

ORIGINAL

Dec. No. 54532

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of SAN JOSE HILLS WATER COMPANY)	
(Suburban Water Systems), a cor-)	Application No. 34829
poration, for authority to)	(Amended)
increase rates for water service.)	

C. L. Gardner, attorney, Gray & Guy, attorneys,
by Arthur D. Guy, Jr., and C. A. Garnier,
president, for applicant.

T. Guy Cornyn, city attorney, City of West Covina;
James Walter Kay, councilman, City of West
Covina; Myron Wigderson; in propria persona;
Charles E. Ripley, for residents of Leaf Avenue
and Cherrywood Avenue; Verne O. Austin, for
citizens of West Covina; J. C. Chastain, for
West Covina Citizens League, protestants.

Phillip F. Walsh, for Southern California Water
Company; Gibson, Dunn and Crutcher, attorneys,
and John E. Skelton, vice president and attorney
for San Gabriel Valley Water Company; and Lee T.
Hollopeter, for Lakewood Water and Power Company,
interested parties.

Harold J. McCarthy, Charles W. Mors, John Donovan,
and Richard Entwistle, for the Commission staff.

INTERIM OPINION

San Jose Hills Water Company, a corporation, filed the above-entitled application on October 23, 1953, seeking authority to increase its rates for water service in its Puente, South Covina, and West Covina systems.^{1/} The gross annual increase in revenues requested for said three systems amounts to approximately \$120,000 utilizing the proposed rates for the year 1955, estimated

^{1/} At the time of the filing of the application applicant had 10 rate schedules applicable to its 6 tariff areas, viz.: Puente, South Covina, Highlands, West Covina, Glendora and Covina Knolls. These 6 tariff areas are presently known as the San Jose Hills District of Suburban Water Systems.

(Exhibit No. 16), or an over-all increase of approximately 22 percent in Suburban's San Jose Hills District. ^{2/}

By its first amendment to the application, filed January 15, 1956, applicant requested that the name of Suburban Water Systems be substituted for that of applicant, ^{3/} and that the title of the application be changed to indicate that said application was "for authority to increase rates for water service", as distinguished from the request "for authority to adjust applicant's rates for water service." The request is granted.

Public hearings on this matter were held before Examiner Stewart C. Warner on June 1 and 2, 1954, at Los Angeles. At said hearings applicant submitted substantial evidence with respect to the application. However, at their conclusion, counsel for the Commission requested, and was granted, a continuance for the purpose of enabling the Commission staff to prepare and complete its report on the results of its investigation into the application. Also at these original hearings, several consumers appeared to protest the application. They complained that the title of the application and notice of hearing were ambiguous, and they requested that any further hearings be held in the communities of either Covina, West Covina, or Puente. An adjourned hearing was held before Commissioner Rex Hardy and Examiner Grant E. Syphers on November 21, 1955, at Los Angeles in conjunction with Application No. 37401 of Suburban Water Systems to issue and sell first

^{2/} The over-all proposed increase in the Puente tariff area is 38.8 percent; South Covina tariff area, 22.2 percent; and West Covina tariff area, 6.6 percent.

^{3/} By Decision No. 49423, dated December 15, 1953, in Application No. 34873, San Jose Hills Water Company was authorized to sell all its water system assets to Suburban Water Systems.

mortgage "C" bonds, and with Application No. 36838 of Suburban Water Systems for an interim increase in rates for its San Jose Hills District. Additional adjourned hearings were held on February 8, 9 and 10, 1956, before Commissioner Hardy and Examiner Warner, and on April 11, 12 and 13, 1956, before Examiner Warner at West Covina. The record comprises 1,081 pages of transcript and 29 exhibits. The matter was submitted subject to the filing of opening and closing briefs, which were received on June 25, 1956, except that applicant's counsel requested permission, on the record, to argue the matter orally before the presiding commissioner and examiner. This request together with the possibility of allowing argument before the Commission in bank have been considered. We are of the opinion that such procedures are not justified in the premises. The requests are denied. The matter is now ready for decision.

