

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3505
July 18, 1990

R E S O L U T I O N

(RES. W-3505), GREAT OAKS WATER COMPANY (GOWC). ORDER
AUTHORIZING AN OFFSET RATE INCREASE PRODUCING \$522,509
OR 16.4% ADDITIONAL ANNUAL REVENUE.

By Advice Letter (A.L.) 127, filed June 7, 1990, GOWC 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 \$417,317 increase in ground water charges, and (2) a \$105,192 increase due to an undercollection in its pump tax, purchased power, and postage balancing account. GOWC serves about 17,907 metered customers in the area of southeast San Jose, Santa Clara County.

The present rates became effective on July 19, 1989 pursuant to Resolution W-3458. GOWC has never had a general rate case.

GOWC has never applied for a general rate increase application since it was certificated on December 20, 1959 by Decision No. 59173. Its rate structure is still on a minimum charge rate schedule. The minimum charge rate schedule is designed to allow a utility to recover both its fixed costs and first block quantity costs in the first block rate, which is the minimum charge. GOWC's first block is 5 Ccf (One Ccf is equal one-hundred cubic-feet). Water used above the minimum is charged through declining blocks. Although GOWC's rate structure does not conform to the Commission's current policy on rate design, the Water Utilities Branch (Branch) believes that any modification of the rate structure should be addressed in a general rate proceeding where all aspects of the costs of service are reviewed.

GOWC's groundwater charges are assessed by Santa Clara Valley Water District (SCVWD) and are based on the amount of groundwater pumped. GOWC's 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, the increases in this water-supply-related item that have occurred since GOWC's present rates went into effect.

Since the requested increase is caused by changes in expenses directly related to water consumption, the Branch recommends that it be applied equally to the quantity rates including the first block. Under the Branch's recommendation, the rates for all quantities of water delivered would be increased by \$0.10 per Ccf.

In addition, the Branch recommends, in accordance with the Commission's balancing account policy for water utilities, that the undercollection in its pump tax, purchased power, and postage balancing accounts be amortized over a 12-month period by adding a surcharge of \$0.025 per Ccf. A special condition should be added into the Company's rate Schedule No. 1 for this surcharge.

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

GOWC has a variety of programs designed to promote water conservation including monthly reminders in water bills, free customer conservation pamphlets, free water conservation kits and a variety of conservation literature for presentation to schools. The utility has currently implemented a voluntary water conservation program designed to reduce consumption 20% and has filed Application 90-04-053 to be exempted from requirements to file a mandatory rationing plan.

The requested rate increase is greater than 10% of the present rates; GOWC is required to furnish each customer notice of the request for increase. GOWC distributed a copy to each customer by mail on June 14 and 15, 1990. Three customers protested the amount of the increase. The Branch responded by explaining that the reason for the increase was as a result of a pump tax increase.

To ensure that purchased power is being used economically, the Branch reviewed the latest pump efficiency tests and found them satisfactory. However, the pump tests were performed in 1985 and 1986. The Branch recommends that GOWC be required to retest its pumps before its next rate increase request and to correct any pumps with low efficiency ratings. Pacific Gas and Electric Company provides such testing on request without charge.

GOWC has not filed updated tariffs: Title Page, Preliminary Statements, and Rule No. 17, and the Uniform Fire Hydrant Service Agreement. The Branch recommends that GOWC be ordered to update its filed tariff rule and related forms.

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>
500 cu. ft.	\$ 3.58	\$ 4.21	17.6%
1,000	7.88	9.13	15.9
1,500 (Avg.)	12.18	14.06	15.4
2,000	16.48	18.98	15.2
3,000	25.08	28.83	15.0
4,000	32.58	37.58	15.3
5,000	40.08	46.33	15.6

1/ Includes \$0.025 per Ccf balancing account amortization surcharge.

Pursuant to Public Utilities code Section 792.5, GOWC is directed to maintain its balancing accounts.

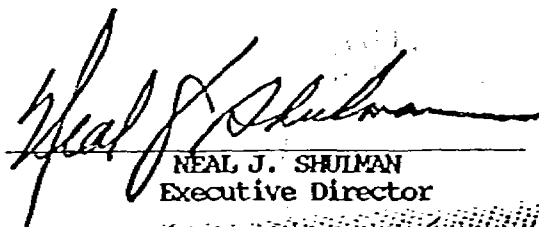
THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified and the resulting rates are just and reasonable.

IT IS ORDERED that:

1. Great Oaks Water Company is authorized to make effective the revised Schedule No. 1 attached to this resolution and to cancel the presently effective rate schedule for water service.
2. Great Oaks Water Company shall file the following updated tariffs: Title Page, Preliminary Statement, Rule No. 17, and the Uniform Fire Hydrant Service Agreement within 90 days.
3. Great Oaks Water Company shall retest its pump efficiencies before its next rate increase request and correct any pumps with a low efficiency rating.
4. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 18, 1990. The following Commissioners approved it:

G. MITCHELL WALK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners


NEAL J. SHULMAN
Executive Director

Attachment 1

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area in southeast San Jose, east of Snell Road and south of Hellyer Park.

RATES

Quantity Rates:		Per Meter Per Month
First	500 cu.ft. or less.	\$ 4.08 (I)
Next	2,500 cu.ft. per 100 cu.ft. . .	0.96
Next	27,000 cu.ft. per 100 cu.ft. . .	0.85
Over	30,000 cu.ft. per 100 cu.ft. . .	0.82 (I)

Minimum Charge:

<u>Meter Size</u>	<u>Minimum Charge</u>	<u>Fire Protection Revenue Loss Surcharge</u>
5/8 x 3/4-inch	\$ 4.08	\$.16
3/4-inch	5.22	.18
1-inch	7.57	.25
1-1/2-inch	13.35	.32
2-inch	19.02	.43
3-inch	33.87	.80
4-inch	49.54	1.09
6-inch	91.21	1.81
8-inch	149.26	2.69
10-inch	218.75	3.34

The Minimum Charge will entitle the customer to the quantity of water which the minimum charge will purchase at the Quantity Rates plus Surcharge for Fire Protection.

SPECIAL CONDITIONS

1. Surcharge for Fire Protection is subject to refund with interest pending review by the Commission. (D)
2. Due to an undercollection in the balancing account, a surcharge of \$0.025 per Ccf is to be added to the quantity rate for twelve months from the effective date of this tariff. (N)
|
(N)
3. All rates are subject to the reimbursement fee set forth on Schedule No. UF. (L)
(L)