



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

December 18, 2023

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

Advice Letter No. 606

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>
2290-W	Schedule UF Surcharge to Fund Public Utilities Commission Reimbursement Fee	2234-W
2291-W	Table of Contents	2289-W

Purpose

These tariffs are submitted pursuant to General Orders Nos. (GO) 96-B – Water Industry Rule 7.3.1(3) and pursuant to the authority established by the California Public Utilities Commission (Commission) in Resolution (Res.) M-4870, approved on December 14, 2023. (Attachment A). This advice letter is designated a Tier I Advice Letter in compliance with GO 96-B.

Currently, the reimbursement fee is 0.8% for water utilities. The reimbursement fee for water utilities as adopted by Resolution M-4870 has been decreased to 0.7% and the tariff sheets submitted with this filing reflect this adjustment. The fee increase will become effective with bills dated January 1, 2024, and thereafter.

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 re-litigating a prior order of the Commission).

A response or protest must be made by electronic mail and must be received by the Water Division by January 8, 2024, which is within 20 days of the date this advice letter is filed. The electronic address for delivering a protest is:

Tariff Unit, Water Division
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
San Jose Water Company
regulatoryaffairs@sjwater.com.

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

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

SJWC currently has Advice Letters 600, 602A, 603, 604 and 605 pending before the Commission . This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

Very truly yours,

/s/Nanci Tran

NANCI TRAN
Manager of Regulatory Affairs

Schedule No. UF

SURCHARGE TO FUND
PUBLIC UTILITIES COMMISSION
REIMBURSEMENT FEE

APPLICABILITY

This surcharge applies to all water bills rendered under all tariff rate schedules authorized by the Commission, with the exception of resale rate schedules where the customer is a public utility.

TERRITORY

This schedule is applicable within the entire territory served by the utility.

RATES*

A 0.7% surcharge shall be added to all customer bills. (D)

*In 1983, the Legislature established a Public Utilities Commission Reimbursement Fee to be paid by utilities to fund their regulation by the Commission (Public Utilities (PU) Code Sections 401-443). The surcharge to recover the cost of that fee is ordered by the Commission under authority granted by PU Code Section 433.

(To be inserted by utility)

Issued by

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

Advice No. 606

John Tang

Date Filed

Dec. No. M-4870

Vice President,
Regulatory Affairs

Effective

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
Table of Contents	2291-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, 2244-W, 2214-W, 2272-W, 2273-W, 2274-W, and 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	2238-W, 2255-W and 2283-W
Schedule No. 1B, General Metered Service With Automatic Fire Sprinkler System	2284-W, 1741-W, 2183-W, 2239-W
Schedule No. 1C, General Metered Service Mountain District	2285-W, 1884-W, 1952-W, 2184-W, and 2240-W
Schedule No. 4, Private Fire Service	2286-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, and 2133-W 2134-W, 2149-W, 2136-W, and 2137-W
Schedule No. RW, Raw Water Metered Service	2138-W, 2139-W, and 2146-W
Schedule No. RCW, Recycled Water Metered Service	2241-W, 2259-W, and 2287-W
Schedule No. UF, Surcharge to Fund Public Utilities Commission, Reimbursement Fee	2242-W, and 2288-W 2290-W (C)
Schedule No. CAP, Customer Assistance Program	2056-W, and 2248-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, and 2144-W
No. 4 - Contracts	352-W
No. 5 - Special Information Required on Forms	2066-W, 2067-W, and 2068-W
No. 6 - Establishment and Re-establishment of Credit	354-W
No. 7 - Deposits	355-W, and 356-W
No. 8 - Notices	2017-W, 2069-W, and 2070-W
No. 9 - Rendering and Payment of Bills	2188-W, 2189-W and 2190-W

(Continued)

(To be inserted by utility)

Advice No. 606

Dec. No. M-4870

Issued by

JOHN TANG

Vice President,
Regulatory Affairs

TITLE

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

Date Filed _____

Effective _____

Resolution No. _____

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 606

ATTACHMENT A

RESOLUTION M-4870

Date of Issuance

December 14, 2023

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ADMINISTRATIVE SERVICES DIVISION

RESOLUTION M-4870

December 14, 2023

R E S O L U T I O N

Resolution M-4870. Adopts Public Utilities Commission Utilities Reimbursement Account User Fees, effective January 1, 2024.

