

ORIGINALDecision No. 56989

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
 GEORGE and GLADYS BUMGARDNER, husband
 and wife, dba GEORGE BUMGARDNER WATER
 COMPANY, for (1) authority to increase
 rates for water service rendered within
 a portion of and in the vicinity of the
 City of Modesto, Stanislaus County;
 (2) grant a certificate of public con-
 venience and necessity to serve certain
 territory, and (3) authority to issue a
NOTE FOR \$25,000;

Application No. 39604
(Amended)

George Bumgardner and William Stava, for applicants.
C. F. Clark and L. L. Thormod, for the Commission
staff.

O P I N I O NNature of Proceeding

By the above entitled application filed December 5, 1957, and amendment thereto filed March 25, 1958, George and Gladys Bumgardner, husband and wife, doing business as a copartnership under the name of George Bumgardner Water Company, request (1) authority to increase rates for water service rendered within a portion of and in the vicinity of the City of Modesto in Stanislaus County, (2) a certificate of public convenience and necessity to serve certain territory partly inside and partly outside of the corporate limits of the City of Modesto, and (3) authority to increase their bank borrowings by an amount of some \$25,000.

In response to a written request from the applicants, by Decision No. 56305, dated March 3, 1958, the Commission issued an ex parte interim opinion and order authorizing applicants to issue a promissory note in the principal amount of not exceeding \$40,000 to

finance in part the installation of additions and improvements estimated to cost approximately \$25,000 and also to refinance an existing indebtedness of \$14,346.28 which was the unpaid balance of a note previously approved by the Commission, and unsecured indebtedness of \$2,000.

The amended application asks for authorization of rates for water service estimated to produce additional revenue of \$10,300, which is 20 percent more than the annual revenue obtainable from the existing rates.

Public Hearing

After due notice to the public and to each of the applicants' consumers, a public hearing was held before Examiner E. Ronald Foster on May 21, 1958, in Modesto. About 25 people, mostly customers of the utility, attended the hearing but none of them testified.

At the hearing, applicants amended their application by requesting that they be authorized to exercise the franchise to operate a water system within the City of Modesto granted them by Ordinance No. 230-C.S. adopted by the Council of the City of Modesto, effective March 27, 1958, a copy of which ordinance is attached as Exhibit "H" to the amendment to the application herein. Applicants testified that a written acceptance of such franchise had been filed with the City Clerk by applicants prior to the date of this hearing. Applicants also asked that the certificate requested herein be issued in the names of George I. Bumgardner and Gladys N. Bumgardner, to agree with the names shown in the original certificate granted by Decision No. 43331 dated September 27, 1949, in Application No. 30276.

Following the introduction of evidence by two witnesses on behalf of applicants and by two members of the Commission staff, the matter was submitted upon the receipt of a late-filed exhibit on May 29, 1958 and is now ready for decision.

History of Applicants' Operations

George Bumgardner founded the utility in 1940, rendering initial water service in the South Modesto Acres Tract No. 3, located south of Modesto and across the Tuolumne River. Since that time the utility has expanded its operations and is currently furnishing water in two separate service areas known as Unit No. 1, located within the northwestern section of the City of Modesto, and Unit No. 2 located about 1½ miles south of the Modesto city limits.

By said Decision No. 43331 in Application No. 30276, applicants were granted a certificate of public convenience and necessity to serve water in six tracts of land in what is now known as Unit No. 1 and also in four tracts in what is now known as Unit No. 2. The same decision granted applicants a certificate to exercise the right, privilege and franchise granted April 12, 1949 by resolution of the Board of Supervisors of Stanislaus County, which resolution covered installations theretofore made in the above mentioned tracts (all of which were then in unincorporated territory) and also all such additional installations as might be required thereafter for extensions of, or additions to, applicants' water systems.

