



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

November 14, 2023

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

Advice Letter No. 603

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>
2279-W	Preliminary Statement (Continued)	
2280-W	Table of Contents	2278-W

These tariffs are submitted pursuant to General Order No. 96-B. Pursuant to General Order No. 96-B Water Industry Rule 7.3.2.(7), this advice letter is designated a Tier II Advice Letter.

Purpose

SJWC hereby respectfully request to include the Group Insurance Balancing Account (GIBA) to its Preliminary Statement.

The authorization of GIBA in Decision No. (D.) 18-11-025 was dependent on the final authorization of Application No. (A.) 16-07-002.

Background

Per Settlement between SJWC and Cal Advocates authorized in Commission D.18-11-025, Section G 1:

***Healthcare Cost Balancing Account:***

*SJWC requested authorization for a new Healthcare Cost Balancing Account. ORA recommends that the Commission rejects this request. This issue is currently also being litigated in Other Class A water utility GRCs, including A.16-07-002. The parties agree that the Commission's decision in A.16-07-002 on the issue of a healthcare cost balancing account should also apply to SJWC.*

A.16-07-002 referenced above refers to California-American Water Company's General Rate Case (GRC) application. The resulting decision for A.16-07-002 was D.18-12-021 which authorized a balancing account for group insurance to track healthcare costs. Per Ordering Paragraph of 30 of D.18-12-021:

*Within 60 days of the issuance of this decision, California-American Water Company (Cal-Am) shall establish a two-way Group Insurance Balancing Account by filing a Tier 2 advice letter with Water Division. In the advice letter filing, Cal-Am shall propose tariff language for this two-way Group Insurance Balancing Account, which shall include the following terms and conditions:*

- a. The initial account balance shall be the approved group insurance expenses for 2018. The 2019 group insurance expense shall be the approved 2018 expense escalated by the 2019 escalation factor. The 2020 group insurance expense shall be the approved 2019 expense escalated by the 2020 escalation factor. The 2019 and 2020 escalation factors shall be the labor escalation factors from the "Office of Ratepayer Advocates: Estimates of Non-labor and Wage Escalation Rates for 2018 through 2022 from the August 2018 IHS Global Insight U.S. Economic Outlook" dated September 4, 2018.*
- b. Cal-Am shall record in the account the annual difference between total approved net group insurance costs and the actual level of net group insurance costs. Net group insurance costs are the total incurred costs less reimbursements.*
- c. The next general rate case proceeding shall review and determine the appropriate disposition of the balance in the Group Insurance Balancing Account and shall also review whether this two-way balancing account is still necessary.*

The GIBA was further upheld in D.21-11-018, paragraph D. Section 13.17:

***Group Insurance Balancing Account:***

*Cal-Am's Group Insurance Balancing Account was first authorized as a two-way balancing account in D.18-12-021 and captures the difference between authorized recovery of insurance costs and actual costs. Cal-Am requested to keep the account open and transfer the current balance to the CEBA for recovery. No party opposed this request. The Settlement sets forth an agreement to keep the account open and transfer the current balance of \$(962,078) to the CEBA for recovery.*

In accordance with SJWC's D.18-11-025 and Cal-Am's D.18-12-021 and D.21-11-018, SJWC is requesting authorization to establish a GIBA to track the Company's portion of medical, dental, and opt-out insurance expenses. SJWC will commence tracking GIBA in January 1, 2024, to avoid retroactive ratemaking.

Effective Date

January 1, 2024

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, California 95196  
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.

In compliance with General Order 96-B public notice of this filing is not required. In compliance with Paragraph 4.3 of General Order 96-B, a copy of this advice letter has been electronically delivered to all interested and affected parties as detailed in Service List.

SJWC has Advice Letters 600, 601, and 602 pending before the Commission. This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

Very truly yours,

*Nanci Tran*

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Manager of Regulatory Affairs

**PRELIMINARY STATEMENT**

**EE. Group Insurance Balancing Account (GIBA)**

1. **Purpose**

The purpose of the Group Insurance Balancing Account (GIBA) is to track the difference between Commission Authorized net Company costs of group insurance and the actual costs incurred.

