



CPUC Fact Sheet

PUBLIC PARTICIPATION HEARING

San Jose Water Company (SJWC)

General Rate Case Application (A.21-01-003)

May 2021

What is this Rate Application About?

Every three years, the California Public Utilities Commission (CPUC) requires San Jose Water Company (SJWC) to file a General Rate Case (GRC) application. This application allows the CPUC to take a broad, in-depth look at SJWC's income and expenses and consider quality of service and other factors, and then decide whether to raise or lower SJWC's rates, and whether to require other changes in SJWC's operations.

In this application, SJWC is requesting that the CPUC approve a rate increase. The following information is taken directly from SJWC's March 4, 2021 updated report.¹

What Increases in Revenue is SJWC Requesting to be Funded Through Customer Water Bills for the Period of 2022-2024?²

For 2022: \$32.906 million (8.06%) above present revenues

For 2023: \$18.775 million (4.26%) above proposed 2022 revenues

For 2024: \$22.249 million (4.86%) above proposed 2023 revenues

What Residential Rate Design Changes is SJWC Requesting?

- Authorization to recover 50% of its revenue from monthly service charges and the remaining 50% from water quantity usage charges. The utility is currently authorized to recover 40% of its revenue from monthly service charges and 60% from water quantity usage charges.
- Authorization to increase the upper limit of the Tier 1 usage range from 3 CCF to 6 CCF. This would also increase the lower limit of the Tier 2 usage range to 7 CCF.

What Types of Additional Costs Does SJWC Say it Needs to Recover?

SJWC is requesting to recover costs for proposed new capital investments to replace and upgrade its water system and facilities as well as for additional administrative, general, and labor costs. SJWC's application requests:

Proposed New Capital Investments:

- **Infrastructure Replacement:** \$117,300,000 3-year capital expenditures budget increase for capital investments in facility retirements, improvements, and replacements; pipeline and meter replacements; water treatment plant improvements and equipment replacements.

¹ The CPUC requires SJWC to provide a 45-day update to its originally filed application. SJWC's update requests a lowered revenue requirement and rate increase than its original application, which is reflected in this Fact Sheet.

² The amount of revenue to be authorized is based on the forecasted operating and capital costs of doing business. This, combined with forecasted water sales and number of customers, produces the necessary changes in rates.

- **Depreciation Expense:** \$11,296,000 increase for depreciation expense which increases proportionately to reflect infrastructure investments.

Increases for costs of outside services and additional staffing:

- **Outside Services Expense:** \$5,195,000 increase for costs of improvements to information governance, data privacy, information technology, and customer privacy.
- **Pension and Benefit Expense:** \$2,726,000 increase for pensions and benefits costs reflecting staff additions as well as to adjust for increasing healthcare and benefits costs in the last five years.
- **Labor Expense:** \$1,891,000 increase for the proposed addition of 29 employees.

What are the Residential Bill Impacts Based on Requested Revenue Increases?

Excluding CPUC fee, City Tax, surcharges³ and refunds, an average residential customer with a 3/4-inch meter using 11 CCF (1 CCF = 748 gallons) every month will see an increase in their monthly bill from \$92.35 in 2021 to \$99.65 in 2022, a 7.90% increase. The same bill is estimated to be \$103.55 in 2023 and \$107.94 in 2024, resulting in an overall 16.88% rate increase over 3 years.

Three-Year Cumulative Impact to Base Charges	
Total Increase	Total % Increase
\$15.59	16.88%

Monthly Service Charge				
Meter Size	Present Rates (AL 556)	2022 (% Increase)	2023 (% Increase)	2024 (% Increase)
5/8-inch & 3/4-inch	\$41.69	\$53.17 (28%)	\$55.66 (5%)	\$57.95 (4%)
1-inch	\$69.48	\$89.84 (29%)	\$92.76 (3%)	\$96.58 (4%)
1 1/2-inch	\$138.99	\$179.67 (29%)	\$185.53 (3%)	\$193.17 (4%)

