

ORIGINALDecision No. 65404

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 INVERNESS WATER COMPANY, a corporation,)
 for Authority to Increase its Rates)
 and Charges for its Water System)
 serving the Community of Inverness and)
 Adjacent Territory in Marin County.)

Application No. 44221
 (Filed February 27, 1962)

Bacigalupi, Elkus & Salinger, by William G. Fleckles,
 for applicant.
John G. Fall, John H. Gollow, Rollin R. Winslow,
Mrs. Anna Bruckman, Donald M. Patterson, Jr.,
Troy K. Everhart, Judd Boynton, James M. Grant;
 protestants, all appearing for themselves.
E. Warren McGuire and Richard Godino, for County
 of Marin, interested party.
Cyril M. Saroyan and Robert W. Beardslee, for the
 Commission staff.

O P I N I O NProceeding

This application was heard before Examiner Coffey at Inverness on September 18, 19, 25 and 26, 1962. It was submitted on December 3, 1962, upon the receipt of concurrent briefs. Copies of the application and notice of hearing were served in accordance with the Commission's procedural rules.

Applicant presented four exhibits and testimony by three witnesses in support of its request for authority to increase its rates and charges for water service in the unincorporated communities of Inverness and Seahaven and adjacent territory in Marin County. Four witnesses from the Commission staff presented the results of their independent study and investigation of the applicant's operations. Seventeen public witnesses testified relative to their

dissatisfaction with the service of the utility or in opposition to the requested increase in rates.

System and Service Area

Applicant is a wholly owned subsidiary of Citizens Utilities Company (Citizens Delaware) with headquarters at Stamford, Connecticut, and is, together with nine other California water service companies, an affiliate of the Citizens Utilities Company of California (Citizens California), with headquarters at Redding, California. Certain of the accounting, engineering and administrative services are performed for the applicant at both the Stamford and Redding offices. The Water Department of Citizens California and the affiliated water service companies are administered from an office in North Sacramento. Management of the Inverness Water Company is exercised through the Guerneville District office of Citizens California. One employee lives and is utilized full time in the Inverness area.

Utility service is rendered by two unconnected water systems which are separated about one-third mile. The original Inverness system, installed before 1900 and subsequently enlarged and repiped, and the Seahaven system, constructed in 1949, were purchased from their owners in 1958 and consolidated under a proprietorship doing business as the Inverness Water Company. The ownership of these utility properties was transferred in 1960 to the Inverness Water Company, a California corporation. In the same year all of the shares of this corporation were purchased by Citizens Delaware.

The sources of water in the Inverness system are six diversions from small perennial streams in the ravines above the

service area and three wells drilled by the applicant. One well, in First Valley, yields 20 gallons per minute and two wells, in Second Valley, yield together from 25 to 40 gallons per minute. Storage capacity in excess of 191,000 gallons is provided by eleven tanks and one reservoir. Water for the Seahaven system, produced by a stream diversion and horizontal drillings, is stored in five tanks and reservoirs whose capacity exceeds 60,000 gallons. As of December 31, 1961, there were 339 customers on both systems, of whom 40 were served by the Seahaven system.

Applicant's Request and Rate Proposal

Applicant's present tariffs provide for annual metered and flat rates for service from the Inverness system and for permanent and seasonal metered and flat rate service from the Seahaven system. Applicant completed the metering of all flat rate service connections by the end of 1960 and now provides service only under metered tariff schedules. Inverness customers pay an annual charge in advance and are billed monthly for consumption in excess of 400 cubic feet. Seahaven customers are billed monthly according to use. Applicant proposes to bill Seahaven customers under the Annual General Metered Service tariff which has heretofore been applicable only to Inverness customers, to increase the Inverness annual general metered rates, and to discontinue currently authorized tariffs for the Seahaven tariff area, for seasonal services, and for flat rates. Applicant also proposes a monthly public fire hydrant rate of \$1.50 per hydrant. At present applicant charges \$0.50 per month per hydrant although the utility has neither a tariff nor a contract therefor on file with this Commission.

