

# PROPOSED RESOLUTION

Resolution W-5071  
DWA

AGENDA ID #14421 (Rev. 2)  
ITEM #15

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS  
Water and Sewer Advisory Branch

RESOLUTION W-5071  
December 3, 2015

### RESOLUTION

(RES. W-5071), SAN JOSE WATER COMPANY (SJWC). ORDER  
AUTHORIZING SURCHARGES TO RECOVER \$4,258,794 OR, AN  
INCREASE OF 1.5% IN ANNUAL METERED REVENUE, FOR LOST  
REVENUES DUE TO MANDATORY CONSERVATION.

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By Advice Letter 468-W, filed March 26, 2015.

### SUMMARY

This Resolution grants San Jose Water Company's (SJWC) recovery in rates of \$4,258,794 (a reduction from SJWC's request of \$9,566,814, as explained below) by adding a surcharge of \$0.08 per 100 cubic feet (ccf) to the Quantity Rates in each customer's bill to be recovered over twelve months. The increases requested are to recover lost revenues tracked in SJWC's Mandatory Conservation Revenue Adjustment Memorandum Account (MCRAMA), using Commission approved Water Conservation Memorandum Account (WCMA) methodology, resulting from reduced water consumption by customers during the period of April 1, 2014 through December 31, 2014.

### BACKGROUND

On January 17, 2014, Governor Edmund G. Brown Jr., proclaimed a Drought State of Emergency and directed state officials to take all necessary actions to prepare for these drought conditions.<sup>1</sup> On January 28th, 2014 the Santa Clara Valley Water District (SCVWD)<sup>2</sup> Board of Directors (Board) set a preliminary 2014 water reduction target equal to 10 percent of 2013 water use in Santa Clara County. On February 25, 2014, in response to the worsening water supply outlook for Santa Clara County, the SCVWD Board passed a resolution calling for mandatory measures to reach a water use reduction target equal to 20 percent of 2013 water use, through December 31, 2014.

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<sup>1</sup> "Governor Brown Declares Drought State of Emergency": <http://gov.ca.gov/news.php?id=18368>

<sup>2</sup> The SCVWD is responsible for managing the water supply in Santa Clara County. About 50% of the water supply for SJWC is obtained through a contract with the SCVWD.

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On February 27th, 2014 the Commission issued Resolution W-4976 adopting drought procedures for water conservation, rationing and service connection moratoria ("Drought Procedures") and required that all Class A and B water utilities that had an existing Tariff Rule 14.1 activate the Rule within 30 days of the Resolution effective date. The Drought Procedures, in addition to providing steps to be taken when a utility suffers from a water shortage, provided that a utility without a full revenue decoupling Water Revenue Adjustment Mechanism (WRAM) may request to add a memorandum account to track lost revenue associated with reduced sales as a result of activating Rule 14.1.

By AL 456-A, approved on March 31, 2014, the Commission authorized SJWC to establish (1) a Mandatory Conservation Memorandum Account (MCMA) to track the additional administrative costs, operating costs not otherwise recoverable through memoranda or balancing account and/or any other mechanism recognized by the Commission, and (2) a Mandatory Conservation Revenue Adjustment Memorandum Account (MCRAMA) to track the revenue impact of mandatory conservation.

By AL 468, filed on March 26, 2015, SJWC requested Commission authorization to recover an accumulated balance of \$9,566,814<sup>3</sup> in the MCRAMA for the period April 1 through December 31, 2014. This is 3.36% of the annual metered revenues for the prior 12 months. The recovery would be through a surcharge of \$0.1798 per ccf to be applied to all potable water usage over a 12 month period. As a result, the bill for the average customer using 15 ccf per month will increase by \$1.42 per month, or approximately 3.47%.

## NOTICE AND PROTESTS

SJWC mailed a copy of AL 468 to its AL 468 service list. A public notice of its rate increase request was also mailed to all customers in compliance with General Order 96-B, Water Industry Rule 3.1 and General Rule 4.2. Eighty protests were received, including a protest from the Commission's Office of Ratepayer Advocates (ORA).

### *1. Protest by ORA*

ORA filed a protest to SJWC AL 468 on May 29, 2015. ORA states that: (a) DWA should reject the MCRAMA methodology that SJWC uses in AL 468; and (b) SJWC's MCRAMA balance is less than the threshold for recovery through an AL filing.

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<sup>3</sup> The accumulated balance in the MCRAMA includes a required 20 basis points adjustment in SJWC's Return on Equity (ROE) as required by D. 91-10-042.

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## *a) DWA should reject the MCRAMA methodology that SJWC uses in AL 468*

SJWC calculated the lost revenues due to drought conditions in its MCRAMA account balances by using the full Water Revenue Adjustment Mechanism/Modified Cost Balancing Account ("WRAM mechanism") instead of the Water Conservation Memorandum Account (WCMA) methodology authorized in Decision (D.) 90-08-055 and D. 91-10-042 ("WCMA Methodology").<sup>4</sup> This was despite the fact that the Commission explicitly rejected SJWC's requested authorization of a full WRAM/MCBA methodology in D. 14-08-006<sup>5</sup> and only allowed it to use its Monterey Style WRAM.<sup>6</sup> Based on this, DWA should reject the methodology used by the utility in AL 468 and direct SJWC to remove all references to use of a full WRAM methodology from AL 468 and from its tariffs consistent with D. 14-08-006.