Water Usage Quantity Rate*				
Usage Range	Present Rates (AL 556)	2022 (% Change)	2023 (% Change)	2024 (% Change)
0 to 3 CCF	\$3.38	\$3.79 (12%)	\$3.91 (3%)	\$4.08 (4%)
3+ to 6 CCF	\$5.07	\$3.79 (-25%)	\$3.91 (3%)	\$4.08 (4%)
6+ to 18 CCF	\$5.07	\$4.74 (-6%)	\$4.89 (3%)	\$5.10 (4%)
Over 18 CCF	\$6.75	\$7.96 (18%)	\$8.20 (3%)	\$8.56 (4%)

*Tier 1 usage rates are bolded and highlighted in yellow

³ San Jose Water Company is requesting 36-month surcharges of \$0.0515 per CCF and \$0.0846 per CCF for the recovery of its Balancing Account and Memorandum Accounts, respectively (or until recovered).

What Other Rate Increase Requests are Pending for SJWC?

There are two pending rate applications for SJWC, this GRC application and A.19-12-002, which requests rate increases to recover the costs to implement advanced metering infrastructure. There are no pending Advice Letters with the CPUC which request authorization for rate increases. Below is the cumulative impact of SJWC's requests. Under SJWC's proposals, a residential customer with a 3/4-inch meter using 11 CCF of water per month will see the following increases in monthly base charges.

Proceeding	Cumulative Increase (\$)	Cumulative Increase (%)
2022-2024 GRC (A.21-03-001)	\$15.59	16.88%
2021-2024 AMI Cost Recovery (A.19-12-002) ⁴	\$2.12	2.37%
Total	\$17.71	19.18%

How Can I Have My Voice Heard?

- Speak at an upcoming CPUC Public Participation Hearing (sometimes referred to as a Public Forum). A list of dates, times, and locations is at: www.cpuc.ca.gov/pph
- Submit comments electronically to the CPUC using the “Add Public Comment” button on the “Public Comment” tab of the Docket Card for A.21-01-003. You can also review other public comments related to this rate request: <https://www.CPUC.ca.gov/A2101003comments>. The public may submit multiple public comments throughout the proceeding.
- Mail a letter to the CPUC's Public Advisor and include the proceeding number A.21-01-003, to: public.advisor@cpuc.ca.gov or CPUC, Public Advisor's Office, 505 Van Ness Ave., San Francisco, CA 94102.
- The Public Advisor's Office provides information for the public to get involved in proceedings at: www.cpuc.ca.gov/pao and you can subscribe to receive documents in A.21-01-003 at: <http://subscribecpuc.ca.gov/fpss/Default.aspx>.

Further Information on the Proceeding:

- View SJWC's January 4, 2021 application and all filings in this proceeding by the Administrative Law Judge and Commissioner, parties to this proceeding, and the public, as well as hearing transcripts and the proposed decision when it is issued, by going to <https://www.CPUC.ca.gov/A2101003comments> and pressing the “Documents” tab at the top of the page.
- View SJWC's customer notice and the CPUC's Fact Sheet at www.cpuc.ca.gov/pph.
- The Public Advocates Office is an independent consumer advocate within the Commission who will review, audit, and submit formal testimony on SJWC's GRC application. Its website is: <https://www.publicadvocates.cpuc.ca.gov>.
- The CPUC's Water Division provides information on the regulatory process for water utilities at: <https://www.cpuc.ca.gov/water/> and specific information on the General Rate Case process at: <https://www.cpuc.ca.gov/General.aspx?id=6442461381>.

(The following information should be included only if there is room in PAO's final formatted version. We would like this to print in no more than three pages.)

⁴ A.19-12-002 rate increases are pending and have not yet been finalized to account for rates authorized by Advice Letter 556-W. Based on updated application workpapers and rates authorized by Advice Letter 541-W.

- The CPUC adopted a framework to assess the affordability of utility services. Information on the Affordability Rulemaking R.18-01-006 can be found here: <https://www.cpuc.ca.gov/affordability/>
- Other Links related to the Affordability Proceeding
 - Disconnections and Reconnections ([R.18-07-005](#))
 - Low income rate assistance programs for Class A water utilities Rulemaking ([R.17-06-024](#))
 - Investor-owned utilities' residential rate reform rulemaking ([R.12-06-013](#))
 - PG&E Essential Use Study ([D.18-08-013](#))