

ATTACHMENT

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SAN JOSE)	
WATER COMPANY (U 168 W) for an Order)	
Authorizing an Increase in Annual Revenue)	
Requirement of \$80,041 or 0.03% and a)	Application 10-04-005
Proportionate Increase in Rates to Support)	(Filed April 2, 2010)
an Increased Budget for Meter Replacement)	
Sufficient to Comply With General Order 103-A.)	
_____)	

SETTLEMENT AGREEMENT

1.0 INTRODUCTION

1.1 On April 2, 2010, San Jose Water Company ("SJWC") applied to the California Public Utilities Commission ("Commission") for an order authorizing an increase in annual revenue requirement of \$80,041 or 0.03%, and a proportionate increase in rates, to support an increased budget for replacing meters sufficient to comply with General Order ("G.O.") 103-A.

1.2 On May 5, 2010, the Division of Ratepayer Advocates ("DRA") filed a timely protest of SJWC's application, asserting that SJWC had not adequately documented or justified its proposed budget nor explained how its proposed budget met the requirements of G.O. 103-A. In its reply filed May 12, 2010, SJWC suggested that a discussion might resolve DRA's concerns and lead to a settlement that SJWC and DRA would submit for Commission approval.

1.3 At the prehearing conference held in this proceeding on July 15, 2010, Administrative Law Judge Christine Walwyn set a procedural schedule providing for the

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parties to provide a report by August 9, 2010, with prepared testimony to be served thereafter.

1.4 SJWC and DRA are the only parties to this proceeding.

1.5 Through a series of discussions, SJWC and DRA (together, the "Parties") have reached the terms of this Settlement, which the Parties have entered into as of the date listed below, and which the Parties propose for adoption by the Commission as a means of resolving all outstanding issues regarding SJWC's Application.

2.0 SUBSTANTIVE PROVISIONS OF THE SETTLEMENT

2.1 In its application, SJWC requested capital budgets of \$870,000 for 2010 and \$875,000 for 2011. The Parties agree instead to a levelized capital budget of \$752,300 per year for 2010 and 2011. The levelized budget is calculated as follows:

- For installation of ¾-inch and 1-inch meters, DRA's proposal is adopted. The replacement amount is calculated as SJWC's proposal less the provision for new meters (900 size ¾-inch meters and 100 size 1-inch meters) for a total capital budget of \$695,000 per year.
- For installation of 1.5-inch and 2-inch meters, in consideration of SJWC's program for these meter sizes, SJWC's replacement estimate is reduced by half to \$57,300 per year.
- The total request for SJWC's capital budget for replacing meters in 2010 and 2011 is therefore \$752,300 per year.

2.2 The decision in SJWC's most recent general rate case allowed \$464,000 per year for capital investment in small meters. *Re San Jose Water Company*, D.09-11-032, at 33-35.

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2.3 Since \$464,000 of the stipulated capital budget of \$752,300 already is reflected in current rates, only the incremental capital investment of \$288,300 needs to be provided for through an increase in rates.

2.4 The increased revenue requirement necessary to provide for \$288,300 in additional capital investment is \$56,500.

3.0 MISCELLANEOUS PROVISIONS

3.1 The signatories to this Settlement personally and independently verify that the Settlement is correct and complete.

3.2 Entering into this Settlement and adoption thereof by the Commission shall not be construed as an admission or concession by either Party regarding any fact or matter of law in dispute in this proceeding.

3.3 The Commission shall have jurisdiction over this Settlement. The Parties agree that no legal action may be brought by either Party in any state or federal court, or any other forum, against any individual signatory representing the interests of either of the Parties, or any attorneys representing the Parties involving any matter related to this Settlement Agreement.

3.4 This Settlement sets forth the entire understanding and agreement between the Parties, and may not be modified or terminated except through written assent by both Parties.

3.5 Each individual executing this Settlement on behalf of either Party hereby warrants that he or she is authorized to execute this Settlement on behalf of that Party. The Parties agree that no signatory to this Settlement assumes any personal liability as a result of this Settlement.

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3.6 The Parties agree to support the Settlement and use their best efforts to secure the Commission's approval of the Settlement without modification.

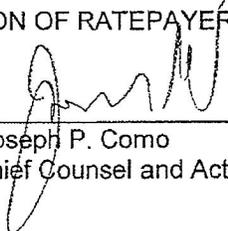
3.7 The Parties agree that, if the Commission fails to adopt the Settlement without modification, the Parties will convene a conference within 15 days thereof to discuss whether they can resolve issues raised by the Commission's action. If the Parties cannot agree to resolve the issues raised by the Commission's actions, the Settlement shall be rescinded and the Parties shall be released from their obligation to support it. Thereafter, the Parties may pursue any action they deem appropriate, but agree to cooperate to establish a procedural schedule.

