

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

Utility Name: San Jose Water Company

Date Mailed to Service List: 3/14/2018

District: N/A

CPUC Utility #: U-168-W

Protest Deadline (20th Day): 4/3/2018

Advice Letter #: 517

Review Deadline (30th Day): 4/13/2018

Tier ☒ 1 ☐ 2 ☐ 3 ☒ Compliance

Requested Effective Date: 3/19/2018

Authorization Commission Direction

Rate Impact: \$0

Description: Update Cost of Capital Memorandum
Account

0%

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: John Tang

Utility Contact: Ann Lindahl

Phone: 408-279-7933

Phone: 408-279-7979

Email: john.tang@sjwater.com

Email: ann.lindahl@sjwater.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE

STAFF

COMMENTS

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

[] APPROVED

[] WITHDRAWN

[] REJECTED

Signature: _____

Comments: _____

Date: _____



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

March 14, 2018

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

Advice Letter No. 517

San Jose Water Company (U-168-W) (SJWC) hereby transmits for filing the following changes in its Preliminary Statement and Table of Contents applicable to its service area and which are attached hereto:

<u>Cal. P.U.C Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal. P.U.C. Sheet No.</u>
1889-W	Preliminary Statement (Continued)	1423-W
1890-W	Table of Contents	1888-W

Purpose

In accordance with GO 96B – Water Industry Rule 7.3.1(3), this advice letter is designated as a Tier 1 Advice Letter. With this advice letter, SJWC requests authority to update its Cost of Capital Memorandum Account.

This advice letter is submitted pursuant to General Order No. 96-B and in accordance with Administrative Law Judge Karl J. Bemesderfer's ruling of February 21, 2018 (Attachment A). The ruling requires Class A water utilities named in Application (A.) 17-04-001 to establish a memorandum account to track the difference between current water rates and those adopted once a decision is rendered in A.17-04-001.

Effective Date

This memo account is established in accordance with Administrative Law Judge Bemesderfer's ruling of February 21, 2018, in A.17-04-001.

Protests and Responses

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

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding;
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require relitigating a prior order of the Commission).

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

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

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

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

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

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

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

Very truly yours,

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

Enclosure

Index of Workpapers

Attachment A	ALJ Karl J. Bemesderfer's Ruling dated February 21, 2018
Attachment B	Service List

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 517

ATTACHMENT A



KJB/ek4 2/21/2018

FILED

02/21/18

10:27 AM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SAN JOSE WATER COMPANY (U168W) for Authority to Adjust Its Cost of Capital and to Reflect That Cost of Capital in Its Rates for the Period from January 1, 2018 through December 31, 2020.

Application 17-04-001

And Related Matters:

Application 17-04-002

Application 17-04-003

Application 17-04-006

**ADMINISTRATIVE LAW JUDGE'S RULING DIRECTING
PARTIES TO ESTABLISH MEMORANDUM ACCOUNTS**

On December 15, 2017, the Office of Ratepayer Advocates (ORA) filed a motion to require the four Class A water companies whose applications have been consolidated in this proceeding to establish memorandum accounts to track the difference between water rates currently in effect and water rates that will go into effect upon resolution of the current cost of capital proceeding. In addition to that substantive motion, ORA filed a companion motion seeking an order shortening time to respond to the first-named motion to December 20th, which I subsequently granted.

In support of both motions, ORA noted that given the current timetable of these consolidated proceedings, it is a certainty that the current rates will continue in effect until final rates are adopted.

No party objected to the ORA motion. Accordingly, good cause being shown,

IT IS RULED that:

1. The motion of the Office of Ratepayer Advocates for a Presiding Officer's Ruling requiring each of Golden State Water Company, San Jose Water Company, Cal-American Water Company and California Water Services Company to establish a memorandum account to track the difference between current water rates and finally adopted water rates is granted.
2. The memorandum accounts required by this order shall be effective as of January 1, 2018.

Dated February 21, 2018, at San Francisco, California.

