



110 W. Taylor Street  
San Jose, CA 95110-2131

November 21, 2019

California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Advice Letter No. 541

To Whom It May Concern:

San Jose Water Company (U-168-W) (SJWC) hereby transmits for filing the following changes in tariff schedules applicable to its service area and which are attached here to:

<u>Cal. P.U.C Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal. P.U.C. Sheet No.</u>
2001-W	Schedule No. 1 – General Metered Service	1981-W
2002-W	Schedule No. 1B – General Metered Service with Automatic Fire Sprinkler System	1982-W
2003-W	Schedule No. 1C – General Metered Service, Mountain District	1983-W
2004-W	Schedule No. 4 – Private Water Service	1984-W
2005-W	Schedule No. RW – Raw Water Metered Service	1985-W
2006-W	Schedule No. RCW – Recycled Water Metered Service	1986-W
2007-W	Table of Contents	2000-W

Purpose

With this Tier II advice letter, SJWC requests approval to increase revenue requirement by \$8,600,000 or 2.28% via a step rate increase for the first escalation year of 2020 as authorized in Decision No. (D) 18-11-025 (Attachment A) issued on December 4, 2018. These tariffs are submitted pursuant to General Order No. 96-B and pursuant to the authority established by the California Public Utilities Commission (Commission) in D.18-11-025.

Background

The Commission's Rate Case Plan requires that the requested rate increase shall be subject to the pro-forma earnings test. SJWC has attached the pro-forma Summary of Earnings as of September 30, 2019 (Attachment B) which shows that the company is currently earning below the authorized Rate of Return on Ratebase of 7.64%, on a proforma basis, as set forth in D.18-03-035.

SJWC has computed the Escalation year increases (Attachment C) using the authorized Rate of Return of 7.64%, the escalation methodology set forth in D.04-06-018, and the latest available escalation factors published by Public Advocates Office's Energy Cost of Service Branch dated October 31, 2019 and the latest CPI factors from the U.S. Bureau of Labor (Attachment D)

#### Rate Calculation and Average Bill Comparison

The present rates for SJWC became effective September 29, 2019 by Advice Letter 535.

The total escalation revenue impact is \$8,600,000 or about 2.28% of SJWC's authorized and adjusted revenue for 2019 (Attachment C). SJWC seeks to recover 40.00%, or \$3,440,000 of the revenue through the service charge component and the remaining 60.00%, or \$5,160,000 through the quantity rate component. As a result of this rate change, the bill for the average residential customer using 11 ccf per month will increase by \$2.02, or 2.09% per month (Attachment E).

#### Effective Date

Per D.18-11-025, this advice letter is requested to become effective January 1, 2020. Public notice is not required as notice was completed at the time of SJWC's General Rate Case proceeding A.18-01-004.

The present rates of the SJWC became effective on September 29, 2019 by Advice Letter No. 535. SJWC has Advice Letters 537, 539, and 540 pending before the Commission.

#### Protests and Responses

Anyone may respond to or protest this advice letter. A response does not oppose the filing but presents information that may prove useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds may include the following:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding;
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or

- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require relitigating a prior order of the Commission).

A response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3<sup>rd</sup> floor  
California Public Utilities Commission,  
505 Van Ness Avenue  
San Francisco, CA 94102  
water\_division@cpuc.ca.gov

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy of the protest by mail to us, addressed to:

Regulatory Affairs  
San Jose Water Company  
110 West Taylor Street  
San Jose, CA 95110  
Fax 408.279.7934  
regulatoryaffairs@sjwater.com.

The advice letter process does not provide for any responses, protests or comments, except for the utility's reply, after the 20-day comment period. Public notice is not required.

In compliance with Paragraph 4.3 of GO 96-B, a copy of this advice letter has been mailed to all interested and affected parties as detailed in Attachment F.

This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

Very truly yours,

/S/ JOHN TANG  
JOHN TANG  
Vice President of Regulatory Affairs

Enclosure

## **Index of Workpapers**

<b>Attachment A</b>	<b>San Jose Water Company General Rate Case Decision D.18-11-025</b>
<b>Attachment B</b>	<b>San Jose Water Company Summary of Earnings dated September 30, 2019</b>
<b>Attachment C</b>	<b>Escalation Attrition Calculation and Workpapers</b>
<b>Attachment D</b>	<b>Escalation Factors</b>
<b>Attachment E</b>	<b>Bill Comparison</b>
<b>Attachment F</b>	<b>Service List</b>

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 541**

**ATTACHMENT A**

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 541**

**ATTACHMENT B**

**SAN JOSE WATER COMPANY**

(U-168-W)

**SUMMARY OF EARNINGS AND RATE OF RETURN  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2019**

(\$ Amounts in Thousands)

	<b>Authorized Per AL 535</b>	<b>Recorded</b>	<b>Adjustment</b>	<b>Pro-forma</b>
<b>Operating Revenue:</b>				
Metered Revenues (Including Surcharge Collection)	\$376,835	\$377,038		\$371,582
Other Water Revenues	\$0	\$4,911		\$4,911
Deferred Revenue on CIAC	\$882	\$532		\$882
<b>Total Metered Revenue</b>	<b>\$377,717</b>	<b>\$382,480</b>	A	<b>\$377,375</b>
<b>Operating Expense:</b>				
Purchased Water - Potable	\$98,376	\$90,871	F	\$99,657
Purchased Water - Recycled	\$3,811	\$2,707	F	\$2,816
Pump Taxes	\$49,659	\$39,769	G	\$50,614
Purchased Power	\$8,790	\$5,985	H	\$8,727
Operations & Maintenance	\$38,559	\$42,409	D	\$38,559
Chemical	\$568	\$754	I	\$564
Administrative & General	\$33,185	\$39,539	D	\$33,185
Depreciation & Amortization	\$53,056	\$55,082	D	\$55,612
<b>Subtotal</b>	<b>\$286,003</b>	<b>\$277,115</b>		<b>\$289,734</b>
Uncollectible	\$500	\$388	B	\$498
Taxes Other Than Income	\$14,140	\$13,979	C	\$14,936
Revenue Adjustment for Balancing & Memo Acct Surcharge Collection	\$0	\$20,048	E	\$0
<b>Total Operating Expense Before Income Taxes</b>	<b>\$300,643</b>	<b>\$311,530</b>		<b>\$305,168</b>
<b>Operating Revenue Before Income Taxes</b>	<b>\$77,074</b>	<b>\$70,950</b>		<b>\$72,207</b>
State Income Tax	\$4,099	\$4,175	J	\$4,290
Federal Income Tax	\$7,550	\$7,611	J	\$8,017
<b>Total Operating Expense</b>	<b>\$312,292</b>	<b>\$323,316</b>		<b>\$317,474</b>
<b>Net Operating Revenue</b>	<b>\$65,425</b>	<b>\$59,164</b>		<b>\$59,901</b>
Weighted Average Rate Base	856,053	923,538		923,538
Earned Rate of Return	7.64%	6.41%		6.49%
Authorized Rate of Return	7.64%		K	7.70%

**SAN JOSE WATER COMPANY**

**(U-168-W)**

**WEIGHTED AVERAGE RATE BASE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2019**

**(\$ Amounts in Thousands)**

**Weighted Averages [2]:**

Utility Plant	\$1,815,802
Reserve for Depreciation	\$572,872
Reserve for Amortization	<u>\$531</u>
Net Utility Plant	1,242,399

**Adjustments:**

Contributions in Aid of Construction	\$126,326
Total Tax Deferrals	\$153,660
Advances for Construction	<u>\$71,822</u>
Total Adjustments	351,808
Adjusted Net Utility Plant	890,591
Taxes on Contributions & Advances	\$9,914
Total Working Capital	<u>\$23,033</u>
Weighted Average Rate Base	<u><u>\$923,538</u></u>

[2] The weighted average is the sum of the first and last months balance divided by two, plus the sum of the intervening eleven months, divided by twelve.



**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 541**

**ATTACHMENT C**

**ADVICE LETTER 541  
ATTACHMENT C - PART I  
RATEBASE ATTRITION CALCULATION**

<b>Authorized Ratebase Addition per AL 535</b>	A	\$2,642
<b>Total Adopted Ratebase for 2020 per D.18-11-025</b>	B	\$904,855
<b>Total Adopted Ratebase for 2019 per D.18-11-025</b>	C	\$853,441
<b>Authorized Increase to Ratebase for 2020 per D.18-11-025</b>	D = B - C	\$51,414
<b>Ratebase for 2020</b>	E = A + B	<hr/> \$907,497

ADVICE LETTER 535  
ATTACHMENT C Part II

Revenue  
Increase:  
8,600.0  
8600

	2019		2019		2019		Escalation Year #1 2020					2020 Projected Escalation Year	
	D.18-11-025 Authorized AL 528A	Montevina 2018 Additions AL 535	Authorized	Authorized	Customer Growth Factor	and Labor Inflation Factor	or Composite Non-Labor Factor	or CPI-U Inflation Factor	=	2020			
	376,179.6	655.1	376,834.7	655.1	0.20%	1.90%	0.60%	1.70%		385,434.7			
	882.0	377,061.6	882.0	0.0						882.0			
PURCHASED WATER	98,376.0	0.0	98,376.0	0.0	196.8	0.0	0.0	0.0		98,572.8	196.8		
PURCHASED WATER RECYCLED	3,810.6	0.0	3,810.6	0.0	7.6	0.0	0.0	0.0		3,818.2	7.6		
PUMP TAX	49,659.0	0.0	49,659.0	0.0	99.3	0.0	0.0	0.0		49,758.3	99.3		
PURCHASED POWER	8,789.5	0.0	8,789.5	0.0	17.6	0.0	0.0	0.0		8,807.0	17.6		
OTHER OPERATION AND MAINTENANCE	726.3	0.0	726.3	0.0	1.5	0.0	4.4	0.0		732.1	5.8		
CHEMICALS	568.0	0.0	568.0	0.0	1.1	0.0	3.4	0.0		572.5	4.5		
UNCOLLECTIBLES	499.0	0.9	499.9	0.9	1.0	0.0	3.0	0.0		503.9	4.0		
O&M PAYROLL	21,198.0	0.0	21,198.0	0.0	42.4	402.8	0.0	0.0		21,643.2	445.2		
TRANSPORTATION	4,251.0	0.0	4,251.0	0.0	8.5	0.0	25.5	0.0		4,285.0	34.0		
PURCHASED SERVICES	10,971.6	0.0	10,971.6	0.0	21.9	0.0	0.0	24.0		11,017.5	45.9		
CONSERVATION	1,412.0	0.0	1,412.0	0.0	2.8	0.0	0.0	24.0		1,438.8	26.8		
OTHER ADMIN AND GEN. EXP.	6,191.4	0.0	6,191.4	0.0	12.4	0.0	37.1	0.0		6,240.9	49.5		
A&G PAYROLL	12,290.0	0.0	12,290.0	0.0	24.6	233.5	0.0	0.0		12,548.1	258.1		
PENSION	7,578.3	0.0	7,578.3	0.0	0.0	0.0	0.0	0.0		7,578.3	0.0		
BENEFITS	3,599.1	0.0	3,599.1	0.0	7.2	68.4	0.0	0.0		3,674.6	75.6		
HEALTH CARE & DENTAL	5,889.1	0.0	5,889.1	0.0	11.8	111.9	0.0	0.0		6,012.7	123.7		
RENTS	486.3	0.0	486.3	0.0	1.0	0.0	0.0	8.3		495.5	9.2		
PROPERTY INSURANCE	199.8	0.0	199.8	0.0	0.4	0.0	0.0	3.4		203.6	3.8		
LIABILITY INSURANCE	2,031.5	0.0	2,031.5	0.0	4.1	0.0	0.0	34.5		2,070.1	38.6		
A&G PURCHASED SERVICES	3,303.2	0.0	3,303.2	0.0	6.6	0.0	0.0	56.2		3,366.0	62.8		
A&G TRANSFERRED SERVICES	-8,383.3	0.0	-8,383.3	0.0	-16.8	0.0	-50.3	0.0		-8,450.4	-67.1		
TOTAL O. & M., A. & G., & MISC. EXP.	233,446.4	0.9	233,447.2	0.9	451.7	816.5	23.1	150.4		234,889.0	1,441.8		
	200261.0	33185.3	200261.9										
AD VALOREM TAXES	9,809.4	32.2	9,841.6	32.2	19.7	0.0	59.0	0.0		9,920.3	78.7		
LOCAL FRANCHISE TAXES & BUS. LICENSE	1,113.5	1.6	1,115.1	1.6	2.2	0.0	6.7	0.0		1,124.1	8.9		
PAYROLL TAXES	3,182.9	0.0	3,182.9	0.0	6.4	60.5	0.0	0.0		3,249.7	66.8		
TOTAL GENERAL TAXES	14,105.8	33.8	14,139.6	33.8	28.3	60.5	65.7			14,294.1	154.5		
Depreciation	52,963.0	92.5	53,055.5	92.5	3,124.6					56,180.1	3,124.6		
SUB -- TOTAL -- OPERATING EXPENSES	300,515.2	127.2	300,642.4	127.2	3,604.6	877.0	88.9	150.4		305,363.2	4,720.9	80,953	
STATE INCOME TAX	4,008.3	91.0	4,099.3	91.0						3,707.7	3,707.7		
FEDERAL INCOME TAX	7,333.6	216.2	7,549.8	216.2						7,879.0	7,879.0	11,587	
NET INCOME	311,857.1	434.4	312,291.5	434.4						316,949.9	69,366.8	69,366.8	
NET INCOME	65,204.5	220.7	65,425.2	220.7						69,366.8	69,366.8		
AUTHORIZED RATE BASE	853,441.5	2,641.7	856,083.2	2,641.7	51,414.0					907,497.2			
CALCULATED RETURN ON RATEBASE	7.64%		7.64%							7.64%			
AUTHORIZED RETURN ON RATEBASE	7.64%		7.64%							7.64%			