2. **Applicability**

The GIBA is applicable to expense related to medical, dental, and opt-out insurance expenses.

3. **Definitions**

- a. Authorized Group Insurance Expenses – Company medical, dental, and opt-out insurance expenses authorized in rates.
- b. Recorded Group Insurance Expenses – Actual recorded company medical, dental, and opt-out insurance expenses.

4. **Accounting Procedure**

The following entries will be recorded monthly in the GIBA:

- 1. Authorized Group Insurance Expenses
- 2. Recorded Group Insurance Expenses
- 3. Total net GIBA = (1) minus (2)
- 4. A negative (-) balance in the account reflects an under-collection to be recovered in rates, while a positive balance reflects a utility over collection to be recovered in rates.
- 5. The Company will record the accumulated GIBA balance monthly by adding its entry in Section a3 above to the prior accumulated monthly balance.
- 6. Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 90 Day Non-financial Commercial Paper Interest Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

5. **Amortization**

Amortization of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision.

(To be inserted by utility)

Issued by

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

Advice No. 603

JOHN TANG

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

Vice President,

Effective \_\_\_\_\_

Dec. No. 18-11-025

Regulatory Affairs

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

TITLE

TABLE OF CONTENTS

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:

Subject Matter of Sheet	C.P.U.C. Sheet No.	
Title	1495-W	
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Preliminary Statement	919-W, 1303-W, 2032-W, 2212-W, 2213-W, 2035-W, 2058-W, 2037-W, 2277-W, 2040-W, 2041-W, 2215-W, 2087-W, 2125-W, 2155-W, 2216-W, 2217-W, 2236-W, 2252-W, 2263-W, 2279-W	(N)
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Map of Areas with Special Pressure and FireFlow Conditions	2116-W	
Index to Map of Areas With Special Pressure and FireFlow Conditions	1079-W, 2117-W 1082-W, 1087-W and 1404-W	
Rate Schedules:		
Schedule No. 1, General Metered Service	2265-W, 2255-W and 2238-W	
Schedule No. 1B, General Metered Service With Automatic Fire Sprinkler System	2266-W, 1741-W, 2183-W, 2239-W	
Schedule No. 1C, General Metered Service Mountain District	2267-W, 1952-W, 1884-W and 2184-W, 2240-W	
Schedule No. 4, Private Fire Service	2268-W and 2187-W	
Schedule No. 9C, Construction and Other Temporary Metered Service	1118-W and 1094-W	
Schedule No. 10R, Service to Employees	152-W	
Schedule No. 14.1 Water Shortage Contingency Plan with Staged Mandatory Reductions and Drought Surcharges	2131-W, 2132-W, 2133-W 2134-W, 2149-W, 2136-W, 2137-W 2138-W, 2139-W, 2146-W	
Schedule No. RW, Raw Water Metered Service	2269-W, 2259-W, 2241-W,	
Schedule No. RCW, Recycled Water Metered Service	2270-W, 2242-W	
Schedule No. UF, Surcharge to Fund Public Utilities Commission, Reimbursement Fee	2234-W	
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Rules:		
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No. 2 - Description of Service	525-W	
No. 3 - Application for Service	2143-W, 2144-W	
No. 4 - Contracts	352-W	
No. 5 - Special Information Required on Forms	2066-W, 2067-W and 2068-W-W	
No. 6 - Establishment and Re-establishment of Credit	354-W	
No. 7 - Deposits	355-W and 356-W	
No. 8 - Notices	2069-W, 2070-W and 2017-W	
No. 9 - Rendering and Payment of Bills	2188-W, 2189-W and 2190-W	

(Continued)

(To be inserted by utility)

Issued by

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JOHN TANG  
Vice President,  
Regulatory Affairs

Date Filed \_\_\_\_\_  
Effective \_\_\_\_\_  
Resolution No. \_\_\_\_\_

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

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

### ADVICE LETTER 603 SERVICE LIST

Big Redwood Park Water	waldoburford@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	jliem@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;