

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

Advice Letter Cover Sheet

Utility Name: San Jose Water Company

Date Mailed to Service List: 9/21/18

District: N/A

CPUC Utility #: U-168-W

Protest Deadline (20th Day): 10/11/18

Advice Letter #: 526

Review Deadline (30th Day): 10/21/18

Tier ☐ 1 ☒ 2 ☐ 3 ☐ Compliance

Requested Effective Date: 10/21/2018

Authorization

Rate Impact: \$0
0%

Description: Add SRF Loan I and SRF Loan II Balancing
Accounts to the Preliminary Statement

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☐ **WITHDRAWN**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

September 21, 2018

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

Advice Letter No. 526

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>Cancelling Cal. P.U.C. Sheet No.</u>
1933-W	Preliminary Statement (Continued)	1873-W
1934-W	Preliminary Statement (Continued)	New
1935-W	Table of Contents	1932-W

Purpose

In accordance with General Order (GO) 96B – Water Industry Rule 7.3.2(5) and Commission direction, this advice letter is designated as a Tier 2 Advice Letter. With this advice letter, SJWC requests authority to add to its Preliminary Statement the SRF Loan Surcharge Balancing Accounts. Decision (D.) 03-07-013 that authorized SRF Loan I included a condition where SJWC would establish a balancing account to be credited with revenues collected through the surcharge and to be charged with payments of the principal and interest on the loan. Similarly, D.05-01-048 authorizing SRF Loan II also included this same condition. The Water Division (WD) completed its annual review of SJWC's SRF Loan Balancing Accounts for 2017 and determined that SJWC's Preliminary Statement do not list the SRF Loan Surcharge Balancing Accounts. WD therefore recommended that SJWC file a Tier 2 Advice Letter to add the SRF Loan Surcharge Balancing Accounts into the Preliminary Statement Tariff Sheets. This advice letter will have no impact on rates.

Effective Date

SJWC requests the this advice letter become effective October 21, 2018, pending the Commission's approval.

Protests and Responses

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

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

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

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

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

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

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

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

SJWC currently has Advice Letter 525 pending before the Commission.

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

Very truly yours,

A handwritten signature in blue ink, appearing to read 'John Tang', is written over the printed name.

JOHN TANG
Vice President of Regulatory Affairs

Enclosure

SAN JOSE WATER COMPANY

ADVICE LETTER NO. 526

ATTACHMENT A

A copy of Advice Letter No. 526 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 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

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

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

Nina Hawk
Chief Operating Officer
Water Utility Enterprises
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118

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

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

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

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

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

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

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

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

WRATES
Rita Benton
18555 Ravenwood Drive
Saratoga, CA 95070

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

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

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

James Hunter
6475 Dwyer Street
San Jose, CA 95120

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

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

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

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

PRELIMINARY STATEMENT
(Continued)

X. 2018 Tax Accounting Memorandum Account.

1. Purpose

The purpose of the 2018 Tax Accounting Memorandum Account (Memo Account) is to track on a CPUC-jurisdictional revenue requirement basis the impacts of the 2018 Federal Tax Law (2018 FTL) not otherwise reflected in rates from January 1, 2018 until the effective date of the revenue requirement changes in the Utility's next General Rate Case (Memo Account Period).

2. General Information.

The Utility shall record in this Memo Account realized increases or decreases in its CPUC-jurisdictional revenue requirement resulting from the 2018 FTL. The Memo Account shall be used in determining whether any rate adjustment is necessary to reflect impacts of the 2018 FTL during the Memo Account Period.

3. Memo Account Entries.

The entries in the Memo Account may include the following:

- a. Realized decreases in revenue requirement resulting from the 2018 FTL during the Memo Account Period.
- b. Realized increases in revenue requirement resulting from the 2018 FTL during the Memo Account Period.
- c. Balances in the Memo Account will accrue interest at the 90-day commercial paper rate.

4. Disposition of Memo Account Balance.

In the Utility's next General Rate Case, or at such other time as ordered by the CPUC, the balance in the Memo Account shall be addressed and rates shall be adjusted accordingly, as appropriate.

Y. SRF Loan I Balancing Account

(N)

1. Purpose

The purpose of the SRF Loan I Balancing Account is to track differences between recorded revenues collected through the surcharge to fund the repayment of the SRF Loan I and the payments of principal and interest for the Safe Drinking Water State Revolving Fund (SDWSRF) loan pursuant to D.03-07-013 dated July 10, 2003

2. Applicability

The SRF Loan I Balancing Account is applicable to recorded surcharge revenue and payments of principal and interest on SRF Loan I.

