

## FORM 10-Q

## SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1995

Commission file number 1-8966

SJW Corp.

(Exact name of registrant as specified in its charter)

California	77-0066628
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

374 West Santa Clara Street, San Jose, CA 95196  
(Address of principal executive offices)  
(Zip Code)

408-279-7810

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year changed  
since last report)

Indicate by check mark whether the registrant (1) has  
filed all reports required to be filed by Section 13 or 15(d)  
of the Securities Exchange Act of 1934 during the preceding  
12 months (or for such shorter period that the registrant was  
required to file such reports), and (2) has been subject to  
such filing requirements for the past 90 days.

Yes  No

## APPLICABLE ONLY TO CORPORATE ISSUERS:

Common shares outstanding as of April 1, 1995 and as of the  
date of this report are 3,250,746.

## PART 1. FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

SJW CORP. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(UNAUDITED)  
(In thousands, except per share amounts)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30		JUNE 30	
	1995	1994	1995	1994
Operating revenue	\$ 23,780	26,715	42,019	45,706
Operating expense:				
Operation:				
Purchased water	5,936	5,251	9,239	8,740
Power	934	1,395	1,531	2,152
Pump taxes	2,666	4,518	4,728	7,312
Other	4,086	5,238	9,395	10,879
Maintenance	1,553	1,539	3,254	2,893
Property and other nonincome taxes	624	703	1,452	1,419
Depreciation	1,894	1,755	3,817	3,580
Income taxes	2,127	2,230	2,729	2,859

		19,820	22,629	36,145	39,834
		-----	-----	-----	-----
Operating income		3,960	4,086	5,874	5,872
Other income		223	147	259	294
Dividend income		187	272	561	544
Interest and other charges		(1,376)	(1,368)	(2,855)	(2,749)
		-----	-----	-----	-----
Net income	\$	2,994	3,137	3,839	3,961
		=====	=====	=====	=====
Earnings per share of common stock	\$	0.92	0.97	1.18	1.22
		=====	=====	=====	=====
Dividends per share of common stock	\$	0.54	0.525	1.08	1.05
		=====	=====	=====	=====
Weighted average outstanding common shares		3,250,746	3,236,992	3,250,746	3,236,992
		=====	=====	=====	=====

SJW CORP. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEET  
(UNAUDITED)  
(In thousands)

		JUNE 30 1995	DECEMBER 31 1994
ASSETS			
Utility plant	\$	314,751	308,515
Less accumulated depreciation		98,250	95,083
		-----	-----
Net utility plant		216,501	213,432
Nonutility property		6,442	7,178
Current assets:			
Cash and equivalents		1,626	1,277
Accounts receivable and accrued revenue		10,259	8,540
Prepaid expenses and other		1,490	3,689
		-----	-----
		13,375	13,506
Other assets:			
Investment in California Water Service Co.		17,324	17,599
Debt issuance and reacquisition costs		4,188	4,262
Regulatory asset		3,645	3,672
Goodwill		2,299	2,341
Other		537	540
		-----	-----
Total other assets		27,993	28,414
		-----	-----
	\$	264,311	262,530
		=====	=====
CAPITALIZATION AND LIABILITIES			
Capitalization:			
Common stock	\$	10,159	10,159
Additional paid-in capital		22,208	22,208
Retained earnings		72,383	72,056
Unrealized loss on investment		(487)	(325)
		-----	-----
Total common shareholders' equity		104,263	104,098
Long-term debt, less current maturities		62,500	62,500
		-----	-----
Total capitalization		166,763	166,598
Current liabilities:			
Current maturities of long-term debt		1,500	1,500
Line of credit		1,800	4,800
Accounts payable		865	967
Accrued interest		2,163	2,173
Accrued pump taxes and purchased water		3,440	3,203
Income taxes payable		2,251	0
Postretirement benefits		1,257	507
Other current liabilities		2,287	2,092
		-----	-----
Total current liabilities		15,563	15,242
Deferred income taxes and tax credits		15,371	15,278
Other noncurrent liabilities		2,214	2,605
Advances for and contributions in aid of construction		64,400	62,807
		-----	-----
	\$	264,311	262,530
		=====	=====

