making authority. For additional information on the Commission’s

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<sup>5</sup> See D.07-05-062, Appendix A.

ADR program, see Resolution ALJ-185. Parties are directed to submit their request for an ADR neutral to the Assigned ALJ as soon as practicable to accommodate competing schedules.

The schedule set forth in this Scoping Memo includes a date for the completion of settlement talks. No later than this date, the parties will submit to the assigned ALJ a status report of their efforts, identifying agreements reached and unresolved issues requiring hearing.

**6. Category of Proceeding and  
*Ex Parte* Restrictions**

This ruling confirms the Commission's preliminary determination<sup>6</sup> that this is a ratesetting proceeding. Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules.

**7. Public Outreach**

Pursuant to Pub. Util. Code Section 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and business that subscribe to it and posted on the Commission's website.

Furthermore, Suburban served notice of the Application on the appropriate State, County, City, or other appropriate governmental agency and published notice of the proposed increase in the San Gabriel Valley Tribune, Pasadena Star-News, and Whittier Daily News. Additionally, Suburban mailed notices of the proposed increase to all customers and has posted a link on its webpage concerning the Application.

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<sup>6</sup> Resolution ALJ-176-3522.

**8. Intervenor Compensation**

Pursuant to Pub. Util. Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by May 31, 2023, 30 days after the PHC.

**9. Response to Public Comments**

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

**10. Public Advisor**

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission’s Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov).

**11. Filing, Service, and Service List**

The official Service List has been created and is on the Commission’s website. Parties should confirm that their information on the Service List is correct and serve notice of any errors on the Commission’s Process office, the Service List, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official Service List on the Commission’s website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 typically requires service on the

ALJ of both an electronic and a paper copy of filed or served documents. However, due to remote working conditions, parties shall not serve a paper copy of filed or served documents on the ALJ. Rather, parties shall ensure that the ALJ is provided with electronic access to all documents filed and served, including testimony.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official Service List, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at [process\\_office@cpuc.ca.gov](mailto:process_office@cpuc.ca.gov) to request addition to the “Information Only” category of the official Service List pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the Service List to consider the Commission’s subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

## **12. Receiving Electronic Service from the Commission**

Parties and other persons on the Service List are advised that it is the responsibility of each person or entity on the Service List for Commission proceedings to ensure their ability to receive emails from the Commission. Please add “@cpuc.ca.gov” to your email safe sender list and update your email



screening practices, settings and filters to ensure receipt of emails from the Commission.

**13. Assignment of Proceeding**

Genevieve Shiroma is the assigned Commissioner and Gerald F. Kelly is the assigned ALJ and presiding officer for the proceeding.

**IT IS RULED** that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Parties shall request the appointment of an Administrative Law Judge neutral as soon as practicable.
4. Evidentiary hearings are needed.
5. The presiding officer is Administrative Law Judge Gerald F. Kelly.
6. The category of this proceeding is ratesetting.

This order is effective today.

Dated May 25, 2023, at San Francisco, California.

/s/ GENEVIEVE SHIROMA  
Genevieve Shiroma  
Assigned Commissioner