General Information

San Jose Hills Water Company, a corporation, was granted a certificate of public convenience and necessity by Decision No. 37556, dated December 19, 1944, in Application No. 36305. At that time it was furnishing water service to approximately 20 consumers. It acquired Sunkist Water Company in accordance with the authority granted by Decision No. 47099, issued May 5, 1952, in Applications Nos. 33348 and 33349. In December, 1953, San Jose Hills Water Company was purchased and acquired by Suburban Water Systems (formerly Whittier Water Company) in accordance with the authority granted by Decision No. 49423, Note 3, supra.

The Rivera Water Company had previously been acquired by Whittier Water Company on September 30, 1952. Suburban now operates water systems in two general areas, viz.: the Whittier-Rivera and the San Jose Hills Districts.

The San Jose Hills District includes a group of areas where applicant is furnishing water service, which total about 20 square miles generally between Puente and Glendora, about 20 miles east of the City of Los Angeles, in Los Angeles County. The cities of Glendora, West Covina, Covina, and Puente are included in applicant's service area either in whole or in part. Said service area also includes additional territory which is unincorporated.

The following tabulation shows the growth and number of consumers of Suburban's San Jose Hills and Whittier-Rivera Districts since 1949 (Exhibit No. 20):

<u>Number of Consumers</u> <u>Years 1949 to 1955</u>			
<u>Year</u>	<u>San Jose Hills</u>	<u>Whittier-Rivera</u>	<u>Total</u>
1949	1,132	2,243	3,375
1950	1,526	3,451	4,977
1951	2,166	6,154	8,320
1952	3,614	9,683	13,297
1953	6,013	12,022	18,035
1954	9,212	13,374	22,586
1955	13,571	14,139	27,710

The following tabulation shows the growth of Suburban's utility plant in its San Jose Hills District since 1945 (Exhibits Nos. 14 and 16):

<u>San Jose Hills District</u> <u>Utility Plant</u> <u>as of December 31</u>	
<u>Year</u>	<u>Amount</u>
1945	\$ 19,784
1946	113,517
1947	244,268
1948	337,118
1949	362,588
1950	494,891
1951	624,366
1952	1,193,667
1953	1,959,083
1954	3,105,249
1955	5,116,696

The area included in the San Jose Hills District is one of the fastest growing areas in southern California and, in fact, in the United States, and it is evident from the data hereinbefore shown that applicant's growth in customers and utility plant has been exceptionally rapid.

The following tabulation shows the relationship between the San Jose Hills District and the total Suburban Water Systems as indicated by the balance in fixed capital on December 31, 1955, and by operating revenues, operating expenses, depreciation, taxes, and net income for the year ending December 31, 1955. Also shown are average balances for depreciation reserve, consumers' advances for construction, and contributions in aid of construction for the year 1955.

Relationship Between San Jose Hills District
and Total Suburban Water Systems
(Per Exhibit 16)

<u>Item</u>	<u>San Jose Hills System</u>	<u>Amount</u> <u>Total Suburban Water Systems</u>
Fixed Capital *	\$5,116,696	\$10,095,555
Depreciation Reserve #	243,840	782,398
Consumers' Advances #	1,483,437	2,211,104
Contributions in aid of Construction #	122,961	252,270
Operating Revenues ø	533,733	1,161,904
Operating Expenses ø	284,758	538,947
Depreciation Expense ø	90,220	195,509
Taxes ø	68,969	194,992
Total Income Deductions ø	<u>\$ 443,947</u>	<u>\$ 929,448</u>
Net Income ø	\$ 89,786	\$ 232,456

* As of December 31, 1955

Average year 1955

ø Year ending December 31, 1955

Officers and Corporate Relationships

As of December 31, 1955, Suburban's officers were C. A. Garnier, president; E. S. Galster, vice president, C. H. Deitz, secretary-treasurer, and M. L. Longley, assistant secretary.

Directors were C. A. Garnier, C. H. Deitz, E. S. Galster, June G. White, R. T. Gardner, Robert S. Carvey, and Percy R. Jackson. C. A. Garnier and June G. White (his sister), and C. H. Deitz are officers of Garnier Construction Company, Garnier Machinery and Equipment Company, Garnier Utility Service Company, Whittier Utility Supply Company, Valinda Engineering Company, San Jose Ranch and South Covina Water Service, either as president, vice president or secretary, or through partnership or company ownership, all as shown on Table 3-B of Exhibit No. 14.

