

ORIGINALDecision No. 56345

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

| | | |
|--|---|-----------------------|
| In the Matter of the Application of |) | |
| CITIZENS UTILITIES COMPANY OF CALIFORNIA, |) | |
| a corporation, for authority to increase |) | Application No. 38662 |
| its rates and charges for water service to |) | (Amended) |
| Guerneville, Rio Nido, Guernewood Park, |) | |
| Northwood and Monte Rio and adjacent |) | |
| territory. |) | |
| |) | |
| In the Matter of the Application of |) | |
| CITIZENS UTILITIES COMPANY OF CALIFORNIA, |) | |
| a corporation, for authority to increase |) | Application No. 38663 |
| its rates and charges for water service |) | (Amended) |
| to the City of North Sacramento and |) | |
| adjacent territory. |) | |

Orrick, Dahlquist, Herrington & Sutcliffe,
 by Warren A. Palmer, for applicant;
 Hagginwood Improvement Association, by
C. E. Cox Jr., protestant;
Edward Sarmento in propria persona; V. T.
Hitchcock, for Guerneville Fire Protection
 District, Monte Rio Fire Protection Dis-
 trict, Russian River Region Inc., Monte
 Rio Recreation District, Guerneville
 Chamber of Commerce, Russian River
 Recreation District No. 1, interested
 parties;
J. T. Phelps, H. H. Heidrick and John F.
Donovan, for the Commission Staff.

O P I N I O NNature of Proceedings

The above-entitled applications were filed by Citizens Utilities Company of California on December 14, 1956. Amendment to Application No. 38662 was filed on May 20, 1957 and Amendments to Application No. 38663 were filed on May 17 and on June 24, 1957. By

these applications, as amended, the utility seeks to increase water rates in its Guerneville and North Sacramento districts so as to produce increases of \$41,950 and \$214,739, respectively, in annual gross revenues based upon the estimated level of business during 1957. Applicant avers that it must be accorded a stable rate of return of not less than 7½ per cent.

Public Hearings

After due notice to the public, eight days of public hearings were held before Commissioner C. Lyn Fox and/or Examiner F. Everett Emerson; in North Sacramento on June 5, 1957, in Sacramento on June 6 and September 11 and 12, in Guerneville on June 7 and September 13, and in San Francisco on September 16 and 17, 1957. The matters were submitted, at the request of counsel for applicant, upon the receipt of briefs. Applicant's last brief in the matter was filed on December 9, 1957.

Nature of Evidence

Witnesses on behalf of applicant presented oral testimony and supporting exhibits respecting nearly all phases of applicant's operations in the two districts and also respecting applicant's over-all water department operations, as well as applicant's relations with its parent corporation. During the course of the proceeding applicant sought interim rate relief. Such relief was denied by this Commission's Decision No. 55137, issued June 18, 1957.

A few consumer witnesses testified respecting service problems, in general commenting on relatively minor or localized situations which either were corrected during the course of the proceeding or which would soon be relieved by applicant's immediate

construction program. In this respect it should be stated, in fairness to applicant, that the service inadequacies which so irritated the public in prior years have been largely corrected and that applicant is now rendering a service superior to that prevailing at the time of the last rate proceedings involving these districts.

Witnesses for the Commission staff presented, by oral testimony and supporting exhibits, the results of their independent studies and analyses of applicant's operations, overall and by districts.

