

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

Advice Letter Cover Sheet

Utility Name: San Jose Water Company District: N/A CPUC Utility #: U-168-W Advice Letter #: 506 Tier <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> Compliance Authorization D.13-07-028 Description: Rate Base offset for plant additions in 2016 related to the Montevina Water Treatment Plant Upgrade Project	Date Mailed to Service List: 2/17/2017 Protest Deadline (20th Day): 3/10/2017 Review Deadline (30th Day): 3/20/2017 Requested Effective Date: 3/20/2017 Rate Impact: \$5,338,823 1.51%
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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: Palle Jensen
Phone: 408-279-7970
Email: palle.jensen@sjwater.com

Utility Contact: Ann Lindahl
Phone: 408-279-7979
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

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[] APPROVED

[] WITHDRAWN

[] REJECTED

Signature: _____

Comments: _____

Date: _____



110 W. Taylor St.
San Jose, CA 95196
Phone 408 279-7900
Fax 408 279-7934

February 17, 2017

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

Advice Letter No. 506

The San Jose Water Company (U-168-W) (SJWC) hereby transmits for filing the following changes in tariff schedules applicable to its service area and which are attached hereto:

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Cal. P.U.C. Sheet No.</u>
1822-W	Schedule No. 1 General Metered Service	1802-W
1823-W	Schedule No. 1B General Metered Service With Automatic Fire Sprinkler System	1803-W
1824-W	Schedule No. 1C General Metered Service Mountain District	1804-W
1825-W	Schedule No. 4 Private Fire Service	1805-W
1826-W	Schedule No. RW Raw Water Service	1806-W
1827-W	Schedule No. RCW Recycled Water Metered Service	1807-W
1828-W	Table of Contents	1821-W

These tariffs are submitted pursuant to General Order Nos. 96-B, and pursuant to the authority established by the California Public Utilities Commission (Commission) in Decision No. (D) 13-07-028, dated July 25, 2013. This advice letter is designated a Tier II Advice Letter consistent with General Order 96-B, 7.3.3 (8) and Ordering Paragraph (OP) No. 3 of D.13-07-028. Public notice is not required as notice was completed at the time of SJWC's filing of Application No. (A) 10-09-019: Application of SJWC for Approval of Cost Recovery for Upgrading the Montevina Water Treatment Plant (MWTP).

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With this advice letter SJWC requests authorization to increase revenue requirement by \$5,338,823 via a rate base offset for plant additions related to the MWTP Upgrade Project (Montevina Project).

The designation of this advice letter as Tier II is made pursuant to General Order 96-B, Industry Rule 7.3.3 (8), which provides that “a rate base offset will be disposed of under Tier 2 when staff determines that:

- i. The Rate base offset was previously approved by the Commission in a decision or resolution;
- ii. The project scope is consistent with what the Commission approved; and
- iii. The Commission approval included a budget cap and the rate base offset request is at or below the budget cap.”

OP No. 3 of D.13-07-028 (Attachment A) states in part that:

“3. San Jose Water Company (Company) is authorized to file annual Tier 2 advice letters to include in rate base properly recorded costs of the Montevina Upgrade Project. Until moved to rate base, such costs shall accrue interest during construction on a monthly basis at the Company’s actual weighted average cost of debt, including short term debt, and capitalized interest shall not be compounded. The total cost for the Montevina Upgrade project included a 10% design contingency with a total project cost estimate of \$62 million. This \$62 million construction cost estimate will be treated as an advice letter cap for ratemaking purposes.... ”

This advice letter filing meets the requirements set forth in General Order 96-B, Industry Rule 7.3.3 (8) in that: (i) the rate base offset was previously approved by the Commission in D.13-07-028, OP No.3; (ii) the project scope (upgrades to the MWTP) is consistent with what the Commission approved; and (iii) the Commission approval included a budget cap (\$62 million) and the total rate base offset as of 12/31/2016 (\$40,368,334, comprised of \$669,458 authorized in AL 457, \$1,498,738 authorized via AL 476, and \$9,053,138 authorized in AL 483/489, and \$29,147,000 as outlined below) is at or below this budget cap. Thus, this advice letter is designated as Tier II with an effective date 30 days from date of filing, on or about March 20, 2016.

Background

SJWC filed A.10-09-019, seeking Commission approval for cost recovery for upgrading the MWTP, in September of 2010. In conjunction with that Application SJWC met all of the necessary noticing requirements as provided for in the Commission’s Rules of Practice and Procedure, Rule No. 3.2. In March of 2013 SJWC and the Commission’s Division of Ratepayer Advocates (now Office of Ratepayer Advocates) submitted a Joint Motion for Adoption of the

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Settlement Agreement. The provisions of the Agreement are outlined in OP No. 3 of D.13-07-028 above. On July 25, 2013 the Commission issued D.13-07-028 approving the settlement agreement.

In D.13-07-028 the Commission authorized SJWC to file annual Tier 2 advice letters to recover in rates capital improvements associated with the Montevina Project. This advice letter is the fourth of these Tier 2 advice letters associated with the Montevina Project. The first, AL 457, covered work performed in 2013 with a ratebase addition of \$669,458, the second, AL 476, covered work performed in 2014 with a ratebase addition of \$1,498,738, and the third, AL 483/489, covered work performed in 2015 with a ratebase addition of \$9,053,138. All of these prior advice letters were approved.

Advice letter 506 covers work performed during calendar year 2016. Subsequent advice letters, covering work performed during the calendar year previous to each advice letter filing, will be filed on an annual basis until the project is completed. A description of the work completed in 2016 is provided below.

Montevina Project – Work Completed During Calendar Year 2016

Substantial work associated with permitting, material procurement and construction throughout 2016 was performed under the design Build Agreement (DBA) between San Jose Water Company (SJWC) and HDR, Inc. (HDR) at both the main treatment plant site and the solids handling site.

Beginning January 2016 plant operations were restored from the phase-one construction plant shutdown (from late August through December 2015). From January through June 2016, the plant operated concurrently with construction activities. In July 2016, plant operations were ceased to allow commencement of construction activities for critical elements of the treatment process without concurrent plant operations.

Major civil construction aspects of work were performed include placement of the concrete structure of the membrane building foundation slab, walls and deck to create the basement of the treatment building. Significant material and equipment handling took place within the restrictive site among multiple trades and a variety of activities. Site constraints have proven challenging to everyday logistics for this endeavor. Major equipment and materials were received and the mechanical and electrical plumbing infrastructure necessary for the process was started. Construction of the pre-engineered structural steel building commenced and was substantially completed. This allows for mechanical equipment as well as electrical infrastructure to be installed within a weather tight envelope. Major modifications to the sand filters were made in preparation for the clarifier equipment in the new treatment train. Seismic improvements to existing structural element were substantially completed. Construction of the equalization tank

between the clarifier basins and the membrane feed pumps was started. Demolition of the administrative building superstructure and chemical storage, mixing and delivery systems was completed. Yard piping and a new access driveway to Alma Bridge Road were installed. The Powder Activated Carbon (PAC) silo was delivered and installed. The replacement septic system was installed. Backwash water collection tank pumps and potable water booster pump station was completed. Membrane modules and the membrane treatment skids were assembled. The membrane clean in place chemical waste treatment reverse osmosis system was delivered. A variety of chemical tanks were delivered and installed.

Significant work was also achieved at the solids handling site, which is on the opposite side of Hwy 17. Major dewatering equipment was constructed and delivered for the improvements at the solids handling site. Sludge screw presses were delivered. Excavations for foundations were prepared. Rebar and formwork placed and multiple concrete pours were performed to construct the two sludge thickeners. Associated yard piping was started.

Continuous effort was applied to acquire ministerial permits from agencies such as CalTrans for proposed safety improvements within Hwy 17 and the county of Santa Clara for a variety of building and encroachment permits. Specific information related to the proposed operational changes and eventual final treatment plant design was provided to the DDW.

Development of the plant's operational Supervisory Control And Data Acquisition (SCADA) programming and human machine interface is substantially underway. The operations and maintenance plan for the plant was also initiated to facilitate process with the State Division of Drinking Water permit to operate.

The summary of costs for the work performed as of 12/31/2016 can be found in Attachment B. Total recorded costs for this period, including capitalized interest, were \$29,147,000.

Capitalized Interest Calculation

As noted above, D.13-07-028 OP No.3 provides that "Until moved to rate base, (Project) costs shall accrue interest during construction on a monthly basis at the Company's actual weighted average cost of debt, including short-term debt, and capitalized interest shall not be compounded." Capitalized interest calculations are provided in Attachment C.

