

**ORIGINAL**Decision No. 45024

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of SAN GABRIEL VALLEY WATER COMPANY  
for authority to increase rates in  
its Fontana District.

Application No. 30341

Henry F. Rager, for applicant; Edson Abel and J. J. Deuel, for California Farm Bureau Federation and San Bernardino County Farm Bureau; Harold M. Manell, for Fontana County Fire Protection District; Charles E. Boehm, for himself and others; Mrs. Lola Jezek; Mrs. Ben Barrow, Mrs. Alma Kirst, Mrs. Dorothy Walsh, Ed Fisher, Mrs. Roberta B. Hayes, K. F. Martin, Mrs. Maggie Adams, Charles L. Cope, Mrs. Ruth Hubbard, J. J. Van Ryn, for the Church of the Nazarene; Mrs. Joseph Freeman, Mrs. Helen Berry, Don Iverson, and Mrs. Minnie Krause, for Charlie Ware, as their interests may appear.

O P I N I O N

In this proceeding San Gabriel Valley Water Company<sup>1/</sup> seeks authority to increase rates charged for water service in its Fontana District in San Bernardino County.

San Gabriel is a corporation engaged in supplying utility water services in three areas or districts in San Bernardino and Los Angeles counties, designated as the Fontana, El Monte and Whittier districts, in which it served 20,167 customers on December 31, 1949. Its investment in fixed capital in service at the end of 1949 was shown by its books to be \$2,671,873. The Commission staff's analysis of the company's 1949 operations indicates that the company received gross operating revenues in 1949 of \$531,116. The staff report shows that operating expenses, excluding depreciation and taxes, totalled

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<sup>1/</sup> Hereinafter sometimes referred to as San Gabriel.

\$344,823 and that the net operating revenue for the company for 1949, after deducting depreciation and taxes, was \$68,871.

The Fontana District, with 6,215 customers and \$1,065,819 of fixed capital in service, is shown to have produced 42.0% of the company's gross revenue, 38.7% of the net revenue, and to have occasioned 45.0% of the operating expenses, excluding depreciation and taxes, during 1949. The Fontana service area includes the unincorporated town of Fontana and about fifteen thousand acres of surrounding territory.

The rates for water service rendered in San Gabriel's Fontana District were increased some \$20,000 on an annual basis by Decision No. 39943, dated February 4, 1947, and Decision No. 40031, dated March 4, 1947, both in Application No. 26527, and a further \$21,377 by Decision No. 40718, dated September 16, 1947, in Application No. 28335.

In its initial application in this proceeding, filed May 23, 1949, San Gabriel alleged that, due to increased operating costs, the company was faced with a serious deficit in its Fontana District under the rate schedules now in effect. The application prayed that the Commission at once issue an order putting into effect the rates proposed by applicant as interim rates pending the hearing and final decision of the application. The Commission did not take the requested action. A public hearing was held before Examiner O'Brien in Fontana on June 7 and 8, 1950. The matter was submitted on June 8, subject to the filing of concurrent briefs by interested parties within 15 days after filing of the transcript.

On June 26, 1950, San Gabriel filed a supplemental application stating that effective July 1, 1950 the cost of water purchased by applicant would be increased from 2¢ to 2½¢ per miner's inch hour,

and that this 25% increase in the cost of water at the beginning of the peak water use period made it more imperative that the company be authorized to place in effect the interim rates set forth in the original application until the issuance of the final decision. On July 18, 1950, the Commission issued an order setting aside the submission and reopening the matter for further hearing. A further public hearing was held in Fontana on August 30, 1950, at which time the taking of evidence was completed and the matter again submitted on the filing of briefs on or before September 8, 1950.

At the hearings considerable interest in the proposed rate increase was manifested by a number of San Gabriel's customers, several of whom presented statements for the record. A petition was presented, bearing the names of 156 water consumers, which opposed any increase in rates which might be based on operating losses during a few months of low water consumption. Other reasons cited in opposition to the proposed rate increase were the downward trend of profits in the poultry raising business, inefficiency of the company's repair and construction crews, poor pressure and service conditions, and inequities of the company's policy and practice regarding water main extensions. Other consumers testified that the company has greatly improved the pressure conditions by the installation of larger mains and booster plants after it acquired possession of the system. The customers' problems are recognized and the company will be expected to continue its efforts to improve the quality of its service. In analyzing the record in this proceeding, and in reaching a conclusion as to the rates for the future, these factors will be given due consideration.

