

ORIGINAL

Decision No. 61116

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 NATOMAS WATER COMPANY, a corporation,
 for an Investigation by the Public
 Utilities Commission of the Reason-
 ableness of its Rates and Charges
 and for an Order Establishing Just
 and Reasonable Rates and Charges.

Application No. 41941

Downey, Brand, Seymour & Rohwer, by Harry B. Seymour,
 for applicant.
Thomas E. Llewellyn, City Administrator, for City of
 Folsom, protestant.
Earl C. Cooper, protestant.
Cyril M. Saroyan, A. V. Day and L. L. Thornd, for the
 Commission staff.

O P I N I O N

By the above-entitled application, filed February 9, 1960, Natomas Water Company, a corporation, seeks an order of this Commission authorizing the establishment of rates and charges proposed therein for water service rendered in the City of Folsom and in unincorporated territory in the vicinity thereof, in both its Folsom Division and its Cordova Division, all in Sacramento County. The application of such proposed rates and charges is intended to increase the operating revenues in each division sufficiently to yield a rate of return of 6.50 percent on the respective depreciated rate bases, estimated on the level of business during the year 1960.

Public Hearing

After due notice a public hearing was held at Folsom before Commissioner Theodore H. Jenner and Examiner E. Ronald Foster on July 27 and 28, 1960. The application was submitted on the latter date, subject to the receipt of several late-filed exhibits, the last of which were filed with the Commission on September 13, 1960 and the matter is now ready for decision.

About 25 customers of the utility were present on the first day of hearing, some of whom protested the proposed increases in rates and charges because of certain alleged deficiencies in the service rendered by applicant. On behalf of the Folsom City Council, the City Administrator protested the proposed increases in so far as they will affect charges for water service to the municipality, particularly those involving service to the public fire hydrants.

History of Utility

The original water system was started in 1851 with the construction of a diversion dam on the South Fork of the American River, from which a ditch system was built to supply water to the town of Folsom and for mining purposes, and later expanded to furnish water for irrigation.

Since its incorporation on March 18, 1912, to take over the public utility business of its parent company, applicant has been furnishing water service in the vicinity of Folsom for domestic, commercial, irrigation, and industrial purposes, including gold dredging. Applicant is a wholly owned subsidiary of Natomas Company which owns all but 5 of the 10,000 shares of its outstanding common stock.

Prior to the construction of Folsom Dam and recognizing certain rights which applicant had acquired to the waters flowing in the South Fork of the American River, in 1951 the United States Government entered into a contract with applicant. Among other things, the said contract provided for the delivery from Folsom Reservoir to applicant of an amount of 32,000 acre-feet of water annually at a rate of flow not in excess of 60 cubic feet per second. The contract also provided for the installation of certain facilities necessary to deliver such water in lieu of the diversion dam and some canals which were inundated and abandoned when Folsom Dam was constructed in 1955.

About 1954 Cordova Water Company began the installation of a water system to supply several subdivisions located along U.S. Highway 50 some 6 to 9 miles southwest of Folsom in the vicinity of the unincorporated community known as Rancho Cordova. After obtaining authority from the Commission, in 1955 the said system was transferred to applicant, which has since continued to supply that area and adjacent territory with water for residential, commercial and fire protection purposes.

In 1956 applicant was authorized by the Commission to enter into a contract with Aerojet-General Corporation to supply it with increasingly large quantities of water from Folsom Reservoir for industrial purposes in an extensive area lying south of U.S. Highway 50 between the Folsom and Cordova areas.

Applicant was recently granted a comprehensive certificate of public convenience and necessity to operate a public utility water system for the distribution and sale of water in all of the above-mentioned areas, comprising a total of nearly 19,000 acres.^{1/}

Description of the Water Systems

Folsom Division. After the water is released from Folsom Reservoir, a portion is conducted through applicant's facilities to a 7 million-gallon reservoir above the City of Folsom, where it is chlorinated and subjected to further settlement but not otherwise treated, and thence is delivered under pressure for general purposes within the city. A booster pump has been installed in 1960 to increase the system pressure in some of the higher portions of this service area. As of January 1960, there were approximately 71,600 feet of pipe in the transmission and distribution system, of various materials and ranging in size from 1½ to 24 inches in diameter. In 1959 there was an average of 1,028 customers, practically all of whom were served at flat rates.

^{1/} For a list of all prior formal proceedings before this Commission pertaining to applicant and the former Cordova Water Company, see Tables 1-A and 1-B of Exhibit No. 7 of this proceeding.

There was also an average of 93 public fire hydrants connected to the system.

Additional quantities of water are transmitted by gravity by means of a series of canals, reservoirs, ditches and conduits through the entire length of the Folsom service area and extending even into the Cordova area. Over 20 miles of canals and ditches supply untreated water for irrigation, industrial and gold dredging purposes, some of which is delivered at measured rates and some at flat rates on the basis of the irrigated area and also for industrial purposes to the Natomas Company in the unincorporated community of Natoma.

Cordova Division. Although a ditch transports water from Folsom Reservoir through part of the Cordova area, such water is used only for irrigation purposes. All water for residential, business and fire protection purposes in the Cordova area is obtained from wells. The wells are equipped with pumps driven by electric motors ranging from 25 to 50 horsepower, each discharging through a 5,000-gallon hydro-pneumatic tank into the distribution system. All of the wells are now, or are planned to be, interconnected through the distribution mains to form an integrated system. In January, 1960, there were approximately 187,000 feet of pipe in the transmission and distribution system, mostly of asbestos-cement material, and varying from 1½ to 8 inches in diameter. In 1959 there was an average of 2,057 customers, of whom the 42 businesses were supplied through meters and the rest at flat rates. In addition, there were a few private fire protection services and an average of 211 public fire hydrants connected to the system.

Rates, Present and Proposed

Increased rates for water service in applicant's Folsom Division were authorized by the Commission's Decision No. 51451 dated May 10, 1955, as amended by Decision No. 51540 dated June 7, 1955,

both in Application No. 35820. No previous rate increases have been requested or authorized for water service in the Cordova Division.

Present Rates

Water service is now being rendered by applicant under 12 filed rate schedules and two contracts. Both contracts are applicable to the Folsom Division, one pertaining to service to certain fire hydrants in the Folsom Fire District and the other concerning service to Aerojet-General Corporation. The following tabulation lists the presently filed tariffs by schedule number, showing the type of service and the applicable tariff area:

<u>Present Tariffs</u>		
<u>Schedule No.</u>	<u>Description of Service</u>	<u>Tariff Area</u>
AA-3F	Irrigation - Ditch System - Flat rate per acre	Both
AA-3S	Winter Season Irrigation - Ditch System - Flat rate per acre	Both
AA-9IM	Industrial - Ditch System - per miner's inch-day	Both
FO-1	General Metered Service - per 100 cubic feet	Folsom
FO-2	General Flat Rates - by type of premises served	Folsom
FO-3F	Irrigation - Town System - Flat rate per acre	Folsom
FO-7F	Municipal Flat Rates - for schools and City of Folsom	Folsom
FO-9I	Industrial Flat Rate - for Natomas Company	Folsom
CO-1	General Metered Service - per 100 cubic feet	Cordova
CO-2R	Residential Flat Rates - by units served	Cordova
CO-4	Private Fire Protection - by size of connection	Cordova
CO-5	Public Fire Hydrant - per unit and ownership	Cordova

Proposed Rates

The first three of the foregoing schedules (Nos. AA-3F, AA-3S and AA-9IM), while applicable to service in both tariff areas, consist of rates for untreated water from Folsom Reservoir delivered from open ditches, and revenues derived therefrom are actually related to the Folsom Division. Applicant proposes to increase each of these rates by 50 percent.

In the proposed Schedule No. FO-1 for general metered service in Folsom, the initial monthly charge would be increased from

\$1.75 to \$2.00 for 1,000 cubic feet of water and block rates would be correspondingly increased so that the over-all effect would be to increase revenues derived from this schedule by about 15 percent. At the increased rates the cost of water for all quantities over 800 cubic feet per month under this schedule would still be less than for comparable quantities of water under the metered service rate schedule No. CO-1 now in effect for the Cordova area, for which no increase is proposed.