As of December 31, 1955, the total stock outstanding of Suburban Water Systems was distributed as shown in the following tabulation:

Suburban Water Systems' Stock Distribution
As of December 31, 1955
(Data from Exhibit No. 14-S)

Name	<u>Common</u>	<u>Class A</u> (5%)	<u>Class B</u> (3%)	<u>Total</u>	<u>Percent</u>
Camille A. Garnier	1,305	23	132	1,460	3.37
June G. White	188	0	132	320	.74
Constance A. Garnier	95	0	0	95	.22
South Covina Water Service	321	0	0	321	.74
C. A. Garnier, Trustee	1,941	2,248	7,504	11,693	26.96
Valinda Builders	0	0	360	360	.82
Cal Pacific Finance Co.	1,461	0	0	1,461	3.37
Calfin Co.	0	40	1,001	1,041	2.40
Sub Total	<u>5,311</u>	<u>2,311</u>	<u>9,129</u>	<u>16,751</u>	<u>38.62</u>
Percent of total	61.25	25.11	35.80	38.62	-
C. H. Deitz	1,086	0	0	1,086	2.50
E. S. Galster	1,323	220	130	1,673	3.86
Sub Total	<u>2,409</u>	<u>220</u>	<u>130</u>	<u>2,759</u>	<u>6.36</u>
Percent of total	27.78	2.39	0.51	6.36	-
Total to here	7,720	2,531	9,259	19,510	44.98
Percent of total	89.03	27.51	36.31	44.98	-
Others	951	6,671	16,240	23,862	55.02
Percent of total	10.97	72.50	63.69	55.02	-
Total	8,671	9,202	25,499	43,372	100.00

Note 1: All stock, common, and classes A and B preferred, carries voting rights.

Note 2: The record is silent as to the relationship, if any, of Valinda Builders to the applicant or to any of the so-called Garnier interests.

Garnier Construction Company was organized in 1937 as a partnership of the Garnier family for the purpose of general pipeline installation. It installs water mains and natural gas systems throughout southern California. Its principal customers have been San Jose Hills Water Company, and its successor Suburban Water Systems. Contracts have been on a cost-plus basis, utilizing materials purchased from Whittier Utility Supply Company, and utilizing machinery and equipment rented from Garnier Machinery and Equipment Company. It conducts its operations from premises rented from San Jose Ranch which also provides office, warehouse, and yard space to applicant and others. The original partnership of Garnier Enterprises and the Garnier Trust was changed into the corporate form and name of Garnier Construction Company on November 1, 1955. It employes an average of 75 persons.

Garnier Utility Service Company was organized in 1952 for the purpose of installing services, meters and certain related functions. Materials are purchased from Whittier Utility Supply Company; construction machinery and other equipment are rented from Garnier Machinery and Equipment Company; and its accounting and administrative functions and operating premises are provided by Valinda Engineering Company, San Jose Ranch and other Garnier interests. Originally this company read meters, prepared and mailed billings, collected those billings and banked them, in addition to the setting of meters and the building of service connections. Its work reached a peak of operations about 1952, but it has since ceased to perform any functions for Suburban. It employes two persons.

Whittier Utility Supply Company was organized in 1950 for the purpose of obtaining jobber discounts from manufacturers of water works materials for resale to Garnier Construction Company,

for installation by said company and to others. Ninety percent of its total revenue for the year 1953 represented sales to Garnier interests, including applicant. As of January 27, 1956 it had five employees.

Garnier Machinery and Equipment Company was organized in 1952 for the purpose of purchasing, operating and leasing equipment. Its principal function is the rental of equipment to Garnier Construction Company. As of January 27, 1956, it had five employees.

Valinda Engineering Company was organized in November, 1953, for the purpose of engineering, designing and laying out water systems, sewer systems, designing pumping plants, reservoirs and reservoir roofs. It has no investment in property or equipment and substantially all of its revenues have been derived from services to Garnier Construction Co., applicant, and other Garnier interests. As of January 27, 1956, it employed 16 engineers.

