



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

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In the Matter of the Application of)
SAN JOSE WATER COMPANY (U-168-W))
for Authority to Adjust Its Cost of Capital) A.
and to Reflect That Cost of Capital in Its) (Filed)
Rates for the Period from January 1, 2022)
through December 31, 2024.)
_____)

**APPLICATION OF SAN JOSE WATER COMPANY
(U-168-W) FOR AN AUTHORIZED COST OF CAPITAL
FOR UTILITY OPERATIONS FOR 2022-2024**

NOSSAMAN LLP
Martin A. Mattes
50 California Street, 34th Floor
San Francisco, CA 94111-4799
Tel: (415) 398-3600
Fax: (415) 398-2438
Email: mmattes@nossaman.com

Attorneys for SAN JOSE WATER COMPANY

May 3, 2021

John B. Tang, P.E.
Vice President of Regulatory Affairs
and Government Relations
SAN JOSE WATER COMPANY
110 West Taylor Street
San Jose, CA 95110
Tel: (408) 279-7933
Fax: (408) 279-7934
Email: john.tang@sjwater.com

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In the Matter of the Application of)
SAN JOSE WATER COMPANY (U-168-W))
for Authority to Adjust Its Cost of Capital) A.
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**APPLICATION OF SAN JOSE WATER COMPANY
(U-168-W) FOR AN AUTHORIZED COST OF CAPITAL
FOR UTILITY OPERATIONS FOR 2022-2024**

In accordance with Article 2 and Rule 3.2 of the Rules of Practice and Procedure (“Rules”) of the California Public Utilities Commission (“Commission”), and pursuant to Commission direction provided in Decision No. (“D.”) 07-05-062,¹ D.10-10-035,² and the letter of Executive Director Alice Stebbins, dated March 11, 2020, granting requests for a one-year delay for this filing to May 1, 2021,³ San Jose Water Company (“Applicant” or “SJWC”) respectfully requests the Commission’s authorization:

- (1) To adjust its cost of capital for ratemaking purposes to reflect Applicant’s current forecast of its costs of common equity and long-term debt and its forecasted capital structure, for the period from January 1, 2022 through December 31, 2024; and
- (2) To adjust its rates in accordance with the adopted cost of capital promptly upon such adoption but in coordination with other rate adjustments required to be implemented at approximately the same time; and

¹ *Rulemaking to Consider Revisions to the General Rate Case Plan for Class A Water Companies*, D.07-05-062, adopted May 24, 2007, at 15, 32 (Ordering Paragraph 5) and App. A, at A-3.

² *Re San Jose Water Co., et al.*, D.10-10-035, adopted October 28, 2010, at 61, 73 (Ordering Paragraph 3).

³ In accordance with Rule 1.15, because May 1, 2022, is a Saturday, this Monday, May 3, 2022 submission is timely filed.

(3) To maintain in place the Water Cost of Capital Mechanism (“WCCM”) authorized for Applicant in D.10-10-035, as modified by D.12-07-009⁴ and as extended by D.18-03-035, the most recent Cost of Capital decision applicable to SJWC.⁵

I.

PROCEDURAL BACKGROUND

In its July 2007 decision adopting a revised Rate Case Plan for Class A Water Companies, the Commission directed the three large multi-district Class A water utilities to file cost of capital applications on May 1, 2008, and on a triennial basis thereafter, and directed all the remaining Class A water utilities, including SJWC, to file cost of capital applications on May 1, 2009, and on a triennial basis thereafter, with each set of applications to be consolidated into a single proceeding in each year.⁶ SJWC’s Application No. (“A.”) 09-05-001 was consolidated with the other May 2009 filings and resulted in the Commission’s adoption of D.10-10-035 in October of the following year. Ordering Paragraph 3 of that decision ordered SJWC to file its subsequent cost of capital application concurrently with the three large multi-district Class A water utilities before May 1, 2011. Therefore, in the next cycle, SJWC’s cost of capital application, A.11-05-002, was consolidated with the May 2011 filings of the three other large publicly traded Class A companies, resulting in the Commission’s adoption of a settlement agreement among the applicants and the Division of Ratepayer Advocates⁷ in D.12-07-009. By that decision, the Commission set a rate of return on equity (“ROE”) of 9.99% for

⁴ *Re California Water Service Co., et al.*, D.12-07-009, adopted July 12, 2012, at 12-13.

⁵ *Re San Jose Water Co., et al.*, D.18-03-035, at 27 (Ordering Paragraph 5).

⁶ D.07-05-062, *supra*, at 15 and App. A, at 3.

⁷ The Division of Ratepayer Advocates was a predecessor entity of the Office of Ratepayer Advocates (“ORA”) and of the current Public Advocates Office (“Cal Advocates”).

all four of the applicant companies and approved the following capital structure and costs of capital for base year 2012 for SJWC:⁸

SAN JOSE WATER COMPANY
CAPITAL STRUCTURE AUTHORIZED BY D.12-07-009

	Ratio	Cost	Weighted Cost
Debt	48.65%	6.68%	3.25%
Equity	51.35%	9.99%	5.13%
Overall	100%		8.38%

Due to a decline in the average Moody’s Aa utility bond index rate for the set index period, the WCCM authorized by the Commission was triggered effective January 1, 2013, adjusting SJWC’s adopted ROE downward by 56 basis points. This adjustment reduced the effective ROE authorized in D.12-07-009 from 9.99% to 9.43%.

After two annual deferrals authorized by the Commission’s Executive Director, the four publicly-traded water utilities again filed applications for review of their costs of capital, including SJWC’s A.17-04-001, in April 2017. Following protests by ORA, submission of direct and rebuttal testimony by the parties, public participation hearings, evidentiary hearings, and briefs, Administrative Law Judge Karl Bemserfer issued a proposed decision in February 2018, and the Commission adopted D.18-03-035, on March 22, 2018. By that decision, the Commission set ROEs for the applicant companies at either 8.90% or 9.20% and, for SJWC, approved the following capital structure and costs of capital for base year 2019:⁹

⁸ D.12-07-009, *supra*, at 2-3.

⁹ D.18-03-035, *supra*, at 2, 27 (Ordering Paragraph 4).

SAN JOSE WATER COMPANY
CAPITAL STRUCTURE AUTHORIZED BY D.18-03-035

	Ratio	Cost/Return
Debt	46.72%	6.20%
Equity	53.28%	8.90%
Overall	100%	7.64%

SJWC’s present Application includes information, schedules, and exhibits supporting Applicant’s proposed cost of equity capital, cost of long-term debt, capital structure, and the ROE and overall rate of return that would result from those proposals. The Application is supported by the Prepared Direct Testimony of Ann E. Bulkley, an Exhibit to accompany Ms. Bulkley’s Testimony, and the Prepared Direct Testimony of James P. Lynch, all of which are being served on Cal Advocates and Water Division concurrently with the filing and service of this Application.¹⁰ SJWC’s Application is further supported by the Minimum Data Requirements, as specified in D.07-05-062, which also are being served on Cal Advocates concurrently with this filing.

II.

THE APPLICANT

A. Incorporation and Place of Business

In accordance with Rule 2.1(a), Applicant states that its exact legal name is San Jose Water Company and its principal place of business is 110 West Taylor Street, San Jose, California 95110.

¹⁰ Copies of these materials will be provided to others upon request.

Applicant is a corporation duly organized and existing under and by virtue of the laws of the State of California. A certified copy of Applicant's Restated Articles of Incorporation was filed with this Commission in A.92-02-050, and is by this reference made a part hereof.

B. Applicant's Business

Applicant is engaged as a public utility in the retail business of producing, treating, storing, distributing, and selling potable and recycled water in a service territory defined by its service area maps included in its tariffs on file with the Commission. Applicant's service territory includes all or portions of the Cities of San Jose, Campbell, Cupertino, Saratoga, Monte Sereno, the Town of Los Gatos, and adjacent unincorporated portions of the County of Santa Clara. As of December 31, 2020, SJWC provided water utility service to approximately 225,000 service connections. Applicant has provided public utility water service in Santa Clara County since 1866.

