



Water Quality and Environmental Services  
1221A S Bascom Ave, San Jose CA 95128



July 29, 2016

Public Comment  
Proposed Drinking Water Fee Regs  
Deadline: 7/29/16 by 5:00pm

State Water Resources Control Board  
Attention: Jeanine Townsend, Clerk to the Board  
P.O. Box 100  
Sacramento, CA 95812-2000



Delivered electronically on 7/29/2016 to [commentletters@waterboards.ca.gov](mailto:commentletters@waterboards.ca.gov)

**Re: Comment Letter – Proposed Drinking Water Fees Regulations**

Dear Ms. Townsend:

San Jose Water Company (SJWC) is an investor owned utility that is regulated by the California Public Utilities Commission (PUC). SJWC serves one million consumers and its service area encompasses 139 square miles, including most of San Jose; most of Cupertino; the entire cities of Campbell, Monte Sereno, and Saratoga; the Town of Los Gatos; and parts of unincorporated Santa Clara County. SJWC owns and operates three water treatment plants and over 100 wells at thirty sites within its service area.

SJWC would like to sincerely thank the State Water Resources Control Board (Board) and the Board's staff for the changes in the fee structure made in the Proposed Drinking Water Fees Regulations (Regulations). SJWC finds that the revised Regulations more equitably align the Drinking Water Program (Program) fees with the services provided to individual Public Water Systems (PWS).

SJWC respectfully requests the Board to reconsider the comments made on the draft regulations that were not addressed in the Regulations. Specifically, SJWC worked closely with the Association of California Water Agencies (ACWA) and the California Water Association (CWA) in developing the following comments and proposed solutions to address its remaining concerns with the Regulations:

Accounting Reports

Invoices from the SWRCB to PWS for the Program fees have included an accounting of the hours spent by the Program staff. Additionally, PWS have been able to request and receive an accounting of the hours spent on specific permitting activities on behalf of the PWS. This reporting by the Program on the hours spent on specific permitting activities is critical to the

PWS's ability to properly expense the regulatory fees related to capital projects under Generally Accepted Accounting Principles (GAAP) and, for SJWC, under the California Public Utilities Commission's System of Accounts for Class A Water Utilities. SJWC is concerned that an adoption of the Regulations, as they are written, would result in difficulties or additional fees for PWS if they need to obtain accounting details on the hours spent on their water system. To ensure that financial accounting continues to be routinely provided to the PWS, SJWC recommends that the Regulations include language requiring the Program to provide an accounting of the hours spent on sanitary surveys, permits, permit amendments, and waivers on their invoices to the PWS. It is SJWC's understanding, from discussions with Board staff, that the Program will continue to track hours spent on individual PWS and that reporting this information should not represent an undue administrative burden for the Program.

#### Performance Standards

SJWC is concerned that the Regulations do not include language on the level of service that will be provided to the PWS. To ensure that the new fee structure does not result in a detrimental change to the level of service and the level of transparency provided to each of the PWS by the Program, SJWC suggests that language be included in the Regulations to require the Program to:

1. Adopt performance standards;
2. Track and report annually on the performance standards.

SJWC suggests that the Regulations should specifically include language to set and report on these performance standards:

1. Turnaround time on processing variances and waivers;
2. Turnaround time on inspection and final permitting of completed tanks, wells, and other facilities requiring new or amended permits;
3. Number of planned sanitary surveys for each small water and large water system.

SJWC believes that the inclusion of language in the Regulations to require the Program to set and report on specific performance standards would provide the PWS with the ability to better plan their work and to provide a higher level of service to their customers.

#### Criteria for future fee increases

SJWC understands that the fees in the Regulations will require periodic increases. SJWC suggests that language in the Regulations be added to include the following criteria for future rate increases:

1. Staff levels;
2. Compensation rates and benefits cost increases;
3. Losses in grants and other sources of funding that previously supported the Program.

Ms. Jeannine Townsend  
July 29, 2016  
Page 3 of 3

The inclusion of criteria for future rate increases in the Regulations would provide clarity to the PWS and their customers.

SJWC believes that the issues presented in this letter suggest a need for the Board to modify the Regulations in order to ensure the long term accountability and performance of the Program.

SJWC looks forward to continue working with the Board staff to ensure the development and adoption of Regulations that provide for efficient and responsive regulatory oversight.

Respectfully,



Digitally signed by  
Francois Rodigari  
Date: 2016.07.29  
15:07:58 -07'00'

Francois Rodigari  
Director of Water Quality and Environmental Services

cc: The Honorable Felicia Marcus, SWRCB Chair  
The Honorable Dorene D'Adamo, SWRCB Member  
The Honorable Tam M. Doduc, SWRCB Member  
The Honorable Frances Spivy-Weber, SWRCB Member  
The Honorable Steven Moore, SWRCB Member  
Mr. Tom Howard, Executive Director  
Mr. Jonathan Bishop, Chief Deputy Director  
Ms. Cindy Forbes P.E., Deputy Director, Division of Drinking Water  
Mr. John Russell, Deputy Director, Division of Administrative Services  
Andrew R. Gere, P.E., SJWC President and Chief Operating Officer  
Palle Jensen, SJWC Senior Vice President of Regulatory Affairs  
Curtis A. Rayer, SJWC Vice President of Operations

