

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3536
December 19, 1990

R E S O L U T I O N

(RES. W-3536) PEERLESS WATER COMPANY (PWC). ORDER
AUTHORIZING AN OFFSET RATE INCREASE PRODUCING \$13,661 OR
2.88% ADDITIONAL ANNUAL REVENUE.

By Advice Letter No. 59, filed October 25, 1990, PWC requests authority under Section VI of General Order (GO) 96-A and Section 454 of the Public Utilities Code to increase rates to offset: (1) a \$1,155 or 3.03% increase in purchased water costs due to increased charges by the Central Basin Municipal Water District (CBWD) and the City of Bellflower, (2) a \$2,440 or 5.89% increase in ground water extraction replenishment assessment from the Central and West Basin Water Replenishment District, and (3) a \$10,066 or 123% increase in water monitoring cost pursuant to requirements of the State of California Department of Health Services (DHS). PWC serves about 2,000 metered services in the Cities of Bellflower, Lakewood, Paramount, and vicinity in Los Angeles County.

The present rates became effective September 7, 1990, pursuant to Resolution No. W-3462. The last general rate increase was authorized by Resolution No. W-3363 which found a rate of return of 10.5% reasonable for test year 1987.

The offset increase requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, changes in items that have occurred since the present rates became effective. This rate increase will not result in a rate of return greater than that previously authorized.

The reasons for the above cost changes are as follows: (1) PWC obtains part of its water from the Metropolitan Water District of Southern California (MWD) through facilities of CBWD and the City of Bellflower. The \$1,155 increase in purchased water cost is due to CBWD's increasing its surcharge from \$2.30 to \$5.00 per acre-foot and the City of Bellflower's increasing its surcharge from \$22.00 to \$27.00 per acre-foot. PWC will be paying \$262.00 per acre-foot for water from this source during the 1990-1991 contract year. This cost consists of paying \$230.00 per acre-foot to MWD plus paying the above surcharges. (2) The \$2,440 increase is due to a \$3.00 per acre-foot increase in replenishment assessment for underground water extraction from the basin in 1990-1991, charged by the Central and West Basin Water Replenishment District. (3) The \$10,066 increase is the result of increased costs due to DHS's water monitoring program.

To ensure that purchased power is being used economically, the Water Utilities Branch (Branch) reviewed the latest pump efficiency tests and found them satisfactory.

Service is satisfactory. There are no Commission orders requiring system improvements nor are there significant service problems requiring corrective actions.

To promote water conservation, PWC has made conservation kits available to its customers. Most of PWC's water supply is pumped from wells. It supplements its supply by purchasing MWD water through the City of Bellflower. PWC reports that it has ample source capacity in its wells to take the place of possible MWD water curtailment. The City of Bellflower has passed a resolution which requested and encouraged water conservation practices by all water users in the city. As a result of this and other promotional campaigns, PWC's water use has decreased.

PWC has given public notice of this increase request by publishing in the local newspaper on October 27, 1990. No customer protest or correspondence has been received.

These increases are primarily the results of changes in costs related to water consumption so the Branch recommends that they be applied to the quantity rates. Under the Branch's recommendation, the rates for the Bellflower, Lakewood, and Paramount tariff areas will increase by \$0.037 per ccf (one ccf equals one hundred cubic feet).

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 Increase</u>
<u>Bellflower Tariff Area</u>			
3 ccf	\$ 7.22	\$ 7.33	1.5%
5	9.14	9.32	2.0
10	13.92	14.29	2.7
15 (Avg.)	18.71	19.26	2.9
20	23.49	24.23	3.1
30	33.06	34.17	3.3
50	52.20	54.05	3.5
<u>Lakewood - Paramount Tariff Area</u>			
3 ccf	\$ 7.17	\$ 7.28	1.5%
5	9.09	9.27	2.0
10	13.87	14.24	2.7
15 (Avg.)	18.66	19.21	2.9
20	23.44	24.18	3.1
30	33.01	34.12	3.4
50	52.15	54.00	3.5

Pursuant to Public Utilities Code 792.5, PWC is directed to maintain its balancing account.

By this Advice Letter, PWC has also filed a revised Rule No. 17 to reflect the latest rule requirements.

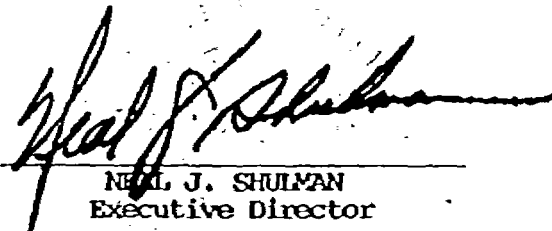
THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified and the resulting rates are just and reasonable.

IT IS ORDERED that Peerless Water Company is authorized, on the effective date herein, to make effective revised Schedule Nos. B-1, LP-1, GA-1, and revised Rule No. 17 attached to Advice Letter No. 59 and to cancel the presently effective rate schedules and Rule No. 17 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 19, 1990. The following Commissioners approved it:

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


NEAL J. SHULMAN
Executive Director