



**San Jose
Water
Company**

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May 1st, 2015

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

Advice Letter No. 471

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:

Cal. P.U.C. <u>Sheet No.</u>	<u>Title of Sheet</u>	Canceling Cal. P.U.C. <u>Sheet No.</u>
1652-W	Schedule No. 1 General Metered Service (Continued)	1631-W
1653-W	Schedule No. 1B General Metered Service With Automatic Fire Sprinkler System (Continued)	1632-W
1654-W	Schedule No. 1C General Metered Service Mountain District (Continued)	None
1655-W	Schedule No. RW Raw Water Service (Continued)	1634-W
1656-W	Table of Contents	1651-W

With this advice letter SJWC requests authorization to implement surcharges and surcredits to recover and refund the balances in SJWC's 2013 GRC Interim Rates Memorandum Account for the period August 15, 2014 through September 28, 2014. SJWC seeks to recover \$1,939,980 of uncollected revenue (Attachment A1), to refund \$1,140 of overcollected revenue to non-mutual Mountain District customers (Attachment A2), and to refund \$1,859 of overcollected revenue to Mountain District Mutual Water Utilities (Attachment A3) all due to the delayed decision in A.12-01-003. In compliance with the CPUC's Standard Practice U-27-W SJWC seeks to recover the uncollected revenue over a 12-month period via a \$0.0360 per ccf surcharge applied

to all customer usage, to refund \$1,140 of overcollected revenue to all non-mutual Mountain District customers via a one-time surcredit of \$3.06, and to refund overcollected revenue of \$1,859 to Mountain District Mutual customers via one-time credits as discussed below. These tariffs are submitted pursuant to General Orders Nos. 96-B and pursuant to the authority established by the California Public Utilities Commission (Commission) in Decision No. (D) 14-08-006, dated August 15, 2014, as modified by D.15-03-048, dated March 27, 2015. Public notice is not required as notice was completed at the time of SJWC's General Rate Case proceeding A.12-01-003. This advice letter is designated a Tier I Advice Letter. SJWC requests that the surcharges become effective on or about May 6, 2015.

Background

SJWC filed Application 12-01-003 on January 3, 2012. In the Application SJWC sought, amongst other items, CPUC authorization to increase rates for the Test Year 2013 and Escalation Years 2014 and 2015. On September 26th, 2012, SJWC filed the Motion of San Jose Water Company for Interim Rate Relief. On October 24, 2012, the assigned Administrative Law Judge (ALJ) issued a Ruling Granting Interim Rates. This Ruling authorized SJWC to file a tariff implementing interim rates and to establish a Memorandum Account to track the difference between the interim rates and the final rates adopted in A.12-01-003. SJWC received CPUC approval of the submitted AL 446A implementing the interim rates and establishing the Memorandum Account effective January 1, 2013.

On August 14th, 2014, the Commission issued D.14-08-006 authorizing rate increases for the years outlined above. This Decision was issued over 19 months after the interim rates went into effect. Ordering Paragraph No. 2 of D.14-08-006, states that:

"2. San Jose Water Company (SJWC) is authorized to file by Tier 1 Advice Letter for a surcharge to true-up the difference between interim rates and adopted rates. The surcharge must comply with Standard Practice U-27-W. The Tariff implementing the surcharge may be included in the filing authorized in Ordering Paragraph 2 or filed after SJWC calculates the revenue difference between interim rates and adopted rates. As the effective date of this order is after the beginning of the 2014 escalation year, the surcharge shall include differences between interim rates and adopted rates through the 2014 escalation year up to the effective date of this order."

On August 29th, 2014, SJWC filed AL 465, requesting authorization to implement surcharges and surcredits to recover and refund the balances in SJWC's 2013 GRC Interim Rates Memorandum Account tracked from the period January 1, 2013 to August 14, 2014. This request was subsequently authorized and the surcharge went into effect on September 29, 2014.

On September 15, 2014, SJWC filed an Application for Rehearing of Decision 14-08-006. SJWC argued that D.14-08-006 unlawfully failed to allow SJWC to "true up" its interim rates to the level of adopted rates for escalation year 2014 through the effective date of those rates. This

occurred due to the difference in timing of effective rates for escalation year 2014 (September 29th, 2014)¹ versus the end of the interim true-up period as stated in D.14-08-06 (August 14th, 2014).² Effectively, for a 45 day period before escalation year rates became effective, but after the close of the interim true-up period, SJWC was not allowed to collect the difference between interim and actual rates.

In D.15-03-048: Order Granting Limited Rehearing and Modifying D.14-08-006 and Denying Rehearing of Decision, as Modified, in All Other Respects (Attachment B), the Commission determined that “SJWC should be authorized to ‘true up’ its rates during this 45 day period.”³ Subsequently, Ordering Paragraph No. 3 of D.15-03-048, states that:

*“3. Ordering Paragraph 2 of D.14-08-006 is modified to read:
San Jose Water Company is authorized to file by Tier 1 Advice Letter for a surcharge to true-up the difference between interim rates and adopted rates. The surcharge must comply with Standard Practice U-27-W. The Tariff implementing the surcharge may be included in the filing authorized in Ordering Paragraph 2 or filed after SJWC calculates the revenue difference between interim rates and adopted rates. As the effective date of this order is after the beginning of the 2014 escalation year, the surcharge shall include differences between interim rates and adopted rates through the 2014 escalation year up to the effective date of 2014 Escalation Year rates.” [Emphasis added]*

With this advice letter filing SJWC seeks to recover the balance in the 2013 GRC Interim Rates Memorandum Account for the 45 day period from August 15th 2014 up to September 29th, 2014.

