

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



April 21, 2023

Kiki Carlson
Regulatory Affairs Manager
Suburban Water Systems
1325 N. Grand Ave., Ste. 100
Covina, CA 91724-4044

Dear Ms. Carlson,

The Water Division of the California Public Utilities Commission has approved Suburban Water Systems' Advice Letter No. 389, filed on January 12, 2023, regarding authorization to Update the Drinking Water Fees Memorandum Account (DWFMA).

The memo account request is approved effective, January 12, 2023, the date the advice letter was submitted.

Enclosed are copies of the following revised tariff sheets for the utility's files:

P.U.C. Sheet	
No.	Title of Sheet
1928-W	Preliminary Statement (Continued) Z. Drinking Water Fees Memorandum Account ("DWFMA")
1929-W	Table of Contents

Please contact Alison Pafford at APF@cpuc.ca.gov or 415-417-7615, if you have any questions.

Thank you.

Enclosures

PRELIMINARY STATEMENT
(Continued)

Z. Drinking Water Fees Memorandum Account (“DWFMA”)

1. PURPOSE:

The purpose of the Drinking Water Fees Memorandum Account (DWFMA) is to track the difference between actual drinking water fees charged by the State Water Resources Control Board (State Water Board) based upon the revised fee schedule adopted by the State Water Board on September 22, 2021 and subsequently revised on September 16, 2022, and the drinking water fees authorized in rates, pursuant to Suburban Water Systems’ General Rate Case (GRC) Decision (D.) 21-10-024. (T)

2. APPLICABILITY:

The DWFMA applies to all service areas.

3. ACCOUNTING PROCEDURE:

Suburban shall maintain the DWFMA by making the following entries at the end of each month:

- a. A debit entry shall be made to the DWFMA at the end of each month to record the expenses.
- b. Interest shall accrue to the DWFMA on a monthly basis by applying the interest rate equal to one-twelfth of the 3-month non-financial 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.

4. DISPOSITION:

Disposition of amounts recorded in the DWFA shall be determined in Suburban’s next GRC application, or as otherwise determined by the Commission if the account’s cumulative balance exceeds 2% of Suburban’s adopted gross revenues. The recovery of over or under collections will be passed on to the customers through volumetric surcredits or surcharges.

5. EFFECTIVE DATE:

The DWFMA shall go into effect on the effective date of Advice Letters 361-W and 389-W, and sunset on the effective date of the scheduled GRC decision in Suburban’s General Rate Case, the application having been filed in accordance with the CPUC’s Rate Case Plan on January 3, 2023. (T)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 389-W
Decision No. _____
Name
President
Title

