

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

Application of Great Oaks Water Company (U-162-W) for an Order establishing its authorized cost of capital for the period from July 1, 2024 through June 30, 2027.

Application No. 23-05-002
Filed: May 1, 2023

AMENDED APPLICATION

I. Introduction

Great Oaks Water Company (Great Oaks) submits this Amended Application for an Order establishing its authorized cost of capital for the period from July 1, 2024 through June 30, 2027 (Amended Application) pursuant to Article 2 and Rules 1.12 and 3.2 of the Rules of Practice and Procedure (Rules) of the California Public Utilities Commission (Commission), California Public Utilities Code §§454, *et seq.*, and relevant Commission decisions and policies providing direction and guidance on cost of capital proceedings.

On March 2, 2022, Great Oaks, jointly with Suburban Water Systems, San Gabriel Valley Water Company, Liberty Utilities (Park Water) Corp., and Liberty Utilities (Apple Valley Ranchos Water) Corp., requested an extension of the date for the filing of Great Oaks' original Application until

May 1, 2023.¹ The basis for the request was the extended delay in the proceedings on the cost of capital applications of the four largest Class A companies and the huge burdens upon Commission staff, Administrative Law Judges, and the Public Advocates Office that would result if proceedings on cost of capital applications for all Class A companies were active at the same time. Included in the request was the continued maintenance of the currently authorized cost of capital for each of the Class A companies scheduled to file cost of capital applications at the same time as Great Oaks, a condition consistent with prior Commission approvals of cost of capital filing extensions.

On March 25, 2022, the Commission's Executive Director granted the requested extension, finding the request reasonable, as it would avoid the resource constraints the Commission's Rate Case Plan² intended to mitigate and would not result in changes to customer rates. Great Oaks' Application (A.) 23-05-002 was consistent with the extension granted by the Commission's Executive Director.

Pursuant to Rule 2.1(c), Great Oaks proposes that this proceeding be categorized as a ratemaking proceeding to be processed within fourteen (14) months so that the authorized cost of capital ordered pursuant to this Application be effective no later than July 1, 2024.

The original A.23-05-002 and this Amended Application are submitted in accord with the requirements of D.07-05-062, and Great Oaks understands that its Application and Amended Application will be consolidated with the cost of capital applications being filed by other Class A water companies on or about this same date, as indicated in D.07-05-062.

This Amended Application includes a request to continue the Water Cost of Capital Adjustment Mechanism (WCCM) that is currently authorized.

¹ The request was made by letter to the Executive Director of the Commission. See, **Amended Exhibit E**, Testimony of Timothy Guster.

² D.07-05-062.

A.23-05-002 and this Amended Application include information, proposed schedules, exhibits, supporting testimony, and information responsive to the Minimum Data Requirements specified in D.07-05-062, all of which are being served on the California Public Advocates Office concurrently with the filing of this Application.

A. Amendments to A.23-05-002

On April 11, 2023, the Commission issued D.23-04-004, the Decision on Great Oaks' 2021 General Rate Case Application 21-07-001. On that same day, Great Oaks filed its Advice Letter 313-W to implement D.23-04-004. At the time the original Application was filed in this proceeding (May 1, 2023), rates authorized by D.23-04-004 were not yet in effect. Rate comparisons and calculations in the original Application were between Great Oaks' rates in effect through its Advice Letter 307-W, which increased rates based upon higher groundwater charges levied by the Santa Clara Valley Water District, effective July 1, 2022. The amended rate comparisons and Amended Exhibit G Proposed Tariff Sheets also correct inadvertent errors in calculations of rates.

On May 17, 2023, Great Oaks' Advice Letter 313-W was approved. The Amended Application and Exhibits now compare current rates, as authorized under D.23-04-004, to proposed rates with the cost of capital requested by Great Oaks in this proceeding. In addition to amendments to the Application, amendments have been made to the Attachment 1 Comparison of Present Rates with Proposed Cost of Capital Increase, the Exhibit F Proposed Customer Notice, and to the Exhibit G Proposed Tariff Sheets.

Great Oaks is also amending this Application to adjust the benchmark period for the WCCM to provide for sufficient time to file any necessary advice letters to adjust cost of capital in time to be effective at the beginning of a Great Oaks rate year (July 1 to June 30). The amendment related to the WCCM also adjusts the period for the benchmark to one that is more

appropriate. These amendments are provided in the Amended Application and in the Amended Exhibit E Testimony of Timothy S. Guster.

All amendments to the original Application and Exhibits are being either filed or served with this Amended Application.

II. The Applicant and Background Information for this Application

A. Great Oaks Water Company

In accord with Rule 2.1(a), the applicant states that its exact legal name is Great Oaks Water Co. Its principal place of business is located at 20 Great Oaks Boulevard, Suite 120, San Jose, California 95119. Great Oaks was incorporated in California in 1959. Great Oaks' Articles of Incorporation have been filed with the Commission for numerous proceedings, are incorporated by reference herein, and are available upon request. Great Oaks is owned by John Roeder and the John W.S. Roeder Continuing Trust.³ John Roeder has been involved with the Company for his entire life and makes all investment decisions for the Company.⁴

Great Oaks is engaged in the business of supplying and distributing potable water for domestic, commercial, industrial, municipal, and irrigation purposes in portions of the City of San Jose and in contiguous territory in Santa Clara County, California. Great Oaks' service area is depicted on service area maps in Great Oaks' authorized tariffs⁵. At the end of calendar year 2022, Great Oaks had 21,429⁶ active service connections, serving a population estimated to be 108,902 persons.

