



GREAT OAKS WATER COMPANY

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June 9, 2023

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

Advice Letter 318-W Great Oaks Water Company (U-162-W) to the California Public Utilities Commission

Great Oaks Water Company (Great Oaks) transmits this Tier 3 advice letter requesting a resolution from the California Public Utilities Commission (Commission) authorizing Great Oaks to offset the adjusted balance in its Conservation Lost Revenue Memorandum Account (Conservation Memo Account) with excess usage surcharges that were assessed in accord with Great Oaks' authorized Schedule No. 14.1 and recorded as required under Commission Resolution (Res.) W-4976 in Great Oaks' authorized Excess Usage Surcharge and Conservation Expense Memorandum Account (Surcharge and Expense Memo Account).

Great Oaks also requests continuing authority to utilize the remaining balance of excess usage surcharges to amortize other memorandum and balancing accounts with under-collected balances, with appropriate approval from the Commission.

By this Advice Letter, Great Oaks seeks no changes to rates or to its authorized tariffs. Moreover, this advice letter does not request a surcharge or other increase in the cost of water service to Great Oaks' customers. The requested continuing authority to amortize memorandum and balancing accounts with the remaining excess usage surcharges will also prevent/defer surcharge-based rate increases until the balance of excess usage surcharges is fully exhausted.

Summary of AL 318-W Request

Great Oaks requests authority to reduce and then amortize the \$209,053 of conservation lost revenues and expenses incurred by Great Oaks by offsetting the amount remaining after the required ROE adjustment with excess usage surcharges of the same amount billed and received by the Company during the period such surcharges were assessed under its Schedule No. 14.1. Each step of the process is described in detail below.

Great Oaks further requests that it be authorized to utilize the remaining balance in the Surcharge and Expense Memo Account to amortize under-collected balances in other authorized memorandum and balancing accounts. This request is consistent with the authority granted to Great Oaks when the Commission approved the Settlement Agreement between Great Oaks and the Public Advocates Office (Cal Advocates) for Great Oaks' 2018 General Rate Case¹, all as discussed in more detail below.

Granting the requested authority will result in no impact upon Great Oaks' rates or service.

I. Background

A. Water Shortage Emergency and Commission Authorizations

On June 9, 2021, the Santa Clara Valley Water District (Valley Water) declared a water shortage emergency within Santa Clara County, including Great Oaks' service area. Valley Water called for mandatory conservation during the period of the water shortage emergency equal to a fifteen percent (15%) reduction in water usage as compared to water usage in 2019.

On that same day, Great Oaks filed Advice Letter 301-W requesting authorization to update and activate its Schedule No. 14.1 Mandatory Water Conservation tariff consistent with the declared water shortage emergency. On July 15, 2021, the Commission approved Advice Letter 301-W, with an effective date of July 13, 2021. Great Oaks immediately activated the updated Schedule No. 14.1, including Drought Allocations and Excess Usage Surcharges. Schedule No. 14.1 Mandatory

¹ See, D.19-09-010, Settlement Agreement, at pp. 37-38.

Conservation tariffs remained in effect until Valley Water declared an end to the previously declared water shortage emergency on April 11, 2023.

Also on July 9, 2021, Great Oaks requested authority to establish a Conservation Memo Account and a Surcharge and Expense Memorandum Account.² On July 15, 2021, the Commission approved of both memorandum accounts, each with the effective date of June 9, 2021. The first excess usage surcharges authorized under Advice Letter 302-W were billed and paid in September 2021 and were recorded in the Surcharge and Expense Memo Account that same month.³

On April 11, 2023, Valley Water declared an end to the water shortage emergency and mandatory water usage reductions. On April 12, 2023, Great Oaks filed Advice Letter 314-W to notify the Commission that Great Oaks was deactivating Stage 2 and Section F of its Tariff Schedule No. 14.1 and activating Stage 1 thereof. Valley Water continues its call for conservation at the same levels as during the water shortage emergency, but now those reduced usage conservation measures are voluntary, rather than mandatory. As indicated in Advice Letter 314-W, Stage 1 of Great Oaks Schedule No. 14.1 remains active, as mandatory conservation measures pertaining to prohibited, non-essential, and unauthorized water use remain in effect. The Commission approved Advice Letter 314-W on May 12, 2023.

Since the filing of Advice Letter 314-W, Great Oaks has compiled the information necessary to file this Advice Letter 318-W to amortize the adjusted balance of conservation lost revenues recorded in the Conservation Memo Account. The Exhibit A Advice Letter 318-W Workpapers provided herewith include the balance in the Conservation Memo Account.

B. Procedure for Amortizing Conservation Lost Revenues

The procedure for amortizing conservation lost revenues and expenses properly recorded by Great Oaks is provided in Commission Resolution (Res.) W-4976.

On February 27, 2014, the Commission issued Res. W-4976 adopting drought procedures for water conservation, rationing, and service connection moratoria. Res. W-4976 required all Class A and B water utilities with a Tariff Rule 14.1 to activate it within thirty days and to provide the Commission's Water Division with notice by letter and email of the utility's activation thereof and the reasons for such activation.

