San Jose Water Company

110 W. Taylor St.
San Jose, CA 95110
Phone 408 279-7800
Fax 408 279-7934

November 15, 2016

Public Utilities Commission
of the State of California
505 Van Ness Avenue
San Francisco, CA 94102

Advice Letter No. 498

The San Jose Water Company (U-168-W) (SJWC) hereby transmits for filing the following changes in tariff schedules applicable to its service area and which are attached hereto:

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
1802-W	Schedule No. 1 General Metered Service	1751-W
1803-W	Schedule No. 1B General Metered Service With Automatic Fire Sprinkler System	1752-W
1804-W	Schedule No. 1C General Metered Service Mountain District	1753-W
1805-W	Schedule No. 4 Private Fire Service	1747-W
1806-W	Schedule No. RW Raw Water Service	1754-W
1807-W	Schedule No. RCW Recycled Water Metered Service	1049-W
1808-W	Table of Contents	1801-W

These tariffs are submitted pursuant to General Orders Nos. 96-B and pursuant to the authority established by the California Public Utilities Commission (Commission) in Decision No. (D) 16-06-004, dated June 9, 2016 (Ordering Paragraphs included as Attachment A). This advice letter is designated a Tier 2 Advice Letter. SJWC requests that the rates become effective January 1, 2017.

With this advice letter SJWC requests authorization to increase revenue requirement by $13,025,000 or 3.83% via a step rate increase for the first escalation year of 2017. This request is made pursuant to Ordering Paragraph No. 8 of D.16-06-004 (Attachment A), which states that:

"8. For escalation years 2017 and 2018, San Jose Water Company shall file Tier 2 Advice Letters in conformance with General Order 96-B proposing new revenue requirements and corresponding revised tariff schedules. The filing shall include rate procedures set forth in the Commission's Rate Case Plan (Decision 07-05-062) for Class A Water Utilities and shall include appropriate supporting workpapers. The revised tariff schedules shall take effect no earlier than January 1, 2017 and January 1, 2018, respectively, and shall apply to service rendered on and after their effective dates. The proposed revisions to revenue requirements and rates shall be reviewed by the Commission's Division of Water and Audits. The Division of Water and Audits shall inform the Commission if it finds that the revised rates do not conform to the Rate Case Plan, this order, or other Commission decisions, and if so, reject the filing."

Background

The Commission's D.16-06-04 authorized SJWC to file advice letters for step rate increases for the two escalation years of 2017 and 2018 in compliance with the Commission's Rate Case Plan. The Commission's Rate Case Plan requires that the requested rate increase shall be subject to the pro-forma earnings test. SJWC has attached the pro-forma Summary of Earnings as of September 30, 2016 (Attachment B) which shows that the company is currently earning below the authorized Rate of Return on Ratebase of 8.09%,on a proforma basis, as set forth in D.12-07-009 and subsequently revised via AL 444.

SJWC has computed the Escalation year increases (Attachment C) using the authorized Rate of Return of 8.09%, the escalation methodology set forth in D.04-06-018, and the latest available escalation factors published by Division of Ratepayer Advocates Energy Cost of Service Branch Dated October 31st, 2016 and the latest CPI factors from the U.S. Bureau of Labor (Attachment D)

Currently SJWC has Advice Letter No. 497 pending before the Commission

Rate Calculation and Average Bill Comparison

The present rates for SJWC became effective July 1, 2016 by AL 490.

The total escalation revenue impact is $13,025,000 or about 3.83% of SJWC's authorized and adjusted revenue for 2016 (Attachment C). SJWC seeks to recover 30.00%, or $3,907,500, of the revenue through the service charge component and the remaining 70.00%, or $9,117,500, through the quantity rate component. As a result of this rate change, the bill for the average residential customer using 15 ccf per month will increase by $3.70, or 3.83% per month (Attachment E).

Protests and Responses

Anyone may respond to or protest this advice letter. A response does not oppose the filing but presents information that may prove useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds may include the following:

(1) The utility did not properly serve or give notice of the advice letter;
(2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
(3) The analysis, calculations, or data in the advice letter contain material error or omissions;
(4) The relief requested in the advice letter is pending before the Commission in a formal proceeding;
(5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
(6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require relitigating a prior order of the Commission).

A response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue
San Francisco, CA 94102
water_division@cpuc.ca.gov

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy of the protest by mail to us, addressed to:

Regulatory Affairs
San Jose Water Company
110 West Taylor Street
San Jose, California 95196
Fax 408.279.7934
regulatoryaffairs@sjwater.com.

The advice letter process does not provide for any responses, protests or comments, except for the utility's reply, after the 20-day comment period.

Public notice of this filing is not required. In compliance with Paragraph 4.3 of General Order 96-B, a copy of this advice letter has been mailed to all interested and affected parties as detailed in Attachment F.

This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

Very truly yours,

/S/ WES OWENS
WES OWENS
Director
Regulatory Affairs

Enclosure

A copy of Advice Letter No. 498 has been sent to the following municipalities, water companies and interested parties:

City of San Jose
Municipal Water Dept.
Attn: Mansour Nasser
3025 Tuers Road
San Jose, CA 95121

California Water Service Co.
Attn: Regulatory Affairs
1720 North First Street
San Jose, CA 95112

City of Cupertino
10300 Torre Avenue
Cupertino, CA 95014

City of Campbell
70 North First Street
Campbell, CA 95008

City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Great Oaks Water Company
P.O. Box 23490
San Jose, CA 95153

City of Milpitas
Attn: Utilities Engineering
455 East Calaveras Blvd.
Milpitas, CA 95035

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118

San Jose Mercury News
Attn: Paul Rogers
4 N. Second Street, Suite 800
San Jose, CA 95113

Town of Los Gatos
Attn: Director of Public Works
110 E. Main Street
Los Gatos, CA 95032

City of Monte Sereno
Attn: Director of Public Works
18014 Saratoga-Los Gatos Road
Monte Sereno, CA 95030

City of Saratoga
Attn: Director of Public Works
13777 Fruitvale Avenue
Saratoga, CA 95070

County of Santa Clara
70 W. Hedding Street
San Jose, CA 95110

Department of Water Resources
Safe Drinking Water Office,
Room 804
1416 9TH Street
Sacramento, CA 95814

James M. Fiedler P.E., D.WRE
Chief Operating Officer
Water Utility Enterprises
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118

Gillette MutualWater Company
21976 Gillette Drive
Los Gatos, CA 95033

Bob Burke
Regulatory Liaison For The Six
Mutual Water Companies
420 Alberto Way, Unit 49
Los Gatos, Ca 95032

Brush & Old Well Mutual
Water Company
21105 Brush Road
Los Gatos, CA 95033

Oakmount Mutual Water Company
P.O. Box 31536
Stockton, CA 95213

Summitt West Mutual Water Company
P.O. Box 974
Los Gatos, CA 95031

Ridge Mutual Water Company
22316 Citation Drive
Los Gatos, CA 95033

Villa Del Monte Mutual Water Company
P.O. Box 862
Los Gatos, CA 95031

Big Redwood Park Water
& Improvement Assoc.
18522 Mt. View Avenue
Los Gatos, CA 95033

Redwood Estates Services Association
PO Box 591
Redwood Estates, CA 95044-0591

Stagecoach Mutual Water Co
21825 Stagecoach Road
Los Gatos, CA 95033

Mt. Summit Mutual Water Co
P.O. Box 3416
Saratoga, CA 95070

Mountain Springs Mutual Water Co.
17956 Greenwood Road
Los Gatos, CA 95033

Raineri Mutual Water Company
P.O. Box 11
Los Gatos, CA 95031

James Hunter
6475 Dwyer Street
San Jose, CA 95120

Saratoga Heights Mutual Water Company
P.O. Box 337
Saratoga, CA 95071

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SAN JOSE WATER COMPANY

ADVICE LETTER NO. 497

ATTACHMENT C

Service List

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, Monte 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

For Total Monthly Usage from 0 to 3 Ccf.	$4.2210	(I)
For Total Monthly Usage from 4 to 18 Ccf.	$4.6900	I
For Total Monthly Usage over 18 Ccf.	$5.1590	(I)

All Other Customers

For all water delivered, per 100 cu. ft.	$4.6900	(I)

Service Charges: Per Meter Per Month

All Customers:

For 5/8 x 3/4-inch meter	$ 25.02	(I)
For 3/4-inch meter	$ 25.02	I
For 1-inch meter	$ 41.66	I
For 1-1/2-inch meter	$ 83.36	I
For 2-inch meter	$ 133.41	I
For 3-inch meter	$ 250.12	I
For 4-inch meter	$ 416.87	I
For 6-inch meter	$ 833.73	I
For 8-inch meter	$ 1333.98	I
For 10-inch meter	$ 1917.62	(I)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

(Continued)

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, Monte 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

For Total Monthly Usage from 0 to 3 Ccf.	$4.2210	(I)
For Total Monthly Usage from 4 to 18 Ccf.	$4.6900	I
For Total Monthly Usage over 18 Ccf.	$5.1590	(I)

All Other Customers

For all water delivered, per 100 cu. ft.	$4.6900	(I)

Service Charges: Per Meter Per Month

All Customers:

For 5/8 x 3/4-inch meter	$ 25.02	(I)
For 3/4-inch meter	$ 25.02	I
For 1-inch meter	$ 41.66	I
For 1-1/2-inch meter	$ 83.36	I
For 2-inch meter	$ 133.41	I
For 3-inch meter	$ 250.12	(I)

Upsize Charges:

For 1/4-inch meter upsize	$ 1.51
or 1/2-inch meter upsize	$ 3.01
For 3/4-inch meter upsize	$ 4.52
For 1-inch meter upsize	$ 6.03
For 1-1/2-inch meter upsize	$ 9.05

(Continued)

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)
Overuse Rates beyond 500 gallons per day limit

Residential Customers with 3/4–inch, 1-inch, 1 1/2-inch or 2-inch meter

For Total Monthly Usage from 0 to 3 Ccf.	$4.2210	(I)
For Total Monthly Usage from 4 to 18 Ccf.	$4.6900	I
For Total Monthly Usage for 19 to 20 Ccf.	$5.1590	(I)
For Total Monthly Usage over 20 Ccf.	$7.0000	

All Other Customers(subject to Special Condition 5**)**

For Total Monthly Usage from 0 to 20 Ccf.	$4.6900	(I)
For Total Monthly Usage over 20 Ccf.	$7.0000	

Service Charges: Per Meter Per Month

For	3/4-inch meter	$ 25.02	(I)
For	1-inch meter	$ 41.66	I
For	1-1/2-inch meter	$ 83.36	I
For	2-inch meter	$ 133.41	I
For	3-inch meter	$ 250.12	I
For	4-inch meter	$ 416.87	I
For	6-inch meter	$ 833.73	I
For	8-inch meter	$ 1333.98	I
For	10-inch meter	$1917.62	(I)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

1. Customers who receive water deliveries for agricultural purposes under this schedule, and who present evidence to the utility that such deliveries qualify for the lower pump tax rates levied by the Santa Clara Valley Water District for agricultural water, shall receive a credit of $2.0033 per 100 cubic feet on each water bill for the quantities of water used during the period covered by that bill.

2. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

(Continued)

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

	Per Service Connection Per Month	
For each 2-inch service	$25.37	(I)
For each 3-inch service	38.03	|
For each 4-inch service	50.71	|
For each 6-inch service	76.09	|
For each 8-inch service	101.43	|
For each 10-inch service	126.80	|
For each 12-inch service	152.15	(I)

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and and the cost paid by the applicant. Such payment shall not be subject to refund. The facilities paid for by the applicant shall be the sole property of the applicant.

2. If a distribution main of adequate size to serve a private fire protection system, in addition to all other normal service, does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall then be installed by the utility and the cost paid by applicant. Such payment shall not be subject to refund.

3. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund.

