

Decision No. 69271**ORIGINAL**

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 authoriz- )  
 ing it to increase rates charged )  
 for water service in the Los Altos- )  
 Suburban District in order to )  
 offset (a) increases in certain )  
 assessments of the Santa Clara )  
 County Flood Control and Water Dis- )  
 trict and (b) increases in certain )  
 assessments of the Santa Clara Val- )  
 ley Water Conservation District. )

Application No. 47546  
 Filed May 3, 1965

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 increases in pump taxes which are to become effective July 1, 1965. 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 serves in 21 districts throughout California. Its Los Altos-Suburban District service area consists of some 17 square miles<sup>1/</sup> of territory in Santa Clara County, in and about Cupertino, Los Altos, Los Altos Hills, Mountain View and Sunnyvale. Applicant has approximately 12,700 customers<sup>2/</sup> in that district.

About one-seventh of applicant's water supply for its Los Altos-Suburban District is purchased from San Jose Water Works. The balance of the supply is obtained from wells drilled in various parts of the Santa Clara Valley.

1/ Decision No. 67333, dated June 3, 1964, in Application No. 46589.

2/ Applicant's 1964 Special Report for Los Altos-Suburban District.

Rates

Applicant's present rates became effective in 1965 pursuant to Decision No. 68605 in Application No. 46728. They provide for general metered service, fire protection service and service to company employees.

Applicant proposes to increase the present quantity rate of 30 cents per hundred cubic feet for general metered service to 31½ cents per hundred cubic feet.

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. Applicant proposes to increase the present credit of 3 cents per hundred cubic feet to 4 cents per hundred cubic feet for agricultural customers who receive service under general meter rates and who qualify for lower pump tax rates.

Pump Taxes

Increases in ground water extraction charges or "pump taxes" soon will be imposed, by Santa Clara County Flood Control and Water 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 increases 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.

Present levies of \$5.00 and \$2.25, respectively, per acre-foot payable to County and Valley for water extracted by applicant for agricultural use will be \$5.00 and \$2.60, respectively. The corresponding present tax rates of \$10.00 and \$8.85 for nonagricultural water extractions will be \$16.00 and \$9.20. The revised tax rates will apply for the water year ending June 30, 1966. A corresponding

increase of 1.3 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. 47547 for the pumping taxes that San Jose will incur beginning July 1, 1965.

Financial and Rate Requirements

The increase of \$6.35 per acre-foot in pump tax for non-agricultural use, which is applicable to approximately six-sevenths of the total water produced by applicant, and the increase of 1.3 cents per hundred cubic feet which is applicable to the other one-seventh purchased from San Jose Water Works, result in an average additional expense of 1.5 cents for each hundred cubic feet of water sold. At applicant's estimated current annual deliveries, this would increase annual operating expenses by about \$61,000.

The difference of \$17.60 per acre-foot in total pump tax rates applicable to irrigation use as compared with nonirrigation use results in 4 cents per hundred cubic feet lower taxes for irrigation deliveries than for nonirrigation deliveries.

Decision No. 68605 found a rate of return of 6.5 percent for the test year 1965 to be reasonable for applicant. As shown in Exhibit E of this application, applicant estimates that it will earn a return of 6.5 percent for the test year 1965 at the requested rates, after reflecting those rates and the increased pump taxes on a full-year basis.

Exhibit No. 1 shows that, in the opinion of the Commission staff, (1) the proposed rate increase will approximately offset the increased assessments, (2) there is no indication that the rate of return of 6.5 percent for the test year 1965 will be exceeded under normal conditions, (3) applicant's proposed revised rate schedule is reasonable, and (4) for a typical residential customer using 2,300

cubic feet, the proposed increase would be 35 cents per month.

Findings and Conclusion

1. Applicant is in need of increased revenues to offset the increases in pump taxes which will become effective July 1, 1965.
2. Applicant's estimates of additional operating revenues required to offset the pump taxes are reasonable.
3. The increases in rates, charges, and irrigation use credits authorized herein are justified; the rates, charges and credits authorized herein are reasonable; and the present rates, charges, and credits insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.
4. A public hearing is not necessary.

The Commission concludes that the application should be granted.

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 rate schedule attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be July 1, 1965, or the date of filing, whichever is later. The revised schedule shall apply only to service rendered on and after the effective date thereof.

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

Dated at San Francisco, California, this 23rd day of June, 1965.

Frederick B. Hallock  
President

George H. Hoover

Alvada

William L. Salinas  
Commissioners

APPENDIX A

\_\_\_\_\_ Cal. P.U.C. Sheet No. \_\_\_\_\_  
 Cancelling \_\_\_\_\_ Cal. P.U.C. Sheet No. \_\_\_\_\_

Schedule No. IS-1  
Los Altos-Suburban Tariff Area  
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Los Altos and vicinity, Santa Clara County.

RATES

|                                | <u>Per Meter</u><br><u>Per Month</u> |
|--------------------------------|--------------------------------------|
| Service Charge:                |                                      |
| For 5/8 x 3/4-inch meter ..... | \$ 2.35                              |
| For 3/4-inch meter .....       | 2.50                                 |
| For 1-inch meter .....         | 3.50                                 |
| For 1 1/2-inch meter .....     | 4.90                                 |
| For 2-inch meter .....         | 6.30                                 |
| For 3-inch meter .....         | 11.50                                |
| For 4-inch meter .....         | 16.00                                |
| For 6-inch meter .....         | 26.00                                |
| For 8-inch meter .....         | 40.00                                |
| For 10-inch meter .....        | 48.00                                |

Quantity Rate:

For all water delivered, per 100 cu.ft. .... \$ 0.315 (I)

The Service Charge is a readiness-to-serve charge to which is to be added the monthly charge computed at the Quantity Rate. (T)

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 District and by Santa Clara Valley Water Conservation District for agricultural water, shall receive a credit of four cents per 100 cubic feet on each water bill for the quantities of water used during the period covered by that bill. (T) (I)

(To be inserted by utility) Issued by \_\_\_\_\_ (To be inserted by Cal. P.U.C.)  
 Advice Letter No. \_\_\_\_\_ Date Filed \_\_\_\_\_  
 Decision No. \_\_\_\_\_ Effective \_\_\_\_\_  
 \_\_\_\_\_ Title \_\_\_\_\_ Resolution No. \_\_\_\_\_