## *b) SJWC's MCRMA balance is less than the threshold for recovery through an AL*

ORA reports that if the WCMA Methodology were used, the balance in the MCRAMA as of December 31, 2014 will be an under-collection of \$4,241,241 rather than \$9,566,814 claimed by SJWC. The corresponding surcharge will be \$0.0797 and not \$0.1798 per ccf. Since the MCRAMA balance is only 1.5% of SJWC's 2014 authorized revenue of \$267,926,000, it does not meet the 2% threshold for surcharge recovery. The Commission should direct SJWC to wait until the MCRAMA balance reaches the 2% threshold before requesting surcharge recovery. Alternatively, the Commission may approve SJWC's request for immediate recovery. ORA did not calculate the incremental costs that are attributable to increased water supply costs. Such costs may be eligible for recovery through SJWC's Incremental Cost Balancing Account (ICBA).

## *2. Protests by other interested parties*

Seventy nine protests were received from other interested parties. Some issues raised by the protestants included:

- Utility did not properly serve or give notice of the advice letter.

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<sup>4</sup> The WCMA methodology first calculates foregone sales revenue on a per-customer basis, and secondly calculates avoided Water Supply costs associated with lower sales volumes. The same foregone volume of sales expressed in ccf that was used to calculate lost revenues in the first step is multiplied by the adopted Water Supply unit costs to arrive at the amount of avoided costs, which are applied as an offset to the amount of conservation-related lost revenue.

<sup>5</sup> D. 14-08-006, p. 17

<sup>6</sup> D.08-08-030 implemented two-tiered increasing block rates for residential customers and the Monterey-style WRAM that will track the difference between revenue SJWC receives for actual metered sales through the tiered volumetric rate and the revenue SJWC would have received through the uniform, single quantity rates if they had been in effect.

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- 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.
- The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process.
- The relief requested in the advice letter is unjust, unreasonable, or discretionary.
- A customer recommended a tiered surcharge rate structure.
- The surcharge should end when the under-collection balance has been collected.
- Excessive salaries drawn by the SJWC Board and Management should be reduced.
- Water waste in the system should be reduced.

### *3. San Jose Water Company's Responses To Protests*

#### *a) SJWC's response to ORA's protest*

SJWC filed a response to ORA's protest on June 12, 2015. In its response, SJWC states that ORA's protest should be dismissed as it does not meet the allowable grounds for protest as required by General Order (GO) 96-B, General Rule 7.4.2. SJWC also responded to ORA's arguments.

#### *SJWC's currently used methodology for computing MCRAMA balances is appropriate*

SJWC justified its methodology for computing its MCRAMA balances based on past Commission practices. SJWC states that:

The MCRAMA (MCRAMA I) was initially established by Resolution 407-D, on August 23, 2009. MCRAMA I was operational from August 3, 2009 through May 1, 2010. After SCVWD lifted the call for mandatory conservation, SJWC filed for recovery of the MCRAMA I balance of \$5,740,078 on July 8, 2010 by AL 415A filed on June 3, 2010. The Commission approved the recovery of the MCRAMA I account balance through a volumetric based surcharge by Resolution W-4885 on December 15, 2011.

The MCRAMA was re-established when SCVWD again called for mandatory conservation in June 10, 2010 through AL 419-B (MCRAMA II), effective August 20, 2010. MCRAMA II tracked an over-collection of \$1,080,403 for August 20, 2010 through September 2010. In D. 14-08-006, the Commission adopted this recommendation, indicating agreement with MCRAMA II. Rates from that Decision, including a refund of the MCRAMA II balance, went into effect on August 15, 2014.

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The MCRAMA was again re-established effective March 20, 2015 via AL 456-A. That AL was not protested by ORA and DWA did not request any changes to the MCRAMA descriptions contained in SJWC's preliminary statement included with the filing.

Finally, the MCRAMA has undergone extensive reviews by DWA, DRA, ORA and the Commission over the last six years. Revising the Commission approved MCRAMA accounting procedures now would entail SJWC to retroactively create an entirely new memorandum account, going back to a prior period to make new calculations, and booking these prior period amounts to the new memorandum account. This would entail retroactive ratemaking which is inconsistent with Commission policy. Based on this, ORA's recommendation to move away from the MCRAMA and use the WCMA methodology should be disregarded.

## *SJWC's MCRAMA is substantially similar to Full Revenue Decoupling*

ORA's main concern is that the MCRAMA uses full revenue decoupling methodology to calculate lost WRAM/MCBA balances. Since such revenue decoupling has not been authorized, AL 468 should be rejected. However, the Commission has previously addressed this issue in relation to SJWC's MCRAMA. In Resolution W-4885, the Commission noted that authorization of the MCRAMA would "provide SJWC the recovery the utility would have achieved if the Commission had authorized a full decoupling WRAM/MCBA rate-making mechanism for SJWC".<sup>7</sup> The Commission went on to find that it was appropriate for SJWC to seek recovery of the MCRAMA balances and waive the requirements for seeking a petition to modify D.08-08-030.<sup>8</sup> As provided by Resolution W-4885, there is Commission precedent to authorize MCRAMA amortization even though the accounting procedures are substantially similar to a full decoupling WRAM/MCBA. Thus, the Commission should disregard ORA's protest in total.

## *b) SJWC's responses to protests from other parties*

SJWC provided DWA with a generic response to protests received from other parties on April 22, 2015.

In its responses, SJWC indicated that it had complied with all noticing requirements for AL 468; the relief requested by AL-468 was in accordance with Commission adopted practices and procedures and was pursuant to Commission authorizations and did not require any formal hearings; and the tracking and subsequent recovery of lost revenue due to

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<sup>7</sup> Resolution W-4885, Findings and Conclusions 15

<sup>8</sup> Resolution W-4885, Findings and Conclusions 18

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conservation was not unjust, unreasonable, or discriminatory. The remaining protests were not protests to the requests in the Advice Letter. Based on these, the protests should be dismissed.

