

ORIGINAL

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Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SWARTHOUT VALLEY WATER COMPANY,)
a corporation, for authority to)
increase its rates and charges)
for water service in its service)
territory.)

Application No. 42422
Amended

Best, Best & Krieger, by James H. Krieger, and
Robert F. Tyler, for the applicant.
Taylor & Smith, by Edward F. Taylor, for
Wrightwood Chamber of Commerce and
Wrightwood Property Owners' Association,
Leo A. Reymer, II, Robert L. Stewart,
Jerome C. Lang, Lillian K. White, in
propria personae, protestants.
Hugh N. Orr, R. R. Entwistle, and James G. Shields,
for the Commission staff.

O P I N I O N

Swarthout Valley Water Company, a corporation, by the
above entitled application, filed June 29, 1960, seeks authority
to increase its rates for water service at Wrightwood in unin-
corporated territory of San Bernardino and Los Angeles Counties,
California. The increase in gross annual revenues sought would amount
to approximately \$25,150, based on operations for the test year 1960.
The application was amended at the hearing requesting removal of
Schedule No. 2, Intermittent Irrigation Service, which service, the
record shows, is no longer furnished.

Public hearings were held before Examiner Stewart C. Warner
on February 2 and February 3, 1961, at San Bernardino. About 60
customers attended to protest the magnitude of the proposed increase

in rates, and over 300 letters of protest were received, which said letters also contained statements of water service conditions which were alleged to be deficient as to either extremely low pressure or extremely high pressure, frozen pipelines in the winter, and interruptions to and outages of water service. The Wrightwood Property Owners' Association, Inc., and the Wrightwood Chamber of Commerce protested the application, and solicited protests of their members which said protests accounted for most of the aforementioned letters which were received.

The matter was submitted for decision subject to receipt of late-filed exhibits, which have been received, and the matter is now ready for decision.

General Information.

The applicant was incorporated in 1937 following its acquisition for \$60,000, payable \$15,000 in cash and \$45,000 by a promissory note, by Lloyd S. Nix, Judge of the Superior Court in and for the County of Los Angeles, and his family, from the Security First National Bank of Los Angeles, which had acquired the properties in 1934 following financial difficulties of the developers of the Wrightwood area. Said developers had been supplying Swarthout Valley in and around the community of Wrightwood since 1914 with water required for subdivisions and other development in the area. The water was supplied by them without charge to purchasers of lots.

Applicant's officers and directors are Helen R. Nix, president and treasurer and wife of Lloyd S. Nix, who is vice president, secretary and general manager; a son, Henry Nix, is a vice president; a daughter, Benita Swan, is assistant vice president; two other daughters, Loraine N. Hewen and Connie Corpe, are assistant secretaries. The Nix family owns all of the applicant's capital stock, and the family or Wrightwood Co., Inc., also owned by the family, advances funds for applicant's operations, as necessary, both for capital improvements and to cover operating expenses if revenues from

sales of water are not sufficient therefor. As of December 31, 1959 accounts payable to stockholders amounted to \$37,258; to affiliated company, \$47,923; totaling \$85,181 of short-term debt on which interest at 6 per cent is accrued and added to the respective balances. Such accounts are subject to demand payment, but the record shows that none of their current installment features have been met in the past nor is there any probability of their being fulfilled in the future. Advances for construction, also made by Wrightwood Co., Inc., amounted to \$85,309 as of said date.

The applicant's books of account are kept at 75 Fremont Place, Los Angeles, except for minor records which are kept at the Wrightwood office of the applicant. Said office is located on property rented from Wrightwood Co., Inc., together with property for a warehouse and storage place for pipe and other water system equipment and the parking of a truck of applicant.

The preponderance of applicant's maintenance, repair, and major construction work is performed by Wrightwood Construction Company, an unaffiliated contractor, and said company also reads the applicant's customers' meters. The flat charge to the applicant for the services performed by this company was \$4.25 per hour until September 1, 1960, when such charge was increased to \$5.65 per hour. This charge included overhead charges of the contractor. Its president, Joseph L. Meluso, testified that he carried out instructions given by Lloyd S. Nix, either over the telephone, sometimes from Los Angeles or at Wrightwood, two or three times a day; that he was authorized to perform emergency work, only, on his own authority; and that he and Lloyd S. Nix conferred on an average of 25 hours a week, usually over weekends on inspections of the applicant's sources of water supply and distribution system.

