

ORIGINALDecision No. 45567

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
MALIBU WATER COMPANY, a California
corporation, for authority to increase
its rates and to amend its rules and
regulations.)

Application No. 30713

Morrow & Trippet by Clarence M. Heublein, for
applicant; Dr. I. W. Alexander, Robert C.
Chambers, and Ray Gagnon, for Malibu Canyon
Property Owners' Association; B. J. Marshall
and S. S. Pierce, for Malibu Township Council
and West Malibu Community Council; Mrs. Antonette
Rowe, for Malibu Encinal Association; Sidney A.
Franklin, Jr., for Malibu Rivera Home Owners'
Association; Leland E. Zeman, for Escondido
Estates Property Owners; C. M. Armstrong, for
Malibu La Costa Owners' Association; Mrs. Sally
Erskine, for Trancas Association; Reba T. Loosehen,
for Bailard Tract; Hal Curran, Myron J. Stuart,
David S. Kenyon, Mrs. I. W. Alexander, Edgar Cohn,
Fanger Crumpacker, and Peter Rhode, in propria
personae, protestants; A. H. Shorr, Mrs. J. B.
Coates, L. L. Higgins, in propria personae,
interested parties.

O P I N I O N

Malibu Water Company, a corporation, by the above-entitled
application filed October 17, 1949, requests authority to increase
its rates for water service and to amend its rules and regulations.

Public hearings on this application were held before
Examiner Warner on July 12, 13, and 14, 1950, and February 14 and 15,
1951, at Malibu Beach, California. At these hearings the matter of
this application was consolidated with that of Application No. 31521,
Malibu Water Company, for authority to decrease its dedicated service
area.

By its opinion and order on rules and regulations in
Decision No. 44745, dated September 1, 1950, in the application being

considered herein, the Commission ordered applicant to file the rules and regulations received in evidence as Exhibit No. 12 at the hearing on July 13, 1950, with certain modifications which were set out in the order therein. However, applicant's request to increase from \$2.50 to \$5 the amount of deposit to establish credit required of applicants for water service for residence or domestic purposes requiring not more than 5/8-inch meter, as set out in Rule No. 6, and its request to increase from \$1 to \$5 its reconnection service charge, as set out in Rule No. 9, were not decided by said decision, those matters being related to the rate increase application and being decided herein.

Also, by its Decision No. 44588, dated August 1, 1950, in Application No. 31521, the Commission authorized Malibu Water Company to decrease its dedicated service area as requested therein.

Malibu Water Company is a California corporation. It is a wholly owned subsidiary of Marblehead Land Company, which is, and has been for some time, engaged in subdividing and selling portions of Malibu Rancho Topanga Sequit, Los Angeles County. In connection with such subdivision activities, Marblehead has advanced to applicant a substantial part of the cost of construction of applicant's water system. The record shows that such costs borne by Marblehead were written off by it to subdivision costs. Also, the record shows that Marblehead has from time to time advanced cash to applicant on an open account. No interest has been charged by Marblehead on such cash advances, and there is no contractual provision between the parties for repayment thereof. A payment of \$10,000 by Marblehead Land Company to applicant for unidentified services by applicant to Marblehead was made in 1949 and in 1950, and was recorded on applicant's books as a credit to operating revenue. The effect of this relationship between Marblehead Land Company and applicant on

applicant's accounting records, and on the application herein being considered, will be further discussed hereinafter.

Service Area

Applicant furnishes domestic, commercial, and irrigation water service throughout an area which extends along the shore line and ocean front of Malibu Rancho Topanga Sequit, west of the City of Santa Monica, in Los Angeles County, California, in accordance with the provisions of and under a certificate of public convenience and necessity granted by the Commission's Decision No. 31269, dated September 19, 1938, in Application No. 22193. The original area was reduced by 8 acres, in Decision No. 44588 hereinbefore referred to. The service area comprises several thousand acres and extends approximately 21 miles along the coast and about 1½ miles in depth, northerly, from the ocean shore. The area includes many beach residences and homes located on lots varying from regular city lot size to small acreage parcels, and several commercial establishments including motels, service stations, restaurants, schools, and the like. As of December 31, 1950, domestic water service was furnished to four flat rate and 802 metered consumers, and 120 fire hydrants were connected to the domestic distribution mains. Irrigation service was furnished to 27 consumers, all located in Malibu Canyon. No domestic consumers were served from the irrigation mains, and no irrigation consumers were served from domestic mains, the domestic and irrigation systems being entirely separate.

