



# AFFORDABILITY AND RATE IMPACT

San Jose Water Company (SJWC)

General Rate Case – A.21-01-003

Cost Recovery for Advanced Metering Infrastructure – A.19-12-002

There are two pending rate applications for SJWC: A.21-01-003, the General Rate Case (GRC) application for 2022-2024, and A.19-12-002, which requests rate increases to recover the costs to implement advanced metering infrastructure. There are no pending Advice Letters with the CPUC requesting authorization for rate increases. Below is the cumulative rate impact resulting from rate increases requested in proceedings A.21-01-003 and A.19-12-002 along with metrics informing on the affordability of the rate increases.

## Cumulative Increase to Base Charges

A residential customer with a 3/4-inch meter will see the following base charge (service charge and quantity rate) increases from present rates<sup>1</sup> based on the following usage amounts (1 CCF = 748 gallons):

Proceeding	6 CCF Usage per Month <sup>2</sup>		11 CCF Usage per Month	
	Cumulative Increase (\$)	Cumulative Increase (%)	Cumulative Increase (\$)	Cumulative Increase (%)
2022-2024 GRC (A.21-03-001) <sup>3</sup>	\$15.41	23.00%	\$15.59	16.88%
2021-2024 AMI (A.19-12-002) <sup>4</sup>	\$1.54	2.36%	\$2.12	2.37%
Total	\$16.95	25.29%	\$17.71	19.18%

## Affordability Ratio (AR)

The AR describes the share of a household budget that goes towards water service, after housing costs and other utilities (electric, gas, communications) have been paid for. These calculations assume that income, housing costs, and other utility charges remain constant between present and 2024, and that only water rates change.

Usage (CCF)	Present Rates			2024 Rates			Cumulative Increase		
	Base Charges	AR20 <sup>5</sup>	AR50 <sup>6</sup>	Base Charges	AR20	AR50	Base Charges	AR20	AR50
6	\$67.02	4.25%	1.05%	\$83.97	5.33%	1.31%	\$16.95	1.08%	0.26%
11	\$92.35	5.86%	1.44%	\$110.06	6.98%	1.72%	\$17.71	1.12%	0.28%

<sup>1</sup> Effective as of January 1, 2021 by CPUC authorization of Advice Letter 556-W.

<sup>2</sup> 6 CCF is a proposed monthly amount representing essential indoor usage, Affordability Metrics Framework Staff Proposal, <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M325/K620/325620620.PDF>

<sup>3</sup> Based on San Jose Water Company's 45-Day Update submitted to the CPUC on March 4, 2021. The CPUC requires SJWC to provide a 45-day update to its originally filed application.

<sup>4</sup> Based on updated application workpapers and rates authorized by Advice Letter 541-W. A.19-12-002 rate increases have not yet been finalized to account for rates authorized by Advice Letter 556-W.

<sup>5</sup> AR20 is a household at the 20th percentile of income.

<sup>6</sup> AR50 is a median income household.

## Hours of Minimum Wage (HM)

The HM factor describes the number of hours a single earner would have to work at minimum wage\* to cover utility service. As a forecasting method has not been adopted in the affordability proceeding, minimum wages are kept constant at their 2021 values. Note that the statewide minimum wage as well as many municipal minimum wages may be higher than what is shown here.

Area	Usage	Present Rates			2024 Rates			Cumulative Increase	
		Charge	Wage	HM	Charge	Wage	HM	Charge	HM
Cupertino City	6	\$67.02	\$15.65	4.28	\$83.97	\$15.65	5.37	\$16.95	1.08
	11	\$92.35		5.90	\$110.06		7.03	\$17.71	1.13
San Jose City	6	\$67.02	\$15.45	4.34	\$83.97	\$15.45	5.43	\$16.95	1.10
	11	\$92.35		5.98	\$110.06		7.12	\$17.71	1.15
Santa Clara City	6	\$67.02	\$15.65	4.28	\$83.97	\$15.65	5.37	\$16.95	1.08
	11	\$92.35		5.90	\$110.06		7.03	\$17.71	1.13
Milpitas City	6	\$67.02	\$15.40	4.35	\$83.97	\$15.40	5.45	\$16.95	1.10
	11	\$92.35		6.00	\$110.06		7.15	\$17.71	1.15
State Minimum	6	\$67.02	\$13.00	5.16	\$83.97	\$13.00	5.60	\$16.95	0.44
	11	\$92.35		7.10	\$110.06		7.34	\$17.71	0.23

\* Assumes minimum wages as of July 1, 2021; some municipalities increase wages mid-year.

## Where Can I Go for Further Information on the Proceeding?

- View SJWC’s January 4, 2021 application and all filings in this proceeding by the Administrative Law Judge and Commissioner, parties to this proceeding, and the public, as well as hearing transcripts and the proposed decision when it is issued, by going to <https://www.CPUC.ca.gov/A2101003comments> and pressing the “Documents” tab at the top of the page.
- View SJWC’s customer notice and the CPUC’s Fact Sheet at [www.cpuc.ca.gov/pph](http://www.cpuc.ca.gov/pph).
- The Public Advocates Office is an independent consumer advocate within the Commission who will review, audit, and submit formal testimony on SJWC’s GRC application. Its website is: <https://www.publicadvocates.cpuc.ca.gov>.
- The CPUC’s Water Division provides information on the regulatory process for water utilities at: <https://www.cpuc.ca.gov/water/> and specific information on the General Rate Case process at: <https://www.cpuc.ca.gov/General.aspx?id=6442461381>.
- You can subscribe to receive documents in A.21-01-003 at: <http://subscribecpuc.ca.gov/fpss/Default.aspx>.

## Affordability Proceeding and Other Related Information

- The CPUC adopted a framework to assess the affordability of utility services. Information on the Affordability Rulemaking R.18-07-006 can be found here: <https://www.cpuc.ca.gov/affordability/>
- Other Links related to the Affordability Proceeding
  - Disconnections and Reconnections Rulemaking ([R.18-07-005](#))
  - Low Income Rates Rulemaking ([R.17-06-024](#))
  - Rate Reform Rulemaking ([R.12-06-013](#))
  - PG&E Essential Use Study ([D.18-08-013](#))