The Nix family went to Wrightwood in 1926, and has subdivided and developed in excess of 3,000 lots, of which all but 30 or 40 have been sold. As noted, the family owns and operates Wrightwood Co., Inc., for subdivision and development purposes. Said company owns approximately 600 additional acres of land of which, it was estimated, 200 acres are still subdividable.

The Swarthout Valley in the Wrightwood area and the applicant's water system are delineated on the map Exhibit No. 1 filed at the hearing. The elevations of the properties range from 6,000 feet to 6,500 feet, and the valley extends easterly and westerly below the north slope of Mt. Baldy in the San Bernardino Mountains.

Water service is furnished by the applicant to approximately 860 customers, all of which are metered, and includes some commercial establishments on the main highway which traverses the valley from east to west. Many of the residences are built on two lots, and some on three lots; the usual frontage of each lot being 25 feet. Zoning and planning regulations, until recently, did not prohibit the building of more than one house on a single lot and, in some instances, that has been done. In such instances, there are two water service connections and meters. The record shows that water service is available to all of the 3,000 subdivided lots in the Wrightwood area.

Sources of Water Supply and
Description of Water System

The applicant's principal source of water supply has been the free flow of a creek in Government Canyon into a 150,000-gallon tank located at an elevation of 6,500 feet. However, during 1960, the applicant has drilled and placed in operation a new well, known as its Well No. 3, with presently installed pumping plant production capacity of approximately 250 gallons per minute. This well also discharges into the aforementioned tank which said tank serves as

the applicant's main reservoir. Water is also available to the distribution system from a 21,000-gallon tank in Flume Canyon into which a booster pump discharges water to maintain adequate pressures at elevations above 6,200 feet in said Canyon. Another source of free-flow stream water is in Acorn Canyon into a 13,400-gallon tank and also into a 16,700-gallon tank. Two booster pumps are connected to the Acorn Canyon system. Still another source of water supply is in Sheep Canyon in which two storage tanks of 7,000- and 13,000-gallon capacity are located. The distribution system of the applicant consists of pipelines ranging from 2 inches to 8 inches in diameter.

The record shows that one of the applicant's major problems has been to keep operating pressures below the maximum pressures allowed by the Commission's General Order No. 103, which are 125 p.s.i., except under certain temporary, abnormal conditions when 150 p.s.i. are permitted by said Order. The applicant has installed pressure regulators to control operating pressures, and such installations generally have been effective. In some isolated instances, pressures below the minimum standard prescribed by General Order No. 103 exist, particularly, in the older sections of the system, and the applicant has taken and proposes to take further steps to remedy this condition. One-third of a proposed and budgeted 8-inch main through the center of the system east and west, has been installed, and a consulting engineering witness of the applicant testified that this installation, as completed to date, has improved operating conditions and that, when fully completed in 1962, would materially improve operating conditions.

The record shows that the water system is automatically operated by electrically controlled devices which assure that

the main storage reservoir is filled with adequate amounts of water to meet customers' demands at all times.

The record shows that approximately 25 percent of the applicant's customers are permanent residents, the balance being weekenders and vacationers. Some customers suggested that the Commission consider the fact that they use their cabins only on week ends or vacations, and that the Commission set a different schedule of rates applicable to them which would not require them to pay for water service on an annual basis. Their position was that many of them failed to use the minimum allowance under the minimum annual quantity rates.

Rates

The applicant's rate was \$21 per meter per year for the first 6,000 cubic feet, or less, from the year 1937, until, by Decision No. 56911, dated July 1, 1958, in Application No. 38974, which sought an increase to \$33 per meter per year, the annual quantity rate for the first 6,000 cubic feet or less of usage, was authorized to be increased to \$28 per meter per year. The following tabulation summarizes and compares the applicant's present rates for annual general metered service with those proposed in the application and with the rates authorized by the order hereinafter.

