

Decision No. 89529 OCT 17 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SAN JOSE WATER WORKS, a corporation,
for an order authorizing it to
increase rates charged for water
service.

Application No. 57505
(Filed August 8, 1977;
amended May 23, 1978)

McCutchen, Doyle, Brown & Enersen, by
Crawford Greene, Attorney at Law,
for applicant.
William Bricca, Attorney at Law, and
Arthur A. Mangold, for the Commission
staff.

O P I N I O N

Applicant San Jose Water Works (San Jose) initially requested authority to increase water rates by \$2,283,400 (8.52 percent) annually on the basis of test year 1977 with subsequent step increases of 1.39 percent and 1.30 percent for years 1978 and 1979. On May 23, 1978 San Jose filed an amendment to its application increasing its request to \$3,568,600 or 14.43 percent for test year 1977 with subsequent step increases of 1.4 percent and 1.34 percent for test years 1978 and 1979.

After due notice, hearings in this matter were held before Administrative Law Judge Kenji Tomita in San Jose on June 5 and 6, 1978. The matter was submitted on June 15, 1978 after receipt of late-filed Exhibits 13 and 14.

San Jose supplies water to over 174,000 domestic and industrial customers in a service area consisting of approximately 130 square miles of territory in and about San Jose, Los Gatos, Monte Sereno, Saratoga, Cupertino, and Santa Clara, all in Santa Clara County. San Jose is in its 111th year as a provider of water service in the area growing from a 400-customer utility to a utility serving a population of 635,000 people currently.

Approximately 25 to 30 members of the public attended the hearings and 11 public witnesses testified against the proposed rate increase. In addition, the Commission received approximately 40 letters from customers protesting the increase and, in particular, the notion of granting an increase in rates to offset reduction in consumption due to conservation achieved at the direction of the Commission. Although the number of protestants are not large compared to the actual number of customers served, it is unusually large for a San Jose rate proceeding.

Need for Rate Increase

In its original application, San Jose states that the continuing increases in expenses and rate base were the principal factor which made it necessary to file for an 8.52 percent increase in revenues for test year 1977. San Jose also seeks to increase its rate of return on rate base to 9.51 percent with a corresponding increase in return on common equity of 13.25 percent. In its amended application, San Jose requested a further increase in revenues to take into consideration a 10 percent conservation factor in its sales estimate resulting in a 16.03 percent increase for test year 1978 instead of the 10.03 percent increase originally sought. This change was triggered by the action of the Santa Clara Valley Water District Board of Directors, who, on February 28, 1978, adopted a resolution calling for a permanent 10 percent saving in water usage over previous levels in order to ensure a balanced water supply for the future. In addition, San Jose further believes that the freeze on lifeline quantity rates, which has caused an overall inversion of San Jose's rate schedules, plus certain conservation practices adopted during the drought (such as shower restrictors or bottles in toilet tanks) will be continued, thereby resulting in lower than historical consumption patterns even though the recent acute water shortage is now over.

San Jose, in its amended application, requests a schedule of step rates with rate changes going into the year 1980. San Jose requests that should the Commission conclude that it will not authorize step rates, that the rates requested for 1979 be placed into effect immediately.

Rates

San Jose's proposed rates for general metered service provide for no increase in lifeline rates and one rate for all consumption in excess of the 500 cubic foot (cu.ft.) lifeline quantity in contrast to the declining block rate for all consumption in excess of 30,000 cu.ft. under existing tariffs. The following tabulation compares San Jose's present and proposed general metered service rates.

	<u>Present</u>	<u>PER METER PER MONTH</u>			
		<u>Proposed</u>			
		<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
<u>Service Charge:</u>					
For 5/8 x 3/4-inch meter	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
For 3/4-inch meter	2.90	3.55	3.55	3.55	3.55
For 1-inch meter	3.70	4.60	4.60	4.60	4.60
For 1 1/2-inch meter	5.20	6.30	6.30	6.30	6.30
For 2-inch meter	6.70	8.20	8.20	8.20	8.20
For 3-inch meter	12.50	15.20	15.20	15.20	15.20
For 4-inch meter	17.00	21.00	21.00	21.00	21.00
For 6-inch meter	28.00	34.00	34.00	34.00	34.00
For 8-inch meter	41.00	50.00	50.00	50.00	50.00
For 10-inch meter	51.00	62.00	62.00	62.00	62.00

