

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



May 3, 2017

Ann Lindahl, Regulatory Affairs  
San Jose Water Company  
110 West Taylor Street  
San Jose, CA 95196

RE: Disposition of Advice Letter No. 501

Dear Ms. Lindahl:

Please be advised that the Water Division is rejecting San Jose Water Company's (SJWC) Advice Letter No. 501 filed on January 9, 2017 given Governor Brown's Executive Order B-40-17 declaring an end to the drought in California.

In addition, the following Cal. P.U.C. Tariff sheets that were submitted with Advice Letter No. 501 are also rejected:

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>
1813-W	Schedule No. 1, General Metered Service
1814-W	Schedule No. 1B, General Metered Service with Automatic Fire Sprinkler System
1815-W	Schedule No. 1C, General Metered Service Mountain District
1816-W	Schedule No. RW, Raw Water Service
1817-W	Table of Contents

SJWC filed Advice Letter (AL) No. 501 as a Tier 2 filing dependent upon California Public Utilities Commission's (Commission) approval before becoming effective. Advice Letter No. 501 was filed in accordance with General Order No. 96-B and pursuant to the authority established by the Commission in Decision No. (D.) 16-12-026, issued on December 9, 2016 as corrected by D.17-04-002 on April 6, 2017 for the inadvertent use of word "revenue" rather than "sales" in describing Sales Reconciliation Mechanism (SRM).

Water Division is rejecting AL No. 501 because Governor Brown declared an end to the drought emergency in most of California by Executive Order B-40-17, issued on April 7, 2017. Ordering Paragraph No. 3 of D. 16-12-026, as corrected by Ordering Paragraph 1 of D. 17-04-002, authorizes Class A and B utilities to file for an SRM adjustment by Tier 2 advice letter "in light of the drought and circumstances faced in their district(s)." To interpret this ordering paragraph, the text in D.16-12-026 must be consulted. The second paragraph on Page 6 of the

decision authorizes an SRM advice letter to be filed only “during a drought period.” While the paragraph beginning at the bottom of Page 33 states that the SRM filing maybe made “during declared drought years...” Thus, a plain reading of the text makes it clear that there must exist a drought in order to make an SRM advice letter filing. While AL No. 501 was filed when a drought existed, the drought was declared over before the advice letter was acted upon. We understand that the Santa Clara Valley Water District continues to call for voluntary 20% water conservation. We do not, however, believe that this call for conservation meets the either the intent or plain language contained in D.16-12-026 which specifically requires that there exist a declared drought.

Furthermore, earlier this year SJWC requested authority to suspend its Schedule 14.1's Drought Allocations and Drought Surcharges by Advice Letter No. 505 effective February 1, 2017 in response to this winter's above average rainfall and local water storage conditions. Hence, SJWC neither has the drought conditions, nor the need to implement drought allocations that would require an SRM adjustment for 2017.

Enclosed is a copy of the rejected advice letter for SJWC's files. As a reminder, in accordance with General Order 96-B, advice letter numbers of rejected filings shall not be used.

If you have any questions regarding the above, please contact Tayeb Mogri at (415) 703-2146 or [tkm@cpuc.ca.gov](mailto:tkm@cpuc.ca.gov).

Sincerely,



Rami Kahlon, Director  
Water Division

Cc: Protestants to Advice Letter No. 501 (w/o Enclosures)

Enclosures