SUMMARY

This Resolution adopts the Public Utilities Commission Utilities Reimbursement Account (PUCURA), Fund 0462, user fees as follows:

User Fees for Public Utilities Commission Utilities Reimbursement Account		
Electric Corporations	0.0010	\$/kwh
Gas Corporations	0.0010	\$/therm
Heat Corporations	0.00	\$/thousand lbs. steam
Water System Corporations	0.007 (0.7 percent)	x Revenue
Sewer System Corporations	0.012 (1.2 percent)	x Revenue
Telecommunication Corporations	0.012 (1.2 percent)	x Revenue

BACKGROUND

The California Public Utilities Commission (CPUC or Commission) uses the Public Utilities Code as the basis for its methodology to annually assess user fees for energy, water, sewer, and telecommunication utilities.

Public Utilities Code Section 431:

- (a) The commission shall annually determine a fee to be paid by every electrical, gas, telephone, telegraph, water, sewer system, and heat corporation and every other public utility providing service directly to customers or subscribers and subject to the jurisdiction of the commission other than a railroad, except as otherwise provided in Article 2 (commencing with Section 421)
- (b) The annual fee shall be established to produce a total amount equal to that amount established in the authorized commission budget for the same year, including adjustments for increases in employee compensation, other increases appropriated by the Legislature, and an appropriate reserve to regulate public

utilities less the amount to be paid from special accounts or funds pursuant to Section 402, reimbursements, federal funds, and any other revenues, and the amount of unencumbered funds from the preceding year.

(c) This article shall not apply to any electrical cooperative as defined in Chapter 5 (commencing with Section 2776) of Part 2.

(d) On and after January 1, 1985, this article shall apply to radiotelephone utilities as defined in Section 4902 as those provisions read on December 31, 1984.

(e) This section shall become operative on January 1, 2020.

Public Utilities Code Section 432:

The commission shall establish the fee pursuant to Section 431 with the approval of the Department of Finance and in accordance with all of the following:

(a) In its annual budget request, the commission shall specify both of the following:

(1) The amount of its budget to be financed by the fee.

(2) The dollar allocation of the amount of its budget shall be financed by the fee by each class of public utility subject to the fee. The fee allocation among classes of public utilities shall reflect expenditures by the commission on regulatory and other authorized activities affecting each respective class, and shall bear the same ratio that the commission's workload for each class of public utility subject to the fee bears to the commission's total workload for all public utilities subject to the fee.

(b) The commission may establish different and distinct methods of assessing fees for each class of public utility, if the revenues collected are consistent with paragraph (2) of subdivision (a), except that the commission shall establish a uniform charge per kilowatt hour for sales in kilowatt hours for the class of electrical corporations and a uniform charge per therm for sales in therms for the class of gas corporations.

(c) Within each class of public utility subject to the fee, the commission shall allocate among the members of the class the amount of its budget to be financed by the fee using the following methods:

(1) For electrical corporations, the ratio that each corporation's sales in kilowatt hours bears to the total sales in kilowatt hours for the class.

(2) For gas corporations, the ratio that each corporation's sales in therms bears to the total sales in therms for the class.

(3) For telephone and telegraph corporations, the ratio that each corporation's gross intrastate revenues bears to the total gross intrastate revenues for the class. If the commission determines that there is a need for consultants or advisory services to assist in determining the reasonableness of capital expenditures for a telephone corporation, the commission may

adjust the fees within the class so that the expenses for the consultants and advisory services are fully allocated to that telephone corporation.

(4) For water and sewer system corporations, the ratio that each corporation’s gross intrastate revenues bears to the total gross intrastate revenues for the class.

(5) For all other public utilities, an appropriate measurement methodology determined by the commission.

(d) Every public utility belonging to more than one class shall be subject to the fee for each class of which it is a member.

(e) For every public utility with annual gross intrastate revenues of seven hundred fifty thousand dollars (\$750,000) or less, the commission shall annually establish uniform fees to be paid by each such public utility, if the revenues collected thereby are consistent with paragraph (2) of subdivision (a) and subdivision (c).

DISCUSSION

Revenue and Expenditure Analysis

The Governor’s Budget structures PUCURA’s authorized expenditures by Program and Subprogram, as shown below in Table 1. Subtasks, the most granular level of detail by utility class (electricity, gas, sewer, steam), are not displayed in the Governor’s Budget but tracked internally by the CPUC.

Table 1: Governor’s budget structure, PUCURA

Program	Subprogram	Subtask (Utility Class)
Regulation of Utilities (6680)	Energy (6680055)	Electric Corporations Gas Corporations Steam Corporations
	Water/Sewer (6680064)	Water Corporations Sewer Corporations
	Communications (6680073)	Telephone and Telegraph Corporations Video Franchise

In addition to the CPUC’s budgeted expenditures from PUCURA, the fund supports expenditures of the Public Advocate’s Office (PUBADV) within the CPUC, the Office of Energy Infrastructure Safety (Org 3355), the Energy Resources Conservation and Development Commission (Org 3360), the Air Resources Board (Org 3900), the Office of Environmental Health and Hazard Assessment (Org 3980), and statewide fund assessments.