85,674.3

Depreciation for 2012 has been calculated adding the change in Authorized Depreciation from 2010 to 2011 to the 2011 YE Depreciation as per D.04-06-018

**ADVICE LETTER 535  
ATTACHMENT C Part III**

**SAN JOSE WATER COMPANY  
(U-168-W)**

**COMPUTATION OF TAXES BASED ON INCOME**

(Thousands of Dollars)

	<u>2018</u>	<u>2019</u>	<u>ADV 535 2019</u>	<u>ADV 541 2020</u>
<b>Revenue:</b>				
Operating Revenue (Excluding Deferred Revenue)	\$358,615.1	\$376,179.6	\$376,834.7	\$385,434.7
<b>Deductions:</b>				
Operating & Maintenance Expenses Excluding Depreciation & Taxes	\$236,397.2	\$248,051.2	\$247,586.9	\$249,183.1
Transportation Depreciation	(\$1,580.4)	(\$2,062.0)	(\$2,062.0)	(\$2,194.0)
Interest Expense	\$23,494.0	\$24,705.0	\$24,705.0	\$26,192.0
Section 162(m) limitation	(\$96.0)	(\$458.0)	(\$458.0)	\$68.0
Other Permanent Differences	\$0.0	\$0.0	\$0.0	\$0.0
Less 50% Meals Disallowed	(\$115.8)	(\$115.8)	(\$115.8)	(\$115.8)
<b>Total Deductions</b>	<b>\$258,098.9</b>	<b>\$270,120.4</b>	<b>\$269,656.0</b>	<b>\$273,133.3</b>
<b>State Corporate Franchise Tax:</b>				
Tax Depreciation	(\$46,100.5)	(\$49,701.7)	(\$49,701.7)	(\$52,964.0)
State Tax Deduction on Repair Deferred Revenue (Net of Tax)	(\$17,658.5)	(\$11,684.6)	(\$11,684.6)	(\$17,897.7)
	\$475.1	\$579.7	\$579.7	\$502.1
State Taxable Income	\$37,232.2	\$45,252.7	\$46,372.0	\$41,941.8
Tax @ 8.84%	\$3,291.3	\$4,000.3	\$4,099.3	\$3,707.7
<b>Federal Income Tax:</b>				
Tax Depreciation	(\$52,473.1)	(\$55,962.1)	(\$55,962.1)	(\$60,055.3)
State Franchise Tax	(\$4,443.0)	(\$4,360.9)	(\$4,360.9)	(\$4,099.3)
Taxable Income Excluding Deferred Revenue	\$43,600.0	\$45,826.0	\$46,855.7	\$48,146.8
Tax @ 21.00%	\$9,156.0	\$9,623.5	\$9,839.7	\$10,110.8
Amortization of Unrecoverable Prepaid Tax on CIAC & Advances	\$195.6	\$195.6	\$195.6	\$195.6
Reversal of excess deferred tax	(\$2,266.1)	(\$2,485.5)	(\$2,485.5)	(\$2,427.4)
<b>Federal Tax</b>	<b>\$7,085.5</b>	<b>\$7,333.6</b>	<b>\$7,549.8</b>	<b>\$7,879.0</b>
<b>Total Income Tax</b>	<b>\$10,376.9</b>	<b>\$11,333.9</b>	<b>\$11,649.1</b>	<b>\$11,586.7</b>

ADVICE LETTER 541  
ATTACHMENT C -PART IV  
2020 RATE INCREASE  
RATE CALCULATION

PART IV

Revenue To be Recovered in Meter Charge	40.00%	X	Revenue Increase (\$)	\$3,440,000
Revenue To be Recovered in Quantity Rate	60.00%	X	\$8,600,000	\$5,160,000
			\$8,600,000	

QUANTITY RATE CALCULATION										
Rate Schedule	AL 535 2019 Authorized Revenue (\$)	AL 541 2020 Rate Increase Revenue (\$)	Total Revenue Increase (Att. B) (\$)	Total Revenue Increase (%)	Revenue Increase in Quantity Rate (\$)	2020 Estimated Total Usage* D.18-11-025 (ccf)	Quantity Rate Increase (\$/ccf)	Uniform Quantity Rate 9/29/2019 AL 535 (\$/ccf)	New Quantity Rate (\$/ccf)	Quantity Rate Increase (%)
Total	377,716,686	386,316,686	\$8,600,000	2.28%	\$5,160,000	46,874,998 Excludes Recycled Well Users	\$0.1101	4.8059	4.9160	2.29%