Rate Calculation and Bill Comparison

Current authorized rates for 2017 became effective on January 1, 2017 by AL 498 (Attachment D). The total revenue requirement impact for this capital addition is \$5,338,823 or about 1.51% of SJWC's anticipated authorized revenue for 2017 (Attachment E). SJWC seeks to recover 30%, or \$1,601,647, of the revenue through the service charge component and the remaining 70%, or \$3,737,176, through the quantity rate component pursuant to SJWC's rate design

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approved in D.14-08-006. As a result of this rate calculation, the service charge for a standard ¾-inch meter will increase by \$0.43 per month from \$25.02 to \$25.45. The uniform quantity charge will increase from \$4.690 per ccf to \$4.7642 per ccf. SJWC's residential conservation rates have been calculated using the methodology adopted in D.14-08-006, applying 90% of the uniform quantity rate to Tier I, 100% of the uniform rate to Tier II and 110% of the uniform quantity rate to Tier III. The Tier I rate charge will increase from \$4.2210 per ccf to \$4.2878 per ccf. The Tier II rate charge will increase from \$4.690 per ccf to \$4.7642 per ccf. The Tier III rate charge will increase from \$5.159 per ccf to \$5.2406 per ccf. The rate calculations are set forth in Attachment F. As a result of this rate change, the bill for a residential customer using 15 ccf per month will increase by \$1.52, or 1.51% per month (Attachment G).

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. 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

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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:

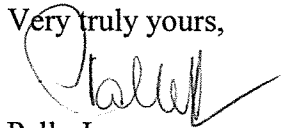
Regulatory Affairs
San Jose Water Company
110 West Taylor Street
San Jose, California 95196
Fax 408.279.7934
regulatoryaffairs@sjwater.com.

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 of this filing is not required as notice was provided upon the filing of A.10-09-019. 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 H.

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

Very truly yours,



Palle Jensen
Senior Vice President
Regulatory Affairs

Index of Workpapers

Attachment A	California Public Utilities Commission Decision 13-07-028
Attachment B	Project Documentation for Montevina Water Treatment Plan Upgrades Work Performed as of December 31, 2015
Attachment C	Calculation of Capitalized Interest During Construction
Attachment D	San Jose Water Company's Schedule No. 1, 1B, 1C, 4, RW and RCW
Attachment E	Revenue Requirement Calculation
Attachment F	Rate Calculation
Attachment G	Bill Comparison
Attachment H	Service List

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 506

ATTACHMENT A

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DECISION 13-07-028**

Decision 13-07-028 July 25, 2013

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
San Jose Water Company (U168W) for
Commission Approval of Cost Recovery
for Upgrading the Montevina Water
Treatment Plant.

Application 10-09-019
(Filed September 30, 2010)

(See Attachment B for Appearances)

DECISION APPROVING SETTLEMENT AGREEMENT

1. Summary

This decision approves the settlement agreement between the San Jose Water Company and the Division of Ratepayer Advocates which provides for rate base treatment for the costs of the Montevina Water Treatment Plant Upgrade Project. This proceeding is closed.

2. Background

On September 30, 2010, San Jose Water Company (Company) filed this application seeking Commission authorization to place into rate base and revenue requirement the forecasted costs of upgrading its existing Montevina Water Treatment Plant (Montevina Plant). Overall, the application stated that the Montevina Upgrade Project will cost \$47.3 million in estimated construction costs, with various cost escalation, administrative, contingency, and overhead factors bringing the total estimated project cost to \$73.7 million. The Company stated that it has tentatively selected membrane filtration system as the treatment

process for the Montevina Upgrade Project, but this selection is subject to change in the yet-to-be-completed environmental clearance, permitting, and approval process. The Company has conducted pilot tests on three different types of membrane filtration systems and determined that all three meet the operational and costs requirements so that the final determination of membrane filtration system will be based on competitive bids from vendors of the various systems.

The schedule for Commission review of the proposed ratemaking authorizations are set forth below as the Company proposed in its application:

	Increase in Rate Base	Increase in Revenue Requirement	Commission Review
2011	\$2,500,000	\$489,848	Current application
2012	\$9,500,000	\$1,861,422	Current application
2013	\$39,300,000	\$7,700,411	2012 General Rate Case
2014	\$18,100,000	\$3,546,500	2012 General Rate Case
2015	\$4,300,000	\$842,539	2012 General Rate Case
TOTAL	\$73,700,000		

The Company explained that this application was submitted pursuant to Ordering Paragraph 8 of Decision (D.) 09-11-032, which states:

San Jose Water Company shall file a separate application outside of its general rate case proceeding seeking approval of project costs and recovery for upgrading its Montevina Station to maintain water quality and to increase its capacity to treat surface water, upon completion of a facilities plan study and specific project design.

Along with its application, the Company circulated its Montevina Water Treatment Plant Facilities Plan. The plan projected a January 2015 completion date assuming the pre-design work began by January 2011.

On November 5, 2010, the Division of Ratepayer Advocates (DRA) protested the application. DRA stated that in D.09-11-032 the Commission granted the Company's request for \$206,000 to fund a facilities plan study but denied its request for \$4,462,000 for environmental, pilot testing, and detailed design and specifications development. DRA explained that it will review the need for the Montevina Upgrade Project and Facilities Plan's conclusion that membrane filtration is the best filtration option for the plant.

DRA also noted that since first proposed in 2009, the projected costs of this plant Montevina Upgrade Project have increased by approximately 100%. DRA stated that it intended to analyze the validity of this increase, and explore other financing options to pay for the plant Montevina Upgrade Project.

The assigned Administrative Law Judge (ALJ) convened a prehearing conference on January 31, 2011, where a procedural schedule was adopted. On March 8, 2011, assigned Commissioner Peevey issued his scoping memo determining that the scope of the proceeding would include all factual and legal issues necessary to determine whether the Company had met its burden of justifying its proposed rate increases as required by Pub. Util. Code § 454. Under the scoping memo, the Company must justify the need for the specific components of its plan as well as the timing of its proposed Montevina Upgrade Project. Specifically, the scope included whether the company had:

- presented a sufficiently definite project that will allow the Commission to evaluate the various cost components, and whether the current application met all the requirements set out in D.09-11-032, including selection of a specific project design;
- justified the timing of the amounts it proposes to include in rate base as being consistent with the requirement that assets be used and useful in the provision of public utility

service to the public prior to being placed in rate base, absent explicit authorization; and

- received authorization to record the engineering study and pilot project costs as utility plant in service.

After the parties distributed prepared direct testimony, evidentiary hearings were held on April 18, 2011, where 22 evidentiary exhibits were received. The parties filed and served opening briefs on May 16, 2011, and reply briefs followed on June 9, 2011. The matter was submitted for Commission consideration with the filing of the reply briefs.

In the midst of the hearing process, the proceeding was reassigned from Commissioner Peevey to Commissioner Sandoval, who is also the assigned Commissioner for the Company's 2012 general rate case, Application 12-01-03. On March 15, 2012, Commissioner Sandoval determined that the Commission would address the company's request for approval of project costs and recovery for upgrading the Montevina Water Treatment Plant in this proceeding, and that the issue would not be included in the general rate case.

On July 16, 2012, assigned Commissioner Sandoval issued her scoping memo setting aside submission and finding that the record in this proceeding should be supplemented with additional evidentiary presentation.

To provide the Commission a full record on which to make this decision, the assigned Commissioner set a schedule for additional evidence to be presented. Both the Company and DRA served additional testimony. After a prehearing conference on November 27, 2012, the parties engaged in settlement negotiations and submitted the Settlement Agreement on March 6, 2013, and the proceeding was submitted for consideration by the Commission.

3. Description of the Settlement Agreement

The parties state that the Settlement Agreement (1) caps the costs to be included in revenue requirement at \$62 million, (2) limits associated interest accruals, and (3) provides for the amount of project costs to be adjusted up or down based on future events to address DRA concerns regarding the cost-effectiveness of the Montevina Upgrade Project. The Settlement Agreement also provides for an annual Tier 2 advice letter filing to move properly recorded costs of the Montevina Upgrade Project into rate base.

Specifically, the Settlement Agreement provides for the Company to file annual Tier 2 advice letters to include in rate base properly recorded costs of the Montevina Upgrade Project. Until moved to rate base, such costs shall accrue interest during construction on a monthly basis at the Company's actual weighted average cost of debt, including short-term debt, and capitalized interest shall not be compounded.

The parties agreed that the total Montevina Upgrade Project estimate should be \$62 million, a 16% reduction from the originally proposed \$74 million. Further, the Company will not seek recovery from ratepayers the costs of any additional upgrades to the Montevina Water Treatment Plant, above those approved in today's decision, necessary to meet existing primary or secondary water standards (including compliance with the Long-term 2 Enhanced Surface Water Treatment Rule (published in the Federal Register on February 6, 2006) or Disinfection Byproducts control for compliance with the Stage 2 Disinfectants and Disinfection Byproduct Rule (published in the Federal Register on January 4, 2006)). However, the Company may request additional funding in a future general rate case or application, so long as adequate justification is provided, for costs that exceed the advice letter cap.

