

ORIGINAL

Decision No. 57293

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of STINSON BEACH WATER COMPANY,)
a corporation, for an increase)
in rates.)

Application No. 39391

Commission investigation on it)
own motion into the operations,)
rates, charges, service, con-)
tracts, affiliated interests,)
and practices of GEORGE P.)
LEONARD.)

Case No. 5998

Vaughn, Paul & Lyons by John G. Lyons, for Stinson Beach Water Company, applicant in Application No. 39391, and George P. Leonard, respondent in Case No. 5998.
C. J. Green and A. A. Eustis, for Progressive Club, and C. J. Green, for Stinson Beach Community Center, Incorporated, protestants.
Leland H. Jordan, for County of Marin, interested party.
Edward G. Fraser and John D. Reader, for the Commission staff.

O P I N I O N

On September 6, 1957, Stinson Beach Water Company, hereinafter called Stinson, filed its application for an increase in rates. The application was amended on September 12, 1957.

Concurrently with the issuance of Decision No. 55751 on October 28, 1957, in Case No. 5831 and Application No. 39028, the Commission issued its order of investigation into the operations, rates, charges, service, contracts, affiliated interests, and practices of George P. Leonard, hereinafter called Leonard, Case No. 5998.

Application No. 39391 and Case No. 5998 were consolidated for hearing.

Public hearings were held before Examiner Wilson E. Cline, at Stinson Beach, on March 19, 1958, and at San Francisco on March 20, 21, 24, 25, and 31, and April 1, 1958. At the conclusion of the hearing on April 1, 1958, the matter was taken under submission.

History and Ownership of the Stinson System

Stinson, formerly known as the Arenal Water Company, was installed at the Upton Water System by A. H. Upton in 1923 to serve the Robinson and Upton tracts. The usable facilities of the System were purchased by Arenal Water Company in 1939. The water supply for Arenal Water Company was originally a well and later a spring. The supply was augmented by the purchase of surplus water from the Kent Estate. The stock of the Arenal Water Company was acquired by Douglas Nye and Lucien A. Marsh in 1945.

The Stinson Beach Water Works, whose service area adjoined that of the Arenal Water Company, was installed originally in 1906 and 1907 by A. H. Stinson. Various members of the Stinson family operated the water system until the Las Baulines Ranch, which included the water system, was purchased by Nye and Marsh in 1944. The system was purchased by Arenal Water Company in 1948, and the combined system was then named the Stinson Beach Water Company.

George P. Leonard purchased the Las Baulines Ranch and most of the stock of Stinson in December, 1956. The stock of Stinson is owned of record, as follows:

| <u>Owner</u> | <u>Number of Shares</u> |
|-----------------------------|-----------------------------|
| Stinson Beach Water Company | 3 |
| Herbert C. Hanson | 10 |
| A. De Moir | 5 |
| S. C. Dawson | 1 |
| F. J. and Daisy Young | 1 |
| Douglas A. Nye | 148 |
| Dorothy L. Nye | 1 |
| Francis Stenbauer | 1 |
| Lucien A. Marsh | 149 |
| Margaret Marsh | 1 |

The stock of Douglas and Dorothy Nye and Lucien and Margaret Marsh will come to Leonard pursuant to agreement of December 3, 1956. Leonard does not know the status of the share owned by Stenbaurer and he does not know who or where the other stockholders are. They take no part in the operations of Stinson except as stockholders.

George P. Leonard, Mrs. Wilma Leonard and Robert Berryman, an attorney, are the officers and three of the directors of Stinson. Francis Stenbaurer and Douglas Nye are the other two directors.

Description of the Stinson Water System

The sources of water supply for Stinson are springs and creeks on the Las Baulines Ranch and Black Rock Canyon which are owned by Leonard. The five sources now in use are known as West Stinson, East Stinson, Upper Fitzhenry, Lower Fitzhenry and Black Rock Canyon. The source known as Fitzhenry No. 2 is no longer in use. Pursuant to written agreement Stinson is obligated to pay Leonard for water furnished from these sources 7½ cents per 100 cubic feet during the period from May 1 to November 30, and 5 cents per 100 cubic feet during the periods January 1 to April 30 and December 1 to 31 in each year. This agreement was approved by Decision No. 55751, issued October 28, 1957, which decision provided that such approval should not be construed as a finding of the reasonableness of the charges for water to be furnished by Leonard to Stinson.

