

**ORIGINAL**

Decision No. 55708

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
WESTERN WATER COMPANY, a corporation,  
for an order authorizing it to  
increase the rates charged by it for  
water.

Application No. 37826

CITY OF TAFT, a municipal corporation,  
Complainant,

vs.

Case No. 5942

WESTERN WATER COMPANY, a corporation,  
Defendant.

(Appearances and witnesses  
are listed in Appendix B)

O P I N I O N

Applicant's Request

Western Water Company, an operating public utility, serving water in the area commonly known as the Midway-Sunset Oil Fields, Kern County, California, filed the above-entitled application on March 9, 1956, requesting an order of the Commission authorizing it to increase its rates and charges, to file and make effective revised schedules for water and to withdraw and cancel all of its presently effective rates and schedules for water. The revised rates which applicant seeks are shown in Exhibit "A" attached to the application. Later in the proceeding applicant, by Exhibit No. 29, filed revised proposed schedules but did not ask to so amend the application. Applicant estimates the proposed rates will increase its gross annual revenue by \$90,800 or 21.6 per cent based upon its

estimated water revenues of \$419,400 for test year 1957 under present rate levels.

City of Taft, Complainant

On May 15, 1957, the City of Taft filed the above-entitled complaint against the applicant charging that the rates for fire protection service in the City of Taft, where the City has provided its own separate distribution system for fire protection service, are unreasonable, exorbitant and discriminatory. The City asks the Commission to determine a reasonable flat rate for service to its fire protection system and that the applicant be required to remove meters in connection with fire hydrants belonging to the City.

The City also asked that the applicant be required to produce its records for all moneys collected from it in alleged violation of Section 532 of the Public Utilities Code and that in ascertainment of said amount so collected the applicant be ordered and required to refund said moneys so collected. The matter of refund or reparation is not being considered in this decision as only the question of rate level for fire protection service was consolidated for hearing and decision in this proceeding. However, this decision is without prejudice to the filing of petition to reopen Case No. 5942 for the purpose of considering the matter of reparations. ✓

Public Hearing

After due notice eight days of public hearing were held in these matters before Commissioner Matthew J. Dooley and Examiner Manley W. Edwards during the period September 28, 1956 to July 2, 1957. All days of hearing were held in Taft, except for the last day, July 2, 1957, which was held in San Francisco. Applicant presented 13 exhibits and testimony by five witnesses. The Commission staff prepared an independent study of the applicant's operations and presented the results of its study in six exhibits and

through the testimony of five witnesses. Also, the staff cross-examined applicant's witnesses for the purpose of developing a full record to assist the Commission in deciding this request.

Opposition to the proposed increase was expressed by many public witnesses and in addition the West Side Civic Affairs Committee presented 13 exhibits and testimony by two witnesses. This Committee also presented a petition with roughly 4,000 signatures stating that the proposed rates will be a real deterrent to the growth and well-being of the area and suggesting that after the Commission has investigated all of the facts relating to this case, the Commission will find that the request is "out of line" and that the situation is such as to allow a reduction in the present rate. Opposition also was expressed by public officials representing the City of Taft and County of Kern and representatives of civic organizations such as the Taft District Chamber of Commerce and Women's Clubs.

Counsels for applicant, the County of Kern and the West Side Civic Affairs Committee gave their closing arguments on July 2, 1957, and the staff furnished its closing argument (in writing) on July 15, 1957. Applicant's reply to the staff's argument was received on July 22, 1957. The matters now are ready for decision.

#### Applicant's Operations

The territory served by the applicant comprises about 100 sq.mi. in southwestern Kern County. Within this area are the incorporated cities of Taft and Maricopa, the unincorporated communities of South Taft, Taft Heights, Ford City and Fellows. Applicant serves these and adjacent areas and also provides scattered service to the oil fields. Customers served at the close of 1955 were 5,664 representing a population of approximately 22,500 persons. The topography varies from flat lowlands to rolling hills and ranges in elevation

from 280 to 1,650 feet. This is an arid area and, for the most part, devoid of native vegetation. Suitable water supply is not available within the area near the center of load and the water, for the most part, has to be pumped, boosted and transmitted for long distances.

All of the water supply is obtained from wells owned by the applicant on lands leased from the Kern County Land Company near the mouth of the Kern River some 15.5 miles from the City of Taft. Water is purchased on a royalty basis from Kern County Land Company at 1/5 cent per barrel plus a property tax on the leased lands. There are five producing wells, two have pumps which are electrically driven and the other three are powered by natural gas engines. Two principal booster stations are operated with a combined horsepower of 2,000 or more. In the summer period, a high water demand is created by high temperatures and the arid nature of the territory.

As of December 31, 1955, there were over 714,000 feet of supply, transmission and distribution mains in the area ranging in size up to 30 inches. Approximately 11 per cent or 80,000 feet was of a size 16 inches in diameter or larger. Some 15 storage tanks are operated on the system of a total capacity of 231,092 barrels.

#### Applicant's Position

Applicant represents that under existing rates and charges it will not receive a fair or compensatory return upon its investment or a return sufficient to induce the investment of additional capital which it asserts is essential for its construction program as well as to provide the cost of additions and betterments which will become necessary from time to time in order to provide adequate service for its customers. Applicant states that since the rates established by the Commission some 39 years ago (1918) became effective, reductions in rates have been made from time to time notwithstanding

a great increase in the cost of operation. Applicant points out that the cost of labor per man-hour, the cost of gas and electricity for pumping water, and the cost of materials entering into the operation and maintenance of its system, as well as the capital cost per unit of additions and betterments made thereto, has materially increased since 1918, and particularly since 1939 the increase has been relatively heavy.

Applicant states in its application that for the year 1957, under its present rates, it will earn a rate of return not in excess of 3.60 per cent on a depreciated rate base of \$1,077,200, with depreciation accruals on a straight-line remaining life basis. Exhibit No. 1 shows that the applicant's proposed new rates on its basis of computation should increase the rate of return to 6.5 per cent or higher. Applicant selected 1957 as the test year and the Commission staff also adopted 1957 as the test year for its study of the applicant's earning position.

#### Earning Position

Applicant predicated its request on the basis of estimated revenues, expenses and rate of return for the year 1957 on an average basis, adjusted to normal or average year conditions, using an appraisal basis for its investment in plant. It also, in Exhibit No. 1, showed results on a book basis for the years 1955, 1956 and 1957. Its rate of return computations (on Basis 2-a) at present rates follows:

<u>Year</u>	<u>Appraisal Basis</u>	<u>Book Basis</u>
1955 Recorded	5.69%	6.57%
1956 Recorded	2.87	3.26
1957 Average	3.12	3.45

The above earnings results were listed under "Case 2-a, Rate Base Depreciated with Deductions of \$240,000." Applicant also shows

computations on three other bases but Case 2-a was used as it most closely corresponded to the figures shown in the application.

