

**ORIGINAL**Decision No. 57177

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  
 its Rates and Charges for its Water  
 System serving the area known as Boulder  
 Creek, Ben Lomond, Brookdale, of Santa  
 Cruz County.

Application No. 39674

Graham, James & Rolph, by Boris H. Lakusta,  
 for applicant.

Kirkbride, Wilson, Harzfeld & Wallace, by  
Peggy L. McElligott, for San Lorenzo  
 Valley County Water District, interested  
 party.

San Lorenzo Valley Chamber of Commerce,  
 San Lorenzo Valley Property Owners'  
 Association, Ben Lomond Recreation  
 District and Boulder Creek Recreation  
 District, by Alice Earl Wilder, interested  
 parties.

H. J. McCarthy, John F. Donovan and John R.  
Gillanders, for the Commission staff.

O P I N I O N

The above entitled application was filed December 27, 1957 and amendments thereto were filed January 6 and March 17, 1958. By this application as amended, Citizens Utilities Company of California, a corporation, seeks an order of this Commission authorizing an increase in rates for water service rendered in its Boulder Creek District embracing the communities of Boulder Creek, Ben Lomond and Brookdale in Santa Cruz County.

Public Hearing

After due notice a public hearing was held before Examiner E. Ronald Foster at Boulder Creek on May 26 and 27, 1958. A number of local residents, including customers of the utility, attended the hearing and a few of them testified in regard to the rate schedules available to various classes of water users.

Witnesses on behalf of applicant presented oral testimony and supporting exhibits respecting nearly all phases of applicant's Boulder Creek District operations and also concerning applicant's water department operations in California, as well as applicant's relations with its parent corporation. Witnesses for the Commission staff also presented evidence, both oral and documentary, concerning the results of their independent studies and analyses of applicant's operations, both in general and the Boulder Creek District in particular.

Subject to the later filing of two exhibits, the latter of which was received by the Commission on June 13, 1958, the matter was submitted and is now ready for decision.

Applicant's Request

Basically, applicant requests the Commission to establish rates for water service which will enable applicant to realize a 7.5 percent rate of return on its rate base. To yield such a return, applicant proposes rates estimated to produce annual gross revenues of \$162,022 based upon the anticipated level of business during 1958, an increase of \$65,022, or 67 percent, more than the \$97,000 gross revenue estimated as obtainable for that year at the rates presently in effect.

In the second amendment to the application, applicant states that a part of the requested increase in revenues is made necessary by the anticipated expenditure of an amount of \$40,000 to be amortized over a five-year period commencing with the year 1958, in order to properly prepare its position and defend an action instituted by the San Lorenzo Valley County Water District. In Application No. 39637 filed on December 16, 1957, the said district petitioned the Commission to fix the just compensation to be paid for the applicant's Boulder Creek water system.

Applicant also requests authority to revise Section A of its Rule and Regulation No. 7 pertaining to the amount of deposit required to establish credit for metered service. Applicant claims that the present rule does not provide adequate protection against uncollectible bills and proposes that the amount of deposit required for domestic service be twice the monthly minimum charge for the size of the meter serving the premises and for all other service an amount equal to twice the estimated average monthly bill, but not less than \$10.00.

Rates, Present and Proposed

The presently filed rates were authorized by the Commission's Decision No. 50652 dated October 13, 1954, in Application No. 33581, as amended, and have been in effect since January 1, 1955. The following comparative tabulation summarizes the present rates and those proposed by applicant as set forth in various appendices to its original application and second amendment thereto:

	Per Meter		
	Present Rates	Proposed Rates	Increase Percent
<u>Monthly Quantity Rates:</u>			
First 500 cu. ft. or less		Included in Annual Minimum Chg.	
Next 1,500 cu. ft., per 100 cu. ft.	\$ 0.45	\$ 0.75	66.7%
Next 2,000 cu. ft., per 100 cu. ft.	.37	.60	62.2
Next 3,000 cu. ft., per 100 cu. ft.	.31	.50	61.3
Next 5,000 cu. ft., per 100 cu. ft.	.26	.43	65.4
Over 12,000 cu. ft., per 100 cu. ft.	.18	.30	66.7
<u>Annual Minimum Charge, General Schedule:</u>			
For 5/8 x 3/4-inch meter	31.20	54.00	73.1
For 3/4-inch meter	44.00	75.00	70.5
For 1-inch meter	56.00	95.00	69.6
For 1 1/2-inch meter	100.00	170.00	70.0
For 2-inch meter	150.00	250.00	66.7
<u>Annual Minimum Charge, Seasonal Schedule (ten consecutive months):</u>			
For 5/8 x 3/4-inch meter	26.00	45.00	73.1
For 3/4-inch meter	36.00	62.50	73.6
For 1-inch meter	47.00	80.00	70.2
For 1 1/2-inch meter	83.00	140.00	68.7
For 2-inch meter	125.00	210.00	68.0
<u>Public Fire Hydrant Service:</u>			
	Per Hydrant Per Month		
On mains 4" dia. or larger	1.50	2.45	63.3
On mains less than 4" dia.	.50	.80	60.0