For a more detailed description and itemization of SJWC's business, reference is made to results of operations, maps, rate schedules, financial reports, and other information filed by SJWC with the Commission in A.21-01-003 SJWC's most recent general rate case, and also to Applicant's annual reports filed with the Commission.

III.

APPLICANT'S COST OF CAPITAL

Public utilities have a constitutional right to a fair opportunity to earn a reasonable return on their investments dedicated to public utility service. When ruling on the rate of return SJWC has requested in the present Application, the Commission must consider the criteria the

United States Supreme Court set forth in the *Hope*¹¹ and *Bluefield*¹² cases. These decisions provide guidelines for rate of return decisions that enable the Commission to strike an appropriate balance between allowing a return to shareholders sufficient to allow the utility to attract capital investment and finance its necessary investments in utility plant and protecting the interests of customers in reasonably priced utility services. These guidelines specifically provide that:

- a) The allowed rate of return should be comparable to that generally being made on investments and other business undertakings which are attended by corresponding risks and uncertainties;
- b) The allowed rate of return should be sufficient to maintain the utility's credit status;
- c) The authorized rate of return should allow the utility to attract the capital necessary to provide safe and reliable service to customers; and
- d) The allowed rate of return should be sufficient to ensure confidence in the financial soundness of the company.

There are three basic factors that must be considered in calculating Applicant's cost of capital. Those factors are Applicant's capital structure – that is, the percentage amounts of long-term debt and common equity that comprise the company's total capitalization – and the costs of each of those fractional elements of the capital structure. Issues relating to Applicant's capital structure, its amounts and costs of long-term debt, and its amount of equity capital are addressed in the Prepared Direct Testimony of James P. Lynch. Issues relating to Applicant's

¹¹ *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S.591 (1944).

¹² *Bluefield Water Works & Improvement Co. v. Public Service Comm'n of the State of Virginia*, 262 U.S. 679 (1923).

cost of common equity, and appropriate overall rate of return, are addressed in the Prepared Direct Testimony of Ann E. Bulkley and her accompanying Exhibit.

A. Long-Term Debt

The weighted average cost of long-term debt consists of interest and issuance costs for outstanding and newly issued debt. SJWC estimates the cost of future issuances of long-term debt for the study period, including cost of issuance, at 5.38%. Using the 5.38% forecasted cost of debt for future financings, SJWC has estimated its weighted average cost of long-term debt for each of the years 2021 through 2024. The weighted average cost of debt for each year is computed by averaging the weighted average cost of outstanding debt at the beginning of the year with the weighted average cost of outstanding debt at the end of that year.

SJWC estimates that its weighted average cost of debt will be 5.48% as of January 1, 2022. As of January 1, 2022, Applicant expects to have \$490,000,000 in long-term debt outstanding.

B. Common Equity Capital

As noted previously, by D.18-03-035, adopted in March 2018, the Commission adopted an ROE of 8.90% for SJWC and ROEs of 8.90% or 9.20% for the three other applicant companies in that consolidated cost of capital proceeding. The 8.90% equity return was not adjusted for any company-specific risks. This compares to the range of 10.05% to 10.30% for equity returns that the Commission found reasonable for California's four major investor-owned energy utilities¹³ in D.17-07-005, adopted in July 2017. In its most recent equity return determinations, the Commission maintained those returns on equity, ranging from 10.05% to 10.30%, for the four major energy utilities by D.19-12-056, adopted in December 2019.

As explained in the Testimony of Ann E. Bulkley, water utilities face a higher degree of investment risk relative to electric, combination electric and gas, and natural gas utilities. Applicant faces additional financial risk associated with the three-year General Rate Case cycle in California, its dependence on purchased water, its lack of a full Water Revenue Adjustment Mechanism, the company's smaller relative size, and the concentration of its operations in a single geographical location, amongst other items. Accordingly, and on the basis of her detailed analysis of relevant models for the calculation of equity costs, Ms. Bulkley has calculated a cost of common equity of 10.30% for SJWC for the years 2022 through 2024.

C. Capital Structure

As of March 31, 2021, Applicant estimates that its capital structure at January 1, 2022, and for the year 2022 will be comprised of the following factors:

SAN JOSE WATER COMPANY CAPITAL STRUCTURE
Base Year 2022, and 2023-2024

Category	Percent	Cost	Weighted Cost
Long-Term Debt	45.45%	5.48%	2.49%
Common Stock	54.55%	10.30%	5.62%
Total Capitalization/ Return on Rate Base	100%		8.11%

¹³ Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company.

III.

OTHER INFORMATION REQUIRED BY THE COMMISSION'S RULES OF PRACTICE AND PROCEDURE

A. Statutory or Other Authority

As noted above, Applicant's requests for authorization to adjust its cost of capital for ratemaking purposes and to maintain its Water Cost of Capital Mechanism are being submitted at this time pursuant to the Commission's direction in D.07-05-062, D.10-10-035, and the letter of Executive Director Stebbins, dated March 11, 2020. Applicant's associated request for authorization to adjust its rates is submitted in accordance with Section 454 of the California Public Utilities Code.

B. Correspondence and Communications

In accordance with Rule 2.1(b), Applicant requests that correspondence and communications in regard to this Application and notices, orders, and other papers be addressed to and served on both of the following persons:

John B. Tang, P.E.
Vice President of Regulatory Affairs
and Government Relations
San Jose Water Company
110 West Taylor Street
San Jose, CA 95110
Tel.: (408) 279-7933
Fax: (408) 279-7934
E-mail: john.tang@sjwater.com

Martin A. Mattes
NOSSAMAN LLP
50 California Street, 34th Floor
San Francisco, CA 94111
Tel.: (415) 438-7273
Fax: (415) 398-2496
E-mail: mmattes@nossaman.com

C. Category, Hearing, Issues, and Schedule

In accordance with Rule 2.1(c), Applicant offers the following proposals:

1. The category for this proceeding should be ratesetting.
2. This Application will require an evidentiary hearing.
3. The issues to be considered include the following:
 - a. Applicant's cost of capital for the Years 2022 through 2024, including consideration of its cost of equity capital, its cost of long-term debt, and its capital structure.
 - b. Determination of a fair ROE and overall rate of return for the purpose of adjusting Applicant's rates for the Year 2022.
 - c. Setting of rates reflecting the authorized rate of return.
 - d. Maintenance of a Water Cost of Capital Mechanism for possible adjustment of Applicant's ROE and overall cost of capital for Years 2023 and 2024 in the event of substantial changes in the utility bond index.

4. The following schedule for the consolidated 2021 Cost of Capital proceeding will allow rate adjustments to be effective January 1, 2022:

May 3, 2021	Application filed
May 5, 2021	Notice of Application on Daily Calendar
June 4, 2021	Protests filed
June 14, 2021	Prehearing Conference
July 23, 2021	Cal Advocates/intervenors serve testimony
August 13, 2021	Applicant serves rebuttal testimony
August 18, 2021	Formal settlement or mediation begins
August 30, 2021	Evidentiary hearings begin
September 24, 2021	Concurrent opening briefs to be filed
October 6, 2021	Concurrent reply briefs to be filed
November 16, 2021	Proposed Decision to be issued
December 6, 2021	Comments on Proposed Decision
December 13, 2021	Reply Comments on Proposed Decision
December 16, 2021	Commission to adopt its Decision

D. Compliance with Rules Applicable to Rate Increase Applications

In accordance with Rule 3.2(a)(1), Applicant's most recent financial statements, consisting of a Balance Sheet as of March 31, 2021, and an Income Statement for the three months ending March 31, 2021, are attached as Exhibit A to this Application.

