



GREAT OAKS WATER COMPANY

P.O. Box 23490
San Jose, California
95153
(408) 227-9540
tguster@greatoakswater.com

May 14, 2021

California Public Utilities Commission
Water Division
Room 3102
505 Van Ness Avenue
San Francisco, CA 94102

**Great Oaks Water Company (U-162-W) Advice Letter 299-W
Request to Establish and Implement Second Escalation
(Attrition) Year Rate Change**

Dear Sir or Madam:

Great Oaks Water Company (Great Oaks) hereby transmits this Tier 1 advice letter requesting authorization to establish and implement an escalation/attrition year rate change for its entire service, as authorized by California Public Utilities Commission (Commission) Decisions (D.) 04-06-018 and D.07-05-062, as well as Commission General Order 96-B. Great Oaks did not request an escalation year change in 2020 in consideration of the COVID-19 declared state of emergency.

Sheet Number	Title of Tariff Sheet	Canceling Sheet No.
950-W	Schedule No. 1 General Metered Service	877-W
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952-W	Schedule No. 1 General Metered Service Special Conditions	948-W

953-W	Schedule No. 3M Irrigation Service	880-W
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Summary of Advice Letter 299-W

This Tier 1 advice letter requests the establishment and implementation of a 2021/2022 escalation (attrition) year rate change for Great Oaks’ entire service area, as authorized by and in compliance with the Decisions referenced above. Escalation year filings are generally governed by the Commission’s General Rate Case Plan for Class A Water Utilities.

This advice letter filing also includes a joint request by Great Oaks and the California Public Advocates Office (Cal PA) to revise the tiered rate design to both reduce chronic revenue under-collections recorded and amortized through Great Oaks’ Monterey-Style Water Revenue Adjustment Mechanism (M-WRAM) and to comply with Commission Decision (D.) 20-08-047’s directive to design tiered rates with a minimum of 6 ccfs per household per month in the first tier. The collaboration between Great Oaks and Cal PA accomplishes both objectives and is discussed in more detail below. Because this revision to the tiered rate design is being made to comply with D.20-08-047, it is appropriate to include this revised rate design in this Tier 1 advice letter.

This filing is pursuant to General Order 96-B, Industry Rules 7.3.1(3)¹ and 7.3.1(6)², and has no effect upon water service provided by Great Oaks to its ratepayers.

Request

In this advice letter, the revenue requirement for the escalation/attrition year 2021/2022 is actually \$347,733 (1.67%) *lower* than the current revenue requirement. The uniform quantity rate requested in this advice letter - \$3.2230 per ccf - is lower than the current rate - \$3.2560 per ccf – due to the lower amount of variable costs, while the meter service charges are higher across the board due to the relatively higher fixed cost/variable cost ratio.

¹ Compliance with mandatory statute, decision, or resolution (D.20-08-047).

² Escalation filing.

The bill impact is also slightly higher due to the higher meter service charges combined with the proposed revision to the tiered rate design.

In addition, this advice letter requests a revised surcharge to fund Great Oaks' Customer Assistance Program or CAP (formerly known as the Low Income Customer Assistance Program or LICAP). Significantly more Great Oaks customers are participating in and receiving the CAP discount (50% off the monthly service charge), which requires additional funding through a higher surcharge calculated using the same formula used in Great Oaks' most recent general rate case (A.18-07-002/D.19-09-010).

Great Oaks requests a reduction in its revenue requirement of \$347,733 (-1.67%) from the adopted revenues of \$20,836,321³ to \$20,488,588 in escalation/attrition year 2021/2022. See Exhibit A Workpapers, WP-1, Column F for the calculations. Great Oaks also requests approval of the revised tiered rate design, as discussed more fully below.

The methodology utilized in this advice letter filing for the adjustment to the revenue requirement is the same methodology utilized by Great Oaks and approved by the Commission's Water Division in Great Oaks Advice Letters 240-W, 260-W, and most recently in 270-W.

Supporting Workpapers showing all calculations for the escalation/attrition year are provided in the Exhibit A Workpapers to this advice letter. The tariff sheets attached to this advice letter match the calculations in Exhibit A.

Rates of Return

The following summary shows the authorized, recorded (for calendar year 2020), and pro forma rates of return for Great Oaks.

Authorized Rate of Return per D.18-12-002:	8.15%
Calendar Year 2020 Recorded Rate of Return:	-10.12.%
Pro Forma Rate of Return:	-3.34%
Advice Letter 299-W Rate of Return	8.15%

The calendar year 2020 rate of return is based upon Great Oaks' Annual Report for 2020. The pro forma rate of return was calculated in accordance with D.04-06-018, D.07-05-062, and Standard Practice U-34-W. Attrition Year 2021/2022 revenues were calculated using the authorized rate of return. All calculations are shown on the AL 299-W Exhibit A Workpapers.

³ D.19-09-010.

Great Oaks has used the April 2021 escalation factors – the most recent escalation factors published by Cal PA as of the date of filing. Great Oaks has also used the April 2021 CPI-U, as published on May 12, 2021.

Because Great Oaks’ Pro Forma Rate of Return is lower than its authorized Rate of Return (pro forma earnings test), Great Oaks is permitted to request and receive an escalation/attrition year revenue adjustment and corresponding rate changes.

Rate and Bill Impact

Based upon the calculations shown on WP-6 of Exhibit A, the uniform quantity rate drops from \$3.2560 per ccf to \$3.2230 per ccf. This is primarily due to the lower amount of pump taxes payable (a variable cost) due to lower sales in the escalation/attrition year than in the current rate year. Sales in escalation/attrition year 2021/2022 are calculated to be 4,181,067 ccfs, compared to 4,303,745 ccfs for the current rate year.⁴ Meter service charges, however, increase by 11.1% across the board, as shown in the table below. This is due to the relatively higher fixed costs compared to variable costs.

Comparison of Meter Service Charges (per month)

Meter Size	Current Charge	AL 299-W Charge
5/8"	\$14.91	\$16.56
3/4"	\$22.36	\$24.84
1"	\$37.26	\$41.40
1.5"	\$74.53	\$82.80
2"	\$119.25	\$132.49
3"	\$223.59	\$248.41
4"	\$372.65	\$414.02
6"	\$745.29	\$828.03
8"	\$1,192.47	\$1,324.85
10"	\$1,714.17	\$1,904.47
12"	\$2,459.46	\$3,726.15

In addition, the CAP Surcharge increases due to the larger number of customers participating in the CAP, most likely due to economic conditions caused by the pandemic emergency and corresponding government-imposed restrictions.⁵ In the settlement agreement between Great Oaks and Cal PA for the 2018 GRC, the total number of CAP participants was projected to be 2,464. Recent data reported to the Commission for Rulemaking 17-06-024 shows that approximately 3,400 Great Oaks customers are now enrolled in

⁴ See Exhibit A, WP-6.

⁵ See Exhibit A, page WP-5.

the CAP program. Note that Great Oaks has an authorized Customer Assistance Program Surcharge Balancing Account to address any over- or under-collections from the CAP surcharges.

Tiered Rate Design and Proposed Pilot Program Revision

In the settlement of Great Oaks’ 2018 General Rate Case (GRC), Great Oaks and the Public Advocates Office (Cal PA) reached agreements on the uniform quantity rate (\$3.2560 per ccf) and to utilize the tiered rate design shown in the table below.

Tier and Quantity per Billing Period	Uniform Rate Factor ⁶	Quantity Charge Per CCF
1: 0 – 6 ccfs	0.40	\$1.3024
2: 7 – 24 ccfs	0.80	\$2.6048
3: Over 24 ccfs	1.22	\$3.9723

Following the adopting of the settlement agreement in D.19-09-010, the rate design was put in place. Since then, the tiered rate design has resulted in significant under-collections of revenues that have been recorded in Great Oaks’ Monterey-Style Water Revenue Adjustment Mechanism (M-WRAM) account. Because of the amounts of the under-collections recorded in the M-WRAM, Great Oaks has amortized those balances through four (4) separate advice letter filings, each of which has resulted in surcharges imposed upon Great Oaks’ single-family residential customers. The advice letters filed to amortize M-WRAM balances are summarized in the table below.

Advice Letter	Effective Date	Amount Amortized	Surcharge
290-W	7/21/2020	\$1,286,102.16	\$0.2716 per ccf for 24 months
293-W-A	11/24/2020	\$635,933.50	\$\$0.2686 per ccf for 12 months
294-W	2/9/2021	\$465,739.02	\$0.1967 per ccf for 12 months
298-W	5/10/2021	\$515,706.63	\$0.2178 per ccf for 12 months

Maintaining the current tiered rate design will inevitably result in additional surcharges, a situation that Great Oaks, Cal PA, and Great Oaks’ customers all find unacceptable. To cure the deficiencies in the current tiered rate design, Great Oaks and Cal PA have worked together to craft a revised tiered rate design that should not only eliminate or reduce M-WRAM balances, but also comply with the tiered rate design requirements of D.20-08-047.

⁶ The Uniform Rate Factor is the number that when multiplied by the uniform rate calculates the per ccf charge for the designated tier (e.g., 0.40 x \$3.2560 = \$1.3024).

In D.20-08-047, the Commission discussed how best to design tiered rates to include a baseline of 6 ccfs per household per month in the first tier.⁷ As Great Oaks bills single-family residential customers on a bi-monthly schedule (two months of water service per bill), the proposed new tiered rate design takes this into account and results in a Tier 1 usage amount of up to 12 ccfs per billing period (or 6 ccfs per household per month). Average single-family residential usage is approximately 10 ccfs per household per month (20 ccfs per household per billing period), so Great Oaks and Cal PA propose to have Tier 2 cover usage of 13 to 20 ccfs per billing period. Tier 3 is reserved for usage over 20 ccfs per billing period.

The proposed tiered rate design uses Uniform Rate Factors that are intended to produce approximately the same overall revenues under tiered rates as would be generated under the uniform quantity rate. Single-family residential customers who use less than the average amount will pay less than those who use more than the average amount. The proposed tiered rate design is shown in the table below. The uniform quantity rate of \$3.2230 is the rate calculated in the Workpapers for this Advice Letter 299-W (See Exhibit A Workpapers, WP-6) and the rate design below is utilized for the tariff sheets accompanying this advice letter.