B. Background Information

1. Current Cost of Capital

³ See, D.15-03-006.

⁴ See, **Exhibit D**, Testimony of John Roeder.

⁵ See, Tariff Sheet Nos. 644-W through 670-W.

⁶ See, 2022 Annual Report of Great Oaks Water Company, Schedule D-4.

In D.18-12-002,⁷ the Commission established Great Oaks’ cost of capital, as shown in the table below.

Table 1. Current Adopted Cost of Capital for Great Oaks

	Overall Percentage	Rate	Weighted Rate
Debt	30%	6.50%	1.95%
Equity	70%	8.85%	6.20%
Rate of Return	100%		8.15%

Great Oaks’ capital structure over the calendar years from 2017 through 2022 are provided in the **Exhibit D** Testimony of John Roeder. In calendar year 2022, Great Oaks capital structure consisted of 81.5% equity and 18.5% debt.⁸ Great Oaks is proposing to maintain the current capital structure for cost of capital purposes by adding imputed debt, resulting in a 70% equity / 30% debt capital structure that is consistent with the capital structure approved by the Commission for Great Oaks since 2010.⁹

C. 2021 Large Class A Cost of Capital Decision

Approximately two years ago, cost of capital applications were filed by the four largest Class A water companies: San Jose Water Company (SJWC) (Application (A.) 21-05-004); Golden State Water Company (GSWC) (A. 21-05-003); California-American Water Company (Cal-Am) (A. 21-05-001); and California Water Service Company (Cal Water) (A. 21-05-002). The four cost of capital applications were consolidated into one proceeding on September 10, 2021.¹⁰ Neither a proposed nor a final decision has been issued in the consolidated proceedings on the four large Class A cost of capital applications.

⁷ See, D.18-12-002, Appendix A, p. 5.

⁸ See, Exhibit D Testimony of John Roeder, at p. 4.

⁹ See, Section III.A., below.

¹⁰ See Administrative Law Judge’s Ruling Consolidating Applications, dated September 10, 2021, for A.21-05-001, A.21-05-002, A.21-05-003, and A.21-05-004.

While the decision on the consolidated cost of capital proceeding for the four largest Class A water companies is relevant to this Application, the Commission is required to consider “company-specific factors” affecting Great Oaks.¹¹ The cost of capital applications and supporting evidence for the large Class A water companies were filed during a very different time for the United States economy, making the cost of capital decisions for those companies less relevant than usual for this Application.

III. Applicant’s Requests in this Proceeding

A. Great Oaks’ cost of capital should reflect the same capital structure as authorized for Great Oaks since 2010.

Great Oaks proposes the capital structure for the period covered by this Application will be as shown in Table 3 below. *See, Exhibit D, Testimony of John Roeder.* Great Oaks requests that a combination of its actual capital structure and imputed debt be employed in setting cost of capital for Great Oaks in this proceeding.

Table 2. Projected Capital Structure of Great Oaks

Long-Term Debt	30.0%
Equity	70.0%
Total	100.00%

B. Great Oaks’ requested return on equity is 9.70%.

Based upon the testimony of Michael R. Tolleth, Great Oaks projects that its return on equity for the period covered by its Application should be 9.70 percent. *See, Exhibit C, Testimony of Michael R. Tolleth.*

C. Great Oaks’ authorized return on rate base should be 8.91%.

The requested rate of return on rate base of 8.91 percent is shown in the following table.

¹¹ *See, e.g.,* D.07-05-062, at p. 15.

Requested Return on Rate Base

	Overall Percentage	Rate	Weighted Rate
Actual Debt	12.7%	6.50%	0.8255%
Imputed Debt	17.3%	7.50%	1.2975%
Total Debt	30.0%		
Equity	70.0%	9.70%	6.7900%
Total	100.0%		8.9130%

Great Oaks requests that when establishing a cost of capital for Great Oaks that the Commission consider not just general factors applicable to any utility, but also the special circumstances of Great Oaks that create different financial risks than those faced by other Class A water utilities. *See*, **Exhibit C** Testimony of Michael R. Tolleth and **Exhibit D**, Testimony of John Roeder.

D. The Water Cost of Capital Adjustment Mechanism (WCCM) authorized most recently in D.18-12-002 should remain in place.

In D.12-12-002, the Commission authorized the continued maintenance of the Water Cost of Capital Adjustment Mechanism (WCCM). Great Oaks has complied with this directive. The WCCM was updated through Advice Letter 277-W, under the authority of D.12-12-002, with an effective date of September 19, 2019. The initial benchmark for the then-updated WCCM was equal to the average of Moody’s Baa bonds for the period from July 1, 2018 to June 2019.¹²

Pursuant to the terms of the WCCM and agreements with the Commission, no adjustment to Great Oaks’ return on equity has been made or has been required since Great Oaks’ cost of capital was last established through D.12-12-002. *See*, **Amended Exhibit E**, Testimony of Timothy S. Guster.

