



PUBLIC PARTICIPATION HEARING

Suburban Water Systems

Water Cost of Capital Application (A.23-05-003)

November 9, 2023



What Is This Application About?

Every three years, the California Public Utilities Commission (CPUC) requires Suburban Water Systems (Suburban) to file a Cost of Capital (CoC) application. Pursuant to this requirement, on May 1, 2023 Suburban filed Application (A.) 23-05-003 requesting an increase in revenues for the period from January 1, 2024 through December 31, 2026.

This CoC application allows the CPUC to take a broad, in-depth look at a utility’s proposed financing capital structure and authorize a reasonable Rate of Return (ROR) to enable the utility to attract investors for infrastructure improvements. The ROR consist of the weighted average cost of debt and equity a utility has issued to finance its capital investments.

What Is Suburban’s Proposed Capital Structure?

Suburban Capital Structure	Current Adopted – D.18-12-002			Proposed – A.23-05-003		
	Capital Ratio	Cost	Weighted Cost	Capital Ratio	Cost	Weighted Cost
Debt	37.74%	5.85%	2.21%	36.69%	5.03%	1.85%
Preferred Stock	2.26%	4.24%	0.10%	1.31%	4.24%	0.06%
Equity	60.0%	9.25%	5.55%	62.0%	11.0%	6.82%
Rate of Return	7.86%			8.73%		

How Much Will Suburban’s Revenue Increase?

The total increase in Suburban’s request is \$4,400,000 or 4.41% beginning January 1, 2024.





How Much Will The Water Bills Increase For Customers?

Residential Rate Impacts from CoC Request

(Not including CPUC fee, surcharges, refunds, or taxes)

San Jose Hills

Service Charge (Meter Size)		Current	Proposed
5/8"		\$16.30	\$17.02
3/4"		\$24.44	\$25.52

Usage Charge (per CCF)	Current	Proposed
Tier 1 (0-20 CCF)	Tariff Area 1: \$3.935 Tariff Area 2: \$4.095 Tariff Area 3: \$4.271	Tariff Area 1: \$4.108 Tariff Area 2: \$4.275 Tariff Area 3: \$4.459
Tier 2 (Over 20 CCF)	Tariff Area 1: \$4.417 Tariff Area 2: \$4.514 Tariff Area 3: \$4.881	Tariff Area 1: \$4.612 Tariff Area 2: \$4.713 Tariff Area 3: \$5.096

Whittier/La Mirada

Service Charge (Meter Size)		Current	Proposed
5/8"		\$16.30	\$17.02
3/4"		\$24.44	\$25.52

Usage Charge (per CCF)	Current	Proposed
Tier 1 (0-20 CCF)	Tariff Area 1: \$3.376 Tariff Area 2: \$3.588 Tariff Area 3: \$3.878	Tariff Area 1: \$3.525 Tariff Area 2: \$3.746 Tariff Area 3: \$4.049
Tier 2 (Over 20 CCF)	Tariff Area 1: \$3.811 Tariff Area 2: \$3.956 Tariff Area 3: \$4.207	Tariff Area 1: \$3.979 Tariff Area 2: \$4.130 Tariff Area 3: \$4.392

Under Suburban’s request, an average residential customer in San Jose Hills – Tariff Area 1 with a 3/4-inch meter using 14 CCF (1 CCF = 748 gallons) would see a bill increase from \$79.53 currently to \$83.03 per



month. That is an increase of \$3.50 or 4.4%. An average residential customer in Whittier/La Mirada – Tariff Area 2 with a 3/4-inch meter using 14 CCF (1 CCF = 748 gallons) would see a bill increase from \$74.67 currently to \$77.96 per month. That is an increase of \$3.29 or 4.4%.

What Other Rate Requests Are Pending?

Suburban has a pending application regarding their General Rate Case (A.23-01-001) where they are seeking a rate increase of \$19,763,961 or 19.8% beginning January 2024.

How Can I Have My Voice Heard And Find Out More?

The CPUC will hold 2 Public Participation Hearings for customers to have their voices heard. The assigned Administrative Law Judge will preside at these hearings and a court reporter will transcribe the hearings. For further information on these hearings, please visit <https://www.CPUC.ca.gov/PPH/>.

Customers can also submit electronic comments specific to this proceeding and review all other public comments submitted by using the “Add Public Comment” tab of the docket card at <https://apps.cpuc.ca.gov/c/A2305003>.

To view all formal filings in this proceeding, go to <https://apps.cpuc.ca.gov/p/A2305003>.

The Public Advocates Office is an independent consumer advocate within the CPUC who will review, audit, and submit formal testimony to this proceeding. Its website is: <https://www.publicadvocates.cpuc.ca.gov>.

The CPUC’s Public Advisor can be contacted by email at public.advisor@cpuc.ca.gov or by phone at 866-849-8390.

The CPUC’s Water Division provides information on the regulatory process for water utilities at: <https://www.cpuc.ca.gov/about-cpuc/divisions/water-division/>.