

CALIFORNIA PUBLIC UTILITIES COMMISSION DIVISION OF WATER AND AUDITS Advice Letter Cover Sheet				(Date Filed / Received Stamp by CPUC)			
AL # 436		Date Mailed to Service List: 1/5/2012		Requested Effective Date: January 1, 2012		Requested Tier: <input checked="" type="checkbox"/> Tier 1 Tier 2 Tier 3	
Replacing AL#:		Authorized by: ALJ Ruling in A.11-05-002		Compliance Filing? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Rate \$ _____ Impact % _____	
<u>If you chose to protest or respond to the advice letter, send Protest and/or Correspondence within 20 days to:</u>				Director Division of Water and Audits 505 Van Ness Ave. San Francisco, CA 94102			
<u>and if you have email capability, also email to: regulatoryaffairs@sjwater.com</u>				<u>water_division@cpuc.ca.gov</u>			
<u>Your protest also must be served on the Utility</u>				(see attached advice letter for more information and grounds for protest)			
Company Name: San Jose Water Company						CPUC Utility Number: WTA _____ WTB _____ WTC _____ WTD _____ SWR _____	
Address: 110 W. Taylor Street							
City, State, Zip: San Jose, CA 95110							
Contact Name:		Phone No.		Fax No.		Email Address:	
Filer	Wes Owens		408-918-7247		408-279-7934		wes_owens@sjwater.com
Alternate	Ann Lindahl		408-279-7979		Same		ann_lindahl@sjwater.com
Description: In this space or on the back of this form: <ol style="list-style-type: none"> 1. Explain justification for requested Tier – Per ALJ Ruling, Ruling Paragraph 2 2. Describe service affected and how it is affected: Preliminary Statement 3. Describe differences from related Advice Letters (Similar service, replacement filing): None 							
(FOR CPUC USE ONLY)							
WTS Budget/Activity/Type				Process as: <input type="checkbox"/> Tier 1 <input type="checkbox"/> Tier 2 <input type="checkbox"/> Tier 3			
/ /				20th Day		30th Day	
Project Manager:				Suspended on:			
Analyst:				Extended on:			
Due Date:				Resolution No.:			
Completion Date:				AL/Tariff Effective Date:			



**San Jose
Water
Company**

110 W. Taylor Street.
San Jose, CA 95110
408 279-7800
Fax 408 279-7934

January 5, 2012

Public Utilities Commission
of the State of California
505 Van Ness Avenue
San Francisco, CA 94102

Advice Letter No. 436

San Jose Water Company (U-168-W) (SJWC) hereby transmits for filing the following changes in tariff schedules applicable to its service area and which are attached hereto:

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Cal.P.U.C. Sheet No.</u>
1508-W	Preliminary Statement (continued)	1493-W
1509-W	Preliminary Statement (continued)	
1510-W	Table of Contents	1507-W

Purpose

The purpose of this advice letter is to implement a Cost of Capital Interim Rate memorandum Account pursuant to the December 14, 2011 Administrative Law Judge's (ALJ's) ruling granting the Division of Ratepayer Advocate's (DRA's) motion for a memorandum account to track the difference between current and final rates for Application (A) 11-05-002, SJWC's Cost of Capital proceeding (Attachment A). These tariffs are submitted pursuant to General Order No. 96-B and this advice letter is designated as a Tier I Advice Letter as directed in the ruling from the ALJ.

Protests and Responses

Anyone may respond to or protest this advice letter. A response does not oppose the filing but presents information that may prove useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds may include the following:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding;
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require relitigating a prior order of the Commission).

A response or protest must be made in writing or by electronic mail and must be received by the Water Division within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue
San Francisco, CA 94102
water_division@cpuc.ca.gov

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy of the protest by mail to us, addressed to:

Regulatory Affairs
San Jose Water Company
110 West Taylor Street
San Jose, California 95110
Fax 408.279.7934
regulatoryaffairs@sjwater.com.

The advice letter process does not provide for any responses, protests or comments, except for the utility's reply, after the 20-day comment period.

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ADVICE LETTER NO. 436

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In compliance with Paragraph 4.3 of General Order 96-B, a copy of this advice letter has been mailed to all interested and affected parties as detailed in Attachment B.

This filing will not cause the withdrawal of service, nor conflict with other schedules or rules.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Wes Owens', with a long, sweeping horizontal stroke extending to the right.

WES OWENS
Manager
Regulatory Affairs
Enclosures

**San Jose Water Company
U-168-W**

Advice Letter 436

Attachment A

ALJ's Ruling



FILED

12-14-11
11:43 AM

KJB/eap 12/14/2011

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of California Water Service Company (U60W) for Authority to Establish its Authorized Cost of Capital for the period from January 1, 2012 through December 31, 2014.

