

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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In the Matter of the Application of
SAN JOSE WATER COMPANY (U168W)
for an Order Authorizing it to Increase Rates
Charged for Water Service by \$34,928,000
or 12.22% in 2016, by \$9,954,000 or 3.11%
in 2017, and by \$17,567,000 or 5.36% in
2018.

A.15-01-002
(Filed January 5, 2015)

**PROTEST OF THE OFFICE OF RATEPAYER ADVOCATES TO THE
APPLICATION OF SAN JOSE WATER COMPANY FOR AUTHORITY
TO INCREASE RATES FOR WATER SERVICE**

I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure ("Rules"), the Office of Ratepayer Advocates ("ORA") files this protest to Application ("A.") 15-01-002 of San Jose Water Company ("SJWC"). A.15-01-002 seeks authorization to increase SJWC's revenues for 2016 through 2018. In addition, the Application seeks approval of nine additional requests,¹ including approval of various customer fees, surcharges, and other mechanisms that impact the ultimate charges assessed to SJWC's ratepayers. The Commission should review SJWC's requests in this Application to ensure that they are just, reasonable, and prudent.

¹ A.15-01-002, at 12-13 (¶¶ 23-32).

This protest is timely because A.15-01-002 first appeared on the Commission's daily calendar on January 6, 2015. Therefore, the deadline for response under Rule 2.6(a) and Rule 1.15 is February 5, 2015.

II. APPLICATION

In its application, SJWC requests the following:

1. Commission approval of a general increase in rates for water service.
2. Approval of nine additional requests, which request authorization for various fees, surcharges, and other mechanisms, some of which will ultimately impact ratepayers' bills.

III. ISSUES

ORA is conducting the necessary discovery, investigation, and review to address issues raised in the application, and to determine whether SJWC's estimated levels of revenues, expenses, and rate base are just and reasonable. ORA will also be reviewing SJWC's application to ensure that the company's requests are appropriate and in the public interest.

This Protest provides a non-exhaustive identification of issues ORA will examine. As discovery proceeds, other issues may arise.

A. General Issues

The following will be reviewed to determine whether they are reasonable, accurate, and justified:

1. SJWC's proposed revenue rate increases for Test and Escalation Years, including sales, revenue, consumption, and number of customers;
2. SJWC's estimate of its operation & maintenance ("O & M"), and administrative & general ("A & G") expenses, including payroll, and conservation expenses;
3. SJWC's proposed additions to plant, including construction work in progress, security, and water quality;

4. SJWC's estimate of its expenses and capital additions, including insurance, pension and benefits, and overhead rates; and
5. SJWC's additional requests.

IV. CATEGORIZATION AND PROPOSED SCHEDULE

SJWC's proposed categorization of this proceeding as ratesetting is correct. While the prospect exists that this proceeding may be resolved through settlement, evidentiary hearings may be necessary to resolve some issues. Therefore, a prehearing conference should be held to establish a schedule for this proceeding. Further, SJWC's customers—who will be impacted by the outcome of this proceeding—should have an opportunity to express any particular concerns or other contributions they may have regarding this proceeding. Therefore, a Public Participation Hearing in SJWC's service territory should be scheduled.

The schedule proposed in SJWC's final application generally follows the guidelines of the Rate Case Plan for Class A Water Utilities.² The schedule laid out below makes slight adjustments to reflect that the application was actually filed January 5, 2015, as opposed to January 2, 2015. In the event that the parties or the Commission need additional time to resolve this proceeding, note that this schedule allows six additional weeks³ prior to the last Commission meeting before the date on which rates from this proceeding should take effect.

² D.07-05-062, Appendix A, at A-5.

³ The last Commission meeting of 2015 is scheduled for December 17, 2015.

DATE	ITEM
January 5, 2015	Application Filed
February 2 to March 19, 2015	Prehearing Conference
February 2 to March 16, 2015	Public Participation Hearing
February 5, 2015	Protests Due
February 19, 2015	Final Update of SJWC Showing
April 13, 2015	ORA and Intervenors Serve Testimony
April 27, 2015	SJWC Rebuttal Testimony Served
April 28 - May 8, 2015	Settlement Discussions and ADR
May 11, 2015	Evidentiary Hearings Begin
May 18, 2015	Evidentiary Hearings End
June 15, 2015	Opening Briefs Filed and Served
June 15, 2015	Motion for Interim Rates
June 16, 2015	Mandatory Status Conference
June 29, 2015	Reply Briefs Filed with Comparison Exhibit
July 6, 2015	Water Division Technical Conference (Tables)
September 2, 2015	Proposed Decision mailed
September 22, 2015	Comments on PD
September 28, 2015	Reply Comments
November 5, 2015	Commission Decision

V. CONCLUSION

SJWC's Application raises several issues regarding the level of expenses, revenues, and capital spending sought by SJWC. The prudence of those expenditures must be reviewed to ensure that the relief requested is just, reasonable, and prudent. Hearings may be required, and a schedule should be established that allows for a diligent review of the requested relief. As discovery is not complete and intervenor testimony has not been served, ORA reserves the right to address any other issues discovered in the course of this proceeding.

Respectfully submitted,

/s/ JOHN REYNOLDS

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Advocates

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February 2, 2015