Great Oaks requests that the WCCM be continued in order to provide an automatic adjustment to Great Oaks’ rate of return on equity based upon

¹² *See*, D.18-12-002, Appendix A, at p. 6.

relevant market factors. Great Oaks requests that the initial benchmark period for the WCCM be the twelve months from April through March to provide Great Oaks with sufficient time to file any necessary advice letter to adjust its cost of capital so that the adjustment is effective at the beginning of Great Oaks' rate year (July 1 to June 30 rate year). The benchmark time period should be a representative 12-months prior to the beginning of Great Oaks' 2024/2025 rate year.

E. Great Oaks requests that it be authorized to adjust its rates in accord with the Commission's decision in this proceeding and in conjunction with the Commission's decision on Great Oaks' 2021 general rate case application.

Great Oaks requests that it be authorized to adjust its rates in accord with that decision and in conjunction with the Commission's decision on 2021 Great Oaks' general rate case application, as well as with any relevant advice letter filings, with an effective date of July 1, 2024.¹³

IV. Additional Information

A. Legal Authority

Great Oaks' Application and Amended Application are submitted in accord with D.07-05-062 and Public Utilities Code §454.

B. Correspondence and Communication

Great Oaks requests, pursuant to Rule 2.1(b), that all correspondence and communications regarding or relating to this proceeding, as well as all notices, orders, and other papers be addressed to and served upon the following person:

Timothy S. Guster
General Counsel
Legal and Regulatory Affairs
Great Oaks Water Company
PO Box 23490
San Jose, CA 95153
Telephone: (408) 227-9540 Extension 17
Facsimile: (408) 227-7126

¹³ D.23-04-004.

C. Proposed Categorization, Request for Hearing, and Statement of Issues

1. Proposed Categorization. Great Oaks proposes that this be categorized as a rate-setting proceeding.
2. Request for Hearing. Great Oaks requests an evidentiary hearing in this matter.
3. Statement of Issues.
 - i. Great Oaks’ cost of capital for the years 2024/2025, 2025/2026, and 2026/2027, including its capital structure, cost of equity, cost of imputed debt, and its authorized rate of return on rate base.
 - ii. Continuation of and adjustments to the Water Cost of Capital Adjustment Mechanism for adjustments to Great Oaks’ cost of capital and associated issues.
 - iii. Authority to adjust rates based upon the decision(s) rendered in this proceeding.

D. Proposed Schedule for this Proceeding

Great Oaks proposes the following schedule¹⁴ for this proceeding so that adjustments may be made to Great Oaks’ rates and be made effective on July 1, 2024:

May 1, 2023	Cost of Capital Application Filed and Served
June 4, 2023	Protests Filed
June 14, 2023	Prehearing Conference
July 13, 2023	Cal Advocates and Intervenors Serve Testimony
August 13, 2023	Applicant Serves Rebuttal Testimony
August 24, 2023	Formal Settlement Discussions Begin
September 4, 2023	Evidentiary Hearings Begin

¹⁴ This proposed schedule closely matches the schedule in previous cost of capital proceedings for Great Oaks.

October 15, 2023	Concurrent Opening Briefs to be Filed and Served
November 2, 2023	Concurrent Reply Briefs to be Filed and Served
January 14, 2024	Proposed Decision to be Issued
February 4, 2024	Comments on Proposed Decision
February 11, 2024	Reply Comments on Proposed Decision
March 21, 2024	Final Decision Issued and/or Adopted
July 1, 2024	Decision Implemented and Rates Adjusted Accordingly

E. Compliance with Rule 3.2

1. Great Oaks’ most recent balance sheets and income statement, for the year ending December 31, 2022, are attached as **Exhibit A**. Rule 3.2(a)(1).

2. Great Oaks proposes to adjust its rates upon determination of the cost of capital in this proceeding in accord with proper Commission rate design. Rule 3.2(a)(2) and (3).

3. In compliance with Rule 3.2(a)(2), Great Oaks offers the comparison of current rates to rates inclusive of the proposed increase in Great Oaks’ Cost of Capital on Attachment 1 hereto.

4. **Amended Exhibit B** is a historical rate of return and return on equity summary for the years 2018 through 2022. Amended Exhibit B shows both the unadjusted and adjusted net income amounts for each year. The adjustments address after-tax revenues from memorandum and/or balancing account amortization recoveries from undercollections recorded in prior years. The CY2022 adjustment also includes forgiveness of the \$550,000 Paycheck Protection Program loan obtained and utilized during the COVID-19 pandemic.

5. Great Oaks is a California corporation. No director, nominee to be director, or officer of Great Oaks, and no other person or legal entity being the owner of record or known by Great Oaks to be the beneficial owner of securities having ten percent or more of the voting power of the corporation has any material financial interest in any transaction involving the purchase

of materials and equipment or contracting, arranging or paying for construction, maintenance work or service of any kind to which Great Oaks has been a party during 2018 (or any prior or subsequent period of time).

