

Docket:	:	A.18-01-004
Exhibit Number	:	ORA - ____
Commissioner	:	C. Peterman
Administrative Law Judge	:	K. Bemederfer
ORA Witness	:	M. Dawadi E. Odell



EXECUTIVE SUMMARY OF THE OFFICE OF RATEPAYER ADVOCATES' ANALYSIS AND RECOMMENDATIONS

Application 18-01-004

**San Francisco, California
May 23, 2018**

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1 **I. INTRODUCTION**

2 San Jose Water Company (SJWC) filed Application (A.)18-01-004 on January 4,
3 2018. In its Application, SJWC requests authorization to increase revenues for water
4 services by \$34,288,100, or 9.76 percent in the test year (TY) 2019, \$14,231,000 or 3.7
5 percent in 2020, and by \$20,581,700 or 3.17 percent in 2021.¹ In addition to the
6 requested revenue increases, SJWC’s Application contained a number of special
7 requests.²

8 A team of financial examiners, auditors, engineers, and regulatory analysts from
9 the California Public Utilities Commission’s Office of Ratepayer Advocates (ORA)
10 examined the requests and data contained in A.18-01-004 in order to provide the
11 Commission with recommendations that represent the interests of residential and small
12 business ratepayers for safe, reliable, and affordable service. Eileen Odell is ORA’s
13 project lead for this proceeding. Richard Rauschmeier is ORA’s oversight supervisor.
14 Anand Durvasula is ORA’s legal counsel.

15 As a result of its examinations, ORA recommends a revenue increase of no greater
16 than 1.21 percent in 2019 and 2.34 percent in 2020.^{3 4}

17 Although ORA made every effort to comprehensively review, analyze, and
18 provide the Commission with recommendations on each ratemaking and policy aspect
19 presented in the Application, the absence from ORA’s testimony of any particular issue
20 does not necessarily constitute its endorsement or acceptance of the underlying request,
21 methodology, or policy position related to that issue.

¹ Testimony of John Tang, Application (A.)18-01-004, Application of San Jose Water Company for Authority to Increase Rates for Water Service, SJWC Exhibit E, Report on the Results of Operations [hereinafter SJWC Exhibit E], Ch. 1, Introduction, at 1-5.

² SJWC’s special requests are outlined in Testimony of John Tang, SJWC Exhibit E, Ch. 17, Other Relief Sought.

³ Increase from revenues under present rates, as of May 23, 2018, the date of service of ORA’s report.

⁴ Per the Rate Case Plan for Class A Water Utilities (D.07-05-062) any increase for 2021 is formulaic based upon adopted rate base and inflation.

1 **II. ORA REPORTS AND WITNESSES**

2 The following table identifies the various ORA reports and witnesses that provide
3 analysis and recommendations relevant to the requests made by SJWC in the current
4 proceeding.

5 **Table 1-1: ORA Reports and Witnesses**

6

Report Name/Description	Witness
Taxes and Ratebase, Results of Operations in Executive Summary	Mukunda Dawadi
Recorded Plant, Proposed Utility Plant in Service, and Water Quality	Daphne Goldberg
Expenses, Balancing and Memorandum Accounts	Roy Keowen
Non-Tariffed Products and Services	Josefina Montero
Revenues and Rate Design, Revenue Decoupling Special Requests, and Refunds Related to SJWC Violations of P.U. Code Section 532; Executive Summary	Eileen Odell
Plant Requests Related to General Office Internet Technology	Zaved Sarkar

7

8 **III. REVENUES**

9 In its Application, SJWC requests authorization to increase revenues for water
10 services by \$34,288,100, or 9.76 percent in TY 2019, \$14,231,000 or 3.7 percent in 2020,
11 and by \$20,581,700 or 3.17 percent in 2021.⁵ SJWC’s 45-day update to its Results of
12 Operations (RO) Model, filed on March 16, 2018, incorporated updated expense
13 projections, customer count and consumption estimates, as well as estimated effects of
14 the Tax Cuts and Jobs Act of 2017. This RO Model also updated those rates used to
15 project “present rate revenues,”⁶ as SJWC increased rates between the time it filed its

⁵ Testimony of John Tang, SJWC Exhibit E, Ch. 1, at 1-5.

⁶ A comparison of revenues at present rates to revenues at proposed rates allows customers and the Commission to calculate the percentage increase in average system rates that is necessary to arrive at the recommended revenue requirements.

1 Application and the date on which the update was served.⁷ Finally, SJWC's updated
2 model incorporates the results of Decision (D).18-03-035, Fixing Cost of Capital for
3 Calendar Years 2018, 2019, and 2020.

4 SJWC lists the following as the primary factors influencing the requested rate
5 increases: declining sales (~\$14 million impact); capital improvement projects
6 (\$88,163,300 capital budget increase over three years); depreciation (a reflection of the
7 increased capital budget, \$8,596,700 increase); payroll, pension and benefit costs
8 (\$5,330,000 increase), and increased purchased services and materials costs, largely
9 related to new IT projects and services (\$1,346,000 increase).⁸

10 ORA analyzed SJWC's recorded, forecasted, and previously-adopted consumption
11 and revenue requirements to determine its recommendation for the revenues necessary
12 for SJWC to provide safe and reliable service. ORA's analysis results in a recommended
13 1.21 percent increase over estimated revenues at current rates in TY 2019, and a 2.34
14 percent increase in 2020. Attachment 3 summarizes the major differences between
15 SJWC's requests and ORA's recommendations.

16 Revenue requirements are the estimated costs of providing service to customers.
17 However, revenue requirements impact only a portion of customers' bills. SJWC's
18 requests for new or expanded memorandum and balancing accounts to track amounts for
19 recovery in future surcharges are separately addressed by ORA.⁹ ORA's
20 recommendations in this proceeding seek to limit the amount of costs to be tracked in
21 these accounts. By incorporating likely cost increases in forecasted revenue requirements
22 rather than allowing such costs to accumulate in memorandum and balancing accounts

⁷ SJWC's requests are referred to throughout these documents as they were stated in SJWC's Application filing. However, where applicable, ORA recommends adoption of certain aspects of SJWC's 45-day update. *See, e.g.*, ORA Report on Revenues and Rate Design, in which SJWC's proposed present-rate revenues are depicted as they were stated in SJWC's Application materials, while ORA's recommended present-rate revenues incorporate the updated rates as shown in SJWC's 45-day update.

⁸ A.18-01-004, Application of San Jose Water Company for Authority to Increase Rates for Water Service, at 5-6; dollar figures reflect increases from 2018 authorized levels.

⁹ SJWC's requests and ORA's recommendations related to balancing and memorandum accounts are addressed in the Testimony of Roy Keowen.

1 for recovery via later surcharge, the Commission and consumers will receive a more
2 transparent and comprehensive view of likely bill impacts.

3 **IV. SUMMARY OF SIGNIFICANT RECOMMENDATIONS AND**
4 **ADJUSTMENTS**

5 **A. Development of an Asset Management Plan**

6 The Commission should require SJWC to develop a comprehensive Asset
7 Management Plan. Although SJWC has invested in many infrastructure studies, it seems
8 the company does not have one comprehensive Facilities Master Plan document. The
9 Commission should order SJWC to develop an Asset Management Plan which is a
10 required Minimum Data Requirement (MDR II.E.18), and which can be used as an
11 important and helpful tool to guide SJWC in prioritizing proposed projects in its next
12 GRC Application. This recommendation is discussed in ORA’s Testimony of Daphne
13 Goldberg.

14 **A. Project Identification System**

15 In successive rate cases, SJWC has identified projects using multiple identifiers
16 and has alternated between how projects are identified, causing confusion and reducing
17 efficiency for Commission reviewers. A consistent project identification system is
18 needed because alternating between systems as SJWC has done in its last three general
19 rate cases makes it difficult to identify and prevent duplicative funding requests, as well
20 as, to confirm the completion of previously funded projects. The Commission should
21 order SJWC to present the Commission with unique and consistent projects identifiers in
22 future applications. This will help ensure a more efficient and effective process of
23 review. This recommendation is discussed in ORA’s Testimony of Daphne Goldberg.

24 **B. Projects Previously-Funded But Not Completed**

25 The Commission should reject SJWC’s funding requests for ten out of the eleven
26 proposed projects previously-funded in rates, but not completed. It is unreasonable for
27 ratepayers to continue to fund projects for which they have already paid, but which have

1 not been built.¹⁰ In successive rate cases, SJWC has requested repeated funding for
2 multiple projects with overlapping or duplicative scopes, alternating project identifiers,
3 and revised budgets. ORA’s recommendations in this area, and those recommendations
4 related to the development of a comprehensive asset management plan and consistent
5 project identification system, will help protect ratepayers from unreasonable charges.
6 These recommendations are discussed in ORA’s Testimony of Daphne Goldberg.

7 **C. Groundwater Production Well Replacement Program**
8 **(Index #5211)**

9 The Commission should reject SJWC’s request for its Groundwater Production
10 Well Replacement Program.¹¹ SJWC has provided the Commission repeatedly with
11 contradictory and incomplete information (including such basic facts as the number of
12 wells in operation), that makes any reasonable evaluation of the prudence and
13 reasonableness of an expanded well replacement program impossible. The Commission
14 should not authorize any additional funding for proposed well replacements in this
15 proceeding. This recommendation is discussed in ORA’s Testimony of Daphne
16 Goldberg.

17 **D. Operational & Maintenance Expenses**

18 The Commission should adopt ORA’s recommended forecasts for Operational &
19 Maintenance (O&M) expenses, as they incorporate reasonable adjustments to SJWC’s
20 payroll requests, as well as correct for underestimated water production costs. Ratepayer
21 responsibility for SJWC’s forecasted labor costs should be reduced significantly. SJWC
22 has historically over-estimated its labor needs and its executive compensation has
23 previously been found unreasonable by the Commission. Given SJWC’s assertions of

¹⁰ The only exception to ORA’s recommendation is the Montego Station Tank Replacement project, which was originally proposed as a 2017 project with a design budget of \$273,000 and a proposed 2018 construction budget of \$3,287,700. SJWC is currently proposing the construction of the tank as a 2019 project with a proposed budget of \$3,175,900. *See* ORA’s Testimony of Daphne Goldberg.

¹¹ Groundwater Production Well Replacement Project budgets are: \$11,145,000 for the Mabury Station Improvement project in 2019, the Home Street Well Station with a budget of \$4,818,900 in 2019, and Well Field Purchase with a budget of \$5,711,900 in 2020.

1 excess labor capacity, which allows the company to utilize regulated personnel for
2 unregulated activities, the Commission should also reduce funding for SJWC's forecasted
3 overtime and temporary labor.