In compliance with Rules 3.2(a)(2) and (3), Applicant states that it proposes to adjust its rates to reflect the effect on revenue requirement of the determination of its cost of

capital in this proceeding by adjusting quantity and service charge rates in accordance with Commission rate design policy.

Pursuant to Rule 3.2(a)(5), Applicant attaches as Exhibit B a summary of earnings (rate of return summary) for the Year 2022 showing the impact of the change to cost of capital requested with this application,. Exhibit B also specifies the proposed revenue increase expressed both in dollars of annual revenue (\$6.4 million) and as a percentage of annual revenue (1.61%). Applicant's current and proposed rates for Tariff Schedule 1 are set forth in Exhibit C attached to this Application.

In accordance with Rule 3.2(a)(8), SJWC states that it has previously submitted a copy of its parent company's most recent proxy statement sent to stockholders in SJWC's most recent general rate case application, A.18-01-4

In compliance with Rule 3.2(a)(10), Applicant states that the proposed rate increase does not reflect or pass through to customers increased costs to SJWC for services or commodities furnished by it, except in the general sense of reflecting a current calculation of SJWC's prospective cost of capital employed in the furnishing of its services.

A copy of the proposed customer notice is set forth in Exhibit D attached to this Application. SJWC has submitted this draft notice to the Commission's Public Advisor for review and will comply with the notice requirements of Public Utilities Code Section 454(c) and Rules 3.2(b) through (d). Specifically, in accordance with Rules 3.2(b) and (c), Applicant intends to mail notice of the proposed increases in rates to the persons referenced in Rule 3.2(b) and in the Certificate of Service appended to this Application, and intends to publish notice of the of the proposed rate increases as required by Rule 3.2(c). Applicant intends to provide bill insert notice of the Application to its customers conforming to the terms specified in Rule

3.2(d). Applicant will file proof of compliance with Rules 3.2(c) and (d) within the time specified by those Rules.

E. Exhibits and Testimony

1. Exhibits

Exhibit A: Most recent financial statements.

Exhibit B: Summary of Earnings and proposed revenue increase.

Exhibit C: Current and proposed rates in Tariff Schedule 1.

Exhibit D: Draft customer notice.

2. Testimony (served but not filed)

Prepared Direct Testimony of Ann E. Bulkley

Prepared Direct Testimony of James P. Lynch

Schedules supporting the testimony of Ms. Bulkley and Mr. Lynch are appended to their respective Prepared Direct Testimony.

V.

REQUEST FOR RELIEF

WHEREFORE, Applicant respectfully requests that the Commission issue its Order herein authorizing San Jose Water Company to:

- A. Adjust its cost of capital for ratemaking purposes to reflect Applicant's current forecast of its cost of common equity capital, cost of long-term debt, and capital structure for the period from January 1, 2022 through December 31, 2024; and
- B. Adjust its rates in accordance with the adopted cost of capital promptly upon such adoption but no sooner than January 1, 2022, or in coordination with other rate adjustments required to be implemented at approximately the same time; and

- C. Maintain a Water Cost of Capital Mechanism, as approved in the most recent generic Cost of Capital Proceeding, to provide for an automatic adjustment to Applicant's rate of return on equity and overall cost of capital adopted for the year 2022, that will apply for years 2023 and 2024, respectively, if there is a positive or negative difference greater than a specified amount between a current 12-month average of interest rates on utility bonds and a previous benchmark 12-month average of such rates; and
- D. Grant such additional authorizations as the Commission may deem appropriate.

Respectfully submitted,

SAN JOSE WATER COMPANY

By: /s/ John B. Tang, P.E.
John B. Tang, P.E.

Vice President of Regulatory Affairs
and Government Relations
110 West Taylor Street
San Jose, CA 95110
Tel.: (408) 279-7973
Fax: (408) 279-7934
E-mail: john.tang@sjwater.com

NOSSAMAN LLP

Martin A. Mattes
Mari L. Davidson
50 California Street, 34th Floor
San Francisco, CA 94111-4799
Tel.: (415) 438-7273
Fax: (415) 398-2438
Email: mmattes@nossaman.com

Attorneys for SAN JOSE WATER COMPANY

May 3, 2021

VERIFICATION

I, John B. Tang, am the Vice President of Regulatory Affairs and Government Relations for San Jose Water Company, Applicant in the foregoing Application. I have read said Application and know the contents thereof; and I certify that said contents are true of my own knowledge, except as to such matters as are therein stated upon information or belief, and as to those matters, I believe them to be true.

I certify under penalty of perjury that the foregoing is true and correct.

Executed at San Jose, California, on May 3, 2021.



John B. Tang, P.E.
Vice President of Regulatory Affairs
and Government Relations
SAN JOSE WATER COMPANY

EXHIBITS and TESTIMONY

A. Exhibits (attached to this Application)

Exhibit A: Most recent financial statements.

Exhibit B: Summary of Earnings and proposed revenue increase.

Exhibit C: Current and proposed rates in Tariff Schedule 1.

Exhibit D: Draft customer notice.

B. Testimony (served but not filed)

Prepared Direct Testimony of Ann E. Bulkley

Prepared Direct Testimony of James P. Lynch

Exhibit A
Financial Statements

SAN JOSE WATER COMPANY
Statement of Income
For the Period Ended March 2021
UNIFORM SYSTEM OF ACCOUNTS REPORT

	March 2021	March 2020	Change	Change %	Current YTD	Prior YTD	Change	Change %
Operating revenue	31,019,035	29,037,002	1,982,033	6.8%	81,373,360	81,605,666	(232,306)	(0.3)%
Operating expense								
Operations								
Purchased water	5,413,378	5,018,430	394,947	7.9%	14,704,590	14,843,269	(138,679)	(0.9)%
Power	692,131	492,856	199,275	40.4%	1,737,099	1,564,530	172,569	11.0%
Ground water extraction	5,711,928	6,193,703	(481,775)	(7.8)%	15,803,024	15,288,787	514,237	3.4%
Admin and general	4,193,653	3,799,508	394,145	10.4%	9,721,200	10,580,617	(859,417)	(8.1)%
Other production costs	2,596,311	2,470,305	126,006	5.1%	6,751,222	6,710,412	40,809	0.6%
Total operations	18,607,400	17,974,803	632,597	3.5%	48,717,135	48,987,615	(270,480)	(0.6)%
Maintenance	1,715,386	1,839,347	(123,961)	(6.7)%	4,629,388	4,765,517	(136,129)	(2.9)%
Taxes, other than income	1,254,534	1,195,707	58,828	4.9%	3,796,225	3,787,550	8,675	0.2%
Depreciation & amortization	5,712,642	4,978,390	734,252	14.7%	16,554,443	14,980,445	1,573,997	10.5%
Income taxes	166,445	176,378	(9,932)	(5.6)%	248,208	783,978	(535,769)	(68.3)%
Total operating expense	27,456,409	26,164,625	1,291,784	4.9%	73,945,399	73,305,105	640,294	0.9%
Operating income	3,562,626	2,872,377	690,248	24.0%	7,427,961	8,300,561	(872,600)	(10.5)%
Other (expense) income								
Other income	450,706	1,155,479	(704,773)	(61.0)%	1,143,480	1,942,239	(798,759)	(41.1)%
Sale of non-utility property	0	0	0	0.0%	0	0	0	0.0%
Interest on LTD	(1,938,506)	(1,884,153)	(54,354)	2.9%	(5,845,352)	(5,697,190)	(148,161)	2.6%
Other interest	(116,563)	(173,895)	57,332	(33.0)%	(341,844)	(491,087)	149,242	(30.4)%
Amort of debt issuance cost	(27,498)	(28,107)	609	(2.2)%	(82,494)	(84,340)	1,846	(2.2)%
Miscellaneous deductions	(19,967)	(15,667)	(4,300)	27.4%	(82,181)	(114,408)	32,227	(28.2)%
Net income	1,910,797	1,926,035	(15,237)	(0.8)%	2,219,571	3,855,776	(1,636,205)	(42.4)%
Dividends to SJW Corp.	0	0	0	0.0%	7,000,000	8,000,000	(1,000,000)	(12.5)%
Invested in business	1,910,797	1,926,035	(15,237)	(0.8)%	(4,780,429)	(4,144,224)	(636,205)	15.4%

