



## GREAT OAKS WATER COMPANY

P.O. Box 23490  
San Jose, CA 95153  
(408) 227-9540  
[jliem@greatoakswater.com](mailto:jliem@greatoakswater.com)

November 21, 2023

California Public Utilities Commission  
Water Division  
5050 Van Ness Avenue  
San Francisco, CA 94012-3298

**Advice Letter 321-W Great Oaks (U-162-W) to the Public Utilities Commission Requesting Authorization to Remove the Existing Drinking Water Fees Memorandum Account from its Preliminary Statements and to Add the Drinking Water Fees Balancing Account**

Great Oaks Water Company (U-162-W) (Great Oaks) hereby transmits for filing the following changes in tariff schedules applicable to its service area and which are attached hereto:

<u>Cal. P.U.C Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal. P.U.C. Sheet No.</u>
1054-W	Preliminary Statement (Continued)	NEW
CANCEL	Preliminary Statement (Continued)	982-W
1055-W	Table of Contents	1053-W

Great Oaks transmits this Tier 2 advice letter to remove its existing Drinking Water Fees Memorandum Account (DWFMA) from Section X of its Preliminary Statements and to add a Drinking Water Fees Balancing Account (DWFBA) as Section MM, to track all drinking water fees charged by the State Resources Water Control Board (State Board). Great Oaks will track the incremental fees to the adopted rates per Great Oaks Water Company's 2021 General Rate Case decision (D.23-04-004), which went into effect on May 17, 2023.

These proposed tariffs are submitted pursuant to General Orders (GO) No. 96-B Water Industry Rules 7.3.2(7) and 8.2.

### Background

By Advice Letter 263-W, Great Oaks requested a DWFMA.<sup>1</sup> Finding that Great Oaks had met all four requirements<sup>2</sup> of Standard Practice U-27-W to qualify for a memorandum account, the Commission authorized the DWFMA for Great Oaks.

Since the Commission approved Great Oaks' DWFMA, Great Oaks has not been able to reflect the current level of drinking water fees in customer-based rates because of the State Board's new fee structure. On September 22, 2021, the State Board adopted emergency regulations that adjusted drinking water fees to conform to the revenue levels outlined in the Budget Act for the fiscal year FY 2021–2022. The emergency regulation adjusted the fee schedule in FY 2019–2020 to increase fees approximately 26.6% on average for community water systems, including Great Oaks.

Since 2021, the State Board's drinking water fees have continued to rise. In 2022, the State Board's Drinking Water Programs (Program) Fees were \$67,650.12.<sup>3</sup> In 2023, the cost of the State Board's Program fees swelled to \$77,247.65—representing a 14.9% increase in a calendar year.<sup>4</sup>

The impact of these high fees places a substantial financial burden on Great Oaks. As fees necessary to comply with the State Board's standards increase, Great Oaks' expenses become much higher than those recoverable in presently authorized rates.

### Small Company User Fee and Balancing Accounts

Since 1993, the Commission has allowed Class B, C, and D water utilities to pass on reasonably incurred costs of complying with water quality and user fees to customers.<sup>5</sup> In Res.W-4327, the Commission extended the use of memorandum accounts to small water companies.<sup>6</sup> In doing so, the Commission explained that “the justification for a memorandum account to track water quality expenses is to remove the disincentive these smaller utilities might have to comply with [California Department of Health Services] rules due to lack of financial ability.” In the same resolution, the Commission found that although the Office of Drinking Water's operating cost

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<sup>1</sup> Advice Letter 263-W, Great Oaks Water Company (U-162-W) to the California Public Utilities Commission Requesting Drinking Water Fees Expense Memorandum Account (June 8, 2017).

