

Decision No. 56036**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

APPLICATION OF GARDEN WATER CORPORATION  
to increase rates and establish new  
schedules for the service of water in the  
vicinity of BAKERSFIELD, CALIFORNIA.

Application No. 39341

Ned S. Porter, for applicant.  
Mrs. Loretta Saroierry, Vesta Butts,  
Raymond M. Jennings, Mrs. Alfred Kasey,  
Mrs. Harold Davidson, and W. K. Girard,  
protestants.  
Thomas L. Deal and Alfred V. Day,  
for the Commission staff.

INTERIM OPINION

By the above-entitled application, filed August 19, 1957, Garden Water Corporation requests an order of this Commission authorizing new and increased rates for water service rendered to its customers located in an area approximately five miles south of Bakersfield in Kern County. The new rates which applicant seeks would result in increases in charges for flat-rate service approaching 100 per cent above those based on presently-filed rates and for metered service the increases would range from about 43 per cent downward for varying quantities of water.

The application states that presently all services are unmetered and that the application of the existing flat-rate structure is unreasonable and unworkable, particularly as to charges for irrigation and for the use of water coolers; that the present rates do not provide moneys sufficient for current operating expenses, for ordinary maintenance and repair of facilities, for refunding advances for construction, or for any return on the investment in the properties; that as a result there are unpaid claims for labor, for

electric service and for taxes; that consequently applicant has no ability to borrow funds; and that therefore it is impossible to make necessary and desirable improvements in service. Applicant alleges that these and other existing conditions recited in the application constitute an emergency and that applicant cannot continue to operate without relief. Wherefore applicant requests the granting of such relief pending a full hearing.

#### Public Hearing

After due notice to the public and to each of applicant's customers, public hearing was held before Examiner E. Ronald Foster in Bakersfield on October 23, 1957, at which time evidence both oral and documentary was presented by applicant and a financial report pertaining to the applicant was introduced by a Commission staff witness. In attendance at the hearing were about 20 customers, some of whom voiced protests against the requested rate increases for the quality of service being furnished, particularly as to the proposed higher meter rates. After asking some questions of applicant's witness, the engineer representative of the Commission's staff requested a continuance to allow time for preparation and later presentation of a results of operation report to be based upon further study of the operations of the utility. Whereupon the matter was submitted as to the request for interim relief and the hearing was adjourned to a date to be set.

#### Rates, Present and Proposed

Applicant's present rates have been effective since March 1, 1943, as first authorized for applicant's predecessor by Decision No. 36186 in Application No. 25250 and which rates were subsequently adopted by applicant. There follows a tabulation of the present

rates and those proposed by applicant for the principal classifications of flat-rate service and for metered service.

General Service at Flat Rates

<u>Classification</u>	<u>Per Service Connection Per Month</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
For one dwelling, house or other single unit, including irrigated area of not over 5,000 square feet. . . . .	\$1.75	---
For one dwelling, house or other single unit, including total lot area not exceeding 10,000 square feet . . . . .	---	\$3.50
For each additional dwelling taking service through the same connection . . . . .	1.00	2.00
For irrigation of grounds in excess of 5,000 square feet, during months of May to October, inclusive, per 100 square feet. . . . .	.02	---
For additional lot area in excess of 10,000 square feet, per 100 square feet . . . . .	---	.025
For each window-box type air cooling unit, during months of May to September, inclusive,		
Circulating type . . . . .	.25	---
Noncirculating type . . . . .	.50	---

General Metered Service

Quantity Rates:	Per Meter per Month	
	Present Rates	Proposed Rates
First 900 cu.ft. or less .....	\$1.75	\$ -
First 1,000 cu.ft. or less .....	-	2.50
Next 4,100 cu.ft., per 100 cu.ft. ....	.15	-
Next 1,000 cu.ft., per 100 cu.ft. ....	-	.20
Next 1,000 cu.ft., per 100 cu.ft. ....	-	.15
Next 2,000 cu.ft., per 100 cu.ft. ....	-	.125
Over 5,000 cu.ft., per 100 cu.ft. ....	.10	.10

Minimum Charges:

For 5/8 x 3/4-inch meter .....	\$1.75	\$ 2.50
For 3/4-inch meter .....	2.00	3.50
For 1-inch meter .....	2.50	5.00
For 1 1/2-inch meter .....	3.50	10.00
For 2-inch meter .....	5.00	15.00

A comparison of charges for typical metered usages is shown in the following tabulation:

Quantity (Cu.Ft.)	Monthly Charge		Per Cent Increase
	Present Rates	Proposed Rates	
0 to 900	\$ 1.75	\$ 2.50	42.9
1,000	1.90	2.50	31.6
1,500	2.65	3.50	32.1
2,000	3.40	4.50	32.4
3,000	4.90	6.00	22.4
4,000	6.40	7.25	13.3
5,000	7.90	8.50	7.6
10,000	12.90	13.50	4.7

It should be noted that the present rate schedules provide that auto courts, stores and other users not classified as residential in character are to be charged for water at meter rates. It was disclosed at the hearing that there are some 15 such nondomestic customers who have been charged at arbitrary flat rates, there being no meters on their services.

Applicant's Operations

From information on file with the Commission it appears that a certificate of public convenience and necessity was originally granted by Decision No. 36186 dated February 23, 1943, in Application No. 25250 for the operation of a system for the distribution of water in two subdivisions known as Rexland Acres and Garden Acres. As authorized by Decision No. 39350 dated August 27, 1946, in Application No. 27751, the system came into possession of C. A. MacDonald and Mildred D. MacDonald who operated it for about ten years under the name of Garden Acres Water Company. During that period substantial additions to the system were made and service was extended into adjacent territory.

The Garden Water Corporation was organized as a California corporation on December 30, 1954, with an authorized capital stock of 1,000 shares of the par value of \$100 each. Under authorization granted by Decision No. 53810 dated September 25, 1956, which vacated and set aside the previous Decision No. 51538 dated June 7, 1955, both in Application No. 36883, the corporation acquired the water system properties. In payment therefor, the corporation was authorized to issue not exceeding \$37,500 par value of its common stock and was required to assume the payment of outstanding indebtedness consisting of consumers' advances for construction.

Among other requirements of the order in said Decision No. 53810, the corporation was instructed to file with the Commission for review its proposed journal entries to accomplish the distribution of the net cost of acquiring the properties to primary plant and other accounts. Applicant commenced operation of the utility under the direction of William E. Buckner, its President and Manager, as of January 1, 1957, and subsequently submitted the proposed journal

entries to indicate the cost of acquisition as of that date. These proposed journal entries were accepted for filing subject to such valuation as might become an issue in some subsequent proceeding.

Description of System and Service Area

Water for the system is obtained from three wells, each equipped with electric motor-driven deep-well pumps having a present combined capacity of approximately 1200 gallons per minute. Each pump discharges into a hydropneumatic tank equipped with pressure controls set for a range of 40 to 60 pounds per square inch. The water level stands about 80 feet below the surface. Samples of water collected October 14, 1957, and analyzed by a local commercial laboratory are classified as excellent from both a chemical and bacteriological standpoint.<sup>1</sup> The distribution system consists of more than 28,000 feet of pipelines ranging from one to eight inches in diameter. Some of the mains were laid at insufficient depth in the streets, resulting in leaks caused by traffic over them and also the necessity of lowering services and mains as streets are graded and resurfaced. There is only one fire hydrant connected to the system but there are some blowoff valves used for flushing the lines. At present there are approximately 485 customers being served, about 15 of whom are non-domestic and the rest are residential in character, except for one school and one public park. Until very recently there were no meters but applicant has commenced a program of metering all services, beginning with the non-domestic and larger residential consumers. Four meters had been installed at the time of the hearing. Applicant plans to complete the installation of 100 meters on existing services by early in 1958.

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<sup>1</sup> Exhibit No. 7

Service has been extended outside of the original subdivisions and applicant is now supplying a new tract consisting of 90 lots with about 36 houses thereon already being served. Applicant anticipates a growth of some 25 new customers per year.

Another public utility, the Kern Island Canal Company serves irrigation water only from surface canals in at least part of the same territory served by applicant. In fact, the two companies compete for sale of irrigation water and this situation makes the use of meters the more necessary. It is expected that any increase in charges for flat-rate service by applicant will influence customers to ask for meters to measure the water used for domestic purposes only while irrigation water will be obtained from the canal company.

#### Customer Participation

Only one of applicant's customers testified at the hearing. Others, while in attendance, did not testify but asked questions of applicant's witness. The testimony of the customer, together with the answers to questions brought out two main sources of dissatisfaction with the service rendered by the utility, namely, sand in the water with attendant shut downs while the mains are being flushed and frequent low pressures at periods of maximum demands on the system.

Applicant's witness testified to efforts made to reduce these causes for complaint and stated that better conditions are to be expected when time and finances will permit certain improvements to be made. It is his belief that the installation of meters will materially reduce waste and careless use of water, thus making the available supply sufficient for all reasonable demands. The proposed laying of a new large main between two of the areas will

tend to balance the supply and thus eliminate the severe draft on one of the wells which causes sand to enter the pipes, according to his testimony.

Other Information

Both in the application and in applicant's testimony, considerable emphasis was placed on the difficulty of administering the existing flat-rate schedule. The rates for irrigation and water coolers are on a seasonal basis and it is alleged that considerable water is used for irrigation out of season and that the availability of canal water makes it difficult to determine the source of water being used in season.

Applicant alleges that many practices inherited from its predecessor have created problem conditions which have not yet been remedied, such as deviations from filed rates, inaccurate and incomplete records of costs of plant installation and of maintenance and repairs to the system, and the deferrment of improvements to facilities.

Applicant's witness referred to the service being rendered to Fairview Park Tract No. 1798 where the distribution mains were installed by the subdivider but for which there is no contract with the utility. The utility has not added the cost of this installation to its plant account but it does include in its accounts the revenues from customers in the subdivision. The applicant is endeavoring to negotiate a contract with the subdivider which will be in accordance with the filed water main extension rule.



Earnings of the Utility

Evidence respecting applicant's earning position was presented through exhibits<sup>2</sup> received at the hearing and supporting oral testimony by applicant's president. In addition, a member of the Commission's staff presented a financial report<sup>3</sup> pertaining to applicant which included a comparative income statement of applicant's predecessor, Garden Acres Water Company, for the years 1952 to 1956, inclusive. These figures taken from annual reports filed with the Commission show the utility's revenues based on present water rates and recorded expenses for the years 1954, 1955 and 1956, as follows:

<u>Comparative Income Statement - Garden Acres Water Company</u>			
	<u>1954</u>	<u>1955</u>	<u>1956</u>
<u>Operating Revenues</u>			
Water Sales	\$9,377.86	\$10,246.50	\$11,416.05
<u>Operating Expenses</u>			
Pumping labor & repairs	2,953.96	3,032.49	3,438.05
Transmission & distribution	535.74	274.07	606.80
Collection & Promotion of Business	1,351.52	231.50	260.00
General	57.82	1,058.84	1,794.66
Subtotal	4,899.04	4,596.90	6,099.51
Depreciation	2,727.56	2,301.54	3,420.23
Uncollectible Water Bills	76.10	--	--
Taxes Other Than Income	478.85	249.60	534.84
Total Operating Deductions	8,181.55	7,148.04	10,054.58
Net Operating Income	1,196.31	3,098.46	1,361.47

Note: The amounts shown above as operating expenses do not include a salary allowance for owners.

In applicant's Exhibit No. 5 there is a tabulation showing annual earnings of Garden Acres Water Company for the years 1947 to 1956, inclusive, synthesized to represent the utility's operations under the former owner by substituting amounts for certain elements of expense considered more realistic by applicant. Gross revenue, power costs, repairs, taxes and legal expenses are as recorded;

<sup>2</sup> Exhibits No. 1 to No. 5, inclusive

<sup>3</sup> Exhibit No. 6.

depreciation is as derived from applicant's original cost study; and office and customer costs, car expense and salary figures are synthesized. The following tabulation shows such annual earnings for the years 1954, 1955 and 1956.

<u>Annual Earnings, Synthesized - Garden Acres Water Company</u>			
	<u>1954</u>	<u>1955</u>	<u>1956</u>
<u>Operating Revenues</u>			
Water Sales	\$9,378	\$10,247	\$11,416
<u>Operating Expenses</u>			
Power Cost	2,941	3,019	3,424
Repairs	536	274	607
Office & Customer	560	580	600
Legal	15	210	35
Car Expense	250	250	250
Salary	3,200	3,400	3,600
Subtotal	<u>7,502</u>	<u>7,733</u>	<u>8,516</u>
Depreciation	1,303	1,447	1,531
Taxes	479	250	535
Total Operating Deductions	<u>9,284</u>	<u>9,430</u>	<u>10,582</u>
Net Operating Income	94	817	834

Based on recorded figures for the first eight months of 1957 under its present management, applicant's Exhibits Nos. 1, 3, 4 and 5 show the following estimated revenues and expenses at present

rates for the full year 1957 and at its proposed rates for the year 1958.

Description	At Present Rates		Proposed Rates 1958 Estimated
	1957 8 Months Actual	1957 12 Months Estimated	
<u>Operating Revenues</u>			
Metered Sales	\$ --	\$ --	\$ 6,600
Unmetered Sales	8,621	12,918	16,279
Total	8,621	12,918	22,879
<u>Operating Expenses</u>			
Well expense	237	356	400
Pump expense	924	1,386	1,200
Power	2,249	3,374	3,500
Transmission & distribution Services	754	1,131	1,250
Customer accounting	40	75	250
Uncollectibles	682	1,024	865
Administration & general	--	--	100
Office supplies & expense	2,400	3,600	4,800
Insurance	685	1,028	1,440
Regulatory Com. expense	212	211	225
Outside services	--	--	200
Miscellaneous	--	--	430
Subtotal	86	128	150
Depreciation	8,269	12,313	14,810
Amortization of utility plant acquisition adjustment	893	1,531	1,750
Taxes, other than income	667	1,000	1,000
Taxes, income	451	677	700
Total Operating Deductions	--	--	1,546
	10,280	15,521	19,806
Net Operating Income	(1,659)	(2,603)	3,073

(Red Figure)

In the foregoing tabulations the operating revenues, at present rates, including those estimated for 1957, show a rather uniform annual increase of about \$1,000, or more. Applicant's estimate of revenues at its proposed rates for the year 1958 is made on the basis of 100 metered customers and 386 flat-rate customers without deducting a factor due to vacancies and without adding a factor for growth, which items are assumed to offset each other.

While the elements of maintenance and operating expenses are not directly comparable as shown in the three tabulations, it may be observed that applicant's estimate of the total of these

expenses for the year 1957 is \$12,313 as compared with the synthesized total of these expenses for the predecessor of \$8,516, an increase of about \$3,800. For the estimated year 1958 these expenses are further increased by an amount of approximately \$2,500, of which \$1,200 represents an increase in salaries for administration and supervision.

Also, in the estimates for 1957 and 1958, in addition to the amounts shown for depreciation of utility plant, there is included an amount of \$1,000 to cover the amortization, over a period of about seven years, of the utility plant acquisition adjustment. The appropriateness of including such amortization as an item of expense is questionable.

In general, applicant has not fully explained these substantial increases and additions to the expenses of operating the utility under the new management, other than the generalized statement that the predecessor had not properly or completely accounted for such expenditures and that the present company has inherited the effects of deferred maintenance and of lax administrative methods. Neither has applicant's witness been cross-examined nor has the Commission's engineering staff had sufficient time to fully analyze applicant's operations and present the results of its study as evidence in this proceeding.

However, it may be concluded that applicant has demonstrated that the gross revenues obtainable under present rates have been and for the future will be insufficient to defray the proper and necessary expenses of operating the water utility and at the same time produce any reasonable return upon the investment in plant required to render the service expected of applicant.

Utility Plant and Finances

Applicant's financial condition is shown in the following tabulation of the comparative balance sheets as of January 1, June 30 and August 31, 1957:

Account	Staff Exh. No. 6		Applicant's
	Beginning Balances 1-1-57	Adjusted Balances 6-30-57	Exh. No. 2 Balances 8-31-57
<u>Assets</u>			
Utility Plant	\$54,739.45	\$53,330.62	\$54,323.56
Less: Reserve for Depreciation	12,251.42	10,621.75	10,749.36
Net Utility Plant	42,488.03	42,708.87	43,574.20
Utility Plant Acquisition Adjustment	7,261.12	7,411.20	7,411.20
Less: Reserve for Amortization	--	500.00	666.67
Net Acquisition Adjustment	7,261.12	6,911.20	6,744.53
Cash on Hand & in Bank	--	81.68	90.39
Accounts Receivable	--	622.96	683.83
Materials and Supplies	150.00	150.00	150.00
Total Assets	49,899.15	50,474.71	51,242.95
<u>Liabilities</u>			
Common Stock	37,500.00	37,500.00	37,500.00
Notes & Accounts Payable	2,000.00	2,991.66	3,140.26
Salaries & Wages Payable	--	1,376.25	1,691.24
Customers' Deposits	--	172.00	199.90
Taxes Accrued & Payable	--	52.47	105.23
Advances for Construction	9,799.15	9,799.15	9,665.24
Contributions in Aid of Const.	600.00	600.00	600.00
Earned Surplus	--	(2,016.82)	(1,658.92)
Total Liabilities	49,899.15	50,474.71	51,242.95

(Red Figure)

Certain large discrepancies between the amounts shown in the predecessor's 1956 annual report and applicant's opening entries for utility plant and depreciation reserve, were not fully explained by the witness on this proceeding. Part of the explanation may be ascribed to the fact that the prior plant accounts did not include full compensation for the services of the former owner who devoted much time and labor to the construction of facilities during the period from 1946 to 1956. In his explanation of the amount shown in

the foregoing balance sheet tabulation as "Utility Plant Acquisition Adjustment", the amount of \$7,411 was said to consist of \$4,000 as uncapitalized labor during the same 10-year period, plus engineering costs of some \$1,300, unrecorded additions and improvements amounting to about \$2,000, and other miscellaneous items. Applicant proposes to amortize this acquisition adjustment by charging \$1,000 per year to expense until completely written off. The reasonableness of such acquisition adjustment and of the proposed amortization cannot be determined on the present record.

Applicant's witness testified that of the total amount of \$9,665 advanced for construction, there is now due and there will become due in 1958 an accumulation of \$5,000 which must be refunded. The witness also testified that during 1958 it is planned to make new investments in plant as follows:

Additional large mains	\$5,200
Meters on existing services	4,000
Additional services	1,000
Tools	550
Pumping equipment	360
Total proposed additions	<u>11,110</u>

To accomplish the above objectives, applicant proposes to borrow \$10,000 from a source which may demand as high as 6.6 per cent interest. Applicant declared its intention of requesting authority from the Commission to negotiate such a loan and also for permission to issue some of its capital stock in exchange for indebtedness as refunds earned on advances for construction. Before it can do so, applicant urges the necessity of putting the utility in a satisfactory earning position by increasing its operating revenues through higher water rates.

Rate Base and Rate of Return

Applicant's Exhibit No. 4 shows a rate base for the year 1958 developed from balance sheet accounts as of August 31, 1957, and other items, as follows:

Utility Plant		\$54,323
Less Reserve for Depreciation		<u>10,749</u>
Net Utility Plant		43,574
Util. Plant Acqui. Adjust.	\$7,411	
Less Reserve for Amort.	<u>667</u>	
Net Plant Acqui. Adjust.		6,744
Proposed Additions to Plant		<u>11,110</u>
Total Net Plant		61,428
<u>Deductions from Rate Base</u>		
Advances for Construction	\$9,665	
Less proposed Refunds	<u>5,000</u>	
Net Advances		4,665
Contrib. in Aid of Const.	<u>600</u>	
Total Deductions		<u>5,265</u>
Rate Base, 1958		\$56,163

When related to the rate base of \$56,163, applicant's estimated net operating income for the year 1958 at proposed rates represents an estimated rate of return of 5.47 per cent for that year.

Summary

A proper rate base for this utility may be found anywhere between wide limits, depending upon the determination of amounts representing the original cost of utility plant now in service and the related depreciation reserve, as well as the propriety of including various other rate base amounts, such as those advanced by applicant. In view of the limited extent of the evidence now available, it appears futile now to attempt either to establish a rate base or to relate net revenues thereto for the purpose of fixing interim rates in this proceeding.

In view of the incomplete evidence and for the sole purpose of affording some relief to applicant in the emergency found to exist

herein, we find that an amount of \$16,500 is reasonable to represent the utility's total annual operating expenses, including normal maintenance and operation expense, depreciation and income taxes. To this will be added \$2,000 as estimated net revenues, making a gross revenue requirement of \$18,500 per year. The rates hereinafter authorized are designed to produce such an amount during a 12-month period in the immediate future.

The order herein will require applicant to install meters without delay on all services to non-residential customers, which will enable the discontinuance of deviations in charges to such customers. The proposed program of installing meters on other services will tend to eliminate discriminatory charges. The evidence already presented shows that the average charges for the first 100 customers proposed to be metered early in 1958 will be appreciably higher, even at present meter rates, than the average charges heretofore made to such customers at flat rates, thus resulting in considerably greater revenues. Therefore, pending the receipt of further evidence, the present schedule of meter rates will be continued in effect, modified only by higher minimum charges for meters larger than  $5/8 \times 3/4$ -inch, to make such charges more nearly comparable to the relative capacities of the meters of various sizes. Considered also of major importance in the circumstances which pertain hereto, the form of rate schedules which will be authorized herein should prove to be entirely workable and thus remove the alleged past difficulty of determining and collecting charges in accordance with the filed rates. Furthermore, applicant also will be required to file up-to-date rules governing relations with its customers.

The Commission finds and concludes that the increases in rates and charges authorized herein are justified and that present rates and charges, in so far as they differ from those herein prescribed, are for the future unjust and unreasonable.



INTERIM ORDER

Garden Water Corporation, having applied to this Commission for an order authorizing increases in rates and charges for water service and having requested that such relief be granted pending a full hearing, an initial public hearing having been held thereon, the matter having been submitted as to the request for interim relief and to that extent being now ready for decision,

IT IS HEREBY ORDERED as follows:

1. That applicant is authorized to file in quadruplicate with this Commission, on or after the effective date of this order and in conformity with the provisions of General Order No. 96, the schedules of rates attached to this order as Appendix A and, on not less than five days' notice to the public and to this Commission, to make such rates effective for all service rendered on and after February 1, 1958.

2. That applicant, within sixty days after the effective date of this order, shall file in quadruplicate with this Commission rules governing customer relations revised to reflect present-day operating practices, together with four copies of a tariff service area map, acceptable to this Commission and in accordance with the requirements of General Order No. 96. Such rules and tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

3. That applicant, within 120 days after the effective date of this order, shall file four copies of a comprehensive map 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.

4. That applicant shall forthwith install meters on any and all service connections not now provided with the same which are used to furnish water to other than residential consumers, shall bill each and every metered delivery of water strictly in accordance with its regularly filed tariffs and shall cease delivering water at other than its filed rates. Applicant shall notify this Commission, in writing, within ten days after the completion of the installation of said meters.

5. That the above-entitled application of Garden Water Corporation, heretofore partially heard, shall be set for additional hearing at as early a date as is feasible for the purposes (a) of cross-examination of applicant's witness, (b) of hearing such further evidence as the staff of the Commission shall present having to do with said application, and (c) of hearing such other evidence pertinent to this proceeding as may be offered, following which adjourned hearing a further order shall be issued to confirm or revise the schedules of rates and charges herein authorized as the Commission may then decide after full hearing has been had.

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

Dated at San Francisco, California, this 7th day of January, 1958.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners

APPENDIX A  
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## Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area including the subdivisions known as Rexland Acres and Garden Acres, and vicinity, located approximately 5 miles south of Bakersfield, Kern County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 900 cu.ft. or less .....	\$1.75
Next 4,100 cu.ft., per 100 cu.ft. ....	.15
Over 5,000 cu.ft., per 100 cu.ft. ....	.10
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$1.75
For 3/4-inch meter .....	2.50
For 1-inch meter .....	4.50
For 1-1/2-inch meter .....	9.00
For 2-inch meter .....	15.00

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

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all residential water service furnished on a flat rate basis.

TERRITORY

The unincorporated area including the subdivisions known as Rexland Acres and Garden Acres, and vicinity, located approximately 5 miles south of Bakersfield, Kern County.

RATES

	<u>Per Service Connection Per Month</u>
For one single family residence, or for the first unit of multiple residential units, including premises not exceeding 10,000 sq. ft. in area	\$2.75
a. For each additional residential unit on the same premises served through the same service connection .....	1.50
b. For each 100 sq.ft. of area in excess of 10,000 sq.ft. ....	.02

SPECIAL CONDITIONS

1. The above residential flat rate charges apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classification will be furnished only on a metered basis.
3. A meter may be installed at option of utility or customer for above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service.