TOTAL POTABLE REVENUE CALCULATION						
	Percentage of Potable Sales to Total Sales (%)	2020 Estimated Potable Usage D.18-11-025 (ccf)	Revenue to be Recovered in Potable Quan.Rate (\$)	Quantity Rate Increase (\$/ccf)	Uniform Quantity Rate 9/29/2019 AL 535 (\$/ccf)	New Potable Quantity Rate (\$/ccf)
						(MG)
Potable Water	98.34%	46,095,398	5,074,182	0.1101	4.8059	4.9160

TOTAL RAW REVENUE CALCULATION						
	Percentage of Raw Sales to Total Sales (%)	2020 Authorized Usage D.18-11-025 (ccf)	Revenue to be Recovered in Raw Quan.Rate (\$)	Quantity Rate Increase (\$/ccf)	Raw Quantity Rate 9/29/2019 AL 535 (\$/ccf)	New Raw Quantity Rate (\$/ccf)
						(MG)
Raw Water	0.09%	41,000.00	4,513	0.1101	4.5763	4.6864

TOTAL RECYCLED PIPED REVENUE CALCULATION						
	Percentage of Recycled Piped Sales to Total Sales (%)	2020 Authorized Recycled Piped Usage D.18-11-025 (ccf)	Revenue to be Recovered in Recycled Piped Quan.Rate (\$)	Quantity Rate Increase (\$/ccf)	Recycled Piped Quantity Rate 9/29/2019 AL 535 (\$/ccf)	New Recycled Quantity Rate (\$/ccf)
						(MG)
Recycled Piped	1.58%	738,600.00	81,305	0.1101	4.3353	4.4454

Total Quantity Charges for all Schedules	\$5,160,000
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ADVICE LETTER 541  
ATTACHMENT G -  
2020 Rate Increase  
RATE CALCULATION

**METER CHARGE CALCULATION**

Revenue to be Recovered in Meter Charge \$3,440,000

**Schedule No. 1. General Metered Service & 1B General Metered Service with Automatic Fire Sprinkler System:**

Meter Size	2020		Meter Ratio (SP U-25)	Meter Ratio Equiv	Meter Charge Increase (\$/Month)	Increase to Total Service Charge	Authorized	New	Meter Charge Increase (%)
	No. of Customers Authorized	No. of Billings					AL 535 9/29/2019		
5/8	888	10,656	1.5	15,984	\$0.90	\$9,537	\$39.57	\$40.47	2.26%
3/4	175,500	2,106,000	1.5	3,159,000	\$0.90	\$1,884,870	\$39.57	\$40.47	2.26%
1	35,165	421,980	2.5	1,054,950	\$1.50	\$632,970	\$65.94	\$67.44	2.27%
1 1/2	3,936	47,232	5	236,160	\$3.00	\$141,696	\$131.90	\$134.90	2.27%
2	5,037	60,444	8	483,552	\$4.80	\$290,131	\$211.04	\$215.84	2.27%
3	1,568	18,816	15	282,240	\$8.99	\$169,156	\$395.70	\$404.69	2.27%
4	420	5,040	25	126,000	\$14.99	\$75,550	\$659.49	\$674.48	2.27%
6	182	2,184	50	109,200	\$29.98	\$65,476	\$1,318.99	\$1,348.97	2.27%
8	33	396	80	31,680	\$47.97	\$18,996	\$2,110.39	\$2,158.36	2.27%
10	7	84	115	9,660	\$68.95	\$5,792	\$3,033.67	\$3,102.62	2.27%
	222,736	2,672,832		5,508,426		\$3,294,174			

**Schedule No. RW. Raw Water Service:**

3/4	0	0	1.5	0	\$0.90	\$0	\$39.57	\$40.47	2.26%
1	1	12	2.5	30	\$1.50	\$18	\$65.94	\$67.44	2.27%
1 1/2	1	12	5	60	\$3.00	\$36	\$131.90	\$134.90	2.27%
2	3	36	8	288	\$4.80	\$173	\$211.04	\$215.84	2.27%
3	0	0	15	0	\$8.99	\$0	\$395.70	\$404.69	2.27%
4	0	0	25	0	\$14.99	\$0	\$659.49	\$674.48	2.27%
6	0	0	50	0	\$29.98	\$0	\$1,318.99	\$1,348.97	2.27%
8	0	0	80	0	\$47.97	\$0	\$2,110.39	\$2,158.36	2.27%
10	0	0	115	0	\$68.95	\$0	\$3,033.67	\$3,102.62	2.27%
	5	60		378		\$227			

**Schedule No. RCW. Recycled Water Service Piped:**

3/4	0	0	1.5	0	\$0.90	\$0	\$39.57	\$40.47	2.26%
1	12	144	2.5	360	\$1.50	\$216	\$65.94	\$67.44	2.27%
1 1/2	16	192	5	960	\$3.00	\$576	\$131.90	\$134.90	2.27%
2	124	1,488	8	11,904	\$4.80	\$7,142	\$211.04	\$215.84	2.27%
3	61	732	15	10,980	\$8.99	\$6,581	\$395.70	\$404.69	2.27%
4	25	300	25	7,500	\$14.99	\$4,497	\$659.49	\$674.48	2.27%
6	0	0	50	0	\$29.98	\$0	\$1,318.99	\$1,348.97	2.27%
8	2	24	80	1,920	\$47.97	\$1,151	\$2,110.39	\$2,158.36	2.27%
10	0	0	115	0	\$68.95	\$0	\$3,033.67	\$3,102.62	2.27%
	240	2,880		33,624		\$20,163			

**Schedule No. RCW. Recycled Water Service Well Users: (1)**

2	1	12		2.28%	\$0.74	\$9	\$32.65	\$33.39	2.28%
3	1	12		2.28%	\$0.99	\$12	\$43.53	\$44.53	2.28%
4	2	24		2.28%	\$1.12	\$27	\$48.96	\$50.08	2.28%
6	1	12		2.28%	\$1.86	\$22	\$81.64	\$83.50	2.28%
8	2	24		2.28%	\$2.23	\$54	\$97.95	\$100.18	2.28%
10	1	12		2.28%	\$3.47	\$42	\$152.36	\$155.83	2.28%
	8	96				\$166			