SJW CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)  
(In thousands)

	SIX MONTHS ENDED	
	JUNE 30	
	1995	1994
Operating activities:		
Net income	3,839	3,961
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,817	3,723
Deferred income taxes and credits	184	31
Changes in operating assets and liabilities:		
Accounts receivable and accrued revenue	(1,719)	(3,489)
Prepaid expenses and other	2,199	852
Accounts payable and other current liabilities	93	995
Accrued pump taxes and purchased water	237	604
Income taxes payable	2,251	2,908
Accrued interest	(10)	738
Other changes, net	(577)	(1,466)
Net cash provided by operating activities	10,314	8,857
Investing activities:		
Additions to utility plant	(7,088)	(8,231)
Additions to nonutility property	(80)	(488)
Cost to retire utility plant	(249)	(222)
Temporary investments	0	195
Net cash proceeds from sale of machine shop	1,954	0
Net cash used in investing activities	(5,463)	(8,746)
Financing activities:		
Dividends paid	(3,511)	(3,413)
Line of credit	(3,000)	0
Advances and contributions in aid of construction	2,608	2,858
Refunds of advances	(599)	(631)
Net cash used in financing activities	(4,502)	(1,186)
Net change in cash and equivalents	349	(1,075)
Cash and equivalents, beginning of period	1,277	2,363
Cash and equivalents, end of period	\$ 1,626	1,288
Supplemental disclosures of cash flow information:		
Cash paid (credited) during period for:		
Interest	\$ 2,712	1,878
Income taxes	\$ (1,057)	0

SJW CORP. AND SUBSIDIARIES  
Notes to Condensed Consolidated Financial Statements  
June 30, 1995

NOTE I - General

In the opinion of SJW Corp., the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the results for the interim periods.

The Notes to Consolidated Financial Statements incorporated by reference in SJW Corp.'s 1994 Annual Report on Form 10-K should be read with the accompanying condensed consolidated financial statements.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources:

San Jose Water Company plans to issue \$15,000,000 of unsecured 30-year senior notes through private placement in the third quarter of 1995. Proceeds from the sale of the unsecured notes will be used to repay short-term borrowings, redeem at maturity, Series N 4.85% first mortgage bonds in the amount of \$1,500,000 plus accrued interest and fund construction expenditures through the remainder of 1995 and first half of 1996.

San Jose Water Company has a commercial bank line of credit that provides for unsecured borrowings of up to \$20,000,000 at rates which approximate the bank's prime or reference rate. At June 30, 1995, San Jose Water Company had available an unused short-term bank line of credit of \$18,200,000.

San Jose Water Company's capital expenditures are incurred in connection with normal upgrading and expansion of existing facilities and to comply with environmental regulations. Capital expenditures for the next five years are likely to increase from historical levels due to the addition of new, or expansion of existing, water treatment and source of supply facilities and to comply with environmental regulations. Net capital expenditures for 1995 are estimated at \$15,907,000. For the five year period from 1995 to 1999, San Jose Water Company's net capital expenditures are estimated to aggregate \$80,000,000. Net capital expenditures represent gross capital expenditures less advances and contributions in aid of construction.

General:

SJW Corp. is a holding company created in 1985 through an agreement of merger with San Jose Water Company. SJW Corp. has operational and financial flexibility and can engage in nonutility activities.

San Jose Water Company is a public utility in the business of providing water service to approximately 921,000 people in the metropolitan San Jose area.

SJW Land Company, a wholly-owned subsidiary, was formed in 1985 for the purpose of real estate development. It operates parking facilities located adjacent to the Company's headquarters and the San Jose Arena.

Western Precision, Inc., a wholly-owned subsidiary acquired in 1992, sold its precision mechanical parts manufacturing facility in March 1995. Western Precision, Inc. was subsequently renamed W P Shell Corporation. On June 5, 1995, W P Shell Corporation was liquidated and merged into SJW Corp. with SJW Corp. succeeding to all rights, assets and liabilities of W P Shell Corporation including 549,976 shares of California Water Service Company.