/s/ KARL J. BEMESDERFER
Karl J. Bemederfer
Administrative Law Judge

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 517

ATTACHMENT B

A copy of Advice Letter No. 517 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

Nina Hawk
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

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

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

PRELIMINARY STATEMENT
(Continued)

K. Pension Expense Balancing Account
(Continued)

- b. The Company will record the accumulated Pension balance monthly, by adding its entry in Section a3. above to the prior accumulated monthly balance.
- c. Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 90 Day Non-financial Commercial Paper Interest Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

5. Disposition

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

L. Cost of Capital Memorandum Account

(D)
(N)

1. Purpose

The purpose of the Cost of Capital Memorandum Account is to track difference between current rates based on San Jose most recently authorized cost of capital, and rates based on the new cost of capital to be adopted in a final decision in A. 17-04-001. This Memorandum Account is established in accordance with ALJ ruling in A.17-04-001, dated February 21,2018.

2. Applicability

The Cost of Capital Memorandum Account is applicable to all areas served

3. Definitions

- a. Revenues based on rates based on currently authorized cost of capital are actual revenues derived using currently authorized tariffs.
- b. Revenues based on rates based on proposed cost of capital are actual revenues computed using the proposed cost of capital filed in A.17-04-001.

4. Accounting Procedure

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

5. Disposition

After the Commission adopts a final cost of capital for A. 17-04-001, the memorandum account will be adjusted to reflect the actual difference and disposed via and advice letter filing in a surcharge or surcredit. (N)

(To be inserted by utility)

Issued by

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

Advice No. 517

JOHN TANG
Vice President,
Regulatory Affairs

Date Filed
Effective
Resolution No. _____

TITLE

TABLE OF CONTENTS

The following listed tariff sheets contain all effective rates, rules and regulations affecting the rates and service of the Utility, together with information relating thereto:

Subject Matter of Sheet	C.P.U.C. Sheet No.	
Title	1495-W	
Table of Contents	1880-W, 1795-W, 848-W and 1831-W	(T)
Preliminary Statement	919-W, 1303-W, 1699-W, 1700-W, 1702-W, 1420-W, 1889-W, 1427-W, 1469-W, 1492-W, 1508-W, 1542-W, 1799-W, 1818-W and 1873-W	(C)
Service Area Map Locator	1266-W	
Service Area Map Locator, Index	1589-W	
Map of Areas With Special Pressure and Fire Flow Conditions	1590-W	
Index to Map of Areas With Special Pressure and Fire Flow Conditions	1079-W, 1591-W 1082-W, 1087-W and 1404-W	
Rate Schedules:		
Schedule No. 1, General Metered Service	1864-W, 1840-W and 1881-W	
Schedule No. 1B, General Metered Service With Automatic Fire Sprinkler System	1865-W, 1741-W, 1882-W and 1883-W	
Schedule No. 1C, General Metered Service Mountain District	1866-W, 1744-W, 1884-W and 1885-W	
Schedule No. 4, Private Fire Service	1867-W and 1621-W	
Schedule No. 9C, Construction and Other Temporary Metered Service	1118-W and 1094-W	
Schedule No. 10R, Service to Employees	152-W	
Schedule No. 14.1 Water Shortage Contingency Plan With	1668-W, 1669-W, 1780-W, 1671-W, 1672-W, 1673-W, 1766-W, and 1820-W	
Staged Mandatory Reductions And Drought Surcharges		
Schedule No. RW, Raw Water Metered Service	1868-W, 1886-W and 1887-W	
Schedule No. RCW, Recycled Water Metered Service	1869-W and 1848-W	
Schedule No. UF, Surcharge to Fund Public Utilities Commission, Reimbursement Fee	1871-W	
Schedule No. WRAP, Water Rate Assistance Program	1723-W and 1211-W	
List of Contracts and Deviations	1857-W	
Rules:		
No. 1 - Definitions	764-W and 976-W	
No. 2 - Description of Service	525-W	
No. 3 - Application for Service	351-W and 903-W	
No. 4 - Contracts	352-W	
No. 5 - Special Information Required on Forms	821-W thru 823-W	
No. 6 - Establishment and Re-establishment of Credit	354-W	
No. 7 - Deposits	355-W and 356-W	
No. 8 - Notices	1054-W and 825-W	
No. 9 - Rendering and Payment of Bills	996-W, 997-W and 1146-W	

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 517

JOHN TANG
Vice President,
Regulatory Affairs

Date Filed
Effective
Resolution No. _____

TITLE