

ORIGINAL

Decision No. 56395

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 HENRY LA ZARE and JEANNE LA ZARE,)
 husband and wife, doing business as)
 JACUMBA HOT SPRINGS WATER COMPANY,)
 (also known as JACUMBA WATER COMPANY),)
 for an order authorizing increases in)
 flat water rates, establishment of an)
 optional metered water rate, and)
 changes in tariff schedules.)

Application No. 39355

Henry La Zare, in propria persona, for applicants.
George H. Kirk, for water users, protestant.
C. F. Clark and William G. Tee, for the Commission
 staff.

O P I N I O N

By the above-entitled application, filed August 21, 1957, Henry La Zare and Jeanne La Zare, husband and wife, doing business as Jacumba Hot Springs Water Company (also known as Jacumba Water Company), request an order of this Commission authorizing increased flat rates, optional meter rates and changes in the tariff schedules for water service rendered in the unincorporated community of Jacumba in San Diego County. Basically, applicants seek a rate of return of about 6 per cent on an average depreciated rate base, which would require an increase in gross revenues of approximately \$7,000 annually, based upon the estimated level of business during 1957, as shown in Exhibit "E" attached to the application.

Applicants request such increases in rates in order to produce revenues sufficient to pay maintenance and operating expenses, cover necessary replacements of their properties and provide a reasonable net revenue to enable applicants to retire their outstanding liabilities and establish a sound credit position.

Public Hearing

After due notice a public hearing was held before Examiner E. Ronald Foster at Jacumba on January 16, 1958. Some 60 people were in attendance and certain of the water users were represented by counsel, protesting the proposed increase in water rates in general, particularly as to the effect on the considerable number of seasonal customers. In addition to four of applicants' customers who testified, others showed their interest by questioning the various witnesses.

Following the introduction of both documentary evidence and oral testimony by witnesses on behalf of applicants and by a member of the Commission staff, the matter was submitted and is now ready for decision.

History of the Utility

The water system supplying the 40-acre Tract No. 1707 known as Jacumba City Subdivision, consisting of about 350 lots and adjoining the unincorporated community of Jacumba, San Diego County, was originally installed sometime prior to 1925 in conjunction with the Jacumba Hot Springs Resort and has since been controlled and operated by a succession of the resort owners. The Commission first found the water system to be a public utility by Decision No. 41447 dated April 6, 1948, in Case No. 4832. At that time the water distribution facilities were found to be inadequate and the owner was ordered to file detailed plans for service improvements and to complete the installation thereof that summer.

The necessary improvements were not installed and the Commission instituted an investigation on its own motion into the operations of the water utility. By its Decision No. 49407, issued December 8, 1953, in Case No. 5454, the Commission ordered the then owners, W. A. and Nellie B. Hansen, to make certain improvements,

additions and betterments to the water system within a given time.

Before the expiration of that time, Application No. 35168 was filed, requesting authority for the transfer of the water system from the Hansens to Henry and Jeanne La Zare. Decision No. 49939, issued April 20, 1954, authorized the transfer and ordered the new owners to complete the improvements, additions and betterments to the water system described in paragraph 2 of Decision No. 49407, within 180 days after the date of actual transfer of said water system properties, which transfer was completed on May 18, 1954.

Some of the ordered installations and some alternative improvements were accomplished by the La Zares. Of particular importance was the drilling of a 24-inch diameter by 124-foot deep, gravel-packed, 14-inch cased well of 2,000 gallons per minute tested capacity, which was equipped with a 30-horsepower deep-well turbine pump, and the discontinuance of the use of the original spring source of supply except in case of emergency. The new pumping plant was connected to the distribution system by the installation of 2,575 feet of 8-inch and 1,350 feet of 6-inch asbestos-cement pipelines.

In addition, during the year 1957, applicants installed about 1,500 feet of 4-inch asbestos-cement pipe as the initial portion of an extension of the distribution system to supply a new large subdivision lying west of and adjacent to the original subdivision.

