



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

June 18, 2021

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

Advice Letter No. 564

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>
2125-W	Preliminary Statement (Continued)	
2126-W	Preliminary Statement (Continued)	
2127-W	Table of Content	2123-W

With this advice letter, SJWC requests authorization to establish a Water Conservation Memorandum Account (WCMA) and a Water Conservation Expense Memorandum Account (WCEMA) pursuant to the California Public Utilities Commission (Commission) Resolution W-4976 and Standard Practice U-40-W (as revised).

These tariffs are submitted pursuant to General Orders (GO) No. 96-B Water Industry Rules 7.3.2(5). This advice letter is designated as a Tier II Advice Letter.

The present rates for SJWC became effective January 1, 2021, by Advice Letter No. (AL) 556.

#### Background

California is once again experiencing extremely dry conditions. On June 8, 2021, the State Water Resources Control Board (Water Board) issued a Notice to Public Drinking Water Systems regarding ongoing dry conditions in California and drought preparation. On the same day, Commission President Marybel Batjer issued a letter to all investor-owned water utilities calling upon the utilities to remind their customers of the ongoing dry conditions and to encourage actions to reduce water usage. The letter referenced Standard Practice U-40-W, which was adopted pursuant to Resolution W-4976, issued February 28, 2014.

On June 9, 2021, Valley Water adopted a resolution declaring a Water Shortage Emergency Condition in Santa Clara County and called for water service providers (referenced as “retailers” in the Valley Water resolution) to “achieve a water use reduction target equal to 15 percent of 2019 water use (33 percent of 2013 water use).” A copy of Valley Water’s resolution is attached as Attachment A.

Commission Resolution W-4976 ordered all water utilities to comply with directives under emergency declarations calling for mandatory water use reductions or rationing. The resolution adopted by Valley Water on June 9, 2021 calls for such mandatory water use reductions due to its declared Water Shortage Emergency.

Commission Resolution W-5000, issued August 14, 2014, found that water utilities regulated by the Commission are required to assist in assuring compliance with restricted water uses adopted by local public agencies. SJWC is taking action to comply and assist with Valley Water's June 9, 2021, declaration of a Water Shortage Emergency and its call for 15% water use reductions as compared to water usage in 2019.

SJWC filed Advice Letter 563 to update and activate its Rule 14.1: Water Shortage Contingency Plan to align with its recently updated 2020 Urban Water Management Plan and the target water usage reduction per Valley Water's resolution. This filing is also consistent with that mandate and Commission requirements.

Pursuant to Division of Water and Audits Drought Procedures Standard Practice U-40 as authorized by Resolution W-4976, utilities can establish memorandum accounts to track lost revenues and expenses from conservation efforts:

*35. Memorandum accounts to track expenses and monies collected by the utility through water use violation fines must be requested through an advice letter, either in conjunction with an advice letter requesting adding Rule 14.1 or Schedule 14.1, or in a stand-alone advice letter. Lost revenues associated with reduced sales as a result of activation of either Tariff Rule 14.1 or Schedule 14.1 for a utility without a full revenue decoupling Water Revenue Adjustment Mechanism (WRAM) should be tracked in a separate memorandum account for disposition as directed or authorized from time to time by the Commission.<sup>1</sup>*

Upon the effective date of Advice Letter 563 to activate Rule 14.1, SJWC requests a Water Conservation Expense Memorandum Account (WCEMA) to track all operational and administrative costs associated with the implementation of Rule 14.1 including monies collected through the imposition of drought surcharges through Schedule 14.1. At this time, SJWC is not proposing to activate Schedule 14.1. However, should Schedule 14.1 be proposed and approved by the Commission in the future, any drought surcharges collected will be tracked in this memorandum account.

In addition and in accordance with Resolution W-4976, SJWC requests a Water Conservation Memorandum Account (WCMA) to track lost revenues associated with reduced sales as a result

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<sup>1</sup> Standard Practice U-40, at pp. 12 - 13. See also Resolution W-4976 Finding and Conclusion Nos. 22 and 23, at pp. 15 - 16.

of activating Rule 14.1. SJWC was authorized to establish similar memorandum accounts during the historic drought period from 2014 through 2017 in accordance with Resolution W-4976.