Tier and Quantity per Billing Period	Uniform Rate Factor ⁸	Quantity Charge Per CCF
1: 0 – 12 ccfs	0.7110	\$2.2915
2: 13 – 20 ccfs	1.2270	\$3.9546
3: Over 20 ccfs	1.4570	\$4.6959

Great Oaks and Cal PA have collaborated on this proposed rate design for the benefit of Great Oaks’ customers and respectfully request that the rate design shown in the table above and included in the attached tariff sheets be approved as a pilot program for Great Oaks’ rate year beginning July 1, 2021. Great Oaks and Cal PA will use the results of this pilot program to fine tune the rate design in Great Oaks’ 2021 GRC which will be filed July 1, 2021, with rates to be effective July 1, 2022.

Bill Impact

The bill impact shown in the Exhibit A Workpapers at WP-8 is due to a combination of the higher monthly meter service charges, lower quantity rates, and the revised tiered rate design. WP-8 provides a comparison using

⁷ D.20-08-047, at pp. 76 – 77; see also Ordering Paragraphs 10 and 11, at p. 105.

⁸ The Uniform Rate Factor is the number that when multiplied by the uniform rate calculates the per ccf charge for the designated tier (e.g., 0.40 x \$3.2560 = \$1.3024).

only uniform rates which shows the total increase to be less than \$6.00 per billing period (less than \$3.00 per month) for a single-family residential customers using the average amount of water.

Effective Date

The effective date for the tariffs requested in this advice letter is July 1, 2021, the first day of Great Oaks' rate year.

Tier Designation

Escalation year requests are by Tier 1 advice letters under General Order 96-B, Industry Rules 7.3.1(3) and 7.3.1(6).

Notice and Service

Notice was provided by publishing a legal notice in a newspaper of local circulation (San Jose Mercury News), and by providing a link to this advice letter filing on Great Oaks' website (www.greatoakswater.com). Proof of publication will be provided separately to the Water Division. This advice letter is also being served upon the Distribution List provided below.

Protests and Responses

Anyone may protest and respond to 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 specific grounds on which it is based. These grounds may be based upon the following:

- (1) The utility did not properly serve or give notice of the advice letter; or
- (2) The relief requested in the advice letter would violate a statute or Commission order, or is not authorized by statute or Commission order on which the utility relies; or
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions; or
- (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 re-litigating a prior order of the Commission).

Any protest or response must be made in writing or by electronic mail and must be received by the Commission's Division of Water and Audits within 20 days of the date this advice letter is filed. The advice letter process does not provide for any protests, responses or other comments, except for a reply by Great Oaks, after the 20-day comment period expires. The address for mailing or delivering a protest or response is:

Tariff Unit, Division of Water and Audits, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
water_division@cpuc.ca.gov

On the same date any protest or response is submitted to the Water Division, the protesting or responding person, entity or party must serve a copy of the protest or response on Great Oaks addressed to:

Timothy S. Guster
Great Oaks Water Co.
PO Box 23490
San Jose, CA 95153
Telephone: (408) 227-9540
Facsimile: (408) 227-7126
Email: tguster@greatoakswater.com

Great Oaks Water Company

/s/

Timothy S. Guster
General Counsel
Legal and Regulatory Affairs

cc: Richard Rauschmeier
Syreeta Gibbs

VERIFICATION

I am an officer of the Great Oaks Water Company and am authorized to make this verification on its behalf. The statements in the foregoing document, Great Oaks Water Co.'s Advice Letter 299-W, are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 14, 2021 at San Jose, California.

_____/s/_____
Timothy S. Guster

Certificate of Service

I hereby certify that I have this day served a copy of Great Oaks Water Co.’s Advice Letter 299-W on the parties listed on the following Distribution List by mailing a properly addressed copy by email (designated (e)) or first class mail with postage prepaid. Workpapers are available upon request.

Executed on May 14, 2021 at San Jose, California.

 /s/
 Timothy S. Guster

Great Oaks Water Co. Distribution List

Municipal Water System*
 City of San Jose
 3025 Tuers Road
 San Jose, CA 95121

County Clerk*
 County of Santa Clara
 70 W. Hedding Street
 San Jose, CA 95110

Safe Drinking Water Office*
 Department of Water Resources
 1416 9th Street, Room 804
 Sacramento, CA 95814

Office of Regulatory Affairs(e)*
 California Water Service Company
 1720 North First Street
 San Jose, CA 95112

Santa Clara Valley Water District*
 5750 Almaden Expressway
 San Jose, CA 95118

Richard Rauschmeier (e)
 Public Advocates Office
 California Public Utilities Commission
 505 Van Ness Avenue
 San Francisco, CA 94102

Syreeta Gibbs (e)
 Public Advocates Office
 California Public Utilities
 Commission
 505 Van Ness Avenue
 San Francisco, CA 94102

Legal Division
 California Public Utilities Commission
 505 Van Ness Avenue
 San Francisco, CA 94102-3214

Regulatory Affairs (e)*
 San Jose Water Company
 110 West Taylor Street
 San Jose, CA 95156

*Exhibits available upon request to tguster@greatoakswater.com

Great Oaks Water Company
Advice Letter 299-W

Proposed Tariff Sheets

Schedule No. 1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area is Southeast San Jose, East of Snell Road and South of Hellyer Park.

