**Email Correspondence between John Tang (SJWC) and myself**

On Monday, September 19, 2016 1:35 PM, Rita Benton wrote:

**To:** Customer Service  
**Cc:** Tang, John  
**Subject:** EXPLAIN THE EXTREMELY HIGH WATER BILLS

Dear SJWC Customer Service,

As you are well aware, the customers of SJWC have been receiving bills that are extremely high. There has been a groundswell of people coming forward from all SJWC areas stating that their water bills are too high and the bills we are receiving don’t make sense. Customers with $200 bills and customers with $2000 bills are all upset and we feel that SJWC is unfairly charging us.

All of California is in this drought together but after researching the other water companies in our area and outside our area, SJWC is way out of line with their rates, allocations, surcharges and “true-up” surcharges. So I have to ask, “Why has the CPUC approved these rate hikes and how do we get them to reverse it and require SJWC to reimburse its customers?”

In all the documents I have read, I still don’t understand how we went from being charged $3.21 to $4.058. A 26.4% increase:

|  |  |
| --- | --- |
| **January of 2016**  T1-$3.2103/ccf  T2-$3.567/ccf  T3-$? | **June of 2016**  T1-$4.0581/ccf  T2-$4.509/ccf  T3-$4.9599 |

This rate hike is much higher than the approved 8.6% or 6.8% by the CPUC. What am I not understanding?  Nor can I make sense of the calculations for the surcharges and true-up surcharges. The bill is very confusing. The math just doesn’t add up.

8.6% of $3.2103 is $0.2760 totaling $3.4864.

6.8% of $3.4864 is $0.2370 totaling $3.7234. By my calculations, tier 1 should be $3.7234 not $4.0581.

John Tang states that there is a corresponding 3% surcharge for the average customer for the retroactive portion of the increase. Is this listed as a surcharge line item on the bill or is this included in the tier 1, 2 & 3 rate increase?

**1 - Explain the math how you arrived at $4.0581, $4.509, and $4.9599 for tiers 1, 2 & 3 and how is this 3% calculated and where does it show up on our bill. Did the CPUC approve this 3%?**

There are also great inconsistencies with the data collection, allocations and billing cycles. For example:

- Under the current structure, our Neptune 2630 Meter has numbers that slowly spin as we use water. There is no precise way to get an accurate reading to a tenth, one hundredth or one thousandth ccf on this analog device.  Yet our bill shows our allocation 6 decimals out.

|  |  |  |
| --- | --- | --- |
| 2016  Jan/Feb  Mar/Apr  May/Jun  Jul/Aug  **Total ccf to Date** | Imposed Allocation  18 ccf (9/9)  18 ccf (9/9)  25 ccf (12/13) or 21 ccf (10/11) which is in effect  32 ccf (16/16)  **93 ccf**(or 89 ccf) | Allocation that appears on Bill  17.129034 ccf  17.806452 ccf  21.032260 ccf  31.483872 ccf  **87.451518 ccf** |

With this formula, **we are not getting our full allocation** of water by 5.548482 ccfs or 1.548482 ccfs thus far, which has resulted in excess DS1 and DS2 rates and surcharges. If I could decipher the formula for the surcharges and true-up charges, I would know exactly how much we are being over charged.

**2 – Explain why the allocations on our bills are less than the imposed amount.**

- Under the current billing structure, we are getting double billed and then billed again with true-up surcharges. Once at Tier 2 & 3 rates and again at DS1 & 2 rates. One ccf is over $12, $13 or $14 if we go over our allocation.

**3 – Explain why we are getting billed multiple times for the same water usage.**

**4 -  Explain the math calculations used for surcharges and “true-up” surcharges. Show the math on our bills.**

- Under the current structure, there is no way for SJWC to know how much water we use during a given month. Your 2 month billing cycles have loose start and end dates and I don’t know if SJWC actually read the meter on the cycle end date. If SJWC is going to give us precise monthly allocations, then SJWC data collection should also be precise. SJWC should read our meters monthly on exact days and have honest and fair business practices. SJWC’s lack of accuracy with meter reading works in your favor by putting more ccfs on a given billing cycle to put the customer in the DS1 and DS2 tiers. If this is how SJWC is going to collect data then a very strong argument can be made that a surcharge should only be adjusted annually based on the usage for the entire year exceeding the allocation for the entire year.

**5 – Explain how this practice is fair and honest.**

**6 - Explain why the data collection is imprecise and our bills have precise water usage and what are you doing to change this?**

– Under the current structure, the CPUC has allowed the, for profit, SJWC to recoup losses due to the drought and increase base tier rates to turn a higher profit. When we are in a recession, businesses freeze salaries and bonuses and cut back where they can. SJWC has done just the opposite. The executive salaries, bonuses and company stock are all higher resting on the backs of its customers. Also, SJWC employees are not charged for your water usage so you are out of touch with your customers.