Consistent with Resolution W-4976, SJWC now requests Commission authority to establish the WCMA and WCEMA. The tariff sheets with the proposed terms and conditions of the requested WCMA and WCEMA for SJWC's Preliminary Statement are included with this advice letter filing.

#### Effective Date

SJWC requests that the updated tariff sheets become effective June 9, 2021.

#### 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](mailto: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](mailto:regulatoryaffairs@sjwater.com).

This filing will have no impact on current rates. 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 General Order 96-B, a copy of this advice letter has been emailed to all interested and affected parties as detailed in Attachment B. Due to the pandemic, no hardcopies of this filing is being mailed.

SJWC has Advice Letters 557, 561, and 562 pending before the Commission.

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

Very truly yours,



JOHN TANG  
Vice President of Regulatory Affairs  
Enclosures

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 564**

**ATTACHMENT A**

**BOARD OF DIRECTORS  
SANTA CLARA VALLEY WATER DISTRICT**

**RESOLUTION NO. 21-68**

**RESCINDING RESOLUTION 17-43, DECLARING A WATER SHORTAGE  
EMERGENCY CONDITION CALLING FOR WATER USE RESTRICTIONS, AND  
URGING THE COUNTY OF SANTA CLARA TO PROCLAIM A LOCAL EMERGENCY**

WHEREAS, a public hearing was held on June 9, 2021, on the matter of whether the Santa Clara Valley Water District (Valley Water) Board of Directors should declare that a water shortage emergency condition exists within Santa Clara County (County); and

WHEREAS, notice of said hearing was published on June 2, 2021, in the *San Jose Mercury News*, a newspaper of general circulation printed and published within the County; and

WHEREAS, at said hearing, all persons present were given an opportunity to be heard by the Board; and

WHEREAS, the Board heard and considered public testimony, staff's presentation, and other evidence presented at said hearing; and

WHEREAS, the County is in its second consecutive year of drought, and the County is now in an extreme drought condition according to the United States Drought Monitor; and

WHEREAS, pursuant to Water Code Section 350 a "governing body of a distributor of a public water supply, whether publicly or privately owned and including a mutual water company, shall declare a water shortage emergency condition to prevail within the area served by such distributor whenever it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the distributor to the extent that there would be insufficient water for human consumption, sanitation, and fire protection"; and

WHEREAS, the Board seeks to conserve the limited water supply of Valley Water for the greatest public benefit with particular regard to public health, fire protection, and domestic use without threatening local land subsidence, by ensuring the conservation of water, by avoiding the waste of water, and to the extent necessary and by reason of the existing water shortage emergency condition, by reducing water use in the County in a manner that is fair and equitable; and

WHEREAS, on March 22, 2021, the California State Water Resources Control Board mailed early warning notices to water rights holders in California, including Valley Water, urging them to plan for potential shortages by reducing water use and adopting practical conservation measures; and

WHEREAS, local watershed runoff was substantially limited in the 2020 and 2021 water years due to extreme dry conditions and Valley Water's current local surface water storage as of June 1 is at 26 percent of the 20-year average; and

WHEREAS, Anderson Reservoir is Valley Water's largest surface water reservoir and holds up to 89,278 acre-feet of water—more than all of Valley Water's other nine surface water reservoirs combined; and

WHEREAS, on February 20, 2020, the Federal Energy Regulatory Commission, for public health and safety reasons, ordered Valley Water to drain Anderson Reservoir to deadpool beginning no later than October 1, 2020; and

WHEREAS, Anderson Reservoir has been drained to deadpool and will not be available as a surface water storage facility for the duration of the Anderson Dam Seismic Retrofit Project, which is expected to last 10 years; and

WHEREAS, the availability of Coyote Reservoir, Valley Water's second largest reservoir, is also limited because of California Department of Water Resources Division of Safety of Dams storage limits; and

