



FILED

09/14/18
04:59 PM

EXHIBIT SJW-01

**Announcement of
Amended Acquisition –
Letter of John B. Tang,
dated August 6, 2018,
with Press Release**



110 W. Taylor Street
San Jose, CA 95110-2131

August 6, 2018

BY ELECTRONIC MAIL AND HAND DELIVERY

Hon. Michael Picker, President
Hon. Carla J. Peterman, Commissioner
Hon. Liane M. Randolph, Commissioner
Hon. Martha Guzman Aceves, Commissioner
Hon. Clifford Rechtschaffen, Commissioner

**Re: Announcement by SJW Group and Connecticut Water Service, Inc.
of Their Amended Acquisition Agreement**

Dear President Picker and Commissioners:

Today, SJW Group, the parent company of San Jose Water Company (San Jose Water), and Connecticut Water Service, Inc. (Connecticut Water) announced that they have amended the terms of their previously announced merger agreement to transform the planned transaction from a stock-for-stock conversion to an all-cash acquisition of all outstanding common shares of Connecticut Water by SJW Group for \$70.00 per Connecticut Water common share. As previously planned, the transaction still will create the 3rd largest investor-owned water and wastewater utility in the United States, with ongoing public utility operations serving more than 1.5 million water users in the States of California, Connecticut, Maine and Texas.

The SJW Group and Connecticut Water Boards of Directors each have approved the amended transaction agreement to help facilitate the closing of the companies' transformative combination and ensure that their shareholders, customers, employees and communities realize its significant benefits. Major similarities and differences between the original merger plan and the amended transaction include the following:

- The transaction will continue to be effected by the merger of a non-utility subsidiary of SJW Group with and into Connecticut Water, leaving Connecticut Water as a wholly-owned subsidiary of SJW Group.
- While the original plan would have converted Connecticut Water shares into common shares of SJW Group, the amended transaction will convert each

Connecticut Water share into the right to receive \$70 in cash payable by SJW Group. A significant effect of this change will be to substantially reduce the dilution of ownership interests in SJW Group that the original plan for a stock-for-stock conversion would have required. Instead, SJW Group will finance the acquisition of Connecticut Water Group by a combination of debt and equity issued at the holding company level.

- While the original plan would have expanded the SJW Group Board of Directors to twelve members, with seven (including CEO Eric Thornburg) carrying over from SJW Group and five joining from Connecticut Water, the amended transaction provides simply for expansion of SJW Group's Board by two seats, with the two vacancies to be filled by current Connecticut Water directors selected by SJW Group to bolster the Board's expertise in the New England market.
- The plan continues to provide for the combined company's headquarters to be in San Jose, CA, with its New England headquarters in Clinton, CT. Members of Connecticut Water's current executive team are expected to lead the New England region of the combined company. The combined company will continue to be called SJW Group, with the New England organization known as Connecticut Water Service, Inc. Each company's current operating subsidiaries will continue to operate under their existing names.
- As previously planned, upon closing the transaction, Eric Thornburg will continue to serve as Chairman, President and Chief Executive Officer of SJW Group, but the amended transaction no longer requires any change to the SJW Group's management team. We still do not anticipate any transaction-related layoffs or any significant changes in employee compensation or benefits packages as a result of the transaction. We value our trusted union partnerships, and all union contracts will continue to be honored.
- We anticipate that SJW Group's acquisition of Connecticut Water will not have significant effects on San Jose Water's water resources, operations, rates, or customer service except by making greater institutional capabilities and resources available to meet the needs of San Jose Water and its customers and by spreading corporate overhead costs over a larger, national customer base.

The transaction now is expected to close by the first quarter of 2019, subject to customary closing conditions and various approvals. We appreciate that the Commission, in its recent order instituting an investigation of the planned transaction (I.18-07-007), adopted a schedule to complete its inquiry in time to allow the acquisition to go forward, if appropriate, by the end of 2018. We anticipate that the changes announced today in the planned transaction may simplify the Commission's review and so we are hopeful that the adopted procedural schedule

may be maintained. Until the closing, SJW Group and Connecticut Water remain separate organizations, and San Jose Water will operate as usual.

Further details about the revised transaction are set forth in the enclosed press release. We will be providing a fuller analysis of issues of concern to the Commission in our response to the Order Instituting Investigation on August 15. In the meantime, for additional information, please contact me as may be appropriate or visit <http://www.sjw-ctws.com>.

Very truly yours,



John B. Tang

Vice President of Regulatory Affairs
and Government Relations

Enclosures

cc (by electronic mail):

Hon. Alice Stebbins, Executive Director
Hon. Arocles Aguilar, General Counsel
Hon. Karl J. Bemesderfer, Administrative Law Judge
Raminder Kahlon, Director, Water Division
Elizabeth Echols, Director, ORA
Geoffrey Dryvynsyde, Assistant General Counsel
Richard Smith, Assistant Director, ORA
Elizabeth Podolinsky, Advisor to President Picker
Michael Minkus, Chief of Staff to Commissioner Guzman Aceves
Shannon O'Rourke, Advisor to Commissioner Peterman
Lester Wong, Advisor to Commissioner Randolph
Simi George, Advisor to Commissioner Rechtschaffen
Service list in A.18-01-004
Service list in I.18-07-007



**SJW Group and Connecticut Water Amend Agreement;
SJW Group to Acquire All Connecticut Water Shares for \$70.00 per Share in Cash**

*Companies Reaffirm Joint Commitment to Creating Leading, Diversified Pure Play Water Utility with
Financial Strength, Geographic Diversity and Scale to Accelerate Growth*

*Combination Expected to Be Immediately Accretive to SJW Group EPS, Increasing to
High Single Digit Percentage Accretive to SJW Group EPS in 2021*

*Represents a Superior Offer for Connecticut Water with a Significant Premium of 33% to its Unaffected
Share Price*

*Amended Transaction to be Funded with Conservative Mix of Equity and Debt to Achieve
At Least "A-" Credit Rating for SJW Group and Maintain Ability to Sustain Comparable Levels of
Investment and Dividends*

San Jose, CA and Clinton, CT – August 6, 2018 – SJW Group (NYSE: SJW) ("SJW Group") and Connecticut Water Service, Inc. (NASDAQ: CTWS) ("Connecticut Water") today announced that they have amended the terms of their previously announced merger agreement from a stock-for-stock transaction to an all-cash acquisition of all outstanding common shares of Connecticut Water by SJW Group for \$70.00 per Connecticut Water common share. The cash transaction, which has a value of \$1.1 billion and an equity purchase price of \$843 million, is expected to be immediately accretive to SJW Group's earnings per share (EPS) in 2019 (post-close), increasing each year thereafter to high single-digit percentage EPS accretion in 2021.

The SJW Group and Connecticut Water Service Board of Directors each approved the amended merger agreement to help facilitate the closing of the companies' transformative combination and ensure that their shareholders, customers, employees and communities realize its significant benefits. The respective Boards also believe that the \$70.00 per share cash consideration will resolve any market distractions resulting from otherwise-inferior proposals for Connecticut Water. The amended merger agreement was unanimously approved by the Connecticut Water Board of Directors and by all SJW Group directors other than Eric Thornburg, who abstained from voting due to his ownership of Connecticut Water shares and the all-cash nature of the acquisition.

"The amended agreement reflects our continued and shared commitment with Connecticut Water to combine our two companies to create a leading national water and wastewater utility," said Robert Van Valer, the lead independent director of SJW Group's Board of Directors and trustee of the Roscoe Moss Jr. Revocable Trust, which is the largest stockholder of SJW Group. "Under the revised terms, the combination will substantially enhance our long-term value and significantly benefit our shareholders, employees, customers and local service area communities. Together, we will have a multi-state presence with a broader and more attractive growth platform and capacity to invest in our infrastructure, maintain our local operations and focus, provide greater opportunities for our employees and increase shareholder value over the immediate- and long-term."

Carol P. Wallace, Chairman of the Connecticut Water Service Board, said, "Over the last two years, the Connecticut Water Service Board of Directors has conducted a thorough process considering various

alternatives for a merger, acquisition or other strategic transaction designed to serve the best interest of Connecticut Water shareholders, customers, and employees and communities. We are pleased to reach this amended agreement with SJW Group, which achieves that objective by delivering a 33% premium and substantial cash value to shareholders while also honoring all the stakeholder commitments of the previously announced merger. This transaction continues to provide long-term benefits for customers, employees and communities with experienced local employees, leadership team and the New England headquarters remaining in Clinton. We are confident that SJW Group is the ideal partner for Connecticut Water and look forward to achieving continued growth and success as the third-largest investor-owned pure-play water and wastewater utility in the United States.”

AMENDED TERMS

Under the terms of the amended agreement, SJW Group will acquire all of the issued and outstanding common shares of Connecticut Water at a price of \$70.00 per common share. This represents a superior offer with a significant premium of 33% to Connecticut Water’s unaffected closing share price of \$52.57 on March 14, 2018 and exceeds Connecticut Water’s all-time high price of \$69.72 per common share.