Comparison of Present, Proposed, and Authorized Annual General Metered Service Rates

		<u>Per Meter Per Year</u>		
		<u>Present</u>	<u>Proposed</u>	<u>Authorized</u>
Annual Quantity Rates:				
First	6,000 cu.ft. or less	\$28.00	\$51.00	\$42.00
Next	6,000 cu.ft., per 100 cu.ft. ....	.42	.90	.60
Next	8,000 cu.ft., per 100 cu.ft. ....	.28	.70	.40
Over	20,000 cu.ft., per 100 cu.ft. ....	.19	.60	.26

Annual minimum charges for various sized meters are also on file, are proposed, and are authorized hereinafter. The quantity rates proposed would result in an increase of about 82%.

in the minimum billing for a 5/8-inch by 3/4-inch meter which allows for an annual water usage of 6,000 cubic feet. Annual minimum charges are payable in advance. Meters are read, and customers are billed quarterly for usages over the minimum.

Earnings

Exhibit A is a report on the results of applicant's operations for the years 1958, 1959, and 1960. Earnings data are included for the year 1959 recorded, and the year 1959 adjusted and the year 1960 estimated at present and proposed rates. Said Exhibit was submitted by applicant's consulting engineering witness. Exhibit No. 3 is a report on applicant's results of operations for the year 1959 recorded and adjusted, and for the year 1960 estimated, submitted by Commission staff accounting and engineering witnesses. Earnings data are shown for the year 1959 adjusted and the year 1960 estimated at present and proposed rates. The following tabulation summarizes the earnings data contained in Exhibits A and No. 3.

SUMMARY OF EARNINGS

Item	Year 1959		Year 1960 Estimated			
	Recorded		Present Rates		Proposed Rates	
	Per Co.		Per Co.		Per PUC	
	Ex. A	Ex. A	Ex. 3	Ex. A	Ex. 3	Ex. 3
Operating Revenues	\$ 27,939	\$ 30,160	\$ 30,160	\$ 55,310	\$ 55,310	
Operating Expenses	21,904	30,170	20,360	30,170	20,360	
Depreciation	7,505	10,690	10,660	10,690	10,660	
Taxes	828	1,450	2,725	4,130	8,305	
Subtotal	\$ 30,237	\$ 42,310	\$ 33,745	\$ 44,990	\$ 39,325	
Net Oper. Revenues	(2,298)	(12,150)	(3,585)	10,320	15,985	
Rate Base	--	169,250	168,370	169,250	168,370	
Rate of Return	--	Nil	Nil	6.10%	9.49%	

(Red Figure)

There are no differences in the estimates of operating revenues at present and proposed rates for the year 1960 between those submitted by the applicant and the staff.

The differences in estimates of operating expenses at both the present and proposed rates amount to a total of \$9,810 for the year 1960 and are shown on page 25 of Exhibit No. 3. The difference of \$1,050 in Account 770, Customer Accounting and Collecting Expenses, is principally accounted for by the staff having reduced clerical salary on a half-time basis, as submitted by the applicant, to one-fourth time basis. Account 790, General Expenses, reflects a difference of \$8,165 between the estimates submitted by the applicant and the staff. The staff estimate is lower by that amount principally as a result of the staff having submitted a recommended allowance for officers' salaries of \$2,400, based on an average of eight hours per week at \$5.65 per hour, and one fourth of the clerk's full-time salary; whereas, the applicant included officers' salaries in the amount of \$7,200 and included one-half of the clerk's salary in its estimate. As hereinbefore noted, a witness for the applicant testified that he spent 25 hours a week with Lloyd S. Nix on applicant's business. The staff witness allowed no credit to Account 812 for administrative salaries chargeable to capital accounts for the reason that he included in his estimate of operating expenses only costs estimated to be reasonable for maintenance and operation of the applicant for the test year. Account 797, Regulatory Commission Expenses, were estimated by the staff to be \$960 per year and represent a total of \$4,800 spread over a five-year period. The applicant's estimate was approximately \$9,510 amortized over a three-year period, or \$3,170 per year.

A consulting engineering witness for the applicant testified flatly that a further rate increase application would be necessary. He did not testify when such necessity would occur or under

what conditions, or for what reasons, and the instant record does not support this testimony. Such testimony especially lacks support in the light of the applicant's deficient bookkeeping and accounting practices hereinafter discussed.

