

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3459
July 19, 1989R E S O L U T I O N

(RES. W-3459) SAN JOSE WATER COMPANY (SJWC). ORDER AUTHORIZING AN OFFSET RATE INCREASE PRODUCING \$4,356,505 OR 7.5% ADDITIONAL ANNUAL REVENUE.

By Advice Letter No. 217, filed May 31, 1989, 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 \$561,675 increase in purchased power costs, (2) a \$921,498 increase in purchased water costs, (3) a \$2,707,376 increase in groundwater charges, (4) a \$78,271 increase in postage rates, and (5) an \$87,685 increase in uncollectibles and franchise requirements. SJWC serves 206,219 metered customers in portions of Cupertino, San José, Santa Clara, Campbell, Los Gatos, Monté Sereno and Saratoga, and in contiguous territory in the county of Santa Clara.

The present rates became effective on July 10, 1986 pursuant to the filing of Advice Letter No. 202 which authorized an offset rate decrease. 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 14.50% return on equity. This offset increase will not result in a rate of return greater than last authorized.

SJWC purchases its power from Pacific Gas & Electric Company. Its water is purchased from Santa Clara Valley Water District (SCVWD). SJWC's groundwater charges are assessed by SCVWD and are based on the quantity of groundwater pumped.

Service is satisfactory. There are no Commission orders requiring system improvement, nor are there significant service problems requiring corrective action. To ensure that purchased power is being used economically, the Branch reviewed the latest pump efficiency tests and found them satisfactory.

Resolution W-3440, dated April 12, 1989, authorized San José Water Company to implement a water rationing plan to comply with SCVWD's mandate to reduce water usage by 25%. A water shortage currently exists within the company's service area due to a prolonged drought.

SJWC has given public notice of the request for increase by publishing in the local newspaper on June 5, 1989. No customer protests or correspondence have been received.

Since the requested increase is caused by changes in expenses directly related to water consumption, the Water Utilities Branch (Branch) recommends that it be applied to the quantity rates. Under the Branch's recommendation, the rates on all quantities of water delivered would be increased by \$0.081 per Ccf. (One Ccf is equal to one-hundred cubic-feet.)

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.	\$ 6.35	\$ 6.59	3.78%
1,000	12.61	13.42	6.42
2,000	21.55	23.17	7.52
2,140 (Avg.)	22.80	24.54	7.63
3,000	30.49	32.92	7.97
4,000	39.43	42.67	8.22
5,000	48.37	52.42	8.37

THE COMMISSION FINDS, after investigation by the Branch, that the rates hereby authorized are justified. SJWC is directed to maintain its balancing account(s), pursuant to Public Utilities Code 792.5.

IT IS ORDERED that San Jose Water Company is authorized to make effective the revised Schedule Nos. 1 and 6 attached to Advice Letter No. 217 and to cancel the presently effective rate schedules 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 July 19, 1989. The following commissioners approved it:

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
Commissioners



VICTOR R. WEISSER
Executive Director

Commissioner Patricia M. Eckert,
being necessarily absent, did
not participate.