

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED
08/07/18
04:59 PM

Application of Great Oaks Water Company (U-162-W) for an Order authorizing it to increase rates charges for water service by \$3,480,305 or 18.18% in 2019, by \$1,689,521 or 7.47% in 2020, and by \$1,576,419 or 6.48% in 2021.

Application 18-07-002
(Filed July 2, 2018)

**PROTEST OF
THE OFFICE OF RATEPAYER ADVOCATES**

TRAVIS FOSS

Attorney for the
Office of Ratepayer Advocates

California Public Utilities Commission
505 Van Ness Avenue, 5th Floor
San Francisco, CA 94102
Phone: (415) 703-1998
Email: travis.foss@cpuc.ca.gov

TONY TULLY

Analyst for the
Office of Ratepayer Advocates

California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102
Phone: (415) 703-2385
Email: tony.tully@cpuc.ca.gov

August 7, 2018

I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, The Office of Ratepayer Advocates (ORA) submits this protest to the application of Great Oaks Water Company (GOWC) for authority to increase rates for water service (A.18-07-002 or Application) in each year 2019 through 2021.

In A.18-07-002, GOWC seeks authorization to increase rates effective July 1, 2019 in order to produce revenues through 2021 totaling 35.24% (\$6,746,245) above the revenues estimated at current rates. GOWC also requests recovery, continuation, and creation of various memorandum and balancing accounts, changes to currently authorized rate designs, and a Sales Reconciliation Mechanism to automatically adjust rates when actual sales vary from forecasted sales; all of which may ultimately impact customers' bills.

A.18-07-002 first appeared on the Commission's Daily Calendar on July 12, 2018; therefore, the deadline for protests under Rule 2.6(a) and Rule 1.15 is August 13, 2018.

II. ISSUES TO BE ADDRESSED

ORA is conducting the necessary discovery, review, and analysis to determine whether the requests made by GOWC in the Application are reasonable and in the public interest.¹

The following is a non-exhaustive list of general issues the Commission should review in this proceeding:

1. GOWC's compliance with applicable health and safety standards.
2. Adequacy of GOWC's Emergency Preparedness Plans.
3. Opportunities to improve the safety and reliability of services provided by GOWC.

¹ P.U. Code 451 requires that "All charges demanded or received by any public utility...shall be just and reasonable. Every unjust or unreasonable charge demanded or received for such product or commodity or service is unlawful."

4. Impacts of GOWC's current operations and proposals on low-income customers.
5. The basis of GOWC's forecasted 91% increase in combined test year O&M and A&G expenses from the last recorded expense amounts shown in 2016/2017.
6. GOWC's forecasted payroll expenses and capitalized labor increases.
7. The reasonableness of GOWC's customer growth and consumption forecasts and the associated impacts on test year revenues and proposed customer rates.
8. GOWC's asset management and the infrastructure investments necessary to ensure continuing safe and reliable service at the lowest costs to customers.
9. Reasonableness of the proposed rate base, including GOWC's proposed 30% increase in its last authorized allowance for cash working capital.
10. GOWC's recommended rate design which among other things increases the percentage of fixed costs recovered in service charges from 50% to 100%.
11. Effect of recent federal tax legislation and the ratemaking treatment of excess deferred tax reserves resulting from changes in tax law.
12. Reasonableness of amounts tracked in memorandum and balancing accounts.
13. Necessity for continuation or creation of new memorandum or balancing accounts.
14. Any other items that may impact GOWC's quality of service, revenue requirements and the calculation of rates to achieve those revenue requirements during the period of time addressed by this proceeding (July 1, 2019 to June 30, 2022).

III. CATEGORIZATION

ORA does not oppose GOWC's proposed categorization of this proceeding as ratesetting.

IV. NEED FOR EVIDENTIARY HEARINGS AND PROCEEDING SCHEDULE

While this proceeding may be resolved through settlement, evidentiary hearings may be necessary. The Commission should adopt a schedule that allows parties time to conduct discovery, prepare testimony and participate in evidentiary hearings. Further, GOWC's customers should have an opportunity to express any particular concerns or

other contributions they may have regarding this proceeding through public participation hearings (PPH). Therefore, a minimum of at least one PPH in GOWC’s service territory should be scheduled early in this proceeding’s schedule.²

The following proposed schedule reflects discussion and general agreement between GOWC and ORA. In the event that additional time is needed to resolve this proceeding, the following proposed schedule allows for ten additional weeks between an estimated Commission decision and the date on which rates from this proceeding would likely be implemented.

DATE	ITEM
July 12, 2018	Application Appeared on Daily Calendar)
July 12 to September 14, 2018	Prehearing Conference
July 12 to October 1, 2018	Public Participation Hearing
August 13, 2018	Protests Due
August 20, 2018	Final Update of GOWC Showing
October 18, 2018	ORA and Intervenors Serve Testimony
November 2, 2018	GOWC’s Rebuttal Testimony Served
October 25 to November 2, 2018	Settlement Discussions and ADR
November 5 to 9, 2018	Evidentiary Hearings (if needed)
December 7, 2018	Opening Briefs Filed and Served
December 7, 2018	Motion for Interim Rates / Status Conference
December 21, 2018	Reply Briefs Filed and Served
December 31, 2018	Water Division Technical Conference
February 27, 2019	Proposed Decision (PD) Mailed
March 29, 2019	Comments on PD Filed and Served
April 12, 2019	Reply Comments Filed and Served
April 18, 2019	Commission Decision

² P.U. Code Section 1711(a).

V. CONCLUSION

Application A.18-07-002 raises numerous issues regarding the continued provision of safe and reliable service at lowest possible cost. The prudence of GOWC's operations and proposed expenditures must be reviewed to ensure that the relief requested is just and reasonable. ORA plans to conduct the necessary discovery, review, and analysis to determine whether GOWC's proposals are reasonable and in the public interest. Evidentiary hearings may be required, and a schedule should be established that allows for a diligent review of issues identified in this protest. ORA reserves the right to address any other issues discovered in the course of this proceeding.

Respectfully submitted,

/s/ TRAVIS FOSS

TRAVIS FOSS

Attorney for the Office of Ratepayer Advocates

California Public Utilities Commission

505 Van Ness Ave.

San Francisco, CA 94102

Phone: (415) 703-1998

Email: travis.foss@cpuc.ca.gov

August 7, 2018