SAN JOSE WATER COMPANY

Statement of Income

For the Periods Ended March 2021

UNIFORM SYSTEM OF ACCOUNTS REPORT

	Current 12 MTD	Prior 12 MTD	Change	Change %
Operating revenue	407,673,747	378,548,210	29,125,536	7.7%
Operating expense				
Operations				
Purchased water	94,453,134	95,937,563	(1,484,429)	(1.5)%
Power	8,662,259	6,781,377	1,880,882	27.7%
Ground water extraction	73,389,851	52,601,032	20,788,819	39.5%
Admin and general	38,650,482	41,073,374	(2,422,893)	(5.9)%
Other production costs	25,913,094	26,673,022	(759,928)	(2.8)%
Total operations	241,068,820	223,066,369	18,002,451	8.1%
Maintenance	17,062,892	19,382,669	(2,319,778)	(12.0)%
Taxes, other than income	14,278,066	14,271,969	6,097	0.0%
Depreciation & amortization	64,544,943	57,291,428	7,253,515	12.7%
Income taxes	11,660,351	9,058,776	2,601,575	28.7%
Total operating expense	348,615,071	323,071,211	25,543,860	7.9%
Operating income	59,058,676	55,477,000	3,581,676	6.5%
Other (expense) income				
Other income	4,652,910	6,179,896	(1,526,986)	(24.7)%
Sale of non-utility property	1,048,387	0	1,048,387	0.0%
Interest on LTD	(23,184,011)	(22,057,029)	(1,126,982)	5.1%
Other interest	(1,308,631)	(1,689,841)	381,210	(22.6)%
Amort of debt issuance cost	(292,520)	(337,286)	44,766	(13.3)%
Miscellaneous deductions	(343,406)	(338,643)	(4,764)	1.4%
Net income	39,631,404	37,234,097	2,397,307	6.4%
Dividends to SJW Corp.	29,000,000	28,250,000	750,000	2.7%
Invested in business	10,631,404	8,984,097	1,647,307	18.3%

SAN JOSE WATER COMPANY
Balance Sheet
March 31 2021 and March 31 2020
UNIFORM SYSTEM OF ACCOUNTS REPORT

	March 31 2021	March 31 2020
ASSETS		
Utility plant		
Land	17,195,633	16,373,726
Depreciable plant & equip	1,943,765,627	1,828,306,565
Construction in progress	54,546,569	86,848,739
Intangible assets	1,040,137	1,040,137
	2,016,547,966	1,932,569,166
Less accumulated depreciation	690,104,255	629,330,816
Less accumulated amortization	565,083	548,744
Net utility plant	1,325,878,628	1,302,689,605
Nonutility property	150,161	155,038
Current assets:		
Cash and cash equivalents	9,642,962	19,933,152
Customers	27,466,905	21,476,334
Other	768,996	587,930
Accrued utility revenue	26,426,000	26,179,874
Intercompany notes	0	27,251,000
Materials & supplies	979,216	891,874
Prepaid expenses	4,479,958	3,871,417
Other current assets	2,074,718	1,818,182
Total current assets	71,838,754	102,009,764
Other assets:		
Cupertino lease, net	3,859,578	4,482,693
Debt issuance costs	3,267,335	3,595,482
Bal Memo less Cupertino	31,995,545	18,075,773
Regulatory asset	50,079,120	30,065,561
Regulatory asset	82,074,665	48,141,334

SAN JOSE WATER COMPANY
Balance Sheet
March 31 2021 and March 31 2020
UNIFORM SYSTEM OF ACCOUNTS REPORT
March 31 2021 March 31 2020

CAPITALIZATION & LIABILITIES

Capitalization

Common stock, \$6.25 par value per st	6	6
Additional paid-in capital	127,741,270	99,007,932
Retained earnings	385,213,777	374,680,281
Common shareholders' equity	512,955,053	473,688,219
Long-term debt	440,000,000	440,000,000
Total capitalization	952,955,053	913,688,219

Current Liabilities:

Intercompany payable (receivable)	51,191,000	0
Line of credit	27,900,000	101,000,000
Ground water extraction	10,596,384	6,281,749
Purchased water	6,108,502	5,362,830
Purchased power	778,000	626,001
Accounts payable	14,366,323	16,360,013
Accrued interest	7,510,856	8,077,809
Accrued general taxes	2,991,494	3,027,980
Post retirement benefits	2,351,353	1,419,895
Current portion of LTD	0	9,993,876
Income taxes payable	415,983	2,030,506
Accrued Pay	4,931,343	3,746,084
San Jose utility users tax	1,015,537	950,290
Customers' deposits	600,978	2,199,760
PUC surcharge	1,221,985	1,000,062
Work order advance deposit	486,173	449,088
Miscellaneous	6,106,108	3,013,644
Other current liabilities	14,362,124	11,358,928

SAN JOSE WATER COMPANY
Schedules Supporting Balance Sheet
March 31 2021 and March 31 2020
UNIFORM SYSEM OF ACCOUNTS REPORT

	March 31 2021	March 31 2020
Prepaid expenses		
Insurance	1,148,024	741,768
Rent & maintainence	3,229,041	3,063,398
Taxes other than income taxes	102,893	66,251
Total prepaid expenses	<u>4,479,958</u>	<u>3,871,417</u>
Regulatory assets		
Regulatory asset - ARO	936,636	941,547
Regulatory asset - vacation	2,948,999	1,955,999
Regulatory asset - pensions	99,301,117	81,187,247
Regulatory asset - deferred tax	(50,158,633)	(52,063,232)
Regulatory asset - Bal/ Memo	27,880,762	15,048,465
Regulatory asset - other	1,165,784	1,071,308
Total regulatory assets	<u>82,074,665</u>	<u>48,141,334</u>
Other assets		
Cost accounts	727,588	323,630
Prelim survey & investigation charges	94,905	102,279
Total other assets	<u>822,493</u>	<u>425,909</u>
Accrued general taxes		
Property	2,718,598	2,594,181
Payroll	(158,724)	(910)
Local franchise	431,621	434,710
Total accrued general taxes	<u>2,991,494</u>	<u>3,027,980</u>
Other current liabilities		
Accrued payroll	4,931,343	3,746,084
Work order deposits	486,173	449,088
Utility users tax	1,015,537	950,290
Customers' deposits	600,978	2,199,760

SAN JOSE WATER COMPANY
Long-term Debt
March 31 2021 and March 31 2020
UNIFORM SYSTEM OF ACCOUNTS REPORT

	March 31 2021	March 31 2020
Long-term debt		
Private Activity Bond 5.1% I	49,451,976	49,423,446
Private Activity Bond 4.75%	69,173,064	69,140,846
Senior notes		
Series A 8.58% Due 2022	19,988,410	19,979,139
Series B 7.37% Due 2024	29,638,025	29,506,429
Series C 9.45% Due 2020	0	1,828
Series D 7.15% Due 2026	14,970,768	14,964,614
Series E 6.81% Due 2028	14,946,768	14,939,825
Series G 5.93% Due 2033	19,950,374	19,946,377
Series H 5.71% Due 2037	19,895,887	19,889,276
Series I 5.93% Due 2037	19,925,655	19,921,217
Series J 6.54% Due 2024	9,993,246	9,990,862
Series K 6.75% Due 2039	19,943,543	19,940,435
Series L 5.14% Due 2044	49,507,018	49,485,891
Series M 4.29% Due 2049	79,433,633	79,413,406
Total long-term debt	416,818,367	416,543,589