RATES

Quantity Rates:	Per Meter Per Month	
For all water delivered, per 100 Cu. Ft.	\$ 3.2230	(R)
<u>Service Charge:</u>		
For 5/8x3/4-inch meter	\$ 16.56	(I)
For 3/4-inch meter	24.84	(I)
For 1-inch meter	41.40	(I)
For 1 1/2-inch meter	82.80	(I)
For 2-inch meter	132.49	(I)
For 3-inch meter	248.41	(I)
For 4-inch meter	414.02	(I)
For 6-inch meter	828.03	(I)
For 8-inch meter	1,324.85	(I)
For 10-inch meter	1,904.47	(I)
For 12-inch meter	2,732.51	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge for water used computed at the Quantity Rates.

(Continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 299-W

Timothy S. Guster

Date Filed _____

Decision No. D.07-05-062; D.19-09-010

General Counsel
TITLE

Effective Date: _____

Resolution No. _____

Schedule No. 1
GENERAL METERED SERVICE

Tiered Rates

Designed and Ordered by the California Public Utilities Commission

APPLICABILITY

Applicable to all single-family residential services only.

TERRITORY

The area is Southeast San Jose, East of Snell Road and South of Hellyer Park.

RATES

Quantity Rates (Tiered Rates):	Per Meter/Per Month	
For all water delivered, per 100 Cu. Ft.		
For total bi-monthly usage from 0 to 6 Ccf.	\$ 2.2915	(I)
For total bi-monthly usage above 7 to 24 Ccf.	3.9546	(I)
For total bi-monthly usage over 24 Ccf.	4.6959	(I)
 Service Charge (Conservation Rates):		
For 5/8x3/4-inch meter	\$ 16.56	(I)
For 3/4x3/4-inch meter	24.84	(I)
For 1-inch meter	41.40	(I)
For 1 1/2-inch meter	82.80	(I)
For 2-inch meter	132.49	(I)
For 3-inch meter	248.41	(I)
For 4-inch meter	414.02	(I)
For 6-inch meter	828.03	(I)
For 8-inch meter	1,324.85	(I)
For 10-inch meter	1,904.47	(I)
For 12-inch meter	2,732.51	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rates.

(Continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 299-W

Timothy S. Guster

Date Filed _____

Decision Nos. D.07-05-062; D.19-09-010

General Counsel

Effective Date: _____

TITLE

Resolution No. _____

Schedule No. 1
GENERAL METERED SERVICE
(Continued)

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. To provide ongoing funding for the Utility’s Low-Income Customer Assistance Program (LICAP), as described in Tariff Rule 22, a surcharge of \$0.1194 will be added to the Quantity Charge for all water delivered to non-LICAP participants on and after July 1, 2019. (I)
3. To amortize the balance in the Utility’s Low Income Customer Assistance Program (LICAP) balancing accounts, a surcharge of \$0.0837 will be added to the Quantity Charge for all non-LICAP customers for all water delivered beginning February 18, 2020, for a twelve-month period.
4. To amortize the balance in the Utility’s Monterey-Style WRAM account, a surcharge of \$0.2716 will be added to the Quantity Charge for all single-family residential customers for a period of two years beginning July 21, 2020.
5. To amortize the balance in the Utility’s Monterey-Style WRAM account, a surcharge of \$0.2686 will be added to the Quantity Charge for all single-family residential customers for a period of twelve months beginning November 24, 2020.
6. To amortize the balance in the Utility’s Monterey-Style WRAM account, a surcharge of \$0.1967 will be added to the Quantity Charge for all single-family residential customers for a period of twelve months beginning February 9, 2021.
7. To amortize the balance in the Utility’s Monterey-Style WRAM account, a surcharge of \$0.2178 will be added to the Quantity Charge for all single-family residential customers for a period of twelve months beginning May 10, 2021.

(To be inserted by utility)

Issued by

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

Advice Letter No. 299-W

Timothy S. Guster
NAME

Date Filed _____

Decision No D.07-05-062; D.19-09-010

General Counsel
TITLE

Effective _____

Resolution No. _____

Schedule No. 3M
IRRIGATION SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area in Southeast San Jose, East of Snell Road and South of Hellyer Park.

RATES

Quantity Rates:	Per Meter Per Month	
For all water delivered, per 100 Cu. Ft.	\$ 3.2230	(R)
Service Charge:		
For 2-inch meter	\$ 132.49	(I)
For 3-inch meter	248.41	(I)
For 4-inch meter	414.02	(I)
For 6-inch meter	828.03	(I)
For 8-inch meter	1,324.85	(I)
For 10-inch meter	1,904.47	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added to the charge for water used computed at the Quantity Rates.

(Continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 299-W

Timothy S. Guster

Date Filed _____

Decision No. D.07-05-062; D.19-09-010

General Counsel
NAME
TITLE

Effective _____

Resolution No. _____

Schedule No. 3M
IRRIGATION SERVICE
(Continued)

SPECIAL CONDITIONS

1. The Santa Clara Valley Water District requires the customer to certify the water is used to irrigate commercial agricultural crops for sale to qualify for this rate. It is an express condition of this Irrigation Service that the customer cooperates in making the necessary certification to the Water District.

2. The Santa Clara Valley Water District has surcharges or discounts applicable to water used to irrigate commercial agricultural crops if the customer/farmer participates in the Water District's special programs. These surcharges or discounts are applied per Acre Ft., are granted or imposed by the Water District each month based on the customer/farmer's level of participation, and will be passed through by the Company each month to the customer/farmer.

