

ORIGINALDecision No. 50248

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 PACIFIC GAS AND ELECTRIC COMPANY,
 for an order of the Public Utilities
 Commission of the State of California
 authorizing applicant to increase its
 rates and charges for water service
 supplied by means of its Drum
 Division (Placer County) Water System,
 eliminate all special or deviation
 rates, and make effective certain
 revised rules and regulations govern-
 ing treated water service, all in
 accordance with proposals herein set
 forth.

Application No. 34449

Appearances are listed in Attachment 1 hereto.

O P I N I O N

By the above-entitled application, filed June 17, 1953, Pacific Gas and Electric Company, a California corporation, seeks authority to (1) withdraw and cancel all of its presently effective tariffs, (2) file new tariffs including rate schedules at increased rates and charges and (3) eliminate all special, deviation or preferential rates and charges for service rendered by means of its Placer Water System. Applicant seeks an increase in gross revenues of about \$211,600 annually based upon average-year 1954 operations.

Public hearings in this matter were held before Commissioner Kenneth Potter and Examiner F. Everett Emerson at Auburn. Seven days of hearing were held during January and February 1954, during which eighteen witnesses were heard and forty exhibits received. The reporters' transcript of the proceedings totaled 1,320 pages. The matter was submitted on February 17, subject to the receipt of briefs, the last of which was received on March 19, 1954.

Applicant's Position and Request

The basic reason for applicant seeking a general increase in its rates for water service is stated to be that revenues have been, and in its opinion will continue to be, inadequate to meet the costs of operation. Applicant points to recorded deficits in each of the years 1950 to date and to losses, under existing rates, of over \$143,000 in 1952 and of almost \$150,000 in 1953. Under its anticipated 1954 operations it envisages a loss of about \$166,000 if present rates remain unchanged. Applicant seeks to halt these losses and to earn a nominal return on its investment.

Applicant has proposed specific rates, for the various classes of service rendered, which in the aggregate will be sufficient to meet operating expenses and provide a rate of return, on a depreciated rate base of approximately \$5,060,000, of only 9/10 of 1 per cent.

Comparisons of present rates with those which applicant proposes are shown in the following tabulations.

General Metered Service
Treated Water, Town Systems

Typical Monthly Usage (Cubic Feet)	Present Rate: Schedule 7	Proposed Rate: Schedule 1	Per Cent Increase
0	\$ 1.00	\$ 1.75	75.0
500	1.00	1.75	75.0
1,000	2.00	3.00	50.0
1,700 (Average Domestic)	2.70	4.75	75.9
4,500 (Average Commercial)	5.50	10.35	88.2
7,000	6.80	13.85	103.7
10,000	8.00	17.75	121.9
20,000	10.00	27.75	177.5
25,000	11.00	32.75	197.7

General Metered Service
Untreated Water, Ditch System

Typical Monthly Usage (Cubic Feet)	Present Rate: Schedule 8	Proposed Rate: Schedule 11	Per Cent: Increase
0	\$ 1.25	\$ 2.00	60.0
1,000	1.25	2.00	60.0
2,000	1.50	3.50	133.3
2,500	1.75	4.25	142.9
3,500 (Average Domestic)	2.25	5.25	133.3
5,000	3.00	6.00	100.0
7,000 (Average Commercial)	3.50	7.00	100.0
10,000	4.25	8.50	100.0
20,000	5.75	11.50	100.0
50,000	10.25	20.50	100.0
100,000	17.75	35.50	100.0

Irrigation Service

Class	Present: Rate	Proposed: Rate	Per Cent: Increase
Regular Season, per Miner's Inch	\$45.00	\$55.00	22.2
Nonirrigation Season, per Season	10.00	18.00	80.0

Resale Service
Untreated Water

Contract Customer	Annual Bill - Year 1952 At Present Rate	At Proposed Rate	Per Cent: Increase
City of Roseville	\$10,021.38	\$28,941.00	189
City of Lincoln	4,525.84	13,484.75	198
Dutch Flat Water Works	230.24	871.40	279
Frey Water Company	180.00	180.00	0
McGee Irrigation Co.	43.40	86.49	100

Municipal Hydrant Service

Type of Hydrant	Present Rate	Proposed Rate	Per Cent: Increase
<u>Wharf Hydrant</u>			
Less than 4" Mains	\$1.00	\$1.25	25.0
4" or larger Mains	1.00	1.75	75.0
<u>Standard Hydrant</u>			
Single Outlet	1.00	2.00	100.0
Double Outlet	1.00	2.75	175.0
Triple Outlet	1.00	4.00	300.0

While applicant and its immediate predecessor have owned and operated the Placer Water System for more than 50 years, the

instant application is the first by which a general increase in all of its rates has been sought.

