

ORIGINAL

Decision No. 58851

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CITIZENS UTILITIES COMPANY OF CALIFORNIA,
a corporation, for Authority to Increase
its Rates and Charges for its Water
System serving the Niles-Decoto area in
Alameda County.

) Application No. 40665
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Graham James & Rolph, by Boris H. Lakusta, for applicant.
Mrs. Geraldine Rumsey, protestant.
Frank Fabiano and Joseph Caldeira, interested parties.
William C. Bricca and John R. Gillanders, for the Commission staff.

O P I N I O N

By the above-entitled application filed December 12, 1958, Citizens Utilities Company of California, a corporation, seeks authority of this Commission to increase its rates and charges for water service rendered in its Niles-Decoto District, Alameda County, by a gross annual amount of \$40,656.

Public Hearings

Public hearings were held before Examiner E. Ronald Foster at Fremont on March 24 and 25 and at San Francisco on March 27, 1959. On the third day of hearing, the matter was submitted on the record, subject to the late filing by applicant of two exhibits. The filing of those exhibits was completed on May 27, 1959.

In the meantime, on April 27, 1959, counsel for applicant had filed a "Memorandum of Differences between Applicant Company and

Staff of Public Utilities Commission", together with a petition requesting the Commission to set aside the submission in this proceeding and to reopen the matter. By the Commission's order dated May 19, 1959, the matter was reopened only for the purpose of receiving and considering the said memorandum, together with similar memoranda in reply thereto to be filed not later than May 29, 1959, by other parties or appearances, should they so desire, and on which latter date the matter was to be again submitted for decision. The only reply received was one filed by the staff counsel on May 29, 1959. The matter is now ready for decision.

Applicant's Request

Basically, applicant requests the Commission to establish rates for water service which will enable applicant to realize a 7.5 percent rate of return on its rate base. Exhibit D of the application and also exhibits presented by applicant at the hearing indicate that the total operating revenues estimated at the rates proposed in the application would be approximately 44½ percent more than the corresponding revenues obtainable at the present rates.

Rates, Present and Proposed

The presently filed rates for general metered service have been in effect since June 16, 1953. Rates for public fire protection service were made effective May 1, 1956. Applicant is also rendering private fire protection service for which no tariff has been filed and it now seeks authority to establish a rate for such service somewhat higher than that presently being charged. The following comparative tabulation summarizes the present rates and those proposed by applicant as set forth in Exhibit G of its application:

<u>General Metered Service</u>	<u>Per Meter Per Month</u>		
	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Increase Percent</u>
<u>Quantity Rates</u>			
First 600 cu.ft., or less .	\$ 1.60	\$ 3.00	87.5%
Next 1,400 cu.ft., per 100 cu. ft.20	.20	-
Next 1,000 cu. ft., per 100 cu. ft.15	.15	-
Over 3,000 cu. ft., per 100 cu. ft.12	.12	-
<u>Minimum Charge</u>			
For 5/8 x 3/4-inch meter ..	1.60	3.00	87.5
For 3/4-inch meter ..	2.00	4.00	100.0
For 1-inch meter ..	3.00	5.00	66.7
For 1 1/2-inch meter ..	6.00	10.00	66.7
For 2-inch meter ..	10.00	17.50	75.0
For 3-inch meter ..	17.00	30.00	76.5
For 4-inch meter ..	25.00	45.00	80.0

<u>Private Fire Protection Service</u>	<u>Per Hydrant Per Month</u>			
	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Increase Percent</u>	
For each customer-owned-and-maintained hydrant	\$ 1.50	\$ 2.00	33.3%	
<u>Public Fire Hydrant Service</u>		<u>Niles Decoto</u>	<u>Niles & Decoto</u>	<u>Niles Decoto</u>
For each company-owned-and-maintained hydrant:				
Wharf type	\$2.50	\$2.50	\$3.00	20.0% 20.0%
Std. double outlet type ..	6.00	3.00	4.25	(29.2) 41.7

(Red Figure)

The next tabulation shows a comparison of the cost of metered service of water for several usages, computed on a bimonthly basis and assuming service through a 5/8 x 3/4-inch meter:

<u>Bimonthly Consumption Cubic Feet</u>	<u>Bimonthly Billing</u>		
	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Increase Percent</u>
0 to 1,200	\$ 3.20	\$ 6.00	87.5%
1,600	4.00	6.80	70.0
2,000	4.80	7.60	58.3
2,700 (Average)	6.20	9.00	45.2
3,000	6.80	9.60	41.2
5,000	10.30	13.10	27.2
10,000	16.60	19.40	16.9
20,000	28.60	31.40	9.8
30,000	40.60	43.40	6.9
40,000	52.60	55.40	5.3
50,000	64.60	67.40	4.3

Customer Participation

One customer testified in protest to the quality of the water which is admittedly rather hard and which she asserted makes it necessary to use large quantities of detergents, claiming that soap is ineffective. She complained of "an alkali film" and deposits of a gummy substance on her washer and other surfaces.