On August 21, 1957, the same day on which the instant rate increase application was filed, applicants also filed a petition for modification of the orders contained in Decisions Nos. 49407 and 49939, and for an extension of time to comply therewith. By Decision No. 55787 issued November 5, 1957, in Case No. 5454 and Application No. 35168, the previous orders were modified to require applicants,

among other things, to make the following installations on or before June 30, 1958:

- (a) Install 4-inch or larger main along Laguna Street, south from Seeley Street to alley next south of El Centro Street.
- (b) Install 4-inch mains between Heber Street and Laguna Street in each of the following locations:
 - (1) Seeley Street; (2) alley next south of Seeley Street; (3) alley next south of Branley Street; (4) alley next south of Holtville Street; (5) alley next south of Calexico Street; (6) alley next south of El Centro Street.

Description of the System

The utility's present source of water is the 124-foot well, previously described, capable of producing 2,000 g.p.m. and equipped with a 30-horsepower electric motor and a 6-stage turbine pump capable of delivering 450 g.p.m. at a 225-foot head. Storage is provided by a 160,000-gallon concrete-lined reservoir, floating upon the system, in which the water level is regulated by a signal control system connecting the pumping plant and the reservoir. The system comprises approximately 22,400 feet of transmission and distribution mains varying in size from 1½ to 8 inches in diameter, of which about 25 per cent is asbestos-cement, 70 per cent is steel, and the remaining 5 per cent is plastic. As of December 1, 1957, the utility served 164 flat rate customers. It also provides fire protection service through seven fire hydrants owned by the utility, for which no revenue is received.

Rates, Present and Proposed

Since before 1948, when the water system was first recognized as a public utility, the basic rate was \$1.50 per month for each residential service. The rates presently on file and in effect as authorized by Decision No. 49407, are the same as those which were authorized by Decision No. 41447, originally made effective May 1, 1948, and are as follow:

MONTHLY FLAT RATES

<u>Classification</u>	<u>Per Month</u>
For 3/4-inch service per single family residence, including the irrigation or sprinkling of 2,000 sq. ft. of area	\$1.50
For each additional 100 sq. ft. of irrigated or sprinkled area .....	.02
For each additional family residence on lot ...	.50
For each lot without residence, for irrigation or sprinkling of not more than 5,000 sq.ft.	1.00
For each additional 100 sq.ft. of irrigated or sprinkled area .....	.02

The rates proposed by applicants as shown in Exhibit "C" of the application may be briefly stated as follow:

ANNUAL FLAT RATE SERVICE

<u>Rate:</u>	<u>Per Service Connection</u> <u>Per Month</u>
For each 3/4-inch service connection	\$ 6.00

GENERAL METERED SERVICE

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>
First 600 cu.ft. or less	\$ 6.00
Next 1,400 cu.ft., per 100 cu.ft. ....	.35
Next 3,000 cu.ft., per 100 cu.ft. ....	.275
Over 5,000 cu.ft., per 100 cu.ft. ....	.20

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 6.00
For 3/4-inch meter	8.50
For 1-inch meter	12.50
For 1 1/2-inch meter	17.50
For 2-inch meter	25.00

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

At the hearing, upon a demand by several customers for a seasonal rate schedule, applicants' consultant introduced, as

Exhibit No. 3, a schedule applicable to metered water service furnished on a seasonal basis which he stated had been once intended to be included as a part of Exhibit "C" of the application. While he did not urge the authorization of the schedule, he suggested it might be used as the basis for a schedule applicable to seasonal flat rate service. The schedule submitted is as follows:

SEASONAL GENERAL METERED SERVICE

Seasonal Minimum Charge:	<u>Per Meter Per Season</u>	<u>Quantity Allowed Per Month for Seasonal Minimum Charge</u>
For any 8 consecutive months beginning and ending in the same calendar year, or any portion thereof:		
For 5/8 x 3/4-inch meter	\$ 60.00	600 cu.ft.
For 3/4-inch meter	85.00	1,300 cu.ft.
For 1-inch meter	125.00	2,600 cu.ft.
For 1 1/2-inch meter	175.00	4,400 cu.ft.
For 2-inch meter	250.00	7,900 cu.ft.

