

Decision No. 58539**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 T. E. FINGER for a certificate of)
 public convenience and necessity to)
 operate a water system and to)
 establish rates in Lake Forest Sub-)
 division Unit No. 3 and vicinity,)
 located about 2½ miles east of Lake)
 Forest Unit No. 1, Lake Tahoe,)
 California under Section 1001 of)
 the Public Utilities Code.)

Application No. 40485

T. E. Finger, applicant, in propria persona.
John D. Reader, for the Commission staff.

O P I N I O N

T. E. Finger, by the above-entitled application filed October 3, 1958, requests a certificate of public convenience and necessity to operate a water system and the establishment of rates for service in the unincorporated territory known as Lake Forest Unit No. 3, and vicinity, located on the northwest shore of Lake Tahoe approximately 4½ miles northeast of the community of Tahoe City in Placer County.

Public Hearing

A public hearing on this application was held before Examiner E. Ronald Foster at Sacramento, March 31, 1959, prior to which time notices of hearing thereon were published, posted and sent to a neighboring public utility, and also mailed to all customers of the utility, as required by the Commission. Although a few customers attended the hearing, no persons appeared to oppose the granting of applicant's requests. Applicant presented oral testimony and supporting exhibits concerning his operations and a Commission staff witness also introduced a report on an investigation

thereof, following which the matter was submitted and is now ready for decision.

History of Applicant's Operations

Since 1946, applicant has been operating a public utility water system serving Lake Forest Unit No. 1, and vicinity, located approximately two miles northeast of the community of Tahoe City, rates for which were first established by this Commission by its Decision No. 43750, dated February 1, 1950, in Application No. 30549. Service in that area has been available for the winter season from October through April, as well as for the summer season, May to September, inclusive. T. E. Finger, doing business as Lake Forest Water Co., was authorized to increase rates for both metered and flat rate service for the two seasons by Decision No. 57438, dated October 7, 1958, in Application No. 40020.

The subdivision known as Lake Forest Unit No. 3 is located about 2½ miles farther northeast of Tahoe City and was originally subdivided in about 1929 by H. F. Droste and Arthur P. Crist, operating under the name of Tahoe Land and Development Co. The water system rendering service in this tract was owned and operated by the subdividers until it was purchased by the caretaker, Roy Stark, who in turn sold it to T. E. Finger, the applicant herein. Although summer water service has been rendered in the area for over 25 years, the last six or seven years of which time the system has been owned and operated by applicant, this utility has not heretofore come under the direct jurisdiction of the Commission.

Applicant now requests that a certificate of public convenience and necessity be granted to him, doing business as Lake Forest Water Co., to operate a public utility water system in Lake Forest Unit No. 3 and certain adjacent territory. He also requests

that both meter and flat rates be established for summer season service and also for service proposed to be rendered in the winter season.

Territory Requested to be Certificated

At the hearing, applicant introduced three maps, Exhibits Nos. 1, 2 and 3, which supersede Exhibits "A" and "B" attached to the application and which serve to show the territory now desired by applicant to be included in the requested certificate.

Exhibit No. 1 is a map of that portion of Lake Forest Unit No. 3, consisting of about 31 acres which have been subdivided into 92 lots, which is located mostly in the easterly part of the south half of the southwest quarter of Section 28 of Township 16 North, Range 17 East, M.D.B. & M. and partly in the south half of the fractional southeast quarter of said Section 28. The subdivision is traversed from south to north by State Highway No. 28 located about 200 feet westerly of the shore of Lake Tahoe. The area directly west of Lake Forest Unit No. 3 is unsubdivided forest land, supposedly privately owned but not by the applicant.

Exhibit No. 2 is a map showing in detail the ownership of lands in the north half of the southwest quarter and in the north half of the fractional southeast quarter of the said Section 28. In particular, it shows lands colored red on the map, which lands applicant desires to have included in his requested certificate and which lie north of the portion of Lake Forest Unit No. 3 shown on Exhibit No. 1, namely: (1) a strip of land 100 feet wide, shown as belonging to S.C. & H.S. Brown, the northern boundary of which is defined by a line extending easterly from the western boundary of Section 28 to the State Highway No. 28, and (2) two parcels shown as belonging to J.E. & M.M. Stead and to A.J. & D.L. Ketman,

measuring 250 feet from south to north, the northern boundary thereof being defined by a line extending easterly from the State Highway No. 28 to the shore of Lake Tahoe; which lines form the southern boundary of the territory recently certificated by the Commission^{1/} to John A. Fulton, doing business as the Fulton Water Company. Said Fulton testified in the current proceeding that there is no conflict in the boundary, as above described, between the two territories requested to be certificated respectively to the two water utilities. This is further substantiated by a statement of agreement by the two parties, filed as Exhibit No. 4 herein.