Two other customers, testifying on behalf of the residents and merchants of Decoto, expressed concern over the high percentage increase in the minimum charge proposed for the usual 5/8 x 3/4-inch metered service and its effect on the many small users. They also mentioned the hardness of the water and stated that many of the water users find it necessary to have water softeners in their homes. While they did not oppose a small raise in water rates, these witnesses indicated that they would oppose a large increase without improvement in water pressures, which they alleged had been deficient in the past and were still low in at least one area at the time of the hearing.

A fourth customer testified as an employee of the Decoto^{1/} Fire Protection District and as one of the Board of Directors of the Union City Chamber of Commerce. He stated that water pressures had improved in the last several years as a result of larger mains which had been installed by the applicant, and that this better service warranted some increase in the water rates. Although water pressure conditions had improved in the town of Decoto itself, there was still need for improvement in the higher areas known as Cascade Gardens and Tamarack. A new eight-inch line recently installed in that vicinity was expected to remedy the situation.

^{1/} A part of the community of Decoto has now been officially incorporated as a portion of Union City.

Another customer testified as a resident of Niles^{2/} and as a taxpayer interested in the general economy of the area, particularly fire insurance rates, as affected by the water service and facilities, and the cost thereof. Based on a report which had been made by the fire underwriters that the installation of larger mains and standard fire hydrants, among other things, was necessary to lower the fire insurance rates, this witness stated that the improvements made by applicant during the past three years had helped to accomplish that objective. He considered this to be a salient factor in the consideration of the proper level of rates for water service.

Summary of Showings

Applicant's detailed results of operation report, Exhibit No. 2, was prepared prior to the filing of its application in December, 1958. The summary of earnings, Table 11-A thereof, is the same as Exhibit D attached to the application and shows the following estimated rates of return:

	<u>Estimated Rate of Return, Percent</u>	
	<u>Present Rates</u>	<u>: Proposed Rates</u>
1957 Recorded	5.38%	-
1958 Actual <u>a</u>	4.86	-
1958 Adjusted	3.99	9.67%
1959 Estimated	2.77	7.50

a Based on 10 months recorded and 2 months estimated.

Using the same proposed rates, applicant revised its revenue estimates to reflect later studies of precipitation and temperature data shown in its Exhibit No. 6. Applicant also revised its construction budget for 1959 to include \$22,000 for additional mains. The effect of these and minor other revisions was incorporated in a supplement report, Exhibit No. 3.

^{2/} A part of the community of Niles has now become incorporated as a portion of the City of Fremont.

The respective showings of applicant and the Commission staff for the year 1959 are compared in the following tabulation condensed from applicant's Exhibit No. 3 and the staff's Exhibit No. 10 in this proceeding:

<u>Item</u>	<u>Year 1959 Estimated</u>				
	<u>Present Rates</u>		<u>Proposed Rates</u>		
	<u>Applicant</u>	<u>Staff</u>	<u>Average Applicant</u>	<u>Staff</u>	<u>Year End Applicant</u>
Operating Revenues	\$ 89,938	\$ 97,840	\$130,030	\$135,820	\$130,030
<u>Operating Expenses</u>					
Operation & Maint.	43,833	41,920	43,833	41,920	43,833
General Taxes	12,850	13,040	12,850	13,040	13,878
Depreciation	15,467	13,700	15,467	13,700	16,619
Taxes on Income	7,541	8,410	29,158	28,890	27,983
Total	<u>79,691</u>	<u>77,070</u>	<u>101,308</u>	<u>97,550</u>	<u>102,313</u>
Net Operating Revenue	<u>10,247</u>	<u>20,770</u>	<u>28,722</u>	<u>38,270</u>	<u>27,717</u>
Depreciated Rate Base	415,768	376,000	415,768	376,000	439,525
Rate of Return	2.46%	5.52%	6.91%	10.18%	6.31%

Analysis of the foregoing tabulation and of the testimony relating thereto discloses some significant differences between the estimates submitted by the applicant and by the staff, which will be discussed under the headings indicated.