Following the close of the all-cash merger, SJW Group’s Board of Directors will expand by two seats, with the two vacancies to be filled by current Connecticut Water Service directors to be appointed by SJW Group to further bolster the Board’s expertise in the New England market. The combined company’s headquarters will be located in San Jose, CA, and its New England headquarters will be located in Clinton, CT. Members of Connecticut Water’s current executive team are expected to lead the New England region of the combined company. The combined company will be called SJW Group, with the New England organization known as Connecticut Water Service, Inc., and each of the company’s current operating subsidiaries will continue to operate under their existing brand names.

STRATEGIC AND FINANCIAL BENEFITS

The revised transaction terms maintain the compelling highlights of the previously announced combination of SJW Group and Connecticut Water:

- **The formation of a leading, pure-play and geographically diverse water franchise**, which on a pro-forma basis will be the third-largest investor-owned water and wastewater utility in the United States and, we believe, will have very attractive growth opportunities in the years to come and remain in a position to provide opportunities to employees and deliver safe and reliable water to customers.
- **Highly attractive, stable and increased earnings growth profile**. The combined company is expected to have operating revenue of approximately \$496 million and recurring net income of approximately \$74 million on a 2017 pro forma basis.
- **Immediate EPS accretion** for SJW Group shareholders in 2019 (post-close), increasing each year thereafter to high single digit percentage EPS accretion in 2021. Connecticut Water shareholders will receive a significant and certain premium for their shares upon closing.
- **A robust balance sheet that enhances financial flexibility to increase sustained growth in SJW Group’s rate base**, continue necessary investments in its water systems and employees and

create a stronger, more stable utility enterprise with greater diversification and continued strong operating cash flow and dividends.

- **Continued dividend growth** with a strong investment grade credit rating of at least "A-" expected for the combined company. SJW Group anticipates that it will be able to continue its robust dividend payment trajectory.
- **Low integration risk with an experienced management team** that has over 187 years of combined experience in water utilities, significant expertise in each market the combined company will operate in and a proven track record of integrating numerous smaller acquisitions.

Eric Thornburg, SJW Group's Chairman, President and Chief Executive Officer, said, "SJW Group is entering this combination from a position of financial strength and with attractive growth opportunities. We are confident that under the terms of this revised transaction the combined company will be able to accelerate our growth, enhance the quality of our services and offerings for customers and deliver significant value to our shareholders and our communities. We look forward to continuing our discussions with all of our stakeholders about the significant benefits we believe this combination provides."

COMMITMENTS TO CUSTOMERS, EMPLOYEES AND LOCAL COMMUNITIES

"We consider this combination with the SJW Group as a unique opportunity to deliver superior value to our shareholders and still honor the commitments made to our customers, employees and communities which are at the core of our brand and mission of delivering life sustaining, high quality water service to families and communities," said David C. Benoit, President and Chief Executive Officer of Connecticut Water.

- **Serving local communities with a passionate, dedicated team of locally-based water professionals.** Each of the combined company's operating utilities and their customers will continue to be supported locally by a team of passionate, dedicated employees and existing leaders. They will bring their extensive certifications, operating experience and local knowledge to the communities they serve.
- **Delivering customer benefits.** The new organization will maintain the longstanding commitments of SJW Group and Connecticut Water to outstanding customer service, which will be enhanced by sharing of best practices, operational expertise and more extensive resources. There will be no change in customer rates as a result of the transaction, and the operating subsidiaries of the combined company will each continue to be subject to oversight by their respective state regulatory commissions for rates and quality of service.
- **Honoring commitments to employees.** Following the close of the transaction, employees will have additional opportunities for career development and geographic mobility as part of a larger, stronger, more diverse organization. Importantly, the combined company has committed that there will be no layoffs as a result of the transaction and does not anticipate any significant changes in employee compensation or benefits packages. SJW Group values its trusted union partnerships, and all union contracts will continue to be honored.

- **Maintaining environmental stewardship.** Environmental stewardship is a core value for both organizations, given the local nature of the water business. Both companies have been industry leaders in their efforts to promote water conservation and protect the valuable lands and water resources that have been entrusted to them. That focus will continue as the combined company seeks to further reduce its environmental footprint and look for opportunities to improve the sustainability of its business practices.
- **Ongoing support of communities.** In addition to retaining dedicated employee teams across its footprint, the new company will maintain strong community ties and participation in community events and organizations. The combined company will continue to focus on supporting economic development with investments in growth, safety and reliability.

CONSERVATIVE FINANCING

J.P. Morgan is providing committed financing for the revised transaction in the form of a new \$975 million bridge loan facility. SJW Group will assume Connecticut Water's existing debt and ultimately fund the \$843 million equity purchase price through a conservative mix of debt and equity, with \$450-550 million of equity. SJW Group anticipates that this conservative financing mix will allow SJW Group to maintain an attractive, strong investment grade credit rating of at least "A-", enabling continued investment in the infrastructure, operations and customer service capabilities of the combined company. Additionally, SJW Group anticipates that it will be able to continue SJW Group's robust dividend history and continue to pay an attractive and consistent cash dividend to shareholders.

CLOSING CONDITIONS

The revised transaction, which is expected to close in the first quarter of 2019, is subject to customary closing conditions and approvals, including the approval of Connecticut Water shareholders, the approvals of the Connecticut Public Utilities Regulatory Authority and the Maine Public Utilities Commission and the approval of the Federal Communications Commission. The waiting period under the Hart-Scott-Rodino Antitrust Improvements Act was terminated early on April 27, 2018. The California Public Utilities Commission (CPUC) previously instituted an investigation into whether the transaction is subject to its approval and anticipated impacts in California. The CPUC is planning to complete its inquiry in time to allow the acquisition to go forward, if appropriate, by the end of 2018. It is anticipated that consideration of the revised transaction will not substantially extend the current CPUC investigation.

The transaction is not subject to any financing condition. The revised transaction does not require approval from SJW Group shareholders and the previously anticipated special meeting of SJW Group shareholders to vote on the revised transaction will not take place.

Connecticut Water Service's Board of Directors unanimously recommends that Connecticut Water shareholders vote in favor of the revised transaction. A date for the special meeting of Connecticut Water shareholders to vote on the revised transaction will be set in the near future.

SJW Group's Board of Directors unanimously recommends that SJW Group shareholders discard the white cards and any materials received from California Water Service (NYSE: CWT) as part of its tender offer solicitation to acquire SJW Group. If SJW Group shareholders have previously tendered their

shares, they may revoke their tender by contacting Georgeson LLC using the contact information provided below.

ADVISORS

J.P. Morgan Securities LLC is serving as financial advisor to SJW Group, and Skadden, Arps, Slate, Meagher & Flom LLP is legal counsel.

Wells Fargo Securities, LLC is serving as Connecticut Water's financial advisor and Sullivan & Cromwell LLP as its legal counsel.

For additional information, please visit <https://www.sjw-ctws.com/combination/>.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Some of these forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," "projects," "strategy," or "anticipates," or the negative of those words or other comparable terminology.

The accuracy of such statements is subject to a number of risks, uncertainties and assumptions including, but not limited to, the following factors: (1) the risk that the conditions to the closing of the proposed transaction between SJW Group and Connecticut Water may not be satisfied or waived, including the risk that required approvals from the security holders of Connecticut Water to the proposed transaction are not obtained; (2) the risk that the regulatory approvals required for the proposed transaction are not obtained, or that in order to obtain such regulatory approvals, conditions are imposed that adversely affect the anticipated benefits from the proposed transaction or cause the parties to abandon the proposed transaction; (3) the effect of water, utility, environmental and other governmental policies and regulations; (4) litigation relating to the proposed transaction; (5) uncertainties as to the timing of the consummation of the proposed transaction and the ability of each party to consummate the proposed transaction; (6) risks that the proposed transaction disrupts the current plans and operations of SJW Group or Connecticut Water; (7) the ability of SJW Group and Connecticut Water to retain and hire key personnel; (8) competitive responses to the proposed transaction; (9) unexpected costs, charges or expenses resulting from the proposed transaction, including, without limitation, related to SJW Group's financing plans in connection with the proposed transaction; (10) potential adverse reactions or changes to business relationships resulting from the announcement or completion of the proposed transaction; (11) the combined company's ability to achieve the growth prospects and synergies expected from the proposed transaction, as well as delays, challenges and expenses associated with integrating SJW Group's and Connecticut Water's existing businesses; and (12) legislative and economic developments. These risks, as well as other risks associated with the proposed transaction, will be more fully discussed in the proxy statement filed by Connecticut Water in connection with the proposed transaction, and are more fully discussed in SJW Group's quarterly report on Form 10-Q for the period ended June 30, 2018 filed with the U.S. Securities

and Exchange Commission (the "SEC") on July 27, 2018 and Connecticut Water's quarterly report on Form 10-Q for the period ended March 31, 2018 filed with the SEC on May 9, 2018.

In addition, actual results are subject to other risks and uncertainties that relate more broadly to SJW Group's overall business, including those more fully described in its filings with the SEC including, without limitation, its annual report on Form 10-K for the fiscal year ended December 31, 2017 and Connecticut Water's overall business and financial condition, including those more fully described in its filings with the SEC including its annual report on Form 10-K for the fiscal year ended December 31, 2017. Forward looking statements are not guarantees of performance, and speak only as of the date made, and none of SJW Group, its management, Connecticut Water or its management undertakes any obligation to update or revise any forward-looking statements except as required by law.