4 To improve transparency of likely bill impacts, the Commission should also
5 incorporate into revenue requirements all estimated costs that might otherwise be allowed
6 to accumulate in balancing accounts for recovery via surcharge. SJWC underestimates
7 its water production costs (purchased water, pump taxes and purchased power), which
8 reduces noticed rate increases in this proceeding but obscures the true extent of likely bill
9 increases in the future. Inconsistent with both historical trends and estimates used
10 elsewhere in its Application, SJWC does not forecast any increases in water production
11 costs beyond 2017. ORA recommends approximately \$18 million in additional revenue
12 requirements related to these costs. In addition to ORA's recommendation improving the
13 transparency and temporal equity of rates, any variance from ORA's estimate of
14 incremental water production costs will continue to be tracked in a balancing account for
15 later reconciliation. These recommendations are discussed in ORA's Testimony of Roy
16 Keowen.

17 **E. Administrative & General Expenses**

18 The Commission should adopt ORA's adjustments to SJWC's projections of
19 Administrative & General (A&G) expenses, as they incorporate reasonable adjustments
20 for purchased services and uninsured damages expenses. SJWC forecasts \$933,000 in
21 non-recurring purchased services in TY 2019. Non-recurring expenses are not reasonable
22 to include in test year revenue requirements because they inflate forecasts beyond the
23 typical level of expenses one might expect on an annual basis. Removal of non-recurring
24 purchase services reduces SJWC's forecast of A&G expenses by \$933,000.

25 Additionally, SJWC forecasts \$2,050,000 in uninsured damages expense by using
26 a provision for the expenses. A provision is not the same as an expense and is not
27 appropriate for forecasting as it does not reflect the typical level of expense actually
28 incurred by SJWC. In this case, SJWC's provision is ten times greater than the actual
29 expense incurred by SJWC in recent years. The Commission should reduce SJWC's

1 request to reflect a five-year average of inflation-adjusted historical expenses. These
2 recommendations are discussed in ORA’s Testimony of Roy Keowen.

3 **F. Balancing and Memorandum Accounts**

4 SJWC requests to recover \$13,612,774 in under-collected balancing accounts and
5 \$7,112,350 in under-collected memorandum accounts, for a total of \$20,725,424 in
6 surcharge recovery. The Commission should modify this request and increase the
7 recoverable amounts to a total of \$26,090,280.¹² This represents a reduction of
8 \$2,335,114 in SJWC’s original request and an increase of \$7,700,000 due to the inclusion
9 of net Drought Surcharge/Water Conservation Memorandum Account (WCMA)
10 balances, which should be addressed in this GRC. ORA’s recommended recovery of
11 SJWC’s balancing and memorandum accounts would increase average system bills by
12 3.5% for the first two years addressed in this proceeding.¹³

13 ORA’s recommended reductions to SJWC’s balancing and memorandum accounts
14 are attributed to reductions in SJWC-requested balances for its pension balancing
15 account, Water Revenue Adjustment Mechanism (WRAM) balances, and Mandatory
16 Conservation Memo Account (MCMA). SJWC did not request disposition of net
17 Drought Surcharge/WCMA balances in its application, but these account balances should
18 be addressed during this GRC with interest ceasing to accumulate and accounts closed.
19 These recommendations are discussed in ORA’s Testimony of Roy Keowen.

20 **G. Taxes**

21 The Commission should adopt ORA’s adjustments to SJWC’s proposed income
22 tax projections, as ORA’s recommendations incorporate recent updates to the federal tax
23 code, including a reduction in the corporate tax rate (from 35 percent to 21 percent) and
24 the removal of the Domestic Production Activities Deduction. ORA’s recommendations
25 for income taxes also incorporate the Commission’s recently-authorized cost of debt (2.9

¹² Does not include customer refund of balances in 2018 Tax Act Memorandum Account which ORA also recommends be addressed in this proceeding, see ORA’s Testimony of Mukunda Dawadi.

¹³ Assumes a 2-year amortization (2019 & 2020) consistent with CPUC Standard Practice U-27.

1 percent), for projecting interest deductions. Changes to the federal income tax rate also
2 resulted in excess deferred taxes that should be refunded to ratepayers. An unprotected
3 excess deferred tax reserve balance of roughly \$2 million should be refunded over the
4 GRC cycle and a protected excess deferred tax reserve balance of \$65.5 million should be
5 refunded to ratepayers on a normalized basis. Finally, the Commission should refund all
6 amounts recorded in SJWC’s 2018 Tax Act Memorandum Account (TAMA) in the
7 current GRC period and should direct SJWC to close the Memorandum Account.¹⁴
8 These recommendations are discussed in ORA’s Testimony of Mukunda Dawadi.

9 **H. Rate Design**

10 ORA does not oppose SJWC’s proposal to collect roughly 40 percent of its
11 revenue requirement through fixed meter charges. As SJWC’s Application states that
12 approximately 65 percent of its proposed costs are fixed costs; increasing the share of
13 costs recovered through fixed charges from 30 percent to 40 percent more accurately
14 aligns rates with costs, increasing transparency. SJWC’s proposal also incorporates the
15 recent guidance provided by the Commission for setting fixed meter charges as a
16 percentage of total revenue.¹⁵ ORA does not oppose SJWC’s proposal to steepen the
17 differentials between SJWC’s residential tiered rates, as doing so retains the conservation
18 incentive that would otherwise be dampened by the adoption of increased revenue
19 recovery from fixed charges. Increasing the differentials allows for a decreased Tier 1
20 rate, relative to the standard quantity rate, helping to preserve benefits for low-use
21 customers. These recommendations are discussed in ORA’s Testimony of Eileen Odell.

22 **I. Requests Related to Revenue Decoupling**

23 The Commission should once again reject SJWC’s requests for a full-Water
24 Revenue Adjustment Mechanism (WRAM) and for an accompanying Sales
25 Reconciliation Mechanism (SRM). SJWC customers have achieved significant

¹⁴ SJWC has not presented the TAMA balance to be refunded in its Application, but amounts through July 1, 2018 (when CPUC’s Water Division indicates revised rates reflecting the tax change were to be effective) may exceed \$5M and would reduce ORA’s recommended surcharge amounts and percentages.

¹⁵ D.16-12-026, Providing Guidance on Water Rate Structure and Tiered Rates.

1 conservation without a full-WRAM and so an additional ratemaking mechanism that can
2 adjust rates outside of a GRC is not necessary. Because the primary purpose of an SRM
3 is to reduce excessive WRAM balances, and because the Commission should not
4 authorize a full-WRAM for SJWC, the Commission should again reject SJWC's requests
5 for an SRM. These recommendations are discussed in ORA's Testimony of Eileen
6 Odell.

7 **J. Refunds Related to SJWC Violations of PU Code Section**
8 **532**

9 The Commission should require SJWC to file a Tier 2 advice letter requesting
10 authorization to refund customers that amount of revenue garnered through SJWC's prior
11 practice of not prorating its service charges when rate changes occur during a billing
12 cycle. This recommendation reflects the Commission's Water Division's May 8, 2017
13 Notice of Violation,¹⁶ which is not the subject of any active Commission proceeding, but
14 which found that SJWC had violated state law by failing to prorate service charges and
15 which ordered SJWC to refund overcharges to customers.

16 ORA does not object to the methodology used to calculate the balance of proposed
17 refunds from January 1, 2014 through the date at which SJWC began prorating service
18 charges, as noted in SJWC's (suspended) Advice Letter (AL) 510. However, SJWC
19 should be ordered to calculate refunds for violations of PU Code 532 for as far back as
20 the violations have occurred – refunds should not be limited to the violations that
21 occurred over a three-year period, because the statute of limitations cited in AL 510 to
22 constrain the refund period is inapplicable in this case. These recommendations are
23 discussed in ORA's Testimony of Eileen Odell.

¹⁶ Letter from Rami Kahlon, Director of Water Division, to Palle Jensen, SJWC Senior Vice President of Regulatory Affairs, May 8, 2017, re: Notice of Violation of Public Utilities Code 532 and Various Commission Orders.

1 **V. BILL IMPACTS**

2 While a complete review of ORA’s recommendations regarding projected
3 revenues and rate design can be found in the Testimony of Eileen Odell,¹⁷ ORA here
4 presents a summary of the effects of its recommendations and SJWC’s requests on
5 customer bills, as well as a comparison with other local water utilities.¹⁸ This analysis
6 assumes that the customer is a residential customer with a ¾-inch meter, who uses 4
7 centum (one hundred) cubic feet (ccf) in a month.¹⁹ A second table presents a bills
8 comparison assuming usage of 10 ccf, determined to be the approximate mathematical
9 average residential usage in 2017.²⁰ A final table presents a bills comparison assuming
10 usage of 25 ccf, in order to illustrate the effects of the proposed rate changes on high
11 usage, or that which falls into SJWC’s third tier. Please note that in the analyses below,
12 SJWC’s current rates are those in effect on the date of ORA’s service of this report,
13 rather than those used to portray present-rate revenues in SJWC’s Application.²¹

¹⁷ Testimony of Eileen Odell, ORA Report on Revenues & Rate Design, Requests Related to Revenue Decoupling, and Refunds Related to Violations of PU Code Section 532.

¹⁸ East Bay Municipal Utility District rates assume 30 day billing period; City of San Jose rates assumes greatest possible quantity rate (rate varies based on location of residence). Rates current as of May 23, 2018.