1. Operating Revenues

The considerable differences between the two estimates of operating revenues are mostly due to dissimilar methods of estimating the average consumption of water by the metered customers, the average number of such customers being in close agreement.

Applicant based its estimates of average consumption per customer on averages for the years 1954 through 1957 since the averages of rainfall and temperature for those four years were very close to the long-term averages for the years 1929 through 1957, as

determined from data supplied by the U. S. Weather Bureau for its Oakland station, Exhibit No. 6. On this basis, after deducting for three relatively large water users whose usage will be nonrecurring, applicant's engineer witness determined the four-year average annual consumption per metered customer and the corresponding average annual revenue, which results he used in estimating revenues from metered service at present rates for both years 1958 and 1959.

The staff engineer, based on his study of unit consumption for the past nine years, observed an upward trend which he continued into the year 1959, and thereupon he estimated general metered revenues, using an average annual consumption per customer and a corresponding average annual revenue somewhat higher than applicant. In determining the upward trend, this witness did not fully compensate for the loss of the three nonrecurring water users and he also made some use of the metered sales in 1958. The weather data shows that, while total rainfall for the year 1958 was much greater than normal, during the seven significant water consumption months of May through November the precipitation was far less than normal, and also that the average temperatures during 1958 were generally about three degrees higher than the average of the four preceding years and than the mean for the long-term period 1929-1957. Therefore, it is evident that 1958 was an abnormal year, which partly accounts for the fact that average consumption and the resulting average revenues from metered sales in that year were appreciably above those for the more recent previous years.

However, the adjusted statistics as developed by applicant show a continuing increase in average revenue per customer from 1954 to 1957. The observed upward trend for those most recent prior

years cannot be ignored. By continuing the trends from 1954 to 1957 through 1958 and into 1959, an average annual consumption per metered customer and the corresponding average annual revenue for 1959 have been developed which are considered to be reasonable and will be adopted herein for estimating metered revenues for 1959 at present rates.

Another element in the difference between the two estimates of metered revenues is the variance in the percentage increase resulting from the application of the rates proposed by applicant. Applicant's estimate of revenues at proposed rates is 48 percent more than at present rates whereas the staff's estimate is about 42 percent more. This accounts for the fact that the difference between the two estimates at proposed rates is substantially less than the corresponding difference at present rates. The staff's method is considered the more accurate and will be used in the estimation of revenues at the rates hereinafter authorized.

The differences between the two sets of estimated revenue other than from the metered sales are relatively minor. The staff's estimates are considered to be more accurate and will be adopted herein as reasonable. ✓
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2. Operation and Maintenance Expenses

A comparison of the two showings reveals no substantial differences in the costs of operating and maintaining the water system, other than those classed as administrative, general and miscellaneous expenses. The staff's estimate of this class of expenses is lower than applicant's. The principal reason for the difference lies in the differing methods used in estimating the construction credit element of the mutual service charges allocated from the Stamford and Redding offices. A review of the staff's justification of its

results, which were not challenged by cross-examination, leads to the conclusion that the staff's methods used in estimating administrative and general expenses are consistent and realistic. The staff's amount appears reasonable and will be adopted.

3. General Taxes

The staff's estimate of taxes, other than those based on income, is slightly higher than applicant's. The staff's estimate will be further increased to the amount adopted herein to account for ad valorem taxes on the somewhat greater construction budget hereinafter discussed.

4. Depreciation

The staff's estimate of depreciation is less than applicant's, due partly to the use of somewhat longer remaining lives for some classifications of utility plant and partly to differences in the treatment of certain retirements. The staff's witness stated that he had reviewed applicant's estimates and his testimony fully describes his reasons for this departure from the results as estimated by applicant. The staff's estimate is considered reasonable and will be used except for a small upward revision to take into account the depreciation on the somewhat larger construction budget hereinafter discussed.

5. Taxes on Income

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 and state corporation franchise taxes computed at a rate of 4 percent. The Commission takes official notice of the fact that the state corporation franchise tax rate has been increased from 4 percent to 5½ percent and the results herein adopted reflect such increase.