3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

4. To provide funding for the Utility's Customer Assistance Program (formerly LICAP), as described in Tariff Rule 22, a surcharge of \$0.1194 will be added to the Quantity Charge for all water sold to non-LICAP participants on and after July 1, 2021.

(I)
|
(I)

5. Customers who receive water deliveries for agricultural purposes under this schedule, and who present evidence to the Utility that such deliveries qualify for the lower pump tax rates levied by the Santa Clara Valley Water District for agricultural water, shall receive a credit of \$2.3350 per 100 cu.ft. used during the period covered by that bill on and after July 1, 2019.

(D)
(D)

(To be inserted by utility)

Issued by

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

Advice Letter No. 299-W

Timothy S. Guster
NAME

Date Filed _____

Decision No. D.07-05-062; D19-09-010

General Counsel
TITLE

Effective _____

Resolution No. _____

Schedule No. 6
CONTRACT RESALE SERVICE

APPLICABILITY

Potable water metered service delivered to a water retailer by contract at location outside the Company's certified service territory.

TERRITORY

Wholesale water service may be obtained for use outside the Company's certified service territory.

RATES

Quantity Rates:

For all water delivered, per 100 Cu. Ft. \$ 3.2213 (R)

Service Charge:

Per Meter
Per Month

For 2-inch meter	\$ 132.49	(I)
For 3-inch meter	248.41	(I)
For 4-inch meter	414.02	(I)
For 6-inch meter	828.03	(I)
For 8-inch meter	1,324.85	(I)
For 10-inch meter	1,904.47	(I)
For 12-inch meter	2,732.51	(I)

The Meter Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge for water used computed at the Quantity Rates.

(Continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 299-W

Timothy S. Guster
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Date Filed _____

Decision No. D.07-05-062; D.19-09-010 General Counsel
TITLE

Effective _____

Resolution No. _____

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(To be inserted by utility)

Issued by

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

Advice Letter No. 299-W

Timothy S. Guster

Date Filed _____

Decision No. D.19-09-010; D.07-05-062

VP & General Counsel

Effective _____

TITLE

**Great Oaks Water Company
Advice Letter 299-W**

Exhibit A Workpapers

Great Oaks Water Company

AL 299-W

Pro Forma Earnings - Test Year 2020/2021						
Item	ADOPTED	RECORDED	PRO FORMA	SOURCE	Requested	Esc %
	2020/2021	2020 Annual	EARNINGS		Attrition Yr	
	D.19-09-010	Report	2020/2021		2021/2022	
Operating Revenues						
Metered Water Service Revenues	20,749,991	20,357,851	18,168,044	WP-2	20,395,392	
Fire Protection Revenues	166,722	171,343	173,588	WP-2	173,588	
Other Water Revenues	-80,392	3,492,104	-80,392	WP-2	-80,392	
Net Balancing Account Adjustment	0	-3,488,676	0	D.19-09-010		
Total Op Revs (excl CPUC fees)	20,836,321	20,532,622	18,261,240	WP-2	20,488,588	
Operating Expenses						
Net Payroll Expense	\$2,595,548	2,866,995	2,657,841	Esc*	2,657,841	2.4%
Groundwater Charges, Acct. 700	\$10,284,777	11,040,768	9,967,082	WP-3	9,967,082	WP-3
Op. Labor & Exp (Excl Labor), Acct. 702	\$18,937	16,382	19,081	Esc	19,081	0.8%
Misc. Pump Exp., Acct. 725	\$9,469	8,191	9,541	Esc	9,541	0.8%
Purchased Power, Acct. 726	\$868,873	954,759	841,594	WP-3	841,594	WP-3
Maint Pumping Equip, Accts. 711, 732	\$34,974	276,006	35,240	Esc	35,240	0.8%
Chemicals & Filtering, Acct. 744	\$102,881	11,865	103,663	Esc	103,663	0.8%
Meter Expense, Acct. 754	\$0	305,508	0	Esc	0	0.8%
T&D Misc Expense, Acct. 756	\$9,469	8,191	9,541	Esc	9,541	0.8%
T&D Maint & Supv., Accts 753, 758	\$0	0	0	Esc	0	0.8%
Maint of Reservoirs & Tanks, Acct. 760	\$0	4,290	0	Esc	0	0.8%
Maint of T&D Mains, Acct. 761	\$147,563	195,825	148,684	Esc	148,684	0.8%
Maint of Services, Acct 763	\$30,071	94,334	30,300	Esc	30,300	0.8%
Maint of Meters, Acct 764	\$499	0	503	Esc	503	0.8%
Maint of Hydrants, Acct 765	\$10,160	31,209	10,237	Esc	10,237	0.8%
Maint of General Plant, Acct 805	\$76,183	77,183	76,762	Esc	76,762	0.8%
Meter Reading Expense, Acct 772	\$18,937	87,351	19,081	Esc	19,081	0.8%
Cust Records & Collection, Acct 773	\$150,268	738,665	151,410	Esc	151,410	0.8%
Uncollectible Accounts, Acct 775	\$47,185	18,048	35,289	WP-2	35,289	WP-2
Office Supplies & Other Exp, Acct 792	\$49,671	48,265	50,048	Esc	50,048	0.8%
Property Insurance, Acct. 793	\$84,768	98,573	88,328	Esc	88,328	4.2%
Injuries & Damages, Acct 794	\$43,669	53,398	44,001	Esc	44,001	0.8%
Employee Pensions & Bene, Acct 795	\$909,144	1,104,331	930,963	Esc	930,963	2.4%
Franchise Requirements, Acct 796	\$404,225	226,308	365,225	Calc. @ 2%	365,225	2.0%
Reg Commission Exp, Acct 797	\$18,000	351,868	18,504	Esc	18,504	2.8%
Outside Serv, Inc GRC Exp, Acct 798, 800	\$739,319	314,421	770,370	Esc	770,370	4.2%
Misc Gen Exp Inc CWA Dues, Acct 799	\$166,919	156,687	168,188	Esc	168,188	0.8%
Rents, Acct 811	\$225,919	232,526	235,408	Esc	235,408	4.2%
Transportation Exp, Acct 903	\$0	0	0	Esc	0	
Passive Inc 50% Ratepayer Credit	-\$67,952	-69,537	-67,952	D.19-09-010	-67,952	
Total O&M and A&G Expenses	\$16,979,476	19,252,410	16,718,933		16,718,933	
Depreciation Expense	\$1,454,123	1,395,158	1,454,123	D.19-09-010	1,454,123	
Taxes Other than Income	\$468,610	403,264	468,610	D.19-09-010	468,610	
Current State Income Tax	\$125,902	347,048	0	WP-4	118,234	
Current Fed Income Tax	\$315,407	657,283	0	WP-4	256,043	
Deferred Tax Expense	\$181,207	180,806	181,207	D.19-09-010	181,207	
Total Depreciation and Taxes	\$2,545,249	2,983,559	2,103,940	Calculation	2,478,217	
Total Operating Expenses	19,524,725	22,235,969	18,822,873	Calculation	19,197,149	
Net Operating Revenue	1,311,597	-1,703,347	-561,633	Calculation	1,371,830	
Rate Base	16,093,219	16,832,272	16,832,272	D.19-09-010	16,832,272	
Rate of Return, Percent	8.15%	-10.12%	-3.34%		8.15%	
Adopted Rate of Return, Percent	8.15%	8.15%	8.15%		8.15%	
Escalation Rates - April 2021	Labor	Non-Labor	Comp Per Hour	CPI-U		
	2.4%	0.0%	1.9%	4.2%		

