



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

November 16, 2020

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

Advice Letter No. 556

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 Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal. P.U.C. Sheet No.</u>
2094-W	Schedule No. 1 – General Metered Service	2001-W
2095-W	Schedule No. 1B – General Metered Service with Automatic Fire Sprinkler System	2002-W
2096-W	Schedule No. 1C – General Metered Service, Mountain District	2003-W
2097-W	Schedule No. 4 – Private Water Service	2004-W
2098-W	Schedule No. RW – Raw Water Metered Service	2005-W
2099-W	Schedule No. RCW – Recycled Water Metered Service	2006-W
2100-W	Table of Contents	2093-W

Purpose

With this Tier II advice letter, SJWC requests approval to increase revenue requirement by \$11,750,000 or 3.04% via a step rate increase for the second escalation year of 2021 as authorized in Decision No. (D.) 18-11-025 (Attachment A) issued on December 4, 2018. These tariffs are submitted pursuant to General Order No. 96-B and pursuant to the authority established by the California Public Utilities Commission (Commission) in D.18-11-025.

Background

The Commission’s Rate Case Plan requires that the requested rate increase shall be subject to the pro-forma earnings test. SJWC has attached the pro-forma Summary of Earnings as of September 30, 2020 (Attachment B) which shows that the company is currently earning below the authorized Rate of Return on Ratebase of 7.64%, on a proforma basis, as set forth in D.18-03-035.

SJWC has computed the Escalation year increases (Attachment C) using the authorized Rate of Return of 7.64%, the escalation methodology set forth in D.04-06-018, and the latest available escalation factors published by Public Advocates Office's Energy Cost of Service Branch dated October 31, 2020, and the latest CPI factors from the U.S. Bureau of Labor (Attachment D)

### Rate Calculation and Average Bill Comparison

The total escalation revenue impact is \$11,750,000 or about 3.04% of SJWC's authorized and adjusted revenue for 2020 (Attachment C). SJWC seeks to recover 40%, or \$4,700,000 of the revenue through the service charge component and the remaining 60%, or \$7,050,000 through the quantity rate component. As a result of this rate change, the bill for the average residential customer using 11 ccf per month will increase by \$2.76, or 2.99% per month (Attachment E).

### Effective Date

Per D.18-11-025, this advice letter is requested to become effective January 1, 2021. Public notice via a newspaper advertisement will be completed by January 1, 2021, and an affidavit will be provided upon completion.

The present rates for SJWC became effective January 1, 2020, by Advice Letter 541, August 31, 2020, by Advice Letter 548A, and October 1, 2020, by Advice Letter 553. SJWC has Advice Letter 555 pending before the Commission.

### 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 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 delivering a protest is:

Tariff Unit, Water Division, 3<sup>rd</sup> floor  
California Public Utilities Commission,  
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 electronic mail to us, addressed to:

Regulatory Affairs  
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 sent via electronic mail to all interested and affected parties as detailed in Attachment F. No hard copies are being delivered due to the pandemic.

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

Very truly yours,

/S/ JOHN TANG  
JOHN TANG  
Vice President of Regulatory Affairs

Enclosure

## **Index of Workpapers**

<b>Attachment A</b>	<b>San Jose Water Company General Rate Case Decision D.18-11-025</b>
<b>Attachment B</b>	<b>San Jose Water Company Summary of Earnings dated September 30, 2020</b>
<b>Attachment C</b>	<b>Escalation Attrition Calculation and Workpapers</b>
<b>Attachment D</b>	<b>Escalation Factors</b>
<b>Attachment E</b>	<b>Bill Comparison</b>
<b>Attachment F</b>	<b>Service List</b>

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 556**

**ATTACHMENT A**

Decision 18-11-025 November 29, 2018

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

In the Matter of the Application of SAN JOSE WATER COMPANY (U168W) for an Order authorizing it to increase rates charged for water service by \$34,288,100 or 9.76% in 2019, by \$14,231,800 or 3.70% in 2020, and by \$20,581,700 or 5.17% in 2021.

Application 18-01-004

**DECISION APPROVING SETTLEMENT AGREEMENT**

**Summary**

We approve the settlement agreement (Settlement Agreement) between San Jose Water Company (SJWC) and the Commission's Office of Public Advocates<sup>1</sup> (together, Settling Parties). A copy of the Settlement Agreement is attached as Attachment A to this decision. The proceeding remains open to resolve the remaining issues.

**Background**

SJWC filed Application 18-01-004 (the Application) on January 4, 2018, proposing increased rates for Test Year 2019 and Escalation Years 2020 and 2021, and to make investments and accounting changes as specified therein. In

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<sup>1</sup> Senate Bill 854 (Stats. 2018, ch. 51) amended Pub. Util. Code Section 309.5(a) so that the Office of Ratepayer Advocates is now named the Public Advocate's Office of the Public Utilities Commission. We will refer to this party as Cal Advocates.

support of its Application, SJWC provided its Report on the Results of Operations, its Capital Budget Project Justifications, and supporting workpapers and studies.

Water Rate Advocates for Transparency, Equity, and Sustainability (WRATES) filed a timely response to the Application on February 7, 2018. Cal Advocates filed a timely protest to the Application on February 9, 2018. SJWC replied to the response and protest on February 20, 2018. A prehearing conference was held on April 19, 2018, and a public participation hearing was held in San Jose on May 30, 2018. The City of San Jose (City) filed a motion for party status on April 16, 2018, which was granted at the prehearing conference on April 19, 2018.

Following extensive discovery, WRATES and Cal Advocates served testimony on May 21, 2018 and May 23, 2018, respectively. Cal Advocates' testimony challenged many aspects of SJWC's revenue and expense estimates and project proposals for the Test Year and the GRC cycle, but also accepted many of SJWC's estimates and proposals as reasonable. WRATES also presented their own critique and proposals on a select number of issues. SJWC served rebuttal testimony responding to both WRATES and Cal Advocates on June 8, 2018.

A public participation hearing was held on May 30, 2018, in San Jose, California. Speakers at the hearing included residential customers, representatives from the Silicon Valley Leadership Group, and elected officials. Topics of discussion included SJWC's proposed rate increase, service charges, SJWC's rate of return, subsidized rates for low-income residential customers, the proposed merger between SJWC and Connecticut Water Service Company, and a formal complaint filed against SJWC regarding billing practices. During the

hearing Administrative Law Judge Bemserderfer explained that the issue of the proposed merger between SJWC and Connecticut Water Service Company was being addressed through a separate Commission proceeding.

SJWC, Cal Advocates and WRATES participated in a formally noticed settlement conference on June 12, 2018. The Settling Parties continued with discussions and resolved certain issues in advance of the evidentiary hearings, which were held July 9 and 11, 2018 at the Commission's hearing rooms in San Francisco. Over the course of these communications, the Settling Parties ultimately resolved certain issues of concern to Cal Advocates, which were reduced to writing in the form of the proposed Settlement Agreement. Cal Advocates, SJWC and WRATES were unable to settle issues of concern to WRATES. Thus, the Settlement Agreement is not presented as an all-party settlement. On September 13, 2018 we adopted an Order Instituting Investigation ((OII) into SJWC's billing practices from 1987 to the present.

### **Major Features of the Settlement Agreement**

The proposed Settlement Agreement resolves almost all contested issues in this proceeding between Cal Advocates and SJWC. The remaining contested matters are among Cal Advocates, SJWC and WRATES: (1) SJWC's request for a Water Revenue Adjustment Mechanism with the associated Modified Cost Balancing Account and Sales Reconciliation Mechanism; and (2) the disposition of the Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account.

The Settlement Agreement describes each settled issue in detail, provides a statement of the respective positions of SJWC and Cal Advocates, describes the difference between SJWC's rebuttal position and Cal Advocates' position, indicates how the issue was resolved, and lists references to the testimony,



evidence, and exhibits of witnesses addressing the issue. A detailed comparison exhibit also is provided, as an appendix to the Settlement Agreement. The comparison exhibit shows the various elements of revenue requirement based on the original, updated, and final positions of the Settling Parties, showing the differences between the final positions of the Settling Parties for the various accounting categories and indicating the status of each contested issue either as having been settled or as remaining unresolved. The comparison exhibit also displays the disposition of various uncontested issues, where Cal Advocates accepted the position of SJWC as presented in its Report on the Results of Operations, subject to updates in the workpapers, or where SJWC accepted Cal Advocates' position as presented in its Report.

The following table describes the main feature of the settlement, namely, the agreed-upon rate increases that SJWC will be allowed to implement in the calendar years 2019, 2020, and 2021:

Calendar Year	Dollar Amount/Percent Rate Increase Requested by SJWC	Dollar Amount/Percent Rate Increase Proposed by ORA	Dollar Amount/Percent Rate Increase Adopted in Settlement
2019	\$34,288,100 /9.76%	\$4,461,120/1.21%	\$16,378,000/4.55%
2020	\$14,231,800/3.70%	\$8,688,940/2.34%	\$12,066,000/3.20%
2021	\$20,581,700/5.17%	\$8,273,600/2.20%	\$11,713,000/3.01%

On September 10, 2018, comments on the settlement motion were received from WRATES and the City of San Jose.

In its comments on the settlement motion, WRATES stated that although it chose not to join in the settlement, it did not oppose it. With regard to that portion of the settlement dealing with a prorated refund to SJWC customers (Item II-C of the Settlement Agreement), WRATES stated "WRATES reluctantly

accepts the settlement reached between and [ORA] and SJWC....Our reluctance is solely because this portion of a resolution for ratepayers has been delayed already for over 19 months, since it was first discovered in January, 2017.”

In its comments on the settlement motion, the City objected to the lack of information in the settlement document regarding the impact of the proposed settlement on water rates for SJWC customers. Table 1 at page 4, *supra*, supplies the requested information. In addition, we direct SJWC to prepare illustrative rates broken out by meter size for years 2019 through 2021, based on the dollar amounts proposed in the settlement as well as a comparison of present rates. The filing should provide the same customer impact information contained in SJWC Exhibit D.

### **Requirements for Accepting Settlement**

The Agreement addresses all but two contested issues in this proceeding. Rule 12.1(d) requires that to approve a proposed settlement we must find it to be “reasonable in light of the whole record, consistent with law, and in the public interest.” As to the settled issues, the Settlement Agreement meets those requirements. Pending adjudication of the remaining issues, this proceeding will remain open.

Cal Advocates conducted comprehensive discovery with respect to the issues raised by the Application, to which SJWC provided prompt and complete responses. These materials, in conjunction with the showing presented in SJWC’s Application, provided the basis for substantive negotiation of issues of concern to the Settling Parties. The Settling Parties met and discussed the contested issues in good faith, negotiated in defense of their respective positions, and considered proposals to resolve the issues. This process led to a series of compromises and agreements on the terms of the Settlement Agreement.

The resulting settlement reflects carefully developed, well-supported, and appropriate compromises of the positions of the Settling Parties. As we discuss in more detail below, we find that the Settlement Agreement meets the requirements of Rule 12.1(d), is reasonable in light of the whole record, consistent with law, and in the public interest.

**A. The Settlement Agreement is Reasonable in Light of the Whole Record**

The Settlement Agreement is reasonable in light of the whole record. It is supported by the Application and testimony of the Settling Parties. Following discovery and settlement negotiations, the Settling Parties reached a reasonable compromise on each of the issues in contention. The settlement negotiations were accomplished at arms' length over the course of several days and there was no collusion.

**B. The Settlement Agreement Does Not Contravene Any Rules or Laws**

There is no statutory provision or prior Commission decision that would be contravened or compromised by the Settlement Agreement. The issues resolved in the Settlement Agreement are within the scope of the proceeding and produce rates within a range of reasonableness.

**C. The Settlement Agreement is in the Public Interest**

The Commission has explained that a settlement which "commands broad support among participants fairly reflective of the affected interests" and "does not contain terms which contravene statutory provisions or prior Commission decisions" well serves the public interest. *Re San Diego Gas & Elec.*, D.92-12-019, 46 CPUC 2d 538, 552.

Together, the Settling Parties fairly represent the affected interests: Applicant provides water service to customers in its California service territory.

Cal Advocates is statutorily mandated to represent all ratepayers in California, including SJWC's ratepayers. The primary public interest affected by this proceeding is the delivery of safe and reliable water service at reasonable rates. The terms of the Settlement Agreement as described above advance this interest because they fairly balance the Applicant's opportunity to earn a reasonable rate of return against the needs of consumers for reasonable rates and safe, reliable water service. In addition, Commission approval of the Settlement Agreement will provide speedy resolution of contested issues, avoid unnecessary litigation expense, and conserve Commission resources. As the Commission has stated, "[t]here is a strong public policy favoring the settlement of disputes to avoid costly and protracted litigation." Re PG&E, D.88-12-083, 30 CPUC 2d 189, 221. Finally, we note that although two issues remain unsettled among Cal Advocates, WRATES and SJWC, neither WRATES nor the City opposes adoption of the Settlement Agreement.

### **Comments on Proposed Decision**

The proposed decision of Administrative Law Judge Bemederfer in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on November 5, 2018 by WRATES and Joint Comments were filed on the same date by SJWC and Cal Advocates.

The Proposed Decision removed two unsettled matters from the Settlement Agreement, directed the parties to submit additional briefing on those matters, and approved the Settlement Agreement as thus amended. In their Joint Comments, SJWC and Cal Advocates urge the Commission to approve the settlement in its original form. In support of this recommendation, the Joint

Comments point out that the unsettled issues were previously addressed in briefs so that further briefing is unnecessary and that approval of the Settlement Agreement in its original form will not close the proceeding but leave it open for the parties to litigate the unresolved issues. They further point out that the Settlement Agreement provides a vehicle for quickly repaying to ratepayers certain overcharges collected by SJWC during the period June 1, 2011 to December 31, 2016, repayments that would be indefinitely delayed if resolution of the overbilling issue for that period were made part of the Commission's current investigation of SJWC's billing practices, as the Proposed Decision recommends.

The Joint Comments also correct an inadvertent omission of an unopposed proposal from Cal Advocates from the settlement tables prepared by the settling parties and an inadvertent omission of Cal Advocates from the list of parties litigating the remaining unsettled issues.

In its Comment, WRATES notes that it has already briefed the unresolved issues. It also objects to the failure of the Settlement Agreement to include a requirement that SJWC develop an asset management plan as recommended by WRATES and to address alleged inadequacies in SJWC's public notices regarding the proposed rate increases.

After reviewing the above comments, we conclude that the proposed decision should be modified in the manner proposed by SJWC and Cal Advocates in their Joint Comments and the inadvertent errors noted above should be corrected. We reject the proposal of WRATES that we order SJWC to develop an asset management plan and we find that SJWC has fully complied with the Commission's notice requirements. Finally, we agree with SJWC and Cal Advocates that the Settlement Agreement should be approved in its entirety,

including Section II-C, in order to provide immediate relief to SJWC's customers related to the issue of bill proration. However, we make clear that approval of the Settlement Agreement in no way precludes the Commission from taking further action, or resolves or disposes of issues on the record in the pending investigation (I.) 18-09-003. To implement these conclusions, conforming changes have been made to the title and text, including the ordering paragraphs, of the proposed decision, and the rate schedules therein have been corrected to include the previously omitted material in the settlement tables.

### **Assignment of Proceeding**

Carla J. Peterman is the assigned Commissioner and Karl J. Bemesderfer is the assigned Administrative Law Judge in this proceeding.

### **Findings of Fact**

1. The Settlement Agreement is the product of good-faith, arms' length negotiation between Parties reflecting all of the affected interests.
2. Each of the financial terms of the Settlement Agreement is the result of good faith compromise.
3. On September 13, 2018, the Commission opened an Order Instituting Investigation into San Jose Water Company's billing practices from 1987 to the present.

### **Conclusions of Law**

1. The Settlement Agreement is reasonable in light of the record as a whole.
2. The Settlement Agreement does not violate any laws or prior Commission decisions.
3. The Settlement Agreement taken as a whole is in the public interest.
4. The Settlement Agreement meets the criteria for approval of settlements in Rule 12(1)(d).
5. The Settlement Agreement should be approved.

6. The Settlement Agreement does not resolve or dispose of issues subject to resolutions in I.18-09-003.

7. This proceeding should remain open to resolve remaining issues.

## **O R D E R**

**IT IS ORDERED** that:

1. The Settlement Agreement between San Jose Water Company and the Office of Public Advocates dated as of August 10, 2018 is approved.

2. The new rates for customers of San Jose Water Company shall become effective January 1, 2019.

3. No later than two weeks from today, San Jose Water Company must file illustrative rates based on the outcomes in this decision consistent with the information provided in SJWC Exhibit D.

4. Application 18-01-004 remains open.

5. This order is effective today.

Dated November 29, 2018, at San Francisco, California.

MICHAEL PICKER

President

CARLA J. PETERMAN

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

Commissioners

# **ATTACHMENT A**





**FILED**  
08/10/18  
04:59 PM

**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 \$34,288,100 or 9.76% in 2019, by \$14,231,800 or 3.70% in 2020, and by \$20,581,700 or 5.17% in 2021.

A.18-01-004  
(Filed January 4, 2018)

**PARTIAL SETTLEMENT AGREEMENT BETWEEN THE OFFICE OF  
RATEPAYER ADVOCATES AND SAN JOSE WATER COMPANY ON ISSUES  
PRESENTED IN THE GENERAL RATE CASE APPLICATION**

August 10, 2018

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**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 \$34,288,100 or 9.76% in 2019, by \$14,231,800 or 3.70% in 2020, and by \$20,581,700 or 5.17% in 2021.

A.18-01-004  
(Filed January 4, 2018)

**PARTIAL SETTLEMENT AGREEMENT BETWEEN THE OFFICE OF  
RATEPAYER ADVOCATES AND SAN JOSE WATER COMPANY ON ISSUES  
PRESENTED IN THE GENERAL RATE CASE APPLICATION**

**I. GENERAL PROVISIONS**

A. Pursuant to Article 12 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Office of Ratepayer Advocates (ORA) and San Jose Water Company (SJWC), referred to together as “the Settling Parties,” have agreed on the terms of this Settlement Agreement, which they now submit for review, consideration, and approval by Administrative Law Judge Karl Bemesderfer and the Commission. This Settlement Agreement addresses most of the differences on contested issues presented by the testimony and exhibits submitted into evidence by SJWC and ORA, respectively.

B. Specific issues that the Settling Parties agree to resolve through this Settlement Agreement are set forth in Section II below. For each issue, Section II describes the positions of the Settling Parties and the resolution provided by the Settlement Agreement and provides references to the evidence of record relevant to each settled issue.

C. Because this Settlement Agreement represents a compromise of the Settling Parties’ positions with respect to each issue addressed herein, the Settling Parties have agreed upon the resolution of each issue addressed in the Settlement Agreement on the basis that its approval by the Commission should not be construed as an admission or concession by either

Party regarding any fact or matter of law that may have been in dispute in this proceeding. Furthermore, consistent with Rule 12.5 of the Commission's Rules, the Settling Parties intend that the approval of this Settlement Agreement by the Commission should not be construed as a precedent or statement of policy of any kind for or against any Party in any current or future proceeding with respect to any issue addressed in the Settlement Agreement.

