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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Copy for:

Orig. and copy
to Executive Director

RESOLUTION NO. W-3307

EVALUATION & COMPLIANCE DIVISION
BRANCH/SECTION: Water Utilities
DATE: April 2, 1986

Director

Numerical File

Alphabetical File

Accounting Officer

R E S O L U T I O N

SAN JOSE WATER COMPANY (SJWC). ORDER AUTHORIZING
AN OFFSET RATE INCREASE PRODUCING \$650,400 OR 1.1%
ADDITIONAL ANNUAL REVENUE.

By Advice Letter No. 189, filed February 27, 1985, SJWC requests authority under Section VI of General Order 96-A and Section 792.5 of the Public Utilities Code to increase rates to offset a \$74,100 decrease in purchased power cost and a \$724,500 undercollection in the balancing accounts for water production. SJWC serves about 192,000 metered customers in the city of San Jose and vicinity in Santa Clara County.

The present rates became effective on January 1, 1986, a step rate increase authorized by Decision No. 84-01-042. The last general rate increase became effective on January 19, 1984, pursuant to Decision 84-01-042 in which the Commission found the rates of return on rate base of 11.70% for 1984, 11.76% for 1985, and 11.80% for 1986 reasonable, with a 14.5% return on equity. This offset increase will not result in a rate of return greater than last authorized.

Since the increase is caused by a change in the cost of purchased power and the undercollection in the water production balancing account, both related to water consumption, it is applied to the quantity blocks for metered customers. The 25% lifeline differential has been met in prior increases since January 1, 1976, therefore, increases are applied to all quantity blocks by \$0.012/Ccf.

The Water Utilities Branch (Branch) has reviewed the latest pump efficiency tests and found them satisfactory.

SJWC has given public notice of the request for increase by publishing in the local newspaper on March 4, 1986. No customer protests or correspondence have been received.

Service is satisfactory. There are no Commission orders requiring system improvement, nor are there significant service problems requiring corrective action.

The table below shows typical bills for residential customers at various usage

levels at present and proposed rates:

General Metered Service (5/8 x 3/4-inch meters)

<u>Monthly Usage</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
300 cu.ft.	\$ 6.30	\$ 6.33	0.5%
1,000	12.44	12.56	1.0
2,000	21.22	21.46	1.1
3,000	30.00	30.36	1.2
4,000	38.78	39.26	1.2
5,000	47.56	48.16	1.3

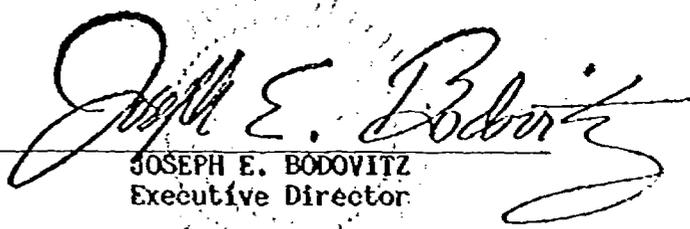
After investigation by the Branch, the Commission finds that the requested rate increase is reasonable, and to the extent provided by the following resolution is justified. SJWC is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

THE COMMISSION FINDS that the increased rates hereby authorized are justified and that the present rates are for the future, unjust and unreasonable.

IT IS RESOLVED that San Jose Water Company is authorized, on the effective date herein, to make effective revised Schedule Nos. 1 and 6 attached to Advice Letter No. 189 and to cancel the presently effective rate schedule for water service.

This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 2, 1986. The following Commissioners approved it:


JOSEPH E. BODOVITZ
Executive Director

DONALD VIAL
President
VICTOR GALVO
PRISCILLA C. GREW
FREDERICK R. DUDA
Commissioners