Application 11-05-001
(Filed May 2, 2011)

In the Matter of the Application of San Jose Water Company (U168W) for Authority to Adjust Its Cost of Capital and to Reflect That Cost of Capital in Its Rates for the Period from January 1, 2012 through December 31, 2014.

Application 11-05-002
(Filed May 2, 2011)

Application of California-American Water Company (U210W) for an Authorized Cost of Capital for Utility Operations for 2012-2014.

Application 11-05-003
(Filed May 2, 2011)

Application of Golden State Water Company (U133W) for Authority to Establish Its Authorized Cost of Capital and Rate of Return for Utility Operations for 2012-2014.

Application 11-05-004
(Filed May 2, 2011)

**ADMINISTRATIVE LAW JUDGE'S RULING
GRANTING MOTION FOR INTERIM RATES**

Summary

I grant the motions of California-American Water Company and the Division of Ratepayer Advocates for memorandum accounts to track the difference between current and final rates. This ruling applies to all four water companies that are parties to this proceeding.

Background

On October 31, 2011, California-American Water Company (Cal-Am) filed a motion for authority to establish a memorandum account to track the difference between current and final rates. Cal-Am's motion was filed in anticipation of the possibility that a final decision in this matter would not be reached until after December 31, 2011, the expiration date of the currently approved rates. On November 28, 2011, I issued a ruling directing the parties to supplement the record with additional testimony and ordering evidentiary hearings in January 2012. On December 9, 2011, the Division of Ratepayer advocates (DRA) filed a separate motion in support of the Cal-Am motion and requesting that I authorize all four water companies to establish similar memorandum accounts.

Discussion

The Water Company Rate Case Plan (D.07-05-062)¹ for these applicants contemplates that the Presiding Officer will issue a ruling ordering the parties to establish memorandum accounts to track the difference between present and future rates if a proceeding is not completed at the time new rates are scheduled to go into effect. In this case, that date is January 1, 2012. The requirements for issuing such a ruling are set out on page A-15 of the Rate Case Plan:

In response to this motion, the Presiding Officer will issue a ruling. The ruling will determine whether the applicant was responsible for the delay in implementing rates, determine if the requested rates are appropriate for submitting to the Commission via advice letter, and set a specific effective date for interim rates. The ruling will also

¹ D.07-05-062, *Order Instituting Rulemaking to Consider Revisions to the General Rate Case Plan For Class A Water Companies*, 2007 Cal. PUC LEXIS 226.

direct applicant to request the establishment of a memorandum account with the advice letter filing that implements interim rates.

After a ruling is issued on the motion for interim rate relief, the applicant must file an advice letter consistent with the ruling. The applicant's advice letter filing will be effective according to the finds of the ruling. Under our adopted procedure and consistent with Section 455.2, the applicant's "interim rates shall be effect on the first day of the test year in the general rate case application" as long as the Presiding Officer finds that applicant was not responsible for delay.

As required by the Rate Case Plan, I find that:

- None of the applicants was responsible for delay. The applicants and DRA had reached a timely settlement of all issues; delay beyond the end of 2011 results from my ruling requiring additional evidentiary support for the settlement.
- The requested rates are appropriate for submitting to the Commission via advice letter.
- The interim rates for each applicant will be effective as of January 1, 2012.

IT IS RULED that:

1. The motions of California-American Water Company and the Division of Ratepayer Advocates for Interim Relief are granted.
2. Each applicant shall file a Tier 1 advice letter to establish a memorandum account to track, beginning January 1, 2012, the difference between the then-

A.11-05-001 et al. KJB/eap

authorized rates based on the most recent cost of capital authorized for such applicant and the final rates reflecting the new cost of capital adopted in this proceeding.

Dated December 14, 2011, at San Francisco, California.

/s/ KARL J. BEMESDERFER

Karl J. Bemesderfer
Administrative Law Judge

**San Jose Water Company
U-168-W**

Advice Letter 436

Attachment B

Service List

A copy of Advice Letter No. 436 has been sent to the following municipalities, water companies and interested parties:

City of San Jose
Municipal Water Dept.
Attn: Mansour Nasser
3025 Tuers Road
San Jose, CA 95121

California Water Service Co.
Attn: Stan Ferraro
1720 North First Street
San Jose, CA 95112

City of Cupertino
10300 Torre Avenue
Cupertino, CA 95014

City of Campbell
70 North First Street
Campbell, CA 95008

City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Great Oaks Water Company
Attn: Mr. Dan Stockton
P.O. Box 23490
San Jose, CA 95153

Community Development
Engineering Services
City of Milpitas
Attn: Utilities Section
455 East Calaveras Blvd.
Milpitas, CA 95035

