

Decision No. 59329**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 TAHOE SOUTHSIDE WATER UTILITY, a  
 corporation, for authority to increase  
 rates for water service rendered within  
 the service area of applicant, Al Tahoe  
 and Vicinity, El Dorado County, and in  
 the Vicinity of Lake Tahoe.

Application No. 40542  
 (Amended)

Wilke, Fleury & Sapunor, by Sherman C. Wilke,  
 for applicant.  
Morgan E. Stewart, for State Department of Public  
 Health.  
David F. La Hue, for the Commission staff.

O P I N I O N

Applicant, operating in and between Al Tahoe and State Line on both sides of U.S. Highway 50, by application filed October 24, 1958, as amended March 25, 1959, and heard and submitted on June 4-5, 1959 at Tahoe Valley before Commissioner Theodore H. Jenner and Examiner John M. Gregory, seeks a general increase in the rates authorized in 1948 (Decision No. 41892, Application No. 29267) to Frank Globin, then sole owner of the system. Applicant estimates that the proposed schedules for flat rate seasonal domestic, commercial, and industrial service and for private fire protection service would increase total annual revenues by about 40% and result in a return of about 5.1% on an average depreciated rate base, for 1959, of \$322,430.

In 1948, Globin served about 75 customers at Al Tahoe, chiefly summer vacation residents and seasonal summer businesses, in addition to his resort properties. A staff engineer appraised the utility that year at \$85,604. Globin had rebuilt the system in 1947, after having acquired it in 1925 from the Al Tahoe resort interests

which constructed it about 1910. Improvements, additions and extensions since about 1950, both in the Cold Creek diversion area and along U.S. Highway 50 between the Upper Truckee River crossing and State Line, will have resulted in a total plant of \$552,633 by December 31, 1959, in the opinion of applicant's engineering consultant who prepared and presented a statistical report in connection with the application.

Applicant, in the summer of 1958, served some 700 residential and business customers in and in the vicinity of the now closely-knit communities of Al Tahoe, Bijou and State Line, many of them on a year-round basis, in addition to supplying water for public fire protection through about 90 hydrants located chiefly along the highway. As of December 1, 1958, 326 winter season domestic and business customers had requested service. All water service is now rendered at flat rates, after abandonment by the utility of a meter rate schedule in 1957 (Decision No. 54892, Application No. 38414). The staff, in this proceeding, has recommended that applicant be directed to meter all motels having more than four units and all other services 1½ inches in diameter and larger, limiting flat rate schedules to single individual units, duplex residential units and small commercial establishments based upon ¾-inch and 1-inch service connections.

Chlorination of all Cold Creek water was commenced late in 1958, following construction of an insulated and heated chlorination building at the junction of a new 18-inch and the old 10-inch transmission mains below the lower reservoir on Cold Creek. Applicant has been engaged in discussions with the State Department of Public Health looking to revisions of plant and of operating procedures, designed to prevent repetition of dirty water conditions experienced during stormy weather in the summer of 1958.

Globin, since acquisition of the system, has personally supervised and engaged in its development, financing and operation to the extent that the utility may be said to represent a major phase of his business activity.

Applicant states that present earnings are not sufficient to maintain the system and provide a fair return on the investment. Below is a condensed version of adjusted results of operation for 1958 at present rates, as shown in studies presented by applicant and the staff (Exhibits 3 and 7):

<u>Item</u>	1958 Adjusted Present Rates	
	<u>Applicant</u>	<u>Staff</u>
Operating Revenues	\$ 55,523	\$ 58,850
Operating Expenses	38,018	24,755
Taxes Other Than Income	2,797	1,275
Depreciation Expense	14,389	10,300
Income Taxes	--	5,970
Total Expenses	<u>55,204</u>	<u>42,300</u>
Net Revenue	319	16,550
Average Depreciated Rate Base	256,000	248,650
Rate of Return	--	6.7%