D. The Settling Parties agree that this Settlement Agreement is an integrated agreement, so that if the Commission rejects any portion of this Settlement Agreement, each party has the right to withdraw. Furthermore, the Settlement Agreement is being presented as an integrated package such that Settling Parties are agreeing to the Settlement Agreement as a whole rather than agreeing to specific elements of the Settlement Agreement.

E. This Settlement Agreement is the product of a process of direct negotiation between the Settling Parties. The other parties to this proceeding, the City of San Jose and WRATES, participated in the settlement process, but are not parties to the Settlement Agreement. Accordingly, the Settlement Agreement is not presented as an all-party settlement.

F. The Settling Parties agree that no signatory to the Settlement Agreement assumes any personal liability as a result of his or her execution of this document. All rights and remedies of the Settling Parties are limited to those available before the Commission.

G. This Settlement Agreement may be executed in counterparts, each of which shall be deemed an original, and the counterparts together shall constitute one and the same instrument.

H. This Settlement Agreement constitutes and represents the entire agreement between the Settling Parties and supersedes all prior and contemporaneous agreements, negotiations, representations, warranties and understandings of the Settling Parties with respect to the subject matter set forth herein.

I. This Settlement Agreement resolves all outstanding and still contested issues in this proceeding between SJWC and ORA except for the following:

1. Water Revenue Adjustment Mechanism and Sales Reconciliation Mechanism

- 2. Hydrogeneration R&D, Research, Development and Demonstration Memorandum Account (Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account)

J. Many elements of SJWC’s application and accompanying materials were not challenged by ORA in its reports and so do not present contested issues. Similarly, the positions presented by ORA in its reports on a number of issues were accepted by SJWC and so also do not present contested issues. This Settlement Agreement generally does not address such matters except in the Comparison Exhibit, described below.

K. The disposition of all uncontested issues is presented, along with the disposition of topics resolved by this Settlement Agreement and the positions of the parties on the remaining contested issues, in the Comparison Exhibit, which is attached to this Settlement Agreement as Exhibit COM-01. The Comparison Exhibit displays, in a series of tables, the evolution of the positions of SJWC and ORA from their initial showings, through rebuttal testimony and settlement negotiations, to their current positions, with respect to each of the line items of SJWC’s results of operations.

**II. TOPICS RESOLVED BY SETTLEMENT AGREEMENT**

**A. Taxes**

**1. California Corporate Franchise Tax (CCFT)**

SJWC originally provided an estimated 2019 CCFT deduction of \$5,279,328. In its update, SJWC used its estimated prior year (2018) CCFT amount of \$3,922,215 to calculate its 2019 CCFT deduction. In its report, ORA recommended using the adopted 2018 CCFT of \$6,180,671.52 to calculate the 2019 CCFT deduction. Since the date of ORA’s report, SJWC’s adopted 2018 CCFT has been updated to \$4,360,857. The parties agree for the purpose of settlement to use the updated 2018 adopted figure as shown in Advice Letter No. 522A.

<b>SJWC</b>	<b>SJWC Update</b>	<b>ORA</b>	<b>Settlement</b>
\$5,279,328	\$3,922,215	\$6,180,671.52	\$4,360,857.5

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, p. 10-1; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-10A; ORA-6, Office of Ratepayer Advocates Report and Recommendations on Taxes and Rate Base, pp. 9-10; SJW-9, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on Taxes and Rate Base, p. 2; San Jose Water Company Advice Letter No. 522A (Supplement to Advice Letter No. 522), June 7, 2018.

## **2. Unprotected Tax Reserve**

ORA recommended refunding the unprotected excess tax reserve over the current GRC period. SJWC's proposed refund of the unprotected excess tax reserve takes into account the nature and time period of the transactions and activities that caused the deferred tax. The parties agree that the excess tax reserve should be refunded over periods that reflect the period of accumulation and reversal of the deferred.

REFERENCES: ORA-6, Office of Ratepayer Advocates Report and Recommendations on Taxes and Rate Base, pp. 15-20; SJW-9, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on Taxes and Rate Base, pp. 2-5.

## **3. Asset Retirement Obligation**

The parties agree that SJWC's method of recovering estimated asset retirement costs in current rates is consistent with SJWC's previous practice. Asset retirement obligation is calculated separately and is not included in the calculation of depreciation expense/reserve. For the purposes of this settlement, the cost of utility plant retired, including retirement costs (less salvage), will be charged to accumulated depreciation and no gain or loss will be recognized.

REFERENCES: ORA-6, Office of Ratepayer Advocates Report and Recommendations on Taxes and Rate Base, pp. 21-23; SJW-9, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on Taxes and Rate Base, pp. 4-5.

**B. Non-Tariffed Products and Services (NTP&S)**

ORA suggests that SJWC’s contract service provided by Homeserve should be classified as a “passive” non-tariffed product and service, and therefore that ratepayers’ share of the revenues from the contract should be 30%. For the purpose of settlement, the parties agree that the contract should be designated as “passive” and adopt ORA’s forecast of NTP&S revenues.

<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
\$835,884	\$1,031,052	\$1,031,052

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, p. 8-7; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-8; ORA-3, Office of Ratepayer Advocates Report and Recommendations on Non-Tariffed Products and Services (NTP&S) (Confidential Version), pp. 4-5; ORA-3C, Office of Ratepayer Advocates Report and Recommendations on Non-Tariffed Products and Services (NTP&S) (Public Version), pp. 4-5; SJW-3, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on Non-Tariffed Products and Services, pp. 1-2.

**C. Proration Refund**

At issue is the appropriate period for customer refunds related to SJWC’s alleged failure, prior to January 1, 2017, to “prorate” service charges when readiness to serve charge rate changes occurred during a billing cycle. ORA did not object to the method SJWC used in Advice Letter 510 (filed June 6, 2017) to calculate the proposed refunds related to bills issued from January 1, 2014 to December 31, 2016. As SJWC explained in rebuttal testimony, it would likely not be able to calculate refunds for bills prior to June 2011, when it transitioned to its current billing system. The parties agree that the Commission should direct SJWC to file a Tier 2 advice letter following adoption of a final decision in this proceeding requesting authorization to issue refunds related to bills issued over the period from June 1, 2011 through December 31,

2016, using the refund calculation method set forth in Advice Letter 510.

SJWC warrants that the amounts calculated in this refund proposal will represent the results of its best efforts to include a total of all portions of service charges assessed since June 1, 2011 through December 31, 2016 that should be refunded per the refund calculation methodology originally proposed in AL 510.

REFERENCES: ORA-1, Office of Ratepayer Advocates Report and Recommendations on Revenues and Rate Design, Revenue Decoupling, and Refunds Related to Violations of P.U. Code Section 532, pp. 36-46; SJW-4, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on Revenues and Rate Design, Revenue Decoupling, and Refunds, pp. 7-11.

**D. Purchased Water, Purchased Recycled Water, Purchased Power and Pump Tax**

SJWC has balancing accounts for these four categories, where variances are tracked for recovery via surcharge. In its application, it did not project increases for these categories. ORA expressed concern that not including projected increases in these categories would hinder transparency. The parties agree to adopt ORA's test year 2019 estimates for these categories.

Additionally, SJWC currently files advice letters on or about June 1 of each year requesting authorization to increase the revenue requirement resulting from the changes in wholesale water rates (purchased water) and groundwater extraction fees (pump tax) charged by the Santa Clara Valley Water District to its retailers annually on July 1. The revenue is recovered via surcharges and thus by the end of each rate case cycle, there will be six surcharges on the bills (two for each year – one for purchased water and one for groundwater extraction fees). These charges are noticed in the newspaper and on the bills. During the rate case proceeding, these six surcharges are then rolled into base rates and the cycle continues with another six surcharges for the following rate case period. ORA proposed including the July 1, 2018, wholesale water rate increase for the period of January 1 through June 30, 2019, as well as a



projected wholesale water rate increase for the period of July 1 through December 31, 2019. However, no additional escalation is proposed for escalation years 2020 and 2021. For settlement purposes the parties agree to adopt ORA’s proposal, and then allow SJWC to implement the wholesale water offsets for 2020 and 2021 via offset advice letters as authorized by Public Utilities Code Section 792.5 and GO 96-B Water Industry Rules 7.3.1(7) and 8.4. Until such time as new unit rates are adopted by the Commission, the calculation of offsets will utilize the unit rates adopted in this settlement as follows: Purchased Power at \$0.21849 per kWh; Purchased Water at \$4,433.54 per million gallons; Pump Taxes at \$4,108.12 per million gallons; and Purchased Water Recycled at \$4,623.05 per million gallons. The settlement amounts for these categories of costs shown in the following table reflect the aforementioned unit rates.

	<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
Purchased Water	\$86,825,113	\$98,375,860	\$98,375,860
Purchased Power	\$8,268,100	\$8,771,600	\$8,771,600
Pump Tax	\$43,406,385	\$49,658,956	\$49,658,956
Purchased Recycled Water	\$2,706,752	\$3,810,621	\$3,810,621

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, p. 8-2; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-8; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), pp. 3-6; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), pp. 1-2.

## **E. Operations and Maintenance (O&M) Expenses**

### **1. Labor Generally**

For the purposes of settlement, SJWC and ORA agree that actual labor needs for

the three years addressed in this proceeding (2019-2021) may vary from any forecast adopted by the Commission and that any variance between adopted amounts and those that actually occur would not demonstrate imprudence or unreasonableness.

**2. Officer Compensation**

A portion of SJWC’s total compensation for its executive officers and other officers consists of at-risk compensation composed of short-term incentives and long-term incentives. Following the last general rate case, SJWC revised its short-term incentive compensation targets to be entirely dependent on customer and operational metrics. ORA excluded all at-risk compensation for officers. As part of the settlement, the parties agree to use ORA’s estimate for SJWC officer compensation.

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, Chapter 5, Chapter 22; ORA-4C, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Confidential Version), pp. 8-9; SJW-2C, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Confidential Version), pp.15-20.

**3. Additional Positions**

SJWC requested 23 new positions. ORA recommends that the Commission not fund this request. For the purpose of settlement, the parties agree not to include any costs associated with the new positions in revenue requirements. The total for these positions for 2019 is shown below.

SJWC	ORA	Settlement
\$2,419,000	\$0	\$0

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, pp. 5-3 to 5-37; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-8; ORA-4C, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Confidential Version), pp. 6-7; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), pp. 6-7; SJW-2C, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Confidential Version), pp. 4-13; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), pp. 4-13.

**4. Temporary Labor**

SJWC proposed \$228,870 in 2018 temporary and part-time labor that was escalated by 4% to arrive at a 2019 test year forecast of \$238,024. ORA recommended that SJWC’s forecast of temporary and part-time labor not be funded because these amounts were not funded in SJWC’s previous GRC and SJWC continues to claim and utilize excess capacity of existing employees for non-tariffed products and services. In rebuttal testimony, SJWC indicated that it does not employ permanent part-time employees and that temporary labor includes funding 25 part-time positions for college students during the summer. For the purposes of settlement, SJWC and ORA agree that SJWC’s proposed funding for these 25 part time positions for college students should continue.

<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
\$238,024	\$0	\$238,024

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, pp. 2-3 to 2-4; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-8; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), p. 10; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), pp. 13-14.

**5. Overtime**

ORA recommends that the Commission reject SJWC’s forecast of overtime for 2019 (\$1,835,000) because some SJWC employees perform work for affiliates and non-tariffed services. SJWC noted that overtime primarily occurs in times of emergency or is scheduled for weekends or after hours in order to address issues in a way that does not inconvenience customers. For the purpose of settlement, the parties agree to accept SJWC’s forecast minus 2.5% to represent overtime related to employees who perform work related to non-tariffed products and services.

<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
\$1,835,000	\$0	\$1,789,125

REFERENCES: REFERENCES: SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-8; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), pp. 7-8; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), p. 13.

## 6. Information Services O&M Expenses

ORA characterized SJWC's O&M expenses for information systems as non-recurring, and thus removed certain expenses from its ratemaking forecast. SJWC had indicated in its workpapers that IT-related expenses are considered recurring. These include the following expenses:

Operations Security Expense  
 SCADA Cybersecurity Audit  
 SCADA Spread Spectrum Replacement  
 Customer Service Security Database Encryption  
 CC&B Cloud Hosting Fee  
 CC&B Cloud Hosting Training/Design  
 Meter Reading Software Subscription Increase  
 Conservation Audit Software Hosting Fee

The parties therefore agree to include these expenses for ratemaking purposes.

	<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
2018	\$545,800	\$0	\$545,800
2019	\$422,300	\$0	\$422,300

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, pp. 8-3 to 8-4; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-8; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC's General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), pp. 10-11; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), pp. 21-25.

## 7. Conservation – Commercial, Industrial and Institutional (CII) Survey

The estimated cost of this program is \$150,000. ORA recommended that expenses for this program be allocated as \$50,000 for 2018 and \$33,333 in each year of the three-year rate case cycle. Upon review, SJWC discovered that in its workpapers it had mistakenly included

\$50,000 for the CII program in 2018; this amount should have been assigned to 2019 since the program will not commence until 2019. Based on the correction of this error, the parties agree that the program expenses should be \$50,000 in each year of the three-year rate case cycle 2019-2021.

	<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
2018	\$50,000	\$50,000	\$0
2019	\$50,000	\$33,333	\$50,000
2020	\$50,000	\$33,333	\$50,000
2021	\$50,000	\$33,333	\$50,000

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, pp. 18-17 to 18-20; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-8; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), p. 12; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), pp. 26-27.

## **F. Administrative and General (A&G) Expenses**

### **1. Medical Expenses**

The parties’ estimates differed in part due to the portion of the medical expenses associated with the proposed new positions. The expenses associated with these proposed positions have been removed for the purpose of settlement.

SJWC projected a 5% annual increase in medical expenses for 2019. ORA recommended a 0.82% increase in medical expenses for 2019. In rebuttal testimony, SJWC revised its requested rate of premium increase to 3%. The parties agree to adopt ORA’s proposal

for ratemaking purposes.

<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
\$6,435,200	\$4,883,300	\$4,883,300

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, p. 5-38; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-9; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), pp. 19-20; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), pp. 28-29.

## **2. Dental Expenses**

The parties’ estimates differed in part due to the portion of the dental expenses associated with the proposed new positions. The expenses associated with these proposed positions have been removed for the purpose of settlement.

<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
\$591,900	\$561,400	\$561,400

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, pp. 5-38 to 5-39; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-9; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), p. 20; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and

Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), p. 29.

### 3. Uninsured Damages

SJWC forecasted \$2,050,000 for uninsured injuries and damages expenses for 2019. ORA recommended a 2019 expense of \$169,250, based on a five-year average. SJWC's expenses for this category have increased from \$69,000 in 2012 to \$336,000 in 2016. In rebuttal testimony, SJWC revised its forecast for this category to \$336,000. For the purpose of settlement, the parties have agreed to \$252,625.

<b>SJWC</b>	<b>ORA</b>	<b>SJWC Rebuttal</b>	<b>Settlement</b>
\$2,050,000	\$169,250	\$336,000	\$252,625

REFERENCES: SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-9; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC's General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), pp. 17-18; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), p. 30.

### 4. Outside Legal and Outside Services

SJWC has experienced significant increase in consumer advocate group activity and involvement in response to rate increases and policy changes, which it does not expect to decrease during the rate case period. SJWC therefore used 2017-recorded expenses as the basis for its transition year 2018 and test year 2019 expenses. SJWC forecasted \$1,283,000 for outside legal services and \$3,397,000 in other outside services expenses for test year 2019. ORA used a five-year inflation adjusted average and forecasted \$607,000 for outside legal services and \$2,464,000 for other outside services for test year 2019. The parties agree to adopt ORA's estimate for ratemaking purposes.



	<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
Outside Legal	\$1,283,000	\$607,000	\$607,000
Outside Services	\$3,397,000	\$2,464,000	\$2,464,000

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, p. 9-2; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-9; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), pp. 21-22; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), p. 31.

### **5. Information Systems A&G Expenses**

ORA characterized SJWC’s A&G expenses for information systems as non-recurring, and thus removed certain expenses from its forecast. SJWC had indicated in its workpapers that IT-related expenses are considered recurring. These include the following expenses:

- GIS Spatial Adjustments
- General System Cybersecurity Audit
- Cloud Based Asset Management System Consulting
- Communications/Social Media Contract Work
- Cybersecurity and Windows 10 Training
- Software License Fees – Cloud Only
- Software Cybersecurity
- Software Licenses Fees – Cloud Software Mango Intranet
- Software Licenses Fees – Tax, Geoanalytics
- Asset Management Systems Training
- Additional Systems Training of IT Staff
- Additional Internet Connections
- Website Web Services
- Hosting Fees Cloud Based Services
- Software Support Maintenance – Cloud Based System

The parties therefore agree to include these expenses for ratemaking purposes.

	<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
2019	\$933,000	\$0	\$933,000

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, p. 9-2; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-9; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), pp. 23-24; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), pp. 32-39.

**G. Balancing and Memorandum Accounts**

**1. Healthcare Cost Balancing Account**

SJWC requested authorization for a new Healthcare Cost Balancing Account. ORA recommends that the Commission reject this request. This issue is currently also being litigated in other Class A water utility GRCs, including A.16-07-002. The parties agree that the Commission’s decision in A.16-07-002 on the issue of a healthcare cost balancing account should also apply to SJWC.

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, p. 14-1; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), pp. 34-35; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), pp. 28-29.

## 2. Pension Expense Balancing Account

ORA expressed concern that SJWC may have understated the overcollection in this account with respect to 2015 pension expenses included in rates. SJWC has shown that the 2015 escalation calculation submitted with its Advice Letter No. 467 was corrected by the Commission's Division of Water & Audits such that pension expense was not escalated to make it consistent with the procedures outlined in the Commission's Rate Case Plan. This was subsequently reflected in the revised AL 467A which implemented the 2015 escalation rates for SJWC. For the purpose of settlement, the parties agree that the Commission should not make any changes to SJWC's Pension Expense Balancing Account balances.

<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
\$3,814,511	\$3,989,089	\$3,814,511

REFERENCES: SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-17; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC's General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), p. 28; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), pp. 40-41.

## 3. Water Rate Adjustment Mechanism Balancing Account

ORA expressed concern that SJWC may have over-recovered the balance in this account by \$351,137 because such amount was authorized for recovery in the prior GRC. SJWC clarified that its current balances already reflect this prior recovery. For the purpose of settlement, the parties agree that no adjustment to this balancing account is necessary.

<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
\$4,763,421	\$4,382,284	\$4,763,421

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E –

Report on Results of Operations, p. 17-2; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-17; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), pp. 29-30; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), pp. 41-42.

