

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION W-3500
June 20, 1990

R E S O L U T I O N

(RES. W-3500), SAN JOSE WATER COMPANY (SJW). ORDER
AUTHORIZING AN OFFSET RATE INCREASE PRODUCING \$6,843,253
OR 9.9% ADDITIONAL ANNUAL REVENUE.

By Advice Letter (A.L.) 226, filed May 10, 1990, SJW 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 \$195,744 increase in purchased power costs, (2) a \$2,234,128 increase in purchased water costs, (3) a \$3,077,470 increase in ground water charges, (4) a \$1,304,940 increase due to undercollections in purchased power, purchased water, and pump tax balancing accounts, and (5) \$30,971 in related increases in uncollectibles and franchise requirements. SJW serves about 202,467 metered customers in portions of Cupertino, San Jose, Santa Clara, Campbell, Los Gatos, Monte Sereno and Saratoga, and in contiguous territory in the county of Santa Clara.

The present rates became effective on October 17, 1989 pursuant to Decision 89-10-038 in which the Commission found rates of return on rate base of 10.48% for 1989, 10.67% for 1990, and 10.83% for 1991 reasonable, with a 11.75% return on equity for 1989, 12.00% for 1990, and 12.25% for 1991. This offset increase will not result in a rate of return greater than last authorized.

SJW purchases its power from Pacific Gas and Electric Company. Its water is purchased from Santa Clara Valley Water District (SCVWD). SJW's purchased water and pump tax charges have increased as a result of actions by SCVWD. The offset increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, those increases in these water-supply-related items that have occurred since the current rates went into effect.

SJW gave public notice of the request for increase by publishing in the local newspaper on May 15 and 25, 1990. One customer protested the amount of the increase. The Branch responded by explaining the reason for the increase was a result of power cost increase.

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 for all quantities of water delivered would be increased by \$0.092 per Ccf (One Ccf is one hundred cubic feet.)

In addition, the Branch recommends, in accordance with the Commission's balancing account policy for water utilities, that the undercollection in the purchased power, purchased water, and pump tax balancing account be amortized over a 12-month period by adding a surcharge of \$0.022 per Ccf.

To ensure that purchased power is being used economically, the Branch reviewed the latest pump efficiency tests and found them satisfactory.

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

SJW has a variety of programs designed to promote water conservation including monthly reminders in water bills, leak detection service, free customer conservation pamphlets, free water conservation kits and a variety of conservation literature for presentation to schools and public information meetings. Since April 1, 1990 the company, with the approval of the Commission, has had a mandatory water rationing plan in effect. This plan calls for a 20% reduction in usage from 1987 levels due to the continuous drought in the Santa Clara Valley.

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 1/</u>	<u>Percent Increase</u>
300 cu. ft.	\$ 7.19	\$ 7.53	4.73%
1,000	13.82	14.96	8.25
2,000	23.29	25.57	9.97
2,500 (Avg.)	28.02	30.87	10.17
3,000	32.76	36.18	10.44
4,000	42.23	46.79	10.80
5,000	51.70	57.40	10.03

1/ Includes \$0.022 per Ccf balancing account amortization surcharge.

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. San Jose Water Company 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.

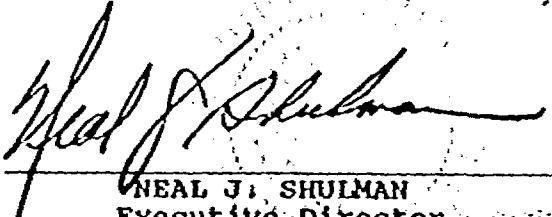
IT IS ORDERED that San Jose Water Company is authorized, on the effective date herein, to make effective revised Schedule Nos. 1 and 6 attached to Advice Letter No. 226 and to cancel the presently effective rate schedules for water service.

This resolution is effective today.

I hereby certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on June 20, 1990. The following commissioners approved it:

FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

President G. Mitchell Wilk,
being necessarily absent, did
not participate.


NEAL J. SHULMAN
Executive Director