Certain water customers^{1/} have either received service without charge or at reduced rates for periods varying between 15 and 50 years or more. Applicant claims the service rendered such customers does not differ from that rendered others who are charged for water at filed rates and asks that the present discriminatory and preferential treatment accorded them be now terminated. By its specific proposals respecting such so-called "deviation" customers,^{2/} these customers would henceforth be billed for water service under the regularly filed rates applicable to the general classification pertaining to the service supplied.

Applicant's Operations

Pacific Gas and Electric Company is the largest public utility operating entirely within the State of California. It furnishes gas, electric, steam heat and water service with its over-all service area containing or extending into 46 of the state's 58 counties. As its corporate name implies, it is primarily engaged in supplying gas and electric service. However, in acquiring its many properties and as an adjunct to its hydroelectric developments various water systems were acquired or have been formed by applicant. Some of the water systems have been disposed of to other utility operators and to municipal agencies but at the present time 10 separate water systems are retained and operated by applicant under the supervision of its water department. Of these 10 water systems 6 may be termed "town" systems, 1 an "irrigation" system and 3 combined "town and ditch" systems. The Placer Water System is one of the latter.

^{1/} Listed in Exhibit H attached to the application.

^{2/} Exhibit No. 13 in this proceeding.

The Placer water System consists of a series of water conduits, including ditches, canals, flumes, tunnels and pipes of 64 primary sections aggregating 182.36 miles in length, with regulating and standby reservoirs aggregating 884.9 acre-feet of water capacity, together with 45 miles of pipe distribution systems in Colfax, Auburn, Newcastle, Loomis and Rocklin.

The major portion of the water supply for this system is obtained from the South and Middle Forks of the South Yuba River above Lake Spaulding, augmented by waters from the Bear River. Water is also obtained from a tributary of the American River. Storage reservoirs above and tributary to Lake Spaulding impound runoff waters within that watershed and support the stream and canal flows during summer months. The major portion of the water is diverted through a series of hydroelectric canals and plants and subsequently becomes available for domestic and irrigation uses in the lower foothills and valleys of Placer County.

The upper portion of the water system begins with the Upper Boardman Canal which diverts water from the Bear River near its headwaters west of Emigrant Gap. The lower extremity of the ditch system is that portion used to deliver water to the City of Roseville and the Southern Pacific Company just north of Roseville. During the year 1952 the ditch system served approximately 1,680 customers with about 117,000 miner's inch-days of untreated water.^{3/}

Of the five towns in which water is served by applicant from this system, three are incorporated cities. Four are served from modern treatment facilities providing chemical treatment, mechanical flocculation and sedimentation, filtration and chlorination; the fifth (Colfax), being served water subjected only to

^{3/} A miner's inch is 1/40 cubic foot of water per second.

chlorination. During 1952 these five town distribution systems served approximately 635 million gallons of water to over 2,790 customers.

Position of Protestants

The City of Auburn opposes the granting of any increase on the general grounds that increased water rates will work a hardship on the inhabitants of the city and, further, that applicant's over-all operations are profitable and can carry the burden of unprofitable operations of this water system. The city took no active part in the proceeding.

Opposition of the City of Roseville is primarily on the grounds that it is served under a contract which runs until June 16, 1956. It has budgeted city expenditures on the basis of present charges for water and dislikes to change such budgets before termination of the contract. This contract specifies that it shall be subject to such changes as this Commission may direct in the exercise of its jurisdiction. The city took no active part in the proceeding.

The City of Colfax protests the rate increase on the primary grounds that inhabitants of the city would be charged rates identical with those charged in other cities on the system while being served water which has received a lesser clarification treatment. It contends that it should be accorded special rate consideration to compensate for receiving water which is not fully treated. The city further objects to the granting of rate relief to applicant on the general ground that present and anticipated economic conditions do not warrant it. The city called its own witnesses and actively participated in the cross-examination of other witnesses.

The County of Placer opposes an increase in rates on the assumption that such increase would be borne primarily by fruit, cattle, poultry and agricultural industries and on the grounds that such increases would seriously affect such industries. The county took no active part in the proceedings.

The City of Lincoln opposes applicant's rate proposal on the grounds that the specific rates proposed would not represent a uniform increase for each customer or class of customers. On such basis the city claims the proposed rates are discriminatory and would result in the city providing applicant a greater rate of return than that which would be provided by irrigators or other customers. The city produced one witness in this proceeding.