Therefore, by the instant application as amended at the hearing, the Commission is requested to authorize applicant herein to render service of water in that unincorporated territory, totaling some 90 acres, colored in red on the map filed as Exhibit No. 3 showing its relation to other water systems in the vicinity, comprising the following areas, all in Section 28, T.16 N., R.17 E., M.D.B. & M.:

- (a) The south half of the southwest quarter and the south half of the fractional southeast quarter, including particularly that portion of Lake Forest Unit No. 3, located in the easterly part thereof.
- (b) The southerly 100 feet of the north half of the southwest quarter, lying between the western boundary of said Section 28 and the State Highway No. 28.
- (c) The southerly 250 feet of the north half of the southwest quarter and of the north half of the fractional southeast quarter, lying between the State Highway No. 28 and the shore at Lake Tahoe.

^{1/} Decision No. 58425 dated May 19, 1959 in Application No. 40795.

Description of the Water System

The principal features of applicant's existing water system are shown on the map, Exhibit No. 1 herein. The present source of water supply is obtained by diversion from Slim Jim Creek below the overflow from Dollar Reservoir. It appears that this supply has been dependable and adequate for many years, since the pumping facilities on the shore of Lake Tahoe were allowed to deteriorate and have not been operated by applicant during the last several years in which he has owned the system.

Nearly 2,200 feet of 6-, 4-, and 3-inch supply mains laid on the ground surface or in shallow ditches transmit the water supply by gravity to one 4,500-gallon elevated redwood tank and thence to another 10,000-gallon redwood tank at ground level. The elevated tank presently is not necessary to supply the existing customers but it will be required to serve part of the requested area at elevations higher than the present subdivision. Two 3-inch transmission lines, one of which extends from the large tank to the lake, totaling about 2,850 feet in length, deliver the water to the subdivision, and approximately 3,860 feet of 2-inch mains complete the distribution system. Service is presently being rendered through about thirty-three 3/4-inch connections paid for by that number of summer season customers, two of whom are located just outside of the subdivision, to the north thereof. At present there are no meters on the customers' services and there are no fire hydrants installed on the water system.

Some of the present customers have requested water service in the winter season. In order to make such service available, the record shows that it will be necessary to "winterize" the existing system. This will involve the construction of a new

pumphouse, properly insulated, the rehabilitation of the pumping plant and the installation of a suction line to take water from the lake; the replacement of approximately 1,100 feet of 2-inch pipe with new 3-inch pipe laid at a greater depth; and the lowering of considerable additional lengths of 2-inch pipe to a depth sufficient to prevent freezing.

Applicant testified that the cost of the proposed reconstruction to winterize the system will be partly financed through personal loans on a voluntary basis from those who are interested in having a winterized water system. Based on an estimate of 20 to 25 such interested parties, an amount of \$225 apiece has been adopted. The promissory notes will bear no interest and are to be repaid at the rate of \$15 per year. This plan was first announced in the form of a notice (Exhibit No. 5A) which was enclosed with water bills mailed in May, 1958, and more complete details were set forth in a proposal (Exhibit No. 5B) mailed in November, 1958, to the customers and lot owners of Lake Forest Unit No. 3 and vicinity. At the time of the hearing only about 16 persons had deposited the specified amount. The applicant stated that he would use none of the borrowed money until he decides that he has enough to go ahead and complete the project. He has already spent \$400 of his own funds deepening 500 to 600 feet of ditch for lowering the mains. The application states that in the event it becomes necessary to encumber the public utility water system, subsequent application will be filed with the Commission for the approval of such financing.