For some 16 categories of flat rate service provided under Schedule No. FO-2, applicant requests increases varying from 50 to 400 percent, the several proposed rates being intended to correspond to the relative quantities of water estimated as being consumed on the various premises supplied.

Under Schedule No. FO-3F, one irrigation customer is supplied with treated water through the town system in lieu of service previously furnished by a now abandoned ditch. Applicant proposes a 50 percent increase for this service, or a seasonal rate of \$18.00 per acre irrigated, which compares with the proposed rate of \$15.00 per acre for untreated water supplied for irrigation from open ditches under Schedule No. AA-3F.

Applicant proposes increases of somewhat over 100 percent in its flat rates for schools in the City of Folsom under Schedule No. FO-7F, to make the resultant charges commensurate with estimated consumptions of water, based on comparisons with schools in the Cordova Division, which are supplied through meters. Instead of the present single flat rate for all municipal service to the City of Folsom, applicant proposes to charge for service to public fire hydrants at the same rates as those now on file for similar service in the Cordova Division, to make individual charges at flat rates to several municipal buildings, and to charge for irrigation service to the Folsom City Park at a meter rate. This change in the method

of charging for municipal service would result in an increase of revenues from the City of Folsom of over 300 percent. The major portion of the increase is due to applicant's proposal to charge for service to fire hydrants, involving the discontinuance of free service to a number of fire hydrants on Sutter Street covered by a certain contract made with the Folsom Fire District in December 1914.

Schedule No. FO-91 contains a single flat rate for industrial service of untreated water rendered to applicant's parent, Natomas Company, which is proposed to be increased 50 percent.

Of the four existing schedules applicable to well water supplied in the Cordova Division, applicant proposes increases only in the residential flat rates, Schedule No. CO-2R. The requested relatively minor increases would result in an over-all increase in revenues under this schedule of about 7 percent, estimated as necessary to augment the total revenues from the Cordova Division sufficiently to produce the same 6.50 percent rate of return as that requested by applicant for its Folsom Division.

Applicant also proposes a new irrigation rate of 16 cents per miner's inch-day for service not heretofore rendered to Cordova Park District.

Furthermore, applicant proposes to increase the rates for water delivered by contract to Aerojet-General Corporation to provide for about a 50 percent increase in revenues from that customer.

As shown in Table 3-A of the staff's report introduced in this proceeding as Exhibit No. 7, the effect of the rate increases proposed by applicant would be to increase the total revenues in the Folsom Division by an average amount of 56.3 percent, in the Cordova Division by an average of 7.0 percent, and for the combined operations of applicant by an average amount of 25.8 percent.

Summary of Showings and
Results of Operations

For its showing, applicant relied primarily on the same six exhibits as those attached to the application, supplemented by verbal testimony by three witnesses and by four late-filed exhibits required to provide various additional detailed information.

The Commission staff presented Exhibit No. 7, supported by testimony of an accountant and two engineers, which constituted a detailed and comprehensive report of the staff's investigation of applicant's operations. A late-filed exhibit prepared by the staff shows the effect on the rate of return of assuming various average service lives for asbestos-cement mains.

In its examination and analysis of applicant's books and accounting records, the staff found it necessary to make certain adjustments to the recorded book figures in order to reflect properly the results of operation of the utility.

The following tabulation consists of a summary of the utility's actual earnings for the year 1959 at existing rates and of the estimated earnings for the year 1960 at proposed rates, for both

the Folsom and Cordova Divisions and the total thereof, as presented by the applicant.

SUMMARY OF OPERATIONS

Applicant's Showing - Exhibits No. 5 and No. 6

Actual 1959 Earnings at Present Rates

<u>Item</u>	<u>Folsom Division</u>	<u>Cordova Division</u>	<u>Total</u>
Operating Revenues	\$ 64,606	\$ 96,487	\$161,093
<u>Operating Expenses</u>			
Mainten. & Operation	36,453	46,589	83,042
Taxes Other Than Income	4,203	8,829	13,032
Taxes on Income	4,037	8,971	13,008
Depreciation	10,352	19,618	29,970
Amortization	1,177	-	1,177
Total Expenses	\$ 56,222	\$ 84,007	\$140,229
Net Revenue	\$ 8,384	\$ 12,480	\$ 20,864
Avg. Depr. Rate Base	\$384,006	\$231,989	\$615,995
Rate of Return	2.18%	5.38%	3.39%

Estimated 1960 Earnings at Proposed Rates

Operating Revenues	\$105,062	\$120,468	\$225,530
<u>Operating Expenses</u>			
Mainten. & Operation	39,354	50,189	89,543
Taxes Other Than Income	4,603	11,429	16,032
Taxes on Income	23,452	14,823	38,275
Depreciation	11,975	26,688	38,663
Amortization	1,177	-	1,177
Total Expenses	\$ 80,561	\$103,129	\$183,690
Net Revenue	\$ 24,501	\$ 17,339	\$ 41,840
Avg. Depr. Rate Base	\$376,945	\$266,747	\$643,692
Rate of Return	6.50%	6.50%	6.50%

The next tabulation sets forth a comparative summary of applicant's operations for the year 1959 adjusted and for the year 1960 estimated, at both the present and proposed rates, for both the Folsom and Cordova Divisions as well as for the combined operations, as presented by the Commission staff.

SUMMARY OF OPERATIONS - CPUC STAFF - EXHIBIT NO. 7

Year 1959 Adjusted at Present and Proposed Rates

Item	: Folsom Division		: Cordova Division		: Combined Total	
	: Present	: Proposed	: Present	: Proposed	: Present	: Proposed
	: Rates	: Rates	: Rates	: Rates	: Rates	: Rates
Operating Revenues	\$ 60,280	\$ 94,230	\$ 97,650	\$ 104,500	\$ 157,930	\$ 198,730
<u>Operating Expenses</u>						
Maintenance & Operation	36,220	36,220	46,770	46,770	82,990	82,990
Taxes other than Income	5,010	5,010	9,780	9,780	14,790	14,790
Taxes on Income	1,810	18,330	6,170	11,340	7,980	29,670
Depreciation	8,340	8,340	12,390	12,390	20,730	20,730
Amortization	1,170	1,170	-	-	1,170	1,170
Total Expenses	52,550	69,070	75,110	80,280	127,660	149,350
Net Revenue	7,730	25,160	22,540	24,220	30,270	49,380
Av. Depreciated Rate Base	393,850	393,850	222,150	222,150	616,000	616,000
Rate of Return	1.96%	6.39%	10.15%	10.90%	4.91%	8.02%

Year 1960 Estimated at Present and Proposed Rates

Operating Revenues	\$ 68,000	\$ 107,580	\$ 117,500	\$ 125,600	\$ 185,500	\$ 233,180
<u>Operating Expenses</u>						
Maintenance & Operation	38,720	38,720	52,820	52,820	91,540	91,540
Taxes other than Income	5,970	5,970	13,140	13,140	19,110	19,110
Taxes on Income	4,080	23,320	9,420	16,240	13,500	39,560
Depreciation	9,380	9,380	15,950	15,950	25,330	25,330
Amortization	1,170	1,170	-	-	1,170	1,170
Total Expenses	59,320	78,560	91,330	98,150	150,650	176,710
Net Revenue	8,680	29,020	26,170	27,450	34,850	56,470
Av. Depreciated Rate Base	398,750	398,750	288,500	288,500	687,250	687,250
Rate of Return	2.18%	7.28%	9.07%	9.51%	5.07%	8.22%

From the foregoing tabulations the following general observations may be made:

1. Both showings clearly indicate that in the Folsom Division the revenues obtainable at present rates are inadequate to produce the desired rate of return.
2. In the Cordova Division, applicant's showing indicates a rate of return for the year 1959 at present rates somewhat lower than the desired 6.50 percent, while the staff's results for both test years show earnings at present rates considerably higher than that rate.
3. While applicant has proposed rates designed to produce rates of return of 6.50 percent in both divisions for the estimated year 1960, the staff has estimated that such proposed rates will render rates of return for the same year of 7.28 percent and 9.51 percent for the Folsom and Cordova Divisions, respectively.
4. The staff's showing for the two test years indicates that under both sets of rates there is an upward trend in the rate of return in the Folsom Division, whereas in the Cordova Division there is a downward trend under both sets of rates. For the total of applicant's operations, the net result is an indicated upward trend of about 0.2 percent for each set of rates.