By submission of copies of resolutions the City of Rocklin and the Loomis Fire District stated general opposition to any increase in water rates. Neither took any active part in the proceeding.

The protest of Dutch Flat Water Works concerned the proposed resale rate and the alleged inability of the protestant to pay the increased rate without passing the increase along to its own customers. The owner of this water system actively participated in the proceedings.

Birdsall Olive Oil Company opposes the proposed elimination of its present preferential rate treatment but presented no evidence.

Protestant Paul Leutnecker opposes the rate increase on the grounds that, because he receives treated water from a "town" system for irrigating orchards, he will be forced to terminate operations because of the economic impossibility of continuing his business under the proposed town rates or under the temporary and special rate for such service offered by applicant at the hearing. He actively participated in the proceedings.

McGee Irrigation Company protests the elimination of its present preferential rate and claims confiscation of property will result therefrom. This company did not actively participate in the proceedings.

The Morgan Tract Water Association protests on the grounds that the resulting 100 per cent increase in its water bills would be

exorbitant. In addition, this association's position is that the over-all operations of applicant should absorb any losses resulting from water operations. It took no active part in the proceedings.

The Meadow Vista Water District protests the proposed increase on the grounds that the increased rates when added to its special tax for maintenance of pipelines makes the price of water to its member irrigators excessively high. The district had one witness testify in the proceedings.

Auburn Area Recreation Park and Parkway District protests the proposed rate increase on the grounds that the resultant billings for its large and increasing usage of water would amount to a total charge 327 per cent greater than present charges. It had one witness testify in the proceedings.

Similar opposition was made by a witness for the Placer Union High School District on the grounds that under the proposed rates the resultant billings would be about 3-3/4 times the present cost of water to the school district.

The Placer County Farm Bureau and the California Farm Bureau Federation, on behalf of their irrigator members, protest the proposed rate increase for irrigation service on the grounds of (1) the increased revenues to be derived from irrigation water deliveries represent only 0.013 per cent of the total gross revenue of applicant and are therefore insignificant, (2) irrigated agriculture is the mainstay of the economy of the area served by applicant and is thereby entitled to special consideration so as to maintain it in that position, (3) delivery of irrigation water is but an incidental by-product of applicant's main activity of hydro-electric generation, and (4) the economic condition of the irrigators places the value of the service at no more than the presently effective rate. These organizations actively participated throughout the proceedings.

The Placer County Water Users Association protests the proposed increase in flat rate irrigation service charges on the grounds that such water users are unable to pay the increased rates. Its position is that increased rates would place a burden upon growers of fruit which, at the present time and under existing economic conditions, such growers could not meet and survive. It also claims that revenues derived from irrigators is an insignificant percentage of applicant's total gross revenues and, therefore, an increase which applicant might forego. The association actively participated throughout the proceedings.

Summary of Applicant's Presentation

Applicant's presentation respecting the results of its operation of the Placer Water System is summarized as follows:

Under Present Rates

Item	1952*	1953**	1954**
Revenues			
From Town Systems	\$ 89,675	\$ 89,790	\$ 91,570
From Ditch System	263,809	266,230	273,520
Gross Revenues	353,484	356,020	365,090
Expenses			
Before Taxes and Depr.	347,123	345,207	358,325
Taxes	75,773	82,301	89,821
Depreciation	73,879	78,497	82,912
Total Oper. Expenses	496,775	506,005	531,058
Net Revenue	(143,291)	(149,985)	(165,968)
Rate Base (Depr.)	4,315,965	4,696,635	5,059,994
Rate of Return	loss	loss	loss

(Red Figure)

* Recorded basis
 ** Estimated average year basis.

Under Proposed Rates

Item	1952*	1953**	1954**
Revenues			
From Town Systems	\$ 179,970	\$ 179,640	\$ 183,040
From Ditch System	376,960	383,120	393,670
Gross Revenues	556,930	562,760	576,710
Expenses			
Before Taxes and Depr.	347,268	345,407	358,525
Taxes	75,773	82,301	89,821
Depreciation	73,879	78,497	82,912
Total Operating Exps.	496,920	506,205	531,258
Net Revenue	60,010	56,555	45,452
Rate Base (Depr.)	4,315,965	4,696,635	5,059,994
Rate of Return	1.39%	1.20%	0.90%

* Recorded basis.

** Estimated average year basis.

The results shown above are on the basis of the modified sinking fund method of depreciation accounting.