#### **4. Intervenor Compensation Balancing Account**

ORA recommends that SJWC be authorized to recover the balance in this account, but recommend that it then be closed. SJWC explained that it is regularly required to pay intervenor compensation in Commission proceedings, including multi-party proceedings where its share may be minimal (see D.18-05-038). In the interest of efficiency and for the purpose of settlement, the parties agree that this balancing account should remain open.

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, p. 17-2; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-17; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), pp. 30-31; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), p. 42.

#### **5. Mandatory Conservation Memorandum Account**

SJWC requested recovery of \$1,856,829 recorded in this account. ORA recommend that the Commission deny this request since SJWC did not use all of the conservation funds authorized in the last GRC. However, \$603,160 of the balance was booked to the memorandum account during a period (2014-2015) when SJWC’s actual conservation

expense exceeded the amount authorized in rates. For the purpose of settlement, the parties agree that the Commission should allow recovery of this \$603,130.

<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
\$1,856,829	\$0	\$603,130

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, p. 17-3; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-17; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), p. 32; SJW-2, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on O&M Expenses, A&G Expenses, and Balancing and Memo Accounts (Public Version), pp. 42-43.

#### **6. Fluoride Implementation Cost Memorandum Account**

SJWC requested authorization to establish this account due to the uncertain nature of the timing and expenses associated with potential implementation of fluoridation. ORA recommends that the Commission reject this request due to third party efforts to raise funds to cover costs for fluoridation. For the purpose of settlement, SJWC withdraws its request for this account. SJWC may, however, file an advice letter for a memorandum account to track operations and maintenance expenses once third party funding for such expenses runs out.

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, p. 17-3; ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC’s General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), p. 35.

## **7. 2018 Tax Accounting Memorandum Account**

ORA has suggested that SJWC should close this account as of January 1, 2019 and amortize any balance back to customers. SJWC recommended that the account be kept open until all the required accounting guidance related to the 2018 Federal Tax Law has been issued by the Internal Revenue Service (IRS). For the purpose of settlement, the parties agree that the account should be kept open until three months following a final decision in this proceeding if IRS guidance is issued before such time, or until such guidance has been issued, but no later than ten days following the date that SJWC makes its 2018 tax year filing with the IRS.

REFERENCES: ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC's General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), p. 37; SJW-9, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on Taxes and Rate Base, p. 4.

## **H. Plant**

Parties agree that actual capital spending for the three years addressed in this proceeding (2019-2021) including the 2018 transition year may vary from any forecast adopted by the Commission and that any variance between adopted amounts and those that actually occur would not demonstrate imprudence or unreasonableness. The parties also agree that it is the utility's responsibility to manage the overall capital budget to assure safe and reliable service for customers.

For the purpose of settlement, the parties agree to the total budgets shown below for capital projects. The parties agree that this amount is justified based on the projects SJWC proposed in its application, as discussed in its direct and rebuttal testimony, as well as the concerns expressed by ORA in its report. The parties agree that the budgets provide a pool of funds for capital projects that is less than the amount originally requested by SJWC, but is comparable to the amount spent during its previous rate case cycle. Within this overall capital

budget, SJWC will have the flexibility to prioritize the capital projects in order to best serve its customers.

	<b>SJWC</b>	<b>ORA</b>	<b>Settlement</b>
2018	\$116,114,863	\$91,838,851	\$95,679,851
2019	\$135,095,200	\$98,001,165	\$101,726,165
2020	\$152,007,300	\$106,662,438	\$121,992,438
TOTAL	\$403,217,363	\$296,502,454	\$319,398,454

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, pp. 11-1 to 11-3; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-11; SJW-7, San Jose Water Company Application Exhibit G – Capital Budget Project Justifications; ORA-5, Office of Ratepayer Advocates Report and Recommendations on Utility Plant in Service and Water Quality, pp. 1-147; SJW-10, Rebuttal of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendation on Utility Plant in Service and Water Quality, pp. 1-60.

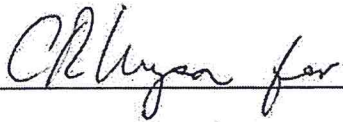
### **I. Proposed Merger**

The parties agree that the issue of whether any ratemaking adjustments are warranted in light of the proposed merger between San Jose Water Group and Connecticut Water Service, Inc. should be considered in I.18-07-007.

### **III. CONCLUSION**

The parties mutually believe that, based on the terms and conditions stated above, this Settlement Agreement is reasonable in light of the whole record, is consistent with the law, and is in the public interest.


Respectfully submitted,

By:  \_\_\_\_\_

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August 8, 2018

By:  \_\_\_\_\_

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August 8, 2018



## REVISED DETAILED JOINT COMPARISON EXHIBIT

TABLE 1:

## TEST YEAR 2019 SUMMARY OF EARNINGS AT PRESENT AND PROPOSED RATES

Line	Item	ORA Testimony	ORA Final*	\$ SJWC > ORA	% SJWC > ORA	SJWC Final*	SJWC Update	SJWC Application
1	<b>Summary of Earnings at Present Rates</b>							
2	Operating Revenue	\$367,283	\$360,681	\$0	0.0%	\$360,681	\$366,875	\$351,582
3								
4	Operating & Maintenance Expense	\$198,252	\$200,261	\$0	0.0%	\$200,261	\$184,875	\$184,721
5	Administrative & General Expense	\$32,039	\$33,185	\$0	0.0%	\$33,185	\$42,324	\$39,857
6	Taxes Other Than Income	\$13,913	\$14,065	\$0	0.0%	\$14,065	\$14,650	\$14,280
7	Depreciation & Amortization	\$51,756	\$52,963	\$0	0.0%	\$52,963	\$53,871	\$54,051
8	Income Taxes	\$9,345	\$6,445	\$0	0.0%	\$6,446	\$8,766	\$11,384
9	Total Operating Expenses	\$305,305	\$306,920	\$0	0.0%	\$306,920	\$304,486	\$304,293
10								
11	Net Operating Revenue	\$61,978	\$53,760	\$0	0.0%	\$53,761	\$62,389	\$47,289
12								
13	Depreciated Rate Base	\$848,894	\$853,441	\$0	0.0%	\$853,441	\$891,685	\$835,582
14	Rate of Return	7.30%	6.30%	0%	0.0%	6.30%	7.00%	5.66%
15								
16	<b>Summary of Earnings at Proposed Rates</b>							
17	Operating Revenue	\$370,147	\$377,059	\$0	0.0%	\$377,059	\$380,843	\$385,869
18								
19	Operating & Maintenance Expense	\$198,252	\$200,261	\$0	0.0%	\$200,261	\$184,875	\$184,721
20	Administrative & General Expense	\$32,039	\$33,185	\$0	0.0%	\$33,185	\$42,324	\$39,857
21	Taxes Other Than Income	\$13,920	\$14,106	\$0	0.0%	\$14,106	\$14,685	\$14,359
22	Depreciation & Amortization	\$51,756	\$52,963	\$0	0.0%	\$52,963	\$53,871	\$54,051
23	Income Taxes	\$10,197	\$11,342	\$0	0.0%	\$11,342	\$12,917	\$25,303
24	Total Operating Expenses	\$306,164	\$311,857	\$0	0.0%	\$311,857	\$308,673	\$318,292
25								
26	Net Operating Revenue	\$63,983	\$65,202	\$0	0.0%	\$65,202	\$72,170	\$67,577
27								
28	Depreciated Rate Base	\$848,894	\$853,441	\$0	0.0%	\$853,441	\$891,685	\$835,582
29	Rate of Return	7.54%	7.64%	0%	0.0%	7.64%	8.09%	8.09%

\*"Final" positions for SJWC and ORA include rate changes and increased purchased water and groundwater extraction unit costs as authorized by the CPUC via Advice Letters 518,522A and 523.

REVISED DETAILED JOINT COMPARISON EXHIBIT

TABLE 2:  
TEST YEAR 2019 OPERATING REVENUES AT PRESENT AND PROPOSED RATES

Line	Item	ORA Testimony	ORA Final*	\$ SJWC > ORA	% SJWC > ORA	SJWC Final*	SJWC Update	SJWC Application
1	<b>Oper. Revenues at Present Rates</b>							
2	Residential	\$217,284	\$212,198	\$0	0.0%	\$212,198	\$217,284	\$207,751
3	Business	\$118,205	\$116,836	\$0	0.0%	\$116,836	\$118,205	\$113,889
4	Industrial Revenue	\$1,292	\$1,284	\$0	0.0%	\$1,284	\$919	\$891
5	Public Authorities	\$17,839	\$17,753	\$0	0.0%	\$17,753	\$17,839	\$16,999
6	Resale	\$1,069	\$1,066	\$0	0.0%	\$1,066	\$1,069	\$1,011
7	Other	\$969	\$1,032	\$0	0.0%	\$1,032	\$969	\$997
8	Raw Water	\$202	\$227	\$0	0.0%	\$227	\$167	\$322
9	Recycled Water	\$5,278	\$5,347	\$0	0.0%	\$5,347	\$5,278	\$5,053
10	Residential Fire Service Upsize	\$229	\$229	\$0	0.0%	\$229	\$229	\$220
11	Private Fire Service	\$3,830	\$3,623	\$0	0.0%	\$3,623	\$3,830	\$3,658
12								
13	Subtotal	\$366,197	\$359,595	\$0	0.0%	\$359,595	\$365,789	\$350,791
14								
15	Misc. & Deferred Revenue	\$1,086	\$1,086	\$0	0.0%	\$1,086	\$1,086	\$791
16								
17	<b>Total Revenues at Present Rates</b>	\$367,283	\$360,681	\$0	0.0%	\$360,681	\$366,875	\$351,582
18								
19	<b>Oper. Revenues at Proposed Rates</b>							
20	Residential	\$225,067	\$229,820	\$0	0.0%	\$229,820	\$228,361	\$234,357
21	Business	\$112,875	\$114,568	\$0	0.0%	\$114,568	\$119,241	\$118,951
22	Industrial Revenue	\$1,203	\$1,220	\$0	0.0%	\$1,220	\$940	\$939
23	Public Authorities	\$17,071	\$17,325	\$0	0.0%	\$17,325	\$18,047	\$17,711
24	Resale	\$941	\$952	\$0	0.0%	\$952	\$953	\$932
25	Other	\$1,361	\$1,393	\$0	0.0%	\$1,393	\$1,440	\$1,381
26	Raw Water	\$195	\$197	\$0	0.0%	\$197	\$178	\$313
27	Recycled Water	\$4,924	\$5,076	\$0	0.0%	\$5,076	\$5,172	\$5,106
28	Residential Fire Service Upsize	\$320	\$320	\$0	0.0%	\$320	\$320	\$307
29	Private Fire Service	\$5,104	\$5,102	\$0	0.0%	\$5,102	\$5,104	\$5,080
30								
31	Subtotal	\$369,061	\$375,974	\$0	0.0%	\$375,974	\$379,757	\$385,078
32								
33	Misc. & Deferred Revenue	\$1,086	\$1,086	\$0	0.0%	\$1,086	\$1,086	\$791
34								
35	<b>Total Revenues at Proposed Rates</b>	\$370,147	\$377,059	\$0	0.0%	\$377,059	\$380,843	\$385,869

\*"Final" positions for SJWC and ORA include rate changes and increased purchased water and groundwater extraction unit costs as authorized by the CPUC via Advice Letters 518,522A and 523.

REVISED DETAILED JOINT COMPARISON EXHIBIT  
 TABLE 3:  
 TEST YEAR 2019 OPERATING AND ADMINISTRATIVE EXPENSES

Line	Item	ORA Testimony	ORA Final*	\$ SJWC > ORA	% SJWC > ORA	SJWC Final*	SJWC Update	SJWC Application
1	<b>Operating &amp; Maintenance Expenses</b>							
2	Purchased Water Potable	\$98,376	\$98,376	\$0	0.0%	\$98,376	\$86,825	\$86,825
3	Purchased Water Recycled	\$3,811	\$3,811	\$0	0.0%	\$3,811	\$2,707	\$2,680
4	Other Source of Supply	\$1,681	\$1,744	\$0	0.0%	\$1,744	\$1,849	\$2,164
5	Purchased Power	\$8,790	\$8,789	\$0	0.0%	\$8,789	\$8,268	\$8,132
6	Pump Taxes	\$49,667	\$49,659	\$0	0.0%	\$49,659	\$43,406	\$43,053
7	Other Pumping Expenses	\$3,408	\$3,595	\$0	0.0%	\$3,595	\$3,913	\$3,748
8	Chemical & Filtering Material	\$568	\$568	\$0	0.0%	\$568	\$568	\$568
9	Other Water Treatment	\$3,842	\$3,961	\$0	0.0%	\$3,961	\$4,274	\$4,477
10	Transmission & Distribution	\$3,905	\$4,069	\$0	0.0%	\$4,069	\$4,465	\$4,819
11	Customer Accounts - Uncollectibles	\$490	\$501	\$0	0.0%	\$501	\$504	\$541
12	Customer Accounts - Labor	\$4,707	\$4,931	\$0	0.0%	\$4,931	\$5,528	\$5,377
13	Customer Accounts - Transportation	\$58	\$59	\$0	0.0%	\$59	\$60	\$76
14	Customer Accounts - Postage	\$564	\$564	\$0	0.0%	\$564	\$564	\$575
15	Customer Accounts - Purchased Services	\$2,775	\$3,079	\$0	0.0%	\$3,080	\$3,196	\$3,114
16	Conservation - Base Program	\$962	\$962	\$0	0.0%	\$962	\$962	\$868
17	Conservation - CII Survey	\$33	\$50	\$0	0.0%	\$50	\$50	\$50
18	Conservation - Recycled Retrofits	\$400	\$400	\$0	0.0%	\$400	\$1,200	\$1,200
19	Customer Accounts - Other	\$130	\$130	\$0	0.0%	\$130	\$130	\$61
20	Non-Tariffed Service Adjustment	(\$1,031)	(\$1,031)	\$0	0.0%	(\$1,031)	(\$1,031)	(\$836)
21	Maintenance Source of Supply	\$111	\$121	\$0	0.0%	\$121	\$129	\$145
22	Maintenance Pumping	\$1,318	\$1,430	\$0	0.0%	\$1,430	\$1,530	\$1,642
23	Maintenance Water Treatment Plant	\$113	\$114	\$0	0.0%	\$114	\$117	\$129
24	Maintenance Transmission & Distribution	\$13,584	\$14,390	\$0	0.0%	\$14,390	\$15,490	\$15,322
25	Maintenance Expense Adjustments	(\$10)	(\$10)	\$0	0.0%	(\$10)	(\$10)	(\$8)
26	<b>Subtotal O&amp;M Expenses</b>	\$198,252	\$200,261	\$0	0.0%	\$200,263	\$184,693	\$184,721
27								
28	<b>Administrative &amp; General (A&amp;G) Expenses</b>							
29	A&G Salaries	\$11,730	\$12,290	\$0	0.0%	\$12,290	\$13,778	\$12,563
30	A&G Office Supplies	\$2,493	\$2,668	\$0	0.0%	\$2,668	\$3,955	\$3,918
31	A&G Property Insurance	\$199	\$200	\$0	0.0%	\$200	\$204	\$245
32	A&G Injuries & Damages Insurance	\$1,874	\$2,031	\$0	0.0%	\$2,031	\$3,907	\$4,116
33	A&G Pensions, Benefits, & PBOP	\$17,066	\$17,066	\$0	0.0%	\$17,066	\$18,516	\$18,343
34	A&G Regulatory Commission	\$232	\$232	\$0	0.0%	\$232	\$342	\$342
35	A&G Outside Services	\$3,072	\$3,071	\$0	0.0%	\$3,071	\$5,259	\$4,680
36	A&G Dues & Memberships	\$596	\$596	\$0	0.0%	\$596	\$596	\$577
37	A&G Corporate Expenses	\$1,199	\$1,199	\$0	0.0%	\$1,199	\$1,199	\$966
38	A&G Rents	\$486	\$486	\$0	0.0%	\$486	\$486	\$508
39	A&G Maintenance	\$1,475	\$1,729	\$0	0.0%	\$1,729	\$2,465	\$1,935
40	A&G Transferred Expenses	(\$8,383)	(\$8,383)	\$0	0.0%	(\$8,383)	(\$8,383)	(\$8,335)
41	<b>Subtotal A&amp;G Expenses</b>	\$32,039	\$33,185	\$0	0.0%	\$33,185	\$42,324	\$39,857
42								
43	<b>Allocated Expenses</b>							
44	Total Labor Expense	\$42,656	\$44,692	\$0	0.0%	\$44,692	\$44,692	\$50,134
45	Transportation Expense	\$4,685	\$4,721	\$0	0.0%	\$4,721	\$4,721	\$5,196
46	Purchased Services	\$9,867	\$10,848	\$0	0.0%	\$10,848	\$10,849	\$10,924

\*\*Final" positions for SJWC and ORA include rate changes and increased purchased water and groundwater extraction unit costs as authorized by the CPUC via Advice Letters 518,522A and 523.

## REVISED DETAILED JOINT COMPARISON EXHIBIT

TABLE 4:

## TEST YEAR 2019 TAXES AT PROPOSED RATES

Line	Item	ORA Testimony	ORA Final*	\$ SJWC > ORA	% SJWC > ORA	SJWC Final*	SJWC Update	SJWC Application
1	TAXES							
2	Taxes Other Than Income							
3	Ad Valorem Taxes	\$9,782	\$9,809	\$0	0.0%	\$9,809	\$9,997	\$9,734
4	Business License Fees	\$170	\$170	\$0	0.0%	\$170	\$173	\$171
5	Payroll Taxes	\$3,042	\$3,183	\$0	0.0%	\$3,183	\$3,563	\$3,559
6	Franchise Fees	\$926	\$944	\$0	0.0%	\$943	\$953	\$895
7	Subtotal Taxes Other Than Income	\$13,920	\$14,106	\$0	0.0%	\$14,106	\$14,685	\$14,359
8								
9	Depreciation and Amortization	\$51,756	\$52,963	\$0	0.0%	\$52,963	\$53,871	\$54,051
10								
11	Income Taxes							
12	Total Deductions	\$79,596	\$81,175	\$0	0.0%	\$81,174	\$83,242	\$82,770
13								
14	CCFT Depreciation for Taxes	(\$49,702)	(\$49,702)	\$0	0.0%	(\$49,702)	(\$49,702)	\$5,279
15	Section 162(m) Limitation	(\$458)	(\$458)	\$0	0.0%	(\$458)	(\$458)	(\$116)
16	Deferred Revenue (Net of Tax)			\$0				
17	Taxable Income Incl Def Revenue	\$41,825	\$45,343	\$0	0.0%	\$45,343	\$50,314	\$59,721
18	California State Tax @ 8.84%	\$3,697	\$4,008	\$0	0.0%	\$4,008	\$4,448	\$5,279
19								
20	FIT Depreciation for Taxes	(\$55,962)	(\$55,962)	\$0	0.0%	(\$55,962)	(\$55,962)	(\$56,097)
21	CCFT Deduction	(\$6,181)	(\$4,361)	\$0	0.0%	(\$4,361)	(\$3,922)	(\$5,279)
22	Taxable Income	\$40,489	\$45,827	\$0	0.0%	\$45,827	\$51,236	\$57,200
23	Federal Income Tax @ 21%	\$8,503	\$9,624	\$0	0.0%	\$9,624	\$10,760	\$20,020
24	Tax on CIAC and Advances	\$196	\$196	\$0	0.0%	\$196	\$196	\$3
25	Reversal of Excess Deferred Tax	(\$2,199)	(\$2,486)	\$0	0.0%	(\$2,485)	(\$2,485)	\$0
26	Subtotal Income Taxes	\$10,197	\$11,342	\$0	0.0%	\$11,342	\$15,403	\$25,303

\*"Final" positions for SJWC and ORA include rate changes and increased purchased water and groundwater extraction unit costs as authorized by the CPUC via Advice Letters 518,522A and 523.

