

ORIGINAL

Decision No. 58271

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
McGEE IRRIGATION COMPANY for authority  
to increase and change the rates of  
McGee Irrigation Company, a water  
utility. }

Application No. 40215  
(Amended)

In the Matter of the Application of  
McGEE IRRIGATION COMPANY for authority  
to abandon the McGee Irrigation Company,  
a water utility. }

Application No. 40797  
(Amended)

Styles O. Chamberlain, for applicant.  
Wayne Wylie, attorney at law, for  
consumers as interested parties.  
Alfred V. Day, for the Commission staff.

O P I N I O N

By application No. 40215, filed June 27 and amended by filing of July 8, 1958, the McGee Irrigation Company, a California corporation, requested authority to increase its rates and charges for water service rendered in unincorporated territory located about one mile southwest of Applegate in Placer County.

Before that matter was heard, by Application No. 40797 filed February 3 and amended by filing of February 25, 1959, the said company requested authority from the Commission to abandon its operations as a public utility.

Public Hearing

The two proceedings were combined for hearing on a consolidated record before Examiner E. Ronald Foster at Applegate on March 4 and 5, 1959, prior to which time notices of hearing on both matters were published and mailed to each of the utility's consumers as required by the Commission. Practically all of applicant's

customers attended the hearing and were represented by counsel. No protest was voiced against the requested water rate increases, but considerable interest was shown in the proposed abandonment.

Applicant's president and principal stockholder presented oral testimony and supporting exhibits respecting the utility's operations. A Commission engineering staff witness also presented evidence, both documentary and oral, concerning the results of his independent study and analysis of applicant's operations. After further testimony by three consumers, both matters were submitted and are now ready for decision.

#### History of the Utility

Mr. C. H. McGee started selling water in 1945 to various customers living in the 54-acre McGee Subdivision comprising some 36 or more lots varying from less than one-half acre to about 2½ acres in size. As a result of a service complaint filed by the customers with the Commission, by Decision No. 42436, dated January 18, 1949, in Case No. 4973, the defendant was found to be operating a public utility embracing the distribution and sale of water for both irrigation and domestic purposes.

The McGee Irrigation Company was incorporated in February, 1949, for the purpose, among other things, of owning and operating a public utility for the purpose of selling and distributing water. The articles of incorporation, a copy of which was attached to Application No. 40215 as Exhibit "E", show that the total number of shares which may be issued is fifty, with a par value of \$100 per share, and having an aggregate par value of \$5,000.

In 1954, Styles O. Chamberlain and Leila Chamberlain, husband and wife, acquired control of the water system through

purchase of the stock of McGee Irrigation Company for \$1,000. Application No. 40215 states that the stock in said corporation is owned wholly by said parties, 10 shares being in the name of Styles O. Chamberlain, also known as S. O. Chamberlain, and 2 shares being in the name of Leila Chamberlain, who are President and Secretary, respectively, of the corporation.

Description of the System

All water for the system is purchased from the Pacific Gas and Electric Company and diverted from its Boardman Canal at a point about 800 feet north of the subdivision and at an elevation of approximately 1,990 feet. From the canal the water is transmitted by gravity through a pipeline, in which a meter is located, to a point just within the subdivision where the line branches to supply both the west and east portions of the distribution system. The service area is divided by U.S. Highway No. 40 which has been widened to make a freeway cutting across the subdivision from its west boundary to the north boundary.

One branch of the pipeline supplies water to a 2,000-gallon open steel storage tank located west of the freeway at an elevation of about 1,960 feet, which tank is in the process of being moved to a new foundation some eight feet higher. This tank is and will still be located on the Chamberlains' residential lot and is designated as Tank No. 3 on the map of the service area filed as Exhibit No. 1. Three customers are furnished with water from this tank or the pipeline leading to it. One of these customers draws water directly from the tank by means of a small hydropneumatic pumping plant located on his own property.