Some of the apparent differences between the several comparable components of the two showings are the result of the staff's adjustment of applicant's records in order to correct erroneous book-keeping entries or accounting methods which have either inadvertently persisted or crept into applicant's books of account since the last rate proceeding in 1954-55. Revenues and related expenses for the year 1959 were also adjusted by the staff to take into account the abnormally low precipitation and high temperatures experienced during that year. The staff's estimates for 1960 reflect the indicated substantial growth in the number of customers in the two communities. The staff's rate bases for the estimated year 1960 include correspondingly increased utility plant to provide for such growth.

A review of all of the evidence relating to the two sets of showings convinces us that the staff's results are the more complete, accurate and realistic, and they will be used as the basis for further consideration herein.

Depreciation Expense

The major factor in the variation between the two showings lies in the differences in the respective determinations of depreciation expense.

The record reveals that applicant submitted its initial reviews of depreciation rates for the Folsom and Cordova Divisions to this Commission in 1958, as required by previous Commission decisions. In these reviews, applicant used estimated service lives of 50 years for its asbestos-cement pipe mains. On June 17, 1958, the Commission authorized applicant to use the depreciation rates as submitted, which amounted to composite rates of 2.1 percent and 2.7 percent for the Folsom and Cordova Divisions, respectively, for determining its depreciation accruals each year. The record further reveals that applicant has not applied these authorized rates in its depreciation accrual determinations, but has in fact used considerably higher rates, especially for its Cordova Division. Another part of the differences between the two showings is due to applicant's use of 40 years as the estimated service life of asbestos-cement pipe, whereas the staff used 60 years. In the City of Folsom, approximately 25 percent of the mains are not asbestos-cement, for which the staff used an average service life of 40 years; in Cordova, some 98 percent of the mains are asbestos-cement. To indicate the effect on the several rates of return as shown in Exhibit No. 7 by using various average service lives for asbestos-cement mains (and incidentally to correct for an inadvertent error in depreciation expense for City of Folsom mains, as originally determined in said exhibit), the staff prepared an exhibit which was filed with the Commission on August 15, 1960. This late-filed Exhibit No. 12 shows revised summaries of earnings under present and proposed rates for both operating divisions and for both the year 1959 adjusted and the year 1960 estimated, and for three average service lives of 60, 50 and 40 years arbitrarily assigned to

the asbestos-cement mains. For the purposes herein only the summary for the year 1960 estimated is set forth in the following tabulation:

REVISED SUMMARY OF OPERATIONS - CPUC STAFF EXHIBIT NO. 12

Year 1960 Estimated at Present and Proposed Rates						
Item	Folsom Division		Cordova Division		Combined Total	
	Present Rates	Proposed Rates	Present Rates	Proposed Rates	Present Rates	Proposed Rates
Operating Revenues	\$ 68,000	\$107,580	\$117,500	\$125,600	\$185,500	\$233,180
<u>Operating Expenses</u>						
Other than Depreciation	49,940	69,180	75,380	82,200	125,320	151,380
<u>Depreciation *</u>						
60-Year Av. Service Life	10,330	10,330	15,930	15,930	26,260	26,260
50-Year Av. Service Life	11,210	11,210	18,070	18,070	29,280	29,280
40-Year Av. Service Life	12,460	12,460	21,330	21,330	33,790	33,790
<u>Total Expenses</u>						
60-Year Av. Service Life	60,270	79,510	91,310	98,130	151,580	177,640
50-Year Av. Service Life	61,150	80,390	93,450	100,270	154,600	180,660
40-Year Av. Service Life	62,400	81,640	96,710	103,530	159,110	185,170
<u>Net Revenue</u>						
60-Year Av. Service Life	7,730	28,070	26,190	27,470	33,920	55,540
50-Year Av. Service Life	6,850	27,190	24,050	25,330	30,900	52,520
40-Year Av. Service Life	5,600	25,940	20,790	22,070	26,390	48,010
<u>Av. Depreciated Rate Base</u>						
60-Year Av. Service Life	398,250	398,250	288,500	288,500	686,750	686,750
50-Year Av. Service Life	397,800	397,800	287,450	287,450	685,250	685,250
40-Year Av. Service Life	397,150	397,150	285,800	285,800	682,950	682,950
<u>Rate of Return</u>						
60-Year Av. Service Life	1.94%	7.05%	9.08%	9.52%	4.94%	8.02%
50-Year Av. Service Life	1.72	6.84	8.37	8.81	4.51	7.66
40-Year Av. Service Life	1.41	6.53	7.27	7.72	3.86	7.03

* Total depreciation expense including that on asbestos-cement mains with various arbitrarily assigned average service lives as used in this table for identification purposes only.

Detailed mortality studies of the asbestos-cement pipe and pipe joints as installed in these systems are not available. Between the manufacturers' claims of 60 to 100 years and applicant's use of only 40 years, for the purposes of this proceeding we will adopt an average service life of 50 years, which is consistent with the staff's use of a composite average service life of 40 years for the mains of other materials existing in the City of Folsom. The staff's corresponding amounts for depreciation expense are hereby found to be reasonable and will be used.

In the order which follows, applicant will be required to determine depreciation accruals, by accounts, by applying the following rates to depreciable utility plant in each Division as indicated:

<u>Account No.</u>	<u>Description</u>	<u>Folsom Division</u>	<u>Cordova Division</u>
	<u>Source of Supply Plant</u>		
312	Collecting & Impounding Reservoirs	1.80%	-- %
315	Wells	-	3.17
324	Pumping Equipment	-	3.10
	<u>Water Treatment Plant</u>		
331	Structures & Improvements	2.18	-
	<u>Transmission & Distribution Plant</u>		
341	Structures & Improvements	1.95	-
342	Reservoirs & Tanks	1.61	1.84
343	Transmission & Distribution Mains		
	Transmission Canals	1.58	-
	Distribution Canals	2.44	-
	Mains	2.33	1.97
345	Services	3.41	3.39
346	Meters	2.96	3.00
347	Meter Installations	-	2.78
348	Hydrants	2.50	2.37
	<u>General Plant</u>		
372	Office Furniture & Equipment	12.50	9.44
373	Transportation Equipment	-	5.00
374	Stores Equipment	1.78	-
378	Tools, Shop & Garage Equipment	10.08	10.31

Amortization Expense

Of the total amount of \$1,170 shown by the staff for amortization; \$660 relates to the loss to applicant in the exchange of properties between it and the Federal Government at the time of the

construction of the Folsom Dam. This loss of \$26,540, recorded as intangible plant, is being amortized over 40 years and the annual accrual of about \$660 is included by the staff under this classification of expenses.

The remainder of the \$1,170 amount, or \$510, originated in the previous rate increase proceeding (Application No. 35820) in 1955 to amortize over 50 years the cost of \$25,658 for a 1,600,000-gallon reservoir which was abandoned and became nonoperative when the present 7,000,000-gallon reservoir was built. Applicant's accountant testified at the recent hearing that the land on which the abandoned reservoir was built has since been sold for an amount in excess of the original cost of the land and the cost of constructing the reservoir, leaving a profit shown as nonutility income on the applicant's income statement for the year 1959 (Exhibit No. 4). Nothing remains in the applicant's books, either in plant or in the depreciation reserve accounts, pertaining to the abandoned reservoir. Therefore, it appears to be erroneous to continue including this amount of \$510 as an expense for rate making purposes and it will be eliminated.

Effect of Metering Program on Rate Base

Applicant's operating revenues in its Folsom Division have historically been derived almost entirely from the use of flat rates. In the present application for increased revenues, applicant has proposed new flat rates, involving various, and some very large, percentage increases, in an effort to make the revenues proportional to the service rendered, but with no actual knowledge of the amounts of water used on the various premises. Admittedly, the most equitable method of charging for such usage would be to meter all consumers for whom the establishment of flat rates is necessarily haphazard, particularly those using abnormal quantities of water.