In connection with Application No. 30276, an engineer of the Commission's staff made a report on the results of operation of applicants' utility for the years 1948 and 1949 which was presented in evidence as Exhibit No. 2, which report has been made a part of the record in the instant proceeding by reference. That report included an appraisal of applicants' properties as of December 31, 1948, and a determination of depreciation expense by the 5% sinking fund method but no corresponding depreciation reserve requirement was shown in the report. Subsequently the applicants adjusted their books to reflect the amount of \$89,246 shown in the appraisal as the total plant investment at the end of the year 1948. At the same time the applicants entered on their books an amount of \$10,677.40 as the related depreciation reserve requirement but the record does not disclose by whom or how this amount was determined.

Applicants now seek a certificate of public convenience and necessity to serve Fremont Grove Tract, Ben Don Village and Davis Tract in Unit No. 1, and South Modesto Acres and Caruso Tract in Unit No. 2, all of which tracts are contiguous to those in Units Nos. 1 and 2, respectively, included in the original certificate, as shown on the map filed herein as Exhibit No. 2. Applicants are already supplying water in the tracts requested to be certificated, having extended their pipelines from the existing systems in response to requests by subdividers.

Description of the System

Applicants' water supply is obtained from three wells located in various tracts in Unit No. 1 and five wells in various

tracts of Unit No. 2. A ninth well, located in Unit No. 2, was expected to be completed by June 15, 1958. The wells vary in depth from 92 to 144 feet and are all equipped with electric motor-driven turbine pumps, the combined capacity of the nine pumping plants being 4,460 gallons per minute. Water from the pumps is delivered into the distribution system through hydropneumatic pressure tanks having a total capacity of 40,000 gallons, with pressures automatically controlled between about 36 and 60 pounds per square inch.

The transmission and distribution mains vary from 6 to 1-1/2 inches in diameter, there being 27,200 feet in Unit No. 1 and 57,900 feet in Unit No. 2, or a total of 85,100 feet of which 96 percent are 6-inch and 4-inch pipes. There are 29 four-inch wharf-type fire hydrants connected to the system, 7 of which are located in Unit No. 1 and 22 in Unit No. 2. As of December 31, 1957, the utility reported a total of 1,675 active service connections, of which about 35 percent are in Unit No. 1 and 65 percent in Unit No. 2. All customers are served on a flat-rate basis, there being no meters presently installed in either system.

Rates, Present and Proposed

Applicants' present rates have been in effect since November 1, 1949, as authorized by Decision No. 43331. There follows a comparative tabulation of the present rates and proposed rates as revised in the amendment to the application, for both flat rate and metered service.

FLAT RATE SERVICE

<u>Classification</u>	<u>Per Service Connection Per Month</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
First dwelling, house, or other single residential unit, including an irrigated area of not over 5,000 square feet of lawns, gardens, shrubbery or trees.....	\$ 2.50	\$ 3.00*
For each additional residential unit taking service through the same connection.....	1.25	1.50
For irrigation of grounds planted to lawns, gardens, shrubbery or trees, in excess of the 5,000 square feet included in the residential rate, payable six months of the year (May through October). Per 100 square feet.....	.05	.06
For premises having 1-inch service.....	-	4.50
For premises having 1-1/2-inch service.....	-	7.00
For premises having 2-inch service.....	-	11.00
For premises having 3-inch service.....	-	26.00
For premises having 4-inch service.....	-	50.00

*Limited to a 3/4-inch service connection.

METERED SERVICE

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>	
	<u>Present</u>	<u>Proposed</u>
Next 1,000 cu. ft. or less.....	\$ 2.25	\$ 2.50
Next 3,000 cu. ft., per 100 cu. ft.20	.20
Next 6,000 cu. ft., per 100 cu. ft.15	.15
Over 10,000 cu. ft., per 100 cu. ft.10	.10
<u>Minimum Charge</u>		
For 5/8 x 3/4-inch meter.....	2.25	2.50
For 3/4-inch meter.....	2.75	3.00
For 1-inch meter.....	3.25	3.75
For 1-1/2-inch meter.....	6.00	8.00
For 2-inch meter.....	10.00	10.00
For 3-inch meter.....	15.00	15.00
For 4-inch meter.....	25.00	25.00

The proposed rates would result in a 20 percent increase in charges for flat rate service rendered through 3/4-inch service connections. For flat rate service through larger connections, the increases in charges would vary from 10 percent to 100 percent resulting from the applicants' present practice of charging such customers on the basis of minimum charges for meters of sizes corresponding to those of the service connections.