In addition, applicant's summary, as contained in Exhibit No. 8 in this proceeding, shows a net gain of \$10,621 in 1949 and net losses of \$28,392 in 1950, \$53,837 in 1951 and \$100,492 in 1952 on the basis of the sinking fund method of depreciation accounting.

Nature of Evidence

Applicant's presentation consisted of 24 exhibits, supported by oral testimony, setting forth in detail the results of operations of the Placer Water System for the year 1952, actual and adjusted, and for the years 1953 and 1954 as estimated, together with supplementary and augmenting schedules and proposals. The showing for the years 1953 and 1954 was on an average, rather than anticipated actual, year basis.

In addition to its basic showing respecting the Placer Water System, as hereinabove summarized, applicant set forth the results of operating its entire water department and its total

company operations for the year 1953, based upon 11 months' actual and 1 month's estimated figures. This showing is summarized as follows:

Year 1953

Item	Water Dept.	Total Company
Gross Operating Revenues	\$ 1,252,000	\$ 381,232,000
Total Operating Expenses	1,361,000	305,447,000
Net Revenue	<u>(109,000)</u>	75,785,000
Rate Base (Depreciated)	11,056,000	1,391,720,000
Rate of Return	<u>(0.99)%</u>	5.45%

(Red Figure)

In response to a request of the Commission staff, applicant undertook a cost-of-service study of the Placer Water System by which the costs of supplying water service to the town systems and various elements of service from the ditch system were segregated on a demand basis. Such study was based upon operations during the years 1952 and 1953. It is helpful but not conclusive, as "cost to serve" is but one of many factors considered when fixing rates. The study showed that under the proposed rates one special customer would provide the highest rate of return, the resale customers the next lower return, the town systems still lower and the ditch system customers lowest of all.

The participation of the Commission staff in this proceeding consisted of a field inspection of applicant's properties and a detailed examination, by accountants and engineers, of the books, records, properties and exhibits of applicant. As a result of such study applicant supplied, as part of its own presentation, much detail and many data, which the staff might ordinarily have undertaken to present. Counsel for the staff indicated that the staff found nothing in its own study wherein any differences in data or methods employed by applicant were of sufficient significance to warrant a complete and formal presentation of an earnings study by

the staff. The staff participated in cross-examination of witnesses and, in addition, introduced two exhibits. The first of these concerned an over-all study of applicant's water department and the allocation of common utility properties, general expenses and taxes to the Placer Water System. The second, supported by oral testimony, consisted of recommended revisions of applicant's proposed tariffs in order to place them in conformance with the Commission's General Order No. 96 and to clarify certain provisions of the tariffs. The staff made no recommendations respecting the level of rates or earnings.

In this proceeding no person offered evidence indicating that applicant's Placer Water System was not in need of increased revenues. Protestants, however, in effect maintained that the needed revenues should be obtained from other sources. A goodly portion of the record is devoted to the position that he or they were entitled to some special consideration or were in some exceptional circumstance which would warrant their exclusion from paying increased rates.

The Mayor of the City of Colfax testified that during certain limited times of the year, following storms in the mountains, the water distributed in the city was turbid and lacked the clarity of that distributed in the other towns on applicant's system. Because of such situation the city requests a rate level below that of the other towns. The witness' testimony, however, clearly indicates that the quality of water has been improved to the extent that ceramic filters of individual customers, once considered essential, have been discarded or unused for some time past and are not now necessary. Applicant conceded that the water served in

Colfax at times carries claylike colloids in suspension but claimed that such times were limited in duration and were neither harmful nor of sufficient moment to warrant the installation of a plant for their removal. In this latter connection applicant introduced evidence which shows that the capital cost of a suitable treatment plant to serve the 315 customers in Colfax would approximate \$115,000 and that the full costs of treatment would be about 21½ cents per hundred cubic feet of water sold, a cost well in excess of the terminal-block rate of 10 cents which applicant proposes.

