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(ii) Chamber of Commerce Dues

The Commission in D.04-07-022 confirmed its long-standing policy to disallow dues to chambers of commerce and service clubs. Therefore, DRA removes all Chamber of Commerce dues from its Company Dues estimates. This adjustment reduces SJWC’s Company Dues request by \$48,051¹⁴¹ for the Test Year 2013.

(b) Employee Dues

DRA removes SJWC employees’ membership dues for the Quota Club, the Rotary Club, and the San Jose Lions Club. It is unclear what ratepayer benefits would result from individual employees’ memberships to these social or service organizations. As stated earlier, it is the Commission’s policy to disallow dues to service clubs.

DRA also opposes the inclusion of the San Jose Athletic Club’s dues of approximately \$5,000 per year. SJWC states that this is a necessary compensation to its Chief Executive Office, Senior Vice President – Operations, Chief Financial Office, Executive Vice President – Finance and Vice President – Information Systems.¹⁴² SJWC claims this form of executive compensation is necessary to attract “*high-quality management, leading to better overall utility operations which is beneficial to ratepayers.*”¹⁴³ This is a general claim of need that is unsupported by any compensation data. Ratepayers should not bear the costs of the health club fees for these five executive positions. It is important to note that,

¹⁴¹ \$1,300 for the California Chamber of Commerce; \$519 for the Cupertino Chamber of Commerce; \$1,536 for the Hispanic Chamber of Commerce; \$43,100 for the San Jose Chamber of Commerce; and \$1,536 for the Silicon Valley Black Chamber of Commerce. It should be noted that the \$43,100 for San Jose Chamber of Commerce is based on an incorrect, overstated recorded amount for 2011, according to SJWC’s response to DRA’s Data Request PPM-012.3. Correcting this amount would reduce SJWC’s own test year estimate by about 50%.

¹⁴² SJWC’s March 28, 2911 email in response to DRA’s follow-up of SJWC’s response to DRA’s Data Request PPM-11.3.

¹⁴³ Ibid.

1 according SJWC's General Order 77-M filing,¹⁴⁴ the 2009 annual salaries for
 2 these positions ranged from approximately \$300,000 to \$1,200,000.

3 **10) A&G Expense – Rents**

4 SJWC's estimates of A&G – Rents are based on an escalated five-year
 5 average. Based on information received on the existing rental agreements and
 6 expected rental needs,¹⁴⁵ DRA believes the forecasts should be based on the rental
 7 expense from the recorded year 2011 to reflect more recent rental needs and costs,
 8 and adjusted to reflect current rent amount for 2110 South Bascom Avenue
 9 facility. Below is a comparison of DRA's and SJWC's A&G – Rents estimates
 10 for the Test Year 2013.

A&G EXPENSES	DRA's Estimate	SJWC's Application	SJWC's Update	SJWC's Application > DRA estimate	
Rents	\$311,000	\$482,000	\$482,000	\$171,000	55.0%

11 **11) A&G - Transferred Expenses**

12 SJWC's estimates of A&G – Transferred Expenses are based on a recorded
 13 five-year average plus escalation.¹⁴⁶ Below is a comparison of DRA's and
 14 SJWC's A&G – Transferred Expense estimates for the Test Year 2013.

A&G EXPENSES	DRA's Estimate	SJWC's Application	SJWC's Update	SJWC's Application > DRA Estimate	
Transferred Expenses (rounded)	-\$7,617,000	-\$6,397,000	-\$6,393,000	\$1,220,000	-16.0%

¹⁴⁴ March 26, 2010 letter from Wendy Walker of SJWC to Sean Wilson of the CPUC.

¹⁴⁵ SJWC's response to DRA's Data Request PPM-010.

¹⁴⁶ For Labor and Labor burden components, SJWC applies labor escalation factors; for the All Other component, SJWC applies the weighted escalation factors.