Rule 3.2(a)(8). General Order 104-A, Section 2.

F. Compliance with D.20-08-023

D.20-08-023 requires Great Oaks (and others), when an initial filing in a proceeding seeks a revenue increase estimated to exceed one percent of currently approved revenues, to provide, at the time of filing, information using the Commission's previously adopted "affordability metrics." The revenue increase requested by Great Oaks in this initial filing is \$134,415, or an increase 0.6% compared to current revenues. The estimated increase in a current average single-family residential bill is \$0.90 (0.72%), from \$125.06 to \$125.96. In rate year 2024/2025, the revenue increase requested by Great Oaks is \$95,077, or 0.37%. This is estimated to increase an average single-family residential bill by \$0.58 (0.41%), from \$141.85 to \$142.43.

G. Exhibits and Testimony

1. Exhibits (filed with Application):
 - i. **Exhibit A:** Great Oaks' most recent balance sheet and income statements, for the year ending December 31, 2022.
 - ii. **Amended Exhibit B:** Rate of Return Summary for the calendar years 2018 through 2022.
 - iii. **Amended Exhibit F:** Proposed Customer Notice
 - iv. **Amended Exhibit G:** Proposed Tariff Sheets
2. Testimony (served, but not filed, with Application):
 - i. **Exhibit C:** Written Testimony of Michael R. Tolleth
 - ii. **Exhibit D:** Direct Testimony of John Roeder
 - iii. **Amended Exhibit E:** Direct Testimony of Timothy S. Guster

IV. Requests for Relief

VERIFICATION

I, Timothy S. Guster, am Vice President and General Counsel of Great Oaks Water Company, the Applicant in this proceeding. I have read this Amended Application and know the contents thereof. I certify that the contents of this Amended Application are true of my own knowledge, except as to matters as are therein stated to be true upon information and belief, and as to those matters, I believe them to be true.

I certify under penalty of perjury that the foregoing statements are true and correct.

Executed at San Jose, California on May 17, 2023

/s/
Timothy S. Guster

**Amended Attachment 1
Comparison of Present Rates to Rates with Proposed
Cost of Capital Increase**

Note: As of the time of filing, Great Oaks’ present rates are “interim rates” due to the delay in issuing a decision on Great Oaks’ 2021 General Rate Case (A.21-07-001). The Commission issued D.23-04-004 on April 6, 2023. On April 11, 2023, Great Oaks filed its Advice Letter 313-W to implement the rates approved in D.23-04-004. That Advice Letter was approved on May 16, 2023. The following comparison is of the rates approved in D.23-04-004 for Test Year 2022/2023 and those same rates with Great Oaks’ proposed Cost of Capital increase in this Application.

Rates	Current	Proposed
Quantity Rates		
Uniform Rate (per ccf)	\$3.887	\$3.8953
Tiered Rates (per ccf)		
Tier 1 (0 – 12 ccf)	\$2.7635	\$2.7696
Tier 2 (13 – 20 ccf)	\$4.7690	\$4.7796
Tier 3 (over 20 ccf)	\$5.6629	\$5.6755
Service Charges		
5/8" x 3/4"	\$14.85	\$15.07
3/4" x 3/4"	\$22.27	\$22.60
1-inch	\$37.12	\$37.66
1 1/2"-inch	\$74.23	\$75.33
2-inch	\$118.77	\$120.52
3-inch	\$222.70	\$225.98
4-inch	\$371.17	\$376.63
6-inch	\$742.33	\$753.27
8-inch	\$1,187.73	\$1,205.23
10-inch	\$1,707.36	\$1,732.52
12-inch	\$2,449.69	\$2,485.78

The following comparison is of the rates for 2024/2025 as projected in D.23-04-004 for Attrition Year 2024/2025 to those same projected rates with Great Oaks' proposed Cost of Capital increase in this Amended Application.

Rates	Projected 2024/2025	Projected 2024/2025 With Cost of Capital Increase
Quantity Rates		
Uniform Rate (per ccf)	\$4.6003	\$4.6124
Tiered Rates (per ccf)		
Tier 1 (0 – 12 ccf)	\$3.2708	\$3.2794
Tier 2 (13 – 20 ccf)	\$5.6446	\$5.6595
Tier 3 (over 20 ccf)	\$6.7027	\$6.7203
Service Charges		
5/8" x 3/4"	\$15.73	\$15.83
3/4" x 3/4"	\$23.59	\$23.74
1-inch	\$39.31	\$39.57
1 1/2"-inch	\$78.63	\$79.14
2-inch	\$125.80	\$126.63
3-inch	\$235.88	\$237.43
4-inch	\$393.13	\$395.72
6-inch	\$786.25	\$791.43
8-inch	\$1,258.00	\$1,266.29
10-inch	\$1,808.38	\$1,820.30
12-inch	\$2,594.63	\$2,611.73