Great Oaks Advice Letter 301-W provided the required notice to the Water Division for activation and updating of Great Oaks' Schedule No. 14.1 for the subject

² Great Oaks Advice Letter 302-W was filed June 9, 2021, and was supplemented by Advice Letter 302-W-A on July 9, 2021.

³ Great Oaks has a bi-monthly billing cycle for most customers.

mandatory water conservation period of the water shortage emergency declared by Valley Water.

Res. W-4976 also authorized water utilities without a full revenue decoupling Water Revenue Adjustment Mechanism (WRAM)⁴ to request authorization for a memorandum account to track lost revenues associated with Tariff Rule 14.1 conservation measures. Great Oaks Advice Letter 302-W-A was filed and approved for this purpose, with an effective date of June 9, 2021.

Great Oaks Advice Letter 314-W provided the required notice of the end of both the declared water shortage emergency and the deactivation of Stage 2 (mandatory conservation between 10% and 20%), with an effective date of April 11, 2023.

Great Oaks recorded entries in the Conservation Memo Account according to the terms of its authorized tariff since the effective date through April 11, 2023, the end of the declared water shortage emergency and the mandatory water conservation measures in effect for its duration.

II. Relief Requested

A. Great Oaks' Authorized Conservation Memo Account

Great Oaks requested and received authority to establish its Conservation Memo Account pursuant to Res. W-4976 through its Advice Letter 302-W-A. Entries recorded in the Conservation Memo Account are included in the Exhibit A Advice Letter 318-W Workpapers.

Great Oaks' rate year is the period of time from July 1 to June 30. The period of time covered by this Advice Letter spans nearly two years, June 9, 2021 through April 11, 2023. Because Advice Letter 302-W-A was not approved until July 9, 2021, Great Oaks did not record any conservation lost revenues for June of 2021. Thus, only two rate years are involved in this amortization request.

B. Recorded Conservation Lost Revenues

Great Oaks has complied with the terms and conditions of its Conservation Memo Account since its establishment and effective date of June 9, 2021. Through April 11, 2023, balance in the Conservation Memo Account is \$248,449.⁵ Details of the conservation lost revenues and expenses recorded in the Conservation Memo Account are provided in the Exhibit A AL 318-W Workpapers on the "Conservation Lost Revenues" tab and are summarized below.

⁴ Great Oaks does not have a full or partial revenue-decoupling WRAM.

⁵ The exact balance of \$248,449.13 has been rounded down to \$248,449.

(1) Rate Year 2021/2022: July 2021 through June 2022.

Conservation lost revenues (with interest) recorded during the July 2021 through June 2022 period were \$61,753.90.⁶

(2) Rate Year 2022/2023: July 2022 through April 11, 2023.

Conservation lost revenues (with interest) recorded during the 2022/2023 rate year were \$186,695.23.⁷ Note that sales from July 1, 2022 through April 11, 2023 represent 81.06% of normalized annual sales.⁸

(3) Total Conservation Lost Revenues and Expenses.

The balance recorded in the Conservation Memo Account is the combined balances of the years referenced above, \$248,449.13.

(4) Surcharge and Expense Memo Account.

Great Oaks recorded all excess usage surcharges billed and received in its Surcharge and Expense Memo Account. The balance in the account as of the date the water shortage emergency and mandatory conservation measures ended was \$7,479,783.59.⁹ No conservation expenses were recorded in the account.

C. Commission Procedure to Amortize Conservation Lost Revenues

Res. W-4976, issued February 28, 2014, not only authorized the establishment of Conservation Lost Revenue Memorandum Accounts, but also set forth the procedure for amortization of balances in such accounts:

The following procedures for amortizing the recovery of the lost revenue memorandum account was approved in Res. W-4781 and this procedure should be used. Before seeking recovery of the memorandum account balance, the utility subtracts from the balance a revenue requirement amount equal to a 20-basis point reduction in the utility's most recent adopted return on equity. Then if necessary, the utility further reduces the amount to be recovered to a level sufficient to ensure that such recovery does not cause the utility to exceed its authorized

⁶ Exhibit A AL 318-W Workpapers, Conservation Lost Revenues, Cell W28.

⁷ *Id.*, at Cell W41 (Total = W41 – W28).

⁸ *Id.*, at Monthly Sales %.

⁹ Exhibit A AL 318-W Workpapers, Excess Usage Surch. tab.

rate of return for the period covered by the memorandum account.¹⁰

In addition to this procedure, Res. W-4976 also provides utilities with instructions on how to utilize “[a]ll monies collected by the utility through water use violation fines” under Schedule No. 14.1. Such monies are not to be accounted for as income, but rather “booked to a memorandum account to offset authorized expenses incurred and lost revenues from reduced sales due to conservation or rationing.”¹¹

Great Oaks is following Res. W-4976’s required procedures in this advice letter, as discussed more in detail below.

(1) Reduction in Authorized Return on Equity.

