

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION NO. W-3462  
September 7, 1989

## RESOLUTION

(RES. W-3462) PEERLESS WATER COMPANY (PWC). ORDER  
AUTHORIZING ESTABLISHMENT OF A WATER MONITORING COST  
BALANCING ACCOUNT AND AN OFFSET RATE DECREASE  
REDUCING \$17,820 OR 3.74% ANNUAL REVENUE.

PWC, by Advice Letter No. 57 filed June 12, 1989, requested authority under Section 792.5 of the Public Utilities Code to establish a water monitoring cost balancing account and to reduce rates to offset: (1) a \$7,480 increase in water monitoring cost, (2) a \$5,660 increase in purchased power cost, (3) a \$16,240 decrease in ground water charges, (4) a \$7,010 decrease due to a combined effect of an overcollection in the purchased power, purchased water, and ad valorem tax balancing accounts, and (5) a \$7,710 decrease by the elimination of existing balancing account surcharge for the amortization of undercollection.

For purposes of establishing a balancing account for water monitoring cost, \$7,480 is included. The balancing account is needed because of cost increases as the result of additional water testing requirements mandated by the State of California Department of Health Services and the United States Environmental Protection Agency. The present authorized amount for water monitoring cost is \$700 and was included as part of contract work, totalling \$3,120, in Resolution No. W-3363.

The present rates became effective on June 8, 1987 pursuant to Resolution No. W-3363 which authorized a general rate increase in which the Commission found a rate of return on rate base of 10.50% for 1987 reasonable. This offset request will not result in a rate of return greater than last authorized. PWC serves about 2,000 metered customers in the cities of Bellflower, Lakewood, and Paramount in Los Angeles County.

Consistent with past Commission policy for offsets, the percentage decrease to Bellflower, Lakewood, Paramount and Government Agency metered rate customers is about the same percentage as the overall decrease of 3.74%.

Since the rate decrease is primarily related to the quantity of water sold, the reduction is applied to the quantity block for metered customers.

To account for the overall decrease as the result of lower groundwater charges, increase in purchased power, and additional increase in water monitoring cost, a \$0.008 per 100 cubic foot reduction in the quantity rate is effected.

To account for the balancing account total overcollection as of December 31, 1988, a \$0.019 per 100 cubic foot reduction in the quantity rate is effected for a 12 month period following the effective date of this resolution.

To account for the removal of the embedded surcharge in the present rates, a \$0.021 per 100 cubic foot reduction in the quantity rates is effected.

Public notice for the rate reduction is not required. Service is satisfactory. There are no Commission orders requiring system improvements.

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 meters)

<u>Monthly Usage</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Decrease</u>
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Bellflower Tariff Area

300 cu. ft.	\$ 7.31	\$ 7.16	2.05%
500	9.28	9.04	2.59
1,000	14.21	13.73	3.38
1,500 (average)	19.14	18.42	3.76
2,000	24.07	23.11	3.99
3,000	33.93	32.49	4.24
5,000	53.65	51.25	4.47

Lakewood-Paramount Tariff Area

300	7.26	7.11	2.07
500	9.23	8.99	2.60
1,000	14.16	13.68	3.39
1,500 (average)	19.09	18.37	3.77
2,000	24.02	23.06	4.00
3,000	33.88	32.44	4.25
5,000	53.60	51.20	4.48

(All rates include the balancing account surcharge)

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

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

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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. 57 and to cancel the presently effective rates 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 September 7, 1989. The following Commissioners approved it:

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. OHANIAN  
PATRICIA M. ECKERT  
Commissioners

*Wesley Franklin*  
WESLEY FRANKLIN  
Acting Executive Director