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# NEWS RELEASE

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## **SAN JOSE WATER COMPANY DISCUSSES TIMBER MANAGEMENT PLAN TO PROTECT LOS GATOS CREEK WATERSHED**

**San Jose, Calif. (Jan. 26, 2007)** – San Jose Water Company (SJWC), a wholly owned subsidiary of SJW Corp. (NYSE:SJW), today discussed its ongoing efforts to decrease fire hazard, protect water quality, and improve forest health in the Los Gatos Creek Watershed. The company's presentation of its Non-Industrial Timber Management Plan (NTMP) also addressed concerns raised by the community regarding scope of activities and plan objectives.

Fire suppression and prevention efforts in the Santa Cruz Mountains over the last century have resulted in an overgrown forest at risk of intense fire. "An intelligent and rational watershed management plan will measurably reduce the fire hazard, improve water quality and reliability, and enhance the overall health of the watershed," said SJWC's President and Chief Executive Officer W. Richard Roth. Scientists predict a wildfire in the area could have flames 18 feet high and spread 36 feet per minute, which would decimate trees, vegetation, and homes, and jeopardize the public water supply.

The NTMP proposes thinning the forest to reduce the fire hazard. This effort would leave all old-growth trees and 80% of Douglas firs and redwoods untouched. The plan proposes to remove 20% of trees more than 12 inches in diameter. The California Department of Forestry and Fire Protection will oversee this thinning effort.

In addition, the NTMP aims to protect the water supply for local residents. "A catastrophic wildfire creates ash, debris, and soil erosion, which threaten to corrupt the surface water supply for over 100,000 people. The thinning of local forests will reduce this hazard," said Andrew Gere, NTMP Project Manager.

NTMP activities have been planned with the utmost sensitivity to the needs of local residents. The watershed land has been divided into nine parcels. Work will be completed on only one parcel every other year. On each parcel, the six week schedule allows no weekend or holiday work. Work will return to a parcel only after 15 years. By using existing roads within the parcels, trucks will be kept off public roads as much as possible. A helicopter will be used on one remote parcel, to minimize the creation of new roads. The plan calls for the creation of fire breaks and improved access for fire fighters.

The NTMP initiatives were developed based on solid science to achieve common goals: a beautiful forest, safe water supply, and reduced fire hazard.

SJW Corp. is a publicly traded holding company headquartered in San Jose, California. SJW Corp., through its subsidiary San Jose Water Company, provides water service to a population of approximately one million people in San Jose and nearby communities.

This press release may contain certain forward-looking statements including but not limited to statements relating to SJW Corp.'s plans, strategies, objectives, expectations and intentions with respect to its real property, which are made pursuant to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of SJW Corp. to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that may cause actual results, performance or achievements to materially differ may include future San Jose economic conditions and other factors described in SJW Corp.'s most recent reports on Form 10-K, Form 10-Q and Form 8-K filed with the Securities and Exchange Commission. SJW Corp. undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.