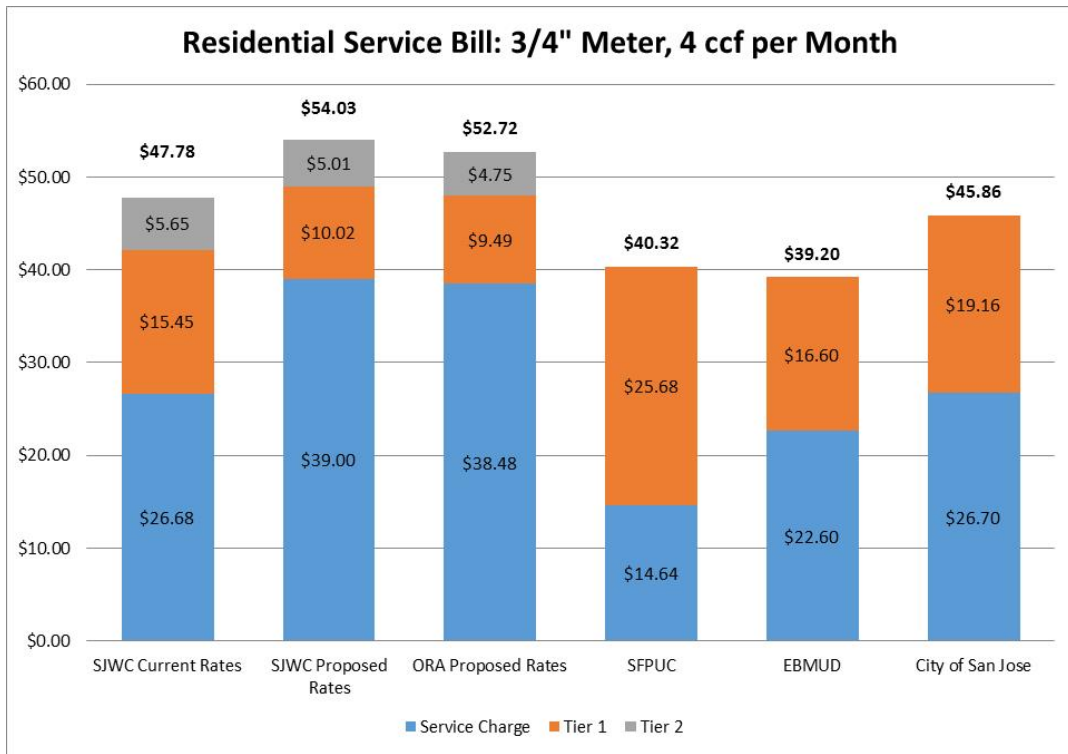
¹⁹ The vast majority of SJWC’s customers are residential customers with ¾” meters. SJWC Exhibit F, Workpapers CH-07D.xls, at tab: 7-05D. Additionally, an analysis of SJWC’s residential customer usage from January, 2015 through December, 2017 indicates that between 4 ccf and 5 ccf is the usage block into which the greatest number of customer bills fell (the mode of the data set); that is, the greatest number of customers were billed for between 4 ccf and 5 ccf of monthly usage (between 8 and 10 ccf, bi-monthly). SJWC Response to ORA DR EO2-005, at Q(1).

²⁰ SJWC Exhibit F, Workpaper CH-07A.xls, at tab: 7-01A and Workpaper CH-07B.xls, at tab: 7-01B.

²¹ SJWC’s rates in effect on May 23, 2018 (“SJWC Rates- Current” in the table above) incorporate quantity rate surcharges reflecting pass-through incremental costs levied by the Santa Clara Valley Water District. ORA’s Testimony of Roy Keowen details ORA’s recommendation that these costs be forecasted in this GRC and incorporated into proposed rates, increasing transparency for consumers and the Commission. Because SJWC’s requests do not reflect these anticipated cost increases, the presentation here of “SJWC Proposed Rates” bill effects is understated, and additional future surcharges under are likely, should the Commission adopt SJWC’s requests. ORA’s analysis incorporates these costs into its base quantity rates, and likely reduces the eventuality of future additional surcharges. Depicted EBMUD rates incorporate the average elevation zone surcharge levied by EBMUD. See East Bay Municipal Utility District Fiscal Year (FY) 18 Schedule A – Rate Schedule for Water Service, available at “Rates and fees schedule,” East Bay MUD website, <http://www.ebmud.com/wastewater/rates-and-charges/rates-and-fees-schedules/>. Additionally, the City of San Jose has different quantity charges based on the location of the customer’s residence. ORA uses the highest quantity rate here for purposes of comparison. See Drinking Water Rates, City of San Jose website, available at <http://www.sanjoseca.gov/>

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Table 1-1: Comparison of Monthly Base Rates for Residential Customer with 3/4" Meter at 4 ccf Use

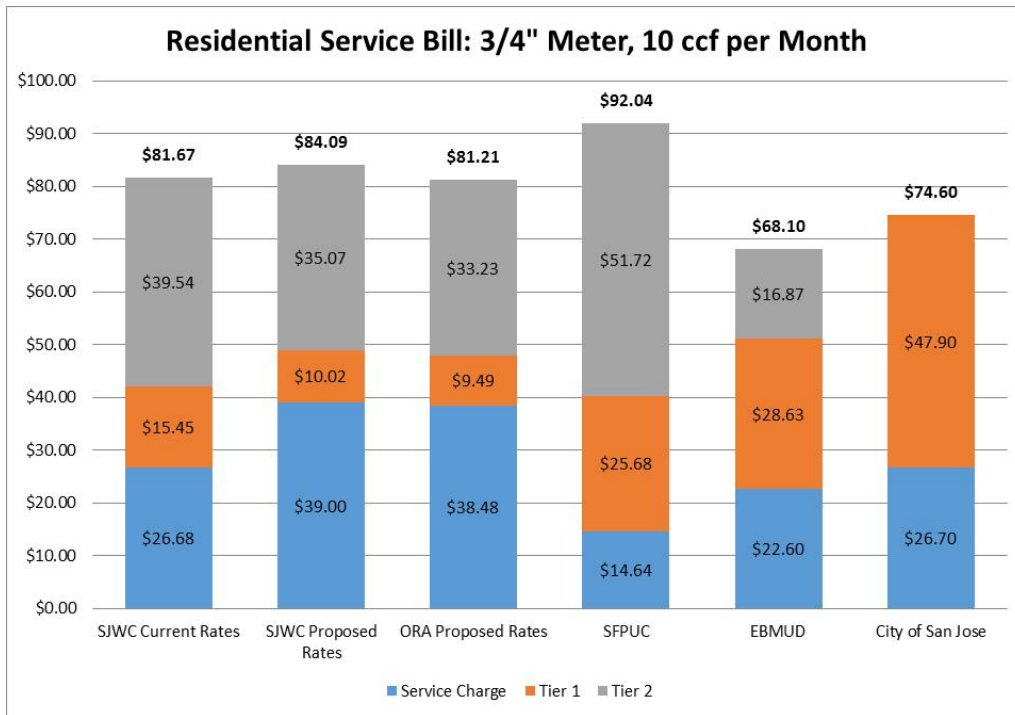


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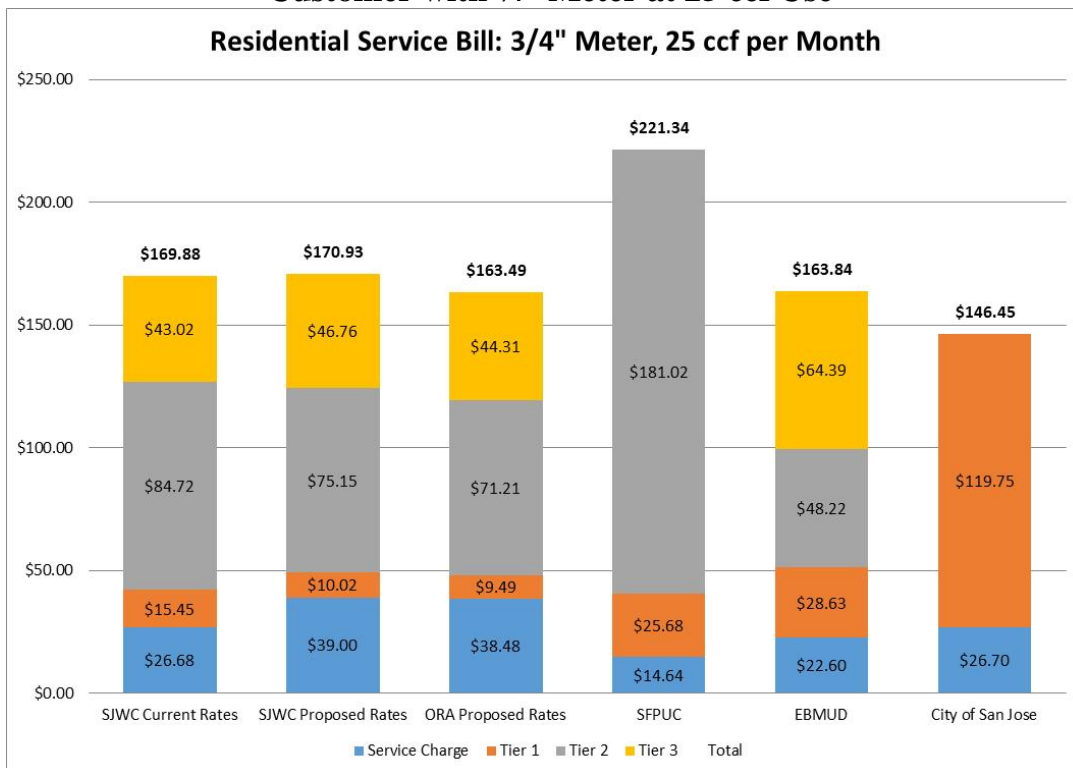
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Table 1-2: Comparison of Monthly Base Rates for Residential Customer with 3/4" Meter at 10 ccf Use



4
5
6
7

Table 1-3: Comparison of Monthly Base Rates for Residential Customer with 3/4" Meter at 25 ccf Use



8

1 **VI. CONCLUSION**

2 In accordance with its statutory goal to obtain the lowest possible rates consistent
3 with safe and reliable service levels, ORA analyzed the requests and calculations made
4 by SJWC in A.18-01-004 in order to provide the Commission with recommendations that
5 represent the interests of residential and small business ratepayers. In addition to
6 correcting errors and discrepancies that appear in SJWC’s application, ORA’s
7 recommendations reflect the available data on prudent levels of actual historical
8 investment and reasonable utility expenditures.

9 ORA’s position on proposed rates, surcharges, revenue requirements, and other
10 items included in the scope of this proceeding²² reflect its best professional judgment in
11 achieving both its statutory goals and the mission of the Commission to protect
12 consumers, and in ensuring the provision of safe, reliable utility service and infrastructure
13 at reasonable rates with a commitment to environmental enhancement and a healthy
14 California economy.

²² No official Scoping Ruling has been issued by the assigned Commissioner’s office in this proceeding, as of the date of serving this report. However, at the Pre-hearing Conference for A.18-01-004, held on Apr. 19, 2018, Administrative Law Judge Bemesderfer ruled that the scope of the proceeding would be as listed in ORA’s Protest to A.18-01-004.