SAN JOSE WATER COMPANY
Gross Revenue and Taxes Other than Income Taxes
For the Periods Ended March 2021

UNIFORM SYSTEM OF ACCOUNTS REPORT

	March 2021	March 2020	Change	Change %	Current YTD	Prior YTD	Change	Change %
Metered								
Residential	19,362,734	17,495,065	1,867,669	10.7%	47,142,566	42,775,763	4,366,803	10.2%
Business	8,380,655	8,156,411	224,245	2.7%	26,158,703	23,943,827	2,214,875	9.3%
Industrial	89,534	74,594	14,940	20.0%	228,266	219,565	8,701	4.0%
Public authorities	839,416	1,006,569	(167,154)	(16.6)%	2,417,360	2,513,866	(96,506)	(3.8)%
Other water utilities	77,266	98,551	(21,286)	(21.6)%	247,272	253,153	(5,881)	(2.3)%
Other sales & service	126,391	143,621	(17,229)	(12.0)%	376,160	361,866	14,294	4.0%
Reclaimed water	247,522	295,278	(47,756)	(16.2)%	702,135	631,494	70,641	11.2%
Balance/ Memo accounts	895,696	630,162	265,534	42.1%	1,521,228	8,581,727	(7,060,499)	(82.3)%
Total metered	30,019,215	27,900,250	2,118,964	7.6%	78,793,690	79,281,261	(487,571)	(0.6)%
Flat rate								
Private fire protection	477,228	450,890	26,338	5.8%	1,424,483	1,121,238	303,245	27.0%
Miscellaneous services	700	808	(108)	(13.4)%	2,046	19,826	(17,780)	(89.7)%
Total flat rate	477,927	451,698	26,230	5.8%	1,426,529	1,141,064	285,465	25.0%
Total revenue	30,497,142	28,351,948	2,145,194	7.6%	80,220,219	80,422,325	(202,106)	(0.3)%
Unbilled revenue adjustment	1,470,000	3,559,000	(2,089,000)	(58.7)%	(7,965,000)	(877,000)	(7,088,000)	808.2%

Revenue Statistics

Residential customers

Number of customers	199,778	200,360	(582)	(0.3)%		600,541		
Average usage - CCF	8.87	8.26	0.61	7.4%	21.43	23.39	(1.96)	(8.4)%
Average revenue	94.02	85.41	8.61	10.1%	233.41	236.86	(3.45)	(1.5)%

Business customers

Number of customers	20,571	20,653	(82)	(0.4)%		61,964		
Average usage - CCF	56.22	55.00	1.22	2.2%	169.35	166.42	2.93	1.8%
Average revenue	434.49	413.55	20.94	5.1%	1,292.74	1,238.14	54.60	4.4%

Production Statistics

Water delivered to system (MG)

SAN JOSE WATER COMPANY
Gross Revenue and Taxes Other than Income Taxes
For the Periods Ended March 2021
UNIFORM SYSTEM OF ACCOUNTS REPORT

	Current 12 MTD	Prior 12 MTD	Change	Change %
Metered				
Residential	252,482,093	239,842,532	12,639,561	5.3%
Business	118,280,997	121,693,560	(3,412,563)	(2.8)%
Industrial	992,817	1,136,750	(143,933)	(12.7)%
Public authorities	15,942,115	18,271,232	(2,329,116)	(12.7)%
Other water utilities	1,748,358	1,750,275	(1,917)	(0.1)%
Other sales & service	1,666,755	1,796,187	(129,432)	(7.2)%
Reclaimed water	5,059,821	5,294,914	(235,092)	(4.4)%
Balance/ Memo accounts	1,998,788	(19,132,632)	21,131,420	(110.4)%
Total metered	398,171,745	370,652,817	27,518,928	7.4%
Flat rate				
Private fire protection	5,450,726	5,063,466	387,259	7.6%
Miscellaneous services	8,642	126,848	(118,206)	(93.2)%
Total flat rate	5,459,368	5,190,314	269,054	5.2%
Total revenue	403,631,113	375,843,131	27,787,981	7.4%
Unbilled revenue adjustment	(2,485,000)	6,992,000	(9,477,000)	(135.5)%
Revenue Statistics				
Residential customers				
Number of customers	2,397,444	2,399,284		
Average usage - CCF	143.24	131.48	11.76	8.9%
Average revenue	1,262.65	1,172.45	90.20	7.7%
Business customers				
Number of customers	247,023	247,840		
Average usage - CCF	809.23	806.82	2.41	0.3%
Average revenue	5,749.35	5,591.94	157.41	2.8%
Production Statistics				
Water delivered to system (MG)				

SAN JOSE WATER COMPANY
Other Operations Expense
For the Periods Ended March 2021
UNIFORM SYSTEM OF ACCOUNTS REPORT

	Current 12 MTD	Prior 12 MTD	Change	Change %
Other operations expense				
Source of supply				
Supervision & engineering	14,223	427	13,796	3,231.2%
Operations labor & expense	1,093,589	1,194,681	(101,091)	(8.5)%
Miscellaneous expense	1,530,994	1,182,564	348,430	29.5%
Total	2,638,806	2,377,672	261,135	11.0%
Water treatment & quality				
Supervision & engineering	1,023,243	917,962	105,281	11.5%
Operations labor & expense	2,464,752	2,023,060	441,692	21.8%
Miscellaneous expense	2,278,008	2,668,076	(390,069)	(14.6)%
Chemical & filter materials	430,039	704,765	(274,726)	(39.0)%
Total	6,196,042	6,313,862	(117,821)	(1.9)%
Pumping				
Supervision & engineering	1,191,446	1,127,905	63,541	5.6%
Pumping labor & expense	2,033,943	1,746,291	287,652	16.5%
Miscellaneous expense	929,408	1,281,858	(352,450)	(27.5)%
Total	4,154,797	4,156,054	(1,257)	(0.0)%
Transmission & distribution				
Supervision & engineering	448,393	465,776	(17,383)	(3.7)%
Storage facilities exp	1,513	6,752	(5,239)	(77.6)%
Trans & distr line expense	176	201	(25)	(12.5)%
Backflow	1,174,615	905,401	269,214	29.7%
Flushing	63,819	32,256	31,563	97.9%
Other meter expense	0	25,753	(25,753)	(100.0)%
Field customer service	2,336,470	2,392,211	(55,741)	(2.3)%
Miscellaneous expense	604,009	571,943	32,066	5.6%
Total	4,628,995	4,400,294	228,701	5.2%

SAN JOSE WATER COMPANY
Other Operations Expense
For the Periods Ended March 2021
UNIFORM SYSTEM OF ACCOUNTS REPORT