Monthly Quantity Rates:		<u>Per Meter Per Month</u>
First	600 cu.ft. or less included in seasonal minimum charge.	
Next	1,400 cu.ft., per 100 cu.ft.	\$0.35
Next	3,000 cu.ft., per 100 cu.ft. ....	.275
Next	5,000 cu.ft., per 100 cu.ft. ....	.20

Earnings

Applicants' consultant submitted a comprehensive and detailed report, Exhibit No. 1, on the applicants' operations for the years 1957 and 1958 estimated at both present and proposed rates. A Commission staff engineering witness submitted a similar report, Exhibit No. 2, on the results of applicants' operations for the year 1956 recorded, and for the years 1957 and 1958 estimated at both present and proposed rates. The following tabulation is a summary of the earnings data contained in Exhibits Nos. 1 and 2.

SUMMARY OF EARNINGS

Item	Year 1956	Year 1957 Estimated			
	Recorded	Present Rates		Proposed Rates	
	Staff	Appl.	Staff	Appl.	Staff
	Exch. 2	Exch. 1	Exch. 2	Exch. 1	Exch. 2
Operating Revenues	\$ 2,358.25	\$ 3,244	\$ 3,260	\$11,800	\$11,920
Maint. and Oper. Expenses	6,354.76	6,430	6,340	6,475	6,340
Taxes Other Than Income	392.23	356	356	356	356
Taxes on Income	-	-	-	735	828
Depreciation	6,951.85	1,434	1,415	1,434	1,415
Total Oper. Expenses	13,698.84	8,220	8,111	9,000	8,939
Net Operating Revenue	(11,340.59)	(4,976)	(4,851)	2,800	2,981
Avg. Deprec. Rate Base	67,400.00	51,696	51,100	51,696	51,100
Rate of Return	Loss	Loss	Loss	5.42%	5.8%
		<u>Year 1958 Estimated</u>			
Operating Revenues		3,448	3,420	12,520	12,640
Maint. and Oper. Expenses		6,695	6,580	6,745	6,580
Taxes Other Than Income		374	374	374	374
Taxes on Income		-	-	824	930
Depreciation		1,440	1,459	1,440	1,459
Total Oper. Expenses		8,509	8,413	9,383	9,343
Net Operating Revenue		(5,061)	(4,993)	3,137	3,297
Avg. Deprec. Rate Base		50,511	51,300	50,511	51,300
Rate of Return		Loss	Loss	6.21%	6.4%

(Red Figure)

Analysis of the foregoing earnings tabulation discloses no substantial or significant differences between the estimates of operating revenues, total operating expenses, rate bases and the resultant rates of return for the two years, at either the present or proposed rates, as submitted by applicants and the staff. However, it is significant to note that the two estimates indicate increases of .8 per cent and .6 per cent, respectively, in the rate of return for the year 1958 when compared with the year 1957. The record shows that this increase will probably continue in the future, as revenue is obtained from additional customers without commensurate additional expenses or additions to plant. In the determination of the rate schedules to be authorized herein, the results represented by the

staff's estimate are considered the more realistic and will be adopted and used as the basis for further discussion.

Utility Plant and Rate Base

The records of previous operations of the water utility were not furnished to the applicants at the time of their purchase of the water system. Further complicating the situation, since that time the records of the operations of the utility have been commingled with the other enterprises of the owners. In the absence of cost records, the utility plant accounts were set up on the books on an inflated basis to show market value rather than the proper historical costs of utility plant, necessary for the purposes of this rate proceeding.

Accordingly, representatives of the Commission's engineering and accounting staff, with the cooperation of the applicants and their consultant, prepared a detailed inventory and historical cost appraisal of the properties and the corresponding depreciation reserve requirement as of January 1, 1957, of which the following is a summary:

<u>Acct.</u>	<u>Description</u>	<u>Utility Plant</u>	<u>Depreciation Reserve Requirement</u>
301	Intangible Plant	\$ 500	\$ -
306	Landed Capital	2,500	-
315	Wells	3,444	137
324	Pumping Equipment	2,782	44
342	Reservoir and Tanks	5,304	1,253
343	Transmission and Distribution Mains	21,641	3,460
345	Services	2,031	913
348	Hydrants	182	63
	Total	<u>38,384</u>	<u>5,870</u>

Analysis of the appraisal reveals that installations amounting to \$12,302, with an associated depreciation reserve requirement of \$5,454, were made prior to 1954 while installations made by applicants since 1953 amount to \$23,082, with a related depreciation reserve requirement of \$416.