The other branch of the transmission pipeline is "sleeved" under the freeway to conduct water to the eastern portion of the

service area. It supplies water to a 4,000-gallon housed and covered steel storage tank, known as Tank No. 1, mounted on a wooden support about 10 feet above ground, located on Hermann Hill at an elevation of about 1940 feet. This same pipeline also supplies water through a 1/2-horsepower booster pump to a 2,000-gallon open steel storage tank, called Tank No. 2, supported by a 10-foot wooden structure and located on Bates Hill at about 2,050 feet elevation. Four customers are supplied with water by gravity flow from Tank No. 2 and there are nine customers in the vicinity of Tank No. 1. Another 200-gallon open steel tank is installed in the pipeline extending southwesterly from Tank No. 1 for the purpose of breaking the pressure in the services below the small tank.

The transmission and distribution system comprises approximately 6,500 feet of mains ranging in size from 4-inch casing to 3/4-inch pipe. Including one to the Chamberlains' own premises, there are now sixteen active service connections, two of which are used only during the summer season, all customers being served at flat rates. At only one service connection does the pressure exceed 25 pounds per square inch. About half of the customers have small hydropneumatic systems of their own which take water directly from the mains, thus impairing the service to others, or from private auxiliary tanks supplied by the mains. No provision is made for filtering or chlorinating the water delivered by the utility and there are no fire hydrants.

Following is a description of the utility property and the reported cost at the time of its acquisition by the Chamberlains:

<u>Classification</u>	<u>Cost</u>
Land easement	\$ 25.
Tank House	51.
1/2-horsepower pump unit	105.
Tanks, including one of cement at canal	397.
Transmission and distribution mains	2,338.
Total utility plant	<u>\$2,916.</u>

The foregoing amounts are those recorded on the utility's books at the end of 1957, as adjusted by the staff to account for some previously unrecorded items.

# I. PROPOSED RATE INCREASES

## Present and Proposed Rates

Applicant's present rates became effective April 1, 1949, by authority of Decision No. 42436. The following tabulation compares the applicant's present and proposed flat rates for each separate house, dwelling or unit:

### FLAT RATE SERVICE

Period	Per Service Per Month			
	Present :	Proposed :	Increase	
	Rates :	Rates :	Amount :	Percent
November through April	\$2.50	\$3.00	\$0.50	20.0%
May through October	2.50	6.00	3.50	140.0

Special conditions appearing on the presently-filed rate schedule are to the effect that the water supplied is from open conduits and is not treated for domestic use, that applicant does not represent such water to be potable or suitable for domestic use and that any such use will be at the risk of the user.

The establishment of the following new schedule of rates for metered service was proposed by applicant, with the provision that a meter may be installed at the option of either the customer or the utility:

### METERED SERVICE

<u>Quantity Rate:</u>		<u>Per Meter Per Month</u>
First	800 cu.ft. or less .....	\$3.00
Next	2,000 cu.ft., per 100 cu.ft. ....	.25
Next	7,000 cu.ft., per 100 cu.ft. ....	.15
Over	9,800 cu.ft., per 100 cu.ft. ....	.10
<u>Minimum Charge</u>		
For 5/8 x 3/4-inch meter:		
	November through April	3.00
	May through October ..	6.00
No metered service larger than a 5/8 x 3/4-inch meter.		

Applicant also requests that the following special condition be made to apply to all service to be rendered;

- (a) No pumps or pressure pumps of any type to be attached directly to the utility line. In case of pump or pressure pump, customers will provide their own settling tanks and pumps or pressure pumps will be installed to the tanks or on the side of the tanks away from the utility line.
- (b) No service will be supplied to connections larger than 3/4-inch in diameter.

It may be pointed out that applicant's existing rule and regulation No. 8(f) and revised rules to be filed provide the utility with a sufficient remedy to correct service to any consumer's apparatus or appliance, the operation of which may be detrimental to the water service being furnished to other consumers from the same distribution system.

In its amendment to Application No. 40215 applicant further requested the following rates in respect to the installation and use of swimming pools:

All persons installing a swimming pool shall pay the sum of \$50.00 to fill the pool and \$10.00 a month until the pool is empty and closed for the year. It shall not be filled until the company is notified.

At the hearing applicant's witness expressed willingness to exercise the utility's option to place a meter on the service to any premises where extraordinarily large quantities of water may be used for purposes such as swimming pools and evaporation type water cooler systems, thus eliminating the necessity for flat rates applicable to such uses of water.

