

PRELIMINARY STATEMENT

A. Territory Served by the Utility

The area in which service is or will be furnished by this Utility under its main extension rule is described below and is delineated on the service area map(s) shown on or attached to the tariff sheet(s) following.

The Utility serves in two general areas as shown on the service area maps contained herein.

The San Jose Hills Service Area includes the territory in or near portions of Covina, West Covina, Walnut, La Puente, Glendora, Hacienda Heights, and adjacent unincorporated areas in Los Angeles County.

The Whittier/La Mirada Service Area includes the territory in or near portions of Whittier, La Mirada, Buena Park, La Habra, portions of Compton and Willowbrook, an unincorporated area of Los Angeles County, and other adjacent unincorporated areas of Los Angeles County and Orange County.

(T)  
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(T)

B. Types and Classes of Service

The types and classes of service furnished are set forth in each rate schedule under the designation "Applicability".

C. Description of Service

The characteristics of the service furnished are indicated in Rule No. 2, Description of Service.

D. Procedure to Obtain Service

Service as described herein will be furnished to any person or corporation whose premises are within the Utility's service area, provided application is made in accordance with Rule No. 3, Application for Service; credit is established as required in Rule No. 6, Establishment and Re-establishment of Credit; customer's piping and valves are installed as required in Rule No. 16, Service Connections, Meters, and Customer's Facilities, under "Customer's Responsibility"; and a contract is signed in those certain circumstances specified in Rule No. 4, Contracts.

Where an extension of the Utility's mains is necessary Rule No. 15, Main Extensions, applies, and if the project is of a temporary or speculative nature, Rule No. 13, Temporary Service, is applicable.

Applicants for service and customers must also conform to and comply with the other established rules as provided herein.

(Continued)

(To be inserted by utility)

**Issued by**

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

Advise Letter No. 383-W

Craig D. Gott

Date Filed 12/22/2022

Name

Decision No. 22-04-010

President

Effective 12/22/2022

Title

Resolution No.

PRELIMINARY STATEMENT  
(Continued)

E. Military Family Relief Program (MFRP) Memorandum Account

1. The Company shall establish a Memorandum Account to provide for review and potential future recovery of reduced revenues resulting from implementation of its MFRP as described in Rule Number 22.
2. Charges to the Memorandum Account shall consist of MFRP uncollectibles and the costs of publishing related notices and applications plus interest consistent with Commission Memorandum Account Procedures.
3. Credits to the Memorandum Account shall consist of amounts recovered through authorized surcharge collections plus interest consistent with Commission Memorandum Account Procedures.
4. The Company shall include cumulative balances in this Memorandum Account in its annual request for account review required by Commission Decision 03-06-072.

F. Water Revenue Adjustment Mechanism (WRAM) Balancing Accounts

1. PURPOSE:  
The purpose of the WRAM Balancing Accounts are: 1) to track differences between recorded quantity rate water revenues received under conservation rates to the equivalent rate revenue that would have been received if Suburban had single quantity rates, known as uniform rates, for residential customers; the Commission has determined that the accounting mechanism is appropriate in coordination with a trial program of increasing block rate structures and increased conservation activities; the trial program will be reviewed in Suburban's General Rate Case proceedings, and 2) to track drought surcharges associated with the water shortage contingency plan. (T)
2. APPLICABILITY:  
The WRAM Balancing Accounts apply to all areas served. (T)
3. DEFINITION:
  - a. Non WRAM revenue is all revenue excluded from the WRAM account, including metered service charges, non residential quantity charges, public and private fire protection service, and other unmetered miscellaneous revenue. In addition, surcharges and surcredits, unless specifically included in adopted revenue requirement, are excluded from WRAM accounting. (T)
  - b. WRAM -eligible revenue is all revenue not excluded in 3.a, above. Generally, WRAM eligible revenue results from potable quantity charges to residential customers, and drought surcharges associated with the water shortage contingency plan. (T)

(Continued)

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Robert L. Kelly

Date Filed MAY 22 2015

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Vice President

Effective AUG 2015

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Resolution No.

PRELIMINARY STATEMENT  
(Continued)

F. Water Revenue Adjustment Mechanism (WRAM) Balancing Accounts  
(Continued)

- c. Recorded WRAM-eligible revenue is the amount of residential metered usage-related revenue billed to residential customers in a particular period, and the amount of drought surcharges in a particular period associated with the water shortage contingency plan. (T)  
|  
(T)
- d. Adopted WRAM-eligible revenue is the equivalent amount of residential metered usage-related revenue calculated at uniform rates using actual quantity sold (uniform rates are defined as those single quantity rates which are designed to result in residential revenue equivalent to the conservation rates, when both calculations are computed based on adopted quantities).

4. ACCOUNTING PROCEDURE:

- a. The following entries will be recorded monthly in U.S. dollars (\$) to each service area's WRAM Balancing Account:
1. Recorded WRAM-eligible revenue
  2. Adopted WRAM-eligible revenue
  3. Total net WRAM balance = (1) minus (2)
- b. The Company will record the accumulated WRAM balance monthly, by adding its entry in section a.3. to the prior accumulated monthly balance, and apply the interest to the average net balance in the WRAM account at a rate equal to one twelfth the interest rate on three month Commercial Paper for the previous month as reported in the Federal Reserve.
- c. If the combined net accumulated balance for the WRAM exceeds 2% of the total recorded revenue requirement for the prior calendar year, the Company will file an advice letter to amortized the WRAM balance.
- d. The recovery of under-collections or refunds of over-collections will be passed on to the ratepayers through volumetric surcharges or surcredits.
- e. The Company will establish separate Balancing Accounts for each of its two service areas – San Jose Hills and Whittier/La Mirada.

(To be inserted by utility)

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Resolution No.

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

Revised  
Canceling Revised

Cal. P.U.C. Sheet No. 1628-W  
Cal. P.U.C. Sheet No. 1353-W

PRELIMINARY STATEMENT  
(Continued)

**G. Low Income Customer Data Sharing Memorandum Account**

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1. PURPOSE: The purpose of the Low Income Customer Data Sharing Memorandum Account is to track the one time and ongoing data sharing costs in compliance with D.11-05-020.
2. APPLICABILITY: The Low Income Customer Data Sharing Memorandum Account applies to all areas served.
3. ACCOUNTING PROCEDURE:  
Suburban Water Systems was granted a Memorandum Account in D.11-05-020:
  - a) A debit entry equal to the amount of costs associated with one time, and ongoing data sharing costs.
  - b) A credit entry to any rate recovery authorized by the C.P.U.C.

**H. Symbols**

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Whenever tariff sheets are refiled, changes will be identified by the following symbols:

- (C) To signify changed listing, rule or condition which may affect rates or charges.
- (D) To signify discontinued materials, including listing, rate, rule or condition.
- (I) To signify increase.
- (L) To signify material relocated from or to other part of tariff schedules with no change in text, rate, rule or condition.
- (N) To signify new material including listing, rate, rule or condition.
- (R) To signify reduction.
- (T) To signify change in wording of text but not change in rate, rule or condition.

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(Continued)

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

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Cal. P.U.C. Sheet No. 1629-W  
Cal. P.U.C. Sheet No. 1393-W

PRELIMINARY STATEMENT  
(Continued)

**I. Reservoir 216 Land Exchange Memorandum Account**

(T)

1. PURPOSE: In compliance with Division of Water and Audit (DWA) letter dated March 25, 2013, DWA's analysis, criteria no. 3, Suburban has established a Reservoir 216 Land Exchange Memorandum Account in order to track the disposition of net proceeds from the land exchange transaction, including a two-year lease provision during the construction period, when Suburban will be operating the Plant 216 Reservoir on the Suburban property at the same time Suburban is constructing the replacement reservoir on the Cal Domestic parcel.
2. When Suburban began preparing for the land swap it became aware of certain deed restrictions on the Suburban parcel that could delay the land swap with Cal Domestic. If those restrictions cannot be removed to the satisfaction of Cal Domestic, this issue could prohibit the land exchange from taking place and will require Suburban to lease Cal Domestic's property long term. Suburban has briefed DRA on the current status of the land exchange, including the possible unavoidable alternative of Suburban leasing Cal Domestic's property long term. DRA agreed not to protest advice letter 297-W.
3. The effective date of Reservoir 216 Land Exchange Memorandum Account is April 1, 2013 which is the date of Advice Letter 298-W was filed.
4. The disposition of net proceeds less the two-year land lease cost in the memorandum account will be deducted from Suburban rate base and will be addressed by the Commission in the next rate case subsequent to the land exchange transaction closing or other applicable proceeding before the Commission.

(To be inserted by utility)

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Cal. P.U.C. Sheet No. 1630-W  
Cal. P.U.C. Sheet No. 1471-W

PRELIMINARY STATEMENT  
(Continued)

**J. Employee Healthcare (EH) Balancing Account** (T)

1. PURPOSE:

The purpose of this balancing account is to record and recover the difference between the adopted forecast and the actual costs of employee healthcare expenses beginning January 1, 2018 Suburban Water Systems ("Suburban") will file a tier one Advice Letter to request recovery of the balance or request recovery in Suburban's next general rate case application. The authority to establish this account was granted in Decision 19-05-029, dated May 30, 2019. (T)

2. ACCOUNTING PROCEDURE:

- a. The following entries will be made monthly to the EH Balancing Account:
  1. Recorded employee healthcare expense
  2. Adopted employee healthcare expense
  3. Net employee healthcare balance = (1) minus (2)
- b. The company will record the accumulated EH balance monthly, by adding its entry in section a.3. to the prior accumulated monthly balance, and apply the interest to the average net balance in the EH balancing account at a rate equal to one twelfth the interest rate on three month Non-Financial Commercial Paper as reported in the Federal Reserve Statistical Release.

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

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Canceling Revised

Cal. P.U.C. Sheet No. 1631-W  
Cal. P.U.C. Sheet No. 1489-W

PRELIMINARY STATEMENT  
(Continued)

**K. Mandatory Conservation Memorandum Account (MCMA)**

(T)

1. PURPOSE: The purpose of this MCMA is to track the incremental costs, penalties associated with the implementation of mandatory conservation and water rationing moratoria through Rule No. 14.1 and Schedule No. 14.1 pursuant to California Public Utilities Commission's Resolution W-5000.
2. APPLICABILITY:
  - i. The MCMA applies to all areas served by Suburban Water Systems.
  - ii. The MCMA with track:
    - a. Incremental operating and administrative costs associated with the implementation of mandatory conservation measures under Rule No. 14.1 and Schedule No. 14.1,
    - b. Penalties paid by the customers, or other compliance measures associated with water use violations, and
    - c. Penalties paid by Suburban Water Systems to its water wholesalers.
3. ACCOUNTING PROCEDURE:
  - a. A debit entry to record incremental expenses incurred associated with the implementation of water conservation and rationing;
  - b. A credit entry to record the penalties, or other compliance measures associated with the implementation of water conservation and rationing;
  - c. The MCMA will accrue interest on a monthly basis by applying a rate equal to one twelfth of the 3-month Non-Financial Commercial Paper as reported in the Federal Reserve Statistical Release H.15 or its successor publication to the average of the beginning-of-month and the end-of-month balances.
4. EFFECTIVE DATE: The MCMA shall have an effective date of August 14, 2014, the effective date of Commission Resolution W-5000.
5. DISPOSITION OF THE AMOUNT RECORDED IN THE MCMA: The Company shall file an Advice Letter to seek Commission approval for the recovery of the costs recorded in the MCMA as set forth in this Preliminary Statement, or will be reviewed in Suburban Water Systems' next General Rate Case.

