

MAJOR RECOMMENDATIONS

1. SJWC's proposed \$297 million construction budget for the period 2012-2014 should be reduced by \$75 million (Chapter Eight).
2. SJWC estimates of total revenues under present rates should be increased by \$29 million to accurately capture authorized tariffs, correct formula errors, and reflect a more moderate approach to conservation spending (Chapter Two).
3. SJWC's requested 2013 Operating Expense Budget of \$125 million should be trimmed by \$10 million to reflect a more reasonable forecast of the expenses actually necessary for SJWC to provide safe and reliable water service to customers (Chapter Five).
4. SJWC's requested 2013 Administrative & General Expense Budget of \$28 million in 2013 should be reduced by \$6 million to prevent unnecessary growth in staff, salaries and benefits (Chapters Three and Four).
5. SJWC's estimate of \$10 million in working capital should be reduced by \$6 million to correct calculation errors and questionable assumptions (Chapter Ten).
6. SJWC's request to fully decouple sales from revenue so that forecasted revenue from water rates is guaranteed regardless of whether the water is actually sold should be denied (Chapter 16).
6. SJWC's requests for the extraordinary protection provided by tracking expenses in three new memorandum accounts for possible retroactive recovery should be denied (Chapter Seventeen).