Water from the intakes at these five sources flows into four redwood tanks at three sites. These tanks have an aggregate storage capacity of 160,000 gallons. The water at each of the three tank sites is treated by automatic chlorinators. Additional storage is provided by a 30,000-gallon redwood tank that floats on the system.

The distribution system consists of about 57,000 feet of pipe varying in size from 3/4 to 6 inches in diameter, of which about 20,000 feet consists of pipe 4 inches in diameter. As of January 1, 1958, the utility served 212 flat rate and 95 metered service customers.

Utility Operations of Leonard

The record shows that the lands of Leonard have been dedicated as watershed lands for the purpose of providing sources of water supply to Stinson on dates listed in the table below. The real estate appraiser, who testified as a witness in the proceeding, segregated the land into acres of steep hill and brush land valued at \$25 per acre in 1953, and acres of grazing hill land valued at \$100 per acre in 1953. There was no showing that the grazing lands within the watershed areas could not be used for grazing as well as for providing a water supply, and no provision has been made to allocate a portion of the value between the two possible uses. Also, although some of the grazing land is not accessible for grazing purposes no adjustment in value was made by reason thereof. For the purpose of determining the amount to be included in the rate base of Leonard, all the watershed lands will be valued as though they were steep hill and brush lands.

The watershed for the Fitzhenry No. 2 source of water supply has been excluded as the record shows it is no longer used and useful for the utility operations of the water system.

The amounts set forth in the table below are those values which have been adopted as applicable to the water supply for the purposes of this proceeding.

| | <u>Watershed Area (Acres)</u> | <u>Time of Dedication</u> | <u>Amount Per Acre</u> | <u>Total Historical Amount</u> |
|-------------------|---------------------------------------|-------------------------------|----------------------------|--|
| West Stinson | 169 | 1946 | \$17.25 | \$2,915.25 |
| East Stinson | 102 | 1946 | 17.25 | 1,759.50 |
| Upper Fitzhenry | 127 | 1906 | 8.60 | 1,092.20 |
| Lower Fitzhenry | 152 | 1906 | 8.60 | 1,307.20 |
| Black Rock Canyon | 72 | 1928 | 15.62 | 1,124.64 |
| Total | <u>622</u> | | | <u>8,198.79</u> |

The amounts per acre in the above table are the appraised amounts made by the real estate appraiser for steep hill and brush lands on the various properties as of the time of dedication.

The motion of Mr. Green to strike the historical valuation figures appearing in the table on page 3 of Exhibit No. 6 is hereby denied.

The record shows that since Leonard has been the owner of the Las Baulines Ranch no water from the above sources has been used for irrigation purposes on the ranch and he has no intention of using water for such purpose. Hence it will be unnecessary to consider the establishment of a rate for irrigation water, and no prospective revenue from such source will be included in estimated results of operations.

Another water facility which is owned by Leonard individually is the 4-inch main, approximately 5,000-feet in length, which brings water from the East and West Stinson intakes to the Highlands tank. In order to build this line it was necessary to put in a road because the country was brushy and very steep. The line runs along this road. The line was completed late in 1945 and was placed in operation in 1946. The record shows that \$5,673.68 is the reasonable historical cost of the facility. The reserve for depreciation

computed at the composite rate of 2.4 per cent per year would amount to \$1,634 as of the end of 1957 leaving \$4,039 for the rate base. This sum plus the \$8,200 for land totals \$12,239.

The Commission staff witness estimated that \$588 of the taxes paid in connection with the ranch properties are applicable to the watershed areas. The adjustments made in the table above will require a reduction in the amount of taxes allowable as expense. In this proceeding the sum of \$275 will be considered reasonable.

Exhibit No. 1 shows that water revenues of Leonard will amount to \$1,619.66 excluding amounts for water furnished the State Park by Stinson Beach Water Company. If \$275 for property taxes, \$136 for depreciation, and \$300 for other expenses and Federal income taxes are deducted from these revenues the net profit will be \$909. On a rate base of \$12,239 this would provide a rate of return of approximately 7.4 per cent.

Exclusion of water furnished to the State Park is appropriate as the record shows that the State Park intends to provide its own water supply.

By reason of the dedication of his water facilities to the public use, which we have heretofore found, George P. Leonard is hereby found to be a public utility water corporation, as defined in the Public Utilities Code, subject to the jurisdiction of this Commission.

The Commission further finds that the rates to be charged for water furnished Stinson by Leonard pursuant to the agreement set forth as Exhibit "C" to Application No. 39028 and approved by Decision No. 55751, issued October 28, 1957, as modified in Appendix A attached hereto, are justified and should be authorized.

