



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

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04/10/26

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A2604010

Application of SAN JOSE WATER
COMPANY (U 168 W) for Approval of
Cost Recovery for PFAS Remediation.

Application 26-04-____
(Filed April 10, 2026)

**APPLICATION OF SAN JOSE WATER COMPANY (U 168 W) FOR APPROVAL OF
COST RECOVERY OF PFAS COMPLIANCE PROGRAM**

Lori Anne Dolqueist
NOSSAMAN LLP
50 California Street, 34th Floor
San Francisco, CA 94111-4799
(415) 398-3600
ldolqueist@nossaman.com

Attorney for SAN JOSE WATER
COMPANY

SAN JOSE WATER COMPANY
Margaret McWilliams
Director of Regulatory Affairs
110 West Taylor Street
San Jose, CA 95010
(408) 664-6087
margaret.mcwilliams@sjwater.com

April 10, 2026

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. REQUEST FOR RELIEF	1
III. BACKGROUND.....	2
IV. PROPOSED DEPLOYMENT.....	2
V. COSTS, REVENUE REQUIREMENT, AND RATE IMPLEMENTATION.....	4
VI. ENVIRONMENTAL & SOCIAL JUSTICE	6
VII. INFORMATION REQUIRED FOR APPLICATIONS	7
1. Description of Applicant	7
2. Application Correspondence.....	7
3. Categorization, Issue and Need for Hearings	8
4. Safety Considerations.....	8
5. Proposed Schedule	8
6. Financial Statement.....	9
7. Organization and Qualification to Transact Business	10
8. CEQA Compliance.....	10
VIII. INFORMATION REQUIRED FOR AUTHORITY TO INCREASE RATES	11
1. Presently Effective Rates.....	11
2. Proposed Increases.....	11
3. Summary of Earnings	12
4. Notice to State and Local Officials	13
5. Customer Notice	13
IX. SUPPORT FOR APPLICATION	13
X. CONCLUSION.....	14

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Application of SAN JOSE WATER COMPANY (U 168 W) for Approval of Cost Recovery for PFAS Compliance Program.

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I. INTRODUCTION

Pursuant to Section 454 of the California Public Utilities Code, Article 2 and Rule 3.2 of the Rules of Practice and Procedure (“Rules”) of the California Public Utilities Commission (“Commission”), San Jose Water Company (“San Jose Water” or “Company”) hereby files this application seeking authorization to increase rates for water service for its Per- and polyfluoroalkyl substances (“PFAS”) Compliance Program.

This application includes additional information related to detailed cost estimates, customer notices, and an affordability analysis. Further information related to water quality regulations, revenue requirement and rate implementation, affordability, and the Commission’s Environmental and Social Justice Goals are also included.

II. REQUEST FOR RELIEF

By this application, San Jose Water seeks authorization to increase rates for water service to fund its PFAS Compliance Program. Specifically, San Jose Water seeks authorization to:

- (1) Design and construct a PFAS remediation system at its Williams Station;
- (2) Track the associated capital and operation and maintenance costs for recovery; and,

(3) Adjust rates via annual rate base filing offsets.

III. BACKGROUND

San Jose Water provides water service to approximately one million people in the greater San Jose metropolitan area. San Jose Water's service area encompasses about 140 square miles and includes approximately 230,000 active metered services.

In a typical year, San Jose Water's total supply is comprised of approximately 50% treated water, 40% groundwater, and 10% surface water. Williams Station is a key groundwater production facility and San Jose Water's largest with a capacity of 22.36 million gallons per day ("MGD").

Since 2019, San Jose Water has been proactively sampling and monitoring for PFAS and its family of compounds at all its groundwater stations. At Williams Station, San Jose Water conducted voluntary initial and confirmatory sampling, revealing that several production wells had perfluorooctane sulfonate ("PFOS") and perfluorooctanoic acid ("PFOA") levels above the Notification Limit ("NL") at the time. Currently and considering the newly established Maximum Contaminant Level ("MCL") of 4.0 part per trillion ("ppt") for PFOS, six out of the fifteen wells at this facility had average 2025 concentrations above the MCL. For PFOS, PFOA, and perfluorohexanesulfonic acid ("PFHxS"), average 2025 concentrations are trending upwards. Further information on the operational and water quality aspects of the Williams Station can be found in the direct testimony of Suzanne DeLorenzo and Kateline Lin.