**BEFORE THE PUBLIC UTILITIES COMMISSION
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Application of Great Oaks Water
Company (U-162-W) for an Order
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Application No. 23-05-002
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EXHIBIT A

2022 Balance Sheet and Income Statement

**SCHEDULE A
COMPARATIVE BALANCE SHEETS
Assets and Other Debits**

Line No.	Acct.	Title of Account (a)	Schedule No. (b)	Balance End-of-Year (c)	Balance Beginning of Year (d)	
1		I. UTILITY PLANT				
2	100	Utility Plant	A-1, A-1a	54,991,663	52,632,808	
3	101	Recycled Water Utility Plant	A-1b	-	-	
4	107	Utility Plant Adjustments	A-2	-	-	
5		Total Utility Plant		\$ 54,991,663	\$ 52,632,808	
6	250	Reserve for depreciation of utility plant	A-5	(30,726,181)	(29,196,214)	
7	251	Reserve for amortization of limited term utility investments	A-5	-	-	
8	252	Reserve for amortization of utility plant acquisition adjustments	A-5	-	-	
9	259	Reserve for depreciation and amortization of recycled water utility plant	A-5	-	-	
10		Total utility plant reserves		\$ (30,726,181)	\$ (29,196,214)	
11		Total utility plant less reserves		\$ 24,265,482	\$ 23,436,594	
12						
13		II. INVESTMENT AND FUND ACCOUNTS				
14	110	Other Physical Property	A-3	-	-	
15	253	Reserve for depreciation and amortization of other property	A-5	-	-	
16		Other physical property less reserve		\$ -	\$ -	
17	111	Investments in Affiliated Companies	A-6	-	-	
18	112	Other Investments	A-7	11,935	11,935	
19	113	Sinking Funds	A-8	-	-	
20	114	Miscellaneous Special Funds	A-9	-	-	
21		Total investments and fund accounts		\$ 11,935	\$ 11,935	
22						
23		III. CURRENT AND ACCRUED ASSETS				
24	120	Cash	A-10	579,180	5,273,945	
25	121	Special Deposits	A-11	-	-	
26	122	Working Funds	A-12	-	-	
27	123	Temporary Cash Investments	A-13	12,753,607	2,192,348	
28	124	Notes Receivable	A-14	3,080	11,089	
29	125	Accounts Receivable	A-15	3,272,103	3,594,468	
30	126	Receivables from Affiliated Companies	A-16	-	-	
31	131	Materials and Supplies	A-17	-	-	
32	132	Prepayments	A-18	313,131	168,022	
33	133	Other Current and Accrued Assets	A-19	1,808,867	2,979,964	
34		Total Current and Accrued Assets		\$ 18,729,968	\$ 14,219,836	
35						
36		IV. DEFERRED DEBITS				
37	140	Unamortized Debt Discount and Expense	A-20	-	-	
38	141	Extraordinary Property Losses	A-22	-	-	
39	142	Preliminary Survey and Investigation Charges	A-23	-	-	
40	143	Clearing Accounts	A-24	-	-	
41	145	Other Work in Progress	A-25	-	-	
42	146	Other Deferred Debits	A-26	792,922	684,770	
43	147	Accumulated Deferred Income Tax Assets	A-27	-	-	
44		Total Deferred Debits		\$ 792,922	\$ 684,770	
45		Total Assets and Other Debits		\$ 43,800,307	\$ 38,353,135	