**Schedule No. 4. Private Fire Service: (1)**

2	44	528		2.28%	\$0.91	\$482	\$40.07	\$40.98	2.28%
3	5	60		2.28%	\$1.14	\$69	\$50.09	\$51.23	2.28%
4	1,156	13,872		2.28%	\$1.60	\$22,177	\$70.12	\$71.72	2.28%
6	1,581	18,972		2.28%	\$2.51	\$47,663	\$110.19	\$112.70	2.28%
8	993	11,916		2.28%	\$3.20	\$38,101	\$140.24	\$143.44	2.28%
10	143	1,716		2.28%	\$4.11	\$7,054	\$180.31	\$184.42	2.28%
12	17	204		2.28%	\$5.02	\$1,025	\$220.37	\$225.40	2.28%
	3,939	47,268				\$116,571			

**Total Meter Charges for all Schedules \$3,431,301**

calculation of new RW rate	Potable Rate	\$4,9160 ccf =	\$2,141.41 AF
	Adjustment for Treatment Charge		(\$100.00) AF
	Raw Water AL 541	\$4,6864 ccf	\$2,041.41 AF

(1) Sch No. RCW and Sch No. 4 rates are escalated by the total revenue increase percentage consistent with the methodology used in D.16-06-004

**ADVICE LETTER 541  
ATTACHMENT C - PART V  
2019 TIER RATE DESIGN**

SQR (\$/CCF)                      \$4.9160  
 New Q Revenue Target                      \$     126,763,976

**Three Tier Rate Design**

<b>Rate Tier Criteria as % of SQR</b>		
	<b>% of SQR</b>	<b>rate</b>
Tier 1	0.6666	\$3.2770
Tier 2	1	\$4.9160
Tier 3	1.3333	\$6.5545

<b>Revenue Neutrality Test</b>	
Target at SQR	\$ 126,763,976.0
Rev neutrality, t	\$ (7,553,289.46)
% tier >SQR	-5.959%

	<b>Rationale</b>	<b>Proposed Tiers(ccf)</b>	<b>Tier rate differential</b>	<b>Existing Rates</b>	<b>Proposed New Rates</b>	<b>Ccf estimate sales in tier</b>	<b>Rev estimate \$ sales in tier</b>	<b>Portion of total consumption in tier</b>	<b>Portion of Revenue by Tier</b>
Tier 1	indoor consumption est	0 to 3 ccfs	66.66%	\$3.20360	\$3.2770	7,728,499	\$ 25,326,335	29.97%	21.25%
Tier 2	up to annual average	4 to 18 ccfs	100.00%	\$4.80590	\$4.9160	14,936,556	\$ 73,428,109	57.93%	61.60%
Tier 3	Above annual average	19 ccfs and above	133.33%	\$6.40770	\$6.5545	3,120,945	\$ 20,456,243	12.10%	17.16%
						25,786,000	\$ 119,210,687		

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 541**

**ATTACHMENT D**



**MEMORANDUM**

Date : November 5, 2019  
 To : R. Smith, Program Manager, Public Advocates Office  
 From : R. Keowen, Financial Examiner, Public Advocates Office Water Branch  
 File No. : S-2559  
 Subject: Public Advocates Office: Estimates of Non-labor  
 and Wage Escalation Rates for 2019 through 2023 from the  
 October 2019 IHS Global Insight U.S. Economic Outlook

The purpose of the monthly Escalation Memorandum is to inform division management of the trends in the general price level of utility non-labor expenses and wage contracts. Data are provided for 13 years, which include eight historic years, the estimated current year, and four forecasted years.

The following table summarizes the major changes in forecasted labor and non-labor inflation for years 2019 through 2023. Data for 2018 are provided as benchmarks. The factors for September 2019 are presented for comparison.

	FORECASTED INFLATION			
	Labor		Non-Labor	
	<u>10/19</u>	<u>9/19</u>	<u>10/19</u>	<u>9/19</u>
2018	2.1%	2.1%	4.1%	4.1%
2019	2.4%	2.4%	0.2%	0.0%
2020	1.9%	1.8%	0.6%	0.1%
2021	2.1%	2.3%	0.7%	1.1%
2022	1.8%	2.3%	1.5%	1.5%
2023	2.5%	2.4%	1.6%	1.3%
Compounded	13.6%	14.1%	9.1%	8.5%

A more extensive explanation of the derivation and use of the above factors and a complete presentation of the escalation factors from 2011 through 2023 are provided in the attached appendix.

**APPENDIX: EXPLANATION OF ESCALATION RATES**

The recommended NON-LABOR ESCALATION RATES for 2011 through 2023 are presented in Table A. The values for 2011 through 2018 are provided for comparison.

**TABLE A**

Year	Non-Labor Inflation Rate*
2011	5.5%
2012	0.7%
2013	0.5%
2014	0.9%
2015	-2.8%
2016	-1.1%
2017	3.7%
2018	4.1%
2019	0.2%
2020	0.6%
2021	0.7%
2022	1.5%
2023	1.6%

\* Revised 07/17/97 based on 1995 re-weighted purchases. [Source: BLS, Supplement to Producer Price Indexes, 1995, Table 12]

These escalation rates represent the calendar year average, or alternatively stated, the 12-month-ended spot rate at mid-year. These price factors have not been adjusted for real growth of expensed materials and services. The escalation factors are generated from a composite index of 10 Wholesale Price Indexes (WPI) for materials and supplies expenses and the CPI-U weighted 5% for services and consumer-related items. **These non-labor rates are not applicable to plant, contracted services, loans, insurance, rents, and pensions and other utility employee benefits. Escalation of these expenses is addressed on pages 10-15 of D.04-06-018/R.03-09-005 (Water Rate Case Plan).**

## Economic News Release

### Table 1. Consumer Price Index for All Urban Consumers (CPI-U): U. S. city average, by expenditure category

**Table 1. Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by expenditure category, September 2019**  
[1982-84=100, unless otherwise noted]

