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

Application of Great Oaks Water Company (U-162-W) for an Order authorizing it to increase rates charges for water service by \$2,618,705 or 12.05% in 2022, by \$1,762,136 or 7.23% in 2023, and by \$1,879,770 or 7.20% in 2024.

Application 21-07-001

**ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING**

This Scoping Memo and Ruling (Scoping Memo) sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules)<sup>1</sup>.

**1. Procedural Background**

On July 1, 2021, Great Oaks Water Company (Great Oaks) filed Application (A.) 21-07-001 seeking authorization from the Commission to increase its rates effective July 1, 2022, by \$2,618,705 or 12.05 percent in 2022; \$1,762,136 or 7.23 percent in 2023; and \$1,879,770 or 7.20 percent in 2024. The Application was filed pursuant to Section 454 of the Pub. Util. Code, Rule 3.2 of the Commission's Rules, and the rate case plan (RCP) for Class A Water Companies adopted by the Commission in Decision (D.) 07-05-062. Great Oaks also requests the creation, maintenance, and update of various balancing and

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<sup>1</sup> Any future reference to Rules refers to the Commission's Rules of Practice and Procedure, unless stated otherwise.

memorandum accounts. Additionally, Great Oaks requests that the Commission find that Great Oaks follows all federal and state drinking water standards and Rules, orders, and decision.

On August 6, 2021, the Commission's Public Advocates Office (Cal Advocates) filed a protest (Protest) to Great Oaks' Application. No other protests were filed regarding this Application. On August 15, 2021, Great Oaks filed a response (Response) to the Cal Advocates' Protest. On August 15, 2021, Great Oaks filed the required 45-day update (Update) to its Application.

A prehearing conference (PHC) was held remotely on September 15, 2021, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. After considering the Application, Protest, Response, Update, and discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be set forth in this Scoping Memo.

## **2. Issues**

The issues to be determined or otherwise considered are:

- A. Whether Great Oaks adequately justified the requested increases and other reliefs it seeks in its Application such that the Commission should authorize Great Oaks to increase its rates and grant the requested reliefs it seeks as set forth in the Application;
- B. Whether Great Oaks' estimated revenue, expenses, plant, and rate base for Test Year 2022-2023 and escalation years 2023-2024 and 2024-2025 are just and reasonable;
- C. Whether projected tax expenses, tax deferrals, and treatment of excess deferred tax reserves is just and reasonable;
- D. Whether calculation methods are just and reasonable;

- E. Whether Great Oaks' ratepayer revenue sharing methodology for non-tariffed products and services is fair to ratepayers;
- F. Whether Great Oaks should be authorized to maintain and/or modify its previously authorized balancing and memorandum accounts as set forth in the Application;
- G. Whether Great Oaks should be authorized the additional balancing and memorandum accounts as set forth in the Application;
- H. Whether Great Oaks' water quality meets all applicable state and federal drinking water standards and other provisions of General Order 103 and whether Great Oaks complies with all Commission Rules, Decisions, and statutes;
- I. Evaluate the adequacy of Great Oaks' customer service;
- J. Identify the potential impact of any rate increase on Great Oaks' low-income customers and the best way to address these potential impacts;
- K. Whether there will be impacts on environmental and social justice communities resulting from the Application, including the extent to which rate changes impact achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan; and
- L. Whether there are any safety concerns presented in the application.

### **3. Need for Evidentiary Hearing**

Administrative Law Judge (ALJ) Resolution 176-3489 issued on July 16, 2021, preliminarily determined that hearings would be necessary in this proceeding. Great Oaks and Cal Advocates confirmed at the PHC that issue several issues identified in Section 2 of this Scoping Memo are contested and material issues of fact and that evidentiary hearings therefore are needed at this time. Accordingly, I find that hearings are needed.

#### 4. Schedule

The following schedule is adopted here and may be modified by the ALJ or the Assigned Commissioner as required to promote the efficient and fair resolution of the Application.