Rates for Water Service

Heretofore water service during about six summer months has been rendered at a seasonal flat rate of \$20, which produces approximately \$660 in annual revenue from the 33 customers and which

applicant alleges is not adequate to compensate for costs of operation. Therefore, he has proposed the following summer and winter season flat rate and meter rate schedules:

<u>Flat Rates</u>	<u>Per Season</u>
May 1 through October 31	\$30.00
November 1 through April 30	37.50
 <u>Meter Rates</u>	
Minimum Charge (5/8 x 3/4-inch meter):	
May 1 through October 31	28.00
November 1 through April 30	35.00
 Quantity Rates:	
First 750 cu.ft. included in seasonal charge	
Next 1,250 cu.ft., per 100 cu.ft.30
Next 2,000 cu.ft., per 100 cu.ft.25
Over 4,000 cu.ft., per 100 cu.ft.20

Applicant has no immediate plans to install meters. The rate schedules, as proposed for applicant's Unit No. 3, are not, for various reasons, directly comparable with those recently authorized for his Unit No. 1, but the proposed rates are basically considerably higher; however, on a total year basis, they are very little higher than those being charged by some other public utilities operating in this vicinity. If authorized, the proposed flat rate for summer service would constitute an increase of 50 percent over the \$20 rate heretofore charged by applicant for such service in Unit No. 3.

Results of Operation

A staff engineering witness presented a report covering his investigation of the applicant's operations (Exhibit No. 6). It includes an appraisal of the existing plant as of March, 1959, resulting in an estimated historical cost of \$6,119 and an associated depreciation reserve requirement of \$4,007, or an estimated cost, less depreciation, of \$2,112.

The report also contains an estimate of the cost of improvements to the system necessary to provide winter water service, as follows:

Estimated Cost of Improvements

Lowering 4,700 feet of existing pipeline	\$3,290
New 3-inch pipeline, 1,100 feet long, installed	1,870
New pump, valves and connections	400
New pumphouse, insulated	1,300
New 3-inch suction line, 200 feet long	<u>350</u>
Total	\$7,210

Resulting Retirement

1,200 feet of 2-inch pipeline	<u>460</u>
Total net additions	<u>\$6,750</u>

The total estimated cost of the winterized system would therefore be \$12,869, with an associated depreciation reserve requirement of \$3,547, or an estimated depreciated cost of the improved plant amounting to \$9,322.

Based on the assumption that winter service were to be rendered to 16 of the 33 homes, the engineer estimated the results of operation for the year 1959 at the present rates and at applicant's proposed rates to be as follows, with all service rendered at flat rates:

SUMMARY OF EARNINGS

<u>Item</u>	<u>Existing System</u> <u>Summer Service Only</u>		<u>Improved System</u> <u>Summer & Winter Service</u>
	<u>Present</u> <u>Rate</u>	<u>Proposed</u> <u>Rate</u>	<u>at Proposed</u> <u>Rates</u>
Operating Revenues	\$ 660	\$ 990	\$1,590
<u>Operating Expenses</u>			
Maintenance & Operation	495	495	825
Ad Valorem Taxes	50	50	100
Income Taxes		45	55
Depreciation	<u>131</u>	<u>131</u>	<u>392</u>
Total	\$ 676	\$ 721	\$1,372
Net Revenue	\$ <u>(16)</u>	\$ <u>269</u>	\$ <u>218</u>

(Red Figure)

The above tabulation clearly shows that the revenues obtainable from the present rates are deficient. From an analysis of the indicated results of applying the proposed rates it appears that the revenues obtainable therefrom, under the variable conditions of operating this water system which can be anticipated, will not be unreasonable. Therefore, the rate schedules as proposed by applicant will be authorized, with minor modifications as to form and with certain conditions attached thereto.

Applicant testified that in case he is not able to finance the improvements necessary to provide winter service, he does not plan to make any substantial improvements to the system for summer service only, although he has already spent some \$400 toward lowering the pipelines leading toward the subdivision from the large tank.

In the event that improvements to the system are made substantially as proposed, making winter service available to all existing customers, additional operating expenses will be incurred in rendering such service. It appears that such additional costs of operation will be approximately the same, whether winter service is rendered for only a few customers or to many. In order that the utility may not be required to furnish winter service at an out-of-pocket loss and to eliminate the possibility of an undue burden being thereby imposed upon the summer season customers, the utility will be authorized to exercise its option to refuse to render winter service to less than ten winter season customers, which number is considered reasonable.