Expenditure category	Relative importance Aug. 2019	Unadjusted indexes			Unadjusted percent change		Seasonally adjusted percent change		
		Sep. 2018	Aug. 2019	Sep. 2019	Sep. 2018-Sep. 2019	Aug. 2019-Sep. 2019	Jun. 2019-Jul. 2019	Jul. 2019-Aug. 2019	Aug. 2019-Sep. 2019
<b>All items</b>	100.000	252.439	256.558	256.759	1.7	0.1	0.3	0.1	0.0
<b>Food</b>	13.228	254.393	258.410	258.943	1.8	0.2	0.0	0.0	0.1
<b>Food at home</b>	7.170	240.125	241.153	241.543	0.6	0.2	-0.1	-0.2	0.0
Cereals and bakery products	0.950	273.729	276.619	277.308	1.3	0.2	0.3	-0.3	0.5
Meats, poultry, fish, and eggs	1.576	248.876	249.277	249.740	0.3	0.2	0.1	-0.7	0.3
Dairy and related products	0.721	216.638	218.758	219.771	1.4	0.5	-0.3	0.2	0.2
Fruits and vegetables	1.260	298.432	298.600	297.309	-0.4	-0.4	0.3	-0.5	-1.0
Nonalcoholic beverages and beverage materials	0.859	168.428	170.067	170.630	1.3	0.3	-0.4	0.0	0.1
Other food at home	1.804	210.590	210.841	211.490	0.4	0.3	-0.7	0.3	0.3
<b>Food away from home(1)</b>	6.058	277.258	285.507	286.246	3.2	0.3	0.2	0.2	0.3
<b>Energy</b>	7.581	226.165	216.978	215.418	-4.8	-0.7	1.3	-1.9	-1.4
<b>Energy commodities</b>	4.217	257.575	238.431	236.493	-8.2	-0.8	2.4	-3.3	-2.3
Fuel oil	0.105	302.419	271.766	276.664	-8.5	1.8	0.6	-0.9	-0.8
Motor fuel	4.044	253.432	234.746	232.658	-8.2	-0.9	2.5	-3.4	-2.4
Gasoline (all types)	3.959	252.216	233.625	231.496	-8.2	-0.9	2.5	-3.5	-2.4
<b>Energy services</b>	3.364	204.819	205.900	204.660	-0.1	-0.6	0.0	-0.2	-0.1
Electricity	2.639	215.536	217.811	216.938	0.7	-0.4	0.6	-0.3	0.0
Utility (piped) gas service	0.725	170.100	167.803	165.562	-2.7	-1.3	-1.8	0.1	-0.7
<b>All items less food and energy</b>	79.190	258.429	264.169	264.522	2.4	0.1	0.3	0.3	0.1
<b>Commodities less food and energy commodities</b>	19.361	143.641	144.806	144.596	0.7	-0.1	0.2	0.2	-0.3
Apparel	2.972	127.440	123.641	127.009	-0.3	2.7	0.4	0.2	-0.4
New vehicles	3.655	145.715	146.456	145.854	0.1	-0.4	-0.2	-0.1	-0.1
Used cars and trucks	2.442	135.130	144.026	138.653	2.6	-3.7	0.9	1.1	-1.6
Medical care commodities	1.691	380.535	382.519	379.530	-0.3	-0.8	0.2	0.3	-0.6
Alcoholic beverages	0.961	249.921	253.314	253.261	1.3	0.0	0.4	0.1	-0.3
Tobacco and smoking products	0.672	1,065.017	1,124.082	1,128.109	5.9	0.4	1.0	0.5	0.6
<b>Services less energy services</b>	59.829	329.761	338.619	339.377	2.9	0.2	0.3	0.3	0.3
Shelter	33.408	309.702	319.679	320.569	3.5	0.3	0.3	0.2	0.3
Rent of primary residence	7.966	321.533	332.638	333.834	3.8	0.4	0.3	0.2	0.4
Owners' equivalent rent of residences(2)	24.065	317.149	326.977	327.933	3.4	0.3	0.2	0.2	0.3
Medical care services	7.046	518.108	539.066	540.813	4.4	0.3	0.5	0.9	0.4
Physicians' services	1.709	380.928	382.858	384.454	0.9	0.4	0.2	0.0	0.4
Hospital services(3)	2.324	332.595	339.781	339.512	2.1	-0.1	0.5	1.4	0.0
Transportation services	5.889	322.241	324.396	324.717	0.8	0.1	0.3	0.4	0.3
Motor vehicle maintenance and repair(1)	1.135	288.457	297.884	298.441	3.5	0.2	-0.1	0.8	0.2
Motor vehicle insurance	2.349	567.838	568.972	569.106	0.2	0.0	0.3	0.1	0.3
Airline fares	0.676	258.196	259.849	263.149	1.9	1.3	2.3	1.7	0.8

#### Footnotes

(1) Not seasonally adjusted.

(2) Indexes on a December 1982=100 base.

(3) Indexes on a December 1996=100 base.

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[www.bls.gov/CPI](http://www.bls.gov/CPI) | Telephone: 1-202-691-7000 | [Contact CPI](#)

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 541**

**ATTACHMENT E**

**ADVICE LETTER 541  
ATTACHMENT E  
BILL COMPARISON**

**BILL COMPARISON UNIFORM RATES**

<b>Bill Comparison Uniform Rates 3/4-Inch Meter</b>				
<b>Usage (ccf)</b>	<b>Current Rates AL 535</b>	<b>Proposed Rates AL 541</b>	<b>Increase</b>	<b>Increase</b>
5	\$68.89	\$69.86	1.40%	\$0.97
11	\$101.66	\$103.80	2.10%	\$2.13
15	\$123.51	\$126.09	2.09%	\$2.58
20	\$150.82	\$153.95	2.08%	\$3.14
30	\$205.44	\$209.68	2.07%	\$4.25
50	\$314.67	\$321.15	2.06%	\$6.48
100	\$587.75	\$599.80	2.05%	\$12.05

**BILL COMPARISON RESIDENTIAL TIERED RATES**

**Tiered Rate Bill Comparison 3/4-Inch Meter**

<b>Usage (ccf)</b>	<b>Current Rates AL 535</b>	<b>Proposed Rates AL 541</b>	<b>Increase</b>	<b>Increase</b>
5	\$64.03	\$65.38	2.11%	\$1.35
Typical 11	\$96.80	\$98.82	2.09%	\$2.02
15	\$118.64	\$121.11	2.08%	\$2.47
20	\$149.20	\$152.29	2.08%	\$3.10
30	\$220.03	\$224.61	2.08%	\$4.58
50	\$361.69	\$369.25	2.09%	\$7.56
100	\$715.85	\$730.84	2.09%	\$14.99