Great Oaks’ authorized return on equity for the period covered by this advice letter is 8.15%, per D.18-12-002. A 20-basis point reduction in the authorized return on equity would reduce the return on equity to 8.65%. The table below shows the calculation of the Res. W-4976 required reduction in the return on equity.

| Calculation of ROE Adjustment Per Res. W-4976 | | | | |
|-----------------------------------------------|----------------|------------|-------|----------------|
| Authority | Debt/Equity | Percentage | Rate | Rate of Return |
| D.18-12-002 | Long Term Debt | 30.00% | 6.50% | 1.95% |
| | Common Equity | 70.00% | 8.85% | 6.20% |
| Rate of Return | | 100.00% | | 8.15% |
| | | | | |
| ROE Adjustment | | | | |
| | Long Term Debt | 30.00% | 6.50% | 1.95% |
| Res. W-4976 | Common Equity | 70.00% | 8.65% | 6.055% |
| Rate of Return | | 100.00% | | 8.01% |

After calculating the adjustment to Great Oaks’ return on equity, it is necessary to convert the ROE adjustment to dollars. And, because the period covered by this advice letter spans parts of two different rate years, it is necessary to determine the dollar value of the ROE adjustment for each of those rate years, and then calculate the amount of the ROE adjustment for the partial 2022/2023 period.

The ROE adjustment for the period covered by this advice letter is shown in the table below and is supported by the calculations on the Exhibit A AL 318-W Workpapers, on the tab entitled “ROE Adjustment.”

¹⁰ Res. W-4976, Attachment A – Drought Procedures – paragraph 36, pages 12-13.

¹¹ *Id.*, at paragraph 24, page 9.

| Rate Year ROE Adjustments Per Res. W-4976 | | |
|-------------------------------------------|--------------|-------------------------|
| Rate Year > | 2021/2022 | 2022/2023 ¹² |
| Auth. Revs. @ 8.15% | \$21,738,457 | \$18,902,312 |
| Auth. Revs. @ 8.01% | \$21,714,892 | \$18,882,782 |
| Difference | -\$23,565 | -\$19,530 |
| Total ROE Adjustment | | -\$39,396 |

Applying the ROE adjustment to the balance in the Conservation Memo Account results in a reduced balance of \$209,052 (\$248,449 - \$39,396).

(2) No Further Reductions Required Per Res. W-4976.

As noted above, Res. W-4976 requires further reductions in the Conservation Memo Account balance being amortized if necessary to ensure the utility does not exceed its authorized rate of return. Great Oaks is providing a summary of earnings for each rate year covered by this advice letter in the Exhibit A AL 318-W Workpapers that shows the maximum amount recoverable during each year¹³ so that no “excess” recovery is being requested. The amount being amortized in this advice letter (\$209,053) is less than the maximum amount recoverable under the Res. W-4976 limitations, so no additional reduction in the Conservation Memo Account balance is required.

(3) Offset of Conservation Lost Revenues with Excess Usage Surcharges.

During the same period excess usage surcharges were in effect – July 2021 through April 11, 2023 – total excess usage surcharges billed and received totaled \$7,479,783.59.¹⁴ Sufficient excess usage surcharges exist to offset the Conservation Memo Account balance being amortized, resulting in no changes in rates or other charges to customers. The remaining balance of excess usage surcharges (\$7,270,730.59) will continue to be held for future disposition and will continue to accrue interest in the Great Oaks authorized Surcharge and Expense Memo Account.

D. Request for Continuing Authority to Utilize Excess Usage Surcharges to Amortize Memorandum and Balancing Accounts

¹² July 1, 2022 through April 11, 2023 represents 81.06% of normalized sales. See, Ex. A AL 318-W Workpapers, Monthly Sales.

¹³ See Exhibit A AL 318-W Workpapers at the tabs entitled: SOE 2021-2022 and SOE 2022-2023. This amount is recorded in Great Oaks’ Surcharge and Expense Memo Account that was authorized through Advice Letter

¹⁴ Exhibit A AL 318-W Workpapers, Excess Usage Surch. tab.

At the end of the last drought period that included both mandatory conservation measures and excess usage surcharges, Great Oaks and Cal Advocates reached an agreement that called for the use of excess usage surcharges to amortize the balance of conservation lost revenues and to amortize under-collected balances in other memorandum and balancing accounts. That agreement was part of the overall Settlement Agreement reached between Great Oaks and Cal Advocates on the issues presented in Great Oaks' 2018 General Rate Case Application (A.18-07-002). The relevant portion of the Settlement Agreement states:

Any remaining balance in the [Conservation Lost Revenue and Expense Memorandum] account may be used by Great Oaks when amortizing under-collected balances in authorized balancing or memorandum accounts during the three-year period of this general rate case, with any remaining amounts to be used as a deduction from authorized revenues in rate year 2022 – 2023.¹⁵

Great Oaks proposes that similar authority be granted for the handling of remaining excess usage surcharges recorded in Great Oaks' Surcharge and Expense Memo Account. Great Oaks acknowledges and agrees that D.19-09-010 is not precedent for this requested authority, as D.19-09-010 approved a Settlement Agreement.

