

SAN JOSE WATER COMPANY (U168W)
San Jose, California

Revised
Canceling Revised

Cal. P.U.C. Sheet No. 919-W
Cal. P.U.C. Sheet No. 533-W

PRELIMINARY STATEMENT

A. Territory Served by the Utility

The area in which service is or will be furnished under its extension rule by this utility is identified in the Service Area Maps and described as follows: (T)
(T)

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.

B. Types and Classes of Service

The types and classes of service rendered are described in Rule No. 2, "Description of Service", and as may be further limited or amplified in the section of each rate schedule designated "Applicability."

C. Procedure to Obtain Service

Service as described herein will be rendered to any applicant whose premises are within the utility's service area, as identified in the Service Area Maps, provided application is made in accordance with Rule No. 3, credit established as required in Rule No. 6 and a contract signed in certain cases as specified in Rule No. 4. Where an extension of the utility's mains is necessary, Rule No. 15 applies, and if the project is of a temporary or speculative nature, Rule No. 13 is applicable. (T)
(T)

Applicants for service and customers must also conform to and comply with the other established rules as provided herein.

D. Margin Symbols

- (C) To signify changed listing rule, or condition which may affect rates or charges
- (D) To signify discontinued material, including listing rate, rule or condition
- (I) To signify increase
- (L) To signify material relocated from or to another part of tariff schedules with no change in text, rate, rule or condition
- (N) To signify new material including listing, rate, rule or condition
- (R) To signify reduction
- (T) To signify change in wording of text but not change in rate, rule or condition.

(To be inserted by utility)

Issued by

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

Advice No. 279

Fred R. Meyer

Date Filed

AUG 21 1996

Vice President

Effective

SEP 30 1996

Dec. No.

Regulatory Affairs

Resolution No.

TITLE

PRELIMINARY STATEMENT
(Continued)

I. Water Revenue Adjustment Mechanism (WRAM) Balancing Account

(L)

1. Purpose

The purpose of the WRAM Balancing Account is to track differences between recorded quantity rate water revenues received under tiered rates to the equivalent rate revenues received if San Jose Water Company had single quantity rates, known as uniform rates, for residential customers. The Commission has determined that the accounting mechanism is appropriate in coordination with a trial program of increasing block rate structures and increased conservation activities.

2. Applicability

The WRAM Balancing Account is applicable to all areas served.

3. Definitions

- a. Non-WRAM revenue is all revenue excluded from the WRAM account, including metered service charges, residential quantity charges billed at the uniform rate, non residential quantity charges, and public and private fire protection service and other unmetered miscellaneous revenue. In addition, surcharges and surcredits, unless specifically included in adopted revenue requirement, will be excluded from WRAM tracking.
- b. WRAM-eligible revenue is all revenue not excluded in 3.a, above.
Generally, WRAM eligible revenue results from potable quantity charges to residential customers being charged tiered rates and not uniform rates.

(To be inserted by utility)

Issued by

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

Advice No. 544

JOHN TANG

Date Filed 01/21/2020

Vice President,

Effective 01/21/2020

Dec. No. Res. W-5213

Regulatory Affairs

Resolution No. _____

TITLE

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.

(To be inserted by utility)

Issued by

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

Advice No. 584

JOHN TANG

Date Filed 10/24/2022

Vice President,

Effective 01/01/2022

Dec. No. 22-10-005

Regulatory Affairs

Resolution No.

TITLE

PRELIMINARY STATEMENT
(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)

(To be inserted by utility)

Issued by

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

Advice No. 584

JOHN TANG

Date Filed 10/24/2022

Vice President,

Effective 01/01/2022

Dec. No. 22-10-005

Regulatory Affairs

Resolution No. _____

TITLE

PRELIMINARY STATEMENT
(Continued)

L. Operational Energy Efficiency Program Memorandum Account (OEEPMA)

(L)

1. Purpose

The purpose of the Operational Energy Efficiency Program Memorandum Account (OEEPMA) is to track the Operational Energy Efficiency Program (OEEP) project expenditures incurred by SJWC and any reimbursements received from Pacific Gas and Electric Company.

