

Decision No. 57417

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 ROYAL OAKS WATER COMPANY, a corpo- )  
 ration, for Authority to Increase its )  
 Rates and Charges for its Water System )  
 serving the unincorporated area known )  
 as Foothill Farms, Sacramento County. )

Application No. 39838

Graham, James & Rolph, by Boris H. Lakusta,  
 for applicant.  
James H. Burke, for Foothill Farms Improvement  
 Association, protestant.  
Harold J. McCarthy and John R. Gillanders,  
 for the Commission staff.

O P I N I O N

By the above entitled application filed February 19, 1958, Royal Oaks Water Company, a corporation, seeks an order of this Commission authorizing an increase in rates for water service rendered in the unincorporated area known as Foothill Farms in Sacramento County, located between U.S. Highway 40 and Auburn Boulevard approximately 11 miles northeast of the City of Sacramento.

Public Hearing

After due notice a public hearing was held before Examiner E. Ronald Foster at Sacramento on June 6, 1958. Several customers of the utility attended the hearing, some of whom testified regarding various phases of the service being rendered.

Witnesses on behalf of applicant presented oral testimony and supporting exhibits respecting applicant's operations and also concerning applicant's relations with its affiliate, Citizens Utilities

Company of California, as well as its parent, Citizens Utilities Company, a Delaware corporation.

Commission staff witnesses also presented evidence, both oral and documentary, concerning the results of their independent studies and analyses of applicant's operations, including the relations with its affiliate and parent.

The matter was submitted on the same day 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 per cent rate of return on its rate base.<sup>1/</sup> To yield such a return, applicant proposes rates estimated to produce annual gross revenues of \$38,081 based upon the anticipated level of business during 1958, an increase of \$16,646, or 77½ per cent, more than the \$21,435 gross revenue estimated as obtainable for that year at the rates presently in effect.

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. 52028, dated October 4, 1955, in Application No. 36946,

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<sup>1/</sup> See Exhibit D of application.

as amended, and have been in effect since November 6, 1955. The following comparative tabulations summarize the present rates and those proposed by applicant as set forth in the appendices to the application.

GENERAL METERED SERVICE

<u>Quantity Rates</u>	<u>Per Meter Per Month</u>	
	<u>Present</u>	<u>Proposed</u>
First 800 cu.ft. or less .....	\$ 2.00	\$ 3.55
Next 3,200 cu.ft., per 100 cu.ft. ....	.15	.27
Over 4,000 cu.ft., per 100 cu.ft. ....	.075	.135

Minimum Charge

For 5/8 x 3/4-inch meter .....	2.00	3.55
For 3/4-inch meter .....	3.00	5.30
For 1-inch meter .....	4.50	8.00
For 1½-inch meter .....	7.00	12.50
For 2-inch meter .....	14.00	25.00
For 3-inch meter .....	25.00	45.00
For 4-inch meter .....	40.00	70.00

RESIDENTIAL FLAT RATE SERVICE<sup>a</sup>

<u>Rates</u>	<u>Per Service Connection Per Month</u>	
	<u>Present</u>	<u>Proposed</u>
For each single family residence, including premises having an area of:		
8,000 sq.ft. or less .....	\$ 3.00	\$ 5.35
8,000 to 11,000 sq.ft. ....	3.35	6.00
11,001 to 13,000 sq.ft. ....	3.60	6.40
13,001 to 15,000 sq.ft. ....	3.85	6.85
15,001 to 20,000 sq.ft. ....	4.35	7.75
20,001 to 25,000 sq.ft. ....	4.60	8.15
25,001 to 30,000 sq.ft. ....	5.10	9.00
30,001 to 35,000 sq.ft. ....	5.60	10.00
35,001 to 40,000 sq.ft. ....	6.10	10.80
40,001 to 45,000 sq.ft. ....	6.60	11.75
Over 45,000 sq.ft., each additional 10,000 sq.ft., or fraction thereof ....	.75	1.34

<sup>a</sup>Special Conditions

1. All service not covered by the above classifications will be furnished only on a metered basis.
2. Meters may be installed at option of utility or customer for above classifications in which event service thereafter will be rendered on the basis of Schedule No. 1 General Metered Service.

3. Premises on which a swimming pool has been installed will not be served under this schedule.

While it is known that there are residential premises on which swimming pools have been installed, applicant has not applied the third special condition of the flat rate schedule but has continued to serve such premises at flat rates. At the hearing, applicant requested that its application be amended to eliminate the said special condition from its proposal, alleging that this tariff provision is impractical to administer.