(To be inserted by utility)

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Canceling Original \_\_\_\_\_

Cal. P.U.C. Sheet No. 1632-W  
Cal. P.U.C. Sheet No. 1472-W

PRELIMINARY STATEMENT  
(Continued)

**L. Affiliate Transfer Fee Memorandum Account**

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1. PURPOSE:

The purpose of the Affiliate Transfer Fee Memorandum Account is to record transfer fees received by Suburban Water Systems ("Suburban") from affiliates when an employee of Suburban is transferred, assigned, or otherwise employed by the affiliate pursuant to Appendix A, Rule IV.D.2. of Decision No. 10-10-019. All transfer fees paid to Suburban shall be accounted for in the Affiliate Transfer Fee Memorandum Account and tracked for future ratemaking treatment. This transfer payment provision does not apply to clerical workers.

2. ACCOUNTING PROCEDURE:

a. The following entries will be made monthly to the Affiliate Transfer Fee Memorandum Account:

1. A credit entry equal to the transfer fee received by Suburban from an affiliate when an employee of Suburban is transferred, assigned, or otherwise employed by the affiliate.

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(To be inserted by utility)

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

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Canceling Original

Cal. P.U.C. Sheet No. 1633-W  
Cal. P.U.C. Sheet No. 1474-W

PRELIMINARY STATEMENT  
(Continued)

**M. Recycled Water Balancing Account (RWBA)**

(T)

1. AUTHORIZATION:

This balancing account was established pursuant to Commission's Decision 12-04-009, effective January 1, 2012.

2. PURPOSE:

The purpose of the RWBA is to record on a monthly basis: the difference between recorded and authorized quantity rate per acre foot for recycled water multiplied by the recorded purchased of recycled water.

3. APPLICABILITY:

The RWBA is applicable to all areas served.

4. ACCOUNTING PROCEDURE:

- a. The following entries will be recorded monthly:
  - i. A debit entry for the recorded recycled water purchased expenses.
  - ii. A credit entry for the adopted cost per acre foot for recycled water multiplied by the recorded quantity.
  - iii. Total net RWBA balance = (i) minus (ii).
- b. The Company will record the accumulated RWBA balance monthly, by adding its entry in section a.iii. to the prior accumulated monthly balance.
- c. Interest shall accrue monthly by applying one-twelfth of the Federal Reserve 3-month Commercial Paper Rate – Non Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate) to the average monthly balance.
- d. The recovery of under-collections or refunds of over-collection will be passed on to the ratepayers of recycled water through volumetric surcharge or surcredit respectively.
- e. Franchise Fees and Uncollectible Accounts Expense shall be calculated using the factors most recently authorized by the Commission.
- f. The Company will establish separate RWBA for each of its two service areas – San Jose Hills and Whittier/La Mirada.

(To be inserted by utility)

**Issued by**

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Advise Letter No. 335-W  
Decision No. 19-05-029  
Robert L. Kelly  
Vice President  
Name  
Title

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Resolution No.

**PRELIMINARY STATEMENT**  
(Continued)

**N. Conservation Expenses One-Way Balancing Account (CEOWBA)**

1. **PURPOSE:**

The purpose of the Conservation Expenses One-Way Balancing Account (CEOWBA) is to track the actual versus authorized conservation expenditures, plus rebates received over the 3-year general rate case cycle, so that any unspent funds collected through rates can be returned to ratepayers.

2. **ACCOUNTING PROCEDURE:**

Suburban shall make the following entries each month to the CEOWBA:

- a. Actual monthly conservation expenses (debits for expenditures). Suburban shall provide supporting documents associated with all expenses over the 3-year general rate case cycle.
- b. Rebates received from the Metropolitan Water District of Southern California and other sources (credit) over the 3-year general rate case cycle.
- c. The CEOWBA will accrue interest on a monthly basis by applying a rate equal to one-twelfth of the 3-month Non-Financial Commercial Paper, published in the Federal Reserve Statistical Release H.15 or its successor publication (debit or credit) to the average of the beginning-of-month and the end-of-month balances.

**Refund:**

If the actual conservation expenses plus rebates received at the end of the 3-year general rate case cycle do not equal or exceed the authorized conservation expenses, Suburban shall refund the balance to the ratepayers. If at the end of 3-year general rate case cycle the actual conservation expenses exceed the authorized conservation expenses plus rebates, then the balance shall not be collected from the ratepayers.

3. **DISPOSITION:**

Suburban shall file a tier 2 advice letter with the Water Division to dispose of any refunds (unspent amount) recorded in the CEOWBA.

4. **EFFECTIVE DATE:**

The CEOWBA shall go into effect on the effective date of Advice Letter No. 335-W.

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(To be inserted by utility)

**Issued by**

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Advise Letter No. 359-W

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Date Filed 11/17/2021

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Decision No. 21-10-024

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

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Canceling Original

Cal. P.U.C. Sheet No. 1635-W  
Cal. P.U.C. Sheet No. 1453-W

PRELIMINARY STATEMENT  
(Continued)

**O. Drinking Water Fees Memorandum Account**

(T)

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 (SWRCB) based on the revised fee structure and the drinking water fees authorized in Suburban Water Systems' General Rate Case (GRC) Decision (D.) 14.12-038 which is based on the previous fee structure.

2. APPLICABILITY:

The DWFMA will track the difference between the annual drinking water fees charged by the SWRCB and the drinking water fees authorized in D.14-12-038. Interest shall accrue monthly by applying one-twelfth of the Federal Reserve 3-month Commercial Paper Rate – Non Financial, as reported in the Federal Reserve Statistical Release, to the average of the monthly balance.

3. DISPOSITION:

The Company will file an advice letter to amortize the balance for the DWFMA. Prior to recover, charges made to the DWFMA are subject to a reasonableness review in the appropriate advice letter filing. The recovery of the ending balance (over- or under-collected) will be passed on to the customers through volumetric surcredits or surcharges.

4. EFFECTIVE DATE:

The DWFMA shall go into effect on the effective date of Advice Letter No. 319-W-A and sunset on the effective date of the decision of the GRC, of which application scheduled to be filed on January 2, 2017.

(To be inserted by utility)

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Title

Resolution No.

