



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

May 4, 2017

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

Advice Letter No. 508A

San Jose Water Company (U-168-W) (SJWC) hereby transmits for filing Supplemental Advice Letter 508A with 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>
1833-W	Schedule No. 1 General Metered Service (Continued)	1785-W
1834-W	Schedule No. 1B General Metered Service with Automatic Fire Sprinkler System (Continued)	1786-W
1835-W	Schedule No. 1B General Metered Service with Automatic Fire Sprinkler System (Continued)	1787-W
1836-W	Schedule No. 1C General Metered Service Mountain District (Continued)	1790-W
1837-W	Schedule RW Raw Water Metered Service (Continued)	1791-W
1838-W	Schedule RW Raw Water Metered Service (Continued)	1792-W
1839-W	Table of Contents	1832-W

These tariffs are submitted pursuant to General Orders Nos. 96-B – Water Industry Rule 7.3.1(3) and pursuant to the authority established by the California Public Utilities Commission (Commission) in Resolution (Res.) W-5071, dated December 3, 2015 (**Attachment A**) and Res.

W-5095, dated April 21, 2016 (**Attachment B**). This advice letter is designated a Tier II Advice Letter in compliance with GO 96B.

Effective Date

SJWC requests that the proposed surcharge become effective June 1, 2017.

Purpose

With this supplemental advice letter and per the direction of the Commission, SJWC seeks to implement a surcharge of \$0.0648 per 100 cubic feet to recover the under collected balances from the 2014 Mandatory Conservation Revenue Adjustment Memorandum Account (MCRAMA) and the 2015 Water Conservation Memorandum Account (WCMA) (**Attachment E**). The undercollected balances of the 2014 MCRAMA and 2015 WMCA are \$996,023 (**Attachment C**) and \$2,232,698 (**Attachment D**), respectively. Additional background information is provided in Advice Letter 508. Additionally, the original surcharges are being deleted from the Special Conditions in the tariff sheets.

Rate Calculation and Average Bill Comparison

Current rates became effective March 20, 2017 by AL 506.

As discussed above, SJWC proposes to implement a \$0.0648 per 100 cubic feet surcharge authorized to recover the undercollected balances from the 2014 MCRAMA and 2015 WCMA. As a result of this surcharge the bill for a residential customer using 15 ccf per month will increase by \$0.97, or 0.95% (**Attachment F**).

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;

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- (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. When submitting a response or protest please include the utility name and advice letter number in the subject line. 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, California 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.

In compliance with Paragraph 4.3 of General Order 96-B, a copy of this advice letter has been mailed to all interested and affected parties as detailed in **Attachment G**.

SJWC currently has Advice Letter 507 outstanding before the Commission.

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

A handwritten signature in blue ink, appearing to read 'John Tang', with a stylized flourish at the end.

JOHN TANG
Vice President of Regulatory Affairs
and Government Relations

Enclosures

Index of Workpapers

Attachment A	Commission Resolution W-5071
Attachment B	Commission Resolution W-5095
Attachment C	2014 Mandatory Conservation Revenue Adjustment Memorandum Account Undercollection Recovery Worksheet
Attachment D	2015 Water Conservation Memorandum Account Undercollection Recovery Worksheet
Attachment E	Recalculation of Remaining Balances of 2014 MCRAMA and 2015 WCMA Surcharges
Attachment F	Average Bill Comparison
Attachment G	Service List

SAN JOSE WATER COMPANY

ADVICE LETTER 508A

ATTACHMENT A

RESOLUTION W-5071

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch**

**RESOLUTION W-5071
December 3, 2015**

RESOLUTION

**(RES. W-5071), SAN JOSE WATER COMPANY (SJWC). ORDER
AUTHORIZING SURCHARGES TO RECOVER \$4,258,794 OR, AN
INCREASE OF 1.5% IN ANNUAL METERED REVENUE, FOR LOST
REVENUES DUE TO MANDATORY CONSERVATION.**

By Advice Letter 468-W, filed March 26, 2015.

SUMMARY

This Resolution grants San Jose Water Company's (SJWC) recovery in rates of \$4,258,794 (a reduction from SJWC's request of \$9,566,814, as explained below) by adding a surcharge of \$0.08 per 100 cubic feet (ccf) to the Quantity Rates in each customer's bill to be recovered over twelve months. The increases requested are to recover lost revenues tracked in SJWC's Mandatory Conservation Revenue Adjustment Memorandum Account (MCRAMA), using Commission approved Water Conservation Memorandum Account (WCMA) methodology, resulting from reduced water consumption by customers during the period of April 1, 2014 through December 31, 2014.

BACKGROUND

On January 17, 2014, Governor Edmund G. Brown Jr., proclaimed a Drought State of Emergency and directed state officials to take all necessary actions to prepare for these drought conditions.¹ On January 28th, 2014 the Santa Clara Valley Water District (SCVWD)² Board of Directors (Board) set a preliminary 2014 water reduction target equal to 10 percent of 2013 water use in Santa Clara County. On February 25, 2014, in response to the worsening water supply outlook for Santa Clara County, the SCVWD Board passed a resolution calling for mandatory measures to reach a water use reduction target equal to 20 percent of 2013 water use, through December 31, 2014.

¹ "Governor Brown Declares Drought State of Emergency": <http://gov.ca.gov/news.php?id=18368>

² The SCVWD is responsible for managing the water supply in Santa Clara County. About 50% of the water supply for SJWC is obtained through a contract with the SCVWD.

On February 27th, 2014 the Commission issued Resolution W-4976 adopting drought procedures for water conservation, rationing and service connection moratoria ("Drought Procedures") and required that all Class A and B water utilities that had an existing Tariff Rule 14.1 activate the Rule within 30 days of the Resolution effective date. The Drought Procedures, in addition to providing steps to be taken when a utility suffers from a water shortage, provided that a utility without a full revenue decoupling Water Revenue Adjustment Mechanism (WRAM) may request to add a memorandum account to track lost revenue associated with reduced sales as a result of activating Rule 14.1.

By AL 456-A, approved on March 31, 2014, the Commission authorized SJWC to establish (1) a Mandatory Conservation Memorandum Account (MCMA) to track the additional administrative costs, operating costs not otherwise recoverable through memoranda or balancing account and/or any other mechanism recognized by the Commission, and (2) a Mandatory Conservation Revenue Adjustment Memorandum Account (MCRAMA) to track the revenue impact of mandatory conservation.

By AL 468, filed on March 26, 2015, SJWC requested Commission authorization to recover an accumulated balance of \$9,566,814³ in the MCRAMA for the period April 1 through December 31, 2014. This is 3.36% of the annual metered revenues for the prior 12 months. The recovery would be through a surcharge of \$0.1798 per ccf to be applied to all potable water usage over a 12 month period. As a result, the bill for the average customer using 15 ccf per month will increase by \$1.42 per month, or approximately 3.47%.

NOTICE AND PROTESTS

SJWC mailed a copy of AL 468 to its AL 468 service list. A public notice of its rate increase request was also mailed to all customers in compliance with General Order 96-B, Water Industry Rule 3.1 and General Rule 4.2. Eighty protests were received, including a protest from the Commission's Office of Ratepayer Advocates (ORA).

1. Protest by ORA

ORA filed a protest to SJWC AL 468 on May 29, 2015. ORA states that: (a) DWA should reject the MCRAMA methodology that SJWC uses in AL 468; and (b) SJWC's MCRAMA balance is less than the threshold for recovery through an AL filing.

³ The accumulated balance in the MCRAMA includes a required 20 basis points adjustment in SJWC's Return on Equity (ROE) as required by D. 91-10-042.

a) DWA should reject the MCRAMA methodology that SJWC uses in AL 468

SJWC calculated the lost revenues due to drought conditions in its MCRAMA account balances by using the full Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM mechanism") instead of the Water Conservation Memorandum Account (WCMA) methodology authorized in Decision (D.) 90-08-055 and D. 91-10-042 ("WCMA Methodology").⁴ This was despite the fact that the Commission explicitly rejected SJWC's requested authorization of a full WRAM/MCBA methodology in D. 14-08-006⁵ and only allowed it to use its Monterey Style WRAM.⁶ Based on this, DWA should reject the methodology used by the utility in AL 468 and direct SJWC to remove all references to use of a full WRAM methodology from AL 468 and from its tariffs consistent with D. 14-08-006.

b) SJWC's MCRMA balance is less than the threshold for recovery through an AL

ORA reports that if the WCMA Methodology were used, the balance in the MCRAMA as of December 31, 2014 will be an under-collection of \$4,241,241 rather than \$9,566,814 claimed by SJWC. The corresponding surcharge will be \$0.0797 and not \$0.1798 per ccf. Since the MCRAMA balance is only 1.5% of SJWC's 2014 authorized revenue of \$267,926,000, it does not meet the 2% threshold for surcharge recovery. The Commission should direct SJWC to wait until the MCRAMA balance reaches the 2% threshold before requesting surcharge recovery. Alternatively, the Commission may approve SJWC's request for immediate recovery.

ORA did not calculate the incremental costs that are attributable to increased water supply costs. Such costs may be eligible for recovery through SJWC's Incremental Cost Balancing Account (ICBA).

2. Protests by other interested parties

Seventy nine protests were received from other interested parties. Some issues raised by the protestants included:

- Utility did not properly serve or give notice of the advice letter.

⁴ The WCMA methodology first calculates foregone sales revenue on a per-customer basis, and secondly calculates avoided Water Supply costs associated with lower sales volumes. The same foregone volume of sales expressed in ccf that was used to calculate lost revenues in the first step is multiplied by the adopted Water Supply unit costs to arrive at the amount of avoided costs, which are applied as an offset to the amount of conservation-related lost revenue.

⁵ D. 14-08-006, p. 17

⁶ D.08-08-030 implemented two-tiered increasing block rates for residential customers and the Monterey-style WRAM that will track the difference between revenue SJWC receives for actual metered sales through the tiered volumetric rate and the revenue SJWC would have received through the uniform, single quantity rates if they had been in effect.

- 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.
- The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process.
- The relief requested in the advice letter is unjust, unreasonable, or discretionary.
- A customer recommended a tiered surcharge rate structure.
- The surcharge should end when the under-collection balance has been collected.
- Excessive salaries drawn by the SJWC Board and Management should be reduced.
- Water waste in the system should be reduced.

3. San Jose Water Company's Responses To Protests

a) SJWC's response to ORA's protest

SJWC filed a response to ORA's protest on June 12, 2015. In its response, SJWC states that ORA's protest should be dismissed as it does not meet the allowable grounds for protest as required by General Order (GO) 96-B, General Rule 7.4.2. SJWC also responded to ORA's arguments.