DRA retained the right to recommend a capacity adjustment in the event that the upgraded Montevina Water Treatment Plant is unable to treat high turbidity water, i.e., greater than 15 Nephelometric Turbidity Units.

4. Discussion

In this application, the Company bears the burden of proof to show its requests are just and reasonable and the related ratemaking mechanisms are fair. In order for the Commission to approve any proposed settlement, the Commission must be convinced that the parties have a sound and thorough understanding of the application, the underlying assumptions, and the data included in the record. This level of understanding of the application and development of an adequate record is necessary to meet our requirements for considering any settlement. These requirements are set forth in Rule 12.1, which states, in pertinent part:

The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

As discussed below, we find the Settlement Agreement consistent with Rule 12.1.

4.1. Reasonable in Light of the Record as a Whole

As reflected in the application, protest, testimony, hearing exhibits and briefs, the parties held both similar and different positions on the various issues involved in this proceeding. The parties reviewed the application, Kennedy/Jenks Facilities Study, each other's testimony, hearing exhibits, briefs and were involved in discussions of the issues presented in the application. The parties conducted settlement negotiations after consideration of all testimony and information over several months. The parties fully considered the facts and

law relevant to this case before reaching a reasonable compromise on the issues raised in the Company's application. In agreeing to a settlement, the parties used their collective experience to produce appropriate, well-founded recommendations. The parties believe the Settlement Agreement balances the various interests affected in this proceeding, reflects appropriate compromises of the parties' litigation positions, and is reasonable. The Commission agrees.

4.2. Consistent With Law and Prior Commission Decisions

The parties state that they are aware of no statutory provisions or prior Commission decisions that would be contravened or comprised by the Commission's adoption of the Settlement Agreement. The issues resolved in the Settlement Agreement are within the scope of the proceeding. If adopted, the Settlement Agreement would result in reasonable rates for the Company's customers and will improve the capability of the Montevina Water Treatment Plant to provide economical and safe water to the San Jose System.

4.3. The Public Interest

We find that the Montevina Water Treatment Plant Upgrade Project and associated ratemaking treatment as proposed by the Settlement Agreement are reasonable and provide adequate funding to the Company for the Montevina Upgrade Project costs. The Settlement Agreement reflects a downward adjustment of 16% from the Company's original request and limits interest and contingency cost. The Settlement Agreement represents a favorable ratemaking and water supply outcome for ratepayers.

The settlement is in the public interest because the proposed Montevina Treatment Plant Upgrade Project will promote local water sources consistent with state policy by relying on streamflow from the local watersheds of the

Santa Cruz Mountains. The expanded capacity of the plant will preserve the Company water rights to the streamflows, which are critical to diversifying water sources and increasing local reliability. The design of the plant upgrade promotes energy conservation by relying more on gravity rather than pumping groundwater or importing surface water from the Sacramento Delta, an over-allocated supply source. In sum, the Montevina Treatment Plant Upgrade project furthers the public interest as a cost effective local supply-source alternative to imported or pumped water.

Numerous Commission decisions endorse settlements and support the public policy favoring settlement of disputes that are fair and reasonable in light of the whole record.¹ The Commission's support of this public policy furthers many worthwhile goals, including reducing the expense of litigation, conserving the scarce resources of the Commission, and allowing parties to reduce the risk that litigation will produce unacceptable results.²

Thus, from reviewing the Settlement Agreement and the process used to arrive at these mutually acceptable outcomes, the Commission concludes that the requirements of Rule 12.1 and Public Utilities Code Section 451 have been met.

5. Categorization and Need for Hearing

In Resolution ALJ 176-3262 dated October 14, 2010, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were necessary. Evidentiary hearings have been held

¹ D.88-12-083 and D.91-05-029.

² D.92-12-019.

and with the filing of the Settlement Agreement and supporting motion, no further hearings are necessary.

6. Comments on Proposed Decision

The proposed decision of ALJ Bushey in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed jointly by San Jose Water Company and the Division of Ratepayer Advocates seeking clarifying revisions to the text, which have been incorporated.

7. Assignment of Proceeding

Catherine J.K. Sandoval is the assigned Commissioner and Maribeth A. Bushey is the assigned ALJ in this proceeding.

Findings of Fact

1. DRA protested this application and submitted testimony.
2. The parties filed and served a Settlement Agreement which is Attachment A to today's decision.
3. The Settlement Agreement reflects a downward adjustment of 16% from the Company's requested amount, and provides for treatment of high-turbidity water to increase the water treatment capability of the Montevina Plant.
4. The settlement is in the public interest because the proposed Montevina Treatment Plant Upgrade Project will promote local water sources consistent with state policy by relying on streamflow from the local watersheds of the Santa Cruz Mountains. The expanded capacity of the plant will preserve the Company water rights to the streamflows, which are critical to diversifying water sources and increasing local reliability. The design of the plant upgrade promotes energy conservation by relying more on gravity rather than pumping

groundwater or importing surface water from the Sacramento Delta, an over-allocated supply source. In sum, the Montevina Treatment Plant Upgrade project furthers the public interest as a cost effective local supply-source alternative to imported or pumped water.

5. The Settlement Agreement is reasonable in light of the record, consistent with the law, and in the public interest.

Conclusions of Law

1. The Settlement Agreement fully resolves and settles all disputed issues between the Company and DRA in this proceeding.

2. The Settlement Agreement we approve is reasonable in light of the whole record, consistent with law, and in the public interest.

3. The Settlement Agreement should be approved.

4. No further hearings are necessary.

5. The proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. The March 6, 2013, motion by San Jose Water Company and the Division of Ratepayer Advocates for approval of Settlement Agreement is granted.

2. The Settlement Agreement is Attachment A to today's decision and is approved.

3. San Jose Water Company (Company) is authorized to file annual Tier 2 advice letters to include in rate base properly recorded costs of the Montevina Upgrade Project. Until moved to rate base, such costs shall accrue interest during construction on a monthly basis at the Company's actual weighted

average cost of debt, including short-term debt, and capitalized interest shall not be compounded. The total cost for the Montevina Upgrade Project included a 10% design contingency with a total project cost estimate of \$62 million. This \$62 million construction cost estimate will be treated as an advice letter cap for ratemaking purposes. The Company must not request that ratepayers bear the costs of any additional upgrades, beyond those approved in today's decision, to the Montevina Water Treatment Plant related to meeting existing primary or secondary water standards including compliance with the Long-term 2 Enhanced Surface Water Treatment Rule (published in the Federal Register on February 6, 2006) or Disinfection Byproducts control for compliance with the Stage 2 Disinfectants and Disinfection Byproduct Rule (published in the Federal Register on January 4, 2006). Provided, however, the Company is authorized to request additional ratepayer funding in a future general rate case or application subsequent to project completion if the costs of constructing the Montevina Plant Upgrade exceed the advice letter cap and the Company adequately justifies the additional cost.

4. Application 10-09-019 is closed.

This order is effective today.

Dated July 25, 2013, at San Francisco, California.

MICHAEL R. PEEVEY
President
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
MARK J. FERRON
CARLA J. PETERMAN
Commissioners

ATTACHMENT A

**Settlement Agreement Between the Division of
Ratepayer Advocates and San Jose Water Company**

Attachment A

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of SAN JOSE
WATER COMPANY (U 168 W) for Commission
Approval of Cost Recovery for Upgrading the
Montevina Water Treatment Plant.

Application 10-09-019
(Filed September 30, 2010)

**SETTLEMENT AGREEMENT BETWEEN THE
DIVISION OF RATEPAYER ADVOCATES AND
SAN JOSE WATER COMPANY**

I. INTRODUCTION

1. Pursuant to Article 12 of the Rules of Practice and Procedure ("Rules") of the California Public Utilities Commission ("Commission"), the Division of Ratepayer Advocates ("DRA") and San Jose Water Company ("SJWC"), referred to together as "the Parties," have agreed on the terms of this Settlement Agreement which they now submit for review, consideration, and approval by Administrative Law Judge Maribeth A. Bushey and the Commission. This Settlement Agreement resolves all outstanding issues in this proceeding.

2. This Settlement Agreement is the product of a process of direct negotiation between the Parties. Consistent with Rule 12.1(b), notice of the April 12, 2011 settlement conference was provided to all parties to the proceeding on April 1, 2011. The only party to the proceeding not participating in the Settlement Agreement, a customer of Idylwild Water

Company who entered an appearance at the first prehearing conference held on January 31, 2011, has not participated actively in the proceeding since that date. Accordingly, the Settlement Agreement is not presented as an all-party settlement, but no opposition to the Settlement Agreement is anticipated.