Present and Proposed Rates of Stinson

The present rates consist of a meter rate for permanent residents, a meter rate for nonpermanent residents or commercial enterprises, a flat rate schedule and a fire hydrant schedule. The proposed rates include the same schedules as the present rates with the exception that the summer and winter rates on the meter schedules have been combined into one rate.

The proposed meter rates for permanent residents are as follow:

| | | |
|-------|------------------------------|--------|
| First | 500 cu.ft. or less | \$4.30 |
| Next | 1,000 cu.ft., per 100 cu.ft. | .50 |
| Next | 1,000 cu.ft., per 100 cu.ft. | .40 |
| Over | 2,500 cu.ft., per 100 cu.ft. | .30 |

The monthly charges for several monthly consumptions at present and proposed meter rates are listed in the following tabulation:

| Consumption Cubic Feet | Present | | Proposed | Per Cent | |
|---------------------------|-----------------|-----------------|----------|--------------------|--------------------|
| | Summer Rates | Winter Rates | | Summer Increase | Winter Increase |
| Through 500 | \$ 1.75 | \$ 1.75 | \$ 4.30 | 146% | 146% |
| 1,000 | 3.25 | 1.75 | 6.80 | 109 | 289 |
| 1,500 | 4.75 | 2.50 | 9.30 | 96 | 272 |
| 2,000 | 6.00 | 3.25 | 11.30 | 88 | 248 |
| 2,500 | 7.25 | 4.00 | 13.30 | 83 | 233 |
| 5,000 | 17.25 | 6.50 | 20.80 | 21 | 220 |
| 10,000 | 37.25 | 11.50 | 35.80 | (4) | 211 |

(Decrease)

Other present and proposed rates of applicant are listed in the following schedules:

a. Meter rates for nonpermanent residents or commercial enterprises:

| | <u>Present Rates</u> | <u>Proposed Rates</u> |
|--|----------------------|-----------------------|
| Minimum annual charge, payable in advance, entitling the customer to 500 feet of water each month during the calendar year ... | \$21.00 | \$51.60 |

For all water used in excess of 500 cu.ft. per month, proposed charges are the same as listed in the schedules for permanent residents.

b. Flat Rates:

| | | |
|---------------------|---------|---------|
| Annual Charge | \$24.00 | \$51.60 |
|---------------------|---------|---------|

c. Fire hydrant rates:

| | <u>Present Monthly Rates</u> | <u>Proposed Monthly Rates</u> |
|---|------------------------------|-------------------------------|
| On mains less than 3-inch inside diameter | \$ 0.50 | \$ 1.00 |
| On mains 3-inch inside diameter .. | .75 | 1.50 |
| On mains 4-inch inside diameter .. | 1.25 | 2.50 |
| On mains larger than 4-inch inside diameter | 1.75 | 3.50 |

The parties stipulated that for some time past the State Park, instead of being charged 40 cents per 100 cubic feet above 2,500 cubic feet, has been charged 25 cents per 100 cubic feet; admittedly in violation of the tariff of applicant.

The following recommendations regarding the rates to be authorized are set forth in the Commission staff Exhibit No. 6.

1. The meter rate schedule to be authorized by the Commission should include minimum charges based on size of meter and consolidate proposed Schedules Nos. 1 and 2 of Stinson.

2. Due to the unlimited use feature of a flat rate, it is recommended that the Commission authorize a differential between the flat rate and the smallest meter minimum charge which will set the flat rate slightly higher than the above-mentioned meter minimum. A special condition giving the utility an exclusive option of metering should be also included on the flat rate tariff schedule.

3. If G. P. Leonard is found to be doing business as a public water utility a rate should also be established for the water used for irrigation purposes on the ranch.

Results of Operations of Stinson

The following tabulation of results of operations of Stinson for the 12-month test period ended June 30, 1957 is taken from Stinson's Exhibit No. 1 in this proceeding.

| <u>Item</u> | <u>Current Rates</u> | <u>Proposed Rates</u> |
|--------------------------|----------------------|-----------------------|
| Revenues | \$ 8,102.60 | \$19,520.40 |
| Less Expenses | <u>16,232.90</u> | <u>16,232.90</u> |
| Net Revenue | (8,130.30) | 3,287.50 |
| Less Income Tax (32.8%) | - | 1,078.30 |
| Balance | <u>(8,130.30)</u> | <u>2,209.20</u> |
| Rate Base | 32,691.20 | 32,691.20 |
| Indicated Rate of Return | - | 6.76% |

