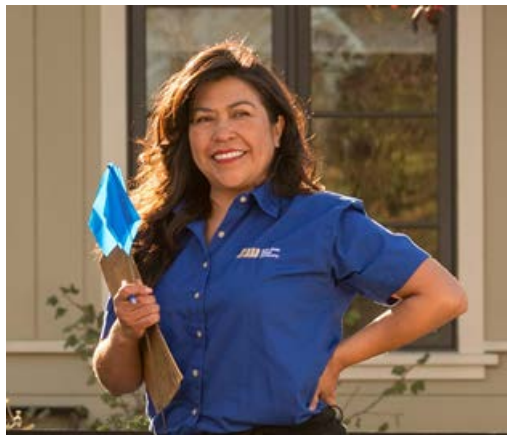


Water Rates — Everything You Wanted to Know and More!



How Are SJW Rates Set?

- Set/ approved by the California Public Utilities Commission (CPUC)
- General Rate Case (GRC) application once every 3 years for new rates January 1
- Comprehensive review spanning 12 months
- Public Advocates Office representing customers



Current cycle is
2019-2021

Next cycle is
2022-2024

THE WATER JOURNEY

1 Diversified Sources



Santa Cruz Mountains



Groundwater from Local Wells

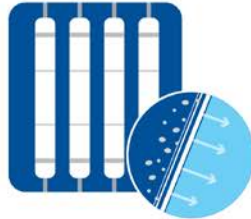


California Delta

To ensure a reliable water supply for our communities, San Jose Water purchases water from **multiple sources**



2 High Quality Treatment



Treatment Steps:

- Coagulation
- Sedimentation
- Ultrafiltration
- Clear Well
- Delivery to Customers



3 Infrastructure Delivery

San Jose Water manages:



A **140 square mile** service area



Over **2,400 miles** of pipes



93 groundwater wells and 99 tanks and reservoirs



Delivery of an average of **118 million gallons** water per day

HOW ARE MY RATES SET?

CPUC



The California Public Utilities Commission (CPUC) oversees regulated water companies and ensures the **rates are reasonable and fair** for customers.

SJW



This is determined by looking at the costs involved in **ensuring a safe and reliable water system** 365 days a year.

COSTS



Water Supply

- 50% Sierra Nevadas
- 40% Local Groundwater
- 10% Reservoirs in the Santa Cruz Mountains



Infrastructure

- Over 2,400 miles of pipe
- 93 groundwater wells
- 99 water storage facilities



A huge amount of **Energy, Infrastructure, and People-power** goes into providing clean and safe water.

MY WATER BILL



San Jose Water residential customers are billed every two months



The main charges that make up your bill are called the "Service Charge" and the "Quantity Charge".



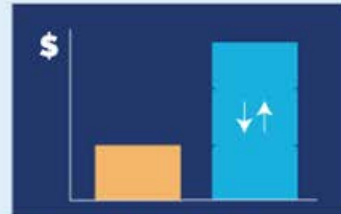
Service Charge

- Fixed cost
- Based on meter size
- Cost of water service, maintenance, and treatment



Quantity Charge

- Cost of the water itself
- Changes based on use



Tiered Billing Rates

- Using less can put you in lower-priced tier



Surcharges

- For vital projects and increased water supply costs
- All surcharges must be approved by the CPUC

What Factors Guide the Rate Setting Process?

- “The CPUC regulates services and utilities, *protects consumers*, safeguards the environment, and assures Californians’ access to *safe and reliable utility infrastructure and services*.”
- Cost-of-service recovery
- Rate design promoting efficient water use
- Forward looking (forecast future water sales)

What Else Goes Into Rate Decisions?