WHEREAS, due to the unavailability of Anderson Reservoir and limited availability of Coyote Reservoir due to regulatory restrictions, Valley Water's ability to store water locally for groundwater recharge and water treatment plant supplies, and as a buffer to mitigate against current and future water shortages, is significantly limited; and

WHEREAS, the snowpack in the northern Sierra Nevada Mountains was 5 percent of normal and the statewide snow water equivalent was zero percent of normal as of June 1, 2021; and the 2021 State Water Project allocation is 5 percent, and the 2021 South-of-Delta Central Valley Project allocation is currently 25 percent for Municipal & Industrial water and zero percent for Agricultural water; and

WHEREAS, there is significant uncertainty as to local and statewide water supply conditions, and imported supplies may continue to be negatively impacted; and

WHEREAS, Santa Clara County relies heavily on unpredictable imported water to supplement local water to supply its drinking water treatment plants, to replenish the local groundwater basins, and to prevent adverse community impacts such as the return of historic overdraft and land subsidence in northern Santa Clara County; and

WHEREAS, through careful groundwater management, Santa Clara County groundwater storage at the start of 2021 was well within the "Normal" stage (Stage 1) of Valley Water's Water Shortage Contingency Plan, but without additional water use reduction this storage is expected to drop significantly by as much as 80,000 acre-feet by the end of 2021 due to limited recharge and increased pumping as a result of drought conditions, reduced imported water allocations, and the loss of Anderson Reservoir as a surface water storage facility; and

WHEREAS, if drought conditions continue into 2022 and imported water supplies continue to be severely limited, the worst case scenario projects groundwater to drop to the "Emergency" stage (Stage 5) of the Water Shortage Contingency Plan without additional water use reduction, which would greatly increase the risk of resumed land subsidence in northern Santa Clara County, risk wells going dry in residential areas of the County where groundwater is the sole source of drinking water, and risk that the ordinary demands and requirements of water consumers will not be satisfied without depleting the water supply to the extent that there would be insufficient water for human consumption, sanitation, and fire protection; and

WHEREAS, due to historic groundwater overdraft, the greater San José metropolitan area and heart of Silicon Valley had up to 14 feet of permanent subsidence, which resulted in seawater

intrusion, increased flood risk, and widespread damage to infrastructure, conservatively estimated to cost over \$947 million in 2021 dollars; and

WHEREAS, over 3,000 domestic wells users in southern Santa Clara County depend on groundwater for potable water supplies and these wells are often more vulnerable than public water supply wells, which are typically deeper; and

WHEREAS, Valley Water must maintain sufficient groundwater storage to guard against land subsidence, meet local water demands, cope with supply interruptions from natural disasters and ensure sufficient water for fire protection; and

WHEREAS, it is Valley Water's policy and is in the interest of Valley Water and the community to reduce the severity and occurrences of drought or dry weather induced water shortages by encouraging water use reduction measures so that available water supplies can meet at least 80 percent of average annual demand in drought years; and

WHEREAS, Santa Clara County and the region are subject to reoccurring droughts of varying severity, such as those prompting Valley Water to call for water use reductions in 1977, 1987 to 1992, 2007 to 2010; and

WHEREAS, Santa Clara County and California experienced a historic, multiyear drought from 2012 to 2016, prompting Valley Water to call for mandatory water use reductions between 20 to 30 percent since 2014; and

WHEREAS, on June 13, 2017, by Resolution 17-43, Valley Water continued its call for a voluntary 20 percent water use reduction (as compared to 2013 water use), and called for efforts to make water conservation a way of life; and

WHEREAS, on April 27, 2021, the Board voted to call for a voluntary 25 percent water use reduction (as compared to 2013 water use); and

WHEREAS, continuing the progress and momentum of community water use reductions and water wise efforts to make water conservation a way of life will improve long-term water supply reliability; and

WHEREAS, increasing long-term water conservation efforts and improving water use efficiency; strengthening local and regional drought planning; and increasing water supply and land use planning coordination are critical to Santa Clara County's resilience to drought, which may be intensified in the future with climate change; and

WHEREAS, Valley Water continues to work closely with its retail water agencies, untreated surface water customers, well owners, farmers, regulatory agencies, state and federal project operators, other water districts, and local municipalities and land use agencies to develop common sense approaches with the goal of achieving drought resiliency.



NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District hereby:

1. Rescinds Board Resolution 17-43; and
2. Declares pursuant to California Water Code Section 350 that a water shortage emergency condition now prevails within the County and a continued supply of water cannot be assured for human consumption, sanitation, and fire protection without threatening local land subsidence, and that such water shortage emergency condition shall continue until the Valley Water's Board adopts a finding determining otherwise; and
3. Establishes a water reduction program pursuant to Article C(4)(c) of Valley Water's treated water contracts by calling for water retailers to achieve a water use reduction equal to 33 percent of 2013 water use (15 percent of 2019 water use), which will result in a 23 percent reduction of Valley Water treated water scheduled deliveries to water retailers while such water reduction program is in effect; and
4. Commits to aggressively promote its conservation programs and information for the public, residents, businesses, agricultural and untreated water customers, and retailers to support all sectors in reducing water use; and
5. Urges Santa Clara County farmers and untreated water customers to consider the water shortage emergency condition in planting and irrigation practices; and
6. Calls for the public to restrict outdoor watering of ornamental landscapes or lawns with potable water to a maximum of three days a week; and
7. Urges local enforcement of other water waste restrictions currently in effect by local agencies and retailers, or as may be amended; and
8. Requests that the Santa Clara County Board of Supervisors proclaim a local emergency now exists throughout the County due to drought conditions; and
9. Supports local adoption and enforcement of additional water waste restrictions by cities, retailers, and the County as needed to achieve the water use reduction target of 15 percent of 2019 water use (33 percent of 2013 water use); these may include prohibitions against the following:
  - Use of potable water for more than minimal landscaping, as defined in the landscaping regulated of the jurisdiction or as described in Article 10.8 of the California Government Code in connection with new construction;
  - Excessive use of water: when a utility has notified the customer in writing to repair a broken or defective plumbing, sprinkler, watering or irrigation system and the customer has failed to affect such repairs within five business days, the utility may install a flow restriction device;
  - Use of potable water that results in flooding or runoff in gutters or streets;

- Individual private washing of cars with a hose except with the use of a positive action shut-off nozzle. Use of potable water for washing commercial aircraft, cars, buses, boats, trailers, or other commercial vehicles at any time, except at commercial or fleet vehicle or boat washing facilities operated at a fixed location where equipment using water is properly maintained to avoid wasteful use;
  - Use of potable water for washing buildings, structures, driveways, patios, parking lots, tennis courts, or other hard-surfaced areas, except in the cases where health and safety are at risk;
  - Use of potable water to irrigate turf, lawns, gardens, or ornamental landscaping by means other than drip irrigation, or hand watering without quick acting positive action shut-off nozzles, on a specific schedule, for example: 1) before 9:00 a.m. and after 5:00 p.m.; 2) every other day; or 3) selected days of the week;
  - Use of potable water for street cleaning with trucks, except for initial wash-down for construction purposes (if street sweeping is not feasible), or to protect the health and safety of the public;
  - Use of potable water for construction purposes, such as consolidation of backfill, dust control, or other uses unless no other source of water or other method can be used;
  - Use of potable water for construction purposes unless no other source of water or other method can be used;
  - Use of potable water for street cleaning;
  - Operation of commercial car washes without recycling at least 50 percent of the potable water used per cycle;
  - Use of potable water for watering outside plants, lawn, landscape, and turf areas during certain hours if and when specified in CPUC Tariff Schedule No. 14.1 when the schedule is in effect;
  - Use of potable water for decorative fountains or the filling or topping off of decorative lakes or ponds. Exceptions are made for those decorative fountains, lakes, or ponds which utilize recycled water;
  - Use of potable water for the filling or refilling of swimming pools;
  - Service of water by any restaurant except upon the request of a patron; and
  - Use of potable water to flush hydrants, except where required for public health or safety.
10. Recommends cities, retailers, and the County consider adopting water waste restrictions that are permanent.