Within the area served by the Colfax town system are seven parcels of land devoted to orchards, three of which are operated under lease by protestant Leutnecker. According to his testimony such orchards have been dry-farmed for about 60 years. Since he leased the property and undertook irrigation in the past few years, his pear crop has more than trebled and his operations have met with substantial success. Under the town system water rates proposed by applicant, in which the terminal rate would be increased from 2 cents to 10 cents per 100 cubic feet, protestant Leutnecker would find his water bill increased by about 348 per cent, an increase which he claims will force him to cancel his leases and withdraw from the pear-growing business in Placer County. The seven parcels are at a considerable distance from applicant's ditch system and cannot economically be served therefrom. Recognizing the Leutnecker situation, applicant proposed a special and temporary tariff for irrigation service from the town systems. By such tariff the terminal rate would be 6 cents per 100 cubic feet and the Leutnecker bill would increase approximately 221 per cent. Applicant proposes that such temporary rate schedule be terminated December 31, 1957, thus running for the approximate term of Leutnecker's present leases. The proposed rate and its term is unsatisfactory to Leutnecker and he still feels he will be unable to operate under it. Such situation, in our

opinion, is the inevitable result of attempting commercial production of agricultural enterprises by irrigation with treated water from a domestic system rather than with raw water from wells or an irrigation system designed or specifically intended for agricultural usage. The use of domestic water for orchard irrigation was at protestant's election to so use the water. The rate applicable to the ordinary needs of general residential and business customers was never intended to be applicable to the large water requirements of orchard irrigation nor, except in unusual circumstances, is a distribution system which has been designed and constructed for ordinary residential and business deliveries of water suited, or intended to be suited, to the heavy water demands of irrigators. On this system irrigation deliveries should be made from the ditches designed for such purpose. Applicant's proffered temporary tariff, in its terminal rate, is at less than the average cost to serve; however, under the particular circumstances, we find the applicant's proposal to be reasonable.

According to the testimony of Mr. Nicholls, the owner of the Dutch Flat Water Works, the proposed increase in water rates to resale customers will amount to an increase of about 279 per cent in his annual charges. Dutch Flat is a small community, with a static economy, in which he serves water to about 89 residential customers and a few stores. The impact of the proposed resale rate on his system would be such as to place him in the position of being unable to pay without in turn increasing charges to his own patrons. He testified that the average annual charge to his own customers was \$30.42 in 1952 and that the average increase per customer per year necessary to compensate for the increase in resale rate would be \$7.60, thereby making the average annual bill approximately \$38.00 or about \$3.20 per month per customer. We find no basis on

which to accord the Dutch Flat Water Works a rate different from that charged other purchasers of water for resale service.

The presentation of the Farm Bureau and Placer County Water Users Association was somewhat parallel and consisted of placing five exhibits in evidence and the testimony of four witnesses. Virtually the entire presentation was directed to applicant's proposed charges for flat rate irrigation service. Exhibit No. 30 in this proceeding and the testimony of Mr. Bethell relative thereto constitutes the primary showing of these protestants. Said Exhibit No. 30 purports to show the cost of water in comparison with an "on tree" price to the growers of fruits. It sets forth the average 1953 auction prices of out-of-state sales for a number of varieties of plums and cannery prices of Bartlett pears, as selected by witness Bethell. After a partial analysis of certain weighted average prices and costs, it arrives at a statement of water cost on a per-box basis for plums and a per-ton basis for pears. The principal sources from which the witness selected his basic data are in evidence. However, the witness' fundamental premise was the selection of one average year and one subnormal year of crop production which he arithmetically averaged and to which he then applied averages of 1953 auction prices in out-of-state markets and 1953 averages of selected elements of costs. In our opinion such successive compounding or pyramiding of averages upon averages has inherent errors. Completely factual data were not presented to support the end result. In any event, we are of the opinion that a presentation based essentially upon but one year's sales prices for an industry whose existence has and will be extended over many years can carry little weight in the evaluation of protestants' position respecting the ability of fruit growers to pay just and reasonable rates for water service. Indeed, one of protestants' own witnesses, engaged in the business of making loans to farmers in Placer County, testified that no less a period than

that covering six years' farming operations was considered by him in evaluating the financial position of farmers. In short, protestants' presentation in support of their contention that the farmers of Placer County are and will be unable to pay the proposed water rates is not convincing and will not support a finding that such water users are entitled to preferential treatment beyond that inherently existing in the spread of rates between various classes of service.

Applicant presented testimony respecting certain customers who are supplied hydrant service, private fire protection service, small irrigation service, resale water service and commercial or industrial service under special arrangements which in almost all cases are at charges which are lower than those charged customers receiving similar services on regularly filed tariffs or are at no charge. The details respecting such services are set forth in Exhibit No. 13 in this proceeding. Applicant proposes to terminate the discriminatory rates given these customers by placing such customers on filed schedules.

