

Decision No. 7940S

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of PEERLESS WATER CO. for
authority to INCREASE ITS RATES
FOR WATER SERVICE.

Application No. 52745
(Filed July 13, 1971)

O P I N I O N

Applicant, Peerless Water Co., seeks authority to increase rates for water service to offset increases in operating expenses due to purchase of power for operation; increased county assessments on operational plant, and for increased cost of United States postage. Copies of the application have been served in accordance with this Commission's rules of procedure.

The Commission staff has made an investigation, reviewed and analyzed this application and has prepared a report thereon, dated October 15, 1971, which hereby is received as Exhibit No. 1.

Applicant owns and operates water systems serving about 1,970 customers in portions of the Cities of Bellflower, Lakewood and Paramount, in Los Angeles County.

Applicant alleges that the increase in assessed value is \$20,011 over the previous year. This increase computed with the last year's average tax rate for the areas this company serves amounts to \$2,303 increase in cost. The increased cost of postage amounts to \$226 annually. The estimated increase in cost of purchased power amounts to \$1,021 annually, and Peerless Water Co. alleges it cannot absorb these additional costs and continue a progressive improvement program.

The minimum necessary for sufficient revenues to cover the estimated costs of the increase in property tax, increase in postage rates, and increase in purchased power cost will be to increase gross revenues by 16¢ per customer, per month. The schedules of these increases are part of the application.

Applicant further alleges it is not asking for a general increase in rates for water service, but is requesting rates designed to produce such additional revenue as is required to recover operating expenses not heretofore charged, in amounts readily ascertainable, and that the requested increase in rates will not increase the rate of return to applicant.

The conclusions and recommendations of the Commission staff in Exhibit No. 1 are as follows:

The estimated power and property tax increases will reduce applicant's rate of return 0.9 percent below the 7.5 percent authorized in Decision No. 78462. Based on the San Jose Water Works Decision No. 78884, postage is not an appropriate expense item to be considered for an offset rate increase. Exhibit No. 1 indicates that estimated increases in ad valorem taxes to 1971-72 level and in power to present level over and above amounts allowed in Decision No. 78462 will be \$2,700 and \$958, respectively. Based on the staff's estimate, a 2.6 percent increase in total revenue is required, which will yield approximately the same revenue as requested by applicant.

The staff recommends ex parte authorization of a rate increase to offset the increased ad valorem taxes and pumping power costs. Applicant's proposed rates are acceptable to the Commission staff.

After consideration the Commission finds that:

1. Applicant has experienced increases in ad valorem tax, postage cost and power cost.
2. The increase in postage is not an appropriate expense item to be considered for an offset rate increase.
3. The increases authorized herein will offset the increased expenses resulting from the increases in ad valorem tax and power cost.
4. The earnings which would be produced under the rates authorized herein do not exceed the previously authorized rate of return.
5. Applicant is in need of increased revenues to offset increases in expenses to be incurred for ad valorem taxes and to offset an increase in pumping power costs.
6. Applicant's estimate of the rate increase required to offset the effect of those increases in expenses is reasonable.
7. The increases in rates and charges authorized herein are justified; the rates and charges authorized herein are reasonable; and the present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable. We concur in the staff recommendations.

A public hearing is not necessary.

The Commission therefore concludes that the application should be granted to the extent set forth in the order which follows.

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O R D E R

IT IS ORDERED that after the effective date of this order, Peerless Water Co. is authorized to file the revised rate schedules attached to this order as Appendix A, and concurrently to cancel and withdraw presently effective schedules for general metered services. 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 twenty days after the date hereof.

Dated at San Francisco, California, this 23rd
day of NOVEMBER, 1971.

William J. Brown Chairman
James L. Sturgeon
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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Schedule No. B-1

Bellflower Tariff Area

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

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

RATES

Quantity Rates:	Per Meter Per Month	
First 500 cu. ft. or less	\$ 2.65	(I)
Next 2,500 cu. ft., per 100 cu. ft.....	0.30	
Next 7,000 cu. ft., per 100 cu. ft.....	0.24	
Over 10,000 cu. ft., per 100 cu. ft.....	0.16	
Minimum Charge:		
For 5/8 x 3/4-inch meter	\$ 2.65	(I)
For 3/4-inch meter	3.42	
For 1-inch meter	5.22	
For 1-1/2-inch meter	7.62	
For 2-inch meter	12.42	
For 2-1/2-inch meter	18.22	
For 3-inch meter	24.47	
For 4-inch meter	43.37	(I)

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. LP-1

Lakewood-Paramount Tariff Area

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

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

RATES

Quantity Rates:	Per Meter Per Month	
First 500 cu. ft., per 100 cu. ft.....	\$ 2.59	(I)
Next 2,500 cu. ft., per 100 cu. ft.....	0.30	
Next 7,000 cu. ft., per 100 cu. ft.....	0.24	
Over 10,000 cu. ft., per 100 cu. ft.....	0.16	
Minimum Charge:		
For 5/8 x 3/4-inch meter	\$ 2.59	(I)
For 3/4-inch meter	3.36	
For 1-inch meter	5.16	
For 1-1/2-inch meter	7.56	
For 2-inch meter	12.36	
For 2-1/2-inch meter	18.16	
For 3-inch meter	24.41	
For 4-inch meter	43.31	(I)

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