



# SAN JOSE WATER

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

January 23, 2023

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

Advice Letter No. 589

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</u> <u>Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal. P.U.C.</u> <u>Sheet No.</u>
2236-W	Preliminary Statement (Continued)	New
2237-W	Table of Contents	2235-W

## Purpose

With this advice letter, SJWC requests authorization to add the Customer Assistance Program Balancing Account (CAPBA) formally known as Water Rate Assistance Program (WRAP) balancing account to its Preliminary Statement as recommended by the Utilities Audit Branch (UAB) of the California Public Utilities Commission (Commission).

On November 17, 2022, UAB issued its report on the review of SJWC's 2020 balancing accounts. In the report, UAB found that the balancing account for WRAP, Purchased Water, Pump Tax, and Purchased Power were not listed in SJWC's Preliminary Statement as mandated by GO 96-B. UAB recommended these accounts be included in the Preliminary Statement. SJWC's incremental supply balancing account for purchased water, pump tax, and purchased power have been replaced with a Full Cost Balancing Account which is listed in its Preliminary Statement. In this advice letter filing, SJWC is seeking authorization to add the Customer Assistance Program Balancing Account to its Preliminary Statement.

SJWC's current low income program, CAP (formally WRAP) was authorized in Decision (D) 04-08-054. D.04-08-054 authorized a 15% to eligible low income customers and an ongoing surcharge to non-CAP customers to fund the program. D.04-08-054 also authorized a balancing account to which all revenue and expenses associated with the program will be booked for later recovery or refund (Attachment A). SJWC began offering the CAP since 2005, as ordered by D.04-08-054. However, the CAP balancing account was not added to the Preliminary

Statement. To correct this, SJWC is hereby requesting to add the details of the CAPBA to its Preliminary Statement.

This advice letter is designated as a Tier I Advice Letter and is submitted as required by GO 96-B and Finding 3 of the UAB's report.

Effective Date  
January 23, 2023

#### 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 in writing or 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 mailing or delivering a protest is:

Tariff Unit, Water Division, 3<sup>rd</sup> floor  
California Public Utilities Commission,  
505 Van Ness Avenue  
San Francisco, CA 94102  
[water\\_division@cpuc.ca.gov](mailto: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 mail to us, addressed to:

Regulatory Affairs  
San Jose Water Company  
110 West Taylor Street  
San Jose, CA 95110  
Fax 408.279.7934  
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 GO 96-B, a copy of this advice letter has been mailed to all interested and affected parties as detailed in **Attachment C**.

SJWC currently has Advice Letter 588 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

Enclosure

**PRELIMINARY STATEMENT**  
**(Continued)**

**V. Customer Assistance Program Balancing Account**

**(N)**

1. Purpose

The purpose of the balancing account is to track the Customer Assistance Program (CAP formerly called WRAP) expenses against revenue collected through CAP surcharge.

2. Applicability

The Customer Assistance Program Balancing Account is applicable to all customers served.

3. Definitions

- a. Customer Assistance Program Surcharge Revenue - revenue collected from non-CAP customers to fund CAP program..
- b. CAP Expenses - discount provided to CAP customers and administrative expenses to run CAP program.

4. Accounting Procedure

- a. The following entries will be recorded monthly in the Customer Assistance Program Balancing Account:
  1. Recorded CAP Surcharge Revenue
  2. Recorded CAP Expenses – CAP discount given and admin expenses (if any)
  3. Total net CAP Balancing Account = (1) minus (2)..
  5. A positive (+) balance in the balancing account reflects a utility over-collection to be refunded, while a negative balance reflects a utility under collection to be recovered in rates.
- b. The Company will record the accumulated CAP balance monthly, by adding its entry in Section a3 above to the prior accumulated monthly balance.
- c. Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 90-Day Non-financial Commercial Paper Interest Rate, as reported in the Federal Reserve Statistical release, to the average of the beginning of month and the end of month balances.

5. Disposition

If the accumulated balance of the Customer Assistance Program (CAP) Balancing Account exceeds 2% of the total authorized revenue requirement for the prior calendar year, the Company will file an advice letter to amortize the balance. If the cumulative 2% threshold is not met, the balance in the account will be amortized in San Jose's next General rate Case. The recovery of under-collections will be through a volumetric surcharges and an over-collection will be given through a flat sur-credits.

(To be inserted by utility)

Issued by

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

Advice No. 589

JOHN TANG

Date Filed \_\_\_\_\_

Dec. No. GO 96-B per UAB Report

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	2237-W, 2161-W and 2174-W	(C)
Preliminary Statement	919-W, 1303-W, 2032-W, 2212-W, 2213-W, 2035-W, 2058-W, 2037-W, 2214-W, 2040-W, 2041-W, 2215-W, 2087-W, 2125-W, 2155-W 2216-W, 2217-W, 2236-W	(C)
Service Area Map Locator	1266-W	
Service Area Map Locator, Index	2101-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	2225-W, 2176-W and 2219-W	
Schedule No. 1B, General Metered Service With Automatic Fire Sprinkler System	2226-W, 1741-W, 2183-W, 2201-W, 2220-W 2227-W, 1952-W, 1884-W and 2184-W, 2221W	
Schedule No. 1C, General Metered Service Mountain District	2228-W and 2187-W	
Schedule No. 4, Private Fire Service	1118-W and 1094-W	
Schedule No. 9C, Construction and Other Temporary Metered Service	152-W 2131-W, 2132-W, 2133-W	
Schedule No. 10R, Service to Employees	2134-W, 2149-W, 2136-W, 2137-W	
Schedule No. 14.1 Water Shortage Contingency Plan with Staged Mandatory Reductions and Drought Surcharges	2138-W, 2139-W, 2146-W 2229-W, 2203, 2222-W, 2230-W, 2223-W	
Schedule No. RW, Raw Water Metered Service	2234W	
Schedule No. RCW, Recycled Water Metered Service		
Schedule No. UF, Surcharge to Fund Public Utilities Commission, Reimbursement Fee		
Schedule No. WRAP, Water Rate Assistance Program	2170-W and 2056-W	
List of Contracts and Deviations	2092-W and 2103-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	

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 589

JOHN TANG

Date Filed

Vice President,

Effective

Dec. No. GO 96-B per UAB Report

Regulatory Affairs

Resolution No.

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 589**

**ATTACHMENT A**



374 West Santa Clara St.  
San Jose, CA 95196-0001  
Phone 408 279-7800  
Fax 408 279-7934

August 31, 2005

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

Advice Letter No. 356

The 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.</u> <u>Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling</u> <u>Cal.P.U.C.</u> <u>Sheet No</u>
1208-W	Schedule No. 1 General Metered Service (Continued)	1196-W
1209-W	Schedule No. 1B General Metered Service With Automatic Fire Sprinkler System (Continued)	1197-W
1210-W	Schedule WRAP Water Rate Assistance Program	
1211-W	Schedule WRAP Water Rate Assistance Program (Continued)	
1212-W	Form No. 23 Notice and Application for the Water Rate Assistance Program	

<u>Cal.P.U.C.</u> <u>Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling</u> <u>Cal.P.U.C.</u> <u>Sheet No</u>
1213-W	Form No. 23 Notice and Application for the Water Rate Assistance Program (Continued)	
1214-W	Form No. 23 Notice and Application for the Water Rate Assistance Program (Continued)	
1215-W	Table of Contents	1207-W
1216-W	Table of Contents (Continued)	

These tariffs are submitted pursuant to General Order 96-A and Commission Decision (D) 04-08-054. With this filing SJWC is implementing a Water Rate Assistance Program (WRAP) for low income customers.

#### Background

SJWC's last General Rate Case Decision D.04-08-054 adopted a settlement agreement between the Office of Ratepayer Advocates (ORA) and SJWC. The Settlement Agreement (Section 9.1) (Attachment A) allowed SJWC to implement a modified version of the WRAP program for low income customers proposed by SJWC via an advice letter filing. With the modifications, the WRAP will provide a 15% discount on the total water bill for the customers eligible for the program based on the same income qualification guidelines as is use by PG&E's CARE program (175% of federal poverty level). The program would automatically qualify customers already part of PG&E's CARE program, while customers without PG&E service in their name would qualify by providing income verification in accordance with the program guidelines. The modified program will also extend eligibility to customers in mobile homes behind master-meters. In order to fund this program SJWC will implement a monthly surcharge of \$0.41 per bill. The surcharge will be identified separately on the customer bill and be applied to all SJWC customers who are not recipients of the WRAP program benefits. In accordance with the Settlement Agreement adopted in D.04-08-054, SJWC will also maintain a WRAP balancing account to which all revenue and expenses associated with the program will be booked for later recovery or refund.



Implementation of SJWC's program has been delayed as the Class A water utilities and the CPUC's Water Division have been working together to develop a statewide program that would be applicable to customers of all investor owned water utilities. The Water Division was to compile a report on low-income programs that was to address a frame work for such a statewide program. SJWC has decided to proceed at this time with the filing and implementation of the original authorized WRAP program to avoid further delay in providing this customer assistance program. Additionally, due to the recent approval of the San Gabriel Water Co. Low Income program, it appears that a statewide program may not be established in the near future. When a statewide program is finalized, SJWC will amend its program if necessary.

Additionally, SJWC has made administrative deletions to Schedules No. 1 and 1B by removing the Balancing Account Surcharge which expired on August 24, 2005 and renumbered the tariff items appropriately.

#### Protests and Responses

There are two ways for the public to respond to this Advice Letter. You can send a protest to the CPUC and, if you do, you must send a copy of the protest to the utility; or you can send a response to the CPUC with a copy to the utility if you wish.

A protest is a document objecting to the granting in whole or in part of the authority sought in this advice letter. A response is a document that does not object to the authority sought, but nevertheless presents information that the party tendering the response believes would be useful to the Commission in acting on the request.

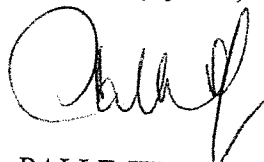
A protest must be mailed within 20 days of the date the Commission accepts the advice letter for filing. The filing date is the date the advice letter was placed on the Commission's Calendar. The Calendar is available on the Commission's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov). Click on SEARCH SITE (upper left corner). Uncheck all but the Daily Calendar. Enter "WATER 356-W" (include the quotation marks) and click SEEK. A protest must state the facts constituting the grounds for the protest, the effect that approval of the advice letter might have on the protestant, and the reasons that protestant believes the advice letter, or a part of it, is not justified. If the protest requests an evidentiary hearing, the protest must state the facts the protestant would present at an evidentiary hearing to support its request for whole or partial denial of the application.

All protests or responses to this filing should be sent to:  
California Public Utilities Commission, Water Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
Fax: 415-703-4426  
E-Mail: [water\\_division@cpuc.ca.gov](mailto:water_division@cpuc.ca.gov)

A copy should also be mailed to San Jose Water Company, Regulatory Affairs, 374 West Santa Clara Street, San Jose, California 95196, Fax 408-279-7934 or e-mail [regulatoryaffairs@sjwater.com](mailto:regulatoryaffairs@sjwater.com). If you have not received a reply to your protest within 10 business days, contact San Jose Water Company at 408-279-7900.

This filing will not increase any rate or charge, cause the withdrawal of service, nor conflict with other schedules or rules. Public notice of this filing is not required. In compliance with Section III-G of General Order 96-A, a copy of this advice letter has been mailed to all interested and affected parties as detailed in Attachment B.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Pallo Jensen', written over a horizontal line.