PRELIMINARY STATEMENT  
(Continued)

Q. **A.17-01-001 Interim Rates Memorandum Account (IRMA)**

1. The purpose of the Interim Rates Memorandum Account is to track the difference between the revenues billed under the interim rates and revenues that would have been billed under the rates adopted by the Commission in Application (A.) 17-01-001.
2. Interest shall accrue monthly by applying one-twelfth of the Federal Reserve 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.
3. The interim rates shall be the currently authorized rates per Advice Letter 318-W.
4. The effective date of A.17-01-001 IRMA is January 1, 2018, and will terminate upon the implementation of Commission's final decision in A.17-01-001.
5. The disposition of balances in the A.17-01-001 IRMA will be determined by the final decision in A.17-01-001.

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(To be inserted by utility)

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Robert L. Kelly

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Decision No. 24-12-030

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Suburban Water Systems  
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Covina, CA 91724-4044

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Cal. P.U.C. Sheet No. 1796-W  
Cal. P.U.C. Sheet No. 1641-W

**PRELIMINARY STATEMENT**  
(Continued)

**U. Allocated Parent Company Information Technology (IT) Rate Base Memorandum Account ("APCITRBMA")**

**1. PURPOSE:**

The purpose of the APCITRBMA is to track Suburban's allocated Parent Company IT Projects Rate Base using a three-factor allocation percentage of 44.80% for the period from January 1, 2018 through December 31, 2020. These costs, up to amounts proposed in application 17-01-001, are eligible for recovery as Rate Base after the Company makes a showing that the costs are deemed reasonable based on Suburban's General Rate Case (GRC) Decision 19-05-029.

**2. APPLICABILITY:**

The APCITRBMA applies to all areas served by Suburban.

**3. ACCOUNTING PROCEDURE:**

The following entries shall be recorded to the memorandum account:

- a. A debit entry equal to the IT Project costs.
- b. The carrying costs shall accrue interest on a monthly basis by applying a rate equal to one-twelfth of Suburban's actual weighted average cost of debt, and the capitalized interest should not be compounded.

**4. EFFECTIVE DATE:**

The APCITRBMA shall have the effective date of January 1, 2018 through December 31, 2020.

**5. DISPOSITION:**

After completion of IT Projects, Suburban shall seek future recovery as Rate Base of the allocable Parent Company IT Projects via GRC or Tier 3 advice letter filings. The requests shall be reduced by Suburban's share of the IT Projects' recorded capitalized labor costs, but not to exceed the amount adopted in rates. (T)

(To be inserted by utility)

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Robert L. Kelly

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Title

Resolution No.

PRELIMINARY STATEMENT  
(Continued)

**V. Catastrophic Event Memorandum Account (CEMA)** (T)

**1. PURPOSE:**

The purpose of the CEMA is to recover the costs resulting from a catastrophic event declared a disaster or state of emergency by competent federal or state authorities. These costs can include but are not limited to expenses related to the restoration of service and Suburban Water Systems facilities affected by the catastrophic event. These costs may also include but are not limited to cost for implementing customer protections for all disasters in which the Governor of California or the President of the United States has declared a state of emergency. The authority to establish this memorandum account was granted in Ordering Paragraph 1 of C.P.U.C. Resolution E-3238, dated July 24, 1991. (N)

Should a disaster occur, the utility will, if possible, inform the executive Director of the C.P.U.C. by letter within 30 days after the catastrophic event that the utility has started booking costs to the CEMA.

The letter shall specify the declared disaster, date, time, location, service area affected, impact on the utility's facilities, and an estimate of the extraordinary costs expected to be incurred, with costs due to expenses and capital items shown separately.

The utility shall not record any capital costs or expenses incurred prior to the start of the declared disaster or state of emergency, as identified by the appropriate authorities, pursuant to Government Code Sections 8558, 8588, and 8625, or comparable federal authority. (N)

Descriptions of the terms and definitions used in this section are found in Rule 1.

Per Decision no. 19-07-015, the company will track the associated costs from each segregated event in its CEMA. (N)

**2. APPLICABILITY:**

The CEMA balance will be recovered from all customer classes from the utility's customer base, except those specifically excluded by the C.P.U.C. (T)

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Title

Resolution No.

PRELIMINARY STATEMENT  
(Continued)

V. CEMA (Continued) (T)

3. CEMA RATES:

The CEMA does not currently have a rate component. Requests for recovery of any balance in the CEMA are to be processed according to General Order 96-B and Standard Practices or requested in a general rate case. Requests for recovery shall include a showing that the costs to be recovered were not included in rates.

(D)

4. ACCOUNTING PROCEDURE:

Upon declaration of a disaster or state of emergency, the utility shall maintain the CEMA from the date of the event causing the disaster occurred by making entries to this account at the end of each month as follows:

(N)

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(N)

- a. A debit entry for each qualifying event equal to the amounts recorded in the utility's Operations and Maintenance, and Administrative and General Expense Accounts that were incurred as a result of the disaster and related events.

(T)

(N)

(T)

- b. A debit entry equal to:

- (1) Depreciation expense on the average of the beginning and the end-of-month balance of plant installed to restore service to customers, or to replace, repair, or restore any plant or facilities, or to comply with government agency orders, in connection with events declared disasters, at one-twelfth of the annual depreciation rates approved by the C.P.U.C. for these plant accounts; plus

- (2) The return on investment on the average of the beginning and the end-of-month balance of plant installed to restore service to customers, or to replace, repair, or restore any plant or facilities, or to comply with government agency orders, in connection with events declared disasters, at one-twelfth of the annual rate of return on investment last adopted for the company by the C.P.U.C.; plus

(N)

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Resolution No.