San Jose Ranch and South Covina Water Service furnish water for farming operations and supply water to portions of Suburban's San Jose Hills District, from time to time. As of January 27, 1956, it employed one person.

Cal-Pacific Finance Co. was organized in 1951 for the purpose of establishing a market for applicant's stock. Its principal business is finance, and the buying and selling of real estate properties. As of December 31, 1955, its holdings of Suburban's stock were as shown in Exhibit No. 14-S (excerpted supra).

Garnier-Farrell Insurance Company engages in the general insurance brokerage business, dealing in general insurance, including fire, casualty, health, welfare and medical insurance, as well as other types of insurance. This company has sold insurance as a broker to Suburban for most of its needs, and

Suburban's business represented approximately 15 percent of its total premium volume. As of January 27, 1956, it had two employees.

Garnier Enterprises, Inc., was organized in 1951 and is the owner of a financial interest in San Jose Ranch and Garnier Construction Company.

Garnier Trust was formed in 1937 for the purpose of transferring to Constance Garnier, as trustee, real estate properties for the benefit of Camille Garnier and June White, and for the purpose of enabling Constance Garnier, as trustor, to continue to control and operate those properties.

Calfin Co. is owned by four or five Suburban stockholders who anticipate offering sales of stock generally, and in particular, to shareholders of Suburban. As of December 31, 1955, its holdings of Suburban's stock were as shown in Exhibit No. 14-S (excerpted supra).

Water Suppliers Mobile Communications Service was incorporated in 1950 to furnish radio service for communication between management and operations personnel in the field of the Garnier interests, including Garnier Construction Company, and applicant. Approximately 30 mobile units are now in operation.

In the letter to the Commission, dated December 29, 1955, Exhibit No. 13, applicant proposed that, henceforth, the only company rendering construction or engineering services or providing material to Suburban Water Systems, in which Mr. Camille Garnier or any member of his family has an interest, would be the Garnier Construction Company or any successors thereof. The Commission accepts this letter as a continuing obligation of Suburban to be faithfully observed, and the order which follows will so provide.

Sources of Water Supply and
Description of San Jose Hills District

Applicant's sources of water supply for its San Jose Hills District consist of company-owned wells, purchases of water from privately owned wells, and purchases of water from mutual water companies by reason of ownership of stock in said mutual water companies. Storage facilities have been installed at elevations, and their sizes range from 500,000 gallons to 2,650,000 gallons. As of December, 1954, total storage was 6,158,000 gallons excluding hydropneumatic tanks, and a 2,500,000-gallon reservoir was placed in operation during 1955. Nearly 90 percent of pipeline installations were asbestos-cement pipe.

Rates

The following tabulation is a comparison of applicant's present rates with those proposed in the application:

Comparison of Present and Proposed Rates*
per Meter per Month

Quantity Rates:

		<u>Present Rates</u>			<u>Proposed Rates</u>
		<u>West Covina</u>	<u>South Covina</u>	<u>Puente</u>	
First	1,000 cu.ft. or less	\$2.50	\$ -	\$1.75	\$2.50
First	1,000 cu.ft., per 100 cu.ft.	-	0.175	-	-
Next	2,000 cu.ft., per 100 cu.ft.	.15	-	-	.18
Next	4,000 cu.ft., per 100 cu.ft.	-	.12	.12	-
Next	2,000 cu.ft., per 100 cu.ft.	.13	-	-	.15
Next	5,000 cu.ft., per 100 cu.ft.	-	.10	.10	-
Over	5,000 cu.ft., per 100 cu.ft.	.12	-	-	.12
Over	10,000 cu.ft., per 100 cu.ft.	-	.08	.08	-

* No change is proposed in rates for Highlands, Glendora, and Covina Knolls.

Based on an average consumption of 2,000 cubic feet, the monthly charge under the present rates in the Puente area is \$2.95; in South Covina, \$2.95; and in West Covina, \$4.00. Under the proposed rates such charge would be \$4.30.

