



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of Great Oaks Water Company (U162W) for an Order Authorizing it to Increase Rates Charged for Water Service by \$1,442,313 or 8.50% in 2016, by \$1,051,887 or 5.71% in 2017, and by \$683,236 or 3.51% in 2018.

Application 15-07-001
(Filed July 1, 2015)

PROTEST OF THE OFFICE OF RATEPAYER ADVOCATES

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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 Office of Ratepayer Advocates (“ORA”) hereby submits its protest to Application (“A.”) 15-07-001 of Great Oaks Water Company (“Great Oaks”) for authority to increase its revenues for water service in its territories (“Application”).

Great Oaks seeks to increase revenues for its service territories by \$1,442,313 or 8.50% in 2016,¹ and will seek subsequent attrition revenue increases of an estimated \$1,051,887 or 5.71% in 2017, and \$683,236 or 3.51% in 2018. Great Oaks forecasts that its requested revenue increase will produce a rate of return on its estimated rate base for 2016 of 9.1%.²

Great Oaks filed A.15-07-001 on July 1, 2015. A.15-07-001 appeared in the Commission’s Daily Calendar on July 2, 2015. This protest is timely filed pursuant to Rules 1.15 and 2.6(a).

¹ Great Oaks’ General Rate Cases are on a 14-month schedule with rate changes being implemented beginning on July 1st of the indicated Test Year through June 30th of the following year.

² A.15-07-001, p. 3. All projects included in Great Oaks’ Application, supporting exhibits, and testimonies are based upon the currently authorized rate of return of 9.1% on rate base.

II. ISSUES TO BE ADDRESSED

ORA is currently conducting the necessary discovery, investigation, and review to determine whether Great Oaks' estimated levels of revenues, expenses, plant, and rate base are just and reasonable. ORA will review Great Oaks' Special Requests to determine whether they are appropriate and in the public interest. ORA will also review Great Oaks' compliance with prior Commission orders, including Great Oaks' last general rate case decision, D.13-05-020.

While ORA is still in the process of reviewing Great Oaks' Application, ORA has identified several potential issues that may require evidentiary hearings. ORA anticipates that some of these issues may be resolved, while other issues may arise as discovery proceeds. At this time, ORA expects that the following issues may become the subject of evidentiary hearings in this proceeding:

- 1) The scope of Great Oaks' proposed rate base increases, primarily impacted by new plant additions;
- 2) Great Oaks' proposed modification to its Monterey-Style Water Revenue Adjustment Mechanism ("WRAM");
- 3) Whether Great Oaks should be authorized to establish a pension expense balancing account;
- 4) The level of Great Oaks' proposed increases for employee health insurance and employee payroll;
- 5) Great Oaks' proposed expansion of its WaterSmart Software conservation program and whether the related costs exceed the benefits;
- 6) The accuracy and propriety of Great Oaks' sales forecasting methodology;
- 7) Great Oaks' proposal to incorporate the discounts and expenses associated with its Low Income Customer Assistance Program ("LICAP") into a surcharge;
- 8) Whether Great Oaks should be authorized to remove the cap on its Santa Clara Valley Water District litigation memorandum account;
- 9) The appropriate level of Great Oaks' forecasted expenses;

- 10) Issues surrounding Great Oaks' memorandum and balancing accounts; and
- 11) The appropriate post-Test Year ratemaking mechanism.

III. CATEGORIZATION

ORA agrees with Great Oaks that the categorization of this proceeding is ratesetting and recommends that the Commission set a Prehearing Conference to schedule evidentiary hearings and one or more public participation hearings.

IV. SCHEDULE

ORA will require additional time to evaluate the reasonableness of Great Oaks' 8.5% increase requested for Test Year 2016/2017, and in particular, the reasonableness of Great Oaks' proposed capital additions. ORA presents the following proposed schedule, which adds approximately two weeks to ORA's deadline to serve its testimony.

Accordingly, ORA also adjusts the time for other events such as the service of rebuttal testimony and the initiation of settlement discussions to account for this additional time.

ORA also adjusts the schedule in the following additional ways relative to Great Oaks' proposed schedule. Specifically, ORA requests 1) an additional four days to review Great Oaks' rebuttal testimony in order to ensure adequate time is provided to prepare for settlement discussions; 2) additional time to begin hearings after the Thanksgiving holiday; 3) an additional seven days to file opening briefs due to year-end holidays; and additional modifications to Great Oaks' proposed schedule in order to reduce the impact that this additional time would have on completing this proceeding within the time-frame set forth in the Rate Case Plan.

Finally, Great Oaks, in its proposed schedule, gives itself 15 extra days to file its reply brief after all other parties, including ORA, have filed reply briefs.³ Both the Rate Case Plan and Rule 13.11 of the Commission's Rules of Practice envision the filing of concurrent briefs.⁴ Great Oaks should not be granted additional time to file its reply brief

³ A.15-07-001, p. 7.

⁴ D.07-05-062, at A-5.

as this unfairly gives Great Oaks the opportunity to respond to the reply briefs of all other parties without other parties being afforded the same opportunity. ORA's proposed schedule sets forth a filing date for concurrent opening and reply briefs as envisioned by the Rate Case Plan and the Rules of Practice and Procedure.

The following table includes ORA's proposed schedule modifications:

PROPOSED SCHEDULE

	Great Oaks	ORA
Application Filed	July 1, 2015	July 1, 2015
Prehearing Conference Start Date	July 11-September 14, 2015	July 11-September 14, 2015
Great Oaks Updates Application	August 14, 2015	August 14, 2015
Public Participation Hearing(s)	July 11-September 28, 2015	July 11-September 28, 2015
ORA Testimony	October 5, 2015	October 19, 2015
Intervenor Testimony	October 5, 2015	October 19, 2015
Rebuttal Testimony	October 20, 2015	November 3, 2015
Settlement Discussions	October 23 – November 2, 2015	November 10-20, 2015
Evidentiary Hearings	November 3 – 6, 2015	December 1-4, 2015
Opening Briefs Filed and Served	December 7, 2015	January 11, 2016
Motion for Interim Rates	December 7, 2015	December 7, 2015
Mandatory Status Conference	December 7, 2015	January 12, 2016
ORA/Intervenors Reply Briefs Filed and Served	December 22, 2015	January 19, 2016
Great Oaks Reply Brief Filed and Served	January 11, 2016	January 19, 2016
Water Division Technical Conference	January 15, 2016	January 26, 2016
Proposed Decision Mailed	February 25, 2016	March 22, 2016

Comments on Proposed Decision	March 16, 2016	April 11, 2016
Reply Comments on Proposed Decision	March 21, 2016	April 18, 2016
Final Decision	April 5, 2016	May 12, 2016
Implementation of New Rates	July 1, 2016	July 1, 2016

V. CONCLUSION

The Commission should set a Prehearing Conference to discuss a schedule that allows for a diligent review by ORA of Great Oaks’ requested rate increase. As noted, ORA is conducting discovery to develop its testimony and recommendations. ORA has not yet completed its discovery or filed its report, and as such, reserves the right to assert any other issue discovered in this proceeding.

Respectfully submitted,

/s/ Shanna Foley

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