

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED

07-31-12
04:59 PM

In the Matter of the Application of
Great Oaks Water Company (U162W)
for an Order authorizing it to increase
rates charges for water service by
\$1,930,413 or 14.28% in 2013, to
decrease rates by \$477,210 or -3.09% in
2014, and to decrease rates by \$426,852
or -2.85% in 2015.

Application 12-07-005
(Filed July 2 , 2012)

PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES

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July 31, 2012

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I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure ("Rules"), the Division of Ratepayer Advocates ("DRA") hereby submits its Protest to Application 12-07-005 ("Application") of Great Oaks Water Company ("Great Oaks") for authority to increase its revenues for water service in its territories.

Great Oaks filed A.12-07-005 on July 2, 2012, which appeared in the Commission's Daily Calendar on July 5, 2012. This protest is timely filed.

Great Oaks seeks to increase revenues for its service territories by \$1,930,413 or 14.28% in 2013, and will seek subsequent attrition revenue decreases of \$477,210 or 3.09% in 2014, and \$426,852 or 2.85% in 2015. Great Oaks forecasts that its requested revenue increase will produce a rate of return on its estimated rate base for 2013 of 9.26%.¹

¹ A.12-07-005, p. 6. Great Oaks expects a rate of return to be established in the cost of capital proceedings beginning May 1, 2012. However, all projects included in Application, supporting exhibits, and testimonies are based upon the currently authorized rate of return of 9.26% on rate base.

A. Issues

While DRA is still in the process of reviewing Great Oaks' Application, it has identified several potentially contentious issues that may require evidentiary hearings. DRA anticipates that some of these issues may be resolved, and others may arise, as discovery proceeds. At this time, DRA expects that the following issues may be the subject of evidentiary hearings in this proceeding:

- 1) The scope of proposed rate base increases, primarily impacted by new plant additions;
- 2) Great Oaks' proposed establishment of a Water Revenue Adjustment Mechanism ("WRAM") and Modified Cost Balancing Account ("MCBA");
- 3) Whether Great Oaks should be authorized to modify its existing retirement plan;
- 4) The level of Great Oaks' proposed payroll and four new positions;
- 5) The accuracy and propriety of Great Oaks' proposed changes to its sales forecasting methodology;
- 6) The accuracy and propriety of Great Oaks' proposed changes to its health benefits forecasting methodology for employees and retirees;
- 7) Whether Great Oaks should be authorized to have Chrome VI and Employee Health Insurance memorandum accounts;
- 8) The level of regulatory expenses; and
- 9) The proposed measures to mitigate a large rate increase from this application and the amortization of existing balances in various balancing accounts.

DRA will require extra time to review the factors which Great Oaks claims necessitate the large rate increase, *i.e.*, 14.28% for 2013, so that it can assess the reasonableness of the requested increase and can propose meaningful adjustments to mitigate the potential rate shock. Notably, Great Oaks is requesting major changes in its rate design area with its request for WRAM and a MCBA.

B. Categorization and Proposed Schedule

DRA agrees with Great Oak’s proposed categorization of this proceeding as ratesetting and recommends that the Commission set a Prehearing Conference to schedule evidentiary hearings and one or more public participation hearings.

As noted, DRA will require extra time to evaluate the reasonableness of the large increase requested for 2013, *i.e.*, 14.28%, coupled with parallel proceedings including hearings, Thanksgiving, the holiday season, and anticipated staff vacation time, DRA has proposed changes to the schedule as set forth below.

PROPOSED SCHEDULE

Application Filed	0	July 3, 2012
Prehearing Conference Start Date	10-75	July 12-September 15
Great Oaks Updates Application	45	August 16, 2012
Public Participation Hearing(s)	10-90	July 12-September 30, 2012
DRA Testimony	97(+5)	October 12, 2012
Intervenor Testimony	97(+5)	October 12, 2012
Rebuttal Testimony	112(+4)	October 26, 2012
ADR Process	115(+6)-125(-5)	November 1-Nov. 6, 2012
Evidentiary Hearings	126-130(+9)	November 14-16, 2012
Opening Briefs Filed and Served	160(+1)	December 10, 2012
Motion for Interim Rates	160(+1) *	December 10, 2012
Mandatory Status Conference	161(+8)*	December 19, 2012
Reply Briefs Filed and Served	175(+35)*	January 18, 2013
Water Division Technical Conference	180(+35)*	January 25 , 2013
Proposed Decision Mailed	240(+4)*	March 15, 2013

Comments on Proposed Decision	260(+4)*	April 6, 2013
Reply Comments on Proposed Decision	265(+4)*	April 13, 2013
Final Decision	280(+10)*	May 4, 2013
Implementation of New Rates		July 1, 2013
*To accommodate other parallel proceedings including hearings, Thanksgiving, the holidays and usual vacation of staff around this time.		

II. CONCLUSION

The Commission should set a Prehearing Conference to discuss a schedule that allows for a diligent review by DRA staff of the requested rate increase. As noted, DRA will be conducting discovery to develop its testimony and recommendations. Because DRA has not yet completed its discovery or filed its report, it reserves the right to assert any issue discovered after this protest has been filed.

Respectfully submitted,

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