



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

December 20, 2024

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

Advice Letter No. 614

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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:

CPUC Sheet No.	Title of Sheet	Canceling CPUC Sheet No.
2339-W	Preliminary Statement (Continued)	2032-W
2340-W	Preliminary Statement (Continued)	2213-W
Remove	Preliminary Statement (Continued)	2212-W
Remove	Preliminary Statement (Continued)	2058-W
2341-W	Preliminary Statement (Continued)	2272-W
2342-W	Preliminary Statement (Continued)	2216-W
2343-W	Preliminary Statement (Continued)	2236-W
2344-W	Preliminary Statement (Continued)	2338-W

Purpose

This advice letter is filed in compliance with Decision (D.) 24-12-077, adopted on December 19, 2024 which resolves San Jose Water Company (SJWC)'s 2024 General Rate Case (Application 24-01-001). SJWC is seeking to revise its preliminary statements as authorized by Decision No. (D.) 24-12-077.

Background

Ordering Paragraph No. 1, 2 and 3 of D.24-12-077:

"1. San Jose Water Company is granted \$566,477,943 in revenue requirement for Test Year 2025 in this general rate case and \$581,481,224 and \$599,712,746 for attrition years 2026 and 2027, respectively.

2. *The Settlement Agreement between San Jose Water Company and the Public Advocate's Office of the Public Utilities Commission attached as Appendix B is adopted.*

3. *San Jose Water Company shall file a Tier 1 Advice Letter to implement the rates and charges as adopted in the Settlement Agreement and as shown in Appendix B to this decision."*

The Settlement Agreement as authorized by D.24-12-077 requires SJWC to update its Preliminary Statements as specified in Table 9 (Non Revenue requirement issues), see **Attachment A**. Below is a summary of the updates included in this advice letter filing:

Balancing and Memorandum Account Name	Type of Update
Customer Assistance Program Balancing Account (CAPBA)	Add language to include credit card/electronic payment fee
Pressure Reducing Valve Modernization (PRVBA)	Close
2021 GRC Interim Rates Memorandum Account	Close
Pension Expense Balancing Account	Updating language to include D.24-12-077 when referencing adopted pension expense

Effective Date

Pursuant to D.24-12-077, SJWC requests that this filing become effective on January 1, 2025.

Notice

This is a Tier 1 advice letter that does not require customer notice as provided in Water Industry Rule 7.3.1 of General Order (GO) 96-B.

Protests and Responses

Anyone may respond to or protest this advice letter. A response does not oppose the filing but presents information that may prove useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds may include the following:

1. The utility did not properly serve or give notice of the advice letter;
2. The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
3. The analysis, calculations, or data in the advice letter contain material error or omissions;

4. The relief requested in the advice letter is pending before the Commission in a formal proceeding;
5. The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
6. The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require relitigating a prior order of the Commission).

A response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue
San Francisco, CA 94102
water_division@cpuc.ca.gov

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy of the protest by mail to us, addressed to:

Regulatory Affairs
San Jose Water Company
110 West Taylor Street
San Jose, CA 95110
Fax 408.279.7934
regulatoryaffairs@sjwater.com.

The advice letter process does not provide for any responses, protests or comments, except for the utility's reply, after the 20-day comment period. Public notice is not required.

In compliance with Paragraph 4.3 of GO 96-B, a copy of this advice letter has been mailed to all interested and affected parties as detailed in Advice Letter 614 Service List.

SJWC currently has Advice Letter 612 and 613 pending before the Commission.

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

Very truly yours,

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NANCI TRAN
Director of Regulatory Affairs

PRELIMINARY STATEMENT

(Continued)

I. Water Revenue Adjustment Mechanism (WRAM) Balancing Account

1. Purpose

The purpose of the WRAM Balancing Account is to track differences between recorded quantity rate water revenues received under tiered rates to the equivalent rate revenues received if San Jose Water Company had single quantity rates, known as uniform rates, for residential customers. The Commission has determined that the accounting mechanism is appropriate in coordination with a trial program of increasing block rate structures and increased conservation activities.

2. Applicability

The WRAM Balancing Account is applicable to all areas served.