Table 2 shows PUCURA's 2023-24 total estimated expenditures distributed by Utility Class per Table 1.

Table 2. PUCURA Expenditures

Utility Class	CPUC Estimated Expenditures ¹	PUBADV Estimated Expenditures ²	Other Departments Estimated Expenditures ³	Total Estimated Expenditures 2023-24
Electric	\$ 142,391,000	\$ 35,385,000	\$ 31,882,000	\$209,658,000
Gas	26,841,000	6,670,000	5,598,000	39,109,000
Steam	2,000	1,000	-	3,000
Water	19,173,000	4,060,000	-	23,233,000
Sewer	192,000	41,000	-	233,000
Telco.	40,900,000	9,120,000	-	50,202,000
Total	\$229,499,000	\$55,277,000	\$37,480,000	\$322,256,000

On December 16, 2022, the CPUC issued Resolution M-4866⁴ which determined that water companies and sewer companies are recognized as two separate classes of utilities per Public Utilities Code section 431(a)⁵. As such, the CPUC has determined that separate rates must be established by utility class to maintain equity in the user fees collected for regulation of water systems and sewer systems.

¹ From the 2023-24 Enacted Governor's Budget; estimated expenditures include fund assessments allocated by utility class.

² From the 2023-24 Enacted Governor's Budget; PUBADV (Fund 3089) estimated expenditures include fund assessments allocated by utility class.

³ From the 2023-24 Enacted Governor's Budget; estimated expenditures for other departments.

⁴Resolution M-4866:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M499/K980/499980144.PDF>

⁵Public Utilities Code section 431 (a)

Table 3 shows the comparison between 2023-24 projected user fee revenue and 2023-24 total estimated expenditures at the proposed rates, distributed by Utility Class per Table 1.

Table 3. PUCURA User Fees and Expenditures Projected for 2023-24 (With Fee Change)

Utility Class	Estimated User Fee Revenue 2023-24 (a)	Total Estimated Expenditures 2023-24 (b)	Estimated Revenues Less Estimated Expenditures (a-b)
Electric	\$180,283,000	\$209,658,000	(\$29,375,000)
Gas	20,245,000	39,109,000	(18,864,000)
Heat (Steam)	1,000	3,000	(2,000)
Water	15,964,000	23,233,000	(7,269,000)
Sewer	35,000	233,000	(198,000)
Telephone	48,261,000	50,202,000	(1,759,000)
Total	\$ 264,789,000	\$ 322,256,000	(\$57,467,000)

Table 4 shows the expected fund reserve for FY 2023-24 and FY 2024-25 at the proposed rates and current estimated expenditures.

Table 4. PUCURA Fund reserve summary, with fee change

Line	Item	2023-24	2024-25
A	Beginning-of-Year Fund Reserve	\$291,190,000	\$233,723,000
B	Estimated User Fee Revenues (with rate change)	264,789,000	240,169,000
C	Estimated Expenditures	(322,256,000)	(355,614,000)
D	Net Fund Increase/(Decrease) (B + C)	(57,467,000)	(115,445,000)
E	Estimated Ending Fund Reserve (A + D)	\$233,723,000	\$118,278,000

Fund Reserve Analysis

The CPUC's fund reserve policy for PUCURA requires a minimum fund reserve of 25 percent of expenditures. At the proposed rates, the projected revenue plus the current available reserve is sufficient to support total estimated expenditures and maintain adequate fund reserve.

Fee Change Analysis

Based on the analysis of user fee revenue, compared to total estimated expenditures and fund reserve requirements by utility class, the CPUC proposes the below necessary rate adjustments.

Table 5. User Fee Rates Comparison, Current vs. Proposed

Utility Class	Current User Fee Rates	Proposed User Fee Rates	Base	Difference	percent Change
Electric	0.00130	0.001	\$/ kwh	-0.0003	-23.08percent
Gas	0.003	0.001	\$/therm	-0.002	-66.67 percent
Steam	0.005	0	\$/thousand lbs. steam	-0.005	-100.00 percent
Water	0.008	0.007	x Revenue	-0.001	-12.50 percent
Sewer	0.008	0.012	x Revenue	0.004	50.00 percent
Telco	0.0075	0.012	x Revenue	0.0045	60.00 percent

COMMENTS

In accordance with Public Utilities Code Section 311(g), the Commission published this draft resolution on its website and sent copies to all affected regulated entities.

Comments are due on or before November 20, 2023. No comments were received.