SJWC's currently used methodology for computing MCRAMA balances is appropriate

SJWC justified its methodology for computing its MCRAMA balances based on past Commission practices. SJWC states that:

The MCRAMA (MCRAMA I) was initially established by Resolution 407-D, on August 23, 2009. MCRAMA I was operational from August 3, 2009 through May 1, 2010. After SCVWD lifted the call for mandatory conservation, SJWC filed for recovery of the MCRAMA I balance of \$5,740,078 on July 8, 2010 by AL 415A filed on June 3, 2010. The Commission approved the recovery of the MCRAMA I account balance through a volumetric based surcharge by Resolution W-4885 on December 15, 2011.

The MCRAMA was re-established when SCVWD again called for mandatory conservation in June 10, 2010 through AL 419-B (MCRAMA II), effective August 20, 2010. MCRAMA II tracked an over-collection of \$1,080,403 for August 20, 2010 through September 2010. In D. 14-08-006, the Commission adopted this recommendation, indicating agreement with

MCRAMA II. Rates from that Decision, including a refund of the MCRAMA II balance, went into effect on August 15, 2014.

The MCRAMA was again re-established effective March 20, 2015 via AL 456-A. That AL was not protested by ORA and DWA did not request any changes to the MCRAMA descriptions contained in SJWC's preliminary statement included with the filing.

Finally, the MCRAMA has undergone extensive reviews by DWA, DRA, ORA and the Commission over the last six years. Revising the Commission approved MCRAMA accounting procedures now would entail SJWC to retroactively create an entirely new memorandum account, going back to a prior period to make new calculations, and booking these prior period amounts to the new memorandum account. This would entail retroactive ratemaking which is inconsistent with Commission policy. Based on this, ORA's recommendation to move away from the MCRAMA and use the WCMA methodology should be disregarded.

SJWC's MCRAMA is substantially similar to Full Revenue Decoupling

ORA's main concern is that the MCRAMA uses full revenue decoupling methodology to calculate lost WRAM/MCBA balances. Since such revenue decoupling has not been authorized, AL 468 should be rejected. However, the Commission has previously addressed this issue in relation to SJWC's MCRAMA. In Resolution W-4885, the Commission noted that authorization of the MCRAMA would "provide SJWC the recovery the utility would have achieved if the Commission had authorized a full decoupling WRAM/MCBA rate-making mechanism for SJWC".⁷ The Commission went on to find that it was appropriate for SJWC to seek recovery of the MCRAMA balances and waive the requirements for seeking a petition to modify D.08-08-030.⁸ As provided by Resolution W-4885, there is Commission precedent to authorize MCRAMA amortization even though the accounting procedures are substantially similar to a full decoupling WRAM/MCBA. Thus, the Commission should disregard ORA's protest in total.

b) SJWC's responses to protests from other parties

SJWC provided DWA with a generic response to protests received from other parties on April 22, 2015.

⁷ Resolution W-4885, Findings and Conclusions 15

⁸ Resolution W-4885, Findings and Conclusions 18

In its responses, SJWC indicated that it had complied with all noticing requirements for AL 468; the relief requested by AL-468 was in accordance with Commission adopted practices and procedures and was pursuant to Commission authorizations and did not require any formal hearings; and the tracking and subsequent recovery of lost revenue due to conservation was not unjust, unreasonable, or discriminatory. The remaining protests were not protests to the requests in the Advice Letter. Based on these, the protests should be dismissed.

As required by GO 96-B, General Rule 7.4.3, SJWC filed the response to the protests to AL 468 within 5 days of the end of the protests period and served the responses to each person who filed the protests.

DISCUSSION

SJWC seeks to recover the balances in the MCRAMA for reduced water consumption by customers that resulted from SJWC's implementation of mandatory water measures during the period of April 1, 2014 through December 31, 2014. DWA recommends that the recovery of the MCRAMA balances should be based on the methodology adopted by the Commission in D. 90-08-055 and D. 91-10-042 for the reasons discussed below.

Recovery of conservation related revenue losses

The Commission in D.90-08-055 and D.91-10-042 established the methodology for computing revenue losses resulting from mandatory and voluntary conservation programs. D.91-10-042, Ordering Paragraph 3, also authorized recovery of revenue losses resulting from implementation of these types of water conservation measures contingent upon the following:

1. Approval of the utility's water management program;
2. Reduction of the memorandum account balance pursuant to the risk reduction adjustment set-forth in D.91-10-042; and
3. Offset of the memorandum account balance, where applicable, by water rationing.

SJWC is required, per Section 10620 of the Water Code, to prepare an Urban Water Management Plan (UWMP) every five years and to submit this plan to the California Department of Water Resources. Class A and B water utilities also submit their UWMPs as part of their General Rate Cases (GRCs). SJWC submitted to the Commission its UWMP for its service area as part of its GRC adopted through D.14-08-006. DWA reviewed SJWC's

UWMP and determined that it meets the water management plan requirements established by D.90-08-055, which include: 1) clear and specific goals for reducing water usage; 2) multiple approaches for conserving water; 3) long-term water conservation programs (including incentive-based programs); 4) cost-effectiveness of the programs; and 5) method for measuring the effectiveness of the programs.

SJWC applied the reduction of the memorandum account balance pursuant to the risk reduction adjustment of 20 basis points on equity in compliance with D.91-10-042.

SJWC computed the revenue shortfall through its MCRAMA as follows:

1. SJWC first recognized the most recently adopted water sales revenue per D.14-08-006.
2. SJWC then recorded the actual water sale revenue collected adjusted for existing Revenue Adjustment Mechanism;
3. SJWC also recognized the most recently adopted variable expenses for purchased water, pump tax, and power;
4. SJWC then recorded the actual variable expenses;
5. The total net MCRAMA balance was then calculated to be (Step 1 minus Step 2) plus (Step 3 minus Step 4); and
6. SJWC then computed the 20 basis point reduction on equity required by D.91-10-042.

DWA reviewed SJWC's calculations and confirmed that it complied with the risk reduction adjustment adopted in D.91-10-042.

SJWC's computation of the MCRAMA balance is contrary to Commission decisions

The rate-making treatment the Commission has authorized for SJWC in D.08-08-030 is a Monterey-style WRAM. Recovery under this rate-making treatment adjusts for the difference between uniform rates and the tiered rates the Commission adopted for SJWC in D.08-08-030. However, recovery of the balances in the MCRAMA as requested in AL 468 would supplement, for the period April 1, 2014 through December 31, 2014, the recovery authorized under SJWC's Monterey-style WRAM and essentially provide to SJWC the recovery the utility would have achieved if the Commission had authorized a full

decoupling Water Revenue Adjustment Mechanism/Modified Cost Balancing Account (WRAM/MCBA) rate-making mechanism for SJWC during this period in its most recent conservation case.⁹

While the amortization of the MCRAMA here would be consistent with the requirements set forth in D.90-08-055 and D.91-10-042 for computing revenue losses resulting from mandatory and voluntary conservation programs, it would also effectively change the rate-making mechanism authorized in D.08-08-030.

Permitting SJWC to use its proposed methodology through a Resolution would amend a prior Commission Decision (D. 14-08-006) denying the very treatment the water company seeks with regard to water conservation decoupling. If SJWC seeks to change a previous Commission decision, it should do so through a petition for modification, as provided for by GO 96-B, General Rule 5.2.¹⁰ SJWC should seek Commission approval prior to using its proposed revised methodology for computing the MCRAMA balances

Noticing of Resolution on the parties to D.08-08-030

Public Utilities Code Section 311(g) (1) generally requires that resolutions must be served on all parties and be subject to at least 30 days public review and comment prior to a vote of the Commission. On August 18, 2015, this Resolution was mailed for 30-day public review and comment to the utility and protestants, and to the parties on the service list for AL 468 and D.08-08-030.

COMMENTS

Comments on the proposed Resolution were timely received from ORA on September 8, 2015. In its comments, ORA recommends that: (1) AL No. 468 should be rejected. Alternatively, SJWC should file a supplement to AL No. 468 with MCRAMA balances recomputed using the WCMA methodology adopted by Commission Decisions; and (2) The Commission may use its discretion to authorize SJWC to recover its revised MCRAMA balance through a volumetric surcharge even though the net revenue shortfall is less than 2% of 2014 authorized revenue requirements.

⁹ Both the MCRAMA and the balancing accounts under the full WRAM/ MCBA account for lost revenues in a similar manner. Both mechanisms take the net difference between adopted water sales revenue and actual water sales revenue and compare this difference to the difference between adopted variable expenses and actual recorded variable expenses to derive a net balance. In addition, this net balance in the recovery authorized here is reduced for SJWC by the equivalent of a 20 basis point reduction on its return on equity, as discussed above.

¹⁰ GO 96-B, General Rule 5.2, states that a utility must file a petition for modification if the utility requests modification of a decision issued in a formal proceeding or otherwise seeks relief that the Commission can grant only after holding an evidentiary hearing, or by decision rendered in a formal proceeding.

A response from SJWC to ORA's comments was received from SJWC. Since Commission rules do not permit reply comments, those comments were disregarded by DWA.

The comments have been incorporated in this Resolution as appropriate. The revised Resolution was re-circulated for comments on October 30, 2015. Timely comments were filed by ORA and SJWC. ORA raises an issue noted in its protest of SJWC's Advice Letter 468. The final Resolution should direct SJWC to amend its Tariff Preliminary Statement I, the Mandatory Conservation Revenue Adjustment Memorandum Account MCRAMA (MCRAMA), consistent with the Water Conservation Memorandum Account (WCMA) methodology authorized in D.90-08-055 and D.91-10-042. SJWC concurs in ORA's recommendation that the current MCRAMA description be removed from SJWC's Preliminary Statement and be replaced with a description of the WCMA methodology with an effective date as of the original MCRAMA implementation date of March 31, 2014. Calculating MCRAMA balances based on a full WRAM methodology rather than the WCMA by SJWC is contrary to the Commission's intent as stated in D. 14-08-006.¹¹ SJWC should use the WCMA methodology adopted by the Commission in calculating future shortfalls. As such, we agree with ORA and SJWC that the current MCRAMA Preliminary Statement in SJWC's Tariff should be replaced with a description consistent with the WCMA methodology authorized in D.90-08-055 and D.91-10-042.

SJWC raises two additional concerns with the inputs used in calculating the surcharge using the WCMA methodology. First, SJWC disputes the average sales per customer figures used for the residential and business classes. The figures used in this Resolution are taken from our most recent general rate case decision, D.14-08.006.¹² As such, SJWC's requested changes on this issue as it affects the under-collected MCRAMA balance are not adopted. The second issue deals with accounting for raw water sales. SJWC is correct that the wrong units were used for this class of sales. We have made the correction to the under-collected MCRAMA balance as a result of this issue. SJWC is also correct that we have accounted for raw water sales in the resale water class. We have corrected the work papers for the double counting of raw water and made the appropriate changes to the under-collected MCRAMA balance.

