



# GREAT OAKS WATER COMPANY

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October 20, 2023

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

**Great Oaks Water Company (U-162-W) Advice Letter 320-W to the  
California Public Utilities Commission  
Establishing a Water Infrastructure Act Memorandum Account**

Great Oaks Water Company (Great Oaks) transmits this Tier 2 advice letter filing to establish a Water Infrastructure Act Memorandum Account (WIAMA), as required by Commission Decision No. D.06-05-041, to track net proceeds from sales of real property that was, but is no longer, necessary and useful in the performance of the Great Oaks' operation as a public utility. 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.
1052-W	Preliminary Statement (Continued) Water Infrastructure Memorandum Account	NEW
1053-W	Table of Contents	1051-W

## **Summary of Advice Letter 320-W**

D.06-05-041 provides the requirements for the manner in which water utilities reinvest gains on the sale of formerly used and useful utility property into new water infrastructure. Proceeds gained from the sale of real property cannot be used to reduce rates or to pay funds to shareholders unless the water companies fail to reinvest the proceeds within an eight-year period.

To safeguard against the misallocation of proceeds, the Commission in D.06-05-041 adopted four requirements that water companies must adhere to in the sale of formerly useful utility property.

1. Track all utility property that was at any time included in rate base and maintain sales records for each property that was at any time in rate base but which was subsequently sold to any party, including a corporate affiliate.
2. Obtain Commission authorization to establish a memorandum account in which to record the net proceeds from all sales of no longer needed utility property.
3. Use the memorandum account fund as the utility's primary source of capital for investment in utility infrastructure.
4. Invest all amounts recorded in the memorandum account within eight years of the calendar year in which the net proceeds were realized.

## **Standard Practice U-27-W**

Pursuant to Water Standard Practice U-27-W, regulated entities are permitted to establish Memorandum Accounts to track costs that the Commission has directed to be tracked so long as certain requirements are met. Great Oaks' request to establish a Water Infrastructure Act Memorandum Account (WIAMA) meets those requirements, as addressed immediately below.

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

Great Oaks does not routinely sell utility assets as a recurring part of its operations or business practices. Although Great Oaks has control over which assets can be sold and the terms of the sale, the circumstances leading to such a transaction cannot easily be anticipated.

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

Great Oaks cannot reasonably forecast when a property sale may occur in a general rate case cycle. Water companies infrequently sell assets, and when they do, the transaction may stem from a variety of circumstances.

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

The sale of formerly useful real property is an important source of funding for water infrastructure projects.<sup>1</sup> The Commission has determined that the proceeds from utility property sales, which can be substantial sums depending on the property involved, should be tracked in a memorandum account to ensure the funds are reinvested in accordance with D.06-05-041.

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

Great Oaks' proposed WIAMA will directly benefit its ratepayers. D.06.05-041 emphasizes that tracking proceeds is "appropriate" to encourage water companies to reinvest in infrastructure and authorizes the use of memorandum accounts to facilitate that reinvestment.<sup>2</sup> A WIAMA will allow Great Oaks to track reinvestment in projects that deliver high-quality, safe, and reliable water for its customers.

As shown above, the requirements of Water Standard Practice U-27-W are met by this advice letter request.

### **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**

Great Oaks requests that the Tariff Sheets presented with this Advice Letter have an effective date of January 1, 2024.

### **Tier Designation**

This is a Tier 2 Advice Letter pursuant to General Order 96-B and Water Industry Rule 7.3.1(3).

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<sup>1</sup> D.06-05-041, p. 66.

<sup>2</sup> *Ibid.*

## **Notice and Service**

As this Advice Letter is filed pursuant to a Commission decision and has no effect on rates, no additional notice to customers is required. The Advice Letter is being published on Great Oaks' website and is 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 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:

Juan Liem  
Great Oaks Water Company  
P.O. Box 23490  
San Jose, CA 95153  
[jliem@greatoakswater.com](mailto:jliem@greatoakswater.com)

With a copy to:

Megan Somogyi  
Downey Brand LLP  
455 Market Street, Suite 1500  
San Francisco, CA 94105  
[msomogyi@downeybrand.com](mailto:msomogyi@downeybrand.com)

Great Oaks Water Company

/s/ Juan Liem  
Chief Financial Officer

## 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 320-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 October 20, 2023, at Dallas, Texas.

/s/ Juan Liem

Certificate of Service

I hereby certify that I have this day served a copy of Great Oaks Water Co.'s Advice Letter 320-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 to those marked with an (e).

Executed on October 20, 2023 at San Francisco, California.

/s/Wendy Cordero

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 9<sup>th</sup> 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

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

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

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

PRELIMINARY STATEMENT

LL. Water Infrastructure Act Memorandum Account.

(N)

1. In compliance with Commission Decision No. (D.) 06-05-041 the Utility has established a Water Infrastructure Act Memorandum Account (WIAMA) in order to track the net proceeds from sales of real property that was at any time, but is no longer, necessary and useful in the performance of the Utility’s duties as a public utility (Infrastructure Act Property). These WIAMA funds shall be used as a primary source of capital for investment in utility infrastructure
2. The net proceeds from sales of Infrastructure Act Property shall be credited to the WIAMA. In accordance with Standard Practice U-27-W, the WIAMA accrues interest on the average account balance at the 90-day Non-financial Commercial Paper Interest Rate and such accrued interest shall be credited to the WIAMA on a monthly basis. In compliance with D.06-05-041 and Public Utilities Code Section 790, the Utility’s investments in water system infrastructure shall be charged to the WIAMA on a yearly basis to the full extent that any balance in the WIAMA on the date such charge is recorded.
3. The Utility shall provide cumulative balances of and details of all activity in the WIAMA (with supporting documentation) to Commission staff for their review in each General Rate Case (GRC), or at other times upon request
4. Pursuant to D.06-05-041, Ordering Paragraph 19, the Company will provide the Director of the Water Division of the Public Advocates Office 30 days’ advance written notice whenever the Utility plans to sell land, buildings, water rights, or all or part of the water system. This notice requirement applies to water company assets the company believes are no longer used and useful. This notice will not preclude later review of such sales in a water company’s GRC or a later proceeding. The notice shall include the following heading in at least 16 point bold type: “Notice under Rulemaking 04-09-003. Commission staff must respond within 30 days.” The notice also shall include the name, address, phone, and email address of the potential purchaser(s). If the Commission staff objects to the proposed sale, it may send an objection in any form to the Utility and to proposed purchaser(s). Mailing of such an objection shall prevent the proposed purchaser from claiming it is a bona fide purchaser of the property at issue until the issues raised in the objections are resolved.

(To be inserted by utility)  
Advice Letter No. 320-W

*Issued by*  
Juan Liem  
NAME

(To be inserted by Cal. P.U.C.)  
Date Filed October 20, 2023

Decision No. D.06-05-041  
1893127v1

Chief Financial Officer  
TITLE

Effective January 2, 2024

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)  
Advice Letter No. 320-W

*Issued by*  
Juan Liem  
NAME  
Chief Financial Officer

(To be inserted by Cal. P.U.C.)  
Date Filed October 20, 2023