3. Definitions

- a) Non-WRAM revenue is all revenue excluded from the WRAM account, including metered service charges, residential quantity charges billed at the uniform rate, non residential quantity charges, and public and private fire protection service and other unmetered miscellaneous revenue. In addition, surcharges and surcredits, unless specifically included in adopted revenue requirement, will be excluded from WRAM tracking.
- b) WRAM-eligible revenue is all revenue not excluded in 3.a, above. Generally, WRAM eligible revenue results from potable quantity charges to residential customers being charged tiered rates and not uniform rates.
- c) Recorded WRAM-eligible revenue is the amount of residential tiered usage-related revenue billed to qualifying customers in a particular period. (L)
- d) Adopted WRAM-eligible revenue is the amount of residential tiered rate quantity related revenue calculated at uniform rates using actual quantity billed. (L)

4. Accounting Procedure

(L)

- a) The following entries will be recorded monthly in the WRAM:
 - 1) Recorded WRAM-eligible revenue.
 - 2) Adopted WRAM-eligible revenue.
 - 3) Total WRAM balance = (1) minus (2)
 - 4) A negative (-) balance in the memorandum account reflects a utility over collection to be refunded, while a positive balance reflects a utility under-collection to be recovered in rates.
- b) The Company will record the accumulated WRAM balance monthly, by adding its entry in Section a3. above to the prior accumulated monthly balance.
- c) Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 90 Day Non-financial Commercial Paper Interest rate as reported in the Federal Reserve Statistical Release, to the average of the beginning of month and the end of month balances.

5. Disposition

(L)

If the accumulated balance for WRAM exceeds 2% of the total authorized revenue requirement for the prior calendar year, the Company will file an advice letter to amortize the balance. If the cumulative 2% threshold is not met, the balance in the account will be amortized in San Jose's next General Rate Case. The recovery of under-collections or refunds of over-collections will be passed on to the customers through volumetric surcharges or surcredits.

(Continued)

(To be inserted by utility)

Issued By

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

Advice Letter No. 614

John Tang
NAME

Date Filed:

Effective Date:

Decision No.: 24-12-077

Vice President, Regulatory Affairs
TITLE

Resolution No.:

PRELIMINARY STATEMENT

(Continued)

J. Pension Expense Balancing Account

1. Purpose

(L)

The purpose of the Pension Expense Balancing Account is to track differences between recorded cash contributions to the San Jose Retirement Plan with San Jose Water Company's recovery of this expense for rate-making purposes capped at a level of pension expense calculated according to the method prescribed by Statement of Financial Accounting Standards No.87 for each concurrent year.

2. Applicability

(L)

The Pension Expense Balancing Account is applicable to all pension expenses.

3. Definitions

(L)

a) Recorded Cash Contributions to Retirement Plan are all recorded payments made to San Jose Water Company's Pension Plan Expenses capped at the level of pension expense calculated according to the method prescribed by Statement of Financial Accounting Standards Number 87 for each concurrent year.

b) Authorized Pension Expense for Ratemaking purposes are the authorized amounts included for ratemaking purposes per D.22-10-005 (2022-2024) and D.24-12-077 (2025-2027).

(T)

4. Accounting Procedure

(L)

a) The following entries will be recorded monthly in the WRAM:

- 1) Recorded Cash Contributions to Retirement Plan
- 2) Authorized Pension Expense for Ratemaking Purposes.
- 3) Total net Pension Balancing Account balance = (1) minus (2)
- 4) A negative (-) balance in the memorandum account reflects a utility over collection to be refunded, while a positive balance reflects a utility under-collection to be recovered in rates.

b) The Company will record the accumulated Pension balance monthly, by adding its entry in Section a3. above to the prior accumulated monthly balance.

c) Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 90 Day Non-financial Commercial Paper Interest rate as reported in the Federal Reserve Statistical Release, to the average of the beginning of month and the end of month balances.

5. Disposition

If the accumulated balance for Pension Balancing Account exceeds 2% of the total authorized revenue requirement for the prior calendar year, the Company will file an advice letter to amortize the balance. If the cumulative 2% threshold is not met, the balance in the account will be amortized in San Jose's next General Rate Case. The recovery of under-collections or refunds of over-collections will be passed on to the customers through volumetric surcharges or surcredits.