**7 – Explain why SJWC is choosing these business practices.**

I voiced many of these concerns to John Tang at a May 2015 City Council meeting (as did many people). At that time we were all very concerned about SJWC giving all its customers the same drought allocation regardless of household and lot size. He left these issues as a wait and see… well we have waited and we are seeing that it is not good.

It’s time for SJWC to stop playing “Find the Leak” and fix this debacle.

Please explain my 7 main concerns as soon as possible.

Rita Benton

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**Subject:** EXPLAIN THE EXTREMELY HIGH WATER BILLS

On Thursday, September 22, 2016 9:51 AM, "Tang, John" <[john.tang@sjwater.com](mailto:john.tang@sjwater.com)> wrote:

Good morning Ms. Benton,

I have included a link below to information we have posted that may answer your questions.  For customers who are seeing an unusual increase in their bill, I would suggest looking at the usage comparison (this billing period versus one year ago).  This information is on the bills and takes into account the seasonal variation since usage is highest during the summer months due to outdoor irrigation.  Couple that with the fact that we are still operating under drought conditions where if a customer exceeds the monthly allocations, the surcharges will be reflected on the bill.

Please know that rates are set by the California Public Utilities Commission after a thorough process that usually takes one year or more.  The rate increases and associated surcharge as well as our Water Shortage Contingency Plan (drought penalties) are approved by the Commission.

Your question about why unit rates are increased 26.4% requires some explanation.  The January rate schedule you listed is correct although it does not include the wholesale water rate increases levied by the Santa Clara Valley Water District on July 1 of every year.  To arrive at the true unit rate, you would need to add the 2013, 2014, and 2015 Groundwater and Purchased Water surcharges.  These surcharges would have added up to approximately $0.64 per unit on top of the figures you have.  When accounting for this, the rate increase is actually around or less than 8.6%, depending on the tier.

The CPUC requires these surcharges to be shown separately on the bills.  Since we recently received our rate increase decision on June 14, 2016, a true-up occurred that allowed for the 2013, 2014, and 2015 surcharges to be removed.  However, the Santa Clara Valley Water District recently increased rates on July 1, 2016, so there will be two surcharges representing the 2016 increase.  A billing example link is included below and I hope it’s helpful.

Best,

John

<https://www.sjwater.com/news/topic/water-bill-inquiry>

<https://www.sjwater.com/for_your_home/home_customer_care/billing/how_to_read_your_bill>

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**Subject:** EXPLAIN THE EXTREMELY HIGH WATER BILLS

On Monday, September 22, 2016 10:38 AM, Rita Benton wrote:

Mr. Tang,

Thank you for responding. I find your information most unhelpful. I am spending a large amount of my time trying to understand out water bill. I have spent hours researching the bullet points I submitted to you in this email. The least you could do is take equally as much time and thought in responding to me.

You did not show me the math calculations for the tier 1, 2 & 3 rate increases.

You did not explain why the allocations on our bills are less than the imposed amount.

You did not explain why we are getting billed multiple times for the same water usage.

You did not explain the math calculations used for surcharges and "true-up" surcharges and why this doesn't appear on our bill.

You did not explain how SJWC"s business practices are fair and honest.

You did not explain why the data collection is imprecise and our bills have precise water usage and what SJWC is doing to change this.

Directing me to your "How to Read Your Bill" website absolutely does not help me understand how many units fall under DS1 and how many fall under DS2. Nor does it help me understand how SJWC arrives at the True-Up Surcharges, SCVWD Purchased Water charges, SCVWD Ground Water charges, WCMA charges, Balancing Account Surcharges etc.

Please put some time and thought into your next response to me.

Thank you,

Rita Benton

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**Subject:** EXPLAIN THE EXTREMELY HIGH WATER BILLS

On Sep 22, 2016, at 3:04 PM, Tang, John <[john.tang@sjwater.com](mailto:john.tang@sjwater.com)> wrote:

Ms. Benton,

Our helpful Customer Service staff at 408-279-7900 will be happy to assist you with your questions specific to your bill.  My answers follow below to some of your other questions.

Best,

John

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**Subject:** Re: EXPLAIN THE EXTREMELY HIGH WATER BILLS

On Thursday, September 22, 2016 10:38 AM, Rita Benton wrote:

Mr. Tang,

Thank you for responding. I find your information most unhelpful. I am spending a large amount of my time trying to understand out water bill. I have spent hours researching the bullet points I submitted to you in this email. The least you could do is take equally as much time and thought in responding to me.

You did not show me the math calculations for the tier 1, 2 & 3 rate increases.

Using the March 2016 rates which differed slightly from January, please see how the 2013-2015 wholesale water rate increase surcharges from the Santa Clara Valley Water District affected the tiered pricing and associated increase.

<image004.jpg>,

You did not explain why the allocations on our bills are less than the imposed amount.

You did not explain why we are getting billed multiple times for the same water usage.

