

ORIGINAL

Decision No. 50026

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Suspension)
 and Investigation on the Commission's)
 own motion of Schedule No. 5 of the) Case No. 6372
 NORTHERN COUNTIES UTILITY COMPANY,)
 filed by Advice Letter No. 4.)

Clyde Henry, for Northern Counties Utility
 Company, respondent.
Pardee & Cady, by Donald P. Cady, for Westwood
 Lassen County Fire Protection District,
 protestant.
Parke L. Boneysteele, for the Commission staff.

O P I N I O NNature of Proceeding

On September 28, 1959, Northern Counties Utility Company, a public utility corporation, rendering water service in the unincorporated community of Westwood and vicinity in Lassen County, filed with the Commission Advice Letter No. 4 with certain tariff sheets which included a rate schedule for public fire hydrant service designated as Schedule No. 5. No such schedule had been filed previously by this utility.

The Westwood Lassen County Fire Protection District^{1/} was notified of this filing and by letter to the Commission dated September 29, 1959, the District protested the proposed rate as being exorbitant and unreasonable and requested the Commission to hold a hearing for the purpose of determining the reasonableness of the proposed rate of \$6.00 per month per hydrant.

Case No. 6372 was filed on the Commission's own motion on October 27, 1959, ordering that an investigation be instituted to determine whether said rate is in any manner unreasonable,

^{1/} Also known as Westwood Fire Protection District and sometimes hereinafter referred to as District.

discriminatory, preferential or unlawful, and to issue any order or orders that may be lawful and appropriate in the exercise of the Commission's jurisdiction. It was further ordered that the effective date of the rate specified in said Schedule No. 5 be suspended until February 25, 1960, unless the Commission otherwise ordered. The order also required that a public hearing in said investigation be held and directed the Secretary to notify the Northern Counties Utility Company ^{2/} and also the District of such hearing.

Public Hearing

After due notice to known interested parties, a public hearing in this matter was held before Examiner E. Ronald Foster on January 7, 1960 in Westwood, there being some fifty townspeople in attendance. Utility's general manager and a Commission staff engineer introduced both oral and documentary evidence. Four witnesses testified on behalf of District.

The matter was submitted subject to the late filing of two exhibits by Utility and to the filing of briefs by both District and Utility. The said exhibits and briefs have been filed and the matter is now ready for decision.

In the meantime the Commission issued an order extending the suspension of the effective date of said Schedule No. 5 filed by Utility for a further period of six months beyond February 25, 1960.

History of the Utility

For a history of the incorporation of Utility and its acquisition in December, 1944, of the water system supplying the town of Westwood, reference is made to the Commission's Decision No. 37498 dated November 22, 1944, in Applications Nos. 26385 and 26386 (45 C.R.C. 530-537). That decision, among other things,

^{2/} Sometimes hereinafter referred to as Utility.

ordered Utility to file with the Commission a detailed inventory and cost appraisal of the facilities and rights acquired. On April 16, 1945 there was filed a "Report on Inventory and Appraisal of Utility Properties at December 31, 1944, Northern Counties Utility Company, Westwood, California" prepared by Lester S. Ready, Consulting Engineer, now deceased. The portions of the said report which pertain to water utility plant, on pages 1, 2, 3, 5 to 17 inclusive, 20 and 29 to 33 inclusive, have been included in the record in the current proceeding, by reference.

The said Decision No. 37498 granted Utility a certificate of public convenience and necessity to operate the water system and also ordered it to ". . . . file schedules covering water service, which schedules shall indicate that no charges will be made for such services pending application to and issuance by the Commission of a further order fixing rates for such water services."

It was not until December 2, 1957 that Utility filed Application No. 39595 requesting authorization for the establishment of water rates and the approval of a certain contract. By Decision No. 56664 dated May 13, 1958 (56 Cal. P.U.C. 306-313), among other things the Commission authorized schedules of rates for general metered service and for general flat rate service, both on an annual basis, which rates are the only ones now in effect. The formal file in that proceeding, including the exhibits received in connection therewith, have been included, by reference, in the record in the current proceeding. That decision made no mention of the aforesaid appraisal having been filed. It was stated in the opinion that Utility had not endeavored to establish a rate base for the water system, that the record was insufficient to enable the Commission

to establish a fair rate base and a fair rate of return, and that there was evidence that Utility was operating a water system that was overdeveloped for the community it was then serving. In the light thereof, the Commission authorized rates lower than those proposed by Utility but there was no finding as to the amount of revenue estimated to be derived therefrom. The record is silent as to fire hydrant rates or any revenue to be expected from service rendered for fire protection purposes.