Applicant's witness explained that instead of a uniform rate of \$4.50 applicable for the whole year, he has proposed a higher rate for the summer months in order to obtain reasonable compensation for

service to certain customers who utilize water only during the summer period and have the water shut off during the winter.

### Results of Operation

Exhibits attached to the applications show operating expenses, when taxes and depreciation are included, in excess of operating revenues for the years 1956, 1957 and 1958. Moreover, such expenses as recorded do not include any amounts for labor, maintenance, operation and bookkeeping performed by the Chamberlains. Applicant estimated that for the year 1957 the proposed rates would have produced total revenues of \$810 (as compared with recorded revenues of \$477 at present rates) and a net operating income of \$173, but here, again, nothing is included for labor performed by the operators of the system.

Exhibit No. 2 shows the results of the investigation and study of applicant's operations prepared by an engineer of the Hydraulic Branch of the Commission's Utilities Division. The following tabulation summarizes the earnings information as developed by the staff for the year 1957 recorded and as estimated for the years 1958 and 1959, both at present rates and at the rates proposed by applicant.

### SUMMARY OF EARNINGS

Item	1957		1958 Estimated		1959 Estimated	
	Recorded:	Rates	Present:	Proposed:	Present:	Proposed:
Operating Revenues	\$ 478	\$ 480	\$ 864	\$ 510	\$ 918	
<u>Operating Expenses</u>						
Purchased Water	100	125	125	135	135	
Power and Pumping Expense	303	105	105	105	105	
Trans. & Dist. Exp.	-	90	90	90	90	
Cust. Acct. and Coll. Exp.	-	50	50	55	55	
General Expenses	15	185	185	190	190	
Subtotal	418	555	555	575	575	
Taxes Other Than Income	14	14	14	14	14	
Taxes on Income	25	25	68	25	78	
Depreciation Expense	108	126	126	127	127	
Total Operating Exp.	565	720	763	741	794	
Net Revenue	(87)	(240)	101	(231)	124	
Avg. Depreciated Rate Base		2,210	2,210	2,120	2,120	
Rate of Return		Loss	4.6%	Loss	5.8%	

(Red Figure)

In the foregoing tabulation the operating revenues are based on flat-rate service to an average number of 16 and 17 customers in 1958 and 1959, respectively. Expenses for both years have been normalized and include salary allowances considered reasonable for a water utility of this type and size. Consistent with its standard practice, the staff computed depreciation expense by the straight-line remaining life method, after a field inspection of applicant's depreciable utility plant.

The staff also included in its estimates the effect, on a pro forma basis, of including \$250 for certain improvements to plant which had been proposed or recommended to be made in 1958 and 1959 and \$35 for a meter contemplated to be installed in 1959. The improvements encompass enlargement of the inlet at the canal, relocation of Tank No. 3 at a slightly higher elevation and increasing the elevation of Tank No. 2.

Because of applicant's reluctance to make improvements in view of its expressed desire to abandon utility operations, the staff developed the following alternate results of operation by eliminating the \$250 for improvements and making the corresponding revisions in taxes on income, depreciation expense and reserve, and the average depreciated rate bases:

ALTERNATE SUMMARY OF EARNINGS

Item	1958 Estimated		1959 Estimated	
	Present : Rates	Proposed: Rates	Present : Rates	Proposed: Rates
Operating Revenues	\$ 480	\$ 864	\$ 510	\$ 918
Operating Expenses	555	555	575	575
Taxes Other Than Income	14	14	14	14
Taxes on Income	25	71	25	81
Depreciation Expense	<u>116</u>	<u>116</u>	<u>117</u>	<u>117</u>
Total Operating Expenses	710	756	731	787
Net Revenue	(230)	108	(221)	131
Avg. Depreciated Rate Base	1,963	1,963	1,881	1,881
Rate of Return	Loss	5.5%	Loss	7.0%

(Red Figure)

