

Water Shortage Contingency Plan Staged Mandatory Reductions and Drought Surcharges Frequently Asked Questions

Q: What is San Jose Water Company's (SJWC) Water Shortage Contingency Plan?

A: Pursuant to Executive Order B-29-15 by the Governor of the State of California, and by orders by the State Water Resources Control Board and the California Public Utilities Commission (CPUC), SJWC filed Advice Letter 473 on May 11, 2015, requesting authority from the CPUC to activate Stage 3 of Rule No. 14.1, a Water Shortage Contingency Plan and activate Schedule No. 14.1, Water Shortage Contingency Plan with Staged Mandatory Reductions and Drought Surcharges. The filing was approved by the CPUC effective June 15, 2015. Schedule 14.1 establishes an allocation for residential customers and dedicated landscape services to achieve the 30% conservation goal of 2013 consumption as requested by the Santa Clara Valley Water District.

Q: Why is this needed?

A: California is in the fourth year of a historic drought. The Santa Clara Valley Water District, the State Water Resources Control Board, and the Governor are calling on all residents to conserve water to ensure adequate supplies are available in 2016 and beyond should the drought persist.

Q: How are residential customers and dedicated landscape services defined?

A: Residential customers are defined as a single meter serving a single household. Properties with a single meter that serves multiple families, such as condos and apartments, are not subject to the allocation program. Dedicated landscape services used for irrigation are included in the program. Including landscape accounts aligns with the CPUC's, City of San Jose, and State Water Resources Control Board's focus on limiting outdoor irrigation and ensures that businesses are also doing their part.

Q: How is my allocation calculated?

A: Because water use changes based on the seasons, an average consumption number was calculated from our entire residential customer base for each month as shown below based on a 30% reduction. The State Water Resources Control Board has set a minimum of 9 units in any month to maintain public health and safety. Month-by-month allocations are shown as follows:

Month	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
2013 Average	10	9	9	11	14	16	19	19	19	17	17	14
Allocation (units)	9	9	9	9	10	11	13	13	13	12	12	10
Allocation (gallons)	6,732	6,732	6,732	6,732	7,480	8,228	9,724	9,724	9,724	8,976	8,976	7,480

SJWC's plan is in alignment with the model established by the State Water Resources Control Board. Customers that have low consumption may find themselves at or below the allocation while those with higher consumption will have to do more to achieve the goal.

Q: What are the drought surcharges and how are they calculated?

A: Most residential customers are billed bi-monthly. You will be charged at the current rates for all the units consumed. In addition to the current charges, each unit of water in excess of your allocation will be charged as follows:

- Drought Surcharge 1 (DS1): Excess consumption over allocation up to the 2013 monthly average will be charged at \$3.56 per unit
- Drought Surcharge 2 (DS2): Excess consumption over the 2013 monthly average will be charged at \$7.13 per unit

For example, if you consumed 20 units during the period of July 1 through August 31, you would be under the two-month billing period allocation as shown below:

Month	July	Aug	Billing Period Total
Your Consumption	10	10	20
Allocation (units)	13	13	26
Under Allocation	(3)	(3)	(6)

In this case, a drought surcharge would not apply since consumption was under the billing period total of 26. Your consumption charge would be calculated as follows:

Consumption	Rates	Total
20 units @ current rates	6 units @ \$3.21/unit	19.26
	14 units @ \$3.56/unit	49.84
Total Consumption Charge		69.10

A customer consuming 44 units for the same two-month billing period would be 18 units over the allocation total as shown:

Month	July	Aug	Billing Period Total
Your Consumption	22	22	44
Allocation (units)	13	13	26
Over Allocation	9	9	18
2013 Average (100%)	19	19	
Consumption from your allocation to the 2013 average	6	6	12
Consumption over the 2013 average	3	3	6

The charges would be calculated as follows:

Consumption	Rates	Total
44 units @ current rates	6 units @ \$3.21/unit	19.26
	30 units @ \$3.56/unit	106.80
	8 units @ \$3.92/unit	31.36
DS1	12 units @\$3.56/unit	42.72
DS2	6 units \$7.13/unit	42.78
Total Consumption Charge		242.92

The current rates and the drought surcharge(s) will apply to any units over the allocation. Billing periods that do not coincide with the beginning or end of the months will be prorated accordingly.

Q: Can I “bank” any savings for future use if I use less than the allocation?

A: There is no “banking” system. Unused units will not be carried forward or credited to the account.

Q: How will I know that I am achieving the conservation goal?

A: The bi-monthly bills you receive will show the allocation as well as what you have consumed. You may also track your usage by learning how to read your meter. A short instructional video can be viewed [here](#).

SJWC has submitted a proposal to the CPUC to deploy smart meters throughout our service area. It is currently under review as part of our next General Rate Case, and a final decision has not been made. SJWC believes smart meters will provide customers with the ability to more easily monitor their water consumption on a real time basis, and provide early detection in the event of leaks. We will provide updated information via our website when additional information is available.

