

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 March 31, 2000

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)

408-279-7800

(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 May 1, 2000 and as of the date of this report are 3,045,147.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SJW CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
(UNAUDITED)

(In thousands, except per share amounts)

	THREE MONTHS ENDED	
	MARCH 31	
	2000	1999
Operating revenue	\$23,537	21,067
Operating expense:		
Operation:		
Purchased water	4,730	3,931
Power	632	561
Pump taxes	2,825	2,353
Other	5,775	4,760
Maintenance	1,743	1,621
Property taxes and other		
nonincome taxes	1,016	936
Depreciation and amortization	2,961	2,563
Income taxes	874	1,184

Total operating expenses	20,556	17,909
Operating income	2,981	3,158
Other income	89	131
Dividend income	302	298
Merger-related costs	(163)	-
Interest on long-term debt and other charges	(1,882)	(1,806)
Net income	\$1,327	1,781
Other comprehensive loss:		
Unrealized loss on investment	(8,249)	(7,493)
Income taxes related to other comprehensive loss	3,382	3,072
Other comprehensive loss, net	(4,867)	(4,421)
Comprehensive loss	\$(3,540)	(2,640)
Basic earnings per share	\$0.44	0.58
Comprehensive loss per share	\$(1.16)	(0.86)
Dividends per share of common stock	\$0.615	0.60
Weighted average shares outstanding	3,045	3,084

See accompanying notes to consolidated financial statements.

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

ASSETS	MARCH 2000	DECEMBER 1999
Utility plant	\$438,394	432,262
Less accumulated depreciation and amortization	132,413	129,828
Net utility plant	305,981	302,434
Nonutility property	10,089	10,133
Current assets:		
Cash and equivalents	850	124
Accounts receivable and accrued revenue	11,778	12,580
Prepaid expenses and other	1,022	1,096
Total current assets	13,650	13,800
Other assets:		
Investment in Calif. Water Service Group	25,093	33,342
Investment in joint venture	1,210	1,210
Debt issuance and reacquisition costs	3,840	3,880
Regulatory assets	5,185	5,177
Goodwill	1,893	1,914
Other	499	537
Total other assets	37,720	46,060
	\$367,440	372,427

CAPITALIZATION AND LIABILITIES

Capitalization:		
Common stock	\$ 9,516	9,516
Additional paid-in capital	12,357	12,357
Retained earnings	112,512	113,058
Accumulated other comprehensive income	4,096	8,963
Shareholders' equity	138,481	143,894
Long-term debt	90,000	90,000
Total capitalization	228,481	233,894
Current liabilities:		
Line of credit	5,100	3,300
Accounts payable	1,568	476
Accrued interest	1,999	2,751
Accrued pump taxes and purchased water	2,520	3,072
Accrued taxes payable	2,990	3,849
Other current liabilities	4,574	3,394

Total current liabilities	18,751	16,842
Deferred income taxes and tax credits	24,513	28,152
Other noncurrent liabilities	3,028	2,794
Advances for and contributions in aid of construction	92,667	90,745
	\$367,440	372,427

See accompanying notes to consolidated financial statements

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

	THREE MONTHS ENDED	
	MARCH 31	
	2000	1999
Operating activities:		
Net income	\$1,327	1,781
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,961	2,563
Deferred income taxes and credits	(3,639)	(2,731)
Changes in operating assets and liabilities:		
Accounts receivable and accrued revenue	802	962
Prepaid expenses and other	74	268
Accounts payable & other current liabilities	2,272	(1,623)
Accrued pump taxes and purchased water	(552)	(459)
Accrued taxes payable	(859)	1,652
Accrued interest	(752)	(753)
Other changes, net	3,816	3,364
Net cash provided by operating activities	5,450	5,024
Investing activities:		
Additions to utility plant	(6,693)	(7,429)
Cost to retire utility plant	(176)	(128)
Net cash used in investing activities	(6,869)	(7,557)
Financing activities:		
Borrowings on line of credit	1,800	3,200
Dividends paid	(1,873)	(1,898)
Advances and contributions in aid of construction	2,448	1,092
Refunds of advances	(230)	(223)
Purchase of common stock	-	(7,111)
Net cash provided by (used in) financing activities	2,145	(4,940)
Net change in cash and equivalents	726	(7,473)
Cash and equivalents, beginning of period	124	8,066
Cash and equivalents, end of period	\$ 850	593
Supplemental disclosures of cash flow information:		
Cash paid during period for:		
Interest	\$2,562	\$2,517
Income taxes	\$2,548	-