Both the staff and the applicants utilized the appraisal as a starting point in the determination of the average utility plant and depreciation reserve components of the rate bases used in this proceeding. The staff recommends and applicants request that the appraisal be adopted for use as the basis for adjusting the plant accounts in the applicants' books to reflect the depreciated historical cost of the water utility properties as of January 1, 1957.

In arriving at the weighted average utility plant for the test years 1957 and 1958, the staff included on a pro forma basis certain plant additions totaling \$3,960 which the record shows were actually installed in 1957 and also certain other additional installations estimated to cost \$21,920 and proposed to be made in 1958, which latter additions include those ordered to be installed by the Commission's Decision No. 55787. The staff also made deductions amounting to \$2,870 to account for the facilities which will be retired upon completion of the new installations.

From an examination of the staff's list of 1958 additions, it appears that in the item of 9,680 feet of 4-inch mains estimated to cost \$17,570, there is a duplication of a length of about 1,100 feet of such mains, representing an amount of about \$2,000. However, the staff included only seven meters, whereas it appears from the record that nine more meters at an additional cost of approximately \$400, or a total of 16 meters, will need to be installed to serve the customers under the conditions pertaining to the rate schedules to be authorized herein. Therefore, the rate base as developed by the staff for the year 1958, revised to account for these items, would be \$49,700.

On the basis of 169 customers estimated for 1958, the rate base of about \$300 per customer is considered relatively high and it appears that the existing facilities, when augmented by those

ordered to be installed, are capable of rendering service to considerably more customers. This raises questions as to whether the system is overbuilt for present requirements and to what extent it may have been built to provide for future developments anticipated by applicants who are also owners of large segments of property within the community served by the water system.

In contrast to the practices of prior owners, applicants have installed a well and pumping plant capable of supplying ample water of much better quality than the previous source of supply, together with transmission mains of adequate size and lasting materials. These installations, combined with the recently improved storage reservoir of reasonably large capacity, form a well-balanced system and represent good engineering practice and construction in general conformity with the service standards prescribed in the Commission's General Order No. 103. Viewed in this light, such installations are not regarded by the Commission as imprudent investments or overbuilt facilities under the conditions which prevail here.

On the other hand, the record shows that applicants spent an amount of about \$3,960 for the initial extension of mains to serve a new subdivision, on land no longer owned by applicants, located adjacent to and west of the original subdivision, Tract No. 1707. The facilities installed included 1,500 feet of 4-inch pipe, nine street crossings and 20 3/4-inch services and could serve 58 lots, whereas only 10 customers are now being served by them. This extension was made by applicants without applying their filed main extension rule which provides in substance that the subdivider shall be required to advance the cost of the mains required to serve such development, which advance is subject to refund by the utility by one of two methods. No contract or agreement covering

the said extension of mains is of record herein. For the purpose of this proceeding it will be assumed that under the proportionate cost method set forth in the rule, the subdivider would now be entitled to refunds based on 10 bona fide customers, determined from the ratio of 65 feet of main to the total footage of main in the extension. On this basis the refunds now due would amount to \$1,425 for 650 feet of main and 10 services. The unrefunded balance would therefore be \$2,535 as the theoretical advance to be deducted from plant in determining the rate base.

By subtracting the said amount of \$2,535 from the revised rate base of \$49,700 hereinabove determined, the adjusted rate base for 1958 becomes \$47,165, which latter amount is hereby adopted as reasonable for the purposes of this proceeding as representing the rate base upon which the reasonableness of applicants' rate proposal may be tested.

Customer Participation

Customers of the utility were represented by counsel whose witnesses testified on various phases of applicants' operations.

