

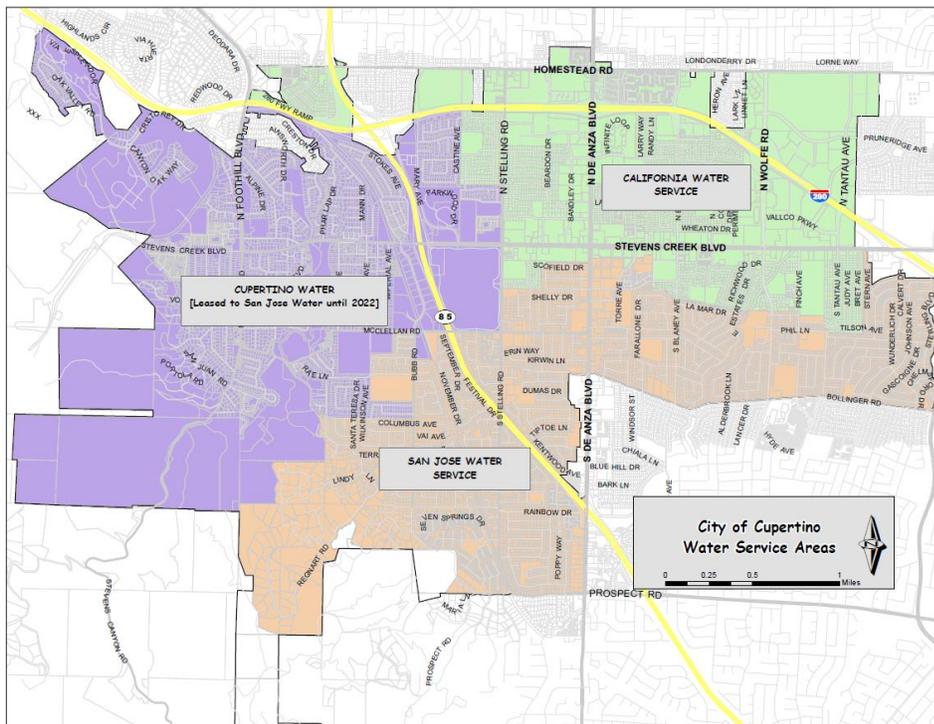
# September 6, 2016 Public Hearing to Consider an 8.6% Increase in Water Rates affecting Customers of the City owned Water System leased to San Jose Water Company (SJWC)

## Frequently Asked Questions / Responses

In the City of Cupertino, there are three water service areas as shown on the map, below. One area (shown in green) is served by a water system owned and operated by San Jose Water Company (SJWC), one area (shown in purple) is served by a water system owned and operated by California Water Service, and one area (shown in blue) is served by a water system that is owned by the City of Cupertino but is leased for operations by SJWC.

SJWC is in the process of increasing its rates as a result of increased operational costs. The water rates for SJWC's privately owned system in Cupertino are regulated by the California Public Utilities Commission (CPUC). SJWC, as required by law, filed an application with the CPUC in January 2015 for new rates to be effective January 1, 2016. The CPUC considered a significant amount of evidence submitted in support of this rate increase, held public hearings and issued its final decision on June 9, 2016. The CPUC approved an increase by 8.6% in the water rates for all customers served by SJWC's water system (shown in green), which is retroactive to January 1, 2016.

SJWC has requested to impose an identical rate increase on its customers in the part of Cupertino served by a water system it leases from the City (shown in blue). At its meeting of September 6, 2016 the Cupertino City Council will hold a public hearing determine whether a parallel rate increase to that rate reviewed and authorized by the CPUC should apply to the areas within the City served by the leased system. A public hearing on this issue will take place during the City Council meeting that begins at 6:45 p.m. at Cupertino Community Hall, 10350 Torre Avenue.



Answers to frequently asked questions are provided below.

**Q: How does SJWC increase rates in the leased area?**

A: As described above, the City owns the water system in the blue area shown on the map and leases the service, operations and maintenance to SJWC. Under the Lease Agreement, SJWC imposes rates on the customers in the leased area, some of which are subject to City approval, which cannot be unreasonably withheld.

SJWC has proposed to impose the same 8.6% increase in rates on its customers in the leased area that it has been authorized by the CPUC to impose on its customers in SJWC's privately owned system shown in the green area.

The City is responding to this request and will consider all information provided at the September 6, 2016 public hearing.

**Q: Has SJWC increased rates in other areas of the City?**

A: Yes, SJWC has increased customer water rates in the systems they own. These increased rates are already effective, retroactive to January 1, 2016, and were authorized by the CPUC. SJWC wants to impose a matching increase on the customers in the leased area.

**Q: What justification has been provided to support an increase in rates?**

A: SJWC identified various operational cost increases as the basis for their requested increase. The application SJWC filed with the CPUC requesting a general rate increase may be reviewed at:

<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M143/K990/143990278.PDF>

The CPUC Decision authorizing the new rates may be found at:

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M163/K202/163202231.pdf>

The City has not received additional information. Customers may call San Jose Water at 408-279-7900, visit [www.sjwater.com](http://www.sjwater.com) and/or go to the SJWC link below that includes FAQ's to the 2015 GRC application. [https://www.sjwater.com/for\\_your\\_home/home\\_customer\\_care/rates\\_regulations/general\\_rate\\_information](https://www.sjwater.com/for_your_home/home_customer_care/rates_regulations/general_rate_information)

**Q: How will this impact my water bill?**

A: If approved as proposed, the 2016 rate increase will become effective September 15, 2016 and will be retroactive to January 1, 2016. The notice you received in the mail provides examples of current and proposed rates to the average customer. Specific questions can be directed to San Jose Water at 408-279-7900 or visit [www.sjwater.com](http://www.sjwater.com).

**Q: How do the proposed rates compare to those of California Water Service Company (CWSC)?**

A: In the example below, a resident using 15 hundred cubic feet (HCF) of water per month can calculate a SJWC water bill as compared to a CWSC water bill using the following example and tables:

Monthly Usage: 15 HCF

Meter Size: 3/4-inch

SJWC Proposed Rate:  $\$23.98 + (3\text{HCF} \times \$4.0581) + (12\text{HCF} \times \$4.5090) = \$90.26$

CWSC Current Rate:  $\$26.09 + (10\text{HCF} \times \$4.2900) + (5\text{HCF} \times \$4.5638) = \$91.81$

MONTHLY METER CHARGE		
Meter Size	2016-17 Proposed Charges for SJWC	2016-17 Charges for CWSC
SJWC 3/4-inch	\$23.98	-
CWSC 3/4-inch	-	\$26.09

MONTHLY WATER CHARGE	
SJWC Tier	2016-17 Proposed Charges per HCF for SJWC
SJWC Tier 1: 0 to 3 HCF	\$4.0581
SJWC Tier 2: 3+ to 18 HCF	\$4.5090
CWSC Tier	2016-17 Charges per HCF for CWSC
CWSC Tier 1: 1 to 10 HCF	\$4.2900
CWSC Tier 2: 11 to 27 HCF	\$4.5638

More detailed CWSC information is available at <https://www.calwater.com/rates/rates-and-tariffs/las/> and/or at [https://www.calwater.com/docs/rates/rates\\_tariffs/las/Residential\\_Metered\\_Service.pdf](https://www.calwater.com/docs/rates/rates_tariffs/las/Residential_Metered_Service.pdf).

**Q: What do I do if I cannot afford this increase?**

A: SJWC offers programs to assist customers. For more information, visit SJWC website at: [https://www.sjwater.com/for\\_your\\_business/business\\_customer\\_care/business\\_rates\\_regulations/business\\_water\\_rate\\_assistance\\_program\\_wrap](https://www.sjwater.com/for_your_business/business_customer_care/business_rates_regulations/business_water_rate_assistance_program_wrap)

**Q: Where can I find more information?**

A: Visit <https://www.sjwater.com/news/topic/2016-water-rates-frequently-asked-questions>