Applicant does not keep prescribed accounting records; consequently, transactions over the years, recorded or not, in many cases could not be verified by the staff, or, presumably, by applicant's own consultants. It appears, however, from the studies and testimony presented at the hearing, that despite the almost item-by-item differences in figures as between applicant and the staff, the chief areas of disagreement reduce to three in number: (a) a staff adjustment of \$42,100 downward for warehouse facilities from end-of-1958 recorded plant of \$460,107; (b) a staff adjustment downward from \$27,119 recorded 1958 payroll expense to \$15,000 -- extended in principle to 1959 estimates -- most of which represents a reduction

in administrative salaries to about 10% of the total payroll allowance, for 1959, of \$17,000<sup>1/</sup>; (c) a difference in excess of \$31,700, between applicant's estimate of about \$54,700 as the cost of a new 16-inch well, with pump, site and related structures and appurtenances, at Al Tahoe, and the staff's estimate of \$23,000 for a less extensive installation, based on information available to the staff prior to the hearing.

The facts underlying the \$42,100 warehouse adjustment are that applicant, since 1954 when the utility was incorporated, has included in plant a warehouse situated on portions of two 50 x 100-foot lots at Al Tahoe, at \$10,000 as the estimated value of the site and \$22,500 as the original cost of the structure. The building has been used to store pipe, fittings, vehicles and other material for the system. About two years ago, Globin dismantled a planing mill and moved it, at a cost of \$300, to a company-owned right of way near the Cold Creek chlorinator, a distance of about three miles from the Al Tahoe warehouse. When floored, at a cost of about \$3,500, applicant plans to use the structure for storage of snow equipment, transmission pipe and other supplies needed for operations in that area of the far-flung system. Applicant has included the structure in utility plant at a depreciated cost of \$22,500. The staff deducted the entire amount of the land and warehouse at Al Tahoe (but allowed, in lieu thereof, an expense item for garage rental), and \$9,600 from the Cold Creek structure plus moving costs, leaving \$13,200 as the

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<sup>1/</sup> The payroll allowance, as estimated by the staff, was not predicated on a job analysis but on a formula, based on data included in annual reports of gravity water systems having between 500-1500 customers, by which the number of summer and winter "equivalent customers" (3 motel units = 1 customer) on applicant's system was multiplied by the respective sums of \$2 (summer) and \$2.25 (winter) per customer per month for each of the 6-month seasons.

estimated value of that item of plant, or a total warehouse adjustment of \$42,100 out of \$51,671 deleted from recorded plant as of December 31, 1958.

The staff, in making the warehouse adjustment, predicated its action on two seemingly unrelated assumptions: first, that a utility of applicant's size, though operating under terrain and climatic conditions to which the system admittedly is subject, could not possibly justify \$55,000 for warehouses and that even one warehouse like that at Al Tahoe would be a large investment for such a utility; second, two warehouses are not necessary for efficient operation of the utility. The staff's assumptions concerning the usefulness and value of the warehouse properties were not based on an independent appraisal but, it seems, on a comparison of applicant's system with other water systems in the State which were neither identified nor shown to have been operated under similar conditions.

We do not agree with the conclusions reached by the staff in its adjustment of warehouse plant. At the same time, the absence of supporting records or other data indicating actual cost to Globin or the corporation of the site or structures comprising warehouse plant, leaves the record in some confusion as to just what amounts properly should be included in plant for those facilities. We are of the opinion, however, that a realistic view of year-round conditions under which applicant operates, together with the prospect of development of the system in this growing area, lend support to its claim that both warehouses are necessary and useful for adequate service to the public and an amount of \$28,200 is found to be a reasonable allowance for such warehouses which will be included in rate base.

The difference of \$11,886.59 in recorded and adjusted 1958 payroll expense, excluding taxes, which in effect includes a reduction

by the staff of \$9,825 in administrative salary has a substantial effect on 1959 total operating expense, estimated by the staff, exclusive of taxes and depreciation, at \$28,750 and by applicant at \$44,090. Total revenues, at present rates, were estimated for 1959 at \$65,900 by the staff and at \$59,602 by applicant. The difference in estimated operating expense, along with a gap of \$52,880 in the respective estimates of depreciated rate base for 1959, goes far to explain the wide divergence in operating results shown by the two studies, although the gap was narrowed to some extent at the hearing by certain staff concessions as the result of applicant's testimony supplementing the studies in some respects, to be discussed later.