But Great Oaks also acknowledges and agrees that such authority “is reasonable because it balances the interests of the utility and ratepayers.”¹⁶ By granting such authority, Great Oaks will be authorized to utilize excess usage surcharges to amortize memorandum and balancing accounts with under-collections that would otherwise require the imposition of surcharges on customers. In addition, should there be any remaining balance in the Surcharge and Expense Memorandum Account on June 30, 2024, that amount will essentially be “refunded” to customers through a reduction in Great Oaks' authorized revenues for rate year 2024/2025 and a corresponding reduction in rates.

Great Oaks further represents that the requested continuing authority for the use of excess usage surcharges is consistent with law, as it does not contravene or compromise any statutory provisions or prior Commission decisions.

In this Advice Letter, Great Oaks requests the following specific and continuing authority:

¹⁵ D.19-09-010, Settlement Agreement, p. 38.

¹⁶ See, e.g., D.19-09-010, at p. 29 (Conclusion of Law 3).

Any remaining balance in the Excess Usage Surcharge and Conservation Expense Memorandum Account may be used by Great Oaks when amortizing under-collected balances in authorized balancing or memorandum accounts during the period between the effective date of this Resolution and the beginning of Great Oaks' next rate year on July 1, 2024. Great Oaks shall use any remaining amounts as a deduction from authorized revenues in rate year 2024/2025 in its attrition year advice letter filing.

III. Advice Letter Procedure

(1) Effective Date – June 9, 2023.

Great Oaks requests that the effective date of the requested resolution be the filing date of this advice letter – June 9, 2023.

(2) Tier Designation.

This is a Tier 3 Advice Letter pursuant to Res. W-4976.

(3) Notice and Service.

This advice letter is being posted to Great Oaks Water Company's website and is also being served upon the Distribution List provided below.

(4) 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:

- (a) The utility did not properly serve or give notice of the Advice Letter; or
- (b) 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
- (c) The analysis, calculations, or data in the Advice Letter contain material error or omissions; or
- (d) The relief requested in the Advice Letter is pending before the Commission in a formal proceeding; or

(e) The relief requested in the Advice Letter requires consideration in a formal hearing, or is otherwise inappropriate for the Advice Letter process; or

(f) 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

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.

Respectfully submitted,

Great Oaks Water Company

/s/
Timothy S. Guster
Vice President and 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 318-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 June 9, 2023 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 318-W on the parties listed on the following Distribution List by mailing a properly addressed copy by first class mail with postage prepaid, or by email if designated with an (e) below.

Executed on June 9, 2023 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, 2nd Floor
Richmond, CA 94804

Office of Regulatory (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

Great Oaks Water Company

Exhibit A Advice Letter 318-W Workpapers

Exhibit A Great Oaks Water Company Advice Letter 318-W Workpapers - Conservation Lost Revenues