Beginning with the year 1954, applicant has taken advantage of accelerated depreciation permitted by the provisions of Section 167 of the Internal Revenue Code. Applicant's witness testified, however, that applicant intends to abandon its past practice in this respect and to return to the method of calculating depreciation expense on the straight-line basis in view of the Commission's decisions in recent proceedings wherein the applicant gained no advantage from such acceleration.

In support of its testimony, applicant presented Exhibit No. 4 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. The commitment shows that for the years 1959 and 1960 applicant will use straight-line depreciation for all plant additions including those made in the years 1953 and prior, for which straight-line depreciation was taken during the years 1955 through 1958; those made in the years 1954, 1955 and 1956, for which the applicant claimed accelerated depreciation computed by the sum-of-the-years digits method, for the tax years 1955 through 1958; and those made during the years 1957 and 1958 for which applicant claimed accelerated depreciation computed by the declining balance method, for the tax years 1957 and 1958.

Late-filed Exhibit No. 7 is a copy of a letter dated April 3, 1959, from the U. S. Treasury Department addressed to applicant's tax consultants, wherein reference is made to an application dated February 9, 1959, requesting permission for the applicant in this proceeding to change from the sum-of-the-years digits method of computing depreciation to the straight-line method, to become effective for the year ending December 31, 1959. The requested permission was granted contingent upon the agreement of the applicant to certain terms and conditions. Late-filed Exhibit No. 7, Supplemental, is a copy of a letter addressed to the Commissioner of Internal Revenue, dated May 18, 1959, and signed by applicant's treasurer, accepting the said terms and conditions set forth in the letter of April 3, 1959.

The question as to what rate treatment should be accorded to accelerated depreciation tax accruals and reserves for deferred taxes is being investigated by the Commission under Case No. 6148. Until such case is decided, applicant should keep the Commission informed as to its election of computing depreciation expense for income tax purposes for the years subsequent to 1959 by January 1st of each year until a final decision has been issued in Case No. 6148 and the Commission will promptly move to adjust the rates herein authorized in such manner as may be found appropriate. For the purposes of this decision only, pending final decision by this Commission on the treatment to be accorded accelerated depreciation for rate making purposes, the tax expense for rate making purposes herein will be determined on the basis of straight-line depreciation after crediting to the Federal Income Tax Account interest calculated on the derived reserve for income taxes at the fair rate of

return on applicant's rate base herein adopted. The interest credit in this proceeding will be \$370.

Applicant also introduced Exhibit No. 3 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.

The staff's method of computing taxes based on income will be adopted for the test year 1959, adjusted for the current 5½ percent state corporation franchise tax rate, the interest credit on the derived reserve for income taxes as mentioned above, and with appropriate amounts determined on the basis of the revenues and expenses as revised herein.

6. Rate Base

Applicant's estimate of the weighted average depreciated rate base is higher than the staff's estimate for 1959, the difference consisting of the following components:

Utility Plant	\$ 28,287
Depreciation Reserve	(2,422)
Materials and Supplies	7,623
Working Capital	6,330
Rounding Off	(50)
Total	\$ 39,768

(Red Figure)

Part of the large amount of \$28,287 pertaining to plant is due to different methods of weighting but most of it is caused by the modification of the 1959 construction budget, determined upon by applicant shortly before the hearing, to add the installation of a ten-inch pipeline from the Decoto storage tank to be completed in April or May, 1959, at an estimated cost of \$22,000, of which the staff had no notice in time to give it consideration. In addition to certain specific items, the applicant had previously included in its construction budget for that year an amount of \$6,000 for blanket items under \$500 each and a further amount of \$16,000 for unspecified items which might cost more than \$500 each. The record shows that the estimated allowance of \$16,000 was, in effect, increased to a \$22,000 amount to cover the estimated cost of the said ten-inch pipeline, since the testimony by applicant's witnesses fails to disclose that applicant anticipates the construction during 1959 of any major item not previously included in the budget. Therefore, the amount of applicant's construction budget, as previously reviewed by the staff and accepted for the purposes of this proceeding, will be increased by an amount of \$6,000. However, the staff's method of weighting will be used, since it appears to conform closely to applicant's actual accounting procedures in recording plant additions.

The negative difference of \$2,422 for the depreciation reserve follows from the staff's treatment of depreciation expense, which is considered proper and reasonable. Amounts included in rate base for materials and supplies and for working capital are determined by judgment. A review of the several factors involved in such determination leads to the conclusion that the staff's amounts are the more justifiable and reasonable.

