

PROPOSED RESOLUTION

Resolution W-5047
DWA

AGENDA ID #14037

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION W-5047
June 25, 2015

RESOLUTION

(RES. W-5047), GREAT OAKS WATER COMPANY. ORDER APPROVING GREAT OAKS WATER COMPANY'S REQUEST TO IMPLEMENT A SURCHARGE TO AMORTIZE THE BALANCE IN GREAT OAKS' AUTHORIZED LOW INCOME CUSTOMER ASSISTANCE PROGRAM (LICAP) MEMORANDUM ACCOUNT.

By Advice Letter No. 244-W filed on March 13, 2015, Supplemental Advice Letter No. 244-W-A filed on March 31, 2015 and Supplemental Advice Letter No. 244-W-B filed on May 4, 2015.

SUMMARY

This Resolution approves Great Oaks Water Company's (Great Oaks) request to implement a surcharge to amortize the balance in Great Oak's authorized Low Income Customer Assistance Program (LICAP) Memorandum Account. The amount to be recovered is \$325,830 plus accrued interest through a volumetric based surcharge of \$0.06792 per 100 cubic feet for each customer for all water delivered for a twelve month period starting July 1, 2015.

BACKGROUND

Great Oaks filed Advice Letter 244-W on March 13, 2015 to request amortization of the combined balances of five balancing accounts ¹ and the Low Income Customer

¹ Balancing accounts included (1) Advice Letter 222-W-A Audit Cost (2009 and 2010 audits); (2) Purchases power balancing account; (3) Groundwater charge other than agricultural irrigation balancing account; (4) Groundwater charges, agricultural irrigation balancing account; and (5) Advice Letter 236-W Limited rehearing under-collection balancing account.

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Assistance Program (LICAP) memorandum Account² through a Tier 1 advice letter filing. That advice letter was replaced by a supplemental Tier 3 Advice Letter 244-W-A on March 31, 2015. On May 4, 2015, Great Oaks filed Supplemental Advice Letter 244-W-B seeking to amortize only the balance in the LICAP Memorandum Account.

The balance in the in the LICAP memorandum Account as of February 15, 2015 was \$325,830. This is 2.22% of Great Oak's adopted operating revenue for Test Year 2014/15 that was adopted in Decision (D.) 13-05-024.³ Great Oaks proposes to recover the LICAP account balance through a surcharge of \$0.06792 per 100 cubic feet as a quantity charge applied to all active service connections.⁴ It is expected that as a result of this surcharge, the bi-monthly water bill of an average single-family customer with a 5/8"x3/4" meter using 13 ccf of water per month, will increase by \$1.87 (1.98%) from \$94.37 to \$96.24 (including AL 244-W-B amortization surcharge of \$1.77, the CPUC surcharge of \$1.35 and local utility taxes of \$4.58)⁵. The surcharge will be collected from all water customers for a twelve-month period.

The Division of Water and Audits (DWA) suspended Advice Letter 244 and its supplements on April 10, 2015.

NOTICE AND PROTEST

Great Oaks published notice of Advice Letter 244-W-A in a newspaper of local circulation, pursuant to General Order 96-B, Water Industry Rule 3.1. The utility served Advice Letter 244-B on its service list and also posted it on its web site pursuant to Rule 8.1.2 of General Order 96-B. Great Oaks requested that, to avoid

² The LICAP memorandum account was established pursuant to Ordering Paragraph Number 2 of Resolution W-4594 dated May 11, 2006.

³ See D. 13-05-020, Appendix A, table 1-2: Total operating revenue for TY 2014/15 is \$14,663,436.

⁴ See D. 13-05-020, Appendix A, Table 4-2: Total water sales for TY 2014/15 is 4,796,937 ccf.

⁵ In AL 244-W-B the utility reported the total bi-monthly bill, after the requested surcharge, for a typical customer as \$96.47 by erroneously increasing the meter charge from \$19.62 to \$19.82.

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additional costs, it should not be required to re-publish the notice for Advice Letter 244-B since the requested amount in Advice Letter 244-A was higher.

DWA staff finds Great Oaks' request to not re-publish Advice Letter 244-B to be reasonable.

