

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 6, 2022

John Tang
Vice President of Regulatory Affairs
San Jose Water Company
110 West Taylor Street
San Jose, CA 95110-2131

Dear Mr. Tang,

The Water Division of the California Public Utilities Commission has approved San Jose Water Company's Advice Letter No. 584, filed on October 24, 2022, regarding authorization to Update Preliminary Statements.

Enclosed are copies of the following revised tariff sheets, effective January 1, 2022, for the utility's files:

P.U.C. Sheet No.	Title of Sheet
2212-W	Preliminary Statement (Continued) J. Pension Expense Balancing Account
2213-W	Preliminary Statement (Continued) J. Pension Expense Balancing Account (Continued)
2214-W	Preliminary Statement (Continued) P. Drinking Water Fees Memorandum Account
2215-W	Preliminary Statement (Continued) T. Catastrophic Event Memorandum Account (CEMA)
2216-W	Preliminary Statement (Continued) Z. Intervener Compensation
2217-W	Preliminary Statement (Continued) AA. Full Cost Balancing Account (FCBA)
2218-W	Table of Contents
Cancel	2153-W

Please contact Eustace Ednacot at ERE@cpuc.ca.gov or 415-703-1492, if you have any questions.

Thank you.

Enclosures

PRELIMINARY STATEMENT
(Continued)

I. Water Revenue Adjustment Mechanism Balancing Account

(Continued)

- c. Recorded WRAM-eligible revenue is the amount of residential tiered usage-related revenue billed to qualifying customers in a particular period.
- d. Adopted WRAM-eligible revenue is the amount of residential tiered rate quantity related revenue calculated at uniform rates using actual quantity billed.

4. Accounting Procedure

a. The following entries will be recorded monthly in the WRAM:

- 1. Recorded WRAM-eligible revenue.
- 2. Adopted WRAM-eligible revenue.
- 3. Total net WRAM balance = (1) minus (2)
- 4. A negative (-) balance in the memorandum account reflects a utility over collection to be refunded, while a positive balance reflects a utility under collection to be recovered in rates.

b. The Company will record the accumulated WRAM 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 for the WRAM 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 or refunds of over-collections will be passed on to the customers through volumetric surcharges or surcredits.

J. Pension Expense Balancing Account

1. Purpose

The purpose of the Pension Expense Balancing Account is to track differences between recorded cash Contributions to the San Jose Retirement Plan with San Jose Water Company's recovery of this expense for ratemaking purposes capped at the level of pension expense calculated according to the method prescribed by Statement of Financial Accounting Standards #87 for each concurrent year.

2. Applicability

The Pension Expense Balancing Account is applicable to all pension expenses.

3. Definitions

a. Recorded Cash Contributions to Retirement Plan are all recorded payments made to San Jose Water Company's Pension Plan Expenses capped at the level of pension expense calculated according to the method prescribed by Statement of Financial Accounting Standards Number 87 for each concurrent year.

b. Authorized Pension Expense for Ratemaking Purposes are the authorized amounts included for ratemaking purposes per D.22-10-005. (T)

4. Accounting Procedure

a. The following entries will be recorded monthly in the Pension Balancing Account:

- 1. Recorded Cash Contributions to Retirement Plan.
- 2. Authorized Pension Expense for Ratemaking Purposes
- 3. Total net Pension Balancing Account balance = (1) minus (2)
- 4. A negative (-) balance in the memorandum account reflects a utility over collection to be refunded, while a positive balance reflects a utility under collection to be recovered in rates.

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(Continued)

J. Pension Expense Balancing Account (Continued)

b. The Company will record the accumulated Pension 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 for the Pension 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 or refunds of over-collections will be passed on to the customers through volumetric surcharges or surcredits.

(D)

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PRELIMINARY STATEMENT
(Continued)

- (D)**
- P. Drinking Water Fees Memorandum Account**
1. Purpose **(L)**
 The purpose of the Drinking Water Fees Memorandum Account (DWFMA) is to track the difference between actual drinking water fees charged by the State Water Resources Control Board (based on the revised fee structure made effective on September 22, 2021) and the drinking water fees authorized in San Jose Water Company's General Rate Case Decision D.18-03-035 for 2021 and future adopted fees for 2022-23-24 as determined by the Commission. SJWC is currently going through a GRC proceeding and waiting settlement .
2. Applicability
 The DWFMA will track the difference between the annual drinking water fees charged by the State Water Resources Control Board and the drinking water fees authorized in general rate case decision
- D.20-10-005 adopted fees for 2022-23-24 as determined by the Commission. Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, to the average of the beginning of month and the end-of-month balances. **(T)**
3. Disposition **(L)**
 If the accumulated balance for the DWFMA exceeds 2% of the total authorized revenue requirement for the prior calendar year, the Company will file an advice letter to amortize the balance. Prior to recovery, charges made to the DWFMA are subject to a reasonableness review in the Company's next General Rate Case effective in 2025 or in an appropriate advice letter filing. The recovery of over or under-collections will be passed on to the customers through volumetric surcredits or surcharges.
4. Effective Date
 The DWFMA shall go into effect on the effective date of Advice Letter No. 572. The DWFMA will sunset with the effective date of the Test Year 2025 rates authorized in SJWC's next General Rate Case Decision. **(D)**