(Loss)

The following tabulation of results of operations of Stinson is taken from the Commission staff Exhibit No. 6. The cost of

purchased water from Leonard is included in operating expenses. No amount for watershed lands is included in the rate base.

| Item | 1957 Recorded | 1957 Adjusted | | 1958 Estimated | |
|----------------------------|------------------|------------------|-------------------|------------------|-------------------|
| | | Present Rates | Proposed Rates | Present Rates | Proposed Rates |
| Operating Revenues | \$ 9,604.25 | \$ 9,900 | \$19,530 | \$10,070 | \$19,910 |
| Operating Expenses | 7,592.59 | 9,800 | 9,800 | 9,930 | 9,930 |
| Taxes other than Income | 886.40 | 990 | 990 | 1,250 | 1,250 |
| Depreciation Expense | 2,002.95 | 1,490 | 1,490 | 1,780 | 1,780 |
| Income Tax | 25.00 | 25 | 2,010 | 25 | 1,790 |
| Subtotal | 10,506.94 | 12,305 | 14,290 | 12,985 | 14,750 |
| Net for Return | (902.69) | (2,405) | 5,240 | (2,915) | 5,160 |
| Avg. Deprec. Rate Base | - | 23,200 | 23,200 | 29,000 | 29,000 |
| Rate of Return | - | - | 22.6% | - | 17.8% |

(Loss)

The protestants urged that no amount be allowed in expense for water purchased from Leonard. They accepted the water treatment expense. They recommended that transmission and distribution expenses be reduced to \$2,395 by reason of less frequent use of the jeep for valve cracking purposes. They also recommend that the customers' accounts expense be reduced to \$780 and general expense to \$1,845.

As applicant's estimate of revenues at proposed rates is the only estimate of such revenues in the record which excludes revenues from the State Park it will be used for purposes of this proceeding. Similarly, applicant's estimate of purchased water costs will be adopted. The staff has already included \$220 for marine floater insurance as suggested by applicant. The \$5,100 allowed by the staff for wages is adequate. The amount of \$2,993 for water facilities owned by Leonard, rather than Stinson, which is included in the staff rate base, will be excluded from such rate base. The staff depreciation expense will be decreased \$103 per year (2.4 per cent of \$4,276 gross plant exclusion) by reason of this deletion.

The estimate of income tax will be adjusted to reflect the above modifications in revenues and expenses. The staff rate base estimate will also be increased \$140 by reason of the fact that there are now 12 customers in the Highlands Subdivision instead of the seven used by the staff witness in making his computation of the adjustment in the rate base.

The adopted estimates of operating revenues and adjusted Commission staff operating expenses would yield the following results at the applicant's proposed rates:

| | |
|-------------------------|---------------|
| Operating Revenues | \$19,520 |
| Operating Expenses | 9,720 |
| Taxes Other Than Income | 1,250 |
| Depreciation Expense | 1,677 |
| Income Tax | 1,728 |
| Subtotal | <u>14,375</u> |
| Net for Return | 5,145 |
| Avg. Deprec. Rate Base | 26,147 |
| Rate of Return | 19.7% |

A consideration of the results of operations hereinabove clearly leads to the conclusion that the increases in rates proposed by applicant are excessive and are not justified. The authorized rates which are set forth in Appendix B to this decision are estimated to produce operating revenues of \$14,776, net for return of \$1,960 and a rate of return of 7.5 per cent on the rate base of \$26,147, which result we hereby find to be reasonable. Such rates are hereby found to be justified and will be authorized.

Service Complaints

Several customers of Stinson testified at the hearing and registered complaints respecting Stinson's service. These witnesses complained of discoloration of the water, interruptions in service without proper notification, wide variations in chlorine content,

excessive water pressure, air locks in pipes, and failure to include meter readings on the bills.