By means of Exhibit No. 36 in this proceeding the Commission staff suggested certain revisions in the company's proposed tariff schedules. Those intended to place the tariffs in conformity with the Commission's General Order No. 96 or involving preferred titles or terminology as a matter of uniformity are readily acceptable to applicant. The staff witness, however, made a number of recommended revisions which were sharply challenged by applicant. One of these latter was an attempt to effect a reconsideration of the dedication of water and facilities to public use, an issue which we find to be outside the scope of the instant proceeding. Applicant's motion to strike the portions of Exhibit No. 36 pertaining to such subject is hereby granted. Applicant's counsel stated that there was no intention on the part of the company in this proceeding to limit any existing dedication.

Applicant does not now have and does not propose any regular tariff schedule for mining service and for many years has supplied water for mining purposes, when available, as an accommodation and "non-firm" service only and under special contract. While the staff witness recommended that mining service not be excluded from applicant's preliminary general statement as to its offering of the sale of water for various purposes, there is no evidence in this record that there has been or is any demand for such service from this system. Such recommendation involves the basic question of dedication, an issue which, as above stated, is outside the scope of this proceeding. However, applicant has offered a modification of the preliminary statement which appears reasonable and which will be authorized.

Applicant's rate schedule for service of untreated water, at present and as proposed, contains a condition whereby the first usage block is increased in direct proportion to the number of customers served through a single meter. The staff recommends that such "ballooning" provision be eliminated. Applicant objects to such elimination. The ballooning provision finds primary application in the service supplied to the Morgan Tract Water Association where one delivery and metering point serves a private distribution system for about 21 consumers. It can be shown, by conversion of either rate into the terms of the other, that for the larger usages the bill under the rate schedule (without ballooning) proposed for service to this Tract is insignificantly different from that which the Tract would receive if it were served at the resale rate applicable to the other "wholesale" distributors of water. Since the service characteristics are of sufficient similarity to warrant classifying the two as reasonably comparable, the staff's recommendation, in our opinion, is reasonable and will be adopted.

The balance of the staff witness' recommendations involved matters which of necessity require the exercise of engineering and management judgment respecting necessary or required meter sizes, the location and costs of delivery boxes and the availability of water for seasonal service. From the practical standpoint these matters can best be determined by the company personnel on the spot. Should either the consumer or the company management feel that such local judgment had proven detrimental to their interests recourse to this Commission might readily and speedily be taken.

By Exhibit No. 13 and supporting testimony, applicant presented evidence respecting serving certain customers at free or reduced rates. Applicant desires to discontinue such service, terminate any existing contracts therefor and to place these customers on regularly filed rates. Many of them have been served under written or oral contracts of many years' standing. In some instances these customers or their predecessors in interest have parted with some property or property right in exchange for either free or reduced-rate water. In others the reduced rate was either tendered without consideration or it was negotiated. The record is clear, however, that the service being rendered is discriminatory. In our opinion it is unreasonably discriminatory and must be terminated. The company stated that it does not intend to take, nor may it take, property without just compensation. It has already purchased, after negotiation, many rights for special water rates. It should do the same in respect to those remaining. Where negotiation fails, recourse to the courts is available.

Conclusions

Applicant has clearly demonstrated its need for and entitlement to increased revenues in the full amount requested. Its proposed tariffs are fair and reasonable when modified in accordance with the foregoing discussion concerning the same and will be so authorized. However, the prospective impact of the magnitude of the

increased rates percentagewise leads us to the further conclusion that under the conditions attendant upon this particular rate proceeding, the water users should be accorded a longer than normal interval of time between issuance of our order authorizing the new rates and the effective date of said rates. By such means the consumer may assess the value of his water usage and regulate or adjust his usage in accordance therewith, repair his own facilities in order to stop wastage and generally prepare himself for operations under the new rates.

We find that the serving of consumers at no charge or at rates other than those authorized herein will constitute unreasonable discrimination between consumers or classes of consumers. Applicant will be required, therefore, to complete the elimination of existing discriminatory rates by placing existing water users on the regularly filed rates authorized herein.

O R D E R

Pacific Gas and Electric Company having applied to this Commission for a general increase in the rates and charges for water service rendered in its Placer Water System, public hearings thereon having been held, the matter having been submitted, the Commission being fully informed and the matter now being ready for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified and that the existing rates, in so far as they differ from those herein authorized, for the future 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 and in conformance with the provisions of General Order No. 96, the tariff schedules set forth in Exhibit No. 4 and Exhibit No. 22 in this proceeding as specifically approved or modified by Appendix A attached to this order and, after not less than five day's notice to the public and this Commission, to make said tariffs effective for service rendered on and after January 1, 1955.

IT IS HEREBY FURTHER ORDERED that applicant shall serve the consumers set forth in exhibit No. 13 in this proceeding at its regularly filed tariffs on and after January 1, 1955. ✓

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

Dated at San Francisco, California, this 6th day of July, 1954.