PALLE JENSEN  
Director of Regulatory Affairs

PLJ:ael  
Enclosures

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 356**

**ATTACHMENT A**

Decision 04-08-054 August 19, 2004

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of SAN JOSE WATER COMPANY (U 168 W) for an Order authorizing it to increase rates charged for water service by \$25,793,000 or 18.20% in 2004; by \$5,434,000 or 3.24% in 2005; and by \$5,210,000 or 3.01% in 2006.

Application 03-05-035  
(Filed May 23, 2003)

Palle Jensen and O'Melveny & Myers LLP, by  
Patricia A. Schmiede, Attorney at Law, for  
San Jose Water Company, applicant.  
Benjamin H. Scharf, for Santa Clara Valley Transportation  
Authority and Linda Deacon, interested parties.  
Jonathan J. Reiger, Attorney at Law, for Office of Ratepayer  
Advocates, protestant.

**OPINION ON SAN JOSE WATER COMPANY'S  
GENERAL RATE CASE REQUEST FOR TEST YEARS 2004 AND 2005**

### Adopted Rates of Return

	Capital Ratio	Effective Rate	Rate of Return
<hr/>			
2004			
Long-term Debt	47.77%	7.73%	3.69%
Common Equity	52.23%	9.90%	5.17%
Rate Base			8.86%
<hr/>			
2005			
Long-term Debt	47.58%	7.72%	3.67%
Common Equity	52.42%	9.90%	5.19%
Rate Base			8.86%
<hr/>			

#### **i. Attrition**

The Settlement's calculated attrition allowance for 2006 is reasonable. The calculation is based on the traditional procedure of applying the operational attrition from 2004 to 2005 to the test year 2005 rate base and grossing that net amount to the revenue increase amount. In this case, there is no financial attrition.

#### **j. Design of Rates**

##### **1. Rate Assistance for Low-Income Customers**

For the Water Rate Assistance Program (WRAP), the Settlement incorporates ORA's modifications to SJWC's proposal. A 15% discount, rather than the \$5.00 discount proposed by SJWC, will provide larger benefits for larger qualifying households. Customers in master metered residences will be able to receive assistance. Eligibility will be extended to customers who may not have qualified for PG&E's CARE program (because they do not have PG&E service in their own name) but who are otherwise eligible, as established through income

verification. SJWC will implement the program through an advice letter filing and will maintain a separate balancing account to which all revenue and expenses associated with the program will be booked for later recovery or refund. The WRAP adopted in the Settlement is reasonable.

## **2. Resale Service**

The parties' agreement to eliminate the existing discount for Resale Service Schedule No. 6 is reasonable, since the rate differential has not been substantiated by any study showing lower cost of resale service.

## **3. Private Fire Service**

The parties agreement to increase Private Fire Service rates by 30.72% plus the system-wide increases is reasonable, since a study prepared by SJWC shows revenues from current rates are 30.72% below the cost of service provided.

## **4. Residential Fire Sprinkler Service**

Since there is no evidentiary basis for exempting Schedule No. 1B, General Metered Service with Automatic Fire Sprinkler Systems, from the GRC increase adopted in this proceeding, the Settlement's use of a system-wide increase for 2004 and 2005 is reasonable.

## **7. Water Main Relocation Costs**

VTa claims that the water main relocation projects necessitated by the construction of its light rail transit lines provide a benefit to SJWC customers by extending the life of the water mains or improving the operation of the water system. VTA therefore requests that \$5.5 million of its relocation costs be refunded and recovered through water rates as additional rate base. As discussed below, since we find that the ratepayer benefits of the relocation projects are minor in comparison to the costs, we deny VTA's request.

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of SAN JOSE  
WATER COMPANY (U 168 W) for an Order  
authorizing it to increase rates charged for water  
service by \$25,793,000 or 18.20% in 2004; by  
\$5,434,000 or 3.24% in 2005; and by \$5,210,000 or  
3.01% in 2006.

Application 03-05-035

**JOINT SETTLEMENT**  
**OF THE OFFICE OF RATEPAYER ADVOCATES**  
**AND SAN JOSE WATER COMPANY**

**7.0 DEPRECIATION**

- 7.1 ORA and SJWC agree that SJWC will continue to follow the Commission's Standard Practice U-4 to calculate straight-line remaining life depreciation. SJWC withdraws its request to convert to a computerized straight-line depreciation methodology.

**8.0 RATE BASE**

- 8.1 ORA and SJWC agree that rate base should be based upon the changes to plant identified in Section 6 of this Settlement.

**9.0 DESIGN OF RATES**

**A. Rate Assistance for Low-Income Customers**

- 9.1 ORA and SJWC agree to implement SJWC's Water Rate Assistance Program (WRAP) for low-income customers, with the following modifications: (1) rather than a \$5 discount as proposed by SJWC, SJWC will offer a 15% discount on the total bill for the customers eligible for the program; (2) as proposed by ORA, SJWC will extend program eligibility to customers behind master-meters, similar to the program currently offered by Southern California Water Company; (3) SJWC will extend eligibility to customers who may not have qualified for PG&E's CARE program because they do not have PG&E service in their own name but who are otherwise eligible, as established through income verification; (4) SJWC will maintain a WRAP balancing account to which all revenue and expenses associated with the program will be booked for later recovery or refund; and (5) SJWC will implement the program via an advice letter filing.

**B. Resale Service**

- 9.2 The Parties agree to eliminate the existing discount for Resale Service Schedule No. 6, since this rate differential has not been substantiated by any study showing lower cost of service. Resale Service Schedule No. 6 will be eliminated, withdrawn and cancelled, and those customers currently served by this Schedule will be automatically transferred to Schedule No. 1.



**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 356**

**ATTACHMENT B**

A copy of Advice Letter No. 356 has been sent to the following municipalities, water companies and interested parties:

City of San Jose  
Municipal Water Dept.  
Attn: Mansour Nasser  
3025 Tuers Road  
San Jose, CA 95121

San Jose Mercury News  
Attn: Financial Editor  
750 Rider Park Drive  
San Jose, CA 95190

California Water Service Co.  
Attn: Stan Ferraro  
1720 North First Street  
San Jose, CA 95112

Town of Los Gatos  
Attn: Director of Public Works  
110 E. Main Street  
Los Gatos, CA 95032

City of Cupertino  
10300 Torre Avenue  
Cupertino, CA 95014

City of Monte Sereno  
Attn: Director of Public Works  
18014 Saratoga-Los Gatos Road  
Monte Sereno, CA 95030

City of Campbell  
70 North First Street  
Campbell, CA 95008

City of Saratoga  
Attn: Director of Public Works  
13777 Fruitvale Avenue  
Saratoga, CA 95070

City of Santa Clara  
1500 Warburton Avenue  
Santa Clara, CA 95050

County of Santa Clara  
Attn: Director of Public Works  
70 W. Hedding Street  
San Jose, CA 95110

Great Oaks Water Company  
Attn: Alan Gardner  
P.O. Box 23490  
San Jose, CA 95153

Community Development  
Engineering Services  
City of Milpitas  
Attn: Utilities Section  
455 East Calaveras Blvd.  
Milpitas, CA 95035

Santa Clara Valley Water District  
5750 Almaden Expressway  
San Jose, CA 95118

Schedule No. 1

GENERAL METERED SERVICE  
(Continued)

3. To amortize the under-collection in the Balancing Account, a surcharge of \$0.0061 per 100 cu. ft. is to be added to the Quantity Rate shown above for a 12-month period beginning August 24, 2004, the effective date of this tariff. (T)
- (D)
4. To fund the Water Rate Assistance Program (WRAP) for residential low-income households, a surcharge of \$0.41 per month will be added to the bill. (N)
- (N)

(To be inserted by utility)

Issued by

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

Advice No. 356

PALLE JENSEN

Date Filed                     

Dec. No. D.04-08-054

Director,  
Regulatory Affairs

Effective                     

TITLE

Resolution No.

Schedule No. 1B

GENERAL METERED SERVICE WITH  
automatic fire sprinkler system  
(Continued)

2. For the purpose of fire protection under this schedule, the utility will supply only such water at such pressure as may be available from time to time as a result of its operation of the system. Section 774 of the Public Utilities Code limits the liability of the utility resulting from a claim regarding the provision or maintenance of an adequate water supply, water pressure, equipment or other fire protection facility or service. Acceptance of service under this tariff is acknowledgment of notice of the provisions of Section 774 of the Public Utilities Code.
3. To amortize the under-collection in the Balancing Account, a surcharge of \$0.0061 per 100 cu. ft. is to be added to the Quantity Rate shown above for a 12-month period beginning August 24, 2004, the effective date of this tariff. (T)  
I  
(T)  
(D)
4. To fund the Water Rate Assistance Program (WRAP) for residential low-income households, a surcharge of \$0.41 per month will be added to the bill (N)  
(N)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (T)

(To be inserted by utility)

Issued by

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

Advice No. 356

PALLE JENSEN  
Director,  
Regulatory Affairs  
TITLE

Date Filed \_\_\_\_\_  
Effective \_\_\_\_\_  
Resolution No. \_\_\_\_\_

Dec. No. D.04-08-054

Schedule WRAP

WATER RATE ASSISTANCE PROGRAM (WRAP)

APPLICABILITY

Applicable to residential water service for domestic use furnished to residential low-income households where the customer meets all the Special Conditions of this rate schedule.

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

A discount of 15% of the total water charges is deducted from the bill of customers qualifying for and enrolling in the WRAP program.

SPECIAL CONDITIONS

1. A residential low-income household is a household in which the total gross annual income from all sources is no more than shown in the table below, based on the number of persons in the household. Total gross income shall include income from all sources, both taxable and non-taxable.

WRAP Income Qualification Guidelines (2005-06)

Household Size	Total Gross Annual Income
1-2	\$24,200
3	\$28,400
4	\$34,200
5	\$40,000
6	\$45,800
Each Additional	\$ 5,800

2. An application and eligibility declaration submitted on a form authorized by the California Public Utilities Commission is required for each request for service under this Schedule. Renewal of a customer's eligibility declaration will be required every two years or whenever requested by the utility.

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 356

PALLE JENSEN

Date Filed \_\_\_\_\_

Dec. No. D.04-08-054

Director,

Effective \_\_\_\_\_

Regulatory Affairs

Resolution No. \_\_\_\_\_

TITLE

Schedule WRAP

WATER RATE ASSISTANCE PROGRAM (WRAP)  
(Continued)

3. Eligible customers shall be billed pursuant to this schedule commencing with the next regularly scheduled billing period following approval of the customer's application by the utility.
4. Information provided by the applicant is subject to verification by the utility. Upon the utility's request, refusal and/or failure of a customer to provide documentation of eligibility acceptable to the utility shall result in the customer's removal from this schedule.
5. It is the customer's responsibility to notify the utility within 30 days if there is a change in eligibility status.
6. Customers may be re-billed for periods of ineligibility under the applicable rate schedule.
7. Since sub-metered tenants living in mobile home parks are not customers of San Jose Water Company, any discount will be applied to the master meter on record. It is then the responsibility of the master metered account holder to distribute the discount to the appropriate tenant.
8. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(To be inserted by utility)

Issued by

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

Advice No. 356

PALLE JENSEN

Date Filed \_\_\_\_\_

Dec. No. D.04-08-054

Director,

Effective \_\_\_\_\_

Regulatory Affairs

Resolution No. \_\_\_\_\_

TITLE

Form No. 23

NOTICE AND APPLICATION FOR THE WATER RATE ASSISTANCE PROGRAM (WRAP)

To apply for a discount at your residence pursuant to San Jose Water Company's Water Rate Assistance Program (WRAP), please complete this application and submit it to San Jose Water Company. If your household already qualifies for a discount on your PG&E bill under the CARE program, you will automatically qualify for a discount on your water bill. If qualified, you will receive the discount, currently 15% of your total water charges, on the next bill after the utility receives and approves your completed and signed application. If you need help completing the application, or would like more information about the program, please visit [www.sjwater.com](http://www.sjwater.com) or contact customer service at (408) 279-7900.