Miscellaneous

The record shows that applicant has begun negotiations with the local health authorities and applicant testified that he would proceed to obtain a proper permit from the Placer County Health Department for the operation of a domestic water system in the area herein proposed to be served.

Applicant further testified that he had filed an application with the State Water Rights Board to continue to appropriate water from the creek below Dollar Reservoir and also to appropriate water from Lake Tahoe and that the application had been assigned No. 18414 and receipt thereof acknowledged on November 18, 1958. A subsequent letter from the said Board pertaining to Application No. 18414 and dated February 20, 1959, acknowledged receipt of an affidavit in connection with posting a notice of the application and stated that further action would follow in due course.

Staff Recommendations

The staff witness testified that all available information indicates that the present water supply, transmission and storage facilities are adequate for the existing customers and that the distribution mains are adequate for the present and immediate future, although some of these 2-inch lines are longer than allowable by the Commission's General Order No. 103. He recommended that any replacement of mains as planned to provide for winter service and all other plant additions should be installed in compliance with the minimum standards prescribed by General Order No. 103. He also pointed out that applicant's plan to install winterized pumping equipment would make the lake water available to the system at all times of the year and would be of value in the future to meet peak demands when more customers are added.

This witness recommended that the Commission authorize rates for winter service at this time but allow applicant about a year to determine whether he is financially able to furnish this service, and that applicant advise the Commission if and when he is able to provide winter service, so that the rates authorized for this service may be filed at that time. In the order which follows,

applicant will be authorized and directed to file rates for summer service, and authorized to file rates for winter service, should he decide to do so in the light of developments pertaining to financing the proposed improvements.

The order herein will implement the staff's further recommendations pertaining to depreciation practices and the filing of maps to show the tariff service area and to show the water service facilities in the area to be certificated herein.

Findings and Conclusions

Applicant's existing water supply, transmission, storage and distribution facilities appear to be adequate to meet the summer season requirements of the present customers and probably 20 more. To take care of further growth and to meet peak demands, it appears that applicant should obtain the right to appropriate water and install the necessary facilities to pump such water from Lake Tahoe. We find that the rate of \$20 heretofore charged for summer season service is for the future insufficient, unjust and unreasonable, and that the increases in rates and charges for such service authorized herein are justified.

To provide service of water in the winter season will require improvements to the system as hereinabove described. Applicant has declared his willingness to install such improvements and to furnish water service in the winter season, provided a sufficient number of property owners are interested in having such service to enable him to finance the necessary improvements. The Commission concludes from the record herein, and so finds, that applicant should not be required to render winter service in the area herein-after certificated to him unless he can finance the said improvements in a satisfactory manner. Before such financing in any way encumbers

the public utility water system involved herein, applicant is put on notice that he must first obtain the necessary authority from this Commission.

In order that the properties on which the water production, storage and related facilities are located be dedicated to public utility operations, applicant will be required to file with the Commission documentary evidence to that effect.

The Commission finds that public convenience and necessity require that the requested certificate be granted and that the rates shown in Appendix A attached hereto are fair and reasonable.

The certificate hereinafter granted is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate, or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

O R D E R

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

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to T. E. Finger, doing business as Lake Forest Water Co., to construct and operate a public utility system for the distribution and sale of water in the unincorporated territory hereinbefore described, comprising some 90 acres, including that portion of the subdivision known as Lake Forest Unit No. 3, and vicinity, located on the northwest shore of

Lake Tahoe, approximately $4\frac{1}{2}$ miles northeast of the community of Tahoe City, in Placer County, all as more particularly delineated on the maps filed as Exhibits Nos. 1, 2, and 3 in this proceeding and which maps are hereby made a part of this order by reference.

IT IS FURTHER ORDERED that:

1. Applicant is authorized and directed to file in quadruplicate with this Commission, after the effective date of this order and in conformity with General Order No. 96, the schedules of rates shown in Appendix A attached hereto, and, upon not less than five days' notice to the Commission and to the public, to make said rates effective for service rendered on and after July 1, 1959.