The protestants submitted the following service recommendations for Commission consideration:

1. Hydrant runners and risers should not be smaller than 2½ inches. Pending installation of 2½-inch standard runners and risers the tariff should provide for the payment of 50 per cent of the standard 2½-inch rate for 1½-inch hydrants and 75 per cent of the standard 2½-inch rate for 2-inch hydrants.
2. Stinson should install a 4-inch main connecting the valve at point H-S on Exhibit No. 2 and running about 750 feet to the end of the 6-inch main on Calle del Mar. By reason of this installation hydrant rental should be increased \$92.
3. Stinson should install the largest possible runner in the 4-inch casing across Pacific Highway at the Firehouse to a hydrant at Belvedere when the second hydrant is ordered by the Fire District Commissioners on a 4-inch extension.
4. A sediment baffle and diffusing trough should be installed in the Stinson storage tank.
5. A rock catcher and flat settling tank inflow and baffle should be installed at the Lower Fitzhenry No. 1 Creek intake.
6. A fence should be provided to keep cows from pasturing within 600 feet of the Black Rock intake upstream and 300 feet at the side.
7. A 4-inch gate valve and a 3-inch automatic pressure reducing valve should be installed at point S-K on Exhibit No. 2.
8. A 4-inch gate valve and 3-inch automatic pressure reducing valve should be installed at point H-S on Exhibit No. 2.
9. A float valve should be installed on the Arenal tank.

10. A 4-inch gate valve and 4-inch pipe with a 3-inch automatic pressure reducing valve should be installed at point A-S on Exhibit No. 2.

The following service recommendations are set forth in the Commission staff Exhibit No. 6:

1. To eliminate wasting water at the Arenal tank it is recommended that the present method of throttling the water supply to the old Arenal system be discontinued and a float valve be installed on the Arenal tank to prevent overflow.
2. In Commission Decision No. 41298, Stinson Beach Water Company was ordered to install a pressure regulating valve between the Highland tank and the Stinson tank. This valve has since become inoperative and water can only be supplied to the Stinson tank by a manually operated valve. The need for some type of automatic control between the tanks is very apparent and can be accomplished by replacing the inoperative valve or by installing a short 2-inch main extension from the end of the main on Avenida Olema and float valve on the Stinson tank.
3. Since the Black Rock tanks are now owned by the utility, it is recommended that a pressure regulator be installed on the main bringing water from these tanks into town in order that this supply will also be automatically available to the distribution system.
4. The settling tanks should be flushed after every rain storm in order to utilize their full effective volume. Furthermore, the storage tanks that are filled directly from the various streams and springs should also be flushed periodically to remove the suspended matter that settles out of the water while it is stored in these tanks.

Mr. Leonard stated that it was his intention to follow the recommendations of the Commission staff in connection with the improvements in the system.

As Leonard will be authorized by this order to charge Stinson for water supplied to its various storage tanks and in order to prevent double metering of water supplied from the Highland tank to the Stinson tank, Stinson will be required to provide metering facilities at the Stinson tank.

Several of protestants' service recommendations correspond with those made by the Commission staff. Stinson should give careful consideration to the other recommendations of protestants.

Stinson's president stated at the hearing that meter readings would be placed on the customers' bills, hereafter, so that there should be no further customer complaints in this regard.

Other Recommendations

The following recommendations to improve Stinson's accounting records were made in the Commission staff Exhibit No. 6:

1. A general ledger should be set up in conformance with the Uniform System of Accounts for Class D Water Companies.
2. All records, invoices and vouchers should be preserved.
3. Some work order procedure should be installed to assure proper recording of capital additions and retirements.
4. Staff adjustments bringing the records up to date should be placed on the company books.

Stinson's president stated at the hearing that the uniform system of accounts prescribed by the Commission would be adopted by Stinson as soon as an auditor could be employed to work on the books.

The Commission staff Exhibit No. 6 also contains the following further recommendations:

1. Beginning with the year 1958 Stinson should compute depreciation expense by multiplying the depreciable utility plant by a rate of 2.4 per cent. This rate should be used until review indicates it should be revised. Applicant should review the depreciation rate using the straight-line remaining life method whenever substantial changes in depreciable plant occur and at intervals of not more than five years, and revise the above rate in conformance with such reviews. Results of these reviews should be submitted to the Commission.
2. The utility should 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.

Applicant should comply with the accounting and other two recommendations set forth above.

O R D E R

The above-entitled matters having been considered, a public hearing having been held, the matters having been submitted and now being ready for decision,

IT IS HEREBY ORDERED that:

1. George P. Leonard is authorized and directed to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, the schedule of rates shown in Appendix A attached hereto, together with four copies of a tariff service area map and rules acceptable to this Commission and, on not less than five days' notice to the public and to this Commission, make said rates, tariff service area map, and rules effective for all water service rendered on and after October 1, 1958.
2. Within ninety days after the effective date of this order, George P. Leonard shall file in quadruplicate with this Commission copies of a comprehensive map drawn to an indicated scale not smaller than 1,000 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 his various water system properties.
3. George P. Leonard shall determine depreciation expense by multiplying the depreciable utility plant by a rate of 2.4 per cent. This rate shall be used until review indicates it should be revised. George P. Leonard shall review the depreciation rate using the straight-line remaining life method whenever substantial changes in depreciable plant occur and at intervals of not more than five years,

and revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to the Commission.