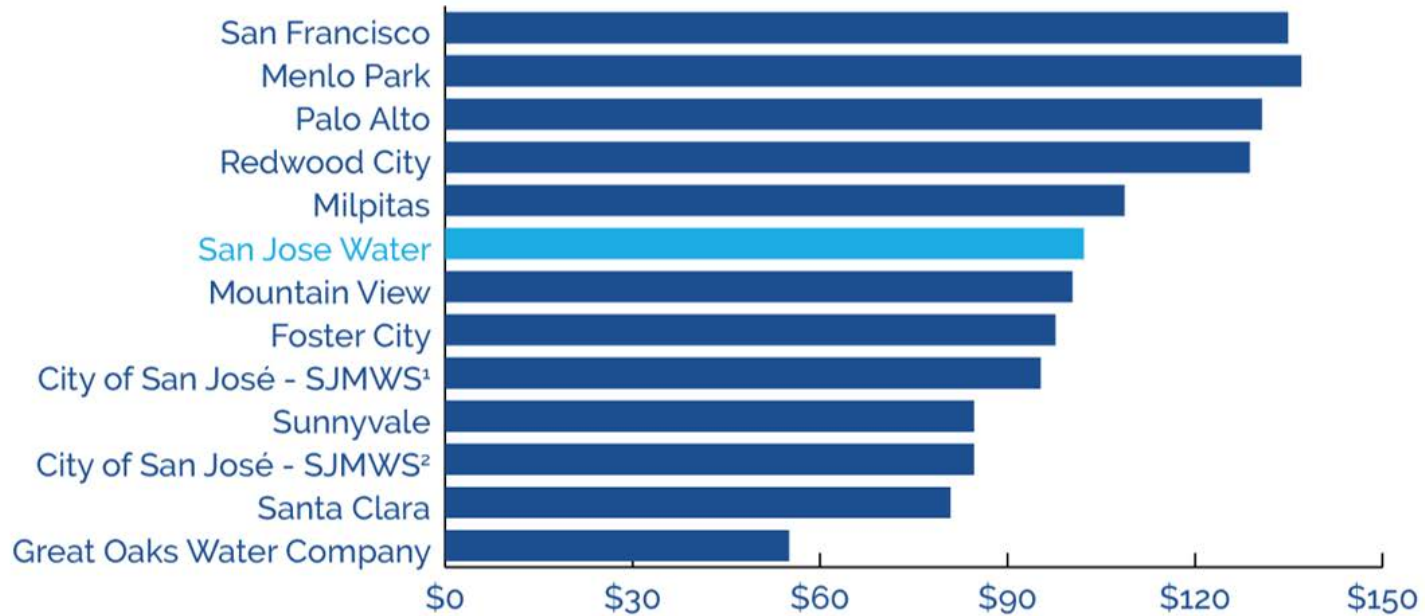
Infrastructure investments
(over \$1 billion in last decade)

Lower
consumption

Wholesale
water charges

Increasingly stringent
water quality regulations

Rate Comparison



Source: City of San José

¹Meter and volumetric charges only as of January 2019 (unless otherwise noted)

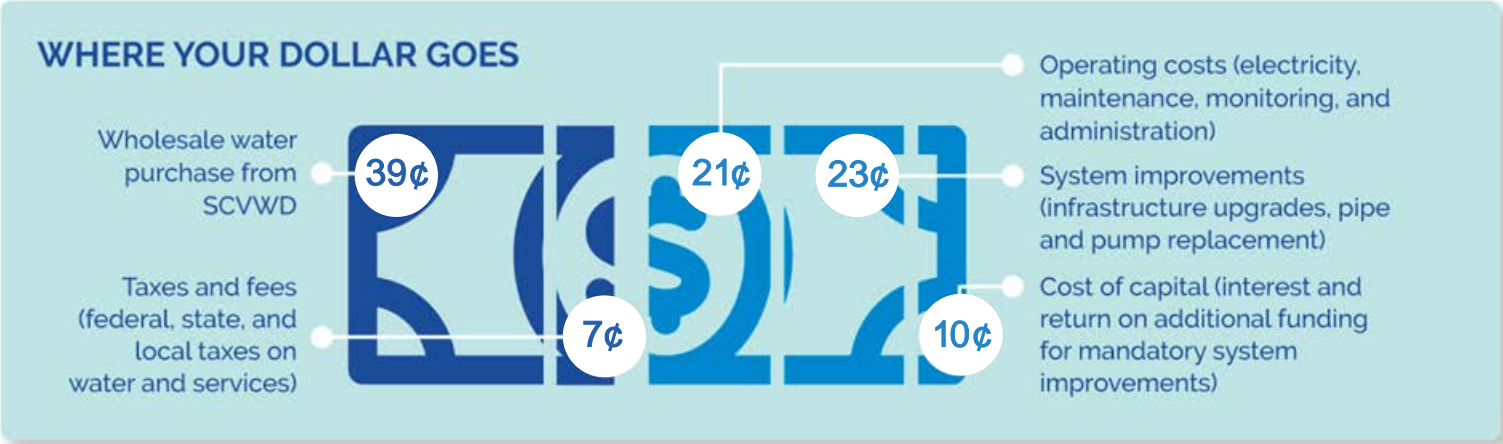
²Monthly billing for 5/8" meter and 15 CCF.