2. After the effective date of this order and concurrently with the filing of the rates required by the above ordering paragraph 1, applicant shall revise his presently effective tariff schedules, including the tariff service area map, now applicable to the area known as Lake Forest Unit No. 1, in accordance with the procedure prescribed by General Order No. 96, to provide for the application of said tariff schedules to the extent not inconsistent with the schedules of rates authorized for the area being certificated hereinabove. Such revised tariff sheets shall become effective upon five days' notice to the Commission and to the public after filing as herein provided.

3. Within sixty days after the effective date of this order, applicant shall file in quadruplicate with this Commission, in conformity with General Order No. 96, a tariff service area map applicable to the area being certificated hereinabove and acceptable to this Commission. Such tariff service area map shall become effective upon five days' notice to the Commission and to the public after filing as herein provided.

4. Applicant is authorized to file in quadruplicate with this Commission on or after August 1, 1959, and on or before September 15, 1960, in conformity with General Order No. 96, the schedules of rates shown in Appendix B attached hereto, to be effective on or before the date winter service is first rendered to the public. Such rates shall become effective upon not less than five days' notice to the Commission and to the public after filing as hereinabove provided.

5. Applicant shall file, within one year after the effective date of this order, four copies of a comprehensive map, drawn to an indicated scale not smaller than 100 feet to the inch, delineating by appropriate markings the tract of land and territory certificated herein, the principal water production, storage and distribution facilities, and the location of the various water system properties of applicant used to provide service to the area certificated herein.

6. Beginning with the year 1959 and in future years, as long as the water system existing as of March, 1959, is used to render service, applicant shall determine depreciation expense by multiplying depreciable utility plant by a rate of 2.2 percent. This rate shall be used until review indicates it should be revised. In the event that improvements are installed to the extent substantially as proposed by applicant and as outlined hereinabove, then applicant shall determine depreciation expense by multiplying the total depreciable utility plant by a rate of 3.1 percent. 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 applicable rate in conformance with such reviews. Results of these reviews shall be submitted to this Commission.


7. Within one year after the effective date of this order, applicant shall obtain easements or permits for the lots or areas

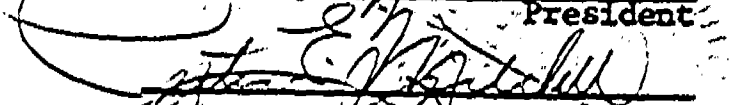
on which the water intake, storage tanks, pumping plant and related water facilities are located, including rights of way for the transmission lines from the water supply sources, and shall file with the Commission, not later than ten days after obtaining each easement or permit, one copy of each appropriate document showing such easement or permit.

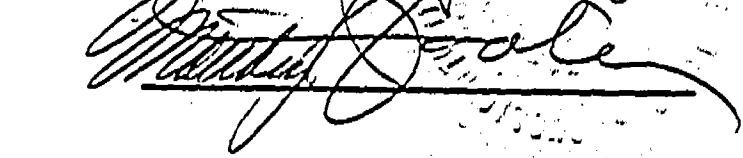
8. If applicant proceeds with the proposed improvements to the water system necessary to provide winter service to his customers, within sixty days after the completion and placing in operation of such installations, applicant shall file with the Commission a written report providing details of the various improvements, the cost thereof and the dates when the several elements thereof were placed in service.

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

Dated at San Francisco, California, this 2nd day of June, 1959.



President




Commissioners

Theodore H. Jenner
Commissioner S. Everett C. McKeage, being
necessarily absent, did not participate
in the disposition of this proceeding.

APPENDIX A
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Schedule No. LFT-1S

SEASONAL METERED SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Lake Forest Unit No. 3, and vicinity, located adjacent to State Highway No. 28 and approximately 4 1/2 miles northeast of the community of Tahoe City, Placer County.

RATES

Monthly Quantity Rates:

	<u>Per Meter</u> <u>Per Month</u>
First 700 cu.ft. or less, included in Seasonal Minimum Charge.	
Next 1,300 cu.ft., per 100 cu.ft.	\$ 0.30
Next 2,000 cu.ft., per 100 cu.ft.25
Over 4,000 cu.ft., per 100 cu.ft.20

Seasonal Minimum Charge:

	<u>Per Meter</u> <u>Per Season</u>
For the 6-month period, May 1 through October 31	
For 5/8 x 3/4-inch meter	\$28.00

SPECIAL CONDITIONS

1. The seasonal minimum charge is due in advance.
2. The charge for water used in excess of the quantity allowed each month for the seasonal minimum charge may be billed monthly, bimonthly, or quarterly at the option of the utility on a noncumulative monthly consumption basis.

