



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

November 8, 2023

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

Advice Letter No. 602

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>Cancelling Cal. P.U.C. Sheet No.</u>
2277-W	Preliminary Statement (Continued)	2214-W
2278-W	Table of Contents	2276-W

With this advice letter, SJWC requests authorization to convert its existing Drinking Water Fees Memorandum Account (DWFMA) into the Drinking Water Fees Balancing Account (DWFBA) to track all drinking water fees charged by the State Water Resources Control Board (Water Board). The fees that are incremental to the adopted rates per San Jose Water Company’s GRC 2021 decision will be tracked from January 1, 2022.

These tariffs are submitted pursuant to General Orders (GO) No. 96-B Water Industry Rules 7.3.2(7) and 8.2. This advice letter is designated as a Tier II Advice Letter.

Background

On September 22, 2021, the Water Board adopted emergency regulations that adjusted drinking water fees to conform to the revenue levels set forth in the Budget Act for the fiscal year (FY 2021- 2022). The proposed emergency regulation adjusted the fee schedule in FY 2019-20 to increase the fees by approximately 26.6% on average for community water systems like SJWC.

On December 14, 2021, SJWC filed Advice Letter (AL) 572 to update its DWFMA to include incremental fees from September 22, 2021, to December 31, 2024. AL 572 was authorized with an effective date of December 15, 2021.

On November 14, 2022, SJWC filed AL 584 to update the Drinking Water Fees Memorandum Account to reflect the 2022 GRC Decision (D.) 22-10-005.

The current Drinking Water Fees Memorandum Account captures the difference between actual drinking water fees charged by the Water Board and the fees authorized in D.22-10-005.

Since approval of SJWC's current DWFMA, the Water Board has continued to increase its drinking water fees on an annual basis, resulting in expense increases that are much higher than those included in presently authorized rates.

### **Small Company User Fee Memorandum and Balancing Accounts:**

As indicated in Res. W-4698, the Commission has allowed Class B, C, and D water utilities to pass on costs reasonably incurred while complying with water quality and user fees since 1993. In Res. W-4327, memorandum accounts for the small companies were authorized for water quality compliance costs because of the potentially limited financial ability of small water companies to comply, and their less frequent rate case filings.<sup>1</sup> In the same resolution, the Commission allowed the opening of memorandum accounts for fees charged by the Division of Drinking Water's (DDW's) predecessor<sup>2</sup> because "due to the variation in each billing the inclusion of such costs in base rates is often not feasible."<sup>3</sup>

Upon expiration of the memorandum accounts for the small companies, the Commission determined in Res W-4698 that there was a continued need to track drinking water user fees in a regulatory mechanism,<sup>4</sup> and further that the appropriate mechanism was a balancing account rather than a memorandum account, stating that:

These types of costs are always recoverable...; the only issue is the reasonableness of the amount to be recovered. In this they are similar to the purchased water, purchased power and pump tax balancing accounts approved for recovery without an earnings test by D.06-04-037, April 13, 2006. Thus, the accounts tracking these costs should be classified as balancing accounts and recovery should be by advice letter requesting amortization of a Balancing Account as a Tier-1 filing.

---

<sup>1</sup> Resolution W-4698, Order Establishing Water Quality and User Fee Balancing Accounts for Class B, C, and D Water Utilities (Res. W-4698).

<sup>2</sup> Resolution W-4327, Order Authorizing All Class B, C, and D Water Utilities to Establish Water Quality Memorandum Accounts (WRMA) for Recording the Expenses Resulting from Drinking Water Regulations, Including Water Sampling, Testing, Reporting, and Treatment Costs, and Office of Drinking Water (ODW) User Fee Memorandum Accounts (UFMA) to Track California Department of Health Services (DHS) User Fees Not Presently Included in Rates; and Authority to File Advice Letters for the Recovery of such Charges and Expenses (Res. W-4327) at 1.

<sup>3</sup> Res. W-4327 refers to the California Department of Health Service's Office of Drinking Water (DHS's ODW), the relevant responsibilities of which are now at the State Water Resources Control Board's Division of Drinking Water (Water Board's DDW).

<sup>4</sup> Res. W-4698 at 1. In the resolution, the Commission provides the same treatment for water quality compliance costs of Class B, C, and D water utilities, however San Jose Water does not seek to address water quality compliance costs in this advice letter.