3. Specific terms resolving issues presented in this proceeding are set forth in Section III below.

I. FACTUAL AND PROCEDURAL BACKGROUND

1. Constructed in 1969 with a nominal capacity of 30 million gallons per day ("MGD"), the Montevina Water Treatment Plant ("WTP") treats surface water from the Santa Cruz Mountains, including Los Gatos Creek and its tributaries. The Montevina WTP has treated water for delivery into SJWC's distribution system for more than 40 years, using a direct media filtration process with chlorine disinfection.
2. Treatment at Montevina lacks essential modern features and many of the plant's components are at or beyond the end of their useful lives. During the winter and spring seasons, when source water in the local watershed is plentiful due to rainfall, water treatment at the Montevina plant is challenged by rapid changes in turbidity during and after storms. Treatment production must be reduced or shut down entirely, with associated loss of supply, resulting in the loss of thousands of acre feet of surface water.
3. In addition to its operating limitations, the Montevina WTP also is challenged to meet new water quality regulations, requiring diversion of stream flow from the plant. Such diversions not only reduce distribution of surface water supply but also risk invalidating SJWC's water rights.

4. SJWC presented a preliminary view of its Montevina upgrade plans in its general rate case ("GRC") for Test Year 2010. By Decision 09-11-032, the Commission recognized the need for SJWC to plan for a Montevina upgrade project, approving inclusion of preliminary study costs in rate base but deferring approval of remaining project costs until a Facilities Plan and project design were completed. The Commission directed SJWC to file a separate application seeking approval of project costs and recovery for upgrading the Montevina WTP to maintain water quality and to bring surface water treatment capacity back to the original design capacity. After conducting the required study, SJWC filed the present Application on September 30, 2010, seeking approval of cost recovery for the proposed upgrades to the Montevina WTP.

5. The Montevina Water Treatment Plant Facilities Plan ("Facilities Plan"), finalized in July 2010, was provided as an exhibit to the present Application, and received into evidence as Exhibit 5. The Facilities Plan recommended facilities improvements designed to replace aging facilities with advanced, cost-effective treatment technology; reliably meet current and future state and federal drinking water standards, provide up to 30 MGD of water production capacity even when source water is highly turbid, maximize production from a low-cost water source, maintain SJWC's water rights, and maintain capacity for at least 10 MGD of plant production during the construction period.

6. The Facilities Plan evaluated three alternative treatment process approaches to achieve the specified project objectives, resulting in selection of the membrane filtration systems alternative as the recommended technology. A pilot test confirmed that three different membrane technologies were capable of meeting the operational, performance and water quality objectives of the Montevina WTP project. Accordingly, the Facilities Plan recommended that a specific membrane technology be selected based on an evaluated competitive bid. Based on preliminary

design criteria and a preliminary project schedule, the Facilities Plan provided a detailed capital cost estimate totaling \$73.7 million.

7. SJWC filed the present Application on September 30, 2010, with service of supporting direct testimony as well as the Facilities Plan. SJWC proposed annual forward-looking rate adjustments to pass its investments in the Montevina project into rates, including Tier 2 advice letter filings to add to rate base the investments planned through 2011 and 2012, respectively. DRA filed a protest on November 5, 2010. A Scoping Memo and Ruling of the Assigned Commissioner ("Scoping Memo"), issued March 8, 2011, defined the scope of the proceeding as including all factual and legal issues necessary to determine whether SJWC has met its burden of justifying its proposed rate increases, including the need for and timing of its proposed upgrades to the Montevina WTP. After submission of prepared testimony by DRA and rebuttal testimony by SJWC, evidentiary hearing was completed before ALJ Bushey on April 18, 2011, with opening and reply briefs filed a few weeks later.

8. On July 16, 2012, the Assigned Commissioner's Amended Scoping Memo and Ruling ("Amended Scoping Memo") set aside submission and reopened the record for additional evidence. The Amended Scoping Memo directed SJWC to provide a quantitative analysis evaluating forecasted potable water production under a range of precipitation and turbidity scenarios, as well as an estimate of costs associated with not upgrading the plant. SJWC served supplemental testimony on September 24, 2012. DRA responded with supplemental testimony served November 21, 2012, the day after an all-party meeting scheduled by Commissioner Sandoval to include a tour of the Montevina WTP. A further prehearing conference was held November 27, followed by SJWC's service of rebuttal testimony on December 20, 2012.

9. DRA and SJWC engaged in good faith settlement negotiations at several stages of this proceeding. Recent settlement efforts were renewed in January 2013 and have resulted in agreement on the terms of this Settlement Agreement.

NOW, THEREFORE, in consideration of the foregoing recitation of facts and events, and on the basis of the information presented in SJWC's Application and the testimony of expert witnesses for both SJWC and DRA, SJWC and DRA hereby agree to the following terms of settlement:

III. **TERMS OF SETTLEMENT**

A. **Recorded Costs and Interest.** The recorded costs of the Montevina Upgrade Project will be included in rate base through an annual Tier II advice letter. Interest during construction will be accrued on a monthly basis at SJWC's actual weighted average cost of debt (including short-term debt). Capitalized interest will not be compounded.

B. **Total Project Cost.** The total cost for the Montevina Upgrade Project includes a design contingency of 10%, reflecting a total project cost estimate of \$62 million. This \$62 million construction cost estimate will be treated as an advice letter "cap" for ratemaking purposes.

C. **Additional Funding.** SJWC has the opportunity to request additional funding in a future GRC or separate application subsequent to project completion if the cost of construction for the Montevina Upgrade Project exceeds the advice letter construction cap and adequate justification for additional cost is provided.

D. **Capacity Adjustment.** SJWC presented the benefits of the Montevina Upgrade Project, which included the capability to treat high turbidity surface water. DRA reserves the

right to recommend a capacity adjustment in the event that the upgraded Montevina WTP is unable to treat high turbidity (*i.e.*, greater than 15 NTU) water.

E. **Treatment Upgrades.** The proposal to upgrade the Montevina WTP with a membrane filtration system was developed after extensive research and consideration by the company. SJWC has worked with Kennedy/Jenks to prepare a Facilities Plan and performed pilot testing to show that the technology is the most economically feasible alternative to treat water with high turbidity levels. Therefore, SJWC will not request that ratepayers bear the cost of any additional upgrades to the Montevina WTP related to meeting any existing primary or secondary water standards (including compliance with the Long Term 2 Enhanced Surface Water Treatment Rule (published in the Federal Register, February 6, 2006) or Disinfection Byproducts control for compliance with the Stage 2 Disinfectants and Disinfection Byproduct Rule (published in the Federal Register, January 4, 2006).

IV. **MISCELLANEOUS PROVISIONS**

1. The signatories to this Settlement Agreement personally and independently verify that all elements of this Settlement Agreement are correct, complete, and internally consistent, to the best of their knowledge and belief.
2. Entering into this Settlement Agreement shall not be construed as an admission or concession by any Party regarding any fact or matter of law in dispute in this proceeding.
3. The Commission shall have jurisdiction over this Settlement Agreement. The Parties agree that no legal action may be brought by SJWC or DRA in any state or federal court, or any other forum, against any individual signatory representing the interests of any of the Parties, or any attorneys representing any of the Parties involving any matter related to this Settlement Agreement.

4. The Parties acknowledge that the terms of this Settlement Agreement were reached after consideration of all positions advanced in prior submissions as well as during settlement negotiations. This Settlement Agreement embodies compromises of the Parties' positions.

5. This Settlement Agreement sets forth the entire understanding and agreement between the Parties, and may not be modified or terminated except by written assent of both Parties.

6. The Parties agree that no signatory to this Settlement Agreement, nor any officer or employee of SJWC or DRA, assumes any personal liability as a result of this Settlement Agreement. The rights and remedies of the Parties with respect to the Settlement Agreement are limited to those available before the Commission.

7. The Parties agree to support the Settlement Agreement and to use their best efforts to secure Commission approval of the Settlement Agreement in its entirety and without modification.

8. The Parties agree that if the Commission adopts a Decision with respect to the Settlement Agreement that fails to approve the Settlement Agreement in its entirety, the Parties shall be released from their obligation to support the Settlement Agreement.

9. This Settlement shall be governed by the laws of the State of California as to all matters, including, but not limited to matters of validity, construction, effect, performance and remedies.

V. EXECUTION

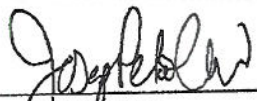
1. This Settlement Agreement may be executed in counterparts, each of which shall be deemed an original, and the counterparts together shall constitute one and the same instrument.

2. By signing below, each signatory for a Party represents and warrants that he or she is authorized to execute this Settlement Agreement on such Party's behalf and thereby bind such Party to the terms of the Settlement Agreement.