| Month | Revenue Component | | | Variable Expense Component | | | | | | | Conservation Expenses Not Already Included In Rates | Current Under (Over) | Cumulative Under (Over) | Cumulative Under (Over) With Interest | | |
|----------------------------|------------------------------------|-------------------------------------|----------------------|----------------------------|--------------------------------------------|--------------------------------|--------------------------|---------------------------|----------------------|----------------------|-----------------------------------------------------|----------------------|-------------------------|---------------------------------------|-------------------------|---------------|
| | Adopted Revenue Based On ccf Sales | Recorded Revenue Based On ccf Sales | Revenue Under (Over) | Adopted Water Sales In AE | Adopted var. Expense Per AF Of Water Sales | Recorded ccf Water Sales To AE | Adopted Variable Expense | Recorded Variable Expense | Expense Under (Over) | Current Under (Over) | | | | | Cumulative Under (Over) | Interest Rate |
| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q |
| | | | =B-C | | | | =E*F | =F*G | =H-I | | =D-J+K | | | | | |
| Jul-21 | \$997,608.91 | \$975,207.69 | \$22,401.22 | 656.222 | \$1,341.14 | 641.443 | \$880,083.62 | \$860,262.70 | \$19,820.92 | \$0.00 | \$2,580.30 | \$2,580.30 | 0.10% | \$0.11 | \$0.11 | \$2,580.40 |
| Aug-21 | \$1,607,747.17 | \$1,542,955.26 | \$64,791.91 | 1,057.486 | \$1,341.14 | 1,014.880 | \$1,418,233.66 | \$1,361,092.48 | \$57,141.19 | \$0.00 | \$7,650.72 | \$10,231.02 | 0.10% | \$0.53 | \$0.64 | \$10,231.66 |
| Sep-21 | \$1,465,015.26 | \$1,384,669.43 | \$80,345.83 | 963.643 | \$1,341.14 | 910.759 | \$1,292,376.64 | \$1,221,451.85 | \$70,924.79 | \$0.00 | \$9,421.04 | \$19,652.06 | 0.10% | \$1.25 | \$1.89 | \$19,653.94 |
| Oct-21 | \$1,309,608.17 | \$1,219,638.96 | \$89,969.21 | 861.384 | \$1,341.14 | 802.218 | \$1,155,234.27 | \$1,075,883.65 | \$79,350.62 | \$0.00 | \$10,618.59 | \$30,270.65 | 0.11% | \$2.29 | \$4.17 | \$30,274.82 |
| Nov-21 | \$999,354.45 | \$930,717.41 | \$68,637.04 | 657.346 | \$1,341.14 | 612.173 | \$881,591.25 | \$821,007.97 | \$60,583.28 | \$0.00 | \$8,053.76 | \$38,324.40 | 0.14% | \$4.00 | \$8.18 | \$38,332.58 |
| Dec-21 | \$909,404.00 | \$868,519.44 | \$40,884.56 | 598.125 | \$1,341.14 | 571.266 | \$802,166.89 | \$766,146.32 | \$36,020.57 | \$0.00 | \$4,863.99 | \$43,188.39 | 0.17% | \$5.77 | \$13.95 | \$43,202.34 |
| Total - 2021 | \$7,288,737.96 | \$6,921,708.19 | \$367,029.77 | 4,794.206 | \$15,634.52 | 4,552.739 | \$6,429,686.34 | \$6,105,844.96 | \$323,841.38 | \$0.00 | \$43,188.39 | \$43,188.39 | | \$13.95 | \$13.95 | \$43,202.34 |
| 12/31/2021 Balance Forward | | | \$367,029.77 | | | | | | \$323,841.38 | \$0.00 | | \$43,188.39 | | | \$13.95 | \$43,202.34 |
| Jan-22 | \$892,603.64 | \$872,465.36 | \$20,138.28 | 587.156 | \$1,341.14 | 573.863 | \$787,456.74 | \$769,628.16 | \$17,828.58 | \$0.00 | \$2,309.70 | \$45,498.10 | 0.15% | \$5.54 | \$19.49 | \$45,517.59 |
| Feb-22 | \$828,898.93 | \$873,621.82 | (\$44,722.89) | 545.171 | \$1,341.14 | 574.619 | \$731,149.14 | \$770,642.97 | (\$39,493.83) | \$0.00 | (\$5,229.06) | \$40,269.03 | 0.21% | \$7.50 | \$27.00 | \$40,296.03 |
| Mar-22 | \$988,473.75 | \$1,069,756.46 | (\$81,282.71) | 650.146 | \$1,341.14 | 703.631 | \$871,935.32 | \$943,665.45 | (\$71,730.13) | \$0.00 | (\$9,552.58) | \$30,716.45 | 0.63% | \$18.63 | \$45.63 | \$30,762.09 |
| Apr-22 | \$1,100,399.85 | \$1,106,802.61 | (\$6,402.76) | 723.785 | \$1,341.14 | 727.991 | \$970,694.34 | \$976,334.84 | (\$5,640.50) | \$0.00 | (\$762.26) | \$29,954.19 | 0.87% | \$21.99 | \$67.62 | \$30,021.82 |
| May-22 | \$1,354,917.89 | \$1,257,506.84 | \$97,411.05 | 891.239 | \$1,341.14 | 827.125 | \$1,195,273.77 | \$1,109,287.18 | \$85,986.59 | \$0.00 | \$11,424.46 | \$41,378.66 | 1.08% | \$32.10 | \$99.72 | \$41,478.38 |
| Jun-22 | \$1,486,122.99 | \$1,313,870.28 | \$172,252.71 | 977.553 | \$1,341.14 | 864.199 | \$1,311,032.58 | \$1,159,009.47 | \$152,023.11 | \$0.00 | \$20,229.60 | \$61,608.26 | 1.07% | \$45.91 | \$145.64 | \$61,753.90 |
| Jul-22 | \$1,809,197.62 | \$1,554,374.08 | \$254,823.54 | 1,069.904 | \$1,448.00 | 919.251 | \$1,549,217.62 | \$1,331,072.53 | \$218,145.09 | \$0.00 | \$36,678.45 | \$98,286.71 | 2.44% | \$162.56 | \$308.20 | \$98,594.90 |
| Aug-22 | \$1,795,783.58 | \$1,562,487.85 | \$233,295.73 | 1,062.005 | \$1,448.00 | 924.052 | \$1,537,780.41 | \$1,338,023.86 | \$199,756.55 | \$0.00 | \$33,539.18 | \$131,825.89 | 2.57% | \$246.41 | \$554.61 | \$132,380.50 |
| Sep-22 | \$1,636,037.72 | \$1,418,712.51 | \$217,325.21 | 967.548 | \$1,448.00 | 839.019 | \$1,401,005.99 | \$1,214,896.97 | \$186,109.02 | \$0.00 | \$31,216.19 | \$163,042.08 | 2.57% | \$315.75 | \$870.37 | \$163,912.45 |
| Oct-22 | \$1,463,580.34 | \$1,288,065.80 | \$175,514.54 | 865.535 | \$1,448.00 | 761.759 | \$1,253,291.55 | \$1,103,024.72 | \$150,266.84 | \$0.00 | \$25,247.70 | \$188,289.79 | 3.81% | \$557.74 | \$1,428.10 | \$189,717.89 |
| Nov-22 | \$1,117,568.81 | \$1,026,079.42 | \$91,489.39 | 660.957 | \$1,448.00 | 606.817 | \$957,064.13 | \$878,669.54 | \$78,394.59 | \$0.00 | \$13,094.80 | \$201,384.59 | 4.25% | \$690.05 | \$2,118.15 | \$203,502.74 |
| Dec-22 | \$1,016,837.21 | \$933,840.25 | \$82,996.96 | 601.350 | \$1,448.00 | 552.269 | \$870,753.38 | \$799,683.79 | \$71,069.59 | \$0.00 | \$11,927.37 | \$213,311.96 | 4.45% | \$768.92 | \$2,887.07 | \$216,199.03 |
| Total - 2022 | \$15,490,422.33 | \$14,277,583.28 | \$1,212,839.05 | 9,602.350 | \$16,734.80 | 8,874.594 | \$13,436,654.96 | \$12,393,939.47 | \$1,042,715.49 | \$0.00 | \$170,123.56 | \$213,311.96 | | \$2,873.12 | \$2,887.07 | \$216,199.03 |
| 12/31/2022 Balance Forward | | | \$1,579,868.82 | | | | | | \$1,366,556.86 | \$0.00 | | \$213,311.96 | | | \$2,887.07 | \$216,199.03 |
| Jan-23 | \$997,219.89 | \$896,196.14 | \$101,023.75 | 589.703 | \$1,448.00 | 530.005 | \$853,888.78 | \$767,446.15 | \$86,442.64 | \$0.00 | \$14,581.11 | \$227,893.07 | 4.56% | \$838.29 | \$3,725.36 | \$231,618.43 |
| Feb-23 | \$839,436.88 | \$736,331.67 | \$103,105.21 | 496.453 | \$1,448.00 | 435.463 | \$718,862.68 | \$630,549.66 | \$88,313.02 | \$0.00 | \$14,792.19 | \$242,685.26 | 4.71% | \$923.51 | \$4,648.87 | \$247,334.13 |
| Mar-23 | \$408,950.06 | \$412,783.95 | (\$3,833.89) | 241.855 | \$1,448.00 | 244.119 | \$350,205.91 | \$353,483.29 | (\$3,277.38) | \$0.00 | (\$556.51) | \$242,128.75 | 4.86% | \$981.75 | \$5,630.62 | \$247,759.37 |
| Apr-23 | \$13,334.07 | \$8,530.08 | \$4,803.99 | 7.885 | \$1,448.00 | 5.044 | \$11,417.50 | \$7,303.27 | \$4,114.23 | \$0.00 | \$689.76 | \$242,818.51 | 0.00% | \$0.00 | \$5,630.62 | \$248,449.13 |