Deliveries specified in the present contract with Aerojet-General Corporation after the fifth year, which will end on September 30, 1961, will amount to over 11,000 acre-feet or more than one-third of the 32,000 acre-feet which applicant is entitled to take from Folsom Reservoir. Furthermore, the staff has pointed out that in 1959 the total amount of water diverted by applicant from Folsom Reservoir was 27,570 acre-feet - nearly twice the amount diverted in 1955. The record shows that a considerable percentage of the quantities diverted cannot be accounted for. With the rapid growth of customers evident and anticipated in both the vicinity of Folsom and of Rancho Cordova, it appears that unnecessary use and waste of water should be curtailed.

For these and other reasons, it now becomes desirable to institute a metering program. Applicant has signified its ability and willingness to install meters on all such services as those hereinabove discussed and to charge for service rendered on a measured basis, provided the installation costs and added costs of operation are recognized in the establishment of rates.

Accordingly, the order herein will require applicant to install meters on all customers' services, other than to premises occupied by single family residences, for service rendered in both the Cordova and Folsom Divisions and also all irrigational and industrial customers now being supplied at flat rates from applicant's ditch system, with the exception of Natomas Company shops and yard in Natoma. The industrial service to Natomas Company shops and yard comprises several types of use, the primary benefit being for private fire protection service. Such combination of usage does not lend itself readily to metering; consequently a flat rate for this service will be authorized.

Applicant's late-filed Exhibit No. 8 shows the estimated cost of installing meters in the City of Folsom on services to all

public authority and commercial customers (except thirteen businesses on Sutter Street listed in late-filed Exhibit No. 9, which cannot be individually metered because of the existing arrangement of piping on their premises) at a total amount of \$15,387. Analysis of the exhibit suggests that meters smaller than those indicated will provide adequate service to many of the customers, thus resulting in a lower total cost. In pursuing the metering program, applicant will be expected to permit each customer to select the size of meter after acquainting him with the availability of the various sizes, their relative capacities, and the corresponding minimum charges which will apply. On the other hand, the estimate does not include the few meters to be installed on the Cordova system (such as for service to multiplex or apartment buildings) or on existing flat rate irrigational and industrial customers, most of which are supplied from the ditch system. For the purposes herein, an amount of \$16,750 will be adopted as the estimated cost of the required metering program, to be added to the rate base, which amount is considered reasonable.

Adopted Results of Operation

From the foregoing tabulations it is evident that the revenues from rates now in effect in the Cordova Division are sufficient to render a rate of return for the estimated year 1960 somewhat in excess of 6.50 percent. Therefore, no increase in rates for that tariff area will be authorized.

It is likewise evident that the revenues from the presently effective rates in the Folsom Division are not adequate to render a reasonable rate of return as estimated for 1960 and that some increase is warranted. After taking into account the foregoing revisions

in the staff's estimates, the following tabulation shows the adopted results of operation for the estimated year 1960 at the rates hereinafter authorized, for each operating division and for the total of both.

ADOPTED RESULTS OF OPERATION

Estimated 1960 Earnings at Authorized Rates

<u>Item</u>	<u>Folsom Division</u>	<u>Cordova Division</u>	<u>Combined Total</u>
Operating Revenues	<u>\$103,200</u>	<u>\$117,500</u>	<u>\$220,700</u>
<u>Operating Expenses</u>			
Mainten. & Operation	41,030	52,820	93,850
Taxes Other Than Income	6,370	13,140	19,510
Taxes on Income	19,460	11,810	31,270
Depreciation	11,710	18,070	29,780
Amortization	660	-	660
Total Expenses	<u>\$ 79,230</u>	<u>\$ 95,840</u>	<u>\$175,070</u>
Net Revenue	<u>\$ 23,970</u>	<u>\$ 21,660</u>	<u>\$ 45,630</u>
Avg. Dept. Rate Base	\$414,550	\$287,450	\$702,000
Rate of Return	5.78%	7.54%	6.50%

As previously observed, the rate of return in the Folsom Division is expected to improve while that in the Cordova Division will decline. Therefore, it is anticipated that the rate of return in each division will approach 6.50 percent in the near future. The several components of the estimated revenues, expenses and rate bases and the resulting rates of return, as shown in the last foregoing tabulation, are hereby adopted as reasonable.

Customer Participation

Two of applicant's customers in Folsom, one of whom claimed to represent some 27 others, testified in protest against any increase in rates until applicant has taken the steps necessary to correct some

alleged faults in the service being rendered. The first customer complained about considerable foreign material in the water, which was evidently due to a recent break in a large main. The other complained particularly of dirty water which occurs during certain months of the year and which condition was especially noticeable during the early months of 1960. Further testimony revealed that the latter occurrence was abnormal.

However, applicant admitted that there is a variable amount of turbidity in the water, depending upon the season, and also that some complaint has been made about taste and odor of the water, ascribed to algae in Folsom Reservoir. Applicant stated that to remedy such conditions would require the installation of a filtration plant, the preliminary estimated cost of which is reported to be \$80,000, which would be built on land already owned by applicant. This addition to plant, together with the operation and maintenance thereof, would obviously lead to a further increase in rates. The applicant agreed to make a more detailed study to determine the extent to which a water treatment plant is warranted, the benefits to be derived from various water treatment processes, and the installation and operating costs thereof. Applicant will be required by the order herein to report the results of such study to the Commission.

Complaint was also made of low and irregular pressures in two areas in the Folsom Division, which had been observed by the staff during its investigation. The newly installed in-line booster pump is expected to alleviate the low pressures previously experienced in the higher elevations where new subdivisions have been developed.

Late-filed Exhibit No. 10, including a map of Folsom, shows the results of a pressure survey conducted by applicant on July 25 and August 29, 1960. The pressures shown on the map vary from 34 to 81 pounds per square inch and would seem to indicate adequate pressures

in all parts of the system at the times and under the conditions when they were taken, both in the section served by the new booster-pump and in the remainder of the city supplied by gravity from the city reservoir. However, no readings are shown for the area near the intersection of Sutter and Sibley Streets supplied through a two-inch main in the westerly part of the city, where low pressures were observed by the staff. Applicant will be required by the order herein to make a special survey of this area and to report its findings to the Commission.

Position of City of Folsom

Upon direction of the Folsom City Council, the City Administrator appeared and testified in opposition to applicant's proposed changes in the method of charging for service rendered to the city, particularly in regard to fire hydrants, some of which are owned by the city. Heretofore applicant has charged the city a flat rate of \$300 per year for all service rendered, which has been increased to \$360 to cover added service to some newly constructed municipal buildings. Including the proposed metered service to the City Park, individual flat rate charges for other city property, and charges for 31 fire hydrants owned by the applicant and 68 municipally owned hydrants at the same rates being charged in the Cordova Division, the total annual charges would amount to over \$1,600 for 1960 as estimated by the Commission staff.

On December 14, 1914, there was filed with the Commission an unsigned copy of an agreement between the Board of Fire Commissioners of the Folsom Fire District and applicant. The document stated that applicant had installed, in the Spring of 1914, along Sutter Street, a large water main and an unspecified number of fire hydrants connected thereto; that the Fire District contributed \$703.52 toward the cost of installation; that the applicant would own and maintain the water main, while the District would own and maintain the fire

hydrants; and that applicant should make no charge for water used through said fire hydrants for the purpose of extinguishing fires. The agreement further provided that in the event said contract were disapproved by the Commission and the applicant were obliged to charge for water used through the said fire hydrants, then applicant should refund the said amount of \$703.52 after deducting therefrom the reasonable value of the water used through said fire hydrants for the purpose of extinguishing fires. The record herein does not divulge whether such contract was ever authorized or in any way acted upon by this Commission.

In the meantime, the City of Folsom has been incorporated and has presumably taken over all functions of the original Folsom Fire District. Furthermore, additional fire hydrants have been installed in connection with applicant's mains, the cost of some of which hydrants has been contributed by the city and some by the applicant. The question is raised whether applicant is obligated to continue to render water service without charge to the original hydrants or others now owned by the city.