As required by GO 96-B, General Rule 7.4.3, SJWC filed the response to the protests to AL 468 within 5 days of the end of the protests period and served the responses to each person who filed the protests.

## DISCUSSION

SJWC seeks to recover the balances in the MCRAMA for reduced water consumption by customers that resulted from SJWC's implementation of mandatory water measures during the period of April 1, 2014 through December 31, 2014. DWA recommends that the recovery of the MCRAMA balances should be based on the methodology adopted by the Commission in D. 90-08-055 and D. 91-10-042 for the reasons discussed below.

### *Recovery of conservation related revenue losses*

The Commission in D.90-08-055 and D.91-10-042 established the methodology for computing revenue losses resulting from mandatory and voluntary conservation programs. D.91-10-042, Ordering Paragraph 3, also authorized recovery of revenue losses resulting from implementation of these types of water conservation measures contingent upon the following:

1. Approval of the utility's water management program;
2. Reduction of the memorandum account balance pursuant to the risk reduction adjustment set-forth in D.91-10-042; and
3. Offset of the memorandum account balance, where applicable, by water rationing.

SJWC is required, per Section 10620 of the Water Code, to prepare an Urban Water Management Plan (UWMP) every five years and to submit this plan to the California Department of Water Resources. Class A and B water utilities also submit their UWMPs as part of their General Rate Cases (GRCs). SJWC submitted to the Commission its UWMP for its service area as part of its GRC adopted through D.14-08-006. DWA reviewed SJWC's UWMP and determined that it meets the water management plan requirements established by D.90-08-055, which include: 1) clear and specific goals for reducing water usage; 2) multiple approaches for conserving water; 3) long-term water conservation programs (including incentive-based programs); 4) cost-effectiveness of the programs; and 5) method for measuring the effectiveness of the programs.

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SJWC applied the reduction of the memorandum account balance pursuant to the risk reduction adjustment of 20 basis points on equity in compliance with D.91-10-042.

SJWC computed the revenue shortfall through its MCRAMA as follows:

1. SJWC first recognized the most recently adopted water sales revenue per D.14-08-006.
2. SJWC then recorded the actual water sale revenue collected adjusted for existing Revenue Adjustment Mechanism;
3. SJWC also recognized the most recently adopted variable expenses for purchased water, pump tax, and power;
4. SJWC then recorded the actual variable expenses;
5. The total net MCRAMA balance was then calculated to be (Step 1 minus Step 2) plus (Step 3 minus Step 4); and
6. SJWC then computed the 20 basis point reduction on equity required by D.91-10-042.

DWA reviewed SJWC's calculations and confirmed that it complied with the risk reduction adjustment adopted in D.91-10-042.

## *SJWC's computation of the MCRAMA balance is contrary to Commission decisions*

The rate-making treatment the Commission has authorized for SJWC in D.08-08-030 is a Monterey-style WRAM. Recovery under this rate-making treatment adjusts for the difference between uniform rates and the tiered rates the Commission adopted for SJWC in D.08-08-030. However, recovery of the balances in the MCRAMA as requested in AL 468 would supplement, for the period April 1, 2014 through December 31, 2014, the recovery authorized under SJWC's Monterey-style WRAM and essentially provide to SJWC the recovery the utility would have achieved if the Commission had authorized a full decoupling Water Revenue Adjustment Mechanism/Modified Cost Balancing Account (WRAM/MCBA) rate-making mechanism for SJWC during this period in its most recent conservation case.<sup>9</sup>

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<sup>9</sup> Both the MCRAMA and the balancing accounts under the full WRAM/ MCBA account for lost revenues in a similar manner. Both mechanisms take the net difference between adopted water sales revenue and actual water sales revenue and compare this

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While the amortization of the MCRAMA here would be consistent with the requirements set forth in D.90-08-055 and D.91-10-042 for computing revenue losses resulting from mandatory and voluntary conservation programs, it would also effectively change the rate-making mechanism authorized in D.08-08-030.

Permitting SJWC to use its proposed methodology through a Resolution would amend a prior Commission Decision (D. 14-08-006) denying the very treatment the water company seeks with regard to water conservation decoupling. If SJWC seeks to change a previous Commission decision, it should do so through a petition for modification, as provided for by GO 96-B, General Rule 5.2.<sup>10</sup> SJWC should seek Commission approval prior to using its proposed revised methodology for computing the MCRAMA balances

## *Noticing of Resolution on the parties to D.08-08-030*

Public Utilities Code Section 311(g) (1) generally requires that resolutions must be served on all parties and be subject to at least 30 days public review and comment prior to a vote of the Commission. On August 18, 2015, this Resolution was mailed for 30-day public review and comment to the utility and protestants, and to the parties on the service list for AL 468 and D.08-08-030.

## COMMENTS

Comments on the proposed Resolution were timely received from ORA on September 8, 2015. In its comments, ORA recommends that: (1) AL No. 468 should be rejected. Alternatively, SJWC should file a supplement to AL No. 468 with MCRAMA balances recomputed using the WCMA methodology adopted by Commission Decisions; and (2) The Commission may use its discretion to authorize SJWC to recover its revised MCRAMA balance through a volumetric surcharge even though the net revenue shortfall is less than 2% of 2014 authorized revenue requirements.

A response from SJWC to ORA's comments was received from SJWC. Since Commission rules do not permit reply comments, those comments were disregarded by DWA.

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difference to the difference between adopted variable expenses and actual recorded variable expenses to derive a net balance. In addition, this net balance in the recovery authorized here is reduced for SJWC by the equivalent of a 20 basis point reduction on its return on equity, as discussed above.

<sup>10</sup> GO 96-B, General Rule 5.2, states that a utility must file a petition for modification if the utility requests modification of a decision issued in a formal proceeding or otherwise seeks relief that the Commission can grant only after holding an evidentiary hearing, or by decision rendered in a formal proceeding.