Summary of Showings

The respective showings of applicant and the Commission staff may be summarized as shown in the following comparative tabulations, extracted from Exhibits Nos. 32 and 33 in these proceedings:

| NORTH SACRAMENTO DISTRICT | | | | |
|------------------------------------|----------------------|-------------------|------------------------|-------------------|
| Estimated Year 1957 | | | | |
| <u>Present and Requested Rates</u> | | | | |
| <u>Item</u> | <u>Present Rates</u> | | <u>Requested Rates</u> | |
| | <u>Applicant</u> | <u>CPUC Staff</u> | <u>Applicant</u> | <u>CPUC Staff</u> |
| Operating Revenues | \$ 293,851 | \$ 302,820 | \$ 508,590 | \$ 522,490 |
| Operating Expenses | 257,052 | 214,217 | 365,473 | 332,667 |
| Net Revenue | 36,799 | 88,603 | 143,117 | 189,823 |
| Rate Base | 1,663,516 | 1,621,000 | 1,663,683 | 1,621,000 |
| Rate of Return | 2.21% | 5.47% | 8.60% | 11.71% |

| NORTH SACRAMENTO DISTRICT | | |
|---------------------------|------------------|-------------------|
| Estimated Year 1958 | | |
| <u>Requested Rates</u> | | |
| <u>Item</u> | <u>Applicant</u> | <u>CPUC Staff</u> |
| Operating Revenues | \$ 528,543 | \$ 549,550 |
| Operating Expenses | 383,898 | 349,282 |
| Net Revenues | 144,645 | 200,268 |
| Rate Base | 1,717,387 | 1,685,100 |
| Rate of Return | 8.42% | 11.88% |

GUERNEVILLE DISTRICT
Estimated Year 1957
Present and Requested Rates

| <u>Item</u> | <u>Present Rates</u> | | <u>Requested Rates</u> | |
|--------------------|----------------------|-------------------|------------------------|-------------------|
| | <u>Applicant</u> | <u>CPUC Staff</u> | <u>Applicant</u> | <u>CPUC Staff</u> |
| Operating Revenues | \$ 70,860 | \$ 70,935 | \$ 112,810 | \$ 113,925 |
| Operating Expenses | 62,281 | 53,548 | 82,023 | 76,473 |
| Net Revenues | 8,579 | 17,387 | 30,787 | 37,452 |
| Rate Base | 364,210 | 355,100 | 364,248 | 355,100 |
| Rate of Return | 2.36% | 4.90% | 8.45% | 10.55% |

GUERNEVILLE DISTRICT
Estimated Year 1958
Requested Rates

| <u>Item</u> | <u>Applicant</u> | <u>CPUC Staff</u> |
|--------------------|------------------|-------------------|
| Operating Revenues | \$113,983 | \$116,110 |
| Operating Expenses | 83,454 | 79,534 |
| Net Revenues | 30,529 | 36,576 |
| Rate Base | 401,335 | 402,800 |
| Rate of Return | 7.61% | 9.08% |

The operating expenses, net revenues and rates of return shown in the above tabulations reflect applicant's actual taxes on income. Applicant, from the inception of the provisions of Section 167 of the Internal Revenue Code permitting accelerated depreciation, has taken full advantage of such depreciation. Applicant's witness testified, however, that applicant would abandon its past position in such respect and return to the method of calculating depreciation expense on the straight-line basis if this Commission should render its decision herein on a basis on which the company would gain no advantage from acceleration. The Commission has given careful and extensive consideration to the rate treatment properly to be accorded tax deferrals accruing to such utilities as elect to take advantage of accelerated depreciation as permitted by Section 167 of the Internal Revenue Code. While the Commission has not yet reached definitive conclusions on the over-all accelerated depreciation problem, as it applies to all utilities under this Commission's jurisdiction, we find it to be fair and reasonable, for the purpose of these proceedings, to base our decision herein on a recognition of

applicant's current tax computations, because of the use of the sum-of-the-years digits method. Should applicant now seek to return to the straight-line method for the plant on which it has claimed accelerated depreciation in years since January 1, 1954, not only is the approval of the Internal Revenue Service necessary but this Commission must fully evaluate the effect on customers of the isolation for federal income tax purposes of depreciable plant existing prior to January 1, 1954 due to management's initial election. We shall await a demonstration by applicant that it has in fact abandoned its current basis of computing taxes before applying any assumed different methods of tax computations pertaining to the test periods of 1957 and 1958 put before the Commission in this proceeding.