It is evident from the record that applicant has been operating at a loss and is in need of financial relief. It further appears that revenues from the rates proposed by applicant will not be excessive and will produce no more than a reasonable return on the net investment in plant, particularly if improvements to plant are made in any appreciable amounts. Applicant will be authorized by the order which follows to file schedules of rates which, although different in form, are expected to produce substantially the same gross revenues as those estimated as obtainable from the flat rates proposed by applicant. The schedule of rates for metered service will include minimum charges for a 5/8 x 3/4-inch meter which are lower than those proposed by applicant in order to establish a differential between them and the corresponding flat rates which involve an unlimited water use concept. It is expected that any slightly lower revenue resulting from these minimum charges will be offset by charges at the quantity rates for usage in excess of the entitlement for the minimum charge.

#### Recommendations

The staff recommended that Tank No. 2 be raised and that Tank No. 3 be moved to the higher location which has been prepared for it.

The staff made other recommendations pertaining to depreciation practices and the filing of maps and of rules governing customer relations revised to reflect present-day operating practices.

#### Miscellaneous

It was brought out during the hearing that with the gross revenues estimated as obtainable at the proposed rates, after deducting all out-of-pocket expenses as estimated by the staff, there will be the amount of \$265 allowed as wages and salaries for

the operators, plus the depreciation accrual of about \$117, and the net revenue of approximately \$131, or a total annual amount of more than \$500 available for making replacements and improvements to the plant facilities, as well as new service connections and extensions to supply any additional customers.

While the supply of untreated water available to applicant from the Boardman Canal appears to be more than sufficient for applicant's present and potential requirements, applicant's existing facilities are admittedly inadequate to render satisfactory service to even the small number of customers now obtaining water from the system. However, little complaint was heard from the consumers and no one at the hearing protested the proposed increase in rates.

Some of the present customers use water only in the summer-time and at least one such customer has no residence on the premises but uses the water only for irrigation purposes. There are about 22 additional vacant lots in the McGee Subdivision, some of which are large enough to be divided into two or three parcels. It is reported that the owner of a 15-acre tract east of and adjoining the McGee Subdivision is also desirous of obtaining water service. So there is a potential of at least 50 or 60 customers in the present service area and in the immediate vicinity thereof.

It is evident that the expansion of and improvements to applicant's water system to render it capable of furnishing an adequate supply of potable water at reasonably satisfactory pressures to the present and possible future customers will require more capital than can be generated from applicant's utility operations alone.

It appears that the revenues obtainable from the higher rates proposed by applicant should enable it to maintain about the same character and quality of service to the existing customers as it has done in the past.

## II. REQUEST TO ABANDON

### Applicant's Position

All of applicant's stock is held by S. O. Chamberlain and his wife Leila Chamberlain. He has been retired by the City of Sacramento on a partial disability pension and has had part-time employment as a bus driver for the Placer County schools but, due to a change in policy, such employment is expected to terminate in June of this year. Mrs. Chamberlain is on a medical leave of absence from the Placer County Hospital and is unable to work. Their home in the McGee Subdivision is heavily encumbered.

Chamberlain testified that he has no other financial resources which might be devoted to improving and extending the water system and that he has been unable to obtain a bank loan for such purposes due to lack of collateral security. He further testified to the futility of using such funds as may be available from the utility operations to make piecemeal replacements or additions to plant unless they fit into a system designed to provide adequate water service to present and future consumers. Therefore, he is very reluctant to spend any more of his available funds than may be necessary to maintain the existing service to the present customers. This witness also stated that his physical capacity to perform the maintenance and repair work is becoming limited to the point where it may be necessary to employ help for such purposes.

### Applicant's Proposal

Exhibit "C" attached to Application No. 40797 consists of an approximate estimate of the cost of making improvements considered by applicant to be immediately necessary. It is estimated that it would cost \$4,160 to enlarge the inlet to the system, replace Tank No. 3 with a 4,000-gallon steel tank to be mounted on the higher

foundation already prepared for it, replace Tank No. 2 with a 4,000-gallon steel tank to be erected on a steel tower about 10 feet higher than the present wooden structure, and replace some 850 feet of existing small distribution piping with 3-inch diameter asbestos-cement pipe. While such replacements would improve the service to certain customers, the system would still be inadequate to provide the standards of service expected of public water utilities.