Normalized Monthly Sales Quantities

| | <u>JAN</u> | <u>FEB</u> | <u>MAR</u> | <u>APR</u> | <u>MAY</u> | <u>JUN</u> | <u>JUL</u> | <u>AUG</u> | <u>SEP</u> | <u>OCT</u> | <u>NOV</u> | <u>DEC</u> | <u>Total</u> |
|---------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| <u>2020</u> | | | | | | | | | | | | | |
| CCF Sales Billed | 325,984 | 245,129 | 278,619 | 273,991 | 324,426 | 355,579 | 577,783 | 521,339 | 485,445 | 449,882 | 403,031 | 298,718 | 4,539,926 |
| <u>2019</u> | | | | | | | | | | | | | |
| CCF Sales Billed | 312,932 | 228,182 | 221,846 | 233,055 | 307,137 | 331,728 | 531,664 | 487,527 | 459,464 | 430,776 | 443,598 | 219,733 | 4,207,642 |
| <u>2018</u> | | | | | | | | | | | | | |
| CCF Sales Billed | 294,842 | 253,616 | 271,038 | 222,828 | 309,309 | 368,651 | 500,338 | 472,392 | 489,463 | 372,770 | 378,874 | 292,924 | 4,227,045 |
| CCF Sales Billed | | | | | | | | | | | | | |
| 3-Year Total | 933,758 | 726,927 | 771,503 | 729,874 | 940,872 | 1,055,958 | 1,609,785 | 1,481,258 | 1,434,372 | 1,253,428 | ##### | 811,375 | 12,974,613 |
| 3-Year Average | 311,253 | 242,309 | 257,168 | 243,291 | 313,624 | 351,986 | 536,595 | 493,753 | 478,124 | 417,809 | 408,501 | 270,458 | 4,324,871 |
| Monthly Percentage | 7.20% | 5.60% | 5.95% | 5.63% | 7.25% | 8.14% | 12.41% | 11.42% | 11.06% | 9.66% | 9.45% | 6.25% | 100.00% |

Rate Year Adjustments Per Res. W-4976

| Rate Year > | 2021/2022 | 2022/2023 |
|---------------------------------------------------------|------------------|---------------------------|
| Authorized Revenue at 8.15% ROR | \$21,738,457 | at 81.06% \$18,902,312 |
| Authorized Revenue at 8.01% | \$21,714,892 | \$18,882,782 |
| Difference | -\$23,565 | -\$19,530 |
| Pro-Rated Revenue Reduction for Partial Rate Year | \$0.00 | -15,831 |
| Revenue Reduction from ROE Adjustment | -\$23,565 | -15,831 |
| Total ROE Adjustment | | -39,396 |