REVISED DETAILED JOINT COMPARISON EXHIBIT  
 TABLE 5A:  
 UTILITY PLANT IN SERVICE - BUDGET YEAR 2018

Line	Item	ORA Testimony	ORA Final	\$ SJWC > ORA	% SJWC > ORA	SJWC Final	SJWC Update	SJWC Application
1	UTILITY PLANT							
2	2018 New Plant	\$91,839	\$95,680	\$0	0.0%	\$95,680	\$116,115	\$116,115
3	2018 Cost of Retiring -	\$2,933	\$2,933	\$0	0.0%	\$2,933	\$5,603	\$5,603
4	2018 Total Construction Budget	\$88,906	\$92,747	\$0	0.0%	\$92,747	\$110,512	\$110,512

REVISED DETAILED JOINT COMPARISON EXHIBIT  
 TABLE 5B:  
 UTILITY PLANT IN SERVICE - BUDGET YEAR 2019

Line	Item	ORA Testimony	ORA Final	\$ SJWC > ORA	% SJWC > ORA	SJWC Final	SJWC Update	SJWC Application
1	UTILITY PLANT							
2	2019 New Plant	\$98,001	\$101,726	\$0	0.0%	\$101,726	\$135,095	\$135,095
3	2019 Cost of Retiring -	\$6,834	\$6,834	\$0	0.0%	\$6,834	\$8,321	\$8,321
4	2019 Total Construction Budget	\$91,168	\$94,893	\$0	0.0%	\$94,893	\$126,774	\$126,774

REVISED DETAILED JOINT COMPARISON EXHIBIT  
 TABLE 5C:  
 UTILITY PLANT IN SERVICE - BUDGET YEAR 2020

Line	Item	ORA Testimony	ORA Final	\$ SJWC > ORA	% SJWC > ORA	SJWC Final	SJWC Update	SJWC Application
1	UTILITY PLANT							
2	2020 New Plant	\$106,662	\$121,992	\$0	0.0%	\$121,992	\$152,007	\$152,007
3	2020 Cost of Retiring -	\$6,710	\$6,710	\$0	0.0%	\$6,710	\$11,126	\$11,126
4	2020 Total Construction Budget	\$99,952	\$115,282	\$0	0.0%	\$115,282	\$140,882	\$140,882

## REVISED DETAILED JOINT COMPARISON EXHIBIT

TABLE 6:

## TEST YEARS 2019 AND 2020 RATEBASE

Line	Item	ORA Testimony	ORA Final	\$ SJWC > ORA	% SJWC > ORA	SJWC Final	SJWC Update	SJWC Application
1	2019 RATEBASE							
2	Utility Plant	\$1,754,251	\$1,760,114	\$0	0.0%	\$1,760,114	\$1,797,916	\$1,774,039
3	Adjustments to Plant	(\$203,698)	(\$203,698)	\$0	0.0%	(\$203,698)	(\$203,698)	(\$202,821)
4	Working Capital	\$25,180	\$25,248	(\$0)	0.0%	\$25,248	\$25,239	\$28,277
5	Tax Deferrals	(\$153,803)	(\$153,660)	\$0	0.0%	(\$153,660)	(\$153,660)	(\$175,232)
6	Rate Base, Taxed Contributions	\$7,640	\$7,547	\$0	0.0%	\$7,547	\$7,640	\$4,687
7	Rate Base, Taxed Advances	\$3,294	\$3,192	\$0	0.0%	\$3,192	\$3,294	\$2,911
8	Depreciation Reserve	\$583,970	\$585,301	\$0	0.0%	\$585,301	\$585,046	\$596,279
9	2016 Weighted Avg Ratebase	\$848,894	\$853,441	(\$0)	0.0%	\$853,441	\$891,685	\$835,582
10								
11	2020 RATEBASE							
12	Utility Plant	\$1,844,267	\$1,859,994	\$0	0.0%	\$1,859,994	\$1,928,493	\$1,903,954
13	Adjustments to Plant	(\$207,599)	(\$207,599)	\$0	0.0%	(\$207,599)	(\$207,599)	(\$206,597)
14	Working Capital	\$25,729	\$26,207	\$0	0.0%	\$26,207	\$25,559	\$33,829
15	Tax Deferrals	(\$151,787)	(\$151,357)	\$0	0.0%	(\$151,357)	(\$151,357)	(\$180,053)
16	Rate Base, Taxed Contributions	\$8,750	\$8,657	\$0	0.0%	\$8,657	\$8,750	\$4,372
17	Rate Base, Taxed Advances	\$3,401	\$3,298	\$0	0.0%	\$3,298	\$3,401	\$2,931
18	Depreciation Reserve	\$631,577	\$634,345	\$0	0.0%	\$634,345	\$635,152	\$648,217
19	2017 Weighted Avg Ratebase	\$891,183	\$904,855	\$0	0.0%	\$904,855	\$972,094	\$910,219



REVISED DETAILED JOINT COMPARISON EXHIBIT  
TABLE 7:  
TEST YEAR 2019 CUSTOMER FORECASTS AND SALES ESTIMATES

Line	Item	ORA Testimony	ORA Final	\$ SJWC > ORA	% SJWC > ORA	SJWC Final	SJWC Update	SJWC Application
1	Metered Services							
2	Residential	199,893	199,893	0	0.0%	199,893	199,893	199,173
3	Business	20,694	20,694	0	0.0%	20,694	20,694	20,721
4	Industrial	51	51	0	0.0%	51	51	51
5	Public Authority	1,287	1,287	0	0.0%	1,287	1,287	1,264
6	Resale	32	32	0	0.0%	32	32	32
7	Other	256	256	0	0.0%	256	256	255
8	<b>Total Potable Metered Services</b>	<b>222,213</b>	<b>222,213</b>	<b>0</b>	<b>0.0%</b>	<b>222,213</b>	<b>222,213</b>	<b>221,496</b>
9								
10	Raw Water	5	5	0	0.0%	5	5	5
11	Recycled Water - Piped	240	240	0	0.0%	240	240	233
12	Recycled Water - Former Well Users	8	8	0	0.0%	8	8	8
13	<b>Total Non-Potable Metered Services</b>	<b>222,458</b>	<b>222,458</b>	<b>0</b>	<b>0.0%</b>	<b>222,458</b>	<b>222,458</b>	<b>221,734</b>
14								
15	Private Fire Service	3,937	3,937	0	0.0%	3,937	3,937	3,917
16	<b>Total Active Services</b>	<b>226,395</b>	<b>226,395</b>	<b>0</b>	<b>0.0%</b>	<b>226,395</b>	<b>226,395</b>	<b>225,651</b>
17								
18	Average Sales per Customer (ccf/connection/yr)							
19	Residential	129	129	0	0.0%	129	129	129
20	Business	828	828	0	0.0%	828	828	828
21								
22	Total Sales Per Customer Class (Kccf)							
23	Residential	25,786	25,786	0	0.0%	25,786	25,786	25,693
24	Business	17,135	17,135	0	0.0%	17,135	17,135	17,157
25	Industrial	198	198	0	0.0%	198	132	132
26	Public Authority	2,624	2,624	0	0.0%	2,624	2,624	2,577
27	Resale	179	179	0	0.0%	179	179	175
28	Other	58	58	0	0.0%	58	58	58
29	<b>Total Potable Metered Sales</b>	<b>45,980</b>	<b>45,980</b>	<b>0</b>	<b>0.0%</b>	<b>45,980</b>	<b>45,914</b>	<b>45,792</b>
30								
31	Raw Water	41	41	0	0.0%	41	34	61
32	Recycled Water - Piped	739	739	0	0.0%	739	739	722
33	Recycled Water - Former Well Users	363	363			363	363	369
33	<b>Total Sales</b>	<b>46,760</b>	<b>46,760</b>	<b>0</b>	<b>0.0%</b>	<b>46,760</b>	<b>46,687</b>	<b>46,575</b>
34								
35	Source of Supply (Kccf)							
36	Groundwater	16,162	16,162	0	0.0%	16,162	16,091	15,960
37	Purchased Water	29,662	29,662	0	0.0%	29,662	29,662	29,662
38	Surface Water	3,555	3,555	0	0.0%	3,555	3,555	3,555

REVISED DETAILED JOINT COMPARISON EXHIBIT

TABLE 8:

NON-REVENUE REQUIREMENT ISSUES

Line	Item	ORA Testimony	ORA Final	SJWC Final	SJWC Application
1	Revenue Decoupling and Sales Update	Maintain Monterey-style WRAM	Maintain Monterey-style WRAM	Full WRAM/MCBA and Sales Reconciliation Mechanism	Full WRAM/MCBA and Sales Reconciliation Mechanism
2	Purchased Water, Purchased Recycled Water, Purchased Power and Pump Tax Recovery	Include the July 1, 2018, wholesale water rate increase for the period of January 1 through June 30, 2019, as well as a projected wholesale water rate increase for the period of July 1 through December 31, 2019. No additional escalation is proposed for escalation years 2020 and 2021.	Include the July 1, 2018, wholesale water rate increase for the period of January 1 through June 30, 2019, as well as a projected wholesale water rate increase for the period of July 1 through December 31, 2019. Allow SJWC to implement the wholesale water offsets for 2020 and 2021 via offset advice letters as authorized by Public Utilities Code Section 792.5 and GO 96-B Water Industry Rules 7.3.1(7) and 8.4.	Include the July 1, 2018, wholesale water rate increase for the period of January 1 through June 30, 2019, as well as a projected wholesale water rate increase for the period of July 1 through December 31, 2019. Allow SJWC to implement the wholesale water offsets for 2020 and 2021 via offset advice letters as authorized by Public Utilities Code Section 792.5 and GO 96-B Water Industry Rules 7.3.1(7) and 8.4.	SJWC currently files advice letters on or about June 1 of each year requesting authorization to increase the revenue requirement resulting from the changes in wholesale water rates (purchased water) and groundwater extraction fees (pump tax) charged by the Santa Clara Valley Water District to its retailers annually on July 1. The revenue is recovered via surcharges and thus by the end of each rate case cycle, there will be six surcharges on the bills (two for each year – one for purchased water and one for groundwater extraction fees). These charges are noticed in the newspaper and on the bills. During the rate case proceeding, these six surcharges are then rolled into base rates and the cycle continues with another six surcharges for the following rate case period.
3	Balancing Account Disposition	Authorize recovery of \$13,387,687 combined balance	Authorize recovery of \$13,612,774 combined balance	Authorize recovery of \$13,612,774 combined balance	Authorize recovery of \$13,612,774 combined balance
4	Healthcare Cost Balancing Account	Request for Healthcare Cost Balancing Account should be denied	CPUC decision in A.16-07-002 on this issue should apply to SJWC	CPUC decision in A.16-07-002 on this issue should apply to SJWC	Request authorization for a Healthcare Cost Balancing Account
5	Pension Expense Balancing Account balance	\$3,989,089	\$38,145,111	\$38,145,111	\$38,145,111

REVISED DETAILED JOINT COMPARISON EXHIBIT

TABLE 8:

NON-REVENUE REQUIREMENT ISSUES

6	Water Rate Adjustment Mechanism Balancing Account balance	\$4,382,284	\$4,763,421	\$4,763,421	\$4,763,421
7	Memorandum Account Disposition	Authorize recovery of \$4,891,291	Authorize recovery of \$5,854,611	Authorize recovery of \$5,854,611	Authorize recovery of \$7,112,350
8	Water Conservation Memorandum Account & Drought Surcharges	SJWC to refund 100% of all 2016 and 2017 drought surcharge and net the balances against the outstanding 2016 and 2017 WCMA balances. Total net under collected balance of the Drought Surcharges and WCMA is \$7,600,000	SJWC to refund 100% of all 2016 and 2017 drought surcharge and net the balances against the outstanding 2016 and 2017 WCMA balances. Total net under collected balance of the Drought Surcharges and WCMA is \$7,600,000	SJWC to refund 100% of all 2016 and 2017 drought surcharge and net the balances against the outstanding 2016 and 2017 WCMA balances. Total net under collected balance of the Drought Surcharges and WCMA is \$7,600,000	
9	16 GRC BA Surcharge Account Recovery	Recover \$1,284,237 in residual balances of surcharge revenue authorized in last GRC but not collected	Recover \$1,284,237 in residual balances of surcharge revenue authorized in last GRC but not collected	Recover \$1,284,237 in residual balances of surcharge revenue authorized in last GRC but not collected	Recover \$1,284,237 in residual balances of surcharge revenue authorized in last GRC but not collected
10	2013 Interim Rates Memorandum Account	Recover \$11,474,350 in residual balances from 2013 interim rates true-up memo account.	Recover \$11,474,350 in residual balances from 2013 interim rates true-up memo account.	Recover \$11,474,350 in residual balances from 2013 interim rates true-up memo account.	Recover \$11,474,350 in residual balances from 2013 interim rates true-up memo account.
11	Intervenor Compensation Balancing Account	Recover \$28,647 balance and close account	Recover \$28,647 balance and keep the account open	Recover \$28,647 balance and keep the account open	Recover \$28,647 balance and keep the account open
12	Calero Tank Memorandum Account	Recover \$363,345	Recover \$363,345	Recover \$363,345	Recover \$363,345
13	Mandatory Conservation Memorandum Account amount to be recovered	\$0	\$603,130	\$603,130	\$1,856,829
14	Drinking Water Fees Memorandum Account	Recover \$73,719	Recover \$73,719	Recover \$73,719	Recover \$73,719
15	Pressure-Reducing Valve Modernization and Energy Recovery Memorandum Account ("PRVMA")	Deny request to transfer to ratebase	Deny request to transfer to ratebase or to recover as expenses	Transfer \$1,243,362 to ratebase or amortize the balance over the three-year rate case period	Transfer \$1,243,362 to ratebase
16	Fluoride Implementation Cost Memorandum Account	Deny request for memo account	No memo account now, but SJWC may file an advice letter for a memo account to track operations and maintenance expenses once third party funding for such expenses runs out	No memo account now, but SJWC may file an advice letter for a memo account to track operations and maintenance expenses once third party funding for such expenses runs out	Request authorization for a memo account

REVISED DETAILED JOINT COMPARISON EXHIBIT

TABLE 8:

NON-REVENUE REQUIREMENT ISSUES

17	2018 Tax Memorandum Account	Close account as of January 1, 2019 and amortize any balance back to customers	Account should be kept open until three months following a final decision in this proceeding if IRS guidance is issued before such time, or until such guidance has been issued, but no later than ten days following the date that SJWC makes its 2018 tax year filing with the IRS	Account should be kept open until three months following a final decision in this proceeding if IRS guidance is issued before such time, or until such guidance has been issued, but no later than ten days following the date that SJWC makes its 2018 tax year filing with the IRS	Account be kept open until all the required accounting guidance related to the 2018 Federal Tax Law has been issued by the Internal Revenue Service (IRS)
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(End of Attachment A)

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 556**

**ATTACHMENT B**

**SAN JOSE WATER COMPANY**

(U-168-W)

**SUMMARY OF EARNINGS AND RATE OF RETURN  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2020**

(\$ Amounts in Thousands)

	<b>Authorized Per AL 541</b>	<b>Recorded</b>	<b>Adjustment</b>	<b>Pro-forma</b>
<b>Operating Revenue:</b>				
Metered Revenues (Including Rev Adjust for BA & Surcharge Collection)	\$385,435	\$395,359		\$375,960
Other Water Revenues	\$0	\$5,157		\$5,157
Deferred Revenue on CIAC	\$882	\$678		\$882
	\$386,317	\$401,195		\$381,999
<b>Operating Expense:</b>				
Purchased Water - Potable	\$98,573	\$91,145	F	\$98,554
Purchased Water - Recycled	\$3,818	\$3,116	F	\$3,116
Pump Taxes	\$49,758	\$70,364	G	\$50,054
Purchased Power	\$8,807	\$8,216	H	\$8,630
Operations & Maintenance	\$39,117	\$42,729.37	D	\$39,117
Chemical	\$573	\$587	I	\$562
Administrative & General	\$33,740	\$40,017	D	\$33,740
Depreciation & Amortization	\$56,180	\$61,339	D	\$55,612
	\$290,566	\$317,515		\$289,384
Subtotal				
Uncollectible	\$504	\$272	B	\$505
Taxes Other Than Income	\$14,294	\$14,290	C	\$15,469
B/A Memo Acct GAAP & Revenue Adjustments for Balancing & Memo Acct Surcharge Collection	\$0	\$9,501	E	\$0
	\$305,364	\$341,579		\$305,358
Total Operating Expense Before Income Taxes				
Operating Revenue Before Income Taxes	\$80,953	\$59,616		\$76,641
State Income Tax	\$3,708	\$4,549	J	\$3,849
Federal Income Tax	\$7,879	\$7,204	J	\$8,268
	\$316,951	\$353,332		\$317,475
Total Operating Expense				
<b>Net Operating Revenue</b>	\$69,366	\$47,863		\$64,524
Weighted Average Rate Base	907,497	982,798		982,798
Earned Rate of Return	7.64%	4.87%		6.57%
Authorized Rate of Return	7.64%		K	7.75%

**SAN JOSE WATER COMPANY**

**(U-168-W)**

**WEIGHTED AVERAGE RATE BASE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2020**

**(\$ Amounts in Thousands)**

**Weighted Averages [2]:**

Utility Plant	\$1,933,689
Reserve for Depreciation	\$629,898
Reserve for Amortization	<u>\$549</u>
Net Utility Plant	1,303,242

**Adjustments:**

Contributions in Aid of Construction	\$127,680
Total Tax Deferrals	\$153,660
Advances for Construction	<u>\$76,493</u>
Total Adjustments	357,833

Adjusted Net Utility Plant	945,409
Taxes on Contributions & Advances	\$11,413
Total Working Capital	<u>\$25,976</u>

Weighted Average Rate Base	<u><u>\$982,798</u></u>
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[2] The weighted average is the sum of the first and last months balance divided by two, plus the sum of the intervening eleven months, divided by twelve.

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

**ADJUSTMENTS**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2020**  
**(\$ Amounts in Thousands)**

**A. OPERATING REVENUES**

Total Revenues Adjusted for Climatic Conditions and Current Water Rate:	(from Sum of Earn)	\$381,999
Total Revenues as Recorded	(from Sum of Earn)	\$401,195
Revenue Increase (Decrease)		\$19,196

**B. UNCOLLECTIBLES**

Pro-forma Revenue (Total Revenues Less Deferred Revenue	(from Sum of Earn)	\$381,117
Percentage of Revenue Adopted in D.18-11-025		0.1324%
Uncollectible	(to Sum of Earn)	\$505

**C. TAXES OTHER THAN INCOME TAXES**

Franchise Tax:		
Pro-forma Revenue (Total Revenues Less Deferred Revenue	(from Sum of Earn)	\$381,117
Percentage of Revenue Adopted in D.18-11-025		0.2508%
Pro-Forma Franchise Tax (1)	(to Sum of Earn)	\$956

## Ad Valorem Taxes:

Adopted Property Tax Rate	1.22%			
Pro-Forma Calculation (2) = Net Utility Plant x ratio to Prop Value x Prop	\$1,303,242	0.7019	\$914,746	\$11,160
Pro-Forma Payroll Taxes = Adopted (3)				\$3,183
Pro-Forma Business License = Adopted (4)				\$170
Total Pro-Forma Taxes Other Than Income Taxes (1+2+3+4)				\$15,469

**D. ADOPTED EXPENSES PRO-FORMA**

	Adopted	Recorded	Adjustment
Operations & Maintenance	(from Sum of Earn) \$39,117	\$42,729	(\$3,613)
Administrative & General	(from Sum of Earn) \$33,740	\$40,017	(\$6,277)
Taxes Other than Income	(from Sum of Earn) \$14,294	\$14,290	\$4
Depreciation:			
Recorded Depreciable Plant 12/31/18	\$1,792,949		
Adopted Composite Depreciation Rate	3.50%		
Depreciation	<u>\$62,753</u>		
Less:			
Transportation & GIS Depreciation	\$2,062		
Contributions	<u>\$5,079</u>		
Depreciation Expense	\$55,612	\$55,612	\$568

**E. BALANCING & MEMO ACCT REVENUE ADJUSTMENT**

San Jose Water Company recognizes the balances in the company's Memorandum Style Balancing Accounts and Memorandum Account in accordance with GAAP in addition to recovery of surcharges from prior periods:	(from Sum of Earn)	\$9,501
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**F. PURCHASED POTABLE WATER**

Purchased Water in MG, Normalized	(from p. 6)	21,786
Purchased Water Cost per D.18-11-025 and VW 7/01/2019 increase		\$4,523.71
Purchased Water at Current Rates, Normalized		<u>\$98,554</u>
Purchased Water, Recorded	(from Sum of Earn)	<u>\$91,145</u>
Purchased Water Adjustment		\$7,409

**PURCHASED RECYCLED WATER**

Purchased Recycled Water in MG, Normalized	(from p. 6)	800
Purchased Water Cost per D.18-11-025 and SBWR 7/01/2019 increase to actual		<u>\$3,894.57</u>
Purchased Water at Current Rates, Normalized		\$3,116
Purchased Water, Recorded	(from Sum of Earn)	<u>\$3,116</u>
Purchased Water Adjustment		(\$0)

\* Unit cost based on Irrigation rate and Industrial /Agri rate (\$1,070/AF)

**G. PUMP TAX**

Well Supply in MG, Normalized	(from p. 6)	11,870
Pump Tax per MG per D.18-11-025 & VW 7/19 increase		<u>\$4,216.81</u>
Pump Tax at Current Rates, Normalized		\$50,054
Pump Tax, Recorded	(from Sum of Earn)	<u>\$70,364</u>
Pump Tax Adjustment		(\$20,310)



SAN JOSE WATER COMPANY  
(U-168-W)

ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2020  
(\$ Amounts in Thousands)

H. PURCHASED POWER

Purchased Power, Normalized	(from p. 5)	\$8,630
Purchased Power, Recorded	(from Sum of Earn)	\$8,216
Purchased Power Adjustment		\$414

I. PURCHASED CHEMICALS

Adopted Production (Kccf) (D.18-11-025)	(from p. 6)	49,379
Authorized Chemical Costs (D.18-11-025)	(from Sum of Earn)	\$573
Unit cost per Kccf		\$0.011594
Normalized Production (Kccf)	(from p. 6)	48,481
Normalized Chemical Costs	(to Sum of Earn)	\$562

J. INCOME TAX

Revenue:

	<u>Authorized</u>	<u>Pro-Forma</u>
	<u>AL 535</u>	
Operating Revenue	\$385,435	\$381,117
Deferred Revenue	\$882	\$882

Deductions:

Operating & Maintenance Expenses		
Excluding Depreciation & Taxes	\$249,184	\$249,747
Transportation Depreciation	(\$2,194)	(\$874)
Interest Expense	\$26,192	\$18,391
Less 50% Meals Disallowed & Section 162(M)	(\$48)	(\$48)
Total Deductions	\$273,134	\$267,216

State Corporate Franchise Tax:

Tax Depreciation & Deduct on Repairs & Maintenance	\$70,862	\$70,862
Deferred Revenue (Net of Tax)	(\$502)	(\$502)
State Taxable Income Incl Def Revenue	\$41,941	\$43,542
Tax @ 8.84%	\$3,708	\$3,849

Federal Income Tax:

Tax Depreciation	\$60,055	\$60,055
State Franchise Tax	\$4,099	\$3,849

Taxable Income Excluding  
Deferred Revenue

\$48,146      \$49,997

Tax @ 21.00%

\$10,111      \$10,499

Reversal of excess deferred tax

(\$2,427)      (\$2,427)

Amortization of Unrecoverable Prepaid Tax on CIAC & Advances

\$196      \$196

Federal Tax

\$7,879      \$8,268

K. Calculation of Adjusted Rate of Return

R

$$RR = \frac{R}{B1 + M/12 (B2 - B1)}$$

B1 + M/12 (B2 - B1)

RR = Adjusted Authorized Rate of Return

B1 = Adopted Rate Base December 31, 2019

\$856,083

R = Adopted Net Revenue December 31, 2020

\$69,367

M = Last Month of Pro-forma 12-month Period

9

B2 = Adopted Rate Base December 31, 2020

\$907,497

Adjusted Authorized Rate of Return

(to Sum of Earn)      7.75%

Authorized Rate of Return

(AL 444)      7.64%

Rate of Return Adjustment

0.11%

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

**CALCULATION OF COMMODITY REVENUE AT CURRENT RATES  
AND SUMMARY OF SERVICE CHARGE AND COMMODITY REVENUES**

**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2020**

(Dollars)

		Sales (ccf)	Rate per D.18-11-025 and Adv 541 (\$/ccf)	Normalized Commodity Revenue (\$)
Residential	(Normalized, p. 6)	<u>25,354,000</u>	<u>\$4.9160</u>	<u>\$124,640,264</u>
Business	(Normalized, p. 6)	17,076,000	\$4.9160	\$83,945,616
Industrial	(Recorded, p. 9)	150,454	\$4.9160	\$739,634
Public Authority	(Recorded, p. 9)	2,359,494	\$4.9160	\$11,599,271
Resale	(Recorded, p. 9)	203,920	\$4.9160	\$1,002,469
Other	(Recorded, p. 9)	<u>72,856</u>	\$4.9160	<u>\$358,160</u>
Subtotal Non-Res Potable		19,862,724		97,645,150
Raw	(Recorded, p. 9)	136,362	\$4.6864	\$639,047
Recycled piped *	(Recorded, p. 9)	654,553	\$4.4454	\$2,909,749
Recycled well **	(Recorded, p. 9)	<u>415,200</u>	\$2.7181	<u>\$1,128,555</u>
Total non- Potable Metered		1,206,115		4,677,351
* . ** Rates for Irrigation, Industrial and Agriculture are now the same.				
Total, Normalized at Current Rates		<u>46,422,838</u>		<u>226,962,765</u>

	Commodity Revenue	Service Charge Revenue (from p. 4)	Total Normalized Metered Rev
Residential Metered	\$ 124,640,264	\$ 107,965,481	\$ 232,605,745
Business	83,945,616	33,131,740	117,077,356
Industrial	739,634	319,381	1,059,015
Public Authority	11,599,271	4,872,322	16,471,593
Resale	1,002,469	94,213	1,096,682
Other	358,160	1,312,811	1,670,971
Raw	639,047	10,198	649,245
Recycled Piped	2,909,749	980,007	3,889,756
Recycled Well	<u>1,128,555</u>	<u>7,413</u>	<u>1,135,968</u>
Total Metered	<u>\$ 226,962,765</u>	<u>\$ 148,693,566</u>	<u>\$ 375,656,331</u>
Private Fire & Misc (Recorded)	<u>\$ 0</u>	<u>\$ 5,157,221</u>	<u>\$ 5,157,221</u>
Res Fire Upsize Charge	<u>\$ 0</u>	<u>\$ 303,374</u>	<u>\$ 303,374</u>
Total Revenue	<u>\$ 226,962,765</u>	<u>\$ 153,850,787</u>	<u>\$ 381,116,926</u>

(to Sum of Earn)

SAN JOSE WATER COMPANY  
(U-168-W)

CALCULATION OF NORMALIZED SERVICE CHARGE REVENUE AT CURRENT RATES  
(Dollars)

	Meter Size in Inches										Total Revenue
	5/8 x 3/4	3/4	1	1 1/2	2	3	4	6	8	10	
<b>Current Monthly Service Charge:</b>											
Potable & Recycled Pipe	\$40.47	\$40.47	\$67.44	\$134.90	\$215.84	\$404.69	\$674.48	\$1,348.97	\$2,158.36	\$3,102.62	
Recycled Well	\$0.00	\$0.00	\$0.00	\$0.00	\$33.39	\$44.53	\$50.08	\$83.50	\$100.18	\$155.83	
<b>Residential Services:</b>											
Average Services (from p. 7)	809	164,242	29,973	1,130	272	62	32	22	4	0	
Annual Revenue	\$392,883	\$79,762,485	\$24,256,549	\$1,829,244	\$704,502	\$301,089	\$259,000	\$356,128	\$103,601	\$0	\$107,965,481
<b>Business Services:</b>											
Average Services (from p. 7)	47	5,638	6,742	2,561	4,300	887	289	126	25	8	
Annual Revenue	\$22,825	\$2,738,038	\$5,456,166	\$4,145,747	\$11,137,344	\$4,307,520	\$2,339,097	\$2,039,643	\$647,508	\$297,852	\$33,131,740
<b>Industrial Services:</b>											
Average Services (from p. 7)	0	1	2	4	5	23	11	6	0	0	
Annual Revenue	\$0	\$486	\$1,619	\$6,475	\$12,950	\$111,694	\$89,031	\$97,126	\$0	\$0	\$319,381
<b>Public Authority Services:</b>											
Average Services (from p. 8)	1	68	148	171	377	375	106	39	6	0	
Annual Revenue	\$486	\$33,024	\$119,773	\$276,815	\$976,460	\$1,821,105	\$857,939	\$631,318	\$155,402	\$0	\$4,872,322
<b>Resale Services:</b>											
Average Services (from p. 8)	0	3	3	2	13	11	0	0	0	0	
Annual Revenue	\$0	\$1,457	\$2,428	\$3,238	\$33,671	\$53,419	\$0	\$0	\$0	\$0	\$94,213
<b>Other Services:</b>											
Average Services (from p. 8)	0	0	32	0	0	265	0	0	0	0	
Annual Revenue	\$0	\$0	\$25,897	\$0	\$0	\$1,286,914	\$0	\$0	\$0	\$0	\$1,312,811
<b>Raw Services:</b>											
Average Services (from p. 8)	0	0	1	1	3	0	0	0	0	0	
Annual Revenue	\$0	\$0	\$809	\$1,619	\$7,770	\$0	\$0	\$0	\$0	\$0	\$10,198
<b>Recycled Piped Services:</b>											
Average Services (from p. 8)	0	0	14	22	144	63	25	0	2	0	
Annual Revenue	\$0	\$0	\$11,330	\$35,614	\$372,972	\$305,946	\$202,344	\$0	\$51,801	\$0	\$980,007
<b>Recycled Well User Services:</b>											
Average Services (from p. 8)	0	0	0	0	1	1	2	1	2	1	
Annual Revenue	\$0	\$0	\$0	\$0	\$401	\$534	\$1,202	\$1,002	\$2,404	\$1,870	\$7,413
<b>Annual Total</b>	\$416,194	\$82,535,490	\$29,874,571	\$6,298,752	\$13,246,070	\$8,188,221	\$3,748,613	\$3,125,217	\$960,716	\$299,722	<u>\$148,693,566</u>

**Total Residential & Business Service Charge Revenue** \$141,097,221  
**Total Other Service Charge Revenue** \$7,596,345

	Meter Size in Inches					Revenue
	1/4	1/2	3/4	1	1 1/2	
<b>Current Monthly Service Charge:</b>						
Upsize Charge Schedule 1 B	\$2.11	\$4.21	\$6.33	\$8.44	\$12.67	
Average Services (from p. 7)	64	3,885	100	953	9	
Annual Revenue	\$1,620	\$196,270	\$7,596	\$96,520	\$1,368	\$303,374
<b>Total Normalized Service Charge Revenue</b>						<u>\$148,996,940</u>

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

**CALCULATION OF POWER COST  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2020  
AT CURRENT RATES**

(Dollars)

Purchased Power Cost [1]			\$8,807,000
Power Usage [1]			41,436,262 kWh
Unit Power Cost [1]		(C)	\$0.212120 \$/kWh
Normalized Production	(from p. 6)	(A)	48,481 Kccf
Power Ratio [1]		(B)	<u>0.839147</u> kWh/ccf
Normalized Power Usage	(A x B x 1000)	(D)	<u><u>40,682,949</u></u> kWh
Normalized Power Cost	(C x D)		<u><u>\$8,629,667</u></u>
			(to p. 2)

[1] D.18-11-025

SAN JOSE WATER COMPANY  
(U-168-W)

CALCULATION OF ADJUSTMENT FOR WEATHER  
AND NORMAL WATER SUPPLIES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2020

D.18-11-025

	<u>Adopted</u>	<u>Recorded</u>	<u>Normal</u>
<b>Average 12 Month No. of Customers:</b>			
Residential	(from p.7)	196,546	(A)
Business		20,623	
<b>Average Annual Sales Per Customer (ccf):</b>			
Residential	129		(B)
Business	828		
<b>Metered Sales (Kccf):</b>			
Residential	(A x B)/1,000		25,354
Business	(A x B)/1,000		17,076
Industrial	(from p.9)	150	150
Public Authority	(from p.9)	2,359	2,359
Resale	(from p.9)	204	204
Other	(from p.9)	73	73
Raw	(from p.9)	136	136
Total Metered Sales Potable			45,352 (C)
Adopted Water Loss	6.9%		6.9%
Normalized Water Production			48,481
<b>Metered Sales (Kccf):</b>			
Recycled		1,070	1,070
Adopted Water Loss			
Normalized Recycled Water Production			1,070
<b>Water Production (Kccf):</b>			

	Adopted (MG)	Conversion Factor	Adopted (Kccf)	Allocation (%)	Norm Kccf	Conversion Factor	Norm (MG)
Purchased Water	22,189	1.3368	29,662	60.07%	29,123	1.3368	21,786
Surface Supply	2,659	1.3368	3,555	7.20%	3,491	1.3368	2,611
Well Supply	12,090	1.3368	16,162	32.73%	15,868	1.3368	11,870
Total Potable Water Production			49,379	100.00%	48,482		36,267
			(to p. 2)				(to p. 1)
Recycled Water	651	1.3368	1,102	100.00%	1,070	1.3368	800

SAN JOSE WATER COMPANY  
(U-168-W)

AVERAGE RECORDED NUMBER OF SERVICES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2020

	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	June 20	Jul 20	Aug 20	Sept 20	Total	Average
<b>Residential/ Residential FS</b>														
5/8	816	824	816	827	807	805	803	806	804	799	798	798	9,706	809
3/4	167,348	167,246	167,334	167,333	162,977	163,012	163,017	163,231	162,248	162,358	162,403	162,403	1,970,909	164,242
1	30,282	30,356	30,279	30,468	29,694	29,761	29,760	29,806	29,711	29,890	29,835	29,835	359,675	29,973
1 1/2	1,144	1,145	1,144	1,145	1,115	1,120	1,122	1,126	1,115	1,131	1,126	1,126	13,558	1,130
2	268	271	268	275	269	272	270	271	271	276	277	277	3,266	272
3	61	61	61	62	62	62	62	62	61	61	65	65	746	62
4	33	33	33	31	32	32	32	32	32	31	32	32	383	32
6	23	23	23	23	22	22	22	22	22	22	22	22	268	22
8	4	4	4	4	4	4	4	4	2	4	4	4	45	4
10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	199,979	199,963	199,963	200,167	194,982	195,089	195,092	195,360	194,266	194,571	194,562	194,562	2,358,556	196,546
<b>Business</b>														
5/8	47	47	47	48	48	47	47	47	47	47	47	47	569	47
3/4	5,646	5,646	5,646	5,648	5,647	5,642	5,642	5,638	5,623	5,628	5,627	5,627	67,659	5,638
1	6,751	6,751	6,751	6,753	6,751	6,746	6,746	6,741	6,724	6,729	6,728	6,728	80,899	6,742
1 1/2	2,565	2,565	2,565	2,566	2,565	2,563	2,563	2,561	2,555	2,557	2,556	2,556	30,736	2,561
2	4,306	4,306	4,306	4,307	4,306	4,302	4,302	4,299	4,288	4,292	4,291	4,291	51,598	4,300
3	888	888	888	888	888	887	887	887	884	885	885	885	10,641	887
4	289	289	289	289	289	289	289	289	288	288	288	288	3,465	289
6	126	126	126	126	126	126	126	126	125	126	126	126	1,510	126
8	25	25	25	25	25	25	25	25	25	25	25	25	297	25
10	8	8	8	8	8	8	8	8	8	8	8	8	99	8
<b>Total</b>	20,652	20,652	20,652	20,658	20,653	20,635	20,635	20,620	20,568	20,584	20,582	20,582	247,473	20,623
<b>Residential &amp; Business</b>	220,631	220,615	220,615	220,825	215,635	215,724	215,727	215,980	214,834	215,155	215,144	215,144	2,606,029	217,169
<b>Industrial</b>														
5/8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3/4	1	1	1	1	1	1	1	1	1	1	1	1	7	1
1	2	2	2	2	2	2	2	2	2	2	2	2	29	2
1 1/2	4	4	4	4	4	4	4	4	4	4	4	4	43	4
2	5	5	5	5	5	5	5	5	5	5	5	5	57	5
3	23	23	23	23	23	23	23	23	23	23	23	23	280	23
4	11	11	11	11	11	11	11	11	11	11	11	11	136	11
6	6	6	6	6	6	6	6	6	6	6	6	6	72	6
8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	52	52	52	52	52	52	52	52	52	52	52	52	624	52
<b>Residential FS Upsize only</b>														
1/4	65	64	65	65	65	64	65	65	64	63	64	64	773	64
1/2	3,791	3,810	3,823	3,850	3,864	3,891	3,890	3,884	3,898	3,939	3,993	3,993	46,625	3,885
3/4	95	94	96	98	102	101	102	106	102	99	103	103	1,201	100
1	939	963	947	960	958	954	952	949	939	944	964	964	11,434	953
1 1/2	33	34	34	34	35	35	34	35	34	35	37	37	416	35
2	7	8	8	9	9	9	9	9	10	10	10	10	107	9
<b>Total</b>	4,931	4,973	4,973	5,015	5,032	5,055	5,052	5,048	5,047	5,089	5,170	5,170	60,555	5,098