Quantity Rates:

First	500 cu.ft., per 100 cu.ft.	\$0.381	\$0.381	\$0.381	\$0.381	\$0.381
Over	500 cu.ft., per 100 cu.ft.		0.479	0.491	0.503	0.515
Next	29,500 cu.ft., per 100 cu.ft.	0.403				
Over	30,000 cu.ft., per 100 cu.ft.	0.366				

The Service Charge is a readiness-to-serve charge, to which is to be added the monthly charge computed at the Quantity Rates.

The proposed rates for resale service eliminate the declining block rate for consumption in excess of 30,000 cu.ft. and establish a flat rate for each 100 cu.ft. regardless of volume used. The following tabulation compares San Jose's present and proposed resale service rates.

	<u>Present</u>	<u>PER METER PER MONTH</u>			
		<u>Proposed</u>			
		<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
<u>Service Charge:</u>					
For 5/8 x 3/4-inch meter	\$2.10	\$2.40	\$2.40	\$2.40	\$2.40
For 3/4-inch meter	2.30	2.65	2.65	2.65	2.65
For 1-inch meter	3.15	3.60	3.60	3.60	3.60
For 1 1/2-inch meter	4.40	5.05	5.05	5.05	5.05
For 2-inch meter	5.70	6.55	6.55	6.55	6.55
For 3-inch meter	10.50	12.00	12.00	12.00	12.00
For 4-inch meter	14.00	16.00	16.00	16.00	16.00
For 6-inch meter	23.00	26.00	26.00	26.00	26.00
For 8-inch meter	35.00	40.00	40.00	40.00	40.00
For 10-inch meter	43.00	49.00	49.00	49.00	49.00

Quantity Rates:

Per 100 cu.ft.	\$0.326	\$0.331	\$0.335	\$0.339
First 30,000 cu.ft., per 100 cu.ft.	\$0.307			
Over 30,000 cu.ft., per 100 cu.ft.	0.269			

The Service Charge is a readiness-to-serve charge, to which is to be added the monthly charge computed at the Quantity Rates.

Results of Operation

Table 1 compares the summary of earnings estimates of San Jose and the staff for estimated years 1978 and 1979 at present and proposed rates, together with the adopted summary of earnings for test year 1979.

TABLE 1

SAN JOSE WATER WORKS
Summary of Earnings
Estimated Years 1978 and 1979

	<u>1978</u>		<u>1979</u>		<u>1979</u>
	<u>Staff</u>	<u>Utility</u>	<u>Staff</u>	<u>Utility</u>	<u>Adopted</u>
	(Dollars in Thousands)				
	<u>At Present Rates</u>				
Operating Revenues	\$25,661.0	\$25,311.3	\$26,412.5	\$25,911.9	\$26,412.5
<u>Operating Expenses</u>					
Operation and Maint.	\$12,903.8	\$12,129.7	\$13,477.2	\$12,618.3	\$13,455.9
Admin. and General	1,972.8	1,973.6	2,098.8	2,083.7	2,095.6
Depreciation	2,463.4	2,467.6	2,575.1	2,579.2	2,575.1
Taxes Other Than Income	2,577.4	2,670.9	2,681.8	2,750.3	1,683.7
State Corp. Franch. Tax	188.0	210.2	151.0	179.2	212.8
Federal Income Tax	449.8	549.2	240.4	361.2	685.6
Total Expenses	\$20,555.2	\$20,001.2	\$21,224.3	\$20,571.9	\$20,738.7
Net Operating Revenues	5,105.8	5,310.2	5,188.2	5,340.0	5,673.8
Rate Base	74,909.8	75,918.4	77,695.5	78,714.4	77,695.5
Rate of Return	6.82%	6.99%	6.68%	6.78%	7.3%
	<u>At Proposed Rates</u>				
Operating Revenues	\$29,333.9	\$29,370.0	\$30,695.9	\$30,472.2	\$29,461.1
<u>Operating Expenses</u>					
Operation and Maint.	\$12,914.5	\$12,111.5	\$13,489.6	\$12,631.5	13,468.0
Admin. and General	1,982.7	1,984.6	2,110.5	2,096.1	2,104.2
Depreciation	2,463.4	2,467.6	2,575.1	2,579.2	2,575.1
Taxes Other Than Income	2,577.4	2,670.9	2,681.8	2,750.3	1,683.7
State Corp. Franch. Tax	516.7	573.3	534.4	587.3	518.7
Federal Income Tax	2,045.2	2,311.6	2,100.8	2,341.9	2,024.9
Total Expenses	\$22,499.9	\$22,149.5	\$23,492.2	\$22,986.3	22,374.6
Net Operating Revenues	6,834.0	7,220.5	7,203.7	7,485.9	7,121.5
Rate Base	74,909.8	75,918.4	77,695.5	78,714.4	77,695.5
Rate of Return	9.12%	9.51%	9.27%	9.51%	9.17%