Revenues

With respect to estimates of operating revenues applicant substantially agrees with staff-derived amounts except as to estimates of metered water sales in the North Sacramento district. The difference in this latter respect lies in the selection of an "average year" of water usage as the basis for the estimates. In essence, the staff adopted the year 1956 as being representative of a normal year's water usage, while applicant developed an average based upon usage during three years and determined that such average favored the use of 1955 as the representative year. It is noted that applicant prepared its revenue estimates almost a year before the hearings herein and revised such estimates during the course of the proceedings. In view of the evidence and in recognition of the premise that rates are fixed on a normalized basis applicable to the future, the Commission concludes that the gross revenues which may

be generated by applicant's present and proposed rates during the estimated normalized test year 1958 are as follows:

| <u>District</u> | <u>Present Rates</u> | <u>Proposed Rates</u> |
|------------------|----------------------|-----------------------|
| North Sacramento | \$ 312,000 | \$ 536,000 |
| Guerneville | 71,000 | 113,000 |

Expenses

Applicant and the Commission staff are in basic disagreement with respect to the determination of certain elements of operating expenses. Those elements having a substantial effect are as follows:

1. Administrative and General Expenses.

The amount of these expenses allowable as operating expenses for rate-fixing purposes depends upon the volume of construction which applicant undertakes. The amounts to be charged to expense are the differences between the totals and the amounts capitalized. Applicant's position is that the years 1957 and 1958 are years of "consolidation" and that construction in such years would be substantially less than that completed in 1955 and 1956. Applicant's witnesses apparently were not in complete agreement between themselves as to the volume of construction to be done in North Sacramento during the test years. Their testimony, however, is generally to the effect that construction in such district was substantial during 1956 and would be considerably less during succeeding years. With respect to the Guerneville district, however, the reverse situation would seem to be true, for applicant reached an agreement with interested parties in such area that a vastly improved service would be rendered by undertaking a relatively large and accelerated construction or reconstruction program in that district.

The staff made use of a seven-year trend of the construction costs of applicant and its affiliates. This trend showed growth. For the test year, the staff found that such trend indicated a 16 per cent increase in plant over preceding years.

Applicant is faced with the prospect of losing its North Sacramento properties through the process of condemnation in proceedings now under way.^{1/} We are inclined to give greater weight to applicant's estimate of construction than to the staff's trending, in view of such situation. One of applicant's witnesses, however, testified that there will be substantial expansion in both 1957 and 1958 to meet unexpected development and an unexpected increase in the number of customers to be served. Accordingly, for the purposes of this rate-fixing proceeding we will adopt informed judgment amounts of \$32,000 for North Sacramento and \$9,530 for Guerneville as being reasonable estimates of the Administrative and General expenses to be included as operating expenses for such districts during the year 1958.

2. Expenses of Condemnation.

Applicant has included in Account 797 (Regulatory Commission Expense) and in its estimate of operating expenses, an amount of \$10,000 to amortize over a five-year period, "engineering and legal fees" occasioned by the petition of the City of North Sacramento to fix the just compensation to be paid by the city for applicant's North Sacramento properties. The staff did not include this, or any other amount for such purpose, in its estimates of applicant's operating expenses.

^{1/} Application No. 38629.

The risk of having to defend against condemnation is a risk arising from ownership of land and other tangible property. It is a risk of pecuniary damage to which all owners of property are subject. It is not a risk peculiar to public utility operations. Rate payers, as has so often and so variously been stated, may properly be called upon to provide revenues which will meet the expenses of doing business plus a fair return upon the property devoted to public use. Such expenses include, among others, those attributable to damage claims and suits which are risks arising out of the doing of business. They should not include, in our opinion, compensation for the risks arising out of the mere ownership of property. Applicant's shareholders are the owners of the property, not the ratepayers, and the risk is the shareholders'. The exclusion of this \$10,000 item by the staff is fitting and proper and such amount will not be included as a component of the total operating expenses to be found by this Commission as being fair and reasonable.

