

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3582
June 19, 1991R E S O L U T I O N

(RES. W-3582), SAN JOSE WATER COMPANY (SJWC). ORDER
AUTHORIZING AN OFFSET RATE INCREASE PRODUCING \$14,094,634
OR 19.99% ADDITIONAL ANNUAL REVENUE.

BACKGROUND

By Advice Letter 233, filed May 20, 1991, 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 \$508,461 increase in purchased power costs, (2) a \$5,553,392 increase in purchased water costs, (3) a \$6,693,172 increase in groundwater charge, (4) a \$94,924 increase in postage rates, (5) a \$1,180,685 increase due to an undercollection in its balancing accounts, and (6) \$64,000 in related increases in uncollectibles and franchise requirements. SJWC serves approximately 203,255 metered customers in Santa Clara County.

The present rates became effective on April 3, 1991, pursuant to Decision (D.) No. 90-10-037. The last general rate increase became effective on October 17, 1989 pursuant to D.89-10-038, in which the Commission found the rates of return on rate base of 10.48% for 1989, 10.67% for 1990, and 10.83% for 1991, reasonable, with a return on equity of 11.75% for 1989, 12.00% for 1990, and 12.25% for 1991.

DISCUSSION

The offset increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, changes in items that have occurred since the present rates became effective. This rate increase will not result in a return greater than that previously authorized.

Consistent with past Commission policy for offsets, the percentage increase to flat and metered rate customers is about the same percentage as the overall increase or 19.99%.

The increase caused by changes in the costs of purchased power, purchased water, and groundwater tax is applied to the quantity block for metered customers. Rates for 100 cubic feet were increased by \$0.214/Ccf. A balancing account surcharge of \$0.20/Ccf is applied to the quantity blocks for metered customers for a period of twelve months to offset the undercollection of the balancing account. The balancing account surcharge is to replace the surcharge filed with Advice Letter No. 226, which will expire on June 19, 1991.

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To determine if purchased power is being used efficiently, the Branch reviewed the latest pump efficiency tests and found the results to be satisfactory.

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

To promote conservation, SJWC has requested its customers, through bill inserts and distribution of conservation material, to reduce their water consumption.

This increase will result in a \$3.66 per month or a 15.59% increase for the average metered customer using 17 Ccf of water from a 5/8 x 3/4-inch meter. The average monthly bill will increase from \$23.48 to \$27.14.

NOTICE AND PROTEST

SJWC has given public notice of the request for increase by enclosing in each bill an explanation of the increase. No customer protest or correspondence have been received.

FINDINGS

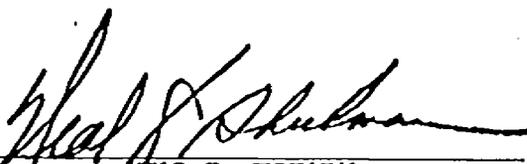
THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

IT IS ORDERED that:

1. San Jose Water Company is authorized, on July 1, 1991, to make effective revised Schedules Nos. 1 and 6 attached to Advice Letter No. 233, and to cancel the presently effective rate schedules for water service.
2. San Jose Water Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 19, 1991. The following Commissioners approved it:

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. OHANIAN
DANIEL Wm. FESSIER
NORMAN D. SHUMWAY
Commissioners


NEAL J. SHULMAN
Executive Director