The Revised MCRAMA balance using the WCMA methodology, as corrected for the errors noted above, results in a shortfall of \$4,258,794 or 1.5% of SJWC's 2014 revenue requirements, which is less than the 2% threshold for recovery through an AL. The MCRAMA balance is expected to grow in 2015 and will result in a significant rate increase

¹¹ See D. 14-08-006, p 117: "... The Commission does not adopt SJWC's proposed change in its current Monterey-Style WRAM at this time....."

¹² See Attachment A, Table I to D.14-08-006: For residential, Line 18/ Line2 and for business, Line19/ Line 3.

for consumers. To avoid rate shock, DWA recommends that SJWC should be permitted to amortize its revised MCRAMA balance over a period of 12 months. The recovery should be through a quantity based surcharge of \$0.08 per ccf on all potable water usage. Recovery of ICBA costs can be sought by SJWC when it reaches a 2% threshold balance under Standard Practice (SP) U-27-W rules. We concur with DWA's recommendation.

SAFETY CONSIDERATIONS

The recovery of the balances in SJWC's MCRAMA will provide the utility with additional financial resources to *safely* operate and maintain its operations for the benefit of its customers, employees, and members of the general public.

FINDINGS AND CONCLUSIONS

1. On March 26, 2015, San Jose Water Company filed Advice Letter (AL) 468 to request amortization of its Mandatory Conservation Revenue Adjustment Memorandum Account. San Jose Water Company requested to recover in rates the amount of \$9,566,814 by adding a surcharge of \$0.1798 per 100 cubic feet to the Quantity Rates in each customer's bill to be recovered over twelve months.
2. On April 25, 2015, the Division of Water and Audits (DWA) suspended AL 468.
3. On May 15, 2015, the Office of Ratepayer Advocates (ORA) requested and received an extension of the protest period for Advice Letter 468.
4. On May 29, 2015, ORA timely filed a late protest to AL 468.
5. On June 12, 2015, San Jose Water Company timely filed a response to ORA's protest to AL 468.
6. The Santa Clara Valley Water District (District) is responsible for managing the overall water supply in Santa Clara County. The District must rely on the actions of the water retailers, cities, and the county to enact and implement local ordinances and conservation measures.
7. On February 25, 2014 the District issued a request for a 20 percent mandatory water conservation of all water retailers in Santa Clara County.
8. San Jose Water Company is a water retailer in Santa Clara County.

9. In Decision (D.) 08-08-030, the Commission authorized a “Monterey-style” Water Revenue Adjustment Mechanism for San Jose Water Company for rate-making purposes.
10. Commission Decisions 90-08-055 and 91-10-042 established the method for computing revenue losses resulting from mandatory and voluntary conservation programs.
11. Commission Decision 91-10-042, Ordering Paragraph 3, authorized recovery of revenue losses resulting from implementation of these types of water conservation measures contingent upon San Jose Water Company meeting certain conditions.
12. San Jose Water Company satisfied the requirements of Decision 91-010-042, Ordering Paragraph 3.
13. The Commission authorized San Jose Water Company to compute MCRAMA balances using the WCMA methodology developed in Decision (D.) 90-08-055 and D. 91-10-042 using the Monterey style WRAM.
14. The Commission re-affirmed the use of WCMA methodology in D. 14. 08-006 for computing MCRAMA balances.
15. San Jose Water Company computed MCRAMA balances based on the full WRAM rather than the WCMA methodology.
16. San Jose Water Company’s proposal to use full WRAM in place of the WCMA methodology for calculating MCRAMA balances is contrary to Commission Decisions.
17. GO 96-B, General Rule 5.2 requires that the utility must file a petition for modification of a decision issued in a formal proceeding or otherwise seek relief that the Commission can grant only after holding an evidentiary hearing, or by decision rendered in a formal proceeding.
18. San Jose Water Company did not file a petition for modification.
19. San Jose Water Company must compute the MCRAMA balances based on Commission Decisions rather than through a Resolution.
20. San Jose Water Company should use the WCMA methodology adopted by the Commission to calculate its MCRAMA balances.

21. Using the WCMA methodology, the balance for the period April 2014 through December 31, 2014 is \$4,258,794.
22. San Jose Water Company should be permitted to transfer \$4,258,794 from its Mandatory Conservation Revenue Adjustment Memorandum Account to a balancing account for recovery.
23. San Jose Water Company should be allowed to surcharge rates now in order to minimize future rate shock
24. It is consistent with Standard Practice U-27-W for San Jose Water Company to assess a 12-month surcharge for recovery of the Mandatory Conservation Revenue Adjustment Memorandum Account balance.
25. The surcharge of \$0.08 per 100 cubic feet added to the quantity rates over twelve months herein would allow San Jose Water Company to recover in rates the \$4,258,794 in lost revenues.
26. Consistent with Public Utilities Code Section 792.5, San Jose Water Company shall track revenues collected under the surcharges authorized in this resolution in a balancing account and account for any over or under collection in its next General Rate Case.
27. The following tariff schedules should be approved in a Tier 1 Advice Letter filing as attached to this Resolution: 1) Schedule No. 1, General Metered Service; 2) Schedule No. 1B, General Metered Service with Automatic Fire Sprinkler System; 3) Schedule No. 1C, General Metered Service for Mountain District; and 4) Schedule No. RW, Raw Water Metered Service.

THEREFORE, IT IS ORDERED THAT:

1. San Jose Water Company is authorized to transfer \$4,258,794 from its Mandatory Conservation Revenue Adjustment Memorandum Account to a balancing account for recovery. San Jose Water Company is authorized to earn interest on the balance in this balancing account at the 90-day commercial paper rate.
2. San Jose Water Company is authorized to implement a surcharge of \$0.08 per 100 cubic feet added to the quantity rates over twelve months to recover in rates the \$4,258,794 in lost revenues.
3. San Jose Water Company is authorized to file a Tier 1 Advice Letter to make effective the following tariff schedules as attached to this Resolution five days after approval of this Resolution:
 - a. Schedule No. 1, General Metered Service;
 - b. Schedule No. 1B, General Metered Service with Automatic Fire Sprinkler System;
 - c. Schedule No. 1C, General Metered Service for Mountain District; and
 - d. Schedule No. RW, Raw Water Metered Service.
4. San Jose Water Company is authorized to cancel the corresponding tariffs for the presently effective rate schedules listed in Ordering Paragraph 3 above.
5. San Jose Water Company shall file a Tier 2 advice letter, within ten days of the effective date of this Resolution, to remove the current description of the Mandatory Conservation Revenue Adjustment Memorandum Account in the Tariff Preliminary Statement I and replace it with a description of the Water Conservation Memorandum Account methodology authorized in Decisions 90-08-055 and 91-10-042. The effective date for the new Preliminary Statement description will be the effective date of the original Mandatory Conservation Revenue Adjustment Memorandum Account of March 31, 2014.

6. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 03, 2015; the following Commissioners voting favorably thereon:

/s/ TIMOTHY J. SULLIVAN

TIMOTHY J. SULLIVAN

Executive Director

MICHAEL PICKER

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

LIANE M. RANDOLPH

Commissioners

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE (Continued)

6. To offset the July 2013 increase in Purchased Water from the Santa Clara Valley Water District, beginning August 15, 2014, as required by Section 792.5 of the Public Utilities Code, an increase in purchased water costs of \$58.00 /acre-foot, relative to the purchase water costs adopted by D.14-08-006, and associated revenue increase of \$0.0739 per 100 cu. ft., are being tracked in a reserve account.
7. To offset the July 2013 increase in Ground Water Charges from the Santa Clara Valley Water District, beginning August 15, 2014, as required by Section 792.5 of the Public Utilities Code, an increase in ground water charges of \$58.00 /acre-foot, relative to the ground water charges adopted by D.14-08-006, and associated revenue increase of \$0.0623 per100 cu.ft., are being tracked in a reserve account.
8. To offset the July 2014 increase in Purchased Water from the Santa Clara Valley Water District, beginning August 15, 2014, as required by Section 792.5 of the Public Utilities Code, an increase in purchased water costs of \$67.00 /acre-foot, relative to the purchase water costs adopted by D.14-08-006, and associated revenue increase of \$0.0853per100 cu. ft., are being tracked in a reserve account.
9. To offset the July 2014 increase in Ground Water Charges from the Santa Clara Valley Water District, beginning August 15, 2014, as required by Section 792.5 of the Public Utilities Code, an increase in ground water charges of \$67.00 /acre-foot, relative to the ground water charges adopted by D.14-08-006, and associated revenue increase of \$0.0719per100 cu.ft., are being tracked in a reserve account.
10. To amortize the under-collection in Balancing Accounts, a surcharge of \$0.0492 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 463-A.
11. To amortize the over-collection in Memorandum Accounts, a surcredit of \$0.25 per service connection per month is to be added for a 12 month period beginning with the effective date of Advice Letter 463-A.
12. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account, a surcharge of \$0.2888 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period beginning with the effective date of Advice Letter 465-B.
13. To amortize the under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account, a surcharge of \$0.08per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 468.

(N)
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(N)

(cont.)

APPENDIX B

Schedule No. 1B

GENERAL METERED SERVICE WITH AUTOMATIC FIRE SPRINKLER SYSTEM

(Continued)

11. To amortize the under-collection in Balancing Accounts, a surcharge of \$0.0492 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 463-A.

12. To amortize the over-collection in Memorandum Accounts, a surcredit of \$0.25 per service connection per month is to be added for a 12 month period beginning with the effective date of Advice Letter 463-A.

13. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account, a surcharge of \$0.2888 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period beginning with the effective date of Advice Letter 465-B.

14. To amortize the under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account, a surcharge of of \$0.08 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 468.

(N)
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(N)

END OF APPENDIX B

APPENDIX C

Schedule No. 1 C

GENERAL METERED SERVICE Mountain District (Continued)

10. To offset the July 2014 increase in Purchased Water from the Santa Clara Valley Water District, beginning August 15, 2014, as required by Section 792.5 of the Public Utilities Code, an increase in purchased water costs of \$67.00 /acre-foot, relative to the purchase water costs adopted by D.14-08-006, and associated revenue increase of \$0.0853per100 cu.ft., are being tracked in a reserve account.
11. To offset the July 2014 increase in Ground Water Charges from the Santa Clara Valley Water District, beginning August 15, 2014, as required by Section 792.5 of the Public Utilities Code, an increase in ground water charges of \$67.00 /acre-foot, relative to the ground water charges adopted by D.14-08-006, and associated revenue increase of \$0.0719per100 cu.ft., are being tracked in a reserve account.
12. To amortize the under-collection in Balancing Accounts, a surcharge of \$0.0492 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 463-A.
13. To amortize the over-collection in Memorandum Accounts, a sur-credit of \$0.25 per service connection per month is to be added for a 12 month period beginning with the effective date of Advice Letter 463-A.
14. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account, a surcharge of \$0.2888 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period beginning with the effective date of Advice Letter 465-8.
15. To amortize the over-collection of the Schedule 1C elevation charge within the 2013 GRC Interim Rates Memorandum Account, a one-time refund of \$105.03 per service connection will be added to the bills of all non-mutual customers beginning with the effective date of Advice Letter 465-8.

