

Notice of Application by San Jose Water Company for a Rate Increase Request for Public Comments in Application NO. 09-01-009

The California Public Utilities Commission (CPUC) is seeking public comments on Application 09-01-009 filed by the San Jose Water Company (SJWC). As noted below, the filing is seeking to increase rates for water service in 2010, 2011, and 2012. As part of its decision-making process, the CPUC is interested in your comments on any aspect of the company's operation including proposed rates, service quality or any other issue that may be of concern.

The purpose of this notice is to inform SJWC's customers of the filing of the Application and to give instructions on how to provide input in the review process.

THE APPLICATION

SJWC has filed an Application requesting rate increases of \$36,207,000 or 18.44% in 2010, \$15,171,000 or 6.52% in 2011, and \$19,899,000 or 8.10% in 2012. SJWC is also requesting consolidation of the rates charged in its Mountain District with the rates charged throughout SJWC's remaining service area. Finally, SJWC is requesting that the Commission authorize the (1) disbursement of \$1,649,106 from its Balancing Account via a 12-month \$0.0278/ccf customer surcredit, and (2) allow recovery of \$90,669 from the Water Quality Expense Memorandum Account via a one-time customer surcharge of \$0.41.

SJWC is proposing this rate increase due to escalating operating expenses as well as significant system infrastructure replacement requirements over the next several years. The capital budgets for the period are also increasing due to significantly higher construction costs. The infrastructure improvements such as water main and well replacements, improvements to pumping stations and well fields, as well as water tank upgrades and replacements throughout SJWC's about 140 square miles service area are necessary in order to maintain safe and reliable water service.

The following tables summarize SJWC's forecasted rate changes by meter size:

Schedule 1 – General Metered Service

Meter Size	Rates Proposed in SJWC's Application			
	Present Rates	2010 Rates	2011 Rates	2012 Rates
5/8 x 3/4-inch	\$15.07	\$17.47	\$19.19	\$20.50
3/4-inch	\$15.07	\$17.47	\$19.19	\$20.50
1-inch	\$25.12	\$29.12	\$31.98	\$34.16
1 1/2-inch	\$50.26	\$57.08	\$63.97	\$68.33
2-inch	\$80.40	\$93.20	\$102.35	\$109.33
3-inch	\$150.75	\$174.74	\$191.91	\$204.99
4-inch	\$251.26	\$291.24	\$319.85	\$341.65
6-inch	\$502.52	\$582.48	\$639.70	\$683.30
8-inch	\$804.03	\$931.96	\$1,023.51	\$1,093.28
10-inch	\$1,155.80	\$1,339.69	\$1,471.30	\$1,571.59

Quantity Charges (Per Ccf)

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

	2010 Rates	2011 Rates	2012 Rates
0 to 13 Ccf	\$2.2082	\$2.639	\$2.711
Over 13 Ccf	\$2.4282	\$2.902	\$2.981

Residential Customers with 1 1/2-inch or 2-inch meter:

	2010 Rates	2011 Rates	2012 Rates
0 to 26 Ccf	\$2.2082	\$2.639	\$2.711
Over 26 Ccf	\$2.4282	\$2.902	\$2.981

All Other Customers:

	2010 Rates	2011 Rates	2012 Rates
All Usage	\$2.2821	\$2.7272	\$2.8017

For the typical residential customer with a 3/4-inch meter using 16 ccf (one ccf = 748 gallons) of water per month, the monthly water bill will increase by \$9.42 or 18.45% from \$51.06 at present rates to \$60.48 in 2010, by \$2.90 or 4.79% to \$63.38 in 2011, and by \$4.68 or 7.4% to \$68.06 in 2012. These bill amounts include 1.5% charge to fund the California Public Utilities Commission. The rates shown on your water bill may vary slightly from the existing rates shown above due to temporary surcredits or surcharges in effect from time to time.