WP-1

*Esc = Escalation Rate per Cal PA Memos

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Calculation of Pro Forma Revenues

General Metered Service		Recorded 12-Month Weighted Average Customers	Present Rates Service Charge	Pro Forma Revenue
Meter Size				
5/8 x 3/4		5,680	\$14.91	\$1,016,176
3/4		13,772	\$22.36	\$3,695,169
1		975	\$37.26	\$435,718
1 1/2		333	\$74.53	\$297,822
2		474	\$119.25	\$678,294
3		66	\$223.59	\$175,742
4		47	\$372.65	\$210,175
6		11	\$745.29	\$98,378
8		8	\$1,192.47	\$114,477
10		3	\$1,714.17	\$61,710
12		0	\$2,459.46	\$0
Total		21,367		\$6,783,661

	Adopted Avg. Usage	Weighted Avg. Customers	Proforma Usage CCF	Quantity	
SFR	118.4	19,972	2,365,424	\$2.2141	\$5,237,239
MFR	1,339.6	626	837,920	\$3.2560	\$2,728,267
Business	793.2	291	230,821	\$3.2560	\$751,554
Total Commercial		20,888	3,434,165		\$8,717,060
	Recorded Sales		Pro Forma Sales		
Industrial	1,708.0	54	85,756	\$3.2560	\$279,222
Pub. Auth.	1,232.5	146	176,267	\$3.2560	\$573,925
Schools	3,826.3	44	164,914	\$3.2560	\$536,960
Priv. Ldscpe.	1,084.3	235	319,965	\$3.2560	\$1,041,806
Agriculture	787.0	8	6,296	\$0.9210	\$5,799
Total Other		479	746,902		\$2,437,712

* SFR normalized revenue calculated using authorized tiered rates at 20 ccfs per billing period per U-34-W, para. 10.

Total General Metered Service Revenues		\$17,938,432
Plus CPUC Surcharge (pro-rata rate)	1.28%	\$229,611.93
Total General Metered Service Revenues, plus CPUC Surcharge		\$18,168,044

Private Fire Protection Service		Recorded 12-Month Weighted Average Customers	Service Charge	
Meter Size				
2		104	\$18.23	\$22,751
4		41	\$29.73	\$14,627
6		95	\$44.73	\$50,992
8		77	\$60.09	\$55,523
10		26	\$76.71	\$23,934
12		3	\$99.08	\$3,567
Total Private Fire Protection Service Revenues		346		\$171,394
Plus CPUC Surcharge	1.28%			\$2,194
Total Private Fire Protection Service Revenues, plus CPUC Surcharge				\$173,588

Total Base Rate Water Service Revenues, excluding CPUC Surcharges		\$18,109,826
Plus CPUC Surcharges		\$231,806
Total Base Rate Water Service Revenues, including CPUC Surcharges		\$18,341,632
Uncollectibles	0.19%	\$35,289