3. Federal Income Taxes.

Various bases for computing federal income taxes appear in the record. The Commission, for the purposes of these proceedings, is adhering to applicant's current method of paying federal taxes and is recognizing accelerated amortization as contemplated under Section 168 of the Internal Revenue Code. ✓

4. Depreciation Expense.

There are substantial differences between applicant's and the staff's estimates of depreciation expense for the North Sacramento district. The major portion of the difference lies in applicant's having omitted approximately \$586,000 of depreciable plant from its depreciation study. Such amount represents an increase of 48 per cent in depreciable plant in 1956 over the year 1955.

Estimates of depreciation expense derived from depreciation rates which do not take into account the effect of the increased number of years of remaining plant life which such a large amount of new construction produces, are unrealistic. The staff estimate fairly takes into account such effect and will be adopted herein.

5. Allocation Methods.

Because of the parent-applicant relationship as well as the water department-telephone department, the water department-district and the district affiliates relationships of applicant, it is necessary, when considering a particular operating unit such as North Sacramento or Guerneville, to fairly allocate a number of classifications of expense between the various phases of applicant's over-all operations. This problem is not peculiar to applicant but is common to many utilities. Through the years a number of allocation factors have been used but in recent years a so-called "four-factor" method has been developed which has found widespread acceptance by multidistrict water utilities and which has been found by this Commission to be reasonable in many instances. Applicant, in preparing its estimates for this proceeding adopted what it thought to be the desired method, using four factors, one of which is the number of employees. The staff also used a four-factor method but instead of using the number of employees as a factor, used payroll records for the purpose of giving weight to the number of man-hours expended in the service of particular corporations, departments, districts and affiliates. Either method may normally produce an acceptable result if consistently followed in all rate proceedings involving a particular utility. But where, as here, a utility has affiliates which of themselves have no employees and where the utility actually performs services for such affiliates with the utility's employees, the method using the number of employees as one

factor presents a distorted and unrealistic picture. Plainly, the staff method produces a fairer result. It will be adopted herein.

To conclude, the Commission finds that the total reasonable operating expenses under present and proposed rates for the test year 1958 are as shown in the following tabulation:

| <u>District</u> | <u>Present Rates</u> | <u>Proposed Rates</u> |
|------------------|----------------------|-----------------------|
| North Sacramento | \$224,000 | \$344,000 |
| Guerneville | 55,500 | 78,000 |

Rate Base

In estimating its depreciated rate bases for the years 1957 and 1958, applicant used an arithmetical average of the dollar amount of its beginning and end of year plant. The Commission staff weighted additions to plant in accordance with the operative dates of the additions and took into account the length of time interest during construction would be accrued by applicant. Substantial differences result.

Applicant's method includes in rate base, dollar amounts of plant upon which interest during construction is accrued. By so doing, a duplicate return on capital results. That such method is erroneous should be abundantly clear. Applicant's claimed rate bases are unacceptable and unreasonable. We shall adopt the staff-computed depreciated rate bases of \$1,685,100 for North Sacramento and \$402,800 for Guerneville for the test year 1958 and the Commission finds such rate bases to be fair and reasonable.

Not included in the North Sacramento rate base is the amount of \$5,814 representing the "Silica" pumping plant in such district. The Commission hereby finds this plant to be nonoperative property and not used or useful in the public service.