The next tabulation provides a comparison of the additional charges for various usages greater than the quantity included with the annual or seasonal minimum charge, computed on a bimonthly basis and assuming service through a 5/8 x 3/4-inch meter:

<u>Bimonthly Consumption</u>	<u>Additional Bimonthly Charge Per Meter</u>		
	<u>: Present</u>	<u>: Proposed</u>	<u>: Increase</u>
	<u>: Rates</u>	<u>: Rates</u>	<u>: Percent</u>
	<u>Included in Minimum Charge</u>		
1,000 cu. ft.	\$ 0.45	\$ 0.75	66.7%
1,100 cu. ft.	1.35	2.25	66.7
1,300 cu. ft.	2.25	3.75	66.7
1,500 cu. ft.	4.50	7.50	66.7
2,000 cu. ft.	9.00	15.00	66.7
3,000 cu. ft.	17.20	28.50	65.7
5,000 cu. ft.	34.50	56.50	63.8
10,000 cu. ft.	49.50	80.80	63.2

In its late-filed Exhibit No. 5, applicant has suggested a single schedule for all general metered service which incorporates the basic features of the proposed rates and charges of the seasonal schedule but makes it applicable to service rendered for more than ten consecutive months of the calendar year and also provides for bimonthly billing.

#### Summary of Showings

The respective showings of applicant and the Commission staff are compared in the following tabulation extracted from Exhibits No. 2 and No. 4 in this proceeding:

SUMMARY OF EARNINGS  
YEAR 1957 RECORDED, ADJUSTED AND ESTIMATED

Item	Present Rates				Estimated Proposed Rates CPUC Staff
	Recorded		Adjusted		
	Applicant	CPUC Staff	Applicant	CPUC Staff	
Operating Revenues	\$93,573	\$93,573	\$ 93,573	\$ 93,570	\$159,990
Operating Expenses					
Other than Depr. & Taxes	33,963	33,963	35,548	34,870	34,870
Depreciation	16,148	19,060*	15,989	15,529	15,529
Taxes - General	10,518	10,524*	10,557	10,540	10,540
Income Taxes:					
(S.L. Tax Depreciation)	14,485	10,557*	13,695	10,170	45,990
(Accel. Tax Depr.)	-	-	-	6,590	42,410
Total Operating Expenses:					
(S.L. Tax Depreciation)	75,114	74,104	75,789	71,109	106,929
(Accel. Tax Depr.)	-	-	-	67,529	103,349
Net Revenue:					
(S.L. Tax Depreciation)	18,459	19,469	17,784	22,461	53,061
(Accel. Tax Depr.)	-	-	-	26,041	56,641
Rate Base (Depreciated)	475,602	-	475,681	512,600	512,600
Rate of Return:					
(S.L. Tax Depreciation)	3.88%	-	3.74%	4.38%	10.35%
(Accel. Tax Depr.)	-	-	-	5.08%	11.05%

\* From Exhibit No. 3, Chapter 4, Table 4-B.