When it was suggested that an equivalent or better improvement in over-all service could be accomplished at perhaps even less cost by the installation of a suitable hydropneumatic plant at an appropriate location, applicant's witness stated that the existing piping would not be able to stand the resulting increased pressure.

Exhibit "E" of Application No. 40797 shows an estimated cost of about \$23,350 for a more comprehensive revamping or reconstruction of the existing system, which includes the installation of an elevated 6,000-gallon tank at the present location of Tank No. 2, a 1½-horsepower booster pumping plant, and 6,170 feet of pipelines varying in size from one to six inches in diameter.

Being unable to finance any such extensive improvements to the system, Chamberlain testified that he and his wife are willing to relinquish their corporate stock and to convey title of the utility properties without cost to any mutual or cooperative organization of the present and future customers which might be formed, provided that the Chamberlains would be assured service of water, without any further assessment costs to them, as long as they themselves may continue to own their existing subdivision property. The witness named two such organizations reported to be working satisfactorily in nearby areas.

### Alternate Possibilities

At least a portion of the water from the Pacific Gas and Electric Company's Boardman Canal is released into that company's Lake Theodore Fill Ditch and flows through a more or less natural channel traversing the McGee Subdivision from north to south a few hundred feet east of the subdivision's west boundary. However, it does not appear feasible for more than a few of the applicant's existing or potential future customers to obtain their water by individual service connections from the electric company's canal system. Nor does it appear from the record that dug wells in applicant's service area could produce sufficient quantities of water for all needs.

Applicant's witness also suggested the possibility of obtaining filtered and treated water under pressure from the Meadow Vista County Water District's system which also obtains its supply from a point higher up on the Boardman Canal. It would be necessary to convey the water to the subdivision through a pipeline of considerable size approximately one-half or three-quarters of a mile long.

It was also suggested that the existing system could be converted to one similar to that near Weimar operated under the name of the Frey Water Company. This would involve the construction of some sizable settling tanks, a filtration and water-treatment plant, and a suitable hydropneumatic pumping plant to deliver the water through mains of proper strength and adequate capacities.

### Customer Participation

Three customers testified concerning the character of the water service now available to them and of their desire to have a more adequate system to meet the demands of the present and future

customers. Of the several possibilities, that which appeared to be most acceptable was a suggestion that the present corporation be reorganized, the outstanding stock be accepted from the present owners without cost, and more shares sold to provide additional capital for the necessary plant.

Applicant's witness expressed his willingness to accept the customers' suggestion and to cooperate in the proposed reorganization. He agreed to continue the operation of the existing system to the best of his financial and physical ability for a reasonable period of six months, or more if necessary, to allow time for the formation of the new organization and for exploration as to the most economically feasible manner of providing reasonably adequate service of water for all domestic purposes for the community. Applicant's president made it clear, however, that if the reorganization and transfer of the responsibility of providing water service is not accomplished within such a reasonable period, he will have no alternative but to persist in his intention to abandon the system and terminate the responsibility as a public water utility which he assumed when he acquired control of the McGee Irrigation Company.

### III. FINDINGS AND CONCLUSIONS

The Commission is of the opinion and so finds that a water utility should not be permitted to abandon its system and to discontinue service of water to people who, by use, have acquired a right thereto and that it would be unfair to permit this water utility to abandon such service when no other water system is serving the community, provided the utility can continue its operations without sustaining losses which would lead to confiscation of the property used for the benefit of the public served thereby.

The Commission finds and concludes that applicant herein can receive a reasonable return on its property devoted to public use from its operations in the future by applying the rates and charges hereinafter authorized for the water service to be rendered.

Accordingly, the Commission finds and concludes that public convenience and necessity require the continuance of water service by the applicant utility and that it would be inimical and adverse to the public interest to permit applicant to abandon its operations as a public utility. Therefore, the Commission further finds and concludes that applicant's request to abandon its facilities and to discontinue service to the public should be denied.

The Commission further finds and concludes that the estimates of operating revenues, expenses, including depreciation and taxes, and the rate bases as submitted by the staff for the years 1958 and 1959 are reasonable and they will be and hereby are adopted for the purposes of this proceeding.