The proposed rate schedule for metered service would result in an 11 percent increase in charges for 1,000 cubic feet or less of water per month supplied through a 5/8 x 3/4-inch meter, with no increase in the rates for additional quantities of water. The proposed minimum charges for larger meters would result in increases varying between 33 percent and zero.

It has not been applicants' practice to apply the additive rate for irrigated areas. There is no rate on file for service rendered through public fire hydrants and applicants have not requested such a rate, although there are 7 fire hydrants installed in Unit No. 1 and 22 in Unit No. 2.

Summary of Showings of Earnings

In this proceeding evidence was presented by applicants' consulting engineer, who introduced two maps, ^{1/} one to show the certificated portions of applicants' service area and the additional tracts for which a certificate is requested and the other to show the location of the additions to plant proposed to be made during 1958. The substance of his testimony was embodied in a "Statistical Report Showing Results of Operations for Years 1956, 1957 and 1958 at Present and Proposed Rates." ^{2/} Experts of the Commission staff also presented a report ^{3/} showing the results of their independent

^{1/} Exhibits Nos. 2 and 3.

^{2/} Exhibit No. 4.

^{3/} Exhibit No. 5.

included in both years, on a pro forma basis, an amount of \$21,140 for plant additions considered as unrelated to customer growth, whereas applicants' engineer included a somewhat larger amount of \$25,066 for such proposed additions, but only for the year 1958.

For the estimated year 1958, the major differences between the two showings by the applicants' engineer and by the staff are largely explained as follows:

1. Revenues. The somewhat lower operating revenues estimated by the staff, as compared with applicants' estimates, result from the staff's adjustment of recorded revenues for 1957 to reflect the effect of applying the filed flat rate tariffs to those customers from whom applicants had collected meter minimum charges.

2. Maintenance and Operating Expenses. Of the \$3,120 difference between the two estimates of maintenance and operation expenses, a detailed analysis reveals that while the staff's figures for the items of utilities and insurance are somewhat higher than applicants' engineer's figures, they are lower for practically all other items. In particular, the staff's payroll figures totalled approximately \$1,000 less than applicants' and the staff's figures for maintenance and repairs and for transportation were \$800 and \$880, respectively, lower than applicants'. From a review of the staff engineer's testimony, it appears that his allowances for payroll items, including management and supervision and also for transportation expense, are adequate for a water utility of this character and size. However, the staff's allowances for some other items appear to be somewhat low, particularly for maintenance and repairs and for stores expense. Altogether, a total of \$37,500 for all expenses of maintenance and operation, other than depreciation on transportation equipment, is considered reasonable and will be adopted.

3. Taxes. The staff's estimates of taxes other than those based on income are about \$435, or 11 percent, higher than applicants', over half of the difference being in ad valorem and miscellaneous other taxes and \$142 being self-employment tax which applicants' engineer apparently did not include. Taxes on income vary, of course, with the amount of taxable income which, in turn, depends upon the estimated gross revenue and the properly deductible expenses of operation, which accounts for the staff's estimates of income taxes being substantially greater than those of applicants' engineer.

4. Depreciation Expense. While it appears from the record that applicants have been computing depreciation expense utilizing the unit method on the straight-line total life basis, applicants' engineer calculated the annual depreciation accrual for the year 1958 to be \$6,433 by the 5% sinking fund remaining-life method, using an adjusted depreciation reserve of \$37,612 as of December 31, 1957. On the other hand, the staff determined the accrual for the year 1958 by the straight-line remaining-life method, arriving at an amount of \$5,400, using the recorded depreciation reserve of \$53,652 for all depreciable plant, exclusive of transportation equipment, as of December 31, 1957. For reasons explained later, a still different amount for annual depreciation expense has been determined by the staff which will be adopted.

