

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3991
July 3, 1996

R E S O L U T I O N

(RES. W-3991), PEERLESS WATER COMPANY (PWC). ORDER
AUTHORIZING AN OFFSET RATE INCREASE PRODUCING
ADDITIONAL ANNUAL REVENUES OF \$20,243 OR 2.8% IN 1996.

BY ADVICE LETTER NO. 74, FILED ON APRIL 22, 1996.

BACKGROUND

PWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates to offset a \$20,243 undercollection in the balancing account. PWC serves approximately 2,004 metered customers in the cities of Bellflower, Lakewood, and Paramount in Los Angeles County.

The present rates became effective on February 14, 1996, pursuant to Resolution No. W-3964, which granted a general rate increase of \$42,957 or 6.33%.

DISCUSSION

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 last audit of the balancing accounts adopted December 21, 1994. This rate increase will not result in a return greater than that previously authorized.

The reason for the requested \$20,243 increase is due to an accumulated undercollection in the balancing account. Over the years, PWC has had several increases to offset the increased cost of purchased water, purchased power, and water replenishment charges. PWC was required at that time to maintain a balancing account as prescribed by Public Utilities Code Section 792.5. Due to unanticipated changes in sales and delays in adopting expense offsets, the balancing account is undercollected. This advice letter is the result of a company audit of the balancing account.

As these surcharges are the result of changes in costs related to water consumption, they are applied to the quantity rates for metered services. The General Metered Service quantity rate surcharge will be \$0.06 per Ccf (One Ccf is equal to one hundred cubic feet). Reclaimed water service will not be subject to a surcharge as the offset costs are related to potable water production.

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

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At the proposed rates, the typical residential customer's monthly bill will increase from \$26.39 to \$27.17, or 2.9%, for an average use of 13 Ccf.

NOTICE AND PROTEST

PWC has given public notice of the request for increase by publishing in a local newspaper on April 25, 1996. No customer protests or correspondence have been received.

FINDINGS


1. PWC's proposed summary of earnings in Advice Letter No. 74 is reasonable and should be adopted.
2. The rate increase proposed by PWC in Advice Letter No. 74 is justified and should be adopted.
3. This resolution is effective today.

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IT IS ORDERED that:

1. Peerless Water Company is authorized, five days after the effective date of this resolution to make effective revised Schedule No. 1, General Metered Service attached to Advice Letter No. 74, and to cancel the presently effective rate Schedule 1.
2. Peerless Water Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 3, 1996. The following Commissioners approved it:


WESLEY M. FRANKLIN
Executive Director

P. GREGORY CONLON
President
DANIEL Wm. FESSLER
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEPPER
Commissioners