**PRELIMINARY STATEMENT**  
(Continued)

- V. **CEMA** (Continued) (T)
4. ACCOUNTING PROCEDURE (Continued): (T)
- (3) The return on the appropriate allowance for working capital using calculations last adopted by the C.P.U.C. for the utility, and the return in 4.b.(2) above; plus
- (4) The return on net cost of removal of facilities required as a result of the disaster and related events, using the rate of return in 4.b.(2) above; less (T)
- (5) The return on the average of beginning and end-of-month accumulated depreciation, and on average accumulated net deferred taxes on income resulting from the normalization of federal tax depreciation, using the rate of return in 4.b.(2) above.
- c. A debit entry equal to federal and state taxes based on income associated with item 4.b.(2) above, calculated at marginal tax rates currently in effect. This will include all applicable statutory adjustments.  
For federal and state taxes, this will conform to normalization requirements as applicable. Interest cost will be at the percentage of net investment last adopted by the C.P.U.C. with respect to the utility.
- d. A credit entry to transfer all or a portion of the balance in this CEMA to other adjustment clauses for future rate recovery, as may be approved by the C.P.U.C. (T)
- e. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the entries from 4.a. through 4.c. above, at a rate equal to one-twelfth of the interest on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor publication until a final Commission determination on rate recovery for the amount.
- f. Entries in items 4.a. and 4.b. above shall be made net of the appropriate insurance proceeds. Items 4.a, 4.b, and the appropriate determinants of item 4.c above, in any month, shall be pro-rated to reflect the latest jurisdictional allocation factors. (N)  
(N)
5. **FINANCIAL REPORTING**: (T)  
The utility may, at its discretion, record the balance in the CEMA as a deferred debit on its balance sheet with entries to the appropriate income statement as necessary.

(To be inserted by utility)

**Issued by**

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

Advise Letter No. 359-W

Robert L. Kelly

Date Filed 11/17/2021

Name

Decision No. 21-10-024

Vice President

Effective 01/01/2022

Title

Resolution No.



PRELIMINARY STATEMENT

**W. Per- and Polyfluoroalkyl Substances Memorandum Account (PFASMA)** (N)

**1. PURPOSE:**

The purpose of the PFASMA is to record incremental expenses that are not otherwise covered in Suburban's revenue requirement, to comply with the regulatory standards set by California State Water Resources Control Board, to detect, monitor and report per-and polyfluoroalkyl substances (PFAS) in drinking water.

**2. APPLICABILITY:**

Suburban expects to incur costs related to, but not limited to, the following:

- Laboratory testing and monitoring – due to the specialized nature of the analyses (new and developing methods, low detection limits and sensitivity for sample contamination), the cost for each analysis is much greater than routine monitoring tests
- Customer/public notifications
- Chemical and operating costs for treatment
- Special studies related to treatment options

**3. ACCOUNTING PROCEDURE:**

The PFASMA does not have a rate component.

- a) A debit entry shall be made to the PFASMA to record all related costs including, but not limited to, laboratory testing/monitoring, customer/public notifications, chemical costs, and special treatment studies.
- b) Interest shall accrue to the PFASMA 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 end-of balances.

**4. EFFECTIVE DATE:**

The PFASMA shall have the effective date of December 6, 2019.

**5. DISPOSITION:**

Disposition of amounts recorded in the PFASMA shall be determined in Suburban's next General Rate Case application, or as otherwise determined by the Commission if the account's cumulative balance exceeds 2% of Suburban's adopted gross revenues.

(N)

(To be inserted by utility)

**Issued by**

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

Advice Letter No. 343-W-B

Robert L. Kelly

Date Filed 09/15/2020

Name

Decision No. \_\_\_\_\_

Vice President

Effective 12/06/2019

Title

Resolution No. W-5226

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

Original \_\_\_\_\_  
Canceling \_\_\_\_\_

Cal. P.U.C. Sheet No. 1737-W  
Cal. P.U.C. Sheet No. \_\_\_\_\_

PRELIMINARY STATEMENT

**X. A.20-03-001 Interim Rates Memorandum Account (IRMA)**

(N)

1. The purpose of the Interim Rates Memorandum Account is to track the difference between the revenues billed under the interim rates and revenues that would have been billed under the rates adopted by the Commission in Application (A.) 20-03-001.
2. Interest shall accrue monthly by applying one-twelfth of the Federal Reserve 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.
3. The interim rates shall be increased from the currently authorized rates per Advice Letter 342-W by an amount equal to the rate of CPI-U escalation as of November 30, 2020.
4. The effective date of A.20-03-001 IRMA is January 1, 2021, and will terminate upon the implementation of Commission's final decision in A.20-03-001.
5. The disposition of balances in the A.20-03-001 IRMA will be determined by the final decision in A.20-03-001.

(N)

(To be inserted by utility)

**Issued by**

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

Advice Letter No. 350-W \_\_\_\_\_  
Robert L. Kelly  
Name  
Decision No. \_\_\_\_\_  
Vice President  
Title

Date Filed 12/16/2020  
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Resolution No. \_\_\_\_\_

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

Original

Cal. P.U.C. Sheet No. 1800-W

Cal. P.U.C. Sheet No.

**PRELIMINARY STATEMENT**  
(Continued)

- Y. Water Contamination Litigation Expense Memorandum Account (“WCLEMA”)** (N)
1. **PURPOSE:**  
Suburban shall maintain the Water Contamination Litigation Expense Memorandum Account (“WCLEMA”) as authorized in Resolution W-4094 dated March 26, 1998. The WCLEMA shall track expenses associated with outside legal and consulting costs for water contamination lawsuits and litigation.
  2. **APPLICABILITY:**  
The WCLEMA applies to all service areas.
  3. **ACCOUNTING PROCEDURE:**  
Suburban shall make the following entries on a monthly basis:
    - a. A debit entry shall be made to the WCLEMA at the end of each month to record the expenses.
    - b. Interest which shall accrue monthly to the WCLEMA by applying the interest rate equal to one-twelfth of the 3-month Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor to the average of the beginning and ending balance.
  4. **DISPOSITION:**  
The balance in the WCLEMA shall be amortized by a Tier 3 advice letter whenever the balance exceeds 2% of the authorized revenue requirement for Suburban Water Systems. If the balance is below 2%, Suburban shall propose its amortization in a general rate case proceeding.

(N)

(To be inserted by utility)

**Issued by**

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

Advice Letter No. 359-W

Robert L. Kelly

Date Filed 11/17/2021

Name

Decision No. 21-10-024

Vice President

Effective 01/01/2022

Title

Resolution No.