It appears that Globin, president and only stockholder of applicant, is engaged in a number of commercial enterprises at Al Tahoe in addition to the management and operation of the water utility business. He contends that \$12,000 is a proper annual compensation for what he does for the utility and that it would be difficult to find some one else to do it for less. That contention was supported by the author of applicant's study, an engineer with long and extensive experience in water utility practices including many years of service with the Commission's hydraulic staff. He conceded, however, that a portion of the \$12,000 might properly be charged to supervision or overhead in connection with construction work, instead of to payroll expense. Such a procedure, however, would not appear to be feasible in the absence of a work order system.

The staff, on the other hand, contends that its per-customer formula for computing salary, described in the preceding footnote and generally employed in this type case, not only is proper but actually has resulted in an allowance of twice the "average" for a utility of applicant's size and character. The formula, incidentally, as used here did not take into account, by way of a so-called "job analysis", the nature or extent of the services performed by Globin

or any of his employees.

It would unduly prolong this opinion to enter upon a detailed discussion of the merits or demerits of the respective contentions on the salary issue, or, for that matter, on the issue of plant adjustments. It is, of course, axiomatic that a utility has the obligation to justify not only the level of increased rates it requests but also all items upon which the reasonableness of the requested rates is made to depend. Failing this, such items may be deleted from the rate base or otherwise adjusted by the regulatory body charged with the duty of balancing the respective claims of the utility's owners and its customers. Nor are the conclusions reached by the staff necessarily to be considered exempt from like treatment, if appropriate to the determination of reasonableness.

We are of the opinion that the question of the amount of Globin's compensation for his services, whether in the capacity of president, financial manager, construction supervisor, or otherwise, is not one that may readily be resolved simply by charging a specific sum to payroll expense, either as a flat annual amount as contended for by applicant, or as a sum derived from the formula used by the staff. Rather, applicant should be required to install a work order system for construction projects and to show in its records the amount charged to overhead or supervision on each job, which should not exceed 10% of the total installed costs involved. This will enable applicant to capitalize certain overhead and supervisory costs associated with capital additions. On the assumption that applicant will adjust its construction procedures and records accordingly, the staff's adjustment in payroll allowance for operating expense for 1958 and 1959 will be adopted.

The disparity of \$31,700 shown in the respective studies in estimated costs of the new 16-inch well and other source of supply installations at Al Tahoe, partially narrowed by testimony at the hearing, is revealed by the following figures:

16-inch Well Installations and Facilities

<u>Item</u>	<u>Applicant (Ex. 3)</u>	<u>Staff (Ex. 7)</u>
Lands (30'x100' lot for well and pump plant)	\$ 6,500	
Land - new well site		\$ 4,000
Structures (28'x40' cottage and pumphouse, concrete blocks, concrete floor)	25,000	
New pumping equipment and building		11,000
Well, 16" gravel envelope - 405' deep	8,200	8,000
Pump equipment - 60 hp electric motor, 1200 g.p.m. pump, standby 60 hp Diesel engine	12,000	
Water treatment equipment - rotary type sand trap	<u>3,000</u>	<u>          </u>
	\$54,700	\$23,000

The record shows that the total cost of the pumping equipment, installed and connected to the well, amounted to approximately \$13,700, to which should be added about \$5,000 as the cost of a 16'x20' pump house, making a total for these items of about \$18,700.

The other major items in the Al Tahoe source of supply estimates were those of \$25,000 for a caretaker's house on the 30'x100' lot (which also includes the well and pump site), plus an additional site for a septic tank and leaching field, not included in the 30'x100' site, and \$3,000 for a vortex-type sand trap. The record shows that it would be difficult to obtain a full-time caretaker for the pumping plant unless adequate housing facilities were made available, and that land construction costs for such a house are high in the Al Tahoe area. We see no reason to disturb applicant's estimates for the Al Tahoe source of supply facilities.