Operating Revenues

The staff operating revenue estimates, as contained in late-filed Exhibit 13, are reasonably close to San Jose's estimates contained in its amended application except that the staff estimates under present rates included annualized offset revenues authorized under Advice Letter No. 135 whereas San Jose's estimates did not include such revenues. The staff, in its revenue estimates, accepted as reasonable the 10 percent reduction in consumption requested by the Santa Clara Valley Water District. San Jose, in its amended application, also included this 10 percent reduction in consumption and requested higher rates to produce the 9.51 percent return on rate base it is seeking.

San Jose's witness Weinhardt testified that the experience for the first four months of 1978 indicates that conservation is permanent and that the use of normal pre-drought consumption figures would be unrealistic. Although the witness testified that consumption for the first four months of 1978 was 17 percent below 1977's comparable figure and 30 percent below 1976 levels, he was unable to quantify what portion of the reduction was due to greater rainfall as opposed to conservation.

Since the staff revenue estimates are based on more recent data, we will adopt the staff revenue estimates as reasonable for test year 1979.

Operating Expenses

The staff estimates of operating expenses exceeded San Jose's estimates since the staff used more recent data in making its estimates. The staff used July 1, 1978 rates for purchased water and ground extraction charges, April 1, 1978 Pacific Gas and Electric Company power rates, the new 15-cent postage rate, which has the effect of increasing postal costs by approximately \$22,000 annually. The staff also provided for a 7 percent increase in 1979 wage costs based on a recent agreement entered into by the California Water Service Company, also based in San Jose, with its labor union.

Although wage costs have been trended for making future test year estimates with or without final agreements in recent Commission decisions, we are concerned in this case that the 7 percent increase will exceed the guidelines set forth in President Carter's deceleration program in which wage increases in the private sector are requested not to exceed the average increase granted in the past two years. Our adopted results for test year 1979 will limit wage increase expense to 6.5 percent for ratemaking purposes.

Property Taxes

The staff and the applicant developed their ad valorem tax estimates prior to the enactment on June 6, 1978 of Article XIII-A of the State Constitution which limits the amount of property taxes that can be levied. The Commission, on June 27, 1978, opened Order Instituting Investigation No. 19 (OII 19) to determine the effect of Article XIII-A of the California Constitution on ad valorem taxes and on rates of public utilities and transportation companies operating in this State. Pursuant to OII 19, San Jose filed Advice Letter No. 144 to reduce rates by \$998,100 to reflect the estimated effect of Proposition 13 (Article XIII-A of the California Constitution). In our adopted results of operations for test year 1979, we have reduced "Taxes Other Than Income" by \$998,100 to reflect the estimated effect of Proposition 13 on San Jose's 1979 property taxes. Although the actual effect of Proposition 13 is still somewhat uncertain, the balancing account procedure set forth in OII 19 will permit any differences between ratemaking, ad valorem taxes, and property taxes as actually paid to be adjusted in the future.

Rate Base

The staff rate base figures differed from San Jose's primarily due to availability of 1977 recorded data and differences in weighing factors. The staff, in its estimates, used the last five-year average weighing factor as opposed to San Jose's assumed 50 percent factor in computing weighted average plant in service and depreciation reserve. The staff estimates of advances for construction and contributions in aid of construction also differed from San Jose's because of the availability of 1977 recorded data, and also because of differences in weighing factors.

We will adopt as reasonable the staff rate base estimates for test years 1978 and 1979 because these are more reflective of normal conditions.