IV. PROPOSED DEPLOYMENT

San Jose Water's PFAS compliance program includes designing and constructing a remediation system at its Williams Station. This treatment facility will

ensure the Company can continue to deliver water meeting State and Federal drinking water standards for PFOS and PFOA. San Jose Water evaluated a number of technologies and ultimately selected ion exchange treatment technology based on its cost and effectiveness.

San Jose Water is submitting this application in lieu of including this project in its next general rate case (“GRC”) application (to be filed January 1, 2027) in order to ensure compliance with regulatory deadlines. Public water systems are currently required to comply with the newly established PFAS MCLs by 2029. A project of this size and scope takes many years to complete.

Under the timeline set forth in the Commission’s Rate Case Plan for Class A water utilities,¹ the Commission will not issue a decision regarding San Jose Water’s 2027 GRC application until late 2027 at the earliest. Including this project in the 2027 GRC application (and presuming it will be authorized in late 2027 at the soonest if no delays are encountered) will not allow San Jose Water sufficient time to meet the compliance deadline. Based on available EPA data, PFAS is a widespread issue for the water utility industry and many public water systems are impacted. Impacted water systems are also working towards compliance and competing for limited availability of goods and services from manufacturers and consulting firms. San Jose Water currently anticipates a longer than three-year construction schedule and must receive approval for the PFAS project at Williams Station by the end of 2026 in order to comply with regulatory requirements. It is imperative for San Jose Water to move forward expeditiously and thus the reason behind this application.

¹ D.07-05-062, Appendix A, p. A-13.

Please note that this application only addresses the capital needs identified at the Williams Station. Other San Jose Water facilities may also need to address PFAS impacts. San Jose Water plans to address them separately in future filings.

Additional information regarding the rationale for San Jose Water's PFAS compliance program is included in the direct testimony of Suzanne DeLorenzo and Kateline Lin.

V. COSTS, REVENUE REQUIREMENT, AND RATE IMPLEMENTATION

San Jose Water estimates the total capital cost of the project to be approximately \$156 million (2026 dollars). This includes the costs for design and construction of the system.

San Jose Water will not incur the majority of the operation and maintenance ("O&M") costs until the project is completed. However, San Jose Water may begin to incur certain O&M expenses as the project is built. San Jose Water proposes to track pre- and post-startup O&M costs in its Polyfluoroalkyl Substances (PFAS) Memorandum Account. San Jose Water estimates that annual O&M expense will be \$2.25 million (2026 dollars) upon completion. Upon start-up, San Jose Water will track the O&M expenses in the PFAS Memorandum Account, and amortize them accordingly, until the costs can be included and authorized in a General Rate Case application.

As discussed above, to meet the 2029 compliance deadline, San Jose Water must begin the project as soon as possible, which is why it has filed this stand-alone application instead of waiting for its next GRC application. San Jose Water proposes to recover the recorded costs of the PFAS compliance program in rate base through an annual Tier II advice letter. Interest during construction will be accrued on a monthly

basis at San Jose Water's currently authorized rate return of 7.86%. Capitalized interest will not be compounded.

Annual rate base offsets are beneficial for customers as they incrementally recover revenue and result in lower rate increases over the project's deployment life. This approach is currently being used in San Jose Water's Advanced Metering Infrastructure Project. It was also previously employed in its Montevina Water Treatment Plant Upgrade Project. An alternate approach involves rate base offset once the project is complete and start-up has commenced. This approach is less beneficial to customers as it will result in higher overall costs from the compounding of interest leading to one significant rate increase upon completion.

To blunt the rate impacts, San Jose Water will apply the monies received from the class action PFAS litigation settlement. San Jose Water has received nearly \$17M to date. These monies are being tracked in its Water Contamination Litigation Memorandum Account and will be used to offset capital costs of the project. In addition, San Jose Water will evaluate and pursue state and federal grants to further offset the capital costs. As such, the revenue and rate impacts proposed in this application will reflect the actual incurred costs for the project, as further offset by litigation proceeds and grants, if and when they are available. The settlement funds as well as any successful grant monies will lower the overall cost of the project and temper the rate increases.

Based on currently authorized rates, the rate impacts are included in the public notice are provided with this application. Please note that future authorized rate

changes as well as any adjustment to the currently authorized cost of capital would impact the revenue requirement and rates proposed in this application.