The Commission staff did not adopt the applicant's appraisal basis for its study but used the book basis. The staff's main study, Exhibits Nos. 18 and 23, showed the following earnings trend under present rates:

<u>Year</u>	<u>Rate of Return</u>
1955 Adjusted	6.07
1956 Estimated	5.62
1957 Estimated	5.25

A more detailed summary of revenues, expenses, net revenue and rate of return is set forth on Table 1<sup>1</sup> for both the applicant's and the staff's studies for the year 1957. The operating results being adopted by the Commission for the test year 1957 also are shown on Table 1. There is very little difference in the estimates of gross revenue, the staff's estimate being slightly lower. We will adopt the staff's estimated revenues of \$414,540 as reasonable under present rate levels.

As may be noted, differences exist as between the staff's and the applicant's expense estimates. In many cases the differences are those expected as between independent estimates; however, the applicant took exception to certain of the staff's operation and maintenance expenses and took particular exception to certain items of the staff's estimated administrative and general expenses.

Operation and Maintenance Expenses

The staff's purchased water expense was lower than applicant's due to a lesser total sales and reclassification of taxes related to

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<sup>1</sup> See next page.

Table 1

OPERATING RESULTS ESTIMATES FOR YEAR 1957  
UNDER PRESENT RATE LEVELS

Item	Applicant's			
	Request	Showing	Staff	Adopted
	Exh. J	Exh. No. 1		
<u>Revenues</u>				
Domestic and Commercial	\$ 266,000	\$ 261,980	\$259,710	\$259,710
Industrial Sales	153,500	148,910	151,800	151,800
Miscellaneous	1,500	4,800	3,030	3,030
Total	421,000	415,690	414,540	414,540
<u>Oper. and Maintenance Expense</u>				
Source of Supply				
Purchased Water )		43,050	43,230	43,230
Operation and Maintenance )	45,080	300	160	160
Pumping Expenses				
Fuel or Power Purchased )		44,360	44,090	44,090
Oper. and Maintenance )	110,000	64,520	63,320	63,320
Water Treatment	-	-	460	460
Transmission & Distribu.				
Supervision and Engr. )		-	-	7,000
Oper. and Maintenance )	39,000	40,030	37,760	40,760
Customers' Accounts				
Supervision )		-	-	1,000
Meter Reading & Billing )		16,000	16,590	16,590
Uncollectibles )	16,450	1,180	1,200	1,200
Wage Increase				6,000
Subtotal		213,440	206,810	223,810
<u>Administrative &amp; Gen. Expense</u>				
Salaries, including Officers		48,420	42,030	34,830
Office Sup. & Other Expense		5,550	5,170	5,170
Property Insurance		3,800	4,410	4,410
Injuries and Damages		2,400	1,660	1,660
Employees' Pensions & Benef.		9,360	4,760	9,360
Franchise Requirements		80	80	80
Regulatory Commission Expense		7,900	7,440	7,900
Outside Services Employed		9,000	8,470	8,470
Misc. General Expenses		9,270	2,450	2,450
Maintenance of Gen. Plant		3,600	4,510	4,510
Rents		-	1,010	1,010
Subtotal	91,500	99,380	81,990	79,850
Depreciation	28,000	27,788	23,140	24,000
Taxes Other Than Income	39,680	33,770	36,850	36,850
Income Taxes	12,483	7,800	17,960	9,950
Total Expenses	382,193	382,178	366,750	374,460
Net Revenue	38,807	33,512	47,790	40,080
Rate Base	1,078,200	1,073,200	836,000	905,000
Rate of Return	3.60%	3.12%	5.72%	4.43%

leased production property. The staff's treatment appears proper and will be adopted as reasonable.

Applicant estimated its fuel and power bills for pumping would increase \$3,000 per year due to proposed increases in gas and electric rates. The staff's position is not to recognize rate increases prior to their becoming effective because the final rates may be reblocked or changed from the proposed rates in such way as to result in a decrease rather than an increase. Also, the staff points out that increased rates could not be in effect for the full test year as these gas and electric rate matters have not as yet been decided by the Commission and already we are past the middle of the test year. We will adopt the staff's pumping expense estimate as reasonable.

Applicant represents that the staff's transmission and distribution expense is low and requests an increase of \$2,500 to \$5,000 because of an increase in meter tests and repairs to comply with the new General Order No. 103 of this Commission. The staff took the position that the increased revenues resulting from a stepped-up schedule of meter testing and repairing should offset the added cost. Also, the applicant indicated that its expense of mapping will increase to comply with Commission requirements. We will augment the staff's estimate by \$3,000, mainly for mapping, and in addition will allow \$7,000 to cover the supervision and engineering function now performed by the general manager. This will enable the applicant to hire an engineer to understudy the aging general manager as recommended by applicant's witness. This treatment, we find, is reasonable.

Applicant did not take exception to the staff's customers accounts expense other than to point out that the manager spends part



of his time supervising this function. We will allow an extra \$1,000 to relieve the general manager of this function.

After the applicant's and the staff's exhibits were prepared, applicant granted a wage increase of 5½ per cent on March 31, 1957 that would increase the payroll by \$7,060 per year, with approximately \$6,000 of this amount chargeable to operating expenses and \$1,060 to capital invested in plant. The staff did not object to this increase and an allowance of \$6,000 will be adopted as reasonable.

Administration and General Expenses

The staff's administrative and general expenses were \$9,510 less than requested by applicant and \$17,390 less than set forth in applicant's Exhibit No. 1. The principal items of difference were in officers' salaries, employees' pensions, regulatory Commission expense, dues and donations and board meeting expenses as shown under the account Miscellaneous General Expense.

Officers' Salaries

Applicant represents that \$28,200 is a reasonable salary allowance for its three officers: (1) president, (2) general manager and (3) secretary. The staff allowed \$22,000 in its estimate for these officers. The staff predicated its allowance on an analysis of 12 water companies of generally comparable range of number of customers and plant investment. Three factors were used: (1) salary per customer, (2) salary per \$1,000 of plant and (3) salary per \$100 of revenue. When the average of the three items for the 12 companies is applied to the characteristics of the applicant an amount of approximately \$15,000 per year is determined.<sup>2</sup> The staff witness

2	Salary per customer .....	\$2.09	x	5,319	=	\$11,100
	Salary per \$1,000 of plant	7.38	x	2,294	=	16,900
	Salary per \$100 of Revenue	4.08	x	403	=	16,500
	Total .....					44,500
	Average .....					14,833
	Use .....					15,000

augmented this amount by \$7,000 on a judgment basis to arrive at the figure of \$22,000 as a reasonable allowance for rate-making purposes. Such a figure is \$6,200 less than proposed by applicant.