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The comments have been incorporated in this Resolution as appropriate. The revised Resolution was re-circulated for comments on October 30, 2015. Timely comments were filed by ORA and SJWC. ORA raises an issue noted in its protest of SJWC's Advice Letter 468. The final Resolution should direct SJWC to amend its Tariff Preliminary Statement I, the Mandatory Conservation Revenue Adjustment Memorandum Account MCRAMA (MCRAMA), consistent with the Water Conservation Memorandum Account (WCMA) methodology authorized in D.90-08-055 and D.91-10-042. SJWC concurs in ORA's recommendation that the current MCRAMA description be removed from SJWC's Preliminary Statement and be replaced with a description of the WCMA methodology with an effective date as of the original MCRAMA implementation date of March 31, 2014. Calculating MCRAMA balances based on a full WRAM methodology rather than the WCMA by SJWC is contrary to the Commission's intent as stated in D. 14-08-006.<sup>11</sup> SJWC should use the WCMA methodology adopted by the Commission in calculating future shortfalls. As such, we agree with ORA and SJWC that the current MCRAMA Preliminary Statement in SJWC's Tariff should be replaced with a description consistent with the WCMA methodology authorized in D.90-08-055 and D.91-10-042.

SJWC raises two additional concerns with the inputs used in calculating the surcharge using the WCMA methodology. First, SJWC disputes the average sales per customer figures used for the residential and business classes. The figures used in this Resolution are taken from our most recent general rate case decision, D.14-08.006.<sup>12</sup> As such, SJWC's requested changes on this issue as it affects the under-collected MCRAMA balance are not adopted. The second issue deals with accounting for raw water sales. SJWC is correct that the wrong units were used for this class of sales. We have made the correction to the under-collected MCRAMA balance as a result of this issue. SJWC is also correct that we have accounted for raw water sales in the resale water class. We have corrected the work papers for the double counting of raw water and made the appropriate changes to the under-collected MCRAMA balance.

The Revised MCRAMA balance using the WCMA methodology, as corrected for the errors noted above, results in a shortfall of \$4,258,794 or 1.5% of SJWC's 2014 revenue requirements, which is less than the 2% threshold for recovery through an AL. The MCRAMA balance is expected to grow in 2015 and will result in a significant rate increase for consumers. To avoid rate shock, DWA recommends that SJWC should be permitted to amortize its revised MCRAMA balance over a period of 12 months. The recovery should be through a quantity based surcharge of \$0.08 per ccf on all potable water usage. Recovery of ICBA costs can be sought by SJWC when it reaches a 2% threshold balance under Standard Practice (SP) U-27-W rules. We concur with DWA's recommendation.

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<sup>11</sup> See D. 14-08-006, p 117: "... The Commission does not adopt SJWC's proposed change in its current Monterey-Style WRAM at this time....."

<sup>12</sup> See Attachment A, Table I to D.14-08-006: For residential, Line 18/ Line2 and for business, Line19/ Line 3.

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## SAFETY CONSIDERATIONS

The recovery of the balances in SJWC's MCRAMA will provide the utility with additional financial resources to *safely* operate and maintain its operations for the benefit of its customers, employees, and members of the general public.

## FINDINGS AND CONCLUSIONS

1. On March 26, 2015, San Jose Water Company filed Advice Letter (AL) 468 to request amortization of its Mandatory Conservation Revenue Adjustment Memorandum Account. San Jose Water Company requested to recover in rates the amount of \$9,566,814 by adding a surcharge of \$0.1798 per 100 cubic feet to the Quantity Rates in each customer's bill to be recovered over twelve months.
2. On April 25, 2015, the Division of Water and Audits (DWA) suspended AL 468.
3. On May 15, 2015, the Office of Ratepayer Advocates (ORA) requested and received an extension of the protest period for Advice Letter 468.
4. On May 29, 2015, ORA timely filed a late protest to AL 468.
5. On June 12, 2015, San Jose Water Company timely filed a response to ORA's protest to AL 468.
6. The Santa Clara Valley Water District (District) is responsible for managing the overall water supply in Santa Clara County. The District must rely on the actions of the water retailers, cities, and the county to enact and implement local ordinances and conservation measures.
7. On February 25, 2014 the District issued a request for a 20 percent mandatory water conservation of all water retailers in Santa Clara County.
8. San Jose Water Company is a water retailer in Santa Clara County.
9. In Decision (D.) 08-08-030, the Commission authorized a "Monterey-style" Water Revenue Adjustment Mechanism for San Jose Water Company for rate-making purposes.
10. Commission Decisions 90-08-055 and 91-10-042 established the method for computing revenue losses resulting from mandatory and voluntary conservation programs.

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11. Commission Decision 91-10-042, Ordering Paragraph 3, authorized recovery of revenue losses resulting from implementation of these types of water conservation measures contingent upon San Jose Water Company meeting certain conditions.
12. San Jose Water Company satisfied the requirements of Decision 91-010-042, Ordering Paragraph 3.
13. The Commission authorized San Jose Water Company to compute MCRAMA balances using the WCMA methodology developed in Decision (D.) 90-08-055 and D. 91-10-042 using the Monterey style WRAM.
14. The Commission re-affirmed the use of WCMA methodology in D. 14. 08-006 for computing MCRAMA balances.
15. San Jose Water Company computed MCRAMA balances based on the full WRAM rather than the WCMA methodology.
16. San Jose Water Company's proposal to use full WRAM in place of the WCMA methodology for calculating MCRAMA balances is contrary to Commission Decisions.
17. GO 96-B, General Rule 5.2 requires that the utility must file a petition for modification of a decision issued in a formal proceeding or otherwise seek relief that the Commission can grant only after holding an evidentiary hearing, or by decision rendered in a formal proceeding.
18. San Jose Water Company did not file a petition for modification.
19. San Jose Water Company must compute the MCRAMA balances based on Commission Decisions rather than through a Resolution.
20. San Jose Water Company should use the WCMA methodology adopted by the Commission to calculate its MCRAMA balances.
21. Using the WCMA methodology, the balance for the period April 2014 through December 31, 2014 is \$4,258,794.