(CONT.)

APPENDIX C (Cont.)

Schedule No. 1 C

GENERAL METERED SERVICE Mountain District (Continued)

16. To amortize the over-collection of the Schedule 1C service charges collected from the Mutual Water Companies within the 2013 GRC Interim Rates Memorandum Account, a one-time refund is to be added to the bills of the Mutual Water Companies listed below beginning with the effective date of Advice Letter 465-B as follows:

<u>Mutual:</u>	<u>One-time</u>
Brush & Old Well Mutual Water	\$12,253
Oakmont Mutual Water Co.	\$10,848
Stagecoach Mutual Water Co.	\$2,355
Summit West Mutual Water Co.	\$68,380
Ridge Mutual Water Co.	\$32,621
Villa Del Monte Mutual Water Co.	\$49,273
Big Redwood Park Water & Improvement	\$24,486
Mountain Summit Mutual Water Co	\$1,876

17. To amortize the under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account, a surcharge of of \$0.08 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 468.

(N)
|
(N)

END OF APPENDIX C

APPENDIX D

Schedule No. RW

RAW WATER METERED SERVICE (Continued)

- 11. To amortize the under-collection in Balancing Accounts, a surcharge of \$0.0492 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 463-A.

- 12. To amortize the over-collection in Memorandum Accounts, a surcredit of \$0.25 per service connection per month is to be added for a 12 month period beginning with the effective date of Advice Letter 463-A.

- 13. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account, a surcharge of \$0.2888 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period beginning with the effective date of Advice Letter 465-B.

- 14. To amortize the under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account, a surcharge of \$0.08 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of this advice letter 468.

(N)
|
(N)

END OF APPENDIX D

SAN JOSE WATER COMPANY
ADVICE LETTER NO. 468
SERVICE LIST

Anthony Gliozzo
1643 Dry Creek Rd
San Jose, CA 95125

Evangeline Rodriquez
509 Deer Ct
San Jose, CA 95123

Lamberto Diaz Cardenas
225 Shoshone Dr
San Jose, CA 95127

Anonymous
1088 East Campbell Ave,
Campbell, CA 95008

Joan Kilgore
3494 New Jersey Ave
San Jose, CA 95124

Malika Khan
1632 El Dorado Ave
San Jose, CA 95126-1527

Mark Macdonald
974 Wallace Drive
San Jose, CA 95120

O.D. Mitchell
14684 Bronson Ave.
San Jose, CA 95124-3555

Brenda A. Castro
3649 Lindenwood Drive
San Jose, CA 95117

Romeo & Emma Papas
287 Pala Ave
San Jose, CA 95127

Steve Moore
955 Salerno Drive
Campbell, CA 95008

Julian Escobedo
1877 Lanai Ave
San Jose, CA 95122

James Lee
12092 Candy Lane
Saratoga, CA 95196

Rao S. Ravuri
1528 Calle De Aida
San Jose, CA 95118

G. Carl Benson
5140 Rafton Drive
San Jose, 95124

Anoush Babayan
7038 Calcaterra Dr.
San Jose, CA 95120

Rameshwar Singh
631 Rocking Horse Court
San Jose, CA 95123

Diana Anderson,
14971 Quito Road
Saratoga, CA 95070

Helen Garza
50 Beverly Blvd
San Jose, CA 95116

Teresa Avila
21 S Claremont Ave
San Jose, CA 95127

Teresa Y. Calderon
112 N Cragmont Ave
San Jose, CA 95127

Tony Tully
ORA – Water Branch
tony.tully@cpuc.ca.gov

Lisa Bilir
Office of Ratepayer Advocates
Lisa.Bilir@cpuc.ca.gov

Danilo Sanchez
Office of Ratepayer Advocates
danilo.sanchez@cpuc.ca.gov

tinashih66@yahoo.com

dawnsat@aol.com

llopez2196@aol.com

marco.nelissen@gmail.com

ckl@cklconstruction.com

mariakuok@yahoo.com

wallygardner@att.net

subraji@att.net

root.j@comcast.net

loriakutch@gmail.com

edleaders@yahoo.com

micheng@yahoo.com

teresa.fernando@pillsburylaw.com

dinesh.joshi@yahoo.com

Absmeier@aol.com

mchassen@dslexreme.com

narychan71@yahoo.com

rbentscool@yahoo.com

sl951@yahoo.com

ayse_yesilyurt@yahoo.com

charphy19320@yahoo.com

danpet8@sbcglobal.net

donwolf20@comcast.net

fgbuchanan@yahoo.com

jeff_w_brown@yahoo.com

tvlagtjoe@aol.com

55ccw@gmail.com
kipp7284@comcast.net
psam1304@gmail.com
rrcross@gmail.com
lisenka06@yahoo.com
dale@dalewarner.com
jjm.jjm@gmail.com
rogerwangabc@hotmail.com
daphena@gmail.com
2stevetu@gmail.com
baynes@mac.com
mishra_anurag@yahoo.com
esumintac@yahoo.com
[Paul s liu@yahoo.com](mailto:Paul_s_liu@yahoo.com)
ryan@geisswerks.com
wmaguire@gmail.com
aghazi1@yahoo.com
asokan_ramdas@yahoo.com
lesley14@sbcglobal.net
stanmail@yahoo.com
davcin19@yahoo.com
howard.p.wong@gmail.com
Jedkeller@verizon.net
jeffbarr2@yahoo.com
mbrading@yahoo.com
nikymissagh@gmail.com
ray_mirizzi@yahoo.com
wlhudson49@gmail.com
valeriemaldo@yahoo.com

jenny_suwan@yahoo.com
jwong_wm@yahoo.com
romypapasin@yahoo.com
aistena@gmail.com
erikrmz@sbcglobal.net
inkydot@comcast.net
theshulls@sbcglobal.net
izavala@fcai.fujitsu.com
vibhutio@gmail.com
jerryr@seanet.com
michelle.mar@gmail.com
peterlee@conservice.com
CHarak@nclc.org
LDolqueist@manatt.com
TJRyan@sgvwater.com
TKim@rwglaw.com
bill@jbsenergy.com
bkelly@swwc.com
bloehr@greatoakswater.com
broeder@greatoakswater.com
charles.forst@360.net
chris@cuwcc.org
cmailloux@turn.org
dadellosa@sgvwater.com
danielle.burt@bingham.com
dave.stephenson@amwater.com
davidmorse9@gmail.com

debbie@ejcw.org
debershoff@fulbright.com
dhilla@consumercal.org
doug@parkwater.com
dsb@cpuc.ca.gov
ed.jackson@parkwater.com
edeleon@gswater.com
gmlleman@valenciawater.com
jadarneylane@gswater.com
jeff@jbsenergy.com
jhawks@calwaterassn.com
jlkiddoo@swidlaw.com
john.greive@lightyear.net
kendall.macVey@bbklaw.com
kswitzer@gswater.com
leigh@parkwater.com
llk@cpuc.ca.gov
Imcghee@calwater.com
lweiss@manatt.com
marcel@turn.org
mlane@nossaman.com
mlm@cpuc.ca.gov
mlwhitehead@sgvwater.com
mmattes@nossaman.com
monica.na@amwater.com
mipo@cpuc.ca.gov

mvander@pcl.org

nancitran@gswater.com

nsuetake@turn.org

owein@nclc.org

palle_jensen@sjwater.com

pjh@cpuc.ca.gov

pschmiege@schmiegelaw.com

pucservice@dralegal.org

rkmoore@gswater.com

robert.maclean@amwater.com

sarah.leeper@amwater.com

sferraro@calwater.com

tguster@greatoakswater.com

tsmegal@calwater.com

SAN JOSE WATER COMPANY

ADVICE LETTER 508A

ATTACHMENT B

RESOLUTION W-5095

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION W-5095
April 21, 2016

RESOLUTION

**(RES. W-5095), SAN JOSE WATER COMPANY (SJWC). ORDER
AUTHORIZING SURCHARGES TO RECOVER \$7,667,713 OR, AN
INCREASE OF 2.57% IN ANNUAL METERED REVENUE, FOR LOST
REVENUES DUE TO MANDATORY CONSERVATION.**

By Advice Letter 482-W, filed February 05, 2016.

SUMMARY

This Resolution grants San Jose Water Company's (SJWC) request to recover in rates, \$7,667,713 by adding a surcharge of \$0.1441 per 100 cubic feet (ccf) to the Quantity Rates in each customer's bill to be recovered over twelve months. The increases requested are to recover lost revenues tracked in SJWC's Mandatory Conservation Revenue Adjustment Memorandum Account (MCRAMA), using Commission approved Water Conservation Memorandum Account (WCMA) methodology, resulting from reduced water consumption by customers during the period of January 1, 2015 through December 31, 2015.

BACKGROUND

On January 17, 2014, Governor Edmund G. Brown Jr., proclaimed a Drought State of Emergency and directed state officials to take all necessary actions to prepare for these drought conditions.¹ On January 28th, 2014 the Santa Clara Valley Water District (SCVWD) Board of Directors (Board) set a preliminary 2014 water reduction target equal to 10 percent of 2013 water use in Santa Clara County.² On February 25, 2014, in response to the worsening water supply outlook for Santa Clara County, the SCVWD

¹ "Governor Brown Declares Drought State of Emergency": <http://gov.ca.gov/news.php?id=18368>

² The SCVWD is responsible for managing the water supply in Santa Clara County. About 50% of the water supply for SJWC is obtained through a contract with the SCVWD.

Board passed a resolution calling for mandatory measures to reach a water use reduction target equal to 20 percent of 2013 water use, through December 31, 2014.

On February 27, 2014 the Commission issued Resolution W-4976 adopting drought procedures for water conservation, rationing and service connection moratoria ("Drought Procedures") and required that all Class A and B water utilities that had an existing Tariff Rule 14.1 activate the Rule within 30 days of the Resolution effective date. The Drought Procedures, in addition to providing steps to be taken when a utility suffers from a water shortage, provided that a utility without a full revenue decoupling Water Revenue Adjustment Mechanism (WRAM) may request to add a memorandum account to track lost revenue associated with reduced sales as a result of activating Rule 14.1.

By AL 456-A, approved on March 31, 2014, the Commission authorized SJWC to establish (1) a Mandatory Conservation Memorandum Account (MCMA) to track the additional administrative costs, operating costs not otherwise recoverable through memoranda or balancing account and/or any other mechanism recognized by the Commission, and (2) a Mandatory Conservation Revenue Adjustment Memorandum Account (MCRAMA) to track the revenue impact of mandatory conservation.