5. Depreciated Rate Base. The staff's rate base is \$11,800 smaller than applicants' which is due to a difference of about \$4,000 in the estimated 1958 additions and a difference of some \$10,300 in the depreciation reserves, which are partially offset by the staff's working cash allowance of \$2,500 for which applicants' engineer allowed nothing. The rate base adopted herein will be developed hereinafter.

Utility Plant and Rate Base

The recorded utility plant as of December 31, 1957 was \$160,893, which amount was used by both applicants' engineer and the staff. Also, the amount of \$10,800 estimated as the cost of the new well and pumping plant was used in both showings.

In estimating the cost of additional mains proposed to be installed in 1958, the same unit prices were used by both engineers for the 4-inch and 6-inch pipe. However, the staff did not include all of the installations shown on the map, Exhibit No. 3, which applicants stipulated at the hearing would be completed by the end of 1958, and which were included in the estimates of applicants' engineer. In addition to the mains to be installed to eliminate the various dead ends and to interconnect pumping plant No. 1 with the new pumping plant, the staff included 300 feet of 4-inch pipe as a replacement in the Wilen Tract. Following is a tabulation of all the additions to plant proposed to be installed in 1958:

PROPOSED PLANT ADDITIONS IN 1958

<u>Classification</u>					<u>Estimated Cost</u>
Lot for Well and Pumping Plant					\$ 2,000.00
Wooden Pump House with Concrete Floor					300.00
Well, 14-inch diameter, approx. 130' deep					2,000.00
Pump, with 40 H.P. Motor					4,000.00
Tank, 5,000-gal., hydropneumatic, on Conc. Found.					2,500.00
Total - Pumping Plant No. 9					<u>\$10,800.00</u>
	<u>Water Mains</u>				
	<u>6-Inch</u>		<u>4-Inch</u>		
	<u>Length</u>	<u>Cost</u>	<u>Length</u>	<u>Cost</u>	
So. Mod. Acres #3	1,676 ft.	\$5,195.60	100 ft.	\$ 265.00	
Olympic			1,123 "	2,975.95	
Woodman			305 "	808.25	
Fremont Grove	650 "	2,015.00	118 "	312.70	
Ben Don	677 "	2,098.70	130 "	344.50	
Wilen			300 "	795.00	
Total	<u>3,003 "</u>	<u>\$9,309.30</u>	<u>2,076 "</u>	<u>\$5,501.40</u>	\$14,810.00
Wilen				Retirement	(250.00)
Services, ten 3/4-inch @ \$30.00					<u>300.00</u>
Total Net Additions					<u>\$25,660.00</u>

(Red Figure)

Because of the manner in which the applicants have accounted for depreciation of plant, beginning with the initial entry of \$10,677 for the depreciation reserve as of December 31, 1948, and subsequent accruals, the record clearly indicates that the ratio of the reserve for depreciation as of December 31, 1957 in relation to total utility plant at that date is comparatively high for a water utility of this character and age; in other words, depreciation has been over-accrued as recorded on applicants' books. As a basis for adjusting the reserve to a more realistic amount, the staff determined such a depreciation reserve adjustment based on the straight-line remaining-life method for all plant installed by years, from 1941 to the end of 1957,^{4/} the results of which are as follows:

<u>Description</u>	<u>Transportation Equipment</u>	<u>All Other Plant</u>	<u>Total Plant</u>
Recorded Reserve, December 31, 1957	\$5,723	\$53,652	\$59,375
Reserve Requirement, January 1, 1958	<u>1,957</u>	<u>42,852</u>	<u>44,809</u>
Reserve Adjustment, January 1, 1958	\$3,766	\$10,800	\$14,566