Schedule 1C – Mountain District

Meter Size	Monthly Service Charge	Rates Proposed in SJWC's Application		
	Present Rates	2010 Rates	2011 Rates	2012 Rates
5/8 x 3/4-inch	\$81.37	\$17.47	\$19.19	\$20.50
3/4-inch	\$81.37	\$17.47	\$19.19	\$20.50
1-inch	\$81.37	\$29.12	\$31.98	\$34.16
1 1/2-inch	\$81.37	\$58.25	\$63.97	\$68.33
2-inch	\$81.37	\$93.20	\$102.35	\$109.33
3-inch	\$81.37	\$174.74	\$191.91	\$204.99
Quantity Charges (Per Ccf)				
0 to 13 Ccf	\$3.43	\$2.639	\$2.711	\$2.918
14 to 16 Ccf	\$3.43	\$2.902	\$2.981	\$3.209
17 to 22 Ccf	\$4.29	\$25.00	\$25.00	\$25.00
23 to 25 Ccf	\$6.88	\$25.00	\$25.00	\$25.00
26 to 35 Ccf	\$10.32	\$25.00	\$25.00	\$25.00
36 to 46 Ccf	\$13.76	\$25.00	\$25.00	\$25.00
47 to 55 Ccf	\$17.20	\$25.00	\$25.00	\$25.00
56 Ccf and above	\$20.64	\$25.00	\$25.00	\$25.00
Elevation Charge				
Per Ccf	N/A	\$0.7632	\$0.7632	\$0.7632

For the typical Mountain District residential customer with a 3/4-inch meter using 16 ccf (one ccf = 748 gallons) of water per month, the monthly water bill will decrease by \$63.56 or 46.65% from \$136.25 at present rates to \$72.69 in 2010, and will then increase by \$2.89 or 3.99% to \$75.58 in 2011, and by \$4.69 or 6.21% to \$80.27 in 2012. These bill amounts include 1.5% charge to fund the CPUC. The rates shown on your water bill may vary slightly from the existing rates shown above due to temporary surcredits or surcharges in effect from time to time.

Under SJWC's proposal, rates for each year would become effective on January 1 for that particular year. As required, the rate increases for 2011 and 2012 are derived using inflation factors provided by the CPUC. The factors used to calculate rates in these years will be the most recent inflation forecast at that point in time. In its Application, SJWC has requested to increase its rates by actual inflation without further notice to customers. This means that if inflation is greater than that assumed here, rates for 2011 and 2012 may be higher than shown in this notice.

THE CPUC PROCESS

The CPUC's Division of Ratepayer Advocates (DRA) will review the Application and submit its independent analysis and recommendations in a written report for the CPUC's consideration. That report will become available to the public. DRA is staffed with engineers, auditors, and other professional staff and is tasked with representing the interest of all utility ratepayers. Other interested parties may also participate in the proceeding.

Evidentiary hearings may be held whereby parties of record will present their testimony and will be subject to cross-examination before the assigned Administrative Law Judge (ALJ). These evidentiary hearings are open to the public, but only parties to the proceeding may present evidence or cross-examine witnesses. If you wish to become a party and participate in the evidentiary hearings, please contact the CPUC's Public Advisor at the address shown below.

Parties at these hearings may offer proposals to the Commission that differ from those requested by SJWC. After considering all proposals and evidence presented during the formal hearing process, the assigned ALJ will issue a proposed decision. When the CPUC issues a final decision on Application 09-01-009, it may adopt, amend or modify all or part of the ALJ's proposed decision as written. The CPUC's final decision may be different from SJWC's proposal.

PROTESTING THE APPLICATION

Protests to this application should be mailed to the CPUC's Public Advisor's Office. For assistance in filing a protest or otherwise participating in the proceeding, please contact the Public Advisor's Office at:

California Public Utilities Commission, Public Advisor's Office
505 Van Ness Avenue, San Francisco, CA 94102
E-mail: public.advisor@cpuc.ca.gov

You may also call 866.849.8390 (toll free) or 415.703.2074. Please mention that you are writing about Application 09-01-009.

PUBLIC COMMENT

Written public comment may be sent to the Public Advisor's Office at the address shown above. These comments will become part of the formal correspondence file of the proceeding and will be circulated for review to the assigned ALJ, the assigned Commissioner and the appropriate CPUC staff. Comments will be collected on an ongoing basis until such time that the evidentiary hearings commence. Please send comments to the CPUC's Public Advisor's Office listed above. In addition, public participation hearings may be held. Please refer to San Jose Water Company's Application No. 09-01-009 in all of your communications.

A copy of SJWC's Application and further information may be obtained from the company's customer service office located at the address below:

