

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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 to Executive Director

RESOLUTION NO. W-3332

EVALUATION & COMPLIANCE DIVISION
BRANCH/SECTION: Water Utilities
DATE: August 6, 1986

Director

Numerical File

Alphabetical File

Accounting Officer

RESOLUTION

SAN JOSE WATER COMPANY (SJWC). ORDER
AUTHORIZING AN OFFSET RATE INCREASE
PRODUCING \$864,896 OR 1.5% ADDITIONAL
ANNUAL REVENUE.

By Advice Letter No. 190, filed May 22, 1986, SJWC requests authority under Section VI of General Order 96-A, and Section 454 of the Public Utilities Code to increase rates to offset: (1) a \$460,623 increase in purchased water costs, (2) a \$386,807 increase in ground water charges, and (3) \$17,466 in related increases in uncollectibles and franchise requirements. SJWC serves about 192,000 metered customers in portions of Cupertino, San Jose, Santa Clara, Campbell, Los Gatos, Monte Sereno, Saratoga, and vicinity, Santa Clara County.

The present rates became effective on April 2, 1986 pursuant to Resolution W-3307 which authorized an offset rate increase. 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 changes in expenses directly related to water consumption, it is applied to the quantity blocks for metered customers. Rates for all quantities were increased by \$.016/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 June 3, 1986. No customer protests or correspondence have been received.

Service has been satisfactory except in an isolated area of Monte Sereno where the heavy rains of February and March, 1986 damaged a portion of the water system causing water volume and pressure problems for several customers. SJWC is in the process of repairing the storm damage and restoring satisfactory service to the affected customers. 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.	\$ 6.33	\$ 6.38	0.8%
1,000	12.56	12.72	1.3
2,000	21.46	21.78	1.5
3,000	30.36	30.84	1.6
4,000	39.26	39.90	1.6
5,000	48.16	48.96	1.7

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 accounts 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 Schedules Nos. 1 and 6 attached to Advice Letter No. 190 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 August 6, 1986. The following Commissioners approved it:

DONALD VIAL
President
VICTOR CALVO
PRISCILLA C. GREW
FREDERICK R. DUDA
STANLEY W. HULETT
Commissioners



VICTOR R. WEISSNER
Executive Director