PRELIMINARY STATEMENT  
(Continued)

**Z. Drinking Water Fees Balancing Account (DWFBA)**

(D)

(N)

1. PURPOSE:

The purpose of the Drinking Water Fees Balancing Account (DWFBA) is to track the difference between all actual fees charged by the State Water Resources Control Board (State Water Board), and the fees authorized in rates.

2. APPLICABILITY:

The DWFBA applies to all service areas.

3. ACCOUNTING PROCEDURE:

The following entries shall be recorded to the balancing account:

- a. The DWFBA will track the difference between the annual drinking water fees charged by the State Water Board and the drinking water fees authorized in rates.
- b. Interest shall accrue to the DWFBA 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:

Suburban shall report on the status of the balancing account in its general rate case and shall propose adjustments to their rates in the context to amortize under- or over-collections in the account subject to reasonableness review. Suburban also may propose such rate adjustments by advice letter at any time that the under- or over-collection in any such account exceeds two percent (2%) of annual revenues for the utility or a ratemaking district of the utility.

5. EFFECTIVE DATE:

The DWFBA shall go into effect on the effective date of Advice Letters 395-W-A, which is December 10, 2021.

(N)

(To be inserted by utility)

**Issued by**

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

Advice Letter No. 395-W-A

Craig D. Gott

Date Filed 12/05/2023

Name

Decision No.

President

Effective 12/10//2021

Title

Resolution No.

**PRELIMINARY STATEMENT**  
(Continued)

**AA. Income Tax Component of Contribution Provision**

(N)

1. General:

All Contributions in Aid of Construction and Advances for Construction (Contributions) made to the Utility (1) after December 31, 1985 and before June 13, 1996, or (2) after December 22, 2017 and before January 1, 2021, pursuant to its tariffs for purposes of furnishing water related services shall include a cost component to cover the Utility's costs associated with additional Federal Income Taxes resulting therefrom. Contributions made to the Utility on or after January 1, 1992 and before June 13, 1996 shall also include a cost component to cover the Utility's costs associated with additional State Income Taxes resulting therefrom.

2. Definition:

a. Contributions In Aid of Construction (CIAC) and Advances In Aid of Construction (AIAC) shall include, but not limited to, cash, services, facilities, labor, property, and income taxes thereon provided by a person or agency to the Utility. The value of all contributions and advances shall be based on the Utility's estimates. Contributions and advances shall consist of two components for the purpose of recorded transactions as follows:

- (1) Income Tax Component (ITC), and
- (2) The balance of the contribution or advance

b. Eminent Domain: For purposes of administering this part of the Preliminary Statement, an Eminent Domain Agency is any federal, state, county, or local governmental or quasi-governmental agency that has the general authority or is able readily to obtain the authority to condemn property for public good upon the award and payment of just compensation.

c. Involuntary Conversion: Where, in the opinion of the Utility, payments or other forms of compensation received by the Utility from an Eminent Domain Agency satisfy the requirements of Internal Revenue Code Section (IRC §) 1033 as an Involuntary Conversion, the value of such payments, property or other permissible forms of compensation will not be treated as taxable income by the Utility and, as a result, the ITC component of the Contribution will not be collected. Generally, the nontaxable provisions of IRC §1033 are satisfied if (1) the Eminent Domain Agency initiates condemnation proceedings, or (2) the Utility receives notice of intent by the Eminent Domain Entity to acquire the property before the initiation of condemnation proceedings, or (3) it can be demonstrated that it was reasonable to believe that the Utility was compelled to dispose of the property by the impending consequences.

(N)

(Continued)

(To be inserted by utility)

**Issued by**

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

Advice Letter No. 368-W-A

Craig D. Gott

Date Filed 05/24/2022

Name

Decision No.

President

Effective 04/21/2022

Title

Resolution No.

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

Original

Cal. P.U.C. Sheet No. 1851-W

Cal. P.U.C. Sheet No. \_\_\_\_\_

**PRELIMINARY STATEMENT**  
(Continued)

**AA. Income Tax Component of Contribution Provision (Continued)**

(N)

3. Beginning January 1, 2018, the ITC or additional fee identified as the “tax gross-up” shall be calculated by multiplying the amount of the CIAC by the tax factor of 21.58% for contributed plant-in-service, and AIAC by the tax factor of 22.64% for advanced plant-in-service.
4. The ITC of 21.58% and 22.64% are established by using Method 5 as set forth in D.87-09-026 in I.86-11-019.
5. The ITC tax factor has been derived from the corporate rate and it will remain in effect until the Utility’s net taxable income changes to the extent that the tax gross-up rate would increase or decrease by five percentage points or more. When and if that occurs, the Utility will file an advice letter showing the new rates and cancel out this sheet.

(N)

(To be inserted by utility)

**Issued by**

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

Advice Letter No. 368-W

Craig D. Gott

Date Filed 04/21/2022

Name

Decision No. \_\_\_\_\_

President

Effective 04/21/2022

Title

Resolution No. \_\_\_\_\_

PRELIMINARY STATEMENT

(Continued)

**AB. Sativa Transaction Memorandum Account ("STMA")**

(N)

1. PURPOSE:

The purpose of this account is to track all costs resulting from the purchase of Sativa water systems. Examples of such costs include, but are not limited to, outside legal expenses, engineering, surveying, the appraisal, and other professional activities necessary to complete the transaction, including costs associated with the noticing of customers.

2. APPLICABILITY:

The STMA applies to Sativa water system.

3. ACCOUNTING PROCEDURE:

Suburban Water Systems shall maintain the STMA by making entries at the end of each month as follows:

- a. A debit entry will be created to capture costs associated with the account.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision, upon Commission review and approval.

5. EFFECTIVE DATE:

Pursuant to Decision (D.) 22-04-010, the effective date of the STMA is August 13, 2021, which is the date the Application (A.) 21-08-011 was filed.

