



**OFFICE OF THE CITY MANAGER**

CITY HALL

10300 TORRE AVENUE • CUPERTINO, CA 95014-3255

TELEPHONE: (408) 777-3212 • FAX: (408) 777-3366

[davidb@cupertino.org](mailto:davidb@cupertino.org)

July 26, 2017

Rami Kahlon, Director  
Water Division California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

Re: Request to Reject San Jose Water Company Advice Letter No. 510 Surcredit Filing to the Public Utilities Commission

Dear Mr. Kahlon:

The City of Cupertino is served by three water systems. The system in the north and east of the City is owned and operated by California Water Service Company; the system in the south and west is owned and operated by San Jose Water Company; and the system in the north and west is owned by the City of Cupertino and operated by San Jose Water Company (SJWC) under a lease agreement.

Advice Letter No. 510 is a request from SJWC to implement a surcredit to refund readiness to serve charge rate changes for the 3-year period starting January 1, 2014, and ending December 31, 2016. If authorized by you, this surcredit would be applied to the tariffed system operated by SJWC within the City of Cupertino. The City would also require SJWC to apply an equal surcredit to the customers of the system owned by the City of Cupertino as SJWC charged the incorrect readiness to serve charge to non-tariff customers as it did to tariff customers.

The Advice Letter No. 510 received by the City of Cupertino does not include the information of how the error occurred or how the \$1.794M was calculated. The professional service of you and your staff is needed to: 1) Confirm how an error of this magnitude could be undetected for over three years; 2) If other errors are occurring; and 3) If the dollar amount submitted for surcredit by SJWC is correct. As each of these requests are potentially complicated and controversial, the City of Cupertino requests that Advice Letter 510 be rejected and the request made by SJWC be considered within the scope of a formal investigation. This is consistent with the Office of Ratepayer Advocates recommendation made to you on June 23, 2017.

The customers of Class A water systems and the City of Cupertino system have been burdened with ever increasing rates. As each increase places more and more stress on the customers, it is critical that you ensure SJWC applies only the correct rate at the correct time.

Very truly yours,

David Brandt  
City Manager

cc: Randolph Hom, City Attorney  
John Tang, San Jose Water Company



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August 9, 2017

Karl Bemesderfer, Administrative Law Judge  
Water Division California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

Re: Complaint No. C.17-06-009 dated June 7, 2017

Dear Mr. Bemesderfer:

The attached letter was sent to Mr. Rami Kahlon, Director of Water Division California Public Utilities Commission on July 26, 2017. Upon staff discussing the issue with Mr. Kahlon, we were advised to bring this issue to you as the Administrative Law Judge presiding over Complaint No. C.17-06-009.

It is our understanding that the referenced complaint has not been scheduled as of this date and that consideration of Advice Letter No. 510 has been suspended pending the complaint process. If this is incorrect, please respond with the complaint schedule and status of Advice Letter No. 510.

The City is interested in Cupertino residents/customers of San Jose Water Company having the opportunity to comment on this issue. We understand that the protest date for Advice Letter No. 510 has passed, but similar to the Office of Rate Payer Advocates letter of June 23, 2017, we feel this issue is both complex and potentially controversial. As such, the City and its residents should be afforded the opportunity to comment and participate in the complaint proceedings as they relate to Advice Letter No. 510. Please respond when and how it is appropriate for the City and/or its residents to participate in this complaint process.

Similar to our request of Mr. Kahlon, we look for your assistance to timely confirm how an error of this magnitude could be undetected for over three years, if other errors are occurring, and if the dollar amount submitted for surcredit is correct.

It is critical that you ensure only the correct rate is charged to the customer at the correct time. Thank you for the help.

Very truly yours,

A handwritten signature in blue ink, appearing to read "David Brandt".

David Brandt  
City Manager

cc: Rami Kahlon, Director of Water Division  
Randolph Hom, City Attorney  
John Tang, San Jose Water Company