3. This Settlement Agreement shall become binding and effective as of the date it has been fully executed by both of the Parties.

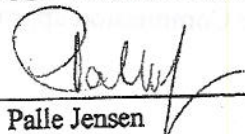
Respectfully submitted,

DIVISION OF RATEPAYER ADVOCATES

By: 
Joseph P. Como

Its: Acting Director

SAN JOSE WATER COMPANY

By: 
Palle Jensen

Its: Senior Vice President,
Regulatory Affairs

March 5, 2013

(End of Attachment A)

ATTACHMENT B

A.10-09-019 Service List

***** SERVICE LIST A1009019*****

Last Updated on 07-MAR-2013 by: JVG

***** PARTIES *****

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(End of Service List)
(End of Attachment B)

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 506

ATTACHMENT B

**PROJECT DOCUMENTATION FOR
MONTEVINA WATER TREATMENT PLANT UPGRADES
WORK PERFORMED AS OF DECEMBER 31, 2016**

<u>Project #</u>	<u>Description</u>	
H60131	Montevina Treatment Plant Project	2016
	Material	\$0.00
	Company Labor	\$1,191.52
	Taxes & Insurance	\$643.43
	Permit & Licenses	\$191,750.69
	Contract	\$26,150,054.51
	Contract Labor	\$112,221.16
	Consulting	\$13,961.48
	Overhead	\$1,930,586.34
	Capitalized Interest	\$746,590.56
		<hr/> \$29,146,999.69

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 506

ATTACHMENT C

CAPITALIZED INTEREST CALCULATION

**H60131-Montevina Water Facility Plan Improvements
In Service date: December 31,2016**

Month_number 2016	Monthly Charges Charges	Retirement Charges	Cumulative Charges	Cumulative Charges Subject to Cap Interest	SJWC Weighted Avg Cost of Debt	Capitalized Interest using SJW WACD
Jan	1,323,143.70		1,323,143.70	681,571.85	0.48%	3,197.13
Feb	3,021,718.66		4,344,862.36	2,834,003.03	0.50%	14,133.54
Mar	1,741,884.72		6,086,747.08	5,215,804.72	0.50%	26,338.07
Apr	15,619.33		6,102,366.41	6,094,556.75	0.51%	30,789.76
May	1,602,950.35		7,705,316.76	6,903,841.59	0.50%	34,742.74
Jun	4,910,073.83		12,615,390.59	10,160,353.68	0.50%	50,721.17
Jul	2,141,077.97	254,083.98	14,756,468.56	13,685,929.58	0.50%	68,542.81
Aug	2,059,700.29	263,873.77	16,816,168.85	15,786,318.71	0.50%	78,867.49
Sep	2,396,933.90	33,465.54	19,213,102.75	18,014,635.80	0.50%	90,902.25
Oct	3,137,978.76	-2,259.00	22,351,081.51	20,782,092.13	0.50%	104,184.39
Nov	2,487,658.67	186,319.11	24,838,740.18	23,594,910.85	0.49%	115,122.87
Dec	3,462,724.01	245,069.71	28,301,464.19	26,570,102.19	0.49%	129,048.34
	28,301,464.19	980,553.11				746,590.56

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 506

ATTACHMENT D

**SAN JOSE WATER COMPANY'S
SCHEDULE NO. 1, 1B, 1C, 4, RW AND RCW**

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate Per 100 cu. ft. (Ccf):

Residential Customers with 5/8 x 3/4-inch, 3/4-inch, 1-inch, 1 1/2-inch or 2-inch meter

For Total Monthly Usage from 0 to 3 Ccf.	\$4.2210	(I)
For Total Monthly Usage from 4 to 18 Ccf.	\$4.6900	I
For Total Monthly Usage over 18 Ccf.	\$5.1590	(I)

All Other Customers

For all water delivered, per 100 cu. ft.	\$4.6900	(I)
------------------------------------------	----------	-----

Service Charges:

Per Meter Per Month

All Customers:

For 5/8 x 3/4-inch meter	\$ 25.02	(I)
For 3/4-inch meter	\$ 25.02	I
For 1-inch meter	\$ 41.66	I
For 1-1/2-inch meter	\$ 83.36	I
For 2-inch meter	\$ 133.41	I
For 3-inch meter	\$ 250.12	I
For 4-inch meter	\$ 416.87	I
For 6-inch meter	\$ 833.73	I
For 8-inch meter	\$ 1333.98	I
For 10-inch meter	\$ 1917.62	(I)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 498

PALLE JENSEN

Date Filed 11-15-2016

Dec. No. D.16-06-004

Senior Vice President,
Regulatory Affairs

Effective 1-1-2017

Resolution No. _____

TITLE

Schedule No. 1B

GENERAL METERED SERVICE WITH
AUTOMATIC FIRE SPRINKLER SYSTEM

APPLICABILITY

Applicable to all detached single family structures whose automatic fire sprinkler system is served through the meter providing residential water service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate Per 100 cu. ft. (Ccf):

Residential Customers with 5/8 x 3/4-inch, 3/4-inch, 1-inch, 1 1/2-inch or 2-inch meter

For Total Monthly Usage from 0 to 3 Ccf.	\$4.2210	(I)
For Total Monthly Usage from 4 to 18 Ccf.	\$4.6900	I
For Total Monthly Usage over 18 Ccf.	\$5.1590	(I)

All Other Customers

For all water delivered, per 100 cu. ft.	\$4.6900	(I)
------------------------------------------	----------	-----

Service Charges:

Per Meter Per Month

All Customers:

For 5/8 x 3/4-inch meter	\$ 25.02	(I)
For 3/4-inch meter	\$ 25.02	I
For 1-inch meter	\$ 41.66	I
For 1-1/2-inch meter	\$ 83.36	I
For 2-inch meter	\$ 133.41	I
For 3-inch meter	\$ 250.12	(I)

Upsize Charges:

For 1/4-inch meter upsize	\$ 1.51
or 1/2-inch meter upsize	\$ 3.01
For 3/4-inch meter upsize	\$ 4.52
For 1-inch meter upsize	\$ 6.03
For 1-1/2-inch meter upsize	\$ 9.05

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 498

PALLE JENSEN

Date Filed 11-15-2016

Dec. No. D.16-06-004

Senior Vice President,
Regulatory Affairs

Effective 1-1-2017

Resolution No. _____

TITLE

Schedule No. 1C

GENERAL METERED SERVICE
Mountain District

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Portions of Los Gatos and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate Per 100 cu. ft. (Ccf)

Overuse Rates beyond 500 gallons per day limit

Residential Customers with 3/4-inch, 1-inch, 1 1/2-inch or 2-inch meter

For Total Monthly Usage from 0 to 3 Ccf.	\$4.2210	(l)
For Total Monthly Usage from 4 to 18 Ccf.	\$4.6900	|
For Total Monthly Usage for 19 to 20 Ccf.	\$5.1590	(l)
For Total Monthly Usage over 20 Ccf.	\$7.0000	

All Other Customers(subject to Special Condition 5)

For Total Monthly Usage from 0 to 20 Ccf.	\$4.6900	(l)
For Total Monthly Usage over 20 Ccf.	\$7.0000	

Service Charges:

Per Meter Per Month

For 3/4-inch meter	\$ 25.02	(l)
For 1-inch meter	\$ 41.66	|
For 1-1/2-inch meter	\$ 83.36	|
For 2-inch meter	\$ 133.41	|
For 3-inch meter	\$ 250.12	|
For 4-inch meter	\$ 416.87	|
For 6-inch meter	\$ 833.73	|
For 8-inch meter	\$ 1333.98	|
For 10-inch meter	\$1917.62	(l)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

1. 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 \$2.0033 per 100 cubic feet on each water bill for the quantities of water used during the period covered by that bill.
2. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 498

PALLE JENSEN

Date Filed 11-15-2016

Dec. No. D.16-06-004

Senior Vice President,
Regulatory Affairs

Effective 1-1-2017

Resolution No. _____

TITLE

Schedule No. 4

PRIVATE FIRE SERVICE

APPLICABILITY

Applicable to all water service furnished to privately owned fire protection systems.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Per Service Connection
Per Month

For each 2-inch service	\$25.37	(l)
For each 3-inch service	38.03	|
For each 4-inch service	50.71	|
For each 6-inch service	76.09	|
For each 8-inch service	101.43	|
For each 10-inch service	126.80	|
For each 12-inch service	152.15	(l)

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and and the cost paid by the applicant. Such payment shall not be subject to refund. The facilities paid for by the applicant shall be the sole property of the applicant.
2. If a distribution main of adequate size to serve a private fire protection system, in addition to all other normal service, does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall then be installed by the utility and the cost paid by applicant. Such payment shall not be subject to refund.
3. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund.

