



Memorandum

TO: CITY COUNCIL

FROM: Mayor Liccardo
Councilmember Rocha
Councilmember Khamis

SUBJECT: ACTIONS RELATED TO
SAN JOSE WATER COMPANY

DATE: October 20, 2017

Approved

(A.T.)
Sam Linn
Don Rocha

Date

10/20/17

RECOMMENDATION

Direct the City Manager to:

- 1) Upon hearing and considering the information provided by Staff, the San Jose Water Company, and members of the public at this October 24th hearing, Council should determine whether to send a letter on behalf of the City of San José to the California Public Utilities Commission (CPUC) in support of the Office of Ratepayer Advocates proposed rates for San Jose Water Company (SJWC) on CPUC Proceeding A1704001 - San Jose Water Company Cost of Capital.
- 2) Direct the City Manager to pursue the level of involvement staff proposed under option 1, using existing resources: Monitor all applications to the CPUC that will result in an increase to the cost of water service. Perform a brief analysis and provide a recommendation for response or further action.
- 3) Through our existing Office of Intergovernmental Relations, direct the City Manager to support state and federal efforts to promote water affordability with a goal of access to safe, clean, and reliable water for all residents.

DISCUSSION

San José Water Company (SJWC) serves 80 percent of the City of San José, serving approximately 800,000 residents, including the City itself. Over the past few months, the City has been hearing from residents frustrated by increasing water rates within SJWC's service area. SJWC seeks to increase rates again through its Cost of Capital application at the California Public Utilities Commission (CPUC).

Of course, as a City, we represent both residents impacted by rate increases, but we are customers as well. The City's water service fees to SJWC have increased 62% in the past five years, reducing dollars available for park maintenance and other city services. Given the concerns from our residents and the impact of the rate increases on the City's budget, we should engage meaningfully in the rate-setting process, and we've shared our concerns with the CPUC in recent weeks.

On October 17, 2017, the Administrative Law Judge assigned to the costs of capital application of SJWC announced that the CPUC will hold a public participation hearing on November 6 in City Hall. This hearing will give members of the public an opportunity to voice their concerns about the proposed rate increases to the Commission before the application from SJWC is approved, and we look forward to learning more at that time.