



**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

September 26, 2019

James A. Boothe, Director
Division of Water and Audits
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Affiliate Transaction Rules Independent Audit Report

Dear Mr. Boothe:

In compliance with section VIII.E of the California Public Utilities Commission's Rules for Water and Sewer Utilities Regarding Affiliate Transactions and the Use of Regulated Assets for Non-Tariffed Utility Services, Suburban Water Systems hereby submits a copy of the Independent Accountant's Report covers the two years ending December 31, 2018.

Sincerely,

Robert L. Kelly
Vice President, Regulatory Affairs

Cc: Elizabeth Echols, Director of the Office of Ratepayer Advocate – Water Branch



INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Suburban Water Systems
Covina, California

We have examined Suburban Water Systems' (the "Company") compliance with the California Public Utilities Commission's Rules for Water and Sewer Utilities Regarding Affiliate Transactions and the use of Regulated Assets for Non-Tariffed Utility Services during the time period beginning January 1, 2017 and ending December 31, 2018. Management is responsible for the Company's compliance with those requirements. Our responsibility is to express an opinion on the Company's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Company complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Company complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion the Company complied, in all material respects, with the aforementioned requirements.

This report is intended solely for the information and use of the Board of Directors of the Company and the California Public Utilities Commission and is not intended to be and should not be used by anyone other than these specified parties.

Armanino LLP
Armanino^{LLP}
San Francisco, California

September 13, 2019



An independent firm
associated with Moore
Global Network Limited