Domestic Water System

The domestic water system comprises 15 wells which can be considered operative and nine wells which are nonoperative. Of the 15 operative wells, a witness for the applicant testified at the February 14, 1951, hearing, only six are regularly used or are usable at the present time. These wells are located in the Malibu Canyon, Zuma Beach, and Trancas Canyon areas.

The total domestic water supply capacity is 1,336 gallons per minute, which is more than ample to meet normal demands and has been sufficient to meet maximum demands to date. During 1950, 13,538,731 cubic feet of water were sold to an average of 780 domestic customers, including service to the 120 fire hydrants. This is an average demand on the domestic system of 192 gallons per minute throughout the year.

In order to furnish domestic water service, applicant operates 13 booster pumps, with capacities ranging from 5 hp to 25 hp each, and 15 storage reservoirs, with capacities of from 20,000 to 43,000 gallons for steel tanks, of 47,000 gallons for three, of 150,000 gallons for four, of 200,000 gallons for one, and of 300,000 gallons for three reinforced concrete reservoirs.

The domestic distribution system includes about 295,000 feet of steel, cast iron, and Transite mains which range in size from 1 inch to 10 inches. There are approximately 110,000 feet of 4-inch mains and 95,000 feet of 6-inch mains included therein. The total footage averages nearly 370 feet per consumer.

Irrigation Water System

The source of water supply for the irrigation system is the water stored by a reinforced concrete dam which is located at a point about 3 miles north of the Pacific Ocean in Malibu Canyon. It is 175 feet long on top, 95 feet long on the bottom, 102 feet high, with a bottom thickness of 11 feet 6 inches, and a top thickness of 2 feet, and has a spillway near the west end. It is reinforced with 60-pound steel rails. The total estimated historical cost of the Malibu Canyon dam, as shown in the appraisal of applicant's properties, submitted as Exhibit No. 1 at the hearing on July 12, 1950, was \$157,495. The record shows that when originally constructed in 1932, the dam was capable of storing about 400 acre-feet of water. In 1941

and again in 1943 and 1944, silt brought by flood conditions reduced the storage capacity to about 62 acre-feet. This reduction in storage capacity caused applicant to pump large quantities of water from its irrigation well, Malibu Well No. 6, located in the Malibu Creek area, and water was furnished for irrigation purposes from 1943 to 1947 primarily from that source. However, on November 11, 1948, applicant notified its irrigation consumers that after December 31, 1948, no well water would be furnished for irrigation purposes because salt water intrusion into the wells in the Malibu Creek area was endangering the domestic water supply.

Commencing with 1948, the water stored in the Malibu Creek Reservoir was rationed to irrigation consumers, and this rationing continued through 1950 and is presently in effect. The result of said rationing has been not only to reduce the amount of water sold and to reduce the operating revenues therefrom, but also to reduce the amount of water available to irrigation consumers for the irrigation of crops on their properties. This reduction in the amount of irrigation water has become a basis of critical complaints from several irrigation consumers who alleged that it has been necessary for them not only to change their crops but in some instances to discontinue them and to allow certain arable land to remain uncultivated. It would, of course, be highly beneficial to the irrigators to have the dam and reservoir placed in full operating condition, if economically feasible. A witness for Malibu Canyon Property Owners' Association testified that he would be willing to pay more for irrigation water if more water were available. This witness introduced a report of the annual runoff in acre-feet of Malibu Creek at Crater Camp near Calabasas, California, prepared by the Geological Survey of the United States Department of Interior, which showed such runoff for the year 1932 through 1949. The maximum runoff occurred in 1941.

and amounted to 73,220 acre-feet. The report also showed a runoff of 47,600 acre-feet in 1943, and of 30,170 acre-feet in 1944.

However, the runoff dropped sharply for the years 1945, 1946, and 1947 to between 3,800 and 4,200 acre-feet, and in 1948 it dropped to 180 acre-feet, and in 1949 to 90 acre-feet. Had the Malibu Canyon dam been capable of storing the 90 acre-feet of runoff for the year 1949, its irrigation revenues most probably would have been substantially increased for that season's deliveries.