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Groundwater Charges at Current Rates 2020/2021				
Pro Forma Water Sales, ccf				
General Metered Service		4,181,067.5		
Unaccounted For Water	7.5%	313,580.1		
		4,494,647.5		
Water Production, ccf				
Water Production, AF		10,318.3	D.19-09-010	GW Charge
			GW Charge	Expense
Zone W-2, AF	56%	5,778.3	\$1,347	\$7,783,313
Zone W-5, AF	44%	4,540.1	\$481	\$2,183,769
Totals		10,318.3		\$9,967,082

Purchased Power	
Total Pro Forma Water Production, AF	10,318.3
Adopted Purchased Power Expense	\$868,873
Adopted Total Water Production, ccf	4,640,332
Adopted Total Water Production, AF	10,653
Adopted Purchased Power Expense, AF	\$81.56
Pro Forma Purchased Power Expense	\$841,594

Recorded Metered Sales, CCF CY 2020	
<u>Customer Class</u>	<u>CCF</u>
Single Family Residential	2,529,937.0
Multi Family Residential	932,851.0
Business	323,940.0
Industrial	85,756.0
Public Authorities	176,267.0
Schools	164,914.0
Private Landscapes	319,965.0
	4,533,630.0

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Calculation of Pro Forma Income Taxes				
	Rate	Escalation %	Source	2020/2021 Pro Forma
State Income Taxes				
Water Service Revenues			WP-2	\$18,168,044
Fire Protection Revenues			WP-2	\$173,588
Other Water Revenues			WP-2	-\$80,392
Total Taxable Revenues, State			Calculated	\$18,261,240
Deductions				
Operating Expenses			WP-1	\$16,718,933
Depreciation Expense			WP-1	\$1,454,123
Deferred Income Taxes			WP-1	\$181,207
Taxes Other Than Income			WP-1	\$468,610
Interest Expense			WP-4	\$328,229
Total Deductions			Calculated	\$19,151,102
Taxable Income, CCFT				-\$889,862
CCFT Rate	8.84%			
CCFT				\$0
Federal Income Taxes				
Water Service Revenues				\$18,168,044
Fire Protection Revenues				\$173,588
Other Water Revenues				-\$80,392
Total Taxable Revenues, Federal				\$18,261,240
Deductions				
Current State Income Taxes			WP-5	\$0
Operating Expenses			WP-1	\$16,718,933
Depreciation Expense			WP-1	\$1,454,123
Deferred Income Taxes			WP-1	\$181,207
Taxes Other Than Income			WP-1	\$468,610
Interest Expense			WP-4	\$328,229
Total Deductions, Federal				\$19,151,102
Taxable Income, Federal				-\$889,862
FIT Rate	21%			
Federal Income Tax				\$0.00

Calculation of Interest Expense				
	Percent of Capital	Interest Rate	Rate Base	Interest Expense
Debt Financing	30.00%	6.50%	\$16,832,272	\$328,229

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Pro Forma DPAD Calculation		
	Source	Esc %
Operating Revenues		\$18,261,240
Less O&M, A&G, & Payroll	WP-2	\$16,718,933
Less Taxes Other Than Income	WP-1	\$468,610
Less Interest Expense	WP-4	\$328,229
Less Depreciation Expense	WP-1	\$1,454,123
Less CCFT	WP-4	\$0
Total Deductions Before DPAD	Calculation	\$18,969,895
Total Income Before DPAD		-\$708,655
DPAD Calculation Per D.16-05-041		
Pumped Water %	D.16-05-041	100.00%
QPAI at 79.73% per D.16-05-041	Calculation	-\$565,011
DPAD %		0.00%
DPAD	Calculation	\$0

Attrition Year 2021/2022 LICAP Surcharge Calculation						
	Meter Size	Monthly Charge	50% Discount	x 12 Months	No. of Participants	Totals
	5/8 inch	\$16.56	\$8.28	\$99.36	1136	\$112,877.38
	3/4 inch	\$24.84	\$12.42	\$149.05	2257	\$336,396.46
	1 inch	\$41.40	\$20.70	\$248.41	6	\$1,490.46
	1.5 inch	\$82.80	\$41.40	\$496.82	1	\$496.82
Total LICAP Amount					3,400.0	\$451,261.12
					<u>CCF</u>	
LICAP Sales					402,696.0	
NON-LICAP Sales					3,778,371.5	
Escalation Year LICAP Surcharge						\$0.1194

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Requested Rates for Attrition Year 2021/2022

Customer Class	5/8" Equivalents	Normalized Sales CCF	Monthly Service Charges		
			Meter Size	Ratio	Monthly Serv. Chrg.
Single Family Res.	26,478	2,365,424	5/8"	1.0	\$16.56
Multi Family Res.	3,686	837,920	3/4"	1.5	\$24.84
Business	1,578	230,821	1"	2.5	\$41.40
Industrial	461	85,756	1.5"	5.0	\$82.80
Public Authority	1,310	176,267	2"	8.0	\$132.49
Schools	670	164,914			
Private Landscape	235	319,965			
Total	34,416	4,181,067	3"	15.0	\$248.41