The Office of Ratepayer Advocates (ORA) filed an authorized "late filed" protest to Advice Letter 244-W-A on April 24, 2015. In its protest, ORA recommended that Great Oak's Advice Letter 244-W-A should be rejected, because it attempts to combine the balances from several balancing and memorandum accounts to meet the 2% threshold which is contrary to D.06-04-037 and Standard Practice U-27-W. On May 4, 2015, Great Oaks filed Supplemental Advice Letter 244-W-B to recover only the balance in the LICAP memorandum account. Based on this filing, ORA withdrew its protest to Advice Letter 244-W-A.

DISCUSSION

Great Oak's LICAP memorandum account balance is 2.2% of its adopted revenue requirements. Since this exceeds the 2% threshold requirement established by D. 06-04-037 and Standard Practice U-27-W, the utility may recover this amount plus accrued interest by amortizing this balance over a 12 month period through an Advice Letter filing.

SAFETY CONSIDERATIONS

Timely recovery of the LICAP memorandum account balances as proposed by Great Oaks is consistent with Commission adopted practices. Availability of requested funds will provide Great Oaks the necessary financial resources to *safely* operate and maintain its operations for the benefit of its customers, employees, and members of the general public.

COMMENTS

Public Utilities Code section 311(g) (1) provides that resolutions generally must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Advice Letter 244-W, as supplemented, is unopposed and grants the relief requested. Pursuant to Section 311(g)(2), this draft Resolution was not mailed for public comment.

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FINDINGS AND CONCLUSIONS

1. Great Oaks Water Company (Great Oaks) filed Advice Letters 244-W and 244-W-A on March 13, 2015 and March 31, 2015 respectively to recover the combined balances from a number of balancing and memorandum accounts.
2. Decision (D.) 13-05-024 authorized Great Oaks to establish a Low Income Customer Assistance Program (LICAP) memorandum account.
3. Great Oaks filed Supplemental Advice Letter 244-W-B on May 4, 2015 to recover only the account balance from its LICAP memorandum account.
4. It is reasonable for Great Oaks to seek recovery of the LICAP memorandum account balance through an Advice Letter filing.
5. It is reasonable for Great Oaks to recover the balance in its LICAP memorandum account through a volumetric surcharge on all users over 12 months as proposed in Advice Letter 244-W-B.

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THEREFORE, IT IS ORDERED THAT:

1. Great Oaks Water Company's (Great Oaks) is authorized to recover \$325,830 plus accrued interest, the balance in its Low Income Customer Assistance Program (LICAP) memorandum account as of February 28, 2015. The recovery shall be through volumetric based surcharge of \$0.06792 per 100 cubic feet from all customers for 12 months starting July 1, 2015.
2. Authority is granted to Great Oaks to adopt the Tariff sheets attached to this Resolution as Appendix A effective July 1, 2015. Concurrently, Great Oaks is directed to cancel the following currently effective Tariff Sheets: 1) Tariff Sheet 764-W: Schedule No. 1: General Metered Service, Special Conditions; 2) Tariff Sheet 761-W: Schedule No. 3M, Irrigation Service Special Conditions; and 3) Tariff Sheet 762-W: Schedule No. 6, Contract Resale Service Conditions.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on June 25, 2015; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director

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APPENDIX A

Schedule No. 1
GENERAL METERED SERVICE
(Continued)

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. To offset the higher Pump Tax imposed by the Santa Clara Valley Water District, effective July 1, 2013, a surcharge of \$0.1192 per 100 cu.ft. will be added to the Quantity Rate for each customer for all water delivered on and after July 1, 2013. (D)
3. To amortize the combined balance in Commission-authorized memorandum and balancing accounts, a surcharge of \$0.0512 per 100 cu.ft. will be added to the Quantity Rate for each customer for all water delivered for a twelve-month period pursuant to Commission Resolution. (L)
4. To offset the higher Pump Tax imposed by the Santa Clara Valley Water District, effective July 1, 2014, a surcharge of \$0.1327 per 100 cu.ft. will be added to the Quantity Rate for each customer for all water delivered on and after July 1, 2014.
5. To amortize the balance in the Monterey-style Water Revenue Adjustment Mechanism Account, a surcharge of \$0.1059 per 100 cu.ft. will be added to the quantity rate for Single-Family Residential Customers for a twelve-month period beginning September 2, 2014. (L)
6. To amortize the balance in a Commission-authorized memorandum account, a surcharge of \$0.06792 per 100 cu.ft. will be added to the Quantity Rate for each customer for all water delivered for a twelve-month period starting July 1, 2015. (N)

(Cont.)

