



# GREAT OAKS WATER COMPANY

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November 29, 2021

California Public Utilities Commission  
Water Division  
Room 3102  
505 Van Ness Avenue  
San Francisco, CA 94102-3298

**Advice Letter 306-W  
Great Oaks Water Company (U-162-W) to the California Public  
Utilities Commission Requesting Drinking Water Fees Expense  
Memorandum Account**

Great Oaks Water Company (Great Oaks) transmits this Tier 2 advice letter filing to establish a new Drinking Water Fees Expense Memorandum Account (DWFMA) to track increased public water systems annual fees as charged to Great Oaks by the State Water Resources Control Board (State Board). The following changes in tariff schedules applicable to Great Oaks entire service area are proposed:

| CPUC Sheet No. | Title of Tariff Sheet | Canceling Sheet No. |
|----------------|-----------------------|---------------------|
| 982-W          | Preliminary Statement | 841-W               |
| 983-W          | Table of Contents     | 981-W               |

Summary of Advice Letter 306-W

On September 22, 2021, the State Water Resources Control Board (State Water Board) adopted emergency regulations that adjusted drinking water fees to conform to the revenue levels set forth in the Budget Act for fiscal year

(FY) 2021-22. The proposed emergency regulation will adjust the fee schedule adopted in FY 2019-20 to increase fees approximately 26.6 percent on average for community water systems, including Great Oaks.

The State Board's new drinking water fees results in a dramatic increase in expenses to Great Oaks for the same level of service. The new and higher expenses are not included in presently-authorized rates. The requested memorandum account will track the actual difference between drinking water fees charged by the State Board under its new billing methodology and the drinking water fees authorized by the California Public Utilities Commission (Commission) in the proceedings on Great Oaks' 2021 general rate case application (Application (A.) 21-07-001). Great Oaks will incorporate drinking water fees under the new State Board billing methodology into its next general rate case (to be filed in 2024), and the requested memorandum account will be scheduled expire when those new rates go into effect.

#### Application of Standard Practice U-27-W Requirements for new Memorandum Accounts

In order to qualify for a new memorandum account, the four requirements of Standard Practice U-27-W must be met. As discussed below, this request complies with those requirements.

1. The expense is caused by an event of an exceptional nature that is not under the utility's control.

The action by the State Water Board was taken in an emergency rulemaking. The State Water Board, of course, is not under Great Oaks' control, making the new, higher expenses both exceptional in nature and not under Great Oaks' control.

2. The expense cannot have been reasonably foreseen in the utility's last general rate case and will occur before the utility's next general rate case.

Because the action by the State Water Board was taken in an emergency rulemaking, the expenses could not have been reasonably foreseen in Great Oaks' pending general rate case (A.21-07-001) and will be incurred before the next scheduled general rate case in 2024.

3. The expense is of a substantial nature as to the amount of money involved when any offsetting cost decreases are taken into account.

The State Water Board estimates that its action will increase drinking water fees by approximately 26.6 percent, which is a substantial increase over both currently authorized fee expenses and drinking water fee expenses projected in A.21-07-001 (which are based upon normal increases and not the substantial increase in drinking water fee expenses that will result from the recent State Water Board action).

4. The ratepayers will benefit by the memorandum account treatment.

Payment of drinking water fees provides funding to the State Board for issuing permit amendments, reviewing compliance data, and conducting sanitary inspections, all of which are activities directly benefitting ratepayers by ensuring a safe drinking water supply.

Terms and Conditions of DWFMA

Great Oaks has patterned the terms and conditions of its requested DWFMA after the authorized terms and conditions of the DWFMA approved by the Commission in 2017 (Advice Letter 263-W). The requested terms and conditions are provided in proposed Tariff Sheet 978-W attached hereto.

Other Pending Advice Letters

At this time, Great Oaks has no other pending advice letters.

No Effect on Water Service

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

Effective Date – September 22, 2021

Great Oaks requests that the terms and conditions of the requested memorandum account requested in this Advice Letter become effective September 22, 2021, the date of the State Water Board emergency action.

Tier Designation

This is a Tier 2 Advice Letter pursuant to General Order 96-B and Water Industry Rules 7.3.2(6) and 7.3.2(8).

Notice and Service

Notice is being provided by publishing this Advice Letter on Great Oaks' website ([www.greatoakswater.com](http://www.greatoakswater.com)) and through service 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 Water Division of the Commission 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, Water Division, 3rd floor  
California Public Utilities Commission,  
505 Van Ness Avenue, San Francisco, CA 94102  
[water\\_division@cpuc.ca.gov](mailto: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, 408-227-9540, 408 227-7126 (fax), email: [tguster@greatoakswater.com](mailto:tguster@greatoakswater.com).

Great Oaks Water Company

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*/s/*

Timothy S. Guster  
General Counsel  
Legal and Regulatory Affairs

## 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 306-W, are true of my own knowledge, except as to matters that 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 November 29, 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 306-W on the parties listed on the following Distribution List by mailing a properly addressed copy by first class mail with postage prepaid.

Executed on November 29, 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

State Water Resources Control Board  
Division of Drinking Water  
850 Marina Bay Parkway  
Building P, 2<sup>nd</sup> Floor  
Richmond, CA 94804

Office of Regulatory Affairs\*  
California Water Service Company  
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(via email: rateshelp@calwater.com)

Santa Clara Valley Water District  
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Regulatory Affairs\*  
San Jose Water Company  
110 West Taylor Street  
San Jose, CA 95115

Great Oaks Water Company  
Advice Letter 306-W

Proposed Tariff Sheets



PRELIMINARY STATEMENT  
(Continued)

X. Drinking Water Fees Memorandum Account.

(N)

1. Purpose. The purpose of the Drinking Water Fees Memorandum Account (DWFMA) is to track the difference between all actual drinking water fees charged by the State Water Resources Control Board (State Board) (based upon the revised fee schedule adopted by the State Board on September 22, 2021) and the drinking water fees authorized in rates.
2. Applicability. The DWFMA will track the difference between the annual drinking water fees charged by the State Board and the drinking water fees authorized in rates. Interest shall accrue on a monthly basis by applying a 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.
3. Disposition. If, alone or when combined with other authorized memorandum account balances, the accumulated balance for the DWFMA exceeds two percent (2%) of the total authorized revenue requirement for the prior calendar year, the Utility will file an advice letter to amortize the balance. Prior to recovery, charges made to the DWFMA are subject to a reasonableness review in the Utility's next General Rate Case or in an appropriate advice letter filing. The recovery of over or under-collections will be passed on to customers through volumetric surcredits or surcharges.
4. Effective Date. The DWFMA shall go into effect on the effective date of Advice Letter 306-W. The DWFMA shall sunset with the effective date of the Utility's rates from its 2024 general rate case application.

(N)

(To be inserted by utility)  
Advice Letter No. 306-W

Issued by  
Timothy S. Guster  
NAME  
General Counsel  
TITLE

(To be inserted by Cal. P.U.C.)  
Date Filed \_\_\_\_\_

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

Effective \_\_\_\_\_

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

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The following listed tariff sheets contain all effective rates and rules affecting the charges and service of the utility, together with other pertinent information.

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(To be inserted by utility)

*Issued by*

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

Advice Letter No. 306-W

Timothy S. Guster

Date Filed \_\_\_\_\_

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

VP & General Counsel

Effective \_\_\_\_\_

TITLE