Rescinding Resolution 17-43, Declaring a Water Shortage Emergency Condition Calling for  
Water Use Restrictions, and Urging the County of Santa Clara to Proclaim a Local Emergency  
Resolution No. 21-68

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PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by  
the following vote on June 9, 2021:

AYES: Directors R. Santos, N. Hsueh, T. Estremera, B. Keegan, G. Kremen,  
L. LeZotte, J. Varela  
NOES: Directors None  
ABSENT: Directors None  
ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

  
\_\_\_\_\_  
TONY ESTREMER  
Chair, Board of Directors

ATTEST: MICHELE L. KING, CMC

  
\_\_\_\_\_  
Clerk, Board of Directors

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 564**

**ATTACHMENT B**

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

### ADVICE LETTER 564 SERVICE LIST

Big Redwood Park Water	waldburford@gmail.com
Brush & Old Well Mutual Water Company	BOWMWC@brushroad.com
Cal Water	cwsrates@calwater.com
City of Campbell	publicworks@cityofcampbell.com
City of Cupertino City Attorney	cityattorney@cupertino.org
City of Cupertino Director of Public Works	rogerl@cupertino.org
City of Milpitas	<a href="mailto:tndah@ci.milpitas.ca.gov">tndah@ci.milpitas.ca.gov</a>
City of Milpitas	smachida@ci.milpitas.ca.gov
City of Monte Sereno	steve@cityofmontesereno.org
City of Monte Sereno	bmekechuk@cityofmontesereno.org
City of Santa Clara	water@santaclaraca.gov
City of San Jose	jeffrey.provenzano@sanjoseca.gov
City of Saratoga	jcherbone@saratoga.ca.us
County of Santa Clara	county.counsel@cco.sccgov.org
DB Davis	dbdavis@rockwellcollins.com
Dept. of Water Resources, Safe Drinking Water Office	sdwo@water.ca.gov
Valley Water	dtaylor@valleywater.org
Gillette Mutual Water Company	gapowerz@gmail.com
Gillette Mutual Water Company	goldiey@pacbell.net
Gillette Mutual Water Company	keyoung@pacbell.net
Great Oaks Water	jroeder@greatoakswater.com
Great Oaks Water	tguster@greatoakswater.com
Cal Water	jpolanco@calwater.com
James Hunter	j88hunter882@gmail.com
City of Cupertino	KirstenS@cupertino.org
Public Advocates Office	mukunda.dawadi@cpuc.ca.gov
Public Advocates Office	PublicAdvocatesWater@cpuc.ca.gov
Mountain Springs Mutual Water Co.	Lorenroy@icloud.com
Mt. Summit Mutual Water Company	wshoefler@comcast.net
Oakmount Mutual Water Company	gortiz12@comcast.net
Patrick Kearns MD	pjk3@comcast.net
Raineri Mutual Water Company	info@rainerimutual.org
Ridge Mutual Water Company	pmantey@yahoo.com
Rishi Kumar	rkumar@saratoga.ca.us
San Jose Mercury News	progers@bayareanewsgroup.com
Valley Water	afulcher@valleywater.org
Valley Water	abaker@valleywater.org
Saratoga Heights Mutual Water Company	sjw@shmwc.org
SouthWest Water Company	kcarlson@swwc.com
Stagecoach Mutual Water Company	stagecoachroadMWC@gmail.com
Summit West	RJonesPE@aol.com
Summit West	board@summitwest.org
Town of Los Gatos Dir. of Public Works	ppw@losgatosca.gov
WRATES	rita_benton@ymail.com
Villa Del Monte	mntmom33@comcast.net

**PRELIMINARY STATEMENT**  
**(Continued)**

**H. Water Conservation Expense Memorandum Account**

(N)

1. Purpose

The purpose of the Water Conservation Expense Memorandum Account (WCEMA) is to track all operational and administrative costs associated with the implementation of Rule 14.1, Section A, as requested in AL 564.