VI. ENVIRONMENTAL & SOCIAL JUSTICE

San Jose Water is committed to delivering high quality drinking water, and reliable water service at reasonable rates. More importantly, San Jose Water has considered the impact of its PFAS compliance program on its impacted communities and is evaluating potential grants that can offset the costs necessary to meet the public's expectations for high quality drinking water, and reliable water service. It will further apply the settlement funds from the responsible parties to blunt the rate impacts.

San Jose Water wholeheartedly supports the Commission Environmental and Social Justice ("ESJ") Action Plan in 2019 ("ESJ Action Plan 1.0"), through which the Commission integrates ESJ considerations in conducting its business. The ESJ Action Plan 1.0 outlined nine goal areas with 44 related objectives for the Commission to consider throughout its operations, including striving to improve access to high-quality water in ESJ communities.² The ESJ Action Plan 1.0 also contained broad criterion used to define Environmental and Social Justice Communities ("ESJ Communities").³

In 2022, the Commission published the Environmental & Social Justice Action Plan version 2.0 ("ESJ Action Plan 2.0"), providing an update on the progress of implementing the ESJ Action Plan 1.0, reaffirming the Commission's commitment to furthering ESJ principles, and updating ESJ goals and objectives for consideration in CPUC proceedings.⁴ The ESJ Action Plan 2.0 preserved the nine goals from the ESJ

² ESJ Action Plan 1.0, p. 7.

³ Ibid, pp. 9-10.

⁴ Updated Action Plan, pp. 2-6.

Action Plan 1.0 and revised objectives for eight of the nine published goals, while reducing the overall number of objectives.

San Jose Water's support of the Commission's ESJ objectives is demonstrated by its commitment to providing high quality drinking water, and reliable water service at affordable rates in the communities it serves. San Jose Water is also committed to being a responsible steward of the environment, giving back to the communities where we live, work, and serve, fostering a positive and enriching environment for employees, and maintaining the highest ethical standards. Additional information on ESJ is provided in the direct testimony of Suzanne DeLorenzo and Kateline Lin.

VII. INFORMATION REQUIRED FOR APPLICATIONS

San Jose Water provides the following information in compliance with Article 2 of the Commission's Rules of Practice and Procedure.

1. Description of Applicant

San Jose Water's exact legal name is San Jose Water Company and its principal place of business is located at 110 W. Taylor Street, San Jose, California 95110. San Jose Water is presently engaged in the business of the supply and distribution of water for domestic and industrial purposes in portions of the City of San Jose and in the City of Cupertino, in the Cities of Campbell, Los Gatos, Monte Sereno, and Saratoga, and in unincorporated territory in the County of Santa Clara.

2. Application Correspondence

San Jose Water requests that copies of all correspondence be sent to the following persons:

Margaret McWilliams
Director of Regulatory Affairs
San Jose Water Company

Lori Anne Dolqueist
Nossaman LLP
50 California Street, 34th Floor

110 West Taylor Street
San Jose, CA 95110
(408) 664-6087
(408) 279-7934
Margaret.mcwilliams@sjwater.com

San Francisco, CA 94111
(415) 398-3600
ldolqueist@nossaman.com

3. Categorization, Issue and Need for Hearings

The Commission should categorize this proceeding as rate setting. The issue for the Commission to consider is whether the project costs and proposed cost recovery for San Jose Water's PFAS compliance program result in rates that are just and reasonable. Evidentiary hearings will likely be necessary to address factual disputes on material issues.

4. Safety Considerations

San Jose Water's PFAS compliance program will ensure public health, meet state and federal drinking water regulations, and ensure customer confidence in the public water supply. The proposed project has strong support from both the State Water Board's San Francisco Bay Regional Water Quality Control Board and the Division of Drinking Water. Their letters of strong support for the project are provided in Appendix B and C of the direct testimony of Suzanne DeLorenzo and Kateline Lin and point to the importance of meeting the compliance deadline, maximizing water supply reliability, and delivering water meeting or surpassing high quality drinking water standards.

5. Proposed Schedule

San Jose Water's ability to fully design and construct its PFAS remediation system and comply with the compliance deadline is contingent on the Commission's expeditious approval of this application. San Jose Water therefore requests that the Commission establish a schedule for this proceeding that will facilitate the resolution of this proceeding without unnecessary delay. San Jose Water proposes the following

procedural schedule, which provides for evidentiary hearings. If no hearings are not necessary, the Commission should be able to issue a final decision in this proceeding sooner than indicated below.