FINDINGS AND CONCLUSIONS

1. Public Utilities Code Section 431(a) requires the commission to annually determine a fee to be paid by each utility class subject to the Commission's jurisdiction.
2. The fee assessments are calculated giving consideration to the total estimated expenditures and available fund reserves by utility class.
3. Based on the 2023-24 Fiscal Year analysis, current available fund reserves and projected revenues at proposed rates for electric, gas, heat/steam, and water utility classes are sufficient to support the total estimated expenditures and maintain an adequate fund reserve.
4. Based on the 2023-24 Fiscal Year analysis, projected available fund reserves and projected revenues at proposed rates for telephone and telegraph and sewer utility classes are sufficient to support the total estimated expenditures and maintain an adequate fund reserve.
5. The Commission will assess the necessary rate adjustments in future resolutions.

THEREFORE, IT IS ORDERED THAT:

1. Effective January 1, 2024, the current PUCURA user fees shall be revised as follows:

User Fees for Public Utilities Commission Utilities Reimbursement Account		
Electric Corporations	0.001	\$/kwh
Gas Corporations	0.001	\$/therm
Heat Corporations	0.00	\$/thousand lbs. steam
Water System Corporations	0.007 (0.7 percent)	x Revenue
Sewer System Corporations	0.012 (1.20 percent)	x Revenue
Telephone and Telegraph Corporations	0.012 (1.20 percent)	x Revenue

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 14, 2023; the following Commissioners voting favorably thereon:

/s/ RACHEL PETERSON

Rachel Peterson
Executive Director

ALICE REYNOLDS
President
KAREN DOUGLAS
GENEVIEVE SHIROMA
DARCIE HOUCK
JOHN R.D. REYNOLDS
Commissioners

APPENDIX A
0462 Public Utilities Commission Utilities Reimbursement Account
Fund Condition Statement with current rates

	FY 2022-23	FY 2023-24
BEGINNING BALANCE	\$209,982,000	\$291,190,000
Prior Year Adjustments	(\$1,632,000)	
Adjusted Beginning Balance	\$208,350,000	\$291,190,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS		
Revenues:		
Quarterly Public Utilities Commission Fees	345,153,000	264,789,000
Other Regulatory Fees	6,725,000	1,500,000
Other Regulatory Licenses and Permits	-	-
Document Sales	-	-
Misc. Services to the Public	67,000	-
Escheat of Unclaimed Checks, Warrants, Bonds and Coupons	77,000	5,000
Income from Surplus Money Investments	5,171,000	350,000
Miscellaneous Revenue	4,000	5,000
Capital Asset Sales	4,000	
Transfers:		
Revenue Transfer to Ratepayer Advocate Account (3089) per Item 8660-011-0462, Various Budget Acts	(52,906,000)	(52,233,000)
Transfer to General Fund per EO E 21/22-276, Sec. 20825.1		
Revenue Transfer from Propane Safety Inspection and Enforcement Program Trust Fund (0051) to Public Utilities Commission Utilities Reimbursement Account (0462) per Public Utilities code Section 4458	100,000	100,000
Total Revenues, Transfers, and Other Adjustments	\$304,395,000	\$214,516,000
Total Resources	\$512,745,000	\$506,706,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS		
Expenditures:		
Public Utilities Commission State Operations	\$170,023,000	\$218,229,000
Office of Energy Infrastructure Safety (State Ops)	\$37,402,000	\$34,871,000
3360 Energy Resources Conservation and Development Commission (State Operations)	\$1,050,000	\$2,185,000
3900 Air Resources Board	\$207,000	\$207,000
3980 Office of Environmental Health & Hazard Assessment	\$218,000	\$218,000
Supplemental Pension Payments	\$3,314,000	\$3,314,000
Statewide General Admin Expense (Pro Rata)	\$9,341,000	\$7,956,000
Total Expenditures and Expenditure Adjustments	\$221,555,000	\$266,980,000
FUND BALANCE	\$291,190,000	\$238,726,000

The projected Fund Condition Statement is based on estimated used fees revenue based on the rates proposed in this Resolution.

The projected Fund Condition Statement will not match the 2024-25 Governor's Budget as the updated revenue projections are not reflected in the 2024-25 Governor's Budget.

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 606

ATTACHMENT B

SERVICE LIST

SAN JOSE WATER COMPANY (U-168-W)

ADVICE LETTER 606 SERVICE LIST

Big Redwood Park Water	waldburford@gmail.com
Brush & Old Well Mutual Water Company	johan.overby@gmail.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	chadm@cupertino.org
City of Milpitas	tndah@ci.milpitas.ca.gov
City of Milpitas	nthomas@milpitas.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	jpolarco@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