

City of Bellflower

16600 Civic Center Drive, Bellflower, CA 90706 ~ www.bellflower.org



Public Information Office

Contact: Jeff Hobbs, Public Information Mgr.

Phone: (562) 804-1424 (ext. 2278)

Fax: (562) 925-8660

Email: jhobbs@bellflower.org

PRESS RELEASE

For Immediate Release: November 29, 2001

Bellflower Calls PUC's Decision to Deny Merger of Local Water Companies 'Victory for Customers'

City's Year-long Fight will Protect more than 2,000 Customers from Absorbing Additional Costs

November 29th Decision Correlates with Judge's Previous Ruling

The City of Bellflower is hailing today's unanimous decision by the California Public Utilities Commission (PUC) to deny a proposed merger between two local water companies, **Peerless Water** and **Southern California Water**, as a victory for ratepayers. The City has expressed staunch opposition to the merger for the past year, contending that inevitable rate increases are unfair and unreasonable.

"We've said all along that the merger is unreasonable and not in the public interest," said Michael Egan, City Administrator. "Better, more efficient alternatives are immediately available."

Members of the PUC today agreed, calling the proposed merger "uneconomical and injurious" to ratepayers.

"The burdens outweigh the benefits," said Henry Duque, a PUC Commissioner, during today's meeting. "The proposed merger would require that 2,000 Peerless customers subsidize rates for 98,000 Southern California Water customers. The cities are able and willing to provide service, and rates would be immediately reduced."

Along with the cities of **Lakewood** and **Paramount**, Bellflower for the past year has vigorously opposed the two companies joining forces. Estimates indicate that the proposed merger could have significantly increased the bi-monthly rate charged to more than 2,000 Bellflower customers. City officials contended that it would cost more than \$11 million for Southern California Water to bring Peerless into its system, and that the costs would be passed along to customers in the form of higher rates.

"The merger was severely flawed from its inception," said Egan. "That's why the City Council fought so hard to protect the 2,000 customers who would be asked to absorb the increases. We're delighted that the PUC demonstrated its commitment to the public good by concurring with the judge's ruling."

(more)

PUC Decides in Favor of Cities – Page 2

Last month, Administrative Law Judge Patricia Bennett ruled that the merger did not represent the best public interest. Despite the water companies' employment of lobbyists to sway the PUC's decision, members today supported Judge Bennett's decision.

"Peerless should fairly negotiate with cities," said Commissioner Duque. "The proposed merger is duplicitous."

Bellflower city officials say this is the hardest fight the community has waged in 40 years.

"The City Council put a lot of time, energy and resources into blocking this merger," said Egan. "It was the right thing to do, and it was the right decision by the PUC."

For additional information about the Public Utilities Commission's decision, or to learn more about the proposed merger between Peerless and Southern California Water, contact the Public Information Office at (562) 804-1424 (ext. 2278).

#