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 541**

**ATTACHMENT F**

A copy of Advice Letter No. 541 has been sent to the following municipalities, water companies and interested parties:

City of San Jose  
Municipal Water Dept.  
Attn: Jeffrey Provenzano  
3025 Tuers Road  
San Jose, CA 95121

San Jose Mercury News  
Attn: Paul Rogers  
4 N. Second Street, Suite 800  
San Jose, CA 95113

California Water Service Co.  
Attn: Regulatory Affairs  
1720 North First Street  
San Jose, CA 95112

Town of Los Gatos  
Attn: Director of Public Works  
110 E. Main Street  
Los Gatos, CA 95032

City of Cupertino  
10300 Torre Avenue  
Cupertino, CA 95014

City of Monte Sereno  
Attn: Jessica Kahn, City Engineer  
18041 Saratoga-Los Gatos Road  
Monte Sereno, CA 95030

City of Campbell  
70 North First Street  
Campbell, CA 95008

City of Santa Clara  
1500 Warburton Avenue  
Santa Clara, CA 95050

Great Oaks Water Company  
P.O. Box 23490  
San Jose, CA 95153

City of Milpitas  
Attn: Utilities Engineering  
455 East Calaveras Blvd.  
Milpitas, CA 95035

Santa Clara Valley Water District  
5750 Almaden Expressway  
San Jose, CA 95118

City of Saratoga  
Attn: Director of Public Works  
13777 Fruitvale Avenue  
Saratoga, CA 95070

County of Santa Clara  
70 W. Hedding Street  
San Jose, CA 95110

Department of Water Resources  
Safe Drinking Water Office, Room 804  
1416 9<sup>TH</sup> Street  
Sacramento, CA 95814

Mountain Springs Mutual Water Co.  
17956 Greenwood Road  
Los Gatos, CA 95033



Nina Hawk  
Chief Operating Officer  
Water Utility Enterprises  
Santa Clara Valley Water District  
5750 Almaden Expressway  
San Jose, CA 95118

Stagecoach Mutual Water Co  
21825 Stagecoach Road  
Los Gatos, CA 95033

Gillette Mutual Water Company  
21976 Gillette Drive  
Los Gatos, CA 95033

Pat Kearns, MD  
7 W Central Ave  
Los Gatos, CA 95030

Redwood Estates Services Association  
PO Box 591  
Redwood Estates, CA 95044-0591

Saratoga City Council Member  
Rishi Kumar  
13777 Fruitvale Avenue  
Saratoga, CA 95070

Big Redwood Park Water  
& Improvement Assoc.  
18522 Mt. View Avenue  
Los Gatos, CA 95033

WRATES  
Rita Benton  
18555 Ravenwood Drive  
Saratoga, CA 95070

Villa Del Monte Mutual Water Company  
P.O. Box 862  
Los Gatos, CA 95031

Saratoga Heights Mutual Water Company  
P.O. Box 337  
Saratoga, CA 95071

Ridge Mutual Water Company  
22316 Citation Drive  
Los Gatos, CA 95033

James Hunter  
6475 Dwyer Street  
San Jose, CA 95120

Summitt West Mutual Water Company  
P.O. Box 974  
Los Gatos, CA 95031

Raineri Mutual Water Company  
P.O. Box 11  
Los Gatos, CA 95031

Oakmount Mutual Water Company  
P.O. Box 31536  
Stockton, CA 95213

Mt. Summit Mutual Water Co  
P.O. Box 3416  
Saratoga, CA 95070

Brush & Old Well Mutual  
Water Company  
21105 Brush Road  
Los Gatos, CA 95033

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

**Quantity Rate Per 100 cu. ft. (Ccf):**

Residential Customers with 5/8 x 3/4-inch, 3/4-inch, 1-inch, 1 1/2-inch or 2-inch meter

For Total Monthly Usage from 0 to 3 Ccf.	\$3.2770	(l)
For Total Monthly Usage from 4 to 18 Ccf.	\$4.9160	(l)
For Total Monthly Usage over 18 Ccf.	\$6.5545	(l)

All Other Customers

For all water delivered, per 100 cu. ft.	\$4.9160	(l)
--	----------	-----

**Service Charges:**

Per Meter Per Month

**All Customers:**

For 5/8 x 3/4-inch meter .....	\$40.47	(l)
For 3/4-inch meter .....	\$40.47	l
For 1-inch meter .....	\$67.44	l
For 1-1/2-inch meter .....	\$134.90	l
For 2-inch meter .....	\$215.84	l
For 3-inch meter .....	\$404.69	l
For 4-inch meter .....	\$674.48	l
For 6-inch meter .....	\$1,348.97	l
For 8-inch meter .....	\$2,158.36	l
For 10-inch meter .....	\$3,102.62	(l)

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 Rate.

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 541

JOHN TANG

Date Filed \_\_\_\_\_

Dec. No. D.18-11-025

Vice President,  
Regulatory Affairs

Effective \_\_\_\_\_  
Resolution No. \_\_\_\_\_

TITLE

Schedule No. 1B

GENERAL METERED SERVICE WITH  
 AUTOMATIC FIRE SPRINKLER SYSTEM

APPLICABILITY

Applicable to all detached single family structures whose automatic fire sprinkler system is served through the meter providing residential water service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

**Quantity Rate Per 100 cu. ft. (Ccf):**

**Residential Customers with 5/8 x 3/4-inch, 3/4-inch, 1-inch, 1 1/2-inch or 2-inch meter**

For Total Monthly Usage from 0 to 3 Ccf.	\$3.2770	(l)
For Total Monthly Usage from 4 to 18 Ccf.	\$4.9160	(l)
For Total Monthly Usage over 18 Ccf.	\$6.5545	(l)