Summary of Earnings and Rate of Return - 12 Months Ended June 30, 2022

| | Authorized Per D.19-09-010 <u>AL 300-W-A</u> | CPUC Annual Report <u>Recorded 2021</u> | Pro Forma 2021/2022 <u>AL 299-W</u> |
|---------------------------------------------------|---------------------------------------------------------|----------------------------------------------------|------------------------------------------------|
| Operating Revenue | | | |
| Water Service Revenues | \$21,564,869 | \$20,357,851 | \$18,168,044 |
| (Less Balancing Acct Adj/Temp. Surch.) | \$0 | (\$3,488,676) | \$0 |
| Fire Protection Revenues | \$173,588 | \$171,343 | \$173,588 |
| Other Revenues | \$0 | \$3,492,104 | -\$80,392 |
| Total Operating Revenues | \$21,738,457 | \$20,532,622 | \$18,261,240 |
| Operating Expenses | | | |
| Net Payroll Expense | \$2,657,841 | \$2,866,995 | \$2,657,841 |
| Groundwater Charges | \$11,061,002 | \$11,040,768 | \$9,967,082 |
| Purchased Power | \$841,594 | \$954,759 | \$841,594 |
| Other O&M and A&G Expenses | \$3,327,973 | \$4,389,888 | \$3,252,416 |
| Subtotal | \$17,888,410 | \$19,252,410 | \$16,718,933 |
| Depreciation Expense | \$1,454,123 | \$1,395,158 | \$1,454,123 |
| Taxes Other Than Income | \$468,610 | \$403,264 | \$468,610 |
| Current State Income Tax | \$118,234 | \$347,048 | \$0 |
| Current Federal Income Tax | \$256,043 | \$657,283 | \$0 |
| Deferred Tax Expense | \$181,207 | \$180,806 | \$181,207 |
| Total Depreciation and Taxes | \$2,478,217 | \$2,983,559 | \$2,103,940 |
| Total Operating Expenses | \$20,366,627 | \$22,235,969 | \$18,822,873 |
| Net Operating Revenue | \$1,371,830 | -\$1,703,347 | -\$561,633 |
| Rate Base | \$16,832,272 | \$16,832,272 | \$16,832,272 |
| Adopted Rate of Return, Percent | 8.15% | -10.12% | -0.03336644 |
| Rate of Return, Percent | 8.15% | 8.15% | 8.15 |
| Authorized Revenues | | | \$21,738,457 |
| Pro Forma Revenues | | | \$18,261,240 |
| Total Lost Revenues | | | \$3,477,217 |
| Less ROE Adjustment | | | -\$23,565 |
| Maximum Amount Recoverable Per Res. W-4976 | | | \$3,453,652 |

Summary of Earnings and Rate of Return - Pro Forma Rate Year 2022/2023

| | Authorized Per D.23-04-004 <u>AL 313-W</u> | CPUC Annual Report <u>Recorded 2022</u> | Pro Forma 2022/2023 <u>AL 315-W*</u> |
|---------------------------------------------------|-------------------------------------------------------|----------------------------------------------------|-------------------------------------------------|
| Operating Revenue | | | |
| Water Service Revenues | 22,061,084 | \$23,146,390 | \$24,582,770 |
| (Less Balancing Acct Adj/Temp. Surch.) | 194,877 | \$176,651 | \$194,126 |
| Fire Protection Revenues | 0 | \$13,615 | \$0 |
| Other Revenues | 0 | \$0 | \$0 |
| Total Operating Revenues | 22,255,961 | \$23,336,656 | \$24,466,722 |
| Operating Expenses | | | |
| Net Payroll Expense | 2,581,043 | \$4,180,083 | \$2,787,526 |
| Groundwater Charges | 11,425,036 | \$8,426,893 | \$12,824,101 |
| Purchased Power | 909,558 | \$1,071,990 | \$986,897 |
| Other O&M and A&G Expenses | 3,189,379 | \$5,136,824 | \$3,589,561 |
| Subtotal | 18,105,016 | \$18,815,790 | \$20,188,085 |
| Depreciation Expense | 1,454,265 | \$1,450,867 | \$1,454,265 |
| Taxes Other Than Income | 491,926 | \$427,699 | \$491,926 |
| Current State Income Tax | 147,234 | \$484,605 | \$187,876 |
| Current Federal Income Tax | 366,113 | \$925,187 | \$406,859 |
| Deferred Tax Expense | 257,322 | \$304,952 | \$257,322 |
| Total Depreciation and Taxes | 2,716,860 | \$3,593,310 | \$2,798,248 |
| Total Operating Expenses | 20,821,876 | \$22,409,100 | \$22,986,333 |
| Net Operating Revenue | 1,434,081 | \$927,556 | \$1,480,389 |
| Rate Base | 17,596,083 | \$17,409,153 | \$18,164,288 |
| Adopted Rate of Return, Percent | 8.15% | 8.15% | 8.15% |
| Rate of Return, Percent | 8.15% | 5.33% | 8.15% |
| 81.06% of Authorized Revenues | | | \$18,040,682 |
| 81.6% of Pro Forma Revenues | | | \$19,832,725 |
| Total Lost Revenues | | | -\$1,792,043 |
| Less ROE Adjustment | | | -\$15,831 |
| Maximum Amount Recoverable Per Res. W-4976 | | | -\$1,807,874 |