Q: I receive my bills in the middle of the month. Will my allocation be prorated?

A: Yes. Each billing cycle varies throughout the month and the allocation amount will be prorated based on your two month billing cycle. The billing statement will indicate your allocation amount and whether or not you exceeded your allocation.

Q: I was not a customer of SJWC in 2013. Will the allocations still apply?

A: The allocations will apply to all customers who are single family residences or dedicated irrigation accounts.

Q: Does this program replace the current rules in effect?

A: No. In summary, all customers (business/residential) must comply with the water conservation rules established by the CPUC, City of San Jose, and State Water Resources Control Board. Click [here](#) to view the current rules. In addition, all customers are requested to conserve 30% of 2013 consumption as requested the Santa Clara Valley Water District.

Q: I thought the Governor called for a 25% reduction. Why are you asking customers to conserve more?

A: The Governor and the State Water Resources Control Board has mandated a 25% “statewide” goal. Locally, the Santa Clara Valley Water District, the County’s water supply agency, is asking all of its utilities to conserve 30% to ensure reliable supplies are available in 2016 and beyond.

Q: I thought the state set different goals for each utility and SJWC was only required to achieve 20% conservation?

A: To achieve the 25% statewide goal, the State Water Resources Control Board is mandating different conservation levels depending on the average consumption per person per day for the individual utilities. For example, a utility with a low average consumption will be mandated to conserve 8% while those with the highest consumption average will be required to conserve 36%. The State’s approach ensures that those who have already been successful in conserving are not further penalized and encourages those who are high water users to further conserve. The State has set SJWC’s conservation goal at 20%. However, the Santa Clara Valley Water District, our local water supply agency, is asking all of its utilities to conserve 30%. We are following the agency’s guidance and prepared a plan to achieve the 30% goal system wide.

Q: How can I appeal my allocation?

A: For any customer where unusual circumstances dictate a change in allocation, the customer’s allocation shall be determined by SJWC in a fair and equitable manner. Click [here](#) for access to the online appeal form.

Q: I have already conserved. Will this new allocation require additional conservation?

A: Households who have conserved may very well already be under the allocation. Customers that have not been as successful in conserving will need to do more to meet the allocation or pay the excess drought surcharge(s).

Q: What will happen to the drought surcharges?

A: The surcharges will be deposited in a drought account authorized by the CPUC to track lost revenues from conservation. The amount collected will offset future surcharges as a result of conservation efforts.

Q: When will this end?

A: The allocation program will continue until the CPUC deems it is no longer necessary.

Q: Is California running out of water?

A: California is not in danger of running out of water. Desalination remains an option that is being deployed in many communities (San Diego, Santa Barbara) who have no other alternatives and could be employed here to meet our future water needs. This option could provide a limitless supply but is more expensive when compared to other options, such as recycled water, currently available.

Q: What are the water supply options for our area?

A: Recycled water is a drought-resistant supply that has a wide range of non-potable applications including irrigation, industrial, and agricultural uses. Currently, SJWC is working closely with the Santa Clara Valley Water District to expand the recycled water

system. The company has been driving the expansion of the recycled water infrastructure in the County and pending regulatory approval, we plan to add more pipelines in the future.

SJWC is also working with the Santa Clara Valley Water District and other regional stakeholders to evaluate other sustainable water supply solutions for Santa Clara County. Potable applications involving highly-treated wastewater that meets or surpasses drinking water standards offer the most promise to ensuring reliable water supplies are available during multi-year droughts. We believe the time is right to fast-track these solutions and are offering our full assistance to deliver them as soon as possible.

The lack of available supplies and the higher costs of new water supplies (recycled water, desalination) are just two of the many challenges facing water utilities today. Replacing critical water system components like tanks and pipes, complying with increasingly stringent water quality compliance requirements, and declining consumption will also impact and increase the cost of water service.

Q: Why do water rates rise when people conserve?

A: There is a difference between the water rates and the water bill. When customers conserve, the company does not recover enough of its fixed charges that allow for the provision of safe, high quality, and reliable water service. Thus, unit rates must go up to recover the difference. Depending on your actual consumption, you may not see a higher water bill.

Conservation is the right thing to do and we encourage customers to achieve the 30% allocation. However there is also a cost to conservation. Click [here](#) for information on the rates-conservation relationship.

Q: What can you do to help me use water more wisely?

A: SJWC appreciates all of your efforts to conserve water so that a safe, high-quality, and reliable water source can be available in the future. For more information on our comprehensive water conservation program including complimentary water audits, please click [here](#). High efficiency devices such as showerheads and faucet aerators are available free of charge at our Taylor Street customer service center. We also offer complimentary toilet leak detection tablets and conservation literature. Click [here](#) for comprehensive drought information.