**AVERAGE RECORDED NUMBER OF SERVICES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2020**

	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	June 20	Jul 20	Aug 20	Sept 20	Total	Average
<b>Public Authority</b>														
5/8	1	1	1	1	1	1	1	1	1	1	1	1	12	1
3/4	68	68	68	68	68	68	68	68	68	68	68	68	816	68
1	148	148	148	148	148	148	148	148	148	148	148	147	1,775	148
1 1/2	170	170	171	171	171	171	171	171	171	171	171	170	2,049	171
2	378	378	378	378	378	378	378	378	376	376	376	375	4,527	377
3	375	375	375	375	375	375	375	375	375	374	374	374	4,497	375
4	106	106	106	106	106	106	106	106	106	105	105	106	1,270	106
6	39	39	39	39	39	39	39	39	39	39	39	39	468	39
8	6	6	6	6	6	6	6	6	6	6	6	6	72	6
10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	1,291	1,291	1,292	1,292	1,292	1,292	1,292	1,292	1,290	1,288	1,288	1,286	15,486	1,291
<b>Resale</b>														
5/8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3/4	3	3	3	3	3	3	3	3	3	3	3	3	36	3
1	3	3	3	3	3	3	3	3	3	3	3	3	36	3
1 1/2	2	2	2	2	2	2	2	2	2	2	2	2	24	2
2	13	13	13	13	13	13	13	13	13	13	13	13	156	13
3	11	11	11	11	11	11	11	11	11	11	11	11	132	11
4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	32	32	32	32	32	32	32	32	32	32	32	32	384	32
<b>Other</b>														
5/8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3/4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	36	33	34	33	32	33	31	31	31	28	28	34	384	32
1 1/2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	270	264	267	265	259	261	263	262	262	268	266	270	3,177	265
4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	306	297	301	298	291	294	294	293	293	296	294	304	3,561	297
<b>Raw</b>														
5/8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3/4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1	1	1	1	12	1
1 1/2	1	1	1	1	1	1	1	1	1	1	1	1	12	1
2	3	3	3	3	3	3	3	3	3	3	3	3	36	3
3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	5	5	5	5	5	5	5	5	5	5	5	5	60	5
<b>Recycled Piped</b>														
5/8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3/4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	13	14	14	14	14	14	14	14	14	14	14	14	167	14
1 1/2	21	22	22	22	22	22	22	22	22	22	22	22	263	22
2	139	142	141	141	141	145	145	146	146	147	148	149	1,730	144
3	63	63	63	63	63	63	63	63	63	63	63	64	757	63
4	25	25	25	25	25	25	25	25	25	25	25	25	300	25
6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	2	2	2	2	2	2	2	2	2	2	2	2	24	2
10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	263	268	267	267	267	271	271	272	272	273	274	276	3,241	270
<b>Recycled Well users</b>														
5/8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3/4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1 1/2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	1	1	1	1	1	1	1	1	1	1	1	1	12	1
3	1	1	1	1	1	1	1	1	1	1	1	1	12	1
4	2	2	2	2	2	2	2	2	2	2	2	2	24	2
6	1	1	1	1	1	1	1	1	1	1	1	1	12	1
8	2	2	2	2	2	2	2	2	2	2	2	2	24	2
10	1	1	1	1	1	1	1	1	1	1	1	1	12	1
<b>Total</b>	8	8	8	8	8	8	8	8	8	8	8	8	96	8
<b>Private Fire</b>														
2	45	45	45	45	45	45	45	45	45	45	45	46	541	45
3	5	5	5	5	5	5	5	5	5	5	5	5	60	5
4	1207	1210	1211	1204	1204	1204	1205	1205	1206	1206	1205	1207	14,474	1,206
6	1604	1604	1604	1611	1616	1616	1612	1612	1612	1623	1622	1627	19,363	1,614
8	1003	1003	1003	1003	1006	1006	1006	1007	1007	1007	1007	1008	12,066	1,006
10	144	144	144	144	144	144	144	144	144	144	144	144	1,728	144
12	18	18	18	18	18	18	18	18	18	18	18	18	216	18
<b>Total</b>	4026	4029	4030	4030	4038	4038	4035	4036	4037	4048	4046	4055	48,448	4,038

## SAN JOSE WATER COMPANY

(U-168-W)

RECORDED USAGE BY RATE BLOCK AND REVENUE CLASS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2020

(ccf)

	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	June 20	Jul 20	Aug 20	Sept 20	Total
<b>Residential</b>	2,570,576	2,704,577	2,294,777	2,060,867	1,508,771	1,319,299	1,568,400	45,259	2,636,000	7,384,989	1,796,152	3,141,006	29,030,672
<b>Business</b>	1,720,346	1,532,075	1,487,420	1,177,002	1,143,969	1,078,011	1,009,761	586,959	1,451,997	3,115,540	1,195,867	1,639,757	17,138,704
<b>Subtotal</b>	4,290,922	4,236,651	3,782,196	3,237,869	2,652,740	2,397,310	2,578,161	632,218	4,087,998	10,500,530	2,992,019	4,780,762	46,169,376
<b>Industrial</b>	16,512	12,461	14,140	9,400	12,865	10,554	10,934	10,065	13,819	12,226	14,767	12,712	150,454
<b>Public Authority</b>	302,465	234,664	120,743	78,998	99,621	118,191	87,261	130,973	259,377	316,792	315,239	295,170	2,359,494
<b>Resale</b>	22,082	18,171	14,632	11,264	10,623	12,209	8,462	17,617	22,905	23,244	21,958	20,753	203,920
<b>Other</b>	13,096	5,082	3,272	6,761	3,448	5,824	4,672	5,933	5,631	7,596	7,973	3,569	72,856
<b>Raw</b>	15,786	15,158	630	7,185	883	6,409	4,842	7,675	17,231	2,651	2,802	55,107	136,362
<b>Recycled piped</b>	73,244	66,034	28,174	13,410	21,543	36,170	28,589	43,285	78,077	96,861	88,863	80,303	654,553
<b>Recycled well</b>	44,954	33,305	15,281	10,928	12,956	20,235	15,047	33,531	59,104	64,600	58,106	47,153	415,200
<b>Total Potable Sales</b>	4,645,076	4,507,030	3,934,983	3,344,291	2,779,297	2,544,088	2,689,490	796,806	4,389,730	10,860,388	3,351,956	5,112,965	48,956,100
<b>Total Sales</b>	4,779,061	4,621,527	3,979,068	3,375,814	2,814,679	2,606,902	2,737,968	881,297	4,544,142	11,024,500	3,501,728	5,295,529	50,162,215



**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 556**

**ATTACHMENT C**

**ADVICE LETTER 556  
ATTACHMENT C - PART I  
RATEBASE ATTRITION CALCULATION**

<b>Total Authorized Ratebase at year end 2020</b>	A	\$907,497
<b>Total Adopted Ratebase for 2020 per D.18-11-025</b>	B	\$904,855
<b>Total Adopted Ratebase for 2019 per D.18-11-025</b>	C	\$853,441
<b>Attrition Adjustment to Ratebase for 2021</b>	D = B - C	\$51,414
<b>Ratebase for 2021</b>	E = A + B	<hr/> \$958,911

ADVICE LETTER 541  
ATTACHMENT C Part II

Revenue  
Increase:  
8,600.0  
8600

Revenue  
Increase:  
11,750.0  
11750

	2019		2019 Authorized	Escalation Year #1 2020					2020 Projected Escalation Year	Attrition Year 2021					2021 Projected Escalation Year
	D.18-11-025 Authorized AL 528A	Montevina 2018 Additions AL 535		Customer Growth Factor	and Labor Inflation Factor	or Composite Non-Labor Factor	or CPI-U Inflation Factor	=		Customer Growth Factor	and Labor Inflation Factor	or Composite Non-Labor Factor	or CPI-U Inflation Factor	=	
	376,179.6	655.1	376,834.7	0.20%	1.90%	0.60%	1.70%	385,434.7					397,184.7		
	882.0	377,061.6	882.0					882.0					882.0		
PURCHASED WATER	98,376.0	0.0	98,376.0	196.8	0.0	0.0	0.0	98,572.8	196.8	197.1	0.0	0.0	98,769.9		
PURCHASED WATER RECYCLED	3,810.6	0.0	3,810.6	7.6	0.0	0.0	0.0	3,818.2	7.6	7.6	0.0	0.0	3,825.9		
PUMP TAX	49,659.0	0.0	49,659.0	99.3	0.0	0.0	0.0	49,758.3	99.3	99.5	0.0	0.0	49,857.8		
PURCHASED POWER	8,789.5	0.0	8,789.5	17.6	0.0	0.0	0.0	8,807.0	17.6	17.6	0.0	0.0	8,824.7		
OTHER OPERATION AND MAINTENANCE	726.3	0.0	726.3	1.5	0.0	4.4	0.0	732.1	5.8	1.5	0.0	4.4	738.0		
CHEMICALS	568.0	0.0	568.0	1.1	0.0	3.4	0.0	572.5	4.5	1.1	0.0	3.4	577.1		
UNCOLLECTIBLES	499.0	0.9	499.9	1.0	0.0	3.0	0.0	503.9	4.0	1.0	0.0	3.0	507.9		
O&M PAYROLL	21,198.0	0.0	21,198.0	42.4	402.8	0.0	0.0	21,643.2	445.2	43.3	411.2	0.0	22,097.7		
TRANSPORTATION	4,251.0	0.0	4,251.0	8.5	0.0	25.5	0.0	4,285.0	34.0	8.6	0.0	25.7	4,319.3		
PURCHASED SERVICES	10,971.6	0.0	10,971.6	21.9	0.0	0.0	24.0	11,017.5	45.9	22.0	0.0	45.9	11,064.0		
CONSERVATION	1,412.0	0.0	1,412.0	2.8	0.0	0.0	24.0	1,438.8	26.8	2.9	0.0	24.5	1,466.2		
OTHER ADMIN AND GEN. EXP.	6,191.4	0.0	6,191.4	12.4	0.0	37.1	0.0	6,240.9	49.5	12.5	0.0	37.4	6,290.8		
A&G PAYROLL	12,290.0	0.0	12,290.0	24.6	233.5	0.0	0.0	12,548.1	258.1	25.1	238.4	0.0	12,811.6		
PENSION	7,578.3	0.0	7,578.3	0.0	0.0	0.0	0.0	7,578.3	0.0	0.0	0.0	0.0	7,578.3		
BENEFITS	3,599.1	0.0	3,599.1	7.2	68.4	0.0	0.0	3,674.6	75.6	7.3	69.8	0.0	3,751.8		
HEALTH CARE & DENTAL	5,889.1	0.0	5,889.1	11.8	111.9	0.0	0.0	6,012.7	123.7	12.0	114.2	0.0	6,139.0		
RENTS	486.3	0.0	486.3	1.0	0.0	0.0	8.3	495.5	9.2	1.0	0.0	8.4	505.0		
PROPERTY INSURANCE	199.8	0.0	199.8	0.4	0.0	0.0	3.4	203.6	3.8	0.4	0.0	3.5	207.4		
LIABILITY INSURANCE	2,031.5	0.0	2,031.5	4.1	0.0	0.0	34.5	2,070.1	38.6	4.1	0.0	35.2	2,109.5		
A&G PURCHASED SERVICES	3,303.2	0.0	3,303.2	6.6	0.0	0.0	56.2	3,366.0	62.8	6.7	0.0	57.2	3,429.9		
A&G TRANSFERRED SERVICES	-8,383.3	0.0	-8,383.3	-16.8	0.0	-50.3	0.0	-8,450.4	-67.1	-16.9	0.0	-50.7	-8,518.0		
TOTAL O. & M., A. & G., & MISC. EXP.	233,446.4	0.9	233,447.2	451.7	816.5	23.1	150.4	234,889.0	1,441.8	454.6	833.7	23.3	236,353.8		
	200261.0	33185.3	200261.9										1,464.8		
AD VALOREM TAXES	9,809.4	32.2	9,841.6	19.7	0.0	59.0	0.0	9,920.3	78.7	19.8	0.0	59.5	9,999.7		
LOCAL FRANCHISE TAXES & BUS. LICENSE	1,113.5	1.6	1,115.1	2.2	0.0	6.7	0.0	1,124.1	8.9	2.2	0.0	6.7	1,133.1		
PAYROLL TAXES	3,182.9	0.0	3,182.9	6.4	60.5	0.0	0.0	3,249.7	66.8	6.5	61.7	0.0	3,318.0		
TOTAL GENERAL TAXES	14,105.8	33.8	14,139.6	28.3	60.5	65.7		14,294.1	154.5	28.6	61.7	66.3	14,450.7		
Depreciation	52,963.0	92.5	53,055.5	3,124.6				56,180.1	3,124.6	3,124.6			59,304.7		
SUB -- TOTAL -- OPERATING EXPENSES	300,515.2	127.2	300,642.4	3,604.6	877.0	88.9	150.4	305,363.2	4,720.9	3,607.8	895.4	89.6	310,109.3		
									80,953				4,746.0		
STATE INCOME TAX	4,008.3	91.0	4,099.3					3,707.7	3,707.7				4,603.0		
FEDERAL INCOME TAX	7,333.6	216.2	7,549.8					7,879.0	7,879.0	11,587			10,088.3		
NET INCOME	311,857.1	434.4	312,291.5					316,949.9					324,800.5		
AUTHORIZED RATE BASE	853,441.5	2,641.7	856,083.2	51,414.0				907,497.2	3,941.6	51,414.0			958,911.2		
CALCULATED RETURN ON RATEBASE	7.64%		7.64%					7.64%					7.64%		
AUTHORIZED RETURN ON RATEBASE	7.64%		7.64%					7.64%					7.64%		

Depreciation for 2012 has been calculated adding the change in Authorized Depreciation from 2010 to 2011 to the 2011 YE Depreciation as per D.04-06-018

**ADVICE LETTER 535  
ATTACHMENT C Part III**

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

**COMPUTATION OF TAXES BASED ON INCOME**

(Thousands of Dollars)

	<u>2018</u>	<u>2019</u>	<u>ADV 535 2019</u>	<u>ADV 541 2020</u>	<u>ADV 556 2021</u>
<b>Revenue:</b>					
Operating Revenue (Excluding Deferred Revenue)	\$358,615.1	\$376,179.6	\$376,834.7	\$385,434.7	\$397,184.7
<b>Deductions:</b>					
Operating & Maintenance Expenses Excluding Depreciation & Taxes	\$236,397.2	\$248,051.2	\$247,586.9	\$249,183.1	\$250,804.6
Transportation Depreciation	(\$1,580.4)	(\$2,062.0)	(\$2,062.0)	(\$2,194.0)	(\$2,194.0)
Interest Expense	\$23,494.0	\$24,705.0	\$24,705.0	\$26,192.0	\$26,192.0
Section 162(m) limitation	(\$96.0)	(\$458.0)	(\$458.0)	\$68.0	\$68.0
Other Permanent Differences	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Less 50% Meals Disallowed	(\$115.8)	(\$115.8)	(\$115.8)	(\$115.8)	(\$115.8)
<b>Total Deductions</b>	<b>\$258,098.9</b>	<b>\$270,120.4</b>	<b>\$269,656.0</b>	<b>\$273,133.3</b>	<b>\$274,754.8</b>
<b>State Corporate Franchise Tax:</b>					
Tax Depreciation	(\$46,100.5)	(\$49,701.7)	(\$49,701.7)	(\$52,964.0)	(\$52,964.0)
State Tax Deduction on Repair Deferred Revenue (Net of Tax)	(\$17,658.5)	(\$11,684.6)	(\$11,684.6)	(\$17,897.7)	(\$17,897.7)
	\$475.1	\$579.7	\$579.7	\$502.1	\$502.1
State Taxable Income	\$37,232.2	\$45,252.7	\$46,372.0	\$41,941.8	\$52,070.3
Tax @ 8.84%	\$3,291.3	\$4,000.3	\$4,099.3	\$3,707.7	\$4,603.0
<b>Federal Income Tax:</b>					
Tax Depreciation	(\$52,473.1)	(\$55,962.1)	(\$55,962.1)	(\$60,055.3)	(\$60,055.3)
State Franchise Tax	(\$4,443.0)	(\$4,360.9)	(\$4,360.9)	(\$4,099.3)	(\$3,707.7)
Taxable Income Excluding Deferred Revenue	\$43,600.0	\$45,826.0	\$46,855.7	\$48,146.8	\$58,667.0
Tax @ 21.00%	\$9,156.0	\$9,623.5	\$9,839.7	\$10,110.8	\$12,320.1
Amortization of Unrecoverable Prepaid Tax on CIAC & Advances	\$195.6	\$195.6	\$195.6	\$195.6	\$195.6
Reversal of excess deferred tax	(\$2,266.1)	(\$2,485.5)	(\$2,485.5)	(\$2,427.4)	(\$2,427.4)
<b>Federal Tax</b>	<b>\$7,085.5</b>	<b>\$7,333.6</b>	<b>\$7,549.8</b>	<b>\$7,879.0</b>	<b>\$10,088.3</b>
<b>Total Income Tax</b>	<b>\$10,376.9</b>	<b>\$11,333.9</b>	<b>\$11,649.1</b>	<b>\$11,586.7</b>	<b>\$14,691.3</b>

ADVICE LETTER 556  
ATTACHMENT C -PART IV  
2021 RATE INCREASE  
RATE CALCULATION

PART IV

Revenue To be Recovered in Meter Charge	40.00%	X	Revenue Increase (\$)	\$4,700,000
Revenue To be Recovered in Quantity Rate	60.00%	X	\$11,750,000	\$7,050,000
			\$11,750,000	