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22. San Jose Water Company should be permitted to transfer \$4,258,794 from its Mandatory Conservation Revenue Adjustment Memorandum Account to a balancing account for recovery.
23. San Jose Water Company should be allowed to surcharge rates now in order to minimize future rate shock
24. It is consistent with Standard Practice U-27-W for San Jose Water Company to assess a 12-month surcharge for recovery of the Mandatory Conservation Revenue Adjustment Memorandum Account balance.
25. The surcharge of \$0.08 per 100 cubic feet added to the quantity rates over twelve months herein would allow San Jose Water Company to recover in rates the \$4,258,794 in lost revenues.
26. Consistent with Public Utilities Code Section 792.5, San Jose Water Company shall track revenues collected under the surcharges authorized in this resolution in a balancing account and account for any over or under collection in its next General Rate Case.
27. The following tariff schedules should be approved in a Tier 1 Advice Letter filing as attached to this Resolution: 1) Schedule No. 1, General Metered Service; 2) Schedule No. 1B, General Metered Service with Automatic Fire Sprinkler System; 3) Schedule No. 1C, General Metered Service for Mountain District; and 4) Schedule No. RW, Raw Water Metered Service.

### **THEREFORE, IT IS ORDERED THAT:**

1. San Jose Water Company is authorized to transfer \$4,258,794 from its Mandatory Conservation Revenue Adjustment Memorandum Account to a balancing account for recovery. San Jose Water Company is authorized to earn interest on the balance in this balancing account at the 90-day commercial paper rate.
2. San Jose Water Company is authorized to implement a surcharge of \$0.08 per 100 cubic feet added to the quantity rates over twelve months to recover in rates the \$4,258,794 in lost revenues.
3. San Jose Water Company is authorized to file a Tier 1 Advice Letter to make effective the following tariff schedules as attached to this Resolution five days after approval of this Resolution:

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- a. Schedule No. 1, General Metered Service;
  - b. Schedule No. 1B, General Metered Service with Automatic Fire Sprinkler System;
  - c. Schedule No. 1C, General Metered Service for Mountain District; and
  - d. Schedule No. RW, Raw Water Metered Service.
4. San Jose Water Company is authorized to cancel the corresponding tariffs for the presently effective rate schedules listed in Ordering Paragraph 3 above.
  5. San Jose Water Company shall file a Tier 2 advice letter, within ten days of the effective date of this Resolution, to remove the current description of the Mandatory Conservation Revenue Adjustment Memorandum Account in the Tariff Preliminary Statement I and replace it with a description of the Water Conservation Memorandum Account methodology authorized in Decisions 90-08-055 and 91-10-042. The effective date for the new Preliminary Statement description will be the effective date of the original Mandatory Conservation Revenue Adjustment Memorandum Account of March 31, 2014.
  6. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 03, 2015; the following Commissioners voting favorably thereon:

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TIMOTHY J. SULLIVAN  
Executive Director

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## APPENDIX A

### Schedule No. 1

#### GENERAL METERED SERVICE (Continued)

6. To offset the July 2013 increase in Purchased Water from the Santa Clara Valley Water District, beginning August 15, 2014, as required by Section 792.5 of the Public Utilities Code, an increase in purchased water costs of \$58.00 /acre-foot, relative to the purchase water costs adopted by D.14-08-006, and associated revenue increase of \$0.0739 per 100 cu. ft., are being tracked in a reserve account.
7. To offset the July 2013 increase in Ground Water Charges from the Santa Clara Valley Water District, beginning August 15, 2014, as required by Section 792.5 of the Public Utilities Code, an increase in ground water charges of \$58.00 /acre-foot, relative to the ground water charges adopted by D.14-08-006, and associated revenue increase of \$0.0623 per 100 cu.ft., are being tracked in a reserve account.
8. To offset the July 2014 increase in Purchased Water from the Santa Clara Valley Water District, beginning August 15, 2014, as required by Section 792.5 of the Public Utilities Code, an increase in purchased water costs of \$67.00 /acre-foot, relative to the purchase water costs adopted by D.14-08-006, and associated revenue increase of \$0.0853 per 100 cu. ft., are being tracked in a reserve account.
9. To offset the July 2014 increase in Ground Water Charges from the Santa Clara Valley Water District, beginning August 15, 2014, as required by Section 792.5 of the Public Utilities Code, an increase in ground water charges of \$67.00 /acre-foot, relative to the ground water charges adopted by D.14-08-006, and associated revenue increase of \$0.0719 per 100 cu.ft., are being tracked in a reserve account.
10. To amortize the under-collection in Balancing Accounts, a surcharge of \$0.0492 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 463-A.
11. To amortize the over-collection in Memorandum Accounts, a surcredit of \$0.25 per service connection per month is to be added for a 12 month period beginning with the effective date of Advice Letter 463-A.
12. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account, a surcharge of \$0.2888 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period beginning with the effective date of Advice Letter 465-B.
13. To amortize the under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account, a surcharge of \$0.08 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 468.

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## APPENDIX B

Schedule No. 1B

### GENERAL METERED SERVICE WITH AUTOMATIC FIRE SPRINKLER SYSTEM (Continued)

11. To amortize the under-collection in Balancing Accounts, a surcharge of \$0.0492 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 463-A.
  