Although no adjustment to rate base was made in this proceeding to give effect to repurchasing from the parent company of main extension contracts originating with the California company's Niles-Decoto district because the effect on the ratepayers of this district is negligible in this instance, such transactions result in a profit to the absentee parent company which the subsidiary company has capitalized. This repurchasing arrangement by affiliated companies can have a tremendous effect on the net revenue and, although the adjustment in the instant case would be negligible, it cannot be overlooked. Therefore, applicant is placed on notice that this type of associated company transaction constitutes improper use of an affiliate to the ultimate detriment of the ratepayer.

In view of all of the evidence, for the year 1959 a weighted average amount of \$381,100 will be adopted as a reasonable rate base upon which to test the reasonableness of the revenues estimated as obtainable at the rates proposed by applicant and at the rates to be authorized in this proceeding.

7. Trend of Earnings

To demonstrate its claim that there will occur substantial decline in the rate of return between 1959 and 1960, applicant estimated the rate of return at its proposed rates, for the year 1959, on a year-end rate base as shown in the right hand column of the foregoing tabulation. Such rate base gives full weight to the 1959 plant additions needed to maintain and improve service but which are largely non-revenue-producing facilities and are non-recurring. The difference between the rates of return estimated by

applicant on the two rate bases represents a claimed decline of 0.6 percent, due solely to the full year effect of such additions.

It should be pointed out that applicant's estimate of the rate of return on the year-end rate base for 1959 is subject to discrepancies similar to those discussed hereinabove as being applicable to the estimated rate of return on the weighted average rate base for the same year. Moreover, applicant has used the same revenues for the year-end results as those estimated as obtainable from the average number of customers, rather than from the increased number of customers who would be receiving service at the end of the year.

However, it is not possible for the increased rates to be authorized herein to be in effect during the whole of 1959, the year on which applicant's operations have been analyzed. In the light of all of the evidence, it is apparent that applicant will experience a decline in the rate of return and that the level of rates based on the year 1959 should take that factor into account. It further appears that a decline of about 0.65 percent may be expected to occur within the next twelve months.

Rate of Return

Summarizing, after adjusting for the amounts found reasonable in the foregoing discussion, the following tabulation sets forth the adopted results of applicant's operations for the year 1959 as estimated at present rates, at applicant's proposed rates, and at the rates hereinafter authorized.

RESULTS OF OPERATION AS ADOPTED

<u>Item</u>	1959 Estimated		
	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Authorized Rates</u>
<u>Operating Revenues</u>			
General Metered	\$ 87,700	\$124,770	\$104,420
Miscellaneous Other	6,700	6,830	6,830
Total	<u>94,400</u>	<u>131,600</u>	<u>111,250</u>
<u>Operating Expenses</u>			
Operation & Maintenance	30,890	30,890	30,890
Administrative & General	11,030	11,030	11,030
General Taxes	13,150	13,150	13,150
Depreciation	13,750	13,750	13,750
Income Taxes	5,970	26,290	15,180
Total	<u>74,790</u>	<u>95,110</u>	<u>84,000</u>
Net Operating Revenue	<u>19,610</u>	<u>36,490</u>	<u>27,250</u>
Weighted Average Depreciated Rate Base	381,100	381,100	381,100
Rate of Return	5.15%	9.57%	7.15%

The evidence demonstrates, as the foregoing tabulations indicate, that revenues obtained from existing water rates are inadequate to meet applicant's reasonable needs and that applicant is entitled to increased revenues. However, the rates which applicant has proposed would yield revenues considerably greater than a reasonable return would require.

Rate Schedules

In its proposed schedule of rates for general metered service, applicant has proposed no increase in the quantity rates except for the first 600 cubic feet of water per month. Applicant has also proposed substantial increases in the minimum charges for the various meter sizes. The effect of increasing gross revenues by the method proposed by applicant would be to place a large portion of the increase on the small usage customers. The reasonableness of doing so cannot be evaluated in the absence of an analysis of the cost

of service. Therefore, in the schedule of rates for general metered service hereinafter authorized, the rates and minimum charges will be designed to provide a fairly uniform percentage of increase for all classes of customers.

Applicant's proposed rate for private fire protection service appears reasonable and will be authorized. Applicant's proposal to eliminate unjustifiable inequities between the two fire districts in the area which now exist under the presently filed rates for public fire hydrant service appears to be desirable; the rates proposed for the two types of hydrants seem to be reasonable and they will be authorized.