Results of Operations:  
Overview

SJW Corp.'s consolidated net income for the second quarter of 1995 was \$2,994,000, a decrease of 4.6% from \$3,137,000 in the second quarter of 1994. The decrease in consolidated net income is due primarily to reduced water usage and the sale, in the first quarter of 1995, of the machine shop operations.

Operating Revenue

The change in consolidated operating revenue from the same period in 1994 is due to the following factors:

Operating revenue	Three months ended June 30, 1995 vs. 1994	
	Increase/(decrease)	
<hr/>		
Utility:		
Consumption	\$(1,562,000)	(5.9)%
New customers	82,000	0.3 %
Real estate	43,000	0.2 %
Other Operations	(1,498,000)	(5.6)%
	<hr/>	
	\$(2,935,000)	(11.0)%
	=====	=====

Other operations revenue decreased primarily due to W P Shell Corporation's sale of the machine shop operation in the first quarter of 1995.

#### Operating expense

The change in consolidated operating expense, excluding income taxes, from the same period in 1994 is due to the following:

Operating Expense	Three months ended June 30, 1995 vs. 1994	
Operation and maintenance	\$(2,767,000)	(13.6)%
Depreciation	140,000	0.7 %
General Taxes	(79,000)	(0.4)%
	<u>\$(2,706,000)</u>	<u>(13.3)%</u>
	=====	=====

The decrease in operation and maintenance expense is primarily due to two factors: (1) reduced water production cost resulting from the availability of greater surface water supplies and lower customer usage, and (2) reduction of operation expense due to the sale of the machine shop.

Income tax expense decreased \$103,000 which is 4.6% in comparison to the second quarter of 1994.

Since the water business is highly seasonal in nature, a comparison of the revenue and expense of the current quarter with the immediately preceding quarter would not be meaningful. Average usage per metered customer in the second quarter of 1995 decreased 7.6% from the second quarter of 1994.

#### Water Supply

On August 1, 1995, Santa Clara Valley Water District's 10 reservoirs were 83% full with 141,817 acre feet of water in storage -- which is above average for the past 20 years. As of August 1, 1995, the water level in the Santa Clara ground water basin exceeded the 30-year average. The heavy rainfall in January and March of 1995 increased the surface water supplies to the Company. Surface water is a less costly source of water and its availability significantly impacts the results of operation.

## Regulatory Affairs

Because San Jose Water Company's most recent general rate case decision covered only the three years from 1992 through 1994, it is not authorized to increase rates in 1995.

On July 3, 1995, San Jose Water Company submitted its Notice of Intent to file a general rate case application with the Public Utilities Commission of California. The company requests an 8.7% rate increase in 1996 and a step rate increase of 1.2% for 1997 and 0.4% for the years 1998 and 1999, respectively. The rate increase is designed to provide a return on common equity of 12.25% for the years 1996-1999. If interest rates remain at current levels, the company expects to receive a rate of return more in line with those being authorized today. This rate application is expected to provide rate relief in the spring of 1996.

## PART II. OTHER INFORMATION

### Item 1. LEGAL PROCEEDINGS

#### Valley Title Company

In October 1993, San Jose Water Company was named as a defendant by Valley Title Company and its insurer in a lawsuit filed in Santa Clara County Superior Court in San Jose, California. Plaintiffs claimed a fire service pipeline ruptured in October 1992, causing water to flood the title company's basement. The suit asked reimbursement for cleanup costs, damages for lost title records, business related damages and lost rents. San Jose Water Company denied liability, claiming it did not own the portion of the water line that failed. The title company had an unsealed heating oil tank in its basement which flooded and contributed to much of the loss. San Jose Water Company took the position that to the extent the damage to the building and its contents was caused or increased by oil mixed with the water, that increase in damage was solely the responsibility of the title company.

Plaintiff's insurance carrier claimed expenditures in excess of \$5.4 million. During the three month trial which ended in April 1995, San Jose Water Company's insurance carrier agreed to settle that claim for \$3.5 million. This portion of the claim has been paid.