The balance sheet covering San Gabriel's entire operations as at December 31, 1949 may be summarized as follows:

ASSETS

|                               |                  |
|-------------------------------|------------------|
| Fixed Capital                 | \$2,671,873.25   |
| Construction Work in Progress | 13,329.82        |
| Current Assets                | 120,257.05       |
| Deferred Debits               | <u>25,865.18</u> |
| Total Assets                  | \$2,831,325.30   |

LIABILITIES

|                        |                   |
|------------------------|-------------------|
| Capital Stock          | \$ 317,555.04     |
| Bonds                  | 840,000.00        |
| Current Liabilities    | 170,647.61        |
| Depreciation Reserve   | 413,739.13        |
| Advances and Donations | 587,014.13        |
| Capital Surplus        | 296,088.27        |
| Earned Surplus         | <u>206,281.12</u> |
| Total Liabilities      | \$2,831,325.30    |

The record indicates that the company's investment in fixed capital, to a large extent, has been provided by consumers' advances and donations and by moneys represented by the depreciation reserve, and that the remaining net investment has been financed through the sale of first mortgage bonds and the use of equity capital, in amounts, as of December 31, 1949, as follows:

|                              |                |                |              |
|------------------------------|----------------|----------------|--------------|
| Bonds:                       |                |                |              |
| Series A, 3-3/8's, due 1970  | \$540,000      |                |              |
| Series B, 4-1/4's, due 1970  | <u>300,000</u> |                |              |
| Total bonds                  |                | \$ 840,000     | 50.6%        |
| Equity                       |                |                |              |
| Common stock stated value    | \$317,555      |                |              |
| Surplus (capital and earned) | <u>502,369</u> |                |              |
| Total equity                 |                | <u>819,924</u> | <u>49.4%</u> |
| Total                        |                | \$1,659,924    | 100 %        |

By the Commission's Decision No. 44211, dated May 23, 1950, the company was authorized to call the Series B bonds for payment and

to issue and sell, at par, a new series of 3-3/8% bonds due 1980 in the aggregate amount of \$710,000, to be known as Series C bonds. The average effective interest rate on the bonds, giving effect to the recently authorized issue, is 3.49%. As to the equity capital, the record shows that the stated value assigned to the outstanding shares of common stock (2,880 shares without par value) includes, among other items, donations in aid of construction of \$71,955 acquired from the predecessor company, San Gabriel Valley Water Service, upon the organization of the present company in 1945, the latter in addition to the advances and donations separately shown on the preceding balance sheet. The record further shows that the company has not credited to depreciation reserve the proper interest component on reserve balances, thereby resulting in a larger accumulation in surplus than would be the case if it had accounted properly for depreciation.

#### Rate Base

San Gabriel developed a rate base which in its opinion is representative of the used and useful capital of the Fontana District. The Commission's staff presented an historical cost rate base applicable to the Fontana District for the estimated year 1950. While the two bases are developed differently and are not directly comparable, they are summarized in the following tabulation. For convenience, the amounts of the respective items adopted for the purpose of this decision are also shown.

|   | <u>San Gabriel</u> | <u>CPUC Staff</u> | <u>Rate Base<br/>Adopted</u> |
|---|--------------------|-------------------|------------------------------|
| District Capital<br>as of January 1, 1950 | \$1,070,985        | \$1,035,409       | \$1,035,409                  |
| General Capital Prorate<br>to Fontana     | 26,657*            | 14,138            | 25,000                       |
| Average Capital Installed 1950            | <u>36,850*</u>     | <u>31,775</u>     | <u>35,600</u>                |
| Total Average Fixed Capital               | 1,134,492          | 1,081,322         | 1,096,009                    |
| Working Cash                              | 40,000             | 17,000            | 17,000                       |
| Materials and Supplies                    | 10,000             | 9,600             | 9,600                        |
|   |                    |                   | <u>1,122,609</u>             |
| <u>Adjustments</u>                        |                    |                   |                              |
| Consumers Advances for Constr.            |                    | (119,000)         | (115,000)                    |
| Donations in Aid of Construction          |                    | (17,966)          | (17,965)                     |
| Organization Expense Capitalized          |                    | (683)             | (683)                        |
| Water Purchase Rights                     |                    | (49,020)          | -                            |
| Nonoperative Property                     |                    | (3,634)           | (3,634)                      |
| Prior Donations of Plant                  |                    | (48,000)          | (1,495)                      |
| Adj. for Central Meter Shops              |                    | (340)             | (340)                        |
| Total Adjustments                         | None               | <u>(238,643)</u>  | <u>(139,117)</u>             |
| Total Base Undepreciated                  | \$1,184,492        | \$ 869,279        | \$ 983,492                   |
| Deduction for Depreciation                | -                  | <u>234,000</u>    | <u>240,000</u>               |
| Total Depreciated Rate Base               |                    | \$ 635,279        | \$ 743,492                   |
| Use                                       |                    |                   | \$ 743,500                   |

