



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

November 21, 2023

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

Advice Letter No. 605

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>
2283-W	Schedule No. 1 – General Metered Service	2265-W
2284-W	Schedule No. 1B – General Metered Service with Automatic Fire Sprinkler System	2266-W
2285-W	Schedule No. 1C – General Metered Service, Mountain District	2267-W
2286-W	Schedule No. 4 – Private Water Service	2268-W
2287-W	Schedule No. RW – Raw Water Metered Service	2269-W
2288-W	Schedule No. RCW – Recycled Water Metered Service	2270-W
2289-W	Table of Contents	2282-W

Purpose

With this Tier I advice letter, SJWC requests approval to increase revenue requirement by \$21,270,000 or 4.16% via a step rate increase attrition year of 2024 as authorized in Decision No. (D.) 22-10-005 issued on October 11, 2022. These tariffs are submitted pursuant to General Order No. 96-B and to the authority established by the California Public Utilities Commission (Commission) in D.22-10-005. Specifically Ordering Paragraph No. 5 of D.22-10-005 states:

“San Jose Water Company is authorized to update its adopted revenue requirement for Escalation Year 2023 and Escalation Year 2024 as proposed in the Amended Settlement Agreement by filing a Tier I Advice Letter with the Commission’s Water Division on a timely basis consistent with the Rate Case Plan in Decision 07-05-062 for implementation of the applicable rate changes to become effective on January 1, 2023, and January 1, 2024, respectively.”

Rate of Return and Compliance

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, 2023 (Attachment A) which shows that on a proforma basis, the company is currently earning 7.37% which is below the currently authorized Rate of Return of 7.47%.

SJWC has computed the 2024 escalation year revenue increase (Attachment B) using the authorized Rate of Return of 7.86%. Accordingly, SJWC has computed the 2024 escalation year using the terms set forth in D.22-10-005 and the escalation methodology per the Rate Case Plan. The escalation factors as of October 2023 published by the Public Advocates Office, and October 2023 CPI (Attachment C) were used in the escalation calculation.

Public notice via a newspaper advertisement will be completed by January 1, 2024, and confirmation will be provided upon completion.

Rate Calculation and Average Bill Comparison

The total escalation revenue impact is \$21,270,000 or 4.16% of SJWC's authorized revenue for 2022 (Attachment B). As a result of this rate change, the bill for the average residential customer using 11 ccf per month will increase by \$4.72, or 4.14% per month.

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 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 delivering a protest is:

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission,
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 electronic mail to us, addressed to:

Regulatory Affairs
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 Paragraph 4.3 of General Order 96-B, a copy of this advice letter has been sent via electronic mail to all interested and affected parties as detailed in Attachment E.

SJWC currently has Advice Letters 600, 602, 603, and 604 pending before the Commission.

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

Very truly yours,

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Manager of Regulatory Affairs

Enclosures

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 6 Ccf.	\$4.8997	(l)
For Total Monthly Usage from 6+ to 12 Ccf.	\$6.7698	(l)
For Total Monthly Usage over 12 Ccf.	\$10.1501	(l)

All Other Customers

For all water delivered, per 100 cu. ft.	\$6.7698	(l)
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Service Charges:

Per Meter Per Month

All Customers:

For 5/8 x 3/4-inch meter	\$55.43	(l)
For 3/4-inch meter	\$55.43	
For 1-inch meter	\$92.44	
For 1-1/2-inch meter	\$184.88	
For 2-inch meter	\$295.80	
For 3-inch meter	\$554.62	
For 4-inch meter	\$924.35	
For 6-inch meter	\$1,848.74	
For 8-inch meter	\$2,957.97	
For 10-inch meter	\$4,252.07	(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. 605

JOHN TANG

Date Filed _____

Dec. No. D.22-10-005

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 6 Ccf.	\$4.8997	(l)
For Total Monthly Usage from 6+ to 12 Ccf.	\$6.7698	(l)
For Total Monthly Usage over 12 Ccf.	\$10.1501	(l)

All Other Customers

For all water delivered, per 100 cu. ft.	\$6.7698	(l)
--	----------	-----

Service Charges:

Per Meter Per Month

All Customers:

For 5/8 x 3/4-inch meter	\$55.43	(l)
For 3/4-inch meter	\$55.43	
For 1-inch meter	\$92.44	
For 1-1/2-inch meter	\$184.88	
For 2-inch meter	\$295.80	
For 3-inch meter	\$554.62	

Upsize Charges:

For 1/4-inch meter upsize	\$2.78	(l)
or 1/2-inch meter upsize	\$5.56	
For 3/4-inch meter upsize	\$8.35	
For 1-inch meter upsize	\$11.15	
For 1-1/2-inch meter upsize	\$16.73	

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 605
 Decision No. D.22-10-005

JOHN TANG
 Vice President,
Regulatory Affairs
 TITLE

Date Filed _____
 Effective _____
 Resolution No. _____

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 6 Ccf.	\$4.8997	(l)
For Total Monthly Usage from 6+ to 12 Ccf.	\$6.7698	(l)
For Total Monthly Usage over 12 Ccf.	\$10.1501	(l)

All Other Customers(subject to Special Condition 5)

For all water delivered, per 100 cu.ft.	\$6.7698	(l)
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Service Charges:

Per Meter Per Month

For 3/4-inch meter	\$55.43	(l)
For 1-inch meter	\$92.44	
For 1-1/2-inch meter	\$184.88	
For 2-inch meter	\$295.80	
For 3-inch meter	\$554.62	
For 4-inch meter	\$924.35	
For 6-inch meter	\$1,848.74	
For 8-inch meter	\$2,957.97	
For 10-inch meter	\$4,252.07	(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 \$4.4471 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

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Advice No. 605

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Date Filed _____

Dec. No. D.22-10-005

Vice President,
Regulatory Affairs

Effective _____

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

Service Connection
Per Month

For each 2-inch service	\$55.77	(I)
For each 3-inch service	\$69.70	
For each 4-inch service	\$97.59	
For each 6-inch service	\$153.35	
For each 8-inch service	\$195.18	
For each 10-inch service	\$250.94	
For each 12-inch service	\$306.73	(I)

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.

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(To be inserted by utility)

Issued by

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

Advice No. 605

JOHN TANG

Date Filed _____

Dec. No. D.22-10-005

Vice President,
Regulatory Affairs

Effective _____

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. \$6.5402 (I)

Service Charges:

Per Meter Per Month

For 5/8 x 3/4-inch meter	\$55.43	(I)
For 3/4-inch meter	\$55.43	
For 1-inch meter	\$92.44	
For 1-1/2-inch meter	\$184.88	
For 2-inch meter	\$295.80	
For 3-inch meter	\$554.62	
For 4-inch meter	\$924.35	
For 6-inch meter	\$1,848.74	
For 8-inch meter	\$2,957.97	
For 10-inch meter	\$4,252.07	(I)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity 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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(To be inserted by utility)

Issued by

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

Advice No. 605

JOHN TANG

Date File _____

Vice President,

Effective _____

Dec. No. D.22-10-005

Regulatory Affairs

Resolution No. _____

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	\$45.43 (I)
3-inch	\$60.59
4-inch	\$68.14
6-inch	\$113.63
8-inch	\$136.32
10-inch	\$212.06 (I)

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.

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 605

JOHN TANG

Date Filed _____

Dec. No. D.22-10-005

Vice President,
Regulatory Affairs

Effective _____

Resolution No. _____

TITLE

SAN JOSE WATER COMPANY

RECYCLED WATER RATES - MONTHLY

Effective January 1, 2024

I. PIPED SUPPLY

 Potable customer of SJWC converting to recycled water

 A. Standby Charge Based on Meter Size

<u>Meter Size</u>	<u>Charge</u>
3/4-inch	\$55.43
1-inch	\$92.44
1-1/2-inch	\$184.88
2-inch	\$295.80
3-inch	\$554.62
4-inch	\$924.35
6-inch	\$1,848.74
8-inch	\$2,957.97
10-inch	\$4,252.07

 B. Quantity Rate

Irrigation	\$6.2910	per 100 cu.ft.
Industrial	\$6.2910	per 100 cu. ft.
Agricultural	\$6.2910	per 100 cu. ft.

