

# P U B L I C N O T I C E

**NOTICE OF PUBLIC PARTICIPATION HEARING REGARDING  
SAN JOSE WATER COMPANY'S REQUEST TO INCREASE RATES FOR  
COST OF CAPITAL  
APPLICATION NO. 17-04-001**

**Wednesday, November 1, 2017  
Hilltop Park Center – Main Hall  
871 Jessie Street,  
Monterey, CA 93940  
6:00 pm**

**Monday, November 6, 2017  
City Hall of San Jose  
City Council Chambers  
200 East Santa Clara Street  
San Jose, CA 95113  
7:30 pm**

The California Public Utilities Commission (CPUC) wants to hear from you! A Public Participation Hearing (PPH) has been scheduled at the date, time and location listed above to receive your comments on San Jose Water Company's (SJWC) Cost of Capital (CoC) Application No. 17-04-001. A CPUC Administrative Law Judge (Judge) will be presiding at this PPH to listen to concerns, comments, and opinions on the application. One or more Commissioners may attend, but no decisions will be reached at this hearing. All public comments from this PPH will be included in the formal record and become public record.

The hearing's location is wheelchair accessible. If you need a different non-English language translator or special assistance, please contact the Commission's Public Advisor's Office (PAO) at the address listed at the bottom of this notice at least five days in advance of the hearing date. If you cannot attend the PPH you may submit your comments via a letter or email to the PAO.

## **SUMMARY**

On April 3, 2017, San Jose Water Company filed Application A.17-04-001 (Application) with the CPUC requesting authority to increase rates to establish its authorized COC for 2018, 2019, and 2020. SJWC requests an increase in the rate of return from currently authorized 8.09% to 8.63% for 2018, 2019, and 2020. If authorized by the Commission, this will result in an overall increase in revenues of \$7,550,000 (2.10%) beginning January 1, 2018. Three other water utilities filed applications of the same type, which

have been consolidated for processing with SJWC's application. Customers of all four companies are being invited to the Public Participation Hearing.

Cost of Capital is a financial term that, in this case, defines how much money SJWC is allowed to recover in water rates as a return on the money it has invested. In this proceeding, the CPUC will determine a reasonable capital structure (financial plan), the costs of long-term debt (return to bond holders), and an appropriate rate of return on common equity (return to San Jose Water Company shareholders).

## **CUSTOMER IMPACT**

With this Cost of Capital filing, SJWC is requesting an increase of \$.06 to the service charge for a standard ¾-inch meter and an increase of \$0.1049 per CCF of water per month above current rates to become effective January 1, 2018. If SJWC's proposal is adopted, a typical residential metered customer with a ¾" meter using 15 CCF of water per month would see a monthly water bill increase of \$2.14 or 2.10% from \$101.82 at currently estimated rates to \$103.96 in 2018.

The rates shown on your monthly water bill may vary from the existing rates shown above due to surcredits or surcharges in effect from time to time.

### **Summary of Key Reasons for SJWC's Request**

- SJWC believes it is necessary to attract capital in order to fund water system investments. System investments allow the company to meet its obligations to serve its customers safely and reliably.
- SJWC's believes this request will help in maintaining an investment-grade rating, reducing overall financing costs.

## **CPUC PROCESS**

This application has been assigned to a Judge who will receive evidence and other related documents necessary for the CPUC to establish a record upon which to base its decision. Evidentiary hearings have been held where utilities, consumer advocacy groups, and other entities which have been given official status as "parties," have presented their testimony and been subject to cross-examination by other parties. These evidentiary hearings were open to the public, but only those who are parties actively participated. The hearings and documents submitted in the proceeding become part of the formal record. The Judge relies upon the formal record when writing a proposed decision to present to the Commissioners for their consideration.

After considering all proposals and evidence presented during the formal hearing process, the assigned Judge will issue a proposed decision, determining whether to adopt SJWC's request, modify it, or deny it. Any CPUC Commissioner may sponsor an alternate decision. The proposed decision, and any alternate decisions, will be discussed and voted upon at a scheduled CPUC Voting Meeting.

The Office of Ratepayer Advocates (ORA) has reviewed this application and participated actively in the recent evidentiary hearings. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. For more information about ORA, please call (415) 703-1584, e-mail [ora@cpuc.ca.gov](mailto:ora@cpuc.ca.gov) or visit ORA's website at [www.ora.ca.gov](http://www.ora.ca.gov).

### **STAY INFORMED**

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at: <http://subscribecpuc.cpuc.ca.gov/>.

If you would like to learn how you can participate in the proceeding, or if you have informal comments or questions about the CPUC processes, you may access the CPUC's Public Advisor's webpage at [www.cpuc.ca.gov/puc](http://www.cpuc.ca.gov/puc) and click on "Public Advisor" from the CPUC Information Menu. You may also contact the Public Advisor as follows:

Write: CPUC Public Advisor's Office  
505 Van Ness Avenue  
San Francisco, CA 94102

Email: [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov)

Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074  
1-866-836-7825 (toll-free) or TTY 1-415-703-5282

Please reference SJWC CoC Application A. 17-04-001 in any communications you have with the CPUC regarding this matter. All public comments will become part of the public correspondence file for this proceeding and made available for review to the assigned Judge, the Commissioners, and appropriate CPUC staff.

