

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 30, 2019

Re: Protest to San Jose Water Company Advice Letter 535

Please be advised that the Water Division has approved San Jose Water Company's (SJWC) Advice Letter No. 535 filed on August 30, 2019 effective as of September 29, 2019.

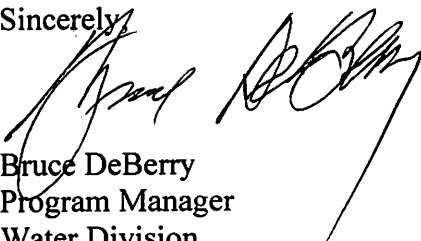
The advice letter filing meets the requirements set forth in General Order 96-B. Industry Rule 7.3.3 (8) in that (i) the rate base offset was previously approved by the Commission in D.13-07-028, OP No.3; (ii) the project scope is consistent with what the Commission approved; (iii) the Commission approval included a budget cap (62 million) and the total rate base offset as of 12/31/2018 is at the budget cap.

Advice letter 535 covers work performed for the amount of \$3,309,109 during calendar-year 2018 adding \$655,082 or about 0.17% of SJWC's 2019 revenue requirement which will increase the typical residential customer's bill, using 11 hundred cubic feet per month by 0.19%. Water Division reviewed the invoices, interests, and overheads associated with the work performed during 2018 for the Montevina Water Treatment Plant upgrade project and found the costs to be reasonable consistent with the project approved by the Commission in D.13-07-028.

The customers of SJWC filed protests during the protest period ending September 19, 2019. The protests indicated the relief requested in the advice letter is unjust, unreasonable, or discriminatory. However, Decision (D.) 13-07-028 authorizes SJWC to file annual Tier 2 advice letters to include in rate base properly recorded costs of the Montevina Upgrade Project. Until moved into rate base, such costs shall accrue interests during construction on a monthly basis at the Company's actual weighted average cost of debt, including short-term debt, and capitalized interest shall not be compounded. The upgrades were deemed necessary to meet the existing primary or secondary water standards to treat high turbidity water, i.e., greater than 15 Nephelometric Turbidity Units.

If you have any questions, please contact Tayeb K. Mogri in Water Division at (415) 703-2146 or Tayeb.Mogri@cpuc.ca.gov

Sincerely,


Bruce DeBerry
Program Manager
Water Division