The record shows that two of the officers are related as father and son; the father being the president and the son the secretary. They live in Bakersfield and maintain an office there outside of the service area of the utility, which adds to the utility's office expenses. Both work on a part-time basis and the father is at such an advanced age that he is retired as far as the government's social security programs is concerned and draws his full social security allowance as well as \$9,000 per year from the utility. Likewise, the general manager is beyond the normal retirement age of 65 and applicant's witness testified as to need of an assistant to understudy and eventually replace this official.

The evidence indicates that the applicant's manager has complete charge of maintaining and operating the utility. It was estimated that the elderly president only spent one quarter of his time on company matters, this being done mostly in the Bakersfield office and at his home. It must be borne in mind that the secretary, the president's son, runs the Bakersfield office on a part-time basis and his participation in the actual operations of the utility appear rather limited. Some indication of the inconsequential participation in actual operations of the utility by these two officers can be measured by the very trifling transportation costs and telephone charges between Bakersfield and Taft. The cost of transporting the president and secretary, among others, to and from Bakersfield and Taft for company business for the whole of the calendar year 1956, was only \$86.40. The cost of telephone service on calls between Bakersfield and Taft on company business for 1956 was only \$28.20, and from the Taft office of the utility to Bakersfield for 1956, \$45.20.

Applicant's witness pointed out that the manager performs more functions than those simply of a manager, such as the duties of a superintendent, chief engineer and supervising the customer accounting department. If his salary had been spread among the various functions involved, applicant's witness stated that the staff's proposed allowance for the general and administrative portion of officers' salaries would be adequate.

Applicant's witness also stated that no overhead charges were assigned to new capital construction and it is not unreasonable to charge 15 per cent to such construction. By this testimony applicant, in effect, admits that its proposed expense pro rata for officers' salaries is too high.

In considering as to what is a reasonable allowance for officers' salaries for rate-making purposes for the future, the Commission notes that two of the officers are beyond the normal retirement age. Applicant does not have any retirement plan for all officers to supplement federal social security, so in effect two of the officers are "retired on the job." Applicant's proposal to predicate future rates on the salaries of long-service employees that may be replaced before the end of the 1957 test period, is too uncertain a method for the Commission to adopt. Applicant's witness admitted that if new employees were hired to replace these two long-service officers their salaries would be lower. Under the circumstances the Commission will adopt a figure of \$15,000 to cover the administrative and general expense portion of officers' salaries and will augment this allowance by \$7,000 to cover supervision and engineering of the transmission and distribution system and by \$1,000 to cover supervision of the customer accounting function.

Employees Pensions

The staff's allowance for employees' pensions and benefits is \$4,600 less than shown by applicant, because it does not include in present rates amounts to provide the "past service" portion of pensions. Applicant takes the position that its pension plan does not compensate for past service prior to January 1, 1951. In Exhibit No. 31 a report by the actuaries as of March 27, 1951, states: "We find the past service liability, as of January 1, 1951, amounts to \$33,731.00." This report states a contribution up to \$3,373 would be deductible as a business expense during the taxable year, 1951. The staff's estimated deduction of \$4,700 for 1957 is predicated on a letter from the actuaries to the applicant under date of May 11, 1956, which states: "We believe the maximum deductible past service contribution for the year 1956 would then be \$4,275.53, augmented by approximately 10 per cent." In harmony with the treatment of the depreciation expense to be accorded as set forth later herein, the Commission will allow the amount claimed by the company which includes payments for past service credits for present employees as well as pension payments made directly to the retired employees.

Regulatory Commission Expense

The staff's allowance for regulatory Commission expense was \$460 less than applicant showed in Exhibit No. 1. This difference is due largely to the fact that the staff spread over 10 years the cost of

a reproduction cost new study.<sup>3</sup> Applicant's witness stated that the rate case expense is running higher than the original estimate. On this basis the Commission will adopt, as reasonable, the figure of \$7,900 shown by the applicant.

Miscellaneous General Expenses

The staff's allowance for miscellaneous general expenses is \$6,820 below the amount shown by applicant in Exhibit No. 1. This account covers the expenses of meetings of the board of directors and dues and donations. It has been the practice of the staff, based on earlier Commission decisions, to allow in operating expenses costs for memberships in technical, credit and trade associations, one half of the amounts contributed to relief and charitable organizations, and to disallow contributions for political purposes. The staff's allowance is reasonable and will be adopted.

With regard to the number of board meetings, the staff witness, after reviewing the minutes for the year 1955, considered four meetings a year as adequate for rate-making purposes compared with the semimonthly meetings now being held. Under cross-examination by applicant, he stated that based on his review of the minutes of the meetings it appeared that much of the business conducted at board meetings could be handled by correspondence. The staff's proposed allowance for director's meeting expenses is some \$4,000 less than proposed by the applicant, based on director meeting expenses for 1955. The lower allowance proposed by the staff appears more reasonable from a rate-making standpoint than the applicant's proposal as, in our opinion, this utility is stabilized

<sup>3</sup> A copy of the Reproduction Cost Study is included in this record as Exhibit No. 16.

and not faced with problems requiring such frequent meetings. ✓  
Accordingly, the staff's proposed allowance of \$2,450 for miscellaneous general expenses will be adopted as reasonable.

#### Depreciation

The company has been accruing depreciation on its books in a net amount, chargeable to Account 503, of \$22,649, for the year 1955. The staff has estimated a remaining life of 17.69 years and has computed on this basis an adjusted accrual for the year 1954 of \$21,752, with estimates of \$22,126 for the year 1956, and \$23,140 for the year 1957. The applicant has used a shorter remaining life, namely 16.5 years, and a lower adjusted depreciation reserve in its calculation, resulting in an estimated accrual for the year 1957 of \$27,788. Applicant represents that there was an over-accrual in its depreciation reserve of \$561,855 as of December 31, 1953, based on its depreciation reserve study as of July 1, 1954, a copy of the study being filed in this record as Exhibit No. 15. The applicant has suggested that some sums be transferred from the depreciation reserve since, according to estimates, it is higher than it needs to be. However, in view of the other representations with reference to the need for prospective replacement of property and old equipment existing in the system, we believe this matter could more properly be placed before the Commission in a separate request if the applicant desires to proceed in that direction. It should be pointed out that a transfer from the reserve would be in conflict with a need to replace much of the old plant during the next few years. Even the present book reserve may be presumed to be too low if the plant expires sooner than forecast. In any event, the Commission's Uniform System of Accounts for Water Utilities would require an application by the utility if any change is to be made in the depreciation reserve. Note F under Account 250, Depreciation Reserve, —

provides: "The utility is restricted in the use of the reserve for the purposes set forth above. It shall not divert any portion of the reserve to surplus or make any other use thereof without the approval of the Commission."