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 498

PALLE JENSEN

Date Filed 11-15-2016

Dec. No. D.16-06-004

Senior Vice President,
Regulatory Affairs

Effective 1-1-2017

Resolution No. _____

TITLE

Schedule No. RW

RAW WATER SERVICE

APPLICABILITY

Applicable to raw water metered service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate:

Per 100 cu. ft. \$4.4604 (I)

Service Charges:

Per Meter Per Month

For 5/8 x 3/4-inch meter	\$ 25.02	(I)
For 3/4-inch meter	\$ 25.02	|
For 1-inch meter	\$ 41.66	|
For 1-1/2-inch meter	\$ 83.36	|
For 2-inch meter	\$ 133.41	|
For 3-inch meter	\$ 250.12	|
For 4-inch meter	\$ 416.87	|
For 6-inch meter	\$ 833.73	|
For 8-inch meter	\$ 1333.98	|
For 10-inch meter	\$ 1917.62	(I)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

1. The customer is responsible for notice of and compliance with all local, state, and federal rules and regulations that apply from time to time to the use of raw water, as defined in San Jose Water Company's Rule 1.
2. The customer must provide and/or contribute all facilities needed to transport the water from its source to the customer's point of service in accordance with the utility's Rule 15.

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 498

PALLE JENSEN

Date Filed 11-15-2016

Dec. No. D.16-06-004

Senior Vice President,
Regulatory Affairs

Effective 1-1-2017

Resolution No. _____

TITLE

Schedule No. RCW

RECYCLED WATER METERED SERVICE

APPLICABILITY

Applicable to all recycled water metered service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate:

Currently effective quantity rate as reflected in "Schedule No. 1, General Metered Service" less the treated water surcharge currently added to potable deliveries from the Santa Clara Valley Water District and less any applicable discount from the South Bay Water Recycling Program.

Service Charges:

Currently effective monthly service charge for the applicable meter size as reflected in "Schedule No. 1, General Metered Service".

SPECIAL CONDITIONS

1. For the purposes of this tariff a well user is defined as a customer of the Santa Clara Valley Water District who procures his/her non-potable supply from an on-site well as of the first effective date of this tariff. The service charge for well users will be in accordance with the following schedule:

<u>Meter Size</u>	<u>Per Meter Per Month</u>	
2-inch	\$31.15	(l)
3-inch	\$41.53	|
4-inch	\$46.72	|
6-inch	\$77.87	|
8-inch	\$93.45	|
10-inch	\$145.36	(l)

The monthly service charge will change in an amount equal to changes in the monthly service charge for similarly sized meters under "Schedule No. 1, General Metered Service". In addition to the service charge, such customers will be charged for the quantity of recycled water used at that site in the same amount billed to San Jose Water Company by the South Bay Water Recycling Program.

(Continued)

(To be inserted by utility)

Issued by

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

Advice No. 498

PALLE JENSEN

Date Filed 11-15-2016

Dec. No. D.16-06-004

Senior Vice President,
Regulatory Affairs

Effective 1-1-2017

Resolution No. _____

TITLE

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 506

ATTACHMENT E

REVENUE REQUIREMENT CALCULATION

Rate Base Offset			
		A	
Total Allowable Plant Additions			\$29,147,000
Adjustment in Earnings for Rate of Return	8.09% D.10-10-035	A x 8.09% = B	\$2,357,992
Adjustment for Net to Gross Multiplier	1.6943	B x 1.6943% = C	\$3,995,146
Adjustment in Depreciation Expense	3.4200%	A x 3.42% = D	\$996,827
Adjustment in Property Tax	1.1900%	A x 1.1900% = E	\$346,849
Total Increase in Costs		C + D + E = F	<u>\$5,338,823</u>

ADVICE LETTER Montevina
ATTACHMENT E - PART 2
RATEBASE ATTRITION CALCULATION

Total Authorized Ratebase at year end 2017 per AL 498	A	\$724,730
Total Increase to Ratebase for Advice Letter 506 per D.16-06-004, Attachment X Ta	B	\$29,147
Ratebase after ADV 506	C = A + B	<u>\$753,877</u>

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 506

ATTACHMENT F

RATE CALCULATION

ADVICE LETTER 506
ATTACHMENT F - PART 1
MONTEVINA RATEBASE OFFSET INCREASE
BASE RATE ALLOCATION

Revenue To be Recovered in Meter Charge	30.00%	X	Revenue Increase (\$)	
Revenue To be Recovered in Quantity Rate	70.00%	X	5,338,823	\$1,601,647
			5,338,823	\$3,737,176

QUANTITY RATE CALCULATION									
Rate Schedule	AL 498 2017 Authorized Revenue (\$)	AL 506 Montevina Ratebase Offset Revenue (\$)	Total Revenue to be Recovered (Att. D) (\$)	Total Revenue Increase (%)	Revenue to be Recovered in Quan.Rate (\$)	2016 Authorized Total Usage* D.16-06-004 (ccf)	Quantity Rate Increase (\$/ccf)	Uniform Quantity Rate 2017 AL 498 (\$/ccf)	New Quantity Rate (\$/ccf)
Total	353,398,280	358,737,103	5,338,823	1.51%	3,737,176	50,365,000 Excludes Recycled Well Users	0.0742	4.6900	4.7642

TOTAL POTABLE REVENUE CALCULATION						
	Percentage of Potable Sales to Total Sales (%)	2016 Authorized Potable Usage D.16-06-004 (ccf)	Revenue to be Recovered in Potable Quan.Rate (\$)	Quantity Rate Increase (\$/ccf)	Uniform Quantity Rate 2017 AL 498 (\$/ccf)	New Potable Quantity Rate (\$/ccf)
Potable Water	98.97%	49,847,000.00	3,698,740	0.0742	4.6900	4.7642

TOTAL RAW REVENUE CALCULATION						
	Percentage of Raw Sales to Total Sales (%)	2016 Authorized Raw Usage D.16-06-004 (ccf)	Revenue to be Recovered in Raw Quan.Rate (\$)	Quantity Rate Increase (\$/ccf)	Raw Quantity Rate 2017 AL 498 (\$/ccf)	New Raw Quantity Rate (\$/ccf)
Raw Water	0.03%	14,000.00	1,039	0.0742	4.4604	4.5346

TOTAL RECYCLED PIPED REVENUE CALCULATION						
	Percentage of Recycled Piped Sales to Total Sales (%)	2016 Authorized Recycled Piped Usage D.16-06-004 (ccf)	Revenue to be Recovered in Recycled Piped Quan.Rate (\$)	Quantity Rate Increase (\$/ccf)	Recycled Piped Quantity Rate 2017 AL 498 (\$/ccf)	New Recycled Quantity Rate (\$/ccf)
Recycled Piped	1.00%	504,000.00	37,398	0.0742	4.2194	4.2936

Total Quantity Charges for all Schedules	\$3,737,176
------------------------------------------	-------------