2. Accounting Procedure

SJWC shall track all OEEP related costs paid by SJWC including the cost of equipment, outside contractors, software, and administrative support. OEEP administrative support is shared equally between California American Water Company, California Water Service, Golden State Water Company, and San Jose Water Company. SJWC shall also track any reimbursement for OEEP related costs paid by Pacific Gas and Electric Company.

A debt entry will be created each month to record costs. A credit entry will be created each month for any reimbursements.

Interest shall accrue to the OEEPMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported by the Federal Reserve Statistical Release.

3. Rate Recovery

SJWC may seek rate recovery of the OEEPMA in its next general rate case or through a Tier 3 advice letter filing.

4. Effective Date

The OEEPMA is effective as of November 23, 2009.

(D)

(To be inserted by utility)

Issued by

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

Advice No. 544

JOHN TANG

Date Filed 01/21/2020

Vice President,

Effective 01/21/2020

Dec. No. Res. W-5213

Regulatory Affairs

Resolution No. _____

TITLE

PRELIMINARY STATEMENT
(Continued)

(D)

M. Pressure-Reducing Valve Modernization and Energy Recovery Balancing Account (PRVBA)

(N)

1. Purpose
The purpose of the Pressure-Reducing Valve Modernization and Energy Recovery Balancing Account is to track the amortization of the Pressure-Reducing Valve Modernization and Energy Recovery Balancing Account balance in surcharges put forth in Advice Letter 548A and authorized by Commission Resolution W-5228.
2. General Information.
The Utility shall record in this Balancing Account the balance as authorized in Ordering Paragraph No. 2 and 3 of Resolution W-5228 for amortization. At the end of the amortization period any remaining over or under refunded balance shall be addressed in the context of San Jose Water Company's next general rate case.
3. Balancing Account Entries.
The entries in the Balancing Account may include the following:
 - a. The Pressure-Reducing Valve Modernization and Energy Recovery Balancing Account as authorized by Ordering Paragraph No. 2 and 3 of Resolution W-5228 from the closing of the Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account.
 - b. The surcharges to customers as authorized in Advice Letter 548-A.
 - c. Balances in the Balancing Account will accrue interest at the 90-day non-financial commercial paper rate.
4. Disposition of Balancing Account Balance.
At the end of the amortization period any remaining over or under amortized balance shall be addressed in the context of San Jose Water Company's next general rate case.

(N)

(To be inserted by utility)

Issued by

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

Advice No. 548A
Dec. No. 19-06-010 & D.20-04-003
Res. 5228-W

JOHN TANG
Vice President,
Regulatory Affairs
TITLE

Date Filed 08/31/2020
Effective 08/31/2020
Resolution No. W-5228

N. Data Sharing Cost Tracking Memorandum Account (DSCMA)

(L)

1. Purpose

The purpose of the Data Sharing Cost Tracking Memorandum Account (DSCMA) is to record all one-time and on-going data sharing costs associated with implementing CPUC Guidelines for Sharing Low-Income Customer Information not already included in rates.

2. Accounting Procedure

SJWC shall record all one-time and ongoing costs paid by SJWC relating to low-income customer data sharing with energy utilities.

A debt entry will be created each month to record costs.

Interest shall accrue to the DSCMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported by the Federal Reserve Statistical Release.

3. Rate Recovery

SJWC may seek rate recovery for the costs recorded in the DSCMA in its next general rate case after the data sharing program is fully implemented or by filing a Tier 3 advice letter.

4. Effective Date

The DSCMA is effective as of July 8, 2011.