* AL 315-W is pending

AL 302-W-A: Excess Usage Surcharge Memorandum Account

| | <u>Beginning Balance</u> | <u>Excess Usage Surcharge Collection</u> | <u>Ending Balance</u> | <u>Average of Beg-of-month End-of-month Balances</u> | <u>Interest Rate</u> | <u>Interest Accrued</u> | <u>Ending Balance With Interest</u> |
|--------------|------------------------------|--------------------------------------------------|---------------------------|------------------------------------------------------------------|--------------------------|-----------------------------|---------------------------------------------|
| Sep-21 | \$0.00 | \$342,886.23 | \$342,886.23 | \$171,443.12 | 0.10% | \$14.29 | \$342,900.52 |
| Oct-21 | \$342,900.52 | \$378,364.14 | \$721,264.66 | \$532,082.59 | 0.11% | \$48.77 | \$721,313.43 |
| Nov-21 | \$721,313.43 | \$332,473.69 | \$1,053,787.12 | \$887,550.28 | 0.14% | \$103.55 | \$1,053,890.67 |
| Dec-21 | \$1,053,890.67 | \$282,993.08 | \$1,336,883.75 | \$1,195,387.21 | 0.17% | \$169.35 | \$1,337,053.10 |
| Total - 2021 | \$1,053,890.67 | \$1,336,717.14 | \$1,336,883.75 | \$1,195,387.21 | | \$335.96 | \$1,337,053.10 |
| Jan-22 | \$1,337,053.10 | \$312,485.42 | \$1,649,538.52 | \$1,493,295.81 | 0.15% | \$186.66 | \$1,649,725.18 |
| Feb-22 | \$1,649,725.18 | \$373,838.72 | \$2,023,563.90 | \$1,836,644.54 | 0.21% | \$321.41 | \$2,023,885.31 |
| Mar-22 | \$2,023,885.31 | \$534,557.15 | \$2,558,442.46 | \$2,291,163.88 | 0.63% | \$1,202.86 | \$2,559,645.32 |
| Apr-22 | \$2,559,645.32 | \$530,871.83 | \$3,090,517.15 | \$2,825,081.24 | 0.87% | \$2,048.18 | \$3,092,565.33 |
| May-22 | \$3,092,565.33 | \$525,325.88 | \$3,617,891.21 | \$3,355,228.27 | 1.08% | \$3,019.71 | \$3,620,910.92 |
| Jun-22 | \$3,620,910.92 | \$408,279.60 | \$4,029,190.52 | \$3,825,050.72 | 1.07% | \$3,410.67 | \$4,032,601.19 |
| Jul-22 | \$4,032,601.19 | \$536,196.07 | \$4,568,797.26 | \$4,300,699.23 | 2.44% | \$8,744.76 | \$4,577,542.02 |
| Aug-22 | \$4,577,542.02 | \$475,839.40 | \$5,053,381.42 | \$4,815,461.72 | 2.57% | \$10,313.11 | \$5,063,694.53 |
| Sep-22 | \$5,063,694.53 | \$382,310.52 | \$5,446,005.05 | \$5,254,849.79 | 2.57% | \$11,254.14 | \$5,457,259.19 |
| Oct-22 | \$5,457,259.19 | \$311,725.72 | \$5,768,984.91 | \$5,613,122.05 | 3.81% | \$17,821.66 | \$5,786,806.57 |
| Nov-22 | \$5,786,806.57 | \$277,603.41 | \$6,064,409.98 | \$5,925,608.27 | 4.25% | \$20,986.53 | \$6,085,396.51 |
| Dec-22 | \$6,085,396.51 | \$280,812.54 | \$6,366,209.05 | \$6,225,802.78 | 4.45% | \$23,087.35 | \$6,389,296.40 |
| Total - 2022 | \$6,085,396.51 | \$4,949,846.26 | \$6,366,209.05 | \$6,225,802.78 | | \$102,397.04 | \$6,389,296.40 |
| Jan-23 | \$6,389,296.40 | \$358,930.47 | \$6,748,226.87 | \$6,568,761.63 | 4.56% | \$24,961.29 | \$6,773,188.16 |
| Feb-23 | \$6,773,188.16 | \$342,500.23 | \$7,115,688.39 | \$6,944,438.28 | 4.71% | \$27,256.92 | \$7,142,945.31 |
| Mar-23 | \$7,142,945.31 | \$307,287.09 | \$7,450,232.40 | \$7,296,588.86 | 4.86% | \$29,551.18 | \$7,479,783.59 |