The Commission is of the opinion and hereby finds that the above-described contract is not in the public interest and that it should now be abrogated and considered as no longer in any force or effect. It may also be pointed out that for service rendered to public fire hydrants, applicant is entitled to be compensated not only for its investment in and maintenance of the fire hydrants, but also for its investment in and the operation and maintenance of water supply, storage, pumping and transmission facilities which are in excess of those required for other service being rendered by applicant. Therefore, applicant will be authorized to charge on a unit basis for service rendered to public fire hydrants, with a differential between those owned by applicant and those owned by the public authority concerned.

Applicant's late-filed Exhibit No. 11, including maps of both the Folsom Water System and the Domestic Water System in the Cordova Division, lists the number of fire hydrants in each division by ownership and also shows the sizes of the main, connecting pipe and riser and the number of outlets by groups, as well as their location. Based upon the information contained in said exhibit, a schedule of rates for public fire hydrant service will be authorized which will be applicable to both of applicant's operating divisions, wherein the 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 and connecting pipes through which they are supplied, and according to ownership of the hydrants.

Although a substantial increase in charges to the City of Folsom will result from application of the several rate schedules hereinafter authorized, the Commission is of the opinion that it would be discriminatory to allow the city to continue to receive the service rendered to it at the relatively low flat rate which it has enjoyed for many years.

Aerojet-General Corporation

By Decision No. 53666 dated August 29, 1956, in Application No. 38141, applicant was authorized to carry out the terms and conditions of an agreement with Aerojet-General Corporation for the supply of relatively large quantities of water increasing from an upper limit of 2,000,000 gallons per day the first year to between 8,000,000 and 10,000,000 gallons per day in the fifth year and 10,000,000 gallons per day thereafter. The contract became effective October 1, 1956, and provides for delivery of water from applicant's ditches at selected points at specified rates for the quantities to be determined through suitable metering equipment to be provided by applicant. The contract was made subject to the Commission's jurisdiction, including the right to increase the rates for such water service.

In the instant proceeding, applicant has asked for authorization to increase the contract rates for this service of water for industrial purposes to Aerojet-General Corporation. The present contract states deliveries in millions of gallons per day at rates per miner's inch flow for 24 hours. The following tabulation shows the present and proposed rates with approximate equivalent monthly quantities in cubic feet and corresponding rates per 100 cubic feet:

Contract Units			Approximate Equivalents		
Quantities Delivered Each 24 Hours in Gallons	Rates Per Miner's Inch-Day*		Quantities Delivered Per Month Cubic Feet	Rates Per 100 Cubic Feet	
	Present	Proposed		Present	Proposed
First 2,000,000	\$0.14	\$0.21	First 8,000,000	\$0.0081	\$0.0122
Next 2,000,000	.13	.19	Next 8,000,000	.0075	.0110
Next 2,000,000	.12	.18	Next 8,000,000	.0069	.0104
Next 2,000,000	.11	.17	Next 8,000,000	.0064	.0098
Over 8,000,000	.10	.15	Over 32,000,000	.0058	.0087

*A miner's inch is defined as 1/50 of a cubic foot per second.

At the present contract rates a continuous daily supply of 2,000,000 gallons for a 30-day month would cost \$2,785 and at the proposed rates the cost would be \$4,177 per month, or an increase of 50 percent. In the order which follows, applicant will be authorized to increase the contract rates for this service, with monthly quantities stated in cubic feet and rates per 100 cubic feet for purposes of simplification and uniformity. At such authorized rates, a monthly quantity of 40,000,000 cubic feet would cost \$4,050. Such usage would cost an average of 1.01 cents per 100 cubic feet or about 17½ cents per miner's inch-day. We find that the increases in charges which will result from the application of the rates hereinafter authorized are just and reasonable for the service being rendered to this customer.

The record shows that the water is delivered to Aerojet at two or more points and that the quantities are measured either by use

of a calibrated curve for the pump discharge and a time clock, or by a certain type of water meter. The Commission is further informed that the customer presently owns one or more of these measuring devices. By the order herein, applicant will be required either to acquire the existing meter or to install a suitable meter or measuring device of its own at each point of delivery, in order that it may have full control of the measurement of water delivery to Aerojet.

Applicant's Practices

In the prior rate increase proceeding, by Decision No. 51451, supra, applicant was admonished to terminate its practice of rendering service at other than filed rates. The record herein shows that applicant has not followed its tariff schedules on file with this Commission with respect to the application of authorized rates, correct filing of rates, billing procedures and rules. Such infractions are discussed in some detail in Chapter 11 of Exhibit No. 7 to which applicant's attention is directed. The record further shows that applicant has failed to fully comply with depreciation practices required by the Commission and has used depreciation accrual rates other than those authorized by the Commission.

Applicant's attention has been called to other instances of its failure to observe or comply with provisions of certain general orders of the Commission. In Chapter 12 of Exhibit No. 7, the staff has made a number of recommendations, some of which will be incorporated in the order herein. Applicant's witnesses signified their willingness and intention to take the necessary steps to carry out all such recommendations that may not have been accomplished and applicant is placed on notice that it will be expected to do so. It is of particular importance that applicant should meet the requirements of the Commission's General Order No. 103, with special reference to those portions pertaining to the handling and recording of customer complaints, continuity of service and handling of emergency and

scheduled interruptions of service, maintenance of adequate pressures, minimum pipe sizes, water supply requirements, disinfection of new or repaired facilities, and elimination of dead-end mains or periodic flushing thereof. Applicant is also admonished to include in all replenished supplies of customer bill forms a statement on such forms with respect to disputed bills, as provided in its filed tariff Rule No. 5.

The record indicates that some adjustments are required in applicant's plant accounts. It is particularly important in this respect that applicant take advantage of this opportunity to make the adjustments indicated by the analyses contained in Chapter 2 of Exhibit No. 7. Recommendations by the Commission's Finance and Accounts Division are set forth in paragraphs 23, 36 and 39 on Pages 6, 10 and 11 of said chapter.

Design and Form of Rate Schedules

In the design of the rate schedules hereinafter authorized, the number of such schedules will be reduced as much as possible. For the sake of uniformity and for comparative purposes, all metered schedules will be stated in units of cubic feet.

In the schedule for general metered service in the Folsom tariff area, the quantity rates proposed by applicant will be authorized. However, the minimum charges for meters larger than a 5/8 x 3/4-inch meter will be revised and extended to include meters up to 8-inch in size, for possible future use, and to make such charges correspond to the relative capacities of larger sized meters.

In addition to a schedule for residential flat rate service in the Folsom tariff area, a temporary schedule of flat rates will be provided for service to premises which will require some time for meters to be installed. For the purposes herein, it is assumed that the revenues from future metered service to these premises will approximate those obtainable from the flat rates authorized in this schedule.

Also, a second temporary schedule will show rates limited to those certain premises where the piping arrangement is such that individual customers cannot presently be metered.

The schedule of rates for metered irrigation service from the Folsom City system has been primarily designed on an annual basis to apply to the City Park and to the one commercial irrigator heretofore served at a flat rate per acre. Under this schedule, for an annual usage of 1,000,000 cubic feet treated water delivered at system pressures, the average cost to the customer will be 1.47 cents per 100 cubic feet, equivalent to a rate of slightly over 25 cents per miner's inch-day, and for an annual usage of 3,000,000 cubic feet the average cost will be 1.16 cents per 100 cubic feet, equivalent to about 20 cents per miner's inch-day. For an irrigated area of 18½ acres and assuming a seasonal water duty of 3½ acre-feet per acre, this rate would be approximately equivalent to a flat rate charge of \$18 per acre per season.

Applicant has requested authorization for a new rate of 16 cents per miner's inch-day (equivalent to about 9/10 cents per 100 cubic feet) for water to be supplied to Cordova Park District from the well water supply. It is understood that public parks in this operating division may become quite extensive, perhaps several square miles in area. In the opinion of the Commission, the authorization of such a low rate for large quantities of pumped water would be inimical to the best interests of applicant's other customers, as well as to those of applicant itself. Therefore, no such rate will be authorized.

In the schedule of rates for general metered service in the Cordova tariff area, applicant has requested no change. As hereinafter authorized, this schedule will include an added block for a monthly usage over 100,000 cubic feet at a rate of 1.5 cents per 100 cubic feet, equivalent to about 26 cents per miner's inch-day. Should a

user, such as a public park, desire to be supplied with relatively large quantities of water, it may be served under this schedule, but monthly charges would include those at the rates for the initial and intermediate blocks. In this schedule as authorized, the minimum charges will be revised and extended to include an 8-inch meter and to make such charges commensurate with the relative capacities of such meters.