ATTACHMENT 1: Witness Qualifications of Mukunda Dawadi

1 **QUALIFICATIONS AND PREPARED TESTIMONY**
2 **OF**
3 **MUKUNDA DAWADI**
4

5 Q.1 Please state your name and business address.
6

7 A.1 My name is Mukunda Dawadi and my business address is 505 Van Ness Ave, San
8 Francisco, CA 94102.
9

10 Q.2 By whom are you employed and in what capacity?
11

12 A.2 I am a Financial Examiner IV in the Communications and Water Policy Branch of
13 Office of Ratepayer Advocates (“ORA”) within the California Public Utilities
14 Commission.
15

16 Q.3 Briefly describe your pertinent educational background.
17

18 A.3 I received a Master’s of Science in Accountancy from California State University,
19 Los Angeles in 2012. I graduated from Tribhuvan University (TU) of Nepal with a
20 Master’s of Business Administration in 1998 and Bachelor’s Degree in Business
21 Management in 1992.
22

23 Q.4 Briefly describe your professional experience.
24

25 A.4 Prior to joining the Commission, I was an assistant accountant in a private courier
26 company for two years where I managed company’s revenues and receivables and
27 prepared periodic financial reports. I joined ORA Communications and Water
28 Policy Branch in January 2014. My experience at the Commission includes
29 responsibility for reports on General Office Expenses (excluding payroll, benefits
30 and depreciation) during proceeding A.14-01-002; Construction Work-in-Progress
31 (CWIP), Allowance of Working Cash, and Deferred Tax for proceeding A.14-07-
32 006; Rate Base items (excluding plant) and Results of Operation (RO) for
33 proceeding A.15-01-002; Affiliated Transactions, NTP&S, and Affiliate Revenue
34 Allocation for proceeding A.15-07-015; Water Revenue Adjustment Mechanism
35 for the proceeding A.15-07-019, Rate Base Items (excluding plants), Special
36 Request #12 (request to create memo account for bonus depreciation), and ORA’s
37 Results of Operation during proceedings A.16-07-006. I also served as project
38 coordinator and analyzed utilities’ Cost of Debt, Capital Structure, and Risk
39 Factors in the proceedings A.17-04-001 et.al.
40

41 Q.5 What is your responsibility in this proceeding?
42

- 1 A.5 I am assigned to provide testimony regarding SJWC's Taxes Other Than Income,
2 Income Taxes, Rate Base, and Results of Operation.
3
4 Q.6 Does that conclude your direct testimony?
5
6 A.6 Yes, it does.

ATTACHMENT 2: Witness Qualifications of Eileen Odell

1 **QUALIFICATIONS AND PREPARED TESTIMONY**
2 **OF**
3 **EILEEN ODELL**

4 Q1. Please state your name and business address.
5

6 A1. My name is Eileen Odell. My business address is 505 Van Ness, San Francisco,
7 CA 94102.
8

9 Q2. By whom are you employed and in what capacity?
10

11 A2. I am employed by the California Public Utilities Commission (Commission) as a
12 Public Utilities Regulatory Analyst IV in the Communications and Water Policy
13 (CWP) Branch of the Office of Ratepayer Advocates (ORA).
14

15 Q3. Please describe your educational and professional experience.
16

17 A3. I graduated from the University of California, San Diego with a Bachelor of Arts
18 degree in International Studies and Political Science. I later graduated from the
19 University of California, Hastings College of the Law with a Juris Doctor degree.
20 I am admitted to the California State Bar. I attended the 36th Western National
21 Association of Regulatory Utility Commissioners/Michigan State University
22 Utility Rate School in 2015. With ORA's CWP branch, I have worked on two
23 prior general rate cases (GRC), analyzing revenues and rate design for a Class A
24 water utility and for one small telecommunications local exchange carrier.
25 Additionally, I was the lead analyst for and developed testimony for an intra-GRC
26 cycle application, again focusing on revenues and rate design. I have analyzed
27 and prepared protests for Advice Letters seeking CPUC approval for
28 telecommunications rate increases as well as for water-related issues. Finally, I
29 have analyzed project proposals for the California Advanced Services Fund
30 (CASF) infrastructure grant program as well as for the CASF public housing
31 account program.
32

33 Prior to joining the CPUC, I was employed by the Office of Sonoma County
34 Counsel for one year, serving as a Senior Law Clerk. I also was employed by San
35 Francisco Public Utilities Commission for one year as an Aide in the Real Estate
36 Services division. I served as a Law Clerk for the City Attorney of San Francisco,
37 in its Land Use and Environment team as well as its Public Utilities Commission
38 team.
39

40 Q4. What is the scope of your responsibility in this proceeding?

- 1 A4. For this proceeding, I serve as the lead analyst, coordinating discovery and the
2 preparation of ORA's final submissions. I am responsible for the production of
3 the executive summary and I am the sponsor of ORA's prepared testimony
4 regarding Revenues and Rate Design, Revenue Decoupling Requests, and the
5 Report on Refunds Related to SJWC Violation of Public Utilities Code Section
6 532.
7
- 8 Q5. Does this complete your testimony at this time?
9
- 10 A5. Yes.

ATTACHMENT 3: Summary of Results of Operations

FOR ORA REPORT - CHAPTER 1, ATTACHMENT A

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REVENUE INCREASES OVER Present Rate for TY 2019) & REVENUE INCREASE Over Proposed Rate for 2020	ORA	SJWC	SJWC > ORA
1. Test Year 2019 Increase (in dollars)	4,461.12	34,287.09	29,825.97
2. Test Year 2019 Increase in percentage	1.21%	9.75%	8.54%
3. Escalation Year 2020 Increase (in dollars)	8,688.94	13,485.50	4,796.56
4. Escalation Year 2020 Increase in percentage	2.34%	3.83%	1.49%

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**TABLE 1-1
SUMMARY OF EARNINGS - TEST YEAR**

Test Year 2019 (\$000)	ORA- Present Rates	SJWC- Present Rates	SJWC > ORA	
1 Revenue:				
2 Operating Revenues	366,401.0	350,994.7	(15,406.3)	-4.2%
3 Deferred Revenue on CIAC - Gross of Tax	881.7	587.2	(294.5)	-33.4%
4 Total Revenue	367,282.7	351,581.9	(15,700.8)	-4.3%
5 Operating Expenses:				
6 Operation & Maintenance (including uncollectibles)	198,248.3	184,721.1	(13,527.2)	-6.8%
7 Administrative & General	32,039.3	39,857.4	7,818.1	24.4%
8 Depreciation Expense	51,739.4	54,034.9	2,295.5	4.4%
9 Provision for Amortization of Intangibles	16.3	16.3	0.0	0.0%
10 Taxes Other Than Income (Ad Val., Bus.Lic, Fran., Payroll taxes)	13,912.9	14,279.6	366.7	2.6%
11 California Corporate Franchise Tax	3,445.1	2,259.6	(1,185.5)	-34.4%
12 Federal Income Tax	7,903.5	9,121.2	1,217.6	15.4%
13 Amortization of Unrecoverable Prepaid Tax-Advances (1987)	195.6	3.2	(192.4)	-98.4%
14 Reversal of excess deferred tax	(2,199.1)	0	2,199.1	-100.0%
15 Total Operating Expenses	305,301.4	304,293.4	(1,008.0)	-0.3%
16 Net Operating Revenues	61,981.3	47,288.6	(14,692.8)	-23.7%
17 Weighted Average Rate Base	848,894.2	835,581.9	(13,312.4)	-1.6%
18 Return on Rate Base at Present Rates	7.30%	5.66%	-1.64%	-22.5%
Test Year 2019 (\$000)	ORA- Proposed Rates	SJWC- Proposed Rates	SJWC > ORA	
1 Revenue:				
2 Operating Revenues	370,862.1	385,281.8	14,419.7	3.9%
3 Deferred Revenue on CIAC - Gross of Tax	881.7	587.2	(294.5)	-33.4%
4 Total Revenue	371,743.8	385,869.0	14,125.2	3.8%
5 Operating Expenses:				
6 Operation & Maintenance (excluding uncollectibles)	197,762.0	184,180.1	(13,581.9)	-6.9%
7 Uncollectibles	493.4	541.1	47.7	9.7%
8 Administrative & General	32,039.3	39,857.4	7,818.1	24.4%
9 Depreciation Expense	51,739.4	54,034.9	2,295.5	4.4%
10 Provision for Amortization of Intangibles	16.3	16.3	0.0	0.0%
11 Taxes Other Than Income (Ad Val., Bus.Lic, Fran., Payroll taxes)	13,924.1	14,359.2	435.2	3.1%
12 California Corporate Franchise Tax	3,916.5	5,279.3	1,362.9	34.8%
13 Federal Income Tax	9,023.2	20,020.1	10,996.9	121.9%
14 Amortization of Unrecoverable Prepaid Tax-Advances (1987)	195.6	3.2	(192.4)	-98.4%
15 Reversal of excess deferred tax	(2,199.1)	0.0	2,199.1	-100.0%
16 Total Operating Expenses	306,910.6	318,291.6	11,381.0	3.7%
17 Net Operating Revenues	64,833.2	67,577.4	2,744.1	4.2%
18 Weighted Average Rate Base	848,894.2	835,581.9	(13,312.4)	-1.6%
19 Return on Rate Base at Proposed Rates	7.64%	8.09%	0.45%	5.9%

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**TABLE 1-2
SUMMARY OF EARNINGS - ESCALATION YEARS**

For Illustrative Purposes (\$000)	ORA 2020	ORA 2021	2020-2021 Increase	
1 Revenue:				
2 Operating Revenues	379,424.4	387,698.0	8,273.6	2.2%
3 Deferred Revenue on CIAC - Gross of Tax	1,008.4	1,008.4	0.0	0.0%
4 Total Revenue	<u>380,432.8</u>	<u>388,706.4</u>	<u>8,273.6</u>	<u>2.2%</u>
5 Operating Expenses:*				
6 Operation & Maintenance	200,749.5	203,317.1	2,567.6	1.3%
7 Uncollectibles	505.0	505.0	0.0	0.0%
8 Administrative & General	31,143.9	32,630.3	1,486.4	4.8%
9 Depreciation Expense	54,438.2	57,137.0	2,698.8	5.0%
10 Provision for Amortization of Intangibles	16.3	16.3	0.0	0.0%
11 Taxes Other Than Income	14,263.5	14,787.6	524.1	3.7%
12 California Corporate Franchise Tax	3,569.0	3,541.9	(27.0)	-0.8%
13 Federal Income Tax	9,608.0	7,399.3	(2,208.7)	-23.0%
14 Amortization of Unrecoverable Prepaid Tax-CIAC	195.6	195.6	0.0	0.0%
15 Reversal of excess deferred tax	(2,141.0)	(2,141.0)	0.0	0.0%
16 Total Operating Expenses	<u>312,347.9</u>	<u>317,389.1</u>	<u>5,041.3</u>	<u>1.6%</u>
17 Net Operating Revenues	68,084.9	71,317.3	3,232.4	4.7%
18 Weighted Average Rate Base	<u>891,183.4</u>	<u>933,472.6</u>	<u>42,289.2</u>	<u>4.7%</u>
19 Return on Rate Base	<u>7.64%</u>	<u>7.64%</u>	<u>0.0</u>	<u>0.0%</u>

* Assumed escalation factors of 2.28% for composite and 1.20% for labor, for 2019.