On March 17, 2015 the State Water Resources Control Board (Water Board) adopted an Emergency Regulation for Statewide Water Conservation (Emergency Regulation) in light of the severe and historic drought. By Resolution W-5034 (dated April 9, 2015), the Commission adopted parallel regulations for the investor-owned water utilities under Commission jurisdiction. This new 2015 Emergency Regulation, effective as of March 27, 2015, was in addition to the one adopted by the Water Board in 2014 and by the Commission in Resolution W-5000.

On March 24, 2015, SCVWD passed Resolution No. 15-24. With this Resolution the SCVWD called for a water use reduction target equal to 30 percent and recommended that retail water agencies, local municipalities, and the County of Santa Clara implement additional mandatory measures as needed to achieve the water use reduction target.

On April 1, 2015, Governor Edmond G. Brown Jr. issued an Executive Order (B-29-15) ordering that all of the 2014 and 2015 Emergency Regulations to that date were to remain in full force and effect and mandating further reductions in potable water usage through February 28, 2016. The Executive Order ordered the Water Board and the Commission to impose restrictions on both urban water suppliers and the investor-owned utilities to achieve a statewide 25% reduction in potable urban water usage and to direct the suppliers and utilities to develop rate structures and other pricing mechanisms to maximize water conservation to achieve 25% reduction, along with monetary penalties – to the water agencies and water utilities – for failure to comply.

In response to the Governor's Executive Order, on May 5, 2015 the Water Board adopted a final Emergency Regulation by Resolution No. 2015-0032. On May 7th, 2015, the Commission issued Resolution W-5041, setting forth a proposed regulatory framework consistent with the Emergency Regulation and the Executive Order. In order to reach the statewide 25 percent reduction mandate, the Emergency Regulation assigned each urban water supplier a conservation standard that ranged between 4 percent and 36 percent based on the supplier's historical residential gallons per capita per day. Based on this standard SJWC was placed in the 5th tier with a conservation standard of 20%.

However, in response to the SCVWD's call for 30% water reduction due to local water supply conditions and to alleviate the threat of subsidence, SJWC similarly issued a call for 30% potable water use reduction by implementing Schedule 14.1 Stage 3 – Critical Water Reduction.

SJWC filed AL 472 and AL 473 to modify Rule 14.1 and implement a new Schedule 14.1 in response to the CPUC's Resolution W-5041 ordering modifications to utility drought plans to incorporate state-wide mandatory rationing as ordered by the Water Board in response to Governor Brown's Executive Order. The Commission approved both advice letters effective June 15, 2015. As of December 31, 2015 all drought surcharges collected through the end of 2015 have been tracked in SJWC's WCMA to offset lost revenues as allowed in the approved Schedule 14.1 – Special Condition 6.

SJWC customers conserved approximately 21.4% of the 2015 adopted total usage of 53,500,000 CCF. The total lost revenue of \$19,798,127, which includes the required 20 basis point adjustment in SJWC's ROE, is offset with the collected drought surcharges of \$12,138,526 to arrive at a total under – collection of \$7,659,601. Added to this amount is interest at the 90-day commercial rate for a total WCMA under-collection of \$7,667,713. This results in a surcharge of \$0.1441 per ccf to be applied to all potable and raw water usage for a 12-month period. The memorandum account surcharge will result in an increase of \$2.16 per month, or approximately 2.57% for a customer using 15 ccf per month.

NOTICE AND PROTESTS

SJWC mailed a copy of AL 482 to its advice letter service list. A public notice of the rate increase request was also mailed to all customers in compliance with General Order 96-B, Water Industry Rule 3.1 and General Rule 4.2. 115 protests or comments were received as of March 1, 2016. No protest was received from the Office of Ratepayer Advocates (ORA).

Protests by Customers

115 protests or comments were received from customers and other interested parties. Some issues raised by the protestants included:

- Utility did not properly serve or give notice of the advice letter.
- 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.
- The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process.
- The relief requested in the advice letter is unjust, unreasonable, or discretionary.
- The analysis, calculations, or data in the advice letter contain material error or omissions.
- The surcharge should not penalize customers who conserved.

- SJWC should reduce their costs.
- Water waste in the system should be reduced.

San Jose Water Company's Responses To Protests

SJWC on March 1, 2016 indicated that it had complied with all noticing requirements for AL 482; the relief requested by AL 482 was in accordance with Commission adopted practices and procedures and was pursuant to Commission authorizations and did not require any formal hearings; and the tracking and subsequent recovery of lost revenue due to conservation was not unjust, unreasonable, or discriminatory. The remaining protests were not protests to the requests in AL 482. SJWC argues all protests should be dismissed.

As required by GO 96-B, General Rule 7.4.3, SJWC filed the response to the protests to AL 482 within 5 days of the end of the protest period and served the responses to each person who filed the protests. Staff reviewed the protests but finds that SJWC's request is reasonable.

DISCUSSION

SJWC seeks to recover the balances in the WCMA for reduced water consumption by customers that resulted from SJWC's implementation of voluntary and mandatory water measures during the period of January 1, 2015 through December 31, 2015. DWA recommends that the recovery of the WCMA balances should be based on the methodology adopted by the Commission in Decisions D. 90-08-055 and D. 91-10-042 and should be approved for the reasons discussed below.

Recovery of conservation related revenue losses

The Commission in D.90-08-055 and D.91-10-042 established the methodology for computing revenue losses resulting from mandatory and voluntary conservation programs. D.91-10-042, Ordering Paragraph 3, also authorized recovery of

revenue losses resulting from implementation of these types of water conservation measures contingent upon the following:

1. Approval of the utility's water management program;
2. Reduction of the memorandum account balance pursuant to the risk reduction adjustment set-forth in D.91-10-042; and
3. Offset of the memorandum account balance, where applicable, from drought surcharges collected through mandatory water rationing.

SJWC is required, per Section 10620 of the Water Code, to prepare an Urban Water Management Plan (UWMP) every five years and to submit this plan to the California Department of Water Resources. Class A and B water utilities also submit their UWMPs as part of their General Rate Cases (GRCs). SJWC submitted to the Commission its UWMP for its service area as part of its GRC adopted through D.14-08-006. DWA reviewed SJWC's UWMP and determined that it meets the water management plan requirements established by D.90-08-055, which include: 1) clear and specific goals for reducing water usage; 2) multiple approaches for conserving water; 3) long-term water conservation programs (including incentive-based programs); 4) cost-effectiveness of the programs; and 5) method for measuring the effectiveness of the programs.

SJWC applied the reduction of the memorandum account balance pursuant to the risk reduction adjustment of 20 basis points on equity in compliance with D.91-10-042.

SJWC computed the revenue shortfall through its WCMA as follows:

1. SJWC first recognized the most recently adopted water sales revenue in D.14-08-006;
2. SJWC then recorded the actual water sale revenue collected;
3. SJWC also recognized the most recently adopted variable expenses for purchased water, pump tax, and power;

4. SJWC then recorded the actual variable expenses;
5. The total net WCMA balance was then calculated to be (Step 1 minus Step 2) plus (Step 3 minus Step 4);
6. SJWC then computed the 20 basis point reduction on equity required by D.91-10-042; and
7. The lost revenue is offset with the collected drought surcharges. DWA reviewed SJWC's calculations and confirmed that it complied with the risk reduction adjustment adopted in D.91-10-042.

COMMENTS

Public Utilities Code Section 311(g) (1) generally requires that resolutions must be served on all parties and be subject to at least 30 days public review and comment prior to a vote of the Commission. On March 22, 2016, this Resolution was mailed for 30-day public review and comment to the utility and protestants, and to the parties on the service list for AL 482.

Comments were due by April 11, 2016. DWA received 11 comments from SJWC customers. The concerns raised included:

- Utility should not be guaranteed gross income.
- The relief requested in the advice letter is unjust, unreasonable, or discretionary.
- The surcharge should not penalize customers who conserved.
- SJWC should reduce their costs.

Comments have been considered by DWA. However, no changes have been made to the resolution.

SAFETY CONSIDERATIONS

The recovery of the balances in SJWC's WCMA will provide the utility with the unrecovered authorized financial resources as a result of reduced water consumption to *safely* operate and maintain its system for the benefit of its customers, employees, and members of the general public.

FINDINGS AND CONCLUSIONS

1. On February 5, 2016, San Jose Water Company filed Advice Letter (AL) 482 to request amortization of its Water Conservation Memorandum Account. San Jose Water Company requested to recover in rates the amount of \$7,667,713 by adding a surcharge of \$0.1441 per 100 cubic feet to the Quantity Rates in each customer's bill to be recovered over twelve months.
2. On March 4, 2016, the Division of Water and Audits (DWA) suspended AL 482.
3. On March 1, 2016, San Jose Water Company timely filed a response to 115 customer protests to AL 482.
4. The Santa Clara Valley Water District (District) is responsible for managing the overall water supply in Santa Clara County. The District must rely on the actions of the water retailers, cities, and the county to enact and implement local ordinances and conservation measures.
5. On March 24, 2015 the District issued a request for a 30 percent mandatory water conservation for all water retailers in Santa Clara County.
6. San Jose Water Company is a water retailer in Santa Clara County.
7. San Jose Water Company activated Stage 3 – Critical Water Reduction of Rule 14.1 in order to meet a 30% water use reduction goal.

8. Commission Decisions 90-08-055 and 91-10-042 established the method for computing revenue losses resulting from mandatory and voluntary conservation programs.
9. Commission Decision 91-10-042, Ordering Paragraph 3, authorized recovery of revenue losses resulting from implementation of these types of water conservation measures contingent upon San Jose Water Company meeting certain conditions.
10. San Jose Water Company satisfied the requirements of Decision 91-10-042, Ordering Paragraph 3.
11. The Commission authorized San Jose Water Company in Resolution W-5071 to compute MCRAMA balances using the WCMA methodology developed in Decision (D.) 90-08-055 and D. 91-10-042.
12. The Commission re-affirmed the use of WCMA methodology in D. 14-08-006 for computing MCRAMA balances.
13. San Jose Water Company computed MCRAMA balances based on the WCMA methodology.
14. Using the WCMA methodology, the balance for the period January 1, 2015 through December 31, 2015 is \$7,659,601.
15. San Jose Water Company should be permitted to transfer \$7,659,601 from its Water Conservation Memorandum Account to a balancing account for recovery.
16. Consistent with Standard Practice U-27-W San Jose Water Company may assess a 12-month surcharge for recovery of the Water Conservation Memorandum Account balance.
17. The surcharge of \$0.1441 per 100 cubic feet added to the quantity rates over twelve months herein would allow San Jose Water Company to recover in rates the \$7,667,713 in lost revenues plus interest.

18. Consistent with Public Utilities Code Section 792.5, San Jose Water Company shall track revenues collected under the surcharges authorized in this resolution in a balancing account and account for any over or under collection in its next General Rate Case.