\* Revised to reflect corrections in original exhibit as requested by witness Nicholson.

(Red Figure)

Fixed capital amounts claimed by the company and as presented by the Commission's staff show divergent views on several important points. The company claims that as of December 31, 1949, the cost of its tangible fixed capital amounted to \$872,903, being the amount recorded on its books. This amount is made up of \$594,502, appearing on the books of predecessor company, Fontana Domestic Water Company, at date of transfer to San Gabriel, plus \$278,401 net additions and betterments from November 1, 1945 to December 31, 1949.

Evidence presented by the Commission's staff indicates that \$842,493 is the historical cost of the tangible fixed capital as of

December 31, 1949, excluding certain adjustments to landed capital hereinafter discussed. The staff's figure is based upon a detailed inventory and appraisal of the Fontana properties on an historical cost basis reflecting the estimated original cost as of December 31, 1944. These estimates were submitted in hearings on Applications No. 26527 and No. 28335. They are here brought forward to December 31, 1949, by adding net additions and betterments as recorded, adjusted to reflect the decisions in the above applications. The difference between the two capital figures presented, namely \$30,410, is primarily due to the failure of the company's books to reflect capital retirements properly.

The records in the above applications, which were made a part of this proceeding by reference, indicate that the inventory and appraisal had been prepared in accordance with accepted standards for such studies. Referring to Decision No. 39943, dated February 4, 1947, we find the opinion that "Accordingly, the books are subject to re-statement relative to tangible fixed capital as of December 31, 1945." (47 Cal. P.U.C. 129 at 132); and in Decision No. 40718, dated September 16, 1947, the Commission stated, "Nothing contained in the present record indicates that such appraisal did not correctly state the original cost of the properties then remaining in service." (47 Cal. P.U.C. 434 at 442).

Referring to the comparative table of rate bases, district fixed capital is urged by San Gabriel to be \$1,070,985 as of January 1, 1950 and is shown by the Commission's staff to be \$1,035,409. The company figure includes land at present market value of \$11,000 instead of the book cost of \$5,834, a difference of \$5,166. Decision No. 40718 in the previous rate application (No. 28335) states, "In an original cost study, no reason appears for not including lands as well

as other fixed capital on an actual cost basis." (47 Cal. P.U.C. 434 at 442). Decision No. 43093 of July 6, 1949, in Application No. 28842, also included land at book cost for applicant's El Monte District. In this proceeding lands will again be included at book cost.

By deducting the amounts of \$30,410 and \$5,166 from the company's figure, the balance of \$1,035,409 is that shown by the staff. We believe the tangible fixed capital accounts of the company, covering plant in the Fontana District, should be restated on the books to reflect the adjusted fixed capital set forth in Exhibit No. 3, as of December 31, 1949. The order herein will provide for the restatement of book capital.

The above figures include all nonoperative land, of which Parcel No. 41 is a 10-acre tract which the company proposes to fence and use as a storage yard. For rate base for the estimated year 1950, Parcel No. 41 will be considered as nonoperative and its book cost is included in the figure of \$3,634 shown as an adjustment.