Craig D. Gott

Name

President

Title

Date Filed 01/12/2023

Effective 01/12/2023

Resolution No. _____

Suburban Water Systems
1325 N. Grand Ave., Ste. 100
Covina, CA 91724-4044

Revised

Cal. P.U.C. Sheet No. 1929-W

Canceling Revised

Cal. P.U.C. Sheet No. 1927-W

TABLE OF CONTENTS

<u>Subject Matter of Sheet</u>	<u>Cal. P.U.C. Sheet No.</u>
Title Page	1903-W
Table of Contents	1929-W, (T) 1870-W, 1916-W
Preliminary Statement	1904-W, 1487-W, 1488-W, 1628-W – 1633-W, 1795-W 1635-W – 1637-W, 1882-W – 1883-W, 1640-W 1796-W – 1799-W, 1695-W, 1737-W, 1800-W, 1928-W, (T) 1850-W, 1851-W, 1920-W, 1922-W 1924-W
Service Area Maps:	
San Jose Hills Service Area – Tariff Areas	1340-W
Whittier/La Mirada Service Area – Tariff Areas	1341-W
Sativa Service Area	1905-W
Rate Schedules:	
Schedule S-1, Sativa Service Area – General Unmetered Service	1926-W 1918-W
Schedule SJ-1, San Jose Hills Service Area – Residential Metered Service	1885-W, 1892-W, 1838-W, 1871-W
Schedule SJ-2, San Jose Hills Service Area – Non-Residential Metered Service	1886-W, 1893-W, 1839-W, 1872-W
Schedule SJ-3, San Jose Hills Service Area – Recycled Water Metered Service	1887-W, 1894-W, 1840-W, 1831-W, 1873-W
Schedule WLM-1, Whittier/La Mirada Service Area – Residential Metered Service	1888-W, 1895-W, 1841-W, 1874-W
Schedule WLM-2, Whittier/La Mirada Service Area – Non-Residential Metered Service	1889-W, 1896-W, 1842-W, 1875-W
Schedule No. LIC-1, San Jose Hills and Whittier/La Mirada Service Areas Low Income Credit	1897-W, 1844-W
Schedule No. UF, P.U.C. Reimbursement Fee	1901-W
Schedule No. 4, Private Fire Protection Service	1890-W, 1422-W, 823-W
Schedule No. 4A, Fire Hydrant Service on Private Property	1891-W, 1766-W, 1824-W
Schedule No. 5, Public Fire Protection Service	880-W
Schedule No. 9-CF, Construction and Tank Truck Service	881-W
Schedule No. 14.1, Water Shortage Contingency Plan	1854-W – 1860-W
Schedule No. FF, Fire Flow Testing Charge	1349-W
Summary List of Contracts and Deviations	960-W
Rules:	
No. 1 Definitions	1698-W, 1699-W
No. 2 Description of Service	884-W
No. 3 Application for Service	885-W, 1108-W
No. 4 Contracts	887-W

(Continued)

(To be inserted by utility)

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(To be inserted by Cal. P.U.C.)

Advice Letter No. 389-W

Craig D. Gott

Date Filed 01/12/2023

Decision No. _____

Name
President

Effective 01/12/2023

Title

Resolution No. _____

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

Utility Name: Suburban Water Systems **Date Mailed to Service List:** January 12, 2023
District: n/a
CPUC Utility #: U – 339-W **Protest Deadline (20th Day):** February 1, 2023
Advice Letter #: 389-W **Review Deadline (30th Day):** February 11, 2023
Tier: ☐ 1 ☒ 2 ☐ 3 ☐ Compliance **Requested Effective Date:** July 1, 2022
Authorization: **Rate Impact:** n/a
Description: Update the Drinking Water Fees
Memorandum Account (DWFMA)

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Kiki Carlson

Phone: (626) 543-2553

Email: kcarlson@swwc.com

Utility Contact: Carmelitha Bordelon

Phone: (626) 543-2547

Email: cbordelon@swwc.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

<u>DATE</u>	<u>STAFF</u>	<u>COMMENTS</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

[] APPROVED

[] WITHDRAWN

[] REJECTED

Signature: _____

Comments: _____

Date: _____



Suburban Water Systems

A SouthWest Water Company

1325 N. Grand Ave. Ste. 100, Covina, CA 91724-4044
Phone: 626.543.2500, Fax: 626.331.4848
www.swwc.com

VIA EMAIL

U-339-W

ADVICE LETTER NO. 389-W

January 12, 2023

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Suburban Water Systems ("Suburban") hereby transmits the following changes in tariff schedules applicable to its service area and which are attached hereto:

CPUC Sheet No.	Title of Sheet	Canceling CPUC Sheet No.
1928-W	Preliminary Statement (Continued) No. Z	1816-W
1929-W	Table of Contents	1927-W

Suburban files this advice letter requesting authorization to modify the previously approved Drinking Water Fees Memorandum Account (DWFMA) to include the most recent increase in water fees charged by the State Water Resources Control Board (State Water Board) and the drinking water fees authorized in rates.

Background

On December 10, 2021, Suburban filed Advice Letter No. 361-W with the CPUC to establish a memorandum account to track the increase in water fees adopted by State Water Board on September 22, 2021, for fiscal year (FY) 2021-22 which increased by 26.6 percent on average for community water systems, including Suburban. Advice Letter No. 361-W was approved by the CPUC with an effective date of December 10, 2021.

On September 20, 2022, the State Water Board proposed adopting emergency regulations to increase annual drinking water fees to conform to the revenue levels set forth in the Budget Act for fiscal year 2022-23. The proposed emergency regulation has significantly increased Suburban expense by \$76,101 or 39% compared to adopted 2022-23. The new and higher expenses are not included in Decision (D.) 21-10-024.

The DWFMA tracks the actual difference between drinking water fees charged by the State Board under its adjusted drinking water fees and D.21-10-024. Suburban has incorporated drinking water fees under the new State Water Board billing methodology into its current General Rate Case (GRC) A.23-01-001 filed in accordance with the CPUC's Rate Case Plan on January 3, 2023, and the requested DWFMA will be scheduled to expire when the new rates go into effect.

Memorandum Account Treatment

The DWFMA will sunset with new rates incorporating the estimated amount as anticipated in the decision in Suburban's current GRC. Per the Rate Case Plan, Suburban's current GRC decision will become effective on January 1, 2024.

Tier Designation and Effective Date

This advice letter is designated as a Tier 2 Advice Letter. Suburban requests an effective date of July 1, 2022, the effective date of the State Water Board emergency action fee adjustment.

Notice and Service

In compliance with General Order 96-B, Industry Rule 4.3, a copy of this advice letter has been mailed or

electronically transmitted to all interested and affected parties as detailed in Attachment A.

Protest and Responses

Anyone may respond to or protest this advice letter. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter.

A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds are:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory, provided that such a protest may not be made where it would require relitigating a prior order of the Commission.

A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

A response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest or response is:

California Public Utilities Commission,
Water Division, 3rd floor
505 Van Ness Avenue, San Francisco, CA 94102
Email: water.division@cpuc.ca.gov

On the same date any protest or response is submitted to the Water Division, the respondent or protestant must serve a copy of the protest or response to:

Suburban Water Systems, Kiki Carlson, Regulatory Affairs Manager, 1325 N. Grand Ave., Suite 100, Covina, CA 91724-4044, and email kcarlson@swwc.com

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Water Division, within the 20-day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

Replies: The utility shall reply to each protest and may reply to any response. Each reply must be received by Water Division within five business days after the end of the protest period and shall be served on the same day to the person who filed the protest or response to the advice letter.

This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

Sincerely,

/s/Kiki Carlson_____

Kiki Carlson
Regulatory Affairs Manager

SUBURBAN WATER SYSTEMS
Distribution List

Attachment A

Page 1 of 3

Director Of Public Works
City of Whittier
13230 E. Penn Street
Whittier, CA 90602

City Clerk
City of West Covina
1444 W. Garvey Ave. South
West Covina, CA 91790

City Attorney
City of Whittier
13230 E. Penn Street
Whittier, CA 90602

City Clerk
City of La Mirada
P.O. Box 828
La Mirada, CA 90638

Michael Gualtieri
La Habra Heights County Water District
P.O. Box 628
La Habra, CA 90633-0628

City Attorney
City of Baldwin Park
14406 E. Pacific Ave.
Baldwin Park, CA 91706

City Clerk
City of Industry
P.O. Box 3366
Industry, CA 91744

County Clerk
Orange County
10 Civic Center Plaza, 3rd. Floor
Santa Ana, CA 92701

City Clerk
City of Covina
125 East College Blvd.
Covina, CA 91723

City Attorney
City of Covina
125 East College Blvd.
Covina, CA 91723

Director of Public Works
City of Buena Park
6650 Beach Blvd.
Buena Park, CA 90621

City of Santa Fe Springs
Department of Public Works
11710 E. Telegraph Road
Santa Fe Springs, CA 90670

Bill Robinson
Upper San Gabriel Valley M.W.D.
1146 East Louisa Avenue
West Covina, CA 91790-1346

City Attorney
City of La Habra
P.O. Box 337
La Habra, CA 90633

City Attorney
City of West Covina
1444 West Garvey Ave. South
West Covina, CA 91790