2. Applicability

The WCEMA will track the operating and administrative costs incurred in developing and implementing expanded and/or new conservation programs under Rule 14.1, Section A, including:

- a. Customer education and outreach activities.
- b. Program monitoring, data recording and reporting expense.
- c. Operational costs, such as water supply cost changes, associated with mandatory conservation compliance.
- e. Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

3. Disposition

If the accumulated balance for the WCEMA exceeds 2% of the total authorized revenue requirement for the prior calendar year, the Company will file an advice letter to amortize the balance. Prior to recovery, charges made to the Mandatory Conservation Memorandum Account are subject to a reasonableness review in the Company's next General Rate Case or in an appropriate advice letter filing. The recovery of under-collections or refunds of over-collections will be passed on to the customers through volumetric surcharges or surcredits.

4. Effective Date

The WCMA shall go into effect on the effective date of Advice Letter No. 564.

**I. Water Conservation Memorandum Account**

1. Purpose

The purpose of this Water Conservation Memorandum Account (WCMA) is to track impacts of mandatory conservation on quantity revenues for future disposition. The Commission has determined that this mechanism is appropriate in coordination with increasing water conservation activities or mandatory conservation required by outside governmental agencies or entities. The water revenues subject to this account include but are not limited to those which may be affected by Rule 14.1.

2. Applicability

The WCMA is applicable to all quantity related rate revenue.

3. Definitions

- a. Non- WCMA revenue is all revenue excluded from the WCMA account, such as metered service charges and public and private fire protection service. In addition, surcharges and surcredits, unless specifically included in adopted revenue requirement, will be excluded from WCMA tracking.
- b. WCMA -eligible revenue is all revenue not excluded in 3.a, above.
- c. Recorded WCMA -eligible revenue is the amount of quantity rate revenue collected from customers in any particular period.
- d. Adopted WCMA eligible revenue is the amount of quantity related revenue necessary in conjunction with adopted non- WCMA revenue to generate the adopted revenue requirement.

(N)

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 564

JOHN TANG

Date Filed

Dec. No.

Vice President,  
Regulatory Affairs

Effective

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

TITLE

**PRELIMINARY STATEMENT**  
**(Continued)**

**I. Water Conservation Memorandum Account (Continued)**

4. Accounting Procedure

(N)

a. The following entries will be recorded monthly in the WCMA:

1. Most recently adopted water sales revenue on the effective date of Advice Letter 564 adjusted for all subsequent rate increases.
2. Actual water sale revenue collected adjusted for existing Revenue Adjustment Mechanism. The actual water sales revenue collected in the WCMA will be kept distinct from revenue Tracked by SJWC's existing Monterey-style WRAM.
3. Most recently adopted variable expenses for purchased water, pump tax and power
4. Actual recorded variable expenses
5. Total net WCMA balance = (1 minus 2) minus (3 minus 4)
6. A negative (-) balance in the memorandum account reflects a utility over collection to be refunded, while a positive balance reflects a utility under collection to be recovered in rates.

b. The Company will record the accumulated WCMA balance monthly, by adding its entry in Section a.5. above to the prior accumulated monthly balance.

c. Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

d. Before seeking recovery of the WCMA balance, the balance shall be reduced by an amount equal to a 20-basis point reduction in the most recently adopted return on equity.

5. Disposition

If the accumulated balance for the WCMA exceeds 2% of the total authorized revenue requirement for the prior calendar year, the Company will file an advice letter to amortize the balance. Prior to recovery, charges made to the WCMA are subject to a reasonableness review. The recovery of under-collections or refunds of over-collections will be passed on to the customers through volumetric surcharges or surcredits.

6. Effective Date

The WCAMA shall go into effect on the effective date of Advice Letter No. 564

7. Sunset Date

The WCMA will remain in effect until the Wholesaler declares the water shortage is over and the mandatory conservation mandates are ceased.

(N)

(To be inserted by utility)

Issued by

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

Advice No. 564

JOHN TANG

Date Filed

Vice President,

Effective

Dec. No.

Regulatory Affairs

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

TITLE

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(Continued)

(To be inserted by

Issued by

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

utility) Advice No. \_\_\_\_\_

JOHN TANG \_\_\_\_\_

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

564 Dec. No. \_\_\_\_\_

Vice President,  
Regulatory Affairs \_\_\_\_\_

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

TITLE