Recommendations

In addition to its recommendations pertaining to filing of up-to-date maps and revised tariff sheets, the staff recommended that applicant install suitable water measuring devices at each source of supply. Applicant will be required to comply with these recommendations.

Findings and Conclusions

The Commission finds and concludes that the estimates of operating revenues, expenses, including depreciation and taxes, and the rate base as revised herein, reasonably represent the results of applicant's operations in its Niles-Decoto District for the year 1959 and they will be and hereby are adopted for the purposes of this proceeding.

After considering all the evidence, we find that applicant is entitled to a portion of the relief sought and that an order should be issued revising and increasing the rates for water service to the extent set forth in Appendix A following the order herein.

As indicated by a foregoing tabulation, the rates hereinafter authorized are estimated to produce for the year 1959 total operating revenues of about \$111,250, had such rates been made effective at the beginning of the year, which revenues are \$16,850, or approximately 18 percent, more than those estimated to be obtainable from rates presently in effect. After due allowance for all reasonable operating expenses, depreciation and taxes amounting to \$84,000, the resulting net revenue of \$27,250 represents a rate of return of 7.15 percent on the depreciated rate base of \$381,100. In view of an indicated decline of 0.65 percent in the rate of return during the next 12 months, the Commission concludes that the water rates authorized herein will produce earnings sufficient to afford applicant an opportunity to earn a rate of return of 6.5 percent for the immediate future, which rate of return we find to be fair and reasonable.

We find, therefore, that the increases in rates and charges authorized herein are justified and that the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

O R D E R

Citizens Utilities Company of California, a corporation, having applied to this Commission for an order authorizing increases in rates and charges for water services rendered to customers in its Niles-Decoto District, a public hearing having been held, the Commission having been fully informed thereon, the matter having been submitted and now being ready for decision based upon the evidence and the findings and conclusions thereon expressed in the foregoing opinion,

IT IS HEREBY ORDERED that:

1. Applicant is authorized to file in quadruplicate with this Commission, on or after the effective date of this order and in conformity with the provisions of General Order No. 96, the schedules of rates attached to this order as Appendix A and, on not less than five days' notice to this Commission and to the public, to make such rates effective for all such services rendered on and after September 1, 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.

3. Within sixty days after the effective date of this order, applicant shall file four copies of a comprehensive map drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicant.

4. Not later than December 31, 1959, applicant shall install suitable water measuring devices at each production facility in its Niles-Decoto District and shall notify the Commission in writing within ten days after all such measuring devices have been installed.

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

Dated at San Francisco, California, this 4th day of August, 1959.

Ernest R. Lange
 President

Mitchell

E. Fox

Theodore Jenner
 Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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Schedule No. ND-1

Niles-Decoto Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The communities of Niles and Decoto, and vicinity, included generally within the boundaries of the City of Fremont and Union City, respectively, Alameda County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 600 cu.ft. or less	\$ 1.90
Next 1,400 cu.ft., per 100 cu.ft.24
Next 3,000 cu.ft., per 100 cu.ft.17
Over 5,000 cu.ft., per 100 cu.ft.14
Minimum Charge:	
For 5/8 x 3/4-inch meter	1.90
For 3/4-inch meter	3.00
For 1-inch meter	4.50
For 1 1/2-inch meter	7.50
For 2-inch meter	12.50
For 3-inch meter	20.00
For 4-inch meter	30.00

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

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Schedule No. ND-4

Niles-Decoto Tariff Area

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all service to fire hydrants used for private fire protection purposes.

TERRITORY

The communities of Niles and Decoto, and vicinity, included generally within the boundaries of the City of Fremont and Union City, respectively, Alameda County.

RATE

Per Month

For each hydrant	\$2.00
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SPECIAL CONDITIONS

1. Hydrants, service pipes and connections therefor will be furnished, installed and maintained at the cost of the customer.
2. If a distribution main does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed at the cost of the applicant. Such cost shall not be subject to refund.
3. For water delivered for other than fire extinguishing purposes, charges will be made at the quantity rates under Schedule No. ND-1, General Metered Service.
4. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.

Schedule No. ND-5

Niles-Decoto Tariff Area

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

The communities of Niles and Decoto, and vicinity, included generally within the boundaries of the City of Fremont and Union City, respectively, Alameda County.

RATES

Per Month

For each wharf type hydrant	\$3.00
For each standard, double outlet, hydrant	4.25

SPECIAL CONDITIONS

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