Earnings

Applicant's earnings in its San Jose Hills District at the present and proposed rates for the year 1955, estimated, as shown in Exhibits Nos. 13 and 14, are summarized as follows:

Summary of Earnings

Item	Year 1955 Estimated			
	Present Rates		Proposed Rates	
	Per Co. Exhibit 16	Per PUC Exhibit 14	Per Co. Exhibit 16	Per PUC Exhibit 14
Operating Revenue	\$ 533,733	\$ 554,990	\$ 653,809	\$ 700,030
Operating Expenses	284,758	279,660	284,758	279,890
Taxes	68,969	79,180	130,939	158,410
Depreciation	90,220	85,130	90,220	85,130
Total Operating Expenses	443,947	443,970	505,917	523,430
Net Operating Revenue	89,786	111,020	147,892	176,600
Rate Base	2,339,903	2,147,700	2,339,903	2,147,700
Rate of Return	3.8%	5.17%	6.3%	8.22%

Note: The figures referred to as "Per PUC Exhibit 14" are those estimated by the Commission's staff before its adjustment for so-called "excess charges" of affiliated companies hereinafter discussed.

An analysis of the difference of approximately \$21,000 at present rates, and \$46,000 at proposed rates, between applicant's estimated revenues and those of the staff discloses that applicant's estimate of \$533,733 at the present rates more nearly coincides with the actual revenues of \$535,983 for the year ending December 31, 1955. The amount of \$655,000 representing the estimated operating revenue at the proposed rates for the year 1955 will be adopted for this proceeding.

The record shows that the staff's estimated expenses for the year 1955 were based on the 1954 adjusted expenses which reflect corrections, for mischarged expenses, adjustments to reflect twelve months' operations, rearrangement of charges to conform to the new system of accounts that became effective January 1, 1955, policy changes effected by the company in 1955, present costs of power, average expenses, and staff allocation percentages. These staff adjustments resulted in a net difference of approximately \$5,000 between the company's

estimated operating expenses and those of the staff; the staff estimate being lower by that amount. The staff estimate appears to be reasonable and the amount of \$280,000 representing the estimated operating expenses for the year 1955 will be adopted for this proceeding.

The record shows that the staff computed estimated depreciation expense for the year 1955 according to the straight-line remaining life method after taking into account retirements made in connection with the Trask-Gant well and gross plant adjusted items shown in Chapter 7 of Exhibit No. 14. The staff estimate appears to be reasonable and an amount of \$85,000 representing annual depreciation expense for the estimated year 1955 will be adopted for this proceeding.

The staff made some eight adjustments to utility plant recorded as of December 31, 1954, which resulted in a net reduction of such recorded plant amounting to \$15,740. The staff rate base for the year 1955, estimated, takes into account such adjustments and their effect on the depreciation reserve. The staff rate base of \$2,147,700 is found to be reasonable for and will be adopted for this interim decision.

Excess Charges Adjustment

The staff submitted as Table No. 3-C of Exhibit No. 14 a sample calculation of excess charges of seven affiliated companies for the year 1954, and computed an adjustment to applicant's plant of its San Jose Hills District for the years 1945 through 1954 of \$241,720 utilizing a 6 percent return to affiliated companies, and \$237,440 utilizing a 7 percent return. Further, the staff reduced its estimate of operating expenses for the years 1955 by \$16,480; increased its estimate of operating taxes for the year 1955 at the proposed rates by \$12,350; decreased its estimate of depreciation expense for the same year by \$6,750;

and reduced its rate base for the year 1955, estimated, by \$300,400 to reflect such excess charges.

The staff based its recommendations for an adjustment to Suburban's utility plant, operating expenses, depreciation, taxes, and rate base on alleged affiliation, control, or ownership of Suburban by the Garnier family and officers of Suburban who, in turn, owned, controlled, and were officers of companies which performed construction, purchases of materials, engineering, accounting, financial, and other services for Suburban.

The staff witnesses contended that, because of their alleged control and ownership of Suburban and affiliation with each other, at least seven of the companies of the so-called Garnier interests should not be entitled to earn more than the rate of return allowed the utility on the sales of labor, materials, and services to Suburban, and to its predecessor, since 1945, San Jose Hills Water Company.

It must be obvious to this utility, and to all utilities, that such associations and dealings have complicated and do complicate the normal regulation of the utility by this Commission. Applicant is admonished, therefore, to simplify its corporate and contractual relationships. This it has indicated its partial willingness to do as noted hereinbefore in order to eliminate the suspicion which logically has arisen and does arise and which, necessarily, must be investigated under arduous conditions and at time-consuming expense.