	March 2021	March 2020	Change	Change %	Current YTD	Prior YTD	Change	Change %
Other operations expense								
Source of supply								
Supervision & engineering	2,201	0	2,201		14,223	(223)	14,446	(6,470.0)%
Operations labor & expense	144,825	112,875	31,951	28.3%	332,958	295,752	37,206	12.6%
Miscellaneous expense	144,198	89,331	54,867	61.4%	354,435	315,808	38,626	12.2%
Total	291,225	202,206	89,019	44.0%	701,616	611,337	90,279	14.8%
Water treatment & quality								
Supervision & engineering	177,165	21,787	155,378	713.2%	272,314	143,763	128,551	89.4%
Operations labor & expense	210,776	227,662	(16,886)	(7.4)%	585,975	515,590	70,385	13.7%
Miscellaneous expense	103,891	232,714	(128,823)	(55.4)%	531,986	592,966	(60,980)	(10.3)%
Chemical & filter materials	29,742	54,256	(24,514)	(45.2)%	88,181	161,737	(73,556)	(45.5)%
Total	521,574	536,418	(14,845)	(2.8)%	1,478,455	1,414,056	64,400	4.6%
Pumping								
Supervision & engineering	128,292	102,032	26,260	25.7%	318,190	274,248	43,942	16.0%
Pumping labor & expense	182,275	(1,030)	183,305	(17,790.6)%	533,955	481,967	51,988	10.8%
Miscellaneous expense	93,474	72,287	21,186	29.3%	212,821	310,307	(97,486)	(31.4)%
Total	404,040	173,289	230,752	133.2%	1,064,966	1,066,522	(1,556)	(0.1)%
Transmission & distribution								
Supervision & engineering	27,932	42,826	(14,895)	(34.8)%	88,545	115,621	(27,076)	(23.4)%
Storage facilities exp	0	1,405	(1,405)	(100.0)%	851	2,575	(1,724)	(66.9)%
Trans & distr line expense	0	3	(3)	(100.0)%	0	108	(108)	(100.0)%
Backflow	101,080	102,814	(1,734)	(1.7)%	253,955	233,162	20,793	8.9%
Flushing	15,016	1,031	13,985	1,357.0%	22,867	6,624	16,243	245.2%
Other meter expense	0	0	0		0	4,420	(4,420)	(100.0)%
Field customer service	251,319	256,307	(4,987)	(1.9)%	626,080	629,276	(3,195)	(0.5)%
Miscellaneous expense	28,346	20,801	7,545	36.3%	150,327	147,030	3,297	2.2%
Total	423,693	425,186	(1,493)	(0.4)%	1,142,626	1,138,816	3,810	0.3%

SAN JOSE WATER COMPANY
Administrative and General Expense
For the Periods Ended March 2021
UNIFORM SYSTEM OF ACCOUNTS REPORT

	Current 12 MTD	Prior 12 MTD	Change	Change %
Administrative and general expense				
Admin & general salaries	12,806,691	12,281,470	525,221	4.3%
Office services & supplies	2,490,113	2,131,905	358,208	16.8%
Travel & incidental	31,153	542,727	(511,573)	(94.3)%
Property & liability insurance	3,022,280	1,952,889	1,069,391	54.8%
Workers compensation insurance	673,010	656,731	16,279	2.5%
Pensions, unfunded	1,664	(250)	1,914	(766.4)%
Retirement benefits	10,844,425	11,527,307	(682,882)	(5.9)%
Group insurance	6,821,711	6,173,999	647,712	10.5%
Other employee benefits	626,260	669,865	(43,605)	(6.5)%
Regulatory commission	5,403,266	4,985,966	417,300	8.4%
Legal	358,522	1,421,829	(1,063,307)	(74.8)%
Other OS services	5,437,991	5,930,388	(492,397)	(8.3)%
Company dues	739,426	722,026	17,401	2.4%
General corporate	691,315	1,011,280	(319,965)	(31.6)%
Miscellaneous general	446,309	461,177	(14,869)	(3.2)%
Rent	542,698	440,540	102,159	23.2%
Admin expense transfer	(12,237,975)	(9,804,089)	(2,433,886)	24.8%
Total	38,698,860	41,105,759	(2,406,900)	(5.9)%

SAN JOSE WATER COMPANY
Administrative and General Expense
For the Periods Ended March 2021
UNIFORM SYSTEM OF ACCOUNTS REPORT

	March 2021	March 2020	Change	Change %	Current YTD	Prior YTD	Change	Change %
Administrative and general expense								
Admin & general salaries	1,175,430	914,715	260,715	28.5%	2,959,797	2,892,088	67,709	2.3%
Office services & supplies	322,199	260,991	61,208	23.5%	654,388	558,323	96,065	17.2%
Travel & incidental	5,099	57,626	(52,527)	(91.2)%	8,041	100,513	(92,472)	(92.0)%
Property & liability insurance	529,780	231,905	297,875	128.4%	918,997	498,410	420,587	84.4%
Workers compensation insurance	58,216	53,996	4,219	7.8%	174,282	161,989	12,293	7.6%
Pensions, unfunded	111	0	111		333	0	333	
Retirement benefits	785,970	1,173,289	(387,318)	(33.0)%	2,633,797	3,033,872	(400,075)	(13.2)%
Group insurance	635,904	574,056	61,849	10.8%	1,857,127	1,721,119	136,008	7.9%
Other employee benefits	54,779	70,163	(15,384)	(21.9)%	145,302	154,587	(9,284)	(6.0)%
Regulatory commission	419,200	326,136	93,065	28.5%	1,387,211	1,000,062	387,149	38.7%
Legal	83,411	305,154	(221,743)	(72.7)%	97,443	415,548	(318,105)	(76.6)%
Other OS services	657,685	399,863	257,822	64.5%	1,129,283	2,023,886	(894,603)	(44.2)%
Company dues	58,217	96,978	(38,761)	(40.0)%	180,691	181,388	(697)	(0.4)%
General corporate	150,415	139,314	11,102	8.0%	249,861	222,595	27,266	12.2%
Miscellaneous general	17,629	50,996	(33,366)	(65.4)%	50,181	112,402	(62,221)	(55.4)%
Rent	40,206	30,584	9,622	31.5%	117,907	89,070	28,837	32.4%
Admin expense transfer	(800,600)	(886,257)	85,657	(9.7)%	(2,843,441)	(2,585,234)	(258,207)	10.0%
Total	4,193,653	3,799,508	394,145	10.4%	9,721,200	10,580,617	(859,417)	(8.1)%

SAN JOSE WATER COMPANY
Maintenance Expense
For the Period Ended March 2021
UNIFORM SYSTEM OF ACCOUNTS REPORT

	Current 12 MTD	Prior 12 MTD	Change	Change %
Maintenance expense				
Source of supply plant				
Structure and improvements	114,314	109,061	5,253	4.8%
Collect & impound res	2,183	53,500	(51,316)	(95.9)%
Lakes, rivers & intakes	17,366	12,133	5,234	43.1%
Total	133,864	174,693	(40,829)	(23.4)%
Pumping plant				
Supervision & engineering	(95)	2,587	(2,681)	(103.7)%
Pumping labor & expense	306,214	286,868	19,346	6.7%
Miscellaneous expense	1,230,047	1,159,618	70,429	6.1%
Other pumping plant	2,047	5,612	(3,564)	(63.5)%
Total	1,538,214	1,454,684	83,530	5.7%
Water treatment plant				
Structures & improvements	73,478	63,956	9,521	14.9%
Water treatment equipment	96,641	174,041	(77,401)	(44.5)%
Total	170,118	237,998	(67,879)	(28.5)%
Transmission & distribution				
Supervision & engineering	911,082	1,003,567	(92,485)	(9.2)%
Structures & improvements	466,644	507,015	(40,372)	(8.0)%
Reservoirs & tanks	35,486	188,156	(152,670)	(81.1)%
Trans & distr'n mains	4,651,106	5,400,039	(748,933)	(13.9)%
Services	1,163,105	1,443,604	(280,499)	(19.4)%
Meters	888,667	941,113	(52,445)	(5.6)%
Hydrants	296,158	591,661	(295,503)	(49.9)%
Other	4,090,438	4,875,275	(784,838)	(16.1)%
Total	12,502,684	14,950,429	(2,447,745)	(16.4)%
General plant				

SAN JOSE WATER COMPANY
Maintenance Expense
For the Period Ended March 2021
UNIFORM SYSTEM OF ACCOUNTS REPORT