(D)

(To be inserted by utility)

Issued by

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

Advice No. 544

JOHN TANG

Date Filed 01/21/2020

Vice President,

Effective 01/21/2020

Dec. No. Res. W-5213

Regulatory Affairs

Resolution No. _____

TITLE

PRELIMINARY STATEMENT
(Continued)

P. Drinking Water Fees Memorandum Account

(D)

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.

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(continued)

(To be inserted by utility)

Issued by

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

Advice No. 584

JOHN TANG

Date Filed 10/24/2022

Vice President,

Effective 01/01/2022

Dec. No. 22-10-005

Regulatory Affairs

Resolution No. _____

TITLE

PRELIMINARY STATEMENT
(Continued)

- R. SRF Loan I Balancing Account** (D)
(L)
1. Purpose
The purpose of the SRF Loan I Balancing Account is to track differences between recorded revenues collected through the surcharge to fund the repayment of the SRF Loan I and the payments of principal and interest for the Safe Drinking Water State Revolving Fund (SDWSRF) loan pursuant to D.03-07-013 dated July 10, 2003
2. Applicability
The SRF Loan I Balancing Account is applicable to recorded surcharge revenue and payments of principal and interest on SRF Loan I.
3. Definitions
- a. Recorded SFR Loan I Surcharge Revenue are revenues recorded for the SFR Loan I Surcharge authorized per D.03-07-013, D.04-08-022 and Advice Letters 364A and 452.
- b. Payments of Principal and Interest for SFR Loan I are all principal and interest payments made by San Jose Water Company (SJWC) to repay the indebtedness of the SDWSRF loan authorized in D.03-07-013 and D.04-08-022
4. Accounting Procedure
- a. The following entries will be recorded monthly in the SRF Loan I Balancing Account:
1. Recorded Revenue from SFR Loan I Surcharges.
 2. Recorded Principal and Interest Payments made by SJWC for SRF Loan I
 3. Total net SFR Loan I Account balance = (1) minus (2)
 4. A negative (-) balance in the balancing account reflects a utility under collection to be recovered in rates, while a positive balance reflects a utility over collection to be refunded.
- b. The Company will record the accumulated SRF Loan I 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.

(To be inserted by utility)

Issued by

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

Advice No. 544

JOHN TANG

Date Filed 01/21/2020

Vice President,

Effective 01/21/2020

Dec. No. Res. W-5213

Regulatory Affairs

Resolution No. _____

TITLE

PRELIMINARY STATEMENT
(Continued)

R. SRF Loan I Balancing Account (L)
(Continued)

5. Disposition

When the accumulated balance for the SRF Loan I Balancing Account approaches a zero balance, the Company will remove the SFR Loan Surcharge I surcharge and file an advice letter to remove the SRF Loan I surcharge authorized in AL 452 from the tariffs. The under-collections or over-collections of the this balancing account will be amortized in San Jose Water Company's next General Rate Case.

S. SRF Loan II Balancing Account (L)

1. Purpose

The purpose of the SRF Loan I Balancing Account is to track differences between recorded revenues collected through the surcharge to fund the repayment of the SRF Loan II and the payments of principal and interest for the Safe Drinking Water Sate Revolving Fund (SDWSRF) loan pursuant to D.05-01-048 dated January 27, 2005.

2. Applicability

The SRF Loan II Balancing Account is applicable to recorded surcharge revenue and payments of principal and interest on SRF Loan II.

3. Definitions

- a. Recorded SFR Loan II Surcharge Revenue are revenues recorded for the SFR Loan II Surcharge authorized per D.05-01-048 and Advice Letters 395.
- b. Payments of Principal and Interest for SFR Loan II are all principal and interest payments made by San Jose Water Company (SJWC) to repay the indebtedness of the SDWSRF loan authorized in D.05-01-048.