Findings and Conclusions

Recognizing that applicant has taken certain steps toward corporate simplification and realizing also that some of the basic figures in this record with reference to affiliated operations need to be brought up to date, the Commission will by this interim order retain jurisdiction in this proceeding for such further consideration

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as is necessary in order to effectuate sound findings for the rate base for the future. The applicant must recognize the public trustee responsibility inherent in the management of a utility which has been granted certificates of public convenience and necessity by the State to serve the public.

The rate structure of applicant in the San Jose Hills District has six tariff areas. The rate levels in two of these tariff areas are low in relation to the others. Interim relief could be accorded applicant if two of these tariff areas were consolidated and designated as "Puente and South Covina Tariff Area", with increases to the extent set forth in the tariff attachment to this order. For the immediate purpose of this interim order, no adjustment is made to rate base or expenses by reason of the affiliated company relationships. The making effective of such rates would provide applicant with a gross revenue of \$590,000 for the test year adopted herein, which would be an increase in gross revenue of about \$54,000 or 10 percent overall to yield not in excess of six percent on the rate base herein found reasonable for the purpose of this interim decision. We find sufficient evidence of applicant's immediate financial needs to support such increase pending further consideration.

The Commission further finds as a fact that the increase in rates and charges authorized herein are justified and that present rates in so far as they differ from those herein prescribed will for the future be unjust and unreasonable. Applicant has also requested that its flat rate service schedule and optional metered service schedule, both applicable to its Puente tariff area, be discontinued, as neither schedule is being used. The order which follows will provide for the cancellation of these tariff sheets.

The record shows that applicant has not been adjusting its main extension advances for differences between estimated and

reasonable actual cost of installation. Applicant should promptly make such adjustments wherever appropriate to comply with Rule No. 19, and should promptly adjust the advances to reasonable actual cost in all future contracts. The record further shows that some main extension contracts have included properties other than those provided for in applicant's main extension rule on file with the Commission and for which authorization by the Commission had not been first obtained. It would appear that under these circumstances, such contracts are void. The record also shows that some advances for construction have not been refunded promptly when due, and that many customer deposits are being held in violation of the filed rules. Applicant is hereby put on notice to make all such refunds on the date or dates when they are due. Furthermore, the record shows that prospective customers have not always been informed of the existence of a minimum charge for service with a 5/8 by 3/4-inch meter, such customers having been billed on the basis of the minimum charge for a full 3/4-inch meter. The order which follows will cover the matters hereinbefore referred to.

INTERIM ORDER

Amended application as above entitled having been filed, public hearings having been held, the matter having been submitted and now being ready for decision, therefore

IT IS HEREBY ORDERED as follows:

1. That Suburban Water Systems, a corporation, be and it 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, the schedules of rates for its "Puente-South Covina Tariff Area", shown in Appendix A attached hereto, and on not less than four days' notice to the Commission and to the public to make such rates effective for service rendered on and after March 7, 1957. Further,

applicant is authorized to cancel its tariff schedules providing for general flat rate service and optional metered service in its Puente Tariff Area concurrently with the filing of the hereinabove authorized rates.

2. That applicant shall review annually the accruals to its depreciation reserve which shall be based upon spreading the original cost of the plant, less estimated net salvage and less depreciation reserve, over the estimated remaining life of the property; and the results of these reviews shall be submitted annually to the Commission.
3. That applicant shall refund within ninety days after the effective date of this order all customers' deposits that are being held in violation of applicant's filed rules. On or before the expiration of this time, applicant shall notify the Commission in writing that all such deposits have been refunded.
- 4a. That applicant shall refund promptly, when due, and without the necessity of demands by advancers, all advances for construction.
- b. That applicant shall, within thirty days after the effective date hereof, submit, in writing, to the Commission a list of all refunds due and payable showing the dates, names of persons to whom refunds are to be made, together with the amounts of such refunds, indicating thereon when such refunds will be paid.
- 5a. That applicant shall promptly make appropriate adjustments, as required by Rule No. 19, to its main extension advances for differences between estimated and reasonable actual cost of installation, for all existing main extension contracts.
- b. That applicant shall, within ninety days after the effective date of this order, and every thirty days thereafter until all adjustments ordered in paragraph 5a herein have been made, submit, in writing, to the Commission a list of all main extension advance contracts entered into which have not been adjusted to actual cost, showing the amount of the difference between estimated and reasonable actual cost of installation.
6. That applicant shall not include in its main extension contracts properties other than those provided for in its main extension rule on file with the Commission and for which authorization by the Commission has not been obtained. When such authorization is required, applicant shall seek it without delay.