WRAP Income Qualification Guidelines (2005-06)

Household Size	Total Gross Annual Income
1-2 Persons	\$24,200
3 Persons	\$28,400
4 Persons	\$34,200
5 Persons	\$40,000
6 Persons	\$52,600
Each Additional	\$ 6,700

To qualify for the discount I understand:

- The water utility bill will be in my name or I'm a sub-metered tenant in a mobile home park.
- I may not be claimed as a dependent on another person's tax return.
- My total gross annual income of all persons living in my household cannot exceed the chart above.
- I will reapply each time I move.
- I will renew my application every two years, or sooner, if requested.
- I will notify the utility within 30 days when I become ineligible for WRAP.
- I will provide verification of my household income.

I understand that "gross annual income" means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all persons who live in my home. This includes, but is not limited to: wages, salaries and commissions; child/spousal support; interest, dividends or withdrawals from savings accounts, stocks and bonds, or retirement accounts such as IRA and 401K accounts; stocks; bonds; business or rental income; support from family or friends; cash gifts; loans; lottery winnings; tax refunds and money from insurance policies or legal settlements; Social Security; retirement veterans, disability or unemployment benefits and workers' compensation; AFDC; SSI; SSP; cash public assistance; food stamps and free housing or utilities, school grants, loans, scholarships, or other financial aid. Proof of income acceptable to the utility will be provided when applying for or renewing the application.

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 356

PALLE JENSEN

Date Filed                     

Director,

Effective                     

Dec. No. D.04-08-054

Regulatory Affairs

Resolution No.                     

TITLE

Canceling

Form No. 23

NOTICE AND APPLICATION FOR THE WATER RATE ASSISTANCE PROGRAM (WRAP)  
(Continued)

**APPLICATION FOR SAN JOSE WATER COMPANY'S  
WATER RATE ASSISTANCE PROGRAM  
PRIMARY RESIDENTIAL CUSTOMER**  
(Please type or print)

I am a primary residential customer of San Jose Water Company.

\_\_\_\_\_  
Your name as shown on your San Jose Water Company account

\_\_\_\_\_  
Address where you receive water service

\_\_\_\_\_  
San Jose Water Company Account Number

Telephone no. (home): \_\_\_\_\_ Telephone no. (work): \_\_\_\_\_

Number of persons living in your household: \_\_\_\_\_

Total gross annual income of household: \_\_\_\_\_

Please attach a copy of your PG&E bill or other proof of income for  
eligibility verification.

By signing below, I certify under penalty of perjury that this  
information is true and correct under the laws of the state of  
California. I will provide proof of income and I will notify  
San Jose Water Company of any changes that affect my eligibility.

\_\_\_\_\_  
Your signature

\_\_\_\_\_  
Date

Please complete the application and submit to:

Customer Service  
Water Rate Assistance Program  
San Jose Water Company  
374 W. Santa Clara Street  
San Jose, CA 95196-0001

(To be inserted by utility)

Issued by

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

Advice No. 356

PALLE JENSEN

Date Filed \_\_\_\_\_

Dec. No. D.04-08-054

Director,

Effective \_\_\_\_\_

Regulatory Affairs

Resolution No. \_\_\_\_\_

TITLE



Form No. 23

NOTICE AND APPLICATION FOR THE WATER RATE ASSISTANCE PROGRAM (WRAP)  
**APPLICATION FOR SAN JOSE WATER COMPANY'S  
WATER RATE ASSISTANCE PROGRAM  
SUB-METERED CUSTOMERS**  
(Please type or print)

I am a sub-metered tenant in a mobile home park.

\_\_\_\_\_  
Your name

\_\_\_\_\_  
Address

Telephone no. (home): \_\_\_\_\_ Telephone no. (work): \_\_\_\_\_

Number of persons living in your household: \_\_\_\_\_

Total gross annual income of household: \_\_\_\_\_

Please attach a copy of your PG&E bill or other proof of income for eligibility verification. By signing below, I certify under penalty of perjury that this information is true and correct under the laws of the state of California. I will provide proof of income and I will notify San Jose Water Company of any changes that affect my eligibility.

\_\_\_\_\_  
Your signature

\_\_\_\_\_  
Date

-----  
This section to be completed by mobile home manager:

\_\_\_\_\_  
Name as shown on the San Jose Water Company account

\_\_\_\_\_  
Address where water service is received

\_\_\_\_\_  
Telephone no. : \_\_\_\_\_

\_\_\_\_\_  
San Jose Water Company Account Number

Total number of units served by the master meter: \_\_\_\_\_

Please complete the application and submit to:

Customer Service, Water Rate Assistance Program  
San Jose Water Company  
374 W. Santa Clara Street,  
San Jose, CA 95196-0001

(To be inserted by utility)

Issued by

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

Advice No. 356

PALLE JENSEN  
Director,  
Regulatory Affairs  
TITLE

Date Filed \_\_\_\_\_  
Effective \_\_\_\_\_  
Resolution No. \_\_\_\_\_

Dec. No. D.04-08-054

## 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	1131-W	
Table of Contents	1215-W, 1133-W, 848-W and 1216-W	(T)(C)
Preliminary Statement	919-W	
Service Area Map Locator	889-W	
Service Area Map Locator, Index	1179-W	
Map of Areas With Special Pressure and Fire Flow Conditions	1205-W	
Index to Map of Areas With Special Pressure and Fire Flow Conditions	1079-W, 1206-W 1082-W, 1087-W and 1102-W	
Rate Schedules:		
Schedule No. 1, General Metered Service	1202-W and 1208-W	(C)
Schedule No. 1B, General Metered Service With Automatic Fire Sprinkler System	1203-W and 1209-W	(C)
Schedule No. 4, Private Fire Service	1194-W and 1190-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. RW, Raw Water Metered Service	961-W and 962-W	
Schedule No. RCW, Recycled Water Metered Service	1049-W and 1050-W	
Schedule No. UF, Surcharge to Fund Public Utilities Commission, Reimbursement Fee	972-W	
Schedule No. WRAP, Water Rate Assistance Program	1210-W and 1211-W	(C)
List of Contracts and Deviations	1156-W	
Rules:		
No. 1 - Definitions	764-W and 976-W	
No. 2 - Description of Service	525-W	
No. 3 - Application for Service	351-W and 903-W	
No. 4 - Contracts	352-W	
No. 5 - Special Information Required on Forms	821-W thru 823-W	
No. 6 - Establishment and Re-establishment of Credit	354-W	
No. 7 - Deposits	355-W and 356-W	
No. 8 - Notices	1054-W and 825-W	
No. 9 - Rendering and Payment of Bills	996-W, 997-W and 1146-W	

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 356PALLE JENSEN

Date Filed \_\_\_\_\_

Dec. No. D.04-08-054

Director,

Effective \_\_\_\_\_

Regulatory Affairs

Resolution No. \_\_\_\_\_

TITLE

TABLE OF CONTENTS  
(Continued)Subject Matter Of SheetC.P.U.C.  
Sheet No.

No. 23 - Notice and Application for the Water Rate Assistance  
Program (WRAP) 1212-W, 1213-W and 1214-W (C)

(To be inserted by utility)

Issued by

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

Advice No. 356PALLE JENSEN

Date Filed \_\_\_\_\_

Dec. No. D.04-08-054

Director,

Effective \_\_\_\_\_

Regulatory Affairs

Resolution No. \_\_\_\_\_

TITLE

**E. The WRAP Surcharge**

11. In D.02-07-033<sup>1</sup> the Commission established an automatic enrollment program for the energy utilities to assist in the CARE program reaching 100% of the eligible customers base. Therefore, as SJWC's proposed program is "piggy backing" on the eligibility specifications of PG&E's CARE program, it should be expected that the SJWC program will ultimately reach a penetration rate close to 100% of those eligible, or about 22,800 customers. Therefore, to initially fund WRAP, SJWC proposes to implement a surcharge, identified separately on the bill, of \$0.41 per month to be applied to all SJWC customers who are not recipients of the WRAP program benefits. This surcharge is determined by assuming that 16,150 customers, the midpoint of the potentially eligible customer population of between 9,500 and 22,800, would initially be beneficiaries of the program.

12. The total projected annual discount provided participation of 16,150 customers would be \$969,000 ( $16,150 \times \$5 \times 12 \text{ months} = \$969,000$ ). To collect this \$969,000 revenue shortfall across the remaining 195,850 customers ( $212,000 \text{ customers} - 16,150 \text{ customers} = 195,850$ ) not qualifying for the WRAP would require a monthly surcharge of \$0.41 per customer ( $\$969,000 / 195,850 / 12 \text{ months} = \$0.41$ ), or an increase of approximately 1.2% of the average residential bill. The total amount of the WRAP surcharge collected will be tracked in the new WRAP balancing account as described in Section H.

**F. WRAP Qualification**

13. For administrative ease and cost-efficiency SJWC's is proposing to "piggy back" on the approval process already in place for PG&E's CARE program. Thus, SJWC customers who provide proof of participation in PG&E's CARE program would automatically qualify for SJWC's WRAP program. As reflected in tariff Schedule WRAP (Table 17-A) customers will have to re-qualify for the program every two years or, in extraordinary circumstances, if specifically requested to do so by the utility, thus remaining consistent with the CARE program qualification guidelines.

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<sup>1</sup> R.01-08-027/D.02-07-033, "Interim Decision: Status of Rapid Deployment, CARE Penetration Goals, Automatic Enrollment and Related Program Planning Issues", dated July 17, 2002

RE:ADVICE LETTER # 35  
FILED DATE 8/31/05

**PUC ADVICE LETTER PROCESSING**  
**CHECKLIST**

Print Advice Letter and return to Ann Lindahl for final approval, forward to Palle Jensen for his signature. After signature, make copies and distribute as follows:\*

**SPECIAL INSTRUCTIONS FOR RATE INCREASE FILINGS**

**PUC - ORIGINAL AND 4 COPIES TO:**

☒ Attn: Mr. Fred Curry, Program Manager - Water Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 3200  
San Francisco, CA 94102  
(If Applicable, include: 2 sets of workpapers/resolutions)

☒ Attn: Mr. Danilo Sanchez, Program Manager  
Office of Ratepayer Advocates  
(include workpapers, map(s), etc.)  
(Mailing list will get copy of map page; save original maps for tariff books once PUC approves.)

**OTHER INTERESTED MUNICIPALITIES, WATER CO. AND PARTIES:**

☒ Financial Editor, San Jose Mercury News  
☒ City of San Jose, Municipal Water Dept., Attn: Mansour Nasser  
☒ California Water Service Co., Attn: Stan Ferraro  
☒ City of Cupertino, Water Department  
☒ City of Santa Clara, Water Department  
☒ Great Oaks Water Company  
☒ Community Development, Engr Services, City of Milpitas, Attn: Utilities Section  
☒ Santa Clara Valley Water District  
☒ Santa Clara County, Attn: Dir. of Public Works  
☒ City of Saratoga  
☒ City of Monte Sereno  
☒ Town of Los Gatos  
☐ City of Campbell

**\*SJWC STAFF - RECEIVES ADVICE LETTER (NOTIFY SJWC STAFF VIA E-MAIL)**

☒ Palle Jensen (+ Workpapers)  
☒ Circulate Corp. File Copy to:  
Roth/Yoo/Yip/Balocco/Papazian/Nixon  
☐ Ann Lindahl (+ Workpapers)  
☒ Bob Day/Dru Redwine  
☐ Wayne Warren  
☐ Sandy Freeman – PDF FORMAT FOR WEBSITE  
(DO NOT INCLUDE TARIFF SHEETS)

*NOTE - IF RATES CHANGE,  
SEND COPY TO:*  
☐ Barbara Rhodes

\*OTHER(S): AS PER CONTENT OF ADVICE LETTER.  
UPDATE TARIFF BOOKS UPON PUC APPROVAL OF ADVICE LETTER; ALSO FORWARD E-MAIL (WITH  
APPROVED TARIFF SHEETS) TO SANDY FREEMAN, SHE MAINTAINS WEB SITE WITH NEW/REVISED  
TARIFF SHEETS (AS OF 12/01/2001).

