

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298**FILED**

05/15/26

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A2301001

May 15, 2026

Agenda ID #24217
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 23-01-001:

This is the proposed decision of Administrative Law Judge Gerald F. Kelly. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's July 2, 2026 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties to the proceeding may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure (Rules).

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE

Michelle Cooke

Chief Administrative Law Judge

MLC:nd3

Attachment

Decision PROPOSED DECISION OF ALJ KELLY (Mailed 5/15/2026)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Suburban Water Systems (U339W) for Authority to Increase Rates Charged for Water Service by \$19,763,961 or 19.79% in 2024, by \$6,392,906 or 5.49% in 2025, and by \$6,387,993 or 5.20% in 2026.

Application 23-01-001

**DECISION GRANTING PETITION FOR MODIFICATION OF
DECISION (D.) 24-12-030, AS MODIFIED BY D.25-07-012,
FILED BY THE PUBLIC ADVOCATES OFFICE
AT THE CALIFORNIA PUBLIC UTILITIES COMMISSION**

Summary

This decision grants the Petition for Modification filed by Public Advocates Office at the California Public Utilities Commission of Decision (D.) 24-12-030, as modified by D.25-07-012.

Application 23-01-001 is closed.

1. Background

On January 3, 2023, Suburban Water Systems (Suburban) filed its general rate case (GRC) Application (A.) 23-01-001 (Application) with the California Public Utilities Commission (Commission) requesting rate increases over a three-year period, beginning on January 1, 2024, and other relief, in accordance with the Rate Case Plan (RCP) prescribed in Decision (D.) 07-05-062 and

D.04-06-018, and other applicable Commission decisions, resolutions, and standard practices.

D.24-12-030 addressed Suburban's GRC Application. On January 22, 2025, Suburban filed a Petition for Modification (PFM). D.25-07-012 denied Suburban's PFM request and corrected certain errors in the Results of Operations (RO) model.

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) had requested additional changes to the RO model, but this was denied by D.25-07-012 because Cal Advocates failed to include the required affidavit with its request. D.25-07-012 provided Cal Advocates with permission to file a new PFM at a subsequent date. Cal Advocates filed a PFM on September 26, 2025. Suburban filed a response on October 15, 2025. On March 9, 2026, this matter was reassigned from President Alice Reynolds to President John Reynolds. On March 25, 2026, this matter was reassigned from President John Reynolds to Commissioner Christine Harada.

2. Standard of Review

Public Utilities (Pub. Util.) Code Section 1708 gives the Commission authority to "rescind, alter, or amend any order or decision made by it." Modifying an existing decision, however, is an extraordinary remedy that must be carefully applied to keep with the principles of res judicata since "Section 1708 represents a departure from the standard that settled expectations should be allowed to stand undisturbed."¹

¹ 1980 Cal. PUC LEXIS 785, 24; *see also* 2015 Cal. PUC LEXIS 278, 7.

The Commission has consistently held that a PFM is not a substitute for legal issues that may be raised in an Application for Rehearing.² The Commission “will not consider issues which are simply re-litigation of issues that were decided in [the original decision].”³ However, as permitted under Rule 16.4, allegations of new or changed facts may be raised in a PFM if properly supported by the appropriate declaration or affidavit.

A PFM must be filed within one year of the effective date of the decision proposed to be modified, and if past one year, the petition “must also explain why the petition could not have been presented within one year of the effective date of the decision.”⁴ If the Commission determines a late submission is not justified, it may issue a summary denial of the petition on that ground.⁵

3. Parties’ Positions, Discussion, Changes to Decision 24-12-030, as Modified by Decision 25-07-012

3.1. Parties’ Positions

Cal Advocates contends that D.24-12-030, as modified by D.25-07-012, remains internally inconsistent and legally erroneous because the adopted RO model continues to include approximately \$14 million in capital expenditures that the Commission expressly denied. According to Cal Advocates, these errors result in overstated revenue requirements and unjust and unreasonable rates.

Cal Advocates explains that although D.25-07-012 corrected certain limited modeling errors, the RO model still reflects numerous disallowed capital projects – including generator projects, pipeline projects, service replacements,

² See 2011 Cal. PUC LEXIS 483, 4.

³ *Id.*

⁴ Rule 16.4(d).

⁵ *Id.*

meter programs, the Stage Road well projects, and other facilities – that were explicitly rejected in the findings of fact and ordering paragraphs of D.24-12-030.

