

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of Great Oaks Water Company (U-162-W) for an Order authorizing it to increase rates charged for water service by \$1,669,527 or 6.2% in 2025/2026, by \$2,108,473 or 7.41% in 2026/2027, and by \$2,428,384 or 7.94% in 2027/2028.

Application 24-07-001

PROTEST OF THE PUBLIC ADVOCATES OFFICE

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August 8, 2024

I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits this protest (Protest) to the Great Oaks Water Company's (GOWC) Application (A.) 24-07-001 (Application), filed on July 1, 2024.¹ GOWC's Application requests authority to increase rates for water service by \$1,669,527 or 6.2% in 2025/2026 (the Test Year (TY)), \$2,108,473 or 7.41% in 2026/2026 (an Escalation Year), and \$2,428,384 or 7.94% in 2027/2028 (an Escalation Year).²

II. ISSUES

Cal Advocates is still reviewing the Application and is in the process of conducting discovery. This Protest provides a non-exhaustive identification of issues for the Commission to consider in this proceeding. Cal Advocates anticipates that some issues may be resolved, and others may arise, as discovery proceeds. Cal Advocates will identify any additional issues as promptly as possible. Cal Advocates has identified several issues, below, that it intends to review further and address during this proceeding.

Issues to Be Addressed:

1. Whether GOWC correctly reports its proposed change in revenues (i.e., change in average system rates) as the percentage difference between revenue at present rates and revenue at proposed rates;
2. Whether it is just and reasonable to increase rates by 6.2% in Test Year 25/26;³

¹ Notice of the filing of the Application first appeared at page nine of the Commission's Daily Calendar on July 9, 2024. On July 25, 2024, Administrative Law Judge (ALJ) Douglas M. Long issued an *Email Ruling with on a Proposed Schedule*, which included a protest due date of Wednesday, July 31, 2024. On Friday, July 26, 2024, ALJ Long emailed the members of the service list, which referenced Rule 2.6, and stated: "Please file Protests on Thursday, August 8 and they will be timely filed..."

² Rule 2.6 (May 1, 2021). A.24-07-001 (July 1, 2024) at 1 (the information in the caption). See also A.24-07-001, *Exhibit E Workpapers: The RO Model, WP1 – Summary of Earnings, Row 18* (July 1, 2024).

³ See Pub. Util. Code § 451 (which applies to all public utilities).

3. Whether GOWC’s proposed revenue requirement is just and reasonable;
4. Whether GOWC’s projected increases in administrative, general, operational, and maintenance expenses over the previous general rate case⁴ are just and reasonable;
5. Whether GOWC’s ratepayer revenue sharing methodology for non-tariffed products and services is just and reasonable;
6. Whether GOWC is compliant with federal, state, and Commission mandates and safety standards;
7. Whether existing plant assets included in the rate base are “used and useful”⁵ for GOWC ratepayers;
8. Whether GOWC’s projected tax expenses, tax deferrals, treatment of excess deferred tax reserves, and calculation methods are just and reasonable;
9. Whether GOWC’s calculation of its proposed \$3.5 million allowance of working cash amounts⁶ complies with the standards specified in the previous general rate case;⁷
10. Whether GOWC’s customer growth projections are just and reasonable;
11. Whether GOWC complies with the Settlement Agreements in A.18-07-002 and Decision (D.)23-04-004 – specifically related to continuous systemwide disinfection;⁸ and
12. Any other items that may impact GOWC’s quality of service, revenue requirements, and the corresponding rates for the time period addressed by this proceeding.

⁴ See A.21-07-001, *Application of GOWC to Increase Rates for Water Service* (July 1, 2021).

⁵ See Pub. Util. Code § 727.5(e) (which applies to “water plant”).

⁶ Application, *Exhibit E Workpapers: The RO Model, WP31 – Rate Base, Cell L39* (July 1, 2024) (the amount of “\$3.5 million” has been rounded from GOWC’s reported amount).