Rate of Return

San Jose is seeking authorization to increase its rates to produce a return on rate base of approximately 9.51 percent prospectively through 1980. This rate of return is based on a 13.25 percent return on common equity and is considered by San Jose to be the minimum rate of return required to enable the company to continue to raise capital in amounts and at rates reasonable enough to allow the company to fulfill its obligations as a public utility and, at the same time, to reward its investors with an equitable return.

The staff, in Exhibit 7, recommends a 9.35 percent rate of return estimated to provide a 12.79 percent return on common equity. The following tabulation shows the staff's rate of return computation as of December 31, 1979.

<u>Components</u>	<u>Capital Ratio</u>	<u>Cost Factor</u>	<u>Weighted Cost</u>	<u>Adopted 12.25% Return On C/E</u>
Long-Term Debt	50.55%	6.88%	3.48%	*3.53%
Preferred Stock	7.94	7.06	.56	.56
Common Equity	<u>41.51</u>	12.79	<u>5.31</u>	<u>5.08</u>
Total	100.00%		9.35%	9.17%

*At adopted 6.99 percent effective interest costs.

The staff included the proposed 2.5 million dollar debt financing for 1978 and the 2.5 million dollar debt financing for 1979 as part of its long-term debt capital at an estimated effective interest cost of 8.74 percent and 8.64 percent respectively. San Jose's financial witness Weinhardt testified under examination by the ALJ that interest rates have gone up substantially since 1977 and are expected to remain high in the near future. He testified that the current interest rate for Class A utility bonds, to which San Jose bonds are comparable, is approximately 9.5 percent. We concur with witness Weinhardt and will adopt a 9.5 percent interest cost on the two bond issues and an effective interest rate of 6.99 percent for total long-term debt.

In Decision No. 85161 issued in November 1975, the Commission authorized San Jose a 8.70 percent rate of return to produce an estimated 12.02 percent return on equity. The staff rate of return witness, in recommending a 12.79 percent return on common equity in this proceeding, indicated that she considered the following seven factors:

1. San Jose's capital structure and overall financial position.
2. Financial requirements for construction and other purposes.
3. Funds available from advances and contributions and other sources.
4. Trends in interest rates and coverage for San Jose's senior securities.

5. Comparison of company's earnings with the earnings experience of other water utilities.
6. Equitable treatment of consumers as well as investors.
7. General economic conditions.

Although some increase in return on common equity appears to be reasonable, we are of the opinion that an increase from 12 percent to 12.75 percent is not warranted at this time. While long-term interest rates are currently increasing, they are still not at the 10 plus percent level experienced at the time of the last general rate increase case in 1975. The one factor that has changed is the degree of conservation the company may experience in 1978 and in future years. We have compensated for this risk by assuming a 10 percent reduction in consumption; however, it is conjectural whether the company will be able to achieve this level of conservation under normal weather conditions when the experience of the drought becomes forgotten. There has not been sufficient experience in the past drought era to determine whether conservation will be more or less than the 10 percent figure used in our adopted revenue estimates. Under these circumstances, we are of the opinion that a substantial increase in the return on common equity is not warranted. We find that an increase from 12.02 percent to 12.25 percent is reasonable and will authorize a 9.17 percent rate of return on rate base. It will also provide San Jose's investors with a reasonable return.

A 9.17 percent rate of return will provide San Jose with a 3.52 times pre-tax interest coverage and a 2.6 times coverage after taxes. The 3.52 times pre-tax coverage is significantly higher than the 2.5-2.75 minimum pre-tax coverage witness Weinhardt testified was necessary to maintain a single "A" bond rating.

Step Rates

The staff did not recommend step-rate increases to reflect attrition in rate of return; however, it did not oppose step rates if the proposed increases did not exceed the 9.35 percent rate of return recommended by the staff. The staff further recommends that should step rates be considered by the Commission, San Jose should be required to file advice letters for step increases on or about November 1, 1978 and 1979 showing the projected results of operations for the year for which it is filed.

We are not convinced that possible attrition in rate of return in the magnitude of 0.18 percent warrants adoption of step rates. We will, however, adopt test year 1979 as the test year for this proceeding and authorize rates which are estimated to produce a 9.17 percent return on 1979 adopted rate base of \$77,695,500. As a result of adopting a 1979 test year, and allowing rates based on a 1979 test year to go into effect in 1978, we do not expect San Jose to file for further general rate relief until 1980.