April 10, 2026	Application Filed
30 days after notice on Commission daily calendar May 8, 2026	Protests Due
+ 10 days May 17, 2026	Reply to Protests
May 2026	Prehearing Conference
May 2026	Scoping Memo
June 15, 2026	Intervenor Testimony
June 30, 2026	Rebuttal Testimony
July 2026	Evidentiary Hearings
August 2026	Briefing
November 17, 2026	Proposed Decision
December 7, 2026	Comments on Proposed Decision
December 12, 2026	Reply Comments on Proposed Decision
December 17, 2026	Final Decision

6. Financial Statement

A financial statement for San Jose Water, which includes a balance sheet and an income statement covering the period from the close of the last year for which San Jose Water filed an annual report with the Commission to the date of the balance sheet, is included as Exhibit A to this application.

7. Organization and Qualification to Transact Business

San Jose Water is a California corporation. A copy of San Jose Water's Restated Articles of Incorporation dated April 18, 1991, and certified by the California Secretary of State, has previously been filed with the California Public Utilities Commission in Application 92-02-050.

8. CEQA Compliance

The California Environmental Quality Act ("CEQA") applies to projects that require discretionary approval from a governmental agency, unless exempted by statute or regulation. San Jose Water's current application here only seeks Commission authorization of a ratemaking mechanism component with respect to its PFAS Compliance Project. It is long established that the act of ratemaking by the Commission is exempt from CEQA review. As stated in the California Public Resources Code, the "establishment, modification, structuring, restructuring or approval of rates, tolls, fares, or other charges by public agencies" is exempt from CEQA.⁵ Likewise, the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment are not "projects" subject to CEQA.⁶

Notwithstanding the fact that the authorization solely for the ratemaking mechanism would be exempt from CEQA, San Jose Water intends to full comply with any and all applicable environmental laws, including CEQA, when planning and implementing future construction of plant and facilities, either through review of final

⁵ Public Resource Code Section 21080(b)(8).

⁶ CEQA Guidelines Section 15378(b)(4).

plans by local government entities or through a subsequent request from the Commission.

VIII. INFORMATION REQUIRED FOR AUTHORITY TO INCREASE RATES

San Jose Water provides the following information in compliance with Rule 3.2 of the Commission’s Rules of Practice and Procedure.

1. Presently Effective Rates

San Jose Water’s present rates are those authorized by Commission decisions D.24-12-077⁷ and implemented by Advice Letter No. 621A. These present rates are set forth in the rate schedules provided as Exhibit B to this application.

2. Proposed Increases

To fund the PFAS Compliance Program, San Jose Water is requesting revenue increases of \$3,628,207 or 0.59% in 2028, \$12,468,520 or 2.02% in 2029, and \$7,560,272 or 1.20% in 2030, and \$1,514,341 or 0.24% in 2031. The following tables summarize San Jose Water’s forecasted rate changes associated with the proposed project for meter and quantity charges:

Meter Size (inch)	Current Monthly Service Charge	Service Charge Rates Proposed in San Jose Water’s Application			
		2028	2029	2030	2031
5/8x3/4	\$75.84	\$76.28	\$77.81	\$78.74	\$78.93
3/4	\$75.84	\$76.28	\$77.81	\$78.74	\$78.93
1	\$126.42	\$127.16	\$129.71	\$131.26	\$131.57
1.5	\$252.83	\$254.31	\$259.42	\$262.51	\$263.13
2	\$404.53	\$406.91	\$415.07	\$420.03	\$421.02
3	\$758.50	\$762.96	\$778.27	\$787.55	\$789.41

⁷ D.24-12-077, *In the Matter of the Application of SAN JOSE WATER COMPANY (U168W) for an Order authorizing it to increase rates charged for water service by \$55,196,000 or 11.11% in 2025, by \$22,041,000 or 3.99% in 2026, and by \$25,809,000 or 4.49% in 2027*, Decision Approving Settlement Agreement.