The applicant included in its estimates of operating expenses an amount of \$870 per year for the estimated year 1960, and thereafter until completed, the cost, at \$10 per meter, of the removal and reinstallation of meters. A consulting engineering witness for the applicant, other than the witness who prepared and testified regarding Exhibit A, testified that in his opinion the cost of testing and repairing each meter would be \$23 instead of the \$10 per meter heretofore noted. He based his estimate on the condition of meter boxes, soil conditions, and the poor condition of meters, which he reasonably expected to find, due to their not having been tested or repaired except on a sporadic basis since the inception of the Company, despite the provisions of the Commission's General Order No. 103, which became effective in July, 1956, and which would have required the applicant to institute a meter-testing and repairing program and carry it out over a 10-year period. Had the latter witness's figure of \$23 per meter been included in the applicant's estimate of expense for this item for the test year 1960, the total amount would have been nearly \$1,800 instead of \$870.

The staff recommended a reduction in normal annual legal fees from the \$1,200, submitted by the applicant, to \$300, representing 20 hours per year, at \$15 per hour, on the basis that no extensive need for legal services was found by the staff in the records of the applicant.

The staff reduced the applicant's estimate of annual rent from \$2,100 to \$1,200 on the basis that the applicant should have acquired property of its own through its owners and affiliate

when land was cheap, and based, further, on a comparison of rents prevailing in the Wrightwood area for the uses to which the land and improvements rented by the applicant from its owner and affiliate were put.

No significant differences appear in the estimates of the average depreciated rate base for the test year 1960, submitted by the applicant and the staff. However, the record shows that both the applicant and the staff include in their estimates of rate base an amount of \$24,960 entitled "Immediate Budgeted Additions," representing the cost of the remainder of the 8-inch main line installation to be completed in the years 1961 and 1962 heretofore noted. Since the authorized rates are based on rate of return components for the test year 1960, the item of \$24,960 is not properly included in the rate base for said test year and will be disallowed hereinafter in the results of operations adopted as reasonable.

Accounting Procedures and Financial Condition

Chapter 2 of Exhibit No. 3 discloses various differences in applicant's accounting practices which, incidentally, since 1958 have been under the direction of a certified public accountant, whom the applicant proposes to replace. Such differences reported by the Commission staff accounting witness were (1) improper distribution of work record, (2) laxity in recording plant retirements, (3) lack of details pertaining to main extensions and related advance contracts, (4) absence of distinct segregation between utility and all affiliated activities, i.e., inability to ascertain the propriety of expense allocation. Although applicant's balance sheet, as of December 31, 1959, contained in Table 2-A of Exhibit No. 3, showed earned surplus (deficit) of (\$63,940.09), the staff accounting witness testified that because of these conditions applicant's accounts are not reliable for accurate reporting of operations or of

determining the utility's investment in water facilities.

The applicant's vice-president and general manager was in attendance at the hearings and indicated his cognizance of the accounting deficiencies revealed by the staff witness, and took notice thereof. The applicant thereby was, and is placed on notice that its accounting deficiencies are expected by the Commission to be rectified at once.

The applicant's consulting engineering witness, who testified regarding the preparation of Exhibit A, testified that the cost and time involved in preparing said Exhibit for the instant proceeding would not have been of its magnitude had he found the applicant's accounts and records in a proper condition.

Staff Recommendations

Chapter 12 of Exhibit No. 3 contains a list of 11 recommendations of the staff engineering witness: that the utility immediately establish a permanent log of complaints received from its customers as required by Section I, 8, of General Order No. 103; that the Company make a depreciation review as of January 1, 1962, and submit this study to the Commission by March 15, 1962; that a meter testing program should be put into effect in 1961; that applicant read meters to only the hundreds digit rather than units digit, as at present; that the applicant prepare a chart to convert water usage to proper billing charges in lieu of its present method of individually calculating each bill involving water usage; that the applicant provide a firm schedule

for completing the installation of the non-revenue producing plant included in Exhibit No. 3; that pressure surveys, as required by II, 3 c of General Order No. 103, should be made; that the applicant's main extension contracts be reviewed to determine that the costs are fully supported by vouchers, and that final adjustment is made to reasonable actual cost; that the applicant file, in accordance with General Order No. 96, an up-to-date tariff service area map and sample copies of printed forms which are to be used by the applicant in its operations in connection with customers' services; and that the applicant file four copies of a comprehensive map drawn to an indicated scale not smaller than 300 feet to the inch, delineating by appropriate markings the various tracts of land and territory served, also the principal water production, storage and distribution facilities, and the location of various properties of applicant; that such map include major proposed improvements contemplated by the company and distinguished from actual installations by appropriate designation.