Notes:

- 1) Discounts given by South Bay Water Recycling passed through to customers.
0.08% PUC fee and 5% utility user's tax will be applied to the bill.

SAN JOSE WATER COMPANY

RECYCLED WATER RATES - MONTHLY

Effective January 1, 2024

II. WELL SUPPLY

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. The service charge for well users will be in accordance with the following schedule:

A. ***Standby Charge Based on Meter Size***

<u>Meter Size</u>	<u>Charge</u>
2-inch	45.43
3-inch	60.59
4-inch	68.14
6-inch	113.63
8-inch	136.32
10-inch	212.06

B. ***Quantity Rate***

Irrigation	\$4.2906 per 100 cu. ft.
Industrial	\$4.2906 per 100 cu. ft.
Agricultural	\$4.2906 per 100 cu. ft.

Notes:

2) Discounts given by South Bay Water Recycling passed through to customers.
0.08% PUC fee and 5% utility user's tax will be applied to the bill.

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	
Table of Contents	2289-W, 2161-W and 2251-W	(C)
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	
Service Area Map Locator	1266-W	
Service Area Map Locator, Index	2275-W	
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	2283-W, 2255-W and 2238-W	(C)
Schedule No. 1B, General Metered Service With Automatic Fire Sprinkler System	2284-W, 1741-W, 2183-W, 2239-W	(C)
Schedule No. 1C, General Metered Service Mountain District	2285-W, 1952-W, 1884-W and 2184-W, 2240-W	(C)
Schedule No. 4, Private Fire Service	2286-W and 2187-W	(C)
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	2287-W, 2259-W, 2241-W,	(C)
Schedule No. RCW, Recycled Water Metered Service	2288-W, 2242-W	(C)
Schedule No. UF, Surcharge to Fund Public Utilities Commission, Reimbursement Fee	2234-W	
Schedule No. CAP, Customer Assistance Program	2248-W and 2056-W	
Schedule No. AMI, AMI Opt-Out Fee	2281-W	
List of Contracts and Deviations	2246-W and 2261-W	
Rules:		
No. 1 - Definitions	2064-W and 2065-W	
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	

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(To be inserted by utility)

Issued by

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

Advice No. 605

JOHN TANG

Date Filed _____

Dec. No. 22-10-005

Vice President,
Regulatory Affairs

Effective _____

Resolution No. _____

Index of Workpapers

Attachment A	San Jose Water Company Summary of Earnings dated September 30, 2023
Attachment B	Escalation Attrition Calculation and Workpapers
Attachment C	Escalation Factors
Attachment D	Service List

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 605

ATTACHMENT A

SAN JOSE WATER COMPANY

(U-168-W)

**SUMMARY OF EARNINGS AND RATE OF RETURN
FOR THE TWELVE MONTHS ENDED September 30, 2023**

(\$ Amounts in Thousands)

	Authorized Per <u>AL 599</u>	<u>Recorded</u>	<u>Adjustment</u>	<u>Pro-forma</u>
Operating Revenue:				
Metered Revenues (Including Rev Adjust for BA & Surcharge Collection)	\$509,436	\$472,153		\$493,086
Other Water Revenues	\$0	\$7,175		\$7,175
Deferred Revenue on CIAC	<u>\$1,500</u>	<u>\$590</u>		<u>\$1,500</u>
Total Metered Revenue	\$510,936	\$479,918	A	\$501,761
Operating Expense:				
Purchased Water - Potable	\$144,504	\$104,185	F	\$140,155
Purchased Water - Recycled	\$6,013	\$4,135	F	\$4,451
Pump Taxes	\$74,314	\$59,064	G	\$72,078
Purchased Power	\$5,604	\$8,054	H	\$5,436
Operations & Maintenance	\$44,921	\$51,814	D	\$44,921
Chemical	\$546	\$1,011	I	\$530
Administrative & General	\$44,659	\$44,949	D	\$44,659
Depreciation & Amortization	<u>\$72,638</u>	<u>\$72,857</u>	D	<u>\$72,857</u>
Subtotal	\$393,200	\$346,069		\$385,087
Uncollectible	\$575	\$3,027	B	\$563
Taxes Other Than Income	\$16,886	\$16,893	C	\$17,451
B/A Memo Acct GAAP & Revenue Adjustments for Balancing & Memo Acct Surcharge Collection	<u>\$0</u>	<u>\$16,403</u>	E	<u>\$0</u>
Total Operating Expense Before Income Taxes	\$410,661	\$382,391		\$403,101
Operating Revenue Before Income Taxes	\$100,275	\$97,527		\$98,660
State Income Tax	\$6,681	\$7,128	J	\$6,216
Federal Income Tax	<u>\$10,394</u>	<u>\$12,841</u>	J	<u>\$10,101</u>
Total Operating Expense	\$427,737	\$402,360		\$419,418
Net Operating Revenue	\$83,199	\$77,558		\$82,343
Weighted Average Rate Base	1,113,672	1,116,964		1,116,964
Earned Rate of Return	<u>7.47%</u>	<u>6.94%</u>		<u>7.37%</u>
Authorized Rate of Return	<u>7.47%</u>		K	<u>7.47%</u>