In the meanwhile, for the purposes of this rate proceeding, we will increase the staff estimate and allow an amount of \$24,000 as a reasonable annual depreciation expense for the test period 1957, considering all of the facts in the record.

#### Taxes

The staff's taxes other than income, are some \$3,000 higher than applicant's due principally to inclusion of taxes on production property leased from Kern County Land Company.

The staff's income tax allowance is some \$10,000 higher than the applicant's due to the higher net revenue under its study. In the adopted column this amount is recomputed to correspond to the net revenue being adopted as reasonable.

#### Utility Plant

Applicant has conducted water operations in Kern County since the beginning of this Commission's jurisdiction over water utilities under the Public Utilities Act (now Public Utilities Code). It has filed annual reports with the Commission showing its investment in plant from year to year, and its primary documents have been carefully preserved and indexed from the inception of its business to date. These records have been utilized by the applicant's witness in preparing its historical cost appraisal and have been audited by the staff's accounting witness. The staff's results as of September 30, 1956 (Exhibit No. 17, page 3), after certain accounting adjustments show the utility plant in service, including construction work in progress, at \$2,303,564 and the reserve for depreciation at \$1,696,221. The staff states that no basic objection to its

accounting adjustments has been raised and that these amounts may be accepted as the adjusted book amounts on September 30, 1956.

Applicant suggests that the recorded amounts for plant should be increased for certain overheads; that an allowance for 12 months' stock of materials and supplies is required, and that the Commission should give weight to its presentation of a reproduction cost new less accrued depreciation appraisal. Applicant represents that the reproduction cost new of the properties of the applicant as of January 1, 1956, was \$5,619,414 and when its computed accrued depreciation is deducted was \$3,251,945. The staff urges the Commission not to depart from its traditional policy of adhering to the original cost rate base as the best measure of fair rates.

#### Interest During Construction

Under the original cost method, interest during construction is a capital charge and so long as it is at a reasonable rate the Commission normally does not disallow it. Applicant's witness proposed that construction overheads of \$36,900 for interest during construction, not charged in past periods, be included in plant at this time. Where interest during construction is charged the cost of construction work in progress is not included in the rate base or brought into the plant until the project becomes fully operative and interest ceases. On the other hand, if no interest during construction is charged, the construction expenditures are allowed in the rate base and may be brought into the plant as rapidly as funds are expended. It would appear that the applicant proposes to introduce interest during construction as a write up of plant, while at the same time claiming the full amount of construction work in progress in the rate base. This would appear to be an improper duplication and will not be allowed. For the purpose of this proceeding the Commission will allow only the amount of construction work in progress in the rate base.



Materials and Supplies

In considering the allowance for materials and supplies, the applicant points out that from time to time it has opportunity to purchase used pipe from the oil companies, which pipe, though used, is represented to be superior in quality to that ordinarily used in water distribution. These purchases must be made when the opportunity avails itself and on that account applicant represents there is a large inventory on hand.

The staff maintains that there is more than 12 months' stock on hand, that five to six months' supply is adequate from an operating standpoint, and since rates are fixed for the future, a temporary over supply by reason of opportune prices should not be considered. The applicant shows \$42,000 for this account and the staff \$28,000. In our opinion applicant's contentions should be given some weight and a figure of \$35,000 for materials and supplies will be adopted as reasonable.

Rate Base

The elements of the applicant's and staff's rate bases on the historical cost basis for the test year 1957 are set forth on Table 2, below:

Table 2  
RATE BASE SUMMARY

Item	Applicant Exh.No.1	Staff
Utility Plant (as of 12-31-55)		
Intangible Plant	\$ 5,000	\$ 776
Landed Capital	75,062	70,697
Wells, Structures and Improvements	192,292	136,329
Pumps, Structures and Improvements	429,986	446,206
Reservoirs and Tanks	116,306	187,688
Trans. and Distribu. Mains	1,221,168	1,172,477
Services and Meters	161,899	141,858
Other Trans. and Distribu. Plant	5,436	5,295
General Plant	116,175	100,607
Undistributed Items	-	32,287
Total Fixed Capital (12-31-55)	2,323,324	2,294,220
Net Plant Additions for 1956	66,296	82,680
Estimated Average Net Additions for for 1957	195,150	101,450
Total Plant (Avg. for 1957)	2,584,770	2,478,350
Modifications (1957)		
Contributions in Aid of Constr.	(16,900)	(25,650)
Advances for Construction	(11,400)	(5,600)
Nonoperative Plant	(11,728)	-
Working Capital (1957)		
Materials and Supplies	42,000	28,000
Working Cash	24,000	31,200
Total Plant (1957) before Deductions for Depreciation	2,610,742	2,506,300
Deduction for Depreciation	1,537,504	1,670,300
Weighted Avg. Depreciated Rate Base	1,073,238	836,000

(Red Figure)

The applicant's utility plant investment is based on its historical cost appraisal.<sup>4</sup> The staff's allowance is based on the applicant's

<sup>4</sup> A copy of the appraisal is included in the record of this proceeding as Exhibit No. 13.

books, as of 12-31-55, reduced by \$32,365 as a result of the staff's examination of the applicant's investment in utility plant, depreciation reserve and its historical cost appraisal all as set forth in Exhibit No. 17 in this record. Near the close of the hearings it was learned that part of applicant's 1957 construction program was delayed and the staff witness testified to a reduction in average net additions for 1957 by approximately \$75,000 below that shown in Exhibit No. 18 which lowers the rate base to \$836,000 as shown on Table 2.

Discussion on Rate Base

In final argument applicant's counsel went beyond the request in its application and stated the depreciated rate base should be \$1,340,877. This rate base would be arrived at by transferring to surplus \$564,240 from the depreciation reserve which it represents is an over-accrual in this amount. The rate base set forth in the application is \$1,078,200, as shown in Exhibit J to the application, but the nearest figure of \$1,073,238, as shown in Exhibit No. 1 has been compared in our analysis. Such figure contains a deduction of \$240,000 from the depreciation reserve rather than \$564,240 as suggested by counsel.

Counsel went even further in final argument and stated the applicant seeks a reasonable return on present fair value and indicated a rate base on such basis is \$2,268,939. At no time during the course of the proceeding did applicant present any earnings computations using a rate base of \$1,340,877 or \$2,268,939. Further, it did not ask amendment of its application to consider any rate base or revenue or expense figures to correspond with those shown in its principal exhibit, Exhibit No. 1. Applicant represents that it is entitled to receive a fair return upon the reasonable value of its property at the time of inquiry. It takes exception to the staff's

proposal to adhere to book costs which it represents in certain instances are not representative of value.

Conclusion on Rate Base

In considering the rate base the Commission has considered all of the evidence presented in the record. The Commission relies primarily on the depreciated historical cost of plant in arriving at a rate base but also the Commission has considered that the system is old, that there is considerable possibility that substantial portions may need early replacement, and that applicant has urged the Commission to adopt a higher allowance for materials and supplies than the staff had estimated and that the Government desires the utility to buy certain services and mains at the Victory Square Public Housing Project. The Commission will increase the allowance for materials and supplies and after considering the condition of the plant and the evidence of record, we find that a fair rate base for the purpose of fixing rates in this proceeding is the sum of \$905,000, which rate base we adopt and hereby find to be fair and reasonable for the test year 1957.

Rate of Return

In considering the question of a proper rate of return for applicant we are guided by the cost of money to applicant as well as other factors. Applicant did not specify the exact rate of return it sought, but states in its application that the proposed rates are necessary to provide it a return sufficient to accord it net revenue under which it can operate and provide the water service required for its customers.

Applicant has outstanding some 21,000 shares of \$35 common stock on which it desires to pay a \$2 or higher dividend. There is no preferred or bonded indebtedness. The common stock paid a dividend of \$4 per share for a number of years, but this was reduced to \$3, then to \$2, and now having allegedly operated in the red for the first five months of this year, applicant states it is unable to pay even a \$1 per share dividend.

Testimony introduced by applicant's financial witness indicates that bond money would cost in excess of 6 per cent for the risk involved in applicant's operations. Such statement was based on a bond issue in the amount of \$500,000. The staff questioned the need for such a large issue but it is apparent that a bond issue will be necessary in the near future to make needed improvements. Obviously, it would not need to issue \$500,000 worth of bonds at this time.

After considering the nature of applicant's operations and the risk involved in the more or less single economy of the area the Commission finds a rate of return of 7.0 per cent as fair and reasonable. However, applicant will be installing some new facilities that are not particularly revenue producing that will cause a down trend in its rate of return. Accordingly, rates will be authorized which will produce a rate of return of 7.25 per cent on a depreciated rate base of \$905,000 which reasonably may be expected to produce for the future the rate of return found reasonable. Therefore, an increase of approximately \$55,000 will be authorized which is approximately 61 per cent of applicant's requested increase of \$90,800.

#### Cost of Service

In Exhibit No. 27 applicant presented a cost of service analysis the results of which were expressed in rates of return under present and proposed rates by classes as follows:

#### Rates of Return

<u>General Service</u>	<u>Under Present Rates</u>	<u>Under Proposed Rates</u>
Zone A	0.36%	7.04%
Zone B	(1.78)	5.19
Zone C	(0.30)	1.96
Industrial	18.90	28.24
Fire System	(14.56)	(7.75)
System Total	3.71	8.40

(Red Figure)

Applicant also submitted by Exhibit No. 26 a density study to show the footage of main, the number of meters, the average

footage per meter, the miles of main and the density or meters per mile. Such study is helpful and indicates the relative capital investment per customer. The results of the density study follow:

<u>Customer Classification</u>	<u>No. of Meters</u>	<u>Meters per Mile of Main</u>
Zone A- Taft and vicinity	4,437	154.3 ✓
Zone B		
Valley Acres	75	26.1
Dustin Acres	64	18.6
Fellows	171	32.9
Derby Acres	97	25.5
Subtotal	<u>407</u>	<u>26.6</u>
Domestic on Wholesale	85	22.0
County	7	1.9
Industrial	249	5.3
Total Zone B	<u>748</u>	<u>7.1</u>
Zone C		
Maricopa	276	24.5
Domestic on Wholesale	11	36.7
Industrial	75	7.9
Total Zone C	<u>362</u>	<u>17.2</u>
System Totals		
General Service	5,120	82.8
Domestic on Wholesale	103	13.1
Industrial	324	5.7
Total System	<u>5,547</u>	<u>43.9</u>

Applicant's witness testified, under cross-examination by counsel for the protestants, that the average cost of producing and transmitting the water was 25.7 cents per 100 cu. ft. based on the quantity of water sold. To determine the cost delivered to the customers' meters, the operating, maintenance and capital costs on the distribution system, meters and services would have to be added thereto.

#### Lower Rates Requested

Lower rates were requested for Maricopa. Representatives from this area could not understand why the rates in Maricopa should not be as low as in Taft. Applicant's cost analysis and density

study show the reasons for a higher rate in Maricopa than in Taft (Zone A). The Zone C return under present rates does not pay its full cost of service. The low density of 24.5 customers per mile of main and resulting higher comparative unit investments in plant explains the reason for this low return. Furthermore, after the water is delivered to Taft it has to be pumped several more miles to reach Maricopa.

Lower rates were requested in other areas. Valley Acres was a good example. One customer stated that because he was located close to the source of water supply his rate should be lower. In reviewing this request the density in Valley Acres of 26.1 meters per mile or 202 feet per meter is noted. Customers in this area require an additional 160 feet of distribution main per customer compared to those in Taft. In the Commission's opinion the extra operating costs and fixed charges more than offset any saving in transmission cost. This same reasoning will apply to Dustin Acres. Fellows and Derby Acres require even more transmission than for customers in Taft.

After considering these lower rate requests we see no particular reason for decreasing the spread in rates between Zones A, B, and C. In reality larger spreads appear warranted as far as the general service rates are concerned from a cost standpoint. In spreading rates other factors as well as cost are considered, such as: value of service, history of the rates and billings elsewhere on comparable water systems.

A witness for the West Side Civic Affairs Committee introduced Exhibit No. 20 which contained some comparisons with rates in other areas. Generally the rates in Wasco, Barstow, Artesia, Bell, South Sacramento, San Marino and Rosemead were shown to be considerably lower at usages of 1,000, 5,000 and 10,000 cubic feet of water

than in Taft. While these other areas were more or less comparable as to size, none of them had the long transmission and boosting that is involved in serving Taft and vicinity.

This witness also attempted to show, by Section 4 of Exhibit No. 20, that a hypothetical system of pumping stations, storage facilities and pipeline, assuming that modern equipment and methods were employed, might lower the cost of boosting and transmitting the water compared to the present transmission system. His conclusion was that such theoretical boosting and transmission cost would be 9.13 cents per 100 cubic feet. On objection of applicant's counsel such showing was stricken by the presiding Commissioner at the hearing on January 25, 1957 as not applicable to the existing system. At the close of the hearing counsel for the Committee asked reversal of the Commissioner's ruling and counsel for applicant renewed his objection. The Commission does not find reason for overruling the presiding Commissioner on this point. In passing, however, it might be noted that the witness did not show that this theoretical cost was lower than the present boosting and transmission cost with the lower capital investment involved in the present system.

#### General Service Rates

Applicant presently has rates in effect in each zone which are similar to general service rates generally effective on many other water systems. In addition, it has promotional domestic irrigation rates in Zones A and B and system-wide industrial, and fire service rates. In revising the rates it appeared advisable to increase the number of blocks of these general service schedules in order to reflect the lower unit cost incident to larger volume users.



The present, applicant's proposed and the authorized new general service rates are summarized below:

Present Rates	Applicant's Proposed Rates	Authorized Rates
<u>Zone A, Regular</u>		
First 400 cu.ft. \$1.50	First 400 cu.ft. \$2.20	First 500 cu.ft. \$2.30
Over 400 per 100 .35	Next 1600 per 100 .40	Next 1500 per 100 .35
	Over 2000 per 100 .35	Next 3000 per 100 .30
		Over 5000 per 100 .26
<u>Zone B</u>		
First 600 cu.ft. \$2.50	First 600 cu.ft. \$3.50	First 600 cu.ft. \$3.25
Over 600 per 100 .35	Over 600 per 100 .36	Next 4400 per 100 .35
		Over 5000 per 100 .30
<u>Zone C</u>		
First 400 cu.ft. \$2.75	First 400 cu.ft. \$3.25	First 400 cu.ft. \$3.00
Next 600 per 100 .50	Next 600 per 100 .50	Next 600 per 100 .50
Over 1000 per 100 .35	Over 1000 per 100 .35	Next 4000 per 100 .35
		Over 5000 per 100 .31

These general service schedules will be made applicable to all types of metered water service except fire protection in all zones, single family residential service in Zone A, and industrial service in Zones B and C.

#### Domestic Service

Domestic service in Zones A and B has been provided under both the general service rates and promotional domestic irrigation rates. Applicant requests authority to maintain a promotional rate in Zone A, but to eliminate the same in Zone B. The present Zone B rate is a temporary schedule that has been renewed from year to year and is due to expire on February 28, 1958. The promotional schedules are considerably below the average cost of production, transmission and distribution and substantial increases, averaging approximately 35 per cent, will be authorized. The promotional rate in Zone A will be replaced by a residential service rate that will be opened to all domestic customers. In Zone B the promotional rate will be canceled and customers placed on the general service rate.

The present and applicant's proposed promotional rates, and the new residential rate in Zone A follow:

Present Rate	Applicant's Proposed Promotional Rate	Authorized Rate
First 600 cu.ft. \$2.00	First 500 cu.ft. \$2.40	First 500 cu.ft. \$2.30
Over 600 per 100 .20	Next 1500 per 100 .275	Next 500 per 100 .30
	Over 2000 per 100 .25	Over 1000 per 100 .26

While the percentage increase is higher in Zones A (Taft) and B, such rate levels have been shown to be below the cost of service and the rates herein are established below those in Zone C (Maricopa).

#### Public Fire Protection

Applicant proposes to raise the present publicly owned fire hydrants served from publicly owned lines to \$2.50 per hydrant per month and establish a rate of \$4 per hydrant per month where the hydrant is served from the utility's lines. Presently, the fire service is billed on the basis of water used for the hydrants on publicly owned lines at 35 cents per 100 cubic feet in Zone A and at 62.33 cents per 100 cubic feet in Maricopa or Zone C, such rates being subject to monthly minimum charges of \$1 per hydrant in Zone A and \$2 per hydrant in Zone C.

There are certain hydrants now receiving service from the utility's lines in Zone A under basis of contract rate of \$4.50 per month per hydrant. Applicant proposes substituting a filed rate for these contracts. Also there are certain irregular billings such as hydrants for county service under a flat rate of \$1.

After considering this matter, the Commission finds that the applicant's request with regard to establishment of a \$4 charge for fire hydrants served from its mains is reasonable and such rate will be authorized, and the filed contracts and tariff deviations will be eliminated. Where the public bodies have provided their own fire distribution systems, it appears to the Commission that such service should be billed on the basis of the size of connection between the public system and the utility system. Such a rate schedule will be authorized for this purpose.

#### Private Fire Protection

Applicant proposes a new tariff, Schedule No. 7, for private fire protection service. Presently, such service is rendered

on a contract basis or on a deviation basis. In the Commission's opinion a tariff schedule of this type is warranted and will be authorized; however, in instances where standby connections are made to the mains of others for fire protection purposes, it does not appear equitable that applicant should receive revenue in addition to charges for interconnections between systems. The private fire protection schedule will therefore be applied only to connections made directly to the utility's mains.

#### Industrial Service

Applicant's present industrial service rate is set up on a per barrel basis, consisting of a blocked rate varying from 2.75 to 1.5 cents per barrel, and provides for a minimum charge of \$10 per month. The applicant proposes increases in this schedule and the retention of the barrel unit of measure. The staff proposes that the unit of measure be changed to 100 cubic feet. In applying the present schedule applicant has been combining meter readings where the customer has more than one meter and rendering a conjunctive bill.

Under the proposed schedule applicant would perform conjunctive billing under a special condition to the schedule and base the minimum charge on the largest meter.

In view of the present relatively high level of this rate, it will be restated to a cubic foot basis and set at a level which will yield the utility the approximate present gross annual revenue. Combination of meters will still be permitted and the minimum charge will be determined by adding the minimum charges of the separate meters.

In the past this schedule was open to commercial, public authority and all types of service other than domestic. The revised tariff will be limited to oil field and other water service of an industrial nature, and the commercial, public authority and other

classes of service will be shifted over to the new general service schedules applicable in the respective territories.

Employee Discounts

Presently applicant is furnishing service to employees at discounts of 25 to 33 per cent. A regular tariff schedule will be provided to standardize this discount at 25 per cent.

Service to Victory Square  
Public Housing Project

Victory Square is a federally owned public housing project consisting of 72 dwelling units in 12 buildings, located in Ford City, north of Taft. All water used by the project and its tenants is measured through a master meter; applicant has set individual meters on each of the 72 dwelling units and sells water to the several tenants under its filed tariffs. Applicant charges the Government for the difference between the master meter and the sum of the individual tenant meters at its Schedule No. 1.

The Government installed and paid for the entire on-site water distribution system including mains, fire hydrants, fixtures, and appliances (except meters), and is responsible for operation, maintenance, and replacement of the system without any compensation from the applicant. Thus the Government is providing an investment in facilities and incurring expenses for maintenance and line losses which are normally assumed by the supplying utility and for which it is compensated in its rates.

By Exhibit No. 25 the Government estimates its original cost in these distribution and service facilities at \$6,427 and its depreciated estimated value as of June 1957 at \$3,000. The Government requests that the Commission order the applicant to acquire the project water distribution system by purchase and payment of fair value therefor, and to render service, including maintenance

and operation of water mains and other facilities necessary to deliver water to the dwelling units of the project at the rates now or hereafter approved by the Commission.

Any such possible transfer would be the subject of private negotiation between the applicant and the Government, and it is suggested that the parties enter into negotiations looking toward the possible transfer of such facilities. Our rate base allowance has been expanded to cover such action.