3.8 This Settlement shall be governed by the laws of the State of California as to all matters, including, but not limited to, matters of validity, construction, effect, performance and remedy.

4.0 CONCLUSION

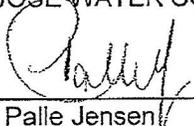
The Parties believe that this Settlement is reasonable in light of the whole record, consistent with the law, and in the public interest.

DIVISION OF RATEPAYER ADVOCATES

By: 

Joseph P. Como
Chief Counsel and Acting Director

SAN JOSE WATER COMPANY

By: 

Palle Jensen
Vice President of Regulatory Affairs

August 25, 2010

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate Per 100 cu. ft. (Ccf):

Residential Customers with 5/8 x 3/4-inch, 3/4-inch or 1-inch meter

For Total Monthly Usage from 0 to 13 Ccf.	\$2.440
For Total Monthly Usage over 13 Ccf.	\$2.684

Residential Customers with 1 1/2-inch or 2-inch meter

For Total Monthly Usage from 0 to 26 Ccf.	\$2.440
For Total Monthly Usage over 26 Ccf.	\$2.684

All Other Customers

For all water delivered, per 100 cu. ft.	\$2.5223
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Service Charges:

Per Meter Per Month

All Customers:

For 5/8 x 3/4-inch meter	\$ 16.33	(l)
For 3/4-inch meter	16.33	
For 1-inch meter	27.21	
For 1-1/2-inch meter	54.43	
For 2-inch meter	87.08	
For 3-inch meter	163.26	
For 4-inch meter	272.09	
For 6-inch meter	544.20	
For 8-inch meter	870.73	
For 10-inch meter	1251.68	(l)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

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(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice No. _____

PALLE JENSEN

Date Filed _____

Vice President,

Effective _____

Dec. No. _____

Regulatory Affairs

Resolution No. _____

TITLE

SAN JOSE WATER COMPANY (U168W)
San Jose, California

Canceling Revised
Revised

Cal. P.U.C. Sheet No. _____
Cal. P.U.C. Sheet No. 1408-W

Schedule No. 1B

GENERAL METERED SERVICE WITH
AUTOMATIC FIRE SPRINKLER SYSTEM

APPLICABILITY

Applicable to all detached single family structures whose automatic fire sprinkler system is served through the meter providing residential water service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate Per 100 cu. ft. (Ccf):

Residential Customers with 5/8 x 3/4-inch, 3/4-inch or 1-inch meter

For Total Monthly Usage from 0 to 13 Ccf.	\$2.440
For Total Monthly Usage over 13 Ccf.	\$2.684

Residential Customers with 1 1/2-inch or 2-inch meter

For Total Monthly Usage from 0 to 26 Ccf.	\$2.440
For Total Monthly Usage over 26 Ccf.	\$2.684

All Other Customers

For all water delivered, per 100 cu. ft.	\$2.5223
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Service Charges:

Per Meter Per Month

All Customers:

For 5/8 x 3/4-inch meter	\$ 16.33	(I)
For 3/4-inch meter	16.33	I
For 1-inch meter	27.21	I
For 1-1/2-inch meter	54.43	I
For 2-inch meter	87.08	(I)

Upsize Charges:

For 1/4-inch meter upsize	\$ 1.39
or 1/2-inch meter upsize	2.77
For 3/4-inch meter upsize	4.16
For 1-inch meter upsize	5.55

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(To be inserted by utility)

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Advice No. _____

PALLE JENSEN

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Vice President,

Effective _____

Dec. No. _____

Regulatory Affairs

Resolution No. _____

TITLE

Schedule No. RW

RAW WATER SERVICE

APPLICABILITY

Applicable to raw water metered service.

TERRITORY

Portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate:
 Per 100 cu. ft. \$2.2927

Service Charges: Per Meter Per Month

For 5/8 x 3/4-inch meter	\$ 16.33	(I)
For 3/4-inch meter	16.33	
For 1-inch meter	27.21	
For 1-1/2-inch meter	54.43	
For 2-inch meter	87.08	
For 3-inch meter	163.26	
For 4-inch meter	272.09	
For 6-inch meter	544.20	
For 8-inch meter	870.73	
For 10-inch meter	1251.68	(I)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

1. The customer is responsible for notice of and compliance with all local, state, and federal rules and regulations that apply from time to time to the use of raw water, as defined in San Jose Water Company's Rule 1.
2. The customer must provide and/or contribute all facilities needed to transport the water from its source to the customer's point of service in accordance with the utility's Rule 15.

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