APPENDIX A
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Schedule No. LFT-2SR

SEASONAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Lake Forest Unit No. 3, and vicinity, located adjacent to State Highway No. 28 and approximately $4\frac{1}{2}$ miles north-east of the community of Tahoe City, Placer County.

RATE

Per Service Connection
Per Season

Seasonal Charge:

For the 6-month period, May 1 through October 31

For 3/4-inch service connection
to a single family residence \$30.00

SPECIAL CONDITIONS

1. The seasonal minimum charge is due in advance.
2. All service not covered by the above classification will be furnished only on a metered basis.
3. Meters may be installed at the option of utility only for above classification, in which event service thereafter will be furnished only on the basis of Schedule No. LFT-1S, Seasonal Metered Service.

APPENDIX B
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Schedule No. LFT-1S

SEASONAL METERED SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated area known as Lake Forest Unit No. 3, and vicinity, located adjacent to State Highway No. 28 and approximately $\frac{1}{2}$ miles northeast of the community of Tahoe City, Placer County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Monthly Quantity Rates:	
First 700 cu.ft. or less, included in Seasonal Minimum Charge.	
Next 1,300 cu.ft., per 100 cu.ft.	\$ 0.30
Next 2,000 cu.ft., per 100 cu.ft.25
Over 4,000 cu.ft., per 100 cu.ft.20
Seasonal Minimum Charge:	<u>Per Meter</u> <u>Per Season</u>
<u>Summer Season</u>	
For the 6-month period, May 1 through October 31	
For 5/8 x 3/4-inch meter	\$28.00
<u>Winter Season</u>	
For the 6-month period, November 1 through April 30	
For 5/8 x 3/4-inch meter	\$35.00

(Continued)

Schedule No. LFT-2SR

SEASONAL RESIDENTIAL FLAT RATE SERVICE
(Continued)

SPECIAL CONDITIONS

1. The seasonal minimum charge is due in advance.
2. Customers may take service under this schedule for either or both of the seasons.
3. The charge for water used in excess of the quantity allowed each month for the seasonal minimum charge may be billed monthly, bimonthly, or quarterly at the option of the utility on a noncumulative monthly consumption basis.
4. Unless application is made for winter season service and payments in advance therefor are received from at least 10 customers on or before October 1 of any year, the utility may, at its option, refuse to render service of water for the ensuing winter season. Upon electing such option and refusal, the utility will return all winter season advance payments, if any, to the applicants for winter service on or before October 15 of such year.

APPENDIX B
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Schedule No. LFT-2SR

SEASONAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Lake Forest Unit No. 3, and vicinity, located adjacent to State Highway No. 28 and approximately 4 1/2 miles northeast of the community of Tahoe City, Placer County.

RATES

Per Service Connection
Per Season

Seasonal Charge:

Summer Season

For the 6-month period, May 1 through October 31

For 3/4-inch service connection to
a single family residence \$30.00

Winter Season

For the 6-month period, November 1 through April 30

For 3/4-inch service connection to
a single family residence \$37.50

(Continued)

Schedule No. LFT--2SR

SEASONAL RESIDENTIAL FLAT RATE SERVICE
(Continued)

SPECIAL CONDITIONS

1. The seasonal minimum charge is due in advance.
2. Customers may take service under this schedule for either or both of the seasons.
3. All service not covered by the above classification will be furnished only on a metered basis.
4. Meters may be installed at the option of utility only for above classification, in which event service thereafter will be furnished only on the basis of Schedule No. LFT-1S, Seasonal Metered Service.
5. Unless application is made for winter season service and payments in advance therefor are received from at least 10 customers on or before October 1 of any year, the utility may, at its option, refuse to render service of water for the ensuing winter season. Upon electing such option and refusal, the utility will return all winter season advance payments, if any, to the applicant for winter service on or before October 15 of such year.