



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

April 24, 2020

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

Advice Letter No. 548

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 hereto:

<u>Cal. P.U.C Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal. P.U.C. Sheet No.</u>
2058-W	Schedule No. 1 General Metered Service (Continued)	2050-W
2059-W	Schedule No. 1B General Metered Service with Automatic Fire Sprinkler System (Continued)	2051-W
2060-W	Schedule No. 1C General Metered Service Mountain District (Continued)	
2061-W	Schedule RW Raw Water Metered Service (Continued)	2054-W
2062	Schedule No. RCW Recycled Water Metered Service (Continued)	2055-W
2063-W	Table of Contents	2057-W

Purpose

With this Tier 3 advice letter, SJWC seeks authorization to recover its September 30, 2016, Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account (PRVMA) over a three-year period as authorized in Decision No. (D.) 19-06-010 (Attachment A) and D.20-04-003 (Attachment B) issued on June 19, 2019, and April 10, 2020, respectively. These tariffs are submitted pursuant to General Order No. 96-B and pursuant to authorization by the California Public Utilities Commission (Commission) in D.19-06-010 and D.20-04-003.

Background

Ordering Paragraph 2 of D.19-06-010, authorized the recovery as follows:

“2. San Jose Water Company shall submit a Tier 3 Advice Letter to recover its September 30, 2016 Hydro Generation Research, Development and Demonstration Memorandum Account

balance over a three-year period. As part of that Advice Letter, its Chief Executive Officer shall certify that the September 30, 2016 balance is true and correct. San Jose Water Company shall subsequently close that memorandum account. “

On August 2, 2019, SJWC filed Advice Letter 534 per D.19-06-010 to recover the balance. The Water Division rejected this advice letter without prejudice on October 10, 2019, citing inconsistency in the name of the memorandum account in SJWC’s tariffs and that in D.19-06-010. Both A.18-01-004 and D.19-06-010 refer to the memorandum account as the Hydro Generation Research, Development and Demonstration Memorandum Account while the tariff lists it as the Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account (PRVMA). SJWC sought a correction in D.19-06-010 and this request was granted in D.20-04-003 where all references to the Hydro Generation Research, Development and Demonstration Memorandum Account in D.19-06-010 is replaced with PRVMA.

The PRVMA balance of \$1,243,363 represented project costs as of September 30, 2017, as presented in A.18-01-004. The account balance included some project costs that were incurred as of September 30, 2016 but billed after that date. D.19-06-010 specially excludes any project costs included after September 30, 2016, in the memorandum account tracking. The table below lists the expense by major category excluded from this advice letter request:

Major Category	Amount	Date of Invoice
Contracted Labor	-\$4,238.37	Nov, 2016
Construction Overhead	-\$127.15	Nov, 2016
Capitalized Interest	-\$18,830.31	Oct-Dec, 2016
Total Adjustment	-\$23,195.83	

As a result of these exclusions and the recognition of a duplicate freight charge, the PRVMA balance as of September 30, 2016 was \$1,218,992. Consideration for appropriate franchise taxes and uncollectables results in a total request for recovery of \$1,223,663 via a 36-month surcharge of \$0.00887 per ccf (Attachment C). For a typical residential customer with a 3/4-inch meter using 11 ccf per month, the bill will increase by approximately \$0.10.

Attachment D provides the requested certification of the balance in the memorandum account as of September 30, 2016.

Effective Date

SJWC requests this advice letter become effective on July 1, 2020.

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, 3rd 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 required under General Order 96-B, Rule 4.2, and industry Rule 3.1. The Public Notice approved by the Public Advisor's Office is provided as Attachment E. This notice is anticipated to be published in the local newspaper on April 25, 2020, and an affidavit of publication will be provided once available.

The present rates of the SJWC became effective on January 1, 2020, by Advice Letter No. 541. SJWC has Advice Letter 547 pending before the Commission.

