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Decision No. 77752

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of CITIZENS UTILITIES COMPANY OF
CALIFORNIA, a corporation, for
authority to increase its rates
and charges for its water system
serving the Niles-Decoto area in
Alameda County to pass along
Alameda County ground water tax
effective July 1, 1970.

Application No. 52084
(Filed July 29, 1970)

O P I N I O N

Introduction

Citizens Utilities Company of California, a corporation, requests authority to increase quantity rates for general metered service in its Niles Water District in order to offset an Alameda County ground water tax.

The Board of Directors of Alameda County Water District, by Resolution No. 1773 adopted May 11, 1970, has imposed on applicant and others extracting water from the underlying Alameda Water Basin a ground water extraction charge or "pump tax". This tax is effective and payable as of July 1, 1970, and, as a result of this tax, applicant has found it necessary to file this offset application for rate relief. For the fiscal year beginning July 1, 1970, and ending June 30, 1971, the tax rate will be \$10.00 per acre-foot of ground water produced.

Applicant's Niles-Decoto water system serves the inhabitants of the communities of Niles and Decoto in Alameda County, California, and is called the "Niles Water District". As of December 31, 1969, applicant's Niles Water District was serving 3,240 consumers.

Applicant's present rates became effective September 26, 1969, by authority granted in Decision No. 76170 dated September 10, 1969. In that decision this Commission approved an interim rate increase designed to yield applicant a rate of return of 4.5 percent. Thereafter by Decision No. 77210 dated May 12, 1970, this Commission partially granted applicant's request to increase its rates and charges for water service. The rates prescribed by this Commission in that decision are to be effective upon the completion of certain plant additions and are designed to provide applicant with a rate of return of 7.2 percent.

In 1969, applicant produced in the Alameda Water District, a total of 1,989 acre-feet of water, i.e., 866,651 C.C.F. Imposition of this new tax will increase applicant's operating expenses by approximately \$19,890 per year.

Applicant proposes to add \$.03 to each customer's bill per one hundred cubic feet of water consumed. Applicant estimates that this proposed rate revision would result in an increase in gross revenues of approximately \$19,890. Applicant's billings for water during 1969 totalled 1,476.75 acre-feet or 643,274 C.C.F.

Applicant erroneously neglected the effects of the interim surcharge on the proposed rates. The order herein will authorize rates designed to generate the offset revenue increase applicant has requested and to include the surcharge.

Summary of Earnings and Rate of Return Authorized by Decision No.76170

	<u>Authorized Interim Rates</u>	<u>Increase in Expense for Alameda County Water Tax</u>	
		<u>Present Rates</u>	<u>Proposed Rates</u>
<u>OPERATING REVENUES</u>	\$ 216,270	\$ 216,270	\$ 236,160
<u>OPERATING EXPENSES</u>			
Operating & Maintenance Exp.	74,730	74,730	74,730
Admin., General & Misc. Exp.	25,400	25,400	25,400
Depreciation	32,710	32,710	32,710
Taxes other than on Income	39,120	59,010	59,010
Taxes on Income*	4,120	-	4,120
Total Operating Expenses	\$ 176,080	\$ 191,850	\$ 195,970
Net Revenues	\$ 40,190	\$ 24,420	\$ 40,190
Depreciated Rate Base	\$ 893,000	\$ 893,000	\$ 893,000
Rate of Return	<u>4.5%</u>	<u>2.7%</u>	<u>4.5%</u>

* Exclusive of 10% surcharge.

Summary of Earnings and Rate of Return Authorized by Decision No.77210

	<u>Adopted Results</u>	<u>Increase in Expense for Alameda County Water Tax</u>	
		<u>Rates by Decision 77210</u>	<u>Proposed Rates</u>
<u>OPERATING REVENUES</u>	\$ 276,000	\$ 276,000	\$ 295,890
<u>OPERATING EXPENSES</u>			
Operating & Maintenance Exp.	\$ 76,590	\$ 76,590	\$ 76,590
Admin., General & Misc. Exp.	22,730	22,730	22,730
Depreciation Expense	32,710	32,710	32,710
Taxes other than on Income	39,440	59,330	59,330
Taxes Based on Income*	39,670	29,301	39,670
Total Operating Expenses	\$ 211,140	\$ 220,661	\$ 231,030
Net Revenue	\$ 64,860	\$ 55,339	\$ 64,860
Depreciated Rate Base	\$ 900,900	\$ 900,900	\$ 900,900
Rate of Return	<u>7.2%</u>	<u>6.1%</u>	<u>7.2%</u>

* Exclusive of 10% surcharge.

The Commission finds that the estimates of rates of return under proposed rates shown above 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:

1. After the effective date of this order, applicant Citizens Utilities Company of California is authorized to file for the Niles District 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 four days after the date of filing. The revised schedule shall apply only to service rendered on and after the effective date thereof.

2. After satisfactory completion of the installation of the system improvements required by ordering paragraph No. 2 of Decision No. 77210, applicant will be authorized by supplemental order to file the revised rate schedule attached to this order as Appendix B.

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

Dated at San Francisco, California, this 22nd day of SEPTEMBER, 1970.

[Signature]
Chairman

[Signature]
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

Schedule No. ND-1

Niles-Decoto Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The communities of Niles and Decoto, and vicinity, included generally within the boundaries of the City of Fremont and Union City, respectively, Alameda County.

RATES

Quantity Rates:

	Per Meter Per Month
First 600 cu.ft., or less	\$ 2.70
Next 1,400 cu.ft., per 100 cu.ft.34
Next 3,000 cu.ft., per 100 cu.ft.25
Over 5,000 cu.ft., per 100 cu.ft.21

(I)

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 2.70
For 3/4-inch meter	4.00
For 1-inch meter	6.50
For 1 1/2-inch meter	10.00
For 2-inch meter	18.00
For 3-inch meter	28.00
For 4-inch meter	42.00

(I)

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

(D)

APPENDIX B

Schedule No. ND-1

Miles-Decoto Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The communities of Miles and Decoto, and vicinity, included generally within the boundaries of the City of Fremont and Union City, respectively, Alameda County.

RATES

Quantity Rates:

	Per Meter Per Month
First 600 cu.ft., or less	\$ 3.40
Next 1,400 cu.ft., per 100 cu.ft.43
Next 3,000 cu.ft., per 100 cu.ft.32
Over 5,000 cu.ft., per 100 cu.ft.28

(I)

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 3.40
For 3/4-inch meter	5.00
For 1-inch meter	7.50
For 1 1/2-inch meter	12.50
For 2-inch meter	21.00
For 3-inch meter	35.00
For 4-inch meter	50.00

(I)

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