See accompanying notes to consolidated financial statements

SJW CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2000

NOTE I - General

In the opinion of SJW Corp., (the Corporation), 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 1999 Annual Report on Form 10-K should be read with the accompanying condensed consolidated financial

statements.

Basic earnings per share and comprehensive income per share are calculated using income available to common shareholders and comprehensive income, respectively, divided by the weighted average number of shares outstanding during the year. SJW Corp. has no dilutive securities, and accordingly, diluted earnings per share is not shown.

SJW Corp. and its subsidiaries operate predominantly in one reportable business segment of providing water utility service to its customers. Nonutility revenue, assets, and net income do not have a material effect on the corporation's financial condition and results of operation.

NOTE II - The Merger

On October 28, 1999, SJW Corp. and American Water Works Company, Inc. (American Water) entered into an Agreement and Plan of Merger (the Merger Agreement). Pursuant to the Merger Agreement, a wholly owned subsidiary of American Water will merge with and into SJW Corp.

Under the terms of the Merger Agreement, each share of the corporation's common stock outstanding on the closing date would be converted into the right to receive \$128 per share in cash. SJW Corp. expects that the transaction will be completed within twelve months, following all required regulatory approvals, and the termination of the waiting period under federal antitrust laws. Shareholders of SJW Corp. approved the Merger Agreement at the Annual Meeting of the Shareholders held on April 20, 2000.

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

Liquidity and Capital Resources:

SJW Corp. and its subsidiaries have unsecured lines of credit available allowing aggregate short-term borrowings of up to \$28,000,000 at rates which approximate the bank's prime or reference rate. At March 31, 2000, SJW Corp. and its subsidiaries had available unused short-term bank lines of credit of \$22,900,000.

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 in order to comply with environmental regulations. Company-financed net capital expenditures for 2000 are estimated at \$24,500,000. For the five-year period from 2000 to 2004, San Jose Water Company's net capital expenditures are estimated to aggregate \$120,000,000. Net capital expenditures represent gross capital expenditures less advances and contributions in aid of construction.

General:

SJW Corp. is a holding company that was 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 979,000 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 Corporation's headquarters and the San Jose Arena. SJW Land Company also owns a commercial building in San Jose and a 70% limited partnership interest in 444 West Santa Clara Street, L.P.

SJW Corp. also owns 1,099,952 shares of California Water Service Group.

Results of Operations:

Overview

SJW Corp.'s consolidated net income for the first quarter of 2000 was \$1,327,000, a decrease of 25% from \$1,781,000 in the first quarter of 2000. Dry weather in the first quarter caused customers to increase water usage, and as a result, revenue was higher than 1999 first quarter levels. Despite the higher revenue, consolidated net income decreased. The decrease in consolidated net income is due primarily to certain expenses which were incurred in conjunction with SJW Corp.'s merger with American Water Works Company, Inc., of which regulatory approval is pending.

Operating Revenue

The change in consolidated operating revenue from the same period in 1999 is due to the following factors:

	Three months ended March 31, 2000 vs. 1999	
	Increase	
Utility:		
Consumption	\$ 1,401,000	6.7%
New customers	104,000	0.5
New rates	851,000	4.0
Real estate	114,000	0.5
	\$ 2,470,000	11.7%

Operating Expense

The change in consolidated operating expense, excluding income taxes, from the same period in 1999 is due to the following:

	Three months ended March 31, 2000 vs. 1999	
	Increase	
Operation and maintenance	\$ 2,478,000	14.8%
Depreciation	398,000	2.4
General taxes	80,000	0.5
	\$ 2,956,000	17.7%

The increase in operation and maintenance expense is due primarily to increased water production costs, resulting from the increase in customer water consumption, and the additional merger-related employee compensation in the first quarter of 2000.