It will perhaps be helpful to again refer to the table and the summary of the adopted rate base shown in the third column thereof and explain briefly the adjustments made to fixed capital in the derivation of the rate base herein adopted. The estimated additions for general capital, prorated to the Fontana District, and the estimated average capital added in 1950 have been reviewed and the amounts adopted are predicated upon an analysis of the testimony of record. A 40% allocation of the general office land, buildings and equipment, and of transportation equipment, and a 20% allocation of the warehouse and storage lands and the warehouse building is considered appropriate for the proration of general capital. The estimated 1950 capital additions, adjusted to conform to applicant's most recent plans, result in an adjustment of \$35,600 to be added to the January 1



capital. To these capital figures is added the staff's estimate of \$17,000 for working cash, which, because of its recognition of the accrual of taxes in advance of payment thereof, is considered more appropriate for this proceeding than the allowance claimed by San Gabriel. The estimate of materials and supplies of \$9,600 submitted by the staff is in substantial agreement with applicant's estimate for that item and will be adopted. Since the rate base to be used in this proceeding is a cost rate base and not a value rate base, it is appropriate to deduct consumers' advances and donations in aid of construction. On cross-examination the staff's witness agreed that the proposed deduction for consumers' advances should be revised downward to reflect a somewhat larger aggregate refund of advances during 1950 than originally estimated by the staff. The staff's deduction for nonoperative property is adopted, as are their adjustments for allocation of central meter shop investment and for the deduction of capitalized organization expense.

The staff proposed the elimination of two items of \$49,020 and \$48,000, respectively, which it believed to be in the nature of donated property. Upon analysis it develops, however, that except for an item of \$1,495 donated by the United States government the remainder of the two items represent contributions to a predecessor company, Fontana Domestic Water Company, by the sole stockholder of said predecessor, namely, Fontana Farms Company. It is believed that under the circumstances under which these items arose, they are not properly classifiable as donations in aid of construction and no adjustment should be made therefor. The sum of the deductions which at this time are considered proper to develop an historical cost rate base is \$139,117, which yields an undepreciated rate base of \$983,492 for the year 1950.

The balance in the book depreciation reserve as of December 31, 1949 is \$208,713. This figure is the result of an estimate of the 5% sinking fund reserve requirement as of December 31, 1944, to which has been added an annual 2% composite straight line accrual, and deductions made for book retirements. If the interest component computed at the 5% rate, used in the 1944 requirement study, had been credited to the reserve, subsequent to 1944, the book depreciation balance as of December 31, 1949 would be in excess of \$251,000, indicating a deficit on this basis of not less than \$42,000.

The staff, in Exhibit No. 3, set forth a computed depreciation reserve requirement on a straight line basis, as of December 31, 1949, of some \$239,000, indicating a deficit in the book reserve of approximately \$30,000. The reserve requirement figure developed by the staff appears conservative. For the purpose of this proceeding a depreciation reserve for the year 1950 of \$240,000 is adopted which, when deducted from the undepreciated rate base of \$983,500, results in a depreciated rate base of \$743,500.

It is apparent that a thorough review should be made of applicant's depreciation reserve and applicant will be ordered to undertake such a review of its reserve requirement and corresponding annual depreciation rates. Upon completion, applicant shall submit to the Commission, for approval, the results of such a study, together with the rates for depreciation which it proposes to apply in the future in accounting for annual expense and the reserve for depreciation.

#### Operating Expenses

San Gabriel presented an estimate of expenses based upon the level of operating costs and wage rates which had been experienced or were impending. The staff likewise made an estimate of probable actual

1950 expenses based on price trends, changes in operations, and assumed 1950 level of activity. While it is apparent that these estimates may not be directly comparable in all respects, a summary tabulation which follows illustrates the major points of departure between the two estimates.

| <u>Expenses</u>                              | <u>Company<br/>Projected<br/>1950</u> | <u>CPUC<br/>Staff<br/>Estimated<br/>1950</u> | <u>Company<br/>Higher<br/>Than<br/>Staff</u> |
|--|---------------------------------------|--|--|
| E-1 to E-4, Source of Water Supply           | \$ 85,300                             | \$ 92,556                                    | \$(7,256)                                    |
| E-9 to E-18, Pumping                         | 4,461                                 | 4,310  | 151  |
| E-19 to E-21, Purification                   | 3,496                                 | 3,465  | 31   |
| E-22 to E-32, Transmission &<br>Distribution | 26,182                                | 24,870                                       | 1,312  |
| E-34 to E-35, Commercial                     | 10,450                                | 9,915  | 535  |
| 103, Uncollectibles                          | 443                                   | 300  | 143  |
| Subtotal                                     | 130,332                               | 135,416                                      | (5,084)                                      |
| E-36 to E-47, General & Miscellaneous        | 64,822                                | 48,230                                       | 16,592                                       |
| E-50 Taxes other than Income                 | 6,446                                 | 5,782  | 664  |
| Taxes on Income                              | 26,103                                | 30,057                                       | (3,954)                                      |
| Depreciation                                 | 27,137                                | 23,235                                       | 3,902  |
| Total Expense                                | \$254,840                             | \$242,720                                    | \$12,120                                     |