IMPORTANT INFORMATION FOR INVESTORS AND SHAREHOLDERS

In response to the tender offer for all the outstanding shares of common stock of SJW Group commenced by California Water Service Group ("California Water") through its wholly owned subsidiary, Waltz Acquisition Sub, Inc., SJW Group has filed a solicitation/recommendation statement on Schedule 14D-9 with the SEC on June 15, 2018, as amended by that Amendment No. 1 to Schedule 14D-9 filed with the SEC on June 26, 2018. Investors and stockholders of SJW Group are urged to read the solicitation/recommendation statement on Schedule 14D-9 and other documents that are filed or will be filed with the SEC carefully and in their entirety because they contain important information. Investors and stockholders of SJW Group may obtain a copy of these documents free of charge at the SEC's website at www.sec.gov. These materials are also available free of charge at SJW Group's investor relations website at https://sjwgroup.com/investor_relations. In addition, copies of these materials may be requested free of charge from SJW Group's information agent, Georgeson LLC, toll-free at (866) 357-4029.

SJW Group Contacts

Investors

Andrew Walters

Chief Administrative Officer, SJW Group

408-279-7818, andrew.walters@sjwater.com

Georgeson LLC

William Fiske / Edward Greene

212-440-9800; 866-357-4029, BFiske@georgeson.com

Media

Jayme Ackemann

Director of Corporate Communications, SJW Group

408-918-7247, Jayme.Ackemann@sjwater.com

Abernathy MacGregor

Chuck Dohrenwend, 212-371-5999, cod@abmac.com

Jeremy Jacobs, 212-371-5999, jri@abamac.com

Nazan Riahei, 213-630-6550, nkr@abmac.com

Connecticut Water Contacts

Daniel J. Meaney, APR
Director, Corporate Communications
860-664-6016
dmeaney@ctwater.com

Investors

Mike Verrechia / Bill Dooley
Morrow Sodali, LLC
800-662-5200
CTWS@morrowsodali.com

Media

Joele Frank, Wilkinson Brimmer Katcher
Sharon Stern / Barrett Golden / Joseph Sala
212-355-4449

EXHIBIT SJW-02

**2017 Annual Report of
San Jose Water Company
Schedule E-4**

Received _____

Examined _____

**CLASS A
WATER UTILITIES**

U# 168-W

**2017
ANNUAL REPORT
OF**

SAN JOSE WATER COMPANY

(NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

110 WEST TAYLOR STREET

SAN JOSE, CALIFORNIA 95110

(OFFICIAL MAILING ADDRESS)

ZIP

**TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2017**

EXHIBIT SJW-03

**A. 18-01-004
Exhibit SJW-6C
WP 9-9**

EXHIBIT F

**SAN JOSE WATER COMPANY
(U-168-W)**

**GENERAL RATE CASE WORKPAPERS
UPDATE**

**INCLUDES
CONFIDENTIAL
MATERIAL**

March 2018

INDEX OF WORKPAPERS

CHAPTER 9

Supporting Documentation for Exhibit E, "Report On The Results of Operations" Chapter 9

- 9- 1 Administrative & General, Miscellaneous Expenses (2012-2018)
- 9- 2 Company Dues (2012 - 2021)
- 9- 3 Employee Dues (2012 - 2021)
- 9- 4 Administrative & General Expenses (2012 - 2021) -
Purchased Services, Materials and Supplies
- 9- 5 Property Insurance (2012 - 2021)
- 9- 6 Liability and Compensation Insurance (2012 - 2021)
- 9- 7 Pensions & Benefits (2012 - 2021)
- 9- 8 Miscellaneous Expenses (2012 - 2021)
- 9- 9 Administrative Expenses Transferred (2012 - 2021)
- 9-10 Uninsured Losses (2012 - 2021)
- 9-11 Purchased Services Administrative & General –Detail of Additional Expenses

SAN JOSE WATER COMPANY
(U-168-W)

ADMINISTRATIVE EXPENSES TRANSFERRED
(2009 - 2018)

(Thousands of Dollars)

Category	5 Year											
	2012	2013	2014	2015	2016	2017	Average	2018	2019	2020	2021	
Reconciliation												
Transfer from Exp Trans												
Const OH												
Labor	652.1	448.1	587.3	621.7	669.9	816.4	\$644	\$724.6	\$736.2	\$752.4	\$773.4	
Labor Burden	415.0	283.5	378.8	379.2	361.8	432.7	\$377	\$403.6	\$410.1	\$419.1	\$430.9	
All Other	88.1	57.3	(30.3)	57.5	59.6	62.9	\$38	\$61.9	\$63.4	\$65.2	\$66.9	
Sub-total Const OH	1,155.2	788.9	915.8	1,058.4	1,091.3	1,312.0	1,058.7	1,190.1	1,209.7	1,236.7	1,271.2	
Corp												
Labor	270.1	293.5	325.0	325.4	290.6	365.7	\$329	\$337.6	\$343.0	\$350.6	\$360.4	
Labor Burden	171.9	185.7	209.6	198.5	156.9	193.8	\$194	\$189.0	\$192.0	\$196.2	\$201.7	
All Other	69.8	75.9	21.2	69.2	74.6	82.1	\$67	\$77.6	\$79.5	\$81.9	\$83.9	
Sub-total Corp	511.8	555.1	555.8	593.1	522.1	641.6	589.9	604.2	614.6	628.7	646.0	
CLWSC												
Labor	197.4	235.1	185.8	191.2	174.2	184.5	\$200	\$189.2	\$192.3	\$196.5	\$202.0	
Labor Burden	125.6	148.8	119.9	116.7	94.1	97.8	\$119	\$106.3	\$108.0	\$110.3	\$113.4	
All Other	72.2	66.8	30.3	64.2	73.7	80.9	\$65	\$75.1	\$77.0	\$79.3	\$81.2	
Sub-total CLWSC	395.2	450.7	336.0	372.1	342.0	363.2	384.5	370.6	377.3	386.1	396.7	
CSJ Billing												
Labor	0.0	0.0	0.0	0.0	0.0	0.0	\$0	\$0.0	\$0.0	\$0.0	\$0.0	
Labor Burden	0.0	0.0	0.0	0.0	0.0	0.0	\$0	\$0.0	\$0.0	\$0.0	\$0.0	
All Other	6.3	0.0	0.0	0.0	0.0	0.0	\$0	\$0.0	\$0.0	\$0.0	\$0.0	
Sub-total CSJ Billing	6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total transfer expense	1,228.7	1,794.7	1,807.6	2,023.6	1,955.4	2,316.8	2,033.1	2,164.9	2,201.5	2,251.5	2,313.8	
Total by type												
Labor	629.2	976.7	1,098.1	1,138.3	1,134.7	1,366.6	1,172.2	1,251.4	1,271.5	1,299.4	1,335.8	
Labor Burden	429.5	618.0	708.3	694.4	612.8	724.3	689.9	698.9	710.1	725.7	746.0	
All Other	170.0	200.0	1.2	190.9	207.9	225.9	170.9	214.6	220.0	226.4	232.0	
Total	1,228.7	1,794.7	1,807.6	2,023.6	1,955.4	2,316.8	2,033.1	2,164.9	2,201.5	2,251.5	2,313.8	
Other Allocations(1):												
Land Company (McCombs)												
Recycled	30.7	31.7	22.5	11.2	11.8	15.4	\$19	\$0.0	\$0.0	\$0.0	\$0.0	
Labor Burden	0	0	0.0	0	0	0.0	\$0	\$0.0	\$0.0	\$0.0	\$0.0	
Eng non-direct labor burden (PPJV745)	2,622.0	2,799.0	2,807.9	2,447.5	2,784.6	2,697.5	\$2,784	\$2,727.6	\$2,771.3	\$2,832.2	\$2,911.5	
Eng non-direct labor burden (EIJV 45)	2,276.2	2,555.1	2,245.8	3,380.8	2,667.1	2,699.3	\$2,782	\$3,012.4	\$3,060.6	\$3,128.0	\$3,215.5	
Transfer to Cupertino	264.8	276.3	279.5	264.8	285.6	307.1	\$294	\$294.6	\$302.0	\$310.7	\$318.5	
Total Other Allocations	2,923.5	5,662.1	5,355.7	6,104.3	5,749.1	5,719.3	5,878.8	6,034.6	6,133.9	6,270.9	6,445.6	
Total Transfer	4,152.2	7,456.8	7,163.3	8,127.9	7,704.5	8,036.1	7,911.8	8,199.6	8,335.3	8,522.4	8,759.4	

(1) Group Insurance, Workmens Comp, Retirement Plan Exp

EXHIBIT SJW-04

A. 17-04-001

**Prepared Direct Testimony of
James P. Lynch
Exhibit SJ-01 (Excerpts)**

**BEFORE THE
CALIFORNIA PUBLIC UTILITIES COMMISSION**

PREPARED DIRECT TESTIMONY

OF

**JAMES P. LYNCH
SAN JOSE WATER COMPANY**

COST OF DEBT AND CAPITAL STRUCTURE

April 2017

DIRECT TESTIMONY OF JAMES P. LYNCH

COST OF DEBT AND CAPITAL STRUCTURE

Introduction

This testimony establishes the forecasted cost of debt and the long term debt ratio and capital structure for San Jose Water Company ("SJWC") for the 2018 through 2020 period. This testimony also explains certain company-specific risks facing SJWC that are relevant to the determination of an appropriate capital structure for the company.