ADVICE LETTER 506
ATTACHMENT F - PART 1
MONTEVINA RATEBASE OFFSET
BASE RATE ALLOCATION

METER CHARGE CALCULATION									
Revenue to be Recovered in Meter Charge					\$1,601,647				
Schedule No. 1. General Metered Service & 1B General Metered Service with Automatic Fire Sprinkler System:									
Meter Size	2016 No. of Customers Authorized	No. of Billings	Meter Ratio (SP U-25)	Meter Ratio Equiv	Meter Charge Increase (\$/Month)	Increase to Total Service Charge	Authorized AL 498 Eff. 1/01/2017 Meter Charge (\$/Month)	New Meter Charge (\$/Month)	Meter Charge Increase (%)
5/8	869	10,428	1.5	15,642	\$0.43	\$4,432	\$25.02	\$25.45	1.70%
3/4	175,315	2,103,780	1.5	3,155,670	\$0.43	\$894,107	\$25.02	\$25.45	1.70%
1	34,211	410,532	2.5	1,026,330	\$0.71	\$291,478	\$41.66	\$42.37	1.70%
1 1/2	3,973	47,676	5	238,380	\$1.42	\$67,700	\$83.36	\$84.78	1.70%
2	4,908	58,896	8	471,168	\$2.27	\$133,694	\$133.41	\$135.68	1.70%
3	1,429	17,148	15	257,220	\$4.25	\$72,879	\$250.12	\$254.37	1.70%
4	412	4,944	25	123,600	\$7.09	\$35,053	\$416.87	\$423.96	1.70%
6	184	2,208	50	110,400	\$14.18	\$31,309	\$833.73	\$847.91	1.70%
8	30	360	80	28,800	\$22.69	\$8,168	\$1,333.98	\$1,356.67	1.70%
10	7	84	115	9,660	\$32.62	\$2,740	\$1,917.62	\$1,950.24	1.70%
	221,338	2,656,056		5,436,870		\$1,541,560			
Schedule No. RW. Raw Water Service:									
3/4	0	0	1.5	0	\$0.43	\$0	\$25.02	\$25.45	1.70%
1	0	0	2.5	0	\$0.71	\$0	\$41.66	\$42.37	1.70%
1 1/2	1	12	5	60	\$1.42	\$17	\$83.36	\$84.78	1.70%
2	3	36	8	288	\$2.27	\$82	\$133.41	\$135.68	1.70%
3	0	0	15	0	\$4.25	\$0	\$250.12	\$254.37	1.70%
4	0	0	25	0	\$7.09	\$0	\$416.87	\$423.96	1.70%
6	0	0	50	0	\$14.18	\$0	\$833.73	\$847.91	1.70%
8	0	0	80	0	\$22.69	\$0	\$1,333.98	\$1,356.67	1.70%
10	0	0	115	0	\$32.62	\$0	\$1,917.62	\$1,950.24	1.70%
	4	48		348		\$99			
Schedule No. RCW. Recycled Water Service Piped:									
3/4	0	0	1.5	0	\$0.43	\$0	\$25.02	\$25.45	1.70%
1	2	24	2.5	60	\$0.71	\$17	\$41.66	\$42.37	1.70%
1 1/2	8	96	5	480	\$1.42	\$136	\$83.36	\$84.78	1.70%
2	91	1,092	8	8,736	\$2.27	\$2,479	\$133.41	\$135.68	1.70%
3	31	372	15	5,580	\$4.25	\$1,581	\$250.12	\$254.37	1.70%
4	34	408	25	10,200	\$7.09	\$2,893	\$416.87	\$423.96	1.70%
6	1	12	50	600	\$14.18	\$170	\$833.73	\$847.91	1.70%
8	1	12	80	960	\$22.69	\$272	\$1,333.98	\$1,356.67	1.70%
10	1	12	115	1,380	\$32.62	\$391	\$1,917.62	\$1,950.24	1.70%
	169	2,028		27,996		\$7,939			
Schedule No. RCW. Recycled Water Service Well Users: (1)									
2	1	12		1.51%	\$0.47	\$6	\$31.15	\$31.62	1.51%
3	1	12		1.51%	\$0.63	\$8	\$41.53	\$42.16	1.51%
4	2	24		1.51%	\$0.71	\$17	\$46.72	\$47.43	1.51%
6	1	12		1.51%	\$1.18	\$14	\$77.87	\$79.05	1.51%
8	2	24		1.51%	\$1.41	\$34	\$93.45	\$94.86	1.51%
10	1	12		1.51%	\$2.19	\$26	\$145.36	\$147.55	1.51%
	14	96				\$105			
Schedule No. 4. Private Fire Service: (1)									
2	44	528		1.51%	\$0.38	\$202	\$25.37	\$25.75	1.51%
3	5	60		1.51%	\$0.57	\$34	\$38.03	\$38.60	1.51%
4	1,094	13,128		1.51%	\$0.77	\$10,052	\$50.71	\$51.48	1.51%
6	1,475	17,700		1.51%	\$1.15	\$20,337	\$76.09	\$77.24	1.51%
8	940	11,280		1.51%	\$1.53	\$17,276	\$101.43	\$102.96	1.51%
10	138	1,656		1.51%	\$1.91	\$3,171	\$126.80	\$128.71	1.51%
12	14	168		1.51%	\$2.30	\$386	\$152.15	\$154.45	1.51%
	3,710	44,520				\$51,458			
Total Meter Charges for all Schedules						\$1,601,161			

Calculation of New RW rate		Potable Rate	\$4.7642 ccf ~	\$2,075.29 AF
		Adjustment for Treatment Charge		(\$100.00) AF
		Raw Water	AL 506	\$4.5346 ccf
				\$1,975.29 AF

(1) Sch No. RCW and Sch No. 4 rates are escalated by the total revenue increase percentage consistent with the methodology used in D.16-06-004

ADVICE LETTER 506
ATTACHMENT F PART 2
2017 ESCALATION YEAR TIER RATE DESIGN

SQR (\$/CCF) \$4.7642
New Q Revenue Target \$ 139,276,623

Three Tier Rate Design

Rate Tier Criteria as % of SQR		
	% of SQR	rate
Tier 1	0.9	\$4.28778
Tier 2	1	\$4.76420
Tier 3	1.1	\$5.2406

Revenue Neutrality Test		
Target at SQR	\$	139,276,622.8
Rev neutrality, tier.SQR	\$	348,191.56
% tier >SQR		0.250%

	Rationale	Proposed Tiers(ccf)	Tier rate differential	Existing Rates	Proposed New Rates	Ccf estimate sales in tier	Rev estimate \$ sales in tier	Portion of total consumption in tier	Portion of Revenue by Tier
Tier 1	indoor consumption est.*	0 to 3 ccfs	90.00%	\$4.2210	\$4.2878	5,846,800	\$ 25,069,792	20.00%	17.96%
Tier 2	up to annual average	4 to 18 ccfs	100.00%	\$4.6900	\$4.7642	16,809,550	\$ 80,084,058	57.50%	57.36%
Tier 3	Above annual average	19 ccfs and above	110.00%	\$5.1590	\$5.2406	6,577,650	\$ 34,470,964	22.50%	24.69%
						29,234,000	\$ 139,624,814		

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 506

ATTACHMENT G

BILL COMPARISON

**ADVICE LETTER 506
ATTACHMENT G
BILL COMPARISON**

BILL COMPARISON UNIFORM RATES

Bill Comparison Uniform Rates 3/4-Inch Meter				
Usage (ccf)	Current Rates AL 498	Proposed Rates AL 506	Increase	Increase
5	\$50.58	\$51.38	1.57%	\$0.80
10	\$76.15	\$77.32	1.53%	\$1.17
Average: 15	\$101.71	\$103.25	1.51%	\$1.54
20	\$127.28	\$129.19	1.50%	\$1.91
30	\$178.41	\$181.06	1.49%	\$2.65
50	\$280.67	\$284.80	1.47%	\$4.14
100	\$536.31	\$544.16	1.46%	\$7.85

BILL COMPARISON RESIDENTIAL TIERED RATES

Tiered Rate Bill Comparison 3/4-Inch Meter				
Usage (ccf)	Current Rates AL 498	Proposed Rates AL 506	Increase	Increase
5	\$49.18	\$49.95	1.57%	\$0.77
10	\$74.74	\$75.89	1.53%	\$1.14
Average: 15	\$100.31	\$101.82	1.51%	\$1.52
20	\$126.81	\$128.71	1.50%	\$1.90
30	\$182.63	\$185.35	1.49%	\$2.72
50	\$294.27	\$298.62	1.48%	\$4.35
100	\$573.36	\$581.79	1.47%	\$8.43

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 506

ATTACHMENT H

SERVICE LIST

A copy of Advice Letter No. 506 has been sent to the following municipalities, water companies and interested parties:

City of San Jose
Municipal Water Dept.
Attn: Mansour Nasser
3025 Tuers Road
San Jose, CA 95121

California Water Service Co.
Attn: Regulatory Affairs
1720 North First Street
San Jose, CA 95112

City of Cupertino
10300 Torre Avenue
Cupertino, CA 95014

City of Campbell
70 North First Street
Campbell, CA 95008

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

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

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

San Jose Mercury News
Attn: Paul Rogers
4 N. Second Street, Suite 800
San Jose, CA 95113

Town of Los Gatos
Attn: Director of Public Works
110 E. Main Street
Los Gatos, CA 95032

City of Monte Sereno
Attn: Director of Public Works
18014 Saratoga-Los Gatos Road
Monte Sereno, CA 95030

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

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

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

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

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate Per 100 cu. ft. (Ccf):

Residential Customers with 5/8 x 3/4-inch, 3/4-inch, 1-inch, 1 1/2-inch or 2-inch meter

For Total Monthly Usage from 0 to 3 Ccf.	\$4.2878	(I)
For Total Monthly Usage from 4 to 18 Ccf.	\$4.7642	I
For Total Monthly Usage over 18 Ccf.	\$5.2406	(I)

All Other Customers

For all water delivered, per 100 cu. ft.	\$4.7642	(I)
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Service Charges:

Per Meter Per Month

All Customers:

For 5/8 x 3/4-inch meter	\$ 25.45	(I)
For 3/4-inch meter	\$ 25.45	I
For 1-inch meter	\$ 42.37	I
For 1-1/2-inch meter	\$ 84.78	I
For 2-inch meter	\$ 135.68	I
For 3-inch meter	\$ 254.37	I
For 4-inch meter	\$ 423.96	I
For 6-inch meter	\$ 847.91	I
For 8-inch meter	\$ 1356.67	I
For 10-inch meter	\$ 1950.24	(I)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