19. The following tariff schedules should be approved in a Tier 1 Advice Letter filing as attached to this Resolution: 1) Schedule No. 1, General Metered Service; 2) Schedule No. 1B, General Metered Service with Automatic Fire Sprinkler System; 3) Schedule No. 1C, General Metered Service for Mountain District; and 4) Schedule No. RW, Raw Water Metered Service.

THEREFORE, IT IS ORDERED THAT:

1. San Jose Water Company is permitted to transfer \$7,659,601 from its Water Conservation Memorandum Account to a balancing account for recovery. San Jose Water Company is authorized to earn interest on the unamortized balance in this balancing account at the 90-day commercial paper rate.
2. San Jose Water Company is authorized to implement a surcharge of \$0.1441 per 100 cubic feet added to the quantity rates over twelve months to recover in rates the \$7,667,713 in lost revenues plus interest.
3. San Jose Water Company is authorized to file a Tier 1 Advice Letter to make effective the following tariff schedules as attached to this Resolution five days after approval of this Resolution:
 - a. Schedule No. 1, General Metered Service;
 - b. Schedule No. 1B, General Metered Service with Automatic Fire Sprinkler System;
 - c. Schedule No. 1C, General Metered Service for Mountain District; and
 - d. Schedule No. RW, Raw Water Metered Service.
4. San Jose Water Company is authorized to cancel the corresponding tariffs for the presently effective rate schedules listed in Ordering Paragraph 3 above.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on April 21, 2016; the following Commissioners voting favorably thereon:

/s/ TIMOTHY J. SULLIVAN

TIMOTHY J. SULLIVAN

Executive Director

MICHAEL PICKER

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

LIANE M. RANDOLPH

Commissioners

APPENDIX A

Schedule No. 1
GENERAL METERED SERVICE
(Continued)

14. To offset the July 2015 increase in Ground Water Charges from the Santa Clara Valley Water District, as required by Section 792.5 of the Public Utilities Code, an increase in ground water charges of \$147.00 /acre-foot, relative to the purchase water costs adopted by D.14-08-006, and associated revenue increase of \$0.1578 per 100 cu.ft., are being tracked in a reserve account.
15. To amortize the under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account, a surcharge of \$0.08 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 477.
16. To amortize the under-collection in the Water Conservation Memorandum Account from 2015, a surcharge of \$0.1441 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 482. (N)
|
(N)

(cont.)

APPENDIX A

Schedule No. 1B

GENERAL METERED SERVICE WITH
AUTOMATIC FIRE SPRINKLER SYSTEM

(Continued)

11. To amortize the under-collection in Balancing Accounts, a surcharge of \$0.0492 per 100 cu.ft is to be added to the Quantity rate shown for a 6 month period beginning with the effective date of Advice Letter 481.
12. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account, a surcharge of \$0.2888 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period beginning with the effective date of Advice Letter 465-B.
13. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account (Rehearing), a surcharge of \$0.0360 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 471.
14. To offset the July 2015 increase in Purchased Water from the Santa Clara Valley Water District, as required by Section 792.5 of the Public Utilities Code, an increase in purchased water costs of \$147.00 /acre-foot, relative to the purchase water costs adopted by D.14-08-006, and associated revenue increase of \$0.1872 per 100 cu.ft., are being tracked in a reserve account.
15. To offset the July 2015 increase in Ground Water Charges from the Santa Clara Valley Water District, as required by Section 792.5 of the Public Utilities Code, an increase in ground water charges of \$147.00 /acre-foot, relative to the purchase water costs adopted by D.14-08-006, and associated revenue increase of \$0.1578 per 100 cu.ft., are being tracked in a reserve account.
16. To amortize the under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account, a surcharge of \$0.08 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 477.
17. To amortize the under-collection in the Water Conservation Memorandum Account from 2015, a surcharge of \$0.1441 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 482.

(N)
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(N)

(cont.)

APPENDIX A

Schedule No. 1C
GENERAL METERED SERVICE
Mountain District
(Continued)

- 16. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account (Rehearing), a surcharge of \$0.0360 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 471.
- 17. To amortize the over-collection of the Schedule 1C elevation charge within the 2013 GRC Interim Rates Memorandum Account (Rehearing), a one-time refund of \$3.06 per service connection will be added to the bills of all non-mutual customers beginning with the effective date of Advice Letter 471.
- 18. To amortize the over-collection of the Schedule 1C service charges collected from the Mutual Water Companies within the 2013 GRC Interim Rates Memorandum Account (Rehearing), a one-time refund is to be added to the bills of the Mutual Water Companies listed below beginning with the effective date of Advice Letter 471 as follows:

<u>Mutual:</u>	<u>One-time Refund</u>
Brush & Old Well Mutual Water	\$265
Gillette Mutual Water Co.	\$42
Oakmont Mutual Water Co.	\$116
Stagecoach Mutual Water Co.	\$30
Summit West Mutual Water Co.	\$402
Ridge Mutual Water Co.	\$352
Villa Del Monte Mutual Water Co.	\$455
Big Redwood Park Water & Improvement	\$177
Mountain Summit Mutual Water Co	\$20

- 19. To offset the July 2015 increase in Purchased Water from the Santa Clara Valley Water District, as required by Section 792.5 of the Public Utilities Code, an increase in purchased water costs of \$147.00 /acre-foot, relative to the purchase water costs adopted by D.14-08-006, and associated revenue increase of \$0.1872 per 100 cu.ft., are being tracked in a reserve account.
- 20. To offset the July 2015 increase in Ground Water Charges from the Santa Clara Valley Water District, as required by Section 792.5 of the Public Utilities Code, an increase in ground water charges of \$147.00 /acre-foot, relative to the purchase water costs adopted by D.14-08-006, and associated revenue increase of \$0.1578 per 100 cu.ft., are being tracked in a reserve account.
- 21. To amortize the under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account, a surcharge of \$0.08 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 477.
- 22. To amortize the under-collection in the Water Conservation Memorandum Account from 2015, a surcharge of \$0.1441 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 482.

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(N)

(cont.)

APPENDIX A

Schedule No. RW
RAW WATER METERED SERVICE
(Continued)

11. To amortize the under-collection in Balancing Accounts, a surcharge of \$0.0492 per 100 cu.ft is to be added to the Quantity rate shown for a 6 month period beginning with the effective date of Advice Letter 481.
12. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account, a surcharge of \$0.2888 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period beginning with the effective date of Advice Letter 465-B.
13. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account (Rehearing), a surcharge of \$0.0360 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 471.
14. To offset the July 2015 increase in Purchased Water from the Santa Clara Valley Water District, as required by Section 792.5 of the Public Utilities Code, an increase in purchased water costs of \$147.00 /acre-foot, relative to the purchase water costs adopted by D.14-08-006, and associated revenue increase of \$0.1872 per 100 cu.ft., are being tracked in a reserve account.
15. To offset the July 2015 increase in Ground Water Charges from the Santa Clara Valley Water District, as required by Section 792.5 of the Public Utilities Code, an increase in ground water charges of \$147.00 /acre-foot, relative to the purchase water costs adopted by D.14-08-006, and associated revenue increase of \$0.1578 per 100 cu.ft., are being tracked in a reserve account.
16. To amortize the under-collection in the Mandatory Conservation Revenue adjustment Memorandum Account, a surcharge of \$0.08 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 477.
17. To amortize the under-collection in the Water Conservation Memorandum Account from 2015, a surcharge of \$0.1441 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 482.

(N)
|
(N)

END OF APPENDIX A

**SAN JOSE WATER COMPANY
ADVICE LETTER NO. 482
SERVICE LIST**

Regulatory Affairs
San Jose Water Company
110 West Taylor Street
San Jose, CA 95156
RegulatoryAffairs@sjwater.com

Danilo Sanchez
Danilo.Sanchez@cpuc.ca.gov

Lisa Bilir
Lisa.Bilir@cpuc.ca.gov

Richard Rauschmeier
Richard.Rauschmeier@cpuc.ca.gov

Jay Cutburth
3853 Meridian Ave
San Jose, CA 95124

Dan Lynch
342 North 15th Street
San Jose, CA 95112

Bernice Weber
873 Dogwood Crt
San Jose, CA 95128

Charles Luckhardt
2515 Westgate Ave
San Jose, CA 95125

Mr. and Mrs. John Paulson
2995 Leigh Ave
San Jose, CA 95124

Henry S. Walaszczyk
1008 Ramona Ave
San Jose, CA 95125

Leigh N. Haldeman
1730 Santa Lucia Dr.
San Jose, CA 95125

Benjamin White
2499 Sunny Vista Dr.
San Jose, CA 95128

Albert Lobato
4910 Alan Ave
San Jose, CA 95124

Bruce A. MacNaughton
PO Box 1227
Los Gatos, CA 95031

Barbara & Paul Gagner
5000 Shady Ave
San Jose, CA 95129

Joe and Anita Munoz
7484 DeFoe Dr.
Cupertino, CA 95014

Kristin A. Lamson
16311 Lavender Lane
Los Gatos, CA 95032

Frank Smith Trucking
1770 So. Smith Ave
San Jose, CA 95112

Norma A. Pond
PO Box 967
Los Gatos, CA 95031

Mark Hernandez
15320 Stratford Dr.
San Jose, CA 95124

J. Morris
1245 Singletary Ave.
San Jose, CA 95126

Jesus H. Soto
Maria C. Soto
3432 Holderman Dr.
San Jose, CA 95148

Obed Rivera
1486 Karl St
San Jose, CA 95122

Ed Tefankjian
1685 Willow Creek Dr.
San Jose, CA 95124

Michael & Audrey Morgan
3011 E. Rosemary Lane
San Jose, CA 95128

**SAN JOSE WATER COMPANY
ADVICE LETTER NO. 482
SERVICE LIST**

NAME	EMAIL	NAME	EMAIL
Tiffany Loia	tiffany_loia@yahoo.com	Gill Doyle	outerdog@gmail.com
Christine Bramer	pcbramer@aol.com	Pat Kearns	pjk@svpal.org
n/a	sermeno@aol.com	Steven Gieng	sgieng@gmail.com
john masciocchi	jjm.jjm@gmail.com	Barbara Van	bvan1574@gmail.com
Bommarito, Anthony M.D.	AnthonyBommarito@cep.com	JC Wells	docacceptor1@gmail.com
Laura Ugokwe	laura.ugokwe@gmail.com	Joe Geraci	tvlagtjoe@aol.com
alex t	rehovot06@yahoo.com	n/a	hcoburn@sbcglobal.net
Carlo Treves	carlo@trevesgroup.com	Toshihiro Horie	toshi.horie@me.com
Deanna Silver	deannasilver@gmail.com	Ronald MacLennan	palonius@icloud.com
Andy Wirt	andywirt@yahoo.com	n/a	id@allisoncom.com
Israel Estrada	israel.estr@gmail.com	Ribbs, Victoria	Victoria.Ribbs@sanjoseca.gov
Sandy Rexford	summitsandy2@yahoo.com	Alana	ttopbird@aol.com
Janet Rettig	janethequeen@yahoo.com	Papa	ffviajar@comcast.net
Mary Rohrs	marylrohrs@gmail.com	Stan	stanxl@gmail.com
Dean Wolf	deanwolf@sbcglobal.net	Steve	nrtshel@gmail.com
Richard Harbrecht	rickharbrecht@yahoo.com	n/a	sunflwrgardener007@gmail.com
warren llund	el-lundo@att.net	robert-teri montour	robert_teri@hotmail.com
Ahmed Abdelhalim	nsgga-govc@yahoo.com	Karen Igou	karen.igou@oracle.com
Eileen McMahan	4irishrose@sbcglobal.net	Tony Nanez	tnanez@gmail.com
gstuckert1	gstuckert1@juno.com	Raed Al Masri	raalmasri@gmail.com
ping yang	yangp6003@yahoo.com	SP Kong	spkong168@yahoo.com