Financial Requirements

SJWC forecasted its financing needs based on its expected earnings, capital expenditures and dividend payments for the years 2018 through 2020.

Schedule 1 illustrates the Company's financing requirements for the years 2016 through 2020. For the sake of simplicity, SJWC estimates that its financing requirement for 2021 is the same as in 2020. During the three years 2018 through 2020, SJWC expects to disburse approximately \$360 million for capital projects, retire assets at a cost of \$13 million, repay advances and fund CIAC taxes totaling more than \$4 million, and make dividend payments of \$58 million.

SJWC will utilize internally generated funds and will issue new equity as necessary to finance approximately 76% of its forecasted financing needs. The remaining balance will be satisfied by new long-term debt borrowings.

Schedule 2 details the actual common shareholder equity for 2016 and forecasted common shareholder equity for the years 2017 through 2020. Projected common shareholder equity includes total capital infusions of \$25 million during the forecasted three year period 2018 through 2020.

In light of the recovery of the financial and credit markets in 2011 and 2012, SJWC issued new common equity in 2013 in order to satisfy a portion of its future long-term financing needs. SJWC expects to make an additional issuance of new common equity in 2018, as market conditions permit. SJWC expects that proceeds from the common equity issuance will help to maintain its existing bond credit rating, and reduce future financial risk and leverage.

Long-Term Debt Ratio

SJWC expects to borrow a total of \$80 million during the forecasted three year period 2018 through 2020. In addition, SJWC expects to infuse \$25 million in new equity. As a result of its forecasted earnings, equity infusion and increased borrowings, SJWC's common equity ratio is projected to range from 52.76% to 53.67%, for an average of 53.28%. SJWC's long-term debt ratio will range from 46.33% to 47.24%, for an average of 46.72% (Schedule 2).

Cost of Long-Term Debt

SJWC estimated its cost of future long-term debt using the *Blue Chip Financial Forecast* (March 1, 2017). The second quarter forecasted interest rate for corporate Aaa bonds in the Blue Chip Financial Forecast is 5.3%. In December 2016, Standard and Poor's Bond Rating Service classified SJWC as an A rated water utility. The Company adjusted the corporate Aaa bond rating by 0.19% to reflect the yield spread between Aaa rated corporate debt and A rated utility bonds. The Company adjusted the yield spread by an additional 0.08% to reflect the credit profile (size and business risk) of the Company compared to its proxy group of utility companies as described in Schedule 5.1. In addition, the Company estimates the cost of issuance will add 0.05%. The Company therefore estimates the interest cost of its future planned long-term debt to be 5.62%. In December 2016, SJWC entered into a loan agreement with the California Pollution Control Authority ("CPCFA"). The CPCFA simultaneously entered into an indenture with a trustee pursuant to which the CPCFA issued \$70 million of tax-exempt fixed rate revenue bonds carrying

EXHIBIT SJW-05

A. 17-04-001

**Schedules Accompanying Prepared
Rebuttal Testimony of James P. Lynch
Exhibit SJ-03 (Excerpts)**

1
2
3
4
5
6 BEFORE THE
7
8 CALIFORNIA PUBLIC UTILITIES COMMISSION
9
10
11
12
13 SCHEDULES ACCOMPANYING
14 PREPARED REBUTTAL TESTIMONY
15
16 OF
17
18 JAMES P. LYNCH
19
20 SAN JOSE WATER COMPANY
21
22
23
24 COST OF DEBT AND CAPITAL STRUCTURE
25
26
27
28
29
30
31
32
33
34
35
36

August 22, 2017

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40

Schedule JPL-1R (Corrected Schedules 1-8 to Direct Prepared Testimony of James
P. Lynch)

SAN JOSE WATER COMPANY
(U 168 W)
FINANCIAL REQUIREMENTS
(DOLLARS IN THOUSANDS)
2016-2020

Schedule 1 (Corrected by JPL)

	Actual 2016	2017	Forecasted		2020	TOTAL
			2018	2019		
Funds Required:						
Company financed additions to utility plant	\$124,521	138,390	129,770	112,930	116,310	621,921
Cost of Retirements	3,320	4,034	4,155	4,280	4,408	20,197
Changes in current assets and liabilities	(1,326)	(43,931)	(1,061)	11,408	(314)	(35,224)
Change in regulatory assets	(19,297)	13,000	(8,000)	(8,000)	0	(22,297)
Refunds on Advance including gross-up	2,522	2,121	1,338	1,378	1,420	8,779
CIAC additions	11,237	5,000	5,000	5,000	5,000	31,237
Intercompany borrowings with affiliates	7,137	616	0	0	0	7,753
Taxes on Contributions and Advances & CIAC	1,010	1,000	1,000	1,000	1,000	5,010
Dividends	16,000	18,000	19,000	19,000	20,000	92,000
Total funds required	145,124	138,230	151,202	146,996	147,824	729,376
Funds Provided:						
Funds from Operations:						
Retained earnings	43,960	33,904	44,332	49,893	52,709	224,798
Depreciation	42,726	45,317	49,798	53,611	57,535	248,987
Other	20,627	0	0	0	0	20,627
Refund of income taxes from JCA 2010						0
Normalization of income taxes	7,468	17,395	11,070	3,660	(7,621)	31,972
Total funds provided prior to financing	114,781	96,616	105,200	107,164	102,623	526,384
Financing required before working cash	\$30,343	41,614	46,002	39,831	45,202	202,991
BOY working cash	\$3,479	24,710	1,175	2,885	4,122	3,479
Financing required	26,864	16,903	44,827	36,947	41,079	166,620
Short-term financing 12/31/XX	53,608	16,482	20,800	4,000	46,000	140,890
Repayment of short-term financing	(81,108)	0	0	(44,900)	0	(126,008)
Long-term financing 12/31/XX	70,000	0	0	79,846	0	149,846
Repayment of long-term financing	(1,748)	(147)	(150)	0	(158)	(2,203)
Receipt of advances and CIAC	10,965	1,743	2,062	2,123	2,187	19,080
Other	(143)	0	0	0	0	(143)
Equity Infusion	0	0	25,000	0	0	25,000
Total financing requirement	51,574	18,078	47,712	41,069	48,029	206,462
EOY Working Cash	24,710	1,175	2,885	4,122	6,950	6,950
% of construction funds generated internally	76%	70%	65%	65%	61%	67%

SAN JOSE WATER COMPANY
(U 168 W)
COMMON SHAREHOLDER EQUITY
2016 - 2020

	Actual	Forecasted					
		2016 (1)	2017 (2)	2018 (2)	2019 (2)	2020 (2)	TOTAL
BALANCE, BEGINNING OF YEA	Schedule 7	\$ 357,404,000	\$ 386,027,000	\$403,165,209	\$454,409,145	\$486,242,554	\$ 357,404,000
EARNINGS	Schedule 7	\$ 61,698,000	\$56,538,483	\$66,966,210	\$74,774,367	\$79,836,181	\$ 339,813,240
DIVIDENDS	Schedule 7	\$ (16,000,000)	\$ (18,000,000)	(\$19,000,000)	(\$19,000,000)	(\$20,000,000)	\$ (92,000,000)
Capital Infusion	Schedule 7	\$ -	\$ -	\$25,000,000	\$ -	\$ -	\$ 25,000,000
OTHER ADJUSTMENT	Schedule 7	\$ (17,075,000)	\$ (21,400,274)	(\$21,722,274)	(\$23,940,957)	(\$26,162,641)	\$ (110,301,146)
BALANCE, END OF YEAR	Schedule 7	\$386,027,000	\$403,165,209	\$454,409,145	\$486,242,554	\$519,916,094	519,916,094
Weighted Average			\$394,596,105	\$428,787,177	\$470,325,849	\$503,079,324	
COMMON EQUITY RATIO	Schedule 3	51.35%	51.60%	53.67%	53.41%	52.76%	
LONG-TERM DEBT RATIO	Schedule 3	48.65%	48.40%	46.33%	46.59%	47.24%	
PAYOUT RATIO		25.93%	31.84%	28.37%	25.41%	25.05%	27.07%

Assumptions:

1. 2016 earnings and dividends per Company Actual for Regulated Company
2. 2017 - 2020 earnings based on Schedule 7

Schedule 4 (Corrected by JPL)

SAN JOSE WATER COMPANY
(U-168-W)

WEIGHTED AVERAGE LONG-TERM DEBT
(2015 - 2020)

<u>Long - Term Debt</u>	Par Value	Net Proceeds	Annual Charge	Effective Rate	Weighted Average (Beg+End)/2
Balance 12/31/15	\$300,000,000	\$292,991,593	\$19,277,850	6.58%	
Private Activity Bond 2016	\$70,000,000	\$69,057,295	\$3,356,423	4.86%	6.42%
Balance 12/31/16	\$370,000,000	\$362,048,888	\$22,634,274	6.25%	6.25%
Balance 12/31/17	\$370,000,000	\$362,048,888	\$22,634,274	6.25%	6.25%
Balance 12/31/18	\$370,000,000	\$362,048,888	\$22,634,274	6.25%	6.20%
Issuance of Series M Senior Note	\$80,000,000	\$80,000,000	\$4,493,367	5.62%	6.14%
Balance 12/31/19	\$450,000,000	\$442,048,888	\$27,127,641	6.14%	6.20%
Balance 12/31/20	\$450,000,000	\$442,048,888	\$27,127,641	6.14%	
Average 2018 to 2020	\$471,666,667	\$462,390,370	\$28,653,336	6.20%	6.20%