At present there is on file no rate schedule for fire protection service and applicant has proposed none, although the map of the service area (Chart 1-B of Exhibit No. 2) indicates that there are about fifty existing fire hydrants attached to the distribution system.

Up to now there has been only one meter on the system, all other service having been rendered at flat rates. However, metered service is contemplated for some nonresidential properties now under construction and others being planned for the area.

#### Customer Participation

Attorney James H. Burke, appearing for Foothill Farms Improvement Association which he claims represents approximately half of the home owners in applicant's service area, introduced testimony through several residents who have been customers of the water utility for varying periods of time. He gave as reasons for protesting the requested increase in water rates (1) the prevalence of complaints resulting from the hardness of the water and (2) that the applicant's capital investment includes mains running to hitherto comparatively dormant areas which are now experiencing rapid development.

Several witnesses testified that the water as supplied by applicant is so hard as to necessitate the use of large quantities of detergents and softening compounds, or else the installation and

operation of automatic water softeners, in order to render the water suitable for bathing and laundering purposes. Such treatment involves considerable extra expense in addition to the cost of the water itself and unless so treated shower heads become clogged and stains and deposits appear in toilet fixtures, according to this testimony. No valid evidence was produced showing the degree of hardness of the water as determined from laboratory analyses.

Some of these witnesses also offered testimony based on their observations of the recently renewed activity in building construction in several portions of Foothill Farms. In addition to several stores and markets, a service station and a church planned for early completion, one witness stated that residential construction is progressing at the rate of four homes per week, according to information given him by representatives of the developers and builders in the area. He testified that the new homes are sold and occupied immediately after completion, thus becoming customers of the water utility. It was his contention that under these conditions, applicant's present rates for water service should be sufficient.

Another witness testified that applicant had been slow and irregular in rendering him bills for water service.

One of the witnesses suggested that every swimming pool be supplied on a metered basis.

Summary of Showings

The following tabulation compares the respective showings of applicant and the Commission staff, extracted from Exhibits No. 2 and No. 6 in this proceeding:

SUMMARY OF EARNINGS  
YEARS 1957, 1958 AND 1959

<u>Item</u>	<u>Year</u> <u>1957</u> <u>Adjusted</u>	<u>Year 1958 Estimated</u>			
	<u>Applicant</u>	<u>Present Rates</u>		<u>Proposed Rates</u>	
		<u>Applicant</u>	<u>Staff</u>	<u>Applicant</u>	<u>Staff</u>
Operating Revenues	\$ 13,896	\$ 21,435	\$ 18,790	\$ 38,081	\$ 33,550
<u>Operating Expenses</u>					
Supply, Power & Purif.	3,073	3,340	3,530	3,340	3,530
Transmis. & Distrib.	402	510	480	510	480
Account., Collect. & Prem.	496	415	440	455	440
Admin., Gen'l. & Misc.	1,656	2,437	2,330	2,437	2,330
Subtotal	5,627	6,702	6,780	6,742	6,780
Depreciation	4,900	5,280	5,160	5,280	5,160
Taxes - General	3,674	6,600	6,690	6,600	6,690
Income Taxes:					
(S.L. Tax Deprec.)	25	936	30	6,382	4,010
(Accel. Tax Deprec.)	-	-	30	-	2,160
Total Oper. Expenses:					
(S.L. Tax Deprec.)	14,226	19,518	18,660	25,004	22,640
(Accel. Tax Deprec.)	-	-	18,660	-	20,790
<u>Net Revenue</u>					
(S.L. Tax Deprec.)	(330)	1,917	130	13,077	10,910
(Accel. Tax Deprec.)	-	-	130	-	12,760
Rate Base (Depreciated)	209,360	207,866	210,600	207,866	210,600
<u>Rate of Return</u>					
(S.L. Tax Deprec.)	(0.16%)	0.92%	0.1%	6.3%	5.2%
(Accel. Tax Deprec.)	-	-	0.1	-	6.1
		(Red Figure)			

Year 1959 Estimated  
Commission Staff

	<u>Present Rates</u>	<u>Proposed Rates</u>
Operating Revenues	\$ 26,880	\$ 47,990
<u>Operating Expenses</u>		
Other than Deprec. & Taxes	8,100	8,100
Depreciation	5,400	5,400
Taxes - General	6,820	6,820
Income Taxes:		
(S.L. Tax Depreciation)	1,250	8,170
(Accel. Tax Depreciation)	150	6,390
Total Operating Expenses:		
(S.L. Tax Depreciation)	21,570	28,490
(Accel. Tax Depreciation)	20,470	26,710
<u>Net Revenue</u>		
(S.L. Tax Depreciation)	5,310	19,500
(Accel. Tax Depreciation)	6,410	21,280
Rate Base (Depreciated)	207,700	207,700
<u>Rate of Return</u>		
(S.L. Tax Depreciation)	2.6%	9.4%
(Accel. Tax Depreciation)	3.1	10.2

### 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.

Since the beginning of its operations under the present ownership in 1957, applicant has taken advantage of accelerated depreciation permitted by the provisions of Section 167 of the 1954 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. 3 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 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. 4 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.