Description of the System

Two sources of water supply have been available, the first being Duck Lake, developed about 1913, which is a pond fed by a group of springs located about four miles north of Westwood, from where the water may be delivered by gravity through a transmission line consisting of wood stave and steel pipe varying in size from 24 to 16 inches in diameter. A 93,000-gallon reservoir was installed along the transmission line at some later date to serve as a surge tank. For domestic consumption this water requires chlorination. Since the development of the second source of supply, the water from Duck Lake has been used principally for fire protection and to supply the mill pond. At the time of the hearing on January 7, 1960, parts of the wood stave pipeline had collapsed, the chlorinating facilities had been removed, and therefore this source of supply was inoperative.

Walker Spring, producing approximately 4,000 gallons per minute and located southwesterly from Westwood, was developed as a second source of supply about 1924. Water from this source is pumped through nearly two and one half miles of transmission line consisting of steel pipe, varying in size from 18 to 10 inches in diameter, to a 10,000-gallon receiving tank located at the town pumping station in Westwood. From here the water is pumped through a 2,000-gallon

pressure tank into the distribution system. At this location there is also an 86,800-gallon storage reservoir.

There are two electric motor-driven pumps at Walker Spring, one being a 50 hp, 875 gpm unit and the other a 200 hp, 2,000 gpm unit. At the town pumping station there are three electric motor-driven pumps: a 20 hp, 250 gpm unit; a 40 hp, 600 gpm unit, and a 250 hp, 2,500 gpm unit.

The distribution system consists of a grid of pipelines varying in size from 10 to 1½ inches in diameter. As of the end of 1958 there were reported to be 600 active service connections, all customers being supplied at flat rates since there are no meters installed on the system. There are also a number of barrel-type fire hydrants and some standpipes or wharf-type hydrants connected to the distribution mains.

At the time of the hearing the Utility was building a 130,000-gallon steel storage tank to be located at ground level at the high point of the transmission line from Walker Spring to Westwood, estimated to cost \$21,000.

Fire Hydrant Rate

It is of record that some time after District was formed on September 15, 1958, Utility asked District to pay \$4.50 per month per hydrant for some 51 hydrants, which rate District deemed to be exorbitant. Utility then threatened to remove certain fire hydrants in Westwood unless Utility were paid for the service rendered to the fire hydrants at the designated rate. On July 24, 1959, District obtained a restraining order against Utility which was entered by stipulation upon the understanding that Utility would make application to the Commission for a fire hydrant rate or would file with the Commission a proposed rate for the service rendered to District.

Having failed to reach an agreement after protracted efforts, Utility filed its advice letter together with a schedule for public fire hydrant service setting forth a rate of \$6 per hydrant per month. Under the special conditions connected therewith, charges would be made at quantity rates for metered service for water delivered for other than fire protection purposes; the cost of installation and maintenance of hydrants would be borne by the utility; relocation of any hydrant would be at the expense of the party requesting relocation; and the utility would supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.

Nature of the Evidence

I. Utility's Presentation

At the hearing Utility's general manager, Clyde Henry, testified to the content of a statement presented in evidence as Exhibit No. 1, in support of Utility's request for the rate of \$6 per hydrant per month. On the basis of 51 hydrants, the total annual charge would be \$3,672. The statement shows the following amounts as the "appraised value of installation used exclusively for fire protection":

| | |
|--|---------------|
| 51 hydrants installed @ \$350.00 | \$17,850 |
| 1 - 200 hp motor-pump unit with all fittings complete at Walker Spring | 3,124 |
| 1 - 250 hp motor-pump unit with all fittings complete at Town Pump House | 2,865 |
| Duck Lake lines with all valves, fittings and tanks | <u>62,684</u> |
| | \$86,523 |

