

ORIGINAL

Decision No. 74712

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. 50235
(Filed May 14, 1968)

OPINION AND ORDER

By this application, Peerless Land & Water Company, Inc., seeks authority to increase its rates for general metered and flat rate water service to offset the increased cost of postage, which became effective January 7, 1968, for all of its customers, and a street franchise tax, which became effective April 24, 1968, for customers located in the City of Bellflower. The requested gross annual increase would have amounted to \$1,501 based on applicant's operations for the year 1967.

A report on the results of his investigation has been submitted by a Commission staff engineer. It is received as Exhibit No. 1. Said exhibit shows that, at the present rates for water service, the rate of return for the year 1967 recorded was 4.5 percent (in the application a 2.2 percent rate of return was shown in Exhibit F, which included nonutility revenues and deductions). At the proposed rates, the staff report shows a rate of return of 4.4 percent, including the effect of the new postage costs, the Bellflower franchise tax, and the 10 percent federal income surcharge, which became effective January 1, 1968, and which is scheduled to terminate June 30, 1969.

As of January 1, 1968, water service was being furnished to 1,972 general metered service customers and one flat rate customer in seven independent water systems located in portions of the Cities of Bellflower, Lakewood and Paramount, Los Angeles County. No growth is anticipated because applicant's service areas are completely surrounded by other water purveyors.

Applicant's present rates were authorized by Decision No. 62245, dated July 11, 1961, in Application No. 43378 for authority to increase rates to offset charges levied by the Central Basin Water Replenishment District.

A comparison of charges for water service at applicant's present general metered service rates and those of neighboring water utilities is drawn in the following tabulation:

Comparison of Monthly Charges

Monthly Consumption: Cu. Ft.	Applicant: Present Rates	Community: Water Company	Plunkett: Water Company	County: Water Company	Park 2/: Water Company	So. Cal.: Water Cen-:tral Basin:
500	\$ 1.85	\$ 1.55	\$ 2.00	\$ 2.90	\$ 1.70	\$ 2.10
1,000	3.20	2.43	2.00	4.42	1.70	2.82
1,500 ^{1/}	4.55	3.53	2.75	6.32	2.45	4.02
2,000	5.65	4.63	3.50	8.22	3.20	5.22
2,500	6.75	5.63	4.25	10.12	3.83	6.42
5,000	12.25	10.63	8.00	16.37	6.95	11.42
10,000	20.75	20.63	13.00	27.62	13.20	21.42
20,000	33.75	35.63	23.00	47.62	23.20	33.42

^{1/} Average water use. The charge for this quantity will be \$4.62 at the requested rate inside the City of Bellflower, and \$4.56 at the requested rate outside the City.

^{2/} Rate case pending.

The staff field investigation of applicant's operations disclosed that certain old and deteriorated mains have been replaced with 6- and 8-inch asbestos cement mains; no formal complaints have been filed with the Commission during the past three years; and applicant's present water service is adequate.

The staff recommended that applicant be authorized to file the schedules of rates applicable to the Bellflower tariff area, on the one hand, and the Lakewood-Paramount tariff area attached to Exhibit No. 1 as pages 1 and 2 of Appendix A thereto, respectively. No provision is made for an increase in flat rates because after October 1, 1968, there will be no flat rate customers.

The Commission finds that certain unavoidable costs for postage and for a City of Bellflower franchise tax have been levied which will depress applicant's earnings; that applicant's proposals to increase its rates for water service to offset such costs for the future will not produce an excessive rate of return; such rates are not designed to recover such costs retroactively; and said proposals are reasonable. Public hearing is not necessary.

The Commission concludes that the application should be granted, except that no increase in flat rates should be authorized because there will be no flat rate service after October 1, 1968.

IT IS ORDERED that after the effective date of this order, Peerless Land & Water Company, Inc., is authorized to

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file the revised rate schedules attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be four days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date thereof.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 24th
day of SEPTEMBER, 1968.

William Symons Jr.
President

William W. Bennett

August

Fred P. Monsey
Commissioners

APPENDIX A
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Schedule No. 1B (T)
Bellflower Tariff Area (T)
METERED SERVICE (T)

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Within portions of the City of Bellflower and vicinity,
 Los Angeles County. (T)

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
First 500 cu.ft. or less	\$ 1.92	(I)
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.....	1.92	(I)
For 3/4-inch meter.....	2.57	
For 1-inch meter.....	4.07	
For 1 1/2-inch meter.....	6.07	
For 2-inch meter.....	10.07	
For 3-inch meter.....	20.07	

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

Schedule No. 11P (T)
Lakewood-Paramount Tariff Area (T)
METERED SERVICE (T)

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Within portions of the Cities of Lakewood and Paramount, and vicinity, Los Angeles County. (T)

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
First 500 cu.ft., or less.....	\$ 1.86	(I)
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.....	1.86	(I)
For 3/4-inch meter.....	2.51	
For 1-inch meter.....	4.01	
For 1 1/2-inch meter.....	6.01	
For 2-inch meter.....	10.01	
For 3-inch meter.....	20.01	(I)

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