#### Findings and Conclusions

A reasonable end result is what we are seeking in each rate proceeding. It must be recognized that each utility presents an individual problem (Driscoll v. Edison Lt. & Pr. Co. 307 U.S. 104, 119-120, 83 L.ed 1134, 1144) and that the lawfulness of the end result of regulatory action is the important thing (Federal Power Commission v. Hope Natural Gas Co. 320 U.S. 591, 602, 88 L.ed 333, 345).

It is a matter of record in this proceeding that costs are generally higher than when the present level of rates was set. Growth in the area is relatively small and growth in revenue is not sufficient to offset recent increases in wages and costs of operation. Applicant's earnings must be sufficient to attract, on reasonable terms, the money necessary to improve the system and furnish adequate water service.

Based on the evidence of record, we find that the applicant is not currently earning a reasonable rate of return and that higher rates are warranted, but not as high on the average as requested by applicant. Accordingly, the Commission finds that the increases in rates and charges authorized herein are justified; that the existing rates, in so far as they differ therefrom for the future are unjust

and unreasonable; and that an order should be issued authorizing increased rates as set forth in Appendix A herein.

O R D E R

The Western Water Company having applied to this Commission for an order authorizing increases in water rates, public hearing having been held on this application and on Case No. 5942 to the extent hereinbefore indicated, the matter having been submitted and being ready for decision; therefore,

IT IS ORDERED that:

1. Applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, revised tariff schedules with rates, terms and conditions as set forth in Appendix A, attached hereto and after not less than five days' notice to this Commission and to the public, to make said rates effective for service rendered on and after November <sup>9</sup>~~1~~, 1957.

2. Applicant shall, upon making effective the rates provided under Section 1 hereof, withdraw and cancel all existing tariff schedules and shall transfer customers to the applicable new tariff schedule in each instance.

3. Applicant shall, upon making effective the new rates, terminate all service under special contracts and at deviation rates and place customers receiving service thereunder on the applicable new tariff schedule in each instance.

4. Applicant shall, within sixty days after the effective date of this order, file in quadruplicate with this Commission a set of rules that govern customer relations and reflect present-day operating practices, together with four copies of a tariff service area map on which is to be delineated the boundaries of the rate

zones being established by this order. Such rules and tariff service area map shall be acceptable to this Commission and in accordance with the requirements of General Order No. 96 and shall become effective upon five days' notice to the Commission and to the public as hereinabove provided.

5. Applicant shall, within sixty days after the effective date of this order, file four copies of comprehensive maps of each of its domestic distribution systems drawn to indicated scales not smaller than 200 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the three authorized rate zones; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicant within its respective domestic systems.

6. Applicant shall, within sixty days after the effective date of this order, file four copies of a comprehensive map of its entire system drawn to an indicated scale not smaller than  $\frac{1}{2}$  mile to the inch, delineating by appropriate markings the various tracts of land and territory served; the three authorized rate zones; the principal water production, storage, transmission and industrial

distribution facilities; and the location of the various water system properties of applicant.

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

Dated at San Francisco, California, this 15th day of October, 1957.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners



APPENDIX A  
Page 1 of 9

Schedule No. A-1

Zone A Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service other than for single family residential units.

TERRITORY

The City of Taft and the unincorporated communities of Taft Terrace, Taft Heights, South Taft and Ford City, and vicinity, Kern County.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 500 cu.ft. or less .....	\$ 2.30
Next 1,500 cu.ft., per 100 cu.ft. ....	.35
Next 3,000 cu.ft., per 100 cu.ft. ....	.30
Over 5,000 cu.ft., per 100 cu.ft. ....	.26
 Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 2.30
For 3/4-inch meter .....	2.60
For 1-inch meter .....	3.60
For 1 1/2-inch meter .....	6.00
For 2-inch meter .....	9.00
For 3-inch meter .....	15.00
For 4-inch meter .....	25.00
For 6-inch meter .....	45.00
For 8-inch meter .....	60.00
For 10-inch meter .....	80.00

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

SPECIAL CONDITION

The boundaries of Zone A in which the above rates apply are as set forth in the preliminary statement and delineated in the tariff service area maps filed as part of these tariff schedules.

APPENDIX A  
Page 2 of 9

Schedule No. A-1R

Zone A Tariff Area

RESIDENTIAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished to single family residential units.

TERRITORY

The incorporated City of Taft and unincorporated communities of Taft Terrace, Taft Heights, South Taft and Ford City, and vicinity, Kern County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 500 cu.ft. or less .....	\$ 2.30
Next 500 cu.ft., per 100 cu.ft. ....	.30
Over 1,000 cu.ft., per 100 cu.ft. ....	.26
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 2.30 ✓
For 3/4-inch meter .....	2.60
For 1-inch meter .....	3.60
For 1½-inch meter .....	6.00
For 2-inch meter .....	9.00

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

SPECIAL CONDITION

The boundaries of Zone A in which the above rates apply are set forth in the preliminary statement and delineated on the Tariff Service Area Maps filed as part of these tariff schedules.

APPENDIX A  
Page 3 of 9

Schedule No. B-1

Zone B Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service other than for industrial purposes.

TERRITORY

The unincorporated communities of Derby Acres, Dustin Acres, Valley Acres and Fellows, and vicinity, Kern County.

RATES

		<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:		
First	600 cu.ft. or less .....	\$ 3.25
Next	4,400 cu.ft., per 100 cu.ft. ....	.35
Over	5,000 cu.ft., per 100 cu.ft. ....	.30

Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$ 3.25
For	3/4-inch meter .....	3.75
For	1-inch meter .....	4.50
For	1 1/2-inch meter .....	6.00
For	2-inch meter .....	9.00
For	3-inch meter .....	15.00
For	4-inch meter .....	25.00
For	6-inch meter .....	45.00
For	8-inch meter .....	60.00
For	10-inch meter .....	80.00

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

SPECIAL CONDITION

The boundaries of Zone B in which the above rates apply are set forth in the preliminary statement and delineated on the Tariff Service Area Maps filed as part of these tariff schedules.

APPENDIX A  
Page 4 of 9

Schedule No. C-1

Zone C Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service other than for industrial purposes.

TERRITORY

The City of Maricopa and vicinity, Kern County.

RATES

Per Meter  
Per Month

Quantity Rates:

First	400 cu.ft. or less	.....	\$ 3.00
Next	600 cu.ft., per 100 cu.ft.	.....	.50
Next	4,000 cu.ft., per 100 cu.ft.	.....	.35
Over	5,000 cu.ft., per 100 cu.ft.	.....	.31

Minimum Charge:

For	5/8 x 3/4-inch meter	.....	\$ 3.00
For	3/4-inch meter	.....	3.50
For	1-inch meter	.....	4.25
For	1 1/2-inch meter	.....	6.00
For	2-inch meter	.....	9.00
For	3-inch meter	.....	15.00
For	4-inch meter	.....	25.00
For	6-inch meter	.....	45.00
For	8-inch meter	.....	60.00
For	10-inch meter	.....	80.00

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

SPECIAL CONDITION

The boundaries of Zone C in which the above rates apply are as set forth in the preliminary statement and delineated on the Tariff Service Area Maps filed as part of these tariff schedules.