Where does SJW
rate money go?



SJW Rates Over Time

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Ave
SJW	3.3%	3.6%	9.8%	5.3%	3.1%	9.1%	5.3%	3.3%	4.6%	2.3%	5%
SCVWD	9.4%	9.3%	9.3%	9.9%	19.7%	19.9%	9.6%	9.7%	6.6%	0%	10.3%



Infrastructure: Maintenance



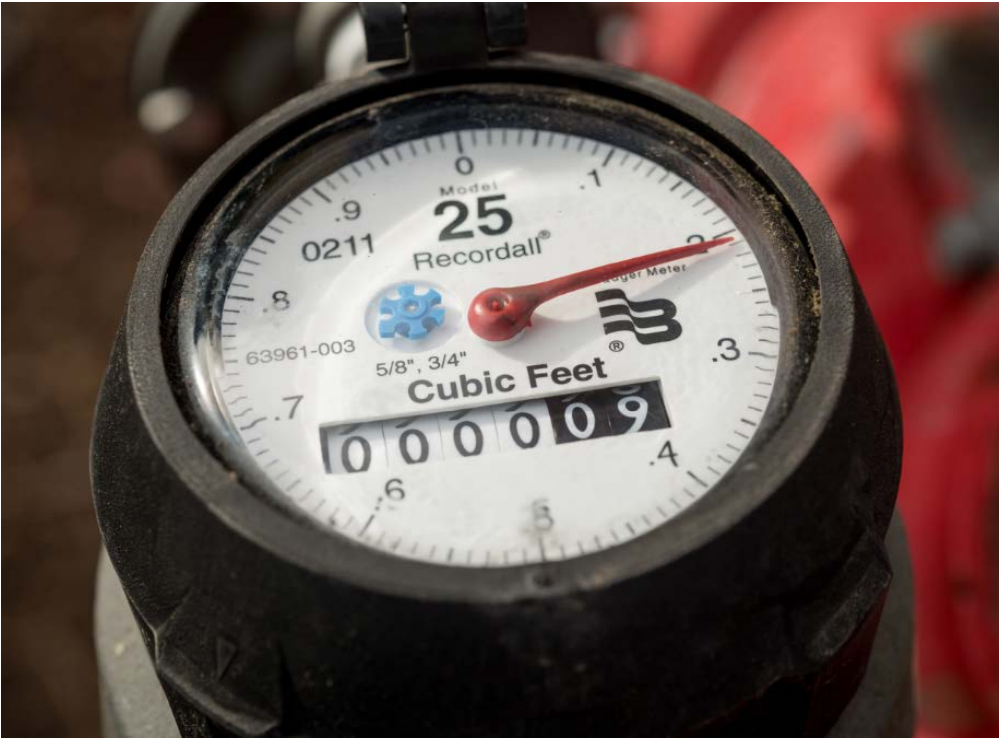
Infrastructure: Big and Small



Infrastructure: Big and Small



Infrastructure: Big and Small



Emergency Response

COVID-19



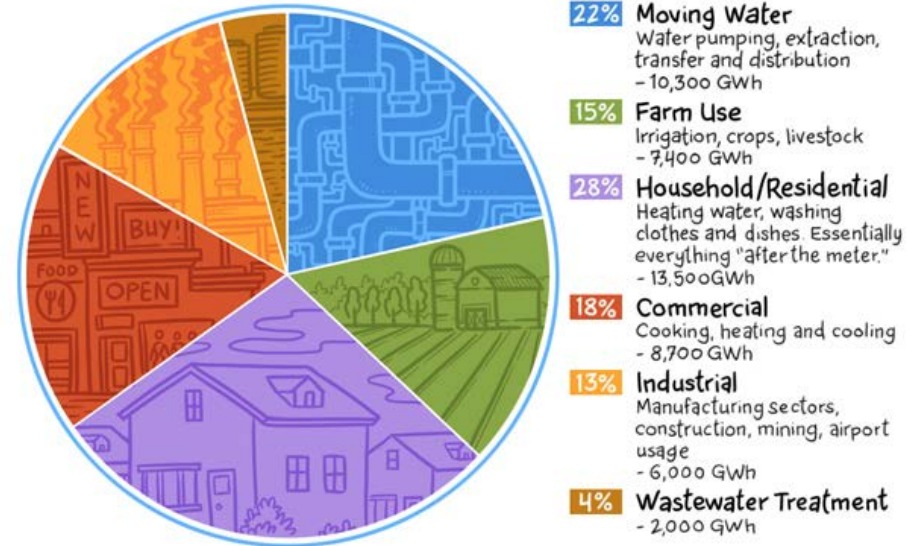
Emergency Response

PG&E PSPS Events