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

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Attachment C	Surcharge Calculations
Attachment D	Memorandum Account Balance Certification
Attachment E	Public Notice
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SAN JOSE WATER COMPANY

ADVICE LETTER NO. 548

ATTACHMENT A

Decision 19-06-010 June 13, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SAN JOSE WATER COMPANY (U168W) for an Order authorizing it to increase rates charged for water service by \$34,288,100 or 9.76% in 2019, by \$14,231,800 or 3.70% in 2020, and by \$20,581,700 or 5.17% in 2021.

Application 18-01-004

DECISION RESOLVING REMAINING ISSUES IN SAN JOSE WATER COMPANY'S GENERAL RATE CASE

Summary

We deny San Jose Water Company's (SJW) request to replace its "Monterey"-style Water Revenue Adjustment Mechanism (WRAM) with a full revenue decoupling WRAM associated with a Modified Cost Balancing Account and a Sales Reconciliation Mechanism. We grant SJW's request to amortize the balance of its Hydro Generation Research, Development and Demonstration Memorandum Account (Memorandum Account) over a three-year period. However, SJW shall limit its recovery of its costs in the Memorandum Account to the balance as of September 30, 2016 and shall file a Tier 3 Advice Letter to recover such cost as a surcharge over a three-year period. The proceeding is closed.

1. Background

San Jose Water Company (SJW) filed Application (A.) 18-01-004 on January 4, 2018, proposing increased rates for Test Year 2019 and Escalation Years 2020 and 2021, and to make investments and accounting changes as specified therein.

SJW, the Commission's Office of Public Advocates (Cal Advocates) and Water Rate Advocates for Transparency, Equity, and Sustainability (WRATES) participated in a formally noticed settlement conference on June 12, 2018. The settling parties continued with discussions and resolved certain issues in advance of the evidentiary hearings, which were held July 9 and 11, 2018 at the Commission's hearing rooms in San Francisco. Over the course of these communications, the settling parties ultimately resolved certain issues of concern to Cal Advocates, which were reduced to writing in the form of the proposed Settlement Agreement between Cal Advocates and SJW. Although WRATES did not join in the settlement, it did not oppose it. That proposed settlement agreement was adopted by the Commission in Decision (D.) 18-11-025.

The remaining contested matters are among Cal Advocates, SJW and WRATES: (1) SJW's request for a Water Revenue Adjustment Mechanism (WRAM) with the associated Modified Cost Balancing Account; (2) Sales Reconciliation Mechanism; and (3) disposition of the Hydro Generation Research, Development and Demonstration Memorandum Account.

1.1. Water Revenue Adjustment Mechanism with the Associated Modified Cost Balancing Account

SJW seeks to implement a WRAM and Modified Cost Balancing Account (MCBA) to promote the development and implementation of more innovative and aggressive water conservation programs¹ and to recover its fixed costs. The requested WRAM/MCBA is similar to the WRAM/MCBA that the Commission has approved for other Class A Water Utilities.² Cal Advocates opposes SJW's request to change from its Monterey-style WRAM to a full WRAM/MCBA. Cal Advocates' opposition is supported by WRATES.

WRAM/MCBA Background

The purpose of a full WRAM is to promote conservation by removing a disincentive for utilities to adopt aggressive conservation programs by decoupling the link between sales and revenue collection.³ SJW currently has a Monterey-style WRAM that records the difference between the revenue generated by metered water sales via its tiered rate structure and the revenue it would have received with a single uniform rate. It does not decouple the link between sales and revenues. Therefore, if actual sales are below forecasted levels, revenues and earnings will be less than authorized and SJW will be at risk of not recovering its fixed costs. Lower actual sales may result from voluntary or mandatory conservation measures.

The WRAM used by other Class A Water Utilities ensures recovery of the portion of a utility's fixed costs that are recovered through the quantity charge as

¹ SJW-5, Ch. 19 at. 1.

² See for example, D.08-02-036, D.08-06-030, and D.10-12-029.

³ Cal Advocates 1 at 26.

well as certain variable costs not included in the MCBA. The MCBA recovers actual cost for purchased water, groundwater extraction fees and purchased power.

