

ORIGINAL

Decision No. ~~79365~~

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 CITIZENS UTILITIES COMPANY OF CALI-  
 FORNIA, 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 increase effective July 1,  
 1971 and increased cost of service  
 related to system improvements  
 ordered in Decision No. 77210.

Application No. 52641  
(Filed May 27, 1971)

C O P I N I O N

Applicant requests authority to increase water service rates to offset an increase of \$11,874 in the ground water extraction charge levied by the Alameda County Water District, and to offset an increase in cost of service of \$15,000 due to actual costs of improvements exceeding original estimates adopted for the 1968 rate base in Decision No. 77210. Ex parte authorization of increased rates is requested by applicant. Decision No. 79265, dated October 19, 1971, denied applicant's request for rates to offset increased cost of service related to system improvements.

Reports summarizing the Commission staff investigation in connection with this application were sent by the staff to applicant on July 12 and September 24, 1971. Said reports have herein been received as Exhibits Nos. 1 and 4.

The City of Union City, by letter dated June 9, 1971, herein received as Exhibit No. 2, expressed its opposition to the proposed rate increase until such time as applicant is able to provide adequate service to its present customers.

The Niles Water Committee, by letter dated June 15, 1971, herein received as Exhibit No. 3, protested the rate increase, opposed

the requested ex parte disposition of applicant's request, and cited deficiencies in water quality and service.

General Information

Applicant serves water in ten districts and six affiliates in California. This application pertains only to the Niles-Decoto Water System which includes the communities of Niles and Decoto in Alameda County. All water in this district is from wells owned by applicant situated within the territory of the Alameda Water Basin.

Increases in Water Costs

The Board of Directors of Alameda County Water District, by Resolution No. 71-001 adopted March 8, 1971, has imposed on applicant and others extracting water from the underlying Alameda Water Basin an increase in the ground water extraction charge or "pump tax" of \$6.00 per acre-foot to a total of \$16 per acre-foot for all water produced for the fiscal year beginning July 1, 1971.

To offset the net additional unit cost due to the increased ground water extraction charge, applicant proposes to increase its annual gross revenue by \$11,874, determined by applying the \$6.00 per acre-foot increase to the 1,979 acre-feet of water produced in the twelve-month period ending March 31, 1971. This increased revenue is proposed to be obtained by increasing the quantity rate in applicant's General Metered Service Rate Schedule No. ND-1 by 1.83 cents per 100 cubic feet of water.

Applicant's present rates became effective March 19, 1971, by authority granted by Decision No. 78351, dated February 22, 1971, a supplemental order authorizing the rate schedule attached to Decision No. 77752 as Appendix B. This authorization was based on a rate of return of 7.2 percent found reasonable in Decision No. 77210, dated May 12, 1970. On September 22, 1970, by Decision No. 77752, a rate increase was authorized to offset the levy of a ground water tax of \$10 per acre-foot by the Alameda County Water District for the fiscal year beginning on July 1, 1970. The rates presently in effect include an amount to offset said levy.

Staff Conclusions

Applicant's proposed rate increase is based on a recent 12-month recorded results of operations, without adjustments adopted in the original rate case, Decision No. 77210. The last general rate case used a 15 percent allowance for unaccounted-for-water, whereas applicant now shows approximately a 25 percent allowance. The staff has used an extension of the normalized water use per customer and the 15 percent allowance for unaccounted-for-water deemed reasonable in the last rate case. This results in an annual increase of \$10,246, or an increase of 1.62 cents per 100 cu. ft. of water to offset the cost of the pump tax. Staff Exhibit No. 4 indicates that the authorized rate of return of 7.2 percent would not be exceeded under normal conditions if the increase is limited to 1.62 cents per 100 cubic feet.

Applicant's proposed rate increase would result in an increase of approximately 70 cents per month for the average customer using 1,666 cu. ft. of water, whereas the staff's estimate would result in an increase of approximately 32 cents per month to offset only pump tax.

Staff Recommendation

The staff recommends that the quantity rates be increased about 1-2/3 cents per 100 cu. ft. and that the minimum charge for the 5/8 x 3/4-inch meter be increased from \$3.40 per month to \$3.50 per month.

Findings and Conclusion

We find that:

1. Effective July 1, 1971, applicant's cost of extracting ground water has increased \$6.00 per acre-foot.
2. During the fiscal year beginning July 1, 1971, applicant's expense for extracting ground water would increase \$10,246, or an increase of 1.62 cents per 100 cu. ft.

3. The last authorized rate of return of 7.2 percent will not be exceeded under normal conditions if the increase is limited to 1.62 cents per 100 cubic feet.

4. A public hearing is not necessary.

We conclude that increased rates to offset increased ground water tax expense should be authorized.

The increases in rates herein authorized will not increase applicant's level of earnings but will merely offset added expenses resulting from an increase in the pump tax on the extracting of ground water. Such rate increases are, in our opinion, consistent with the purposes of the Economic Stabilization Act of 1970, as amended. Applicant is expected to comply with the requirements of the Price Commission's regulations relating to the stabilization of prices and rents after November 13, 1971.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, Citizens Utilities Company of California is authorized to file for the Niles-Decoto Water System 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 or after the effective date thereof.

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2. The Secretary of this Commission shall mail a copy of this decision to the City of Union City and to the Niles Water Committee.

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

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

[Signature]  
Chairman  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
Commissioners

APPENDIX A

Schedule No. ND-1

METERED SERVICE

APPLICABILITY

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

|  | <u>Per Meter</u><br><u>Per Month</u> |                     |
|--|--------------------------------------|---------------------|
| Quantity Rates:                        |                                      |                     |
| First 600 cu.ft. or less .....         | \$ 3.50                              | (I)<br>-----<br>(I) |
| Next 1,400 cu.ft., per 100 cu.ft. .... | .45                                  |                     |
| Next 3,000 cu.ft., per 100 cu.ft. .... | .33                                  |                     |
| Over 5,000 cu.ft., per 100 cu.ft. .... | .29                                  |                     |
| Minimum Charge:                        |                                      |                     |
| For 5/8 x 3/4-inch meter .....         | \$ 3.50                              | (I)                 |
| 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                                |                     |

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