

Decision No. 67300

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of THE CAMPBELL WATER COMPANY, a corporation, for authority to increase its rates and charges for its water system serving the City of Campbell, City of San Jose and adjacent territory in Santa Clara County, in order to offset certain pump taxes.

Application No. 46580  
(Filed April 21, 1964)

O P I N I O N

Applicant, The Campbell Water Company, seeks authority to increase its rates for water service to offset the pump tax which is to become effective July 1, 1964. The Commission staff has reviewed and analyzed this application and prepared a report thereon which is hereby made a part of the record as Exhibit No. 1.

Service Area and Source of Supply

Applicant provides water service to some 3,700 customers within a service area of about 2½ square miles, located in and near Campbell, in Santa Clara County. Its sources of supply consist entirely of wells located within the boundaries of (1) Santa Clara County Flood Control and Water Conservation District and (2) Santa Clara Valley Water Conservation District.

Rates

Applicant's present rates became effective in 1963 pursuant to Decision No. 64981 in Application No. 43963. They provide for general metered service, measured irrigation service and miscellaneous water service, with charges being a function of quantity used, and flat rate fire protection service.

Following is a comparison of applicant's present general metered service rates and those requested in this application, based upon service through a 5/8 x 3/4-inch meter:

Table I  
Comparison of Rates

<u>Item</u>	<u>Present</u>	<u>Requested</u>
First 500 cu.ft. or less .....	\$1.65	\$1.90
Next 1,500 cu.ft., per 100 cu.ft. ....	.27	.32
Next 2,000 cu.ft., per 100 cu.ft. ....	.22	.26
Next 46,000 cu.ft., per 100 cu.ft. ....	.17	.21
Over 50,000 cu.ft., per 100 cu.ft. ....	.13	.17

The present rates and requested rates each provide for a graduated scale of increased minimum charges for service through larger than a 5/8 x 3/4-inch meter. Applicant also requests that the present irrigation service rate of \$0.40 per hour for a flow of 100 gpm be increased to \$0.53 and that the present miscellaneous water service rate to tank trucks of \$0.60 per 1,000 gallons be increased to \$0.65. No increases are requested in rates for fire protection service.

Pump Taxes

Ground water extraction charges or "pump taxes" soon will be imposed by Santa Clara County Flood Control and Water Conservation District (County) and by Santa Clara Valley Water Conservation District (Valley) upon applicant and others extracting water from the underlying water basin. Inasmuch as such charges had not been fixed at the time of applicant's last rate proceeding, no provision was made therefor in the expense estimates upon which the present rates are based.

Levies of \$5.00 and \$2.25, respectively, per acre foot will be payable to County and Valley for water extracted by applicant for agricultural use. The corresponding tax rates for

nonagricultural water extractions are \$10.00 and \$8.85. These tax rates apply to the water year ended June 30, 1965. After offsetting an anticipated ad valorem tax reduction of \$120 and giving consideration to the proportion of applicant's total supply which it delivers to agricultural customers, the rate increases hereinbefore discussed are requested by applicant to offset the pump taxes.

In applicant's proposed irrigation rate, recognition has been given to the lower pump tax rate applicable to water used for agricultural purposes. It is possible that deliveries to some customers under general metered service rates may, in the future, also qualify for the lower tax rate. A special condition in the general metered service rate schedule authorized herein provides an appropriately lower rate for any such deliveries.

Financial and Rate Requirements

Exhibit F to the application shows that, excluding the pump tax but reflecting present water rates, the investment tax credit and the reduced income tax rates to become effective for 1965, applicant's rate of return for 1964 would be lower than the 6-3/4 percent found by this Commission to be reasonable in applicant's last rate proceeding. Exhibit No. 1 confirms this. Exhibit No. 1 and Exhibit F show that the 17 percent increase in annual revenues resulting from the requested rates, at the 1964 level of deliveries, would be from \$41,500 to \$44,000. This is slightly less than the applicable pump taxes estimated on a comparable basis. Both exhibits also show that applicant's rate of return would decline to less than 1½ percent at present water rates after the pump tax becomes effective.

Findings and Conclusion

1. Applicant is in need of increased revenues to offset the pump taxes which become effective July 1, 1964.
2. Applicant's estimates of additional operating revenues required to offset the pump taxes are reasonable.
3. The increases in rates and charges authorized herein are justified, the rates and charges authorized herein are reasonable, and the present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.

The Commission concludes that the application should be granted as set forth in the ensuing order. A public hearing is not necessary.

O R D E R

IT IS ORDERED that after the effective date of this order, applicant, The Campbell Water Company, is authorized to file the revised schedules of rates set forth in Appendix A to this order. Such filing shall comply with General Order No. 96-A. The revised rate schedules shall become effective for service rendered on and after July 1, 1964 or on and after the fourth day following the date of filing, whichever is later.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 3rd day of June, 1964.

William L. Brown  
President

Robert E. ...

George H. ...

Fredrick B. Hallock  
Commissioners

APPENDIX A  
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Campbell and vicinity, Santa Clara County.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>	
First 500 cu.ft. or less .....	\$1.90	(I)
Next 1,500 cu.ft., per 100 cu.ft. ....	.32	
Next 2,000 cu.ft., per 100 cu.ft. ....	.26	
Next 46,000 cu.ft., per 100 cu.ft. ....	.21	
Over 50,000 cu.ft., per 100 cu.ft. ....	.17	
 Minimum Charge:		
For 5/8 x 3/4-inch meter .....	\$1.90	(I)
For 3/4-inch meter .....	2.90	
For 1-inch meter .....	4.60	
For 1 1/2-inch meter .....	9.40	
For 2-inch meter .....	14.40	
For 3-inch meter .....	24.50	
For 4-inch meter .....	37.00	
For 6-inch meter .....	75.00	
For 8-inch meter .....	125.00	

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.

(Continued)

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Schedule No. 1

GENERAL METERED SERVICE

(Continued)

SPECIAL CONDITION

Customers who receive water deliveries for agricultural purposes under this schedule, and who present evidence to the utility that such deliveries qualify for the lower pump tax rates levied by Santa Clara County Flood Control and Water Conservation District and by Santa Clara Valley Water Conservation District for agricultural water, shall receive a credit of three cents per 100 cubic feet on each water bill for the quantities of water used during the period covered by that bill.

(N)

(N)

*CORRECTION*

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THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY

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(Continued)

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(N)

(N)

Schedule No. 3ML

MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service furnished on a limited basis.

TERRITORY

Campbell and vicinity, Santa Clara County.

RATES

	Per Delivery	
Minimum charge per service .....	\$ 3.00	
Hourly rate per 100 gallons per minute stream .....	.53	(I)

SPECIAL CONDITION

Service under this schedule shall be limited to the premises being served hereunder prior to the effective date of this tariff sheet.

Schedule No. 9 MC

MISCELLANEOUS WATER SERVICE

APPLICABILITY

Applicable to water service furnished to tank trucks.

TERRITORY

Campbell and vicinity, Santa Clara County.

RATE

Per 1,000 Gallons

For all water delivered ..... \$ 0.65 (I)

SPECIAL CONDITION

The company has the right to specify the location and amounts of usage of all such water.