

A Message from San Jose Water About Your Water Bill

Dear San Jose Water Customer,

We recently communicated to you about increases to your water bill and have received questions from some customers about what's driving these increases. We want you to understand why, because we remain committed to keeping you informed.

First, it is important to know that more than 40% of your water bill is a “pass through” cost from the Santa Clara Valley Water District (“Valley Water”)—without a markup. This is something we at San Jose Water have no power to control or reduce. San Jose Water is a separate entity from Valley Water, and each organization focuses on different goals.

At San Jose Water, we focus on delivering water directly to homes and businesses. We own and maintain the pumps, pipes, filtration systems, meters and other local infrastructure necessary to deliver water to our customers. Our actions are regulated by the California Public Utilities Commission (“CPUC”), which reviews and approves every rate we charge for the service we provide. And, we have served this community since our founding in 1866.

Valley Water is a regional government agency, known as a “special district,” that operates dams and reservoirs in our region, manages groundwater, and sets the charges that San Jose Water and other water utilities must pay. These pass-through charges include a pumping charge to provide our customers with groundwater we pump under our water rights, which we subsequently treat and deliver to you. Valley Water is governed by an elected board and is not regulated by the CPUC. Valley Water is not subject to the independent rate oversight that governs San Jose Water and others like us. Valley Water is not accountable to external review for what it charges and what we are required to pass through and charge you for the cost of local groundwater.

How this impacts your water costs

42¢

of every dollar you pay on your water bill goes toward the water costs set by Valley Water. We do not profit from Valley Water's charges on your San Jose Water bill. When Valley Water's costs go up, you will see that increase on your bill as well.

Water supply reliability and affordability are paramount to San Jose Water. We are concerned that Valley Water's charges for the local groundwater we deliver to you are projected to more than double within the next 10 years, which means your water bill will also increase accordingly. The charges from Valley Water are already on pace to exceed the extraordinary costs customers are paying for the very-costly process of desalinating ocean water in some parts of California. If Valley Water's current pricing trajectory continues unchecked, Silicon Valley residents will pay more to pump water from beneath their own feet than it costs to desalinate water from the Pacific Ocean. That is not acceptable. It doesn't make sense and it does not have to be this way.

What we're doing to address these water cost increases

For more than a decade, we at San Jose Water have engaged with Valley Water through normal channels—including meetings, proposals and formal comments—to address the need for them to lower their costs, fully utilize their assets, and decrease the amount we have to pass through to our customers. Their costs keep rising at rates we see as excessive and untethered to Valley Water's principal function because nothing has structurally changed. We've pumped the same groundwater from the same basin for more than 100 years.

For the other charges on your bill that come from the service we provide you, we work continuously to keep costs low, build and upgrade our water systems in cost-efficient and sustainable ways, and make it easier for you to understand and manage your water service (for example: get leak notifications and meter readings via SJWaterHUB at sjwater.com/sjwater-hub). Every cost we incur and every cent of savings we achieve in providing your service is reviewed by the CPUC. We do not set our own rates. As a private, regulated utility, those rates are set by the CPUC since we are publicly held accountable by them.

We are continuing to try to implement change surrounding Valley Water's cost structure and oversight but cannot do this alone. **Real change requires community voices: Stay informed** via our website, social media accounts and our direct communications to you.

> **Spread the word** about the difference between us and Valley Water.

> **Share this letter** with neighbors, friends and community groups. The more people who understand the issue, the harder it is to ignore why Valley Water's costs and their charges to you are increasing so quickly.

> **Contact your Valley Water Board Director.** Valley Water's Board of Directors makes decisions that affect the charges passed through to your water bill. Let your director know that water affordability matters to you and that Valley Water's cost structure and oversight need reform. To find your representative and contact information go to valleywater.org/how-we-operate/board-directors.

Sincerely,



Tanya Moniz-Witten
President, San Jose Water