**PUC ADVICE LETTER PROCESSING - CHECKLIST**

**Page 2**

**MAP FILING:** (Maps should all be labeled, i.e., A.L. #, Date)

**o CADASTRAL MAP:**

- One (1) set/s of map/s to Natalie Walsh, Program Manager – Office of Ratepayer Advocates, PUC (put in plastic jacket)
- One (1) set/s of map/s to Ann Lindahl, Regulatory Affairs
- One (1) set/s of map/s to Wayne Warren, New Business
- One (1) set/s of map/s filed in Map Binder (revised and/or new approved maps will supercede former map/s - upon approval by PUC).

**o SERVICE AREA MAP LOCATOR**

} APPLIES TO

**o MAP OF AREAS WITH SPECIAL PRESSURE  
AND FIRE FLOW CONDITIONS**

BOTH MAPS

- Map/s attached to tariff sheets (Original + 4 copies: 5 sets).
- Upon approval by PUC, \_\_ maps are inserted into SJWC's staff tariff books.

**TOTAL MINIMUM NUMBER OF MAPS REQUIRED WHEN FILING ADVICE LETTER:**

- 04 Cadastral Map (part of Service Area Map Locator)
- Service Area Map Locator. Staple/Tape map to tariff sheet.
- Map with Special Pressure Condition. Staple/Tape map to tariff sheet.

**AFTER PUC APPROVAL:**

**EFFECTIVE DATE** 11/3/05

MAKE COPIES, 3-HOLE PUNCH PAPER AND UPDATE THE FOLLOWING BOOKS:

**MAIN OFFICE**

- ☒ JENSEN, Palle\*
- ☒ PAPAIZIAN, Suzy
- ☒ LINDAHL, Ann
- ☒ FREEMAN, Sandy
- ☒ BALOCCO, Dick
- ☒ DAY, Bob
- ☒ REDWINE, Dru
- ☒ NIXON, Tanya

**BASCOM**

- ☒ WARREN, Wayne  
(forward one set, he will update his own book)
- ☒ PARDINI, Rich

ADVISE PRIVATE MAILING/RATEBOOK ML VIA E-MAIL--THAT TARIFF BOOK HAS BEEN UPDATED (ON BULLETIN BOARD "J" DRIVE).

UPDATE TARIFF BOOKS UPON PUC APPROVAL OF ADVICE LETTER; ALSO FORWARD E-MAIL (WITH APPROVED TARIFF SHEETS) TO SANDY FREEMAN, SHE MAINTAINS WEB SITE WITH NEW/REVISED TARIFF SHEETS (AS OF 12/01).

\*If rate increase, file the old tariff sheet(s) in Palle's General Metered Rate Book (located in his office--white binder).

File original advice letter in vault. (Note: File maps in same drawer as Bible.)

***(IF AN ADVICE LETTER IS WITHDRAWN, NOTIFICATION MUST BE SENT TO ALL INTERESTED PARTIES.)***

MR. DANILO SANCHEZ  
PROGRAM MANAGER  
OFFICE OF RATEPAYER ADVOCATES  
CALIFORNIA PUBLIC UTILITIES COMMISSION  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102

T  
A  
110 E. MAIN STREET  
LOS GATOS, CA 95032

WORKS

415-703-2028  
JOSIE JONES  
415 703 1803

CITY OF CAMPBELL  
70 N. FIRST STREET  
CAMPBELL, CA 95008

CITY OF CUPERTINO  
10300 TORRE AVENUE  
CUPERTINO, CA 95032

CITY OF SAN JOSE  
MUNICIPAL WATER DEPT.  
ATTN: MANSOUR NASSER  
3025 TUERS ROAD  
SAN JOSE, CA 95121

COMMUNITY DEVELOPMENT  
CITY OF MILPITAS - ENG. SERVICES  
ATTN: UTILITIES SECTION  
455 E. CALAVERAS BLVD.  
MILPITAS, CA 95035

CALIFORNIA WATER SERVICE CO.  
ATTN: STAN FERRARO  
1720 N. FIRST STREET  
SAN JOSE, CA 95112

SANTA CLARA VALLEY WATER DISTRICT  
5750 ALMADEN EXPRESSWAY  
SAN JOSE, CA 95118

CITY OF SANTA CLARA  
1500 WARBURTON AVENUE  
SANTA CLARA, CA 95050

GREAT OAKS WATER COMPANY  
P.O. BOX 23490  
SAN JOSE, CA 95153

SAN JOSE MERCURY NEWS  
ATTN: FINANCIAL EDITOR  
750 RIDDER PARK DRIVE  
SAN JOSE, CA 95190

COUNTY OF SANTA CLARA  
ATTN: DIRECTOR OF PUBLIC WORKS  
70 W. HEDDING STREET  
SAN JOSE, CA 95110

CITY OF MONTE SERENO  
ATTN: DIRECTOR OF PUBLIC WORKS  
18014 SARATOGA-LOS GATOS ROAD  
MONTE SERENO, CA 95030

CITY OF SARATOGA  
ATTN: DIRECTOR OF PUBLIC WORKS  
13777 FRUITVALE AVENUE  
SARATOGA, CA 95070



# ADVICE LETTER (AL) SUSPENSION NOTICE \*

## WATER DIVISION

Utility Name	San Jose Water	Date Utility Notified	10/3/05
Utility No./Type		via	
Advice Letter No.	356	<input type="checkbox"/> Fax No. (408)	279-7934
Date AL filed	9/1/05	<input type="checkbox"/> E-Mail	
Utility Contact Person	Palle Jensen	<input type="checkbox"/> Mail	
Utility Telephone No.	408 279 7934 7800	Date Calendar Clerk Notified	10/3/05
WD Project Manager	PETER LIU	WD Staff Analyst	ELENA PEREZ

☐ FIRST SUSPENSION (up to 120 DAYS)

This is to notify you that the above-indicated AL is suspended from 10/3/05 to 1/30/05 for the following reason(s). If the Commission does not act on this AL within this time, the second suspension will commence automatically.


- ☐ AL Protested
- ☐ Resolution is required
- ☐ AL not in compliance with Commission Stat
- ☒ Additional information is required
- ☒ Additional time is required
- ☐ Other \_\_\_\_\_

Ann  
Keep w/  
official ph  
Call

☐ SECOND SUSPENSION (180 DAYS)

The Commission has not taken action on this AL; automatically commence on \_\_/\_\_/\_\_.

If you have any questions regarding this n \_\_\_\_\_ at \_\_\_\_\_ or via e-mail at \_\_\_\_\_.

  
Fred L. Curry, Chief  
Water Branch  
Water Division

\* Reference - Resolution M-4801, dated April 19, 2001



**(anticipated effective 01/01/06)**

09/01/05	Telecom 115	BELL ATLANTIC COMM., INC. (DBA VERIZON), Rate reductions, rate increase <b>(effective TBD)</b>
09/01/05	Telecom 53	BULLSEYE TELECOM, INC., Introduces PowerSaver Unlimited & Supplementary Services in Verizon Territory & Standard Business Local Exchange Service in Verizon & SBC Territories. <b>(effective TBD)</b>
09/01/05	Telecom 54	BULLSEYE TELECOM, INC., Adds Standard Business Long Distance Services and PowerSaver Unlimited Long Distance, Operator Services and Directory Assistance in Verizon Service Areas. <b>(effective TBD)</b>
09/01/05	Telecom 319-A	MCI METRO ACCESS TRANSMISSION SERVICES, Supplements A.L.No.319, To introduce anniversary lifeline promotion, RLL certificate promotion 1 and 2. To increase residential RLA, residential RLA savings plan 1 and Residential RLH services monthly recurring charges. Customer has been notified 30 days. <b>(effective TBD)</b>
09/01/05	Water 356	SAN JOSE WATER COMPANY, Implement a Water Rate Adjustment Program (WRAP) for low-income customers. <b>(effective TBD)</b>
09/01/05	Water 1196-W	SOUTHERN CALIFORNIA WATER COMPANY, Change name of utility to Golden State Water Company. <b>(anticipated effective 10/01/05)</b>
09/02/05	Energy 740G	SOUTHWEST GAS CORPORATION, Revised procurement charges applicable for core customers and the Transportation Franchise Fee surcharges applicable to core and noncore customers <b>(anticipated effective 09/07/05)</b>
09/02/05	Energy 741G	SOUTHWEST GAS CORPORATION, Revised gas cost procurement <b>(anticipated effective 09/07/05)</b>

---

**ADVICE LETTER SUSPENSIONS (Pursuant to M-4801, 04/19/01)**

To inquire about a suspension, call the Energy Division (703-1093), Telecommunications Division (703-1330) or Water Division (703-2028).

**NONE**

---

**ADVICE LETTER PROTESTS**

To inquire about a protest, call the Energy Division (703-1093), Telecommunications Division (703-1330) or Water Division (703-2028). To obtain a copy of the protest, please direct your request to the protestor.

**NONE**

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**MISCELLANEOUS TRANSPORTATION ITEMS**  
**Filings with Consumer Protection and Safety Division**

Cal.P.U.C.  
Sheet No.

Title of Sheet

Canceling  
 Cal.P.U.C.  
Sheet No

1213-W                      Form No. 23  
                                  Notice and Application for the  
                                  Water Rate Assistance Program  
                                  (Continued)

1214-W                      Form No. 23  
                                  Notice and Application for the  
                                  Water Rate Assistance Program  
                                  (Continued)

1215-W                      Table of Contents

1204-W

1216-W                      Table of Contents  
                                  (Continued)

These tariffs are submitted pursuant to General Order 96-A and Commission Decision (D) 04-08-054. With this filing SJWC is implementing a Water Rate Assistance Program (WRAP) for low income customers.

#### Background

SJWC's last General Rate Case Decision D.04-08-054 adopted a settlement agreement between the Office of Ratepayer Advocates (ORA) and SJWC. The Settlement Agreement (Section 9.1) (Attachment A) allowed SJWC to implement a modified version of the WRAP program for low income customers proposed by SJWC via an advice letter filing. With the modifications, the WRAP will provide a 15% discount on the total water bill for the customers eligible for the program based on the same income qualification guidelines as is use by PG&E's CARE program (175% of federal poverty level). The program would automatically qualify customers already part of PG&E's CARE program, while customers without PG&E service in their name would qualify by providing income verification in accordance with the program guidelines. The modified program will also extend eligibility to customers in mobile homes behind master-meters. In order to fund this program SJWC will implement a monthly surcharge of \$0.41 per bill. The surcharge will be identified separately on the customer bill and be applied to all SJWC customers who are not recipients of the WRAP program benefits. In accordance with the Settlement Agreement adopted in D.04-08-054, SJWC will also maintain a WRAP balancing account to which all revenue and expenses associated with the program will be booked for later recovery or refund.