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**TABLE 2-1
AVERAGE WATER SALES PER CUSTOMER (OR PER CONNECTION)**

Test Year 2019 (CCF/connection/year)*	ORA	SJWC	SJWC > ORA	
1 Metered Average Water Sales:				
2 Potable Water				
3 Residential	129.0	129.0	0.0	0.0%
4 Business	828.0	828.0	0.0	0.0%
5 Industrial	3,887.7	2,588.0	(1,299.7)	-33.4%
6 Public Authorities	2,039.0	2,039.0	0.0	0.0%
7 Resale	5,593.8	5,468.8	(125.0)	-2.2%
8 Other	226.6	227.5	0.9	0.4%
9 Raw and Recycled Water				
10 Raw Water	8,200.0	12,200.0	4,000.0	48.8%
11 Recycled Water	3,078.0	3,099.0	21.0	0.7%
12 Recycled Water Well	45,410.0	46,130.0	720.0	1.6%
14a FIRE SERVICES				
15a Up-size to Residential with Fire Service				
16a Private Fire Services				
17a TOTAL FIRE SERVICES				
18a MISCELLANEOUS:				

Escalation Year 2020 (CCF/connection/year)*	ORA	SJWC	SJWC > ORA	
1 Metered Average Water Sales:				
2 Potable Water				
3 Residential	129.0	129.0	0.0	0.0%
4 Business	828.0	828.0	0.0	0.0%
5 Industrial	3,887.7	2,315.0	(1,572.7)	-40.5%
6 Public Authorities	1,983.0	1,983.0	0.0	0.0%
7 Resale	5,593.8	5,468.8	(125.0)	-2.2%
8 Other	216.4	217.2	0.8	0.4%
9 Raw and Recycled Water				
10 Raw Water	8,200.0	12,200.0	4,000.0	48.8%
11 Recycled Water	3,679.0	3,718.0	39.0	1.1%
12 Recycled Water Well	45,410.0	46,130.0	720.0	1.6%
14a FIRE SERVICES				
15a Up-size to Residential with Fire Service				
16a Private Fire Services				
17a TOTAL FIRE SERVICES				
18a MISCELLANEOUS:				

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**TABLE 2-2
AVERAGE NUMBER OF CUSTOMERS (SERVICE CONNECTIONS)**

Test Year 2019	ORA	SJWC	SJWC > ORA	
1 Metered Customers (Service Connections):				
2 Potable Water				
3 Residential	199,893	199,173	(720)	0%
4 Business	20,694	20,721	27	0%
5 Industrial	51	51	0	0%
6 Public Authorities	1,287	1,264	(23)	-2%
7 Resale	32	32	0	0%
8 Other	256	255	(1)	0%
9 Total Potable Metered Customers	<u>222,213</u>	<u>221,496</u>	<u>(717)</u>	<u>0%</u>
10 Raw and Recycled Water				
11 Raw Water	5	5	0	0%
12 Recycled Water	240	233	(7)	-3%
13 Recycled Water Well	8	8	0	0%
14 Total Raw and Recycled Water Customers	<u>253</u>	<u>246</u>	<u>(7)</u>	<u>-3%</u>
15 Total Metered Customers	<u>222,466</u>	<u>221,742</u>	<u>(724)</u>	<u>0%</u>
16 Up-size to Residential with Fire Service	5,270	5,068	(202)	-4%
17 Fire Services:				
18 Private Fire Services	3,937	3,917	(20)	-1%
19 Public Fire Services	0	0	0	0%
20 Total Fire Services	<u>3,937</u>	<u>3,917</u>	<u>(20)</u>	<u>-1%</u>
21 Total Number of Connections:				
22 Including Fire Protection	226,403	225,659	(744)	0%
23 Excluding Fire Protection	222,466	221,742	(724)	0%

Escalation Year 2020	ORA	SJWC	SJWC > ORA	
1 Metered Customers (Service Connections):				
2 Potable Water				
3 Residential	200,347	199,524	(823)	0%
4 Business	20,766	20,792	26	0%
5 Industrial	50	50	0	0%
6 Public Authorities	1,276	1,242	(34)	-3%
7 Resale	32	32	0	0%
8 Other	268	267	(1)	0%
9 Total Potable Metered Customers	<u>222,739</u>	<u>221,907</u>	<u>(832)</u>	<u>0%</u>
10 Raw and Recycled Water				
11 Raw Water	5	5	0	0%
12 Recycled Water	8	8	0	0%
13 Recycled Water Well	240	233	(7)	-3%
14 Total Raw and Recycled Water Customers	<u>253</u>	<u>246</u>	<u>(7)</u>	<u>-3%</u>
15 Total Metered Customers	<u>222,992</u>	<u>222,153</u>	<u>(839)</u>	<u>0%</u>
16 Up-size to Residential with Fire Service	5,724	5,493	(231)	-4%
17 Fire Services:				
18 Private Fire Services	3,994	3,971	(23)	-1%
19 Public Fire Services	0	0	0	0%
20 Fire Services Subtotal	<u>3,994</u>	<u>3,971</u>	<u>(23)</u>	<u>-1%</u>
21 Total Number of Connections:				
22 Including Fire Protection	226,986	226,124	(862)	0%
23 Excluding Fire Protection	222,992	222,153	(839)	0%

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**TABLE 2-3
TOTAL SALES AND SUPPLY**

Test Year 2019 (KCCF)	ORA	SJWC	SJWC > ORA	
1 Metered Sales:				
2 <u>Potable Water sales</u>				
3 Residential	25,786.0	25,693.0	(93)	-0.4%
4 Business	17,135.0	17,157.0	22	0.1%
5 Industrial	198.0	132.0	(66)	-33.3%
6 Public Authorities	2,624.0	2,577.0	(47)	-1.8%
7 Resale	179.0	175.0	(4)	-2.2%
8 Other	58.0	58.0	0	0.0%
9 Total Potable Water Sales	<u>45,980.0</u>	<u>45,792.0</u>	<u>(188)</u>	<u>-0.4%</u>
10 <u>Raw and Recycled Water Sales</u>				
11 Raw Water	41.0	61.0	20	48.8%
12 Recycled Water	738.6	722.1	(17)	-2.2%
13 Recycled Water Well	<u>363.3</u>	<u>369.0</u>	<u>6</u>	<u>1.6%</u>
14 Total Raw and Recycled Water Sales	<u>1,142.9</u>	<u>1,152.1</u>	<u>9</u>	<u>0.8%</u>
15 Total Metered Sales	<u>47,122.9</u>	<u>46,944.1</u>	<u>(179)</u>	<u>-0.4%</u>
16 <u>Total Potable Water Sales</u>	45,980.0	45,792.0	(188)	-0.4%
17 <i>Unaccounted for Water % (water loss)</i>	6.900%	6.789%	(0)	-1.6%
18 Water Loss	3,399.0	3,338.6	(60)	-1.8%
19 Total Requirement (Sales + Water Loss) *	<u>49,379.0</u>	<u>49,130.6</u>	<u>(248)</u>	<u>-0.5%</u>
Total Requirement in Acre Feet				
20 <u>WATER SUPPLY MIX:</u>				
21 Well Water	16,162.0	15,960.0	(202)	-1.2%
22 Purchased Water	29,662.0	29,662.0	0	0.0%
23 Surface Supply	<u>3,555.0</u>	<u>3,555.0</u>	<u>0</u>	<u>0.0%</u>
24 Total Supply **	<u>49,379.0</u>	<u>49,177.0</u>	<u>(202)</u>	<u>-0.4%</u>
25 <i>Variance between Total Requirement and Supply</i>	0.0	46.4		
<hr/>				
Escalation Year 2020 (KCCF)	ORA	SJWC	SJWC > ORA	
1 Metered Sales:				
2 <u>Potable Water sales</u>				
3 Residential	25,845.0	25,739.0	(106)	-0.4%
4 Business	17,194.0	17,216.0	22	0.1%
5 Industrial	194.0	116.0	(78)	-40.2%
6 Public Authorities	2,530.0	2,463.0	(67)	-2.6%
7 Resale	179.0	175.0	(4)	-2.2%
8 Other	58.0	58.0	0	0.0%
9 Total Potable Water Sales	<u>46,000.0</u>	<u>45,767.0</u>	<u>(233)</u>	<u>-0.5%</u>
10 <u>Raw and Recycled Water Sales</u>				
11 Raw Water	41.0	61.0	20	48.8%
12 Recycled Water	882.9	866.4	(17)	-1.9%
13 Recycled Water Well	<u>363.3</u>	<u>369.0</u>	<u>6</u>	<u>1.6%</u>
14 Total Raw and Recycled Water Sales	<u>1,287.2</u>	<u>1,296.4</u>	<u>9</u>	<u>0.7%</u>
15 Total Metered Sales	<u>47,287.2</u>	<u>47,063.4</u>	<u>(224)</u>	<u>-0.5%</u>
16 <u>Total Potable Water Sales</u>	46,000.0	45,767.0	(233)	-0.5%
17 <i>Unaccounted for Water % (water loss)</i>	7.391%	6.800%	(0)	-8.0%
18 Water Loss	3,400.0	3,383.0	(17)	-0.5%
19 Total Requirement (Sales + Water Loss) *	<u>49,400.0</u>	<u>49,150.0</u>	<u>(250)</u>	<u>-0.5%</u>
Total Requirement in Acre Feet				
20 <u>WATER SUPPLY MIX:</u>				
21 Well Water	16,179.0	15,929.0	(250)	-1.5%
22 Purchased Water	29,666.0	29,666.0	0	0.0%
23 Surface Supply	<u>3,555.0</u>	<u>3,555.0</u>	<u>0</u>	<u>0.0%</u>
24 Total Supply **	<u>49,400.0</u>	<u>49,150.0</u>	<u>(250)</u>	<u>-0.5%</u>
25 <i>Variance between Total Requirement and Supply</i>	0.0	0.0		
26 <i>* Total Requirement and Total Supply may differ slightly due to rounding.</i>				