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 605

ATTACHMENT B

Revenue
Increase:
-400.000
-400.000

Revenue
Increase:
21,270.000
21,270.000

4.16%

Attrition Year 2024

	31-Jul-23 Projected Escalation Year		Customer Growth Factor/Adopted per D.22-10-005	Labor Inflation Factor	Composite Non-Labor or Factor	CPI-U Inflation Factor	=	1-Jan-24 Projected Escalation Year
	21,270		0.137%	4.10%	-0.12%	3.20%		
OPERATING REVENUES	509,435.5							530,705.5
DEFERRED REVENUE	1,500.0							1,500.0
PURCHASED WATER	144,503.6		0.0	0.0	0.0	0.0		144,503.6
PURCHASED WATER RECYCLED	6,013.4		0.0	0.0	0.0	0.0		6,471.2
PUMP TAX	74,314.3		0.0	0.0	0.0	0.0		74,726.7
PURCHASED POWER	5,604.0		0.0	0.0	0.0	0.0		5,614.4
OTHER OPERATION AND MAINTENANCE	632.6		0.9	0.0	-0.8	0.0		632.7
CHEMICALS	546.0		0.7	0.0	-0.7	0.0		546.1
UNCOLLECTIBLES	575.2	0.11%	22.3	0.0	0.0	0.0		597.5
O&M PAYROLL	24,951.8		34.1	1023.0	0.0	0.0		26,008.9
TRANSPORTATION	4,243.2		5.8	0.0	-5.1	0.0		4,243.9
PURCHASED SERVICES	13,624.8		18.6	0.0	0.0	436.0		14,079.4
CONSERVATION	1,468.8		2.0	0.0	0.0	47.0		1,517.8
OTHER ADMIN AND GEN. EXP.	7,360.0		10.1	0.0	-8.8	0.0		7,361.2
A&G PAYROLL	14,561.1		19.9	597.0	0.0	0.0		15,178.0
PENSION	8,065.0		0.0	0.0	0.0	0.0		8,065.0
BENEFITS	4,237.3		5.8	173.7	0.0	0.0		4,416.8
HEALTH CARE & DENTAL	7,319.3		10.0	300.1	0.0	0.0		7,629.4
RENTS	577.1		0.8	0.0	0.0	18.5		596.3
PROPERTY INSURANCE	305.8		0.4	0.0	0.0	9.8		316.0
LIABILITY INSURANCE	6,171.3		8.4	0.0	0.0	197.5		6,377.2
A&G PURCHASED SERVICES	7,072.6		9.7	0.0	0.0	226.3		7,308.6
A&G TRANSFERRED SERVICES	-11,010.7		-15.0	0.0	13.2	0.0		-11,012.5
TOTAL O. & M., A. & G., & MISC. EXP.	321,136.5		134.3	2,093.8	-2.1	935.1		325,178.2
AD VALOREM TAXES	11,906.4		413.6	0.0	0.0	0.0		12,320.0
LOCAL FRANCHISE TAXES & BUS. LICENSE	1,227.2	0.24%	51.3	0.0	0.0	0.0		1,278.5
BUS LICENCE	170.6		0.2	0.0	-0.2	0.0		170.6
PAYROLL TAXES	3,581.7		4.9	146.8	0.0	0.0		3,733.4
TOTAL GENERAL TAXES	16,885.9		470.0	146.8	-0.2	0.0		17,502.5
Depreciation	72,638.3		2,713.7					75,352.0
SUB -- TOTAL -- OPERATING EXPENSES	410,660.7		3,318.0	2,240.7	-2.3	935.1		418,032.7
STATE INCOME TAX	6,681.3							7,543.6
FEDERAL INCOME TAX	10,394.3							12,463.9
TOTAL OPERATING EXPENSES	427,736.3							438,040.2
NET INCOME	83,199.3							94,165.3
AUTHORIZED RATE BASE	1,113,672.2		85,010.6					1,198,682.8
CALCULATED RETURN ON RATEBASE	7.47%							7.86%
AUTHORIZED RETURN ON RATEBASE	7.47%							7.86%

