

ORIGINAL

Decision No. 67333

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 CALIFORNIA WATER SERVICE COMPANY, a  
 corporation, for an order authorizing  
 it to increase rates charged for  
 water service in the Los Altos-Suburban  
 district in order to offset certain  
 assessments of the Santa Clara County  
 Flood Control and Water Conservation  
 District and certain assessments of  
 the Santa Clara Valley Water Conser-  
 vation District.

Application No. 46589  
(Filed April 24, 1964)

O P I N I O N

Applicant California Water Service Company seeks authority to increase its rates for water service in its Los Altos-Suburban District 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

In addition to serving 20 other districts throughout California, applicant provides water service to some 12,600 customers within a service area of about 17 square miles, located in and near Los Altos, Cupertino, Los Altos Hills, Mountain View, Santa Clara and Sunnyvale, in Santa Clara County. Its sources of supply consist primarily 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 1960 pursuant to Decision No. 60646 in Application No. 41388. They provide for general metered service in two separate tariff areas and service to company employees, 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:

Table I  
Comparison of Rates

<u>Item</u>	<u>Basic Zone</u>		<u>Loyola Zone</u>	
	<u>Present</u>	<u>Requested</u>	<u>Present</u>	<u>Requested</u>
First 3,000 cu.ft., per 100 cu.ft. ....	\$0.24	\$0.285	\$0.29	\$0.335
Next 27,000 cu.ft., per 100 cu.ft. ....	.22	.265	.25	.295
Over 30,000 cu.ft., per 100 cu.ft. ....	.19	.235	.22	.265

The present rates provide for a graduated scale of service charges for service through various sizes of meters. No increases are requested in these service charges nor 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 non-agricultural water extractions are \$10.00 and \$8.85. These tax rates apply to the water year ended June 30, 1965. A corresponding increase of 4 cents per hundred cubic feet must be paid to San Jose Water Works for water purchased from it for resale by applicant, to cover the offset rate increase granted to San Jose Water Works in Application No. 46594 for the pumping taxes that San Jose will incur beginning July 1, 1964. After offsetting an anticipated ad valorem tax reduction of \$400 and giving consideration to the proportion of applicant's total supply which it purchases from San Jose Water Works, the rate increases hereinbefore discussed are requested by applicant to offset the pump taxes.

It is possible that deliveries to some agricultural customers under general metered service rates may, in the future, qualify for the lower tax rate. A special condition in the general metered service rate schedules authorized herein provides an appropriately lower rate for any such deliveries.

#### Financial and Rate Requirements

Exhibit No. 1 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, and income tax reductions related to involuntary conversions in accordance with Decision No. 63530, dated April 5, 1962, in Application No. 43397, applicant's rate of return for 1964 would not reach 5 percent which is considerably under the 6-1/4 percent found by this Commission to be reasonable in applicant's last Los Altos-Suburban District rate proceeding. The application shows that the 14 percent increase in

annual revenues resulting from the requested rates, at the 1964 level of deliveries, would be about \$163,900. This is approximately the same as the applicable pump taxes estimated on a comparable basis. The application also shows that applicant's rate of return would decline to less than four 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 California Water Service 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 W. Bennett  
President  
John E. Mitchell  
Carroll O. Lodge  
George T. Grover  
Fredrick B. Holbrook  
Commissioners

APPENDIX A  
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## Schedule No. IS-1

Los Altos-Suburban Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The City of Los Altos and vicinity, Santa Clara County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Service Charge:		
For 5/8 x 3/4-inch meter .....	\$ 2.00	
For 3/4-inch meter .....	2.20	
For 1-inch meter .....	2.40	
For 1 1/2-inch meter .....	4.00	
For 2-inch meter .....	5.80	
For 3-inch meter .....	10.60	
For 4-inch meter .....	13.80	
For 6-inch meter .....	21.00	
For 8-inch meter .....	28.40	
For 10-inch meter .....	40.00	
Quantity Rates:		
First 3,000 cu.ft., per 100 cu.ft. ....	\$ 0.285	(I)
Next 27,000 cu.ft., per 100 cu.ft. ....	.265	
Over 30,000 cu.ft., per 100 cu.ft. ....	.235	(I)

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the monthly charge computed at the Quantity Rates.

(Continued)

Schedule No. LS-1

Los Altos-Suburban Tariff Area

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)

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## Schedule No. IS-1

Los Altos-Suburban Tariff Area  
Loyola ZoneGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The portion of the City of Los Altos and vicinity known as Loyola District, Santa Clara County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Service Charge:		
For 5/8 x 3/4-inch meter .....	\$ 2.00	
For 3/4-inch meter .....	2.20	
For 1-inch meter .....	2.40	
For 1 1/2-inch meter .....	4.00	
For 2-inch meter .....	5.80	
For 3-inch meter .....	10.60	
For 4-inch meter .....	13.80	
For 6-inch meter .....	21.00	
For 8-inch meter .....	28.40	
For 10-inch meter .....	40.00	
Quantity Rates:		
First 3,000 cu.ft., per 100 cu.ft. ....	\$ 0.335	(I)
Next 27,000 cu.ft., per 100 cu.ft. ....	.295	
Over 30,000 cu.ft., per 100 cu.ft. ....	.265	(I)

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the monthly charge computed at the Quantity Rates.

(Continued)



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Schedule No. IS-1

Los Altos-Suburban Tariff Area  
Loyola Zone

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)