<sup>2</sup> The four requirements of Standard Practice U-27-W to qualify for a memorandum account are: (1) the expense is caused by an event of exceptional nature that is not under the utility's control; (2) the expense cannot have been reasonably foreseen in the utility's last general rate case and will occur before the utility's general rate case; (3) the expense is of a substantial nature as to the amount of money involved when any offsetting cost decreases are taken into account; and (4) the ratepayers will benefit by the memorandum account treatment.

<sup>3</sup> Exhibit A.

<sup>4</sup> Exhibit A.

<sup>5</sup> See generally Resolution W-4698.

<sup>6</sup> See generally Resolution W-4327. This resolution extended the use of memorandum accounts to Class B, C, and D water utilities.

fees<sup>7</sup> were originally anticipated to be included in base fees eventually, the “variation in each billing [often made] the inclusion of such costs in base rates . . . not feasible.”<sup>8</sup>

When the memorandum accounts initially authorized in 1993 expired in 2008, the Commission noted that costs incurred by water utilities to comply with water quality orders from the Commission and the California Department of Public Health were, “always recoverable,” and the “only issue [to be considered] was the reasonableness of the amount to be recovered.”<sup>9</sup> Importantly, Commission determined that a balancing account, rather than a memorandum account, was a more appropriate mechanism to track costs and that recovery should be by advice letter requesting amortization of a Balancing Account (Tier 1).<sup>10</sup>

#### Great Oaks’ Request Pursuant to Water Industry Rule 8.2 of General Order 96-B

Water Industry Rule 8.2 of General Order 96-B states that:

A Utility may submit an advice letter questing approval, authorization, or other relief similar to that accorded another Utility by Commission order. The advice letter shall cite each decision or resolution relied upon and shall demonstrate that the Utility submitting the advice letter is similar situated in all material respects and is requesting the same relief and relying on the same justification as in the cited order(s).

Great Oaks faces the same difficulties that the small water companies described in Res. W-4327 encountered: its customer-based rates do not reflect the current level of drinking water fees. As a result of the State Board’s shift in fee structure on September 21, 2021, this trend will likely continue until the Commission approves new rates in Great Oaks’ next General Rate Case Application. Given the sizeable fee increases in the State Board’s Drinking Water Programs, Great Oaks requires Commission intervention to recover reasonable compliance costs. Therefore, Great Oaks requests the same relief granted to small water companies in Res. W-4968, pursuant to Water Industry Rule 8.2 of General Order 96-B, and asks that the Commission approve the removal of the DWFMA from Great Oaks’ Preliminary Statements, and approve the addition of a DWFBA with the same effective date of the DWFMA (November 29, 2021).

#### Other Pending Advice Letters

At this time, Great Oaks has one pending Advice Letter (AL 320-W), which does not relate to, and will not be affected by, this filing.

#### No Effect on Water Service:

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

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<sup>7</sup> Res. W-4397 at p. 3. Operating cost fees include the actual cost of carrying out the activities connected with the issuance of permits, conducting inspections and surveillance, taking enforcement actions, and the costs of administering any contracts with local health officers.

<sup>8</sup> *Id.*

<sup>9</sup> Res. W-4698 at p.1.

<sup>10</sup> *Id.* at p. 2.

Effective Date:

Great Oaks Water Company requests that the updated tariff sheets become effective November 29, 2021.

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).

Protests and Response:

Anyone may respond to or protest this advice letter. A response does not oppose the filing but presents information that may prove 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 the specific grounds on which it is based. These grounds may include the following:

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

PO Box 23490  
San Jose, CA, 95153  
408-227-9540  
Email: [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  
415-848-4800  
Email: [msomogyi@downeybrand.com](mailto:msomogyi@downeybrand.com).

Sincerely,

*/s/ Juan Liem*

Juan Liem  
Chief Financial Officer  
Great Oaks Water Company

## VERIFICATION

I am an officer of Great Oaks Water Company and am authorized to make this verification on its behalf. The statements in the foregoing document, Great Oaks Water Company's Advice Letter 321-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 21, 2023, a Dallas, Texas.

