

WATER/RSK/FLC/PTL/AAS/ijj

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

DIVISION OF WATER AND AUDITS  
Water and Sewer Advisory Branch

RESOLUTION NO. W-4724  
November 21, 2008

**R E S O L U T I O N**

**(RES. W-4724), GREAT OAKS WATER COMPANY (Great Oaks).  
ORDER AUTHORIZING A RATE BASE OFFSET REVENUE  
INCREASE, PRODUCING AN INCREASE IN GROSS ANNUAL  
REVENUE OF \$251,944 OR 2.17%.**

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**SUMMARY**

By Advice Letter (AL) 191-W filed on September 4, 2008, Great Oaks seeks approval for rate recovery of \$1,284,977 for the costs of new groundwater wells, related plant additions, and fire hydrant replacements.

This resolution grants recovery of \$1,284,977 of Great Oaks' capital expenses in the form of a rate increase of \$0.71 or 2.21%, for an average customer per month. This will produce an increase in gross annual revenue of \$251,944 or 2.17%. The increase will not result in a Rate of Return greater than last authorized for Great Oaks.

**BACKGROUND**

Great Oaks, a Class A water utility serving over 20,000 metered customers located in southeast San Jose, Santa Clara County, has requested under Rule 7.6.2 of General Order 96-B and Water Industry Rule 7.3.3 (8) and Section 454 of the Public Utilities Code to recover \$1,284,977 for reimbursement of the costs of new groundwater wells, related plant additions, and fire hydrant replacements.

The present rates were established on April 27, 2006, pursuant to Res. W-4594, authorizing annual revenue of \$11,628,819.

**NOTICE AND PROTESTS**

A notice for the proposed rate increase was mailed to each customer on September 4, 2008. No protest letters were received.

## **DISCUSSION**

The Division of Water and Audits (Division) has reviewed the expenses submitted and found them to be correct.

Commission Res. W-4594 authorized Great Oaks to file advice letters to recover certain capital projects that the Commission had determined to be reasonable. The Commission ordered: "The costs of the plant additions are not to exceed \$1,131,000 for 2006 and \$1,035,000 for 2007." The total costs incurred for plant additions were \$1,284,977.

The rate base adjustment for rate of return of 9.01% requested in this AL is \$251,944. This is divided equally between metered charges and quantity rates for residential customers. The monthly bill for average usage will increase from \$67.60 to \$69.07 which is \$1.47 or 2.17%.

Great Oaks also requests that the Irrigation Service Charge, Private Fire Protection Service Charge, and Contract Resale Service Charge be increased by 5% without any increase in Quantity Rates. Since Great Oaks does not deliver any water to Irrigation Services nor Resale Services per the annual reports, the 5% Service Charge would be unreasonable if the utility were to begin such services. In addition, the flows, if any, for fire hydrants are not measureable. Therefore, the allowable Service Charges for these schedules have been limited to 2.17%.

The Division recommends the rate base offset increase and resulting rates shown in Appendix A be approved.

## **COMPLIANCE**

The utility has been filing annual reports as required. Great Oaks has no outstanding compliance orders.

## **COMMENTS**

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g) (2), the otherwise 30-day period for public review and comment is being waived.

## **FINDINGS**

1. The rates proposed by the Division of Water and Audits (Appendix A) are just and reasonable and should be adopted.

2. The Commission finds, after investigation by the Division of Water and Audits, that the rate increase hereby authorized is just and reasonable.
3. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311(g) (2).

**THEREFORE IT IS ORDERED THAT:**

1. Great Oaks Water Company is authorized to file a supplement to Advice Letter 191-W to make effective the revised schedules Nos. 1, General Metered Service, 3M, Irrigation Service, 4, Private Fire Protection Service, and 6, Contract Resale Service, attached to this resolution as Appendix A and to concurrently cancel its presently effective rate schedules. The effective date of the revised rate schedules shall be five days after the receipt of the supplement to Advice Letter 191-W.
2. 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 November 21, 2008; the following Commissioners voting favorably thereon:

/s/ PAUL CLANON

Paul Clanon  
Executive Director

MICHAEL R. PEEVEY  
President

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

TIMOTHY ALAN SIMON

Commissioners

**APPENDIX A**  
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**Schedule No. 1**

**GENERAL METERED SERVICE**

**APPLICABILITY**

Applicable to all metered water service.