## 2. Trend in Rate of Return

While applicant estimated rates of return only for the current year of 1958, the staff also estimated them for the future year of 1959. A comparison of the staff's estimates for the two years indicates a substantial upward trend, represented by a difference in the rates of return of about three or four per cent. A staff witness testified that if the total possible number of customers that can be served in the present subdivision will have been reached at

the end of 1959, then applicant's rate of return at the proposed rates in the following year would be further increased by nearly two per cent. This upward trend is due to the anticipated rapid customer growth coupled with a relatively slow increase in rate base through the employment of the main extension rule for distribution plant additions and the fact that new customers are being added to existing distribution mains.

### 3. Revenues

For its estimates of revenues, the staff's average number of 435 customers in 1958 and 689 customers in 1959 reflect a uniform growth from 381 customers recorded at the end of 1957 to the estimated saturation point of 785 customers at the end of 1959. Applicant's estimated average of 576 customers for 1958 reflects a more rapid growth in the early part of the year, with approximately 685 customers at the end of 1958. This difference largely accounts for the considerably lower revenues at both present and proposed rates as estimated by the staff for 1958, compared with those estimated by applicant for that year. The resulting difference in revenues is partly offset by the fact that applicant's estimates are entirely based on residential flat rates while the staff's estimates include some metered nonresidential customers using relatively large quantities of water. The staff carried its estimates forward for the year 1959 in a similar manner.

In neither showing has there been included any metered service revenue that would be derived from houses with swimming pools, as the total number of such pools is unknown and is probably not large.

From a review of all the evidence relating to the number of customers and the revenues obtainable therefrom, it appears that

the staff's estimates are realistic and reasonable, even though they reflect a more conservative rate of growth than applicant's estimates. The staff's estimates of operating revenues for the test years 1958 and 1959 will be adopted as reasonable for the purposes of this proceeding, except for further consideration of nominal amounts which may be obtainable from private swimming pools and from public fire hydrant service.

#### 4. Operating Expenses, Taxes and Depreciation

A comparison of the two showings for the year 1958 reveals some differences in the individual items of expenses and shows that the total operating expenses, other than depreciation and taxes, as estimated by the staff are slightly greater than those estimated by applicant, in spite of the smaller average number of customers used by the staff. However, for the year 1959 the staff's estimated total of \$8,100 for this group of expenses, averaging \$11.76 per customer per year for 689 customers, is in close agreement with applicant's average of about \$11.67 for 576 customers in 1958.

Applicant's estimate of depreciation expense for 1958 involves more construction during the year than considered by the staff, but does not include depreciation expense on common utility plant which the staff's estimate does. The staff's estimate of depreciation expense for 1959 covers some construction during that year.

The staff's estimate of general taxes for 1958 is only slightly higher than applicant's estimate and is increased somewhat in 1959 to take into account the growth of the system.

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 estimates of income taxes, using straight-line depreciation, being somewhat lower than applicant's in the year 1958, but correspondingly greater for the year 1959.

The staff's estimates of expenses, including depreciation and taxes, appear to be consistent with its estimates of customer growth, revenue, and additional plant and they will be adopted as reasonable for purposes herein.

#### 5. Rate Bases

Following is a comparative tabulation of the average depreciated rate bases for 1958 and 1959 as developed by applicant and by the staff in Exhibits No. 2 and No. 6, respectively:

#### ESTIMATED RATE BASES FOR YEARS 1958 and 1959

<u>Item</u>	<u>1958 Estimated</u>		<u>1959 Estimated</u>
	<u>Applicant</u>	<u>Staff</u>	<u>Staff</u>
Utility Plant, Beginning of Year	\$216,548	\$216,548	\$220,548
Utility Plant, Additions During Year	31,500	4,000	11,300
Utility Plant, End of Year	248,048	220,548	231,848
Utility Plant, Average for Year	232,298	218,548 <sup>a</sup>	226,198 <sup>a</sup>
Net Average Common Plant	370	2,990 <sup>a</sup>	3,000 <sup>a</sup>
Total Plant, Average for Year	232,668	221,538	229,198
Materials, Supplies and Working Cash	1,000	400	400
Subtotal	233,668	221,938	229,598
<u>Deductions</u>			
Depreciation Reserve, Beginning of Yr.	8,912	8,912	13,752
Depreciation Expense for Year	5,280	4,840	5,020
Depreciation Reserve, End of Year	14,192	13,752	18,772
Depreciation Reserve, Average for Yr.	11,552	11,332	16,262
Advances for Construction, Average	14,250	-	5,650
Total Deductions	25,802	11,332	21,912
Average Depreciated Rate Base	207,866	210,606	207,686
Use	207,866	210,600	207,700

Notes: <sup>a</sup> Includes deduction for depreciation.  
<sup>b</sup> Does not include depreciation on common plant.

From the foregoing tabulation it may be seen that both applicant and staff used the same amounts for utility plant and the depreciation reserve balances at the beginning of the year 1958 and that the amount budgeted by applicant for construction during the year 1958 was \$31,500, while the staff's estimated net additions to plant for 1958 and 1959 were \$4,000 and \$11,300, respectively. The resultant large differences are mostly offset in the rate bases by

corresponding deductions for advances for construction. Other differences appear in the two showings between the amounts estimated for allocation of common utility plant at Redding and North Sacramento, for materials, supplies and working cash, and for accruals to the depreciation reserve because of dissimilar treatment of plant additions.

Applicant's construction budget of \$31,500 for 1958 includes \$28,500 for mains and services which would be covered by advances for construction subject to refund in accordance with the provisions of the water main extension rule. Analysis of the record indicates that such amount is larger than necessary to complete the distribution system for the existing service area, and that there is no definite plan to install such facilities during the current year. The staff's estimate for the necessary facilities is \$11,300, likewise to be covered by advances for construction, but to be installed in 1959.

Applicant testified that it would be necessary to install another well and pumping plant early in 1959 at an estimated cost of \$14,500 in order to provide sufficient water for the increased number of customers. The staff engineer maintained his position under severe cross-examination that the three existing wells with their present pumping units will be capable of supplying adequate water for the entire service area when completely developed as now contemplated. Despite such testimony, applicant has the responsibility for providing adequate quantities of water, and additional facilities should be installed as necessary to meet that responsibility. The potential additional costs associated with this source of supply would be offset by additional saturation of the distribution system by the end of 1959.

Under these circumstances the staff's treatment of the various elements and components of rate base appears to be fair and reasonable and the amount of \$207,700 developed by the staff for the year 1959 is hereby adopted as a reasonable rate base upon which to test the reasonableness of rates proposed by applicant and of rates to be authorized in this proceeding.

Swimming Pools

The presently filed schedule for residential flat rate service provides that premises on which a swimming pool has been installed will not be served under that schedule. The obvious alternative is that all such premises must be metered. Applicant has not attempted to comply with this provision of the tariff and now asks that the pertinent special condition be eliminated from the schedule.

The record contains considerable discussion as to the relative amount of water used by a swimming pool of the permanently constructed type equipped with filter and recirculating pump, the applicant claiming such usage would be comparable to that on a lawn planted in the area occupied by the swimming pool and its usual paved periphery. While no specific data was introduced in evidence, there appears to be little doubt that the amount of water required for yearly cleaning and filling a swimming pool of at least four feet average depth, combined with the effects of evaporation, splash, filter wash water and other losses, is more than would be required for watering an equivalent area.

The most equitable way to remove this cause of alleged discrimination would be to meter the use of water. It is of record that other public utilities in this and similar localities make such provision in their flat rate schedules. However, applicant has expressed its aversion to placing any meters on residential services, preferring to serve them at flat rates. Therefore, in the flat rate schedule to be authorized hereinafter, provision will be made for an additive charge for a swimming pool of the recirculating type permanently installed on residential premises. The existence of such swimming pools is not difficult to determine and the administration of an additive charge for this type of facility does not require

repeated surveys. Permanently installed swimming pools of the non-recirculating type, which are known to require frequent emptying and refilling, will only be supplied through metered services. No such importance is attached to shallow, temporary wading and swimming pools of the rubber or plastic type, since it is assumed that the water from them serves to water the ground where they are used. An estimate of \$150 will be reflected as revenues from this source.