/s/ *Juan Liem*

Chief Financial Officer

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of Great Oaks Water Company's Advice Letter 321-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 November 21, 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**  
(Continued)

**MM. Drinking Water Fees Balancing Account.**

(C)

1. Purpose. The purpose of the Drinking Water Fees Balancing Account (DWFBA) is to track the difference between all actual drinking water fees charged by the State Water Resources Control Board (State Board) (based upon its revised fee schedule adopted on September 22, 2021 and subsequent revision) and the drinking water fees authorized in Great Oaks Water Company's (Utility) rates.
2. Applicability. The DWFBA 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. Class A water utilities shall report on the status of their balancing accounts in their general rate cases and shall propose adjustment to their rates in that context to amortize under- or over-collections in those accounts subject to reasonableness review. They may also propose such rate adjustments by advice letter at any time that the under- or over-collection in any such account exceeds two percent (2%) of annual revenues for the utility or a ratemaking district of the utility.
4. Effective Date. The DWFBA shall go into effect on the effective date of Advice Letter 306-W, which is November 29, 2021.

(C)

(To be inserted by utility)  
Advice Letter No. 321-W

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

*Issued by*  
**Juan Liem**  
NAME  
**Chief Financial Officer**  
TITLE

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

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. 321-W

Juan Liem

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

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

Chief Financial Officer

Effective \_\_\_\_\_

Great Oaks Water Company

Advice Letter 321-W

Exhibit A

State Water Resources Control Board

Drinking Water Fees 2021/2022

GREAT OAKS WATER COMPANY  
GENERAL ACCOUNT  
PO BOX 23490  
SAN JOSE, CA 95153

WELLS FARGO BANK, N.A.  
www.wellsfargo.com  
11-4288/1210

13673

3/1/2022

PAY TO THE ORDER OF State Water Resources Control Board

\$\*\*67,650.12

Sixty-Seven Thousand Six Hundred Fifty and 12/100\*\*\*\*\*

DOLLARS

SWRCB Accounting Office  
Attn: Drinking Water Program Fees  
PO Box 1888  
Sacramento, CA 95812-1888

MEMO

NOT-NEGOTIABLE

⑈0000013673⑈ ⑆121042882⑆ 1939408009⑈

GREAT OAKS WATER COMPANY GENERAL ACCOUNT

13673

State Water Resources Control Board

Date	Type	Reference	Original Amt.	Balance Due	3/1/2022 Discount	Payment
12/22/2021	Bill	Inv LW-1035771	67,650.12	67,650.12		67,650.12
					Check Amount	67,650.12

General Checking Acc

67,650.12

GREAT OAKS WATER COMPANY GENERAL ACCOUNT

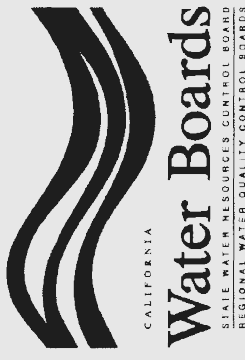
13673

State Water Resources Control Board

Date	Type	Reference	Original Amt.	Balance Due	3/1/2022 Discount	Payment
12/22/2021	Bill	Inv LW-1035771	67,650.12	67,650.12		67,650.12
					Check Amount	67,650.12

General Checking Acc

67,650.12



CEOLLA, RON  
GREAT OAKS WC INC  
20 Great Oaks Blvd. Suite 120  
SAN JOSE, CA 95119

Date: 12/22/2021  
System Type: Community Water System  
System No.: 4310022  
Invoice No.: LW-1035771

**Water System Annual Fees Invoice**  
**Billing Period 07/01/2021 - 06/30/2022**

Payment must be received within 90 days from the date of this invoice, or a 10% penalty will be assessed pursuant to section 116565 of the Health & Safety Code.