(Red Figure)

In this table the amount of \$85,300 shown by the company is based on water costing two cents per miner's inch hour and water stock assessments of \$8.00 per share per year, whereas the amount of \$92,556 shown by the staff is based on water costing two cents during the first six months and two and one-half cents during the last six months of the year and water stock assessments of \$7.00 per share. The basis used by the staff is that actually prevailing in 1950. Had the company based its estimate on the same rates as the staff, it has been computed that the company's amount for this group of expenses would be about \$1,164 higher than the staff's figure instead of \$7,256 lower.

Applying the correction discussed in the preceding paragraph, the table would indicate a total difference of about \$20,500 in all expenses between the two estimates, of which \$3,300 is in operating and maintenance expenses and \$16,600 is in general and miscellaneous expenses. Of this latter amount, about \$14,000 is attributable to estimated increases in salaries of general officers and general office clerks. The balance of the difference is largely due to the use of maximum pay roll scale, with correspondingly increased social security taxes and health insurance costs. These may ultimately be reached in 1951, but cannot be properly used in estimates for the year 1950. A review of the record leads us to believe that the staff estimates are adequate when used in relation to the revenues which are estimated for the year 1950. An amount of \$185,000 is deemed to be a reasonable estimate for the entire group of expenses from E-1 to E-47, inclusive.

San Gabriel's estimate of taxes other than those based on income, while in substantial agreement with that of the staff, should be reduced to reflect a lower allowance for labor costs. It is concluded that \$6,000 is sufficient to cover this class of expense. The difference in the estimates of taxes based upon income need not here be discussed since the net revenue allowed and the effective tax rates will determine the level of this item of expense.

The record indicates a difference of opinion as to the lives used for depreciation of plant. Pending the completion of the depreciation study already referred to, a depreciation expense for the year 1950 of \$25,000 is included for the purpose of establishing at this time an appropriate level of service rates for the future.

#### Summary of Earnings

From the record, it is possible to set up a tabulation showing the over-all earning position of the Fontana District for the year

1949 and the staff estimate for 1950 at both the present and proposed rates. Applicant's 1950 estimated earning position under proposed rates is also shown. The results of the rates hereinafter prescribed and the expenses herein found appropriate are likewise set forth. This summary follows:

## SUMMARY OF EARNINGS

| Item                              | Year<br>1949<br>Recorded | Company's<br>1950(a)<br>Adjusted | CPUC Staff<br>1950   |                      | Adopted<br>1950 Amt.<br>Prescribed<br>Rates (b) |
|-----------------------------------|--------------------------|----------------------------------|----------------------|----------------------|---|
|                                   |                          |                                  | Present<br>Rates     | Proposed<br>Rates    |   |
| Gross Operating Revenues          | \$223,079                | \$303,677                        | \$237,375            | \$303,046            | \$281,500                                       |
| <u>Expenses</u>                   |                          |                                  |                      |                      |   |
| Oper. & Maint. & General & Miscl. | 112,611                  | 130,332 <sup>d</sup>             | 135,416 <sup>e</sup> | 135,416              | 136,600   |
| Taxes                             | 43,071                   | 64,822                           | 48,230               | 48,230               | 48,400  |
| Depreciation                      | 15,163                   | 32,549                           | 8,702                | 35,839               | 26,100 <sup>i</sup>                             |
|                                   | 21,701                   | 27,137                           | 23,235               | 23,235               | 25,000  |
| Total Oper. Exp.                  | 192,546                  | 254,840                          | 215,583              | 242,720              | 236,100   |
| Net Revenues                      | 30,533                   | 48,837                           | 21,792               | 60,326               | 45,400  |
| Rate Base                         | 682,800 <sup>f</sup>     | 1,184,492 <sup>g</sup>           | 709,400 <sup>f</sup> | 709,400 <sup>f</sup> | 743,500 <sup>f</sup>                            |
| Rate of Return                    | 4.5%                     | 4.1%                             | 3.1%                 | 8.5%                 | 6.1% <sup>i</sup>                               |