City Clerk
City of Baldwin Park
14406 E. Pacific Ave.
Baldwin Park, CA 91706

The Prinden Corporation
P.O. Box 712
Park Ridge, NJ 07656-0712

Orchard Dale County Water District
13819 East Telegraph Road
Whittier, CA 90604

SUBURBAN WATER SYSTEMS

Distribution List

Page 2 of 3

City Attorney
City of La Mirada
P.O. Box 828
La Mirada, CA 90638

County Counsel
Orange County
10 Civic Center Plaza, 3rd. Floor
Santa Ana, CA 92701

City Clerk
City of Glendora
116 East Foothill Blvd.
Glendora, CA 91741

City Clerk
City of Walnut
P.O. Box 682
Walnut, CA 91788-0682

Jandy Macias, General Manager
Valley County Water District
JMacias@vcwd.org

Audrey F. Jackson
Golden State Water Company
AFJackson@gswater.com

Rowland Water District
gsanchez@rwd.org

California Domestic Water Company
lnoriega@caldomestic.com

City Clerk
City of La Habra
cc@lahabracagov

City of Azusa
Assistant Director – Water Operations
Jmacias@AzusaCa.Gov

County Clerk
Los Angeles County
12400 Imperial Hwy, Room 2001
Norwalk, CA 90650

City Clerk
City of La Puente
15900 East Main St.
La Puente, CA 91744

City Attorney
City of Glendora
116 East Foothill Blvd.
Glendora, CA 91741

City Attorney
City of Walnut
P.O. Box 682
Walnut, CA 91788-0682

Ed Jackson
Liberty Utilities
AdviceLetterService@LibertyUtilities.com

City Attorney
City of Industry
mvadon@bwslaw.com

Valencia Heights Water Co.
dmichalko@vhwc.org

Walnut Valley Water District
cfleming@wvwd.com

California Advocates Office Water Branch
California Public Utilities Commission
PublicAdvocatesWater@cpuc.ca.gov

City Clerk
City of La Puente
sgarcia@lapuente.org

SUBURBAN WATER SYSTEMS

Distribution List

Page 3 of 3

Brett DeBie
Golf Course Superintendent
South Hills Country Club
2655 S. Citrus Street
West Covina, CA 91791
bdebie@southhillscountryclub.org

Ronald Moore
Golden State Water Company
Regulatory Affairs Department
630 E. Foothill Blvd.
San Dimas, CA 91709
RKMoore@gswater.com

Jeff Boand
O'Donnell Chevrolet – Buick
1312 Golden Vista Drive
West Covina, CA 91791
jboand007@aol.com

The Public Advocates Office
California Public Utilities Commission
Richard.Raushmeier@cpuc.ca.gov
Hani.Moussa@cpuc.ca.gov



State Water Resources Control Board

NOTICE OF PROPOSED EMERGENCY RULEMAKING

Annual Drinking Water Fees

Amendments to Division 4, Chapter 14.5 of Title 22 of the California Code of Regulations

Required Notice of Proposed Emergency Action

Government Code section 11346.1, subdivision (a)(2) requires that, at least five working days prior to submission of a proposed emergency action to the Office of Administrative Law (OAL), the adopting agency provide a notice of the proposed emergency action to every person who has filed a request for notice of regulatory action with the agency. This document provides the required notice. Upon receiving the proposed emergency regulation, OAL shall publish the notice on their Website and allow interested persons five calendar days to submit comments on the proposed emergency regulation as set forth in the Government Code section 11349.6.

Proposed Emergency Action

SB 83 (2015) required the State Water Resources Control Board (State Water Board) to establish a fee schedule to support the Drinking Water Program. Effective July 1, 2016, the existing Health and Safety Code section 116565, which establishes annual fees for public water systems, became inoperative (Stats. 2015, Ch. 24, § 19), and a new section 116565 (added by Stats. 2015, Ch. 24, § 20), became operative. The law requires the fee regulations initially be set through the regular rulemaking process, which occurred on April 10, 2017. Thereafter, regulations, any amendment thereto, or subsequent adjustments to the annual fees shall be adopted as emergency regulations that are not subject to review by OAL.