(Continued)

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PRELIMINARY STATEMENT

(Continued)

X. Water Conservation Memorandum Account (Continued)

4. Accounting Procedure

- a) The following entries will be recorded monthly in the WCMA:
 - 1) Most recently adopted water sales revenue on the effective date of Advice Letter 564 adjusted for all subsequent rate increases.
 - 2) Actual water sales revenue collected adjusted for existing Revenue Adjustment Mechanism. The actual water sales revenue collected in the WCMA will be kept distinct from revenue tracked by SJWC's Monterey-style WRAM.
 - 3) Most recently adopted variable expenses for purchased water, pump tax and power.
 - 4) Actual recorded variable expenses.
 - 5) Drought surcharges and fees collected from Schedule 14.1 activated via AL 569 (future surcharges and fees will be tracked in WCEMA)
 - 6) Total net WCMA balance = (1 minus 2) minus (3 minus 4) minus 5.
 - 7) A negative (-) balance in the memorandum account reflects a utility over collection to be refunded, while a positive balance reflects a utility under-collection to be recovered in rates.
- b) The Company will record the accumulated WCMA balance monthly, by adding its entry in Section a.5. above to the prior accumulated monthly balance.
- c) Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 90 Day Non-financial Commercial Paper Interest rate as reported in the Federal Reserve Statistical Release, to the average of the beginning of month and the end of month balances.
- d) Before seeking recovery of the WCMA balance, shall be reduced by an amount equal to a 20-basis point reduction in the most recently adopted return on equity.

5. Disposition

If the accumulated balance for WCMA exceeds 2% of the total authorized revenue requirement for the prior calendar year, the Company will file an advice letter to amortize the balance. If the cumulative 2% threshold is not met, the balance in the account will be amortized in San Jose's next General Rate Case. The recovery of under-collections or refunds of over-collections will be passed on to the customers through volumetric surcharges or surcredits.

6. Effective date

The WCMA shall go into effect on the effective date of Advice Letter No.564.

7. Sunset Date:

The WCMA shall remain in effect until the Wholesaler declares the water shortage is over and the mandatory conservation mandates are ceased.

(D)

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(To be inserted by utility)

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PRELIMINARY STATEMENT

(Continued)

(D)

Z. Intervenor Compensation

1. Purpose

The purpose of the Intervenor Compensation balancing accounts to track the compensation paid to qualified parties in proceedings before the Commission (allowable fees and costs).

2. Applicability

The Intervenor Compensation balancing account will track the compensation paid to qualified parties in Commission proceedings (General Rate Case, Order Instituting Investigation, Order Instituting Investigation, etc.). Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 3 month non-financial Commercial Paper rate, as reported in the Federal Reserve Statistical Reserve, to the average of the beginning of the month and the end-of-month balances.

3. Disposition

If the accumulated balance for Intervenor Compensation balancing account exceeds 2% of the total authorized revenue requirement for the prior calendar year, SJWC will file an advice letter to amortize the balance. If the cumulative 2% threshold is not met, the balance in the account will be amortized in SJWC's next General Rate Case. The recovery of under-collections will be passed on to the customers through volumetric surcharges.

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(To be inserted by utility)

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PRELIMINARY STATEMENT

(Continued)

BB. Customer Assistance Program Balancing Account

1. Purpose

The purpose of the balancing account is to track the Customer Assistance Program (CAP formerly called WRAP) expenses against revenue collected through CAP surcharge.

2. Applicability

The Customer Assistance Program Balancing Account is applicable to all customers served.

3. Definitions

- a) Customer Assistance Program Surcharge Revenue - revenue collected from non-CAP customers to fund CAP program.
- b) Recorded CAP Expenses – CAP discount provided to CAP customers and administrative expenses to run the CAP program (if any).
- c) Recorded Credit Card Expenses-Credit card/ Debit card and other forms of electronic payment (Google pay, Apple pay, VENMO) fees. (N)

4. Accounting Procedure

- a) The following entries will be recorded monthly in the Customer Assistance Program Balancing Account:
 - 1) Recorded CAP Surcharge Revenue
 - 2) Recorded CAP Expenses – CAP discount provided to the CAP customers and administrative expenses to run the CAP program (if any)
 - 3) Recorded Credit Card Expenses-Fees incurred when customers pay bills with credit/debit cards or other forms of electronic payments. (N)
 - 4) Total net CAP Balancing Account = (1) minus (2) minus (3). (N)
 - 5) A positive (+) balance in the balancing account reflects a utility over-collection to be refunded, while a negative balance reflects a utility under collection to be recovered in rates.
- b) The Company will record the accumulated CAP balance monthly, by adding its entry in Section a.4 above to the prior accumulated monthly balance. (C)
- c) Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 90-Day Non-financial Commercial Paper Interest Rate, as reported in the Federal Reserve Statistical release, to the average of the beginning of month and the end of month balances.