In connection with the execution of main extension contracts, the record shows that all of applicant's main extension contracts are of standard form and are with Wrightwood Co., Inc., and that all proposed subdividing of applicant's certificated area will be done by said company.

Findings and Conclusions

From a review of the record the following findings and conclusions are made:

1. That the full cost, in the immediate future, of the applicant's instituting a meter-testing and repair program, which should have been instituted at least in July, 1956, should not be borne by present consumers, and should not be included in full for rate-making purposes. The applicant's estimates of this operating expense item are found to be unreasonable.
2. That, for rate-making purposes, the amount of \$9,300 estimated by the applicant for salaries of officers and general office employees is found to be unreasonable in view of the facts, (a) that the applicant's principal sources of water supply include free-flowing streams; (b) that the operation of one well only is required; with maintenance, only, of a stand-by well; (c) that the water system is automatically, electrically controlled; and (d) that most of the operating, maintenance, and construction activities are performed by a non-affiliated contractor on an hourly or contract basis.
3. That it has not been, and is not, in the public interest for a water public utility to keep records and conduct its operations in a manner which requires the employment of consultants to straighten out such records and operations, especially when the costs of such employment are advanced by the applicant as one of the bases for increasing rates for water service. Prudent and able management would not reasonably require such services, and they have not been justified, except in part, in this proceeding for rate-making purposes. This finding and conclusion applies to the employment of special legal, accounting, and engineering consulting services as disclosed by the record herein. The estimates therefor submitted by the applicant for rate-making purposes, are found to be unreasonable.
4. That no saturation adjustment either to the applicant's utility plant in service or to its operating expenses is warranted in this proceeding.
5. That the rate of return which would be produced by the applicant's present rates for water service for the test year 1960, would be nil and deficient; that the applicant is in need of financial relief; that the rates proposed in the application would produce an excessive rate of return based on the estimates of the applicant's results of operations submitted by the Commission staff in Exhibit No. 3, as heretofore set forth, after the deletion from the staff's estimated rate base of the amount of \$24,960 for an 8-inch main installation budgeted for the years 1961

and 1962, as heretofore disclosed; that the applicant's proposed rates for water service would be excessive and unreasonable; that the estimates of earnings as set forth by the staff in Exhibit No. 3, except for the heretofore noted amount of \$24,960 which is found not to be properly includible in the rate base for the test year 1960, are reasonable and are hereby adopted.

The Commission notes the fact, as disclosed by tariffs on file with it by other mountain resort area water public utilities, that rates for water service in Wrightwood, a first-class mountain resort area, are at a lower level, on the average, than those found by the Commission to be reasonable for other San Bernardino mountain resort areas of comparable class. This fact may be attributed primarily to the availability of free-flowing surface water and the abundance of ground water, which one of the applicant's consulting engineers testified was readily available to the applicant in its certificated and service areas in Swarthout Valley at Wrightwood.

These natural characteristics are and should be advantageous to the applicant, to its owners and affiliate, and to its water consumers.

The Commission is aware of the problems of other water utilities in the San Bernardino Mountains and other mountain resort areas throughout California resulting from hazardous or unreliable sources of water supply, especially during drought conditions in years of subnormal snowfall and rainfall. The record in this proceeding is clear that the week-end, vacation, and permanent-resident water consumers are fortunate because of the existence of the favorable natural water supply and distribution conditions.

Another primary factor contributing to such lower level of rates is the applicant's gravity-type water system, which

is operated by automatic controls and mechanisms requiring a minimum of supervision.

Another condition contributing to the relatively lower level of rates for water service at Wrightwood is the owner-management-affiliate relation of the applicant and Wrightwood Co., Inc.

It is clear that the interests of the water service consumers and those of the applicant and its sole owner and affiliate are mutual and beneficial to the extent that rates for water service be kept at a minimum. As to the applicant's owners, it is evident that low rates for water service have redounded and will continue to redound to them through their subdivision activities.