## Schedule No. 1B

GENERAL METERED SERVICE WITH  
automatic fire sprinkler system  
(Continued)

2. For the purpose of fire protection under this schedule, the utility will supply only such water at such pressure as may be available from time to time as a result of its operation of the system. Section 774 of the Public Utilities Code limits the liability of the utility resulting from a claim regarding the provision or maintenance of an adequate water supply, water pressure, equipment or other fire protection facility or service. Acceptance of service under this tariff is acknowledgment of notice of the provisions of Section 774 of the Public Utilities Code. (D)
3. Pursuant to Public Utilities Code Section 455.2, to amortize the recovery of the shortfall in revenue between the interim rates implemented January 1, 2004 and the rates ultimately approved by the CPUC in D.04-08-054 and implemented August 24, 2004, a surcharge of \$0.0796 per 100 cu. ft. is to be added to the Quantity Rate shown above for a 12-month period beginning with the effective date of this tariff. (T)  
I  
I  
I  
(T)
4. To fund the Water Rate Assistance Program (WRAP) for residential low-income households, a surcharge of \$0.41 per month will be added to the bill. (N)  
(N)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (T)

SAN JOSE WATER COMPANY (U168W) Revised  
(To be inserted by utility) Issued by

Cal. P.U.C. Sheet No. 1215-W  
(To be inserted by Cal. P.U.C.)

Advice No. 356

PALLE JENSEN  
Director,  
Regulatory Affairs  
TITLE

Date Filed \_\_\_\_\_  
Effective \_\_\_\_\_  
Resolution No. \_\_\_\_\_

Dec. No. D.04-08-054

## Schedule No. 1

GENERAL METERED SERVICE  
(Continued)

- (D)
3. Pursuant to Public Utilities Code Section 455.2, to amortize the recovery of the shortfall in revenue between the interim rates implemented January 1, 2004 and the rates ultimately approved by the CPUC in D.04-08-054 and implemented August 24, 2004, a surcharge of \$0.0796 per 100 cu. ft. is to be added to the Quantity Rate shown above for a 12-month period beginning with the effective date of this tariff. (T)  
|  
|  
|  
(T)
4. To fund the Water Rate Assistance Program (WRAP) for residential low-income households, a surcharge of \$0.41 per month will be added to the bill. (N)  
(N)

(To be inserted by utility)

Issued by

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

Advice No. 356PALLE JENSEN

Date Filed \_\_\_\_\_

Dec. No. D.04-08-054Director,  
Regulatory Affairs

Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_

TITLE

## Schedule No. 1B

GENERAL METERED SERVICE WITH  
automatic fire sprinkler system  
(Continued)

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3. Pursuant to Public Utilities Code Section 455.2, to amortize the recovery of the shortfall in revenue between the interim rates implemented January 1, 2004 and the rates ultimately approved by the CPUC in D.04-08-054 and implemented August 24, 2004, a surcharge of \$0.0796 per 100 cu. ft. is to be added to the Quantity Rate shown above for a 12-month period beginning with the effective date of this tariff. (T)  
I  
I  
I  
(T)
4. To fund the Water Rate Assistance Program (WRAP) for residential low-income households, a surcharge of \$0.41 per month will be added to the bill. (N)  
(N)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (T)

SAN JOSE WATER COMPANY (U168W) Revised  
(To be inserted by utility) Issued by

Cal. P.U.C. Sheet No. 1215-W  
(To be inserted by Cal. P.U.C.)

Advice No. 356

PALLE JENSEN

Date Filed \_\_\_\_\_

Dec. No. D.04-08-054

Director,

Effective \_\_\_\_\_

Regulatory Affairs

Resolution No. \_\_\_\_\_

TITLE

<u>Cal.P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Cal.P.U.C. Sheet No</u>
1213-W	Form No. 23 Notice and Application for the Water Rate Assistance Program (Continued)	
1214-W	Form No. 23 Notice and Application for the Water Rate Assistance Program (Continued)	
1215-W	Table of Contents	1204-W
1216-W	Table of Contents (Continued)	

These tariffs are submitted pursuant to General Order 96-A and Commission Decision (D) 04-08-054. With this filing SJWC is implementing a Water Rate Assistance Program (WRAP) for low income customers.

#### Background

SJWC's last General Rate Case Decision D.04-08-054 adopted a settlement agreement between the Office of Ratepayer Advocates (ORA) and SJWC. The Settlement Agreement (Section 9.1) (Attachment A) allowed SJWC to implement a modified version of the WRAP program for low income customers proposed by SJWC via an advice letter filing. With the modifications, the WRAP will provide a 15% discount on the total water bill for the customers eligible for the program based on the same income qualification guidelines as is use by PG&E's CARE program (175% of federal poverty level). The program would automatically qualify customers already part of PG&E's CARE program, while customers without PG&E service in their name would qualify by providing income verification in accordance with the program guidelines. The modified program will also extend eligibility to customers in mobile homes behind master-meters. In order to fund this program SJWC will implement a monthly surcharge of \$0.41 per bill. The surcharge will be identified separately on the customer bill and be applied to all SJWC customers who are not recipients of the WRAP program benefits. In accordance with the Settlement Agreement adopted in D.04-08-054, SJWC will also maintain a WRAP balancing account to which all revenue and expenses associated with the program will be booked for later recovery or refund.

## Schedule No. 1B

GENERAL METERED SERVICE WITH  
automatic fire sprinkler system  
(Continued)

2. For the purpose of fire protection under this schedule, the utility will supply only such water at such pressure as may be available from time to time as a result of its operation of the system. Section 774 of the Public Utilities Code limits the liability of the utility resulting from a claim regarding the provision or maintenance of an adequate water supply, water pressure, equipment or other fire protection facility or service. Acceptance of service under this tariff is acknowledgment of notice of the provisions of Section 774 of the Public Utilities Code. (D)
3. Pursuant to Public Utilities Code Section 455.2, to amortize the recovery of the shortfall in revenue between the interim rates implemented January 1, 2004 and the rates ultimately approved by the CPUC in D.04-08-054 and implemented August 24, 2004, a surcharge of \$0.0796 per 100 cu. ft. is to be added to the Quantity Rate shown above for a 12-month period beginning with the effective date of this tariff. (T)  
I  
I  
I  
(T)
4. To fund the Water Rate Assistance Program (WRAP) for residential low-income households, a surcharge of \$0.41 per month will be added to the bill. (N)  
(N)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (T)

SAN JOSE WATER COMPANY (U168W) Revised  
(To be inserted by utility) Issued by

Cal. P.U.C. Sheet No. 1215-W  
(To be inserted by Cal. P.U.C.)

Advice No. 356 PALLE JENSEN  
Director,  
Dec. No. D.04-08-054 Regulatory Affairs  
TITLE

Date Filed \_\_\_\_\_  
Effective \_\_\_\_\_  
Resolution No. \_\_\_\_\_

## Schedule No. 1

GENERAL METERED SERVICE  
(Continued)

- (D)
3. Pursuant to Public Utilities Code Section 455.2, to amortize the recovery of the shortfall in revenue between the interim rates implemented January 1, 2004 and the rates ultimately approved by the CPUC in D.04-08-054 and implemented August 24, 2004, a surcharge of \$0.0796 per 100 cu. ft. is to be added to the Quantity Rate shown above for a 12-month period beginning with the effective date of this tariff. (T)  
I  
I  
I  
(T)
4. To fund the Water Rate Assistance Program (WRAP) for residential low-income households, a surcharge of \$0.41 per month will be added to the bill. (N)  
(N)

(To be inserted by utility)

Issued by

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

Advice No. 356PALLE JENSEN

Date Filed \_\_\_\_\_

Dec. No. D.04-08-054

Director,

Effective \_\_\_\_\_

Regulatory Affairs

Resolution No. \_\_\_\_\_

TITLE



## Schedule No. 1B

GENERAL METERED SERVICE WITH  
automatic fire sprinkler system  
(Continued)

2. For the purpose of fire protection under this schedule, the utility will supply only such water at such pressure as may be available from time to time as a result of its operation of the system. Section 774 of the Public Utilities Code limits the liability of the utility resulting from a claim regarding the provision or maintenance of an adequate water supply, water pressure, equipment or other fire protection facility or service. Acceptance of service under this tariff is acknowledgment of notice of the provisions of Section 774 of the Public Utilities Code. (D)
3. Pursuant to Public Utilities Code Section 455.2, to amortize the recovery of the shortfall in revenue between the interim rates implemented January 1, 2004 and the rates ultimately approved by the CPUC in D.04-08-054 and implemented August 24, 2004, a surcharge of \$0.0796 per 100 cu. ft. is to be added to the Quantity Rate shown above for a 12-month period beginning with the effective date of this tariff. (T)  
I  
I  
I  
(T)
4. To fund the Water Rate Assistance Program (WRAP) for residential low-income households, a surcharge of \$0.41 per month will be added to the bill. (N)  
(N)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (T)

SAN JOSE WATER COMPANY (U168W) Revised  
(To be inserted by utility) Issued byCal. P.U.C. Sheet No. 1215-W  
(To be inserted by Cal. P.U.C.)Advice No. 356PALLE JENSEN

Date Filed \_\_\_\_\_

Dec. No. D.04-08-054

Director,

Effective \_\_\_\_\_

Regulatory Affairs

Resolution No. \_\_\_\_\_

TITLE



374 West Santa Clara St.  
San Jose, CA 95196-0001  
Phone 408 279-7800  
Fax 408 279-7934

August 31, 2005

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

Advice Letter No. 356

The 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>Canceling Cal.P.U.C. Sheet No</u>
1208-W	Schedule No. 1 General Metered Service (Continued)	1196-W
1209-W	Schedule No. 1B General Metered Service With Automatic Fire Sprinkler System (Continued)	1197-W
1210-W	Schedule WRAP Water Rate Assistance Program	
1211-W	Schedule WRAP Water Rate Assistance Program (Continued)	
1212-W	Form No. 23 Notice and Application for the Water Rate Assistance Program	

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ADVICE LETTER NO. 356  
Page 2

Cal.P.U.C.  
Sheet No.

Title of Sheet

Canceling  
Cal.P.U.C.  
Sheet No

1213-W

Form No. 23  
Notice and Application for the  
Water Rate Assistance Program  
(Continued)

1214-W

Form No. 23  
Notice and Application for the  
Water Rate Assistance Program  
(Continued)

1215-W

Table of Contents

1216-W

Table of Contents  
(Continued)

1207-W

These tariffs are submitted pursuant to General Order 96-A and Commission Decision (D) 04-08-054. With this filing SJWC is implementing a Water Rate Assistance Program (WRAP) for low income customers.

Background

SJWC's last General Rate Case Decision D.04-08-054 adopted a settlement agreement between the Office of Ratepayer Advocates (ORA) and SJWC. The Settlement Agreement (Section 9.1) (Attachment A) allowed SJWC to implement a modified version of the WRAP program for low income customers proposed by SJWC via an advice letter filing. With the modifications, the WRAP will provide a 15% discount on the total water bill for the customers eligible for the program based on the same income qualification guidelines as is use by PG&E's CARE program (175% of federal poverty level). The program would automatically qualify customers already part of PG&E's CARE program, while customers without PG&E service in their name would qualify by providing income verification in accordance with the program guidelines. The modified program will also extend eligibility to customers in mobile homes behind master-meters. In order to fund this program SJWC will implement a monthly surcharge of \$0.41 per bill. The surcharge will be identified separately on the customer bill and be applied to all SJWC customers who are not recipients of the WRAP program benefits. In accordance with the Settlement Agreement adopted in D.04-08-054, SJWC will also maintain a WRAP balancing account to which all revenue and expenses associated with the program will be booked for later recovery or refund.