0.00%

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 605

ATTACHMENT C

MEMORANDUM

Date: October 31, 2023

To: R. Rauschmeier, Program Manager, Public Advocates Office

From: Ama Serwaa, PURA I, Public Advocates Office, Water Branch

File No.: S-2559

Subject: Public Advocates Office October 2023 Summary of Compensation Per Hour

The following data are provided to Commission water utilities staff to enable them to utilize Public Advocates Office composite non-labor escalation methodology. The numbers are to be used in conjunction with the non-labor factors provided in Public Advocates Office monthly escalation memorandum to bring historic dollars to base year dollars and to inflate recorded dollars to test year levels. The annual change in Compensation per Hour is applicable to contracted services, while the non-labor factor is related to material and supply purchases. In accordance with a 1991 agreement between the CPUC Water Division and the California Water Association (CWA), the monthly non-labor rate is to be weighted by 60 percent and the Compensation per Hour Index weighted 40 percent. If you have any questions regarding the application of these factors, please contact me.

COMPENSATION PER HOUR

Annual Rate of Change

Non-farm Business Sector, Seasonally Adjusted

<u>Year</u>	<u>Annual Change</u>
2014	2.7%
2015	3.1%
2016	1.2%
2017	3.6%
2018	3.4%
2019	3.8%
2020	8.1%
2021	4.8%
2022	3.3%
2023	4.5%
2024	3.9%
2025	3.7%
2026	3.5%

Source: IHS Global Insight October 23 U.S. Economic Outlook

MEMORANDUM

Date: October 31, 2023

To: R. Rauschmeier, Program Manager, Public Advocates Office

From: Ama Serwaa, Utilities Engineer, Public Advocates Office, Water Branch

File No. : S-2559

Subject: Public Advocates Office: Estimates of Non-labor
and Wage Escalation Rates for 2023 through 2027 from the
October 2023 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 2023 through 2027. Data for 2022 are provided as benchmarks. The factors for July 2023 are presented for comparison.

	Labor		Non-Labor	
	<u>October-23</u>	<u>September-23</u>	<u>October-23</u>	<u>September-23</u>
2022	4.7%	4.7%	11.4%	11.4%
2023	8.0%	8.0%	-0.5%	-0.5%
2024	4.1%	4.1%	-2.8%	-2.3%
2025	2.4%	2.7%	0.2%	0.5%
2026	2.2%	2.3%	0.8%	1.0%
2027	2.2%	2.3%	1.2%	1.2%
Compounded	25.9%	26.4%	10.10%	11.2%

A more extensive explanation of the derivation and use of the above factors and a complete presentation of the escalation factors from 2014 through 2026 are provided in the attached appendix.

APPENDIX: EXPLANATION OF ESCALATION RATES

The recommended NON-LABOR ESCALATION RATES for 2014 through 2026 are presented in Table A. The values for 2015 through 2022 are provided for comparison.