- Portable and built-in generators
- Close contact with PG&E for planning purposes
- Round-the-clock staffing to monitor the situation – before, during, and after

WATER-RELATED ENERGY USE

Nineteen percent of California's electricity goes to water-related uses



Source: KQED <http://ww2.kqed.org/climatewatch/2012/06/10/19-percent-californias-great-water-power-wake-up-call/>

Hygiene & Economic Benefit

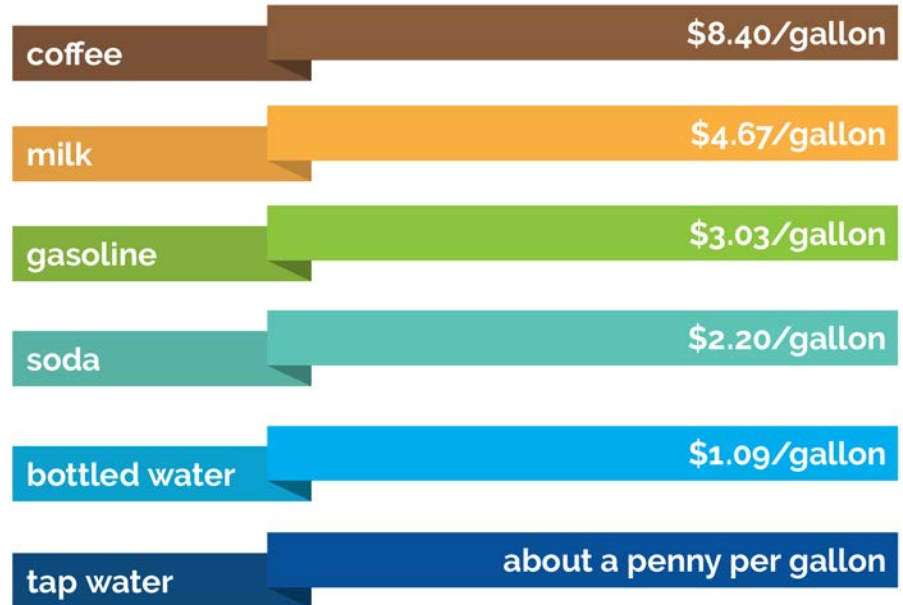


Relative Value of Water

Affordability of Water: Price Index

How Affordable Is Your Water?

