

Decision No. 76131

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 an increased pump tax.

Application No. 51072
(Filed May 12, 1969;
Amended June 16, 1969)

C O P I N I O N

Introduction

The Campbell Water Company, a corporation, requests authority to increase quantity rates for general metered service in order to offset an increased pump tax.

General

Applicant furnishes service to approximately 4330 customers in and in the vicinity of the City of Campbell, Santa Clara County.

Water supplied to applicant's customers is obtained from wells and by purchase from the South Bay Aqueduct. The 1963 recorded quantities of water produced were:

| | |
|------------|------------------------|
| From Wells | 2,245.6 Acre Feet |
| Purchased | <u>636.2 Acre Feet</u> |
| Total | 2,381.8 Acre Feet |

Applicant is required to pay pump taxes and water purchase costs which are periodically adjusted by local public authorities. The latest adjustment is an increase in both these expenditures by \$2.60 per acre foot effective July 1, 1969, which is the cause of the present application. Based on 1963 recorded quantities, this increase would amount to about \$7,300 per year.

The proposed tariff changes add \$0.006 to each of the present two quantity rates.

The staff made an investigation of applicant's operation. Results of the staff's investigation are included in a report dated July 25, 1969. The staff's report is hereby included in this record as Exhibit 1.

Results of Operation Analysis

Applicant's most recent rate increase was a general rate increase in two steps authorized by Decision No. 73513, dated December 19, 1967, in Application No. 49354. The second step increase became effective on December 31, 1968. It was designed to produce a rate of return of 7.0% for the year 1969.

The following tabulation shows a comparison of applicant's and the staff's estimated results of operation at present and proposed rates for the year 1969.

Results of Operation Comparison
Year 1969 Estimates

| <u>Item</u> | <u>Staff</u> | <u>Applicant</u> | <u>Applicant Exceeds Staff</u> | |
|----------------------------|--------------|------------------|--------------------------------|----------------|
| | | | <u>Amount</u> | <u>Percent</u> |
| <u>Present Rates</u> | | | | |
| Revenues | \$ 526,580 | \$ 529,160 | \$2,580 | 0.5% |
| <u>Deductions</u> | | | | |
| Purchased Water | 52,650 | 47,220 | (5,430) | (10.3) |
| Pump Tax | 64,450 | 68,910 | 4,460 | 6.9 |
| Power for Pumping | 30,490 | 32,440 | 1,950 | 6.4 |
| Other O & M and A & G | 138,170 | 138,170 | - | - |
| Depreciation | 55,780 | 55,780 | - | - |
| Taxes Other Than on Income | 65,650 | 65,650 | - | - |
| Taxes on Income | 35,150 | 38,990 | 3,840 | 10.9 |
| Total Deductions | 442,340 | 447,160 | 4,820 | 1.1 |
| Net Revenues | 84,240 | 82,000 | (2,240) | (2.7) |
| Rate Base | 1,200,870 | 1,200,870 | - | - |
| Rate of Return | 7.01% | 6.83% | (0.18)% | - |
| <u>Proposed Rates</u> | | | | |
| Same as above, except: | | | | |
| Revenues | \$ 533,770 | \$ 536,430 | \$2,660 | .5 |
| Taxes on Income | 38,860 | 43,060 | 4,200 | 10.8 |
| Net Revenues | 87,720 | 85,200 | (2,520) | (2.9) |
| Rate of Return | 7.30% | 7.09% | (0.21)% | - |

(Red Figure)

The principal differences between the staff's and applicant's estimates appearing in the items of operating revenues, operating expenses, and taxes are explained in detail in Exhibit 1 and need not be repeated here.

The Commission finds that the estimates of operating revenues, expenses, including taxes and depreciation, the rate bases and rates of return submitted by applicant for the test year 1969, are reasonable for the purpose of prescribing rates herein; and that the increases in rates and charges authorized herein are justified, that the rates and charges authorized herein are reasonable, and that the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

The application, accordingly, should and will be granted to the extent provided 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 may file the tariff sheet attached hereto as Appendix A. Such filing shall be made in accordance with General Order No. 96-A. The tariffs shall be effective for service rendered on the fourth day after filing but not earlier than the effective date of this decision.

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

Dated at San Francisco, California, this 3rd day of SEPTEMBER, 1969.

William J. ...
 President

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...

...

Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Campbell and vicinity, Santa Clara County.

RATES

| | <u>Per Meter</u> <u>Per Month</u> | |
|--|--------------------------------------|-----|
| Quantity Rates: | | |
| First 30,000 cu.ft., per 100 cu.ft. | \$ 0.326 | (I) |
| Over 30,000 cu.ft., per 100 cu.ft. | 0.266 | (I) |
| Service Charge: | | |
| For 5/8 x 3/4-inch meter | \$ 2.35 | |
| For 3/4-inch meter | 2.60 | |
| For 1-inch meter | 3.50 | |
| For 1 1/2-inch meter | 4.90 | |
| For 2-inch meter | 6.30 | |
| For 3-inch meter | 11.75 | |
| For 4-inch meter | 16.00 | |
| For 6-inch meter | 26.00 | |
| For 8-inch meter | 39.00 | |

The Service Charge is a readiness-to-serve charge to which is to be added the monthly charge computed 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 4.8 cents per 100 cubic feet on each water bill for the quantities of water used during the period covered by that bill.