Rates

In the application herein being considered, applicant requests increases in both its domestic and irrigation rates. Applicant alleges in its application, and its witness testified at the hearings, that its operations under its present rates result in a large loss, despite the fact that its recorded expenses for 1950 do not include charges for office overhead, rent, clerical, telephone, and other charges, and do not provide for an adequate reserve for depreciation on properties. Applicant also alleges that an annual charge of 3% on donations in aid of construction for establishment of a reserve for replacement of facilities contributed by Marblehead Land Company, as hereinbefore mentioned, amounting to \$26,100 for the year 1951, should be provided for through the rates requested to be established.

The following tabulation is a comparison of applicant's present and proposed rates:

MALIBU WATER COMPANY

COMPARISON OF PRESENT AND PROPOSED RATES

	<u>Present Rates</u>	<u>Proposed Rates</u>
(Per Meter per Month)		
<u>Schedule No. 1 - General Metered Service (Domestic)^a</u>		
<u>Monthly Minimum Charges</u>		
For 5/8 x 3/4-inch meter	\$ 1.50	\$ 2.50
For 3/4-inch meter	1.75	2.75
For 1-inch meter	2.50	3.00
For 1 1/2-inch meter	4.00	5.00
For 2-inch meter	6.00	10.00
For 3-inch meter	15.00	20.00
For 4-inch meter	25.00	25.00
<u>Monthly Quantity Rates</u>		
First 500 cubic feet	1.50	-
First 500 cubic feet, per 100 cubic feet	-	.55
Next 1,000 cubic feet, per 100 cubic feet25	.50
Next 1,500 cubic feet, per 100 cubic feet20	.40
All over 3,000 cubic feet, per 100 cubic feet .	.15	.35
<u>Schedule No. 2 - Monthly Flat Rates for All Domestic and Commercial Service</u>		
For 3/4-inch connection to 30-foot lot	1.50	-
For 1-inch connection to 30-foot lot	2.00	-
Extra for each lot or fraction thereof per lineal foot frontage05	-
For extra house in which a separate family lives	1.00	-
Fire hydrants, each	1.50	1.50
(Per Meter per Year)		
<u>Schedule No. 3 - Irrigation Service^b - Available in Malibu Canyon Area, Only</u>		
<u>Annual Minimum Charge^c</u>		
For 5/8 x 3/4-inch meter	18.00	
For 3/4-inch meter	21.00	Not
For 1-inch meter	30.00	set
For 1 1/2-inch meter	48.00	out
For 2-inch meter	72.00	in
For 3-inch meter	180.00	appl.
For 4-inch meter	300.00	
<u>Monthly Quantity Rate</u>		
Per 100 cubic feet, per meter per month06	.11

- Company reserves right to prohibit irrigation, with domestic water, of crops destined for sale.
- All irrigation service is subject to rationing.
- Minimum irrigation charge payable in advance, annually.

Accounting

At the hearing on July 13, 1950, a witness for the Commission staff testified that applicant's books were not kept in accordance with the uniform classification of accounts prescribed for water corporations and that from an examination of applicant's books it was impossible to determine accurately applicant's financial condition.

At the hearings in February, 1951, this Commission staff witness testified that commencing with January 1, 1951, applicant was keeping its books in accordance with prescribed accounting methods. A copy of a resolution of applicant's board of directors, dated February 20, 1951, filed as Exhibit No. 30 shows that said board has taken steps to effect a complete divorcement of all operations, joint accounts, ^{delete} and services from Marblehead Land Company, and to assemble and keep all records, contracts, invoices, receipts, and other documents belonging to applicant at applicant's offices at Malibu Beach, California.

Fixed Capital in Service

With respect to applicant's fixed capital in service, an appraisal as of July 31, 1949, of applicant's domestic and irrigation properties was submitted as Exhibit No. 1 at the hearing on July 12, 1950, by a witness for applicant. This appraisal showed total estimated original cost, including overhead, of \$717,846.16 for the domestic system, and of \$201,822.76 for the irrigation system, a total of \$919,668.92 for applicant's entire water system properties. To these amounts, a Commission staff witness testified that he had added net additions and betterments through the year 1950. The resultant totals as of December 31, 1950, are as follows:

<u>FIXED CAPITAL</u>	
December 31, 1950	
Domestic System	\$786,241
Irrigation System	<u>207,173</u>
Total Fixed Capital	993,414