Schedule 7 (Corrected by JPL)

**SAN JOSE WATER COMPANY
(U-168-W)**

**FINANCIAL REQUIREMENTS
ESTIMATED COMMON EQUITY
EARNINGS BASED ON PRIOR YEAR RATIOS
(2016 - 2020)**

		Actual	Test Year	Test Year	Test Year	Test Year
		2016	2017	2018	2019	2020
<u>Earnings</u>						
Auth Rate Base (1)		\$658,981,000	\$715,677,000	\$772,389,960	\$866,446,890	\$931,577,370
Rate of Return	From Schedule 3	7.96%	7.90%	8.67%	8.63%	8.57%
	(2)	\$52,454,888	\$56,538,483	\$66,966,210	\$74,774,367	\$79,836,181
<u>Common Equity</u>						
Balance 12/31/2015		\$357,404,000				
Earnings 2016		\$61,698,000				
Interest & other adjustment		(\$17,075,000)				
Dividends 2016		(\$16,000,000)				
Balance 12/31/2016		\$386,027,000	\$386,027,000			
Earnings 2017			\$56,538,483			
Interest	(From Schedule 5)		(\$22,634,274)			
Other adjustment			\$1,234,000			
Dividends 2017			(\$18,000,000)			
Balance 12/31/17			\$403,165,209	\$403,165,209		
Earnings 2018				\$66,966,210		
Interest	(From Schedule 5)			(\$22,634,274)		
Capital infusion				\$25,000,000		
Other adjustment				\$912,000		
Dividends 2018				(\$19,000,000)		
Balance 12/31/18				\$454,409,145	\$454,409,145	
Earnings 2019					\$74,774,367	
Interest	(From Schedule 5)				(\$24,880,957)	
Other adjustment					\$940,000	
Dividends 2019					(\$19,000,000)	
Balance 12/31/19					\$486,242,554	\$486,242,554
Earnings 2020						\$79,836,181
Interest	(From Schedule 5)					(\$27,127,641)
Other adjustment						\$965,000
Dividends 2020						(\$20,000,000)
Balance 12/31/20						\$519,916,094

(1) 2018 through 2020 are estimates

(2) Estimated, except actual in 2016

Schedule 8 (Corrected by JPL)

SAN JOSE WATER COMPANY
(U-168-W)
Average weighted Capital Calculation
2015-2020

		<u>Weighted Average Amount</u>	<u>Ratio</u>	<u>Effective Rate</u>	<u>ROR</u>
As of 12/31/15					
Long-term Debt	(from Schedule 4)	\$300,000,000	46.25%	6.58%	3.04%
Common Equity		\$348,686,000	53.75%	9.43%	5.07%
		<u>\$648,686,000</u>	<u>100.00%</u>		<u>8.11%</u>
As of 12/31/16:					
Long-term Debt	(from Schedule 4)	\$335,000,000	47.40%	6.42%	3.04%
Common Equity	(from Schedule 7)	\$371,715,500	52.60%	9.43%	4.96%
		<u>\$706,715,500</u>	<u>100.00%</u>		<u>8.00%</u>
Estimated 12/31/17:					
Long-term Debt	(from Schedule 4)	\$370,000,000	48.39%	6.25%	3.02%
Common Equity	(from Schedule 7)	\$394,596,105	51.61%	9.43%	4.87%
		<u>\$764,596,105</u>	<u>100.00%</u>		<u>7.89%</u>
Estimated 12/31/18:					
Long-term Debt	(from Schedule 4)	\$370,000,000	46.32%	6.25%	2.90%
Common Equity	(from Schedule 7)	\$428,787,177	53.68%	10.75%	5.77%
		<u>\$798,787,177</u>	<u>100.00%</u>		<u>8.67%</u>
Estimated 12/31/19:					
Long-term Debt	(from Schedule 4)	\$410,000,000	46.57%	6.20%	2.89%
Common Equity	(from Schedule 7)	\$470,325,849	53.43%	10.75%	5.74%
		<u>\$880,325,849</u>	<u>100.00%</u>		<u>8.63%</u>
Estimated 12/31/20:					
Long-term Debt	(from Schedule 4)	\$450,000,000	47.22%	6.14%	2.90%
Common Equity	(from Schedule 7)	\$503,079,324	52.78%	10.75%	5.67%
		<u>\$953,079,324</u>	<u>100.00%</u>		<u>8.57%</u>
Average 2020-2018					
Long-term Debt		\$410,000,000	46.73%	6.20%	2.90%
Common Equity		\$467,397,450	53.27%	10.75%	5.73%
		<u>\$877,397,450</u>	<u>100.00%</u>		<u>8.63%</u>

EXHIBIT SJW-06

A. 18-01-004

Report on the Results of Operations

Exhibit SJW-5

(Excerpts)

EXHIBIT E

**SAN JOSE WATER COMPANY
(U-168-W)**

**REPORT ON THE
RESULTS OF OPERATIONS**

JANUARY 2018

TABLE 11-B

**SAN JOSE WATER COMPANY
(U-168-W)**

**CONSTRUCTION BUDGETS
(2018 - 2021)**

(Thousands of Dollars)

<u>Description</u>	<u>Transition 2018</u>	<u>Test Year 2019</u>	<u>Test Year 2020</u>
Land	\$0.0	\$0.0	\$0.0
Source of Supply	\$7,521.9	\$17,800.9	\$12,379.4
Water Treatment	\$867.3	\$1,010.2	\$3,279.9
Reservoirs & Tanks	\$10,705.2	\$26,257.1	\$29,397.0
Pump Stations & Equip.	\$4,578.3	\$2,406.5	\$17,650.5
Distribution System:			
New Mains	\$9,626.0	\$0.0	\$2,898.1
Service Transfers	\$0.0	\$0.0	\$0.0
City, County & State	\$1,262.3	\$689.6	\$710.3
Replacement Mains	\$45,877.5	\$46,456.3	\$44,585.4
Main Extensions	\$8,895.1	\$12,271.9	\$15,195.0
Services	\$11,419.3	\$12,031.9	\$13,009.4
Meters	\$2,699.4	\$2,959.5	\$2,851.8
Hydrants	\$354.2	\$364.8	\$375.8
Equipment	\$4,980.4	\$6,406.6	\$3,846.2
Structures & Non-Specifics	\$7,328.0	\$4,215.4	\$2,285.2
Green & Alternative Energy	\$0.0	\$2,224.5	\$3,543.3
	\$116,114.9	\$135,095.2	\$152,007.3
Cost of Retiring	\$5,602.7	\$8,321.1	\$11,125.6
Total Construction Budget	\$110,512.2	\$126,774.1	\$140,881.7

TABLE 11-D

**SAN JOSE WATER COMPANY
(U-168-W)**

**UTILITY PLANT
(2018 - 2021)**

(Thousands of Dollars)

	Transition <u>2018</u>	Test Year <u>2019</u>	Test Year <u>2020</u>
<u>Total Utility Plant</u>			
Beginning of Year Balance	\$1,597,186.2	\$1,704,705.3	\$1,831,451.8
Gross Additions:			
Land & Intangibles	\$0.0	\$0.0	\$0.0
Depreciable Plant	\$130,305.8	\$148,814.9	\$155,136.9
Total	\$130,305.8	\$148,814.9	\$155,136.9
Retirements & Adjustments	\$10,457.0	\$10,457.0	\$10,457.0
Net Additions	\$119,848.8	\$138,357.9	\$144,679.9
% of Beginning Balance	7.5%	8.1%	7.9%
End of Year Balance	\$1,717,035.1	\$1,843,063.2	\$1,976,131.8
Weighted Average - Amount	\$1,657,244.8	\$1,774,039.2	\$1,903,953.8
Weighted Average - per Customer	\$7,488	\$8,001	\$8,571

EXHIBIT SJW-07

A. 18-01-004

**Joint Motion and
Partial Settlement Agreement
(Excerpts)**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of SAN JOSE WATER COMPANY (U168W) for an Order authorizing it to increase rates charged for water service by \$34,288,100 or 9.76% in 2019, by \$14,231,800 or 3.70% in 2020, and by \$20,581,700 or 5.17% in 2021.

Application 18-01-004
(Filed January 4, 2018)

**JOINT MOTION OF
THE OFFICE OF RATEPAYER ADVOCATES AND
SAN JOSE WATER COMPANY
FOR APPROVAL OF PARTIAL SETTLEMENT AGREEMENT**

Anand Durvasula, Esq.
Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue, 5th Floor
San Francisco, CA 94102
(415) 703-2765
Anand.Durvasula@cpuc.ca.gov

Attorneys for the Office of Ratepayer
Advocates

August 10, 2018

Martin A. Mattes, Esq.
Lori Anne Dolqueist, Esq.
Nossaman LLP
50 California Street, 34th Floor
San Francisco, CA 94111
(415) 398-3600
ldolqueist@nossaman.com

Attorneys for San Jose Water Company

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of SAN JOSE WATER COMPANY (U168W) for an Order authorizing it to increase rates charged for water service by \$34,288,100 or 9.76% in 2019, by \$14,231,800 or 3.70% in 2020, and by \$20,581,700 or 5.17% in 2021.