WRAM/MCBA Discussion

Cal Advocates opposes SJW's WRAM/MCBA request because SJW's customers have met its state-mandated requirement to reduce potable urban water consumption from 2013 levels, established under Executive Order B-2915 without the need for a full WRAM.⁴

Cal Advocates further opposes SJW's WRAM/MCBA request because the Commission has yet to make definitive findings as to the effectiveness of WRAMs in promoting water conservation and because problems related to higher than expected WRAM balances persist, two reasons the Commission rejected SJW's request for a full WRAM in its 2016 General Rate Case (GRC).⁵

SJW's success in using a Monterey-style WRAM demonstrates that it does not need a full WRAM to achieve its water conservation goals. Although parties did not address the different financial risks of a Monterey-style WRAM and a full WRAM on a utility's return on equity, it is an issue that should be addressed in future WRAM requests. We conclude that SJW should continue using its Monterey-style WRAM pending definitive Commission findings as to the effectiveness of different types of WRAMs in promoting water conservation.

⁴ Cal Advocates 1 at 25-28.

⁵ *Id.* at 28-32.

1.2. Sales Reconciliation Mechanism

SJW seeks to implement a Sales Reconciliation Mechanism (SRM) to adjust its annual sales forecast between rate cases when actual sales diverge from projected sales by more than five (5) percent. Specifically, SJW proposes that such a divergence for the past year would trigger the SRM; once the SRM is triggered, SJW would then adjust the estimated annual sales forecast during the remainder of the GRC cycle by 50 percent of the difference between the preceding year's actual sales and the GRC adopted forecast. Such changes would be incorporated in rates through the annual escalation year filings.⁶ Cal Advocates opposes the adoption of SJW's proposed SRM. WRATES supports Cal Advocates' position against establishing an SRM.

SRM Discussion

SJW cites two Commission Decisions in support of its requested SRM. First, D.14-08-11 in which the Commission found that a SRM was in the public interest "as it would limit revenue disparity that is tracked by the WRAM by changing rates, as opposed to applying surcharges and surcredits after the fact, when a disparity between adopted and actual sales will contribute to the WRAM balance at the end of the year." Secondly, D.16-12-026 recognized that the implementation of SRM adjustments will provide timely cost information to water customers.⁷

The principal reason for authorizing SRM requests is to address increasing WRAM balances.⁸ Cal Advocates' opposition to the SRM is based in part on the

⁶ SJW Application Exhibit E, Ch. 19 at 14.

⁷ SJW-5, Ch. 19 at 14.

⁸ Resolution W-5153 at 5.

Commission's recent rejection of SJW's Resolution W-5153 advice letter request to implement the SRM; and in part on the fact that SJW has not demonstrated that adopting an SRM will lead to a decrease in its current WRAM balance. Further, the implementation of another single-issue-dependent rate change mechanism harms the Commission's ability to issue comprehensive decisions.⁹

We concur with Cal Advocates that the SRM is not appropriate for SJW. SJW should be required to delineate the change in its financial risk and impact on its authorized return on equity as part of any future SRM request.

1.3. Hydro Generation Research, Development and Demonstration Memorandum Account

SJW seeks authority to capitalize into rate base its Hydro Generation Research, Development and Demonstration Memorandum Account balance of \$1,243,363 as of September 30, 2017 and to subsequently close that Memorandum Account.¹⁰ Alternatively, in rebuttal testimony, SJW seeks authority to recover its project costs as an expense by amortizing the balance over the three-year rate case period (\$414,454 per year).¹¹

Project Background

SJW established its Hydro Generation Research, Development and Demonstration Memorandum Account to track costs associated with a Research, Development and Demonstration (RD&D) electrical regenerative flow control valve project, pursuant to Resolution W-4854, dated December 2, 2010. The project's purpose was to evaluate new, untested technologies on a small scale to

⁹ Cal Advocates-1 at 32.

¹⁰ Exhibit SJW-5, Ch. 17 at 17-5.