Another rather substantial adjustment to 1959 utility plant, adding \$7,500, should be made as the result of testimony at the hearing, to which the staff did not take exception, which indicated that the estimated cost of relocation of an 8-inch main at the Trout Creek crossing of applicant's line with U.S. Highway 50, due to widening of the highway, would come to \$10,000 instead of \$2,500 as estimated in the staff's exhibit.

It would serve no useful purpose, in our opinion, to detail here other adjustments and estimates made by the staff, some of which were in applicant's favor and others not. They are set forth in considerable detail in the explanatory text and tables of the staff's exhibit. Individually, they are not substantial as compared with those, previously discussed, around which much of the controversy revolved.

Applicant's proposed rates and past practices with respect to rates and rules have been carefully scrutinized by the staff. The company has about 35 customers who take water at flat rates through service connections of 1½ inches in diameter or larger. This has led to negotiated adjustments, not in accordance with acceptable tariff practice, for winter rates to hotels, motels and apartments, based, it appears, on an average number of units occupied during the winter season. Also, instances were found of billing certain commercial establishments at rates in excess of those in applicant's filed tariffs. Service has been rendered to two public agencies under special contracts not heretofore authorized by the Commission. The company has about \$100,000 of unrefunded construction advances not covered by written contracts with individuals or subdividers, nor does its tariff contain a copy of a sample form for main extension agreements. Applicant has included a private fire protection schedule in

its proposed rates of \$12 per inch of the diameter of the pipeline used for such service, with a minimum diameter of 4 inches. Also, applicant proposes to place its summer and winter season flat rates on a parity, due to increased winter consumption and the resulting necessity for expanded operations under winter conditions. The proposed flat rate schedules, also, are offered subject to two conditions, one providing for private agreements for requested services not covered by those schedules, the other requiring a minimum of 18 months guaranteed revenue within a three-year period for each service connection. There appears to be no justification for such conditions and they will not be authorized.

We recognize that applicant is faced with a number of special problems in the operation of its water system under the conditions disclosed by the record. Its dealings with customers, however, as indicated by a number of informal complaints in 1957 and 1958, should be clarified by the adoption of rates and procedures that may tend to lessen sources of possible controversy and be in accordance with accepted water utility standards. Consequently, as recommended by the staff, applicant should be directed to file a schedule of meter rates, with minimum charges designed in conjunction with flat rates, to include metering of all motels having more than four units and all other services 1½ inches in diameter and larger, with metering of smaller services to be left to the option of the utility. Applicant should also be directed to include in its tariff a standard form of contract for water main extensions and to use such form of contract for all extensions made, pursuant to its water main extension rule, for individuals and subdivisions. The special contracts in existence for service to Lake Tahoe School District and El Dorado County Maintenance Building should be submitted to the Commission for authorization, as provided by General Order No. 96.

The proposed minimum pipe size for private fire protection service should be reduced to 2 inches, since no special justification appears for the larger size pipe proposed in that schedule. Parity in winter and summer season rates, as proposed in the general increases shown in the rate schedules, appears to be justified in view of current consumer use of water and resultant year-round operation conditions.

The staff, in its investigation of service conditions on the system, has noted that increased customer usage in the future in the area between Bijou Golf Course and State Line probably will require enlargement of applicant's 8-inch main along U.S. Highway 50 (now about 10,000 feet in length between Al Tahoe and State Line), or support with additional water from other sources or facilities, in order to provide satisfactory pressures in that area.

A downward adjustment by the staff of \$18,246 in the company's December 31, 1958 depreciation reserve balance of \$83,627 increases the rate base. We are of the opinion, however, that the staff's approach is correct, since it involves placing applicant's depreciation expense practices, not heretofore reviewed in detail, on a remaining life basis in accordance with current Commission practice for treatment of normal depreciation, instead of continuing with applicant's total life method of computation. The rate base to be adopted for this proceeding, however, will be determined in such manner as to give what we consider to be due recognition to the effect on estimated results of operation of the change in method, which we find to be reasonable, for computation of depreciation expense.

The tabulation below indicates applicant's and the staff's estimates of 1959 operating results at the requested rates but without giving effect to modifications in plant, operating expense

and other items developed at the hearing and discussed above. The last column of the table shows what we consider to be a reasonable estimate of such results after a review of the whole record.

