

ORIGINAL

Decision No. 67512

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
NORTH LOS ALTOS WATER CO., a corpo-)
ration, for authority to increase)
its rates and charges for its water)
system serving portions of the)
cities of Los Altos, Palo Alto, and)
an adjacent unincorporated area, in)
Santa Clara County.)

Application No. 45625
(Filed July 29, 1963;
amended Dec.12, 1963)

INTERIM OPINION

North Los Altos Water Co. filed a petition on June 12, 1964, in the above-entitled proceeding for an ex parte interim order authorizing it to increase its existing rates for the purpose of offsetting certain taxes on the pumping of ground water which became effective July 1, 1964.

Pump Taxes

Ground water extraction charges or "pump taxes" have been 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.

Levies of \$5 and \$2.25, respectively, per acre-foot are payable to County and Valley for water extracted by applicant for agricultural use. The corresponding tax rates for nonagricultural water extractions are \$10 and \$8.85. These tax rates apply to the water year ended June 30, 1965.

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 schedule authorized herein provides an appropriately lower rate for any such deliveries.

Rate Requirements

The present petition shows that on the company basis an amount of \$0.025 per Ccf would be required to offset this tax for the estimated year 1964, and applicant requests to pass along this tax by increasing the existing rates by \$0.025 per Ccf.

The staff showing in the submitted rate matter on North Los Altos Water Co. indicates a rate of return at present rates of 4.69 percent, not including the offset revenues and expenses for the pump taxes. The company's exhibit indicates a return of 0.39 percent when the pump taxes are included as an expense item but without offsetting revenue. The staff estimates that the requested interim rates would increase the gross revenues of this company by approximately the same amount as the applicable pump taxes, estimated by the staff to be \$9,300, or 7 percent. The California Public Utilities Commission has recently authorized other water utilities serving in this area to increase rates on an ex parte basis to offset these taxes.

Findings and Conclusion

1. Applicant is in need of increased revenues to offset the pump taxes which became effective July 1, 1964.
2. Applicant's estimate of additional operating revenues required to offset the pump taxes is 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 petition should be granted as set forth in the ensuing order. A public hearing on this petition is not necessary.

INTERIM ORDER

IT IS ORDERED that, after the effective date of this order, applicant North Los Altos Water Co. is authorized to file the revised schedule of rates set forth in Appendix A to this order. Such filing shall comply with General Order No. 96-A. The revised rate schedule shall become effective for service rendered on and after August 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 ten days after the date hereof.

Dated at San Francisco, California, this 14th day of July, 1964.

Fredrick B. Hallock
President
Ed E. Mitchell
George F. Trover
Hubert L. Bennett

Commissioners

Commissioner Everett C. McKeago, being necessarily absent, did not participate in the disposition of this proceeding.

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Los Altos and vicinity, Santa Clara County (T)

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>	
First 600 cu.ft. or less.....	\$ 2.90	(I)
Next 2,400 cu.ft., per 100 cu.ft.....	.385	
Over 3,000 cu.ft., per 100 cu.ft.....	.265	
 Minimum Charge:		
For 5/8 x 3/4-inch meter.....	\$ 2.90	(I)
For 3/4-inch meter.....	4.25	
For 1-inch meter.....	6.40	
For 1 1/2-inch meter.....	10.65	
For 2-inch meter.....	16.15	
For 3-inch meter.....	32.70	

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

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 1 1/2 cents per 100 cubic feet on each water bill for the quantities of water used during the period covered by that bill. (N)