Application 18-01-004
(Filed January 4, 2018)

**JOINT MOTION OF
THE OFFICE OF RATEPAYER ADVOCATES AND
SAN JOSE WATER COMPANY
FOR APPROVAL OF PARTIAL SETTLEMENT AGREEMENT**

In accordance with Rule 12.1 of the Rules of Practice and Procedure (“Rules”) of the California Public Utilities Commission (“Commission”), San Jose Water Company (“SJWC”) and the Office of Ratepayer Advocates (“ORA”) (together with SJWC, the “Settling Parties”) hereby respectfully move that the Commission approve the *Partial Settlement Agreement Between the Office of Ratepayer Advocates and San Jose Water Company on Issues Presented in the General Rate Case Application* (the “Settlement Agreement”) that was entered into and executed by the Settling Parties on August 10, 2018, for the purpose of resolving certain issues presented in the above-captioned proceeding. The Settlement Agreement is appended hereto as **Attachment A**. Consistent with Rule 12.1, this Motion is submitted after the prehearing conference, held on April 19, 2018, and within 30 days after the last day of hearings in this proceeding, which was July 11, 2018.

A. Procedural Background

SJWC filed Application 18-01-004 (the “Application”) on January 4, 2018, proposing increased rates for Test Year 2019 and Escalation Years 2020 and 2021, and to make investments and accounting changes as specified therein. In support of its Application, SJWC

As demonstrated above, the Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest. Therefore, the Settling Parties respectfully move for the Commission to approve and adopt the Settlement Agreement as attached hereto as Attachment A, without modification, in the course of its decision in this proceeding.

Respectfully submitted,

OFFICE OF RATEPAYER ADVOCATES

Anand Durvasula

By: /s/ Anand Durvasula
Anand Durvasula

Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue, 5th Floor
San Francisco, CA 94102
Telephone: (415) 703-2765
Email: Anand.Durvasula@cpuc.ca.gov

Attorneys for the OFFICE OF RATEPAYER
ADVOCATES

NOSSAMAN LLP

Martin A. Mattes
Lori Anne Dolqueist

By: /s/ Lori Anne Dolqueist
Lori Anne Dolqueist

Nossaman LLP
50 California Street, 34th Floor
San Francisco, CA 94111
Telephone: (415) 398-3600
Email: ldolqueist@nossaman.com

Attorneys for SAN JOSE WATER COMPANY

August 10, 2018

Attachment A

San Jose Water Company (U168W)

A.18-01-004

General Rate Case 2019

Partial Settlement Agreement

**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 it to increase rates charged for water
service by \$34,288,100 or 9.76% in 2019, by
\$14,231,800 or 3.70% in 2020, and by
\$20,581,700 or 5.17% in 2021.

A.18-01-004
(Filed January 4, 2018)

**PARTIAL SETTLEMENT AGREEMENT BETWEEN THE OFFICE OF
RATEPAYER ADVOCATES AND SAN JOSE WATER COMPANY ON ISSUES
PRESENTED IN THE GENERAL RATE CASE APPLICATION**

August 10, 2018

**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 it to increase rates charged for water service by \$34,288,100 or 9.76% in 2019, by \$14,231,800 or 3.70% in 2020, and by \$20,581,700 or 5.17% in 2021.

A.18-01-004
(Filed January 4, 2018)

**PARTIAL SETTLEMENT AGREEMENT BETWEEN THE OFFICE OF
RATEPAYER ADVOCATES AND SAN JOSE WATER COMPANY ON ISSUES
PRESENTED IN THE GENERAL RATE CASE APPLICATION**

I. GENERAL PROVISIONS

A. Pursuant to Article 12 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Office of Ratepayer Advocates (ORA) and San Jose Water Company (SJWC), referred to together as “the Settling Parties,” have agreed on the terms of this Settlement Agreement, which they now submit for review, consideration, and approval by Administrative Law Judge Karl Bemserderfer and the Commission. This Settlement Agreement addresses most of the differences on contested issues presented by the testimony and exhibits submitted into evidence by SJWC and ORA, respectively.

B. Specific issues that the Settling Parties agree to resolve through this Settlement Agreement are set forth in Section II below. For each issue, Section II describes the positions of the Settling Parties and the resolution provided by the Settlement Agreement and provides references to the evidence of record relevant to each settled issue.

C. Because this Settlement Agreement represents a compromise of the Settling Parties’ positions with respect to each issue addressed herein, the Settling Parties have agreed upon the resolution of each issue addressed in the Settlement Agreement on the basis that its approval by the Commission should not be construed as an admission or concession by either

7. 2018 Tax Accounting Memorandum Account

ORA has suggested that SJWC should close this account as of January 1, 2019 and amortize any balance back to customers. SJWC recommended that the account be kept open until all the required accounting guidance related to the 2018 Federal Tax Law has been issued by the Internal Revenue Service (IRS). For the purpose of settlement, the parties agree that the account should be kept open until three months following a final decision in this proceeding if IRS guidance is issued before such time, or until such guidance has been issued, but no later than ten days following the date that SJWC makes its 2018 tax year filing with the IRS.

REFERENCES: ORA-4, Office of Ratepayer Advocates Report and Recommendations on SJWC's General Rate Case Requests Regarding Operation and Maintenance Expenses, Administrative and General Expenses, and Balancing and Memo Accounts for Test Year 2019 (Public Version), p. 37; SJW-9, Rebuttal Testimony of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendations on Taxes and Rate Base, p. 4.

H. Plant

Parties agree that actual capital spending for the three years addressed in this proceeding (2019-2021) including the 2018 transition year may vary from any forecast adopted by the Commission and that any variance between adopted amounts and those that actually occur would not demonstrate imprudence or unreasonableness. The parties also agree that it is the utility's responsibility to manage the overall capital budget to assure safe and reliable service for customers.

For the purpose of settlement, the parties agree to the total budgets shown below for capital projects. The parties agree that this amount is justified based on the projects SJWC proposed in its application, as discussed in its direct and rebuttal testimony, as well as the concerns expressed by ORA in its report. The parties agree that the budgets provide a pool of funds for capital projects that is less than the amount originally requested by SJWC, but is comparable to the amount spent during its previous rate case cycle. Within this overall capital

budget, SJWC will have the flexibility to prioritize the capital projects in order to best serve its customers.

	SJWC	ORA	Settlement
2018	\$116,114,863	\$91,838,851	\$95,679,851
2019	\$135,095,200	\$98,001,165	\$101,726,165
2020	\$152,007,300	\$106,662,438	\$121,992,438
TOTAL	\$403,217,363	\$296,502,454	\$319,398,454

REFERENCES: SJW-5, San Jose Water Company Application Exhibit E – Report on Results of Operations, pp. 11-1 to 11-3; SJW-6C, San Jose Water Company Application Exhibit F – Workpapers (Confidential), Worksheet CH-11; SJW-7, San Jose Water Company Application Exhibit G – Capital Budget Project Justifications; ORA-5, Office of Ratepayer Advocates Report and Recommendations on Utility Plant in Service and Water Quality, pp. 1-147; SJW-10, Rebuttal of San Jose Water Company to the Office of Ratepayer Advocates Report and Recommendation on Utility Plant in Service and Water Quality, pp. 1-60.

I. Proposed Merger

The parties agree that the issue of whether any ratemaking adjustments are warranted in light of the proposed merger between San Jose Water Group and Connecticut Water Service, Inc. should be considered in I.18-07-007.

III. CONCLUSION

The parties mutually believe that, based on the terms and conditions stated above, this Settlement Agreement is reasonable in light of the whole record, is consistent with the law, and is in the public interest.

Respectfully submitted,

REVISED DETAILED JOINT COMPARISON EXHIBIT

TABLE 5A:

UTILITY PLANT IN SERVICE - BUDGET YEAR 2018

Line	Item	ORA Testimony	ORA Final	\$ SJWC > ORA	% SJWC > ORA	SJWC Final	SJWC Update	SJWC Application
1	UTILITY PLANT							
2	2018 New Plant	\$91,839	\$95,680	\$0	0.0%	\$95,680	\$116,115	\$116,115
3	2018 Cost of Retiring -	\$2,933	\$2,933	\$0	0.0%	\$2,933	\$5,603	\$5,603
4	2018 Total Construction Budget	\$88,906	\$92,747	\$0	0.0%	\$92,747	\$110,512	\$110,512

REVISED DETAILED JOINT COMPARISON EXHIBIT
TABLE 5B:
UTILITY PLANT IN SERVICE - BUDGET YEAR 2019

Line	Item	ORA Testimony	ORA Final	\$ SJWC > ORA	% SJWC > ORA	SJWC Final	SJWC Update	SJWC Application
1	UTILITY PLANT							
2	2019 New Plant	\$98,001	\$101,726	\$0	0.0%	\$101,726	\$135,095	\$135,095
3	2019 Cost of Retiring -	\$6,834	\$6,834	\$0	0.0%	\$6,834	\$8,321	\$8,321
4	2019 Total Construction Budget	\$91,168	\$94,893	\$0	0.0%	\$94,893	\$126,774	\$126,774

REVISED DETAILED JOINT COMPARISON EXHIBIT
TABLE 5C:
UTILITY PLANT IN SERVICE - BUDGET YEAR 2020

Line	Item	ORA Testimony	ORA Final	\$ SJWC > ORA	% SJWC > ORA	SJWC Final	SJWC Update	SJWC Application
1	UTILITY PLANT							
2	2020 New Plant	\$106,662	\$121,992	\$0	0.0%	\$121,992	\$152,007	\$152,007
3	2020 Cost of Retiring -	\$6,710	\$6,710	\$0	0.0%	\$6,710	\$11,126	\$11,126
4	2020 Total Construction Budget	\$99,952	\$115,282	\$0	0.0%	\$115,282	\$140,882	\$140,882

EXHIBIT SJW-08

Testimony of Eric W. Thornburg

EXHIBIT SJW-08

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion Into the Planned Merger Between SJW Group, Holding Company of San Jose Water Company (U168W), and Connecticut Water Service, Inc. and its Effect on California Ratepayers and the California Economy.