On September 20, 2022, the State Water Board will consider adopting emergency regulations that adjust drinking water fees to conform to the revenue levels set forth in the Budget Act for fiscal year (FY) 2022-23. The proposed emergency regulation will adjust the fee schedule by increasing the fees approximately 14.1 percent for community water systems, nontransient noncommunity water systems, transient noncommunity water systems, and wholesalers.

Proposed Text of Emergency Regulations

See the attached proposed text of the emergency regulation.

E. JOAQUIN ESQUIVEL, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR

Finding of Emergency (Gov. Code, § 11346.1, subd. (b)(2).)

The State Water Board has a mandatory legal duty to assess fees through adoption of a regulation and to adopt by emergency regulation amendments thereto or subsequent adjustments to the annual schedule of fees. (Health & Saf. Code, § 116565, 116590) Health and Safety Code section 116565, subdivision (e)(1) states that the “[t]he adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare,” while subdivision (e)(2)(B) states that the emergency regulations shall remain in effect until revised by the State Water Board.

Moreover, the State Water Board finds that the proposed amendments to the Board’s fee regulations must be adopted immediately in order to allow for the timely collection of fees to conform to amounts appropriated by the Legislature from the Safe Drinking Water Account for the support of drinking water program activities. Without fee revenue in the amounts appropriated, much of the drinking water program would be in danger of being shut down. Continued administration of the drinking water program is essential to the economy, public health and environment of the State of California.

The State Water Board is unable to address the situation through non-emergency regulations because, as discussed above, it has a mandatory, legal duty to adopt or change the fee schedules and language by emergency regulation.

Authority and Reference (Gov. Code, § 11346.5, subd. (a)(2).)

Health and Safety Code sections 116271, 116350, 116375, and 116565 provide authority for the emergency regulation. The emergency regulation implements, interprets, or makes specific Health and Safety Code sections 116565 and 116590.

Informative Digest (Gov. Code, § 11346.5, subd. (a)(3).)

Under the Health and Safety code and existing regulations, each public water system shall pay an annual fee to the State Board in the amount provided in Table 64305-A, which is set forth in section 64305 of title 22 of the California Code of Regulations.

This emergency regulation ensures that the State Water Board has sufficient funds to administer the California Safe Drinking Water Act, as required by law. Ensuring that public water systems meet minimum requirements helps safeguard protection of public health and safety and the environment.

There is no comparable federal statute or regulation. The proposed regulation is not inconsistent or incompatible with existing state regulations.

Other Matters Prescribed by Statute (Gov. Code, § 11346.5, subd. (a)(4).)

No other matters are set by statute or regulation applicable to the State Water Board.

Local Mandate Determination (Gov. Code, § 11346.5, subd. (a)(5).)

The proposed emergency regulation does not impose a mandate on local agencies or school districts because it does not mandate a new program or a higher level of service

of an existing program. The fee schedule applies equally to public and private entities and is not unique to local government. Public water systems can also increase the fees that they charge for their services to address the increased annual fee. No state reimbursement is required by part 7 (commencing with section 17500) of Division 4 of the Government Code.

Estimate of Cost or Savings (Gov. Code, § 11346.5, subd. (a)(6).)

Under the proposed emergency regulation there would be increases in annual fees for public water systems. There is, however, no cost for reimbursement to any local agency or school district, as the fee increase is not a state mandate. The amended fee schedule will result in a total estimated increase to state agencies of about \$64,582 and estimated increase to local agencies of about \$3,603,331. Additionally, there is no cost or savings in federal funding to the state.

§ 64305. Schedule for Annual Fees.

(a) Each public water system shall pay an annual fee to the State Board in the amount provided in Table 64305-A.

(b) Except as provided in subsection (c), for each community water system, the number of service connections is equal to the number of service connections that the public water system reported on the electronic Annual Report (eAR) that the public water system filed with the State Board for the calendar year immediately preceding the year in which the invoice is submitted to the public water system. If the public water system did not file an eAR, or did not report the number of service connections, for the calendar year immediately preceding the year in which the invoice is submitted, the State Board will calculate the number of service connections by increasing the number of service connections most recently reported on the eAR by 10% for each year that the number of service connections was not reported, except that if the public water system did not file an eAR for the calendar year 2012 or any calendar year thereafter, the State Board will calculate the number of service connections.