Using the adjusted depreciation reserve requirement above, page 4 of Exhibit No. 6 shows the following annual depreciation determinations by the straight-line remaining-life method for the estimated year 1958:

Depreciation Accrual Chargeable to Expense	\$6,317
Depreciation Accrual Chargeable to Ac. 903	<u>806</u>
Depreciation Accrual, Total	\$7,123

The following tabulation shows the major components of the weighted average rate bases for the year 1958 as developed by applicants' engineer and by the Commission staff and the rate base at the end of the year 1958 adopted herein as reasonable for the purpose of this proceeding, particularly to test the reasonableness of applicants' rate proposal.

4/ Late-filed Exhibit No. 6, 4 pages.

RATE BASE FOR YEAR 1958 ESTIMATED

<u>Item</u>	<u>Applicant Exh. No. 4</u>	<u>Staff Exh. No. 5</u>	<u>Adopted</u>
Recorded Utility Plant 1-31-57	\$160,893	\$160,893	\$160,893
Net Additions in 1958	25,066	21,040	25,660
Materials and Supplies	2,700	2,700	2,700
Working Cash Allowance	-	2,500	2,500
Subtotal	<u>188,659</u>	<u>187,133</u>	<u>191,753</u>
<u>Deductions</u>			
Advances for Construction	4,300	4,300	3,965
Depreciation Reserve	45,793	56,100	51,857
Total Deductions	<u>50,093</u>	<u>60,400</u>	<u>55,822</u>
Depreciated Rate Base	138,566	126,733	135,931
Use	138,600	126,800	135,900

From a careful review of all the evidence, we find that the following tabulation reasonably indicates the results of applicants' operations during the year 1958 as estimated at present rates and at the rates proposed by applicants, and prospectively for a future 12 months' operations at the rates hereinafter authorized.

RESULTS OF OPERATIONS

<u>Item</u>	<u>Estimated Year 1958</u>		<u>Future Year Authorized Rates</u>
	<u>Present Rates</u>	<u>Proposed Rates</u>	
Operating Revenues	\$ 51,400	\$ 62,900	\$ 60,800
<u>Expenses</u>			
Maintenance and Operation	38,300	38,300	38,300
Taxes Other Than Income	4,300	4,390	4,370
Taxes on Income	100	3,460	2,680
Depreciation	6,300	6,300	6,300
Total	<u>49,000</u>	<u>52,450</u>	<u>51,650</u>
Net Revenue	2,400	10,450	9,150
Depreciated Rate Base	138,600	138,600	135,900
Rate of Return	1.73%	7.5%	6.7%

Recommendations

The staff made certain recommendations pertaining to depreciation accounting practices and the filing of up-to-date maps, revised rules and samples of current forms normally used in connection with customer service. The order herein will require applicants to carry out these recommendations.

The staff further recommended that the additive rate based on irrigated area be discontinued since applicants have not made use of it in the past and it is difficult to administer. Another recommendation was that whatever additive rate is authorized for additional residential units taking service through a single service connection should be made consistent with the rates for service through larger-size connections.

Miscellaneous

The evidence shows that applicants are very desirous of continuing their operations on a wholly flat rate basis, with a schedule of rates for such service applicable to all customers. To that end they requested that the special condition pertaining to that schedule be revised to give the utility the sole option as to installing meters. A filed schedule for metered service is desired only for use where a flat rate cannot be applied equitably and as a means of discouraging wasteful practices and careless use of water.

The record in this proceeding discloses that there are now 29 4-inch wharf type fire hydrants connected to the mains, of which 7 are located in Unit No. 1 within the limits of the City of Modesto and 22 are located in Unit No. 2 in the unincorporated territory, from which no revenue is received. Also the record discloses that the City of Modesto is asking that more hydrants be installed on applicants' system. It is therefore apparent that there is a demand for such service and a rate, or rates, should be filed providing for compensation for the service rendered thereby. The order which follows will require applicants to file an appropriate schedule, or schedules, for fire protection service rendered by public fire hydrants.