3. Definitions

- a. Recorded SFR Loan I Surcharge Revenue are revenues recorded for the SFR Loan I Surcharge authorized per D.03-07-013, D.04-08-022 and Advice Letters 364A and 452.
- b. Payments of Principal and Interest for SFR Loan I are all principal and interest payments made by San Jose Water Company (SJWC) to repay the indebtedness of the SDWSRF loan authorized in D.03-07-013 and D.04-08-022

4. Accounting Procedure

- a. The following entries will be recorded monthly in the SRF Loan I Balancing Account:
 1. Recorded Revenue from SFR Loan I Surcharges.
 2. Recorded Principal and Interest Payments made by SJWC for SRF Loan I
 3. Total net SFR Loan I Account balance = (1) minus (2)
 4. A negative (-) balance in the balancing account reflects a utility under collection to be recovered in rates, while a positive balance reflects a utility over collection to be refunded.
- b. The Company will record the accumulated SRF Loan I 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.

(To be inserted by utility)

Issued by

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

Advice No. 526

JOHN TANG

Date Filed

Vice President,

Effective

Dec. No.

Regulatory Affairs

Resolution No.

TITLE

PRELIMINARY STATEMENT
(Continued)

Y. SRF Loan I Balancing Account
(Continued)

5. Disposition

When the accumulated balance for the SRF Loan I Balancing Account approaches a zero balance, the Company will remove the SFR Loan Surcharge I surcharge and file an advice letter to remove the SRF Loan I surcharge authorized in AL 452 from the tariffs. The under-collections or over-collections of the this balancing account will be amortized in San Jose Water Company's next General Rate Case. (N)

Z. SRF Loan II Balancing Account

1. Purpose

The purpose of the SRF Loan I Balancing Account is to track differences between recorded revenues collected through the surcharge to fund the repayment of the SRF Loan II and the payments of principal and interest for the Safe Drinking Water Sate Revolving Fund (SDWSRF) loan pursuant to D.05-01-048 dated January 27, 2005.

2. Applicability

The SRF Loan II Balancing Account is applicable to recorded surcharge revenue and payments of principal and interest on SRF Loan II.

3. Definitions

- a. Recorded SFR Loan II Surcharge Revenue are revenues recorded for the SFR Loan II Surcharge authorized per D.05-01-048 and Advice Letters 395.
- b. Payments of Principal and Interest for SFR Loan II are all principal and interest payments made by San Jose Water Company (SJWC) to repay the indebtedness of the SDWSRF loan authorized in D.05-01-048.

4. Accounting Procedure

- a. The following entries will be recorded monthly in the SRF Loan II Balancing Account:
 - 1. Recorded Revenue from SFR Loan II Surcharges.
 - 2. Recorded Principal and Interest Payments made by SJWC for SRF Loan II
 - 3. Total net SFR Loan II Account balance = (1) minus (2)
 - 4. A negative (-) balance in the balancing account reflects a utility under collection to be recovered in rates, while a positive balance reflects a utility over collection to be refunded.
- b. The Company will record the accumulated SRF Loan II 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

When the accumulated balance for the SRF Loan II Balancing Account approaches a zero balance, the Company will remove the SFR Loan Surcharge II surcharge and file an advice letter to remove the SRF Loan II surcharge authorized in AL 395 from the tariffs. The under-collections or over-collections of the this balancing account will be amortized in San Jose Water Company's next General Rate Case. (N)

(To be inserted by utility)

Issued by

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

Advice No. 526

JOHN TANG

Date Filed _____

Vice President,

Effective _____

Dec. No. _____

Regulatory Affairs

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	1935-W, 1795-W, 848-W and 1906-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, 1933-W and 1934-W (C)(N)
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	1924-W, 1915-W and 1916-W
Schedule No. 1B, General Metered Service With Automatic Fire Sprinkler System	1925-W, 1741-W, 1882-W and 1917-W
Schedule No. 1C, General Metered Service Mountain District	1926-W, 1744-W, 1884-W 1919-W and 1931-W
Schedule No. 4, Private Fire Service	1927-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	1928-W, 1920-W and 1921-W
Schedule No. RCW, Recycled Water Metered Service	1929-W and 1922-W
Schedule No. UF, Surcharge to Fund Public Utilities Commission, Reimbursement Fee	1871-W
Schedule No. WRAP, Water Rate Assistance Program	1904-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. 526

JOHN TANG

Date Filed

Vice President,

Effective

Dec. No.

Regulatory Affairs

Resolution No.

TITLE