

Decision No. 62245**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of PEERLESS LAND & WATER CO., INC.,  
for authority to increase its  
rates for water service.

} Application No. 43378  
} (Filed May 5, 1961)

O P I N I O N

Applicant is a California corporation furnishing water to domestic consumers in and around the Cities of Bellflower, Paramount and Lakewood in Los Angeles County, California. As of December 31, 1960, it had 433 metered and 1,440 nonmetered customers.

Applicant is within the Central and West Coast Basins, which have formed a district known as the Central and West Basin Water Replenishment District, which district, it is alleged, was formed by the electors thereof in November 1959 as an agency authorized to tax water producers in the area and use the resulting funds to purchase water from the Metropolitan Water District to replenish the ground water.

It is further alleged that on April 21, 1960, the directors of said district levied an assessment of \$3.19 on each acre foot of ground water produced within the district for the fiscal year of July 1, 1960, to June 30, 1961; that applicant has paid

\$3.19 for each of 851.23 acre feet covering the period of July 1, 1960, to December 31, 1960, at a total cost of \$2,715.42; that an estimated 700 acre feet of water will be required from January 1, 1961, to June 30, 1961, at \$3.19 per acre foot, or an additional cost of \$2,233; that the total of said cost is \$4,948.42 for one full year of operation; and that said cost has been absorbed by applicant to date. The applicant further alleges that on April 13, 1961, the Board of Directors of said district levied an assessment of \$5.75 per acre foot for water produced within the district for the fiscal year commencing July 1, 1961, and ending June 30, 1962; that based on the amount of water produced by the applicant for the 1960-1961 fiscal year, the assessment to applicant will amount to \$8,841.14; and that in addition thereto the applicant will incur an estimated expense of \$875 as the cost of preparing and filing the present application. The applicant further alleges that had the \$5.75 per acre foot replenishment assessment been in effect in the fiscal year 1960-1961, the net income would have been approximately \$711.96 (sic) or about a one-half of 1% rate of return on its rate base of \$130,925.

Applicant alleges that it cannot absorb the additional cost and remain solvent. It proposes to increase its rates as follows:

FLAT RATES

| <u>RATES</u>  | <u>For each 3/4-inch service connection Per Month</u> |                       |
|---|---|-----------------------|
|   | <u>Present Rates</u>                                  | <u>Proposed Rates</u> |
| For each residence, including lot .....             | \$2.00  | \$2.40                |
| For each additional residence on the same lot ..... | 1.25  | 1.50                  |
| For each single business establishment .            | 2.00  | 2.40                  |
| For each swimming pool (new) .....                  | -   | 1.10                  |

GENERAL METERED SERVICE

| Quantity Rates:                               | <u>Per Meter Per Month</u> |                       |
|---|----------------------------|-----------------------|
|   | <u>Present Rates</u>       | <u>Proposed Rates</u> |
| First 500 cubic feet or less .....            | \$1.75                     | \$1.85                |
| Next 1,000 cubic feet, per 100 cubic feet ..  | .25                        | .27                   |
| Next 3,500 cubic feet, per 100 cubic feet ..  | .20                        | .22                   |
| Next 5,000 cubic feet, per 100 cubic feet ..  | .15                        | .17                   |
| Over 10,000 cubic feet, per 100 cubic feet .. | .12                        | .13                   |

  

| Minimum Charge:                |        |        |
|--------------------------------|--------|--------|
| For 5/8 x 3/4-inch meter ..... | \$1.75 | \$1.85 |
| For 3/4-inch meter .....       | 2.50   | 2.50   |
| For 1-inch meter .....         | 3.50   | 4.00   |
| For 1 1/2-inch meter .....     | 5.00   | 6.00   |
| For 2-inch meter .....         | 8.00   | 10.00  |

Fire hydrant rates are to remain the same.

Adjusting the expenses to give effect to the \$5.75 per acre foot for the year 1960, applicant's estimated results of operation at present and proposed rates are as follows:

|  | <u>Present<br/>Rates</u> | <u>Proposed<br/>Rates</u> |
|--|--------------------------|---------------------------|
| Operating Revenues   | \$60,399.91              | \$69,939.00               |
| Operating Expenses   |                          |                           |
| Operation & Maintenance Expense  | 23,381.36                | 23,381.36                 |
| Administrative & General & Miscellaneous Expenses, including<br>Regulatory | 10,705.00                | 11,580.00                 |
| Depreciation   | 9,512.31                 | 9,512.31                  |
| Taxes Other than Income  | 15,724.15                | 15,724.15                 |
| Federal Income Taxes   | <u>305.13</u>            | <u>2,922.35</u>           |
| Total Expenses   | 59,627.95                | 63,120.17                 |
| Net Operating Profit   | 771.96                   | 6,818.83                  |
| Rate Base  |                          | 130,925.00                |
| Rate of Return %   | .59-                     | 5.2i                      |

