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**ORIGINAL**

Decision No. 67962

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
GREAT OAKS WATER CO., INC. for an )  
order authorizing it to increase )  
rates charged for water service in )  
order to offset certain ground water )  
extraction charges. )

Application No. 46772  
(Filed July 2, 1964)

O P I N I O N

Applicant Great Oaks Water Company, Inc. seeks authority to increase its rates for water service to offset the pump tax which became 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 840 customers within a service area of about 1½ square miles, located southwest of the intersection of Coyote Creek and Bayshore Highway in the City of San Jose, Santa Clara County. Its source of supply consists of a well located within the boundaries of (1) Santa Clara County Flood Control and Water Conservation District and (2) Santa Clara Valley Water Conservation District. A second such well will be placed in service soon.

Rates

Applicant's present rates became effective in 1959 pursuant to Decision No. 59173 in Application No. 41363. They provide for general metered service and flat rate fire protection service.

Following is a comparison of applicant's present general metered service rates, those requested in this application, and those recommended in Exhibit No. 1 by the staff, all based upon service through a 5/8 x 3/4-inch meter.

Table I  
Comparison of Rates

<u>Item</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	
		<u>Applicant</u>	<u>Staff</u>
First 500 cu.ft. or less	\$2.50	\$2.75	\$2.70
Next 2,500 cu.ft., per 100 cu.ft.	.36	.40	.40
Next 27,000 cu.ft., per 100 cu.ft.	.25	.29	.29
Over 30,000 cu.ft., per 100 cu.ft.	.22	.26	.26

The present and proposed 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 private fire protection service rates and public fire hydrant service rates be increased about 10 percent. The staff recommends that the 10 percent increase not be granted because the schedules involve standby service and the quantities of water used are not measured.

#### 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. Inasmuch as such charges had not been fixed at the time applicant's present rates were established, no provision was made therefor in the expense estimates upon which those rates were 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. The rate increases herein discussed are proposed to offset these pump taxes. No significant change is anticipated in ad valorem taxes.

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

#### Measurement of Water Production

Applicant does not measure its source of supply production but instead relies on the cumulative metered sales for determining this, which makes no allowance for any losses. Our staff has been informed by both districts (County and Valley) that they require source of supply measurement. This Commission also has such a requirement in Paragraph II.4.a. of General Order No. 103. Applicant will be required to install suitable measuring devices at all sources of supply as set forth in the ensuing order.

#### 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 which became effective in 1964, applicant's rate of return for 1964 would be 6.6 percent. Exhibit No. 1 shows that the increase of about 10 percent in annual revenues resulting from the rates requested by applicant, at the 1964 level of deliveries, would be \$6,320. This is about \$510 more than the

increase recommended by the staff to offset the applicable pump taxes estimated on a comparable basis. The staff exhibit also shows that applicant's rate of return declined to 4.8 percent at present water rates after the pump tax became effective.

Findings and Conclusion

The Commission finds that:

1. Applicant is in need of increased revenues to offset the pump taxes which became effective July 1, 1964.
2. The Commission staff's estimates of additional operating revenues required to offset the pump taxes are reasonable.
3. Applicant has not installed suitable measuring devices at all sources of supply, as required by General Order No. 103.
4. 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 to the extent set forth in the ensuing order. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, applicant Great Oaks Water Co., Inc. 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 October 16, 1964, or on and after the fourth day following the date of filing, whichever is later.

2. Within ninety days after the effective date of this order, applicant shall install suitable measuring devices at all sources of supply in conformance with Paragraph II.4.a. of General Order No. 103 and within ten days after such installation has been accomplished, shall file in this proceeding notification that such installations have been completed.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 6<sup>th</sup> day of OCTOBER, 1964.

Fredrick P. Halaloff  
President  
John S. Litcher  
George H. Trover  
William B. Blum

Commissioners  
Commissioner Everett C. McKeage, 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

The area known as Great Oaks and Berger-Coastwide Subdivision and vicinity, located between Bayshore Freeway and Monterey Road, and south of Coyote Road in the City of San Jose, Santa Clara County; also the area known as Senter Tract in Santa Teresa Rancho, located southwest of the intersection of Downer Avenue and Cottle Road in the City of San Jose, Santa Clara County. (N)  
(N)

RATES

Per Meter  
Per Month

Quantity Rates:

First	500 cu.ft. or less . . . . .	\$ 2.70	(I)
Next	2,500 cu.ft., per 100 cu.ft. . . . .	.40	
Next	27,000 cu.ft., per 100 cu.ft. . . . .	.29	
Over	30,000 cu.ft., per 100 cu.ft. . . . .	.26	(I)

Minimum Charge:

For	5/8 x 3/4-inch meter . . . . .	2.70	(I)
For	3/4-inch meter . . . . .	3.80	
For	1-inch meter . . . . .	6.00	
For	1 1/2-inch meter . . . . .	11.60	
For	2-inch meter . . . . .	17.00	
For	3-inch meter . . . . .	31.00	
For	4-inch meter . . . . .	46.00	
For	6-inch meter . . . . .	86.00	(I)

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

Schedule No. 1

GENERAL METERED SERVICE

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)