The Cordova residential flat rate service schedule has been slightly revised in form but maintains the same basic rates as at present. By making the swimming pool rate applicable for each month of the year, the billing process is simplified.

For possible future use in the Folsom tariff area, the private fire protection service schedule now on file for the Cordova tariff area will be made applicable to both areas. It should be noted that this schedule is intended to apply to service connections to privately owned fire protection systems through which no use of water is permitted for other purposes.

Likewise, the schedule of rates for public fire hydrant service is being authorized for use in both tariff areas. The purpose for this type of rate schedule, instead of the one now on file for the Cordova Division, has been discussed hereinabove. For the number and type of hydrants presently installed, the total charges will be approximately the same for each system as they would be at the present Cordova rates.

To eliminate the necessity for several existing flat rates, a schedule of meter rates for service from applicant's ditch system will be authorized on a yearly consumption basis. No temporary schedule of increased flat rates for ditch service is being authorized, since it is anticipated that no great delay will be involved before suitable measuring devices can be installed on all such existing

services. Under this schedule, for an annual usage of 1,000,000 cubic feet of untreated water delivered from open ditches, the average cost to the customer will be 1.025 cents per 100 cubic feet, equivalent to a rate of about 18 cents per miner's inch-day, and for an annual usage of 3,000,000 cubic feet the average cost will be about 1.01 cents per 100 cubic feet, equivalent to 17½ cents per miner's inch-day.

As hereinbefore discussed, a flat rate schedule for industrial service to Natomas Company from applicant's ditch system will be authorized.

Findings and Conclusions

The Commission finds and concludes that the estimates of operating revenues, expenses, including depreciation, amortization and taxes, and the rate bases as revised herein reasonably represent the results of applicant's operations on a pro forma basis for the year 1960 and they will be and hereby are adopted for the purposes of this proceeding.

The evidence is clear, as the foregoing tabulations indicate, that revenues obtainable from existing water service rates are no longer adequate to meet applicant's reasonable needs and that applicant is in need of and entitled to increased revenue. However, it is also evident that the revenues which applicant's proposed rates would produce are greater than, and the resulting rate of return on applicant's investment would be in excess of, those which are reasonable.

As indicated by the tabulation setting forth the adopted results of operations, the rates hereinafter authorized are estimated to produce for the year 1960 total gross revenues from both of applicant's operating divisions of about \$220,700 from the several water services being rendered, had such rates been made effective at the beginning of the year, which revenues are \$35,200, or approximately 19.0 percent, more than those estimated to be obtainable from rates

presently in effect. After due allowance for all reasonable operating expenses, taxes, depreciation and amortization amounting to \$175,070, the resulting net revenue of \$45,630 represents a rate of return of 6.50 percent on the depreciated rate base of \$702,000, which rate of return we find to be fair and reasonable.

Further analysis of applicant's operations in its two divisions indicates that the present rates in the Cordova Division would have produced gross revenues which, when related to the rate base for that division, would result in a rate of return somewhat greater than 6.50 percent, but which is estimated to have a downward trend; therefore, applicant will be authorized to continue in effect essentially the same rates as those now on file for applicant's Cordova Division. The rates in the Folsom Division will be authorized to be increased so that the gross revenues from that division (which include those obtainable from all water service rendered through applicant's ditch system in both tariff areas) when added to the gross revenues from the Cordova Division, will equal the said amount of \$220,700. The gross revenues thus determined for the Folsom Division are \$103,200 or approximately 51.8 percent more than those estimated as obtainable from the rates presently in effect for that division. The resulting rate of return is somewhat less than 6.50 percent but an upward trend is contemplated. We find and conclude that such results are reasonable.

To the extent that the estimated cost of installing meters or other measuring devices on certain customers' services has been included in the rate base for the year 1960 hereinabove adopted, the order herein will require applicant to make such installations within a reasonable time.

The Commission further finds and concludes that applicant should be authorized to revise its contract with Aerojet-General

Corporation by incorporating therein the higher rates for water hereinafter authorized.

The Commission further finds and concludes that public interest requires that the agreement hereinabove described between applicant and the Folsom Fire District should be abrogated and the provisions thereof to be of no further force or effect.

Accordingly, the Commission finds that the increases in rates and charges authorized herein are justified, that the rates and charges authorized herein are reasonable, and that the present rates and charges, in so far as they differ from those herein prescribed, are for the future unjust and unreasonable.

O R D E R

Natomas Water Company, a corporation, having applied to this Commission for an order authorizing increases in rates and charges for water service rendered in the City of Folsom and in unincorporated territory in the vicinity thereof, all in Sacramento County, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED that:

1. Applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformance with the provisions of General Order No. 96, the schedules of rates attached to this order as Appendix A and, on not less than five days' notice to this Commission and to the public, to make such rates effective for all service rendered on and after January 1, 1961.

2. Within thirty days after the effective date of this order, applicant shall revise such of its presently filed tariff sheets as may be necessary to provide for the application of the rate schedules hereinabove authorized and shall file same in quadruplicate with this

Commission in conformity with the provisions of General Order No. 96, together with sample copies of printed forms, including contracts, normally used in connection with customers' services, which are not now on file. Such revised tariff sheets and forms shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

3. Beginning with the year 1960, applicant shall determine the accruals to the depreciation reserve by multiplying the original cost of the plant for both the Folsom and Cordova Divisions, by the depreciation rates for each plant account as hereinbefore set forth under the caption "Depreciation Expense". These rates shall be used until a review indicates that they should be revised. Applicant shall review the depreciation rates using the straight-line remaining life method, when major changes in plant composition occur and for each plant account at intervals of not more than three years. Results of these reviews shall be submitted to the Commission.

4. Within six months after the effective date of this order, applicant shall have completed the installation of suitable types and sizes of meters or appropriate measuring devices on the services of all customers, other than to premises occupied by single-family residences, now being served at flat rates in both applicant's Cordova and Folsom Divisions and including all customers supplied from applicant's ditch system; excepting, however, The Natomas Company shops and yard, and those premises listed in Exhibit No. 9 introduced in evidence in the instant proceeding, and further listed in Schedule No. FO-21X of Appendix A herein, where it is presently impractical to place meters on individual service connections. Progressively thereafter, as meters are installed, applicant shall render bills for such water service only on the basis of the appropriate authorized schedule of rates for metered service. Applicant shall inform the Commission, in

writing, of the completion of the installation and placing in operation of such meters or measuring devices, together with a compilation of the total costs thereof by numbers of the different types and sizes of meters, within thirty days thereafter.

5. After the effective date of this order, applicant is authorized to revise its existing contract with Aerojet-General Corporation to provide for the delivery of water from applicant's ditch system at the following schedule of rates:

<u>For Monthly Deliveries in Cubic Feet</u>	<u>Rates per 100 Cubic Feet</u>
First 5,000,000	\$0.013
Next 10,000,000	0.011
Next 15,000,000	0.010
Over 30,000,000	0.008

Within fifteen days after the revision of said contract, applicant shall file with this Commission two certified copies of the revised contract as executed, together with a statement of the date on which such revised contract is deemed to have become effective. The authorization herein granted will expire if not exercised on or before October 1, 1961.

6. Within sixty days after the effective date of this order, applicant shall either acquire the existing meter or meters presently being used or shall install at each point of delivery a meter of suitable type and size to measure the quantities of water supplied to Aerojet-General Corporation and applicant shall inform the Commission in writing as to the manner in which this requirement was accomplished within ten days after the last of such meters has been either acquired or installed.

7. Immediately after the effective date of this order, applicant shall institute a program, to be continued through the years 1961 and 1962, of taking samples of water from appropriate points in

its Folsom system at least once a month, and as much oftener as conditions may indicate the desirability of so doing, which samples are to be analyzed as a basis for determining the necessity for, probable benefits of, and methods to be considered for treating the water supply: (1) to improve the taste or odor, or both, of the water used for domestic purposes, (2) to eliminate the turbidity of such water and (3) to control the residual chlorine therein. On or before the tenth day of January, April, July and October of each of said years, applicant shall render a written report to the Commission for the previous quarter, summarizing the results of the analyses made and setting forth any conclusions reached thereon.

