

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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to Executive Director

RESOLUTION NO. W-3345

EVALUATION & COMPLIANCE DIVISION
BRANCH/SECTION: Water Utilities
DATE: December 17, 1986

Director

Numerical File

Alphabetical File

Accounting Officer

R E S O L U T I O N

PEERLESS WATER COMPANY (PWC). ORDER AUTHORIZING
AN OFFSET RATE INCREASE PRODUCING \$19,374 OR 4.8%
ADDITIONAL ANNUAL REVENUE.

By Advice Letter No. 53, filed November 10, 1986, PWC 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 \$2,200 increase in purchased power costs, (2) a \$1,960 increase in purchased water costs, (3) a \$7,600 increase in ground water charges, and (4) a \$7,614 increase due to an undercollection in the purchased power, purchased water, ground water charges, and ad valorem taxes balancing account. PWC serves about 1,990 metered customers in Bellflower, Lakewood and Paramount in Los Angeles County.

The present rates became effective on July 1, 1985 pursuant to Resolution W-3251 which authorized an increase in rates to offset a decrease in purchased water costs and an increase in ground water charges. The last general rate increase became effective on August 7, 1984 pursuant to Resolution No. W-3197 in which the Commission found the rate of return on rate base of 12.7% for 1984 reasonable, with a 13.0% return on equity. This offset increase will not result in a rate of return greater than last authorized.

Consistent with past Commission policy for offsets, the percentage increase to Bellflower, Lakewood, Paramount and Government Agency metered rate customers is about the same percentage as the overall increase or 4.8%.

Since the increase is caused primarily by changes in the cost of purchased water, purchased power and ground water charges, which are related to water consumption, it is applied to the quantity blocks for metered customers. Rates for all quantity blocks are increased by \$0.054 per hundred cubic feet.

The Water Utilities Branch (Branch) has reviewed the latest pump efficiency tests and found them satisfactory.

PWC has given public notice of the request for increase by publishing in the

local newspaper on October 21, 1986. No customer protests or correspondence have been received.

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

The table below shows typical bills for residential customers at various usage levels at present and proposed rates:

General Metered Service (5/8 x 3/4-inch meter)

Lakewood-Paramount (Schedule LP-1)

| <u>Monthly Usage</u> | <u>Present Rates</u> | <u>Proposed Rates</u> | <u>Percent Increase</u> |
|----------------------|----------------------|-----------------------|-------------------------|
| 300 cu.ft. | \$ 5.58 | \$ 5.75 | 3.0% |
| 1,000 | 11.65 | 12.19 | 4.6 |
| 2,000 | 20.31 | 21.39 | 5.3 |
| 3,000 | 28.97 | 30.59 | 5.6 |
| 4,000 | 37.63 | 39.79 | 5.7 |
| 5,000 | 46.29 | 48.99 | 5.8 |

Bellflower (Schedule B-1)

| <u>Monthly Usage</u> | <u>Present Rates</u> | <u>Proposed Rates</u> | <u>Percent Increase</u> |
|----------------------|----------------------|-----------------------|-------------------------|
| 300 cu.ft. | \$ 5.63 | \$ 5.80 | 3.0% |
| 1,000 | 11.70 | 12.24 | 4.6 |
| 2,000 | 20.36 | 21.44 | 5.3 |
| 3,000 | 29.02 | 30.64 | 5.6 |
| 4,000 | 37.68 | 39.84 | 5.7 |
| 5,000 | 46.34 | 49.04 | 5.8 |

After investigation by the Branch, the Commission finds that the requested rate increase is reasonable, and to the extent provided by the following resolution is justified. PWC is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.

THE COMMISSION FINDS that the increased rates hereby authorized are justified and that the present rates are for the future, unjust and unreasonable.

IT IS RESOLVED that Peerless Water Company is authorized, on the effective date herein, to make effective revised Schedules Nos. B-1, LP-1, and GA-1 attached to Advice Letter No. 53 and to cancel the presently effective rate schedules for water service.

This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 17, 1986. The following Commissioners approved it:

DONALD VIAL
President
VICTOR CALVO
FREDERICK R. DUDA
STANLEY W. HULETT
Commissioners



VICTOR R. WEISSER
Executive Director