



Memorandum

TO: CITY COUNCIL

FROM: Mayor Sam Liccardo

SUBJECT: Public Hearing on Proposed
San Jose Water Rate
Increases

DATE: March 23, 2021

APPROVED:

RECOMMENDATION:

Direct the City Manager to:

1. Return to Council in the next 30 days—or sooner if dictated by the regulatory schedule—for a determination on whether the City of San Jose should formally oppose the rate increases proposed by the San Jose Water Company’s (SJWC) General Rate Case (GRC) under consideration by the California Public Utilities Commission, including but not limited to;
 - a. filing for party status to the case, filing a complaint through the party suit of Water Rate Advocates for Transparency, Equity and Sustainability (WRATES), and filing formal complaints to the California Public Utilities Commission’s (CPUC) Public Advocates Office.
2. Between now and that time, determine through direct communication with SJWC whether the company will publicly state a position if the company:
 - a. will impose additional burdens on ratepayers by processes outside of the standard rate case, in which the company would seek to increase rates to address to compensate for:
 - i. 3-year capital infrastructure investment plans, particularly since the proposed infrastructure replacement program did not change despite a recent halving of the revenue requirement;
 - ii. costs of “smart meter” or “AMI” implementation over the next five years;

- iii. pandemic-related financial losses, in an Advice Letter in this or the next fiscal year, based upon the Memorandum Account for which SJWC has already sought CPUC permission for tracking COVID-revenue losses or expenses;
 - iv. any other costs not explicitly included in the rate case before the PUC.
 - b. will consider “smoothing” the rate increases over the three years to mitigate rate increases amid the pandemic;
 - c. will provide a publicly accessible, itemized list of all investments enabled by the proposed rate increase, with per-project cost estimates and delivery timelines;
 - d. will provide a publicly accessible annual update from SJWC on the status of these projects.
- 3. Publicly identify all rate-payer relief resources available through the December 2020 COVID relief bill, the American Rescue Plan (ARP), other state programs, and programs offered directly by the utilities, and provide an information memo to Council on these resources so that Council offices can promote these resources to our residents struggling to pay their utility bills during the pandemic.

BACKGROUND:

Thanks to the Office of Ratepayer Advocates and San Jose Water Company for participating in this public forum to help our residents - and their customers - understand this GRC and engage in community dialogue on the pressing issues of water supply, delivery and proposed rate increases which have garnered the attention of many of our residents. Although the City has no control over wholesale or SJWC retail rates, we can do much to ensure transparency for our residents and businesses, and we can advocate on their behalf before the California Public Utilities Commission. This hearing will enable us to do both--with more work ahead.