QUANTITY RATE CALCULATION										
Rate Schedule	AL 541 2020 Authorized Revenue (\$)	AL 556 2021 Rate Increase Revenue (\$)	Total Revenue Increase  (Att. B) (\$)	Total Revenue Increase  (%)	Revenue Increase in Quantity Rate (\$)	2020 Estimated Total Usage* D.18-11-025  (ccf)	Quantity Rate Increase (\$/ccf)	Uniform Quantity Rate 1/1/2020 AL 541 (\$/ccf)	New Quantity Rate (\$/ccf)	Quantity Rate Increase  (%)
Total	386,316,686	398,066,686	\$11,750,000	3.04%	\$7,050,000	46,994,965 Excludes Recycled Well Users	\$0.1500	4.9160	5.0660	3.05%

TOTAL POTABLE REVENUE CALCULATION						
	Percentage of Potable Sales to Total Sales (%)	2021 Estimated Potable Usage D.18-11-025  (ccf)	Revenue to be Recovered in Potable Quan.Rate (\$)	Quantity Rate Increase (\$/ccf)	Uniform Quantity Rate 1/1/2020 AL 541 (\$/ccf)	New Potable Quantity Rate (\$/ccf)  (MG)
Potable Water	98.34%	46,215,365	6,933,047	0.1500	4.9160	5.0660

TOTAL RAW REVENUE CALCULATION						
	Percentage of Raw Sales to Total Sales (%)	2021 Authorized Usage D.18-11-025  (ccf)	Revenue to be Recovered in Raw Quan.Rate (\$)	Quantity Rate Increase (\$/ccf)	Raw Quantity Rate 1/1/2020 AL 541 (\$/ccf)	New Raw Quantity Rate (\$/ccf)  (MG)
Raw Water	0.09%	41,000.00	6,151	0.1500	4.6864	4.8364

TOTAL RECYCLED PIPED REVENUE CALCULATION						
	Percentage of Recycled Piped Sales to Total Sales (%)	2021 Authorized Recycled Piped Usage D.18-11-025  (ccf)	Revenue to be Recovered in Recycled Piped Quan.Rate (\$)	Quantity Rate Increase (\$/ccf)	Recycled Piped Quantity Rate 1/1/2020 AL 541 (\$/ccf)	New Recycled Quantity Rate (\$/ccf)  (MG)
Recycled Piped	1.57%	738,600.00	110,802	0.1500	4.4454	4.5954

Total Quantity Charges for all Schedules	\$7,050,000
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ADVICE LETTER 556  
ATTACHMENT G -  
2021 Rate Increase  
RATE CALCULATION

**METER CHARGE CALCULATION**

Revenue to be Recovered in Meter Charge \$4,700,000

**Schedule No. 1. General Metered Service & 1B General Metered Service with Automatic Fire Sprinkler System:**

Meter Size	2021		Meter Ratio (SP U-25)	Meter Ratio Equiv	Meter Charge Increase (\$/Month)	Increase to Total Service Charge	Authorized	New	Meter Charge Increase (%)
	No. of Customers Authorized	No. of Billings					AL 541 1/1/2020		
5/8	890	10,680	1.5	16,020	\$1.23	\$13,083	\$40.47	\$41.69	3.03%
3/4	175,907	2,110,884	1.5	3,166,326	\$1.23	\$2,585,833	\$40.47	\$41.69	3.03%
1	35,253	423,036	2.5	1,057,590	\$2.04	\$862,993	\$67.44	\$69.48	3.02%
1 1/2	3,945	47,340	5	236,700	\$4.09	\$193,621	\$134.90	\$138.99	3.03%
2	5,050	60,600	8	484,800	\$6.54	\$396,324	\$215.84	\$222.38	3.03%
3	1,579	18,948	15	284,220	\$12.26	\$232,302	\$404.69	\$416.95	3.03%
4	420	5,040	25	126,000	\$20.43	\$102,967	\$674.48	\$694.91	3.03%
6	182	2,184	50	109,200	\$40.86	\$89,238	\$1,348.97	\$1,389.83	3.03%
8	33	396	80	31,680	\$65.38	\$25,890	\$2,158.36	\$2,223.74	3.03%
10	7	84	115	9,660	\$93.98	\$7,894	\$3,102.62	\$3,196.60	3.03%
	223,266	2,679,192		5,522,196		\$4,510,145			

**Schedule No. RW. Raw Water Service:**

3/4	0	0	1.5	0	\$1.23	\$0	\$40.47	\$41.69	3.03%
1	1	12	2.5	30	\$2.04	\$24	\$67.44	\$69.48	3.02%
1 1/2	1	12	5	60	\$4.09	\$49	\$134.90	\$138.99	3.03%
2	3	36	8	288	\$6.54	\$235	\$215.84	\$222.38	3.03%
3	0	0	15	0	\$12.26	\$0	\$404.69	\$416.95	3.03%
4	0	0	25	0	\$20.43	\$0	\$674.48	\$694.91	3.03%
6	0	0	50	0	\$40.86	\$0	\$1,348.97	\$1,389.83	3.03%
8	0	0	80	0	\$65.38	\$0	\$2,158.36	\$2,223.74	3.03%
10	0	0	115	0	\$93.98	\$0	\$3,102.62	\$3,196.60	3.03%
	5	60		378		\$308			

**Schedule No. RCW. Recycled Water Service Piped:**

3/4	0	0	1.5	0	\$1.23	\$0	\$40.47	\$41.69	3.03%
1	12	144	2.5	360	\$2.04	\$294	\$67.44	\$69.48	3.02%
1 1/2	16	192	5	960	\$4.09	\$785	\$134.90	\$138.99	3.03%
2	124	1,488	8	11,904	\$6.54	\$9,732	\$215.84	\$222.38	3.03%
3	61	732	15	10,980	\$12.26	\$8,974	\$404.69	\$416.95	3.03%
4	25	300	25	7,500	\$20.43	\$6,129	\$674.48	\$694.91	3.03%
6	0	0	50	0	\$40.86	\$0	\$1,348.97	\$1,389.83	3.03%
8	2	24	80	1,920	\$65.38	\$1,569	\$2,158.36	\$2,223.74	3.03%
10	0	0	115	0	\$93.98	\$0	\$3,102.62	\$3,196.60	3.03%
	240	2,880		33,624		\$27,483			

**Schedule No. RCW. Recycled Water Service Well Users: (1)**

2	1	12		3.04%	\$1.02	\$12	\$33.39	\$34.40	3.04%
3	1	12		3.04%	\$1.35	\$16	\$44.53	\$45.88	3.04%
4	2	24		3.04%	\$1.52	\$37	\$50.08	\$51.60	3.04%
6	1	12		3.04%	\$2.54	\$30	\$83.50	\$86.04	3.04%
8	2	24		3.04%	\$3.05	\$73	\$100.18	\$103.22	3.04%
10	1	12		3.04%	\$4.74	\$57	\$155.83	\$160.57	3.04%
	8	96				\$225			

**Schedule No. 4. Private Fire Service: (1)**

2	44	528		3.04%	\$1.25	\$658	\$40.98	\$42.23	3.04%
3	5	60		3.04%	\$1.56	\$93	\$51.23	\$52.78	3.04%
4	1,156	13,872		3.04%	\$2.18	\$30,244	\$71.72	\$73.90	3.04%
6	1,581	18,972		3.04%	\$3.43	\$64,999	\$112.70	\$116.13	3.04%
8	993	11,916		3.04%	\$4.36	\$51,959	\$143.44	\$147.80	3.04%
10	143	1,716		3.04%	\$5.61	\$9,620	\$184.42	\$190.02	3.04%
12	17	204		3.04%	\$6.85	\$1,398	\$225.40	\$232.25	3.04%
	3,939	47,268				\$158,971			

**Total Meter Charges for all Schedules \$4,697,132**

calculation of new RW rate	Potable Rate	\$5.0660 ccf =	\$2,206.75 AF
	Adjustment for Treatment Charge		<u>(\$100.00) AF</u>
	Raw Water AL 556	\$4.8364 ccf	\$2,106.75 AF

(1) Sch No. RCW and Sch No. 4 rates are escalated by the total revenue increase percentage consistent with the methodology used in D.16-06-004

**ADVICE LETTER 556  
ATTACHMENT C - PART V  
2021 TIER RATE DESIGN**

SQR (\$/CCF) \$5.0660  
New Q Revenue Target \$ 130,631,876

**Three Tier Rate Design**

<b>Rate Tier Criteria as % of SQR</b>		
	<b>% of SQR</b>	<b>rate</b>
Tier 1	0.6666	\$3.3770
Tier 2	1	\$5.0660
Tier 3	1.3333	\$6.7545

<b>Revenue Neutrality Test</b>	
Target at SQR	\$ 130,631,876.0
Rev neutrality, t	\$ (7,783,760.05)
% tier >SQR	-5.959%

	<b>Rationale</b>	<b>Proposed Tiers(ccf)</b>	<b>Tier rate differential</b>	<b>Existing Rates AL 541</b>	<b>Proposed New Rates</b>	<b>Ccf estimate sales in tier</b>	<b>Rev estimate \$ sales in tier</b>	<b>Portion of total consumption in tier</b>	<b>Portion of Revenue by Tier</b>
Tier 1	indoor consumption est	0 to 3 ccfs	66.66%	\$3.27700	\$3.3770	7,728,499	\$ 26,099,107	29.97%	21.25%
Tier 2	up to annual average	4 to 18 ccfs	100.00%	\$4.91600	\$5.0660	14,936,556	\$ 75,668,593	57.93%	61.60%
Tier 3	Above annual average	19 ccfs and above	133.33%	\$6.55450	\$6.7545	3,120,945	\$ 21,080,416	12.10%	17.16%
						25,786,000	\$ 122,848,116		

SAN JOSE WATER COMPANY  
(U-168-W)  
SUMMARY OF ESCALATED CUSTOMER NUMBER BY METER SIZE BY RATE SCHEDULE  
WP 7-19D  
(2020)

**Schedule No. 1, 1B & 1C**

(WP 7-19D)

Meter Size	----- No. of Customers -----					Total
	Res	Bus	Indus- trial	Pub Auth	Other Sales	
	(WP 7-5D)	(WP 7-5D)	(WP 7-5D)	(WP 7-6D)	(WP 7-6D)	
5/8	839	48	0	1	0	888
3/4	169,740	5,691	1	66	0	175,498
1	28,206	6,780	4	146	26	35,162
1 1/2	1,180	2,578	6	169	0	3,933
2	314	4,327	8	375	0	5,024
3	35	891	18	371	242	1,557
4	17	290	8	105	0	420
6	13	126	5	38	0	182
8	2	25	0	6	0	33
10	0	7	0	0	0	7
	200,346	20,763	50	1,277	268	222,704

**Raw Water**

(WP7-34D)

1	1
1 1/2	1
2	3
	<hr/> 5

**Resale Service**

(WP7-6D)

3/4	2
1	3
1 1/2	3
2	13
3	11
4	0
6	0
8	0
10	0
	<hr/> 32

**Recycled Water Piped**

(WP7-9D)

3/4	0
1	12
1 1/2	16
2	124
3	61
4	25
6	0
8	2
10	0
	<hr/> 240

**Recycled Water Former Well Users**

(WP7-36D)

2	1
3	1
4	2
6	1
8	2
10	1
	<hr/> 8

**Private Fire**

(WP7-33D)

2	44
3	5
4	1,156
6	1,581
8	993
10	143
12	17
	<hr/> 3939



SAN JOSE WATER COMPANY  
(U-168-W)

DISTRIBUTION OF PROPOSED SERVICE CHARGE REVENUE BY METER SIZE

(2021)

Schedule No. 1. General Metered Service

Meter Size	Service Charge	----- No. of Customers -----						Total
		Res (WP 7-5D)	Bus (WP 7-5D)	Indus- trial (WP 7-5D)	Pub Auth (WP 7-6D)	Other Sales (WP 7-6D)	Resale (WP7-6D)	
5/8	\$25.03	840	49	0	1	0	0	890
3/4	\$25.03	170,127	5,711	1	66	0	2	175,907
1	\$41.67	28,270	6,804	4	144	28	3	35,253
1 1/2	\$83.40	1,182	2,587	6	167	0	3	3,945
2	\$133.47	315	4,342	8	372	0	13	5,050
3	\$250.22	35	895	18	368	252	11	1,579
4	\$417.04	17	291	8	104	0	0	420
6	\$834.12	13	126	5	38	0	0	182
8	\$1,334.61	2	25	0	6	0	0	33
10	\$1,918.53	0	7	0	0	0	0	7
		200,801	20,837	50	1,266	280	32	223,266

Raw Water

1	\$133.47	(WP7-34D)	1
1 1/2	\$250.22		1
2	\$417.04		3
			<u>5</u>

Recycled Water Piped

3/4	\$25.03	(WP7-9D)	0
1	\$41.67		12
1 1/2	\$83.40		16
2	\$133.47		124
3	\$250.22		61
4	\$417.04		25
6	\$834.12		0
8	\$1,334.61		2
10	\$1,918.53		0
			<u>240</u>

Recycled Water Former Well Users

2	\$31.17	(WP7-36D)	1
3	\$41.57		1
4	\$46.75		2
6	\$77.95		1
8	\$93.52		2
10	\$145.48		1
			8

Private Fire

2	\$25.39	(WP7-33D)	44
3	\$38.06		5
4	\$50.76		1,156
6	\$76.16		1,581
8	\$101.51		993
10	\$126.89		143
12	\$152.28		17
			<u>3939</u>

**D.18-11-025**  
**TABLE E**  
**Authorized Customer and Sales Forecast**

Line	Item	2019	2020	2021
1	Metered Services			
2	Residential	199,893	200,346	200,801
3	Business	20,694	20,763	20,837
4	Industrial	51	50	50
5	Public Authority	1,287	1,277	1,266
6	Resale	32	32	32
7	Other	256	268	280
8	<b>Total Potable Metered Services</b>	<b>222,213</b>	<b>222,736</b>	<b>223,266</b>
9	Raw Water	5	5	5
10	Recycled Water, Well	8	8	8
11	Recycled Water, Piped	240	240	240
12	<b>Total Non-Potable Metered Services</b>	<b>222,466</b>	<b>222,989</b>	<b>223,519</b>
13	Private Fire Service	3,937	3,937	3,939
14	<b>Total Active Services</b>	<b>226,403</b>	<b>226,926</b>	<b>227,458</b>
15				
15	Average Sales per Customer (ccf/connection/yr)			
16	Residential	129	129	129
17	Business	828	828	828
18	Total Sales Per Customer Class (Kccf)			
19	Residential	25,786	25,845	25,903
20	Business	17,135	17,192	17,253
21	Industrial	198	198	198
22	Public Authority	2,624	2,624	2,624
23	Resale	179	179	179
24	Other	58	58	58
25	<b>Total Potable Metered Sales</b>	<b>45,980</b>	<b>46,095</b>	<b>46,215</b>
26	Raw Water	41	41	41
27	Recycled Water, Piped	739	739	739
28	Recycled Water, Well	363	363	363
29	<b>Total Sales</b>	<b>47,123</b>	<b>47,238</b>	<b>47,358</b>
30	Potable Source of Supply (Kccf)			
31	Purchased Water	29,662	29,662	29,662
32	Surface Water	3,555	3,555	3,555
33	Well Supply	16,162	16,162	16,162
34	<b>Total Potable Supply</b>	<b>49,379</b>	<b>49,379</b>	<b>49,379</b>
35	Recycled Source of Supply (Kccf)			
36	Recycled Water, Well	739	739	739
37	Recycled Water, Piped	363	363	363
38	<b>Total Recycled Supply</b>	<b>1,102</b>	<b>1,102</b>	<b>1,102</b>

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 556**

**ATTACHMENT D**

**MEMORANDUM**

Date : November 16, 2020

To : R. Rauschmeier, Program Manager, Public Advocates Office, Water Branch

From : R. Keowen, Financial Examiner, Public Advocates Office, Water Branch

File No. : S-2559

Subject: Public Advocates Office: Estimates of Non-labor  
and Wage Escalation Rates for 2020 through 2024 from the  
October 2020 IHS Global Insight U.S. Economic Outlook

The purpose of the monthly Escalation Memorandum is to inform division management of the trends in the general price level of utility non-labor expenses and wage contracts. Data are provided for 13 years, which include eight historic years, the estimated current year, and four forecasted years.

The following table summarizes the major changes in forecasted labor and non-labor inflation for years 2020 through 2024. Data for 2019 are provided as benchmarks. The factors for September 2020 are presented for comparison.

	FORECASTED INFLATION			
	Labor		Non-Labor	
	<u>August-20</u>	<u>July-20</u>	<u>August-20</u>	<u>July-20</u>
2019	2.4%	2.4%	0.1%	0.1%
2020	1.8%	1.8%	-0.6%	-0.7%
2021	1.3%	1.2%	3.4%	3.2%
2022	2.6%	2.5%	2.8%	2.9%
2023	2.3%	2.3%	2.6%	2.9%
2024	1.8%	1.9%	2.2%	2.2%
Compounded	12.9%	12.7%	10.9%	11.0%

A more extensive explanation of the derivation and use of the above factors and a complete presentation of the escalation factors from 2012 through 2024 are provided in the attached appendix.

## APPENDIX: EXPLANATION OF ESCALATION RATES

The recommended NON-LABOR ESCALATION RATES for 2012 through 2024 are presented in Table A. The values for 2012 through 2019 are provided for comparison.