Henry testified that the amount of \$17,850 for 51 hydrants represents his estimated cost of installing that number of six-inch dry-barrel hydrants, complete with gate valves and connections to the

water mains, at present day prices, even though the hydrants in question are already installed on the system. The aforesaid appraisal shows the estimated historical cost of 54 six-inch fire hydrants and 26 standpipes (fourteen 1½-inch and twelve 2½-inch), including 48 gate valves and 32 hose valves at a total amount of \$4,227. The amount of \$3,124 for the pump unit at Walker Spring is the amount shown in the appraisal for a 200 hp, 3,000 gpm unit which has since been removed, instead of the appraisal amount of \$2,265 for the 200 hp, 2,000 gpm unit which remains in service there. The amount of \$2,865 for the pump unit at the town pump house correctly reflects the appraisal amount for the 250 hp, 2,500 gpm still in operation there. The amount of \$62,684 indicated for the Duck Lake line and accessories corresponds to exactly the same amount shown in the appraisal for both the Walker Spring and Duck Lake transmission pipelines and including the 93,000-gallon and the 86,800-gallon reservoirs originally installed in connection with the Duck Lake line. It may be further noted that Utility's witness made no allowance for accrued depreciation pertaining to the existing fire protection facilities. At the date of the appraisal, December 31, 1944, the hydrants, pumping equipment and transmission mains were considered to be depreciated 50 percent, 30 percent and 40 percent, respectively.

Henry also estimated the yearly expense of maintaining and servicing the existing fire protection facilities as set forth in the statement as follows:

| | |
|--|----------------|
| Electric standby charges on the 2 pumps | \$1,800 |
| Maintenance and repairs on pipeline and storage tank | 2,600 |
| Maintenance and repairs on hydrants | 1,000 |
| Depreciation of the listed facilities | 1,730 |
| Total | <u>\$6,130</u> |

In order to make available an adequate supply of water from two separate sources and to provide standby pumps for use in case of electric power failure, Henry testified to the necessity for Utility to install the following additions and betterments, qualified by the statement that "While part of the additions and betterments will increase the benefit to the water customers at least 50% will be for fire protection":

| | |
|---|-----------------|
| 130,000-gallon storage tank to be installed on Walker Spring line | \$21,000 |
| Auxiliary diesel pump to be installed at Walker Spring Pump House | 7,095 |
| Similar unit to be installed at Town Pump House | 7,095 |
| 1500 feet of 20-inch pipeline which must be replaced at Duck Lake | 12,500 |
| | <u>\$47,690</u> |

The Utility's late-filed Exhibit No. 3 (Revised) lists 53 six-inch barrel type fire hydrants and fifteen 1½-inch and 2-inch wharf type hydrants at specific locations. Following is a summary of the type and size of these hydrants, the number and size of outlets and the sizes of the mains to which they are connected, as shown on the said exhibit:

| <u>No. of Hydrants</u> | <u>Type of Hydrant</u> | <u>Size of Riser</u> | <u>No. and Size of Outlets</u> | <u>Size of Main</u> |
|------------------------|------------------------|----------------------|--------------------------------|---------------------|
| 1 | Barrel | 8" | 5-2½" | 8" |
| 1 | Barrel | 6" | 2-2½" | 8" |
| 25 | Barrel | 6" | 2-2½" | 6" |
| 23 | Barrel | 6" | 2-2½" | 4" |
| 3 | Barrel | 6" | 2-2½" | 3" |
| 13 | Wharf | 2" | Not shown | |
| 2 | Wharf | 1½" | " " | |
| <u>68</u> | Total | | | |

The pumping station at Walker Spring is supplied with electric power by the Pacific Gas and Electric Company under its Schedule A-13, General Service - Demand Metered, and the town pumping plant is supplied with electric power by the California-Pacific Utilities Company under its Schedule P-3-L, General Power Service:

Maximum Demand Basis. Both of the said schedules have been included, by reference, in the record of this proceeding.