I.18-07-007
(Adopted July 12, 2018;
issued July 20, 2018)

TESTIMONY OF ERIC W. THORNBURG

Q. Please state your name and business address.

A. My name is Eric W. Thornburg. I work at 110 W. Taylor Street, San Jose, CA 95110.

Q. By whom are you employed and in what capacity?

A. I am employed by SJW Group as Chief Executive Officer, President, and Chairman of the Board of Directors. I also serve as Chief Executive Officer and Chairman of the Board of Directors of San Jose Water Company ("San Jose Water").

Q. On whose behalf are you submitting the present Testimony?

A. I am submitting this Testimony on behalf of SJW Group and San Jose Water, Respondents to the Order Instituting Investigation ("OII") 18-07-007 (the "Investigation"). I will refer to the Respondents together as the "SJW Companies".

Q. What is the purpose of your Testimony?

A. The purpose of my Testimony is to contribute to the SJW Companies' response to the direction by Administrative Law Judge ("ALJ") Karl J. Bemederfer, during the prehearing conference held August 22, 2018, in this proceeding, to file testimony by a responsible officer that addresses six questions the ALJ presented relating to the general topic of the effect on San Jose Water's rates and service of the proposed merger of Connecticut Water Service, Inc. ("CTWS") with SJW Group, the parent company of San Jose Water (the "planned transaction"). My testimony will specifically address the sixth of those questions: "What support can San Jose Water Company offer for its claims that the transaction may lower rates and increase water quality for its customers?"

Q. Do you have a general response to ALJ Bemederfer's concern about the SJW Companies' expectations for benefits from the planned transaction?

A. Yes, I do. I would like to assure his Honor and the Commission that our expectations that the planned transaction will provide benefits to all of the SJW Companies' stakeholders – customers, employees, shareholders, and communities – are sincere and soundly based. Throughout my 35 years of service in the drinking water profession, I have personally led significant acquisitions and subsequent integration efforts. I can testify regarding my first-hand experience with the power of transformative combinations like the planned transaction. My experience is that the new organization can benefit significantly through sharing and replicating best practices, leveraging scale by aggregating procurement, and its new-found geographic diversity. I am supremely confident that this transformative combination will bring real value to our customers and communities.

Q. More specifically, how have the SJW Companies addressed the question of lower rates resulting from the planned transaction?

A. In their Joint Response to Order Instituting Investigation 18-07-007 (the “OII”) and again in their Joint Opening Comments filed today, the SJW Companies expressed confidence that the increased scale and scope of SJW Group’s business and its water companies’ operations resulting from the planned transaction will offer opportunities to leverage procurement, share resources and identify best practices that will result in more efficient operations by San Jose Water and its affiliated utilities. The SJW Companies went on to state that they anticipate no adverse rate impacts resulting from the planned transaction, but instead anticipate that the opportunities just noted are likely to result in future rates for San Jose Water customers lower than otherwise would be required.

Q. Can you provide any support for the SJW Companies’ confidence about the prospective impact of the planned transaction on San Jose Water’s rates?

A. Yes, I can. As I stated upon the initial announcement of the planned transaction in March 2018, what was then planned as a “merger of equals” would join “two leading and complementary water utility companies to create significant long term benefits for shareholders, customers, employees and the communities we serve. The combination will establish a premier organization with substantial opportunities for new investment across a diverse set of geographies and an improved ability to serve our customers.”

I went on to say, “Having worked closely with the teams at both SJW Group and Connecticut Water, I know that we both share a passion for delivering life-sustaining water service to families and communities, serving our colleagues, being good stewards of the natural resources entrusted to us and creating shareholder value through prudent capital deployment. I am confident we have a strong cultural fit and that our people will build a unified team well-positioned to drive future growth.”

The considerations that I addressed in that initial announcement also support the SJW Companies’ expectations that the planned transaction will present “opportunities to leverage procurement, share resources and identify best

practices that will result in more efficient operations by San Jose Water and its affiliated utilities.” Those are the sorts of efficiencies that can help the SJW Companies control costs and protect ratepayers from avoidable rate increases.

Q. Your initial announcement related to the original plan of SJW Group and CTWS to enter into a “merger of equals.” Do your expectations at that time still apply to what is now a “cash for stock” transaction?

A. Yes, they do. The revised terms of the planned transaction ensure continuity in the ownership, control, and executive management of SJW Group and San Jose Water but still provide a continuing role for CTWS as the managing entity for the water and wastewater services provided to customers in the States of Connecticut and Maine. We continue to anticipate a strong cultural fit among our companies and that our people will build a unified team well-positioned not only for future growth but also for leveraging procurement, sharing resources, and applying best practices throughout the new family of companies.

In their Joint Response to the OII, the SJW Companies quoted a statement by Robert Van Valer, SJW Group’s lead independent director, upon the announcement of the amended merger plan on August 6, 2018, that “[t]ogether, we will have a multi-state presence with a broader and more attractive growth platform and capacity to invest in our infrastructure, maintain our local operations and focus, provide greater opportunities for our employees and increase shareholder value over the immediate- and long-term.” As the SJW Companies went on to say, most investor-owned water utilities lack the scale that can drive efficiency, productivity and best practices, but the planned transaction, in its present form, will create a larger, stronger company, capable of delivering greater value and benefits for all stakeholders, including customers, than either company could deliver on its own. I strongly endorse that statement. I expect that one of the benefits of the planned transaction will be a more efficient provision of water utility services that will result in rates charged to San Jose

Water's customers lower than would otherwise, absent the transaction, have been required.

Q. The ALJ's sixth question presented at the prehearing conference also called for San Jose Water to support its claim that the transaction may increase water quality for its customers. Do you have a response to that aspect of the question?

A. Yes, I do. The SJW Companies did note in their Joint Response to the OII their expectation that the planned transaction will maintain or improve the quality of San Jose Water's service to its customers in diverse ways – including its assurance of water quality. They anticipated that, as integration of the larger corporate family proceeds, sharing of experience, skills, and knowledge will better enable San Jose Water to bring best practices and new approaches to bear on various aspects of its own operations and services, particularly with respect to water quality. The SJW Companies' Opening Comments recall these expectations and note in particular that the planned combination with CTWS will give SJW Group a "deeper bench" to support responses to incidents that may require a concentration of resources to meet an urgent need or a crisis situation at one operating location or facility. I strongly endorse and agree with that assertion.

Recent experiences with wildfires in California and with hurricanes along the New England coast, not to mention ubiquitous concerns about potential terroristic acts, have taught utility managers in all industry sectors the necessity to be prepared for critical situations that can easily overwhelm available resources. The increased resources available to SJW Group upon consummation of the planned transaction will enhance San Jose Water's ability to marshal the resources needed to respond to tomorrow's crisis situation – which may well be a threat to its water system and the quality of its water supplies.

Should such a crisis situation occur, SJW Group intends to deploy the resources of its operating water companies as most needed for the support of any system in distress. Such an effort might require a sharing of human and material

resources between companies. Under any such circumstances, SJW Group and San Jose water certainly would proceed in accordance with the accounting framework established by the Commission's Affiliate Transaction Rules.

Q. Do you have anything further to say about the Joint Comments filed today by the SJW Companies?

A. Yes, I do. First, I note that the scope of this investigation was redefined by a Scoping Memo and Ruling of Assigned Commissioner and Joint Ruling with Administrative Law Judge ("Scoping Memo"), issued September 7, 2018, to include 14 issues. ALJ Bemserfer's sixth question, which I have addressed above, is Issue 7 on the Scoping Memo's list.

Also, I specifically attest to the truthfulness of all assertions of fact at pages 23 to 27 and pages 31 to 32 of the Joint Opening Comments submitted this day by the SJW Companies relevant to Issues 7 to 10 and 12 to 14 as listed in the Scoping Memo. I also attest to the truthfulness of all assertions of fact at pages 2 to 5 of those Joint Opening Comments relevant to the history of the planned transaction.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Signed this 14th day of September, 2018, in San Jose, California.



Eric W. Thornburg
Chief Executive Officer, President, and
Chairman of the Board of Directors,
SJW Group, and Chief Executive Officer
and Chairman of the Board of Directors,
San Jose Water Company

EXHIBIT SJW-09

Testimony of Palle J. Jensen

EXHIBIT SJW-09

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion Into the Planned Merger Between SJW Group, Holding Company of San Jose Water Company (U168W), and Connecticut Water Service, Inc. and its Effect on California Ratepayers and the California Economy.