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APPENDIX A

Schedule No. 3M
IRRIGATION SERVICE
(Continued)

SPECIAL CONDITIONS

1. The Santa Clara Valley Water District requires the customer to certify the water is used to irrigate commercial agricultural crops for sale to qualify for this rate. It is an express condition of this Irrigation Service that the customer cooperates in making the necessary certification to the Water District.

2. The Santa Clara Valley Water District has surcharges or discounts applicable to water used to irrigate commercial agricultural crops if the customer/farmer participates in the Water District's special programs. These surcharges or discounts are applied per Acre Ft., are granted or imposed by the Water District each month based on the customer/farmer's level of participation, and will be passed through by the Company each month to the customer/farmer.

3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

4. Customers who receive water deliveries for agricultural purposes under this schedule, and who present evidence to the Utility that such deliveries qualify for the lower pump tax rates levied by the Santa Clara Valley Water District for agricultural water, shall receive a credit of \$1.3885 per 100 cu.ft. used during the period covered by that bill.

5. To offset the higher Pump Tax imposed by the Santa Clara Valley Water District, effective July 1, 2013, a surcharge of \$0.1192 per 100 cu.ft. will be added to the Quantity Rate for each customer for all water delivered on and after July 1, 2013.

(D)

6. To amortize the combined balance in Commission-authorized memorandum and balancing accounts, a surcharge of \$0.0512 per 100 cu.ft. will be added to the Quantity Rate for each customer for all water delivered for a twelve-month period pursuant to Commission Resolution.

(L)

7. To offset the higher Pump Tax imposed by the Santa Clara Valley Water District, effective July 1, 2014.

(L)

8. To amortize the balance in a Commission-authorized memorandum account, a surcharge of \$0.06792 per 100 cu.ft. will be added to the Quantity Rate for each customer for all water delivered for a twelve-month period effective July 1, 2015.

(N)

(N)

(Cont.)

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APPENDIX A

Schedule No. 6
CONTRACT RESALE SERVICE

SPECIAL CONDITIONS

1. Resale water service is provided under this tariff only if deemed available, in the sole judgment of the Company. The Company may interrupt service from time to time to protect continuous service to its own retail customers.
2. The Company is not providing fire protection supply as it does for its own retail customers.
3. The retailer receiving service under this tariff shall defend and hold the Company harmless from any failure of service or any other claim of damage or injury once the water passes through the Company's meter into the sole possession of the retailer.
4. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
5. To offset the higher Pump Tax imposed by the Santa Clara Valley Water District, effective July 1, 2013, a surcharge of \$0.1192 per 100 cu.ft. will be added to the Quantity Rate for each customer for all water delivered on and after July 1, 2013. (D)
6. To amortize the combined balance in Commission-authorized memorandum and balancing accounts, a surcharge of \$0.0512 per 100 cu.ft. will be added to the Quantity Rate for each customer for all water delivered for a twelve-month period pursuant to Commission Resolution. (L)
7. To offset the higher Pump Tax imposed by the Santa Clara Valley Water District, effective July 1, 2014, a surcharge of \$0.1327 per 100 cu.ft. will be added to the Quantity Rate for each customer for all water delivered on and after July 1, 2014. (L)
8. To amortize the balance in a Commission-authorized memorandum account, a surcharge of \$0.06792 per 100 cu.ft. will be added to the Quantity Rate for each customer for all water delivered for a twelve-month period effective July 1, 2015. (N)

END OF APPENDIX A

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GREAT OAKS WATER COMPANY ADVICE LETTER 244-W-B SERVICE LIST

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