¹¹ Exhibit SJW-2 at 45.

determine whether replacing existing mechanical Pressure-Reducing Valves (PRVs) with modern electrical regenerative Flow Control Valves would result in a significant increase in efficiency.¹² Pursuant to that Resolution, SJW would work in collaboration with the Commission's Division of Water and Audits Staff to finalize project site details, develop project scope and select a single engineering and design firm. All costs accumulated in this project would be recoverable through a Tier 3 Advice letter filing, subject to prudent administration of the RD&D project.¹³

At the commencement of the project Zeropex, a Norwegian company, was the only known supplier making equipment suitable for PRV modernization. In collaboration with Commission staff, SJW selected a Hostetter site for the project. However, the site proved unsuitable. There was insufficient space in existing below ground vaults to install the Zeropex equipment. Additional equipment and new operating safeguards were also required to bring the project into compliance with the electrical code. The concept of using the existing vaults was abandoned at the end of August 2011 and alternative large vault options were considered.¹⁴

When the required equipment was laid out with the necessary piping and the existing PRVs, a vault design was arrived at that was much larger than desired but was electrical code compliant and workable from the design, construction, and operation and maintenance standpoints. Bids from qualified contractors were substantially above budget. In addition to project construction

¹² Resolution W-4854 at 1.

¹³ *Id.* at 18.

¹⁴ A.18-01-004, Exhibit F, Ch 173 at 7.

costs, multiple underground utilities in the immediate vicinity of the project would have to be relocated at SJW's expense. Faced with the multiple construction and operation problems uncovered during the RD&D process, SJW concluded that the project was not economically viable and cancelled it.

The Commission in Resolution W-4854 encouraged utilities to test new technologies on a small scale to evaluate whether implementing them on a large scale would be beneficial and feasible. The Commission does not require utilities that undertake RD&D projects like SJW's valve replacement program to guarantee the projects will be successful. In this particular case, SJW was authorized to recover the costs of its RD&D project from its ratepayers, subject to prudent administration of the project.¹⁵

Prudent Administration Issue

WRATES opposes SJW's request for recovery of costs accumulated in the memorandum account on the basis that SJW imprudently administered the project.¹⁶ The basis of WRATES' imprudent administration contention is that SJW:

- a. Selected the only know supplier making the PRV equipment.
- b. Took a lead role without any prior RD&D experience.
- c. Failed to seek RD&D tax credits.
- d. Failed to conduct adequate preliminary research.
- e. Acted below a standard of prudent administration by actions of other Class A Water Utilities.
- f. Failed to act when it realized the project wasn't feasible.

¹⁵ Resolution W-4854 at 14 and 18.

¹⁶ WRATES Opening Brief at 10.

g. Delayed closure of the project.

However, none of these contentions substantiates that SJW imprudently administered its project. SJW logically selected, with the support of Commission Staff, the only known supplier making the PVR equipment. Absent any specific actions undertaken by SJW, the taking of a lead role without prior RD&D experience does is not per se imprudent administration. RD&D tax credits were only available if project construction began before the end of 2010 and the new equipment was placed into service by January 1, 2014.¹⁷ Since the project was to evaluate untested technologies in an unknown environment, it is unrealistic to expect “adequate” preliminary research. WRATES’ comparison of this project with other utilities’ RD&D projects is misplaced. By their nature, such projects are *sui generis* and it is impossible to know how another utility would have administered this project. What we know is that each step taken by SJW in evaluating the new equipment was necessary before an informed judgment about the feasibility and affordability of the project could be made. We conclude that SJW prudently administered its electrical regenerative flow control valve project.

Cost Recovery Issue

Cal Advocates opposes SJW’s request to capitalize the project costs into rate base because it was a failed project, as acknowledged by SJW’s own consultant, and it would be unreasonable to include such costs in customer rates while providing SJW shareholders with a return on the same failed project.¹⁸

¹⁷ Resolution W4854 at 7.

¹⁸ Cal Advocates Opening Brief at 1415.