ESTIMATED 1959 SUMMARY OF EARNINGS - PROPOSED RATES

<u>Item</u>	<u>Applicant's Ex. 3 (corrected)</u>	<u>Staff's Ex. 7</u>	<u>Adjusted Herein</u>
Operating Revenues	\$ 85,653	\$ 92,780	\$ 90,000
Operating Expenses	44,090 <sup>a</sup>	28,750	28,150
Taxes Other Than Income	2,825	1,350	1,350
Depreciation Expense	16,458	11,570	11,850
Income Taxes	5,887	19,100	17,900
Total Expenses	69,260	60,770	59,250
Net Revenue	16,393	32,010	30,750
Average Depreciated Rate Base	322,430	269,550	309,500
Rate of Return	5.1%	11.9%	9.9%

<sup>a</sup>Corrected by applicant at hearing from \$42,090.

It is apparent that if effect is to be given to additional items of plant, including increased installation costs, adjustment of payroll expense, provision for supervisory or overhead charges in construction jobs, change of depreciation expense computation methods, and other items mentioned in the foregoing discussion, all of which we consider to be reasonable, the results shown in the first two columns above will be practically meaningless. We are of the opinion, however, that the estimates adopted herein, as indicated by the last column, represent a more realistic view of the requirements of this system for additional revenues, based upon the entire record before us.

The Commission is of the opinion that applicant should be accorded the opportunity to earn a rate of return of approximately 6.5% on a depreciated rate base of \$309,500, based upon the level of business estimated to prevail in the test year 1959. For this test

period it is estimated that gross revenues of \$68,600 would be required. The effect of metering large services has been considered in the results of operation herein adopted. We find said rate of return and the rate base adopted herein to be fair and reasonable on this record.

The increases in rates being authorized by the order herein are estimated to increase applicant's annual operating revenues by approximately \$2,700, or by about 4 percent. (A residential customer who takes both summer and winter service will be required to pay an annual total of \$80 rather than the present charges totaling \$70, or an increase slightly more than 14 percent. Illustrative examples of present, company proposed and authorized rates for seasonal flat rate service are shown in the tabulation below:

	Present		Company	Authorized
	Summer Season 5/1-10/31	Winter Season 11/1-4/30	Proposed Summer and Winter Season, each	Summer and Winter Season, each
Individual residence 3/4-inch service connection	\$40	\$30	\$50	\$40
Duplex	75	55	90	75
Apartment or motel including first living unit	60	40	50	60 ✓
Small commercial establishments	50	25	75	50 ✓

We find as a fact that the increases in rates and charges authorized herein, and the change in method of computing depreciation expense ordered herein, are justified, and that present rates and applicant's present method of computing depreciation expense, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable. We conclude, accordingly, that applicant should be authorized to file such increased rates and should be directed to change its method of computation of depreciation expense to the straight-line remaining life basis, commencing with the year 1959.

O R D E R

Public hearing having been held herein, the matter having been submitted for decision, the Commission now being fully advised and basing its order on the findings and conclusions contained in the foregoing opinion,

IT IS 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 such services rendered on and after January 1, 1960.
2. Applicant is directed to file on or before January 1, 1960, as part of its filed tariffs relating to main extensions, standard forms of written contracts for such extensions, acceptable to the Commission, and to execute written contracts in said form for all future construction advances from subdividers or individuals under said rule.
3. Applicant, as soon as practicable but not later than July 1, 1960, shall meter all motels on its system having, or which will have more than four units and all other services 1½ inches in diameter and larger. Until such time as meters are installed, the minimum seasonal charge for the size meter required will apply for the period up to the date of meter installation.
4. Applicant shall, not later than January 1, 1960, incorporate as part of its accounting records an adequate work order system.
5. Beginning with the year 1959 applicant shall determine the accruals for depreciation by multiplying the depreciable utility

plant by a rate of 2.7%. Applicant shall review the accruals when major changes in utility plant composition occur for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

6. Except as granted herein the application in other respects is denied.

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

Dated at San Francisco, California, this 1st day of December, 1959.