(Continued)

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, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate:

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 WaterDistrict 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 schedule:

Meter Size	Per Meter Per Month	
2-inch	$31.15	(I)
3-inch	$41.53	I
4-inch	$46.72	I
6-inch	$77.87	I
8-inch	$93.45	I
10-inch	$145.36	(I)

The monthly service charge will change in an amount equal to changes in the monthly service charge for similarly sized meters under *"Schedule No. 1, General Metered Service"*. In addition to the service charge, such customers will be charged for the quantity of recycled water used at that site in the same amount billed to San Jose Water Company by the South Bay Water Recycling Program.

(Continued)

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, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Quantity Rate:		
Per 100 cu. ft.	$4.4604	(I)

Service Charges:	Per Meter Per Month	
For 5/8 x 3/4-inch meter	$ 25.02	(I)
For 3/4-inch meter	$ 25.02	I
For 1-inch meter	$ 41.66	I
For 1-1/2-inch meter	$ 83.36	I
For 2-inch meter	$ 133.41	I
For 3-inch meter	$ 250.12	I
For 4-inch meter	$ 416.87	I
For 6-inch meter	$ 833.73	I
For 8-inch meter	$ 1333.98	I
For 10-inch meter	$ 1917.62	(I)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

1. The customer is responsible for notice of and compliance with all local, state, and federal rules and regulations that apply from time to time to the use of raw water, as defined in San Jose Water Company's Rule 1.

2. The customer must provide and/or contribute all facilities needed to transport the water from its source to the customer's point of service in accordance with the utility's Rule 15.

(Continued)

TABLE OF CONTENTS

The following listed tariff sheets contain all effective rates, rules and regulations affecting the rates and service of the Utility, together with information relating thereto:

Subject Matter of Sheet	C.P.U.C. Sheet No.	
Title	1495-W	
Table of Contents	1808-W, 1795-W, 848-W and 1725-W	(T)
Preliminary Statement	919-W, 1303-W, 1699-W, 1700-W, 1702-W, 1420-W, 1423-W, 1427-W, 1469-W, 1492-W, 1508-W, 1542-W, 1799-W and 1800-W	
Service Area Map Locator	1266-W	
Service Area Map Locator, Index	1589-W	
Map of Areas With Special Pressure and Fire Flow Conditions	1590-W	
Index to Map of Areas With Special Pressure and Fire Flow Conditions	1079-W, 1591-W 1082-W, 1087-W and 1404-W	
Rate Schedules:		
Schedule No. 1, General Metered Service	1802-W, 1756-W and 1785-W	(C)
Schedule No. 1B, General Metered Service With Automatic Fire Sprinkler System	1803-W, 1741-W, 1786-W and 1787-W	(C)
Schedule No. 1C, General Metered Service Mountain District	1804-W, 1744-W, 1789-W and 1790-W	(C)
Schedule No. 4, Private Fire Service	1805-W and 1621-W	(C)
Schedule No. 9C, Construction and Other Temporary Metered Service	1118-W and 1094-W	
Schedule No. 10R, Service to Employees	152-W	
Schedule No. 14.1 Water Shortage Contingency Plan With Staged Mandatory Reductions And Drought Surcharges	1668-W,1669-W,1780-W,1671-W, 1672-W,1673-W,1766-W, and 1767-W	
Schedule No. RW, Raw Water Metered Service	1806-W, 1791-W and 1792-W	(C)
Schedule No. RCW, Recycled Water Metered Service	1807-W and 1775-W	(C)
Schedule No. UF, Surcharge to Fund Public Utilities Commission, Reimbursement Fee	1697-W	
Schedule No. WRAP, Water Rate Assistance Program	1723-W and 1211-W	
List of Contracts and Deviations	1636-W	
Rules:		
No. 1 - Definitions	764-W and 976-W	
No. 2 - Description of Service	525-W	
No. 3 - Application for Service	351-W and 903-W	
No. 4 - Contracts	352-W	
No. 5 - Special Information Required on Forms	821-W thru 823-W	
No. 6 - Establishment and Re-establishment of Credit	354-W	
No. 7 - Deposits	355-W and 356-W	
No. 8 - Notices	1054-W and 825-W	
No. 9 - Rendering and Payment of Bills	996-W, 997-W and 1146-W	

(Continued)