4. Stinson Beach Water Company is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, the schedule of rates shown in Appendix B attached hereto, and on not less than five days' notice to the public and to this Commission make said rates effective for all water service rendered on and after October 1, 1958.

5. Within ninety days after the effective date of this order, Stinson Beach Water Company shall file in quadruplicate with this Commission 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 Stinson Beach Water Company.

6. Stinson Beach Water Company shall, within sixty days after the effective date of this order, install metering facilities at the Stinson tank to eliminate double metering and advise the Commission, in writing, within ten days after completion of such installation.

7. Stinson Beach Water Company shall determine depreciation expense by multiplying the depreciable utility plant by a rate of 2.4 per cent. This rate shall be used until review indicates it should be revised. Stinson Beach Water Company shall review the depreciation rate using the straight-line remaining life method whenever substantial changes in depreciable plant occur and at intervals of not more than five years, and revise the above rate in

conformance with such reviews. Results of these reviews shall be submitted to the Commission.

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

Dated at San Francisco, California, this 2nd day of September, 1958.

E. Lynn Fox
President
Arthur E. Mitchell
William J. ...
Theodore J. ...
Commissioners

Commissioner Ray E. Untereiner - being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

Schedule No. 6

RESALE SERVICEAPPLICABILITY

Applicable to untreated water furnished for resale.

TERRITORY

The community of Stinson Beach, and vicinity, Marin County.

RATES

| | <u>Per Month</u> |
|---|-----------------------------|
| Monthly Quantity Rates: | |
| For the 7-month period, May 1 through November 30, per 100 cu.ft. | \$ 0.075 |
| For the 5-month period, December 1 through April 30, per 100 cu.ft. | 0.05 |
| Annual Minimum Charge: | |
| For each customer | <u>Per Year</u> \$950.00 |

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

SPECIAL CONDITIONS

1. The charge for water used will be billed monthly at the quantity rates. If the total of such billings for the year is less than the annual minimum charge, the remainder will be billed at the end of each year.
2. The annual minimum charge applies to service during the 12-month period commencing on January 1.
3. Water supplied under this schedule is untreated water and the utility does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption.
4. This schedule is available only upon the execution of a contract.

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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The community of Stinson Beach, and vicinity, Marin County.

RATES

| | <u>Per Meter</u> <u>Per Month</u> |
|--|--------------------------------------|
| Monthly Quantity Rates: | |
| First 500 cu.ft. or less | \$ 2.75 |
| Next 1,000 cu.ft., per 100 cu.ft. | .35 |
| Next 1,000 cu.ft., per 100 cu.ft. | .30 |
| Over 2,500 cu.ft., per 100 cu.ft. | .20 |
| Annual Minimum Charge: | |
| | <u>Per Meter</u> <u>Per Year</u> |
| For 5/8 x 3/4-inch meter | \$ 33.00 |
| For 3/4-inch meter | 45.00 |
| For 1-inch meter | 72.00 |
| For 1 1/2-inch meter | 120.00 |
| For 2-inch meter | 180.00 |
| For 3-inch meter | 300.00 |

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 at the same location for 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.
2. For initial service connected after January 1 the annual charge will be prorated on the basis of the number of months remaining in the year.

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Schedule No. 2

GENERAL FLAT RATE SCHEDULE

APPLICABILITY

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

TERRITORY

The community of Stinson Beach and vicinity, Marin County.

RATE

Per Year

For each service connection \$39.00

SPECIAL CONDITIONS

1. Meters may be installed at the option of utility for the above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service.
2. The above flat rate charge applies to service during the 12-month period commencing January 1, and is due in advance.
3. For initial service connected after January 1 the annual charge will be prorated on the basis of the number of months remaining in the year.

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

The community of Stinson Beach, and vicinity, Marin County.

RATE

Per Month

For each hydrant connected to a main

| | |
|--|--------|
| 2 $\frac{1}{2}$ -inch or smaller | \$0.75 |
| 3-inch | 1.25 |
| 4-inch | 2.00 |
| 6-inch or larger | 2.50 |

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under Schedule No. 1, General Metered Service.
2. The cost of installation and maintenance of hydrants will be borne by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. The utility will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.