With reference to the electric power demand charges for the 200 hp pump unit at Walker Spring and the 250 hp pump unit at the town pumping station, Utility's late-filed Exhibit No. 2 (revised) consists of a copy of the pump operators' log of the times of day and night that the 50 hp and 200 hp pumps at Walker Spring were alternately operated from September 11, 1958 to January 8, 1960, inclusive. The exhibit shows that the 50 hp unit was normally in operation all of that time and that the 200 hp unit was only operated, instead of the 50 hp unit, part of each 24-hour day for the period from June 2 to September 9, 1959, during which period the larger pump was in operation an average of about nine hours per day. The increase in the electric power demand is indicated by the change from 55 amperes when the 50 hp unit was running to readings varying from 115 to 160 amperes when the 200 hp unit was in operation.

Utility's brief states that the necessity for using the large unit at Walker Spring during the summer of 1959 was caused by the use of the fire hydrants left open by the Cheney Lumber Company to supplement the water in its log pond. The record does not reveal what revenue, if any, was received for this use of water, for which there is no rate or contract on file with the Commission. The normal supply of water for the log pond is through the Duck Lake line, presently inoperative. It is in the hope of obtaining revenue from the sale of water to the lumber company that witness Henry expressed some intention of rehabilitating the Duck Lake line. If and when thus restored, Henry contends that it would be fair that half of the value of the Duck Lake facilities be charged to fire protection service.

No log of the operation of the units at the town pumping station was made available. However, it is understood that whenever the larger pump at Walker Spring is in operation it is necessary for the 250 hp unit at the town pumping plant to operate more or less simultaneously, in order to take care of the greater volume of water, thus increasing the electric power demand at that plant.

Utility did not reduce its presentation to show any estimated cost of the service to be rendered to the fire hydrants upon which the requested rate is based. In general, it is evident that Utility's conception of adequate fire protection for the community of Westwood embraces two independent large sources of water supply, with standby electrically operated pumps of ample capacity, and also auxiliary diesel pumps of suitable capacity to serve in case of electric power failure. It may be observed that some of these facilities are not now in operative condition and others are not yet installed.

II. District's Participation

In addition to cross-examination of the Utility's and also later of the Commission's staff witness by counsel for District, four witnesses testified on behalf of District.

The fire chief of the Susanville Fire Department gave testimony concerning the installed cost of the steamer type fire hydrants in that city. He also stated that \$200 was budgeted each year for the repair and maintenance of the 83 fire hydrants and that the full amount usually was not used. Under cross-examination this witness admitted that the maintenance and testing of the hydrants was performed by paid firemen, which work was not charged against the budgeted amount.

The District's fire chief, now employed full time, has been a member of the local fire department since about 1942. He described the District's present fire fighting equipment and gave some details of the number and extent of fires in recent months. Tests performed on certain hydrants in December, 1959, produced fire flows varying from 200 to 650 gpm. To combat an ordinary house fire, he estimated the total flow through two or three hoses at 500 to 750 gpm but never over 1,000 gpm, although he would like to have as much as 2,200 gpm available. With the existing pumping equipment and the Walker Spring supply, and considering all other water supply facilities and the District's present equipment, it was his opinion that there was no necessity to restore or maintain the Duck Lake supply. He testified that in his experience with fires in Westwood and vicinity it had never been necessary to depend on the supply from Duck Lake. In view of the minimum flat rate of \$4.25 per month applicable to all of Utility's general customers, he objected to the proposed rate of \$6.00 per hydrant per month as being too high and suggested a rate of \$1 as being equitable and sufficient.

A resident of Westwood since 1921, who was in charge of the water distribution system for many years, testified that the flow from Duck Lake diminishes in the summer months and in 1923 or 1924 it was so small that the Walker Spring supply had to be developed. He stated that the Duck Lake supply was discontinued for domestic purposes in 1938 and since then has been used only for the lumber plant.

The chairman of District's board of directors has been a resident of Westwood for 15 years and is one of Utility's customers. He testified concerning the organization of the District and its negotiations with Utility. He referred to fire hydrant rates

applicable in other communities and gave his opinion that the proposed \$6 rate is entirely out of reason. He testified that approximately 80 percent of the houses in Westwood are now occupied and that Utility's income from water service to general customers had increased since the rates were established in 1958 and would continue to increase as more houses become occupied. This witness stated that District does not need or desire the installation of the two auxiliary diesel pumps since it is satisfied with the water supply, without that from Duck Lake, and pressures available as the result of the normal operation of Utility's system.