#### Public Fire Hydrant Service

There were no fire hydrant rates on file for this utility when it was acquired by the present owner and none has been filed since then. The service area is completely within the boundaries of the Citrus Heights Fire District. A witness for applicant testified that he had attempted to negotiate with the fire district but had been unable to come to any agreement to accept charges for fire protection service rendered through public fire hydrants. Applicant has already installed, at its own expense, about fifty hydrants on its distribution system and more are planned to be installed.

If the applicant utility is expected to render fire protection service, then it should be properly compensated for the investment and operating costs involved in rendering that service in conjunction with the primary service of water for residential and other purposes. It appears that the organized fire protection agency should pay for the service rendered to it, the benefits of which are extended to the property owners in the area.

The order which follows will require applicant to file an appropriate schedule for fire protection service rendered through public fire hydrants, after a period of time to allow for applicant to negotiate further with the fire district. An estimate of \$1,800 for revenue from this source will be reflected in the results of

operation for the purpose of determining a reasonable rate of return for all water service rendered. This estimate is based on fifty utility-owned hydrants at a rate of \$3 per month, which rate is about the average for such service.

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 No. 7 now on file. At the present time all service is being rendered at flat rates, charges for which are collectible in advance, so there is little or no occasion to apply the rule at all. The same will be generally true for the future, since applicant has no meter conversion program planned. 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

The applicant in this proceeding is a comparatively new company operating in a relatively new area experiencing rapid development and which may become saturated within the next year or two. These circumstances make it very difficult to predict the future with assured accuracy. The order herein will authorize rate schedules based on conditions estimated to prevail in the ensuing calendar year.

In view of all 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 1959 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.

On the basis of all the evidence before it, the Commission 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 \$207,700 of 6.5% based upon the level of business estimated to prevail in the test year 1959. We find said rate of return of 6.5% to be fair and reasonable for the purposes of this proceeding. 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 \$13,500. To make allowance for operating expenses, depreciation and taxes, including those on income based on straight-line depreciation, gross revenues of about \$39,100 (including amounts from private swimming pools and from public fire hydrant service) will be required, an increase of \$12,220, or 45.5%, 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, in so far as they differ from those herein prescribed, are for the future unjust and unreasonable.

#### ORDER

Royal Oaks Water Company, a corporation, having applied to this Commission for an order authorizing increases in rates and charges for water services rendered to customers in the unincorporated areas known as Foothill Farms in Sacramento County, 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, 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 November 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 its properties 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 its acquisition by the present owners in 1957. 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 January 1, 1959, applicant shall so inform the Commission in writing within ten days after such refusal and in no event later than January 10, 1959, 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. 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 300 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.

5. Within one hundred and eighty days after the effective date of this order, applicant shall file in quadruplicate with this Commission and in conformity with the provisions of General Order No. 96, a schedule of rates providing for public fire hydrant service.

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

Dated at San Francisco, California, this 29<sup>th</sup> day of September, 1958.

[Signature]  
President

[Signature]

[Signature]

[Signature]  
Commissioners

APPENDIX A  
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Foothill Farms, and vicinity, located approximately 11 miles northeast of the City of Sacramento, Sacramento County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 800 cu.ft. or less .....	\$ 3.00
Next 3,200 cu.ft., per 100 cu.ft. ....	.23
Over 4,000 cu.ft., per 100 cu.ft. ....	.12
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$ 3.00
For 3/4-inch meter .....	4.00
For 1-inch meter .....	6.00
For 1-1/2-inch meter .....	11.00
For 2-inch meter .....	15.00
For 3-inch meter .....	25.00
For 4-inch meter .....	40.00

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

APPENDIX A  
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## Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated area known as Foothill Farms, and vicinity, located approximately 11 miles northeast of the City of Sacramento, Sacramento County.

RATES

	<u>Per Service Connection Per Month</u>
For a single family residence, including premises not exceeding 8,000 sq. ft. in area ...	\$4.10
a. For each additional residence on the same premises and served from the same service connection .....	1.50
b. For each 100 sq. ft. of area in excess of 8,000 sq. ft. ....	.02
c. For each swimming pool equipped with recirculating filter system, in addition to the above regular flat rates, during the 6-month period, May through October .....	2.00

SPECIAL CONDITIONS

1. The above residential flat rate charges apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classification will be furnished only on a metered basis.
3. The above swimming pool rate entitles the customer to completely fill the pool not more than once during the season to which the rate applies. Premises which include a swimming pool of the permanently constructed type not equipped with a properly operating recirculating filter system will be served only under Schedule No. 1, General Metered Service.
4. Meters may be installed at option of utility or customer for above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service. When a meter is installed at option of customer, metered service must be continued for at least 12 months before service will again be furnished at flat rates.