Results of Operations as Adopted

Summarizing the evidence and the above-stated findings on adopted items indicates the following:

RESULTS OF OPERATIONS - TEST YEAR 1958

| <u>District and Item</u> | <u>Present Rates</u> | <u>Proposed Rates</u> |
|--------------------------|----------------------|-----------------------|
| North Sacramento: | | |
| Operating Revenues | \$ 312,000 | \$ 536,000 |
| Operating Expenses | 224,000 | 344,000 |
| Net Revenue | 88,000 | 192,000 |
| Rate Base | 1,685,100 | 1,685,100 |
| Rate of Return | 5.22% | 11.39% |
| Guerneville: | | |
| Operating Revenues | 71,000 | 113,000 |
| Operating Expenses | 55,500 | 78,000 |
| Net Revenue | 15,500 | 35,000 |
| Rate Base | 402,800 | 402,800 |
| Rate of Return | 3.85% | 8.69% |

Conclusions

The evidence demonstrates, as the above tabulation illustrates, that applicant is in need of and entitled to increased revenues in each of the two districts. The revenues which applicant's proposed rates will produce, however, are greater than, and the resulting rates of return on applicant's investment are in excess of, those which are reasonable. Applicant's proposed rates will not be authorized.

Applicant claims, and offered considerable testimony from one witness with respect thereto, that it is essential that it earn a rate of return of 7½ per cent. The subject is also extensively dealt with in applicant's opening brief. In the fact of applicant's extravagant claims in such regard we feel it will avail little to comment at any length on this subject. Neither the evidence nor the argument is convincing that a rate of return of the magnitude of that sought is warranted. There is no formula by which a reasonable rate of return may be derived with mathematical exactitude. The Commission, in allowing any rate of return, considers many factors.

Of this, applicant should by now be well aware, as the factors have been enumerated many times, in decisions respecting applicant as well as other utilities.

In the light of all of the evidence, it is the opinion of this Commission that applicant should be accorded the opportunity to earn a rate of return, on the hereinabove adopted depreciated rate bases, of not to exceed 6.5 per cent in its North Sacramento and Guerneville districts, based upon the level of business and economic conditions estimated to prevail in the test year 1958. Such a percentage, in our opinion, gives due weight and full recognition to the facts, among others, that applicant was accorded rates of return of approximately 6.35 per cent in the last rate proceedings involving these same districts and that downward trends in earnings continue to result from inflationary influences. We find said rate of return of 6.5 per cent to be fair and reasonable for the purposes of these proceedings.

It follows, therefore, that applicant should be authorized to file increased rates for water service rendered in each of the two districts so as to produce net revenues of \$109,532 for North Sacramento and \$26,182 for Guerneville. The rates herein authorized are designed to produce such results and the Commission finds that the increased rates hereinafter authorized are justified and that present rates, in so far as they differ therefrom, are for the future unjust and unreasonable.

The evidence respecting applicant's service in the Guerneville district indicates that applicant should install suitable measuring devices at each production facility in such district. Also, provision should be made for a seasonal metered customer to receive water during the out-of-season period. The order herein will require that such installations be made and the authorized tariff will

contain a suitable provision for nonseasonal water usage.

One additional matter merits comment. Applicant uses an account which it titles "Reserve for Deferred Income Tax - Accrued Utility Revenue". Applicant's independent accountants have advised its use and assert it is in accord with accepted accounting practices. The history and significance of this reserve was fully described by a witness for the Commission staff. Such an account is patently outside of the Uniform System of Accounts as prescribed by this Commission, and applicant has not sought its approval. Under such circumstances applicant should discontinue such account forthwith and we so find.

O R D E R

The above-entitled matters having been considered, public hearings thereon having been held, the Commission having been fully informed thereon, the matters having been submitted and now being ready for decision based upon the evidence and the findings and conclusions thereon expressed in the foregoing opinion,

IT IS HEREBY ORDERED as follows:

1. 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 Appendices A and B, and, on not less than five days' notice to the public and to this Commission, to make said rates effective for water service rendered in its North Sacramento and Guerneville districts on and after April 16, 1958.