Implementation of SJWC's program has been delayed as the Class A water utilities and the CPUC's Water Division have been working together to develop a statewide program that would be applicable to customers of all investor owned water utilities. The Water Division was to compile a report on low-income programs that was to address a frame work for such a statewide program. SJWC has decided to proceed at this time with the filing and implementation of the original authorized WRAP program to avoid further delay in providing this customer assistance program. Additionally, due to the recent approval of the San Gabriel Water Co. Low Income program, it appears that a statewide program may not be established in the near future. When a statewide program is finalized, SJWC will amend its program if necessary.

Additionally, SJWC has made administrative deletions to Schedules No. 1 and 1B by removing the Balancing Account Surcharge which expired on August 24, 2005 and renumbered the tariff items appropriately.

#### Protests and Responses

There are two ways for the public to respond to this Advice Letter. You can send a protest to the CPUC and, if you do, you must send a copy of the protest to the utility; or you can send a response to the CPUC with a copy to the utility if you wish.

A protest is a document objecting to the granting in whole or in part of the authority sought in this advice letter. A response is a document that does not object to the authority sought, but nevertheless presents information that the party tendering the response believes would be useful to the Commission in acting on the request.

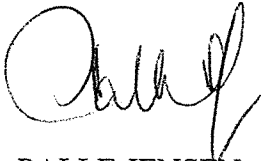
A protest must be mailed within 20 days of the date the Commission accepts the advice letter for filing. The filing date is the date the advice letter was placed on the Commission's Calendar. The Calendar is available on the Commission's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov). Click on SEARCH SITE (upper left corner). Uncheck all but the Daily Calendar. Enter "WATER 356-W" (include the quotation marks) and click SEEK. A protest must state the facts constituting the grounds for the protest, the effect that approval of the advice letter might have on the protestant, and the reasons that protestant believes the advice letter, or a part of it, is not justified. If the protest requests an evidentiary hearing, the protest must state the facts the protestant would present at an evidentiary hearing to support its request for whole or partial denial of the application.

All protests or responses to this filing should be sent to:  
California Public Utilities Commission, Water Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
Fax: 415-703-4426  
E-Mail: [water\\_division@cpuc.ca.gov](mailto:water_division@cpuc.ca.gov)

A copy should also be mailed to San Jose Water Company, Regulatory Affairs, 374 West Santa Clara Street, San Jose, California 95196, Fax 408-279-7934 or e-mail [regulatoryaffairs@sjwater.com](mailto:regulatoryaffairs@sjwater.com). If you have not received a reply to your protest within 10 business days, contact San Jose Water Company at 408-279-7900.

This filing will not increase any rate or charge, cause the withdrawal of service, nor conflict with other schedules or rules. Public notice of this filing is not required. In compliance with Section III-G of General Order 96-A, a copy of this advice letter has been mailed to all interested and affected parties as detailed in Attachment B.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Palle Jensen', written over a horizontal line.

PALLE JENSEN  
Director of Regulatory Affairs

PLJ:ael  
Enclosures

A copy of Advice Letter No. 356 has been sent to the following municipalities, water companies and interested parties:

City of San Jose  
Municipal Water Dept.  
Attn: Mansour Nasser  
3025 Tuers Road  
San Jose, CA 95121

San Jose Mercury News  
Attn: Financial Editor  
750 Rider Park Drive  
San Jose, CA 95190

California Water Service Co.  
Attn: Stan Ferraro  
1720 North First Street  
San Jose, CA 95112

Town of Los Gatos  
Attn: Director of Public Works  
110 E. Main Street  
Los Gatos, CA 95032

City of Cupertino  
10300 Torre Avenue  
Cupertino, CA 95014

City of Monte Sereno  
Attn: Director of Public Works  
18014 Saratoga-Los Gatos Road  
Monte Sereno, CA 95030

City of Campbell  
70 North First Street  
Campbell, CA 95008

City of Saratoga  
Attn: Director of Public Works  
13777 Fruitvale Avenue  
Saratoga, CA 95070

City of Santa Clara  
1500 Warburton Avenue  
Santa Clara, CA 95050

County of Santa Clara  
Attn: Director of Public Works  
70 W. Hedding Street  
San Jose, CA 95110

Great Oaks Water Company  
Attn: Alan Gardner  
P.O. Box 23490  
San Jose, CA 95153

Community Development  
Engineering Services  
City of Milpitas  
Attn: Utilities Section  
455 East Calaveras Blvd.  
Milpitas, CA 95035

Santa Clara Valley Water District  
5750 Almaden Expressway  
San Jose, CA 95118

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 589**

**ATTACHMENT B**



# BALANCING ACCOUNTS PERFORMANCE AUDIT

San Jose Water Company

January 1, 2020, through December 31, 2020

Utility Audits, Risk and Compliance Division  
Utility Audits Branch  
November 17, 2022





## **MEMBERS OF THE TEAM**

**Angie Williams, Director**

**Masha Vorobyova, Assistant Director**

**Kevin Nakamura, Supervisor**

**Jared Smith, Lead**

**Amy Xu, Staff**

**Yosief Hailemichael, Staff**

**A digital copy of this report can be found at:**

**[Audit Reports by Industry \(ca.gov\)](#)**

**You can contact our office at:**

**California Public Utilities Commission  
Utility Audits, Risk and Compliance Division  
400 R Street, Suite 221  
Sacramento, CA 95811**

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



Transmitted via e-mail

November 17, 2022

Mr. John Tang  
Vice President of Regulatory Affairs and Government Relations  
San Jose Water Company  
110 West Taylor Street  
San Jose, California 95110

Dear Mr. Tang:

**Final Report Transmittal Letter—Audit of San Jose Water Company's Balancing Accounts for the period of January 1, 2020, through December 31, 2020**

The Utility Audits Branch (UAB) of the California Public Utilities Commission (CPUC) has completed its audit of San Jose Water Company's (San Jose) balancing accounts for the period of January 1, 2020, through December 31, 2020.

We issued the draft audit report on November 8, 2022. San Jose's response to the draft report findings is incorporated into this final report. San Jose's response to the draft report required minor updates to the amounts in Finding 1 due to additional information provided. As a result, we made modifications to the Executive Summary and Finding 1 in the Findings and Recommendations section of the final report. We will post the final audit report on our website at <https://www.cpuc.ca.gov/utilityaudits/>

A Corrective Action Plan addressing the findings and recommendations is required. San Jose's response to the draft audit report included corrective actions. However, San Jose is still required to file an Advice Letter to include the Water Rate Assistance Program balancing account in its Preliminary Statement. Once San Jose files this Advice Letter, no further actions will be required.

We appreciate San Jose's assistance and cooperation during the engagement, and its willingness to implement corrective actions. If you have any questions regarding this report, please contact Kevin Nakamura, Supervisor, at (916) 928-4736.

Sincerely,

*Angie Williams*

Angie Williams, Director  
Utility Audits, Risk and Compliance Division

cc: on next page

Mr. John Tang  
Vice President of Regulatory Affairs and Government Relations  
San Jose Water Company  
November 17, 2022  
Page 2

cc: Nanci Tran, Regulatory Affairs, San Jose  
Rachel Peterson, Executive Director, CPUC  
Kristin Stauffacher, Deputy Executive Director, Office of the Commission, CPUC  
Terence Shia, Director, Water Division, CPUC  
Bruce DeBerry, Program Manager, Water Division, CPUC  
Masha Vorobyova, Assistant Director, UAB, CPUC  
Kevin Nakamura, Program and Project Supervisor, UAB, CPUC  
Jared Smith, Senior Management Auditor, UAB, CPUC  
Jiai "Amy" Xu, Senior Management Auditor, UAB, CPUC  
Yosief Hailemichael, Associate Management Auditor, UAB, CPUC

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# EXECUTIVE SUMMARY

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The Utility Audits Branch (UAB) of the California Public Utilities Commission (CPUC) conducted a performance audit of the balancing accounts administered and reported by San Jose Water Company (San Jose) for the audit period of January 1, 2020, through December 31, 2020.

Our audit objectives were to determine whether 1) transactions recorded in San Jose's balancing accounts from January 1, 2020, through December 31, 2020, were for allowable purposes and supported by appropriate documentation; and 2) the balancing accounts were established and maintained as required by applicable Public Utilities (PU) Code sections, CPUC directives, orders, rules, regulations, and San Jose's policies and procedures.

Based on our audit objectives, procedures performed, samples tested, and evidence gathered, we found instances of noncompliance with the requirements. These instances are described in the Findings and Recommendations section of this audit report. The findings are summarized as follows:

- **Finding 1: Understated Balance in the Purchased Power Balancing Account**

San Jose reported an under-collected incremental balance of \$524,132 in its Purchased Power balancing account, which was misstated by a net of \$565,980 for the audit period (understated by \$595,492 and overstated by \$29,512). The corrected year-end under-collected incremental balance in the Purchased Power balancing account should be \$1,090,112.

- **Finding 2: Understated Balance in the Monterey-Style Water Rate Adjustment Mechanism Balancing Account**

San Jose understated the year-end incremental balance in its Monterey-Style Water Rate Adjustment Mechanism (M-WRAM) balancing account by a total of \$76,202 for the audit period. The corrected year-end under-collected incremental balance in the M-WRAM balancing account should be \$11,796,643.

- **Finding 3: Four Balancing Accounts Omitted from the Preliminary Statement**

San Jose did not include four of its ten balancing accounts authorized by the CPUC in its Preliminary Statement as mandated in General Order (GO) 96-B. Specifically, San Jose omitted its Purchased Power, Purchased Water, Pump Tax, and Water Rate Assistance Program (WRAP) balancing accounts and related required information from its Preliminary Statement.

We issued a draft report on November 8, 2022. San Jose responded by letter dated November 10, 2022, outlining corrective actions taken and implemented for Findings 1 through 3 and proposing an edit to Finding 1 in the draft audit report to update the year-end under-collected incremental balance in the Purchased Power balancing account. San Jose's response is included in this final report as an attachment in Appendix A-Utility's Response to the Draft Audit Report and our evaluation of the response is included in Appendix B-UAB's Evaluation of Utility's Response.

# AUDIT REPORT

---

## Background

### *Balancing Accounts*

The CPUC has a responsibility to authorize the rates that regulated utilities may charge their customers. Considering that the rates are derived from projected costs and projected consumption of service, the CPUC authorizes regulated utilities to establish balancing accounts to track the actual costs and the related revenues the utilities collect from ratepayers for specified activities. The primary purpose of a balancing account is to ensure that a utility recovers its CPUC-authorized revenue requirement from ratepayers for a given program or function, but not more or less.

Functionally, a balancing account tracks the difference between actual expenditures associated with the account, revenue authorized for recovery by the CPUC (authorized revenue requirement), and the actual revenues collected within customer rates to cover those specific expenditures. Applicable rules for a given balancing account are presented in the utility's Preliminary Statement, which also includes a description of the purpose of the account, the types of costs and/or revenues that are to be tracked in the account, and specific accounting procedures that the utility must follow to record transactions for the balancing account. Additionally, unless approved otherwise, a balancing account is required to accumulate monthly interest at a rate equal to one-twelfth of the most recent month's interest rate on three-month Commercial Paper published by the Federal Reserve.

Actual revenues collected by a utility in rates can be more or less than what CPUC had authorized to collect because rates are always forward-looking and based on forecasted sales. Thus, the balance in a balancing account can either be over- or under-collected. If a balancing account is over- or under-collected, the net balance is typically recovered from or refunded to ratepayers on an annual basis through an adjustment in rates.