A widely used benchmark for water affordability is published by the United States Environmental Protection Agency, and it shows that annual water bills amounting to less than 2.5% of the median household income are considered to be affordable. SJW's current average monthly bill for water service is approximately \$93 (or about \$186 per two-month billing period), which represents approximately 1% of the median household income in the Santa Clara Valley (based on 2014-2018 Census data).

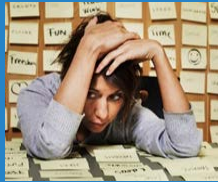


How are we managing costs? Asset Management leads the way!

If we don't know our assets (How many? Where? Cost?)



Then we can't manage them



.Resulting in

- Unplanned failures
- Injuries
- Downtime
- Higher costs
- Poor service to customers



If we know our assets (location, cost, condition, etc.)

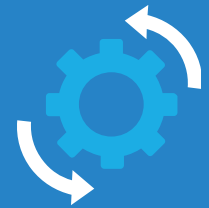


Then we can make the right decisions & investments

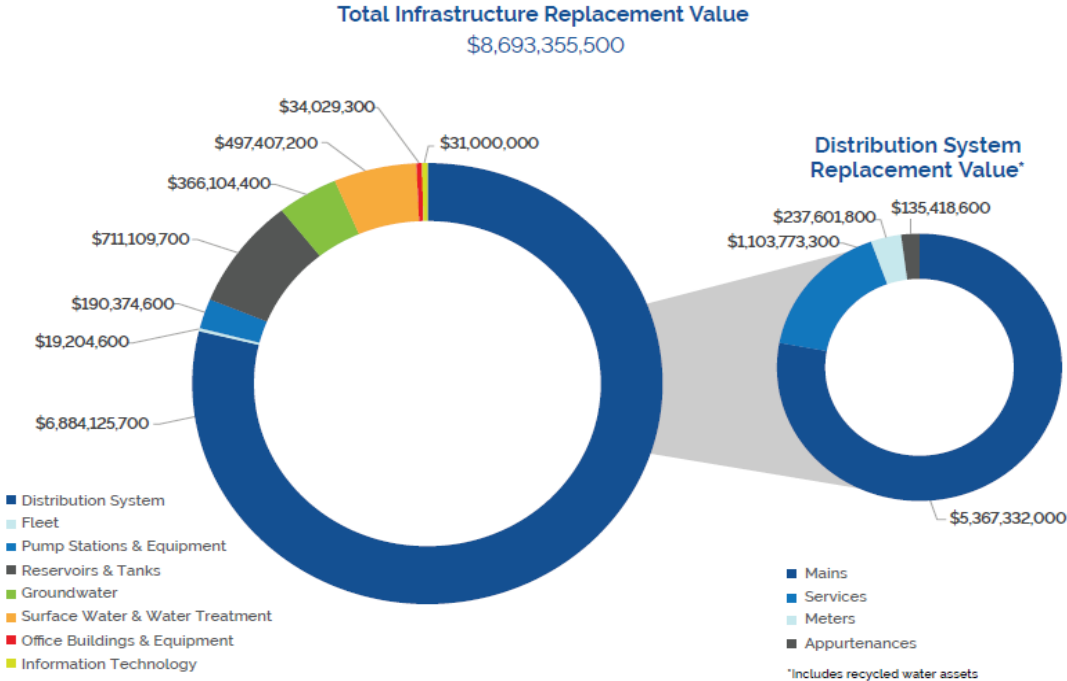


.Resulting in

- Preventing failures
- Safer workplace
- Uptime
- Cost savings
- Reliable service to customers