	March 2021	March 2020	Change	Change %	Current YTD	Prior YTD	Change	Change %
Maintenance expense								
Source of supply plant								
Structure and improvements	8,629	11,433	(2,804)	(24.5)%	25,751	34,298	(8,547)	(24.9)%
Collect & impound res	(175)	723	(898)	(124.1)%	349	2,878	(2,529)	(87.9)%
Lakes, rivers & intakes	0	0	0		3,713	201	3,512	1,750.3%
Total	8,454	12,156	(3,702)	(30.5)%	29,813	37,377	(7,564)	(20.2)%
Pumping plant								
Supervision & engineering	0	365	(365)	(100.0)%	0	1,129	(1,129)	(100.0)%
Pumping labor & expense	18,009	49,831	(31,822)	(63.9)%	79,606	39,533	40,073	101.4%
Miscellaneous expense	163,224	119,066	44,158	37.1%	298,409	218,858	79,551	36.3%
Other pumping plant	0	268	(268)	(100.0)%	0	403	(403)	(100.0)%
Total	181,233	169,529	11,704	6.9%	378,015	259,922	118,092	45.4%
Water treatment plant								
Structures & improvements	20,526	8,622	11,904	138.1%	27,715	15,986	11,729	73.4%
Water treatment equipment	9,037	20,125	(11,089)	(55.1)%	19,036	27,116	(8,080)	(29.8)%
Total	29,563	28,747	816	2.8%	46,751	43,102	3,649	8.5%
Transmission & distribution								
Supervision & engineering	95,685	96,509	(824)	(0.9)%	244,062	254,325	(10,263)	(4.0)%
Structures & improvements	39,547	44,993	(5,447)	(12.1)%	128,644	122,439	6,205	5.1%
Reservoirs & tanks	204	8,839	(8,635)	(97.7)%	1,255	17,647	(16,392)	(92.9)%
Trans & distr'n mains	422,403	535,324	(112,921)	(21.1)%	1,203,587	1,444,194	(240,607)	(16.7)%
Services	139,564	129,156	10,408	8.1%	381,146	323,558	57,588	17.8%
Meters	95,908	65,553	30,355	46.3%	291,796	221,198	70,598	31.9%
Hydrants	22,215	52,166	(29,951)	(57.4)%	75,827	128,980	(53,152)	(41.2)%
Other	439,332	451,764	(12,433)	(2.8)%	1,206,816	1,185,864	20,952	1.8%
Total	1,254,857	1,384,305	(129,448)	(9.4)%	3,533,134	3,698,205	(165,070)	(4.5)%
General plant								

Exhibit B

Summary of Earnings

	2021 Escalation Year AL 556	2022 Estimated COC 8.11%	Proposed Revenue Increase	Proposed Percent Increase
Total Revenue	398,066.686	404,484.218	6,417.5324	1.61%
Revenue Subject to Rate Design	397,184.7	403,602.2		
Deferred Revenue	882.0	882.0		
PURCHASED WATER	98,769.9	98,769.9		
PURCHASED WATER RECYCLED	3,825.9	3,825.9		
PUMP TAX	49,857.8	49,857.8		
PURCHASED POWER	8,824.7	8,824.7		
OTHER OPERATION AND MAINTENANCE	758.5	758.5		
CHEMICALS	593.2	593.2		
UNCOLLECTIBLES	534.4	534.4		
O&M PAYROLL	21,967.8	21,967.8		
TRANSPORTATION	4,439.3	4,439.3		
PURCHASED SERVICES	11,056.9	11,056.9		
CONSERVATION	1,459.0	1,459.0		
OTHER ADMIN AND GEN. EXP.	6,465.6	6,465.6		
A&G PAYROLL	12,736.3	12,736.3		
PENSION	7,578.3	7,578.3		
BENEFITS	3,729.8	3,729.8		
HEALTH CARE & DENTAL	6,102.9	6,102.9		
RENTS	502.5	502.5		
PROPERTY INSURANCE	206.4	206.4		
LIABILITY INSURANCE	2,099.1	2,099.1		
A&G PURCHASED SERVICES	3,413.1	3,413.1		
A&G TRANSFERRED SERVICES	-8,754.6	-8,754.6		
TOTAL O. & M., A. & G., & MISC. EXP.	236,166.6	236,166.6		
AD VALOREM TAXES	10,277.5	10,277.5		
LOCAL FRANCHISE TAXES & BUS. LICENSE	1,164.5	1,180.6		
PAYROLL TAXES	3,298.5	3,298.5		
TOTAL GENERAL TAXES	14,740.5	14,756.6		
Depreciation	59,304.7	59,304.7		
SUB -- TOTAL -- OPERATING EXPENSES	310,211.8	310,227.9		
STATE INCOME TAX	4,595.0	5,159.8		
FEDERAL INCOME TAX	9,987.1	11,328.8		
	324,793.9	326,716.5		
NET INCOME	73,272.8	77,767.7		
AUTHORIZED RATE BASE	958,911.2	958,911.2		
CALCULATED RETURN ON RATEBASE	7.64%	8.11%		
AUTHORIZED RETURN ON RATEBASE	7.64%	7.64%		

Exhibit C
Current and Proposed Tariffs

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

**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, Moten 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, 1-inch, 1 1/2-inch or 2-inch meter

		<u>Current</u>	<u>Proposed</u>
For Total Monthly Usage from	0 to 3 ccfs	\$3.3770	\$3.4316
For Total Monthly Usage from	4 to 18 ccfs	\$5.0660	\$5.1479
For Total Monthly Usage over	19 ccfs and above	\$6.7545	\$6.8637

All Other Customers

For all water delivered per ccf		\$5.0660	\$5.1479
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Service Charges per Meter per Month

All Customers

5/8 x3/4-inch meter	\$41.69	\$42.35
3/4-inch meter	\$41.69	\$42.35
1-inch meter	\$69.48	\$70.60
1 1/2-inch meter	\$138.99	\$141.22
2-inch meter	\$222.38	\$225.95
3-inch meter	\$416.95	\$423.64
4-inch meter	\$694.91	\$706.07
6-inch meter	\$1,389.83	\$1,412.15
8-inch meter	\$2,223.74	\$2,259.45
10-inch meter	\$3,196.60	\$3,247.93

(No Other Changes Proposed)

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

**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, Menlo Park, San Ramon, 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, 1-inch, 1 1/2-inch or 2-inch meter

		<u>Current</u>	<u>Proposed</u>
For Total Monthly Usage from	0 to 3 ccf	\$3.3770	\$3.4316
For Total Monthly Usage from	4 to 18 ccf	\$5.0660	\$5.1479
For Total Monthly Usage over	19 ccf and above	\$6.7545	\$6.8637

All Other Customers

For all water delivered per ccf		\$5.0660	\$5.1479
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Service Charges per Meter per Month

All Customers

5/8 x 3/4-inch meter	\$41.69	\$42.35
3/4-inch meter	\$41.69	\$42.35
1-inch meter	\$69.48	\$70.60
1 1/2-inch meter	\$138.99	\$141.22
2-inch meter	\$222.38	\$225.95
3-inch meter	\$416.95	\$423.64

Upsize Charges:

For 1/4-inch meter upsize	\$2.11	\$2.11
For 1/2-inch meter upsize	\$4.21	\$4.21
For 3/4-inch meter upsize	\$6.33	\$6.33
For 1-inch meter upsize	\$8.44	\$8.44
For 1 1/2-inch meter upsize	\$12.67	\$12.67

(No Other Changes Proposed)

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

**Schedule No. 1C
GENERAL METERED SERVICE**

MOUNTAIN DISTRICT

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Portions of Los Gatos 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, 1-inch, 1 1/2-inch or 2-inch meter

		<u>Current</u>	<u>Proposed</u>
For Total Monthly Usage from	0 to 6 ccfs	\$3.3770	\$3.4316
For Total Monthly Usage from	6+ to 18 ccfs	\$5.0660	\$5.1479
For Total Monthly Usage from	18 ccfs	\$6.7545	\$6.8637

All Other Customers

For Total Monthly Usage		\$5.0660	\$5.1479
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Service Charges per Meter per Month

All Customers

5/8 x 3/4-inch meter	\$41.69	\$42.35
3/4-inch meter	\$41.69	\$42.35
1-inch meter	\$69.48	\$70.60
1 1/2-inch meter	\$138.99	\$141.22
2-inch meter	\$222.38	\$225.95
3-inch meter	\$416.95	\$423.64
4-inch meter	\$694.91	\$706.07
6-inch meter	\$1,389.83	\$1,412.15
8-inch meter	\$2,223.74	\$2,259.45
10-inch meter	\$3,196.60	\$3,247.93

(No Other Changes Proposed)

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

**Schedule No. 4
PRIVATE FIRE SERVICE**

APPLICABILITY

Applicable to all water service furnished to privately owned fire protection systems.

