



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

September 8, 2025

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

Advice Letter No. 619

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>
2366-W	Preliminary Statement (Continued)	
2367-W	Table of Contents	2365-W

With this advice letter, SJWC requests the California Public Utilities Commission's (CPUC) authorization to establish the Property Easement Memorandum Account (PEMA) to track ratepayer's portion of the proceeds resulting from the encumbrance of utility plant property. The filing is submitted in accordance with California Public Utilities Code Section 851 (Section 851) which allows water utilities to sell or encumber utility plant property.

These tariffs are submitted pursuant to General Orders (GO) No. 96-B Water Industry Rules 7.3.2(5). This advice letter is designated as a Tier II Advice Letter.

### Background

SJWC is occasionally approached by government agencies and other parties seeking to establish easements over utility plant property to accommodate the construction of public works projects. Recent examples included in the County of Santa Clara Roads and Airport Department and Valley Water seeking easements to facilitate road and flood control improvements. These agencies typically provide restitution to SJWC for the easements. An easement is an encumbrance of utility plant.

In accordance with Section 851:

"No public utility other than a common carrier by railroad subject to Part I of the Interstate Commerce Act ( 49 U.S.C. Sec. 10101 et seq.) shall sell, lease, assign, mortgage, or otherwise dispose of or encumber the whole or any part of its railroad, street railroad, line, plant, system, or other property necessary or useful in the performance of its duties to the public, or any franchise or

permit or any right thereunder, nor by any means whatsoever, directly or indirectly, merge or consolidate its railroad, street railroad, line, plant, system, or other property, or franchises or permits or any part thereof, with any other public utility, without first having either secured an order from the commission authorizing it to do so for qualified transactions valued above five million dollars (\$5,000,000), or for qualified transactions valued at five million dollars (\$5,000,000) or less, filed an advice letter and obtained a resolution from the commission authorizing it to do so.”

It is SJWC’s understanding that a permanent easement would require a filing with the CPUC under Section 851 either by special application or via advice letter depending on the dollar amount of the transaction as described above.

For temporary easements, General Order 69-C allows utilities to grant an easement or license for limited use of their property without CPUC approval as follows:

**IT IS HEREBY ORDERED**, that all public utilities covered by the provisions of Section 851 of the Public Utilities Code of this State be, and they are hereby authorized to grant easements, licenses or permits for use or occupancy on, over or under any portion of the operative property of said utilities for rights of way, private roads, agricultural purposes, or other limited uses of their several properties without further special authorization by this Commission whenever it shall appear that the exercise of such easement, license or permit will not interfere with the operations, practices and service of such public utilities to and for their several patrons or consumers;

The PEMA allows SJWC to properly track these transactions in accordance with Section 851 and General Order 69-C. While neither explicitly authorize or include language on how transactions should be tracked, SJWC believes that the authorization of a PEMA is in line with the intent and purpose of these codes. Utilities must have a way to track and ultimately amortize the ratepayer’s portion of revenue received from these transactions.

SJWC believes the CPUC’s Non-Tariffed Products & Services (NTP&S) rules would apply to these transactions. NTP&S applies to products or services that use a portion of unused or excess capacity of a utility resource that is being used to provide service (in rate-base). The easements would be classified as passive projects and under the NTP&S rules<sup>1</sup>, 70% of the proceeds are allocated to shareholders and 30% are allocated to customers.

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<sup>1</sup> Decision 11-10-034, Appendix A, Modified Rules for Water and Sewer Utilities Affiliate Transactions and the Use of Regulated Assets for Non-Tariff Utility Services, Rules X.C.2.

If approved, the PEMA will track proceeds from these transactions. Similar to other memorandum accounts, the amortization of the balance may be handled through a GRC filing or advice letter filing, when the balance exceeds 2% of authorized revenue requirement.

#### Effective Date

SJWC requests that the updated tariff sheets become effective September 9, 2025.

#### 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.

his filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

Very truly yours,

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Director of Regulatory Affairs

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

**GH. Property Easement Memorandum Account (PEMA)**

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**1. Purpose**

The purpose of the PEMA is to track proceeds resulting from the encumbrance of utility plant property.

**2. Accounting Procedure**

Approval of AL 619 allows SJWC to track proceeds resulting from granting the use of used and useful plant in accordance to Modified Rules for Water and Sewer Utilities Affiliate Transactions and the Use of Regulated Assets for Non-Tariff Utility Services Rule X.C.2

a. The PEMA enables SJWC to track proceeds (subtracting all transaction fees) resulting with granting use of (permanent or temporary) utility plant that are currently used and useful.

b. The proceeds are considered passive, therefore 70% of the proceeds are allocated to shareholders and 30% are allocated to customers.

c. Interest shall accrue to the PEMA 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. Effective Date**

The PEMA is effective as of September 9, 2025.

**4. Disposition**

If the accumulated balance for PEMA exceeds 2% of the total authorized revenue requirement for the prior calendar year, the Company may file an advice letter to amortize the balance. If the cumulative 2% thresholds not met, the balance in the account will be amortized in San Jose's next General Rate Case.

Issued by

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

Advice No. 619

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:

<b><u>Subject Matter of Sheet</u></b>	<b><u>CPUC Sheet No.</u></b>
Title	1495-W
Table of Contents	2367-W, 2320-W, 2349-W (T)
Preliminary Statement	919-W, 1303-W, 2339-W, 2340-W, 2035-W 2037-W, 2040-W, 2041-W, 2215-W, 2087-W 2244-W, 2341-W, 2342-W, 2217-W, 2343-W 2252-W, 2263-W, 2279-W, 2277-W, 2364-W 2366-W (N)
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Service Area Map Locator, Index	2275-W
Map of Areas with Special Pressure & Fire Flow Conditions	2116-W
Index to Map of Areas with Special Pressure & Fire Flow	1079-W, 2117-W, 1082-W, 1087-W, 1404-W
Rate Schedule:	
Schedule No. 1 General Metered Service	2357-W, 2325-W
Schedule No. 1B General Metered Service With Automatic Fire Sprinkler System	2358-W, 2327-W, 2328-W
Schedule No. 1C General Metered Service - Mountain District	2359-W, 2330-W, 2331-W, 2332-W
Schedule No. 4 Private Fire Service	2360-W, 2187-W
Schedule No. 9C Construction and Other Temporary Metered Service	1118-W, 1094-W
Schedule No. 10R Service to Employee	152-W
Schedule No. 14.1 Water Shortage Contingency Plan With Stage Mandatory Reductions and Drought Surcharges	2131-W, 2132-W, 2133-W 2134-W, 2149-W, 2136-W, 2137-W 2138-W, 2139-W, 2273-W
Schedule No. RW Raw Water Metered Service	2361-W, 2335-W
Schedule No. RCW Recycled Water Metered Service	2362-W, 2337-W
Schedule No. UF Surcharge to Fund Public Utilities Commission Utility Reimbursement Account (PUCURA)	2322-W
Schedule No. CAP Customer Assistance Program	2345-W, 2346-W
Schedule No. AMI Advanced Metering Infrastructure Opt-Out Fee	2281-W
List of Contractss and Deviations	2246-W, 2261-W

(Continued)

(To be inserted by utility)

Issued By

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

Advice Letter No.: 619John Tang

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

NAME

Effective Date: \_\_\_\_\_

Decision No.: \_\_\_\_\_

Vice President, Regulatory Affairs

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

TITLE

**SAN JOSE WATER COMPANY (U-168-W)**  
**ADVICE LETTER 619 SERVICE LIST**

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