12. To amortize the over-collection in Memorandum Accounts, a surcredit of \$0.25 per service connection per month is to be added for a 12 month period beginning with the effective date of Advice Letter 463-A.
  
13. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account, a surcharge of \$0.2888 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period beginning with the effective date of Advice Letter 465-B.
  
14. To amortize the under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account, a surcharge of of \$0.08 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 468.

(N)  
|  
(N)

**END OF APPENDIX B**

# PROPOSED RESOLUTION

Resolution W-5071  
DWA

December 3, 2015

## APPENDIX C

### Schedule No. 1 C

#### GENERAL METERED SERVICE Mountain District (Continued)

10. To offset the July 2014 increase in Purchased Water from the Santa Clara Valley Water District, beginning August 15, 2014, as required by Section 792.5 of the Public Utilities Code, an increase in purchased water costs of \$67.00 /acre-foot, relative to the purchase water costs adopted by D.14-08-006, and associated revenue increase of \$0.0853per100 cu.ft., are being tracked in a reserve account.
11. To offset the July 2014 increase in Ground Water Charges from the Santa Clara Valley Water District, beginning August 15, 2014, as required by Section 792.5 of the Public Utilities Code, an increase in ground water charges of \$67.00 /acre-foot, relative to the ground water charges adopted by D.14-08-006, and associated revenue increase of \$0.0719per100 cu.ft., are being tracked in a reserve account.
12. To amortize the under-collection in Balancing Accounts, a surcharge of \$0.0492 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 463-A.
13. To amortize the over-collection in Memorandum Accounts, a sur-credit of \$0.25 per service connection per month is to be added for a 12 month period beginning with the effective date of Advice Letter 463-A.
14. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account, a surcharge of \$0.2888 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period beginning with the effective date of Advice Letter 465-8.
15. To amortize the over-collection of the Schedule 1C elevation charge within the 2013 GRC Interim Rates Memorandum Account, a one-time refund of \$105.03 per service connection will be added to the bills of all non-mutual customers beginning with the effective date of Advice Letter 465-8.

(CONT.)

# PROPOSED RESOLUTION

Resolution W-5071  
DWA

December 3, 2015

## APPENDIX C (Cont.)

Schedule No. 1 C

### GENERAL METERED SERVICE Mountain District (Continued)

16. To amortize the over-collection of the Schedule 1C service charges collected from the Mutual Water Companies within the 2013 GRC Interim Rates Memorandum Account, a one-time refund is to be added to the bills of the Mutual Water Companies listed below beginning with the effective date of Advice Letter 465-B as follows:

<u>Mutual:</u>	<u>One-time</u>
Brush & Old Well Mutual Water	\$12,253
Oakmont Mutual Water Co.	\$10,848
Stagecoach Mutual Water Co.	\$2,355
Summit West Mutual Water Co.	\$68,380
Ridge Mutual Water Co.	\$32,621
Villa Del Monte Mutual Water Co.	\$49,273
Big Redwood Park Water & Improvement	\$24,486
Mountain Summit Mutual Water Co	\$1,876

17. To amortize the under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account, a surcharge of of \$0.08 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of Advice Letter 468.

(N)  
|  
(N)

END OF APPENDIX C

# PROPOSED RESOLUTION

Resolution W-5071  
DWA

December 3, 2015

## APPENDIX D

Schedule No. RW

### RAW WATER METERED SERVICE (Continued)

11. To amortize the under-collection in Balancing Accounts, a surcharge of \$0.0492 per 100 cu.ft is to be added to the Quantity rate shown for a 12 month period beginning with the effective date of Advice Letter 463-A.
12. To amortize the over-collection in Memorandum Accounts, a surcredit of \$0.25 per service connection per month is to be added for a 12 month period beginning with the effective date of Advice Letter 463-A.
13. To amortize the under-collection in the 2013 GRC Interim Rates Memorandum Account, a surcharge of \$0.2888 per 100 cu.ft is to be added to the Quantity rate shown for a 36 month period beginning with the effective date of Advice Letter 465-B.
14. To amortize the under-collection in the Mandatory Conservation Revenue Adjustment Memorandum Account, a surcharge of \$0.08 per 100 cu.ft. is to be added to the Quantity Rate shown for a 12-month period beginning with the effective date of this advice letter 468.

(N)  
|  
(N)

END OF APPENDIX D

## CERTIFICATE OF SERVICE

I certify that I have by either electronic mail or postal mail, this day, served a true copy of Proposed Resolution No. W-5071 on all parties in these filings or their attorneys as shown on the attached lists.

Dated October 30, 2015 at San Francisco, California.

/ s/ JENNIFER PEREZ

Jennifer Perez

Parties should notify the Division of Water and Audits, Fourth Floor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on which your name appears.