YEAR 1958 ESTIMATED

Item	Present Rates		Proposed Rates	
	Applicant	CPUC Staff	Applicant	CPUC Staff
Operating Revenues	\$ 97,000	\$ 97,030	\$162,022	\$165,910
Operating Expenses				
Supply, Power & Purif.	4,040	5,550	4,040	5,550
Transmission & Distrib.	8,770	8,400	8,770	8,400
Accounting, Coll. & Prom.	8,065	9,000	8,532	9,000
Admin., Gen'l. & Misc.	27,860	13,410	27,860	13,410
Subtotal	48,735	36,360	49,202	36,360
Depreciation	18,607	17,016	18,607	17,016
Taxes - General	11,302	11,810	11,302	11,810
Income Taxes:				
(S.L. Tax Depreciation)	6,370	9,270	41,178	46,420
(Accel. Tax Depreciation)	-	5,250	-	42,390
Total Operating Expenses:				
(S.L. Tax Depreciation)	85,014	74,456	120,289	111,606
(Accel. Tax Depreciation)	-	70,436	-	107,576
Net Revenue:				
(S.L. Tax Depreciation)	11,986	22,574	41,733	54,304
(Accel. Tax Depreciation)	-	26,594	-	58,334
Rate Base (Depreciated)	545,695	557,400	545,695	557,400
Rate of Return:				
(S.L. Tax Depreciation)	2.20%	4.05%	7.65%	9.74%
(Accel. Tax Depreciation)	-	4.77%	-	10.47%

1. Income Tax Depreciation

In the foregoing tabulation, both the applicant's and the staff's estimates of operating expenses, net revenues and rates of return reflect income taxes based on the assumption of straight-line depreciation. The staff has also estimated these items to reflect applicant's actual basis of taxes on income.

Beginning with the year 1954, applicant has taken advantage of accelerated depreciation permitted by the provisions of Section 167 of the Internal Revenue Code. Applicant's witness testified, however, that applicant would abandon its past practice in this respect and return to the method of calculating depreciation expense on the straight-line basis if the Commission intended to render its decision herein on a basis by which the applicant would gain no advantage from such acceleration.

In support of its testimony, applicant presented Exhibit No. 7 which is a commitment respecting accelerated depreciation. Applicant declares that if the Commission determines in this proceeding that the tax deferral resulting from the use of accelerated depreciation in the calculation of federal income taxes should flow through into earnings for rate-making purposes, then applicant commits itself for the property involved in this application to elect and use the straight-line method of depreciation for income tax purposes.

In view of this commitment, therefore, we shall calculate applicant's income tax expense on the basis of straight-line depreciation. This anticipates that applicant will make suitable application to the United States Internal Revenue Service for permission to revert from the basis of accelerated depreciation to straight-line depreciation and that the necessary approval will be obtained. It is understood that applicant has not yet filed its federal income tax return for the calendar year 1957. Should

applicant, for any reason and despite this decision, continue to claim accelerated depreciation in its tax returns for the test years 1957 and 1958 or any future year before a final decision on the general issue of accelerated depreciation is rendered by the Commission, applicant will be expected to so report immediately to the Commission, whereupon the Commission reserves the right to reopen this proceeding to adjust the rates herein authorized in such manner as it may find to be appropriate.

Applicant also introduced Exhibit No. 8 which is a further commitment respecting certain deductions which for accounting and rate-making purposes have been capitalized, or charged to the depreciation reserve account, but which have been taken as an expense item (deduction) for federal income tax purposes. In the current proceeding, the staff has followed applicant's past practice in taking the deductions itemized in this commitment. In the event that applicant actually changes its practice by not taking such deductions, the Commission will give due consideration thereto in connection with any later proceedings.

There are other substantial differences shown in the summary of earnings as presented by the applicant and by the staff for the estimated year 1958, which will be discussed under the following headings.

## 2. Revenues

It may be noted that the two estimates of revenues at present rates are practically identical, while at proposed rates the staff's estimate is \$3,900 higher than applicant's. It is apparent that the applicant determined revenues at proposed rates by increasing those estimated at present rates by the 67% estimated as necessary in order to obtain the desired 7½% rate of return. On the other hand,

the staff applied the proposed rates to the water use tables and thus arrived at estimated revenues which are considered more exact.

Inspection of the percentage increases shown in the tabulation of present and proposed rates indicates that the over-all increase of 71% developed by the staff is more nearly correct than the 67% used by the applicant.

### 3. Expenses

In the first three groups of operating expenses, the staff's total is about \$1,600 greater than applicant's due to some differences in the distribution of certain items of expense. However, the staff's estimate of administrative, general, and miscellaneous expenses is \$14,500 less than applicant's. A large portion of this difference is the item of \$8,000 used by applicant to amortize, over a five-year period, engineering and legal fees anticipated to be incurred in connection with the petition<sup>1/</sup> of the San Lorenzo Valley County Water District to fix the just compensation to be paid by said district for applicant's Boulder Creek properties. The staff did not include this, or any other amount, for such purposes in its estimates of applicant's operating expenses. The staff also disallowed additional amounts included by applicant representing the cost of the rehearing of the 1953 rate increase proceeding, the cost of appealing that proceeding to the Supreme Court, and the cost of opposing the bond election in 1955, all involving the Boulder Creek District. The exclusion of these items is considered fitting and proper in the present proceeding for the same reasons expressed in the Commission's Decision No. 56345 pertaining to applicant's North Sacramento District.<sup>2/</sup>

Another small portion of the difference results from the variation in the methods of allocating a number of classifications

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1/ Application No. 39637

2/ Application No. 38663



of expense between the various phases of applicant's over-all operations. Applicant made use of a four-factor method, one of which factors is the number of employees. The staff also used four factors, three of which closely agreed with those used by applicant, but instead of using the number of employees as the fourth factor the staff used recorded payroll amounts for the purpose of giving weight to the number of man-hours expended in the service of the various interrelated corporations, departments, districts, and affiliates of applicant. The resulting allocation percentage determined by the applicant was 5.41% as compared with the staff's determination of 5.37%.

#### 4. Depreciation

The staff's estimate of depreciation is some \$1,600 less than applicant's, due largely to the use of somewhat longer remaining lives for certain classifications of utility plant, which effect is partly offset by the fact that the staff calculated depreciation on the proposed new reservoir for the entire year, while the applicant calculated depreciation on this reservoir for only half of the year.

#### 5. Taxes

The two estimates of taxes, other than those based on income, are in close agreement. Taxes on income vary, of course, with the amount of taxable income which, in turn, depends upon the estimated gross revenue and the allowable deductions. This accounts for the staff's estimate of income taxes, using straight-line depreciation, being approximately \$5,240 greater than applicant's.

#### 6. Rate Base

Both applicant and staff used the total amount of \$114,400 as the estimated cost of facilities planned to be installed during 1958, which include a 5-million-gallon reservoir estimated to cost \$60,000. The evidence shows that all of these facilities will have

been installed and put into operation by the end of 1958, with the possible exception of a well which requires further exploration.

The difference of \$11,700 between the two estimates of depreciated rate base is largely due to the methods of weighting the cost of the items of plant involved in the 1958 construction program. The staff gave the reservoir a full year's weighting while the applicant gave it a half year's weighting, the effect of which is partially offset by the fact that the staff weighted the other installations on the basis of estimated completion in August and September, while the applicant also gave those items a half year's weighting.

#### Customer Participation

Several customers testified to their dissatisfaction with the manner in which applicant administers its filed rate schedules and the misunderstandings or lack of understanding resulting from the bills rendered for water service under the several schedules. In particular, these witnesses complained of the applicant's practice of continuing to bill established residents in advance for the entire annual minimum charge instead of more universal application of the special condition whereby such customer may elect to pay the annual minimum charge on a monthly basis.

It should be noted that no customer complained concerning the quality of water service. This indicates that the installations heretofore ordered by the Commission, supplemented by efforts of the applicant's personnel, have resulted in substantial improvements in service.

#### Proposed Rate Schedule

In an endeavor to eliminate the dissatisfaction expressed by the customers at the hearing and the apparent confusion caused by the optional annual and seasonal minimum charges, applicant has

submitted its late-filed Exhibit No. 5 wherein certain changes are suggested to be incorporated in the rate schedules. Applicant now proposes a single schedule for metered service with an annual minimum charge payable January 1 in advance covering service during a ten-month period, with charges for water used in excess of the allowance under the annual minimum charge and for the remaining two months' service, if utilized, to be billed on a bimonthly basis. Applicant represents that such a schedule would effect a cancellation of:

Schedule No. 2 - Seasonal Metered Service  
Rule No. 5-C - Deposit Receipts  
Rule No. 6 - Establishment and Re-establishment  
of Credit  
Rule No. 7 - Deposits  
Sheet No. 32-W - Form No. 2, "Cash Deposits Receipt"

The proposed schedule deprives the seasonal customer of the selection of the particular ten consecutive months in which he wishes to receive service. With respect to permanent customers it is apparent that the customers are not properly advised of the option to pay water bills at regular intervals throughout the year. The two distinct metered service schedules will be continued. The utility, when billing permanent customers, should advise each such customer as to whether or not he has qualified to pay the minimum annual charge on a bimonthly basis.

Amount of Deposit to Establish Credit

Applicant has also requested authority to increase the amount to establish credit as provided in Section A of its Rule and Regulation No. 7 now on file. Under the existing and proposed rate schedules which provide for annual or seasonal minimum charges to be paid in advance, it was admitted that there is little or no occasion to apply the rule at all. The same will be true for the rate schedules to be authorized hereinafter. In any event, the currently filed rules

appear to be adequate to protect applicant against any unusual amount of uncollectible bills and no change in rules will be authorized at this time.

Findings and Conclusions

In view of all of the evidence as discussed hereinabove, the Commission finds and concludes that the staff's estimates of operating revenues, expenses, including taxes and depreciation, and the rate base for the year 1958 are reasonable and they will be, and hereby are, adopted for the purpose of this proceeding.

The evidence demonstrates that applicant is in need of, and entitled to, increased revenue. However, the revenues which applicant's proposed rates will produce are greater than, and the resulting rate of return on applicant's investment is in excess of, those which are reasonable. Applicant's proposed rates will not be authorized.

Applicant claims, and offered considerable testimony, that it is essential that it earn a rate of return of 7½%. Much of the testimony concerned substantial amounts expended by applicant during recent years in improving the water supply, storage and distribution facilities. The fact that no service protest was registered at the hearing demonstrates that applicant has improved service to its customers in this district. We are aware of the changes in economic conditions and of the increases in interest levels which have taken place since water rates for this district were last established in 1954.

The Commission has considered all factors and is of the opinion that applicant should be accorded the opportunity to earn a rate of return, on the hereinabove adopted depreciated rate base of \$557,400, of 6.5% based upon the level of business estimated to prevail in the test year 1958. We find said rate of return of 6.5% to be fair and reasonable for this district

of applicant's operations. It follows, therefore, that applicant should be authorized to file increased rates for water service rendered in this district estimated to produce net revenues of \$36,250. To make allowance for operating expenses, depreciation and taxes, including those on income based on straight-line depreciation, gross revenues of about \$126,730 will be required, an increase of \$29,700, or 30.5%, over those estimated to be obtainable at present rates. The rates herein authorized are designed to produce such results and 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.

O R D E R

Citizens Utilities Company of California, a corporation, having applied to this Commission for an order authorizing increases in rates and charges for water services rendered to customers in its Boulder Creek District, a public hearing having been held, the Commission having been fully informed thereon, the matter 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 that:

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 Appendix A and, on not less than five days' notice to this Commission and to the public, to make such rates effective for all such services rendered on and after September 1, 1958.

2. Applicant shall forthwith file an appropriate application with the Internal Revenue Service of the United States Treasury Department requesting permission to change the method of accounting for depreciation of the properties in its Boulder Creek District from the sum-of-the-years digits method to the straight-line method for the calendar year 1958 and subsequent years for plant on which it has claimed accelerated depreciation on the sum-of-the-years digits method in the years since December 31, 1953. Applicant shall inform the Commission in writing within ten days after permission has been given by the said Treasury Department, including all pertinent details pertaining to the action taken by the Treasury Department. In the event that the requested permission is refused or has not been granted by December 1, 1958, applicant shall so inform the Commission in writing within ten days after such refusal and in no event later than December 10, 1958, stating what steps have been taken by applicant and the reasons given for any denial of the application made to the Treasury Department.

3. Should applicant elect to take accelerated depreciation for the year 1958 or any future year, it shall immediately report such election to the Commission, and the Commission will promptly move to adjust the rates herein authorized in such manner as it may then find to be appropriate.

4. Beginning with the year 1958, applicant 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; applicant 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. Applicant shall, within sixty days after the effective date of this order, file four copies of a comprehensive map 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.

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

Dated at San Francisco, California, this 14th day of August, 1958.

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

Commissioners

Commissioner...Theodoro H. Jenner, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
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## Schedule No. BC-1

Boulder Creek Tariff AreaANNUAL GENERAL METERED SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated area including the communities of Boulder Creek, Brookdale and Ben Lomond and vicinity, Santa Cruz County.