4. Accounting Procedure

- a. The following entries will be recorded monthly in the SRF Loan II Balancing Account:
 - 1. Recorded Revenue from SFR Loan II Surcharges.
 - 2. Recorded Principal and Interest Payments made by SJWC for SRF Loan II
 - 3. Total net SFR Loan II Account balance = (1) minus (2)
 - 4. A negative (-) balance in the balancing account reflects a utility under collection to be recovered in rates, while a positive balance reflects a utility over collection to be refunded.
- b. The Company will record the accumulated SRF Loan II 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

When the accumulated balance for the SRF Loan II Balancing Account approaches a zero balance, the Company will remove the SFR Loan Surcharge II surcharge and file an advice letter to remove the SRF Loan II surcharge authorized in AL 395 from the tariffs. The under-collections or over-collections of the this balancing account will be amortized in San Jose Water Company's next General Rate Case.

(To be inserted by utility)

Issued by

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

Advice No. 544

JOHN TANG

Date Filed 01/21/2020

Vice President,

Effective 01/21/2020

Dec. No. Res. W-5213

Regulatory Affairs

Resolution No. _____

TITLE

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."

(D)

(To be inserted by utility)

Issued by

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

Advice No. 584

JOHN TANG

Date Filed 10/24/2022

Vice President,

Effective 01/01/2022

Dec. No. 22-10-005

Regulatory Affairs

Resolution No. _____

TITLE

PRELIMINARY STATEMENT
(Continued)

V. Polyfluoroalkyl Substances (PFAS) Memorandum Account

(N)

1. Purpose

The purpose of the Polyfluoroalkyl Substances Memorandum Account (PFASMA) is to track incremental operating costs and expenses that are not otherwise covered in San Jose Water Company's revenue requirement in order to comply with the regulatory standards set by the State Water Resources Control Board to detect, monitor, report, and remediate perand polyfluoroalkyl substances ("PFAS") (such as perfluorooctanoic (PFOA) and perfluorooctanesulfonic acid (PFOS)) in drinking water.

2. Applicability

The entries in the PFASMA will track the incremental operating and administrative costs incurred in order to comply with the regulatory standards set by the State Water Resources Control Board to detect, monitor, report, and remediate perand polyfluoroalkyl substances ("PFAS") (such as perfluorooctanoic (PFOA) and perfluorooctanesulfonic acid (PFOS)) in drinking waterand shall include, but is not limited to:

- a. Laboratory testing and monitoring fees;
- b. Customer outreach costs and public notifications;
- c. Chemical and operating costs for treatment;
- d. Incremental labor and necessary labor costs associated with complying with the regulatory standards set by the State Water Resources Control Board to detect, monitor, report, and remediate perand polyfluoroalkyl substances ("PFAS") (such as perfluorooctanoic (PFOA) and perfluorooctanesulfonic acid (PFOS));
- d. A debit entry shall be made to the PFASMA at the end of each month to record the expensed as discussed above;
- f. Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 90-day 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.

3. Disposition

If the accumulated balance for the Polyfluoroalkyl Substances Memorandum 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.

4. Effective Date

The PFASMA shall go into effect on March 1, 2019.

5. Sunset Date

The PFASMA will remain in effect until new rates incorporating the requirements for treatment and remediation of PFAS/PFOS are placed into effect under the Company's next General Rate Case decision.

(To be inserted by utility)

Issued by

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

Advice No. 552

JOHN TANG

Date Filed 08/18/2020

Vice President,

Effective 03/01/2019

Dec. No. Res. W-5226

Regulatory Affairs

Resolution No. _____

TITLE

PRELIMINARY STATEMENT
(Continued)

W. Water Conservation Expense Memorandum Account

(N)

1. Purpose

The purpose of the Water Conservation Expense Memorandum Account (WCEMA) is to track all operational and administrative costs associated with the implementation of Rule 14.1, Section A, as requested in AL 564.

2. Applicability

The WCEMA will track the operating and administrative costs incurred in developing and implementing expanded and/or new conservation programs under Rule 14.1, Section A, including:

- a. Customer education and outreach activities.
- b. Program monitoring, data recording and reporting expense.
- c. Operational costs, such as water supply cost changes, associated with mandatory conservation compliance.
- e. 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.

