

## Montevina Water Treatment Plant Upgrades

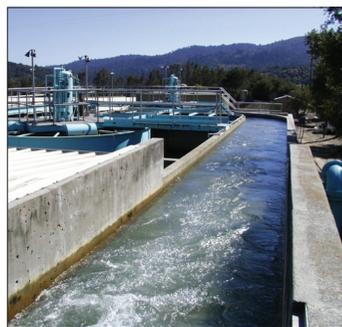


SJWC staff from left: Ed Lambing, Craig Giordano, Randy Houston, Francois Rodigari, Andy Gere

In late September 2015, SJWC broke ground on our Montevina Water Treatment Plant Upgrade Project. Over the next few years this 60-year old facility will undergo a renovation that will employ the latest in microfiltration membrane technology to ensure maximum use of this low-cost, high quality local water supply from the Santa Cruz Mountains. As a result of the drought, maximizing the volume of this local supply has become more critical than ever.

By employing an innovative design-build approach allowing for maximum operational flexibility, the company is able to treat the

available surface water during construction. When complete in 2017, the plant will produce approximately 25 million gallons per day of high quality drinking water for our customers.



## Is Your Contact Information Current?

We want to make sure we can get in touch with you when needed. Please send your name, address, and current home and cell phone numbers to: [customer.service@sjwater.com](mailto:customer.service@sjwater.com)



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*Providing safe and reliable water since 1866*

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## Customer Service Annual Report

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1866 *Celebrating* 2016  
150 Years of Service to the Community

San Jose Water Company water towers 1866

## San Jose Water Company's 150th Anniversary

San Jose Water Company (SJWC) has seen the local community grow from the "Valley of Heart's Delight" to "Silicon Valley." While much has changed over the last 150 years, the company's focus on delivering high quality, safe, and reliable water and exceptional customer service remains steadfast. Bills, once delivered by bicycle to customers' homes are today delivered and accessed online. In fact, the majority of our customer transactions today are conducted electronically.

Many changes are not so apparent. An advanced telemetry system allows our operators to efficiently manage a 140 square mile service area. Replacing water mains and other critical water delivery infrastructure, including some facilities that are over 100 years old, is a never-ending endeavor. Approximately 24 miles of water mains are replaced annually to ensure the continued delivery of reliable water service and fire protection.

Several multiyear droughts over the last 30 years have cemented SJWC's place as an industry leader in conservation. After the drought of the early 1990s, the company was one of the first utilities to implement a water conservation program. It has now become one of the most comprehensive programs in the region, providing complimentary water audits,

low flow devices, and education materials to our customers. We also work closely with customers to ensure they are aware of various rebate programs available through the Santa Clara Valley Water District. A state-of-the-art no-discharge truck also allows our crews to perform flushing of the water mains necessary to maintain water quality with minimal loss of water.



The one constant of SJWC's success has been and continues to be our dedicated, innovative, and industrious employees who take great pride in their work. There are no more fitting examples of this enduring dedication than Alexander Hess (1885–1935) and Bob Chaffin, two employees with 50 years of service. Our employees are not only here to serve you, but they are also your neighbor, friend, and community volunteer.

Being part of and supporting our community is an integral element of the company's operating philosophy. SJWC's community investment pro-

gram provides generous support to many youth, health and human services, and cultural organizations that help improve the quality of life in all the communities we serve.

As the company celebrates its 150th anniversary, it remains steadfast in its dedication to providing high quality, safe, and reliable water and exceptional customer service. From a mere 400 customers in 1866 to serving more than one million people in 2016, we have grown with the region, been a part of its success, and look forward to serving you for another 150 years.

## Water Supply Outlook

Even though California may feel the full force of El Niño this winter, it may take many years of above average rainfall for our water supply to normalize. Locally, the Santa Clara Valley Water District has extended its request to conserve 30% of 2013 usage through June 30, 2016, to ensure adequate future water supplies and minimize the threat of subsidence. Customers have responded very positively to the calls for conservation and, through the end of 2015, have conserved approximately 25% as compared to 2013 usage.

SJWC offers a comprehensive water conservation program including complimentary water audits. For more information on how to use water more wisely, please visit [www.sjwater.com](http://www.sjwater.com).

## For Bob Chaffin, 50 is Special!

The number “50” has a special meaning to employee Bob Chaffin. In 2015, he celebrated his 50th year of employment at SJWC, his 50th wedding anniversary to his wife Kathy, and his son’s 50th birthday!

As a teenager in high school, Bob worked during two summers at San Jose Water Works (as the company was known at the time) before starting a full-time position. Having held many jobs, from storeroom worker to meter reader to meter maintenance to operations and ultimately as a Crew Leader today, Bob knows just about every part of the water business.

With 50 years of service under his belt, Bob is the head of the class. Over the years, he has mentored generations of employees with his humor, work ethic, and extensive knowledge. “The main message I tell our staff is to treat everyone like you would want to be treated. Do the job right. I’ve faced angry customers at the beginning of the day but by the end, they often thank me for the work we do.”

Bob’s enthusiasm has not waned over the years and he comes to work every day with



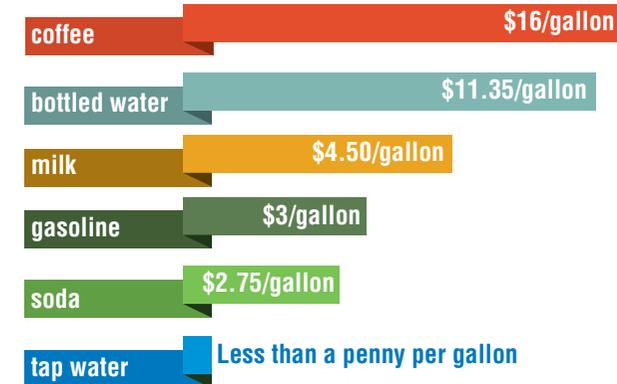
a positive attitude. “I feel that I haven’t accomplished anything if I haven’t learned something new. Even from the new guys, I can learn something!”