- (a) Company estimate of 1950 sales at proposed rates and expenses at increased price and wage levels.
- (b) Revenues at rates contained in schedules attached to order herein and Expenses and Rate Base as adopted herein.
- (c) Includes provision for uncollectible bills.
- (d) Includes cost of water at 2¢ per miner's inch hour for the entire year.
- (e) Includes cost of water at 2¢ per miner's inch hour for first six months and 2½¢ for last six months.
- (f) Depreciated by deducting adjusted weighted average book depreciation reserve balance.
- (g) Applicant did not deduct depreciation in the rate base.
- (i) The amount of taxes shown in the last column is predicated upon Federal Income Tax rates prescribed in the 1950 tax legislation applicable to 1950 income. If the rates prescribed for 1951 income were used, taxes would be increased about \$1,100 and the rate of return reduced to about 5.96%.

From the foregoing discussion it is apparent that San Gabriel, under its present rates, is not realizing a reasonable return on its depreciated historical cost rate base. Its request, however, for an increase totaling \$66,000, or 28%, is excessive. In order that it may earn a reasonable return, its gross revenues should be increased by approximately 19%, or \$44,000 annually.

#### Spread of Rates

The general effect of the rate increases authorized by the last two proceedings has been to increase the cost of water to the larger consumers, while the minimum charge has remained at \$1.50 per month. Some of this effect resulted from the consolidation of the two schedules formerly in effect into a single schedule. The evidence also shows that the earning position of the Fontana system, under the present rates, is relatively poor during the months of low consumption.

These circumstances indicate that applicant's proposed rates are undesirable in that the increases would be a minimum at the lower consumptions and would increase steadily to more than 40%. The rates hereinafter prescribed will produce a maximum increase in customers' bills of 29.5%. This maximum will occur at a consumption of 2,500 cubic feet per month and will amount to 84¢ per month at that volume. The initial charge will be increased from \$1.50 to \$1.65 per month, and the amount of water to which the customer is entitled at the minimum charge will be reduced from 1,000 cubic feet to 800 cubic feet. For a customer using 800 cubic feet or less, therefore, the increase will be 10%, whereas a customer using 1,000 cubic feet will pay an increase of 26%. The rate for usage in excess of the minimum and up to 2,500 cubic feet per month will be 12¢ per hundred cubic feet instead of the present 9¢, an increase of one-third. For consumptions above 2,500 cubic feet per month and less than 5,000 cubic feet per

month the rate will be increased one-eighth, from 8¢ to 9¢ per hundred cubic feet. No increase will be made in the present rate of 7¢ for monthly consumptions in excess of 5,000 cubic feet where a large portion of the previous increases had been placed.

O R D E R

San Gabriel Valley Water Company having applied for authority to increase the rates charged for water service rendered in its Fontana District in San Bernardino County, public hearings having been held, evidence having been introduced, the Commission having considered the record and the matter having been submitted for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates authorized herein are justified; therefore,

IT IS HEREBY ORDERED that San Gabriel Valley Water Company is authorized to file in quadruplicate with this Commission, after the effective date of this order, in conformity with General Order No. 96, the schedule of rates shown in Exhibit A attached hereto, and, after not less than five days' notice to the Commission and to the public to make said rates effective for service rendered on and after December 15, 1950.

IT IS HEREBY FURTHER ORDERED that San Gabriel Valley Water Company is hereby directed:

1. To proceed at once with a study of its depreciation reserve requirement and appropriate future depreciation accrual rates for its Fontana District and, on or before October 1, 1951, to submit the results of such studies to this Commission for authorization to make said results applicable to its accounting practices.

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY:

Applicable to all metered water service rendered for domestic, commercial, industrial, irrigation and other purposes, except water delivered to tank wagons or trucks.

TERRITORY:

In and about the unincorporated community of Fontana, San Bernardino County.