3. Disposition

If the accumulated balance for the WCEMA 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 Mandatory Conservation Memorandum Account are subject to a reasonableness review in the Company's next General Rate Case or in an appropriate advice letter filing. The recovery of under-collections or refunds of over-collections will be passed on to the customers through volumetric surcharges or surcredits.

4. Effective Date

The WCEMA shall go into effect on the effective date of Advice Letter No. 564.

X. Water Conservation Memorandum Account

1. Purpose

The purpose of this Water Conservation Memorandum Account (WCMA) is to track impacts of mandatory conservation on quantity revenues for future disposition. The Commission has determined that this mechanism is appropriate in coordination with increasing water conservation activities or mandatory conservation required by outside governmental agencies or entities. The water revenues subject to this account include but are not limited to those which may be affected by Rule 14.1.

2. Applicability

The WCMA is applicable to all quantity related rate revenue.

3. Definitions

- a. Non- WCMA revenue is all revenue excluded from the WCMA account, such as metered service charges and public and private fire protection service. In addition, surcharges and surcredits, unless specifically included in adopted revenue requirement, will be excluded from WCMA tracking.
- b. WCMA -eligible revenue is all revenue not excluded in 3.a, above.
- c. Recorded WCMA -eligible revenue is the amount of quantity rate revenue collected from customers in any particular period.
- d. Adopted WCMA eligible revenue is the amount of quantity related revenue necessary in conjunction with adopted non- WCMA revenue to generate the adopted revenue requirement.

(N)

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 564

JOHN TANG

Date Filed 06/18/2021

Vice President,

Effective 07/19/2021

Dec. No.

Regulatory Affairs

Resolution No. _____

TITLE

PRELIMINARY STATEMENT
(Continued)

X. Water Conservation Memorandum Account (Continued)

4. Accounting Procedure

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

1. Most recently adopted water sales revenue on the effective date of Advice Letter 564 adjusted for all subsequent rate increases.
2. Actual water sale revenue collected adjusted for existing Revenue Adjustment Mechanism. The actual water sales revenue collected in the WCMA will be kept distinct from revenue Tracked by SJWC's existing Monterey-style WRAM.
3. Most recently adopted variable expenses for purchased water, pump tax and power
4. Actual recorded variable expenses
5. Drought Surcharges and fees collected from Schedule 14.1
6. Total net WCMA balance = (1 minus 2) minus (3 minus 4) minus 5
7. 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 WCMA balance monthly, by adding its entry in Section a.5. 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 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.

d. Before seeking recovery of the WCMA balance, the balance shall be reduced by an amount equal to a 20-basis point reduction in the most recently adopted return onequity.

5. Disposition

If the accumulated balance for the WCMA 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 WCMA are subject to a reasonableness review. The recovery of under-collections or refunds of over-collections will be passed on to the customers through volumetric surcharges or surcredits.

6. Effective Date

The WCMA shall go into effect on the effective date of Advice Letter No. 564

7. Sunset Date

The WCMA will remain in effect until the Wholesaler declares the water shortage is over and the mandatory conservation mandates are ceased.

Y. 2021 GRC Interim Rates Memorandum Account

(N)

1 Purpose

The purpose of the 2021 GRC Interim Rates Memorandum Account is to track the difference between Interim rates and new rates to be adopted in a final decision in A.21-01-003

2 Applicability

The 2021 GRC Interim Rates Memorandum Account is applicable to all areas served.

3 Definitions

a. Revenues based on interim rates are revenues derived using interim rates authorized via AL 573 and any subsequent rates authorized until a final decision is issued in A.21-01-003.

(To be inserted by utility)

Issued by

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

Advice No. 573

JOHN TANG

Date Filed 12/30/2021

Vice President,

Effective 01/01/2022

Dec. No.

Regulatory Affairs

Resolutio

n No. _____

TITLE

PRELIMINARY STATEMENT
(Continued)

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. Intervenor 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.