Evelyn W. Leage  
President  
Matthew J. ...  
C. ...  
Theodore H. Jenner  
Commissioners

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

APPENDIX A  
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Schedule No. 1S

SEASONAL METERED SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated community of Al Tahoe and vicinity, El Dorado County.

RATES

Per Meter  
Per Month

Monthly Quantity Rates:

First 1,000 cu.ft. or less .....	\$ 6.67 ✓
Next 4,000 cu.ft., per 100 cu.ft. ....	0.40
Next 5,000 cu.ft., per 100 cu.ft. ....	0.30
Over 10,000 cu.ft., per 100 cu.ft. ....	0.20

Seasonal Minimum Charge:

Per Meter  
Per Season

For 5/8 x 3/4-inch meter .....	\$ 40.00
For 3/4-inch meter .....	50.00
For 1-inch meter .....	75.00
For 1 1/2-inch meter .....	135.00
For 2-inch meter .....	175.00
For 3-inch meter .....	300.00
For 4-inch meter .....	450.00

The Seasonal Minimum Charge will entitle the customer to the quantity of water each month which one-sixth of the Seasonal Minimum Charge will purchase at the Monthly Quantity Rates.



Schedule No. 15

SEASONAL METERED SERVICE  
(Continued)

SPECIAL CONDITIONS

1. Service may be taken under this schedule for either the Summer Season, May 1 through October 31, or the Winter Season, November 1 through April 30, or both seasons.
2. The seasonal minimum charge is payable in advance on or before the initial day of the season.
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.

APPENDIX A  
Page 3 of 6

Schedule No. 2S

SEASONAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated community of Al Tahoe and vicinity, El Dorado County.

RATES

Per Service Connection  
Per Season

For a single family residence  
when served from:

3/4-inch service connection .....	\$ 40.00
1-inch service connection .....	75.00

For a business establishment  
when served from:

3/4-inch service connection .....	50.00
1-inch service connection .....	75.00

For a duplex ..... 75.00

For an apartment or motel including the  
first living unit ..... 60.00 ✓

For each of up to three additional units  
of an apartment or motel ..... 20.00

Per Service Connection  
Per Year

For Al Tahoe Hotel, Highway Hotel,  
restaurant, stores, all cottages  
and outbuildings, chalet, service  
station, irrigation and sprinkling  
of lawns, flowers, shrubbery and  
grounds ..... \$4,200.00

Schedule No. 2S

SEASONAL FLAT RATE SERVICE  
(Continued)

SPECIAL CONDITIONS

1. All service not covered by the above classifications will be furnished only on a metered basis.
2. Meters may be installed at the option of the utility only for the above classifications in which event service will thereafter be furnished on the basis of Schedule No. 1S, Seasonal Metered Service.
3. Service may be taken under this schedule for either the summer season, May 1 through October 31, or the winter season, November 1 through April 30, or both seasons.
4. The seasonal flat rate charge is payable in advance on or before the initial day of the season.

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished for privately owned fire protection systems.

TERRITORY

The unincorporated community of Al Tahoe and vicinity, El Dorado County.

RATE

Per Service Connection  
Per Season

For each inch of diameter of service ..... \$12.00

SPECIAL CONDITIONS

1. Service may be taken under this schedule for either the summer season, May 1 through October 31, or the winter season, November 1 through April 30, or both seasons.
2. The seasonal charge is payable in advance on or before the initial day of the season.
3. The minimum diameter for fire protection service shall be 2 inches and the maximum diameter shall not be larger than the diameter of the main to which the service is connected.
4. If a distribution main of adequate size to serve a fire protection connection, in addition to all other normal service, does not exist in the street adjacent to the premises to be served hereunder, then a service main from the nearest existing main of adequate capacity shall be installed by the utility at the cost of the applicant. The amounts paid by the applicant hereunder to establish fire protection service shall not be subject to refund.

(Continued)

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE  
(Continued)

SPECIAL CONDITIONS (Continued)

5. Connections for private fire connection systems shall be equipped with standard detector type meters approved by the Board of Fire Underwriters and the cost of the meter and appurtenant structures shall be paid, without refund, by the applicant.

6. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under the seasonal metered service schedule.

7. 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.