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**TABLE 2-4
OPERATING REVENUES AT PRESENT RATES**

Test Year 2019 (\$000)	ORA	SJWC	SJWC > ORA	
1	<u>METERED SALES REVENUE</u>			
2	Potable Water Revenue			
3	217,284.0	207,751.0	(9,533.0)	-4.4%
4	118,205.0	113,889.0	(4,316.0)	-3.7%
5	1,292.0	891.0	(401.0)	-31.0%
6	17,839.0	16,999.0	(840.0)	-4.7%
7	1,069.0	1,011.0	(58.0)	-5.4%
8	969.0	997.0	28.0	2.9%
9	<u>356,658.0</u>	<u>341,538.0</u>	<u>(15,120.0)</u>	<u>-4.2%</u>
10	Raw and Recycle Water			
11	202.0	322.0	120.0	59.4%
12	5,278.0	5,053.0	(225.0)	-4.3%
13	0.0	0.0	0.0	0.0%
14	<u>5,480.0</u>	<u>5,375.0</u>	<u>(105.0)</u>	<u>-1.9%</u>
15	362,138.0	346,913.0	(15,225.0)	-4.2%
16	<u>FLAT RATE FIRE SERVICE REVENUE</u>			
17	229.0	219.7	(9.3)	-4.1%
18	3,830.0	3,658.0	(172.0)	-4.5%
19	<u>4,059.0</u>	<u>3,877.7</u>	<u>(181.3)</u>	<u>-4.5%</u>
20	<u>MISCELLANEOUS REVENUE</u>			
21	0.0	0.0	0.0	0.0%
22	204.0	204.0	0.0	0.0%
23	<u>204.0</u>	<u>204.0</u>	<u>0.0</u>	<u>0.0%</u>
24	366,401.0	350,994.7	(15,406.3)	-4.2%
<hr/>				
Escalation Year 2020 (\$000)	ORA	SJWC	SJWC > ORA	
1	<u>METERED SALES REVENUE</u>			
2	Potable Water Revenue			
3	217,779.0	208,120.0	(9,659.0)	-4.4%
4	118,616.0	114,276.0	(4,340.0)	-3.7%
5	1,258.0	793.0	(465.0)	-37.0%
6	17,287.0	16,337.0	(950.0)	-5.5%
7	1,069.0	1,011.0	(58.0)	-5.4%
8	1,000.0	1,031.0	31.0	3.1%
9	<u>357,009.0</u>	<u>341,568.0</u>	<u>(15,441.0)</u>	<u>-4.3%</u>
10	Raw and Recycle Water			
11	202.0	322.0	120.0	59.4%
12	6,022.0	5,766.0	(256.0)	-4.3%
13	0.0	0.0	0.0	0.0%
14	<u>6,224.0</u>	<u>6,088.0</u>	<u>(136.0)</u>	<u>-2.2%</u>
15	363,233.0	347,656.0	(15,577.0)	-4.3%
16	<u>FLAT RATE FIRE SERVICE REVENUE</u>			
17	249.2	238.6	(10.6)	-4.2%
18	3,884.0	3,707.0	(177.0)	-4.6%
19	<u>4,133.2</u>	<u>3,945.6</u>	<u>(187.6)</u>	<u>-4.5%</u>
20	<u>MISCELLANEOUS REVENUE</u>			
21	0.0	0.0	0.0	0.0%
22	204.0	204.0	0.0	0.0%
23	<u>204.0</u>	<u>204.0</u>	<u>0.0</u>	<u>0.0%</u>
24	367,570.2	351,805.6	(15,764.6)	-4.3%

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**TABLE 3-1
OPERATIONS & MAINTENANCE EXPENSES - TEST YEAR**

Test Year 2019 (\$000)	ORA	SJWC	SJWC > ORA	
1 <u>Operations Expenses:</u>				
2 Supply Expense:				
3 Purchased Water Potable	98,376.0	86,825.0	(11,551.0)	-11.7%
4 Purchased Water Recycle	3,810.6	2,680.4	(1,130.3)	-29.7%
5 Other Source of Supply (Labor, Transp., M&S, Other)	1,681.5	2,163.9	482.4	28.7%
6 Purchased Power (Pumping)	8,789.6	8,132.2	(657.4)	-7.5%
7 Pump Taxes (Pumped Water Cost)	49,667.0	43,053.0	(6,614.0)	-13.3%
8 Other Pumping Expenses (Labor, Transp., M&S)	3,408.4	3,747.5	339.2	10.0%
9 Total Supply Expenses	165,733.1	146,602.0	(19,131.1)	-11.5%
10 Water Treatment:				
11 Chemicals	568.0	568.0	0.0	0.0%
12 Other Water Treatment (Labor, M&S, Reg.Cost, etc.)	3,842.4	4,476.9	634.6	16.5%
13 Transmission and Distribution (Labor, Transportation, M&S, Other)	3,904.7	4,818.8	914.1	23.4%
14 Customer Accounts less uncollectibles (Labor, transportation, etc.)	9,629.4	11,320.5	1,691.1	17.6%
15 Non-Tariffed Service Income Adjustment	(1,031.1)	(835.9)	(195.2)	-18.9%
16 Total Operations Expenses	182,646.5	166,950.3	(15,696.2)	-8.6%
17 <u>Maintenance Expenses (Labor and Purchased Services-M&S):</u>				
18 Source of Supply Plant	110.6	145.0	34.5	31.2%
19 Pumping Plant	1,317.9	1,641.8	323.8	24.6%
20 Water Treatment Plant	113.0	128.8	15.9	14.0%
21 Transmission & Distribution (including transp. and other)	13,583.9	15,322.4	1,738.5	12.8%
22 Ratemaking Adjustments (Non-Utility Property Maint Expense)	(9.9)	(8.2)	(1.7)	-16.9%
23 Total Maintenance Expenses	15,115.5	17,229.8	2,114.3	14.0%
24 Total O&M excluding Uncollectibles	197,762.0	184,180.1	(13,581.9)	-6.9%
25 <u>At Present Rates</u>				
26 Total Revenues (including deferred Revenue on CIAC)	367,282.7	351,581.9	(15,700.8)	-4.3%
27 Uncollectible Rate	0.1324%	0.1402%	0.0078%	5.9%
28 Uncollectibles Expense	486.3	493.0	6.7	1.4%
29 Total O&M Expenses including Uncollectibles	198,248.3	184,673.1	(13,575.2)	-6.8%
30 <u>At Proposed Rates</u>				
31 Total Revenues (including deferred Revenue on CIAC)	371,743.8	385,869.0	14,125.2	3.8%
32 Uncollectible Rate	0.1324%	0.1402%	0.0078%	5.9%
33 Uncollectibles Expense	492.2	541.1	48.9	9.9%
34 Total O&M Expenses including Uncollectibles	198,254.2	184,721.2	(13,533.0)	-6.8%

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**TABLE 4-1
ADMINISTRATIVE & GENERAL EXPENSES**

Test Year 2019 (\$000)	ORA	SJWC	SJWC > ORA	
1 <u>Administrative & General Expenses:</u>				
2 Salaries	11,730.0	12,563.0	833.0	7.1%
3 Office Supplies (Transpostation and M&S)	2,493.2	3,918.1	1,424.9	57.2%
4 Property Insurance	199.2	244.6	45.4	22.8%
5 Injuries and Damages	1,874.2	4,116.2	2,242.0	119.6%
6 Pensions,Benefits & PBOP	17,066.4	18,342.6	1,276.2	7.5%
7 Regulatory Commission	232.2	341.7	109.4	47.1%
8 Outside Services	3,071.7	4,680.4	1,608.7	52.4%
9 General Corporate	1,198.8	966.1	(232.7)	-19.4%
10 Dues & Membership	595.7	577.1	(18.6)	-3.1%
11 Rents	486.3	507.6	21.3	4.4%
12 Maintenance Expense (Labor and M&S)	1,474.8	1,935.3	460.5	31.2%
13 A & G Expenses Transferred	(8,383.3)	(8,335.3)	47.9	-0.6%
14 Total A&G and Miscellaneous Adjustments	32,039.3	39,857.4	7,818.1	24.4%
Escalation Year 2020 (\$000)	ORA	SJWC	SJWC > ORA	
1 <u>Administrative & General Expenses:</u>				
2 Salaries	10,525.0	12,097.0	1,572.0	14.9%
3 Office Supplies	2,570.9	4,004.8	1,433.9	55.8%
4 Property Insurance	214.7	271.1	56.4	26.3%
5 Injuries and Damages	1,943.2	4,297.4	2,354.2	121.2%
6 Pensions,Benefits & PBOP	17,215.4	19,039.4	1,824.0	10.6%
7 Regulatory Commission	239.0	351.6	112.6	47.1%
8 Outside Services	3,166.4	4,719.3	1,552.8	49.0%
9 General Corporate	1,235.8	994.8	(241.0)	-19.5%
10 Dues & Membership	614.0	594.2	(19.8)	-3.2%
11 Rents	500.4	522.3	21.9	4.4%
12 Maintenance Expense	1,490.4	1,942.6	452.1	30.3%
13 A & G Expenses Transferred	(8,571.4)	(8,522.4)	(49.0)	-0.6%
14 Total A&G and Miscellaneous Adjustments	31,143.9	40,312.2	9,168.3	29.4%

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**TABLE 5-1
TAXES OTHER THAN INCOME**

Test Year 2019 (\$000)	ORA	SJWC	SJWC > ORA	
1 CITY & COUNTY TAXES				
2 Ad Valorem	9,781.7	9,734.2	(47.5)	-0.5%
3 Business License	170.0	171.3	1.3	0.7%
4 Payroll Taxes (SUI, FUI, FICA)	3,042.2	3,559.1	516.9	17.0%
5 Sub Total	<u>12,993.9</u>	<u>13,464.6</u>	470.7	3.6%
6 <u>At Present Rates</u>				
7 Operating Revenue <i>EXCLUDING</i> Uncollectibles *	366,401.0	350,994.7	(15,406.3)	-4.2%
8 <i>Effective Local Franchise Tax Rate</i>	<u>0.251%</u>	<u>0.232%</u>	<u>-1.860%</u>	<u>-7.4%</u>
9 Franchise Taxes on applicable op. revenues	918.9	815.0	(103.9)	-11.3%
10 Total Taxes Other Than Income, At Present Rates	<u>13,912.9</u>	<u>14,279.6</u>	366.7	2.6%
11 <u>At Proposed Rates</u>				
12 Operating Revenue <i>EXCLUDING</i> Uncollectibles *	370,862.1	385,281.8	14,419.7	3.9%
13 <i>Effective Local Franchise Tax Rate</i>	<u>0.251%</u>	<u>0.232%</u>	<u>-1.860%</u>	<u>-7.4%</u>
14 Franchise Taxes on applicable op. revenues	930.1	894.6	(35.5)	-3.8%
15 Total Taxes Other Than Income, At Proposed Rates	<u>13,924.1</u>	<u>14,359.2</u>	435.2	3.1%
<hr/>				
Escalation Year 2020 (\$000)	ORA	SJWC	SJWC > ORA	
1 CITY & COUNTY TAXES				
2 Ad Valorem	10,154.9	10,393.3	238.4	2.3%
3 Business License	175.0	176.3	1.3	0.7%
4 Payroll Taxes (SUI, FUI, FICA)	2,982.0	3,581.0	599.0	20.1%
5 Sub Total	<u>13,311.9</u>	<u>14,150.6</u>	838.7	6.3%
6 <u>At Present Rates</u>				
7 Operating Revenue <i>EXCLUDING</i> Uncollectibles *	367,570.2	351,805.6	(15,764.6)	-4.3%
8 <i>Effective Local Franchise Tax Rate</i>	<u>0.251%</u>	<u>0.232%</u>	<u>-1.860%</u>	<u>-7.4%</u>
9 Franchise Taxes on applicable op. revenues	921.9	816.9	(105.0)	-11.4%
10 Total Taxes Other Than Income, At Present Rates	<u>14,233.7</u>	<u>14,967.5</u>	733.7	5.2%
11 <u>At Proposed Rates</u>				
12 Operating Revenue <i>EXCLUDING</i> Uncollectibles *	379,424.4	398,769.7	19,345.4	5.1%
13 <i>Effective Local Franchise Tax Rate</i>	<u>0.251%</u>	<u>0.232%</u>	<u>-1.860%</u>	<u>-7.4%</u>
14 Franchise Taxes on applicable op. revenues	951.6	925.9	(25.7)	-2.7%
15 Total Taxes Other Than Income, At Proposed Rates	<u>14,263.5</u>	<u>15,076.5</u>	813.0	5.7%