8. Based upon the investigation required by Paragraph 7 of this order, on or before June 30, 1961, applicant shall make a detailed study and render a written report to the Commission setting forth in some detail the estimated cost of installation, together with the estimated annual operation and maintenance costs, of the different facilities or a combination thereof which are indicated as being necessary or desirable for the treatment of the water supply to the City of Folsom and adjacent unincorporated territory.

9. Within sixty days after the effective date of this order, applicant shall make a survey of pressure conditions in the area near the intersection of Sibley and Sutter Streets in the western part of the Folsom system. Pressures shall be recorded under the various conditions of use by customers in the area, including operation of the sprinklers in the park, simulating the conditions of a hot summer day to the extent practicable. Within fifteen days after the completion of such tests, applicant shall render a written report to the Commission which shall show the various pressures taken, conclusions drawn therefrom, steps proposed to be taken by applicant to

alleviate any abnormally low pressures found to exist, and including recommendations for any changes in piping on customers' premises if deemed necessary.

10. Upon the effective date of this order, the contract entered into in December 1914 between the Board of Fire Commissioners of the Folsom Fire District and the applicant herein shall be abrogated and shall no longer be of any force or effect.

11. Applicant shall immediately institute in its Folsom Division a program to study the future water requirements, water availability, transmission losses, and other supply water presently unaccounted for. On or before April 1, 1961, applicant shall submit to this Commission a report showing the results of such study, including conclusions reached and what dependent corrective actions may be considered necessary and, if so, when and how they will be accomplished.

12. Except to the extent authorized herein, the application be and it is denied.

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

Dated at San Francisco, California, this 22nd day of November, 1960.

Robert A. Beary
President

John L. ...

William ...

Ed. ...

Theodore Denver
Commissioners

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Schedule No. FO-1

Folsom Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to metered service of treated water, except that furnished for irrigation of crops and of municipal parks.

TERRITORY

The City of Folsom, and vicinity, Sacramento County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
<u>Quantity Rates:</u>	
First 1,000 cu.ft. or less	\$ 2.00
Next 2,000 cu.ft., per 100 cu.ft. ....	.17
Next 7,000 cu.ft., per 100 cu.ft. ....	.14
Over 10,000 cu.ft., per 100 cu.ft. ....	.11
<u>Minimum Charge:</u>	
For 5/8 x 3/4-inch meter	\$ 2.00
For 3/4-inch meter	3.00
For 1-inch meter	5.00
For 1 1/2-inch meter	9.50
For 2-inch meter	14.00
For 3-inch meter	25.00
For 4-inch meter	40.00
For 6-inch meter	75.00
For 8-inch meter	120.00

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. FO-2R

Folsom Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The City of Folsom, and vicinity, Sacramento County.

RATES

	<u>Per Service Connection</u> <u>Per Month</u>
1. For a residential unit of two bedrooms or less on a lot with no irrigation	\$2.20
2. For a single family residence on a single lot, including irrigation	3.20
a. For each additional single family residence on the same premises supplied from the same service connection	2.20
b. For each additional lot on which water is used to irrigate a garden or lawn supplied from the same service connection .....	.80
c. Additional for each swimming pool equipped with filter system	1.00

SPECIAL CONDITIONS

1. The above residential flat rate charges apply to service connections not larger than one inch in diameter.

2. The above swimming pool rate applies during each month of the year and entitles the customer to empty completely and refill the pool not more than once per annum. Premises which include swimming pools not equipped with properly operating filter systems will be served only under Schedule No. FO-1, General Metered Service.

(Continued)

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Schedule No. FO-2R

Folsom Tariff Area

RESIDENTIAL FLAT RATE SERVICE
(Continued)

SPECIAL CONDITIONS

3. Meters may be installed at option of utility or customer for above classifications in which event service thereafter will be furnished on the basis of Schedule No. FO-1, General Metered Service.

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Schedule No. FO-2X

Folsom Tariff Area

TEMPORARY FLAT RATE SERVICE

APPLICABILITY

Applicable to water service furnished on a temporary flat rate basis for municipal and commercial purposes.

TERRITORY

The City of Folsom, Sacramento County.

RATES

	<u>Per Service Connection Per Month</u>
1. For Folsom Union High School	\$73.50
2. For Theo Judah School	24.00
3. For Granite School	24.00
4. For the City of Folsom:	
a. City Hall	3.20
b. Fire House	3.20
c. Sewage Plant	3.20
d. City Park	12.50
5. For each residential unit of a multiplex or apartment building	2.20
6. For each store or office equipped with sanitary facilities only	2.50
a. Additional for water-cooled refrigerator	16.50
7. For each barber shop or beauty parlor	3.60
8. For each dry cleaning establishment	3.60
9. For each laundry	14.30
10. For each sanitarium or convalescent home, basic facilities	4.00
a. Additional for each bedroom or guest room .....	.35
b. Additional for each bathroom .....	.35
11. For each hotel or rooming house	4.50
12. For each restaurant, soda fountain or bar	4.80
13. For each service station or garage	4.80
a. Additional for each wash rack	1.40
14. For each cemetery	2.20

(Continued)

Schedule No. FO-2X

Folsom Tariff Area

TEMPORARY FLAT RATE SERVICE
(Continued)

SPECIAL CONDITIONS

1. Service under this schedule will be limited to the above-listed classifications being served hereunder as of the effective date of this tariff sheet, and will be furnished to each of the premises only until such time as a meter is installed.

2. This schedule will be effective only to and including June 30, 1961, and will thereafter be withdrawn.

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Schedule No. FO-2LX

Folsom Tariff Area

LIMITED TEMPORARY FLAT RATE SERVICE

APPLICABILITY

Applicable to water service furnished on a limited temporary flat rate basis.

TERRITORY

A portion of Sutter Street in the City of Folsom, Sacramento County.

RATES

	<u>Per Service Per Month</u>
1. Rouse's Service Station, 701 Sutter Street	\$ 4.80
2. Folsom Hotel, 703 Sutter Street	4.80
3. Folsom Cafe and Bar, 705 Sutter Street	7.20
4. Katham's 2nd Hand Store, 705 Sutter Street	2.50
5. Fargo Inn Restaurant, 707 Sutter Street	4.80
6. Bronco Club Bar, 709 Sutter Street	4.80
7. Checker Taxi Cab Service, 711 Sutter Street	2.50
8. Van Dyke Barber Shop, 711½ Sutter Street	3.60
9. Averitts TV Shop, 725 Sutter Street	2.50
10. Tilletts Dry Cleaners, 727 Sutter Street	3.60
11. Ivie's Beauty Parlor, 728 Sutter Street	3.60
12. Office (when occupied), 728 Sutter Street	2.50
13. Raupp's Engineering Office, 730 Sutter Street	2.50

SPECIAL CONDITIONS

1. Service under this schedule will be limited to the above-listed premises whose water service is such that more than one customer is supplied through one service connection as of the effective date of this tariff sheet, and will be furnished to each of the premises only until such time as a meter is installed.

2. Whenever the piping arrangement will permit a separate service connection to any of these premises, a meter will be installed thereon and service thereafter will be furnished only on the basis of Schedule No. FO-1, General Metered Service.

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Schedule No. FO-3M

Folsom Tariff Area

METERED IRRIGATION SERVICE - CITY SYSTEM

APPLICABILITY

Applicable to metered service of treated water furnished only for irrigation of crops and of municipal parks, on a seasonal or annual basis.

TERRITORY

The City of Folsom, and vicinity, Sacramento County.

RATES

Quantity Rates:

	<u>Per Meter</u> <u>Per Year</u>
First 1,000 cu.ft., per 100 cu.ft.	\$ 0.20
Next 2,000 cu.ft., per 100 cu.ft. ....	.15
Next 7,000 cu.ft., per 100 cu.ft. ....	.10
Next 90,000 cu.ft., per 100 cu.ft. ....	.05
Over 100,000 cu.ft., per 100 cu.ft. ....	.01

Annual Minimum Charge:

For 1-inch meter, or smaller	\$ 57.00
For 1½-inch meter	96.00
For 2-inch meter	144.00
For 3-inch meter	216.00
For 4-inch meter	330.00
For 6-inch meter	600.00
For 8-inch meter	900.00

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

SPECIAL CONDITIONS

1. Written application for service under this schedule must be made on or before the first day of the first month of the season or calendar year in which service is desired.
2. The annual minimum charge is due in advance but may be paid quarterly at the option of the utility.
3. Charges for water used in excess of the quantity allowed under the annual minimum charge may be billed monthly, bimonthly or quarterly at the option of the utility on a cumulative yearly consumption basis.