RATES

## Monthly Quantity Rates:

	<u>Per Meter</u> <u>Per Month</u>
First 500 cu.ft. or less .....	\$ 3.50
Next 1,500 cu.ft., per 100 cu.ft. ....	.55
Next 2,000 cu.ft., per 100 cu.ft. ....	.45
Next 3,000 cu.ft., per 100 cu.ft. ....	.40
Next 5,000 cu.ft., per 100 cu.ft. ....	.35
Over 12,000 cu.ft., per 100 cu.ft. ....	.25

## Annual Minimum Charge:

	<u>Per Meter</u> <u>Per Year</u>
For 5/8 x 3/4-inch meter .....	\$ 42.00
For 3/4-inch meter .....	60.00
For 1-inch meter .....	96.00
For 1 1/2-inch meter .....	168.00
For 2-inch meter .....	252.00

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 annual minimum charge applies to service during the 12-month period commencing January 1, and is due in advance.



Schedule No. BC-1

Boulder Creek Tariff Area

ANNUAL GENERAL METERED SERVICE

SPECIAL CONDITIONS (CONTD)

2. A customer who has established his permanency by having paid for service at the same location for each of the preceding 12 months may elect to pay the annual minimum charge on a bimonthly basis equal to one-sixth of the annual minimum charge.

3. The charge for water used in excess of the quantity allowed each month for the annual minimum charge will be billed bimonthly on a noncumulative monthly consumption basis.

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Schedule No. BC-1S

Boulder Creek Tariff Area

SEASONAL METERED SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area including the communities of Boulder Creek, Brookdale and Ben Lomond and vicinity, Santa Cruz County.

RATES

Monthly Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>
First 500 cu.ft. or less, included in Seasonal Minimum Charge		
Next 1,500 cu.ft., per 100 cu.ft. ....		\$ .55
Next 2,000 cu.ft., per 100 cu.ft. ....		.45
Next 3,000 cu.ft., per 100 cu.ft. ....		.40
Next 5,000 cu.ft., per 100 cu.ft. ....		.35
Over 12,000 cu.ft., per 100 cu.ft. ....		.25
Seasonal Minimum Charge:		<u>Quantity Allowed</u> <u>per month for</u> <u>Minimum Charge</u>
For 5/8 x 3/4-inch meter .....	\$ 35.00	500 cu.ft.
For 3/4-inch meter .....	50.00	800 cu.ft.
For 1-inch meter .....	80.00	1,300 cu.ft.
For 1 1/2-inch meter .....	140.00	2,500 cu.ft.
For 2-inch meter .....	210.00	4,000 cu.ft.

SPECIAL CONDITIONS

1. The seasonal minimum charge applies to service during ten consecutive months of the calendar year and is due in advance on January 1. The seasonal charge is for the period January through October; however, a customer may elect to take service during the ten consecutive months commencing February 1 or March 1 by giving notice to the company prior to January 1, stating the period for which service is desired.

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Schedule No. BC-1S

Boulder Creek Tariff Area

SEASONAL METERED SERVICE

SPECIAL CONDITIONS (CONTD)

2. The charge for water used in excess of the quantity allowed each month for the seasonal minimum charge will be billed bimonthly on a noncumulative monthly consumption basis.

3. A customer, having paid the seasonal minimum charge, may obtain service during the other two months of the same calendar year upon payment of a monthly minimum charge equal to one-tenth of the seasonal minimum charge for each such month service is desired. All water used in excess of this monthly minimum will be billed at Monthly Quantity Rates.

4. For initial service the seasonal minimum charge will be prorated on the basis of the ratio of the number of months remaining in the calendar year to the seasonal period of ten months.

Schedule No. BC-5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area including the communities of Boulder Creek, Brookdale and Ben Lomond and vicinity, Santa Cruz County.

RATES

	<u>Per Hydrant Per Month</u>
Attached to mains less than 4 inches in diameter .....	\$ 0.60
Attached to mains 4 inches in diameter or larger .....	2.00

SPECIAL CONDITIONS

1. The cost of installing and maintenance of hydrants will be borne by the fire protection agency.
2. For water delivered for other than fire protection purposes, charges will be made at quantity rates under the applicable metered service schedule.
3. The utility will supply only such water at such pressure as may be available from time to time as the results of its normal operation of the system.
4. Relocation of any hydrant shall be at the expense of the party requesting relocation.