Cal Advocates also opposes SJW's alternative request to recover the existing balance of project costs in rates over the three year rate case period.¹⁹

We take official notice of the Uniform System of Accounts for Class A Water Utilities (USOA) to consider the appropriate treatment of the project costs. For the project to be capitalized as utility plant in service, the USOA requires that project to be useful in providing utility operations. In this case, the project was abandoned. Therefore, we cannot find that it resulted in a useful asset for utility operations and we concur with Cal Advocates that the Hydro Generation Research, Development and Demonstration Memorandum Account balance should not be transferred to rate base.

The USOA also gives direction on the treatment of abandoned project costs. Account 142 - Preliminary Survey and Investigation Charges -- provides for abandoned projects, such as the project before us, to be charged to Miscellaneous Income Deductions or Miscellaneous Deductions to Surplus, *unless otherwise authorized or directed by the Commission*. In this instance, the Commission directed in Resolution W-4854 that SJW should be authorized to recover its project cost, subject to its prudent administration of the project. Having found that SJW prudently administered its project and in compliance with Ordering Paragraph 2 of the Resolution, SJW should be authorized to recover reasonable costs in its Memorandum Account as an operating expense.

SJW's contractor, retained for the project, issued a September 2016 report that provided "third-party verification" that SJW's project was unsuccessful and

¹⁹ *Id.* The existing balance already includes returns allowed to accumulate on project costs as they were incurred.

should be abandoned.²⁰ The record in this proceeding does not identify what the Hydro Generation Research, Development and Demonstration Memorandum Account balance was as of September 30, 2016. The \$1,243,363 project cost SJW seeks to recover is the balance as of September 30, 2017, a year after its own contractor concluded that the project should be abandoned. Although SJW should have submitted a Tier 3 Advice Letter for recovery of its project costs shortly after September 30, 2016, it is still entitled to recover its reasonable project costs. Costs accumulated into the memorandum account after September 2016 are not reasonable and should not be recovered. SJW shall submit a Tier 3 Advice Letter to recover its September 30, 2016 accumulated project costs over a three-year time period. As part of that Advice Letter filing, SJW's shall identify the balance in its memorandum account as of September 30, 2016,²¹ by major category and its Chief Executive Officer shall certify that the September 30, 2016 accounting is true and correct.

2. Comments on Proposed Decision

The proposed decision of ALJ Bemesderfer was mailed to the parties on May 13, 2019. Comments were received from SJW on June 3, 2019 and reply comments were received from Cal Advocates on June 10, 2019.

SJW's comments regarding its WRAM repeated arguments formerly made and were accorded no additional weight. Its request to shorten the period of amortization for its Hydro Generation Research, Development and Generation Memorandum Account from the three-year period approved in the Proposed

²⁰ SJW2 at 45.

²¹ Refer to Application Exhibit F, WP 173.

Decision to a one-year period repeats arguments rejected in the Proposed Decision and is denied.

3. Assignment of Proceeding

Liane Randolph is the assigned Commissioner and Karl J. Bemederfer is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The purpose of the WRAM is to promote conservation by removing a disincentive for utilities to adopt aggressive conservation programs by decoupling the link between sales and revenue collection.
2. SJW operates with a Monterey-style WRAM, and its water conservation programs have met or exceeded the state's conservation mandates.
3. The Commission has yet to make definitive findings as to the effectiveness of WRAMs in achieving conservation.
4. The principal reason for authorizing SRM requests is to address increasing WRAM balances.
5. Official notice is taken of the Uniform System of Accounts for Class A Water Utilities (USOA).
6. The USOA requires a project to be useful in providing utility operations to be capitalized as utility plant in service.
7. USOA allows abandoned project costs to be recovered as directed by the Commission.
8. SJW established its Hydro Generation Research, Development and Demonstration Memorandum Account to track costs associated with a RD&D of its electrical regenerative flow control valve project, pursuant to Resolution W-4854.

9. SJW worked in collaboration with the Commission's Division of Water and Audits Staff.

10. Resolution W-4854 authorized SJW to recover the costs of its RD&D project from its ratepayers, subject to a prudent administration of the project.