Rates

San Jose proposes to maintain lifeline quantities at the current level of 500 cu.ft. per month and proposes no increase in service charge rates for 5/8 x 3/4-inch meters, although increases are proposed in service charge rates for all larger size meters. The staff, on the other hand, recommends that lifeline quantities be decreased from 500 cu.ft. monthly to 300 cu.ft. The staff witness testified that this change in lifeline quantities was in conformance with Commission policy; however, we note that this "policy" is more a division policy rather than a policy adopted by the Commission for all water utilities. We approach rate design on a case-by-case basis, for circumstances vary immensely among the water utilities we regulate.

The following tabulation compares charges to commercial metered customers with a 5/8 x 3/4-inch meter using various consumption levels at the two lifeline quantities at San Jose's proposed rates for 1979.

<u>Consumption 100 cu.ft.</u>	<u>Present Rates</u>	<u>At 1979 Prop. Rates 5 ccf Lifeline</u>	<u>Percent Increase</u>	<u>At 1979 Prop. Rates 3 ccf Lifeline</u>	<u>Percent Increase</u>
3	\$ 3.64	\$ 3.64	0	\$ 3.64	0
5	4.41	4.41	0	4.62	4.8
10	6.47	6.93	7.1	7.07	9.3
15	8.53	9.44	10.7	9.52	11.6
20	10.59	11.96	12.9	11.97	13.0
30	14.71	16.99	15.5	16.87	14.7
40	18.83	22.02	16.9	21.77	15.6
50	22.95	27.05	17.9	26.67	16.2

The tabulation indicates that under San Jose's lifeline quantity a customer using 500 cu.ft. of water during the month would have no increase, whereas under a 300 cu.ft. lifeline volume such customers would have a 4.8 percent increase in rates. Similarly a customer using 1,500 cu.ft. a month would have a 10.7 percent increase in rates under a 500 cu.ft. lifeline volume compared to a 11.6 percent increase with a 300 cu.ft. lifeline quantity.

Lifeline rates for San Jose were first authorized by Resolution No. W-2125 dated May 17, 1977 in Advice Letter No. 132. The lifeline quantity adopted in that resolution was 500 cu.ft. Although the staff in recent proceedings has recommended that lifeline quantities be set at 300 cu.ft. monthly there is no uniformity as to lifeline quantities similar to gas and electric utilities. In view of the magnitude of the increase requested in this proceeding, we are of the opinion that this is not the proceeding to reduce lifeline quantities. We will, therefore, adopt San Jose's proposal to maintain lifeline quantities at 500 cu.ft.

Concern was expressed by some of the customers that San Jose in extending service to the hillside areas was doing so at the expense of customers living on the valley floor. San Jose's witness Weinhardt testified that although no studies have been prepared to compare the difference in cost in providing service to the two areas he was of the opinion that cost differences were not significant. He further testified that San Jose believes in having one general service rate for all customers. While we agree that a simple rate structure may be preferable, we are also of the opinion that when there are significant cost differences in serving hillside areas as opposed to the valley areas, such customers should not be subsidized by customers in the lower cost areas. The company is placed on notice that a cost of service study should be undertaken for the next general rate proceeding to aid in considering whether hillside customers should continue to be served at the same rates as the valley customers.

Service

The staff report states that a review of the frequency and content of informal complaints to the Commission against the utility in 1976 and 1977 indicates that San Jose's service appears to be satisfactory. The staff also states that San Jose has an effective electrical energy conservation program in the production of water.

Findings

1. The adopted estimates previously discussed herein (as set forth in Table 1) of operating revenues, expenses, and rate base for test year 1979 reasonably indicate the results of operations in the near future.

2. The adopted estimates for ad valorem taxes included in "Taxes Other Than Income" include the estimated effect of Article XIII-A of the California Constitution (known as the Jarvis-Gann initiative). Any difference between allowed ratemaking and actual property tax expense can be adjusted through the balancing account provided in OII 19.

3. The proposed rate of return on rate base of 9.51 percent, which is estimated to produce a 13.25 percent return on common equity, is excessive.