At trial, the title company reduced its demand for damages resulting from destroyed title files from \$21 million to \$14 million. The jury awarded the title company \$3.0 million, and San Jose Water Company has appealed. Because of the ongoing uncertainties of the appeal process, San Jose Water Company has no certain measure on the size of loss, if any, to the company.

San Jose Water Company believes that any final award to plaintiff will be within the stated limits of the company's insurance coverage. San Jose Water Company does not believe, based upon all available information, that the outcome of the appeal will have a material adverse effect on its financial position.

No governmental entity is known to have an unresolved claim against San Jose Water Company arising from the release of oil in this incident.

#### City of San Jose

On June 27, 1995, the City of San Jose passed an ordinance imposing a franchise fee on the gross annual receipts arising from the use, operation, or possession of a "Potable Water Franchise". This ordinance became effective on July 28, 1995. SJWC maintains that it has a "constitutional franchise" dating from at least 1891, and that the City of San Jose cannot legally impose any new franchise or new franchise fees on SJWC's operations. SJWC has filed suit to challenge this new city ordinance.

Although there is a procedure whereby the Public Utilities Commission may authorize collection of the new franchise fee by surcharge from its customers, SJWC has decided not to impose such a surcharge at this time. Instead, with the concurrence of the Division of Ratepayer Advocates, SJWC filed an advice letter on July 13, 1995 with the Public Utilities Commission requesting permission to establish a memorandum account for the imposed franchise fee starting on the date on which the city ordinance becomes effective. If the Commission permits the establishment of such an account, SJWC expects to be able to collect the franchise fee from its customers by surcharge in the event that its efforts to invalidate the ordinance are unsuccessful. SJWC does not believe, based upon all available information, that the outcome of this event will have a material adverse effect on its financial position.

Item 4. Submission of Matters to a Vote of Security Holders

At the 1995 annual Meeting of Shareholders of the company held on April 20, 1995, nine directors were re-elected to the Board of Directors and the appointment of KPMG Peat Marwick, LLP as independent auditors for 1995 was ratified by the following votes:

Name of Director	Votes for	Votes against
Mark L. Cali	2,967,203	14,690
J. Philip DiNapoli	2,968,758	13,135
Drew Gibson	2,970,224	11,669
Ronald R. James	2,969,724	12,169
George Moss	2,968,805	13,088
Roscoe Moss, Jr.	2,970,023	11,870
W. Richard Roth	2,970,024	11,869
Charles J. Toeniskoetter	2,970,024	11,869
J. W. Weinhardt	2,970,919	10,974

Ratification of appointment of independent auditors for 1995:

Votes for Appointment	Votes against Appointment	Votes Abstaining
2,953,845	9,910	18,138

Item 5. OTHER INFORMATION

On July 20, 1995, the Board of Directors declared the regular quarterly dividend of \$.54 per common share. The dividend will be paid September 1, 1995 to shareholders of record as of the close of business on August 1, 1995.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a.) Exhibits required to be filed by Item 601 of Regulation S-K.

There were no exhibits required to be filed by Item 601 of Regulation S-K for the quarter ended June 30, 1995.

(b.) Reports on Form 8-K

No reports on Form 8-K have been filed during the quarter ended June 30, 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SJW Corp.

Date: August 14, 1995

By /s/

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W. R. ROTH  
Chief Financial Officer

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6-MOS	DEC-31-1994	APR-01-1995	JUN-30-1995	PER-BOOK
	216,501			
	6,442			
	13,375			
	0			
		27,993		
		264,311		
			10,159	
	22,208			
	71,896			
104,263				
	0			
			0	
	62,500			
	1,800			
	0			
0				
1,500				
	0			
	0			
			0	
94,248				
264,311				
	42,018			
	2,729			
	33,416			
	36,145			
	5,873			
		435		
6,308				
	2,470			
			3,838	
	0			
3,838				
	3,511			
	2,470			
	10,313			
				1.18
				1.18