Complaint was made that pressures at consumers' premises are sometimes too low to produce sufficient flows of water, particularly on holiday week ends in the summer time. These conditions occur principally in the original subdivision, Tract No. 1707, and appear to be caused by too small mains originally installed therein and aggravated by deposits in the lines from the water previously supplied. Applicants claim that the cause for such complaints will be eliminated when the larger mains are installed as already ordered by the Commission to be completed by June 30, 1958, after which time the water from the new source of supply can be delivered in sufficient quantities at adequate pressure.

By cross-examination of the staff witness, it was shown that the staff appraisal of the properties listed pipes installed in the year 1940, whereas they were actually installed about 1923 in the original subdivision. To the extent that such error may have resulted in overestimating the original cost of said pipelines, the net effect on the rate base involved herein will be nullified by the retirement of all such existing installations at the appraisal amounts when these mains are replaced as ordered.

Considerable concern was expressed over the possibility that service is being rendered through many connections for which no charges are made, especially those to business and other property operated or owned by applicants. While revenue reported for past years did not include charges for such service, the evidence shows that the revenues as estimated for 1957 and 1958, both by the applicants' witness and the staff witness, do reflect revenues from all connected services. Under the rates hereinafter authorized, all service other than to single family residences through 3/4-inch service connections will be rendered only on a metered basis.

A number of customers complained of having to pay for service the year-round when they require water only for the summer months. Under the circumstances pertaining to this resort area, it appears reasonable that seasonal rate schedules should be made available to those who use their property for only a portion of the year. In the design of such schedules it must be borne in mind that the facilities remain in place during the entire year and must be operated and maintained so as to make service available to all customers any time during the year when it may be wanted.

Financial Position

In view of the fact that applicants have heretofore operated the water system as an integral part of several business

enterprises, no separate balance sheet nor income statement has been presented which properly reflects the utility's operations or financial position. Applicant Henry La Zare testified that in order to make the improvements and additions to plant during recent years, estimated at over \$25,000, it had been necessary to borrow money, some of which is still owing, encumbering the hotel and other resort properties. He further testified that in order to complete the installations ordered by the Commission it will be necessary to borrow additional funds. He has initiated negotiations for a 7-year loan for the necessary amount at an interest rate of 7 per cent per annum. He stated that in order to do so, however, it is necessary that higher rates for water service must be authorized to put the utility on a healthy and sound financial basis.

The same witness stated that arrangements are being made for separate accounting to be made of all water utility business and that a separate bank account will be established for all water utility receipts and disbursements.

Recommendations

The staff recommended that applicants' proposed flat rate schedule be revised to properly reflect both annual and monthly conditions of service and that the authorized meter rate schedule be modified to be consistent with the authorized level of flat rates.

The staff made other recommendations covering depreciation practices and the filing of up-to-date maps and samples of current forms normally used in connection with customer service.

It is also appropriate that applicants should immediately commence negotiations for a written contract with the owner of the subdivision located west of Tract No. 1707, into which extensions of mains have already been effected, covering the conditions under which further main expansions will be installed and if they are to

be made otherwise than in accordance with applicants' filed main extension rule that authorization of the Commission to carry out the terms of such contract be requested in accordance with the requirements of Section X of the Commission's General Order No. 96.

Findings and Conclusions

The Commission finds and concludes that the estimates of operating revenues, expenses, including depreciation and taxes, and the rate base as hereinabove modified, for the year 1958, as submitted by the staff are reasonable and they will be and hereby are adopted for the purposes of this proceeding.

It is evident from the record that applicants have been operating at a loss and are in need of financial relief. In view of all the evidence, we find that applicants are entitled to a substantial amount of the relief sought and that an order should be issued revising and increasing the rates to the extent set forth in Appendix A following the order. It is estimated that this authorization will result in producing gross annual revenues of about \$11,665, or an increase of \$8,245 over those estimated to be obtainable at applicants' present rates for the year 1958. Such revenues are expected to produce a net income, after due allowance for all reasonable operating expenses including provisions for taxes and depreciation, of \$2,550 representing a rate of return of 5.4 per cent on the depreciated rate base of \$47,165 hereinabove adopted as reasonable for the purposes of this decision.

As has been pointed out hereinbefore, the record shows that the rate of return will probably increase from .8 per cent to .6 per cent per year as revenue is obtained from additional customers without proportionate increases in expenses or corresponding additions to plant. Under these circumstances, we find that net revenue equivalent to 5.4 per cent, based on the test year 1958, is

sufficient to allow applicants a rate of return for the future of at least 6.0 per cent, which rate of return we hereby find to be fair and reasonable.

While the Commission realizes that the authorized rates represent a very high percentage of increase in charges over those heretofore in effect, it may be noted that the present basic flat rate of \$1.50 per month has been in effect since the water system was first installed. Had the quality of service been improved as ordered by the Commission in 1948, it is of record that a flat rate of \$3 might have been warranted then. It is known that labor and material costs and taxes have increased greatly since that time.

However, due to circumstances mostly not controllable by applicants, no rate increase application has been filed with the Commission until the instant proceeding. Applicants have now spent large sums to improve the service. The combined effect results in the necessity for the considerably greater increase in rates at this time, in order to put the utility in a reasonably sound earning position, than would have been necessary had some increase in rates been effected in prior years.

The evidence is clear, and we find as a fact that the increases in rates and charges authorized herein are justified and that the present rates and charges, in so far as they differ from those herein prescribed, are for the future unjust and unreasonable.

To the extent that certain required and proposed improvements and additions to plant have been included in the rate base hereinabove adopted, the order herein will require the replacement of certain water mains and services and the installation of meters and fire hydrants.

O R D E R

Henry La Zare and Jeanne La Zare, husband and wife, doing business as Jacumba Hot Springs Water Company, having applied to the Commission for an order authorizing increases in rates and charges for water service rendered by them in the unincorporated community of Jacumba, and vicinity, in San Diego County, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED that:

1. Applicants Henry La Zare and Jeanne La Zare are authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with the provisions of General Order No. 96, the schedules of rates attached hereto as Appendix A and, upon not less than five days' notice to this Commission and to the public to make such rates effective for all service rendered on and after May 1, 1958.
2. Within forty-five days after the effective date of this order, applicants shall file in quadruplicate with this Commission, in conformity with the provisions of General order No. 96, rules governing customer relations revised to reflect present-day operating practices, a revised tariff service area map and samples of current forms normally used in connection with customer service. Such rules, tariff service area map and forms shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.
3. Within sixty days after the effective date of this order, applicants shall file with this Commission 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 utility properties of applicants.

4. Beginning with the year 1958, applicants shall determine depreciation expense by multiplying depreciable utility plant by a rate of 2.7 per cent. This rate shall be used until review indicates it should be revised. Applicants shall review the depreciation rate using the straight-line remaining life method when major changes in utility plant composition occur and at intervals of not more than five years, and shall revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to this Commission.

5. On or before May 1, 1958, applicants shall install meters of appropriate sizes on all services other than to single family residences supplied through 3/4-inch service connections.

6. On or before June 30, 1958 applicants shall replace with approximately 8,580 feet of pipe, not less than 4-inch inside diameter, the existing 2- and 1½-inch water mains now existing in the subdivision known as Tract No. 1707, together with the necessary new 3/4-inch services, about one hundred in number, and also install 24 fire hydrants proposed to be connected therewith. These installations include the uncompleted portions of those listed in paragraph (6)a of the order in Decision No. 55787 issued November 5, 1957, which decision shall remain in full force and effect.

7. Applicants shall inform the Commission in writing of the completion of the installations and placing in operation of the facilities ordered in the above paragraphs 5 and 6, within ten days after such completion.

8. On and after May 1, 1958, applicants shall charge for all water service rendered to their hotel, medical center and all

other property owned, operated or leased by them for business and commercial purposes in accordance with the schedule of rates for metered water service authorized herein, and thereafter shall terminate all deviations from the filed rates except as may be provided in contracts filed with the Commission or to be filed in accordance with the requirements of General Order No. 96.

9. Applicants shall forthwith commence negotiations for a written contract or agreement with the owner of the subdivision located adjacent to and west of Tract No. 1707, into which subdivision extensions of mains have already been made, covering the conditions under which further main extensions will be installed and if otherwise than in accordance with applicants' filed main extension rule then applicants shall first obtain the authorization of the Commission to carry out the terms of such contract or agreement, in accordance with the requirements of Section X of the Commission's General Order No. 96, before commencing any such further main extensions into said subdivision.