SCHEDULE A
COMPARATIVE BALANCE SHEETS
Liabilities and Other Credits

Line No.	Acct.	Title of Account (a)	Schedule No. (b)	Balance End-of-Year (c)	Balance Beginning of Year (d)	
46		I. CORPORATE CAPITAL AND SURPLUS				
47	200	Common Capital Stock	A-30	360,110	360,110	
48	201	Preferred Capital Stock	A-30a	-	-	
49	202	Stock Liability for Conversion	A-31	-	-	
50	203	Premiums and Assessments on Capital Stock	A-32	349,539	349,539	
51	206	Subchapter S Corporation Accumulated Adjustments Account	A-33	-	-	
52	150	Discount on Capital Stock	A-28	-	-	
53	151	Capital Stock Expense	A-29	(2,236)	(2,236)	
54	270	Capital Surplus	A-34	21	21	
55	271	Earned Surplus	A-35	18,841,229	15,013,359	
56		Total Capital Stock		\$ 19,548,663	\$ 15,720,793	
57						
58		II. PROPRIETARY CAPITAL				
59	204	Proprietary Capital	A-36	-	-	
60	205	Undistributed Profits of Proprietorship or Partnership	A-37	-	-	
61		Total Proprietary Capital		\$ -	\$ -	
62						
63		III. LONG-TERM DEBT				
64	210	Bonds	A-38	-	-	
65	211	Receivers' Certificates	A-39	-	-	
66	212	Advances from Affiliated Companies	A-40	-	-	
67	213	Miscellaneous Long-Term Debt	A-41	4,000,000	4,000,000	
68		Total Long-Term Debt		\$ 4,000,000	\$ 4,000,000	
69						
70		IV. CURRENT AND ACCRUED LIABILITIES				
71	220	Notes Payable	A-43	-	-	
72	221	Notes Receivable Discounted	A-44	-	-	
73	222	Accounts Payable	A-45	151,197	238,186	
74	223	Payables to Affiliated Companies	A-46	-	-	
75	224	Dividends Declared	A-47	-	-	
76	225	Matured Long-Term Debt	A-48	-	-	
77	226	Matured Interest	A-49	-	-	
78	227	Customers' Deposits	A-50	75,678	76,660	
79	228	Taxes Accrued	A-53	-	-	
80	229	Interest Accrued	A-51	14,959	23,518	
81	230	Other Current and Accrued Liabilities	A-52	9,431,753	7,805,231	
82		Total Current and Accrued Liabilities		\$ 9,673,587	\$ 8,143,595	
83						
84		V. DEFERRED CREDITS				
85	240	Unamortized Premium on Debt	A-21	-	-	
86	241	Advances for Construction	A-54	4,297,343	4,557,038	
87	242	Other Deferred Credits	A-55	1,287,309	811,167	
88		Total Deferred Credits		\$ 5,584,652	\$ 5,368,205	
		VI. ACCUMULATED DEFERRED TAXES				
	267	Accumulated Deferred Income Taxes Liabilities	A-59	2,497,895	2,604,910	
	268	Accumulated Deferred Investment Tax Credits	A-60	45	1,821	
		Total Accumulated Deferred Taxes		\$ 2,497,940	\$ 2,606,731	
89						
90		VII. RESERVES				
91	254	Reserve for Uncollectible Accounts	A-56	-	-	
92	255	Insurance Reserve	A-56	-	-	
93	256	Injuries and Damages Reserve	A-56	-	-	
94	257	Employees' Provident Reserve	A-56	-	-	
95	258	Other Reserves	A-56	-	-	
96		Total Reserves		\$ -	\$ -	
97						
98		VIII. CONTRIBUTIONS IN AID OF CONSTRUCTION				
99	265	Contributions in Aid of Construction	A-57	2,495,465	2,513,811	
100		Total Liabilities and Other Credits		\$ 43,800,307	\$ 38,353,135	

SCHEDULE B
Income Statement for the Year

Line No.	Acct.	Account (a)	Schedule Page No. (b)	Amount (c)
1		I. UTILITY OPERATING INCOME		
2	501	Operating Revenues	B-1	23,336,656
3				
4		Operating Revenue Deductions:		
5	502	Operating Expenses	B-2	16,757,215
6	503	Depreciation	A-5	1,450,867
7	504	Amortization of Limited-term Utility Investments	A-5	-
8	505	Amortization of Utility Plant Acquisition Adjustments	A-5	-
9	506	Property Losses Chargeable to Operations	B-3	-
10	507	Taxes	B-4	1,837,491
11		Total Operating Revenue Deductions		\$ 20,045,573
12		Net Operating Revenues		\$ 3,291,083
13	508	Income from Utility Plant Leased to Others	B-6	-
14	510	Rent for Lease of Utility Plant	B-7	-
15		Total Utility Operating Income		\$ 3,291,083
16				
17		II. OTHER INCOME		
18	521	Income from Nonutility Operations (Net)	B-8	75,167
19	522	Revenue from Lease of Other Physical Property	B-9	-
20	523	Dividend Revenues	B-10	141,079
21	524	Interest Revenues	B-11	47,293
22	525	Revenues from Sinking and Other Funds	B-12	-
23	526	Miscellaneous Nonoperating Revenues	B-13	633,152
24	527	Nonoperating Revenue Deductions	B-14	(2,817)
25		Total Other Income		\$ 893,874
26		Net Income before Income Deductions		\$ 4,184,957
27				
28		III. INCOME DEDUCTIONS		
29	530	Interest on Long-term Debt	B-15	260,000
30	531	Amortization of Debt Discount and Expense	B-16	-
31	532	Amortization of Premium on Debt - Cr.	B-17	-
32	533	Taxes Assumed on Interest	B-18	-
33	534	Interest on Debt to Affiliated Companies	B-19	-
34	535	Other Interest Charges	B-20	(8,454)
35	536	Interest Charged to Construction - Cr.	B-21	-
36	537	Miscellaneous Amortization	B-22	-
37	538	Miscellaneous Income Deductions	B-23	108,816
38		Total Income Deductions		\$ 360,363
39		Net Income / <Loss>		\$ 3,824,594
40				
41		IV. DISPOSITION OF NET INCOME		
42	540	Miscellaneous Reservations of Net Income	B-24	-
43				
44		Balance transferred to Earned Surplus or		\$ 3,824,594
45		Proprietary Accounts scheduled on pages 32-33		

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

Application of Great Oaks Water Company (U-162-W) for an Order establishing its authorized cost of capital for the period from July 1, 2024 through June 30, 2027.