Cal Advocates maintains that the continued inclusion of these denied projects directly contradicts the Commission’s adopted findings and compels ratepayers to fund costs the Commission has already determined are unreasonable.

Cal Advocates further asserts that these modeling errors materially increase customer rates, inflating revenue requirements by more than \$3.5 million over the rate case cycle. To remedy these defects, Cal Advocates requests that the Commission grant its PFM and direct Water Division to remove all denied capital projects from the RO model, adopt corrected revenue requirements of \$106,410,358 for Test Year 2024, \$105,069,997 for Escalation Year 2025, and \$106,543,966 for Attrition Year 2026, and conform all affected findings, ordering paragraphs, and appendices to reflect the corrected amounts.

Cal Advocates argues that the requested modifications are narrowly tailored, supported by a sworn declaration, and necessary to ensure that the decision accurately implements the Commission’s adopted determinations and results in just and reasonable rates consistent with the record.

Suburban generally supports Cal Advocates’ PFM of D.24-12-030, as modified by D.25-07-012, insofar as it seeks to correct remaining inconsistencies between the Commission’s adopted findings and the RO model. Suburban agrees that certain capital projects denied by the Commission were inadvertently retained in the RO model and should be removed to ensure internal consistency and accurate implementation of the Commission’s determinations.

Suburban explains, however, that the PFM does not fully account for all related ratemaking corrections necessary to properly implement the proposed

modifications. Suburban notes that Table 1 of the PFM omits the Stockwell Pipeline (Fire Flow) project, which was denied by the Commission but is already reflected as removed in the supporting RO model. Suburban asserts that this project should be expressly included in the PFM's list of denied projects to avoid confusion and ensure completeness.

Suburban further contends that additional ratemaking adjustments are required to reflect the full consequences of removing certain disallowed projects, including reversals of capitalized labor associated with disallowed parent-company information technology budgets, removal of associated benefits tied to disallowed solar projects, and correction of erroneous negative water production values in the Main San Gabriel Basin. Suburban states that these adjustments were identified through a meet-and-confer process with Cal Advocates and the Commission's Water Division and are jointly supported by the parties.

As a result of these additional corrections, Suburban maintains that the revenue requirement figures proposed in the PFM should be updated. Suburban supports adopting corrected revenue requirements of \$106,733,721 for Test Year 2024, \$105,423,696 for Attrition Year 2025, and \$106,936,118 for Attrition Year 2026, and revising the appendices to D.24-12-030 accordingly. Suburban asserts that these revised amounts accurately reflect the Commission's adopted findings, incorporate all necessary ratemaking adjustments, and are the product of consensus among Suburban, Cal Advocates, and Water Division staff.⁶

⁶ At no point did Cal Advocates notify the assigned Administrative Law Judge (ALJ) that there was a consensus among the parties. At the request of the assigned ALJ, Water Division staff inquired with Cal Advocates concerning this allegation and Cal Advocates indicated that they wished to proceed with their PFM as filed.

3.2. Discussion

We reject Suburban's request to modify the relief sought by Cal Advocates and decline to adopt Suburban's proposed revisions to the RO model and revenue requirements. Instead, we adopt Cal Advocates' position and grant the PFM as requested by Cal Advocates.

Suburban argues that Cal Advocates' PFM should be expanded to incorporate additional ratemaking adjustments that would increase Suburban's authorized revenue requirements beyond those proposed by Cal Advocates. We are not persuaded. The purpose of Cal Advocates' PFM is to correct modeling errors that resulted from the continued inclusion of capital projects that the Commission expressly denied in D.24-12-030. Cal Advocates' requested modifications are narrowly tailored to remove those disallowed projects and to conform the RO model to the Commission's adopted findings and ordering paragraphs.

By contrast, Suburban's proposed adjustments would go beyond correcting the identified errors and would effectively introduce new ratemaking changes that were not authorized in D.24-12-030 and are not necessary to resolve the inconsistencies identified in the PFM. We decline to expand the scope of this modification proceeding to include additional adjustments that would increase revenue requirements and are not required to implement the Commission's original intent.

We also reject Suburban's contention that Cal Advocates' PFM is incomplete because it did not expressly list every denied project in its summary tables. The record demonstrates that the RO model supporting Cal Advocates' PFM already removes the disallowed projects at issue, and the omission of a project from a summary table does not undermine the substance of the requested

relief. The Commission's focus is on ensuring that the adopted RO model accurately reflects the Commission's determinations, not on perfecting descriptive tables where no substantive error remains.