Interim True-Up Calculation

The 2013 GRC Interim Rates Memorandum Account includes the following entries for the period August 15, 2014 up to September 29, 2014:

1. Revenues based on interim rates
2. Revenues based on updated rates
3. Total net 2013 GRC Interim Rates Memorandum Account balance = (1) – (2)
4. A positive (+) balance in the memorandum account reflects a utility over collection to be refunded, while a negative balance reflects a utility under collection to be recovered in rates.

¹ D.14-08-006 OP #3 provided that 2014 escalation year rates could be come effective no earlier than 45-days from the date of advice letter filing. SJWC filed AL 464 to implement escalation year 2014 rates on August 15th, 2015. The escalation year rates became effective on September 29th, 2014, 45 days after filing.

² D.14-08-006 OP #2 provided that the interim rate true up surcharge shall include differences between interim rates and adopted rates through the 2014 escalation year up to the effective date of the Decision, which was August 14, 2014.

³ D.15-03-048, page

The 2013 GRC Interim Rates Memorandum Account includes accrual of interest on a monthly basis at a rate equal to one-twelfth of the 90 Day Non-financial Commercial Paper Interest Rate applied to the average of the beginning-of-month and the end-of-month balances.

The 2013 GRC Interim Rates Memorandum Account calculation methodology exactly matches that provided, and subsequently approved by the Commission, via AL 465B. A full description of this methodology is provided in AL 465, as modified by AL 465A and AL 465B. The 2013 GRC Interim Rates Memorandum Account has been separated into three parts:

- “Base Interim True-up (Rehearing)” (Attachment A1) – covers differences between interim rates and updated rates for all customers over the 45-day true-up period (\$1,939,980 under-collection);
- “Schedule 1C Non-Mutuals Interim True-up (Rehearing)” (Attachment A2) – cover elevation charges billed to Schedule 1C Non-Mutuals over the 45-day true-up period (\$1,140 over-collection); and
- “Schedule 1C Mutuals Interim True-up (Rehearing)” (Attachment A3) – covers elevation charges billed to Schedule 1C Mutuals over the 45-day true-up period (\$1,859 over-collection).

Per SP U-27-W, SJWC will recover the \$1,939,980 Base Interim True-up under-collection via a surcharge of \$0.0360 per ccf for a 12-month period.⁴ As authorized via AL 465B, SJWC will refund the over-collections in the Schedule 1C Non-Mutuals Interim True-up via a one-time refund of \$3.06 to each Schedule 1C non-mutual customer and will refund the over-collection in the Schedule 1C Mutuals Interim True-up (Rehearing) via a one-time refund as specified below to each Schedule 1C mutual customer:

Name	Total Refund
Brush & Old Well	\$ 265
Gillette	\$ 42
Oakmont	\$ 116
Stagecoach	\$ 30
Summit West	\$ 402
Ridge	\$ 352
Villa Del Monte	\$ 455
Big Redwood Park	\$ 177
Mountain Summit	\$ 20
Total Refund Balance:	\$ 1,859

⁴ SP U-27-W states: “Reserve and memo account amortization surcharges shall be spread over one year for undercollections of less than 5% of gross revenues, over two years for undercollections of 5% to 10% of gross revenues and over three years for undercollections over 10% of gross revenues.” SJWC’s current authorized revenue requirement effective January 1, 2015, is \$284,938,000. The balance requested for recovery is \$1,939,980, or 0.7% of authorized revenue requirement, thus the surcharges will be spread over 1 year.

Refunds will be provided in accordance with Standard Practice U-27-W.

Rate Calculation and Average Bill Comparison

Present rates for SJWC were made effective as of January 1, 2015 via AL 467A. As a result of this surcharge, the bill for the average residential customer with a ¾" meter using 15 ccf per month will increase by \$0.54, or 0.69% per month over present rates (Attachment C).

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, 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.

This advice letter is designated a Tier I Advice Letter and can be made effective immediately pending disposition. SJWC requests that the rates become effective on May 6, 2015. Currently SJWC has Advice Letters Nos. 468 (suspended), 469, and 470 pending before the Commission. Public notice is not required per GO 96B, Water Industry Rule 7.3.1, and since notice was completed at the time of SJWC's General Rate Case proceeding A.12-01-003. 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 D.

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

Very truly yours,

/S/ WES OWENS
WES OWENS
Manager of Regulatory Affairs
Enclosures

A copy of Advice Letter No. 471 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
750 Ridder Park Drive
San Jose, CA 95190

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
Attn: Director of Public Works
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

Brush & Old Well Mutual
Water Company
20732 Brush Road
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

Gillette Mutual Water Company
21976 Gillette Drive
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.
18375 Main Blvd
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