Income tax expense decreased \$310,000, or 26%, in comparison to the first quarter of 1999. The effective rate for each period is approximately 40%.

Interest expense increased \$50,000, or 3%, due to the increase in borrowing.

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. The first quarter is normally the quarter with the lowest average usage per metered customer and is not indicative of the results for the calendar year. The average usage per metered customer in the first quarter of 2000 increased 10% from the first quarter of 1999.

Water Supply

On April 26, 2000, Santa Clara Valley Water District's ten

storage reservoirs were 87% full with 147,711 acre feet of water, which is above average for the past 20 years. The rainfall in the winter of 2000 maintained a slightly above average surface water supply for the Corporation. Surface water is a less costly source of water and its availability significantly impacts the results of operation.

Regulatory Affairs

On February 18, 2000, San Jose Water Company filed its application for a general rate increase effective for the year 2001 through 2003. The Company is requesting a return on equity of 11.75% for the years 2001 through 2003. Recent rates of return on common equity authorized by the Commission have been in the 10% range for water utilities.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the 2000 Annual Meeting of Shareholders of the Corporation held on April 20, 2000, nine directors were re-elected to the Board of Directors, and the appointment of KPMG LLP as independent auditors for 2000 was ratified by the following votes:

Name of Director	In Favor	Against
Mark L. Cali	2,873,153	29,501
J. Philip DiNapoli	2,873,228	29,426
Drew Gibson	2,873,256	29,401
Ronald R. James	2,872,513	30,141
George Moss	2,873,625	29,026
Roscoe Moss, Jr.	2,873,650	29,001
W. Richard Roth	2,873,189	29,465
Charles J. Toeniskoetter	2,873,088	29,566
J.W. Weinhardt	2,853,256	29,401

Ratification of appointment of independent auditors for 2000:

In Favor	Against	Abstaining
2,842,439	23,428	36,787

The shareholder proposal set forth in the Corporation's Proxy Statement for the 2000 Annual Meeting of Shareholders held on April 20, 2000 was not approved by the following votes:

In Favor	Against	Abstaining	Non-votes
387,126	2,025,873	101,753	387,902

The proposal to approve and adopt the Agreement and Plan of Merger, dated as of October 28, 1999, a copy of which was included with the notice of the meeting and mailed to all shareholders of record on March 22, 2000, which provides that the Corporation will be merged into a wholly owned subsidiary of American Water, was approved by the following votes:

In Favor	Against	Abstaining	Non-votes
2,449,722	37,413	36,272	379,247

ITEM 5. OTHER INFORMATION

On April 20, 2000, the Board of Directors of the Corporation declared the regular quarterly dividend of \$.615 per common share. The dividend will be paid June 1, 2000, to shareholders of record as of the close of business on May 1, 2000.

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 March 31, 2000.

(b.) Reports on Form 8-K

No reports on Form 8-K have been filed during the quarter ended March 31, 2000.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Corporation has no derivative financial instruments, financial instruments with significant off-balance sheet risks, or financial instruments with concentrations of credit risk. There is no material sensitivity to change in market rates and prices.

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:

By /s/

ANGELA YIP

Chief Financial Officer & Treasurer

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	DEC-31-1999	MAR-31-2000	PER-BOOK
3-MOS			
	305,981		
	10,089		
	13,650		
	0		
		37,720	
		367,440	
			9,516
	12,356		
	116,609		
138,481			
	0		
			0
	90,000		
	5,100		
	0		
0			
0			
	0		
			0
133,859			
367,440			
	23,537		
		874	
	19,682		
	20,556		
	2,981		
		124	
3,105			
	1,778		
			1,327
	0		
1,327			
	1,873		
	1,711		
	5,450		
			.44
			.44