APPENDIX A  
Page 5 of 9

Schedule No. BC-9M1 ✓

Zones B and C Tariff Areas

INDUSTRIAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished for industrial purposes.

TERRITORY

The City of Maricopa, and the unincorporated communities of Derby Acres, Dustin Acres, Valley Acres and Fellows, and vicinity, Kern County.

RATES

Quantity Rates:

	<u>Per Meter</u> <u>Per Month</u>
First 100,000 cu.ft., per 100 cu.ft. ....	\$ 0.53
Next 400,000 cu.ft., per 100 cu.ft. ....	.35
Over 500,000 cu.ft., per 100 cu.ft. ....	.26

Minimum Charge:

For 2-inch meter or smaller .....	\$12.50
For 3-inch meter .....	15.00
For 4-inch meter .....	25.00
For 6-inch meter .....	45.00
For 8-inch meter .....	60.00
For 10-inch meter .....	80.00

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. Where more than one meter is installed per customer the monthly billing will be based upon combining the monthly consumption of the two or more meters through which service is rendered. The monthly minimum charge will be determined by adding the minimum charges for the separate meters.

2. The boundaries of Zones B and C in which the above rates apply are set forth in the preliminary statement and delineated on the Tariff Service Area Maps filed as part of these tariff schedules.

APPENDIX A  
Page 6 of 9

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished for privately owned fire protection systems attached to utility mains.

TERRITORY

The cities of Taft and Maricopa and the unincorporated communities of Taft Terrace, Taft Heights, South Taft, Ford City, Derby Acres, Dustin Acres, Valley Acres and Fellows, and vicinity, Kern County.

RATES

	<u>Per Connection Per Month</u>
For 2-inch connection or smaller .....	\$ 5.00
For 3-inch connection .....	6.50
For 4-inch connection .....	10.00
For 6-inch connection .....	20.00
For 8-inch connection .....	30.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under the applicable General Metered Service schedule.
2. Connections for fire protection systems may be equipped with standard detector type meters approved by the Board of Fire Underwriters, and the cost of the meter and appurtenant structures shall be paid, without refund, by the applicant.
3. If a distribution main of adequate size to serve a fire protection connection, in addition to all other normal service, does not exist in the street adjacent to the premises to be served hereunder, then a service main from the nearest existing main of adequate capacity will be installed by the utility at the cost of the applicant. The amounts paid by the applicant hereunder to establish fire protection service shall not be subject to refund.
4. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.

APPENDIX A  
Page 7 of 9

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to fire hydrant service furnished to municipalities, duly organized or incorporated fire protection districts, or other political subdivisions of the State where the fire hydrants are attached to the utility's mains.

TERRITORY

The cities of Taft and Maricopa and the unincorporated communities of Taft Terrace, Taft Heights, South Taft, Ford City, Derby Acres, Dustin Acres, Valley Acres and Fellows, and vicinity, Kern County.

RATES

Per Month

For each hydrant ..... \$4.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under the applicable General Metered Service schedule.
2. Fire hydrants will be attached to the utility's distribution mains only as authorized and furnished by the proper public agency. Such authorization must designate the size and type of hydrant and specifically state the location at which each is to be installed.
3. Fire hydrants furnished by the public agency will remain the property of such agency.
4. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.
5. The cost of installation and maintenance of hydrants will be borne by the public agency.

APPENDIX A  
Page 8 of 9

Schedule No. 5L

PUBLIC FIRE PROTECTION INTERCONNECTION SERVICE

APPLICABILITY

Applicable only to interconnections between the utility's mains and the public agency's fire protection system.

TERRITORY

The cities of Taft and Maricopa and the unincorporated communities of Taft Terrace, Taft Heights, South Taft, Ford City, Derby Acres, Dustin Acres, Valley Acres and Fellows, and vicinity, Kern County.

RATES

	<u>Per Connection Per Month</u>
For each 4-inch connection .....	\$10.00
For each 6-inch connection .....	20.00
For each 8-inch connection .....	30.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under the applicable General Metered Service schedule.
2. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.



APPENDIX A  
Page 9 of 9

Schedule No. 10

SERVICE TO COMPANY EMPLOYEES

APPLICABILITY

Applicable to water service furnished for domestic use at the place of residence of an employee.

TERRITORY

The incorporated cities of Taft and Maricopa and areas known as Taft Terrace, Taft Heights, South Taft, Ford City, Derby Acres, Justin Acres, Valley Acres, Fellows, and vicinity, Kern County.

RATES

The filed rate or rates applicable in the rate zone where service is supplied, less 25 per cent discount.

APPENDIX B

LIST OF APPEARANCES

For Applicant: Frederick M. Fisk of Chickering & Gregory.

Protestants: Oran W. Palmer of Baker, Palmer, Wall & Raymond, A. R. Hufford, Frank E. Alderman, Don W. Kinney and Leonard S. Thomson, chairman, for West Side Civic Affairs Committee; Rex R. Mull, for County of Kern together with certain school and special districts; S. L. Box, for Independent Union of Petroleum Workers; Glen D. Slack, Mayor, for City of Taft; Irene Mitchell, for Valley Acres Women's Club, Jack D. Wight, for Valley Acres; Frank A. Wilby, for Midway School District, Fellows, California; Edward Case Brigham, Taft District Chamber of Commerce; Elizabeth Bair, for Women's Improvement Club, Inc.

Interested Parties: Max M. Misenar, for General Services Administration, United States of America, Henry George Baron, City Attorney, for City of Taft.

Commission Staff: Cyril M. Saroyan, Carol T. Coffey and John F. Donovan.

LIST OF WITNESSES

Evidence was presented on behalf of the applicant by: Roy A. Wehe, Beecher Rintoul, Wm. R. Howell, Jr., John L. Lilienthal, Edward T. Shallock.

Evidence was presented on behalf of the protestants and interested parties by: S. L. Box, Mrs. Elizabeth Bair, Mrs. Grace Cooley, Leonard S. Thomson, Edward Case Brigham, Frank A. Wilby, Jack D. Wight, Ralph J. Patterson, C. B. Brenoel, Virgil Calston, O. E. Walker, Boyd Alexander, V. L. Killingsworth, Frank E. Alderman, Paul M. Sapp.

Evidence was presented on behalf of the Commission staff by: Edward C. Crawford, R. E. Frey, P. E. Valena, Colin Garrity, Robert R. Laughead.