(N)

(To be inserted by utility)

**Issued by**

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

Advise Letter No. 385-W

Craig D. Gott

Date Filed 12/22/2022

Name

Decision No. 22-04-010

President

Effective 08/13/2021

Title

Resolution No.

PRELIMINARY STATEMENT

(Continued)

AC. **Environmental Improvements and Compliance Issues for Acquisitions**  
**Memorandum Account ("EICIAMA")**

(N)

1. **PURPOSE:**

The purpose of the account is to track costs associated with required improvements related to environmental and compliance issues in the Sativa water system service territories. Example of such costs include, but are not limited to, construction of a welded steel reservoir to provide operational, fire flow and emergency water storage; drilling a new well to increase groundwater production capacity to reliably meet demands and provide fire flow capacity; installing back-up power generators to maintain system pressure during power outages; increasing pipe diameter to increase transmission capacity to improve flushing velocities to clean debris from pipes and available fire flow; and installing meters to measure water delivered to customers.

2. **APPLICABILITY:**

The EICIAMA applies to Sativa water system.

3. **ACCOUNTING PROCEDURE:**

Suburban Water Systems shall maintain the EICIAMA by making entries at the end of each month as follows:

- a. A debit entry will be created to capture costs associated with the account.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

4. **RATEMAKING PROCEDURE:**

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision, upon Commission review and approval.

Pursuant to D.22-04-010, Suburban is authorized to file advice letters for recovery on an annual basis beginning on March 1, 2024, for costs tracked in 2021. Subsequent advice letters will be filed on March 1, 2025, and March 1, 2026, for costs tracked in the years 2022 and 2023, respectively.

(N)

(Continued)

(To be inserted by utility)

**Issued by**

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

Advise Letter No. 386-W

Craig D. Gott  
Name

Date Filed 12/22/2022

Decision No. 22-04-010

President  
Title

Effective 12/22/2022

Resolution No. \_\_\_\_\_



**PRELIMINARY STATEMENT**

(Continued)

**AD. Sativa Production Cost Balancing Account ("SPCBA")**

**1. PURPOSE:**

The purpose of this account is to record each month the difference between the recorded Water Replenishment District (WRD) Assessment and Liberty Park Water rates, and the requested adopted rates of \$382.00 and \$1,800.00 per acre foot, respectively, so that these differences can be trued-up through rates subsequent to CPUC review and approval. (T)  
|  
(T)

**2. APPLICABILITY:**

The SPCBA applies to Sativa water system.

**3. ACCOUNTING PROCEDURE:**

a. The following entries will be recorded monthly:

- i. A debit entry for the recorded WRD Assessment and Liberty Park Water expenses. (T)  
|
- ii. A credit entry for the adopted cost of \$382.00 and \$1,800.00 per acre foot for WRD Assessment and Liberty Park Water rates, multiplied by the recorded quantities, respectively. |  
(T)
- iii. Total net SPCBA balance = (i) minus (ii).

b. The Company will record the accumulated SPCBA balance on a monthly basis, by adding its entry in section a.iii. to the prior accumulated monthly balance.

c. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

d. The recovery of under-collections or refunds of over-collection will be passed on to the ratepayers through volumetric surcharge or surcredit, respectively.

e. Franchise Fees and Uncollectible Accounts Expense shall be calculated using the factors most recently authorized by the Commission.

f. In Suburban's 2026 GRC any balances in the SPCBA would be consolidated with Suburban's WRD balances and the SPCBA would then be eliminated.

**4. AMORTIZATIONS:**

Suburban Water Systems may request amortization of this account by Tier 1 advice letter when the balance reaches 2% of annual revenues or at any level through a general rate case application.

(To be inserted by utility)

**Issued by**

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

Advise Letter No. 399-W

Craig D. Gott

Date Filed 12/19/2023

Name

Decision No. 23-12-018

President

Effective 12/22/2022

Title

Resolution No.

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

Original

Cal. P.U.C. Sheet No. 1941-W

Cal. P.U.C. Sheet No.

PRELIMINARY STATEMENT

(Continued)

AE. Lead And Copper Rule Revisions Memorandum Account

(N)

1. PURPOSE:

The purpose of the LCRRMA is to track and recover any incremental expenses and carrying costs on capital investments incurred by Suburban Water Systems (SWS) that are required to comply with the United States Environmental Protection Agency's (EPA) Lead and Copper Rule Revisions (LCRR) that are not otherwise covered in SWS's authorized rates.

2. APPLICABILITY:

SWS expects to incur expenses related to the initial comprehensive study of service line materials that include incremental operations and maintenance (O&M) costs, and carrying costs on capital investments that may be required. Costs may include but are not limited to the following:

- a. Development of service line material inventories for each of SWS' water systems;
- b. Preparation of Lead Service Line Replacement (LSLR) Plans for each system;
- c. Replacement of service lines (if necessary);
- d. Preparation of a Standard Operating Procedure (SOP) for the development and ongoing maintenance of the customer service line inventories;
- e. Development of sampling plans for lead and copper compliance monitoring at the taps of customers, daycares and schools for each system;
- f. Development of school and child care facility inventories for all SWS' systems, and preparation for and the cost of sampling in these facilities; and
- g. Preparation of messaging for public education and customer notifications.

3. ACCOUNTING PROCEDURE:

The LCRRMA does not have a rate component.

- a. A debit entry shall be made to the LCRRMA to record all related costs including, but not limited to, developing of service line material inventories, lead and copper sampling plans/monitoring at the taps of private customers, daycares and schools/preparation of lead Service Line Replacement plans/public messaging, education and customer notifications.

(N)

(Continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 394-W

Craig D. Gott

Date Filed 07/13/2023

Decision No.

Name

President

Effective 07/13/2023

Title

Resolution No.