**SAN JOSE WATER COMPANY  
ADVICE LETTER NO. 468  
SERVICE LIST**

Anthony Gliozzo  
1643 Dry Creek Rd  
San Jose, CA 95125

Evangeline Rodriquez  
509 Deer Ct  
San Jose, CA 95123

Lamberto Diaz Cardenas  
225 Shoshone Dr  
San Jose, CA 95127

Anonymous  
1088 East Campbell Ave,  
Campbell, CA 95008

Joan Kilgore  
3494 New Jersey Ave  
San Jose, CA 95124

Malika Khan  
1632 El Dorado Ave  
San Jose, CA 95126-1527

Mark Macdonald  
974 Wallace Drive  
San Jose, CA 95120

O.D. Mitchell  
14684 Bronson Ave.  
San Jose, CA 95124-3555

Brenda A. Castro  
3649 Lindenwood Drive  
San Jose, CA 95117

Romeo & Emma Papas  
287 Pala Ave  
San Jose, CA 95127

Steve Moore  
955 Salerno Drive  
Campbell, CA 95008

Julian Escobedo  
1877 Lanai Ave  
San Jose, CA 95122

James Lee  
12092 Candy Lane  
Saratoga, CA 95196

Rao S. Ravuri  
1528 Calle De Aida  
San Jose, CA 95118

G. Carl Benson  
5140 Rafton Drive  
San Jose, 95124

Anoush Babayan  
7038 Calcaterra Dr.  
San Jose, CA 95120

Rameshwar Singh  
631 Rocking Horse Court  
San Jose, CA 95123

Diana Anderson,  
14971 Quito Road  
Saratoga, CA 95070

Helen Garza  
50 Beverly Blvd  
San Jose, CA 95116

Teresa Avila  
21 S Claremont Ave  
San Jose, CA 95127

Teresa Y. Calderon  
112 N Cragmont Ave  
San Jose, CA 95127

Tony Tully  
ORA – Water Branch  
[tony.tully@cpuc.ca.gov](mailto:tony.tully@cpuc.ca.gov)

Lisa Bilir  
Office of Ratepayer Advocates  
[Lisa.Bilir@cpuc.ca.gov](mailto:Lisa.Bilir@cpuc.ca.gov)

Danilo Sanchez  
Office of Ratepayer Advocates  
[danilo.sanchez@cpuc.ca.gov](mailto:danilo.sanchez@cpuc.ca.gov)

[tinashih66@yahoo.com](mailto:tinashih66@yahoo.com)

[dawnsat@aol.com](mailto:dawnsat@aol.com)

[llopez2196@aol.com](mailto:llopez2196@aol.com)

[marco.nelissen@gmail.com](mailto:marco.nelissen@gmail.com)

[ckl@cklconstruction.com](mailto:ckl@cklconstruction.com)

[mariakuok@yahoo.com](mailto:mariakuok@yahoo.com)

[wallygardner@att.net](mailto:wallygardner@att.net)

[subraji@att.net](mailto:subraji@att.net)

[root.j@comcast.net](mailto:root.j@comcast.net)

[loriakutch@gmail.com](mailto:loriakutch@gmail.com)

[edleaders@yahoo.com](mailto:edleaders@yahoo.com)

[micheng@yahoo.com](mailto:micheng@yahoo.com)

[teresa.fernando@pillsburylaw.c  
om](mailto:teresa.fernando@pillsburylaw.com)

[dinesh.joshi@yahoo.com](mailto:dinesh.joshi@yahoo.com)

[Absmeier@aol.com](mailto:Absmeier@aol.com)

[mchassen@dslextreme.com](mailto:mchassen@dslextreme.com)

[narychan71@yahoo.com](mailto:narychan71@yahoo.com)

[rbentscool@yahoo.com](mailto:rbentscool@yahoo.com)

[sl951@yahoo.com](mailto:sl951@yahoo.com)  
[ayse\\_yesilyurt@yahoo.com](mailto:ayse_yesilyurt@yahoo.com)  
[charphy19320@yahoo.com](mailto:charphy19320@yahoo.com)  
[danpet8@sbcglobal.net](mailto:danpet8@sbcglobal.net)  
[donwolf20@comcast.net](mailto:donwolf20@comcast.net)  
[fgbuchanan@yahoo.com](mailto:fgbuchanan@yahoo.com)  
[jeff\\_w\\_brown@yahoo.com](mailto:jeff_w_brown@yahoo.com)  
[tvlagtjoe@aol.com](mailto:tvlagtjoe@aol.com)  
[55cccw@gmail.com](mailto:55cccw@gmail.com)  
[kipp7284@comcast.net](mailto:kipp7284@comcast.net)  
[psam1304@gmail.com](mailto:psam1304@gmail.com)  
[rrcross@gmail.com](mailto:rrcross@gmail.com)  
[lisenka06@yahoo.com](mailto:lisenka06@yahoo.com)  
[dale@dalewarner.com](mailto:dale@dalewarner.com)  
[jjm.jjm@gmail.com](mailto:jjm.jjm@gmail.com)  
[rogerwangabc@hotmail.com](mailto:rogerwangabc@hotmail.com)  
[daphena@gmail.com](mailto:daphena@gmail.com)  
[2stevetu@gmail.com](mailto:2stevetu@gmail.com)  
[baynes@mac.com](mailto:baynes@mac.com)  
[mishra\\_anurag@yahoo.com](mailto:mishra_anurag@yahoo.com)  
[esumintac@yahoo.com](mailto:esumintac@yahoo.com)  
[Paul\\_s\\_liu@yahoo.com](mailto:Paul_s_liu@yahoo.com)  
[ryan@geisswerks.com](mailto:ryan@geisswerks.com)  
[wmaguire@gmail.com](mailto:wmaguire@gmail.com)  
[aghazi1@yahoo.com](mailto:aghazi1@yahoo.com)  
[asokan\\_ramdas@yahoo.com](mailto:asokan_ramdas@yahoo.com)  
[lesley14@sbcglobal.net](mailto:lesley14@sbcglobal.net)