**TERRITORY**

The area Southeast San Jose, East of Snell Road, and South of Hellyer Park.

**RATES**

Quantity Rates:	<u>Per Meter Per Month</u>	
All water, per 100 cu. ft.	\$ 1.670	(I)
Service Charge:		
For 5/8 x 3/4-inch meter	\$ 7.81	(I)
For 3/4-inch meter	\$ 11.70	
For 1-inch meter	\$ 19.51	
For 1-1/2-inch meter	\$ 39.02	
For 2-inch meter	\$ 62.42	
For 3-inch meter	\$ 117.05	
For 4-inch meter	\$ 195.07	
For 6-inch meter	\$ 390.14	
For 8-inch meter	\$ 624.23	
For 10-inch meter	\$ 897.34	
For 12-inch meter	\$1,287.49	
For 14-inch meter	\$1,755.68	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge for water used computed at the Quantity Rates.

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**Schedule No. 3M**

**IRRIGATION SERVICE**

**APPLICABILITY**

Applicable to all metered water service.

**TERRITORY**

The area Southeast San Jose, East of Snell Road, and South of Hellyer Park.

**RATES**

Quantity Rates:	<u>Per Meter Per Month</u>	
For all water delivered, per 100 cu. ft.	\$	0.178
For all water delivered, per Acre Ft.	\$	77.367
Service Charge:		
For 2 inch meter	\$	60.70 (I)
For 3 inch meter	\$	113.83
For 4 inch meter	\$	189.71
For 6 inch meter	\$	379.41
For 8 inch meter	\$	607.06
For 10 inch meter	\$	872.66 (I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge for water used computed at the Quantity Rates. The Service Charge for the size meters listed above is the same as in Schedule No. 1.

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**Schedule No. 4**

**PRIVATE FIRE PROTECTION SERVICE**

**APPLICABILITY**

Applicable to all metered water service.

**TERRITORY**

The area Southeast San Jose, East of Snell Road, and South of Hellyer Park.

**RATES**

Service Charge:	<u>Per Month</u>
For each 2 inch diameter service connection	\$ 5.34 (I)
For each 4 inch diameter service connection	\$ 9.03
For each 6 inch diameter service connection	\$ 16.09
For each 8 inch diameter service connection	\$ 26.17
For each 10 inch diameter service connection	\$ 43.15
For each 12 inch diameter service connection	\$ 61.90
For each 14 inch diameter service connection	\$ 84.41 (I)

**SPECIAL CONDITIONS:**

1. The fire protection service connection will be installed by the utility and the cost paid by the applicant. Such cost shall not be subject to refund.
2. The minimum diameter for fire protection service shall be two inches, and the maximum diameter shall not be more than the diameter of the main to which the service is connected.
3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal services does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant.
4. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, and installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water, and the cost paid by the applicant. Such payment shall not be subject to refund.
5. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.
6. All bills within the City of San Jose are subject to a 2% Franchise Fee imposed by the City of San Jose on all customers within the City limits.
7. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

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**Schedule No. 6**

**CONTRACT RESALE SERVICE**

**APPLICABILITY**

Potable water metered service delivered to a water retailer by contract at location outside the Company's certified service territory.

**TERRITORY**

Wholesale water service may be obtained for use outside the Company's certified service territory.

**RATES**

Quantity Rates:	<u>Per Meter Per Month</u>	
For all water delivered, per 100 cu. ft.	\$	1.379
Service Charge:		
For 2 inch meter	\$	60.70 (I)
For 3 inch meter	\$	113.83
For 4 inch meter	\$	189.71
For 6 inch meter	\$	379.41
For 8 inch meter	\$	607.06
For 10 inch meter	\$	872.71
For 12 inch meter	\$	1,252.07
For 14 inch meter	\$	1,707.38 (I)

The Meter Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge for water used computed at the Quantity Rates.

(END OF APPENDIX A)