District's counsel expressed concern about the special condition of the proposed fire hydrant rate schedule which states that "Utility will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system." If the large electrically operated pump units are to be considered as standby for emergency use only, then the question is raised as to Utility's responsibility to maintain and operate such pumps in case of fire. For this and other reasons, in his brief counsel urges that the large pumps be considered as necessary for normal operation. He also interprets the log of the operation of the Walker Spring pumps as indicating the need for operating the large pumps to meet the normal domestic requirements of Utility's system.

III. Showing by Commission's Staff Engineer

Exhibit No. 4 was introduced in evidence by an engineer in the Hydraulic Branch of the Commission's Utilities Division. This exhibit consists essentially of the results of a study to determine the gross revenue required from charges for public fire hydrant service to equal the costs of rendering such service by Utility's facilities. In his analysis, the engineer considered the Duck Lake

supply line and related facilities as being inoperative and not essential to satisfy present demands on Utility's water system for both domestic and fire protection purposes.

This witness predicated his analysis on the allocations to fire protection service of those portions of Utility's plant which are in excess of those required to meet the normal domestic requirements of the system as specified by the Commission's General Order No. 103. On this basis he considered the 200 hp pump unit at Walker Spring and the 250 hp pump unit at the town pumping station as being essential only for protection against fire. Likewise, he testified that the capacity of the transmission pipeline from Walker Spring in excess of that of a ten-inch pipeline should be considered as necessary for fire protection only. Based primarily on original costs as shown in the aforesaid 1944 appraisal and with accrued depreciation brought up to the present date, the witness determined the following incremental amounts as representing net utility plant required for fire protection service:

| | |
|--|---------------|
| Pumping Equipment | \$7,098 |
| Reservoirs and Tanks | 3,006 |
| Transmission Mains | 6,560 |
| Hydrants | <u>3,792</u> |
| Total | \$20,456 |
| Less Depreciation Reserve as of 12-31-59 | <u>12,350</u> |
| Net Depreciated Plant | 8,106 |

Based on his analysis, the staff engineer developed the following tabulation to show his estimate of the gross revenue requirements, using four assumed rates of return:

| <u>Item</u> | <u>Rate of Return</u> | | | |
|--|-----------------------|------------|------------|------------|
| | <u>6%</u> | <u>6½%</u> | <u>7%</u> | <u>7½%</u> |
| Operating & Maintenance Expenses | \$ 100 | \$ 100 | \$ 100 | \$ 100 |
| Electric Power Demand Charges | 2,136 | 2,136 | 2,136 | 2,136 |
| Ad Valorem Taxes | 137 | 137 | 137 | 137 |
| Depreciation Expense | 519 | 519 | 519 | 519 |
| Taxes Based on Income | 249 | 270 | 290 | 311 |
| Return on Depreciated Plant | <u>486</u> | <u>527</u> | <u>567</u> | <u>608</u> |
| Gross Revenue Requirement | \$3,627 | \$3,689 | \$3,749 | \$3,811 |
| Gross Revenue Requirement per Hydrant (Based on 51 Hydrants) | \$71.12 | \$72.33 | \$73.51 | \$74.73 |
| Revenue Requirement per Hydrant per Month | 5.93 | 6.03 | 6.13 | 6.23 |

The same witness testified to results obtained by considering three other alternatives: (1) rehabilitate the Duck Lake transmission pipeline, eliminate the 200 hp pump unit at Walker Spring, and use the Duck Lake supply for fire protection purposes only; (2) use the Walker Spring supply only and substitute two 125 hp, 800 gpm diesel operated pump units for the existing two large electrically driven pump units; and (3) eliminate the Walker Spring supply entirely, rehabilitate the Duck Lake transmission pipeline and use the Duck Lake supply only for all purposes. Assuming a 6½ percent rate of return, the engineer's estimates resulted in revenue requirements per hydrant per month of \$10.51, \$6.32 and \$5.16, respectively, for the three alternatives. In view of the lesser reliability and poorer quality of the water obtainable from Duck Lake as compared with that from Walker Spring, these alternatives appear to merit no further consideration.