ADOPTED RESULTS OF OPERATION
Test Year 1960

Operating Revenues	\$43,200
Operating Expenses	20,360
Depreciation	9,890
Taxes	4,350
Subtotal	<u>34,600</u>
Net Operating Revenues	8,600
Rate Base	143,410
Rate of Return	6%

6. That a rate of return of 6 percent on a rate base of \$143,410, hereby adopted for this proceeding, is reasonable. The order which follows will authorize the applicant to file new schedules of rates which will produce estimated gross annual revenues of \$43,200; an increase of \$13,040 over gross annual revenues which would be produced by the present rates, but \$12,110 less than the amount of increase sought in the application.

The Commission cannot and will not permit the applicant's water consumers to be exploited.

On the other hand, the Commission supports and encourages enterprise as that term applies to the applicant operating under the powers and duties imposed on the Commission by the Constitution of the State of California; as conferred on the Commission by the

Legislature of the State of California; and as interpreted to the Commission by the State Supreme Court, when appeal is made to said Court.

The applicant is a quasi-governmental body. It enjoys certain special corporate rights and privileges, to wit, it has the power to condemn private property for public uses; it furnishes services and sells a product vital to public and individual health, sanitation, and fire protection; it serves a specified area almost without competition from other water service suppliers, unless another such supplier is authorized by the Commission to serve therein, or unless the water system becomes municipally owned and operated; it is monopoly. Because of these rights and privileges, it is a regulated water utility, regulated as to service and conditions of service, rates, and areas in which to construct, extend and operate its water system. Its profits or earnings are expressed as a percentage of its investment in its water system plant devoted to public use, and are known as a rate of return on such plant. The earnings, profits, and rate of return are limited by the bounds of reasonableness as determined by this Commission.

Witnesses for the Wrightwood Property Owners' Association and Chamber of Commerce questioned the reasonableness of applicant's use of the sum of approximately \$40,000 of revenue collected annually from minimum water bills paid in advance. The Commission has considered this fact in its finding of the rate of return of 6 percent to be reasonable.

If the applicant, in its practices, adheres to the operating expenses herein found to be reasonable for rate making purposes, and recognizes the upward trend in rate of return of .48 percent, between the years 1959 adjusted and 1960 estimated, as disclosed by the record herein, the rates hereinafter should provide it with the rate of return of 6 percent hereinbefore found as a fact and concluded to be

just and reasonable, and neither its incentive, or good management, or operations, will be stifled, nor will the development of Wrightwood be retarded, at least on account of the operation of applicant's water system serving, and obligated and dedicated to serve, the area.

7. That the estimates of operating expenses submitted by the Wrightwood Chamber of Commerce with its Resolution, dated February 1, 1961, as Exhibit No. 6, which for the most part were based on the staff estimates, with further downward adjustments, are unreasonably low and were prepared solely on judgment without complete thorough investigation or analyses. For those reasons they cannot be adopted for this proceeding.
8. That the requests of customers that a distinction in rates be made between week-enders and vacationers, on the one hand, and full-time residents, on the other hand, are neither practical nor reasonable and should be denied. Such a distinction is not practical because no one can reasonably segregate customers to determine the category into which they will fall. It is not reasonable because to make such a distinction in rates for water service might place an undue burden on permanent residents for the benefit of week-end and vacation users for whom water service to their properties and residences and mountain cabins is maintained on a year-round basis and on demand at any time of the day or night, or week or month, or in any amount by the water company. It is the applicant's obligation to do so.
9. That the requests of applicant's consumers that they be billed quarterly for annual minimum charges instead of annually are found to be unreasonable and should be denied.
10. That the applicant's request to eliminate its Schedule No. 2, Intermittent Irrigation Service, should be granted.
11. That the recommendations of the Commission staff contained in Chapter 12 of Exhibit No. 3, hereinabove outlined, are found to be reasonable, and the order which follows will direct the applicant to carry out certain of said recommendations. Applicant will be expected to carry out the remaining recommendations in the normal course of its business. The record shows the applicant's desire and willingness so to do.

12. That certain portions of the distribution system, because of their age and the nature of their original installation and construction, require somewhat extraordinary maintenance and repair, especially in the freezing winter season. When such maintenance and the making of such repairs, or water system construction, or supervision activities, which may tend to interrupt water service to the applicant's consumers, can be anticipated, the applicant should notify consumers thereof in advance.

The Commission further finds as a fact and concludes that the increases in rates and charges authorized herein are justified and that present rates in so far as they differ from those herein prescribed will for the future be unjust and unreasonable.