(c) For each community water system that serves a group quarters, the number of service connections for the group quarters is equal to the greater of the population for which the group quarters is designed or for which it is permitted divided by 3.3.

TABLE 64305-A – Public Water Systems Annual Fee

Water System Type	Fee
Community Water System	
100 or fewer service connections	\$500.00 <u>\$570.00</u> or \$8.34 <u>\$9.52</u> per service connection, whichever is greater.
100 or fewer service connections (disadvantaged community)	\$250.00 <u>\$285.00</u>
101 to 1,000 service connections	\$8.34 <u>\$9.52</u> per service connection
101 to 1,000 service connections (disadvantaged community)	\$250 <u>\$285</u> plus \$2.78 <u>\$3.17</u> per each service connection greater than 100
1,001 to 5,000 service connections	\$8.34 <u>\$9.52</u> per each of first 1,000 service connections plus \$4.87 <u>\$5.56</u> per each service connection greater than 1,000
1,001 to 5,000 service connections (disadvantaged community)	\$250 <u>\$285</u> plus \$2.78 <u>\$3.17</u> per each service connection greater than 100
5,001 to 15,000 service connections	\$8.34 <u>\$9.52</u> per each of first 1,000 service connections plus \$4.87 <u>\$5.56</u> per each service connection greater than 1,000 but less than 5,001 plus \$2.78 <u>\$3.17</u> per each service connection greater than 5,000
5,001 to 15,000 service connections (disadvantaged community)	\$250 <u>\$285</u> plus \$2.78 <u>\$3.17</u> per each service connection greater than 100
15,001 or more service connections	\$8.34 <u>\$9.52</u> per each of first 1,000 service connections plus \$4.87 <u>\$5.56</u> per each service connection greater than 1,000 but less than 5,001 plus \$2.78 <u>\$3.17</u> per each service connection greater than 5,000 but less than 15,001 plus \$1.88 <u>\$2.15</u> per each service connection greater than 15,000
15,001 or more service connections (disadvantaged community)	\$250 <u>\$285</u> plus \$2.78 <u>\$3.17</u> per each service connection greater than 100 but less than 15,001 plus \$1.88 <u>\$2.15</u> per each service connection greater than 15,000
Nontransient Noncommunity Water System	\$2.78 <u>\$3.17</u> per person served, but not less than \$635.00 <u>\$725.00</u> .
Transient Noncommunity Water System	\$1,112.00 <u>\$1,269.00</u> .
Wholesaler	\$8,342.00 <u>\$9,518.00</u> plus \$1.90 <u>\$2.17</u> per each MG

¹ “Million Gallons” (MG) means the annual average, rounded to the nearest million, as reported to the State Board by the wholesaler in the ~~Electronic Annual Report~~EAR for the four years immediately preceding the year in which the invoice is submitted to the public water system, of the total gallons of water that the wholesaler produced from surface water and from groundwater and gallons of finished water that the wholesaler purchased or received from another public water system.

Note: Authority cited: Sections 116271, 116350, 116375, and 116565, Health and Safety Code. Reference: Sections 116565 and 116590, Health and Safety Code.

PRELIMINARY STATEMENT
(Continued)

Z. Drinking Water Fees Memorandum Account (“DWFMA”)

1. PURPOSE:

The purpose of the Drinking Water Fees Memorandum Account (DWFMA) is to track the difference between actual drinking water fees charged by the State Water Resources Control Board (State Water Board) based upon the revised fee schedule adopted by the State Water Board on September 22, 2021 and subsequently revised on September 16, 2022, and the drinking water fees authorized in rates, pursuant to Suburban Water Systems’ General Rate Case (GRC) Decision (D.) 21-10-024. (T)

2. APPLICABILITY:

The DWFMA applies to all service areas.