San Jose Water's Request for Similar Treatment: Water Industry Rule 8.2 of General Order 96-B states that:

A Utility may submit an advice letter requesting approval, authorization, or other relief similar to that accorded another Utility by Commission order. The advice letter shall cite each decision or resolution relied upon and shall demonstrate that the Utility submitting the advice letter is similar situated in all material respects and is requesting the same relief and relying on the same justification as in the cited order(s).

As discussed in AL 572, and similar to the experience of the small water companies described in Res. W-4327, SJWC has not been able to reflect the current level of drinking water fees in customer-based rates because of the "variation" in user fee billing since DDW adopted its new fee structure on September 21, 2021. SJWC anticipates being in this situation until new rates are adopted in its next GRC, and therefore seeks the same relief granted to the small water companies in Res. W-4698, Pursuant to Water Industry Rule 8.2 of GO 96-B. Accordingly, SJWC requests that it's DWFMA be converted to a balancing account DWA with the same effective date of the DWFMA (December 15, 2021)

#### Effective Date

SJWC requests that the updated tariff sheets become effective December 15, 2021.

#### 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 re-litigating 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

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 CALIFORNIA  
110 West Taylor Street San Jose,  
California 95196 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.

In compliance with Paragraph 4.3 of General Order 96-B, a copy of this advice letter has been mailed to all interested and affected parties as detailed in the Service List.

SJWC currently has AL 600 and AL 601 pending approval before the Commission. This filing will not cause the withdrawal of service nor conflict with other schedules or rules.

Very truly yours,

NANCI TRAN  
Manager of Regulatory Affairs

Enclosures

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

**P. Drinking Water Fees Balancing Account (DWFBA)**

**(C)**

1. Purpose

The purpose of the Drinking Water Fees Balancing Account (DWFBA) is to track the difference between all actual fees charged by the State Water Resources Control Board (State Board) (based upon the revised fee schedule adopted by the State Board on September 22, 2021, and any subsequent revision) and the State Board fees authorized in rates.

2. Applicability

The DWFBA 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 rates. Pursuant to Standard Practiced U-27-W of the Water Division, The DWFBA will earn interest at the 90-days commercial paper rates.

3. Disposition

Prior to recovery, changes made to the DWFBA are subject to a reasonableness review.

4. Effective Date

The DWFBA shall go into effect on the effective date of Advice Letter No. 572. The DWFBA will sunset with the effective date of the Test Year 2025 authorized in SJWC's 2024 General Rate Case decision.

**(C)**

(continued)

(To be inserted by utility)

Issued by

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

Advice No. 602

JOHN TANG

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

Vice President,

Effective \_\_\_\_\_

Dec. No. \_\_\_\_\_

Regulatory Affairs

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	2278-W, 2161-W and 2251-W	(C)
Preliminary Statement	919-W, 1303-W, 2032-W, 2212-W, 2213-W, 2035-W, 2058-W, 2037-W, 2277-W, 2040-W, 2041-W, 2215-W, 2087-W, 2125-W, 2155-W, 2216-W, 2217-W, 2236-W, 2252-W, 2263-W	(C)
Service Area Map Locator	1266-W	
Service Area Map Locator, Index	2275-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	2265-W, 2255-W and 2238-W	
Schedule No. 1B, General Metered Service With Automatic Fire Sprinkler System	2266-W, 1741-W, 2183-W, 2239-W 2267-W, 1952-W, 1884-W and 2184-W, 2240-W	
Schedule No. 1C, General Metered Service Mountain District	2268-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 2134-W, 2149-W, 2136-W, 2137-W	
Schedule No. 10R, Service to Employees	2138-W, 2139-W, 2146-W	
Schedule No. 14.1 Water Shortage Contingency Plan with Staged Mandatory Reductions and Drought Surcharges	2269-W, 2259-W, 2241-W, 2270-W, 2242-W	
Schedule No. RW, Raw Water Metered Service	2270-W, 2242-W	
Schedule No. RCW, Recycled Water Metered Service	2270-W, 2242-W	
Schedule No. UF, Surcharge to Fund Public Utilities Commission, Reimbursement Fee	2234-W	
Schedule No. CAP, Customer Assistance Program	2248-W and 2056-W	
List of Contracts and Deviations	2246-W and 2261-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. 602

JOHN TANG  
Vice President,  
Regulatory Affairs

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

Dec. No. \_\_\_\_\_

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

### ADVICE LETTER 602 SERVICE LIST

Big Redwood Park Water	waldoburford@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;