Schedule No. FO-9FI

Folsom Tariff Area

FLAT RATE INDUSTRIAL SERVICE

APPLICABILITY

Applicable to untreated water service furnished on a flat rate basis for industrial purposes.

TERRITORY

The unincorporated community of Natoma, located approximately 3 miles south of the City of Folsom, Sacramento County.

RATE

Per Month

For each service connection \$110.00

SPECIAL CONDITIONS

1. All industrial service not covered by the above classification will be furnished only on a metered basis.

2. Water supplied under this schedule will be untreated water from open ditches, canals, conduits and uncovered reservoirs. The utility does not represent any water delivered hereunder to be potable nor of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make it potable and shall assume all risks and liabilities in connection therewith.

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Schedule No. CO-1

Cordova Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated area known as Rancho Cordova and vicinity, located adjacent to U. S. Highway 50 approximately 8 miles southwest of the City of Folsom, Sacramento County.

RATES

Quantity Rates:

	<u>Per Meter</u> <u>Per Month</u>
First 800 cu.ft. or less	\$ 2.00
Next 1,200 cu.ft., per 100 cu.ft. ....	.195
Next 3,000 cu.ft., per 100 cu.ft. ....	.17
Next 5,000 cu.ft., per 100 cu.ft. ....	.14
Next 90,000 cu.ft., per 100 cu.ft. ....	.12
Over 100,000 cu.ft., per 100 cu.ft. ....	.015

Minimum Charge:

For 5/8 x 3/4-inch meter	\$ 2.00
For 3/4-inch meter	2.90
For 1-inch meter	4.75
For 1 1/2-inch meter	9.00
For 2-inch meter	13.00
For 3-inch meter	22.50
For 4-inch meter	35.00
For 6-inch meter	67.50
For 8-inch meter	110.00

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. CO-2R

Cordova Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated area known as Rancho Cordova and vicinity, located adjacent to U. S. Highway 50 approximately 8 miles southwest of the City of Folsom, Sacramento County.

RATES

Per Service Connection
Per Month

1. For a single family residence of two bedrooms or less on a single subdivision lot	\$3.00
a. For each additional residential unit of two bedrooms or less on the same premises and served from the same service connection	1.00
b. For each additional bedroom in excess of two in any residential unit .....	.50
c. Additional for each swimming pool equipped with filter system	1.00

SPECIAL CONDITIONS

1. The above residential flat rates apply to service connections not larger than one inch in diameter.

2. The above swimming pool rate applies during each month of the year and entitles the customer to empty completely and refill the pool not more than once per annum. Premises which include swimming pools not equipped with properly operating filter systems will be served only under Schedule No. CO-1, General Metered Service.

3. Meters may be installed at option of utility or customer for above classifications in which event service thereafter will be furnished on the basis of Schedule No. CO-1, General Metered Service.

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Schedule No. AA-4

All Tariff Areas

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

The City of Folsom and vicinity, and also the unincorporated area known as Rancho Cordova, and vicinity, located adjacent to U. S. Highway 50 approximately 8 miles southwest of the City of Folsom, Sacramento County.

RATES

	<u>Per Month</u>
For each 3-inch connection	\$ 4.50
For each 4-inch connection	6.00
For each 6-inch connection	9.00
For each 8-inch connection	12.00
For each 10-inch connection	15.00
For each 12-inch connection	18.00

SPECIAL CONDITIONS

1. The fire protection service connection will be installed by the utility at the cost of applicant. Such cost shall not be subject to refund.
2. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service 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 will be installed by the utility at the cost of the applicant. Such cost shall not be subject to refund.

(Continued)

Schedule No. AA-4

All Tariff Areas

PRIVATE FIRE PROTECTION SERVICE
(Continued)

SPECIAL CONDITION

3. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water; if so used, such meter installation will be at the cost of the utility.

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

5. 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 from which the fire protection service is furnished.

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Schedule No. AA-5

All Tariff Areas

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

The City of Folsom, and vicinity, and also the unincorporated area known as Rancho Cordova, and vicinity, located adjacent to U. S. Highway 50 approximately 8 miles southwest of the City of Folsom, Sacramento County.

RATES

Per Hydrant Per Month

: Hydrant : : Owned by :	: Type of : : Hydrant :	: Riser or : : Connection :	: Number : : of :	: Minimum Size of Main Supplying Hydrant :				
				: 4" and : : Under :	: 6" and : : less : : than 6" :	: 8" and : : less : : than 8" :	: 10" and : : less : : than 10" :	: Larger :
Pub. Auth.	Wharf	Under 4"	1	\$0.25	\$0.50	\$0.75	\$1.00	\$1.25
Utility	Wharf	Under 4"	1	0.75	1.00	1.25	1.50	1.75
Pub. Auth.	Wharf	4-inch	1	0.25	0.75	1.00	1.25	1.50
Utility	Wharf	4-inch	1	0.75	1.25	1.50	1.75	2.00
Pub. Auth.	Either	6-inch	2	-	0.75	1.25	1.50	1.75
Utility	Either	6-inch	2	-	1.25	1.75	2.00	2.25
Pub. Auth.	Barrel	6-inch	3	-	-	1.50	1.75	2.00
Utility	Barrel	6-inch	3	-	-	2.00	2.25	2.50

SPECIAL CONDITIONS

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

2. Hydrants owned by the public authority will be installed, maintained, painted and inspected at the expense of the public authority.

(Continued)

Schedule No. AA-5

All Tariff Areas

PUBLIC FIRE HYDRANT SERVICE
(Continued)

SPECIAL CONDITIONS

The utility will install and own the tee in the main, the hydrant branch and the control valve.

3. Hydrants owned by the utility will be maintained by it. The utility will install and own the tee in the main, the hydrant branch, the control, valve, the bury and the hydrant.

4. Relocation of any hydrant shall be at the expense of the party requesting relocation.

5. Fire hydrants will be attached to the utility's distribution mains only upon receipt of proper authorization from the appropriate public authority. Such authorization must designate the size and type of hydrant, the number of outlets, the specific location at which each hydrant is to be installed, and the proposed ownership of the hydrant.

6. 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 from which the fire hydrant service is furnished.

Schedule No. AA-11

All Tariff Areas

GENERAL METERED SERVICE - DITCH SYSTEM

APPLICABILITY

Applicable to metered service of untreated water from the utility's ditch system furnished for irrigation of orchards, vineyards and crops grown for livestock feed, and for industrial purposes, including dredging, mining, and other industrial uses.

TERRITORY

The entire area supplied by the utility's ditch system, located both north and south of U. S. Highway 50, generally southwest of the City of Folsom, Sacramento County.

RATES

	<u>Per Meter Per Year</u>
Quantity Rates:	
First 50,000 cu.ft., per 100 cu.ft.	\$ 0.015
Over 50,000 cu.ft., per 100 cu.ft. ....	.01
Annual Minimum Charge	15.00

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

SPECIAL CONDITIONS

1. Written application for service under this schedule must be made on or before the first day of the first month of the season or calendar year in which the service is desired.
2. The annual minimum charge is due in advance but may be paid quarterly at the option of the utility.

(Continued)

Schedule No. AA-11

All Tariff Areas

GENERAL METERED SERVICE - DITCH SYSTEM
(Continued)

SPECIAL CONDITIONS

3. Charges for water used in excess of the quantity allowed under the annual minimum charge may be billed monthly, bimonthly or quarterly at the option of the utility on a cumulative yearly consumption basis.

4. Water supplied under this schedule will be untreated water from open ditches, canals, conduits and uncovered reservoirs. The utility does not represent any water delivered hereunder to be potable or of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make potable and shall assume all risks and liabilities in connection therewith.