

ORIGINAL

Decision No. 78368

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 THE CAMPBELL WATER COMPANY, a cor-)
 poration, for authority to increase)
 its Rates and Charges for its Water)
 System serving the City of Campbell,)
 City of San Jose and adjacent terri-)
 tory in Santa Clara County.)

Application No. 52004
 (Filed June 29, 1970;
 Amended October 13, 1970)

Orrick, Harrington, Rowley & Sutcliffe, by James F. Craft, Jr., Attorney at Law, for applicant.
Lester F. McDonough, for self, protestant.
John S. Fick, Attorney at Law, and John E. Johnson,
 for the Commission staff.

ORDER SETTING ASIDE SUBMISSION AND
REOPENING FOR FURTHER HEARING

Applicant, The Campbell Water Company, seeks authority to increase rates for water service.

Public hearing was held before Examiner Gillanders in Campbell on December 2, 1970 and the matter submitted on December 4 upon receipt of late-filed Exhibit 4. Copies of the application had been served and notice of hearing had been published and posted in accordance with this Commission's rules of procedure.

Testimony on behalf of applicant was presented by its Secretary-General Manager and by its Engineer. The Commission staff presentation was made by an accountant and an engineer. Three customers attended the hearing and one cross-examined applicant's manager.

Applicant is requesting an increase in gross operating revenues of approximately \$31,000 per year. According to applicant, such additional gross revenues will result in a rate of return of approximately 7.5% in 1971 after giving effect to its claimed .5% attrition in the Company's rate of return. Such additional gross revenues will produce a return on common equity of approximately 10%. Applicant feels that such a return on common equity is low but it is prepared to accept it for purposes of this proceeding.

The staff's estimated normalized results of operation indicate a downward trend in rate of return of less than 0.2% annually. According to the staff accountant, such minimal decline coupled with the small gross revenue increase (\$8,607) necessary to provide the staff recommended rate of return of 7.6% does not warrant step rates or authorization of a rate of return in excess of 7.6% for 1971. About one half of the company's claimed attrition of 0.5 % according to the staff results from assumed increasing contract commitments for purchased water, an item of cost normally recoverable through application for "offset" rate relief.

Evidence adduced at the hearing did not conclusively demonstrate that applicant is entitled to an increase in rates.

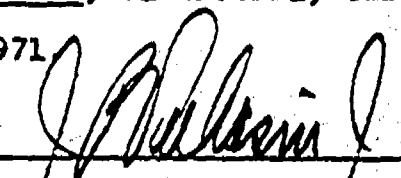
We conclude, therefore, that we should issue an order setting aside submission and reopening for further hearing, at which time applicant may produce realistic estimates of results of operation.


IT IS HEREBY ORDERED that the submission heretofore entered in the above-entitled matter is set aside and the matter reopened for further hearing.


Upon notice by applicant that it is ready to present evidence on the above items, hearing will be scheduled before Examiner Gillanders at San Francisco at a time designated by notice of the Secretary.

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

Dated at San Francisco, California, this 2nd
day of MARCH, 1971


Chairman


Vernon L. Stungen


Commissioners

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