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

Dated at San Francisco, California, this 25th day of MARCH, 1958.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

APPENDIX A
Page 1 of 6

Schedule No. 1

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated community of Jacumba and vicinity, San Diego County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Monthly Quantity Rates:	
First 600 cu.ft. or less	\$ 5.25
Next 1,400 cu.ft., per 100 cu.ft. ....	.35
Next 3,000 cu.ft., per 100 cu.ft. ....	.27
Over 5,000 cu.ft., per 100 cu.ft. ....	.20
Annual Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 63.00
For 3/4-inch meter	78.00
For 1-inch meter	108.00
For 1 1/2-inch meter	168.00
For 2-inch meter	240.00

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. A customer who has established his permanency by having paid for service during each of the preceding 12 months may elect to pay the annual minimum charge on a monthly basis equal to one twelfth of the annual minimum charge.

Schedule No. 1

ANNUAL GENERAL METERED SERVICE

SPECIAL CONDITIONS--Contd.

2. When the annual minimum charge is paid in advance, charges for water used in excess of the monthly allowance for the annual minimum charge may be billed monthly, bimonthly or quarterly at the option of the utility on a noncumulative monthly consumption basis.

APPENDIX A
Page 3 of 6

Schedule No. 1S

SEASONAL METERED SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated community of Jacumba and vicinity, San Diego County.

RATES

	<u>Per Meter Per Month</u>
Monthly Quantity Rates:	
First 600 cu.ft. or less	\$ 5.25
Next 1,400 cu.ft., per 100 cu.ft. ....	.35
Next 3,000 cu.ft., per 100 cu.ft. ....	.27
Over 5,000 cu.ft., per 100 cu.ft. ....	.20
Seasonal Minimum Charge:	
	<u>Per Meter Per Season</u>
For any six consecutive months, or portion thereof, of the same calendar year:	
For 5/8 x 3/4-inch meter	\$ 46.50
For 3/4-inch meter	58.50
For 1-inch meter	81.00
For 1 1/2-inch meter	126.00
For 2-inch meter	180.00

The Seasonal Minimum Charge will entitle the customer to the quantity of water each month which one sixth of the seasonal minimum charge will purchase at the Monthly Quantity Rates.

SPECIAL CONDITIONS

1. The above seasonal minimum charge is due in advance.
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 quarterly at the option of the utility on a noncumulative monthly consumption basis.

Schedule No. 1S

SEASONAL METERED SERVICE

SPECIAL CONDITIONS—Contd.

3. Customers who have paid the seasonal minimum charge may obtain service during any other months of the same calendar year at the monthly quantity rates upon written notice to the utility stating the months in which service is desired.

Schedule No. 2R

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated community of Jacumba and vicinity, San Diego County.

RATE

Per 3/4-inch Service Connection
Per Year

For a single family residence,
including premises

\$66.00

SPECIAL CONDITIONS

1. The above annual flat rate applies to service during the 12-month period commencing January 1 and is due in advance. A customer who has established his permanency by having paid for service for the preceding 12 months may elect to pay the annual flat rate charge on a monthly basis equal to one twelfth of the annual flat rate.

2. All annual 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, Annual General Metered Service, or Schedule No. 1S, Seasonal Metered Service.

Schedule No. 2SR

SEASONAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated community of Jacumba and vicinity, San Diego County.

RATES

Per 3/4-inch Service Connection

For a single family residence,
including premises:

Seasonal Rate:

For any six consecutive months, or portion thereof, of the same calendar year	\$49.50
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Monthly Rate:

For each additional month of the same calendar year	5.50
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SPECIAL CONDITIONS

1. All charges for flat rate service furnished under this schedule are due in advance.
2. All seasonal 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, Annual General Metered Service, or Schedule No. 1S, Seasonal Metered Service.
4. Customers who have paid the seasonal charge may obtain service during any other months of the same calendar year at the monthly rate upon written notice to the utility stating the months in which service is desired.