



Memorandum

TO: CITY COUNCIL

FROM: Mayor Sam Liccardo

SUBJECT: Public Hearing on Proposed San
Jose Water Company Rate
Increases

DATE: 2/3/21

APPROVED:

DATE: 1/28/21

RECOMMENDATION

1. Place on an upcoming Council Agenda a public hearing on San Jose Water Company's proposed rate increases currently being considered by the California Public Utilities Commission, and invite company representatives to respond to questions about the rate increases sought by the company.
2. Direct the City Attorney to determine to what extent such a hearing might supplement the factual record of the rate case currently before the CPUC, so as to inform the Commission of the concerns of our local residents and businesses.

DISCUSSION

On January 4, 2021, San Jose Water Company filed with the California Public Utilities Commission (CPUC), requesting substantial rate increases for the following three years. If San Jose Water's filing is approved by the CPUC, in just the next year alone, the average monthly residential bill would increase by 18.73% (or \$17.33), not counting the anticipated increase in wholesale rates from Valley Water. The combination of these retail and wholesale water rate hikes will impose a **total increased burden on our residents of 23% on their water bill in a single year.**

These rate increases come, of course, when our residents struggle through severe hardship, including a deep recession and rising unemployment. These same San Jose Water Company customers—who comprise more than 80% of our City's residents—have endured substantial water rate hikes for the last several years of nearly 60% since 2015, which does not even include the current CPUC rate increase request. Moreover, the minority of San Jose residents served by other retailers—our San Jose Municipal Water system, or by Great Oaks Water Company—enjoy substantially lower bills than those paid by San Jose Water Company customers. Each of those entities provides safe drinking water to its ratepayers, and each has similar requirements to

reinvest in capital replacement and maintenance to ensure the viability of the system in the years ahead.

In light of the economic hardship that so many of our residents are facing due to the pandemic, I seek a public hearing to ensure that our Council – and our community – transparently understands the reasons for this significant rate increase, and has the opportunity to pose questions to San Jose Water Company, and to voice concerns. My office has invited San Jose Water Company to participate in the public hearing, and they have agreed to do so.