Other Considerations

The staff engineer's analysis and results as set forth in the foregoing tabulations appear to be reasonable and, taken alone would appear to justify the proposed rate of \$6 per hydrant per month. However, there are other factors which should be taken into account.

There are presently more fire hydrants supplied by Utility's distribution system than the 51 upon which the average requirement has been determined. Based upon the number of fire hydrants listed in Exhibit No. 3, the total requirement should be spread to 53 barrel type hydrants and 15 of the wharf type.

In the proper design of fire hydrant rates, consideration should be given to the relative value of service rendered by each hydrant. Such value depends upon the type and size of the hydrant itself and the available fire flow from it, which is more or less dependent upon the number and size of hose outlets and the size of the water main which supplies the hydrant. The information contained in Exhibit No. 3 and in the appraisal indicates that the size of the main and the connection from it to the hydrant is, in many instances, smaller than that of the vertical riser or barrel.

Of considerable importance in the present case is the effect upon the rate of return for Utility's system-wide operations which would result when the revenue from service to public fire hydrants is added to that being obtained from other service rendered. As a part of his investigation, the staff engineer was able to obtain from Utility's records the operating revenues and corresponding expenses for the most recent 12-month period. He testified to the following approximate results of operation, based upon the period from December 1, 1958 to November 30, 1959:

| | | |
|------------------------------------|--------------|-----------------|
| Gross Operating Revenues | | \$37,100 |
| Maintenance and Operating Expenses | \$28,125 | |
| Taxes other than Income | 1,297 | |
| Depreciation | 3,024 | |
| Taxes Based on Income | <u>1,575</u> | |
| Total Expenses | | <u>\$34,021</u> |
| Net Operating Revenue | | \$ 3,079 |
| Depreciated Rate Base | | \$56,000 |
| Rate of Return | | 5.5% |

Were revenues of \$3,672 obtainable from 51 fire hydrants at Utility's proposed rate of \$6 per month per hydrant to be added to the revenues from other sources, after deducting increased taxes on income, the resulting rate of return would be about 11.5 percent.

The rate base of \$56,000 used in the foregoing computations is largely established upon the appraisal amounts for plant excluding the Duck Lake facilities. Utility has commenced the construction of a 130,000-gallon storage reservoir estimated to cost \$21,000, presumed to be completed early this summer, which would increase the rate base to \$77,000. After considering the increases in depreciation expense and ad valorem taxes and the corresponding decrease in taxes on income, the resulting system-wide rate of return would be approximately 7.4 percent.

Findings and Conclusions

From a careful review of all of the evidence before us and after giving due consideration to the briefs of both District and Utility as filed herein, the Commission finds and concludes that the amounts shown in Utility's presentation pertaining to plant devoted to fire protection service and the maintenance and operation thereof are inaccurate and inconsistent and that Utility's position based thereon is unrealistic and unreasonable.

The evidence indicates that the inclusion of the Duck Lake supply and the facilities appurtenant thereto with the Walker Spring supply and its related plant constitutes an overdeveloped water system for the purposes of serving the present requirements of the community of Westwood and vicinity. It also appears that the Walker Spring supply is the more reliable and desirable and that it is adequate, in combination with the pumping equipment presently

installed, to supply water for both general and fire protection purposes, and that there is no necessity for rehabilitating the Duck Lake transmission line.

Accordingly, the Commission further finds and concludes that the estimates of the Commission's staff engineer as hereinabove set forth are fair and reasonable and they are hereby adopted for the purposes of this proceeding. In this connection it should be observed that, to date, Utility has not endeavored to establish a rate base for its water system.

The evidence shows that the revenue obtainable from the fire hydrant rate proposed by Utility, when added to that received from service being rendered to its general customers, would result in total revenues which would produce an excessive rate of return on the rate base of \$77,000 which includes the estimated cost of the 130,000-gallon storage reservoir now under construction by Utility. The evidence further shows that the fire hydrant rate proposed by Utility, if applied uniformly to all existing hydrants on the system, would be greater than the service from some of the hydrants is reasonably worth.