2. Applicant shall revise, within forty days after the effective date of this order, in conformity with General Order No. 96, its presently filed preliminary statement and service area map tariff sheets for its North Sacramento district in a manner acceptable to

this Commission. Such tariff sheets shall become effective on five days' notice to the Commission and to the public after filing as hereinabove provided.

3. Applicant shall file, within forty days after the effective date of this order, four copies of comprehensive maps drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings 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 in its North Sacramento and Guerneville districts.

4. Applicant shall install, within 180 days after the effective date of this order, suitable measuring devices at each production facility in its Guerneville district and shall notify the Commission in writing within ten days after all such measuring devices have been installed.

5. Applicant forthwith shall discontinue the use of its non-authorized account titled 'Reserve for Deferred Income Tax - Accrued Utility Revenue'.

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

Dated at San Francisco, California, this 11th day of MARCH, 1958.

E. P. [Signature]
President
Ralph [Signature]
William [Signature]
[Signature]

Commissioners

APPENDIX A
Page 1 of 5

Schedule No. NS-1

North Sacramento Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The City of North Sacramento and vicinity, Sacramento County.

RATES

| | <u>Per Meter per Month</u> |
|--|--------------------------------|
| Quantity Rates: | |
| First 700 cu.ft. or less | \$ 2.05 |
| Next 1,300 cu.ft., per 100 cu.ft. | .16 |
| Next 3,000 cu.ft., per 100 cu.ft. | .12 |
| Over 5,000 cu.ft., per 100 cu.ft. | .06 |
| Minimum Charge: | |
| For 5/8 x 3/4-inch meter | \$ 2.05 |
| For 3/4-inch meter | 2.65 |
| For 1-inch meter | 4.10 |
| For 1-1/2-inch meter | 7.00 |
| For 2-inch meter | 10.00 |
| For 3-inch meter | 18.00 |
| For 4-inch meter | 30.00 |
| For 6-inch meter | 48.00 |

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

Schedule No. NS-2RL

North Sacramento Tariff Area

LIMITED RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated areas known as El Camino Terrace, El Camino Square, Arden Highlands, Arden Estates and Loretto Heights Subdivisions, in the vicinity of North Sacramento, Sacramento County.

RATES

| | <u>Per Service Connection per Month</u> |
|--|---|
| For a single family residence, including premises not exceeding 9,000 sq.ft. in area | \$3.00 |
| a. For each additional residence on the same premises and served from the same service connection | 1.50 |
| b. For each 100 sq. ft. of area in excess of 9,000 sq. ft. | .02 |
| c. For each circulating type evaporative-room cooler, in addition to the above flat rates, during the 5-month period May through September | .50 |

SPECIAL CONDITIONS

1. Service under this schedule is limited to the areas included in the above territorial clause.
2. The above residential flat rate charges apply to service connections not larger than one inch in diameter.
3. All service not covered by the above classification will be furnished only on a metered basis.
4. A meter may be installed at option of customer only for above classifications in which event service thereafter will be furnished only on the basis of Schedule No. NS-1, General Metered Service. After a meter is installed, metered service must be continued for at least 12 months before service will again be furnished at flat rates.

Schedule No. NS-4

North Sacramento Tariff Area

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service rendered for private fire protection purposes.

TERRITORY

The City of North Sacramento and vicinity, Sacramento County.

RATES

| | <u>Per Month</u> |
|--|------------------|
| For each 4-inch connection, or smaller | \$ 6.00 |
| For each 6-inch connection | 9.00 |
| For each 8-inch connection | 12.00 |
| For each 10-inch connection | 25.00 |
| For each 12-inch connection | 35.00 |

SPECIAL CONDITIONS

1. The customer will pay without refund the entire cost of installing the service connection.
2. The maximum diameter of the service connection will not be more than the diameter of the main to which the service is connected.
3. Where service connection is 6 inches in diameter or larger and supplied from a water main within 1,000 feet of a 10- or 12-inch main, the rate will be based on the size of the main from which such connection is supplied.
4. The customer's installation must be such as to effectively separate the fire sprinkler system from that of the customer's regular water service. As a part of the sprinkler service installation there shall be a detector check or other similar device acceptable to the company which will indicate the use of water. Any unauthorized use will be charged for at the regular established rate for general metered service, and/or may be grounds for the company's discontinuing the fire sprinkler service without liability to the company.