John E. Mitchell
President

James J. Adams

Bessie Pottel

Gene Higgins

Commissioners

APPENDIX A
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The tariffs set forth in Exhibit No. 4 and Exhibit No. 22 in this proceeding are specifically approved or modified as follows:

Preliminary Statement

Delete "excluding mining service". Add: "Water for mining service may be furnished in accordance with special arrangements whenever water is available for such service."

Service Area Maps

To the five "town" maps, add a "ditch system" map to this section of the tariffs.

Schedule No. 1 - General Metered Service, Treated Water

Modify appropriate sections to read as follows:

APPLICABILITY

Applicable to all metered service of treated water for residential, commercial, industrial and municipal purposes.

TERRITORY

In the cities, towns and unincorporated territory adjacent thereto in Placer County as shown on the Auburn, Colfax, Loomis & Loomis-Rocklin, Newcastle and Rocklin Water Service Area maps filed as part of these tariffs.

RATES

Quantity Rates:	<u>Per Meter per Month</u>
(Blocking and rates approved without change)	
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$1.75
(Balance of sizes and rates approved without change)	

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

SPECIAL CONDITIONS

Change last phrase to read: "subject to approval by the Public Utilities Commission of the State of California."

Schedule No. 2 - Irrigation Service, Treated Water

Modify appropriate sections to read as follows:

APPLICABILITY

Applicable, for the limited period of time specified in the Special Conditions below, to treated water for commercial irrigation service.

TERRITORY

(Make identical with that of Schedule No. 1)

RATES

Quantity Rates:

Per Meter
per Month

(Blocking and rates approved without change)

Minimum Charge:

(Sizes and rates approved without change)

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

SPECIAL CONDITIONS

1. Service under this schedule is limited to those premises receiving commercial irrigation service, and to the quantities of water deliverable through the existing service connection and meter facilities therefor, on the effective date hereof.
2. Discontinuance or disconnection of the existing service and meter facilities will terminate the company's obligation to serve the premises under this schedule.
3. This schedule expires and will be withdrawn on December 31, 1957.

Schedule No. 11 - General Metered Service, Untreated Water

Modify appropriate sections as follows:

APPLICABILITY

Applicable to metered service of untreated water from the company's ditch system, excluding irrigation service to which Schedules Nos. 12 and 13 apply, and excluding resale service under Schedule No. R-1.

TERRITORY

Within the entire territory supplied by the company's Placer Water System.

APPENDIX A
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RATES

Quantity Rates:	<u>Per Meter per Month</u>
First 1,000 cubic feet or less	\$2.00
(Balance of blocking and rates approved without change)	

Minimum Charge:	
For 3/4-inch meter	\$2.00
(Balance of sizes and rates approved without change)	

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

SPECIAL CONDITIONS

Number paragraphs 1 through 5 and delete paragraph f.

Schedule No. 12 - Seasonal Irrigation Service

Modify appropriate sections as follows:

APPLICABILITY

Applicable to seasonal service of untreated water from the company's ditch system to customers whose irrigation demand is not less than one miner's inch of water during the irrigation season.

TERRITORY

(Make identical with that of Schedule No. 11)

RATE

	<u>Per Season</u>
For service of a continuous flow of water through a master box or regular delivery outlet for the irrigation season, per miner's inch	\$55.00
For each additional or alternate delivery box . . .	10.00

SPECIAL CONDITIONS

1. The irrigation season is defined as the period May 1 through September 30, both inclusive, of each year.
2. A miner's inch is defined as a rate of flow equal to one-fortieth cubic foot per second.

3. Water service under this schedule is available only upon application and agreement in form on file with the Public Utilities Commission.

4. (Paragraph "a" approved without change)

5. Water deliveries to customers under this schedule may be made through one or more additional or alternate delivery boxes as provided for in Part I of Rule and Regulation No. 16.

Schedule No. 13 - Off-Season Irrigation Service

Modify appropriate sections as follows:

APPLICABILITY

Applicable to off-season service of untreated water from the company's ditch system to customers whose seasonal irrigation requirements are purchased under Schedule No. 12, Seasonal Irrigation Service.

TERRITORY

(Make identical with that of Schedule No. 11)

RATES

	<u>Per Service</u>
For delivery of water at an average of one miner's inch, or not in excess of 212 miner's inch-days during the off-season	\$18.00
For delivery of water in excess of 212 miner's inch-days, during the off-season, per miner's inch-day	0.33

SPECIAL CONDITIONS

1. The period of "off-season" to which this schedule applies is defined as that period commencing October 1 of one year and continuing through April 30 of the following year.