There are presently some 137 customers being served through $\frac{1}{2}$ -inch service connections, most of which were installed under wartime conditions, when larger pipe was unavailable either to the utility or to the customer. It is applicants' policy and practice to replace these $\frac{1}{2}$ -inch services with $\frac{3}{4}$ -inch or larger pipe whenever the customer replaces his own $\frac{1}{2}$ -inch piping from the service connection to the house with pipe of larger diameter. In order to render entirely adequate service, applicants should accelerate this program as fast as may be consistent with existing conditions.

Findings and Conclusions

The Commission finds that public convenience and necessity require (1) the construction, operation and maintenance of public utility water systems by applicants in certain additional tracts of land hereinbefore described, some of which are inside the corporate limits of the City of Modesto and others of which are outside thereof in unincorporated territory in Stanislaus County, said tracts being contiguous to those heretofore certificated to be served with water by applicants in areas known as Unit No. 1 located within the northwestern section of the City of Modesto and as Unit No. 2 located about $1\frac{1}{2}$ miles south of the Modesto city limits, all as delineated on the map received as Exhibit No. 2 in this proceeding; and (2) the exercise of the franchise to operate a water system within the City of Modesto granted to said applicants by Ordinance No. 230-C.S. adopted by said city, a copy of which is attached as Exhibit "H" to the amendment to the application herein.

The certificate of public convenience and necessity issued herein is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of the franchise involved herein or this certificate of public convenience and necessity

or the right to own, operate or enjoy such franchise or certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the issuance of such franchise, certificate of public convenience and necessity or right.

The Commission finds and concludes that the estimates of operating revenues, expenses, including taxes and depreciation, and the rate bases as revised herein for the year 1958 and as developed for a future year are reasonable and they will be and hereby are adopted for the purpose of this proceeding.

The evidence demonstrates that applicants are in need of and entitled to increased revenue. The revenues which applicants' proposed rates will produce, however, are greater than, and the resulting rate of return on applicants' investment is in excess of, those which are reasonable.

As indicated by a foregoing tabulation, the rates hereinafter authorized are expected to produce total revenues of about \$60,800 from the service rendered in both units of applicants' operations, or an increase of approximately \$9,400 or 18.3 percent more than those estimated to be obtainable from rates presently in effect. After due allowance of all reasonable amounts for operating expenses, taxes and depreciation totaling \$51,650, the resulting net income of \$9,150 represents a rate of return of 6.7 percent on the depreciated rate base of \$135,900. We find and conclude that such results of operation are fair and reasonable for this water utility.

The Commission finds as a fact that the increases in rates and charges authorized herein are justified and that the present rates insofar as they differ from those herein prescribed are for the future unjust and unreasonable.

Inasmuch as extensive proposed improvements and additions to plant, as proposed by applicants, have been included in the rate base hereinabove adopted, the order herein will require their installation within the immediate future.

O R D E R

The above entitled application having been considered, a public hearing having been held, the Commission having been fully informed thereon, the matter having been submitted and being now ready for decision,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be, and it is, granted to George I. and Gladys N. Bumgardner, husband and wife, doing business as a copartnership under the name of George Bumgardner Water Company, (1) to construct, operate and maintain public utility water systems for the distribution and sale of water in Fremont Grove Tract, Ben Don Village and Davis Tract in applicants' operating Unit No. 1 located within the northwestern section of the City of Modesto and in South Modesto Acres and Caruso Tract in applicants' operating Unit No. 2 in unincorporated territory located about 1½ miles south of the Modesto city limits, all in Stanislaus County and as delineated on Exhibit No. 2 received in this proceeding; and (2) to exercise the franchise to operate a water system within the City of Modesto granted to said applicants by Ordinance No. 230-C.S. adopted by the Council of the City of Modesto, effective March 27, 1958, a copy of which is attached as Exhibit "H" to the amendment to the application herein.