The staff utilities engineer who investigated the matter prepared a memorandum report (hercby made a part of the record herein and marked Exhibit No. 1) in which it is stated, among other things, that applicant's net operating profit for the recorded year 1960 was \$5,702 with a rate of return of approximately 4.4 per cent; that the net profit for the year 1960, had no assessment been in effect, would have been \$6,901 at present rates with a rate of return of 5.3%; that the net profit for the year 1960, had the new assessment of \$5.75 per acre-foot been in effect for the entire year, would have been \$712 at present rates with a rate of return of 0.5%; and that the rates proposed in the application would have yielded a net profit of \$6,819 for the year 1960 with a rate of return of 5.2%, had the new assessment of \$5.75 per acre-foot been in effect for the entire year. The report further stated that all the water delivered by applicant to its customers is produced from the underground basin of the district by means of fifteen wells equipped with deep well turbine

pumps; that applicant provides water service to seven separate areas comprised of fully developed residential and commercial subdivisions; and that all service areas are surrounded by other water systems and are approximately saturated as to the number of customers.

Based on his investigation, the engineer's report stated that in his opinion the form of increased rates requested by applicant will distribute any increases authorized by the Commission in an equitable manner among the customers and that the over-all increase in revenue proposed by the applicant is approximately 15.7%.

Based upon the allegations of the verified application and the report of the Commission engineer, we now find that the proposed increases in rates and charges as hereinbefore described and authorized herein are justified and that the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

A public hearing is not required.

O R D E R

An application as above entitled having been filed, and based upon the application and the report of the staff engineer as hereinabove stated, and the findings set forth above,

IT IS HEREBY ORDERED that Peerless Land & Water Co., Inc., be and it is authorized to file in quadruplicate with the Commission, after the effective date of this order and in conformance

with General Order No. 96, the schedule of rates shown in Appendix A attached hereto, and, upon not less than five days' notice to the Commission and to the public, to make said rates effective for service rendered after July 31, 1961.

The effective date of this order shall be fifteen days after the date hereof.

Dated at San Francisco, California, this 11th day of July, 1961.

[Signature]  
 President

[Signature]

[Signature]

George G. Weaver

Fredrick B. Holcomb  
 Commissioners

APPENDIX A  
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Within portions of the Cities of Bellflower, Lakewood and Paramount, and vicinity, Los Angeles County.

RATES

Per Meter  
Per Month

Quantity Rates:

|       |                                    |         |
|-------|------------------------------------|---------|
| First | 500 cu.ft. or less .....           | \$ 1.85 |
| Next  | 1,000 cu.ft., per 100 cu.ft. ....  | .27     |
| Next  | 3,500 cu.ft., per 100 cu.ft. ....  | .22     |
| Next  | 5,000 cu.ft., per 100 cu.ft. ....  | .17     |
| Over  | 10,000 cu.ft., per 100 cu.ft. .... | .13     |

Minimum Charge:

|     |                            |         |
|-----|----------------------------|---------|
| For | 5/8 x 3/4-inch meter ..... | \$ 1.85 |
| For | 3/4-inch meter .....       | 2.50    |
| For | 1-inch meter .....         | 4.00    |
| For | 1 1/2-inch meter .....     | 6.00    |
| For | 2-inch meter .....         | 10.00   |

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.

APPENDIX A  
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## Schedule No. 2

FLAT RATE SERVICEAPPLICABILITY

Applicable to all flat rate water service.

TERRITORY

Within portions of the Cities of Bellflower, Lakewood and Paramount, and vicinity, Los Angeles County.

RATES

|  | <u>Per Service Connection<br/>Per Month</u> |
|--|---|
| 1. For a single family residential unit,<br>including premises .....   | \$2.40                                      |
| a. For each additional residential unit<br>on the same premises and served from<br>the same service connection ..... | 1.50  |
| 2. For each business establishment .....   | 2.40  |
| 3. For each swimming pool .....  | 1.10  |

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than 3/4-inch in diameter.

2. Meters may be installed at option of utility or customer for the above classifications in which event service thereafter will be rendered only on the basis of Schedule No. 1, General Metered Service.