Schedule No. NS-4 (Contd.)

North Sacramento Tariff Area

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS (Contd.)

5. There shall be no cross-connection between the fire sprinkler system supplied by water through the company's fire sprinkler service to any other source of supply without the specific approval of the company. This specific approval will require, at the customer's expense, a special double check valve installation or other device acceptable to the company. Any such unauthorized cross-connection may be the grounds for immediately discontinuing the sprinkler service without liability to the company.

6. The company will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.

Schedule No. NS-5

North Sacramento Tariff AreaPUBLIC FIRE HYDRANT SERVICEAPPLICABILITY

Applicable to all fire hydrant service furnished to duly organized or incorporated fire districts or other political subdivisions of the State.

TERRITORY

The City of North Sacramento and vicinity, Sacramento County.

RATES

| | <u>Per Hydrant per Month</u> | |
|---|--------------------------------------|-----------------------------------|
| | <u>Mains Smaller than 4-Inch</u> | <u>Mains 4-Inch or Larger</u> |
| 1. Customer-owned and maintained hydrant, service pipe and fittings: | | |
| Wharf Hydrant | \$0.75 | \$1.00 |
| Standard Hydrant: | | |
| Single outlet | | 1.25 |
| Double outlet | | 1.50 |
| Triple outlet | | 2.00 |
| 2. Customer-owned and maintained hydrant only: | | |
| Wharf Hydrant | \$1.00 | \$1.25 |
| Standard Hydrant: | | |
| Single outlet | | 1.50 |
| Double outlet | | 2.25 |
| Triple outlet | | 3.75 |
| 3. Company-owned and maintained hydrant, service pipe and fittings: | | |
| Wharf Hydrant | \$1.50 | \$2.00 |
| Standard Hydrant: | | |
| Single outlet | | 2.50 |
| Double outlet | | 3.50 |
| Triple outlet | | 5.00 |

SPECIAL CONDITIONS

1. All water used for other than fire extinguishing purposes shall be paid for at general metered service rates.

2. The company will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.

APPENDIX B
Page 1 of 5

Schedule No. GU-1

Guerneville Tariff AreaANNUAL GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

The unincorporated communities of Guerneville, Rio Nido, East Guerneville, Guerneville Park, Northwood, Monte Rio, Vacation Beach, River Meadows and vicinity, Sonoma County.

RATES

| | <u>Per Meter per Month</u> |
|--|--------------------------------|
| Monthly Quantity Rates: | |
| First 500 cu.ft. or less | \$ 2.25 |
| Next 4,500 cu.ft., per 100 cu.ft. | .33 |
| Over 5,000 cu.ft., per 100 cu.ft. | .27 |
| Annual Minimum Charge: | |
| | <u>Per Meter per Year</u> |
| For 5/8 x 3/4-inch meter | \$27.00 |
| For 3/4-inch meter | 37.00 |
| For 1-inch meter | 50.00 |
| For 1-1/2-inch meter | 95.00 |
| For 2-inch meter | 145.00 |

The Annual Minimum Charge will entitle the customer to the quantity of water each month which one twelfth of the annual minimum charge will purchase at the Monthly Quantity Rates.

SPECIAL CONDITIONS

1. The above annual minimum charges apply to service during the 12-month period commencing January 1, and are due in advance.
2. Charges for water used in excess of the monthly allowance under the annual minimum charge may be billed monthly, bimonthly or quarterly at the option of the company on a noncumulative monthly consumption basis.

Schedule No. GU-1S

Guerneville Tariff Area

SEASONAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on a seasonal basis.