Earnings

A statement of income and expense for the actual year 1950 compared with the estimated year 1951 was submitted at the hearing on February 14, 1951, as Exhibit No. 23, by a witness for applicant. At the same hearing, a report on the results of operation for the year 1950 recorded and adjusted and for the year 1951 estimated was submitted as Exhibit No. 29 by witnesses for the Commission staff. The following tabulation is a summary of the earnings information contained in said Exhibits Nos. 23 and 29:

Comparative Summary of Earnings

Item	: Per PUC :			: Per P.U.C. Exh. No. 29:		
	: Exhibit : Per Co. Exh. No. 23:			: Present : Proposed :		
	: No. 29 : at Present Rates :			: Rates : Rates :		
	: 1949 : Actual : Estimated:			: Adj'd. Year: Est'd. Year:		
	: Recorded:	1950	: 1951	: 1950	: 1951	
✓ Operating Revenue	\$49,324	\$ 38,937*	\$ 41,951	\$ 38,904*	\$ 87,450	
✓ Operating Expense	51,844	61,096	81,860	64,114	75,230	
Net Revenue	(2,520)	(22,159)*	(39,909)	(25,210)*	12,220	
<u>Rate Base</u>						
Total Weighted Avg. Plant				968,785	1,021,914	
Weighted Nonoperative Prop.				(25,759)	(28,973)	
Well Contingency				3,042	3,949	
Theoretical Advances				(271,000)	(255,000)	
Working Capital				15,500	16,000	
Deduction for Depreciation				(209,900)	(236,300)	
Weighted Avg. Rate Base (Depreciated) USE				480,000	521,000	
Rate of Return				(5.25)%	2.35%	

(Red Figure)

* Does not include \$10,000 paid by Marblehead Land Company as a service charge.

The comparative summary of earnings tabulation shows that under the proposed rates the domestic meter revenues would increase from \$35,256 per year to \$82,540 per year. This increase is partially attributable to an estimated increase of 100 consumers for the year 1951. The irrigation revenue would increase from \$1,370 to \$2,160 at the proposed rates. A Commission staff witness testified

that many items of operating expense should have been charged to the construction accounts and that he had found it necessary to adjust the year 1950 recorded amounts with particular respect thereto.

Another Commission staff witness testified that he had found it necessary to recompute the annual depreciation charge and had done so as shown in the tabulation.

The Commission staff witness who testified regarding the rate base determination explained that an amount of \$271,000 had been deducted from total weighted average plant of \$968,785 for the year 1950 and \$255,000 from total weighted average plant of \$1,021,914 for the year 1951, in order to adjust such plant figures for theoretical advances by Marblehead Land Company. Accurate invoice records of such advances for construction of water systems in subdivisions developed by Marblehead were not available. The Commission staff witness stated that he, therefore, had computed an amount to represent the cost of such construction since 1938, borne by Marblehead, in excess of 100 feet of main extension. In computing such amount, he testified that he had assumed that 100 feet of main extension had been borne by applicant for each service connection. The amounts thus computed to have been borne by Marblehead had been deducted as noted herein. This appears to be a reasonable treatment of this item for the rate base determination and it is hereby adopted for the purpose of this proceeding.

Exhibit No. 29 includes a breakdown of earnings between the domestic and irrigation systems for the adjusted year 1950 at

present rates and the estimated year 1951 at the proposed rates. The following tabulation is a summary of such breakdown:

MALIBU WATER COMPANY
SUMMARY OF EARNINGS
DOMESTIC AND IRRIGATION SYSTEMS
ADJUSTED YEAR 1950 AND ESTIMATED YEAR 1951

Per P.U.C. Exhibit No. 29						
Item	Adjusted Year 1950			Estimated Year 1951		
	at the Present Rates			at the Proposed Rates		
	Domestic:	Irrigation:	Total	Domestic:	Irrigation:	Total
	System	System	System	System	System	System
Operating Revenue	\$ 37,534	\$ 1,370	\$ 38,904	\$ 84,890	\$ 2,560	\$ 87,450
Operating Expense	29,444	1,140	30,584	33,195	1,155	34,350
Taxes	6,375	605	6,980	13,795	(1,095)	12,700
Depreciation	19,600	6,950	26,550	21,230	6,950	28,180
Total	55,419	8,695	64,114	68,220	7,010	75,230
Net Revenue	(17,885)	(7,325)	(25,210)	16,670	(4,450)	12,220
<u>Rate Bases</u>						
Total Wtd. Avg. Plant	762,125	206,660	968,785	814,741	207,173	1,021,914
Wtd. Nonop. Property	(22,628)	(3,131)	(25,759)	(25,842)	(3,131)	(28,973)
Well Contingency	3,042	-	3,042	3,949	-	3,949
Theoretical Advances	(271,000)	-	(271,000)	(255,000)	-	(255,000)
Working Capital	14,300	1,200	15,500	12,800	1,200	14,000
Deduction for Depn.	(67,500)	(142,400)	(209,900)	(87,400)	(148,900)	(236,300)
Rate Bases (Depr.)	418,000	62,000	480,000	463,000	56,000	519,000
Rate of Return	(4.28)%	(11.81)%	(5.25)%	3.60%	(7.95)%	2.35%

(Red Figure)

The Commission staff witness testified that the above shown segregation is not recorded on applicant's books and that he had allocated certain of the rate of return components. These allocations appear to be reasonable. It will be noted that the earnings of the irrigation system under the rationing now in effect are negative for each of the periods shown.

The record shows that applicant charges no salaries of general officers, and none was included in the estimates of operating expenses submitted by applicant and by the Commission staff for the year 1951.

Depreciation expense included by the staff on the domestic system amounts to nearly \$30 per year per domestic customer or nearly

\$2.50 per month therefor. The depreciation expense on the irrigation system under present operations consumes all revenues and accounts, primarily, for the operating losses of the irrigation system. The estimated rate of return of 3.60% for the year 1951 on the domestic system at the proposed rates is reduced to 2.35% by the losses incurred by the operations of the irrigation system as presently operated.

Conclusions

The domestic consumers of this utility are located more or less in scattered groups, and in general the service area is sparsely settled as a result of the comparatively slow development of this beach territory. The production of an adequate supply of water and the necessary treatment and protection required to insure potability for domestic use unquestionably has been considerably more expensive than normal water utility experience. However, the present partial development of the utility's domestic service area precludes any substantial net return on the facilities required to supply existing service. It is obvious that the present consumers cannot fairly be overburdened by prohibitive charges during this development period of low consumer density. While the monthly minimum charges requested for domestic service are reasonable under present operating conditions, it does appear that the proposed quantity rates are higher than present circumstances warrant. The quantity rates for water established in the following order are just and proper under existing circumstances and conditions. At the same time, the revenues derived therefrom should enable the utility to operate its domestic system without loss and should provide a net annual revenue of \$7,350, equivalent to a return of 1.58% on a depreciated rate base of \$463,000.

With respect to suggestions of protestants that, if the irrigation dam were rehabilitated, applicant could derive more

irrigation revenues, thereby relieving applicant's financial stress, the record shows that it would be impracticable and might be impossible to effect such rehabilitation. Estimates of the cost to desilt the dam ranged from \$75,000 to \$300,000. A witness for applicant testified that, from an engineering standpoint, even after the expenditure of such sums, it might not be possible to operate the dam.

Applicant requested that it be authorized to increase the deposit of \$2.50, as required of applicants for service to establish credit in its presently filed Rule and Regulation No. 7, to \$5 for a 5/8-inch meter when bills are rendered monthly, and also requested authorization to increase the reconnection charge of \$1, as shown in its presently filed Rule and Regulation No. 11, to \$5. The amounts set out in the presently effective rules are uniform generally throughout the State in public utilities operating under this Commission. No sufficient evidence was presented by applicants which would warrant any changes in the amounts as now established. Since adequate provision already has been made for uncollectible bills, the request will be denied.

The protestant Rowe requested the Commission to take some action with respect to determining her rights to prohibit the drilling of a cesspool, allegedly by applicant, on or near certain of her properties. We conclude that this matter is beyond the jurisdiction of this Commission and that it should be settled by informal negotiation between the parties or otherwise.

Applicant's request that it be authorized to place on its books of account the results of the historical cost appraisal submitted at the hearing on July 12, 1950, by a witness for applicant as Exhibit No. 1, and as brought up to date by a Commission staff witness in Exhibit No. 29, appears to be reasonable. The journal

entries to accomplish this result should provide for classifying as donations in aid of construction all of those items included in the Commission staff computation of advances as shown in Exhibit 29.