(N)

(To be inserted by utility)

Issued by

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

Advice No. 584

JOHN TANG
Vice President,
Regulatory Affairs

Date Filed 10/24/2022
Effective 01/01/2022
Resolution No. _____

Dec. No. 22-10-005

TITLE

PRELIMINARY STATEMENT
(Continued)

AA. Full Cost Balancing Account (FCBA)

(N)

1. Purpose
The purpose of FCBA is to track the supply expense difference caused by 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 passed to the customer volumetric surcharge and an over-collection will be refunded in a flat sur-credit.

(N)

(To be inserted by utility)

Issued by

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

Advice No. 584

JOHN TANG

Date Filed 10/24/2022

Vice President,

Effective 01/01/2022

Dec. No. 22-10-005

Regulatory Affairs

Resolution No. _____

TITLE

PRELIMINARY STATEMENT
(Continued)

BB. 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. Recorded CAP Expenses – CAP discount provided to CAP customers and administrative expenses to run the CAP program (if any).

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 provided to the CAP customers and administrative expenses to run the CAP program (if any)
 - 3. Total net CAP Balancing Account = (1) minus (2).
 - 4. 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 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

If the accumulated balance for the Customer Assistance Program (CAP) 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 through a volumetric surcharge and over-collections will be refunded through a flat sur-credit.

(To be inserted by utility)

Issued by

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

Advice No. 589

JOHN TANG

Date Filed 01/23/2023

Vice President,

Effective 01/23/2023

Dec. No. _____

Regulatory Affairs

Resolution No. _____

TITLE

PRELIMINARY STATEMENT
(Continued)

CC. Lead and Copper Rule Revisions Memorandum Account (LCRRMA)

1. **Purpose**

The purpose of the LCRRMA is to track for potential future recovery any incremental expenses and carrying costs on capital investments incurred by San Jose Water Company (SJWC) that are required to comply with the United States Environmental Protection Agency's (EPA) Lead and Copper Rule Revisions (LCRR) that are not otherwise covered in SJWC's authorized rates.

2. **Applicability**

SJWC expects to incur expenses related to incremental operations and maintenance (O&M) costs, and carrying costs on capital investments that may be required. Costs may include but are not limited to the following:

- Development of service line material inventories for each of SJWC's water systems;
- Preparation of Lead Service Line Replacement (LSLR) Plans for each system;
- Replacement of service lines (if necessary);
- Preparation of a Standard Operating Procedure (SOP) for the development and ongoing maintenance of the customer service line inventories;
- Development of sampling plans for lead and copper compliance monitoring at the taps of customers, daycares and schools for each system;
- Development of school and child care facility inventories for all SJWC's systems, and reparation for and the cost of sampling in these facilities; and
- Preparation of messaging for public education and customer notifications.

3. **Accounting Procedure**

The LCRRMA does not have a rate component.

- a. A debit entry shall be made to the LCRRMA to record the costs described above in Section 2 (Applicability)
- b. Interest shall accrue to the LCRRMA on a monthly basis by applying a rate equal to one twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and end-of balances.
- c. A debit entry equal to the revenue of each capital expenditure at SJWC's authorized rate of return and related expenses (including return, income taxes, ad valorem tax, depreciation, and other taxes and fees).
- d. A credit entry to transfer all or portion of the balance in the LCRRMA to other adjustment clauses for future rate recovery, as may be approved by the CPUC.

4. **Effective Date**

The LCRRMA shall go into effect on the effective date of Advice Letter 595.

5. **Disposition**

Disposition of amounts recorded in the LCRRMA shall be determined in SJWC's next General Rate Case.

(To be inserted by utility)

Issued by

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

Advice No. 595

JOHN TANG

Date Filed 05/03/2023

Vice President,

Effective 05/03/2023

Dec. No. _____

Regulatory Affairs

Resolution No. _____

TITLE