The Commission further 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

McGee Irrigation Company, a corporation, having applied to this Commission for an order authorizing increases in rates and charges for water service rendered in unincorporated territory located about one mile southwest of Applegate, Placer County; the said company also having applied to this Commission for authority to

abandon its operations as a public utility; public hearing having been held on both matters on a consolidated record and the said matters having been submitted for decision; and the Commission now being fully advised and basing its decision upon the findings and conclusions contained 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 conformance with the provisions of General Order No. 96, the schedules of rates attached to this order as Appendix A and, on not less than five days' notice to this Commission and to the public, to make such rates effective for all service rendered on and after June 1, 1959.

2. Within forty-five days after the effective date of this order, applicant shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96, rules governing customer relations revised to reflect present-day operating practices and a revised tariff service area map acceptable to the Commission. Such rules and tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

3. Within sixty days after the effective date of this order, applicant shall file with this Commission four copies of a comprehensive map drawn to an indicated scale not smaller than 200 feet to the inch, delineating by appropriate markings the various tracts of land and territory served, the principal water production, storage and distribution facilities, and the location of the various water utility properties of applicant.

4. Beginning with the year 1959, applicant shall determine depreciation expense by multiplying depreciable utility plant by a

rate of 4.0 percent. This rate shall be used until review indicates it should be revised. Applicant shall review the depreciation rate using the straight-line remaining life method when major changes in utility plant composition occur and at intervals of not more than five years, and shall revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to this Commission.

5. Applicant's request to abandon its facilities devoted to the supply, storage, distribution and service of water and to discontinue such service of water to the public is hereby denied without prejudice.

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

Dated at San Francisco, California, this 14th day of April, 1959.

C. Fox  
President  
W. L. Hill  
W. L. Hill  
Theodore D. Danner  
Ernest R. Sage  
Commissioners

APPENDIX A  
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## Schedule No. 1U

GENERAL METERED SERVICE - UNTREATED WATERAPPLICABILITY

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

TERRITORY

The unincorporated area including McGee Subdivision, and vicinity, located approximately one mile southwest of the community of Applegate, Placer County.

RATES

Per Meter  
Per Month

## Quantity Rates:

During the 6-month period, November through April:

First	600 cu.ft. or less	.....	\$2.50
Next	2,400 cu.ft., per 100 cu.ft.	.....	.25
Next	7,000 cu.ft., per 100 cu.ft.	.....	.15
Over	10,000 cu.ft., per 100 cu.ft.	.....	.10

During the 6-month period, May through October:

First	1,200 cu.ft. or less	.....	5.00
Next	1,800 cu.ft., per 100 cu.ft.	.....	.25
Next	7,000 cu.ft., per 100 cu.ft.	.....	.15
Over	10,000 cu.ft., per 100 cu.ft.	.....	.10

## Minimum Charge:

For 5/8 x 3/4-inch meter:

From November through April	.....	2.50
From May through October	.....	5.00

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Schedule No. 1U—Contd.

GENERAL METERED SERVICE - UNTREATED WATER

SPECIAL CONDITIONS

1. No service will be furnished through connections larger than 3/4-inch in diameter.
2. The water supplied under this schedule is untreated water from open conduits. The utility does not represent that such water is potable or of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make the same potable and shall assume all risks and liabilities in connection therewith.

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Schedule No. 2U

GENERAL FLAT RATE SERVICE - UNTREATED WATER

APPLICABILITY

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

TERRITORY

The unincorporated area including McGee Subdivision, and vicinity, located approximately one mile southwest of the community of Applegate, Placer County.

RATES

Per Month

For each 3/4-inch service connection:

During the 6-month period, November through April	\$3.00
During the 6-month period, May through October	6.00

SPECIAL CONDITIONS

1. No service will be furnished through connections larger than 3/4-inch in diameter.
2. The water supplied under this schedule is untreated water from open conduits. The utility does not represent that such water is potable or of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make the same potable and shall assume all risks and liabilities in connection therewith.
3. 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. 1U, General Metered Service - Untreated Water.