11. SJW's contractor, retained for the project, issued a September 2016 report that SJW's project was unsuccessful and should be abandoned.

Conclusions of Law

1. SJW should continue using its Monterey-style WRAM pending Commission findings as to the effectiveness of WRAM.

2. The SRM is not appropriate for SJW.

3. SJW should be required to delineate the change in its financial risk and impact on its authorized return on equity as part of any future WRAM and SRM request.

4. SJW prudently administered its electrical regenerative flow control valve project.

5. SJW should be authorized to recover the costs in its RD&D electrical regenerative flow control valve project Memorandum Account as of September 30, 2016 as an expense by amortizing the balance over a three-year period.

6. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. San Jose Water Company shall continue using its Monterey-style Water Revenue Adjustment Mechanism.

2. San Jose Water Company shall submit a Tier 3 Advice Letter to recover its September 30, 2016 Hydro Generation Research, Development and Demonstration Memorandum Account balance over a three-year period. As part of that Advice Letter, its Chief Executive Officer shall certify that the September 30, 2016 balance is true and correct. San Jose Water Company shall subsequently close that memorandum account.

3. Application 18-01-004 is closed

This order is effective today.

Dated June 13, 2019, at Sacramento, California.

MICHAEL PICKER

President

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

Commissioners

Commissioner Liane M. Randolph being necessarily absent did not participate.

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 548

ATTACHMENT B

Decision 20-04-003

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SAN JOSE WATER COMPANY
(U168W) for an Order authorizing it
to increase rates charged for water
service by \$34,288,100 or 9.76% in
2019, by \$14,231,8p00 or 3.70% in
2020, and by \$20,581,700 or 5.17% in
2021.

Application 18-01-004

ORDER CORRECTING ERROR

The Commission has been informed of an error in Decision 19-06-010.
Therefore, pursuant to Resolution A-4661,

IT IS ORDERED that:

1. Decision 19-06-010 is corrected by replacing all references to the Hydro Generation Research Development and Demonstration Memorandum Account with references to the Pressure Reducing Valve Modernization and Energy Recovery Memorandum Account.
2. Application 18-01-004 is closed.

This order is effective today.

Dated April 10, 2020, at San Francisco, California.

/s/ ALICE STEBBINS

Alice Stebbins
Executive Director

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 548

ATTACHMENT C

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 548

ATTACHMENT D

**DECLARATION OF ERIC THORNBURG
REGARDING THE PRESSURE-REDUCING VALVE MODERNIZATION AND
ENERGY RECOVERY MEMORANDUM ACCOUNT BALANCE**

I, Eric Thornburg, declare and state:

1. I am Chief Executive Officer at San Jose Water Company.
2. I have reviewed and/or am familiar with the materials contained in Advice Letter 548.
3. I certify that the balance in the Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account on September 30, 2016, is \$1,223,663 including appropriate gross-up amounts.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on April 24, 2020, at Saratoga, California.

/S/ ERIC THORNBURG

Eric Thornburg
Chief Executive Officer
San Jose Water Company

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 548

ATTACHMENT E

P U B L I C N O T I C E

Para informacion en este aviso en español, or favor llame (408) 279-7900

NOTICE OF RATE INCREASE FOR SAN JOSE WATER COMPANY'S GENERAL RATE CASE APPLICATION A.18-01-004, DECISION D.18-11-025 AND D.20-04-003, AND ADVICE LETTER 548

San Jose Water (SJW) is requesting a rate increase related to applications, decisions and an advice letter filed with the California Public Utilities Commission (CPUC).

CUSTOMER IMPACT

The total request of \$1,223,663 will be recovered via a 36-month surcharge of \$0.00887 per CCF. If approved by the CPUC, a typical residential customer with a 3/4-inch meter using 11 CCFs per month will see their **bi-monthly increase by \$0.20**.

BACKGROUND

SJW filed General Rate Case Application A.18-01-004 with the CPUC requesting authority for new water rates for 2019 through 2021. This application also sought recovery of the \$1,224,842 balance in its Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account (PRVMA) and this was authorized in Decision D.19-06-010 and D.20-04-003 issued on June 19, 2019, and April 10, 2020, respectively.