<b>Event</b>	<b>Date</b>
Public Participation Hearing	November 9, 2021
Cal Advocates Testimony	November 19, 2021
Rebuttal Testimony	December 10, 2021
Motion for Interim Rates	January 7, 2022
Settlement and ADR	Until January 7, 2022
Status Update on Settlement Efforts <sup>2</sup>	January 7, 2022
Status Conference <sup>3</sup>	To Be Determined
Evidentiary Hearings <sup>4</sup>	January 31, 2022 February 1, 2022 February 2, 2022
Opening Briefs	February 23, 2022
Reply Briefs (Matter Submitted)	March 7, 2022
Water Division Technical Conference (To Be Determined by Parties if Needed).	March 11, 2022
Proposed Decision	Targeted 90 days after Submission
Comments on the Decision	Per Commission Rules
Reply Comments on the Decision	Per Commission Rules
Final Commission Decision	60-90 days from Proposed Decision

<sup>2</sup> No later than January 7, 2022, Great Oaks and Cal Advocates shall jointly advise the ALJ via an e-mail to the Service List concerning settlement efforts and the need for evidentiary hearings.

<sup>3</sup> The ALJ will set a Status Conference shortly after January 7, 2022, to discuss the need for evidentiary hearings or next steps after the parties provide the required status update on settlement efforts.

<sup>4</sup> At this time, it is likely that any evidentiary hearings, if needed, will be conducted remotely.

The proceeding will stand submitted upon the filing of reply briefs, unless the ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Pub. Util. Code Section 1701.5.

### **5. Alternative Dispute Resolution (ADR) Program and Settlements**

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law, and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

The RCP for Class A Water Utilities<sup>5</sup> requires the appointment of an ALJ neutral to meet with the parties as needed throughout the proceeding. The ALJ neutral and the parties will plan and schedule the specific ADR processes that are appropriate for this proceeding, which may include mediation, early neutral evaluation, or other ADR processes as agreed to by the parties. All active parties must participate in an initial session of ADR and each active party must have an official at such meeting with decision-making authority. For additional information on the Commission's ADR program, see Resolution ALJ-185. Parties are directed to submit their request for an ADR neutral to the Assigned ALJ as soon as practicable to accommodate competing schedules.

The schedule set forth in this Scoping Memo includes a date for the completion of settlement talks. No later than this date, the parties will submit to

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<sup>5</sup> See D.07-05-062, Appendix A.

the assigned ALJ a status report of their efforts, identifying agreements reached and unresolved issues requiring hearing.

## **6. Category of Proceeding and *Ex Parte* Restrictions**

This ruling confirms the Commission's preliminary determination<sup>6</sup> that this is a ratesetting proceeding. Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules.

## **7. Public Outreach**

Pursuant to Pub. Util. Code Section 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and business that subscribe to it and posted on the Commission's website.

Furthermore, Great Oaks served notice of the Application on the appropriate State, County, City, or other appropriate governmental agency and published notice of the proposed increase in the San Jose Mercury News. Additionally, Great Oaks mailed notices of the proposed increase to all customers and has posted a link on its webpage concerning the Application.

## **8. Intervenor Compensation**

Pursuant to Pub. Util. Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by October 15, 2021, 30 days after the PHC.

## **9. Response to Public Comments**

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the

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<sup>6</sup> Resolution ALJ-176-3489.

“Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

#### **10. Public Advisor**

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission’s Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov).

#### **11. Filing, Service, and Service List**

The official service list has been created and is on the Commission’s website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission’s Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission’s website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 typically requires service on the ALJ of both an electronic and a paper copy of filed or served documents. However, due to remote working conditions, parties shall not serve a paper copy of filed or served documents on the ALJ. Rather, parties shall ensure that the ALJ is provided with electronic access to all documents filed and served, including testimony.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at [process\\_office@cpuc.ca.gov](mailto:process_office@cpuc.ca.gov) to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission’s subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

## **12. Receiving Electronic Service from the Commission**

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add “@cpuc.ca.gov” to your e-mail safe sender list and update your e-mail screening practices, settings and filters to ensure receipt of e-mails from the Commission.

## **13. Assignment of Proceeding**

Commissioner Darcie L. Houck is the assigned commissioner and Gerald F. Kelly is the assigned ALJ and presiding officer for the proceeding.



**IT IS RULED** that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Parties shall request the appointment of an Administrative Law Judge neutral as soon as practicable.
4. Evidentiary hearings are needed.
5. The presiding officer is Administrative Law Judge Gerald F. Kelly.
6. The category of this proceeding is ratesetting.

This order is effective today.

Dated October 13, 2021, at San Francisco, California.

/s/ DARCIE L. HOUCK

Darcie L. Houck  
Assigned Commissioner