As Bob keeps his eye on June 16, 2016 and his 51st anniversary with the company, he wants to be remembered as someone who was able to help people. “I always tell our customers that you can come back to me anytime. I’m happy to help you out!”

SJWC is proud to have Bob as part of our family!

## How Affordable Is Your Water?

At less than a penny a gallon, tap water remains one of the lowest cost utility bills—a true value considering the resources and expertise it takes to treat and deliver safe and reliable water to your tap 24 hours a day, 365 days of the year. For most households, you can cook, clean, and enjoy fire protection for about \$3 a day. When compared to other products we use every day, tap water is clearly one of the best values around!



## Where Your Dollar Goes

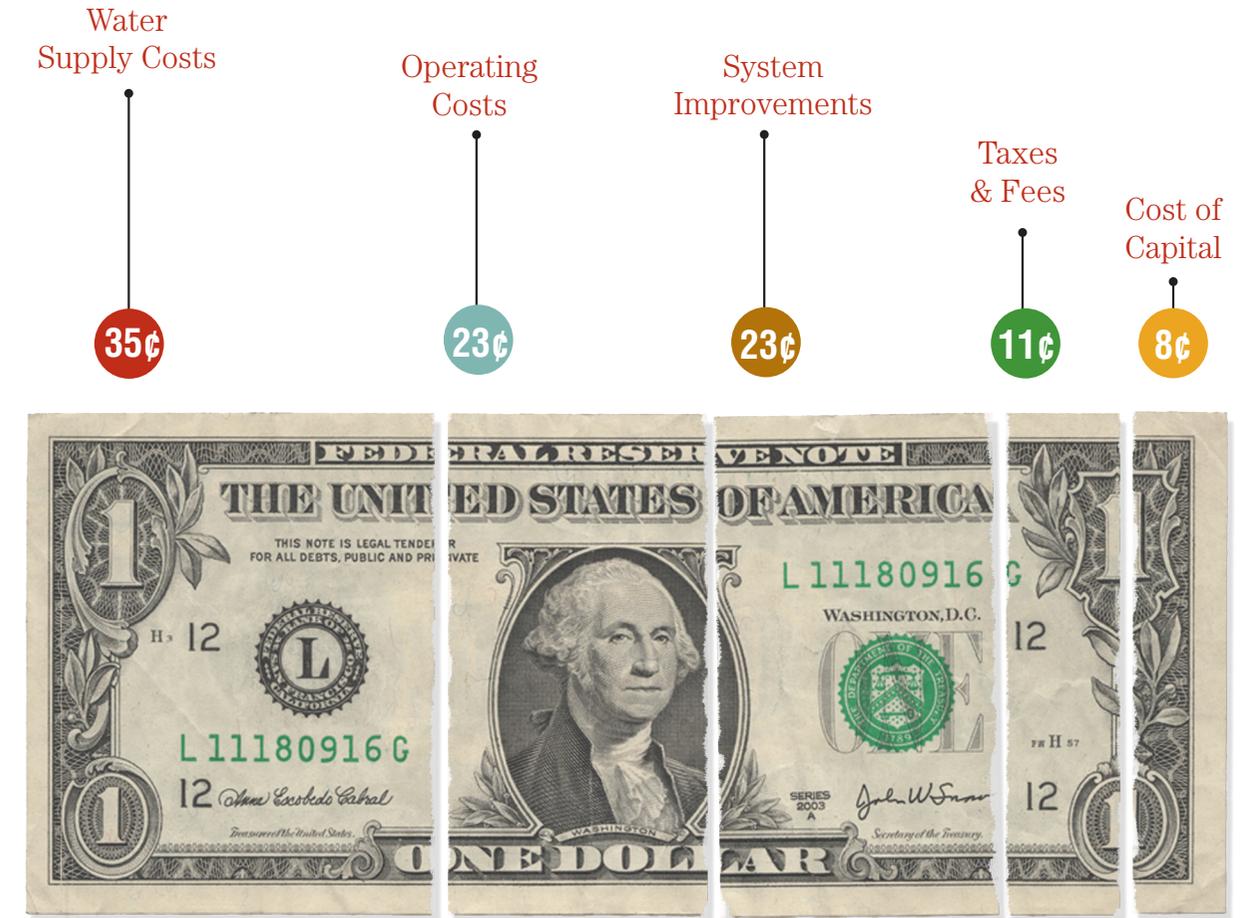
Safe and reliable water service is essential to maintain public health, firefighting capability, and economic prosperity—all things that contribute to the quality of life that we enjoy. In order to protect public health and safety and to continue to provide reliable service, SJWC must increase investments in all water system components, such as pipelines, wells, pumps, and tanks when they reach the end of their useful lives.

Our goal is to deliver high quality water and exceptional customer service at the lowest possible cost. We work hard to provide the best water service in the industry and have an excellent track record of efficient operations.

As illustrated, there are some costs over which we have no control. Nearly half of each dollar you spend with us on water goes to cover water supply costs and to pay federal, state, and local taxes.

**35¢** Water Supply Costs include costs from the Santa Clara Valley Water District for both the purchase of treated water and the required charge to extract groundwater from the underground aquifer.

**23¢** Operating Costs include operations, maintenance, purchased power from PG&E, and administrative expenses.



**23¢** System Improvements include capital improvement costs associated with our water distribution system and depreciation.

**11¢** Taxes and Fees include federal, state, and local taxes.

**8¢** Cost of Capital includes the interest paid on the debt and the return paid on the equity required to finance water system improvements.