Service Charge Calculation			4"	5.0	\$414.02
			6"	50.0	\$828.03
			8"	80.0	\$1,324.85
Fixed Costs		\$9,350,737.32	10"	115.0	\$1,904.47
3/4 Fixed Costs		\$7,013,052.99	12"	165.0	\$2,732.51
Minus Private Fire Protection Revenue		-\$173,587.80	14"	225.0	\$3,726.15
Total Service Charge Revenue		\$6,839,465.19			
Service Charge Per Year		\$198.73			
Service Charge Per Month		\$16.56			

Uniform Quantity Charge Calculation	
Variable Cost	\$11,218,242.21
1/4 Fixed Cost	\$2,337,684.33
Minus Other Water Revenues	-\$80,392.00
Total Quantity Charges	\$13,475,534.54
Charge per CCF	\$3.2230

Conservation Rates Calculation			
Uniform Quantity Charge			\$3.2230
Tier	CCF Range	D.16-05-041 Factor	Tiered Rates
Tier 1	0 - 12	0.7110	\$2.2915
Tier 2	13 - 20	1.2270	\$3.9546
Tier 3	> 20	1.4570	\$4.6959

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Calculation of Attrition Year 2021/2022 Income Taxes				
	Rate	Escalation %	Source	Attrition Year 2021/2022
State Income Taxes				
Water Service Revenues			WP-1	\$20,395,392
Fire Protection Revenues			WP-1	\$173,588
Other Water Revenues			WP-1	-\$80,392
Total Taxable Revenues, State			Calculated	\$20,488,588
Deductions				
Operating Expenses			WP-1	\$16,718,933
Depreciation Expense			WP-1	\$1,454,123
Deferred Income Taxes			WP-1	\$181,207
Taxes Other Than Income			WP-1	\$468,610
Interest Expense			WP-4	\$328,229
Total Deductions			Calculated	\$19,151,102
Taxable Income, CCFT				\$1,337,485
CCFT Rate	8.84%			
CCFT				\$118,234
Federal Income Taxes				
Water Service Revenues			WP-1	\$20,395,392
Fire Protection Revenues			WP-1	\$173,588
Other Water Revenues			WP-1	-\$80,392
Total Taxable Revenues, Federal			Calculated	\$20,488,588
Deductions				
Current State Income Taxes			WP-7	\$118,234
Operating Expenses			WP-1	\$16,718,933
Depreciation Expense			WP-1	\$1,454,123
Deferred Income Taxes			WP-1	\$181,207
Taxes Other Than Income			WP-1	\$468,610
Interest Expense			WP-4	\$328,229
Total Deductions, Federal			Calculated	\$19,269,336
Taxable Income, Federal			Calculated	\$1,219,252
FIT Rate	21%			
Federal Income Tax			Calculated	\$256,043
Calculation of Imputed Interest Expense				
	Percent of	Interest		Interest
	Capital	Rate	Rate Base	Expense
Debt Financing	30.00%	6.50%	\$16,832,272	\$328,229

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Bill Comparison

Average Non-LICAP Single Family Residential Customer with 3/4" Meter Using 10 ccf per Month*							
At Current Rates				At Escalation Rates			
Item	Amount	Units	Total	Item	Amount	Units	Total
Monthly Service Charge	\$22.36	2	\$44.72	Monthly Service Charge	\$24.84	2	\$49.68
Tier 1	\$1.3024	6	\$7.81	Tier 1	\$2.2915	12	\$27.50
Tier 2	\$2.6048	14	\$36.47	Tier 2	\$3.9546	8	\$31.64
M-WRAM Surcharges (4)	\$0.9547	20	\$19.09	M-WRAM Surcharges (4)	\$0.9547	20	\$19.09
LICAP Surcharge	\$0.0734	20	\$1.47	CAP Surcharge	\$0.1194	20	\$2.39
Subtotal			\$109.56	Subtotal			\$130.30
CPUC Fee	1.43%		\$1.57	CPUC Fee	1.43%		\$1.86
Subtotal			\$111.13	Subtotal			\$132.16
SJ Utility Tax	5.00%		\$5.56	SJ Utility Tax	5.00%		\$6.61
Total			\$116.69	Total			\$138.77
				Increase	\$22.08		
				% Increase	18.93%		

Bill Comparison Using Uniform Quantity Rate - SFR Customer with 3/4" Meter Using 10 ccf per Month*							
At Current Rates				At Escalation Rates			
Item	Amount	Units	Total	Item	Amount	Units	Total
Monthly Service Charge	\$22.36	2	\$44.72	Monthly Service Charge	\$24.89	2	\$49.78
Quantity Charges	\$3.2560	20	\$65.12	Quantity Charges	\$3.2230	20	\$64.46
M-WRAM Surcharges (4)	\$0.9547	20	\$19.09	M-WRAM Surcharges (4)	\$0.9547	20	\$19.09
LICAP Surcharge	\$0.0734	20	\$1.47	CAP Surcharge	\$0.1194	20	\$2.39
Subtotal			\$130.40	Subtotal			\$135.72
CPUC Fee	1.43%		\$1.86	CPUC Fee	1.43%		\$1.94
Subtotal			\$132.27	Subtotal			\$137.66
SJ Utility Tax	5.00%		\$6.61	SJ Utility Tax	5.00%		\$6.88
Total			\$138.88	Total			\$144.55
				Increase	\$5.67		
				% Increase	4.08%		

*Comparisons do not include temporary surcharges