Application No. A.23-05-002

Filed: May 1, 2023

AMENDED EXHIBIT B

**Rate of Return Summary
Last Five Rate Years**

Exhibit B							
Rate of Return Summary - Great Oaks Water Company CY2018 through CY2022							
CY	Net Income	Average CY Rate Base	Rate of Return	Authorized Rate of Return	CY Revenue from Memo/ Bal Acct Amortizations*	Adjusted Net Income	Adjusted Rate of Return
2018	\$1,211,126	\$17,952,202	6.75%	9.10%	\$1,462,401	-\$251,275	-1.40%
2019	\$1,001,652	\$16,162,960	6.20%	8.63%	\$580,702	\$420,950	2.60%
2020	\$2,525,452	\$16,633,933	15.18%	8.15%	\$1,173,096	\$1,352,356	8.13%
2021	\$3,330,393	\$16,815,393	19.81%	8.15%	\$1,883,417	\$1,446,976	8.61%
2022	\$3,824,595	\$17,409,153	21.97%	8.15%	\$1,647,486	\$2,177,109	12.51%
Average Rate of Return CY2018 - CY2022			13.98%				
Average Adjusted Rate of Return CY2018 - CY2022							6.09%
* 2022 Adjustment includes forgiveness of COVID-19 PPP loan							

Return on Equity Summary Last Five Years

Great Oaks Water Company Return on Equity CY 2018 - 2022

	2018	2019	2020	2021	2022
Common Equity:					
Common stock	360,110	360,110	360,110	360,110	360,110
Paid-in Capital	347,324	347,324	347,324	347,324	347,324
Stock redemption	(2,170,320)	(2,170,320)	(2,170,320)	(2,170,320)	(2,170,320)
Retained Earnings	10,328,478	11,330,130	13,855,582	17,185,975	21,010,569
Total Common Equity ⁽¹⁾	<u>8,865,592</u>	<u>9,867,244</u>	<u>12,392,696</u>	<u>15,723,089</u>	<u>19,547,683</u>
Net Income	<u>1,211,127</u>	<u>1,001,652</u>	<u>2,525,452</u>	<u>3,330,393</u>	<u>3,824,594</u>
Return on Common Equity	13.7%	10.2%	20.4%	21.2%	19.6%
Revenue from Memo/Bal					
Acct Amortizations ⁽²⁾	<u>1,462,401</u>	<u>580,702</u>	<u>1,173,096</u>	<u>1,883,417</u>	<u>1,647,486</u>
Adj. Net Income	<u>(251,274)</u>	<u>420,950</u>	<u>1,352,356</u>	<u>1,446,976</u>	<u>2,177,108</u>
Adj. Return on Common Equity	<u>-2.8%</u>	<u>4.3%</u>	<u>10.9%</u>	<u>9.2%</u>	<u>11.1%</u>

⁽¹⁾ Excluding Accumulated Other Comprehensive Income ("AOCI") from the equity account.

⁽²⁾ 2022 adjustment includes forgiveness of COVID-19 PPP loan.

PUBLIC NOTICE

Para más información en cómo este cambio impactará su factura, llame al 1-408-227-9540.

NOTICE OF APPLICATION Great Oaks Water Company's Request to Increase Cost of Capital AMENDED APPLICATION 23-05-002

Why am I receiving this notice?

On May 1, 2023, Great Oaks Water Company (Great Oaks) filed its cost of capital application, A.23-05-002, with the California Public Utilities Commission (CPUC) proposing to increase Great Oaks' cost of capital beginning with the 2024/2025 rate year. On May 17, 2023, Great Oaks filed an Amended Application. If approved, the amended application is requesting a total increase of \$134,415 (0.6%), beginning July 1, 2024. This will increase your bill.

Why is Great Oaks requesting this increase?

Cost of capital provides the equity owner of the utility with an opportunity to earn a return on invested capital in an amount commensurate with investment return in other businesses with similar risk factors. The opportunity to earn this rate of return is legally required for utilities regulated by the CPUC.

How could this affect my water bill?

If Great Oaks' cost of capital request is approved by the CPUC, beginning July 1, 2024, the average residential bi-monthly bill (2 months of water service) with a 3/4" meter using 10 CCF (1 CCF = 748 gallons) per month would increase by approximately \$0.58 or 0.41%, from \$141.85 to \$142.43, compared to projected rates without the cost of capital increase.

How does the rest of this process work?

This application will be assigned to a CPUC Administrative Law Judge who will consider proposals and evidence presented during the formal hearing process. The Administrative Law Judge will issue a proposed decision that may adopt Great Oaks' application, modify it, or deny it. Any CPUC Commissioner may sponsor an alternate decision with a different outcome. The proposed decision, and any alternate decisions, will be discussed and voted upon by the CPUC Commissioners at a public CPUC Voting Meeting.

Parties to the proceeding will review Great Oaks' application, including the Public Advocates Office, which is an independent consumer advocate within the CPUC that represents customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. For more information regarding the Public Advocates Office, please call 1-415-703-1584, email PublicAdvocatesOffice@cpuc.ca.gov, or visit PublicAdvocates.cpuc.ca.gov.

Where can I get more information?

Contact Great Oaks

Phone: 1-408-227-9540

Email: customerservice@greatoakswater.com

Mail: Great Oaks Water Co., Attn. Cost of Capital, PO Box 23490, San Jose, CA 95153

A copy of the Application and any related documents may also be reviewed at

www.greatoakswater.com.

