



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Kerrie Romanow

**SUBJECT:** ACTIONS RELATED TO SAN JOSE  
WATER COMPANY

**DATE:** September 8, 2017

Approved

D. P. S. Y. L.

Date

9/8/17

## SUPPLEMENTAL

### REASON FOR SUPPLEMENTAL

This supplemental memorandum provides a recommended schedule for the Administration to report to Council on the action items related to San Jose Water Company.

### BACKGROUND

San Jose Water Company (SJWC) is one of the three local water retailers serving residents and businesses in the City of San José. SJWC is regulated by the California Public Utilities Commission (CPUC); and water rates are set by the CPUC. Water rates have been increasing due to several factors including the cost of wholesale water, decreased usage, and capital investments needed to ensure safe, high quality, and reliable water service.

On August 23, 2017, the Rules and Open Government Committee recommended that the City Council direct the City Manager to provide data on City of San José's costs for water service and to evaluate potential options, if any, for how the City can represent its citizens in regards to water rates.

### ANALYSIS

- (a) *Research and present to Council a summary of the City of San José's payments to San José Water Company for water service for the last 6 years (2012-2016).*

This request recommends that the Administration provide a response to seven in-depth questions, ranging from the number of San Jose residents served by SJWC to the potential reimbursements that the City may receive. A majority of the specifically

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requested information is not readily available for review. In addition to requiring a multi-departmental effort to coalesce and analyze the requested information, staff will require the assistance of SJWC in providing specialized billing reports and summaries to sufficiently respond. Furthermore, two of the action items requested relate to SJWC Advice Letter #510 and potential customer reimbursements. Through Advice Letter #510, due to an error in billing, SJWC requested the ability to reimburse customers for the last three years. The CPUC rejected Advice Letter #510, and the CPUC is currently reviewing this issue under a formal complaint filed by a number of customers. The formal complaint process will determine what if any restitution is required and SJWC will follow the guidance provided by the CPUC to provide such restitution to all impacted ratepayers.

Green Light: Staff will do some evaluation, however due to the nature and complexity of the requested information, and unknown length of time used to calculate a potential reimbursement, it is recommended that the Administration return to Council on **November 7, 2017** with an update.

*(b) Evaluate based on the information above, the scale and scope of the situation, and whether the City of San José should take a more proactive role in representing the interests of the San José residents concerning San José Company rate increases.*

Yellow Light: Once the information is available, staff will provide a recommendation about the City's role, which could be reviewed by Council at the City-wide priority setting session.

/s/

KERRIE ROMANOW

Director, Environmental Services

For questions, please contact Jeff Provenzano, Deputy Director, at (408) 277-3671.