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**TABLE 6-1
TAXES BASED ON INCOME - TEST YEAR AT PRESENT RATES**

Test Year 2019 (\$000)	ORA	SJWC	SJWC > ORA	
1 Operating Revenue at Present Rates	366,401.0	350,994.7	(15,406.3)	-4.2%
2 <u>Common Deductions:</u>				
3 Operating Expenses	244,690.2	239,351.1	(5,339.0)	-2.2%
4 Transportation Depreciation (Clearing Account)	(2,062.0)	(2,062.3)	0.2	0.0%
5 Interest Expense	24,568.0	27,167.0	2,599.0	10.6%
6 Other Permanent Differences	(458.0)	0.0	458.0	-100.0%
7 50% Meal Disallowance	(115.8)	(115.8)	0.0	0.0%
8 Deductions excluding Depreciation	<u>266,622.4</u>	<u>264,340.1</u>	<u>(2,282.3)</u>	<u>-0.9%</u>
9 <u>State Corporation Franchise Tax</u>				
10 Taxable Income before State Tax Depreciation	99,778.7	86,654.6	(13,124.0)	-13.2%
11 <u>Additional Deduction:</u>				
12 Tax Depreciation-State	(49,701.7)	(49,701.7)	0.0	0.0%
13 State Tax Deduction on Repairs and Maintenance	(11,684.6)	(11,684.6)	0.0	0.0%
14 Deferred Revenue (Net of Tax)	579.7	293.1	(286.7)	-49.4%
15 Additional Deduction for CCFT Subtotal	<u>(60,806.5)</u>	<u>(61,093.2)</u>	<u>286.7</u>	<u>0.5%</u>
16 <u>Federal Tax Deductions</u>				
17 Taxable Income Before Federal Tax Depreciation and CCFT	99,778.7	86,654.6	13,124.0	-13.2%
18 <u>Additional Deduction:</u>				
19 Tax Depreciation	(55,962.1)	(56,097.2)	135.1	0.2%
20 Calif. Corporation Franchise Tax	(6,180.7)	(2,259.6)	(3,921.0)	-63.4%
21 IRS Section 199 QPA Deduction	0.0	(2,237.3)	2,237.3	0.0%
22 Additional Deduction for Federal Tax Subtotal	<u>(62,142.8)</u>	<u>(60,594.1)</u>	<u>(1,548.6)</u>	<u>-2.5%</u>
23				
24 <u>California Corporate Franchise Tax (CCFT)</u>				
25 Taxable Income for CCFT	38,972.1	25,561.4	(13,410.7)	-34.4%
26 <i>CCFT Rate</i>	<u>8.84%</u>	<u>8.84%</u>	<u>0.0%</u>	<u>0.0%</u>
27 Total CCFT	<u>3,445.1</u>	<u>2,259.6</u>	<u>(1,185.5)</u>	<u>-34.4%</u>
28 <u>Federal Income Tax (FIT)</u>				
29 Taxable Income for FIT	37,635.9	26,060.5	(11,575.4)	-30.8%
30 <i>FIT Rate</i>	<u>21.00%</u>	<u>35.00%</u>	<u>14.0%</u>	<u>66.7%</u>
31 Total FIT	<u>7,903.5</u>	<u>9,121.2</u>	<u>(11,575.4)</u>	<u>(0.3)</u>
32 Amortization of Unrecoverable Prepaid Tax on Advances (1987)	195.6	3.2	(192.4)	-98.4%
32 Reversal of Excess Deferred Tax	(2,199.1)	0.0	2,199.1	-100.0%
34 Total Income Taxes for Revenues at Present Rates	<u>11,544.3</u>	<u>11,384.0</u>	<u>(160.3)</u>	<u>-1.4%</u>

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**TABLE 6-2
TAXES BASED ON INCOME - TEST YEAR AT PROPOSED RATES**

Test Year 2019 (\$000)	ORA	SJWC	SJWC > ORA	
1 Operating Revenue at Proposed Rates	371,743.8	385,281.8	13,537.9	3.6%
2 <u>Common Deductions:</u>				
3 Operating Expenses	244,701.4	239,478.8	(5,222.5)	-2.1%
4 Transportation Depreciation (Clearing Account)	(2,062.0)	(2,062.3)	0.2	0.0%
5 Interest Expense	24,568.0	27,167.0	2,599.0	10.6%
6 Other Permanent Differences	(458.0)	0.0	458.0	-100.0%
7 50% Meal Disallowance	(115.8)	(115.8)	0.0	0.0%
8 Deductions excluding Depreciation	<u>266,633.6</u>	<u>264,467.8</u>	<u>(2,165.8)</u>	<u>-0.8%</u>
9 <u>State Corporation Franchise Tax</u>				
10 Taxable Income before State Tax Depreciation	105,110.3	120,814.0	15,703.7	14.9%
11 <u>Additional Deduction:</u>				
12 Tax Depreciation-State	(49,701.7)	(49,701.7)	0.0	0.0%
13 State Tax Deduction on Repairs and Maintenance	(11,684.6)	(11,684.6)	0.0	0.0%
14 Deferred Revenue (Net of Tax)	579.7	293.1	(286.7)	-49.4%
15 Additional Deduction for CCFT Subtotal	<u>(60,806.5)</u>	<u>(61,093.2)</u>	<u>286.7</u>	<u>0.5%</u>
16 <u>Federal Tax Deductions</u>				
17 Taxable Income Before Federal Tax Depreciation and CCFT	105,110.3	120,814.0	(15,703.7)	14.9%
18 <u>Additional Deduction:</u>				
19 Tax Depreciation	(55,962.1)	(56,097.2)	135.1	0.2%
20 Calif. Corporation Franchise Tax	(6,180.7)	(5,279.3)	(901.4)	-14.6%
21 IRS Section 199 QPA Deduction	0.0	(2,237.3)	2,237.3	0.0%
22 Additional Deduction for Federal Tax Subtotal	<u>(62,142.8)</u>	<u>(63,613.8)</u>	<u>1,471.1</u>	<u>2.4%</u>
23				
24 <u>California Corporate Franchise Tax (CCFT)</u>				
25 Taxable Income for CCFT	44,303.8	59,720.8	15,417.1	34.8%
26 <i>CCFT Rate</i>	<u>8.84%</u>	<u>8.84%</u>	<u>0.0%</u>	<u>0.0%</u>
27 Total CCFT	<u>3,916.5</u>	<u>5,279.3</u>	<u>1,362.9</u>	<u>34.8%</u>
28 <u>Federal Income Tax (FIT)</u>				
29 Taxable Income for FIT	42,967.5	57,200.2	14,232.7	33.1%
30 <i>FIT Rate</i>	<u>21.00%</u>	<u>35.00%</u>	<u>14.0%</u>	<u>66.7%</u>
31 Total FIT	<u>9,023.2</u>	<u>20,020.1</u>	<u>10,996.9</u>	<u>121.9%</u>
32 Amortization of Unrecoverable Prepaid Tax on Advances (1987)	195.6	3.2	(192.4)	-98.4%
32 Reversal of Excess Deferred Tax	(2,199.1)	0.0	2,199.1	-100.0%
34 Total Income Taxes for Revenues at Proposed Rates	<u>13,135.2</u>	<u>25,302.6</u>	<u>12,167.4</u>	<u>92.6%</u>

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**TABLE 7-1
UTILITY PLANT IN SERVICE**