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

	<u>Current</u>	<u>Proposed</u>
Charge per service connection per month:		
For each 2-inch service.....	\$42.23	\$42.91
For each 3-inch service.....	\$52.78	\$53.63
For each 4-inch service.....	\$73.90	\$75.09
For each 6-inch service.....	\$116.13	\$118.01
For each 8-inch service.....	\$147.80	\$150.19
For each 10-inch service.....	\$190.02	\$193.09
For each 12-inch service.....	\$232.25	\$236.00

(No Other Change Proposed)

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

**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, Moten Sereno, and Saratoga and in contiguous territory in the County of Santa Clara

RATES

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

All Customers	<u>Current</u>	<u>Proposed</u>
For all water delivered per ccf	\$4.8364	\$4.9183

Service Charges per Meter per Month

All Customers		
5/8 x3/4-inch meter	\$41.69	\$42.35
3/4-inch meter	\$41.69	\$42.35
1-inch meter	\$69.48	\$70.60
1 1/2-inch meter	\$138.99	\$141.22
2-inch meter	\$222.38	\$225.95
3-inch meter	\$416.95	\$423.64
4-inch meter	\$694.91	\$706.07
6-inch meter	\$1,389.83	\$1,412.15
8-inch meter	\$2,223.74	\$2,259.45
10-inch meter	\$3,196.60	\$3,247.93

(No Other Proposed Changes)

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

**Schedule No. RCW
RECYCLED WATER METERED SERVICE**

APPLICABILITY

Applicable to all recycled water metered service.

TERRITORY

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

RATES

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

Currently effective quantity rate as reflected in "Schedule No. 1, General Metered Service" less the treated water surcharge currently added to potable deliveries from the Santa Clara Valley Water District and less any applicable discount from the South Bay Water Recycling Program.

Service Charges:

Currently effective monthly service charge for the applicable meter size as reflected in "Schedule No. 1, General Metered Service".

SPECIAL CONDITIONS

1. For the purposes of this tariff a well user is defined as a customer of the Santa Clara Valley Water District who procures his/her non-potable supply from an on-site well as of the first effective date of this tariff. The service charge for well users will be in accordance with the following sched

<u>Service Charges per Meter per Month</u>	<u>Current</u>	<u>Proposed</u>
2-inch meter	\$34.40	\$34.96
3-inch meter	\$45.88	\$46.62
4-inch meter	\$51.60	\$52.43
6-inch meter	\$86.04	\$87.43
8-inch meter	\$103.22	\$104.89
10-inch meter	\$160.57	\$163.16

(No Other Proposed Changes)

Exhibit D
Draft Customer Notice

PUBLIC NOTICE

Para más información en cómo este cambio impactará su factura, llame al (408) 279-7900.

NOTICE OF APPLICATION
San Jose Water Company's
Request to Increase Water Rates
Application No. 21-05-00X

Why am I receiving this notice?

On May 3, 2021, San Jose Water Company (SJWC) filed its Cost of Capital (CoC) Application 21-05-00X (Application) with the California Public Utilities Commission (CPUC). In the application, SJWC is requesting to increase its CoC, which is the rate of return the company is authorized to earn on its investments in critical infrastructure to deliver safe and reliable water service. If approved by the CPUC, SJWC's total revenue requirement will increase by 1.61% from \$398,066,686 to \$404,484,218 based on present rates. This will impact your bill.

Why is SJWC requesting this increase to its cost of capital?

SJWC has been providing safe and reliable water service for more than 150 years and many of the facilities used for water service have reached the end of their useful lives. This application is required by the CPUC and will allow SJWC to:

- Attract capital to fund water system investments that allow the company to continue to meet its public health mission.
- Assist in maintaining an investment-grade rating, thereby reducing the overall financing costs and contribute to SJWC's ability to provide safe, high quality, and reliable water service at reasonable rates.

How could this affect my water bill?

If SJWC's rate request is approved by the CPUC, the average monthly residential bill with a 3/4-inch meter using 11 Ccf per month would increase by approximately \$1.50 (or 1.57%) from \$95.30 at present rates, to \$96.80 in 2022. These increases include current and requested surcharges and fees. The charges shown on your water bill may vary from the numbers shown above due to temporary credits or surcharges in effect and your consumption.

Proposed Water Rate Increase

Schedule 1 and Schedule 1C– General Metered Service Charge Rate Impact

Meter Size	Present Rates	2022 Rates	Increase
5/8	\$41.69	\$42.35	\$0.66
3/4	\$41.69	\$42.35	\$0.66
1	\$69.48	\$70.60	\$1.12
1 1/2	\$138.99	\$141.22	\$2.23
2	\$222.38	\$225.95	\$3.57
3	\$416.95	\$423.64	\$6.69
4	\$694.91	\$706.07	\$11.16
6	\$1,389.83	\$1,412.15	\$22.32
8	\$2,223.74	\$2,259.45	\$35.71
10	\$3,196.60	\$3,247.93	\$51.33

Schedule 1 and 1C - Per Ccf Rate Impact

Residential Customers	Present Rates	2022 Rates	Increase
0 to 3 Ccf	\$3.3770	\$3.4316	\$0.0546
4 to 18 Ccf	\$5.0660	\$5.1479	\$0.0819
Over 18 Ccf	\$6.7545	\$6.8637	\$0.1092
All Other Customers (Business, Industrial, Public Authority, Resale)			
Each Ccf	\$5.0660	\$5.1479	\$0.0819

How does the rest of this process work?

This application will be assigned to a CPUC Administrative Law Judge who will consider proposals and evidence presented during the formal hearing process. The Administrative Law Judge will issue a proposed decision that may adopt SJWC's application, modify it, or deny it. Any CPUC Commissioner may sponsor an alternate decision with a different outcome. The proposed decision, and any alternate decisions, will be discussed and voted upon by the CPUC Commissioners at a public CPUC Voting Meeting.

Parties to the proceeding are currently reviewing SJWC's application, including the Public Advocates Office, which is an independent consumer advocate within the CPUC that represents customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. For more information regarding the Public Advocates Office, please call **1-415-703-1584**, email PublicAdvocatesOffice@cpuc.ca.gov, or visit PublicAdvocates.cpuc.ca.gov.

Where can I get more information?

Contact SJWC

Phone: 408-279-7900

Email: customer.service@sjwater.com

Mail: 110 W. Taylor Street, San Jose, CA 95110

A copy of the Application and related documents is available at www.sjwater.com.

Contact CPUC

Please visit [\[link to be provided\]](#) to submit a comment about this proceeding on the CPUC Docket Card. Here you can also view documents and other public comments related to this proceeding. Your participation by providing your thoughts on SJWC's request can help the CPUC make an informed decision.

If you have questions about CPUC processes, you may contact the CPUC's Public Advisor's Office at:

Phone: **1-866-849-8390** (toll-free) or **1-415-703-2074**

Email: Public.Advisor@cpuc.ca.gov

Mail: CPUC Public Advisor's Office

505 Van Ness Avenue

San Francisco, CA 94102

Please reference **Application 21-05-00X** in any communications you have with the CPUC regarding this matter.