I am not sure I fully understand this statement and suspect it has to do with the drought surcharges you may be incurring.  Every unit of water you consumed is charged at the rate schedule provided above.  Because we are in the midst of this historic drought, all residential customers are provided a monthly allocation where usage above this threshold will result in drought surcharges.  Essentially customers will pay additional for the same units of water which exceed the allocation(s).  This program has been in effect since June 2015, and we have gone to great lengths to inform our customers.  Again, our comprehensive drought page includes all of this information.

<https://www.sjwater.com/news/topic/comprehensive-drought-information>

You did not explain the math calculations used for surcharges and "true-up" surcharges and why this doesn't appear on our bill.

You did not explain how SJWC"s business practices are fair and honest.

SJWC is regulated by the California Public Utilities Commission (CPUC) and other agencies.  Almost every single facet of our business is highly regulated to ensure we can deliver safe, high quality, and reliable water and exceptional customer service.  In this extraordinary time of drought, SJWC was ordered by the CPUC and the Governor of the State of California to implement a water conservation plan that achieved the State’s and local conservation mandates.  In this regard, the CPUC has reviewed our drought plan three times over the past year and have deemed it to be reasonable.

It’s also worth noting that SJWC has been in business for 150 years.  We are proud of our heritage and commitment to the community in which our employees live, work, and serve.

You did not explain why the data collection is imprecise and our bills have precise water usage and what SJWC is doing to change this.

As you know, we read your meter once every two months.  This frequency prevents us from knowing when and how much water was consumed over the two month period.  As a result, we must prorate usage over the billing period.  One of our goals in the near term is to provide customers with real time usage information.  More frequent readings can provide that information and we are currently testing technology that will facilitate this data.  We plan to seek the CPUC’s approval to deploy this technology throughout our service area in the future.

Directing me to your "How to Read Your Bill" website absolutely does not help me understand how many units fall under DS1 and how many fall under DS2. Nor does it help me understand how SJWC arrives at the True-Up Surcharges, SCVWD Purchased Water charges, SCVWD Ground Water charges, WCMA charges, Balancing Account Surcharges etc.

Please put some time and thought into your next response to me.

Thank you,

Rita Benton

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**Subject:** Re: EXPLAIN THE EXTREMELY HIGH WATER BILLS

On Thursday, September 22, 2016 3:09 PM, Rita Benton wrote:

Mr. Tang,

My questions are not specific to my bill. My questions are about everyone's bills. Again, please answer my questions.

Thank you,

Rita

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**Subject:** Re: EXPLAIN THE EXTREMELY HIGH WATER BILLS

On Thursday, September 22, 2016 3:15 PM, "Tang, John" <[john.tang@sjwater.com](mailto:john.tang@sjwater.com)> wrote:

Ms. Benton,

These questions are best handled by a call to our Customer Service department.

Best,

John

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**Subject:** Re: EXPLAIN THE EXTREMELY HIGH WATER BILLS

On Friday, September 23, 2016 10:52 AM, Rita Benton wrote:

Mr. Tang,

I did call your customer service department and spoke with Darrin Woods for an hour. He was very nice and tried very hard to provide answers to my questions but was unable to explain why my bill (and everyone else’s) shows an allocation deficit, or explain exactly how much we are paying for 1 ccf (including all the surcharges) if we go over our allocation, etc. He did forward an example bill with actual information on it. Not like the blank bill you keep sending everyone to on your website. In the end, he suggested I contact his supervisor and speak with her for more in depth answers. I have left her a message.

SJWC needs to produce a straight forward bill, reevaluate the rates it is charging its customers and needs to be completely transparent with its customers.

**Mr. Tang, do you feel that SJWC is doing right by its customers? Do you feel the current business/ billing practices by SJCW are fair, honest and ethical? I would like to know.**

**Rita Benton**

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**Subject:** Re: EXPLAIN THE EXTREMELY HIGH WATER BILLS

On Thursday, September 23, 2016 11:12 AM, "Tang, John" <[john.tang@sjwater.com](mailto:john.tang@sjwater.com)> wrote:

Ms. Benton,

I absolutely believe that SJWC is an honest and ethical company as we have been for the last 150 years.  Please know that we empathize with residents who are being hit the hardest by the drought program.  There is no conservation plan that will satisfy everyone.  We are complying with the mandates and requests of the Governor, California Public Utilities Commission, and Santa Clara Valley Water District.

The bigger question really is what we, all of us, are doing about this.  Customers have certainly stepped up to conserve as evidenced by the numbers and the improved local water supply picture.  We are extremely appreciative of this effort and also acknowledge that it has impacted the quality of life for some customers.  While it’s certain that this drought will end, we need to prepare now for future droughts.

That is why SJWC was one of the first local utilities to work with the City of San Jose to expand the recycled water distribution system.  We are also collaborating with the Santa Clara Valley Water District and other agencies to expedite other recycled water solutions so that our region can better respond to these multiyear droughts and ensure safe, reliable, and high quality water.  More information on this effort is available at <https://www.sjwater.com/blog/what-recycled-water>.

Best,

John