In 2020, San Jose was authorized a total of ten balancing accounts to track differences between actual expenditures associated with the account and authorized for recovery, and the revenues collected within customer rates to cover those specific expenses. Additionally, San Jose utilized two recovery accounts to track the amortization of prior year-end over- or under-collected balances transferred from its balancing accounts. In 2020, San Jose reported a total combined under-collected balance of \$19,425,493 and in its balancing and recovery accounts. A breakdown of the reported amounts over- or under-collected in rates as of December 31, 2020, by each balancing and recovery account is provided in the table below:

Title of Balancing and Recovery Accounts	Reported Net Over/(Under- Collected) Balance as of Dec. 31, 2020
Purchased Power*	\$ (524,132)
Purchased Water**	(1,419,468)
Pump Tax	(1,859,341)
WRAP Discount	123,429
Pension Balancing Account	(1,008,150)
SRF Loan I Surcharge	(420,314)
SRF Loan II Surcharge	(360,018)
Monterey-Style WRAM	(11,720,441)
Recovery of Undercollection of Balancing Accounts 2018 GRC	(1,128,374)
Recovery of Net Undercollection Pressure Reducing Valve Modernization and Energy Recover Balancing Account	(1,108,684)
<b>Total Net Under-Collected Balance***</b>	<b>\$ (19,425,493)</b>

\*In its 2020 Annual Report to CPUC, San Jose reported four balances for the Purchased Power Balancing Account. Specifically, San Jose reported \$4,427, (\$247,638), (\$246,260), and (\$34,661), totaling net balance of (\$524,132). As all balances are for purchased power expenditures, UAB combined the four balances for reporting purposes.

\*\* In its 2020 Annual Report to CPUC, San Jose reported four balances for the Purchased Water Balancing Account. Specifically, San Jose reported (\$1,825,470) for Purchased Water, \$131,167 Non-contract, \$355,649 Recycle, and (\$80,814) Recycle Well totaling net balance of (\$1,419,468). Since all the balances are for purchased water expenditures, UAB combined the four balances for auditing and reporting purposes.

\*\*\* In its 2020 Annual Report, San Jose reported (\$3,031,226), (\$817,289), and (\$123,599) for calendar years 2017, 2018, and 2019 respectively under the general term Balancing Account. Those balances are under-collected balancing account balances for each respective calendar year. These balances fell outside of the scope of our audit and were not included in our report above.

## Audit Authority

The UAB conducted this audit under the general authority outlined in PU Code sections 314.5, 314.6, 451, 581, 582, 584. Furthermore, PU Code section 792.5 requires the CPUC to review or audit all balancing accounts periodically to ensure that the transactions recorded in the balancing accounts are for allowable purposes and supported by appropriate documentation.

## Objective and Scope

Our audit objectives were to determine whether 1) transactions recorded in San Jose's balancing accounts from January 1, 2020, through December 31, 2020, were for allowable purposes and supported by appropriate documentation; and 2) the balancing accounts were established and maintained as required by applicable PU Code sections, CPUC directives, orders, rules, regulations, and the San Jose's policies and procedures.

The scope of our audit covered the ten balancing accounts administered and reported by San Jose for the audit period of January 1, 2020, through December 31, 2020.

Due to the absence of the Purchased Power, Purchased Water, Pump Tax, and WRAP balancing accounts in San Jose's Preliminary Statement, we were unable to validate the specific provisions related to these accounts, including but not limited to types of costs and/or revenues allowed to be recorded, applicable accounting procedures that must be followed to record transactions, and other provisions that support tariff rules or rate schedules for these balancing accounts. Therefore, our scope relating to

these four balancing accounts was limited to testing of expenditures and incremental rates and ensuring that San Jose followed its own practices and procedures. In addition, the WRAP account was not determined to be a significant balancing account during our planning and thus no testing was performed on that balancing account.

## **Methodology**

In planning our audit, we gained an understanding of each balancing account and San Jose's operations by researching and reviewing relevant PU Code sections, Preliminary Statements, San Jose's internal rules, regulations, and policies, CPUC decisions, resolutions, advice letters (AL), and interviewing San Jose's personnel.

We conducted a risk assessment, including evaluating whether San Jose's key internal controls relevant to our audit objectives were properly designed, implemented, and operating effectively. Our assessment included conducting interviews, performing walkthroughs, and testing transactions. Deficiencies in internal control that were identified during our audit and determined to be significant within the context of our audit objective are included in this report.

Additionally, we assessed the reliability of the data extracted from San Jose's customer billings system. Our assessment included observing the billing process from beginning to end for one billing cycle. Specifically, this included the uploading of data from handheld meter read devices to computer servers, reviewing and correcting billing errors identified by the billing software, production of internal reports to record revenues to each appropriate balancing and recovery accounts, and the creation and issuance of customer billing statements for the billing cycle. We determined the data to be sufficiently reliable to address the audit objectives.

Based on the results of our planning, we developed specific methods for gathering evidence to obtain reasonable assurance to address the audit objectives. To achieve our audit objectives, we:

- Reviewed applicable CPUC decisions, ALs, General Rate Case (GRC) proceedings, and San Jose's Preliminary Statement to gain an understanding of the accounts and applicable tariff rates.
- Reviewed external audit reports prepared by independent Certified Public Accounting firms on San Jose's annual financial statements and internal controls to identify potential risks relevant to the audit objectives.
- Assessed significance by performing analysis of revenue and expenditure data and evaluating balancing account requirements.
- Reviewed San Jose's accounting processes and procedures for tracking, monitoring, and recording transactions to its balancing accounts.
- Reviewed San Jose's customer billing system and processes and procedures for recording and reporting revenues to its balancing accounts.
- Reviewed San Jose's practices and procedures related to the administration and implementation of its balancing accounts.



- Obtained an understanding of San Jose’s key internal controls relevant to its balancing accounts, such as accounting and reporting process, customer billing procedures, rate adjustment process, and assessed the design and implementation that were relevant to the audit objectives by:
  - interviewing key personnel;
  - completing an internal control questionnaire; and
  - performing walkthroughs and observations of selected customer billings and transactions.
- Conducted a risk assessment to determine the nature, timing, and extent of substantive testing.
- Performed testing of expenditures by judgmentally selecting a non-statistical sample of significant expenditure transactions for the following balancing accounts as illustrated in the table below:

Balancing Account Name	Total Expenditures Tested	Total Expenditures Recorded in 2020	Percent Tested
Pump Tax	\$ 781,443	\$ 1,857,166	42%
Purchased Water	887,232	1,823,470	49%
Purchased Power	523,543	523,543	100%
Pension Expense Balancing Account	5,040,000	8,594,000	59%
<b>Totals</b>	<b>\$7,232,218</b>	<b>\$12,798,179</b>	<b>57%</b>

Note: For the selected samples, errors found, if any, were not projected to the total population.

- Traced sampled expenditures recorded in San Jose’s accounting records to supporting documentation and determined whether transactions were accurate, allowable, supported by appropriate source documents, and maintained in compliance with applicable CPUC directives, orders, rules, regulations, and San Jose’s policies and procedures.
- Performed testing of revenue activity recorded in 2020 for the Monterey-Style Water Rate Adjustment Mechanism (M-WRAM) balancing account of 100% of the revenue amounts recorded in the balancing account during the audit period as summarized in the table below:

Balancing Account Name	Total Revenue Tested	Total Revenue Recorded in 2020	Percent Tested
Monterey-style Water Rate Adjustment Mechanism Balancing Account (MWRAM)	\$5,042,022	\$5,042,022	100%

Note: For the selected samples, errors found, if any, were not projected to the total population.

- Traced sampled M-WRAM revenue amounts to billing reports to determine whether appropriate rates were applied, revenue amounts were appropriately recorded and reported in the monthly tracking statement, the beginning balance reconciled to the prior year's ending balance, and that the recorded ending balance matched the amount reported to the CPUC in San Jose's annual report.
- Determined whether San Jose properly reported and recorded monthly interest in its Balancing Account Monthly Tracking Statement by recomputing the monthly interest amounts reported for each month in five of ten of its balancing accounts.
- Reconciled year-end balances recorded in the Balancing Account Monthly Tracking Statements to San Jose's Annual report filed with the CPUC's Water Division.

We did not audit San Jose's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that San Jose reported, incurred, and maintained its balancing accounts in accordance with the applicable criteria. We considered San Jose's internal controls only to the extent necessary to plan the audit and achieve our audit objectives.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS), except for obtaining an external peer review. UAB was unable to obtain an external peer review timely due to delays caused by the COVID-19 pandemic. However, this does not affect UAB's adherence to all other GAGAS requirements. GAGAS standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Conclusion**

Based on our audit objectives, procedures performed, samples tested, and evidence gathered, we found instances of noncompliance with the requirements for the audit period from January 1, 2020, through December 31, 2020. These instances are described in the Findings and Recommendations section of this audit report.

## **Follow-up on Prior Audit Findings**

We have not previously conducted an audit of the San Jose' regulatory balancing accounts.

## **Views of Responsible Officials**

We issued a draft report on November 8, 2022. San Jose responded by letter dated November 10, 2022, outlining corrective actions taken and implemented for Findings 1 through 3 and proposing an edit to Finding 1 in the draft audit report to update the year-end under-collected incremental balance in the Purchased Power balancing account. San Jose's response is included in this final report as an attachment in Appendix A-Utility's Response to the Draft Audit Report and our evaluation of the response is included in Appendix B-UAB's Evaluation of Utility's Response.

## **Restricted Use**

This audit report is intended solely for the information and use of San Jose and the CPUC; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record and will be available on the CPUC website at [Audit Reports by Industry \(ca.gov\)](https://www.cpuc.ca.gov/Audit-Reports-by-Industry).

*Angie Williams*

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Angie Williams, Director  
Utility Audits, Risk and Compliance Division

# FINDINGS AND RECOMMENDATIONS

## Finding 1: Understated Balance in the Purchased Power Balancing Account

### Condition:

San Jose reported an under-collected incremental balance of \$524,132 in its Purchased Power balancing account, which was misstated by a net of \$565,980 for the audit period (understated by \$595,492 and overstated by \$29,512). The corrected year-end under-collected incremental balance in the Purchased Power balancing account should be \$1,090,112, as outlined in the table below:

Purchased Power Balancing Account	(Under)- Collected Balance
2020 year-end reported incremental balance	\$ (524,132)
Understated amount	(595,492)
Overstated amount	29,512
<b>Adjusted 2020 year-end incremental balance</b>	<b><u><u>\$(1,090,112)</u></u></b>

The Purchased Power balancing account tracks the incremental difference between the CPUC adopted power rates approved in San Jose's GRC and the actual power rates paid by the utility. During internal controls testing, we discovered that San Jose did not update its power survey to reflect three rate increases from its energy supplier which occurred in 2020. The power survey uses electrical rate and usage information to calculate an incremental rate. This rate is then applied to the monthly kilowatt hour (kWh) usage to determine the over- or -under collected amounts in the balancing account. In 2018, San Jose's power supplier changed rates three times and a power survey was performed for two of those rate changes. In 2019, San Jose's power supplier had a total of six rate changes. San Jose performed a power survey for each of the first four rate changes but did not perform a power survey for the last two rate changes, nor for any of the three rate increases in 2020. We expanded our testing of the rate changes to include 2018 and 2019 years to ensure the 2020 year-end reported balance reflects accurate rate changes. As a result of not updating the power survey, San Jose understated the reported Purchased Power balancing account under-collected incremental balance of \$524,132 by a total of \$595,492, according to San Jose's recalculation.