I.18-07-007
(Adopted July 12, 2018;
issued July 20, 2018)

TESTIMONY OF PALLE L. JENSEN

Q. Please state your name and business address.

A. My name is Palle L. Jensen. I work at 110 W. Taylor Street, San Jose, CA 95110.

Q By whom are you employed and in what capacity?

A. I am employed by San Jose Water Company ("San Jose Water") as Executive Vice President.

Q. On whose behalf are you submitting the present Testimony?

A. I am submitting this Testimony on behalf of SJW Group and San Jose Water, Respondents to the Order Instituting Investigation ("OII") 18-07-007 (the "Investigation"). I will refer to the Respondents together as the "SJW Companies."

Q. What is the purpose of your Testimony?

A. The purpose of my Testimony is to contribute to the SJW Companies' response to the direction by Administrative Law Judge ("ALJ") Karl J. Bemederfer, during the prehearing conference held August 22, 2018, in this proceeding, to file testimony by a responsible officer that addresses six questions the ALJ presented relating to the general topic of the effect on San Jose Water's rates and service of the proposed merger of Connecticut Water Service, Inc. ("CTWS") with SJW Group, the parent company of San Jose Water (the "planned transaction"). My testimony, in conjunction with the SJW Companies' Opening Comments, will specifically address the first five of those six questions, which were stated as follows:

1. How does the merged company propose to allocate the appropriate overhead between its two operating divisions?
2. Will the merged company reduce its investments in San Jose Water Company compared to the investment it would make if there were no Connecticut Water acquisition?
3. How will the proposed borrowing affect San Jose Water Company's future rates?
4. How will the proposed borrowing affect San Jose Water Company's ability to invest in new infrastructure?
5. How will the proposed borrowing affect San Jose Water Company's cash flow, credit rating, and capital structure?

Q. How do you respond to ALJ Bemederfer's first question, as to how the merged company proposes to allocate the appropriate overhead between its two operating divisions?

A. First I would note that, in the experience of the SJW Companies, the allocation of overheads is done at the operating company level, not by the holding company. As noted in the SJW Companies' Opening Comments submitted for filing today,

no overhead expenses are currently allocated to San Jose Water from any of its affiliated companies. Historically, and today, all overhead allocations involving San Jose Water flow from San Jose Water to its affiliates, including its parent company, SJW Group, as well as SJW Land Company and SJWTX, Inc., dba Canyon Lake Water Company, which operates several small public water systems in the State of Texas. Those allocations reduce the revenue requirements on which San Jose Water calculates its rates charged to its customers.

Next, I would observe that San Jose Water has historically determined the “appropriate overhead” for allocation to affiliates based on the authorities noted in SJW Companies’ Opening Comments – the Uniform System of Accounts, the Water Division’s Standard Practice U-6-W, and the Affiliate Transaction Rules. I believe these authorities will continue to set the standards for allocation of overheads to or from San Jose Water once the planned transaction has been completed.

As the SJW Companies’ Opening Comments correctly recognize, there may be a modest level of allocations to San Jose Water from one or more of its new affiliates in future years due to the sharing of resources among them, but any such allocations will be subject to the same standards noted above and will be subject to review in San Jose Water’s general rate cases (“GRCs”).

- Q. How do you respond to ALJ Bemserderfer’s question whether the merged company will reduce its investments in San Jose Water compared to the investment it would make if there were no acquisition of CTWS?
- A. I expect that the planned transaction will not cause SJW Group to reduce its investments in San Jose Water in comparison to what it would have done otherwise.
- Q. What is the basis for that expectation?

- A. As the SJW Companies explain in their Opening Comments, SJW Group's investments in San Jose Water are driven mainly by San Jose Water's own needs – first, to make investments in utility plant in order to ensure its ability to provide reliable, high quality water service to all its customers, and second, to maintain a balanced capital structure. The planned transaction will not prevent SJW Group from making new equity investments in San Jose Water to help meet those needs, and implementation of the planned transaction will increase SJW Group's capacity to do so.

I can testify from personal experience, over many years of responsibility for San Jose Water's rate cases and cost of capital proceedings before the Commission, that it is not any possible reluctance on the part of SJW Group or its shareholders that limits their equity investment in San Jose Water. Rather, in practical terms, it is the Commission's own regulatory process, including the active and highly critical participation of The Public Advocates Office at the California Public Utilities Commission ("Cal PA"), formerly the Office of Ratepayer Advocates, that limits San Jose Water's investments in utility plant and the ratio of equity investment in the utility's capital structure. The SJW Companies' Opening Comments provide specific examples of a recent and a current GRC in which the regulatory process has constrained San Jose Water's capital investment plans. These elements of regulatory oversight are the limiting factor for SJW Group's equity investment in San Jose Water.

- Q. Do you have a general response to ALJ Bemisderfer's questions as to how the proposed borrowing will affect San Jose Water's rates, investments in infrastructure, cash flow, credit rating, and capital structure?

- A. Yes, I do. In their Opening Comments submitted today, the SJW Companies have sought to respond specifically to each of ALJ Bemisderfer's questions, including these questions 3, 4, and 5. It is evident from those Opening Comments that the response to each of these questions must be related to the responses to the rest of them, as well as to the response to question 2 on SJW

Group's investments in the utility. Accordingly, the SJW Companies have found it necessary to make many cross-references among their responses to these questions and some repetition of important points. While I attest to the accuracy of these responses, I will try to provide a more general response to the concerns evident in ALJ Bemmesderfer's questions.

First of all, I would emphasize that in the near term – the next three years – the planned transaction will have little or no impact on San Jose Water's customers. The Commission's Decision 18-03-035 recently determined San Jose Water's cost of capital, for ratemaking purposes, for years 2018 through 2020. A recently filed settlement agreement in San Jose Water's current GRC, A.18-01-004, will likely provide the basis for setting the utility's rates for years 2019 through 2021 and will define the budgets for San Jose Water's investments in utility plant for that period. By the time the Commission takes a fresh look at San Jose Water's rates and service performance, I expect that the planned transaction will have been fully implemented and will already be delivering benefits to San Jose Water and its customers.

The ALJ's questions indicate a concern that SJW Group's need to finance the purchase of CTWS shares may have various consequences for San Jose Water, possibly including diminished equity investment by its parent company, diminished infrastructure investment by the utility, and impacts on rates, cash flow, credit rating, and capital structure. I believe I can address all these concerns at once by placing them in an appropriate context.

As I have already noted, the effective constraint on infrastructure investment is not a reluctance of the parent company to invest, but the unwillingness of regulators to allow rates that would reflect all the potential equity investment. Accordingly, it is unlikely that the planned transaction will significantly affect SJW Group's investment of equity in San Jose Water and it is unlikely that the transaction will affect San Jose Water's infrastructure investments at all. Likewise, as noted in the Opening Comments, SJW Group is pursuing a credit rating in the "A range" after consideration of the borrowings and equity required

to finance the planned transaction, which will continue to allow both SJW Group and San Jose Water to attract new debt at rates offered to companies with a strong credit profile. This will minimize any risk of higher rates or diminished cash flow. If the result is somewhat greater financial leverage for San Jose Water, the eventual consequence, in a future cost of capital proceeding, will be a higher debt ratio and a consequently lower overall cost of capital for the utility.

Q. Do you have anything further to say about the Joint Comments filed today by the SJW Companies?

A. Yes, I do. First, I note that the scope of this investigation was redefined by a Scoping Memo and Ruling of Assigned Commissioner and Joint Ruling with Administrative Law Judge ("Scoping Memo"), issued September 7, 2018, to include 14 issues. ALJ Bemederfer's first five questions, which I have addressed above, appear in slightly modified form as Issues 2 through 6 in the Scoping Memo. The most significant change in the statement of these issues is that Issues 4, 5 and 6 now inquire about effects of "other aspects of the transaction" in addition to effects of "the proposed borrowing."

SJW Companies' Joint Comments respond to Issues 4, 5 and 6 mainly with respect to possible effects of SJW Group's borrowings SJW Group may undertake to finance the planned transaction. I consider that appropriate, because aspects of the planned transaction other than such borrowings are unlikely to have any effect on San Jose Water's rates, investments, cash flow, credit rating or capital structure. In particular, I confirm that legal, accounting, and other expenses associated with the planned transaction will not be passed through to San Jose Water's customers and, so, such costs will not affect future rates.

I specifically attest to the truthfulness of all assertions of fact at pages 12 to 20 of the Joint Opening Comments submitted this day by the SJW Companies relevant to the first five of the six issues presented by ALJ Bemederfer at the August 22 prehearing conference and the corresponding Issues 2 through 6 appearing in

the Scoping Memo. I also attest to the truthfulness of all assertions of fact at pages 5 to 10 of those Joint Opening Comments relevant to the history of the Commission's Investigation and summarizing the SJW Companies' responses to the issues specified in the OII as submitted in their Joint Responses to the OII.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Signed this 14th day of September, 2018, in San Jose, California.

A handwritten signature in black ink, appearing to read 'Palle L. Jensen', written over a horizontal line.

Palle L. Jensen

Executive Vice President,
San Jose Water Company