LINE ITEMS	Connections	FEES
CONNECTIONS 0-1,000 (\$8.34 per connection, \$500 minimum)	1,000	\$8,340.00
CONNECTIONS 1,001 - 5,000 (\$4.87 per connection)	4,000	\$19,480.00
CONNECTIONS 5,001 - 15,000 (\$2.78 per connection)	10,000	\$27,800.00
CONNECTIONS 15,001+ (\$1.88 per connection)	6,399	\$12,030.12
Late Fee (10% penalty if postmarked after 03/22/2022)	---	\$6,765.01

**AMOUNT PAID:** \$0.00  
**AMOUNT DUE: (if postmarked before 03/22/2022):** \$67,650.12  
**AMOUNT DUE: (if postmarked after 03/22/2022):** \$74,415.13

67,650.12 124.100 PREPAID/OUTPAID BILLS: 500208

You may submit payment via check, money order, credit card, or EFT. Payment information is available on our website at [https://www.waterboards.ca.gov/make\\_a\\_payment/](https://www.waterboards.ca.gov/make_a_payment/)

GREAT OAKS WATER COMPANY  
GENERAL ACCOUNT  
PO BOX 23490  
SAN JOSE, CA 95153

WELLS FARGO BANK, N.A.  
www.wellsfargo.com  
11-4288/1210

14839

2/22/2023

PAY TO THE ORDER OF State Water Resources Control Board

\$ \*\*77,247.95

Seventy-Seven Thousand Two Hundred Forty-Seven and 95/100

DOLLARS

SWRCB Accounting Office  
Attn: Drinking Water Program Fees  
PO Box 1888  
Sacramento, CA 95812-1888

MEMO

NOT-NEGOTIABLE

⑈0000014839⑈ ⑆121042882⑆ 1939408009⑈

GREAT OAKS WATER COMPANY GENERAL ACCOUNT

14839

State Water Resources Control Board

2/22/2023

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
12/21/2022	Bill	Inv LW-1040531	77,247.95	77,247.95		77,247.95
					Check Amount	77,247.95

General Checking Acc

77,247.95

GREAT OAKS WATER COMPANY GENERAL ACCOUNT

14839

State Water Resources Control Board

2/22/2023

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
12/21/2022	Bill	Inv LW-1040531	77,247.95	77,247.95		77,247.95
					Check Amount	77,247.95

General Checking Acc

77,247.95





CEOLLA, RON  
GREAT OAKS WC INC  
20 Great Oaks Blvd. Suite 120  
SAN JOSE, CA 95119

Date: 12/21/2022  
System Type: Community Water System  
System No.: 4310022  
Invoice No.: LW-1040531

**Water System Annual Fees Invoice**  
**Billing Period 07/01/2022 - 06/30/2023**

Payment must be received within 90 days from the date of this invoice, or a 10% penalty will be assessed pursuant to section 116565 of the Health & Safety Code.

LINE ITEMS	Connections	FEES
CONNECTIONS 0-1,000 (\$9.52 per connection, \$570 minimum)	1,000	\$9,520.00
CONNECTIONS 1,001 - 5,000 (\$5.56 per connection)	4,000	\$22,240.00
CONNECTIONS 5,001 - 15,000 (\$3.17 per connection)	10,000	\$31,700.00
CONNECTIONS 15,001+ (\$2.15 per connection)	6,413	\$13,787.95
Late Fee (10% penalty if postmarked after 03/21/2023)	---	\$7,724.80
<b>AMOUNT PAID:</b>		<b>\$0.00</b>
<b>AMOUNT DUE: (if postmarked before 03/21/2023):</b>		<b>\$77,247.95</b>
<b>AMOUNT DUE: (if postmarked after 03/21/2023):</b>		<b>\$84,972.75</b>

You may submit payment via check, money order, credit card, or EFT. Payment information is available on our website at [https://www.waterboards.ca.gov/make\\_a\\_payment/](https://www.waterboards.ca.gov/make_a_payment/)