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(To be inserted by utility)

Issued by

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

Advice No. 506

PALLE JENSEN

Date Filed _____

Dec. No. D.13-07-028

Senior Vice President,
Regulatory Affairs

Effective _____

Resolution No. _____

TITLE

Schedule No. 1B

GENERAL METERED SERVICE WITH
AUTOMATIC FIRE SPRINKLER SYSTEM

APPLICABILITY

Applicable to all detached single family structures whose automatic fire sprinkler system is served through the meter providing residential water service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate Per 100 cu. ft. (Ccf):

Residential Customers with 5/8 x 3/4-inch, 3/4-inch, 1-inch, 1 1/2-inch or 2-inch meter

For Total Monthly Usage from 0 to 3 Ccf.	\$4.2878	(I)
For Total Monthly Usage from 4 to 18 Ccf.	\$4.7642	I
For Total Monthly Usage over 18 Ccf.	\$5.2406	(I)

All Other Customers

For all water delivered, per 100 cu. ft.	\$4.7642	(I)
------------------------------------------	----------	-----

Service Charges:

Per Meter Per Month

All Customers:

For 5/8 x 3/4-inch meter	\$ 25.45	(I)
For 3/4-inch meter	\$ 25.45	I
For 1-inch meter	\$ 42.37	I
For 1-1/2-inch meter	\$ 83.36	I
For 2-inch meter	\$ 135.68	I
For 3-inch meter	\$ 254.37	(I)

Upsize Charges:

For 1/4-inch meter upsize	\$ 1.51
or 1/2-inch meter upsize	\$ 3.01
For 3/4-inch meter upsize	\$ 4.52
For 1-inch meter upsize	\$ 6.03
For 1-1/2-inch meter upsize	\$ 9.05

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(To be inserted by utility)

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PALLE JENSEN

Date Filed _____

Dec. No. D.13-07-028

Senior Vice President,
Regulatory Affairs

Effective _____

Resolution No. _____

TITLE

Schedule No. 1C

GENERAL METERED SERVICE
Mountain District

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Portions of Los Gatos and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate Per 100 cu. ft. (Ccf)

Overuse Rates beyond 500 gallons per day limit

Residential Customers with 3/4-inch, 1-inch, 1 1/2-inch or 2-inch meter

For Total Monthly Usage from 0 to 3 Ccf.	\$4.2878	(I)
For Total Monthly Usage from 4 to 18 Ccf.	\$4.7642	I
For Total Monthly Usage for 19 to 20 Ccf.	\$5.2406	(I)
For Total Monthly Usage over 20 Ccf.	\$7.0000	

All Other Customers(subject to Special Condition 5)

For Total Monthly Usage from 0 to 20 Ccf.	\$4.7642	(I)
For Total Monthly Usage over 20 Ccf.	\$7.0000	

Service Charges:

Per Meter Per Month

For 3/4-inch meter	\$ 25.45	(I)
For 1-inch meter	\$ 42.37	I
For 1-1/2-inch meter	\$ 84.78	I
For 2-inch meter	\$ 135.68	I
For 3-inch meter	\$ 254.37	I
For 4-inch meter	\$ 423.96	I
For 6-inch meter	\$ 847.91	I
For 8-inch meter	\$ 1356.67	I
For 10-inch meter	\$1950.24	(I)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

1. 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 \$2.0033 per 100 cubic feet on each water bill for the quantities of water used during the period covered by that bill.
2. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

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(To be inserted by utility)

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Advice No. 506

PALLE JENSEN

Date Filed _____

Dec. No. D.13-07-028

Senior Vice President,
Regulatory Affairs

Effective _____

Resolution No. _____

TITLE

Schedule No. 4

PRIVATE FIRE SERVICE

APPLICABILITY

Applicable to all water service furnished to privately owned fire protection systems.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Per Service Connection
Per Month

For each 2-inch service	\$25.75	(l)
For each 3-inch service	38.60	|
For each 4-inch service	51.48	|
For each 6-inch service	77.24	|
For each 8-inch service	102.96	|
For each 10-inch service	128.71	|
For each 12-inch service	154.45	(l)

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and and the cost paid by the applicant. Such payment shall not be subject to refund. The facilities paid for by the applicant shall be the sole property of the applicant.
2. If a distribution main of adequate size to serve a private fire protection system, in addition to all other normal service, does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall then be installed by the utility and the cost paid by applicant. Such payment shall not be subject to refund.
3. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund.

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(To be inserted by utility)

Issued by

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

Advice No. 506

PALLE JENSEN

Date Filed _____

Dec. No. D.13-07-028

Senior Vice President,
Regulatory Affairs

Effective _____

Resolution No. _____

TITLE

Schedule No. RCW

RECYCLED WATER METERED SERVICE

APPLICABILITY

Applicable to all recycled water metered service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate:

Currently effective quantity rate as reflected in "*Schedule No. 1, General Metered Service*" less the treated water surcharge currently added to potable deliveries from the Santa Clara Valley Water District and less any applicable discount from the South Bay Water Recycling Program.

Service Charges:

Currently effective monthly service charge for the applicable meter size as reflected in "*Schedule No. 1, General Metered Service*".

SPECIAL CONDITIONS

1. For the purposes of this tariff a well user is defined as a customer of the Santa Clara Valley Water District who procures his/her non-potable supply from an on-site well as of the first effective date of this tariff. The service charge for well users will be in accordance with the following schedule:

<u>Meter Size</u>	<u>Per Meter Per Month</u>	
2-inch	\$31.62	(I)
3-inch	\$42.16	I
4-inch	\$47.43	I
6-inch	\$79.05	I
8-inch	\$94.86	I
10-inch	\$147.55	(I)

The monthly service charge will change in an amount equal to changes in the monthly service charge for similarly sized meters under "*Schedule No. 1, General Metered Service*". In addition to the service charge, such customers will be charged for the quantity of recycled water used at that site in the same amount billed to San Jose Water Company by the South Bay Water Recycling Program.

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(To be inserted by utility)

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

Advice No. 506

PALLE JENSEN

Date Filed

Dec. No. D.13-07-028

Senior Vice President,
Regulatory Affairs

Effective

Resolution No.

TITLE

Schedule No. RW

RAW WATER SERVICE

APPLICABILITY

Applicable to raw water metered service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate:			
Per 100 cu. ft.	.....	\$4.5346	(l)

Service Charges:		Per Meter Per Month	
For 5/8 x 3/4-inch meter	.....	\$ 25.45	(l)
For 3/4-inch meter	.....	\$ 25.45	|
For 1-inch meter	.....	\$ 42.37	|
For 1-1/2-inch meter	.....	\$ 84.78	|
For 2-inch meter	.....	\$ 135.68	|
For 3-inch meter	.....	\$ 254.37	|
For 4-inch meter	.....	\$ 423.96	|
For 6-inch meter	.....	\$ 847.91	|
For 8-inch meter	.....	\$ 1356.67	|
For 10-inch meter	.....	\$ 1950.24	(l)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

1. The customer is responsible for notice of and compliance with all local, state, and federal rules and regulations that apply from time to time to the use of raw water, as defined in San Jose Water Company's Rule 1.
2. The customer must provide and/or contribute all facilities needed to transport the water from its source to the customer's point of service in accordance with the utility's Rule 15.

(Continued)

(To be inserted by utility)

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

Advice No. 506

PALLE JENSEN

Date Filed

Dec. No. D.13-07-028

Senior Vice President,
Regulatory Affairs

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	1828-W, 1795-W, 848-W and 1725-W	(T)
Preliminary Statement	919-W, 1303-W, 1699-W, 1700-W, 1702-W, 1420-W, 1423-W, 1427-W, 1469-W, 1492-W, 1508-W, 1542-W, 1799-W and 1818-W	
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	1822-W, 1756-W and 1785-W	(C)
Schedule No. 1B, General Metered Service With Automatic Fire Sprinkler System	1823-W, 1741-W, 1786-W and 1787-W	(C)
Schedule No. 1C, General Metered Service Mountain District	1824-W, 1744-W, 1789-W and 1790-W	(C)
Schedule No. 4, Private Fire Service	1825-W and 1621-W	(C)
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 Staged Mandatory Reductions And Drought Surcharges	1668-W, 1669-W, 1780-W, 1671-W, 1672-W, 1673-W, 1766-W, and 1820-W	
Schedule No. RW, Raw Water Metered Service	1826-W, 1791-W and 1792-W	(C)
Schedule No. RCW, Recycled Water Metered Service	1827-W and 1775-W	(C)
Schedule No. UF, Surcharge to Fund Public Utilities Commission, Reimbursement Fee	1811-W	
Schedule No. WRAP, Water Rate Assistance Program	1723-W and 1211-W	
List of Contracts and Deviations	1809-W	
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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.)

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