4	\$1,264.17	\$1,271.60	\$1,297.11	\$1,312.58	\$1,315.68
6	\$2,528.34	\$2,543.19	\$2,594.22	\$2,625.17	\$2,631.36
8	\$4,045.34	\$4,069.10	\$4,150.75	\$4,200.26	\$4,210.17
10	\$5,815.17	\$5,849.33	\$5,966.70	\$6,037.88	\$6,052.13

Quantity charges (per ccf) for residential customers with a 5/8x3/4-inch, 3/4-inch, 1-inch, 1.5-inch, and 2-inch meters:

Monthly Usage (ccf)	Current Monthly Quantity Charge	Quantity Charge Rates Proposed in San Jose Water's Application			
		2028	2029	2030	2031
0-6	\$4.7924	\$4.8210	\$4.9195	\$4.9792	\$4.9912
7-12	\$7.1528	\$7.1956	\$7.3426	\$7.4317	\$7.4495
Over 12	\$13.6618	\$13.7435	\$14.0243	\$14.1945	\$14.2286

For all other customers:

Current Monthly Quantity Charge	Quantity Charge Rates Proposed in San Jose Water's Application			
	2028	2029	2030	2031
\$7.1528	\$7.1956	\$7.3426	\$7.4317	\$7.4495

For the typical residential customer with a 3/4-inch meter using 10 ccf (one ccf = 748 gallons) of water per month, the monthly water bill will increase as follows:

Current Monthly Bill	Monthly Bill Proposed in San Jose Water's Application			
	2028	2029	2030	2031
\$143.59	\$144.43	\$147.29	\$149.01	\$149.36

These bill amounts are based on current rates and include current surcharges and taxes. Further details regarding the proposed rates are provided in the accompanying workpapers.

3. Summary of Earnings

A summary of earnings on a depreciated basis is attached as Exhibit C to this application.

4. Notice to State and Local Officials

Within twenty days after filing this application with the Commission, San Jose Water will mail a notice in accordance with Rule 3.2(b) to the following: (a) the State, by mailing to the Attorney General and the Department of General Services, (b) the County Counsel and Clerk for the County of Santa Clara, and (c) the Cities of San Jose, Campbell, Cupertino, Monte Sereno, Saratoga, Santa Clara and the Town of Los Gatos by mailing to their respective City Attorney and City Clerk. The notice will state in general terms the proposed increases in rates and that San Jose will provide a copy of the application and related exhibits upon written request.

5. Customer Notice

Pursuant to the terms and within the period specified in Rule 3.2(c), San Jose Water will cause to be published a notice of the proposed increases in rates, and in accordance with Rule 3.2(d) will furnish to its customers notice of this application and the proposed increases in rates. A proposed customer notice is included as Exhibit D to this application. This customer notice will also be used to notify state and local officials.

IX. SUPPORT FOR APPLICATION

As mentioned above, San Jose Water has included with this application the exhibits listed below.

Exhibit A	Financial Statement
Exhibit B	Presently Effective Rates
Exhibit C	Summary of Earnings
Exhibit D	Proposed Public Notice

San Jose Water has also served and provided as supporting documents the direct testimony listed below.

Direct Testimony of Suzanne DeLorenzo and Kateline Lin	Williams Station PFAS Treatment Justification and related Appendices (A-G)
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X. CONCLUSION

As discussed above, it is imperative for San Jose Water to begin work on its PFAS compliance program to ensure compliance with the PFAS MCL by 2029 at its Williams Station. This project will ensure water quality compliance, enhance operational reliability and resiliency, and maximize its available groundwater supply. San Jose Water respectfully requests that the Commission issue its findings and orders to the effect that:

1. The rates proposed and requested by San Jose Water are fair, just, and reasonable;
2. The project is necessary to comply with state and federal drinking water standards and ensure customers' trust in the public drinking water system;
3. The requests made by San Jose Water are just, reasonable, and in the public interest; and,
4. The Commission shall grant further and other relief as may be deemed necessary or proper.

Respectfully submitted,

NOSSAMAN LLP

Lori Anne Dolqueist

By: /s/ Lori Anne Dolqueist
Lori Anne Dolqueist

50 California Street, 34th Floor
San Francisco, CA 94111-4799
(415) 398-3600
ldolqueist@nossaman.com

Attorney for San Jose Water Company

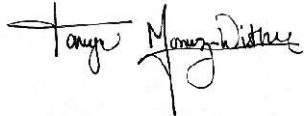
April 10, 2026

VERIFICATION

I, Tanya Moniz-Witten, declare and say that I am the President for SAN JOSE WATER COMPANY, a California corporation, the Applicant making the foregoing Application; that I have the authority to make this verification on behalf of said corporation; that I have read the Application and know the contents thereof; that the same is true of my own knowledge except as to the matters which are therein stated on information and belief, and as to those matters that I believe it to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on April 10, 2026, at San Jose, California.

A handwritten signature in black ink, appearing to read "Tanya Moniz-Witten", written in a cursive style.

TANYA MONIZ-WITTEN