The following table summarizes applicant's present and proposed rates:

PRESENT AND PROPOSED RATES

Item	Rates	
	Present	Proposed

Inverness Tariff Area

Meter Rates:

		<u>Per Meter Per Month</u>	
First	400 cu.ft. or less	\$ 2.25	\$ 7.00
Next	600 cu.ft., per 100 cu.ft. . . . .	.30	.95
Over	1,000 cu.ft., per 100 cu.ft. . . . .	.25	.80

Minimum Charge:

		<u>Per Meter Per Year</u>	
For	5/8 x 3/4-inch meter	27.00	84.00
For	3/4-inch meter	30.00	95.00
For	1-inch meter	42.00	135.00
For	1 1/2-inch meter	78.00	250.00
For	2-inch meter	120.00	380.00

Seahaven Tariff Area

Meter Rates:

		<u>Per Meter Per Month</u>	
First	400 cu.ft. or less	\$ 2.50	\$ 7.00
Next	100 cu.ft., per 100 cu.ft.	-	.95
Next	500 cu.ft., per 100 cu.ft. . . . .	.40	.95
Next	500 cu.ft., per 100 cu.ft. . . . .	.40	.80
Next	1,500 cu.ft., per 100 cu.ft. . . . .	.30	.80
Next	3,000 cu.ft., per 100 cu.ft. . . . .	.20	.80

Minimum Charge:

		<u>Per Meter Per Year</u>	
For	5/8 x 3/4-inch meter	30.00	84.00
For	3/4-inch meter	39.00	95.00
For	1-inch meter	60.00	135.00
For	1 1/2-inch meter	108.00	250.00

At Seahaven the average metered monthly sale of 565 cubic feet of water presently costs \$2.76 per month and would cost under proposed rates \$8.57, an increase of 210 percent. In Inverness the average metered monthly sale of 552 cubic feet of water presently costs \$2.71 and would cost under proposed rates \$8.44, an increase of 211 percent.

Results of Operation

From Exhibit 10 are the following estimates of the results of operation made by the applicant and the staff under both present and proposed rates:

SUMMARY OF EARNINGS
Year 1962 Estimated

Item	Present Rates		Proposed Rates	
	Applicant	Staff	Applicant	Staff
Operating Revenues	\$ 13,125	\$ 13,050	\$ 41,388	\$ 40,250
Operating Expenses:				
Opr. & Maintenance Exp.	10,476	9,250	10,476	9,250
Adm. & Gen. & Misc. Exp.	2,737	3,370	2,737	3,370
Taxes Other Than on Income	2,470	1,899	2,470	1,899
Depreciation-Book	5,161	5,446	5,161	5,446
Income Taxes	100	100	6,954	4,110
Total Operating Exp.	20,944	20,065	27,798	24,075
Net Revenue	(7,818)	(7,015)	13,590	16,175
Depreciated Rate Base	209,700	202,200	209,700	202,200
Rate of Return	(3.73%)	(3.47%)	6.48%	8.00%

(Red Figure)

Staff estimates of revenue under present rates are lower than applicant's as a result of the staff assumption of higher revenue per customer being offset by the recognition of a lower number of meter rate customers in applicant's records. The latter factor, in the main, accounts for the staff estimates of revenue under proposed rates being lower than those of applicant.

Applicant's estimate of operating and maintenance expenses is approximately \$1,200 higher than that of the staff. This mainly resulted from the applicant's estimate that a fair annual allocation of the salary of the Guerneville District manager would be \$1,200, while the staff adopted the amount actually being charged to applicant.

Exhibit 6 presented the results of the staff's audit conducted at the headquarters office in Stamford relative to charges incurred by Citizens Delaware, a portion of which are passed on to California operations in the form of construction overheads, mutual service charges, and other expenses. Based on results of the audit, the staff recommended that all direct charges be eliminated from the mutual service accounts. It recommended also that the percentage additives to California construction be reduced from 5 percent to $3\frac{1}{2}$ percent for Stamford office construction overheads, and from 3 percent to $1\frac{1}{2}$ percent for Redding office construction overheads. In 1961, application of the recommendations of the staff would have increased the allocations to California affiliates by \$2,795 and the allocation to all California operations by \$9,284.

Taking into account the foregoing audit and recommendations, the staff estimated the mutual service charge portion of administration and general expense to be \$1,042 greater than that estimated by applicant. The effect of this amount on the difference between applicant and staff estimates of administration and general expense was offset by lower staff estimates of regulatory commission expenses and outside service employed.

The difference between the staff and the applicant's estimates of taxes other than on income is due to the staff having available the 1962-63 assessed valuations, whereas the applicant did not, and the staff adjustment of plant as will be noted below.

The staff estimate of depreciation expense after reflecting adjustments for rate base modifications was \$285 more than that estimated by applicant. The staff developed and applied a higher depreciation rate to a larger gross depreciable plant, which reflects

the unrecorded original cost of the Seahaven system. Applicant was not aware that cost of the Seahaven plant had not been included in the books of the predecessor company.

Applicant's estimate of income taxes under proposed rates exceeds the staff estimate by \$2,844. The staff estimate included depreciation expense for income tax on an "as paid" basis and included an estimated interest expense deduction based on the capital structure of Citizens Delaware.

The staff depreciated rate base is lower than that of applicant by \$7,500. The staff eliminated two wells, one in the amount of \$9,838 as imprudent and the second in the amount of \$2,072 as nonoperative. These amounts, together with no allowance for working cash and a smaller allowance for materials and supplies, are partially offset by higher estimates than those of the applicant of plant and depreciation reserve. We find that applicant is in need of increased revenues.

Administration and General Expense

The staff estimated that a total of \$9,393 would be expended by applicant in connection with three associated rate proceedings now pending before the Commission (A.44209, Guerneville; A.44210, Montara; A.44221, Inverness). It concluded that 14 percent of this amount, or \$1,315 should be allocated to Inverness as regulatory commission expense over a five-year period. Applicant estimated a total of \$22,930 for the three proceedings. Of this amount its legal fees, all handled by the same law firm, would be in the neighborhood of \$10,000 in contrast with the staff estimate of \$2,960 for legal expenses. Considering the extended hearings on this and the Guerneville matters, the request of Citizens California

that the Montara proceeding be dismissed without hearing, and the inclusion of salaries of officials in the mutual service expense allocation, we find that \$350 is a reasonable amount to allow in the test year for regulatory commission expense.

Applicant took exception to the allowance by the staff of one-tenth of a large expense (\$4,129) with a low probability of recurrence for outside service relative to another proceeding of this applicant before this Commission (Case No. 7019). Applicant argued that a five-year amortization period conforms more to that extended write-off period generally accepted by those in the rate making process. The allowance in a test year to make the utility whole over a period of time for large, relatively infrequent, expenses is properly based on the anticipated frequency of recurrence and not on any period which is arbitrary and "acceptable". We find the staff allowance reasonable.

Taxes Other Than on Income

At the hearing applicant's witness testified that recently received 1962-63 tax rates would require the payment of \$1,800 for ad valorem taxes, in contrast with the staff estimate of \$1,636 based on the application of the before then only available 1961-62 tax rates. We will include in our adopted results an allowance for the higher actual taxes to be paid.

Taxes on Income

Citizens California, as well as the other California affiliates, is wholly owned by Citizens Delaware. There are no minority stockholder interest groups. All stock and notes of Citizens California and the California affiliates are held by Citizens Delaware. The average year 1961 equity-debt ratios for

Citizens Delaware's consolidated capital structure was 44 percent equity and 56 percent debt. The over-all effective interest rate was 4.65 percent. To develop the staff's estimated interest expense for income tax estimates, Citizens Delaware's capital ratio was applied to the average capital of Citizens California divisions and/or districts and affiliates. The interest expense was calculated by applying the effective interest rate of 4.65 percent to the calculated average debt.

A witness for applicant made no allowance for any interest deduction in estimating income taxes for the reason that applicant would not pay, beginning in 1962, any interest to Citizens Delaware through whom it secures all its financing in the form of open account advances. Applicant's witness relied on his understanding that it was a long-standing policy of this Commission as expressed by Decision No. 46472 (A.31842) that capitalization and cost of money of the parent would be disregarded in calculations of allowable returns. He further implied that, if the Commission were to adopt the staff position, Citizens Delaware might file consolidated federal income tax returns. Applicant's witness further took the position that this Commission in its Decision No. 62585 (Case No. 6148) had adopted the theory that "rates should be determined on the basis of the tax which a utility actually pays" and finally that the staff had not correctly calculated its proposed adjustment.

Decision No. 46472 dealt with the opinion that the market price of Citizens Delaware's securities and the terms under which they were issued or at which they are being traded on the market do not provide a measure of the value of California properties for

the determination of rates to be charged for California service or of the return which should be authorized for an investment in California properties. Decision No. 62585 dealt with the issue of liberalized depreciation for income taxes. The issue here is whether the relative capital structure of the parent corporation should be substituted for that of its subsidiary in the calculation of income taxes to be allowed for rate making purposes. In view of the fact that applicant has obtained the bulk of its capital requirements from the parent corporation, and that the sources of such funds are not identifiable and must be considered as coming from the parent's general corporate funds, we find it reasonable, in the manner followed by the staff, to substitute the relative capital structure of the parent for the capital structure of the subsidiary for the purpose of determining income taxes. The benefits of income tax reductions which the parent derives from a representative capital structure will then be shared with applicant and its customers.

Utility Plant

During the first eighteen months that applicant was owned by Citizens Delaware, utility plant increased from \$91,091 to \$239,820, an increase of over 160 percent. In addition to the additions for meters, services, hydrants, pumping, and water treatment, the largest plant increases were in wells and associated equipment, tanks and mains. Applicant alleges that storage facilities were greatly improved by the replacement of a 10,000-gallon redwood tank and the addition of a 120,000-gallon steel tank to serve the Inverness system and the installation of an added 20,000-gallon tank in storage capacity for the Seabaven system. Well sites

were purchased and three additional wells were drilled, one in First Valley and two in Second Valley, according to applicant's witness, to increase the reliability of water supply to the Inverness system. Ten thousand feet of 4-inch line were installed to connect the spring sources to the distribution system. Over 6,000 feet of 6-inch main were installed, connecting the water resources of First and Second Valleys. It was estimated by applicant's witness that the new transmission line eliminated 50 to 60 percent of the water losses.

The staff eliminated from rate base, as nonoperative, a well which had originally served the Seabaven area with highly mineralized water, the cause of many customer complaints. In 1960 a chemical test indicated this water was unfit for drinking. In 1955, springs were developed to supply the area and this well became standby equipment.

The staff also eliminated from rate base, as imprudent, the second well drilled in Second Valley since it was drilled within 50 yards of the first well, each well production being alleged to be 15 gallons per minute, and since data available to company indicated unfavorable production. Water from these wells is of inferior quality and extensive capital additions are required before this water can meet the Public Health Department's standards.

Public witnesses and their representatives protested that the wells and equipment in First and Second Valleys and the 120,000-gallon steel storage tank were imprudent and should not be included in the rate base. Witness for applicant testified that he was advised in 1959 that customers were continually having their water service interrupted as a result of shortage of water supply. A

public witness who had charge of the Inverness Water Works from 1939 through 1958 testified that during his experience of 40 years the springs had always produced ample water for domestic use. Testimony indicates that the shortages were due to limitations of distribution and transmission facilities from the sources of supply rather than shortages of water supply.

Analysis of this record indicates that during the peak month of consumption in 1961 the springs serving the Inverness system produced not less than 2-2/3 times the water sales in the system. Further, existing storage serving the Inverness area, without the 120,000-gallon tank installed by applicant, was sufficient to store more than the entire average daily water consumption during the peak month of consumption in 1961. In addition, water is being produced from six independent diversions. It is highly improbable that all diversions will fail at once.

Inasmuch as the issue has been raised, we find applicant has not demonstrated on this record that all of its additions to plant since July 1, 1960, have prudently been installed as plant used and useful in rendering public utility water service to customers in the Inverness and Seahaven areas. We further find that the rate base for the purposes of this decision should not include amounts for the four wells and associated items discussed above, nor an amount for the 120,000-gallon steel tank.

Rate of Return

Applicant requested rates which under its showing would have resulted in a rate of return of 6.5 percent.

A staff witness testified that after considering (a) rates of return heretofore authorized by this Commission, (b) reported

earnings on common stock equity of other water utilities, (c) the changes in effective interest rates, (d) the percentage of debt in relation to common stock equity, and (e) rates of return requested by the applicant, he was of the opinion that the return on rate base of the California water operations of Citizens Utilities Company should range from 6.5 percent to 6.8 percent. He did not make a specific recommendation as to the rate of return for the applicant.

Protestants urged that a rate of return be allowed in keeping with the number of consumers and their ability to pay. Protestants argued that since Citizens Delaware could borrow funds at 4.5 percent that applicant would be in effect a "Golden Goose" if a return of 6.5 percent were allowed every time an application is filed. While the record demonstrates that 56 percent of the capitalization of Citizens Delaware is long-term debt at an effective interest rate at the end of 1961 of 4.65 percent, this argument neglects the fact that 44 percent of the capitalization of Citizens Delaware is common stock equity upon which applicant is entitled to earn a higher return. ✓

Service and Rates

In addition to the foregoing matters, public witnesses complained of low water pressure, turbidity of water, excessive chlorination, servicing of complaints, and billing practices. In addition, customers from the Seahaven area requested that two tariff areas be retained since most of the recent improvements had been made in the Inverness area.

Although late-filed Exhibit 14 indicates that substantial improvements were effected just prior to and during the hearings on this application, which relate to and satisfy many of the foregoing

complaints, periodic reports will be required by applicant to insure further improvement.

Because of proximity, terrain, type of system, community of interest, and other factors, we find it reasonable that the Seahaven and Inverness systems be consolidated for rate making purposes.

The staff made specific recommendations regarding fire protection tariff schedules, measurement and record keeping of sources of supply, facilities map, pressure reduction, and optional payment of bills on a monthly basis which we find to be in the public interest.

Adopted Results

The Commission finds that the estimates as set forth below of operating revenues under the rates and charges as herein authorized, expenses, including taxes and depreciation, and the rate base for the year 1962 reasonably represent the results of applicant's operations for the purposes of this decision:

Operating Revenues	\$ 26,450
Operating Expenses:	
Oper. & Maintenance Expenses	9,250
Adm. & Gen. & Misc. Exp.	3,455
Taxes Other Than on Income	1,613
Depreciation-Book	4,284
Income Taxes	408
	<hr/>
Total Operating Expenses	\$ 19,010
Net Revenue	\$ 7,440
Rate Base	\$160,000
Rate of Return	4.65%

Applicant has over a short period of time made large additions to plant apparently without considering the rate impact on present

consumers and substantially in excess of the needs of present consumers, and normal growth. Applicant's witness was afforded reasonable opportunity to fully justify on the record all plant additions. Applicant's showing is not convincing the additions were in all instances prudently made in the interest of present consumers. We are of the opinion that an increase of the magnitude sought is not justified and if granted would place an unreasonable burden upon applicant's customers. Rates to be charged by a utility must be reasonable from the standpoint of the consumer as well as to the utility. Where rates would otherwise exceed a reasonable level the utility must be content with a smaller return until such time as economic conditions and demand for service will support a better return. We shall authorize rates which are designed to produce an increase of approximately 100 percent in gross revenues. We find a rate of return of 4.65 percent when related to the adopted rate base is fair and reasonable for the purposes of this decision. Such a return will reimburse Citizens Delaware for its imbedded capital costs.

We find, therefore, that the increases in rates and charges authorized herein are justified and reasonable, and that the present rates and charges, insofar as they differ therefrom, are for the future unjust and unreasonable.

The rates authorized herein will result in an increase in annual gross revenue of approximately \$13,400, or about 103 percent.

The typical residential customer's monthly bill will increase from \$2.76 to \$5.64 at Seahaven and from \$2.71 to \$5.56 in Inverness.

O R D E R

IT IS ORDERED that:

1. Inverness Water Company is authorized to file with this Commission, after the effective date of this order and in conformity with General Order No. 96-A, the schedules of rates attached to this order as Appendix A and, upon not less than five days' notice to the Commission and to the public, to make such rates effective for service rendered on and after June 16, 1963.

2. Within sixty days after the effective date of this order, applicant shall file with the Commission four copies of a comprehensive map drawn to an indicated scale of not more 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.

3. Beginning with the year 1963, applicant shall use the depreciation rates shown in Table 9-A of Exhibit No. 8 of the instant proceeding. These rates shall be used until a review indicates that they should be revised. Applicant shall review the depreciation rates when major changes in plant composition occur and for each plant account (spreading the original cost of the plant, less estimated future net salvage and depreciation reserve, over the remaining life of the plant) at intervals of not more than five

years. Results of these reviews shall be submitted to the Commission.

4. On or before July 31, 1963, applicant shall file with this Commission a report setting forth all service complaints received from its customers between December 31, 1962 and July 1, 1963. Said report shall set forth the action taken to satisfy each complaint, the elapsed time from the making of the complaint until the disposition of the complaint, an explanation of the status of any unresolved complaints and an explanation of the need for a period in excess of 24 hours to satisfy any complaint. Applicant shall thereafter file with this Commission five consecutive half-yearly reports, within thirty calendar days after January 1 and July 1 of each year.

5. On or before July 1, 1963, applicant shall submit a written report acceptable to the Commission as to the operation, inspection and maintenance of its chlorination equipment in a manner to meet public health requirements and to minimize excessive chlorination of the supply.

6. On or before July 1, 1963, applicant shall file with the Commission, a report setting forth its recommendations of a program designed to control turbidity of water produced.

7. On or before July 1, 1963, applicant shall file with the Commission a report setting forth a program to provide measurement devices for each source of supply and to keep appropriate records of water produced.

8. On or before July 1, 1963, applicant shall install a pressure reducer to provide service to the homes in the vicinity of Lower Seahaven tank from Upper tank, and shall advise the Commission in writing of said installation within ten days after completion thereof.

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

Dated at San Francisco, California, this 14th day of July, 1963.

George J. Grover
President
John C. Mitchell
Frederick B. Holbeuff
William L. Brunell

Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

Inverness, Drakes Bay and vicinity, Marin County. (T)

RATES

		<u>Per Meter</u> <u>Per Month</u>	
Monthly Quantity Rates:			
First	400 cu.ft. or less	\$ 4.65	(I)
Next	600 cu.ft., per 100 cu.ft. . . . .	.60	
Over	1,000 cu.ft., per 100 cu.ft. . . . .	.50	
		<u>Per Meter</u> <u>Per Year</u>	
Annual Minimum Charge:			
For	5/8 x 3/4-inch meter	\$ 55.80	(I)
For	3/4-inch meter	72.00	
For	1-inch meter	108.00	
For	1 1/2-inch meter	174.00	
For	2-inch meter	252.00	

The Annual Minimum Charge will entitle the customer to the quantity of water each month which one twelfth of the annual minimum charge will purchase at the Monthly Quantity Rates. (T)
(T)

SPECIAL CONDITIONS

1. The annual minimum charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the (N)
(N)

(Continued)

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

SPECIAL CONDITIONS (Continued)

calendar year, to pay prorated minimum charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods for water used in excess of the monthly allowance under the annual minimum charge. When meters are read bimonthly or quarterly, the charge will be computed by doubling or tripling, respectively, the number of cubic feet to which each block rate is applicable on a monthly basis.

(N)

(N)

2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual minimum charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

(N)

(N)

APPENDIX A
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Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

Inverness, Drakes Bay and vicinity, Marin County.

RATE

Per Month

For each inch of diameter of service connection . . \$1.50

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
2. The minimum diameter for fire protection service shall be two inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.
3. 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 shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
4. 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 and the cost paid by the applicant. Such payment shall not be subject to refund.
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.

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

Inverness, Drakes Bay and vicinity, Marin County.

RATES

	<u>Per Month</u>
For each wharf type hydrant	\$ 1.00
For each standard hydrant	1.50

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rates under Schedule No. 1A, Annual General Metered Service.
2. The cost of installation and maintenance of hydrants shall be borne by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. Fire hydrants shall be attached to the utility's distribution mains upon receipt of proper authorization from the appropriate public authority. Such authorization shall designate the type and the size of hydrant and the specific location at which each is to be installed.
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.