⁷ See A.21-07-001.

⁸ A.18-07-002, *Second Corrected Joint Motion of GOWC and the Public Advocates Office for Adoption of Settlement Agreement, Attachment 2: Settlement Agreement Between the Public Advocates Office of the CPUC and GOWC* (July 2, 2018) at 15 & 23; D.23-04-004, *Decision Adopting Partial Settlement Agreement, Resolving Remainder of Disputed Issues and Authorizing GOWC’s General Rate Case Increases for 2022-2024* (Apr. 11, 2023) at 19-20.

III. CATEGORIZATION

Cal Advocates agrees with the Commission and GOWC that this proceeding should be categorized as ratesetting.²

IV. NEED FOR EVIDENTIARY HEARINGS AND PROCEEDING SCHEDULE

In D.07-05-062, the Commission adopted schedule requirements for general rate cases of Class A Water Utilities, such as GOWC. The “14-month Schedule” applies to this proceeding.¹⁰ On July 25, 2024, the assigned ALJ issued an *E-Mail Ruling on a Proposed Schedule*.¹¹ Cal Advocates will be prepared to discuss the details of the proposed proceeding schedule at the August 16, 2024, prehearing conference,¹² but includes some preliminary recommendations below.

The Application raises material issues of fact that may require evidentiary hearings to enable the Commission to achieve a full, timely, and effective resolution of the issues presented in the proceeding. Therefore, the Commission should adopt a schedule that allows parties reasonable time to conduct discovery, prepare testimony, and participate in evidentiary hearings.

Further, although the ALJ’s proposed schedule did not include a date for Public Participation Hearings (PPHs), GOWC’s ratepayers should have an opportunity to express their concerns and opinions regarding this proceeding through a PPH. Therefore, a minimum of one PPH in GOWC’s service territory should be scheduled for the interval

² A.24-07-001 at 14; Resolution ALJ 176-3549 (Aug. 1, 2024) at 1.

¹⁰ D.07-05-062, *Opinion Adopting Revised Rate Case Plan for Class A Water Utilities, Appendix A: Rate Case Plan and Minimum Data Requirements for Class A Water Utilities, General Rate Applications, “14-Month Schedule”* (May 30, 2007) at A-5.

¹¹ ALJ *Email Ruling on a Proposed Schedule* (July 25, 2024) at 3.

¹² See ALJ *E-mail Ruling on a Prehearing Conference* (July 30, 2024).

between the August 29, 2024, due date of “Applicant’s Update” and at least one week before the November 12, 2024, due date for “Intervenor Testimony.”¹³

V. EX PARTE COMMUNICATIONS

Pursuant to Rule 8.2(d), the assigned Commissioner may “issue a ruling to prohibit or restrict ex parte communications” in a ratesetting proceeding. Cal Advocates requests that the Commission exercise its authority to prohibit individual ex parte communications in this proceeding.¹⁴ In lieu of individual ex-parte communications in this proceeding, the Commission should allow only all-party meetings. Limiting the parties’ communications with decisionmakers to all-party meetings, rather than a series of individual meetings with decisionmakers, will enhance both efficiency and transparency in this proceeding, and support the requirement that decisions made in this proceeding be based solely on the evidentiary record.

VI. CONCLUSION

Cal Advocates respectfully submits this Protest and requests that the Commission adopt its recommendations.

Respectfully submitted,

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¹³ See D.07-05-062, *Opinion Adopting Revised Rate Case Plan for Class A Water Utilities, Appendix A: Rate Case Plan and Minimum Data Requirements for Class A Water Utilities, General Rate Applications, “14-Month Schedule”* (May 30, 2007) at A-5 (which allows for Public Participation Hearings, “as needed,” to be held between the “Update of Applicant’s Showing” and “DRA Testimony.” Please note that the “Public Advocates Office” was previously known as the “Department of Ratepayer Advocates (DRA).”)

¹⁴ Rule 8.2(d).