On April 24, 2020, SJW filed Advice Letter 548, requesting CPUC's permission to recover the PRVMA balance as authorized in D.18-11-025 and D.20-04-003.

Obtaining a Copy of the Advice Letter

A copy of Advice Letter 548 may be obtained at www.sjwater.com.

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 CPUC order, or is not authorized by statute or CPUC 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 CPUC 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 CPUC).

A response or protest must be made in writing or by electronic mail and must be received by the Water Division **by May 14, 2020** which is within 20 days of the date this advice letter was filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3rd 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, California 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.

CONTACT CPUC

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

Phone: 1-866-849-8390
Email: Public.Advisor@cpuc.ca.gov
Mail: CPUC Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102

Please reference SJW Advice Letter 548 in any communications you have with the CPUC regarding this matter.



SAN JOSE
WATER

110 West Taylor Street
San Jose, CA 95110
408.279.7900

www.sjwater.com

Se habla español

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 548

ATTACHMENT F

A copy of Advice Letter No. 548 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 9TH Street
Sacramento, CA 95814

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

Richard Rauschmeier
Public Advocates Office
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

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
 (Continued)

6. To amortize the 2018 Tax Accounting Memorandum Account balance, a one-time surcredit will be added to the bill as follows:

	Surcredit:
For 5/8 x 3/4-inch meter	\$20.84
For 3/4-inch meter	20.84
For 1-inch meter	34.73
For 1-1/2-inch meter	69.46
For 2-inch meter	111.13
For 3-inch meter	208.37
For 4-inch meter	347.28
For 6-inch meter	694.55
For 8-inch meter	1111.29
For 10-inch meter	1597.47

7. In accordance with D.20-02-050, a one-time proration refund surcredit will be added to the bill as follows:

	Surcredit:
For 5/8 x 3/4-inch meter	\$5.52
For 3/4-inch meter	5.52
For 1-inch meter	9.19
For 1-1/2-inch meter	18.38
For 2-inch meter	29.41
For 3-inch meter	55.14
For 4-inch meter	91.90
For 6-inch meter	183.81
For 8-inch meter	294.09
For 10-inch meter	422.75

8. To amortize the Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account balance, a surcharge of \$0.00887 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period or until collected beginning with the effective date of Advice Letter 548. (N)
 I
 (N)

(To be inserted by utility)

Issued by

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

Advice No. 548

JOHN TANG

Date Filed _____

Vice President,

Effective _____

Dec. No. 19-06-010 & D.20-04-003

Regulatory Affairs

Resolution No. _____

TITLE

Schedule No. 1B

GENERAL METERED SERVICE WITH
 AUTOMATIC FIRE SPRINKLER SYSTEM
 (Continued)

7. To amortize the 2018 Tax Accounting Memorandum Account balance,
 a one-time surcredit will be added to the bill as follows:

	Surcredit:
For 5/8 x 3/4-inch meter	\$20.84
For 3/4-inch meter	20.84
For 1-inch meter	34.73
For 1-1/2-inch meter	69.46
For 2-inch meter	111.13
For 3-inch meter	208.37
For 4-inch meter	347.28
For 6-inch meter	694.55
For 8-inch meter	1111.29
For 10-inch meter	1597.47

8. In accordance with D.20-02-050, a one-time proration refund surcredit will be added to the bill as follows:

	Surcredit:
For 5/8 x 3/4-inch meter	\$5.52
For 3/4-inch meter	5.52
For 1-inch meter	9.19
For 1-1/2-inch meter	18.38
For 2-inch meter	29.41
For 3-inch meter	55.14
For 4-inch meter	91.90
For 6-inch meter	183.81
For 8-inch meter	294.09
For 10-inch meter	422.75

9. To amortize the Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account (N)
 balance, a surcharge of \$0.00887 per 100 cu.ft is to be added to the Quantity rate shown for a I
 36 month period or until collected beginning with the effective date of Advice Letter 548. (N)

