

FUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3945 **
November 8, 1995

R E S O L U T I O N

(RES. W-3945), GREAT OAKS WATER COMPANY (GOWC). ORDER
AUTHORIZING A 2% SURCHARGE ON ALL WATER BILLS TO RECOVER A
2% FRANCHISE FEE IMPOSED BY THE CITY OF SAN JOSE.

BY ADVICE LETTER NO. 142, FILED JULY 5, 1995.

SUMMARY

This resolution authorizes GOWC to add a 2% surcharge to all water bills billed to customers within the city limits of the city of San Jose to recover a franchise fee imposed by the City of San Jose. The surcharge will not result in a rate of return greater than last authorized for GOWC.

BACKGROUND

GOWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to add a surcharge of 2% to all water bills billed to all customers within the city limits of the City of San Jose to recover franchise tax expenses imposed by the City of San Jose.

GOWC presently serves approximately 18,600 metered rate customers in the area southeast of San Jose and neighboring unincorporated areas of Santa Clara County. The present rates became effective on May 28, 1994, pursuant to Decision (D.) 93-04-061 and D.94-03-077 in which the Commission found the rate of return on rate base of 10.56% for 1993 reasonable and authorized revenue increases of \$564,000, or 9.7%, for 1993; \$165,500, or 2.5%, for 1994; and \$161,900, or 2.5%, for 1995.

DISCUSSION

The San Jose City Council in its meeting of June 20, 1995, passed Ordinance No. 24931 imposing a 2% franchise fee on all potable water franchises within the city limits of the City of San Jose. The franchise fee is assessed by cities for allowing utilities to install water facilities in public streets and thoroughfare. For GOWC, the franchise fee is effective July 27, 1995, and payable on a monthly basis. GOWC's 1994 operating revenues were \$6,054,500. The 2% surcharge on the 1994 revenues would amount to an annual franchise fee of \$121,100. The monthly bill for an average customer having a 3/4-inch meter will increase from \$28.69 to \$29.26. Because GOWC started operations after the City of San Jose was incorporated, GOWC cannot claim constitutional franchise protection from this fee.

NOTICE AND PROTEST

GOWC has given public notice of the request for the franchise fee surcharge by publishing in the local newspaper on July 7, 1995. No protest or customer correspondence have been received.

FINDINGS AND CONCLUSIONS

1. GOWC should be authorized to add a 2% franchise fee to all water bills billed to customers in the city limits of the City of San Jose.

IT IS ORDERED that:

1. Great Oaks Water Company is authorized, five days after the effective date herein, to make effective Schedule No. 1, General Metered Service, and Schedule No. 4, Private Fire Protection Service, as attached to Advice Letter No. 142, and to cancel the presently effective schedules.

2. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on November 8, 1995. The following commissioners approved it:

Wesley Franklin

WESLEY M. FRANKLIN
Acting Executive Director

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners