

Decision No. 61990

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of HORN BROOK WATER COMPANY for
authority to increase rates for
water service.

} Application No. 42726

George E. Carroll and Anne D. Carroll, for applicant.
Gordon Jacobs, for Hornbrook Citizens' Committee,
protestant.
Eugene E. King, for State Department of Public Health,
interested party.
David F. LaHue, for the Commission staff.

O P I N I O N

By the above-entitled application, filed October 4, 1960, Hornbrook Water Company, a California corporation, requests authority to increase rates for water service rendered in the unincorporated community of Hornbrook located about 16 miles north of Yreka, in Siskiyou County.

Public Hearing

After due notice, a public hearing on the application was held before Examiner E. Ronald Foster at Hornbrook on March 28, 1961. The two owners, who are also principal officers of the corporation testified in support of the application. About half of applicant's customers attended the hearing, two of whom testified, and a representative of the local citizens committee cross-examined witnesses and introduced three exhibits.

The Commission staff presented the results of its investigation into the earnings and operations of the utility. Three witnesses testified in regard thereto, including an engineering aide

representing the Bureau of Sanitary Engineering of the State Department of Public Health.

At the conclusion of the hearing the matter was submitted and it is now ready for decision.

History of Utility and
Description of System

Hornbrook Water Company was incorporated in 1904, since which time ownership thereof has been transferred several times through stock purchases. Ownership of the utility remained with H. H. Chapman from about 1931 until June 1, 1960, when all of the capital stock was purchased by George E. Carroll and Anne D. Carroll, his wife, who are now operating the water system.

Applicant has appeared before the Commission previously in only one formal proceeding, Application No. 17703, which was a request for an increase in rates which was granted by Decision No. 24348, dated December 28, 1931.

Water for the system is obtained from three different sources, the use therefrom being dependent upon varying conditions. Rancheria Creek is the main and most potable source of supply but it must be supplemented during the summer months almost every year. Whenever available, water is diverted from Rancheria Creek through some 500 feet of conduit into a 100,000-gallon covered reservoir, from which the community is supplied by gravity flow.

The second source of supply is purchased from Cottonwood Irrigation and Mining Company, a public utility, which diverts water from Cottonwood Creek into its open ditch at a point below the town of Hilt and from which water can be spilled into Rancheria Creek when required by applicant, if available. The quality of the water obtained from this source is highly questionable.

A dug well, 14 feet deep and 21 feet square, located on the west bank of Cottonwood Creek in the community of Hornbrook, is the third source of supply which has been used only when water could not be obtained from the other sources. Water percolates into the lower portion of the well or, in cases of emergency, is conducted directly into the top of the well from Cottonwood Creek. A 15-horse-power electrically driven pumping unit, rated at 300 gallons per minute, delivers the water into the distribution mains.

The distribution system consists of about 7,930 feet of pipe varying in size from 16 inches to one inch in diameter. Including some seasonal customers, during the year 1960 there was an average of about 62 active service connections, all except four of which were supplied through meters.

Rates. Present and Proposed

The present rates for water service have been in effect since January 1, 1932, as authorized by Decision No. 24348 mentioned hereinbefore.

Applicant has requested higher rates, as set forth in Exhibit D of the application, which it considers necessary in order to make the improvements recommended by the State Department of Public Health, to simplify the rate structure, to meet the rising cost of labor and materials, and to realize a fair return on the investment in plant and thereby place the utility on a sound and solvent basis.

The following tabulations compare the present rates with those proposed by applicant for both flat rate and metered service.

FLAT RATE SERVICE

<u>Item</u>	<u>Per Service Connection Per Month</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
For all residences, hotels, flats or apartment houses of five rooms or less	\$1.25	
For each additional room	.15	
For toilets or bath tubs in private residences, each	.25	
For public bath tubs in bathing establish- ments, boarding houses and barber shops, each	1.50	
Restaurants or eating houses	\$1.50 to \$3.00	
Stores and business houses	1.50 to 3.00	
Garages and service stations	1.50 to 3.00	
For irrigation of lawns, gardens and grounds, payable for five months' period commencing May 1st and ending September 30th, per square yard of surface actually irrigated	\$0.003	
For each single family residence		\$4.00

GENERAL METERED SERVICE

<u>Item</u>	<u>Per Meter Per Month</u>			
	<u>Present: Rates</u>	<u>Proposed: Rates</u>	<u>Increase Amount</u>	<u>Percent</u>
Quantity Rates:				
First 600 cu.ft. or less	\$ -	\$ 4.00	\$ -	-%
0 to 600 cu.ft., per 100 cu.ft.	0.25	-	-	-
Next 400 cu.ft., per 100 cu.ft.	.20	.40	0.20	100
Next 1,000 cu.ft., per 100 cu.ft.	.15	.30	.15	100
Over 2,000 cu.ft., per 100 cu.ft.	.10	.20	.10	100
Special Condition:				
For any customer using in excess of 200,000 cubic feet of water per month, per 100 cu.ft.	.0375	-	-	-
Minimum Charge:				
For 5/8 x 3/4-inch meter	1.50	4.00	2.50	167
For 3/4-inch meter	2.00	5.25	3.25	162
For 1-inch meter	2.50	7.50	5.00	200
For 1 1/4-inch meter	4.00	11.50	7.50	188
For 2-inch meter	6.00	15.00	9.00	150
For 3-inch meter	10.00	26.00	16.00	160

The special condition in the foregoing schedule pertaining to usage in excess of 200,000 cubic feet per month was originally designed for the service provided to Southern Pacific Company for its steam locomotives. Southern Pacific now uses diesel-electric locomotives in this area and no longer maintains a refueling station in Hornbrook. There are no other customers presently being served whose monthly consumption approaches 200,000 cubic feet.

An analysis of metered water use for the year 1959 indicates an average monthly consumption per customer of about 800 cubic feet. The charge for that quantity of water at present rates is \$1.90 and at the proposed rates it would be \$4.80, representing an increase of 153 percent.

Accounting Records

In connection with the previous rate increase proceeding in 1931 (Application No. 17703) the Commission staff introduced an historical cost appraisal of the system totaling \$10,730 as compared with the recorded plant balance of \$15,996.66 as of December 31, 1931, a difference of \$5,267. At the time of the current examination of applicant's records by the Commission staff accountants it was found that they had never been adjusted by the predecessor owners to reflect the appraisal amounts of utility plant and the related depreciation reserve.

As a result of the audit work performed by the staff in connection with the instant proceeding, various adjustments to the applicant's plant accounts and depreciation reserve were made as set forth in considerable detail in Tables 2-A and 2-B of the staff report, Exhibit No. 1. The over-all effect of the staff's adjustments to the recorded amounts, which also reflect the 1931 appraisal adjustment, results in a decrease in utility plant of \$6,071 and a

decrease in the reserve for depreciation of \$4,799, making a decrease in net utility plant of \$1,273 as of June 30, 1960.

Summary of Results of Operation

In its annual reports to the Commission for the years 1958, 1959 and 1960, applicant showed operating losses of \$763, \$405 and \$201, respectively. Included with operating expenses for those years were salary allowances for the owners of \$1,800, \$500 and \$200, respectively. However, for the year 1959, an amount of \$534 for a pump installation was improperly charged to expenses; by transferring this expenditure to utility plant, a small profit of \$129 would result.

For its showing at the hearing in this matter, applicant relied primarily on the exhibits attached to the application, with recorded amounts for the first six months of 1960 revised to reflect the full year. The following tabulation shows the results of operation for the year 1960 as recorded, and as estimated by applicant at the proposed rates. For comparison, the tabulation also shows the results as presented by the Commission staff in its report (Exhibit No. 1), at present rates as estimated for the year 1960, and at the proposed rates as estimated for the years 1960 and 1961.

SUMMARY OF EARNINGS

		CPUC Staff (Revised)			
		Applicant	Year-1960	Present	
		AS	Proposed	Rates	Proposed Rates
Item	Recorded	Rates	Year-1960	Year-1960	Year-1961
Operating Revenues					
Metered Sales	\$1,342	\$ (Not de-	\$1,540	\$3,815	\$3,815
Unmetered Sales	78	tailed)	85	210	210
Total Revenues	\$1,420	\$5,220	\$1,625	\$4,025	\$4,025
Deductions					
Salary Allowances	200	3,000	1,285	1,285	1,315
Other Oper. Expenses	909	1,155	780	780	790
Taxes Other Than					
Income	133	170	155	155	155
Taxes on Income	-	252	100	515	505
Depreciation Expense	379	390	310	310	310
Total Expenses	\$1,621	\$4,967	\$2,630	\$3,045	\$3,075
Net Revenue	(201)	253	(1,005)	980	950
Depreciated Rate Base	-	7,733	7,520	7,520	7,230
Rate of Return	Loss	3.3%	Loss	13.0%	13.1%

(Red Figure)

The considerable variation between the two showings is due to several factors. Applicant's revenues as recorded for the year 1960 represent cash receipts rather than revenues actually earned from water deliveries, and its estimate of revenues at proposed rates represents an increase which is unrealistic when such rates are compared with the present rates. On the other hand, the staff's estimates reflect normal climatic conditions, at both present and proposed rates, as well as discontinuance of the Southern Pacific's yard operations in Hornbrook. It may be noted that the staff's estimates of revenues at applicant's proposed rates indicate an increase of about 148 percent over those obtainable at present rates.

Another major difference is that due to amounts allowed as salaries for the owners. Whereas applicant allowed \$3,000 per annum in its estimate at the proposed rates, the staff allowed about \$1,300 for this item, which latter amount is considered reasonable as compensation to the owners for their part-time operation and maintenance of a water system of this size and character. The staff made other allowances as expenses for meter testing, for routine testing of water samples, and a proration of the cost of the instant rate increase proceeding.

In estimating taxes on income, the staff has adopted applicant's past practice of claiming in its federal income tax returns the same amount for depreciation of utility property as that shown on its books, computed by the straight-line method.

The difference between the depreciated rate bases results largely from adjustments to the balance sheet accounts, hereinabove discussed, which were not reflected in applicant's determination of this item. The staff's rate bases include appropriate amounts for materials and supplies, for a working cash allowance, and also an

amount of \$450 for the purchase within the near future of a much-needed chlorinating unit that will be required by the order herein.

A review of the evidence and the methods used indicates that the staff's estimates are the more accurate and realistic and they will be adopted as reasonable for the purposes of this proceeding.

Customer Participation

Two of the applicant's customers testified in opposition to the proposed increase in rates, basing their protest primarily on the quality of the water service being rendered. Three postcard notices from applicant to the water consumers were introduced in evidence, reported to be typical of similar notices issued in past years. These notices dated July 2, August 8 and September 23, 1960, read respectively as follows:

Exhibit No. 3a. "We are now using Cottonwood Creek water. It is advisable to boil drinking water."

Exhibit No. 3b. "Please stop all sprinkling and irrigating. The water is low."

Exhibit No. 3c. "The water supply is critically low; use it sparingly. Thank you."

The lack of an adequate supply of water makes lawns and gardens dry up. The impure quality of the water causes people to haul water from other sources for drinking and cooking purposes.

Some of the applicant's customers have their own wells, equipped with pumps for use when the supply from applicant's system becomes insufficient. One such customer declared she would discontinue service from applicant and depend entirely on her own well, rather than pay the higher rates being proposed.

Recommended Improvements

To remedy the conditions of which the customers complained, the staff engineer made several recommendations set forth in detail

in Exhibit No. 1. He testified that his estimate of operating expenses included amounts for certain routine procedures such as periodic analyses of water samples, chlorination of the water supply and the cleaning and disinfection of various plant facilities.

Instead of two fixed chlorinating units to be installed at the reservoir and at the pump station, the engineer revised his plant figures to include a single, portable unit for use at either location.

To eliminate the possibility of contamination of applicant's water supply by back-flow through service connections to those customers having private water supplies on their premises, it was recommended that applicant take immediate steps to require the installation of approved back-flow protection devices on all such services. The rules provide that the customer may be required to install the required double check valve assembly at his own expense.

To improve the quality and quantity of water available to the customers, the district sanitary engineering aide of the State Department of Public Health had recommended certain improvements to applicant's facilities, with which the staff engineer concurred. A rough approximation of the costs of making such improvements is as follows:

- (a) To eliminate dust filtration between cracks of well house floor and to screen all openings to prevent entrance of rodents and flying insects....\$45 to \$100;
- (b) To fill in voids between the wall and the roof of the reservoir, to repair the broken and cracked masonry in the wall, and to screen all overflow outlets and roof ventilators....\$100 to \$150;
- (c) To install new and larger diversion dam in Rancheria Creek, constructed to bedrock so as to divert more effectively all available water at times of low flow, together with a filter intake consisting of perforated pipe covered with gravel and sand....\$1,250 to \$2,500;

- (d) To install approximately 500 feet of continuous pipeline to replace existing conduit from Rancheria Creek to reservoir, material and labor....\$1,500.

When questioned about his intention of making the recommended improvements, applicant's president signified a willingness to do so but stated that the financial resources therefor are limited to the proceeds from water utility operations. It appears that a substantial amount is still owing for the purchase of the water company stock. The witness indicated that the improvements will be installed as soon as revenues from water sales will permit after defraying utility operating expenses and personal living costs.

Sanitary Survey

An engineering aide from the State Health Department testified concerning a sanitary survey of the system made by that agency and reviewed the recommendations for improvements necessary to provide water safe for domestic use.

He stated that a portable chlorinator had been loaned by his department and installed and operated by applicant during the low-water period of 1960. He further stated that it was probable that this unit could be retained by applicant, on a loan basis, for use during the coming summer season, at least until applicant was able to purchase its own.

Based on the sanitary survey of applicant's water supply made in 1958 by the Bureau of Sanitary Engineering of the State Department of Public Health (Exhibit No. 2), a letter dated September 6, 1960, (Exhibit G of the application) was addressed to the present owners, in which are set forth detailed recommendations for improvements in the facilities and operation of the water system necessary to provide water safe for domestic use. Certain

recommendations pertaining to installations will be implemented by the order herein. Applicant is placed on notice that it should carry out other recommendations concerning its operating practices in order to achieve compliance with the laws and regulations of the Department of Public Health and with the provisions of the Commission's General Order No. 103, as follows:

- (a) Signs should be posted on the roads and trails to the Rancheria Creek watershed, indicating the existence of a domestic water supply, and the area kept under surveillance to prevent any activities which might degrade the quality of this source of supply.
- (b) Water from Cottonwood Creek should not be used except under emergency conditions and then only after proper treatment and disinfection.
- (c) The dug well should be used as the secondary source of supply when waters from the natural flow of Rancheria Creek are insufficient to satisfy all demands on the system.
- (d) The well house and well pit should be cleaned and disinfected at least once each year.
- (e) The reservoir should be cleaned at least once each year and then thoroughly disinfected.
- (f) Access to the reservoir should be controlled, by locks, the area adequately fenced and signs posted indicating a domestic water supply.
- (g) All new and repaired water mains should be thoroughly disinfected before being connected to the system.
- (h) All water from whatever source, should be filtered and chlorinated to the extent necessary as indicated by the results of routine analyses of water samples.

The staff engineer witness pointed out the existence of an abandoned sheet-metal pump house covering a water-filled well, owned and formerly used by the applicant company, access into which is possible by unauthorized persons. Applicant is put on notice that it should take appropriate steps to eliminate this serious hazard to the public safety.

Findings and Conclusions

Based upon a review of the record in this matter and after careful consideration of all of the evidence, the Commission finds and concludes as follows:

1. The estimates of operating revenues, expenses, including taxes and depreciation, and the rate bases as developed by the staff for the test years 1960 and 1961 are reasonable and they will be, and hereby are, adopted for the purposes in this proceeding of testing applicant's need for increased revenues.

2. The revenues obtainable from applicant's present rates are deficient and applicant is entitled to some increase in revenue.

3. The rates proposed by applicant, however, are higher than can be justified for the water service presently being rendered and they would produce revenues greater than, and the resulting rate of return on the adopted rate base would be in excess of, those which are reasonable.

4. At this time, applicant should be authorized to increase its rates so as to yield additional annual gross revenues of about \$1,625. It is estimated that the rates hereinafter authorized, as set forth in Appendix A following the order herein, would produce for the year 1961 total operating revenues of about \$3,250, could such rates have been made effective for the full year. After due allowance for all reasonable operating expenses, taxes (including those on income), and depreciation, amounting to \$2,850, the resulting net revenue of \$400 represents a rate of return of 5.5 per cent on the adopted rate base of \$7,230, which rate of return we find to be fair and reasonable.

5. In the public interest it is necessary that applicant be required to take adequate steps to ensure delivery to its customers

of water which is potable and safe for human consumption, by proper chlorination of its own supply and by prevention of possible contamination from other supplies interconnected with its distribution system at customers' service connections.

6. Applicant should also proceed as soon as possible with the installation of the recommended improvements to its water system in order to provide an adequate and dependable supply of water to its customers at all times.

7. When applicant has completed the installation of such improvements as will be specified in the order to follow, applicant should be authorized by supplemental order herein to further increase its rates for the better service expected to be made available by means of the said improvements. The rates set forth in Exhibit B hereof are substantially the same as those proposed by applicant and are estimated to produce gross operating revenues of about \$4,025 per year. After due allowance for somewhat increased expenses, taxes and depreciation, the resulting net revenue will represent a rate of return on the considerably increased rate base which will not be excessive or unreasonable.

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

9. Applicant should be required to restate its books of account to incorporate the adjustments to the various balance sheet accounts substantially as set forth in Tables 2-A and 2-B of the Commission staff's report, Exhibit No. 1.

The order herein will require applicant to carry out certain recommendations pertaining to depreciation practices and the filing of maps, rules governing customer relations and sample copies of printed forms normally used in connection with customers' services.

O R D E R

Hornbrook Water Company, a corporation, having applied to this Commission for authority to increase rates for water service rendered in the unincorporated community of Hornbrook, Siskiyou 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 July 1, 1961.

2. Within forty-five days after the effective date of this order, applicant shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96 and in a form acceptable to the Commission rules governing customer relations revised to reflect present-day operating practices, a revised tariff service area map and sample copies of printed forms normally used in connection with customers' services. Such rules, 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.

3. Within sixty days after the effective date of this order, applicant shall file with this Commission four copies of a comprehensive map drawn to an indicated scale not smaller than 400 feet to the inch, delineating 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 system properties of applicant.

4. Beginning with the year 1960, applicant shall determine depreciation expense by multiplying depreciable utility plant by a rate of 2.3 per cent. This rate shall be used until review indicates it should be revised. Applicant shall review the depreciation rate using the straight-line remaining life method when major changes in utility plant composition occur and at intervals of not more than five years, and shall revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to this Commission.

5. Applicant shall restate its various balance sheet accounts so as to place them in substantial conformity with those resulting from the adjustments set forth in Tables 2-A and 2-B of Exhibit No. 1 of the instant proceeding and, within ninety days after the effective date of this order, applicant shall submit to this Commission two copies of the proposed accounting entries necessary to effect such restatement.

6. On or before July 1, 1961, applicant shall institute and thereafter maintain a program for an analysis to be made at least as often as once a month, by an approved laboratory, of the quality of water furnished to the customers, and shall report to the Commission, in writing, when this program has been instituted, within ten days thereafter. ✓

7. Applicant shall forthwith make a survey of customers' service connections potentially in need of cross-connection controls and shall require any customer needing such a control to install an approved back-flow protection device, at the customer's expense, on or before August 1, 1961, subject to discontinuance of service after that date. Applicant shall report to the Commission, in writing, within ten days after the installation of the last device so required, or, if not so accomplished, the names of the customers who were required to have such back-flow protection devices installed but who failed to do so and consequently had their service discontinued on August 1, 1961.

8. On or before July 15, 1961, applicant shall effectively eliminate dust penetration between the cracks of the well house floor and screen all openings in the well house to prevent entrance by rodents and flying insects; applicant shall notify the Commission, in writing, when such work has been accomplished, within ten days thereafter.

9. On or before September 1, 1961, applicant shall perform the following improvements to the collecting reservoir:

- (a) Fill the voids between the wall and the roof with a good caulking compound.
- (b) Repair the broken and cracked masonry in the wall.
- (c) Screen all overflow outlets and the ventilating openings in the roof to prevent entrance by animals and flying insects.

Applicant shall notify the Commission, in writing, when such improvements have been accomplished, within ten days thereafter.

10. On or before October 1, 1961, applicant shall submit to the Commission a written report setting forth in detail the estimated cost of installation, the financial arrangements involved,

and the probable date of completion of the installation of each of the following facilities deemed necessary for the provision of adequate quantities of water safe for domestic use:

- (a) A new and larger diversion dam in Rancheria Creek, constructed to bedrock so as to divert more effectively all available water during periods of low flow in said creek.
- (b) A filter intake above the diversion dam to be constructed in Rancheria Creek, said filter intake to include a perforated pipe and covering layers of graded gravel and sand to be as effective as possible in the removal of turbidity and impurities from the creek water.
- (c) A continuous pipeline or a tightly covered flume of suitable size to replace the existing open conduit conveying water from the Rancheria Creek diversion dam to the storage reservoir.

11. Whenever the chlorinating apparatus now temporarily loaned to applicant by the public health authority may be no longer available to it, and in any event not later than June 1, 1962, applicant shall purchase and place in operation a portable hypochlorinating unit of suitable size and designed to be used alternately at the storage reservoir or at the well pump station as circumstances may require, so that water safe for human consumption will be served to the customers at all times; applicant shall notify the Commission in writing within ten days after such unit has been installed and placed in operation.

12. Upon completion of all of the improvements listed in the preceding ordering paragraphs 8, 9, 10 and 11, applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformity with General Order No. 96, the schedules of rates attached to this order as Appendix B and upon supplemental order of this Commission to make such rates effective pursuant to such supplemental order; provided, however,

that the authority contained in this ordering paragraph will expire if not exercised on or before September 30, 1963.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 16th day of May, 1961.

Greenwell B. Ray
President
George H. Chinner
Frederick B. Hallock
Commissioners

APPENDIX A

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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated community of Hornbrook, and vicinity, Siskiyou County.

RATESPer Meter
Per Month

Quantity Rates:

First	600 cu. ft. or less	\$ 3.00
Next	400 cu. ft., per 100 cu. ft.40
Next	1,000 cu. ft., per 100 cu. ft.30
Over	2,000 cu. ft., per 100 cu. ft.20

Minimum Charge:

For	5/8 x 3/4-inch meter	\$ 3.00
For	3/4-inch meter	4.00
For	1-inch meter	5.00
For	1 1/2-inch meter	8.00
For	2-inch meter	12.00
For	3-inch meter	20.00

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. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

The unincorporated community of Hornbrook, and vicinity, Siskiyou County.

RATES

Per Service Connection
Per Month

For a single-family residential unit or a commercial establishment, including premises not exceeding 7,500 sq. ft. in area . . . \$3.25

a. For each additional residential unit or commercial establishment on the same premises and served from the same service connection 1.75

b. For each 100 sq. ft. of premises in excess of 7,500 sq. ft.025

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than 3/4-inch in diameter.

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

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

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Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated community of Hornbrook, and vicinity, Siskiyou County.

RATES

		Per Meter Per Month
Quantity Rates:		
First	600 cu. ft. or less	\$ 4.00
Next	400 cu. ft., per 100 cu. ft.40
Next	1,000 cu. ft., per 100 cu. ft.30
Over	2,000 cu. ft., per 100 cu. ft.20
<u>Minimum Charge</u>		
For	5/8 x 3/4-inch meter	\$ 4.00
For	3/4-inch meter	5.25
For	1-inch meter	7.50
For	1 1/2-inch meter	11.50
For	2-inch meter	15.00
For	3-inch meter	26.00

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. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

The unincorporated community of Hornbrook, and vicinity, Siskiyou County.

RATES

	<u>Per Service Connection</u> <u>Per Month</u>
For a single-family residential unit or a commercial establishment, including premises not exceeding 7,500 sq. ft. in area	\$4.25
a. For each additional residential unit or commercial establishment on the same premises and served from the same service connection	2.25
b. For each 100 sq. ft. of premises in excess of 7,500 sq. ft.03

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than 3/4-inch in diameter.
2. All service not covered by the above classification will be furnished only on a metered basis.
3. Meters will be installed at option of utility or customer for above classification, in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service.