SJW Assets Are Valuable Investments

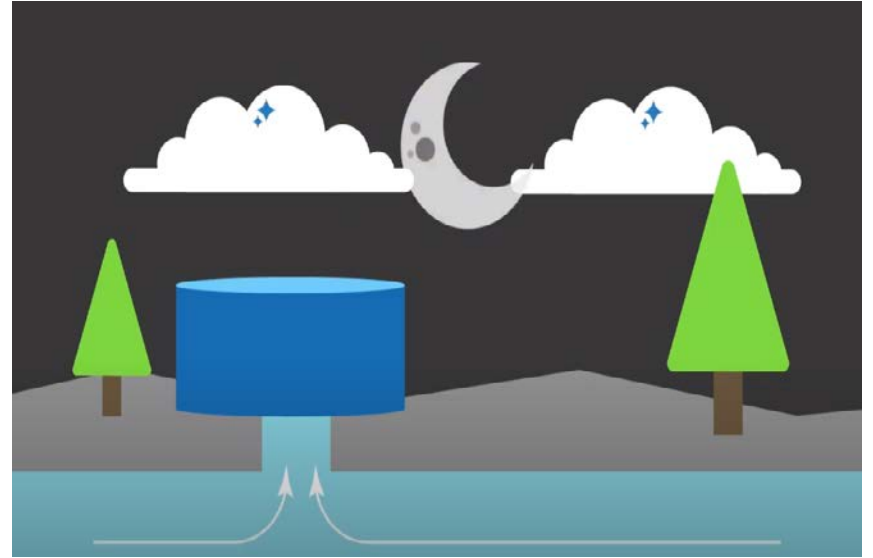


Total
Infrastructure
Replacement
Value

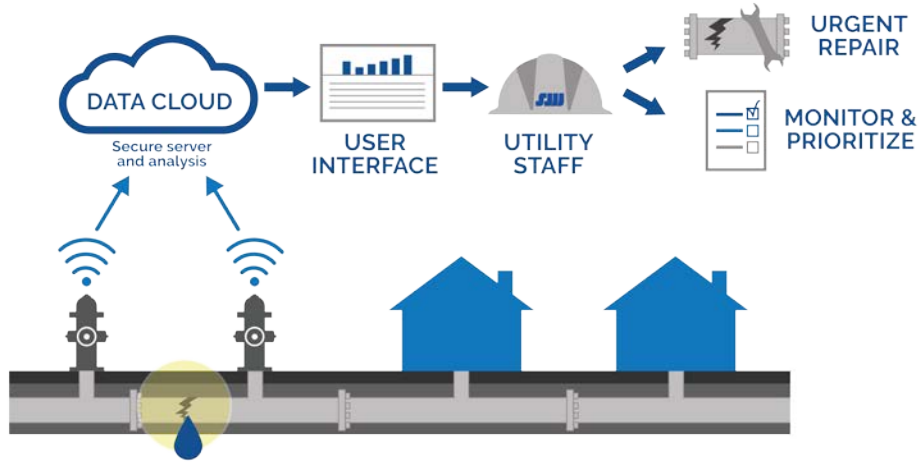
\$8.9 BILLION

Reducing Power Costs

- Automate energy use – SCADA, pumping at night
- Making improvements now to save money in the long-run



Acoustic Leak Detection



Question # 1: What's happening to rates on January 1, 2021?

Water rates have increased at 2-3x the rate of inflation for the entire industry.

The average residential customer will see their bill rise \$2.76 or 3% in 2021.

	Current	Proposed
Meter Charge (3/4 inch)	\$40.47	\$41.69
Tier 1 (<3 units)	\$3.2770 per unit	\$3.3770 per unit
Tier 2 (4-18 units)	\$4.9160 per unit	\$5.0660 per unit
Tier 3 (>18 units)	\$6.5545	\$6.7545

Question #2: What are we doing to help customers during the pandemic?



No water shutoffs

Flexible and extended payment plans

No deposit requirements on new service

No collection activity for non-payment


WRAP (Water Rate Assistance Program)



Please reach out to us at (408) 279-7900 or customer.service@sjwater.com. We are here to help.

Question #3 - What about trash along the waterways?

- Trash or downed trees along a creek
- Graffiti or other problems near the creek
- Illegal encampments on water district property

 Report the issue to Valley Water.
Pictures are allowed, too!



www.valleywater.org

Q & A