IT IS FURTHER ORDERED as follows:

1. Applicants are 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 this Commission and to the public, to make such rates effective for all service rendered on and after September 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 acceptable to the Commission 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 500 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, including those herein ordered to be installed and placed in operation.

4. Beginning with the year 1958, applicants shall determine the accruals for depreciation by dividing the original cost of utility plant less estimated future net salvage less depreciation reserve by the estimated remaining life of the plant; applicants shall review the accruals when major changes in utility plant composition occur and for each plant account at intervals of not more than three years. Results of these reviews shall be submitted to the Commission.

5. Within one hundred and fifty days after the effective date of this order, applicants shall have installed and placed in operation the pumping plant designated as No. 9, with its adjuncts, and the water mains approximately of the lengths shown in the tabulation included in the foregoing opinion and entitled "Proposed Plant Additions in 1958", all such facilities to be not less in size and capacity than as indicated in said tabulation. Beginning in August, 1958, on the fifteenth day of each month, applicants shall report to the Commission in writing as to the progress of making the installations herein ordered, such reports to continue until all said installations shall have been placed in operation.

6. Within one hundred and eighty days after the effective date of this order, applicants shall file in quadruplicate with this Commission and in conformity with the provisions of General Order No. 96, a schedule, or schedules, of rates providing for public fire hydrant service rendered both within the City of Modesto and in unincorporated territory in Stanislaus County.

7. Applicants are authorized to adjust their books so as to reflect the depreciation reserve adjustments as of January 1, 1958, totaling \$14,566, substantially as indicated in Exhibit No. 6 received in this proceeding. Before distributing such adjustments to the various accounts, applicants shall file with this Commission for review the proposed journal entries to accomplish such adjustments.

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

Dated at San Francisco, California, this 15th day of July, 1958.

E. Lyn Fox
President
Ray G. McCrewe

Matthew J. Dooley
Commissioner ~~S. Theodore H. Jenner~~, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

A portion of the northwesterly section of the City of Modesto and certain unincorporated territory approximately 1½ miles south of the south limits of Modesto, and vicinity, Stanislaus County.

RATES

Per Meter
Per Month

Quantity Rates:

First 1,000 cu.ft. or less	\$ 2.50
Next 3,000 cu.ft., per 100 cu. ft.20
Next 6,000 cu.ft., per 100 cu. ft.15
Over 10,000 cu.ft., per 100 cu. ft.10

Minimum Charge:

For 5/8 x 3/4-inch meter	2.50
For 3/4-inch meter	3.00
For 1-inch meter	3.75
For 1½-inch meter	8.00
For 2-inch meter	10.00
For 3-inch meter	15.00
For 4-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.

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Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

A portion of the northwesterly section of the City of Modesto and certain unincorporated territory approximately 1½ miles south of the south limits of Modesto, and vicinity, Stanislaus County.

RATES

	<u>Per Service Connection</u> <u>Per Month</u>
1. For the first single family residential unit on a single lot, when served from:	
3/4-inch, or existing 1/2-inch, service connection	\$2.90
1-inch service connection	4.50
a. For each additional single family residential unit on the same premises and served from the same service connection	1.45
2. For each business establishment, other than a motel, when served from:	
3/4-inch service connection	3.00
1-inch service connection	4.50
1½-inch service connection	7.00
a. Additional for each single family residential unit on the same premises and served from the same service connection	1.45
3. For each motel, including office, central bath and utility rooms and premises	6.00
a. Additional for each occupancy unit75

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Schedule No. 2

GENERAL FLAT RATE SERVICE

(Continued)

<u>RATES</u>	<u>Per Service Connection</u> <u>Per Month</u>
4. For each church, including premises	\$ 7.00
5. For each municipally owned park	12.00
6. For each public school, including premises	35.00
7. For each lot used for the cultivation of gardens, lawns, trees or shrubbery, for the six-month period, April through September	3.00

SPECIAL CONDITION

Meters may be installed at option of utility only for above classifications in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service.