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

Original

Cal. P.U.C. Sheet No. 1942-W

Cal. P.U.C. Sheet No. \_\_\_\_\_

PRELIMINARY STATEMENT

(Continued)

AE. Lead And Copper Rule Revisions Memorandum Account (Continued)

(N)

- b. Interest shall accrue to the LCRRMA 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 end-of balances.
- c. A debit entry equal to the revenue requirement of each capital expenditure at SWS' authorized rate of return and related expenses (including return, income taxes, ad valorem tax, depreciation, and other taxes and fees).
- d. A credit entry to transfer all or portion of the balance in the LCRRMA to other adjustment clauses for future rate recovery, as may be approved by the CPUC.

4. EFFECTIVE DATE:

The LCRRMA shall go into effect on the filing date of Advice Letter No. 394-W.

5. DISPOSITION:

Disposition of amounts recorded in the LCRRMA shall be determined in SWS' next General Rate Case.

(N)

(To be inserted by utility)

**Issued by**

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

Advice Letter No. 394-W

Craig D. Gott

Date Filed 07/13/2023

Decision No. \_\_\_\_\_

Name  
President  
Title

Effective 07/13/2023

Resolution No. \_\_\_\_\_

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

Original \_\_\_\_\_  
Canceling \_\_\_\_\_

Cal. P.U.C. Sheet No. 1961-W  
Cal. P.U.C. Sheet No. \_\_\_\_\_

PRELIMINARY STATEMENT

- AF. A.23-01-001 Interim Rates Memorandum Account (IRMA)** (N)
1. The purpose of the Interim Rates Memorandum Account is to track the difference between the revenues billed under the interim rates and revenues that would have been billed under the rates adopted by the Commission in Application (A.) 23-01-001. |
  2. Interest shall accrue monthly by applying one-twelfth of the Federal Reserve 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. |
  3. The interim rates shall be increased from the currently authorized rates per Advice Letter 378-W for San Jose Hills and Whittier/La Mirada, and Advice Letter 383-W for Sativa Service Area by an amount equal to the rate of CPI-U escalation as of October 31, 2023. |
  4. The effective date of A.23-01-001 IRMA is January 1, 2024, and will terminate upon the implementation of Commission's final decision in A.23-01-001. |
  5. The disposition of balances in the A.23-01-001 IRMA will be determined by the final decision in A.23-01-001. (N)

(To be inserted by utility)

**Issued by**

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

Advice Letter No. 396-W

Craig D. Gott

Date Filed 11/17/2023

Name

Decision No. \_\_\_\_\_

President

Effective 01/01/2024

Title

Resolution No. \_\_\_\_\_

PRELIMINARY STATEMENT

**AG. Volume Related Cost Balancing Account (VRCBA) (N)**

1. Purpose:

This account is established pursuant to Section 792.5 of the Public Utilities Code and General Rule 9.5.3 of General Order 96-B.

The purpose of this account is to track monies that the Commission has authorized for recovery or amortization in the Company's reserve accounts.

The Company's reserve accounts consist of:

- a. The recorded quantity of production of pumped and purchased water in acre feet (AF) multiplied by the difference between the adopted and recorded price of pumped and purchased water, respectively, plus or minus any necessary expense adjustments.
- b. The recorded quantity of purchased power (electricity and gas) multiplied by the difference between the adopted and recorded quantity rate per Kwh for electricity and per therm for gas, respectively, plus or minus any necessary expense adjustments.

2. Applicability:

The VRCBA applies to all service areas.

3. Accounting procedure for reserve accounts:

Each month, Suburban will make the expense component entries to update the balances in its reserve accounts:

- a. The recorded quantity of production of pumped and purchased water (AF) multiplied by the difference between the adopted and recorded price of pumped and purchased water, respectively, plus or minus any necessary expense adjustments.  
The recorded quantity of purchased power (electricity and gas) multiplied by the difference between the adopted and recorded quantity rate per Kwh for electricity and per therm for gas, respectively, plus or minus any necessary expense adjustments.
- b. If the calculated item (a) is a negative number, the result is an under-collection; if item (a) is a positive number, the result is an over-collection.
- c. The company will record the accumulated balance in the account monthly, by adding its entry in item (b) to the prior accumulated monthly balance.
- d. Interest shall accrue monthly by applying one-twelfth of the Federal reserve 3-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate) to the average monthly balance, which will be included as part of Suburban's request for amortization.

(Continued)

(To be inserted by utility)

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

**Issued by**

Advice Letter No. 411-W

Craig D. Gott

Date Filed 04/15/2025

Name

Decision No.

President

Effective 04/15/2025

Title

Resolution No.

PRELIMINARY STATEMENT

AG. Volume Related Cost Balancing Account (Continued) (N)

4. Transition from reserve accounts to balancing accounts:  
Suburban may request amortization of its reserve accounts via tier one advice letter filings or general rate case proceedings when the over or under collection balance in the accounts exceeds 2% of the adopted revenue requirement. Following CPUC approval of the amortization of the reserve accounts as reasonable, and pursuant to CPUC Standard Practice U-27-W (Standard Practice for Processing Rate Offsets and Establishing and Amortizing Memorandum Accounts), Suburban will move these amounts to balancing accounts for recovery.
5. Accounting procedure for balancing accounts:  
The monies that the Commission has authorized for recovery or amortization are recorded and tracked in the Company's regulatory asset. The surcharges/surcredits collected/credited to recover/refund these authorized amounts are credited/debited to this account.  
Each month, Suburban will make the following entries to update the balances in its balancing accounts:
- Authorized balancing account monthly collection/refunds.
  - Recorded surcharges billed/credited to customers.
  - Difference between (a) and (b).
  - If the calculated item (c) is a positive number, the result is an under-collection; if item (c) is a negative number, the result is an over-collection.
  - The company will record the accumulated balance in the account monthly, by adding its entry in item (c) to the prior accumulated monthly balance.
  - Interest shall accrue monthly by applying one-twelfth of the Federal reserve 3-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate) to the average monthly balance.
6. The balancing account will terminate when so ordered by the Commission, at which time any remaining debt (under-collection) or credit (over-collection) balance will be amortized through a rate surcharge or surcredit.

(To be inserted by utility)

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

**Issued by**

Advice Letter No. 411-W  
Decision No.  
Craig D. Gott  
Name  
President  
Title

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