2. A miner's inch is defined as a rate of flow equal to one-fortieth cubic foot per second.

3. (Paragraph "a", approved without change)

4. (Paragraph "b", approved without change)

5. (Paragraph "c", approved without change)

Schedule No. E-1 - Service to Company Employees

Modify first sentence by deleting therefrom the words "and irrigation".

Delete special condition.

Place schedule in standard form as to APPLICABILITY, TERRITORY and RATE.

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Schedule No. F-1 - Fire Hydrant Service

Modify appropriate sections as follows:

Retitle, to read "PUBLIC FIRE HYDRANT SERVICE".

Change "Character of Service" to "APPLICABILITY".

Make "Territory" identical with that in Schedule No. 1.

Under "Rates" change heading to read "Per Hydrant per Month".

Schedule No. F-2 - Private Fire Protection Service

Modify appropriate sections as follows:

Under "Applicability" change "Available, upon application, to" to read "Applicable to".

Make "Territory" identical with that in Schedule No. 1.

Under "Rates" change heading from "Rate Per Month" to "Per Service Connection per Month".

Under "Special Conditions" number paragraphs 1 through 5 and delete reference to "privately-owned" in paragraph 2.

Balance of schedule approved without change.

Schedule No. R-1 - Resale Service, Untreated Water

Modify appropriate sections as follows:

Change "Description of Service" to "APPLICABILITY".

TERRITORY

Within the territory served from the Company's Placer Water System at delivery points heretofore established for each of the above-listed customers.

Under "Rates" change "Quantity Charge" to "Quantity Rates".

Balance of schedule approved without change.

Rules Nos. T-1, T-2, T-3, T-4, T-5, T-6, T-7, T-8, T-9

Approved without change.

Rules Nos. T-10, T-11, T-12, T-13, T-14, T-15, T-16

Approved without change.

Rule No. T-17 - Meter Tests, etc.

In Sections B2 and B3 replace the words "subject to review" with "subject to approval".

Rule No. T-18 - Supply to Separate Premises and Resale of Water

Change to read as follows:

"Where the Company has adequate service facilities to supply separate premises, such separate premises, even though owned by the same customer, will not be supplied with water through the same connection or meter.

"Unless specially agreed upon, the customer shall not resell any of the water received by him from the Company."

Rule No. 1 - Definitions, Ditch System

Approved without change.

Rule No. 2 - Description of Service

In Section A, delete "A limited amount of" and commence the statement with "Water".

Rules Nos. 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15

Approved without change.

Rule No. 16 - Foints of Delivery and Customers' Facilities

Delete last sentence of first paragraph in Part 1.

Rule No. 17 - Meter Tests, etc.

Following Section B1 add a section to read:

2. If, in the case of metered service of untreated water, the meter, upon test as herein provided, is found not to register, or to register less than 75% of the actual consumption, an average bill, or a bill for the water consumed but not covered by the bills previously rendered for a period not to exceed three months, may be rendered to the customer by the Company, subject to approval by the Public Utilities Commission of the State of California, provided that if the actual period of error exceeds three months and the period can be definitely determined, the correction to be made may cover such actual period, subject to approval by the Public Utilities Commission.

Change Section B2 to read "Section B3" and replace the words "subject to review" with "subject to approval".

Rule No. 18

Approved without change.

ATTACHMENT 1

LIST OF APPEARANCES

For Applicant: Ralph W. DuVal, John C. Morrissey and T. L. Chamberlain.

For Protestants: Karl O. Bayless, for City of Lincoln; Arthur W. Nicholls, for Dutch Flat Water Works; Merlin Lay, for Meadow-Vista County Water District; Robinson and Robinson by D. R. Robinson, for City of Auburn and for Birdsall Olive Oil Company; F. L. Sinclair, for County of Placer; Edson Abel, for Placer County Farm Bureau, California Farm Bureau Federation and Placer County Water Users Association; Frank Gillio, for City of Colfax; Paul Leutnecker, in propria persona; William D. Bethell, for Placer County Water Users Association; Leland J. Propp and Vaughan, Paul & Lyons by Reginald L. Vaughan, for Placer County Water Users Association; L. DeWitt Spark, for City of Roseville; V. E. Simpson, in propria persona; August Gerard, for Morgan Tract Water Association; Daniel J. Higgins, for City of Lincoln.

For Commission Staff: William C. Bricca, Harold J. McCarthy and Carol T. Coffey.