



GREAT OAKS WATER COMPANY

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November 22, 2023

California Public Utilities Commission
Water Division
5050 Van Ness Avenue
San Francisco, CA 94012-3298
water.division@cpuc.ca.gov

Advice Letter 322-W Great Oaks (U-162-W) to the California Public Utilities Commission Requesting 2023 Cost of Capital Interim Rates Memorandum Account

Great Oaks Water Company (U-162-W) (Great Oaks) hereby transmits this Tier 2 advice letter to establish a 2023 Cost of Capital Interim Rates Memorandum Account to track the differences between existing rates and those ultimately authorized by the Commission in Great Oaks' current cost of capital proceeding. The following changes in tariff schedules applicable to Great Oaks entire service area are proposed:

<u>Cal. P.U.C Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal. P.U.C. Sheet No.</u>
1056-W	Preliminary Statement (Continued)	New
1057-W	Table of Contents	1055-W

Summary of Advice Letter 322-W:

On May 1, 2023, Great Oaks Water Company filed an application¹ to establish an authorized cost of capital for the period from July 1, 2024 through June 30, 2027.² The proceeding is still ongoing and a decision has not yet been reached. While the proceeding schedule currently contemplates a final decision before the proposed July 1, 2024 effective date for Great Oaks' revised rates, it is possible that the proceeding will extend beyond the current schedule.

With this Advice Letter, Great Oaks is requesting an interim cost of capital memorandum account in the event the final decision in A.23-05-001 et al., is issued after July 1, 2024, which is the date the approved rates would ordinarily go into effect. This interim cost of capital memorandum account will track the difference between Great Oaks' interim rates and those authorized by a decision in A.23-05-001 et al. The memorandum account will be scheduled to expire when the new rates authorized in A.23-05-001 et al. go into effect.

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

To qualify for a new memorandum account, four distinct requirements of Standard Practice U-27-W must be met. As explained below, this request complies with those requirements.

1. The expense or cost is caused by events not under the utility's control

The Commission, and not Great Oaks, has exclusive control over when the final decision on A.23-05-001 et al., will be issued, as well as the authorized rates of return.

2. The expense or cost was not reasonably foreseeable in the utility's last general rate case and will occur before the utility's next scheduled rate case

Great Oaks' ongoing cost of capital proceeding is distinct from its general rate case. The rates that will be authorized for Great Oaks as a result of the cost of the capital application could not have been reasonably foreseen at the time of Great Oaks' last general rate case,³ and will not be at issue in Great Oaks' next general rate case.

3. The expense or cost is of a substantial nature as the amount of money involved is worth the effort of processing a memo account

The rates ultimately authorized by the Commission may materially change Great Oaks' authorized returns. The Commission's decision in the cost of capital proceeding could lead to substantial differences between Great Oaks' interim rates and its newly authorized rates.

4. The ratepayers will benefit by the memorandum account treatment

Ratepayers will benefit from Great Oaks' proposed interim cost of capital memorandum account. The proposed memorandum account will track the difference between interim rates and rates

¹ See A.23-05-002. The small Class A utilities' cost of capital applications have been consolidated. (A.23-05-001, A.23-05-002, A.23-05-003, A.23-05-004.)

² Great Oaks later filed an amended application on May 17, 2023 to include the rates authorized in its general rate case that were not in effect at the time of its initial application.

³ See generally A.18-07-002.

authorized by a decision in A.23-05-001, therefore helping to ensure the accuracy of utility rates. In addition, memorandum accounts generally help prevent rate shock by allowing costs to be amortized into rates over a period of time.