O R D E R

Application as above entitled having been filed, and having been amended at the hearing, public hearings having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. (a) That Swarthout Valley Water Company, a corporation, be and it is authorized to file in quadruplicate with the Commission, after the effective date of this order, in conformity with the Commission's General Order No. 96, the schedule of rates applicable for water service at Wrightwood in unincorporated territory of San Bernardino and Los Angeles Counties, California, shown in Appendix A attached hereto, and upon not less than four days' notice to the Commission and to the public to make such rates effective for water service rendered on and after June 1, 1961.

- (b) That concurrently with the filing authorized herein, Swarthout Valley Water Company be and it is authorized to withdraw and cancel by appropriate advice letter its presently effective Schedule No. 2, Intermittent Irrigation Service.

2. That the requests of applicant's consumers that rate schedules be authorized providing for different rates for water service to week-enders and vacationers, on the one hand, and to full-time residents, on the other hand, be and they are denied.

3. That the requests of applicant's consumers that they be billed quarterly for annual minimum charges, instead of annually, be and they are denied.

4. That applicant shall forthwith establish a permanent log of customer complaints as required by General Order No. 103 and shall inform this Commission, in writing, within thirty days after the effective date of this order, that such log has been established.

5. That applicant shall make a new review of depreciation rates as of January 1, 1962, using the straight-line remaining life method, and shall submit such review to this Commission not later than March 15, 1962.

6. That applicant shall forthwith institute the program required by General Order No. 103 for the periodic testing of each water meter in service at least once every ten years, such program to accomplish the testing, by not later than July 1, 1966, of all meters in service as of the effective date of said General Order, which date is July 1, 1956. Applicant shall report to this Commission, in writing, not later than June 30, 1961, that such program has been instituted, together with the details thereof.

7. That applicant shall furnish to this Commission, in writing, within sixty days after the effective date of this order, a firm time schedule for completion of the items of non-revenue producing plant, as set forth in Exhibit A of its application, that have not already been installed.

8. That applicant shall forthwith institute a program of periodic pressure surveys, as required by General Order No. 103, and shall inform this Commission, in writing, not later than December 31, 1961 that such program has been instituted and of the results of such surveys for the year 1961.

9. That applicant shall, within sixty days after the effective date of this order, review all of its main extension contracts and adjust the amounts advanced therein to actual costs of construction, if any differences exist. Within fifteen days after the completion of such review, applicant shall report to this Commission, in writing, the results of such review and the date such adjustments, if any, have been made.

10. That applicant, within sixty days after the effective date of this order, shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96 and in a form acceptable to the Commission, a revised tariff service area map and sample copies of printed forms normally used in connection with customers' services. Such tariff service area map and forms shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

11. That applicant, within ninety days after the effective date of this order, shall file in quadruplicate with this Commission four copies of a comprehensive map drawn to an indicated scale not smaller than 300 feet to the inch, delineating thereon by appropriate markings the various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water utility properties of applicant. Such map shall include the major proposed improvements contemplated by applicant, distinguished from existing installations by appropriate designation.

12. That in all other respects 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 4th day of MAY, 1961.

Charles A. [Signature]
President
[Signature]
[Signature]
George F. [Signature]
Fredrick B. [Signature]
Commissioners

APPENDIX A

Schedule No. 1

ANNUAL GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

The unincorporated community of Wrightwood, and vicinity, San Bernardino and Los Angeles Counties.

RATES

Annual Quantity Rates:

Per Meter
Per Year

First 6,000 cu.ft. or less	\$42.00
Next 6,000 cu.ft., per 100 cu.ft. ....	.60
Next 8,000 cu.ft., per 100 cu.ft. ....	.40
Over 20,000 cu.ft., per 100 cu.ft. ....	.26

Annual Minimum Charge:

For 5/8 x 3/4-inch meter	\$42.00
For 3/4-inch meter	50.00
For 1-inch meter	70.00
For 1 1/2-inch meter	95.00

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

SPECIAL CONDITIONS

1. The annual minimum charge applies to service during the 12-month period commencing June 1, and is due in advance.
2. The charge for water used in excess of the quantity which the annual minimum charge will purchase may be billed monthly, bimonthly, quarterly or annually at the option of the utility.