

ORIGINALDecision No. 80365

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 NORTH LOS ALTOS WATER COMPANY for
 authority to increase its rates and
 charges for its water system serving
 portions of the cities of Los Altos
 and Mountain View in Santa Clara
 County in order to offset an increase
 in the ground water tax rate imposed
 by the Santa Clara Flood Control and
 Water District.

Application No. 53366
 (Filed June 1, 1972)

O P I N I O N

By this application, North Los Altos Water Company requests an 8.4 percent increase in rates for metered service to offset the effects of increased ground water extraction costs levied by the Santa Clara County Flood Control and Water Conservation District.

Applicant is a corporation duly organized and existing under the laws of the State of California, and is a wholly owned subsidiary of Citizens Utilities Company, a Delaware corporation. Its principal place of business is located in Santa Clara County, California.

Applicant owns and operates a public utility water system serving portions of the Cities of Los Altos and Mountain View in Santa Clara County, California. Applicant furnishes water service to 1,369 metered customers, 9 private fire connections and 141 public fire hydrants as of December 31, 1971.

Applicant's present meter rates became effective December 15, 1970, by authority granted in Decision No. 78068, dated December 8, 1970.

By Decision No. 78068, the Commission authorized rates which could be expected to produce an average annual rate of return of 7.2 percent which it found to be reasonable for applicant in Decision No. 77211, dated May 12, 1970.

Since the date of Decision No. 78068, the ground water tax rate imposed on applicant by the Santa Clara County Flood Control and Water District was increased from \$29.00 an acre-foot to \$30.00 an acre-foot, effective July 1, 1971. By notices dated May 17, 1972, applicant was advised by the Santa Clara County Flood Control and Water District that four of its wells, upon which the ground water tax was not previously assessed, have now been registered for assessment. The tax, which was applicable to approximately 38 percent of the water pumped by applicant in the year 1971, will be applicable to all water pumped by applicant effective July 1, 1972. The effect of the foregoing, based on the water pumped during the year 1971, is to increase applicant's ground water tax by approximately \$18,224 as shown on Exhibit E attached to the application. According to applicant, its earnings, summarized in Exhibit D attached to the application, will result in a substantially lower rate of return than that authorized by the Commission in Decision No. 77211 unless it is granted its requested offset rate increase.

Applicant proposes to add to the quantity rates an additional \$0.046 per 100 cubic feet of water consumed. Applicant proposes that the general metered service schedule attached to the application as Exhibit B be adopted to supersede the comparable schedule now in effect, and estimates that the proposed rate revision will result in an increase in gross revenues of \$18,224.

An engineer from the Commission's staff conducted an independent study of applicant's request. The results of the engineer's study are contained in a report dated June 29, 1972. This report is received as Exhibit 1 in this proceeding.

According to Exhibit 1, the engineer reviewed information contained in Application No. 53366 as well as work papers which applicant had developed in connection therewith. He concluded that:

- a. Applicant's computations are acceptable.
- b. The requested rate increases will offset the expenses resulting from the ground water extraction charge increase.

- c. The earnings which would be produced under the conditions set forth in the application do not exceed the previously authorized rate of return.

Findings and Conclusion

The Commission finds that:

1. Applicant is in need of additional revenues, and the proposed rates set forth in the application are reasonable.
2. Applicant's estimates, previously discussed herein reasonably indicate the results of its operations for the future and are adopted.
3. The increases in rates and charges authorized herein are justified; the rates and charges authorized herein are reasonable; and the present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.
4. A public hearing is not required.
5. The rates authorized herein are needed by applicant to offset increased costs of operation and to keep applicant's earnings within the zone of reasonableness.
6. Pursuant to subparagraph (E)(1)(a) of Rule 23.1 of the Commission's Rules of Procedure, the rate increase is exempt from the requirements of that Rule because it is designed to offset expenses resulting from an increase in the charge for extraction of ground water.

The Commission concludes that the application should be granted to the extent set forth in the order which follows.

O R D E R

IT IS ORDERED that after the effective date of this order, North Los Altos Water Company is authorized to file the revised rate schedule attached to this order as Appendix A, and concurrently to withdraw and cancel presently effective Schedule No. 1. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be four days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date thereof.

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

Dated at San Francisco, California, this 15th day of AUGUST, 1972.

Vernon L. Sturgeon
President
William J. Quinn
John J. Quinn

Commissioners

Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Los Altos, and vicinity, Santa Clara County.

RATES

		Per Meter Per Month	
Quantity Rates:			
First	600 cu.ft. or less.....	\$ 5.53	(I)
Next	2,400 cu.ft., per 100 cu.ft.....	.556	
Over	3,000 cu.ft., per 100 cu.ft.....	.396	
Minimum Charge:			
For	5/8 x 3/4-inch meter.....	\$ 5.53	
For	3/4-inch meter.....	7.50	
For	1-inch meter.....	11.65	
For	1-1/2-inch meter.....	20.00	
For	2-inch meter.....	30.00	
For	3-inch meter.....	65.00	(I)

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