We agree with Cal Advocates that D.24-12-030, as modified by D.25-07-012, contains remaining inconsistencies between the Commission's adopted findings and the RO model. The record demonstrates that the RO model continues to include capital expenditures for projects that were expressly denied in D.24-12-030, resulting in revenue requirements that do not accurately reflect the Commission's determinations.

As Cal Advocates correctly observes, multiple findings of fact and ordering paragraphs in D.24-12-030 rejected recovery of specific capital projects, including but not limited to certain generator projects, pipeline projects, service replacements, meter programs, and the Stage Road well projects. The continued inclusion of these denied projects in the RO model is inconsistent with the Commission's adopted findings and leads to overstated revenue requirements and rates that are not just and reasonable.

We find persuasive the sworn declaration submitted in support of Cal Advocates' PFM, which identifies the remaining model errors and demonstrates that approximately \$14 million in disallowed capital projects remain embedded in the adopted RO model. We further find that correcting these errors results in revised revenue requirements of \$106,410,358 for Test Year 2024, \$105,069,997 for Escalation Year 2025, and \$106,543,966 for Attrition Year 2026, which are consistent with the Commission's prior findings and the evidentiary record.

We conclude that modification of D.24-12-030 is warranted to remove the denied capital projects from the RO model, conform the decision's findings,

ordering paragraphs, and appendices to the corrected revenue requirements, and ensure internal consistency with the Commission's adopted determinations. These modifications are limited in scope, do not reopen substantive issues previously decided, and are necessary to implement the Commission's intent and ensure just and reasonable rates.

Accordingly, we adopt Cal Advocates' proposed corrections to the RO model all capital projects denied in D.24-12-030 are removed from the RO model consistent with Cal Advocates' PFM. We further adopt Cal Advocates' proposed revenue requirements of \$106,410,358 for Test Year 2024, \$105,069,997 for Attrition Year 2025, and \$106,543,966 for Attrition Year 2026, and direct that all affected findings, ordering paragraphs, and appendices be revised to reflect these amounts.

For these reasons, Suburban's requested revisions are denied, and Cal Advocates' PFM is granted as requested.

3.3. Changes to Decision 24-12-030, as Modified by Decision 25-07-012

We make the following changes to D.24-12-030, as modified by D.25-07-012:

The chart in the Summary Section on page 3 of D.24-12-030 now reads as follows:

Rate Year Period	Adopted Revenue Requirements	% Increase
Test Year (TY) 2024	\$106,410,358	6.55%
Escalation Year 2025	\$105,069,997	1.42%
Attrition Year 2026	\$106,543,966	1.39%

The following Findings of Fact are modified or added as follows:

Finding of Fact 5 corrected to state:

It is reasonable to adopt a total revenue requirement for Suburban in the amounts of \$106,410,358 for Test Year 2024, \$105,069,997 for Escalation Year 2025, and \$106,543,966 for Attrition Year 2026 which incorporates the undisputed issues and resolution of contested issues in accordance with the findings of this decision.

Finding of Fact 7 is corrected to state:

Based upon the adopted revenue increases and rate design policies authorized for Suburban for Test Year 2024, the average residential customer bill will increase by \$5.11 (or 6.61%) per billing period. Annual increase for the same customer will be \$61.32 (or 6.61%).

Finding of Fact 113 is corrected to state:

A total of \$8,689,388 approved in prior GRC cycles and that would have been spent on P-2, P-5, P-8, P-9, P-10, and P-21 were instead spent on other capital projects and was duly incorporated into rate base.

The following changes and additions are made to the Ordering Paragraphs:

Ordering Paragraph 1 now reads:

Suburban Water Systems is hereby authorized general rate case revenue requirements of \$106,410,358 for Test Year 2024, \$105,069,997 for Escalation Year 2025, and \$106,543,966 for Attrition Year 2026, consistent with findings of this decision as tabulated in the Summary of Earnings in Appendix C hereto.

Appendices B-G are updated as appropriate.⁷

4. Comments on Proposed Decision

The proposed decision of ALJ Gerald F. Kelly in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311 and comments were allowed under Rule 14.3. Opening comments were received on _____ . Reply comments were received on _____ .

5. Assignment of Proceeding

Commissioner Christine Harada is the assigned Commissioner and Gerald F. Kelly is the assigned ALJ in this proceeding.