Additionally, San Jose overstated the year-end incremental balance in its Purchased Power balancing account by a total of \$29,512 for the audit period. As discussed above, the Purchase Power balancing account tracks the incremental difference between the CPUC adopted power rates approved in San Jose's GRC. Part of the calculation involves using actual monthly kWh usage obtained from actual invoices. During the testing of those invoices, we found that San Jose included kWh amounts for a partner water company for which it provides limited financial services and should not have been included in its calculation for the Purchase Power balancing account. As a result of this error, the reported 2020 year-end under-collected balance of \$524,132 was overstated by a total of \$29,512.

During the audit, San Jose provided an updated Purchased Power balancing account tracking statement that reflected the corrected incremental balance of \$1,090,112 as shown in the table above.

**Criteria:**

PU Code sections 581, 582, and 584 require that the utility provide timely, complete, and accurate data to the CPUC.

**Cause:**

San Jose lacks oversight and monitoring policies and procedures to detect errors and ensure the incremental amounts and kWh calculations are properly and accurately recorded and reported in its Purchased Power balancing account.

**Effect:**

It is imperative for each utility to ensure that its over or under-collected balances in its balancing accounts are accurate, complete, and in compliance with applicable laws, rules, regulations, directives, etc., to ensure ratepayers do not pay any more or less in rates than necessary.

**Recommendations:**

- San Jose should develop, document, and implement processes and procedures for the preparation and review of the incremental rate calculation to ensure the incremental amount is accurately recorded and reported.
- San Jose should also develop, document, and implement processes and procedures for the preparation and review of the kWhs calculation to detect errors and to ensure kWh amount are accurately recorded.

## **Finding 2: Understated Balance in the Monterey-Style Water Rate Adjustment Mechanism Balancing Account**

**Condition:**

San Jose understated the year-end incremental balance in its M-WRAM balancing account by a total of \$76,202 for the audit period. The corrected year-end under-collected incremental balance in the M-WRAM balancing account should be \$11,796,643, as outlined in the table below:

<b>M-WRAM Balancing Account</b>	<b>(Under)-Collected Balance</b>
2020 year-end reported incremental balance	\$(11,720,441)
Understated amount	(76,202)
<b>Adjusted 2020 year-end incremental balance</b>	<b><u>\$(11,796,643)</u></b>

The M-WRAM balancing account tracks the differences between the amount residents are billed using CPUC approved tiered rates for the quantity of water used, to what those revenues would have been if a single rate had been used. During the testing of internal controls, we discovered inconsistencies between internal reports generated by the San Jose's Customer Care and Billing (CCB) system. Specifically, we were unable to reconcile monthly totals from San Jose's internal JV-1 report, which the accounting department utilizes to track revenue, to its internal Conservation Rate Report, which is used to maintain and record transactions to the M-WRAM balancing account.

The Conservation Rate Report failed to provide correct information due to the software not being properly designed. Specifically, the software did not properly account for canceled bills and only allowed reports to be created as a “point in time” rather than a selected time period. This caused reports utilized to record amounts to the M-WRAM to produce amounts based on when the report was run. San Jose updated the CCB system to address these design flaws during the audit and provided the auditors with an updated Conservation Rate Reports for all twelve months within the audit period. The \$11,720,441 year-end balance reported by San Jose contained \$5,042,022 of revenue activity for 2020 which was understated by \$76,202 because of the incorrect Conservation Rate Report. As a result, San Jose updated the under-collected incremental balance in the M-WRAM balancing account tracking statement during the audit which now reflects an adjusted under-collected balance of \$11,796,643 as shown in the table above.

**Criteria:**

PU Code sections 581, 582, and 584 require that the utility provide timely, complete, and accurate data to the CPUC.

**Cause:**

San Jose did not ensure that CCB system was properly designed to address potential reporting errors. In addition, San Jose lacks oversight and monitoring policies and procedures to detect errors and to ensure the data reported in the Conservation Rate Report is accurate and timely prior to relying on the data to prepare the M-WRAM balancing account tracking statement.

**Effect:**

It is imperative for each utility to ensure that its over or under-collected balances in its balancing accounts are accurate, complete, and in compliance with applicable laws, rules, regulations, directives, etc., to ensure ratepayers do not pay any more or less in rates than necessary.

**Recommendations:**

- San Jose should develop, document, and implement processes and procedures for the review of CCB system updates to ensure reports utilized to record monthly transactions to its M-WRAM balancing account are complete and accurate.
- San Jose should also reconcile the JV-1 accounting reports to the Conservation Rate Report monthly to ensure amounts recorded and reported in the M-WRAM balancing account are accurate.

**Finding 3: Four Balancing Accounts Omitted from the Preliminary Statement**

**Condition:**

San Jose did not include four of its ten balancing accounts authorized by the CPUC in its Preliminary Statement as mandated in GO 96-B. Specifically, San Jose omitted its Purchased Power, Purchased Water, Pump Tax, and WRAP balancing accounts and related required information in its Preliminary Statement.

**Criteria:**

GO 96-B, Section 9.5.3 states:

The Preliminary Statement shall describe or explain: the territory served; the types and classes of service rendered; the general conditions under which services are rendered; the memorandum accounts (if any), balancing accounts, and adjustment clauses that might affect the utility's rates; and other tariff provisions that do not appear in the tariff rules or rate schedules.

**Cause:**

During the audit, San Jose acknowledged that it did not include the Purchased Power, Purchased Water, and Pump Tax balancing accounts in its Preliminary Statement because San Jose believed incremental balancing accounts were exempt from Preliminary Statement requirements by CPUC.

In addition, San Jose inadvertently omitted an updated Preliminary Statement containing the WRAP balancing account when San Jose submitted an AL to the CPUC Water Division for the approval of the WRAP balancing account.

**Effect:**

It is imperative that all balancing accounts be included in the Preliminary Statement in order to provide transparency to members of the public and/or ratepayers, and other stakeholders by documenting the balancing account's purpose, the applicability of tariff rates, types of costs and/or revenues recorded in the account, accounting procedures, and other provisions that do not appear in tariff rules or rate schedules. Such information documented in the Preliminary Statement enables stakeholders to validate whether given balancing accounts function within the regulatory framework and prescribed guidelines. Including required information for all balancing accounts in the Preliminary Statement facilitates accountability and helps ensure that each balancing account follows applicable laws, rules, regulations, and directives so that ratepayers do not pay any more or less in applicable rates than necessary.

**Recommendations:**

San Jose should develop and submit an updated Preliminary Statement that contains and describes its Purchased Power, Purchased Water, Pump Tax, and WRAP balancing accounts and publish the updated Preliminary Statement on its website once reviewed and approved by the CPUC's Water Division.

# APPENDIX A—UTILITY'S RESPONSE TO DRAFT AUDIT REPORT

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November 10, 2022

Angie Williams, Director  
Utility Audits, Risk and Compliance Division (UAB)  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

**Re: Comments on Draft Audit Report**

Dear Ms. Williams:

Thank you for the opportunity to provide comments on the draft report of the Audit of San Jose Water Company's Balancing Accounts for the period for January 1, 2020, through December 31, 2020.

The draft report identified three findings. SJWC's responses to those findings are as follows:

- **Finding 1: Understated Balance in the Purchased Power Balancing Account**

San Jose reported an under-collected incremental balance of \$524,132 in its Purchased Power balancing account, which was misstated by a net of \$565,999 for the audit period (understated by \$595,511 and overstated by \$29,512). The corrected year-end under-collected incremental balance in the Purchased Power balancing account should be \$1,090,131.

Response:

In reviewing the details of the audit findings, there was a minor difference in the misstated net balance of the Purchased Power Balancing Account. The net misstatement should be \$565,980 resulting in a corrected year-end under-collected incremental balance in the Purchased Power balancing account of \$1,090,112.

SJWC has updated the 2020 Purchased Power Balancing Account to reflect the understatement of \$565,980. The update was provided to UAB during the audit process. For the 2021 Purchased Power Balancing Account, SJWC will perform the missing power studies and remove the KWH from our partner utility to correctly reflect the correct incremental difference between actual and adopted purchased power cost. Our most recent GRC decision provides for a Full Cost Balancing Account and thus power studies are no longer needed starting in 2022. Furthermore, we have updated our process to utilize the total recorded purchased power cost which matches accounting's recorded power cost in JV 32, and ensure that the energy costs for a partner utility, which resulted in the small overstatement, are not included.

- **Finding 2: Understated Balance in the Monterey-Style Water Rate Adjustment Mechanism Balancing Account**

San Jose understated the year-end incremental balance in its Monterey-Style Water Rate Adjustment Mechanism (M-WRAM) balancing account by a total of \$76,202 for the audit



period. The corrected year-end under-collected incremental balance in the M-WRAM balancing account should be \$11,796,643.

Response:

We have updated our process to include a control test for the new Conservation Rate Report. On a monthly basis going forward, we are reconciling the new Conservation Rate Report with that of the monthly rate stat report used in JV-1 to ensure accurate accounting of consumption.

- **Finding 3: Four Balancing Accounts Omitted from the Preliminary Statement**

San Jose did not include four of its ten balancing accounts authorized by the CPUC in its Preliminary Statement as mandated in General Order (GO) 96-B. Specifically, San Jose omitted its Purchased Power, Purchased Water, Pump Tax, and Water Rate Assistance Program (WRAP) balancing accounts and related required information from its Preliminary Statement.

Response:

The Purchased Power, Purchased Water and Pump Tax balancing accounts have been replaced with SJWC's Full Cost Balancing Account starting on January 1, 2022. SJWC has filed Advice Letter 584 with the CPUC to include the Full Cost Balancing Account in our Preliminary Statement. SJWC will file an advice letter with the CPUC to include the Water Rate Assistance Program (WRAP) balancing account in our Preliminary Statement.

We appreciate the thoroughness of the UAB's audit and your consideration of these comments in the final report.

Very truly yours,



John Tang  
Vice President of Regulatory Affairs  
and Government Relations

cc: Masha Vorobyova, UAB, CPUC  
Kevin Nakamura, UAB, CPUC  
Jared Smith, UAB, CPUC  
Amy Xu, UAB, CPUC  
Yosief Hailemichael, UAB, CPUC  
Nanci Tran, SJWC

## APPENDIX B—UAB'S EVALUATION OF UTILITY'S RESPONSE

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We appreciate San Jose's comments submitted on November 10, 2022. In its response, San Jose provided their corrective actions to address all three findings and recommendations but requested a minor update to the amounts reflected in Finding 1. Specifically, based on additional supporting documentation provided by San Jose, we revised the audit adjustment for the total net misstated amount in the Purchased Power balancing account from \$565,999 as stated in the draft audit report issued on November 8, 2022, to \$565,980. In doing so, we also revised the total understated amount from \$595,511 to \$595,492 while the overstated amount of \$29,512 remained unchanged. As a result of these revisions due to a minor disparity in the calculation of the incremental rates for the months of October – December 2020, the total revised adjusted 2020 year-end incremental balance of \$1,090,131 as reported in the draft audit report has been updated to \$1,090,112. The Executive Summary and Finding 1 in the Findings and Recommendations section of this final report reflect these updated figures.

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 589**

**ATTACHMENT C**

## SAN JOSE WATER COMPANY (U-168-W)

### ADVICE LETTER 589 SERVICE LIST

Big Redwood Park Water	waldburford@gmail.com;
Brush & Old Well Mutual Water Company	BOWMWC@brushroad.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	rogerl@cupertino.org;
City of Milpitas	<a href="mailto:tndah@ci.milpitas.ca.gov">tndah@ci.milpitas.ca.gov</a> ;
City of Milpitas	smachida@ci.milpitas.ca.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	tguster@greatoakswater.com;
Cal Water	jpolanco@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;