Therefore, Utility's request to establish the fire hydrant rate of \$6 will be denied as being improper and unreasonable and the filing of that rate will be permanently suspended. However, Utility should not be required to furnish service to the fire hydrants without some compensation. The Commission finds that the rates set forth in Appendix A attached to the following order are reasonable and they will be authorized. Such rates are designed to represent the relative value of the service rendered by the several types and sizes of hydrants from the various sizes of mains through which they

are supplied. In authorizing such rates, however, it is the Commission's understanding that the utility will continue to maintain its presently installed pumping capacity. Based upon the information contained in Exhibit No. 3, the estimated annual revenue from service to the existing 68 hydrants will be about \$1,740. The exact amount of revenue obtainable can only be determined upon verification of the information as set forth in detail in said Exhibit No. 3 and thereafter applying the rates being authorized herein.

This record does not contain sufficient evidence to enable the Commission to establish a firm rate base and to determine a fair rate of return to Utility. If Utility should be of the opinion that changes in its rate structures are required, it is incumbent upon Utility, in an appropriate proceeding, to make a detailed showing as to the original cost, estimated if not known, and the related accrued depreciation, of all operative plant facilities necessary for and devoted to the public service being rendered, and also to make a proper showing of operating revenues and expenses for a period of at least twelve months, as required by the Commission's Rules of Procedure.

O R D E R

The Commission on its own motion having instituted investigation into the propriety and reasonableness of Tariff Sheet No. 38-W filed with Advice Letter No. 4 on September 28, 1959, by Northern Counties Utility Company, which sheet entitled Schedule No. 5, Public Fire Hydrant Service, comprises a new rate of such service being furnished to the unincorporated community of Westwood in Lassen County; the Commission having suspended the effective date of said schedule until February 25, 1960, and on February 1, 1960, having extended the suspension of the effective date of said schedule for a

further period of six months beyond February 25, 1960; a public hearing having been held; the matter now having been submitted and being now ready for decision; and the Commission having found said schedule to be improper and unreasonable; therefore,

IT IS ORDERED that the suspension of Schedule No. 5 filed by Northern Counties Utility Company on September 28, 1959, be and it is hereby made permanent. In lieu thereof,

IT IS HEREBY FURTHER ORDERED that Northern Counties Utility Company, a corporation, 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 schedule 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 public fire hydrant service rendered on and after June 1, 1960.

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

Dated at San Francisco, California, this 19th day of April, 1960.

[Signature]
 President

[Signature]

[Signature]

[Signature]
 Commissioners

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICEAPPLICABILITY

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

TERRITORY

The unincorporated community of Westwood, and vicinity, Lassen County.

RATESPer Hydrant Per MonthSize of Main Supplying Hydrant

| <u>Type of Hydrant</u> | <u>Size of Riser</u> | <u>Number of Outlets</u> | <u>Smaller than 4-Inch</u> | <u>4-Inch and Less than 6-Inch</u> | <u>6-Inch and Less than 8-Inch</u> | <u>8-Inch and Larger</u> |
|------------------------|----------------------|--------------------------|----------------------------|------------------------------------|------------------------------------|--------------------------|
| Wharf | 1½-inch | 1 | \$0.50 | \$0.50 | \$0.50 | \$0.50 |
| Wharf | 2-inch | 1 | 0.75 | 0.75 | 0.75 | 0.75 |
| Wharf | 2½-inch | 1 | 1.00 | 1.00 | 1.00 | 1.00 |
| Barrel | 6-inch | 2 | 1.50 | 2.00 | 3.00 | 4.00 |
| Barrel | 6-inch | Over 2 | - | 2.50 | 3.50 | 4.50 |
| Barrel | 8-inch | Over 2 | - | - | 4.00 | 5.00 |

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under Schedule No. 1, Annual General Metered Service.
2. The cost of installation and maintenance of hydrants will be borne by the utility.
3. Relocation of any existing hydrant shall be at the expense of the party requesting such relocation.

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE--contd

SPECIAL CONDITIONS--contd

4. Additional fire hydrants will be attached to the utility's distribution mains for public fire protection purposes only upon receipt of proper resolution passed by the fire protection agency. Said resolution must designate the type and size of hydrant, number of outlets and the specific location at which each hydrant is to be installed.

5. The utility will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.