All Other Customers

For all water delivered, per 100 cu. ft.	\$4.9160	(l)
--	----------	-----

**Service Charges:**

Per Meter Per Month

**All Customers:**

For 5/8 x 3/4-inch meter .....	\$40.47	(l)
For 3/4-inch meter .....	\$40.47	l
For 1-inch meter .....	\$67.44	l
For 1-1/2-inch meter .....	\$134.90	l
For 2-inch meter .....	\$215.84	l
For 3-inch meter .....	\$404.69	(l)

Upsize Charges:

For 1/4-inch meter upsize .....	\$2.11
or 1/2-inch meter upsize .....	\$4.21
For 3/4-inch meter upsize .....	\$6.33
For 1-inch meter upsize .....	\$8.44
For 1-1/2-inch meter upsize .....	\$12.67

(Continued)

(To be inserted by utility)

Issued by

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Advice No. 541

JOHN TANG

Date Filed \_\_\_\_\_

Dec. No. D.18-11-025

Vice President,  
Regulatory Affairs

Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_

TITLE

Schedule No. 1C

GENERAL METERED SERVICE  
Mountain District

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Portions of Los Gatos and in contiguous territory in the County of Santa Clara.

RATES

**Quantity Rate Per 100 cu. ft. (Ccf)**  
**Overuse Rates beyond 500 gallons per day limit**

**Residential Customers with 3/4-inch, 1-inch, 1 1/2-inch or 2-inch meter**

For Total Monthly Usage from 0 to 3 Ccf.	\$3.2770	(l)
For Total Monthly Usage from 4 to 18 Ccf.	\$4.9160	(l)
For Total Monthly Usage over 18 Ccf.	\$6.5545	(l)

**All Other Customers**(subject to Special Condition 5)

For all water delivered, per 100 cu.ft.	\$4.9160	(l)
---	----------	-----

**Service Charges:**

Per Meter Per Month

For 3/4-inch meter .....	\$40.47	(l)
For 1-inch meter .....	\$67.44	l
For 1-1/2-inch meter .....	\$134.90	l
For 2-inch meter .....	\$215.84	l
For 3-inch meter .....	\$404.69	l
For 4-inch meter .....	\$674.48	l
For 6-inch meter .....	\$1,348.97	l
For 8-inch meter .....	\$2,158.36	l
For 10-inch meter .....	\$3,102.62	(l)

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 Rate.

SPECIAL CONDITIONS

1. 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 \$2.0033 per 100 cubic feet on each water bill for the quantities of water used during the period covered by that bill.
2. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 541

JOHN TANG

Date Filed \_\_\_\_\_

Vice President,

Effective \_\_\_\_\_

Dec. No. D.18-11-025

Regulatory Affairs

Resolution No. \_\_\_\_\_

TITLE

Schedule No. 4

PRIVATE FIRE SERVICE

APPLICABILITY

Applicable to all water service furnished to privately owned fire protection systems.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Per Service Connection  
Per Month

For each 2-inch service .....	\$40.98	(l)
For each 3-inch service .....	\$51.23	
For each 4-inch service .....	\$71.72	
For each 6-inch service .....	\$112.70	
For each 8-inch service .....	\$143.44	
For each 10-inch service .....	\$184.42	
For each 12-inch service .....	\$225.40	(l)

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and and the cost paid by the applicant. Such payment shall not be subject to refund. The facilities paid for by the applicant shall be the sole property of the applicant.
2. If a distribution main of adequate size to serve a private fire protection system, in addition to all other normal service, 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 then be installed by the utility and the cost paid by applicant. Such payment shall not be subject to refund.
3. 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, are 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.

(Continued)

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Resolution No. \_\_\_\_\_

TITLE

Schedule No. RW

RAW WATER SERVICE

APPLICABILITY

Applicable to raw water metered service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate:			
Per 100 cu. ft.	.....	\$4.6864	(l)

Service Charges:		Per Meter Per Month	
For 5/8 x 3/4-inch meter	.....	\$40.47	(l)
For 3/4-inch meter	.....	\$40.47	l
For 1-inch meter	.....	\$67.44	l
For 1-1/2-inch meter	.....	\$134.90	l
For 2-inch meter	.....	\$215.84	l
For 3-inch meter	.....	\$404.69	l
For 4-inch meter	.....	\$674.48	l
For 6-inch meter	.....	\$1,348.97	l
For 8-inch meter	.....	\$2,158.66	l
For 10-inch meter	.....	\$3,102.62	(l)

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 Rate.

SPECIAL CONDITIONS

1. The customer is responsible for notice of and compliance with all local, state, and federal rules and regulations that apply from time to time to the use of raw water, as defined in San Jose Water Company's Rule 1.
2. The customer must provide and/or contribute all facilities needed to transport the water from its source to the customer's point of service in accordance with the utility's Rule 15.

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TITLE

Schedule No. RCW

RECYCLED WATER METERED SERVICE

APPLICABILITY

Applicable to all recycled water metered service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate:

Currently effective quantity rate as reflected in "*Schedule No. 1, General Metered Service*" less the treated water surcharge currently added to potable deliveries from the Santa Clara Valley Water District and less any applicable discount from the South Bay Water Recycling Program.

Service Charges:

Currently effective monthly service charge for the applicable meter size as reflected in "*Schedule No. 1, General Metered Service*".

SPECIAL CONDITIONS

- For the purposes of this tariff a well user is defined as a customer of the Santa Clara Valley Water District who procures his/her non-potable supply from an on-site well as of the first effective date of this tariff. The service charge for well users will be in accordance with the following schedule:

<u>Meter Size</u>	<u>Per Meter Per Month</u>	
2-inch	\$33.39	(l)
3-inch	\$44.53	l
4-inch	\$50.08	l
6-inch	\$83.50	l
8-inch	\$100.18	l
10-inch	\$155.83	(l)

The monthly service charge will change in an amount equal to changes in the monthly service charge for similarly sized meters under "*Schedule No. 1, General Metered Service*". In addition to the service charge, such customers will be charged for the quantity of recycled water used at that site in the same amount billed to San Jose Water Company by the South Bay Water Recycling Program.

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TITLE

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The following listed tariff sheets contain all effective rates, rules and regulations affecting the rates and service of the Utility, together with information relating thereto:

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Schedule No. 4, Private Fire Service	1984-W and 1965-W	(C)
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