Additional Authority for Requested Interim Rate Memorandum Account

The Commission has approved interim rate memorandum accounts for Class A water companies where there is a demonstrated need to track differences between currently authorized rates and new rates to be adopted. Each of the following Class A water companies has one or more interim rate memorandum accounts included in its preliminary statement:

- San Jose Water Company;⁴
- California Water Service Company;⁵
- California-American Water;⁶
- San Gabriel Valley Water Company;⁷
- Suburban Water Systems;⁸
- Liberty Utilities (Apple Valley Ranchos Water) Corp.;⁹ and
- Liberty Utilities (Park Water) Corp.¹⁰

The Commission has also approved two interim rate memorandum accounts for Great Oaks.¹¹ Accordingly, Great Oaks requests similar treatment under General Order 96-B, Industry Rule 8.2 and asks that the Commission approve its proposed 2023 Cost of Capital Interim Rates Memorandum Account.

⁴ See San Jose Water Company, 2021 GRC Interim Rates Memorandum Account.

⁵ See California Water Service Company, 2018 GRC Interim Rate Memorandum Account (2018 IRMA); 2021 GRC Interim Rate Memorandum Account (2021 IRMA).

⁶ See California-American Water Company, General Rate Case Interim Rate True-Up Memorandum Account.

⁷ See San Gabriel Valley Water Company, A.22-01-003 Interim Rates Memorandum Account (“A.22-01-003 IRMA”); Interim Rates Memorandum Account (“IRMA-GRC”).

⁸ See Suburban Water Systems, A.17-01-001 Interim Rates Memorandum Account (IRMA); A.22-03-001 Interim Rates Memorandum Account (IRMA)

⁹ See Liberty Utilities (Apple Valley Ranchos Water) Corp. Preliminary Statement, Interim Rates Memorandum Account – 2015 GRC (IRMA); Interim Rates Memorandum Account (“IRMA”); Interim Rates Memorandum Account.

¹⁰ See Liberty Utilities (Park Water) Corp. Preliminary Statement, 2016 Interim Rates Memorandum Account (“IRMA”); Interim Rates Memorandum Account (IRMA); Interim Rates Memorandum Account.

¹¹ See Great Oaks Water Company, 2018 GRC Interim Rates Memorandum Account; 2021 GRC Interim Rates Memorandum Account.

Other Pending Advice Letters

At this time, Great Oaks has two pending Advice Letters: AL 320-W and AL 321-W. Neither 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.

Effective Date:

Great Oaks Water Company requests that the terms and conditions of the requested interim memorandum account requested in this Advice Letter become effective July 1, 2024.

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
jliem@greatoakswater.com

With a copy to:

Megan Somogyi
Downey Brand LLP
455 Market Street, Suite 1500
San Francisco, CA 94105
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 322-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 22, 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 322-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 22, 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 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

State Water Resources Control Board
Division of Drinking Water
850 Marina Bay Parkway
Building P, 2nd 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)

NN. 2023 Cost of Capital Interim Rates Memorandum Account.

(N)

1. Purpose. The 2023 Cost of Capital Interim Rates Memorandum Account (IRMA) will track the revenue differential between interim rates and the final rates, subject to refund, adopted in the Utility's 2023 Cost of Capital, Application 23-05-002.

On July 1, 2024, the proposed effective date for the revised rates, this tariff shall activate interim rates through the Utility's service area. The interim rates shall be the current rates in effect on July 1, 2024.

2. Applicability. The IRMA does not have a rate component. The IRMA shall include:

The monthly revenue differential between interim rates and final rates adopted in A.23-05-002, beginning July 1, 2024, throughout the Utility's service area.

The Utility shall maintain the IRMA by making entries at the end of each month as follows:

- a. A debit/credit entry shall be made to the IRMA at the end of each month to Record the revenue differential discussed above.
- b. Interest shall accrue to the IRMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Nonfinancial 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. Effective Date. The IRMA shall become effective on July 1, 2024.
4. Disposition. Dispositions of amounts recorded in the IRMA shall be determined through a subsequent Tier 2 advice letter filing by the Utility.

(N)

(To be inserted by utility)
Advice Letter No. 322-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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(To be inserted by utility)

Issued by

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

Advice Letter No. 322-W

Juan Liem

Date Filed _____

Decision No. _____

Chief Financial Officer

Effective _____