Findings of Fact

1. On January 3, 2023, Suburban filed A.23-01-001, its GRC Application.
2. On December 19, 2024, D.24-12-030 was issued resolving Suburban's GRC Application.
3. On January 22, 2025, Suburban filed a PFM of D.24-12-030.
4. D.24-12-030 contained inadvertent errors which accidentally included the full amount of Suburban's pipeline replacement budget.
5. D.24-12-030 was modified by D.25-07-012 to remove Suburban's pipeline replacement budget.
6. When responding to Suburban's original PFM, Cal Advocates requested additional changes to D.24-12-030 but failed to include the appropriate declaration. The additional changes were denied in D.25-07-012, but leave was granted for Cal Advocates to file a subsequent PFM per directives in D.25-07-012.
7. Cal Advocates filed a PFM per the directions set forth in D.25-07-012 on September 26, 2025.

⁷ Appendix A as set forth in D.24-12-030 remains unchanged.

8. Finding of Fact 5 in D.24-12-020 is corrected to state:

It is reasonable to adopt a total revenue requirement for Suburban in the amounts of \$106,410,358 for Test Year 2024, \$105,069,997 for Escalation Year 2025, and \$106,543,966 for Attrition Year 2026 which incorporates the undisputed issues and resolution of contested issues in accordance with the findings of this decision.

9. Finding of Fact 7 in D.24-12-020 is corrected to state:

Based upon the adopted revenue increases and rate design policies authorized for Suburban for Test Year 2024, the average residential customer bill will increase by \$5.11 (or 6.61%) per billing period. Annual increase for the same customer will be \$61.32 (or 6.61%).

10. Finding of Fact 113 in D.24-12-020 is corrected to state:

A total of \$8,689,388 approved in prior GRC cycles and that would have been spent on P-2, P-5, P-8, P-9, P-10, and P-21 were instead spent on other capital projects and was duly incorporated into rate base.

Conclusions of Law

1. Cal Advocates' PFM in this instant proceeding is timely pursuant to directives set forth in D.25-07-012.
2. Errors in D.24-12-030, as amended by D.25-07-012, and associated appendices were inadvertent errors.
3. The RO model in D.24-12-030, as corrected by D.25-07-012, continued to include approximately \$14 million in capital additions that the Commission denied in D.24-12-030.
4. The inaccuracy in the RO model in D.24-12-020, as corrected by D.25-07-012, results in overstated revenue requirements and unreasonable rates if left uncorrected.

5. There is good cause to correct the inadvertent errors in D.24-12-030, as modified by D.25-07-012, as set forth in this decision.

6. Appendices B-G and the RO model in D.24-12-030, as modified by D.25-07-012, continued to include approximately \$14 million in capital additions that the Commission denied in D.24-12-030.

7. Modifications of D.24-12-030, as modified by D.25-07-012, to correct the inadvertent mathematical errors in the RO model are reasonable and should be granted.

O R D E R

IT IS ORDERED that:

1. The Public Advocates Office at the California Public Utilities Commission's Petition for Modification of Decision (D.) 24-12-030, as modified by D.25-07-012, is granted.

2. Appendices B-G of Decision (D.) 24-12-030, as modified by D.25-07-012, are corrected as set forth in updated versions included in this decision.

3. Ordering Paragraph 1 of Decision 24-12-030 is modified as follows:

Suburban Water Systems is hereby authorized general rate case revenue requirements of \$106,410,358 for Test Year 2024, \$105,069,997 for Escalation Year 2025, and \$106,543,966 for Attrition Year 2026, consistent with findings of this decision as tabulated in the Summary of Earnings in Appendix C hereto.

4. All other provisions of Decision (D.) 24-12-030, as modified by D.25-07-012, remain unchanged.

5. Suburban Water Systems shall file a Tier 1 Advice Letter no later than 30 days from the effective date of this order correcting the inadvertent errors and omissions in Decision (D.) 24-12-030, as modified by D.25-07-012, to implement necessary retail rate changes to collect the adopted 2024 test year base revenue

requirement in accordance with the directives of this decision and Commission General Order 96-B. Tariff sheets to implement these rate changes shall be attached to the Advice Letter with an effective date of January 1, 2024. Any undercollection due to this rate change shall be amortized from January 1, 2027, through December 31, 2027.

6. Application 23-01-001 is closed.

This order is effective today.

Dated _____, at Fort Bragg, California.

APPENDIX B - APPENDIX G