**TABLE
A**

Year	Non-Labor Inflation Rate*
2015	-2.8%
2016	-1.1%
2017	3.7%
2018	4.1%
2019	0.1%
2020	-0.5%
2021	14.7%
2022	11.4%
2023	-0.5%
2024	-2.8%
2025	0.2%
2026	0.8%
2027	1.2%

* 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



Consumer Price Index Summary

Transmission of material in this release is embargoed until
8:30 a.m. (ET) Tuesday, November 14, 2023 USDL-23-2421

Technical information: (202) 691-7000 * cpi_info@bls.gov * www.bls.gov/cpi
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CONSUMER PRICE INDEX - OCTOBER 2023

The Consumer Price Index for All Urban Consumers (CPI-U) was unchanged in October on a seasonally adjusted basis, after increasing 0.4 percent in September, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 3.2 percent before seasonal adjustment.

The index for shelter continued to rise in October, offsetting a decline in the gasoline index and resulting in the seasonally adjusted index being unchanged over the month. The energy index fell 2.5 percent over the month as a 5.0-percent decline in the gasoline index more than offset increases in other energy component indexes. The food index increased 0.3 percent in October, after rising 0.2 percent in September. The index for food at home increased 0.3 percent over the month while the index for food away from home rose 0.4 percent.

The index for all items less food and energy rose 0.2 percent in October, after rising 0.3 percent in September. Indexes which increased in October include rent, owners' equivalent rent, motor vehicle insurance, medical care, recreation, and personal care. The indexes for lodging away from home, used cars and trucks, communication, and airline fares were among those that decreased over the month.

The all items index rose 3.2 percent for the 12 months ending October, a smaller increase than the 3.7-percent increase for the 12 months ending September. The all items less food and energy index rose 4.0 percent over the last 12 months, its smallest 12-month change since the period ending in September 2021. The energy index decreased 4.5 percent for the 12 months ending October, and the food index increased 3.3 percent over the last year.

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un- adjusted 12-mos. ended Oct. 2023
	Apr. 2023	May 2023	Jun. 2023	Jul. 2023	Aug. 2023	Sep. 2023	Oct. 2023	
All items	0.4	0.1	0.2	0.2	0.6	0.4	0.0	3.2
Food	0.0	0.2	0.1	0.2	0.2	0.2	0.3	3.3
Food at home	-0.2	0.1	0.0	0.3	0.2	0.1	0.3	2.1
Food away from home⁽¹⁾	0.4	0.5	0.4	0.2	0.3	0.4	0.4	5.4
Energy	0.6	-3.6	0.6	0.1	5.6	1.5	-2.5	-4.5
Energy commodities	2.7	-5.6	0.8	0.3	10.5	2.3	-4.9	-6.2
Gasoline (all types)	3.0	-5.6	1.0	0.2	10.6	2.1	-5.0	-5.3
Fuel oil⁽¹⁾	-4.5	-7.7	-0.4	3.0	9.1	8.5	-0.8	-21.4
Energy services	-1.7	-1.4	0.4	-0.1	0.2	0.6	0.5	-2.3
Electricity	-0.7	-1.0	0.9	-0.7	0.2	1.3	0.3	2.4
Utility (piped) gas service	-4.9	-2.6	-1.7	2.0	0.1	-1.9	1.2	-15.8
All items less food and energy	0.4	0.4	0.2	0.2	0.3	0.3	0.2	4.0
Commodities less food and energy commodities	0.6	0.6	-0.1	-0.3	-0.1	-0.4	-0.1	0.1
New vehicles	-0.2	-0.1	0.0	-0.1	0.3	0.3	-0.1	1.9
Used cars and trucks	4.4	4.4	-0.5	-1.3	-1.2	-2.5	-0.8	-7.1
Apparel	0.3	0.3	0.3	0.0	0.2	-0.8	0.1	2.6
Medical care commodities⁽¹⁾	0.5	0.6	0.2	0.5	0.6	-0.3	0.4	4.7
Services less energy services	0.4	0.4	0.3	0.4	0.4	0.6	0.3	5.5
Shelter	0.4	0.6	0.4	0.4	0.3	0.6	0.3	6.7
Transportation services	-0.2	0.8	0.1	0.3	2.0	0.7	0.8	9.2
Medical care services	-0.1	-0.1	0.0	-0.4	0.1	0.3	0.3	-2.0
Footnotes								
⁽¹⁾ Not seasonally adjusted.								

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 605

ATTACHMENT D

SAN JOSE WATER COMPANY (U-168-W)

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