**TABLE A**

Year	Non-Labor Inflation Rate*
2012	0.7%
2013	0.5%
2014	0.9%
2015	-2.8%
2016	-1.1%
2017	3.7%
2018	4.1%
2019	0.1%
2020	-0.6%
2021	3.4%
2022	2.8%
2023	2.6%
2024	2.2%

\* Revised 07/17/97 based on 1995 re-weighted purchases. [Source: BLS, Supplement to Producer Price Indexes, 1995, Table 12]

These escalation rates represent the calendar year average, or alternatively stated, the 12-month-ended spot rate at mid-year. These price factors have not been adjusted for real growth of expensed materials and services. The escalation factors are generated from a composite index of 10 Wholesale Price Indexes (WPI) for materials and supplies expenses and the CPI-U weighted 50% for services and consumer-related items. **These non-labor rates are not applicable to plant, contracted services, loans, insurance, rents, and pensions and other utility employee benefits. Escalation of these expenses is addressed on pages 10-15 of D.04-06-018/R.03-09-005 (Water Rate Case Plan).**

**Table 1. Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by expenditure category, October 2020**

[1982-84=100, unless otherwise noted]

Expenditure category	Relative importance Sep. 2020	Unadjusted indexes			Unadjusted percent change		Seasonally adjusted percent change		
		Oct. 2019	Sep. 2020	Oct. 2020	Oct. 2019-Oct. 2020	Sep. 2020-Oct. 2020	Jul. 2020-Aug. 2020	Aug. 2020-Sep. 2020	Sep. 2020-Oct. 2020
All items.....	100.000	257.346	260.280	260.388	1.2	0.0	0.4	0.2	0.0
Food.....	14.084	259.632	269.163	269.828	3.9	0.2	0.1	0.0	0.2
Food at home.....	7.781	242.340	251.369	251.937	4.0	0.2	-0.1	-0.4	0.1
Cereals and bakery products.....	1.004	276.470	284.416	284.740	3.0	0.1	-0.2	0.0	0.3
Meats, poultry, fish, and eggs.....	1.743	250.592	265.386	265.796	6.1	0.2	-1.7	-0.4	0.4
Dairy and related products.....	0.789	220.738	230.656	229.155	3.8	-0.7	1.5	-0.5	-0.9
Fruits and vegetables.....	1.341	301.318	306.249	309.071	2.6	0.9	0.2	-0.4	0.1
Nonalcoholic beverages and beverage materials.....	0.933	170.842	177.848	178.400	4.4	0.3	0.1	-0.8	-0.1
Other food at home.....	1.972	211.492	218.358	218.758	3.4	0.2	0.5	-0.6	0.3
Food away from home <sup>1</sup> .....	6.304	286.791	297.080	297.893	3.9	0.3	0.3	0.6	0.3
Energy.....	6.182	216.351	198.858	196.458	-9.2	-1.2	0.9	0.8	0.1
Energy commodities.....	3.034	240.279	199.741	196.835	-18.1	-1.5	2.0	-0.1	-0.5
Fuel oil.....	0.073	282.534	201.474	202.805	-28.2	0.7	3.9	-5.3	-0.3
Motor fuel.....	2.903	236.346	196.756	193.647	-18.1	-1.6	2.0	0.1	-0.6
Gasoline (all types).....	2.841	235.168	195.888	192.792	-18.0	-1.6	2.0	0.1	-0.5
Energy services.....	3.148	202.556	207.454	205.445	1.4	-1.0	-0.2	1.6	0.8
Electricity.....	2.472	212.829	218.395	215.570	1.3	-1.3	-0.2	0.9	1.2
Utility (piped) gas service.....	0.676	169.138	171.873	172.255	1.8	0.2	-0.2	4.2	-0.7
All items less food and energy.....	79.734	265.059	269.054	269.328	1.6	0.1	0.4	0.2	0.0
Commodities less food and energy.....	20.323	144.577	146.096	146.261	1.2	0.1	1.0	0.8	-0.2
Apparel.....	2.780	126.154	119.354	119.172	-5.5	-0.2	0.6	-0.5	-1.2
New vehicles.....	3.716	145.726	147.361	147.956	1.5	0.4	0.0	0.3	0.4
Used cars and trucks.....	2.788	138.407	152.887	154.381	11.5	1.0	5.4	6.7	-0.1
Medical care commodities.....	1.603	383.498	383.031	380.371	-0.8	-0.7	-0.1	0.0	-0.8
Alcoholic beverages.....	1.032	253.207	257.730	258.936	2.3	0.5	0.3	-0.2	0.3
Tobacco and smoking products.....	0.601	1,134.550	1,183.975	1,186.127	4.5	0.2	0.4	0.4	-0.2
Services less energy services.....	59.411	340.302	345.880	346.220	1.7	0.1	0.2	0.0	0.1
Shelter.....	33.281	320.762	327.116	327.273	2.0	0.0	0.1	0.1	0.1
Rent of primary residence.....	7.833	334.680	342.910	343.615	2.7	0.2	0.1	0.1	0.2
Owners' equivalent rent of residences <sup>2</sup> .....	24.166	328.762	336.095	336.965	2.5	0.3	0.1	0.1	0.2
Medical care services.....	7.337	545.652	567.525	565.999	3.7	-0.3	0.1	0.0	-0.3
Physicians' services.....	1.822	384.901	392.474	392.099	1.9	-0.1	0.1	-0.3	0.0
Hospital services <sup>3</sup> .....	2.222	344.363	355.129	354.289	2.9	-0.2	0.1	0.6	-0.6
Transportation services.....	5.066	326.582	308.143	309.965	-5.1	0.6	0.0	-0.9	0.1
Motor vehicle maintenance and repair <sup>1</sup> .....	1.093	298.925	308.198	308.569	3.2	0.1	0.6	0.2	0.1
Motor vehicle insurance.....	1.585	571.975	540.491	531.217	-7.1	-1.7	0.5	-3.5	-2.3
Airline fares.....	0.607	269.871	197.424	215.993	-20.0	9.4	1.2	-2.0	6.3

<sup>1</sup> Not seasonally adjusted.

<sup>2</sup> Indexes on a December 1982=100 base.

<sup>3</sup> Indexes on a December 1996=100 base.

**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 556**

**ATTACHMENT E**

ADVICE LETTER 556  
 ATTACHMENT E  
 BILL COMPARISON

**BILL COMPARISON UNIFORM RATES**

**Bill Comparison Uniform Rates 3/4-Inch Meter**

Usage (ccf)		Current Rates	Proposed Rates	Increase	Increase
		AL 541	AL 556		
	5	\$67.55	\$68.96	2.08%	\$1.41
	11	\$97.52	\$99.84	2.38%	\$2.32
	15	\$117.50	\$120.43	2.49%	\$2.93
	20	\$142.48	\$146.17	2.59%	\$3.69
	30	\$192.43	\$197.64	2.71%	\$5.21
	50	\$292.34	\$300.59	2.82%	\$8.25
	100	\$542.10	\$557.96	2.93%	\$15.86

**BILL COMPARISON RESIDENTIAL TIERED RATES**

**Tiered Rate Bill Comparison 3/4-Inch Meter**

Usage (ccf)		Current Rates	Proposed Rates	Increase	Increase
		AL 541	AL 556		
	5	\$62.56	\$64.42	2.96%	\$1.85
Typical	11	\$92.54	\$95.30	2.99%	\$2.76
	15	\$112.52	\$115.89	3.00%	\$3.37
	20	\$140.82	\$145.05	3.01%	\$4.23
	30	\$207.39	\$213.65	3.02%	\$6.26
	50	\$340.53	\$350.85	3.03%	\$10.32
	100	\$673.39	\$693.86	3.04%	\$20.46



**SAN JOSE WATER COMPANY**

**ADVICE LETTER NO. 556**

**ATTACHMENT F**

A copy of Advice Letter No. 556 has been sent to the following municipalities, water companies and interested parties:

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

San Jose Mercury News  
Attn: Paul Rogers  
4 N. Second Street, Suite 800  
San Jose, CA 95113

California Water Service Co.  
Attn: Regulatory Affairs  
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: Jessica Kahn, City Engineer  
18041 Saratoga-Los Gatos Road  
Monte Sereno, CA 95030

City of Campbell  
70 North First Street  
Campbell, CA 95008

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

Great Oaks Water Company  
P.O. Box 23490  
San Jose, CA 95153

City of Milpitas  
Attn: Utilities Engineering  
455 East Calaveras Blvd.  
Milpitas, CA 95035

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

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

County of Santa Clara  
70 W. Hedding Street  
San Jose, CA 95110

Department of Water Resources  
Safe Drinking Water Office, Room 804  
1416 9<sup>TH</sup> Street  
Sacramento, CA 95814

Mountain Springs Mutual Water Co.  
17956 Greenwood Road  
Los Gatos, CA 95033

Mukunda Dawadi  
Public Advocates Office  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Garth Hall  
Deputy Operating Officer  
Water Utility Enterprises  
Santa Clara Valley Water District  
5750 Almaden Expressway  
San Jose, CA 95118

Stagecoach Mutual Water Co  
21825 Stagecoach Road  
Los Gatos, CA 95033

Gillette Mutual Water Company  
21976 Gillette Drive  
Los Gatos, CA 95033

Pat Kearns, MD  
7 W Central Ave  
Los Gatos, CA 95030

Redwood Estates Services Association  
PO Box 591  
Redwood Estates, CA 95044-0591

Saratoga City Council Member  
Rishi Kumar  
13777 Fruitvale Avenue  
Saratoga, CA 95070

Big Redwood Park Water  
& Improvement Assoc.  
18522 Mt. View Avenue  
Los Gatos, CA 95033

WRATES  
Rita Benton  
18555 Ravenwood Drive  
Saratoga, CA 95070

Villa Del Monte Mutual Water Company  
P.O. Box 862  
Los Gatos, CA 95031

Saratoga Heights Mutual Water Company  
P.O. Box 337  
Saratoga, CA 95071

Ridge Mutual Water Company  
22316 Citation Drive  
Los Gatos, CA 95033

James Hunter  
6475 Dwyer Street  
San Jose, CA 95120

Summitt West Mutual Water Company  
P.O. Box 974  
Los Gatos, CA 95031

Raineri Mutual Water Company  
P.O. Box 11  
Los Gatos, CA 95031

Oakmount Mutual Water Company  
P.O. Box 31536  
Stockton, CA 95213

Mt. Summit Mutual Water Co  
P.O. Box 3416  
Saratoga, CA 95070

Brush & Old Well Mutual  
Water Company  
21105 Brush Road  
Los Gatos, CA 95033

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to general metered water service.

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

**Quantity Rate Per 100 cu. ft. (Ccf):**

Residential Customers with 5/8 x 3/4-inch, 3/4-inch, 1-inch, 1 1/2-inch or 2-inch meter

For Total Monthly Usage from 0 to 3 Ccf.	\$3.3770	(l)
For Total Monthly Usage from 4 to 18 Ccf.	\$5.0660	(l)
For Total Monthly Usage over 18 Ccf.	\$6.7545	(l)

All Other Customers

For all water delivered, per 100 cu. ft.	\$5.0660	(l)
--	----------	-----

**Service Charges:**

Per Meter Per Month

**All Customers:**

For 5/8 x 3/4-inch meter .....	\$41.69	(l)
For 3/4-inch meter .....	\$41.69	l
For 1-inch meter .....	\$69.48	l
For 1-1/2-inch meter .....	\$138.99	l
For 2-inch meter .....	\$222.38	l
For 3-inch meter .....	\$416.95	l
For 4-inch meter .....	\$694.91	l
For 6-inch meter .....	\$1,389.83	l
For 8-inch meter .....	\$2,223.74	l
For 10-inch meter .....	\$3,196.60	(l)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 556

JOHN TANG

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

Dec. No. D.18-11-025

Vice President,  
Regulatory Affairs

Effective \_\_\_\_\_

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

TITLE

Schedule No. 1B

GENERAL METERED SERVICE WITH  
 AUTOMATIC FIRE SPRINKLER SYSTEM

APPLICABILITY

Applicable to all detached single family structures whose automatic fire sprinkler system is served through the meter providing residential water service.

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

**Quantity Rate Per 100 cu. ft. (Ccf):**

**Residential Customers with 5/8 x 3/4-inch, 3/4-inch, 1-inch, 1 1/2-inch or 2-inch meter**

For Total Monthly Usage from 0 to 3 Ccf.	\$3.3770	(l)
For Total Monthly Usage from 4 to 18 Ccf.	\$5.0660	(l)
For Total Monthly Usage over 18 Ccf.	\$6.7545	(l)

All Other Customers

For all water delivered, per 100 cu. ft.	\$5.0660	(l)
--	----------	-----

**Service Charges:**

Per Meter Per Month

**All Customers:**

For 5/8 x 3/4-inch meter .....	\$41.69	(l)
For 3/4-inch meter .....	\$41.69	l
For 1-inch meter .....	\$69.48	l
For 1-1/2-inch meter .....	\$138.99	l
For 2-inch meter .....	\$222.38	l
For 3-inch meter .....	\$416.95	(l)

Upsize Charges:

For 1/4-inch meter upsize .....	\$2.11
or 1/2-inch meter upsize .....	\$4.21
For 3/4-inch meter upsize .....	\$6.33
For 1-inch meter upsize .....	\$8.44
For 1-1/2-inch meter upsize .....	\$12.67

(Continued)

(To be inserted by utility)

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JOHN TANG

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

TITLE

Schedule No. 1C

GENERAL METERED SERVICE  
Mountain District

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Portions of Los Gatos and in contiguous territory in the County of Santa Clara.

RATES

**Quantity Rate Per 100 cu. ft. (Ccf)**  
**Overuse Rates beyond 500 gallons per day limit**

**Residential Customers with 3/4-inch, 1-inch, 1 1/2-inch or 2-inch meter**

For Total Monthly Usage from 0 to 3 Ccf.	\$3.3770	(l)
For Total Monthly Usage from 4 to 18 Ccf.	\$5.0660	(l)
For Total Monthly Usage over 18 Ccf.	\$6.7545	(l)

**All Other Customers**(subject to Special Condition 5)

For all water delivered, per 100 cu.ft.	\$5.0660	(l)
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**Service Charges:**

Per Meter Per Month

For 3/4-inch meter .....	\$41.69	(l)
For 1-inch meter .....	\$69.48	l
For 1-1/2-inch meter .....	\$138.99	l
For 2-inch meter .....	\$222.38	l
For 3-inch meter .....	\$416.95	l
For 4-inch meter .....	\$694.91	l
For 6-inch meter .....	\$1,389.83	l
For 8-inch meter .....	\$2,223.74	l
For 10-inch meter .....	\$3,196.60	(l)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

- Customers who receive water deliveries for agricultural purposes under this schedule, and who present evidence to the utility that such deliveries qualify for the lower pump tax rates levied by the Santa Clara Valley Water District for agricultural water, shall receive a credit of \$2.0033 per 100 cubic feet on each water bill for the quantities of water used during the period covered by that bill.
- All bills are subject to the reimbursement fee set forth in Schedule No. UF.

(Continued)

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Regulatory Affairs

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

TITLE

Schedule No. 4

PRIVATE FIRE SERVICE

APPLICABILITY

Applicable to all water service furnished to privately owned fire protection systems.

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

Per Service Connection  
Per Month

For each 2-inch service .....	\$42.23	(l)
For each 3-inch service .....	\$52.78	
For each 4-inch service .....	\$73.90	
For each 6-inch service .....	\$116.13	
For each 8-inch service .....	\$147.80	
For each 10-inch service .....	\$190.02	
For each 12-inch service .....	\$232.25	(l)

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and and the cost paid by the applicant. Such payment shall not be subject to refund. The facilities paid for by the applicant shall be the sole property of the applicant.
2. If a distribution main of adequate size to serve a private fire protection system, in addition to all other normal service, does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall then be installed by the utility and the cost paid by applicant. Such payment shall not be subject to refund.
3. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund.

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

TITLE

Schedule No. RW

RAW WATER SERVICE

APPLICABILITY

Applicable to raw water metered service.

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

Quantity Rate:			
Per 100 cu. ft.	.....	\$4.8364	(l)

Service Charges:		Per Meter Per Month	
For 5/8 x 3/4-inch meter	.....	\$41.69	(l)
For 3/4-inch meter	.....	\$41.69	l
For 1-inch meter	.....	\$69.48	l
For 1-1/2-inch meter	.....	\$138.99	l
For 2-inch meter	.....	\$222.38	l
For 3-inch meter	.....	\$416.95	l
For 4-inch meter	.....	\$694.91	l
For 6-inch meter	.....	\$1,389.83	l
For 8-inch meter	.....	\$2,223.74	l
For 10-inch meter	.....	\$3,196.60	(l)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

1. The customer is responsible for notice of and compliance with all local, state, and federal rules and regulations that apply from time to time to the use of raw water, as defined in San Jose Water Company's Rule 1.
2. The customer must provide and/or contribute all facilities needed to transport the water from its source to the customer's point of service in accordance with the utility's Rule 15.

(Continued)

(To be inserted by utility)

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Regulatory Affairs

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

TITLE



Schedule No. RCW

RECYCLED WATER METERED SERVICE

APPLICABILITY

Applicable to all recycled water metered service.

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

Quantity Rate:

Currently effective quantity rate as reflected in "*Schedule No. 1, General Metered Service*" less the treated water surcharge currently added to potable deliveries from the Santa Clara Valley Water District and less any applicable discount from the South Bay Water Recycling Program.

Service Charges:

Currently effective monthly service charge for the applicable meter size as reflected in "*Schedule No. 1, General Metered Service*".

SPECIAL CONDITIONS

- For the purposes of this tariff a well user is defined as a customer of the Santa Clara Valley Water District who procures his/her non-potable supply from an on-site well as of the first effective date of this tariff. The service charge for well users will be in accordance with the following schedule:

<u>Meter Size</u>	<u>Per Meter Per Month</u>	
2-inch	\$34.40	(l)
3-inch	\$45.88	l
4-inch	\$51.60	l
6-inch	\$86.04	l
8-inch	\$103.22	l
10-inch	\$160.57	(l)

The monthly service charge will change in an amount equal to changes in the monthly service charge for similarly sized meters under "*Schedule No. 1, General Metered Service*". In addition to the service charge, such customers will be charged for the quantity of recycled water used at that site in the same amount billed to San Jose Water Company by the South Bay Water Recycling Program.

(Continued)

(To be inserted by utility)

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JOHN TANG

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

Vice President,

Effective \_\_\_\_\_

Dec. No. D.18-11-025

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	2100-W, 2081-W, 848-W and 2085-W	(T)
Preliminary Statement	919-W, 1303-W, 2008-W, 1702-W, 1420-W, 2034-W, 2035-W, 2058-W, 2037-W, 2038-W, 2039-W, 2040-W, 2041-W and 2042-W	
Service Area Map Locator	1266-W	
Service Area Map Locator, Index	1589-W	
Map of Areas With Special Pressure and Fire Flow Conditions	1590-W	
Index to Map of Areas With Special Pressure and Fire Flow Conditions	1079-W, 1591-W 1082-W, 1087-W and 1404-W	
Rate Schedules:		
Schedule No. 1, General Metered Service	2094-W, 1915-W and 2059-W	(C)
Schedule No. 1B, General Metered Service With Automatic Fire Sprinkler System	2095-W, 1741-W, 1882-W and 2060-W	(C)
Schedule No. 1C, General Metered Service Mountain District	2096-W, 1952-W, 1884-W, and 2061-W	(C)
Schedule No. 4, Private Fire Service	2097-W and 2053-W	(C)
Schedule No. 9C, Construction and Other Temporary Metered Service	1118-W and 1094-W	
Schedule No. 10R, Service to Employees	152-W	
Schedule No. 14.1 Water Shortage Contingency Plan With Staged Mandatory Reductions And Drought Surcharges	1668-W,1669-W,1780-W,1671-W, 1672-W,1673-W,1766-W, and 1820-W	
Schedule No. RW, Raw Water Metered Service	2098-W, 1920-W and 2062-W	(C)
Schedule No. RCW, Recycled Water Metered Service	2099-W, 2047-W and 2063-W	(C)
Schedule No. UF, Surcharge to Fund Public Utilities Commission, Reimbursement Fee	2090-W	
Schedule No. WRAP, Water Rate Assistance Program	2083-W and 2056-W	
List of Contracts and Deviations	2092-W	
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No. 1 - Definitions	2064-W and 2065-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	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	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. 556

JOHN TANG

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

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Regulatory Affairs

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

TITLE