(To be inserted by utility)

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

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Dec. No. 19-06-010 & D.20-04-003

Regulatory Affairs

Resolution No. _____

TITLE

Schedule No. 1C

GENERAL METERED SERVICE
Mountain District
(Continued)

- 11. To amortize the Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account (N) balance, a surcharge of \$0.00887 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period or until collected beginning with the effective date of Advice Letter 548. (N)

(To be inserted by utility)

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Regulatory Affairs

Resolution No. _____

TITLE

Schedule No. RW

RAW WATER METERED SERVICE

(Continued)

7. To amortize the 2018 Tax Accounting Memorandum Account balance, a one-time surcredit will be added to the bill as follows:

	Surcredit:
For 5/8 x 3/4-inch meter	\$20.84
For 3/4-inch meter	20.84
For 1-inch meter	34.73
For 1-1/2-inch meter	69.46
For 2-inch meter	111.13
For 3-inch meter	208.37
For 4-inch meter	347.28
For 6-inch meter	694.55
For 8-inch meter	1111.29
For 10-inch meter	1597.47

8. In accordance with D.20-02-050, a one-time proration refund surcredit will be added to the bill as follows:

	Surcredit:
For 3/4-inch meter	5.52
For 1-inch meter	9.19
For 1-1/2-inch meter	18.38
For 2-inch meter	29.41
For 3-inch meter	55.14
For 4-inch meter	91.90
For 6-inch meter	183.81
For 8-inch meter	294.09
For 10-inch meter	422.75

9. To amortize the Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account (N) balance, a surcharge of \$0.00887 per 100 cu.ft is to be added to the Quantity rate shown for a I 36 month period or until collected beginning with the effective date of Advice Letter 548. (N)

(To be inserted by utility)

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Regulatory Affairs

Resolution No. _____

TITLE

Schedule No. RCW

RECYCLED WATER METERED SERVICE
 (Continued)

8. To amortize the 2018 Tax Accounting Memorandum Account balance, a one-time surcredit will be added to the bill as follows:

<u>Piped Supply</u>		Surcredit:
For	3/4-inch meter	\$20.84
For	1-inch meter	34.73
For	1-1/2-inch meter	69.46
For	2-inch meter	111.13
For	3-inch meter	208.37
For	4-inch meter	347.28
For	6-inch meter	694.55
For	8-inch meter	1111.29
For	10-inch meter	1597.47

<u>Well Supply</u>		Surcredit:
For	2-inch meter	\$17.20
For	3-inch meter	22.94
For	4-inch meter	25.80
For	6-inch meter	43.02
For	8-inch meter	51.62
For	10-inch meter	80.29

9. In accordance with D.20-02-050, a one-time proration refund surcredit will be added to the bill as follows:

		Surcredit:
For	3/4-inch meter	5.52
For	1-inch meter	9.19
For	1-1/2-inch meter	18.38
For	2-inch meter	29.41
For	3-inch meter	55.14
For	4-inch meter	91.90
For	6-inch meter	183.81
For	8-inch meter	294.09
For	10-inch meter	422.75

<u>Well Supply</u>		Surcredit:
For	2-inch meter	\$4.54
For	3-inch meter	6.06
For	4-inch meter	6.81
For	6-inch meter	11.36
For	8-inch meter	13.62
For	10-inch meter	21.19

10. To amortize the Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account (N) balance, a surcharge of \$0.00887 per 100 cu.ft is to be added to the Quantity rate shown for a I
 36 month period or until collected beginning with the effective date of Advice Letter 548. (N)

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Regulatory Affairs

Resolution No. _____

TITLE

TABLE OF CONTENTS

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Schedule No. 1C, General Metered Service Mountain District	2003-W, 1952-W, 1884-W, and 2060-W	(C)
Schedule No. 4, Private Fire Service	2004-W and 2053-W	
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Schedule No. RCW, Recycled Water Metered Service	2006-W, 2047-W and 2062-W	(C)
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(Continued)

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