O R D E R

Malibu Water Company having applied to the Commission for an order authorizing an increase in its rates for water service and to amend its rules and regulations, public hearings having been held, an opinion and order on rules and regulations having been issued by the Commission as its Decision No. 44745 dated September 1, 1950, and the matter having been submitted on February 15, 1951, and now being ready for decision,

amended
IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified and that present rates, in so far as they differ from those herein prescribed, are unjust and unreasonable; therefore,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with the Commission's General Order No. 96, a schedule of rates shown in Exhibit A attached hereto, and, on not less than five (5) days' notice to the Commission and the public, to make said rates effective for service rendered after the thirtieth (30th) day of April, 1951.

IT IS HEREBY FURTHER ORDERED as follows:

1. That applicant's request to amend its presently filed Rule and Regulation No. 7, Deposits, under Section A, 1a and 1b, Amount to Establish Credit, Metered Service, and its presently filed Rule and Regulation No. 11, Discontinuance and Restoration of Service, be and hereby is denied.
2. Applicant shall adjust its books so as to include in its fixed capital accounts the historical cost appraisal submitted at the hearing as Exhibit No. 1, as brought up to date by Exhibit No. 29, together with the further modification with respect to theoretical advances referred to in the preceding opinion, and shall file

with the Commission a copy of each journal entry used to adjust its books in accordance with the authority herein granted.

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

Dated at San Francisco, California, this 10th day of April, 1951.

R. J. [Signature]
Harold D. Hula

[Signature]
John E. Mitchell

Commissioners.

EXHIBIT A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all domestic water service rendered on a metered basis.

TERRITORY

Within the entire service area of Malibu Water Company and including that part of Los Angeles County along the Pacific Ocean, commonly known as Rancho Topanga Malibu Sequit, and as shown on the map included in the Tariff Schedules of the company.

RATES

Quantity Charge:		Per Meter Per Month
First	500 cubic feet, or less.....	\$ 2.50
Next	1,500 cubic feet, per 100 cubic feet.....	.40
Next	3,000 cubic feet, per 100 cubic feet.....	.35
Over	5,000 cubic feet, per 100 cubic feet.....	.30
Minimum Charge:		
For	5/8 x 3/4-inch meter.....	\$ 2.50
For	3/4-inch meter.....	3.00
For	1-inch meter.....	3.50
For	1 1/2-inch meter.....	5.00
For	2-inch meter.....	10.00
For	3-inch meter.....	20.00
For	4-inch meter.....	25.00

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

SPECIAL CONDITIONS

The company reserves the right to prohibit the use of water for the irrigation of crops, the products of which are intended for sale or disposal off the premises where a meter under Schedule No. 1 is intended for service of the particular premises.

EXHIBIT A
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Schedule No. 2

FIRE HYDRANT RATES

APPLICABILITY

Applicable to public fire hydrant service from direct connections to distribution mains.

TERRITORY

Within the entire service area of Malibu Water Company and including that part of Los Angeles County along the Pacific Ocean, commonly known as Rancho Topanga Malibu Sequit, and as shown on the map included in the Tariff Schedules of the company.

RATES

Per Hydrant
Per Month

For each fire hydrant..... \$ 1.50

EXHIBIT A
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Schedule No. 3

IRRIGATION SERVICEAPPLICABILITY

Applicable only in Malibu Canyon area and to such points as can be served with gravity water from Malibu Creek Reservoir, or by pumping from wells in that area.

TERRITORY

Within that portion of the service area of the company, as restricted to Malibu Canyon area as stated immediately above.

RATES

Quantity Charge:

per 100 cubic feet..... \$ 0.11

Minimum Charge:

	Per Meter Per Year
For 5/8 x 3/4-inch meter.....	\$ 24.00
For 3/4-inch meter.....	27.00
For 1-inch meter.....	33.00
For 1 1/2-inch meter.....	54.00
For 2-inch meter.....	96.00
For 3-inch meter.....	210.00
For 4-inch meter.....	300.00

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

SPECIAL CONDITIONS

The Minimum Charge is an annual charge applicable to the calendar year and payable in advance. It may be paid in two equal installments, the first installment being due and payable on January first and the second installment on July first of each year.