

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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In the Matter of the Updated and Corrected Application of GREAT OAKS WATER CO. (U-162-W) for an Order Authorizing an Increase in Rates Charged for Water Service, increasing the revenue requirement by \$1,846,100 or 14.94% in 2010, by \$254,425 or 1.79% in 2011 and by \$165,822 or 1.14% in 2012.

Application No.: A.09-09-001
(Filed September 3, 2009)
(Updated and Corrected Caption filed 11/12/2009)

**DECLARATION OF VICKI MORSE
IN RESPONSE TO THE DRA MOTION**

I, Vicki Morse, declare as follows:

1. I have personal knowledge of the statements made in this declaration.
2. I am the Treasurer/Chief Financial Officer of Great Oaks Water Company ("Great Oaks").
3. I am a Certified Public Accountant.
4. Following the decision from the Santa Clara County Superior Court in the first phase of Case No. 105CV053142 in late April, 2009, I was instructed by John W.S. Roeder, Great Oaks' Chief Executive Officer, to establish a separate bank account (the "groundwater charge account") for the purpose of depositing and securely holding, groundwater charges imposed by the Santa Clara Valley Water District ("District") until a legal determination is made on the disposition of the funds.
5. I have followed those instructions precisely at all times.

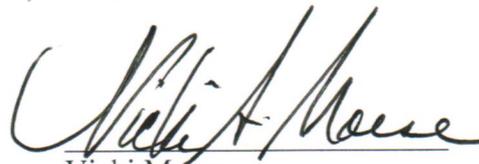
6. When Great Oaks submits its water production statements to the District on a monthly basis, as required, the appropriate amount of groundwater charges based upon water production is deposited into the groundwater charge account.
7. Great Oaks has accounted for groundwater charges as “payables” and has reported and forecast groundwater charges as incurred operating expenses associated with water supply in the proceedings on Application A.09-09-001.
8. Groundwater charges levied against Great Oaks (and to be levied against Great Oaks in the future) are properly classified as accrued liabilities, as they are and will be incurred expenses and represent “payables” of Great Oaks.
9. The facts that the groundwater charges are in dispute (the subject of ongoing litigation) and that Great Oaks is withholding payment until the dispute is resolved do not change the character of groundwater charges as current and accrued liabilities or payables.
10. Great Oaks’ accounting for groundwater charges is correct and appropriate under generally accepted accounting principles.
11. Great Oaks has fully complied with Water Division Standard Practice U-38-W.
12. Great Oaks has fully complied with Standard Practice U-26 (Adjusting and Estimating Operating Expenses of Water Utilities) in the manner in which Great Oaks has recorded and reported groundwater charges.
13. Groundwater charges, commonly known as “pump tax,” are incurred operating expenses associated with water supply and have been accounted for and maintained in Great Oaks’ Account 700 for many years.

14. Great Oaks has not taken the withheld groundwater charges into income, nor would it be proper to do so.

15. Any method of reporting or accounting for the funds in the groundwater charge account other than that employed by Great Oaks in this ratemaking proceeding would be improper and contrary to generally accepted accounting principles and Commission rules and decisions, including D.07-05-062, the rate case plan decision for Class A water companies.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 12th day of April, 2010, in San Jose, California.


Vicki Morse

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OF THE STATE OF CALIFORNIA**

In the Matter of the Updated and Corrected Application of GREAT OAKS WATER CO. (U-162-W) for an Order Authorizing an Increase in Rates Charged for Water Service, increasing the revenue requirement by \$1,846,100 or 14.94% in 2010, by \$254,425 or 1.79% in 2011 and by \$165,822 or 1.14% in 2012.

Application No.: A.09-09-001
(Filed September 3, 2009)
(Updated and Corrected Caption filed 11/12/2009)

**DECLARATION OF JOHN W.S. ROEDER
IN RESPONSE TO THE DRA MOTION**

I, John W.S. Roeder, declare as follows:

1. I have personal knowledge of the statements made in this declaration.
2. I am the Chief Executive Officer of Great Oaks Water Company (“Great Oaks”).
3. Following the decision from the Santa Clara County Superior Court in the first phase of Case No. 105CV053142 in late April, 2009, I instructed Vicki Morse, Great Oaks’ Chief Financial Officer, to establish a separate bank account (the “groundwater charge account”) for the purpose of depositing and securely holding, groundwater charges imposed by the Santa Clara Valley Water District (“District”) until a legal determination is made on the disposition of the funds.
4. The withheld groundwater charges will remain in the secure account until that legal determination is made.

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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 12th day of April, 2010, in San Jose, California.



John W.S. Roeder