**SAN JOSE WATER COMPANY
ADVICE LETTER NO. 482
SERVICE LIST**

NAME	EMAIL	NAME	EMAIL
Debbie Thompson	debbie18285@gmail.com	Susan Stimson	sviolets@comcast.net
Amy Kelly	amy@stylecomfortlife.com	Rezan B	istanbul408@sbcglobal.net
Davide Guarisco	guarisco@sbcglobal.net	William A. Chestnut	williamchestnut@msn.com
Steve Tong	tong.steve@gmail.com	Delin Lin	dauv321@gmail.com
Avis Momin	avismomin@yahoo.com	Irmina C	irmina_c@yahoo.com
Paul Spitsen	pauls0002@sbcglobal.net	dale stewart	dalestewart@att.net
Sean Bacik	baciksean@gmail.com	Yunhee Choi	yunheechoi@live.com
Nitin Gupta	Nitin.Gupta@hcdcorp.com	n/a	dmflk@aol.com
Duncan Winn	dwinn@pivotal.io	Sebu Koleth	sebukoleth@gmail.com
robert jones	rmjlrj@sbcglobal.net	Glenn Berry	gberry@jensencorp.com
Eric Price	eric.price.80@gmail.com	Norma	nvetrano@sbcglobal.net
Sonia Orban	soniaorban@gmail.com	Ginger Shirley	ginger_shirley@yahoo.com
Robert Jones	robert.jones2939@gmail.com	n/a	opus4@comcast.net
Linda Higgins	lindahiggins@me.com	Gouvila Jonnalagadda	gouvila@comcast.net
Steven Verba	sverba25@gmail.com	CC Cameron	cccameron2000-odg@yahoo.com
Eric Smith	etrekker@gmail.com	Jim Rossi	jimrossi@jimrossi.com
Stan Spilman	stanmail@yahoo.com	Brandon Lauletta	fettgcr@gmail.com
Rupesh Parikh	rupeshparikh@yahoo.com	Brandon Lauletta	brandon.lauletta@gmail.com
Charlotte Brooks	lotster@gmail.com	Terry Sampson	terrysampson1947@att.net
Brandon Lauletta	brandon@mccabetotah.com	Nam Au	namkhanhau@yahoo.com
Jce Yip	jceyip@hotmail.com	Terry Teng	Terry2779@outlook.com

**SAN JOSE WATER COMPANY
ADVICE LETTER NO. 482
SERVICE LIST**

NAME	EMAIL	NAME	EMAIL
Ruth Callahan	ruthacallahan67@gmail.com	AMS/EHS	info@msglobal.com
Robert Minklein	rminklein@sbcglobal.net	David Wanamaker	David_Wanamaker@amat.com
Leslie Sachs	travel.leslie@gmail.com	Martin Pabian	martinpabian@gmail.com
KienVan	kienvan74@yahoo.com	Obinna Ugokwe	ougokwe@gmail.com
Terry Dickson	tdickson13@comcast.net	n/a	jimfinkle@comcast.net
Jim Puzar	jimpuzar@gmail.com	Sergei Perfilov	sergei_perfilov@yahoo.com
Gloria Lee Collins	glcollins55@yahoo.com	Craig Courtney	craig@outsideescapes.com
Mallikarjun Murag	mallikarjunbm@gmail.com		

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 508A

ATTACHMENT C

**2014 MANDATORY CONSERVATION REVENUE
ADJUSTMENT MEMORANDUM ACCOUNT
UNDERCOLLECTION RECOVERY WORKSHEET**

San Jose Water Company Advice Letter 508A - Attachment C
 2014 Mandatory Conservation Revenue Adjustment Memorandum Account Uncollection Recovery

	Residential	Commercial	Industrial	Public Authorities	Resale	Raw	Portable	Total
2014 MCRAMA Authorized	\$ 4,258,794							\$ 4,258,794
12/31/2015	\$ (7,109)	\$ (25,474)	\$ (585)	\$ (3,107)	\$ (286)	\$ (24)	\$ (176)	\$ (36,762)
1/31/2016	\$ (68,288)	\$ (63,765)	\$ (1,052)	\$ (4,713)	\$ (730)	\$ (50)	\$ (200)	\$ (138,797)
2/28/2016	\$ (103,118)	\$ (76,411)	\$ (1,122)	\$ (5,034)	\$ (693)	\$ (42)	\$ (161)	\$ (186,581)
3/31/2016	\$ (104,548)	\$ (78,004)	\$ (1,019)	\$ (6,039)	\$ (678)	\$ (41)	\$ (850)	\$ (191,179)
4/30/2016	\$ (105,669)	\$ (87,091)	\$ (1,268)	\$ (7,417)	\$ (867)	\$ (52)	\$ 305	\$ (202,059)
5/31/2016	\$ (125,547)	\$ (91,084)	\$ (1,211)	\$ (12,560)	\$ (1,010)	\$ (59)	\$ (121)	\$ (231,591)
6/30/2016	\$ (141,629)	\$ (111,838)	\$ (1,552)	\$ (21,211)	\$ (1,364)	\$ (78)	\$ (237)	\$ (277,908)
7/31/2016	\$ (189,472)	\$ (120,053)	\$ (1,324)	\$ (25,579)	\$ (1,597)	\$ (78)	\$ (237)	\$ (338,341)
8/31/2016	\$ (190,150)	\$ (120,714)	\$ (1,262)	\$ (23,972)	\$ (1,636)	\$ (95)	\$ (726)	\$ (338,555)
9/30/2016	\$ (212,119)	\$ (127,044)	\$ (1,468)	\$ (25,372)	\$ (1,571)	\$ (78)	\$ (251)	\$ (367,904)
10/31/2016	\$ (177,633)	\$ (125,712)	\$ (1,651)	\$ (21,881)	\$ (1,663)	\$ (63)	\$ (806)	\$ (329,408)
11/30/2016	\$ (177,197)	\$ (104,221)	\$ (1,287)	\$ (10,018)	\$ (912)	\$ (39)	\$ (336)	\$ (294,008)
12/31/2016	\$ (138,226)	\$ (90,289)	\$ (1,198)	\$ (5,716)	\$ (704)	\$ (28)	\$ (108)	\$ (236,269)
1/31/2017	\$ (70,318)	\$ (25,066)	\$ (1)	\$ (243)	\$ (111)	\$ -	\$ 4	\$ (95,735)
2/28/2017	\$ (10,166)	\$ (5,687)	\$ (21)	\$ 32	\$ -	\$ -	\$ 8	\$ (15,834)
3/31/2017	\$ (138)	\$ 54	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ (44)
4/30/2017	\$ (6)	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6)
								\$ (3,280,983)
								Remaining Balance \$ 977,811
								Interest Accrued \$ 18,212
								Remaining Balance \$ 996,023
								With Interest Accrued

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 508A

ATTACHMENT D

**2015 WATER CONSERVATION MEMORANDUM ACCOUNT
UNDERCOLLECTION RECOVERY WORKSHEET**

San Jose Water Company Advice Letter 508A - Attachment D
 2015 Water Conservation Memorandum Account Uncollection Recovery

	Residential	Commercial	Industrial	Public Authorities	Resale	Raw	Portable	Total
2015 WCMA Authorized	\$ 7,667,713							\$ 7,667,713
4/30/2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5/31/2016	\$ (42,832)	\$ (82,007)	\$ (1,695)	\$ (16,844)	\$ (1,056)	\$ (78)	\$ (222)	\$ (144,734)
6/30/2016	\$ (172,466)	\$ (167,022)	\$ (2,631)	\$ (37,845)	\$ (2,456)	\$ (140)	\$ (427)	\$ (382,989)
7/31/2016	\$ (341,187)	\$ (215,572)	\$ (2,386)	\$ (46,069)	\$ (2,877)	\$ (141)	\$ (427)	\$ (608,659)
8/31/2016	\$ (343,798)	\$ (217,557)	\$ (2,273)	\$ (43,178)	\$ (2,946)	\$ (171)	\$ (1,308)	\$ (611,231)
9/30/2016	\$ (382,391)	\$ (228,880)	\$ (2,645)	\$ (45,699)	\$ (2,830)	\$ (140)	\$ (452)	\$ (663,036)
10/31/2016	\$ (319,473)	\$ (226,381)	\$ (2,974)	\$ (39,409)	\$ (2,995)	\$ (114)	\$ (1,451)	\$ (592,798)
11/30/2016	\$ (318,666)	\$ (187,676)	\$ (2,317)	\$ (18,041)	\$ (1,642)	\$ (70)	\$ (605)	\$ (529,017)
12/31/2016	\$ (254,524)	\$ (188,758)	\$ (2,795)	\$ (13,829)	\$ (1,596)	\$ (68)	\$ (309)	\$ (461,879)
1/31/2017	\$ (235,539)	\$ (160,893)	\$ (2,387)	\$ (9,668)	\$ (1,549)	\$ (112)	\$ (1,908)	\$ (412,057)
2/28/2017	\$ (199,904)	\$ (151,742)	\$ (2,298)	\$ (10,423)	\$ (1,489)	\$ (69)	\$ 63	\$ (365,862)
3/31/2017	\$ (192,491)	\$ (135,993)	\$ (1,973)	\$ (10,194)	\$ (1,386)	\$ (45)	\$ (306)	\$ (342,387)
4/30/2017	\$ (194,218)	\$ (151,568)	\$ (2,616)	\$ (10,843)	\$ (1,505)	\$ (93)	\$ (277)	\$ (361,118)
								\$ (5,475,766)

Remaining Balance \$ 2,191,947

Interest Accrued \$ 40,751

Remaining Balance \$ 2,232,698

With Interest Accrued

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 508A

ATTACHMENT E

**RECALCULATION OF REMAINING BALANCES OF 2014 MCRAMA
AND 2015 WCMA SURCHARGES**

**ADVICE LETTER 508A
ATTACHMENT E -
RECALCULATION OF REMAINING BALANCES OF
2014 MCRAMA AND 2015 WCMA SURCHARGES**

Remaining Balance of 2014 MCRAMA with Interest	\$	996,023
Remaining Balance of 2015 WCMA with Interest	\$	2,232,698
Combined Remaining Balances To Be Recovered	\$	3,228,721