(continued)

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PRELIMINARY STATEMENT
(Continued)

T. CATASTROPHIC EVENT MEMORANDUM ACCOUNT (CEMA)

1. Purpose
The Commission's blanket authorization to establish Catastrophic Event Memorandum Accounts (Commission Resolution No. E-3238, dated July 24, 1991) will ensure that all potentially affected utilities are provided the maximum incentive to restore service immediately after declared disasters. Resolution E-3238 required the utilities to notify the Commission's Executive Director by letter within 30 days after the catastrophic event, if possible, if it has started booking costs to the CEMA.
2. Applicability
The CEMA will record costs associated with:
 - (a) restoring utility service to its customers;
 - (b) repairing, replacing or restoring damaged utility facilities; and
 - (c) complying with government agency orders resulting from declared disasters.Entries to the account will be segregated by qualifying event.
3. Disposition
If the accumulated balance for the CEMA exceeds 2% of the total authorized revenue requirement for the prior calendar year, the Company will file an advice letter to amortize the balance. Prior to recovery, charges made to the CEMA are subject to a reasonableness review. The recovery of under-collections will be passed on to the customers through volumetric surcharges."

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Y. 2021 GRC Interim Rates Memorandum Account (Continued)

b. Revenues based on updated rates are revenues computed using final rates that will be determined in A.21-01-003.

4. Accounting Procedure

a. Beginning January 1, 2022 through the effective date of the decision for A.21-01-003, the following entries will be recorded monthly once a decision has been rendered in the 2021 GRC Interim rates Memorandum Account.

1. Revenues based on interim rates.
2. Revenues based on updated rates.
3. Total net 2021 GRC Interim Rates Memorandum Account balance =(1) minus (2)
4. A positive (+) balance in the memorandum account reflects a utility over collection to be refunded, while a negative balance reflects a utility's under collection to be recovered in rates.

b. Once a decision has been rendered in A.21-01-003, the Company will record the accumulated balance monthly, by adding its entry in Section 4.a.3 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

After the Commission adopts updated rates in A.21-01-003, the memorandum account will be adjusted to reflect the actual difference and disposed via an advice letter filing in a surcharge or surcredit.

Z. Intervener Compensation

(N)

1. Purpose

The purpose of the Intervenor Compensation balancing accounts to track the compensation paid to qualified parties in proceedings before the Commission (allowable fees and costs).

2. Applicability

The Intervenor Compensation balancing account will track the compensation paid to qualified parties in Commission proceedings (General Rate Case, Order Instituting Investigation, Order Instituting Investigation, etc.). Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 3-month non-financial Commercial Paper rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning of the month and the end-of-month balances.

3. Disposition

If the accumulated balance for the Intervenor Compensation balancing account exceeds 2% of the total authorized revenue requirement for the prior calendar year, SJWC 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 SJWC's next General Rate Case. The recovery of under-collections will be passed on to the customers through volumetric surcharges.

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AA. Full Cost Balancing Account (FCBA) (N)

1. Purpose
 The purpose of FCBA is to track the supply expense difference cause by the the difference between the recorded unit cost for supply (\$/CCF) and adopted unit cost supply (\$/CCF).
2. Applicability
 The FCBA is applicable to the following supply costs:
 - a. Purchased Water (Potable and Recycle)
 - b. Pump Tax
 - c. Purchased Power
3. Definitions
 - a. Total Recorded Production (CCF) - Recorded Purchased Water (Potable and Recycled) + Ground Water + Surface Water
 - b. Total Adopted Production (CCF) - Authorized Purchased Water (Potable and Recycled) + Ground Water + Surface Water
 - c. Total Recorded Supply Expense (\$) - Recorded Purchased Water (Potable and Recycled) + Pump Tax + Purchased Power
 - d. Total Adopted Supply Expense (\$) - Authorized Purchased Water (Potable and Recycled) + Pump Tax + Purchased Power
 - e. Recorded Unit Cost - Total Recorded Supply Expense divided by Total Recorded Production (\$/CCF)
 - f. Adopted Unit Cost - Total Adopted Supply Expense divided by Total Adopted Production (\$/CCF)
4. Accounting Procedure
 - a. The following entries will be recorded monthly in the FCBA:
 1. Total Recorded Supply Expense
 2. Total Recorded Production
 3. Recorded Unit Cost = (1) divided by (2)
 4. Adopted Unit Cost = Total Adopted Supply Expense divided by Total Adopted Production
 5. Net Change in Unit Cost = (4) minus (3)
 6. Recorded Production
 7. Net Change in Total Supply Cost = (5) x (6)
 8. 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 FCBA balance monthly, by adding its entry in Section a7 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 for the FCBA exceeds 2% of the total authorizer revenue requirement for the prior calendar year, SJWC 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 SJWC's next General Rate Case. The recovery of under-collection will be pass to the customer volumetric surcharge and an over-collection will be refunded in a flat sur-credit.

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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:

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