Test Year 2019 (\$000)	ORA	SJWC	SJWC > ORA	
1 Plant in Service - Beginning of Year	1,701,527.5	1,704,705.3	3,177.8	0.2%
2 <u>Gross Additions:</u>				
3 Land	0.0	0.0	0.0	0.0%
4 Source of Supply	498.6	17,800.9	17,302.3	3470.2%
5 Reservoirs & Tanks	16,960.5	26,257.1	9,296.6	54.8%
6 Water Treatment	0.0	1,010.2	1,010.2	0.0%
7 Pump Stations & Equip.	1,264.7	2,406.5	1,141.8	90.3%
8 Other Transmission & Distr. Plant	73,286.5	74,774.0	1,487.5	2.0%
9 General Plant	5,990.9	12,846.5	6,855.6	114.4%
10 Total Gross Additions	<u>98,001.2</u>	<u>135,095.2</u>	<u>37,094.0</u>	<u>37.9%</u>
11 Retirement and Other Adjustments:				
12 Retirements [1]	10,457.0	10,457.0	0.0	0.0%
13 Sales and Adjustments	0.0	0.0	0.0	0.0%
14 Capitalized Interest During Construction	1,982.3	2,108.3	126.0	6.4%
15 Net Additions	<u>89,526.5</u>	<u>126,746.5</u>	<u>37,220.0</u>	<u>41.6%</u>
16 Net Additions including Adv for Constr (Using Construction Budget)	<u>102,771.4</u>	<u>138,357.9</u>	<u>35,586.5</u>	<u>34.6%</u>
17 Plant in Service - End of Year	1,804,298.9	1,843,063.2	38,764.3	2.1%
18 <i>Plant Weighting Factor</i>	<i>51.30%</i>	<i>50.11%</i>	-1.2%	-2.3%
19 Weighted Average Plant in Service	<u>1,747,456.4</u>	<u>1,768,220.5</u>	<u>20,764.1</u>	<u>1.2%</u>
20 Wtd Avg Plant in Service including Advances for Construction	<u>1,754,251.3</u>	<u>1,774,039.2</u>	<u>19,787.9</u>	<u>1.1%</u>
Escalation Year 2020 (\$000)				
	ORA	SJWC	SJWC > ORA	
1 Plant in Service - Beginning of Year	1,791,054.0	1,831,451.8	40,397.8	2.3%
2 <u>Gross Additions:</u>				
3 Land	0.0	0.0	0.0	0.0%
4 Source of Supply	968.4	12,379.4	11,411.0	1178.3%
5 Reservoirs & Tanks	7,528.4	29,397.0	21,868.6	290.5%
6 Water Treatment	3,279.9	3,279.9	0.0	0.0%
7 Pump Stations & Equip.	14,942.8	17,650.5	2,707.7	18.1%
8 Other Transmission & Distr. Plant	74,235.0	79,625.8	5,390.8	7.3%
9 General Plant	5,707.9	9,674.7	3,966.8	69.5%
10 Total Gross Additions	<u>106,662.4</u>	<u>152,007.3</u>	<u>45,344.9</u>	<u>42.5%</u>
11 Retirement and Other Adjustments:				
12 Retirements [1]	10,457.0	10,457.0	0.0	0.0%
13 Sales and Adjustments	0.0	0.0	0.0	0.0%
14 Capitalized Interest During Construction	2,151.0	2,322.8	171.8	8.0%
15 Net Additions	<u>98,356.4</u>	<u>143,873.1</u>	<u>45,516.7</u>	<u>46.3%</u>
16 Net Additions including Adv for Constr (Using Construction Budget)	<u>103,724.8</u>	<u>144,679.9</u>	<u>40,955.1</u>	<u>39.5%</u>
17 Plant in Service - End of Year	1,889,410.4	1,975,324.9	85,914.5	4.5%
18 <i>Plant Weighting Factor</i>	<i>51.30%</i>	<i>50.11%</i>	-1.2%	-2.3%
19 Weighted Average Plant in Service	<u>1,841,512.8</u>	<u>1,903,549.5</u>	<u>62,036.7</u>	<u>3.4%</u>
20 Wtd Avg Plant in Service including Advances for Construction	<u>1,844,266.9</u>	<u>1,903,953.8</u>	<u>59,686.9</u>	<u>3.2%</u>

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**TABLE 8-1
DEPRECIATION RESERVE & EXPENSE**

Test Year 2019 (\$000)	ORA	SJWC	SJWC > ORA	
1 Depreciation Reserve - Beginning of Year	559,233.0	567,955.9	8,722.9	1.6%
2 <u>Annual Accruals:</u>				
3 Clearing Accounts (Transportation)	2,062.0	2,062.3	0.2	0.0%
4 CIAC	5,079.3	5,079.3	0.0	0.0%
5 Geographic Info System	0.0	0.0	0.0	0.0%
6 Expenses	51,739.4	54,034.9	2,295.5	4.4%
7 Total Annual Accruals	<u>58,880.7</u>	<u>61,176.4</u>	<u>2,295.7</u>	<u>3.9%</u>
8 <u>Retirements and Adjustments:</u>				
9 Net Retirements	12,934.6	11,398.8	(1,535.8)	-11.9%
10 Adjustments	0.0	0.0	0.0	0.0%
11 Total Retirement and Adjustments	<u>12,934.6</u>	<u>11,398.8</u>	<u>(1,535.8)</u>	<u>-11.9%</u>
12 Net Additions	45,946.1	49,777.6	3,831.5	8.3%
13 Depreciation Reserve - End of Year	605,179.1	617,733.5	12,554.4	2.1%
14 <i>Depreciation Reserve Weighting Factor</i>	53.84%	56.90%	3.1%	5.7%
15 Weighted Average Depreciation Reserve	<u>583,970.4</u>	<u>596,279.4</u>	<u>12,308.9</u>	<u>2.1%</u>
16 * <i>Depreciation expense for summary of earnings calc. (does not include depreciation for transportation, etc.)</i>	51,739.4	54,034.9	2,295.5	4.4%
<hr/>				
Escalation Year 2020 (\$000)	ORA	SJWC	SJWC > ORA	
1 Depreciation Reserve - Beginning of Year	605,179.1	617,733.5	12,554.4	2.1%
2 <u>Accruals:</u>				
3 Clearing Accounts (Transportation)	2,194.0	2,182.3	(11.6)	-0.5%
4 CIAC	5,333.3	5,333.3	0.0	0.0%
5 Geographic Info System	0.0	0.0	0.0	0.0%
6 Expenses	54,438.2	57,457.7	3,019.5	5.5%
7 Total Accruals	<u>61,965.4</u>	<u>64,973.4</u>	<u>3,007.9</u>	<u>4.9%</u>
8 <u>Retirements and Adjustments:</u>				
9 Net Retirements	12,934.6	11,398.8	(1,535.8)	-11.9%
10 Adjustments	0.0	0.0	0.0	0.0%
11 Total Retirement and Adjustments	<u>12,934.6</u>	<u>11,398.8</u>	<u>(1,535.8)</u>	<u>-11.9%</u>
12 Net Additions	49,030.8	53,574.5	4,543.7	9.3%
13 Depreciation Reserve - End of Year	654,209.9	671,308.0	17,098.1	2.6%
14 <i>Depreciation Reserve Weighting Factor</i>	53.84%	56.90%	3.1%	5.7%
15 Weighted Average Depreciation Reserve	<u>631,577.3</u>	<u>648,217.4</u>	<u>16,640.1</u>	<u>2.6%</u>
16 * <i>Depreciation expense for summary of earnings calc. (does not include depreciation for transportation, etc.)</i>	54,438.2	57,457.7	3,019.5	5.5%

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**TABLE 9-1
WEIGHTED AVERAGE RATE BASE - TEST YEAR**

Test Year 2019 (\$000)	ORA	SJWC	SJWC > ORA	
1 Weighted Average Plant In Service including advances for construction	1,754,251.3	1,774,039.2	19,787.9	1.1%
2 Weighted Average Depreciation Reserve	(583,970.4)	(596,279.4)	(12,308.9)	2.1%
3 Net Utility Plant	1,170,280.9	1,177,759.9	7,479.0	0.6%
4 <u>Deductions from Rate Base:</u>				
5 Adjustment to Plant:				
6 Advances for Construction	75,411.6	80,423.5	5,011.9	6.6%
7 Contribution In Aid of Construction	126,809.6	120,920.3	(5,889.3)	-4.6%
8 Plant Funded by SDWSRF loan	940.2	940.2	0.0	0.0%
9 Reserve for Amortization	536.5	536.5	0.0	0.0%
10 Total Adjustment to Plant	203,697.9	202,820.5	(877.4)	-0.4%
11 Deferred Federal Income Tax Liability	152,758.9	174,187.6	21,428.8	14.0%
12 Investment Tax Credit Reserve	1,044.6	1,044.6	0.0	0.0%
13 Total Deductions from Rate Base	357,501.4	378,052.7	20,551.4	5.7%
14 <u>Additions to Rate Base:</u>				
15 Working Capital	25,180.1	28,277.1	3,097.0	12.3%
16 Ratebase Taxed Contribution	7,640.1	4,686.8	(2,953.2)	-38.7%
17 Ratebase Taxed Advances	3,294.5	2,910.7	(383.7)	-11.6%
18 Total Additions to Rate Base	36,114.7	35,874.7	(239.9)	-0.7%
19 Weighted Average Rate Base	848,894.2	835,581.9	(13,312.4)	-1.6%
20 <u>Interest Calculation (for Tax Deductions):</u>				
21 <i>Weighted Avg. Rate Base less customer deposits in Working Cash</i>	848,894.2	835,581.9	(13,312.4)	-1.6%
22 <i>Customer Deposit in Working Cash:</i>	(1,531.1)	(1,531.1)	0.0	0.0%
23 <i>Weighted Cost of Debt</i>	2.90%	3.25%	0.4%	12.1%
24 <i>Interest Expense</i>	24,573.5	27,106.6	2,533.1	10.3%

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**TABLE 9-2
WEIGHTED AVERAGE RATE BASE - ESCALATION YEAR**

Escalation Year 2020 (\$000)	ORA	SJWC	SJWC > ORA	
1 Weighted Average Plant In Service including advances for construction	1,844,266.9	1,903,953.8	59,686.9	3.2%
2 Weighted Average Depreciation Reserve	(631,577.3)	(648,217.4)	(16,640.1)	2.6%
3 Net Utility Plant	1,212,689.6	1,255,736.5	43,046.9	3.5%
4 <u>Deductions from Rate Base:</u>				
5 Adjustment to Plant:				
6 Advances for Construction	75,313.6	83,116.4	7,802.8	10.4%
7 Contribution In Aid of Construction	130,982.8	122,177.2	(8,805.6)	-6.7%
8 Plant Funded by SDWSRF loan	750.2	750.2	0.0	0.0%
9 Reserve for Amortization	552.8	552.8	0.0	0.0%
10 Total Adjustment to Plant	207,599.4	206,596.6	(1,002.8)	-0.5%
11 Deferred Income Tax Liability	150,802.2	179,068.4	28,266.2	18.7%
12 Investment Tax Credit Reserve	984.6	984.6	0.0	0.0%
13 Total Deductions from Rate Base	359,386.2	386,649.6	27,263.4	7.6%
14 <u>Additions to Rate Base:</u>				
15 Working Capital	25,729.2	33,829.4	8,100.2	31.5%
16 Ratebase Taxed Contribution	8,750.2	4,371.6	(4,378.6)	-50.0%
17 Ratebase Taxed Advances	3,400.6	2,931.1	(469.5)	-13.8%
18 Total Additions to Rate Base	37,880.0	41,132.1	3,252.1	8.6%
19 Weighted Average Rate Base	891,183.4	910,218.9	19,035.5	2.136%
20 <u>Interest Calculation (for Tax Deductions):</u>				
21 <i>Weighted Avg. Rate Base less customer deposits in Working Cash</i>	891,183.4	910,218.9	19,035.5	2.1%
22 <i>Customer Deposit in Working Cash:</i>	(1,531.1)	(1,531.1)	0.0	0.0%
23 <i>Weighted Cost of Debt</i>	2.90%	3.25%	0.4%	12.1%
24 <i>Interest Expense</i>	25,799.9	29,532.4	3,732.4	14.5%