Santa Clara Valley Water
District
5750 Almaden Expressway
San Jose, CA 95118

San Jose Mercury News
Attn: Financial Editor
750 Ridder Park Drive
San Jose, CA 95190

Town of Los Gatos
Attn: Director of Public Works
110 E. Main Street
Los Gatos, CA 95032

City of Monte Sereno
Attn: Director of Public Works
18014 Saratoga-Los Gatos Road
Monte Sereno, CA 95030

City of Saratoga
Attn: Director of Public Works
13777 Fruitvale Avenue
Saratoga, CA 95070

County of Santa Clara
Attn: Director of Public Works
70 W. Hedding Street
San Jose, CA 95110

Department of Water Resources
Safe Drinking Water Office,
Room 804
1416 9TH Street
Sacramento, CA 95814

James M. Fiedler P.E., D.WRE
Chief Operating Officer
Water Utility Enterprises
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118

SAN JOSE WATER COMPANY (U-168-W)
Advice Letter No. 436

Gillette Mutual Water Company
21976 Gillette Drive
Los Gatos, CA 95033

Oakmount Mutual Water Company
P.O. Box 31536
Stockton, CA 95213

Summitt West Mutual Water Company
P.O. Box 974
Los Gatos, CA 95031

Ridge Mutual Water Company
22316 Citation Drive
Los Gatos, CA 95033

Villa Del Monte Mutual Water Company
P.O. Box 862
Los Gatos, CA 95031

Big Redwood Park Water
& Improvement Assoc.
18375 Main Blvd.
Los Gatos, CA 95033

Redwood Estates Services Association
PO Box 591
Redwood Estates, CA 95044-0591

Stagecoach Mutual Water Company
21825 Stagecoach Road
Los Gatos, Ca 95033

Mt. Summit Mutual Water Co
P.O. Box 3416
Saratoga, CA 95070



California Public
Utilities Commission

CPUC Home

CALIFORNIA PUBLIC UTILITIES COMMISSION Service Lists

PROCEEDING: A1105002 - SAN JOSE WATER CO. -
FILER: SAN JOSE WATER COMPANY
LIST NAME: LIST
LAST CHANGED: DECEMBER 29, 2011

[DOWNLOAD THE COMMA-DELIMITED FILE](#)
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[Back to Service Lists Index](#)

Parties

KEITH SWITZER
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FOR: GOLDEN STATE WATER COMPANY

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VP - LEGAL, REGULATORY
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SAN FRANCISCO, CA 94102
FOR: CALIFORNIA-AMERICAN WATER COMPANY

SELINA SHEK
CALIF PUBLIC UTILITIES COMMISSION
LEGAL DIVISION
ROOM 4107
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102 -3214
FOR: DRA

MARTIN A. MATTES
NOSSAMAN, LLP
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FOR: SAN GABRIEL VALLEY WATER COMPANY

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CALIFORNIA WATER SERVICE COMPANY
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SAN JOSE, CA 95112
FOR: CALIFORNIA WATER SERVICE COMPANY

PALLE J ENSEN
VP OF REGULATORY AFFAIRS
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SAN JOSE, CA 95196
FOR: SAN JOSE WATER COMPANY

Information Only

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 EMAIL ONLY, NY 00000

DARIN D UNCAN
 MGR OF RATES
 CALIFOR NIA WATER SERVICE COMPANY
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 DECADE CAPITAL
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 ROSEMEA D, CA 91770

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 505 VAN NESS AVENUE
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LISA BI LIR
 CALIF P UBLIC UTILITIES COMMISSION
 WATER B RANCH
 ROOM 42 08
 505 VAN NESS AVENUE
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MICHAEL COLVIN
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RASHID A. RASHID
 CALIF P UBLIC UTILITIES COMMISSION

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LEGAL DIVISION
ROOM 4107
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102 -3214

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AREA 3-B
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SAN FRANCISCO, CA 94102 -3214

RICHARD RAUSCHMEIER
CALIF PUBLIC UTILITIES COMMISSION
WATER BRANCH
ROOM 3200
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SAN FRANCISCO, CA 94102 -3214

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PRELIMINARY STATEMENT
(Continued)

Commission approval in order to record the revenue requirement impact of that investment as an offset in the memorandum account.

2. Applicability

The 2010 Tax Act Memorandum Account applies to each ratemaking area within Utility's service areas tracking the revenue requirement impact of each change resulting from the New Tax Law.