[stanmail@yahoo.com](mailto:stanmail@yahoo.com)  
[davcin19@yahoo.com](mailto:davcin19@yahoo.com)  
[howard.p.wong@gmail.com](mailto:howard.p.wong@gmail.com)  
[Jedkeller@verizon.net](mailto:Jedkeller@verizon.net)  
[jeffbarr2@yahoo.com](mailto:jeffbarr2@yahoo.com)  
[mbrading@yahoo.com](mailto:mbrading@yahoo.com)  
[nikymissagh@gmail.com](mailto:nikymissagh@gmail.com)  
[ray\\_mirizzi@yahoo.com](mailto:ray_mirizzi@yahoo.com)  
[wlhudson49@gmail.com](mailto:wlhudson49@gmail.com)  
[valeriemaldo@yahoo.com](mailto:valeriemaldo@yahoo.com)  
[jenny\\_suwan@yahoo.com](mailto:jenny_suwan@yahoo.com)  
[jwong\\_wm@yahoo.com](mailto:jwong_wm@yahoo.com)  
[romypapasin@yahoo.com](mailto:romypapasin@yahoo.com)  
[aistena@gmail.com](mailto:aistena@gmail.com)  
[erikrmz@sbcglobal.net](mailto:erikrmz@sbcglobal.net)  
[inkydot@comcast.net](mailto:inkydot@comcast.net)  
[theshulls@sbcglobal.net](mailto:theshulls@sbcglobal.net)  
[jzavala@fcai.fujitsu.com](mailto:jzavala@fcai.fujitsu.com)  
[vibhutio@gmail.com](mailto:vibhutio@gmail.com)  
[jerryr@seanet.com](mailto:jerryr@seanet.com)  
[michelle.mar@gmail.com](mailto:michelle.mar@gmail.com)  
[peterlee@conservice.com](mailto:peterlee@conservice.com)  
[CHarak@nclc.org](mailto:CHarak@nclc.org)  
[LDolqueist@manatt.com](mailto:LDolqueist@manatt.com)  
[TJRyan@sgvwater.com](mailto:TJRyan@sgvwater.com)  
[TKim@rwglaw.com](mailto:TKim@rwglaw.com)  
[bill@jbsenergy.com](mailto:bill@jbsenergy.com)

[bkelly@swwc.com](mailto:bkelly@swwc.com)  
[bloehr@greatoakswater.com](mailto:bloehr@greatoakswater.com)  
[broeder@greatoakswater.com](mailto:broeder@greatoakswater.com)  
[charles.forst@360.net](mailto:charles.forst@360.net)  
[chris@cuwcc.org](mailto:chris@cuwcc.org)  
[cmailloux@turn.org](mailto:cmailloux@turn.org)  
[dadellosa@sgvwater.com](mailto:dadellosa@sgvwater.com)  
[danielle.burt@bingham.com](mailto:danielle.burt@bingham.com)  
[dave.stephenson@amwater.com](mailto:dave.stephenson@amwater.com)  
[davidmorse9@gmail.com](mailto:davidmorse9@gmail.com)  
[debbie@ejcw.org](mailto:debbie@ejcw.org)  
[debershoff@fulbright.com](mailto:debershoff@fulbright.com)  
[dhilla@consumercal.org](mailto:dhilla@consumercal.org)  
[doug@parkwater.com](mailto:doug@parkwater.com)  
[dsb@cpuc.ca.gov](mailto:dsb@cpuc.ca.gov)  
[ed.jackson@parkwater.com](mailto:ed.jackson@parkwater.com)  
[edeleon@gswater.com](mailto:edeleon@gswater.com)  
[gmlleman@valenciawater.com](mailto:gmlleman@valenciawater.com)  
[jadarneylane@gswater.com](mailto:jadarneylane@gswater.com)  
[jeff@jbsenergy.com](mailto:jeff@jbsenergy.com)  
[jhawks@calwaterassn.com](mailto:jhawks@calwaterassn.com)  
[ilkiddoo@swidlaw.com](mailto:ilkiddoo@swidlaw.com)  
[john.greive@lightyear.net](mailto:john.greive@lightyear.net)  
[kendall.macVey@bbklaw.com](mailto:kendall.macVey@bbklaw.com)  
[kswitzer@gswater.com](mailto:kswitzer@gswater.com)

[leigh@parkwater.com](mailto:leigh@parkwater.com)

[tguster@greatoakswater.com](mailto:tguster@greatoakswater.com)

[llk@cpuc.ca.gov](mailto:llk@cpuc.ca.gov)

[tsmegal@calwater.com](mailto:tsmegal@calwater.com)

[lmcgee@calwater.com](mailto:lmcgee@calwater.com)

[lweiss@manatt.com](mailto:lweiss@manatt.com)

[marcel@turn.org](mailto:marcel@turn.org)

[mlane@nossaman.com](mailto:mlane@nossaman.com)

[mlm@cpuc.ca.gov](mailto:mlm@cpuc.ca.gov)

[mlwhitehead@sgvwater.com](mailto:mlwhitehead@sgvwater.com)

[mmattes@nossaman.com](mailto:mmattes@nossaman.com)

[monica.na@amwater.com](mailto:monica.na@amwater.com)

[mpo@cpuc.ca.gov](mailto:mpo@cpuc.ca.gov)

[mvander@pcl.org](mailto:mvander@pcl.org)

[nancitran@gswater.com](mailto:nancitran@gswater.com)

[nsuetake@turn.org](mailto:nsuetake@turn.org)

[owein@nclc.org](mailto:owein@nclc.org)

[palle\\_jensen@sjwater.com](mailto:palle_jensen@sjwater.com)

[pjh@cpuc.ca.gov](mailto:pjh@cpuc.ca.gov)

[pschmiege@schmiegelaw.com](mailto:pschmiege@schmiegelaw.com)

[pucservice@dralegal.org](mailto:pucservice@dralegal.org)

[rkmoore@gswater.com](mailto:rkmoore@gswater.com)

[robert.maclean@amwater.com](mailto:robert.maclean@amwater.com)

[sarah.leeper@amwater.com](mailto:sarah.leeper@amwater.com)

[sferraro@calwater.com](mailto:sferraro@calwater.com)