TERRITORY

The unincorporated communities of Guerneville, Rio Nido, East Guerneville, Guerneville Park, Northwood, Monte Rio, Vacation Beach, River Meadows and vicinity, Sonoma County.

RATES

Monthly Quantity Rates:

| | <u>Per Meter Per Month</u> |
|--|--------------------------------|
| First 500 cu.ft. or less included in Seasonal Minimum Charge | |
| Next 4,500 cu.ft., per 100 cu.ft. | \$0.33 |
| Over 5,000 cu.ft., per 100 cu.ft. | .27 |

Seasonal Minimum Charge:

| | <u>Per Meter per Season</u> | <u>Quantity Allowed per Month for Minimum Charge</u> |
|---|---------------------------------|--|
| For the 8-month period, March through October | | |
| For 5/8 x 3/4-inch meter | \$ 24.00 | 500 cu.ft. |
| For 3/4-inch meter | 33.00 | 800 cu.ft. |
| For 1-inch meter | 45.00 | 1,200 cu.ft. |
| For 1-1/2-inch meter | 85.00 | 2,500 cu.ft. |
| For 2-inch meter | 130.00 | 4,000 cu.ft. |

SPECIAL CONDITIONS

1. The seasonal minimum charge is due in advance and entitles the customer to the quantity of water each month that corresponds to the seasonal minimum charge as shown above.
2. The charge for water used in excess of the quantity allowed each month for the seasonal minimum charge may be billed monthly, bimonthly or

Schedule No. GU-1S (Contd.)

Guerneville Tariff Area

SEASONAL METERED SERVICE

SPECIAL CONDITIONS (Contd.)

quarterly at the option of the company on a noncumulative monthly consumption basis.

3. A customer, having paid the seasonal minimum charge, may obtain service during other months of the same calendar year under the monthly quantity rates in Schedule No. GU-1, Annual General Metered Service, upon reasonable notice to the company stating the months in which such service is desired.

Schedule No. GU-4

Guerneville Tariff Area

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service rendered for private fire protection purposes.

TERRITORY

The unincorporated communities of Guerneville, Rio Nido, East Guerneville, Guerneville Park, Northwood, Monte Rio, Vacation Beach, River Meadows and vicinity, Sonoma County.

RATE

| | <u>Per Year</u> |
|--------------------------------|-----------------|
| For each private hydrant | \$15.00 |

SPECIAL CONDITIONS

1. The cost of installation and maintenance of private hydrants will be borne by the customer.
2. All water used for other than fire extinguishing purposes shall be paid for at general metered service rates.
3. The company will supply only such water at such pressure as may be available from time to time as the result of its normal operations of the system.

Schedule No. GU-5

Guerneville Tariff Area

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to duly organized or incorporated fire districts or other political subdivisions of the State.

TERRITORY

The unincorporated communities of Guerneville, Rio Nido, East Guerneville, Guerneville Park, Northwood, Monte Rio, Vacation Beach, River Meadows and vicinity, Sonoma County.

RATES

| | <u>Per Year</u> |
|---|-----------------|
| Guerneville Fire District: | |
| Flat rate charge for | |
| 3- 2-inch hydrants and | |
| 16- 4-inch hydrants | \$747.00 |
| Additional 2-inch hydrants, each | 15.00 |
| Additional 4-inch hydrants, each | 36.00 |
| Monte Rio Fire District: | |
| 4-inch hydrants, each | \$ 36.00 |
| 2-inch hydrants (high pressure), each | 15.00 |
| 2-inch hydrants (low pressure), each | 6.00 |
| Rio Nido Fire District: | |
| 4-inch hydrants, each | \$ 36.00 |
| 2-inch hydrants, each | 15.00 |

SPECIAL CONDITIONS

1. All water used for other than fire extinguishing purposes shall be paid for at general metered service rates.
2. The company will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.