3. ACCOUNTING PROCEDURE:

Suburban shall maintain the DWFMA by making the following entries at the end of each month:

- a. A debit entry shall be made to the DWFMA at the end of each month to record the expenses.
- b. Interest shall accrue to the DWFMA on a monthly basis by applying the interest rate equal to one-twelfth of the 3-month non-financial 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.

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Disposition of amounts recorded in the DWFA shall be determined in Suburban’s next GRC application, or as otherwise determined by the Commission if the account’s cumulative balance exceeds 2% of Suburban’s adopted gross revenues. The recovery of over or under collections will be passed on to the customers through volumetric surcredits or surcharges.

5. EFFECTIVE DATE:

The DWFMA shall go into effect on the effective date of Advice Letters 361-W and 389-W, and sunset on the effective date of the scheduled GRC decision in Suburban’s General Rate Case, the application having been filed in accordance with the CPUC’s Rate Case Plan on January 3, 2023. (T)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 389-W

Craig D. Gott
Name

Date Filed

Decision No.

President
Title

Effective

Resolution No.

Suburban Water Systems
1325 N. Grand Ave., Ste. 100
Covina, CA 91724-4044

Revised

Cal. P.U.C. Sheet No. 1929-W

Canceling Revised

Cal. P.U.C. Sheet No. 1927-W

TABLE OF CONTENTS

<u>Subject Matter of Sheet</u>	<u>Cal. P.U.C. Sheet No.</u>	
Title Page	1903-W	
Table of Contents	1929-W, 1870-W, 1916-W	(T)
Preliminary Statement	1904-W, 1487-W, 1488-W, 1628-W – 1633-W, 1795-W 1635-W – 1637-W, 1882-W – 1883-W, 1640-W 1796-W – 1799-W, 1695-W, 1737-W, 1800-W, 1928-W, 1850-W, 1851-W, 1920-W, 1922-W 1924-W	(T)
Service Area Maps:		
San Jose Hills Service Area – Tariff Areas	1340-W	
Whittier/La Mirada Service Area – Tariff Areas	1341-W	
Sativa Service Area	1905-W	
Rate Schedules:		
Schedule S-1, Sativa Service Area – General Unmetered Service	1926-W 1918-W	
Schedule SJ-1, San Jose Hills Service Area – Residential Metered Service	1885-W, 1892-W, 1838-W, 1871-W	
Schedule SJ-2, San Jose Hills Service Area – Non-Residential Metered Service	1886-W, 1893-W, 1839-W, 1872-W	
Schedule SJ-3, San Jose Hills Service Area – Recycled Water Metered Service	1887-W, 1894-W, 1840-W, 1831-W, 1873-W	
Schedule WLM-1, Whittier/La Mirada Service Area – Residential Metered Service	1888-W, 1895-W, 1841-W, 1874-W	
Schedule WLM-2, Whittier/La Mirada Service Area – Non-Residential Metered Service	1889-W, 1896-W, 1842-W, 1875-W	
Schedule No. LIC-1, San Jose Hills and Whittier/La Mirada Service Areas Low Income Credit	1897-W, 1844-W	
Schedule No. UF, P.U.C. Reimbursement Fee	1901-W	
Schedule No. 4, Private Fire Protection Service	1890-W, 1422-W, 823-W	
Schedule No. 4A, Fire Hydrant Service on Private Property	1891-W, 1766-W, 1824-W	
Schedule No. 5, Public Fire Protection Service	880-W	
Schedule No. 9-CF, Construction and Tank Truck Service	881-W	
Schedule No. 14.1, Water Shortage Contingency Plan	1854-W – 1860-W	
Schedule No. FF, Fire Flow Testing Charge	1349-W	
Summary List of Contracts and Deviations	960-W	
Rules:		
No. 1 Definitions	1698-W, 1699-W	
No. 2 Description of Service	884-W	
No. 3 Application for Service	885-W, 1108-W	
No. 4 Contracts	887-W	

(Continued)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 389-W

Craig D. Gott

Date Filed _____

Name

Decision No. _____

President

Effective _____

Title

Resolution No. _____