- 7a. That applicant shall notify in writing all customers now being served through 3/4-inch meters, and shall inform all future customers that a 5/8 by 3/4-inch meter is available at a lesser minimum charge.
- b. That applicant shall, within sixty days after the effective date of this order, file with the Commission a copy of said notice and an affidavit of mailing of such notices to applicable customers.
8. That within thirty days after the effective date of this order applicant shall file main extension contract sample forms in accordance with the requirements of this Commission's General Order No. 96.
9. That applicant shall file with this Commission, within thirty days after the effective date hereof, four copies of a comprehensive map of its San Jose Hills District, drawn to an indicated scale not smaller than 300 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicant.
10. That installation of utility plant exceeding \$100 for each project or contract, when not performed by Suburban's own construction force, shall be based upon sealed competitive bids. Suburban may reject the bids of bidders who are deemed unqualified, but there shall be a minimum of three bona fide bidders, each of whom shall guarantee to do the majority of the work with its own forces. Contracts may be by specified projects or by unit prices for a period not exceeding one year. Suburban shall maintain a record of bids and bidders and certify thereon that the minimum three bidders are nonaffiliated with and nonfinanced by applicant or its officers, directors and/or employees in any manner, that bidders were notified at least five days in advance of the time and place of opening bids, and that bids were opened in the presence of bidders who appeared. In the event that three bids are not

obtained and the utility does not elect to reject all bids, the Commission shall be advised by letter at least ten days in advance of awarding a contract. This letter should set forth the circumstances and indicate the nature of the proposed contract, to what extent calls for bids have been advertised, what bids have been received, and what bidders were deemed unqualified.

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

Dated at San Francisco, California, this 11th day of FEBRUARY, 1957.

Peter E. Mitchell
President
Ralph W. Winters
William J. Dool
H. H. H. H.
E. J. Fox
Commissioners

APPENDIX A
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Schedule No. PU-1

Puente-South Covina Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all general metered water service.

TERRITORYPortions of the incorporated cities of West Covina and Puente,
and vicinity, Los Angeles County.RATESPer Meter
per Month

Quantity Rates:

First	1,000 cu.ft. or less	\$ 1.90
Next	2,000 cu.ft., per 100 cu.ft.14
Next	7,000 cu.ft., per 100 cu.ft.12
Over	10,000 cu.ft., per 100 cu.ft.09

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 1.90
For	3/4-inch meter	2.50
For	1-inch meter	3.80
For	1½-inch meter	7.00
For	2-inch meter	10.00

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

Schedule No. PU-9CM

Puente-South Covina Tariff AreaMETERED CONSTRUCTION AND TANK TRUCK SERVICEAPPLICABILITY

Applicable to all temporary water service rendered for street paving, grading and trench flooding, and for all water delivered to tank trucks from fire hydrants or other outlets provided for such purposes, on a measured basis.

TERRITORY

Portions of the incorporated cities of West Covina and Puente, and vicinity, Los Angeles County.

RATES

Per Meter
per Month

Quantity Rates:

First 1,000 cu.ft. or less	\$ 1.90
Next 2,000 cu.ft., per 100 cu.ft.14
Next 7,000 cu.ft., per 100 cu.ft.12
Over 10,000 cu.ft., per 100 cu.ft.09

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 1.90
For 3/4-inch meter	2.50
For 1-inch meter	3.80
For 1 1/2-inch meter	7.00
For 2-inch meter	10.00

SPECIAL CONDITION

Any person desiring to obtain water deliveries under this schedule must first obtain a written permit from the Utility.