5. Disposition

If the accumulated balance for the Customer Assistance Program (CAP) Balancing Account exceeds 2% of the total authorized revenue requirement for the prior calendar year, SJWC will file an advice letter to amortize the balance. If the cumulative 2% threshold is not met, the balance in the account will be amortized in SJWC's next General rate Case. The recovery of under-collections will be through a volumetric surcharge and over-collections will be refunded through a flat sur-credit.

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(To be inserted by utility)

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Resolution No.: _____

SAN JOSE WATER COMPANY (U-168-W)

ADVICE LETTER 614 SERVICE LIST

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SAN JOSE WATER COMPANY

ADVICE LETTER NO. 614

ATTACHMENT A

APPENDIX 1: DETAILED JOINT COMPARISON EXHIBIT
 TABLE 9:
 NON-REVENUE REQUIREMENT ISSUES

Line	Item	Cal Advocates Testimony	SJWC/Cal Advocates Settlement	SJWC Update	SJWC Application
1	Offsetable Expense Balancing Accounts 2020	(\$5,646,220)	(\$5,646,220)	(\$5,646,220)	(\$5,570,677)
2	Offsetable Expense Balancing Accounts 2021	(\$6,180,977)	(\$6,180,977)	(\$6,180,977)	(\$6,098,279)
3	Offsetable Expense Balancing Accounts 2022	(\$3,955,495)	(\$3,955,495)	(\$3,955,495)	(\$3,902,572)
4	Offsetable Expense Balancing Accounts 2023	\$6,710,390	\$6,710,390	\$6,710,390	\$7,705,984
5	Residual Amount from 2021 GRC Balancing and Memo Accounts	(\$304,980)	(\$304,980)	(\$304,980)	(\$300,899)
6	Residual Amount from PRVBA	(\$107,643)	(\$107,643)	(\$107,643)	(\$117,138)
7	Intervenor Compensation	(\$28,967)	(\$28,967)	(\$28,967)	(\$28,579)
8	PFAS Memorandum Account	(\$783,647)	(\$783,647)	(\$783,647)	(\$726,645)
9	Interim Memorandum Account	(\$4,570,721)	(\$4,570,721)	(\$4,570,721)	(\$9,513,024)
10	CEMA-COVID 19 (expense and Bad Debt)	\$0	(\$570,418)	(\$4,530,415)	(\$4,469,801)
11	CEMA-COVID-ELRP22—California Heat Energy Emergency	(\$1,134)	(\$1,134)	(\$1,134)	(\$1,119)
12	CEMA-COVID-State of Emergency-Storm 2023	(\$92,732)	(\$95,626)	(\$95,626)	(\$94,347)
13	CEMA-COVID-State of Emergency March 2023	(\$169,912)	(\$192,009)	(\$192,009)	(\$220,064)
14	Collection and Franchise Tax	(\$52,327)	(\$64,212)	(\$112,034)	(\$125,470)
15	Other Balancing Account Issues	Close the following accounts: Pension Expense Balancing Account; Drinking Water Balancing Account; CEMA-COVID Accounts; CEMA-ELRP22; CEMA-Storm 2023; CEMA-March 2023; Interim Memorandum Memorandum Account; PRVBA	Close the following accounts: CEMA-COVID Accounts; CEMA-ELRP22; CEMA-Storm 2023; CEMA-March 2023; Interim Memorandum Memorandum Account; PRVBA	Close the following accounts: CEMA-COVID Accounts; CEMA-ELRP22; CEMA-Storm 2023; CEMA-March 2023; Interim Memorandum Memorandum Account; PRVBA	Close the following accounts: CEMA-COVID Accounts; CEMA-ELRP22; CEMA-Storm 2023; CEMA-March 2023; Interim Memorandum Memorandum Account; PRVBA
16	Special Request 3	Update CAP Surcharge and include estimate transaction fee for electronic payments of \$1,139,469 in CAP Balancing Account	Update CAP Surcharge and include estimate transaction fee for electronic payments of \$1,139,469 in CAP Balancing Account	Update CAP Surcharge and include estimate transaction fee for electronic payments of \$1,495,286 in CAP Balancing Account	Update CAP Surcharge and include estimate transaction fee for electronic payments of \$1,495,286 in CAP Balancing Account
17	Special Request 4	Disallow Uncollectible Expense Balancing Account	SJWC withdraw request for Uncollectible Expense Balancing Account	Request for a Uncollectible Expense Balancing Account	Request for a Uncollectible Expense Balancing Account