Contact CPUC

Your participation by providing your thoughts on Great Oak's request can help the CPUC make an informed decision. Please visit apps.cpuc.ca.gov/c/A2305002 to submit a comment about this proceeding on the CPUC Docket Card. Here you can also view documents and other public comments related to this proceeding.

If you have questions about CPUC processes, you may contact the CPUC's Public Advisor's Office at:

Phone: **1-866-849-8390** (toll-free) or **1-415-703-2074**

Email: Public.Advisor@cpuc.ca.gov

Mail: CPUC Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102

Please reference **Application 23-05-002** in any communications you have with the CPUC regarding this matter.

Schedule No. 1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

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

RATES

Quantity Rates:	Per Meter Per Month	
For all water delivered, per 100 Cu. Ft.	\$ 4.6124	(I)
<u>Service Charge:</u>		
For 5/8x3/4-inch meter	\$ 15.83	(I)
For 3/4-inch meter	23.74	(I)
For 1-inch meter	39.57	(I)
For 1 1/2-inch meter	79.14	(I)
For 2-inch meter	126.63	(I)
For 3-inch meter	237.43	(I)
For 4-inch meter	395.72	(I)
For 6-inch meter	791.43	(I)
For 8-inch meter	1,266.29	(I)
For 10-inch meter	1,820.30	(I)
For 12-inch meter	2,611.73	(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.

(Continued)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. _____

Timothy S. Guster

Date Filed _____

Decision No. D.24-0X-XXX

NAME
General Counsel
TITLE

Effective Date: _____

Resolution No. _____

Schedule No. 1
GENERAL METERED SERVICE

Tiered Rates

Designed and Ordered by the California Public Utilities Commission

APPLICABILITY

Applicable to all single-family residential services only.

TERRITORY

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

RATES

Quantity Rates (Tiered Rates):	Per Meter/Per Month	
For all water delivered, per 100 Cu. Ft.		
For total bi-monthly usage from 0 to 12 Ccf.	\$ 3.2794	(I)
For total bi-monthly usage above 12 to 20 Ccf.	5.6595	(I)
For total bi-monthly usage over 20 Ccf.	6.7203	(I)
Service Charge (Conservation Rates):		
For 5/8x3/4-inch meter	\$ 15.83	(I)
For 3/4x3/4-inch meter	23.74	(I)
For 1-inch meter	39.57	(I)
For 1 1/2-inch meter	79.14	(I)
For 2-inch meter	126.63	(I)
For 3-inch meter	237.43	(I)
For 4-inch meter	395.72	(I)
For 6-inch meter	791.43	(I)
For 8-inch meter	1,266.29	(I)
For 10-inch meter	1,820.30	(I)
For 12-inch meter	2,611.73	(I)

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

(Continued)

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 provide ongoing funding for the Utility's Customer Assistance Program (CAP) as described in Tariff Rule 22, a surcharge of \$0.1220 will be added to the Quantity Charge for all water delivered to non-CAP participants on and after July 1, 2024. (I)
(C)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. xxx-W

Timothy S. Guster

Date Filed _____

Decision No. _____

General Counsel

Effective _____

TITLE

Resolution No. _____

Schedule No. 3M
IRRIGATION SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

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

RATES

Quantity Rates:	Per Meter Per Month	
For all water delivered, per 100 Cu. Ft.	\$ 4.6124	(I)
Service Charge:		
For 2-inch meter	\$ 126.33	(I)
For 3-inch meter	237.43	(I)
For 4-inch meter	395.72	(I)
For 6-inch meter	791.43	(I)
For 8-inch meter	1,266.29	(I)
For 10-inch meter	1,820.30	(I)

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

(Continued)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. _____

Timothy S. Guster

Date Filed _____

Decision No. D.24-0x-xxx

General Counsel
NAME
TITLE

Effective _____

Resolution No. _____

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. To provide funding for the Utility's Customer Assistance Program (CAP), as described in Tariff Rule 22, a surcharge of \$0.1220 will be added to the Quantity Charge for all water sold to non-CAP participants on and after July 1, 2024. (I)
5. 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 \$3.4676 per 100 cu.ft. used during the period covered by that bill on and after July 1, 2024. (R)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. xxx-W

Timothy S. Guster
NAME

Date Filed _____

Decision No. _____

General Counsel
TITLE

Effective _____

Resolution No. _____

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:

For all water delivered, per 100 Cu. Ft. \$ 4.6124 (I)

Service Charge:

Per Meter
Per Month

For 2-inch meter	\$ 126.63	(I)
For 3-inch meter	237.43	(I)
For 4-inch meter	395.72	(I)
For 6-inch meter	791.43	(I)
For 8-inch meter	1,266.29	(I)
For 10-inch meter	1,820.30	(I)
For 12-inch meter	2,611.73	(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.

(Continued)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. _____

Timothy S. Guster
NAME

Date Filed _____

Decision No. D.24-0x-xxx

General Counsel
TITLE

Effective _____

Resolution No. _____