SURCHARGE CALCULATION		
Total to be Recovered (\$)	Amortization Period in Months	2016 Authorized Total Usage* D.16-06-004 (ccf)
3,228,721	12	49,861,000 *Excludes Recycled Water
		Reamortized Surcharge (\$/ccf) 0.0648

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 508A

ATTACHMENT F

AVERAGE BILL COMPARISON

**ADVICE LETTER 508A
ATTACHMENT F
BILL COMPARISON**

Recalculation of Remaining Balances of '14 MCRAMA and '15 WMCA Surcharges

Surcharge (\$/ccf): \$ 0.0648

BILL COMPARISON UNIFORM RATES

Bill Comparison Uniform Rates 3/4-Inch Meter				
Usage (ccf)	Current Rates AL 506	Proposed Rates AL 508	Increase	Increase
5	\$51.38	\$51.70	0.63%	\$0.32
10	\$77.32	\$77.96	0.84%	\$0.65
Average: 15	\$103.25	\$104.22	0.94%	\$0.97
20	\$129.19	\$130.48	1.00%	\$1.30
30	\$181.06	\$183.00	1.07%	\$1.94
50	\$284.80	\$288.04	1.14%	\$3.24
100	\$544.16	\$550.63	1.19%	\$6.48

BILL COMPARISON RESIDENTIAL TIERED RATES

Tiered Rate Bill Comparison 3/4-Inch Meter				
Usage (ccf)	Current Rates AL 506	Proposed Rates AL 508	Increase	Increase
5	\$49.95	\$50.28	0.65%	\$0.32
10	\$75.89	\$76.53	0.85%	\$0.65
Average: 15	\$101.82	\$102.79	0.95%	\$0.97
20	\$128.71	\$130.01	1.01%	\$1.30
30	\$185.35	\$187.29	1.05%	\$1.94
50	\$298.62	\$301.85	1.08%	\$3.24
100	\$581.79	\$588.27	1.11%	\$6.48

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 508A

ATTACHMENT G

Service List

A copy of Advice Letter No. 508A 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: Director of Public Works
18014 Saratoga-Los Gatos Road
Monte Sereno, CA 95030

City of Campbell
70 North First Street
Campbell, CA 95008

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

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

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

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

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

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

James M. Fiedler P.E., D.WRE
Chief Operating Officer
Water Utility Enterprises
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118

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

Bob Burke
Regulatory Liaison For The Six
Mutual Water Companies
420 Alberto Way, Unit 49
Los Gatos, Ca 95032

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

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

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

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

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

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

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

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

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

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

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

James Hunter
6475 Dwyer Street
San Jose, CA 95120

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

WRATES
Rita Benton
18555 Ravenwood Drive
Saratoga, CA 95070

Schedule No. 1

GENERAL METERED SERVICE
(Continued)

- 6. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account, a surcharge of \$0.2888 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period beginning with the effective date of Advice Letter 465-B.
- 7. To amortize the under-collection of the Balancing Accounts, a surcharge of \$0.0953 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 488. (D)
- 8. To amortize the over-collection of the Memorandum Accounts, a surcredit of \$0.3673 per service connection per month is to be added for a 12 month period beginning with the effective date of Advice Letter 488. (L)
- 9. To offset the July 2016 increase in Purchased Water from the Santa Clara Valley Water District, as required by Section 792.5 of the Public Utilities Code, an increase in purchased water costs of \$178.00 /acre-foot, relative to the purchase water costs adopted by D.16-06-004, and associated revenue increase of \$0.2530 per 100 cu.ft.
- 10. To offset the July 2016 increase in Ground Water Charges from the Santa Clara Valley Water District, as required by Section 792.5 of the Public Utilities Code, an increase in ground water charges of \$178.00 /acre-foot, relative to the purchase water costs adopted by D.16-06-004, and associated revenue increase of \$0.1699 per 100 cu.ft.
- 11. To amortize the under-collection in the 2016 GRC Interim Rates Memorandum Account and the remaining balance of the under-collection in the 2013 GRC Interim Rates Memorandum Account (Rehearing), a surcharge of \$0.1832 per 100 cu.ft is to be added to the Quantity rate shown over the balance of the rate case cycle beginning with the effective date of Advice Letter 492A. (L)
- 12. To amortize the remaining under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account from 2014 and the remaining under-collection in the Water Conservation Memorandum Account from 2015, a surcharge of \$0.0648 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12 month period beginning with the effective date of Advice Letter 508A. (N)

(To be inserted by utility)

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Regulatory Affairs

Resolution No. _____

TITLE

Schedule No. 1B

GENERAL METERED SERVICE WITH
 AUTOMATIC FIRE SPRINKLER SYSTEM
 (Continued)

6. To fund the repayment of a Safe Drinking Water State Revolving Fund loan, pursuant To D.05-01-048 dated January 27, 2005, a monthly surcharge will be added to the bill as follows:

Surcharge:	Year 1-10	Year 11-20
	Per Meter Per Month	
For 5/8 x 3/4-inch meter	\$0.02	\$0.02
For 3/4-inch meter	0.02	0.02
For 1-inch meter	0.04	0.02
For 1-1/2-inch meter	0.08	0.06
For 2-inch meter	0.13	0.09
For 3-inch meter	0.23	0.18
For 4-inch meter	0.38	0.32
For 6-inch meter	0.74	0.67
For 8-inch meter	1.19	1.08
For 10-inch meter	1.71	1.55

7. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account, a surcharge of \$0.2888 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period beginning with the effective date of Advice Letter 465-B.

(D)

8. To amortize the under-collection of the Balancing Accounts, a surcharge of \$0.0953 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 488.

(L)

9. To amortize the over-collection of the Memorandum Accounts, a surcredit of \$0.3673 per service connection per month is to be added for a 12 month period beginning with the effective date of Advice Letter 488.

10. 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 \$2.4068 per 100 cubic feet on each water bill for the quantities of water used during the period covered by that bill.

11. To offset the July 2016 increase in Purchased Water from the Santa Clara Valley Water District, as required by Section 792.5 of the Public Utilities Code, an increase in purchased water costs of \$178.00 /acre-foot, relative to the purchase water costs adopted by D.16-06-004, and associated revenue increase of \$0.2530 per 100 cu.ft.

(L)

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TITLE

Schedule No. 1B

GENERAL METERED SERVICE WITH
AUTOMATIC FIRE SPRINKLER SYSTEM
(Continued)

- | | |
|---|-----|
| 12. To offset the July 2016 increase in Ground Water Charges from the Santa Clara Valley Water District, as required by Section 792.5 of the Public Utilities Code, an increase in ground water charges of \$178.00 /acre-foot, relative to the purchase water costs adopted by D.16-06-004, and associated revenue increase of \$0.1699 per 100 cu.ft. | (L) |
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| | |
| 13. To amortize the under-collection in the 2016 GRC Interim Rates Memorandum Account and the remaining balance of the under-collection in the 2013 GRC Interim Rates Memorandum Account (Rehearing), a surcharge of \$0.1832 per 100 cu.ft is to be added to the Quantity rate shown over the balance of the rate case cycle beginning with the effective date of Advice Letter 492A | (L) |
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| 14. To amortize the remaining under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account from 2014 and the remaining under-collection in the Water Conservation Memorandum Account from 2015, a surcharge of \$0.0648 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12 month period beginning with the effective date of Advice Letter 508A. | (N) |
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| | (N) |

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Resolution No. _____

TITLE

Schedule No. 1C

GENERAL METERED SERVICE
Mountain District
(Continued)

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|---|-----|
| | (D) |
| 9. To amortize the under-collection of the Balancing Accounts, a surcharge of \$0.0953 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 488. | (L) |
| 10. To amortize the over-collection of the Memorandum Accounts, a surcredit of \$0.3673 per service connection per month is to be added for a 12 month period beginning with the effective date of Advice Letter 488. | |
| 11. To offset the July 2016 increase in Purchased Water from the Santa Clara Valley Water District, as required by Section 792.5 of the Public Utilities Code, an increase in purchased water costs of \$178.00 /acre-foot, relative to the purchase water costs adopted by D.16-06-004, and associated revenue increase of \$0.2530 per 100 cu.ft. | |
| 12. To offset the July 2016 increase in Ground Water Charges from the Santa Clara Valley Water District, as required by Section 792.5 of the Public Utilities Code, an increase in ground water charges of \$178.00 /acre-foot, relative to the purchase water costs adopted by D.16-06-004, and associated revenue increase of \$0.1699 per 100 cu.ft. | |
| 13. To amortize the under-collection in the 2016 GRC Interim Rates Memorandum Account and the remaining balance of the under-collection in the 2013 GRC Interim Rates Memorandum Account (Rehearing), a surcharge of \$0.1832 per 100 cu.ft is to be added to the Quantity rate shown over the balance of the rate case cycle beginning with the effective date of Advice Letter 492A. | (L) |
| 14. To amortize the remaining under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account from 2014 and the remaining under-collection in the Water Conservation Memorandum Account from 2015, a surcharge of \$0.0648 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12 month period beginning with the effective date of Advice Letter 508A. | (N) |

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TITLE

Schedule No. RW

RAW WATER METERED SERVICE
 (Continued)

3. The utility will supply at the point of connection only such raw water at such pressures as may be available from time to time from the Santa Clara Valley Water District. The customer shall indemnify the utility and save it harmless from any and all claims arising out of service under this schedule and shall further agree to make no claims against the utility for any loss, damage or injury resulting from service under this schedule.
4. As a condition for service under this schedule, all customers are required to comply with all San Jose Water Company's tariffs, except for those identified in the Commission's General Order 103 regarding supply of water not intended or claimed to be potable.
5. 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 refund of \$2.4068 cents per 100 cubic feet for the quantities of water used. In accordance with Santa Clara Valley Water District procedures customers will be refunded every six months.
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
7. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account, a surcharge of \$0.2888 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period beginning with the effective date of Advice Letter 465-B. (D)
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TITLE

Schedule No. RW

RAW WATER METERED SERVICE

(Continued)

- 12. To amortize the under-collection in the 2016 GRC Interim Rates Memorandum Account and the remaining balance of the under-collection in the 2013 GRC Interim Rates Memorandum Account (Rehearing), a surcharge of \$0.1832 per 100 cu.ft is to be added to the Quantity rate shown over the balance of the rate case cycle beginning with the effective date of Advice Letter 492A (L)
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(L)
- 13. To amortize the remaining under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account from 2014 and the remaining under-collection in the Water Conservation Memorandum Account from 2015, a surcharge of \$0.0648 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12 month period beginning with the effective date of Advice Letter 508A. (N)
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