4. An interest cost estimate of 9.5 percent for the 2.5 million dollar debt financing proposed for 1978 and a similar amount for 1979 is reasonable.

5. A rate of return of 9.17 percent on the adopted rate base, which is estimated to produce a return on common equity of 12.25 percent, is reasonable. It balances the interest of the ratepayers while providing a reasonable return to investors.

6. San Jose has been requested by its water purveyor, Santa Clara Valley Water District, to effect a 10 percent reduction in water usage over previous levels.

7. It is reasonable to maintain lifeline quantities of 500 cu.ft. for this proceeding.

8. Revenues will be increased by \$3,048,600 by the rates herein authorized and set forth in Appendix A.

9. San Jose's request for step rates is not warranted considering the small attrition estimated between 1978 and 1979 at 1978 proposed rates of 0.18 percent.

10. The increases in rates and charges authorized by this decision are justified and reasonable.

11. San Jose provides adequate service to its customers and also has an effective electrical energy conservation program.

12. The United States Congress approved a Revenue Act of 1978 - HR 13511 (Bill) on October 15, 1978. It is expected that the President will sign the Bill. One of the provisions of the Bill would reduce the corporate tax rate from 48 percent to 46 percent effective January 1, 1979. The Bill will reduce the utility's federal income tax liability beginning January 1, 1979.

13. If the Bill is signed by the President, San Jose should file an advice letter by December 2, 1978 requesting rate reduction resulting from the enactment of the Bill. The reduced rates are to become effective no sooner than January 1, 1979.

Conclusion

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

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, San Jose Water Works is authorized to file the rate schedules attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the new and 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 of the revised schedules.

2. San Jose Water Works is directed to establish a tax initiative account pursuant to Commission Order Instituting Investigation No. 19 issued June 27, 1978.

3. If the Revenue Act of 1978 - HR 13511 (Bill) is signed by the President, San Jose Water Works shall file an advice letter by December 2, 1978 requesting rate reduction resulting from the enactment of the Bill. The reduced rates are to become effective no sooner than January 1, 1979.

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

Dated at San Francisco, California, this 17th day of OCTOBER, 1978.

 President
William J. ...

Richard D. ...

Clair T. ...
 Commissioners

Commissioner Robert Batinovich, being necessarily absent, did not participate in the disposition of this proceeding.

Schedule No. 1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Portions of Campbell, Cupertino, San Jose and Santa Clara, and in Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Service Charge:

For 5/8 x 3/4-inch meter.....	\$ 2.50	
For 3/4-inch meter.....	3.25	(I)
For 1-inch meter.....	4.15	
For 1-1/2-inch meter.....	6.00	
For 2-inch meter.....	8.00	
For 3-inch meter.....	14.00	
For 4-inch meter.....	19.00	
For 6-inch meter.....	31.00	
For 8-inch meter.....	46.00	
For 10-inch meter.....	57.00	(I)

The Service Charge is a readiness-to-serve charge, to which is to be added the monthly charge computed at the Quantity Rates plus conservation surcharge.

Quantity Rates:

First 500 cu. ft., per 100 cu.ft.....	0.381	
Over 500 cu. ft., per 100 cu.ft.....	0.486	(I) (C)

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 the Santa Clara Valley Water District for agricultural water, shall receive a credit of 5.9 cents per 100 cubic feet on each water bill for the quantities of water used during the period covered by that bill.

Schedule No. 6

RESALE SERVICE

APPLICABILITY

Applicable to all water service furnished for resale purposes.

TERRITORY

Portions of Campbell, Cupertino, San Jose, and Santa Clara, and in Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

RATES

Service Charge:	<u>Per Meter</u> <u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$ 2.35	(I)
For 3/4-inch meter	2.60	
For 1-inch meter	3.50	
For 1-1/2-inch meter	5.00	
For 2-inch meter	6.40	
For 3-inch meter	12.00	
For 4-inch meter	16.00	
For 6-inch meter	26.00	
For 8-inch meter	39.00	
For 10-inch meter	48.00	(I)

Quantity Rates:

Per 100 cu.ft.	0.323 (I)(C)
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The Service Charge is a readiness-to-serve charge, to which is to be added the monthly charge computed at the Quantity Rates.