3. Memorandum Account Entries

The entries made to the 2010 Tax Act Memorandum Account may include the following:

- a. Debit for a decrease in revenue requirement resulting from an increase in deferred tax reserve.
- b. Credit for an increase in revenue requirement resulting from the impact of any decrease in Section 199 deductions resulting from bonus depreciation taken.
- c. Credit or debit for increase or decrease, respectively, in revenue requirement resulting from the impact of any calculations in working cash resulting from the New Tax Law or from bonus depreciation taken.
- d. Credit or debit for increase or decrease, respectively, in revenue requirement resulting from any other direct change in revenue requirement resulting from the Utility's taking advantage of the New Tax Law.
- e. Credit for increase in revenue requirement resulting from additional Utility infrastructure investment consistent with the limitations set forth by Ordering Paragraph 5 of Resolution L-411A and detailed in Purpose of this Preliminary Statement
- f. Balances in the Tax Memorandum Account will accrue interest at the 90 day commercial paper rate.

This is a memorandum account which is to be tracked "off balance sheet" and no general ledger entries are required at this time.

4. Disposition

In the Utility's first General Rate Case (GRC), following expiration of the 2010 Tax Act Memorandum Account or at such other time as ordered in that GRC decision, the Commission shall address the disposition of amounts (a) recorded in the 2010 Tax Act Memorandum Account and (b) forecast for the remainder of the Memo Account Period, and may cause any net revenue requirement decrease to be reflected in prospective rates.

S. 2012 Cost of Capital Memorandum Account

(N)

1. Purpose

The purpose of the Cost of Capital Memorandum Account is to track difference between current rates based on San Jose most recently authorized cost of capital, and rates based on the new cost of capital to be adopted in a final decision in A. 11-05-002.

2. Applicability

The Cost of Capital Memorandum Account is applicable to all areas served

3. Definitions

- a. Revenues based on rates based on currently authorized cost of capital are revenues derived using currently authorized Cost of Capital as determined in D. 10-10-035.
- b. Revenues based on rates based on updated Cost of Capital are revenues computed using the Cost of Capital that will be determined in A.11-05-002.

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice No. 436

PALLE JENSEN
Vice President,
Regulatory Affairs

Date Filed _____
Effective _____
Resolution No. _____

Dec. No. ____

TITLE

PRELIMINARY STATEMENT
(Continued)

4. Accounting Procedure

a. Beginning January 1, 2012 through the effective date of the decision for A.11-05-002, the following entries will be recorded monthly in the Cost of Capital Memorandum Account:

1. Revenue based on rates based on currently authorized cost of capital.
2. Revenue based on rates based on updated cost of capital.
3. Total net Cost of Capital Memorandum Account balance = (1) minus (2)
4. A positive (+) balance in the memorandum account reflects a utility over collection to be refunded, while a negative balance reflects a utility under collection to be recovered in rates.

b. The Company will record the accumulated Cost of Capital balance monthly, by adding its entry in Section a3. above to the prior accumulated monthly balance.

c. Interest shall accrue on a monthly basis by applying a rate equal to one-twelfth of the 90 Day Non-financial Commercial Paper Interest Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

5. Disposition

After the Commission adopts a final cost of capital for A. 11-05-002, the memorandum account will be adjusted to reflect the actual difference and disposed via and advice letter filing in a surcharge or surcredit or in the next General Rate Case.

(N)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice No. 436

PALLE JENSEN
Vice President,
Regulatory Affairs

Date Filed _____
Effective _____
Resolution No. _____

Dec. No. ____

TITLE

TABLE OF CONTENTS

The following listed tariff sheets contain all effective rates, rules and regulations affecting the rates and service of the Utility, together with information relating thereto:

Subject Matter of Sheet	C.P.U.C. Sheet No.	
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Schedule No. 1, General Metered Service	1499-W, 1478-W and 1504-W	
Schedule No. 1B, General Metered Service With Automatic Fire Sprinkler System	1500-W, 1409-W and 1505-W	
Schedule No. 1C, General Metered Service Mountain District	1501-W, 1412-W, 1482-W and 1506-W	
Schedule No. 4, Private Fire Service	1414-W and 1415-W	
Schedule No. 9C, Construction and Other Temporary Metered Service	1118-W and 1094-W	
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Schedule No. UF, Surcharge to Fund Public Utilities Commission, Reimbursement Fee	1297-W	
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No. 1 - Definitions	764-W and 976-W	
No. 2 - Description of Service	525-W	
No. 3 - Application for Service	351-W and 903-W	
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No. 6 - Establishment and Re-establishment of Credit	354-W	
No. 7 - Deposits	355-W and 356-W	
No. 8 - Notices	1054-W and 825-W	
No. 9 - Rendering and Payment of Bills	996-W, 997-W and 1146-W	

(Continued)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice No. 436

PALLE JENSEN
Vice President,
Regulatory Affairs

Date Filed _____

Effective _____

Dec. No. _____

Resolution No. _____

TITLE