RATES:

| Quantity Rates:                                 | <u>Per Meter</u><br><u>Per Month</u> |
|---|--------------------------------------|
| First 800 cubic feet or less .....              | \$ 1.65                              |
| Next 1,700 cubic feet, per 100 cubic feet ..... | .12                                  |
| Next 2,500 cubic feet, per 100 cubic feet ..... | .09                                  |
| Over 5,000 cubic feet, per 100 cubic feet ..... | .07                                  |
| <br>Minimum Charge:                             |                                      |
| For 5/8 x 3/4-inch meters .....                 | \$ 1.65                              |
| For 3/4-inch meters .....                       | 2.20                                 |
| For 1-inch meters .....                         | 3.25                                 |
| For 1 1/2-inch meters .....                     | 5.50                                 |
| For 2-inch meters .....                         | 9.00                                 |
| For 3-inch meters .....                         | 14.00                                |
| For 4-inch meters .....                         | 21.00                                |
| For 6-inch meters .....                         | 37.00                                |
| For 8-inch meters .....                         | 57.00                                |
| For 10-inch meters .....                        | 80.00                                |

The Minimum Charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Quantity Rates.



Schedule No. 2

MISCELLANEOUS WATER SALES

APPLICABILITY:

Applicable to all water delivered to tank wagons or trucks from fire hydrants or other outlets provided for the purpose.

TERRITORY:

In and about the unincorporated community of Fontana, San Bernardino County.

RATES:

Per 100 gallons ..... \$ 0.05

SPECIAL CONDITIONS:

Any consumer wishing to obtain water deliveries under this schedule must obtain written permit from the company.

In addition, where water is to be obtained from fire hydrants, such permits must first be obtained from Fontana County Fire Protection District, as said Fire District may require.

## Schedule No. 3

FIRE HYDRANT SERVICEAPPLICABILITY:

Applicable to all water service rendered to fire hydrants owned by Fontana County Fire Protection District.

TERRITORY:

In and about the unincorporated community of Fontana, San Bernardino County.

RATES:Monthly Charge Per Hydrant

| Type of Hydrant | Size of Connection | No. of Outlets | Minimum Size of Main Supplying Hydrant |                     |                     |                      |                |
|-----------------|--------------------|----------------|--|---------------------|---------------------|----------------------|----------------|
|                 |                    |                | Smaller than 4"                        | 4" and less than 6" | 6" and less than 8" | 8" and less than 10" | 10" and larger |
| Standard        | 6"                 | 3              | \$ 0.75                                | \$ 1.50             | \$ 1.75             | \$ 2.00              | \$ 2.50        |
| Standard        | 6"                 | 2              | 0.75                                   | 1.25                | 1.50                | 1.75                 | 2.00           |
| Standard        | 4"                 | 3              | 0.75                                   | 1.25                | 1.50                | 1.75                 | 2.00           |
| Standard        | 4"                 | 2              | 0.75                                   | 1.00                | 1.25                | 1.50                 | 1.75           |
| Standard        | 4"                 | 1              | 0.75                                   | 0.75                | 1.00                | 1.25                 | 1.50           |
| Wharf           | 4"                 | 1              | 0.75                                   | 0.75                | 1.00                | 1.25                 | 1.50           |
| Wharf           | Smaller            | 1              | 0.50                                   | 0.75                | 0.75                | 1.00                 | 1.25           |

SPECIAL CONDITIONS:

Fire hydrants will be attached to the company's distribution mains for public fire protection only upon receipt of proper resolution passed by the Fontana County Fire Protection District. Said resolution must designate the type of hydrant, size of connection, number of outlets, and specific location at which each is to be installed.

The foregoing charges for water service to fire hydrants are based upon the understanding that they are to be owned by the Fontana County Fire Protection District and are to be installed, maintained, painted, inspected and relocated at the expense of the District. The company will install, own, and maintain the shut-off valve and the tee in the main to which the hydrant is attached in each case.

- 2. On or before January 1, 1951, to submit to this Commission the journal entries by which the re-statement of fixed capital, as discussed in the foregoing opinion, is to be recorded on the books and records of the company.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 21<sup>st</sup> day of November, 1950.

*R. F. Johnson*  
*Justice J. Cassady*  
*Robert J. ...*  
*Harold F. Kula*  
*Thomas P. ...*  
 Commissioners.