

ORIGINAL

65425

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of CITIZENS UTILITIES COMPANY OF)
CALIFORNIA, a corporation, for)
authority to increase its rates)
and charges for water service to)
Guerneville, Rio Nido, Guerneville)
Park, Northwood and Monte Rio and)
adjacent territory in Sonoma)
County.)

Application No. 44209
Filed February 21, 1962

Bacigalupi, Elkus & Salinger, by William G. Fleckles,
for applicant.

George W. E. Wooldridge, R. E. Siggins, Gunner G.
Gunheim and Harry Hoyer, in propria personae;
Jacqueline Tinney, for Mrs. Ruth Tinney, Mr. and
and Mrs. F. R. Robinson, Mr. and Mrs. B. Farrell,
Mr. and Mrs. C. Ferrando, Mr. and Mrs. Violet
Sibilia and self; Arthur F. Fitzgerald, for
Russian River Inn; Viola Veronda, for Villa
Grande residents; Richard L. Burdon, for Ray
Wilkerson and self; and W. S. Hodges, for
Villa Grande summer residents and self, prot-
estants.

Edna Jewell and George Munk, in propria personae;
and W. S. Hodges, for Villa Grande summer resi-
dents and self, interested parties.

Cyril M. Saroyan and Robert W. Beardslee, for the
Commission staff.

INTERIM OPINIONProceeding

This application was heard before Examiner Coffey at Guerneville, on September 20, 21, 27 and 28, 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 three exhibits and testimony by three witnesses in support of its request for authority to increase its rates and charges for water service in its Guerneville District in Sonoma County. Five witnesses from the Commission staff presented

the results of their independent study and investigation of the applicant's operations. Public attendance at the initial hearing was approximately 200 persons, substantially all of whom were protesting the requested rate increase and complaining of the quality of the water. About one fifth of those present were summer residents who generally were concerned with the high cost per unit of the water actually used during the vacation months. Approximately 8 percent of those present were complaining about the service of the utility other than the quality of water. Sixteen public witnesses testified relative to their dissatisfaction with the quality of water and 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) headquartered at Stamford, Connecticut, and is affiliated with 10 other California water service companies. Citizens Delaware engages actively in the administrative direction of applicant and performs certain administrative, financial, engineering and purchasing services for applicant as well as for its own operating districts and other subsidiary corporations. An office is maintained by applicant in Redding, California, where administration and engineering for applicant's telephone department and general accounting, including billing, for the applicant and the California affiliated companies are performed. Administration of applicant's water department operations in five districts and the California affiliated companies is performed from an office maintained in North Sacramento. Guerneville District is managed from a local office in Guerneville.

As of December 31, 1961, the Guerneville District served approximately 3,060 metered and 6 unmetered fire protection service

customers in the resort areas of Guerneville, Guernewood Park, El Bonita, Rio Nido, Vacation Beach, East Guernewood, Monte Rio, Villa Grande and Monte Cristo along the Russian River. During 1961, the Company delivered 131,000 hundred cubic feet (c.c.f.) of water, heaviest usage being in the summer. Monthly sales ranged from 27,000 c.c.f. in September 1961 to 3,600 c.c.f. in February 1961. At the end of 1961 there were about 406,000 feet of mains ranging from 3/4 to 8 inches in diameter. Water produced from 24 wells and spring diversions is boosted by pumps ranging from 1/4 to 15 horsepower and held in storage having capability exceeding one million gallons.

Applicant's Request and Rate Proposal

Applicant's present tariffs provide for annual and seasonal metered service rates for all services except private and public fire protection service. Annual minimum charges apply to service during the 12-month period commencing January 1, while seasonal minimum charges apply to service during the 8-month period of March through October. The minimum charges entitle the consumers to prescribed monthly quantities of water and are due in advance. Charges for water used in excess of the quantities allowed for the minimum charge may be billed monthly, bimonthly or quarterly, at the option of the company on a noncumulative monthly consumption basis.

The following table summarizes applicant's present and proposed rates, no increases being requested for private and public fire protection services:

PRESENT AND PROPOSED RATES

Item	Rates	
	Present	Proposed

Annual General Metered Service

Quantity Rates:	Per Meter Per Month	
First 500 cu.ft. or less	\$ 2.25	\$ 4.17
Next 4,500 cu.ft., per 100 cu.ft. ....	.33	.61
Over 5,000 cu.ft., per 100 cu.ft. ....	.27	.50

Minimum Charge:	Per Meter Per Year	
For 5/8 x 3/4-inch meter	\$ 27.00	\$ 50.00
For 3/4-inch meter	37.00	68.50
For 1-inch meter	50.00	92.75
For 1½-inch meter	95.00	176.00
For 2-inch meter	145.00	270.00

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.

Seasonal General Metered Service

Quantity Rates:	Per Meter Per Month	
First 500 cu.ft. or less included in seasonal minimum charge.		
Next 4,500 cu.ft., per 100 cu.ft.	\$ 0.33	\$ 0.61
Over 5,000 cu.ft., per 100 cu.ft. ....	.27	.50

Minimum Charge:	Quantity Allowed Per Month for Minimum Charge	Per Meter Per Season	
For 5/8 x 3/4-inch meter	500 cu.ft.	\$ 24.00	\$ 44.50
For 3/4-inch meter	800 cu.ft.	33.00	61.20
For 1-inch meter	1,200 cu.ft.	45.00	83.50
For 1½-inch meter	2,500 cu.ft.	85.00	157.50
For 2-inch meter	4,000 cu.ft.	130.00	241.00

The average customer receiving annual service has under present rates an average monthly bill of \$2.91 which would increase to \$5.40 under proposed rates. Likewise, the average customer receiving eight months of seasonal service has under present rates an average monthly bill of \$3.23 which would increase to \$5.99 under proposed rates. The proposed rates result in these average bills being increased by 85 percent.

Results of Operation

From Exhibit 6 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	
	Appli- cant	CPUC Staff	Appli- cant	CPUC Staff
Operating Revenues	\$103,273	\$106,000	\$188,262	\$192,700
Operating Expenses				
Operating & Maintenance Exp.	36,051	28,420	36,051	28,420
Administrative & General and Miscellaneous Expense	15,870	15,740	15,870	15,740
Taxes other than on Income	15,180	17,020	15,180	17,020
Depreciation	21,280	20,060	21,280	20,060
Income Taxes	5,647	700	52,085	48,080
	<u>94,028</u>	<u>81,940</u>	<u>140,466</u>	<u>129,320</u>
Net Revenue	9,245	24,060	47,796	63,380
Depreciated Rate Base	661,500	651,500	661,500	651,500
Rate of Return	1.40%	3.69%	7.23%	9.73%

The staff estimate of revenue at proposed rates is \$4,438 higher than applicant's. Applicant adjusted recorded revenues downward to reflect the long-term averages (22 years) of temperature and rainfall being lower than those experienced on the average during the past four years in the Guerneville area. The staff witness based his revenue estimates on recorded revenues and on the actual rainfall and temperature conditions of the past four years. He testified that he had made a comprehensive study of the effects of climatic variations on water utility revenues in California. He concluded that cycles of varying temperature and rainfall, with periods between 20 and 30 years, existed throughout the state and that water utility revenues should not reflect climatic conditions adjusted to long-term averages which do not adequately indicate short-term conditions. After reviewing data pertaining to the

Guerneville area, the staff witness found no correlation between consumption and precipitation for the years 1955 through 1961 and therefore made his estimates on recorded figures on the basis they were mutually more consistent with results to be expected in the near future than long-term averages. We find the method utilized by the staff witness to estimate revenue to be reasonable. Applicant argued that the staff witness testified that increased usage would only be by customers who had not used the allowable minimums and therefore the increase in revenue per customer between the test years was incorrect. We find the record does not support this interpretation of the testimony of the staff witness.

Applicant's estimate of operating and maintenance expense for the test year exceeds that of the staff by \$7,631. Applicant argued that the staff estimate did not include adequate allowances for water losses, customer accounting and collection expense, transportation expense, and did not reflect the wages of a serviceman recently employed. Witness for applicant testified that the added serviceman occupied a position which had previously been filled, though vacant for some months. The record indicates that the staff allowed in excess of \$2,200 for transportation expense, and not \$1,620 as argued by applicant. The staff estimate of customer accounting and collection expense in the test year exceeded the average of the amounts recorded in the most recent three years by 10 percent. Noting that the staff estimates exceeded by 10 percent the 3-year average of the recorded total operating and maintenance expenses and that the applicant estimates were 40 percent above the same average, we find the staff estimates reasonable after increasing the allowance for water losses to sustain a flushing program.

The \$130 difference between staff and applicant estimates of total administrative and general and miscellaneous expenses

resulted from the \$2,816 higher staff estimate of mutual service expenses being offset by the \$2,628 lower staff estimate of regulatory commission expenses.

Exhibit 7 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 the California operations in the form of construction overheads, mutual service charges, and other expenses. Based on the 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 to 3½ percent for Stamford office construction overheads, and from 3 to 1½ percent for Redding office construction overheads. In 1961, application of the recommendations of the staff would have increased the allocations to applicant's water department by \$2,929 and the allocation to all California operations by \$9,284. The foregoing audit and recommendations were taken into account by the staff in estimating the mutual service charge portion of administration and general and miscellaneous expenses.

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 (Application No. 44209, Guerneville; Application No. 44210, Montara; Application No. 44221, Inverness). It concluded that 68 percent of this amount, or \$6,387, should be allocated to this proceeding as regulatory commission expense over a 5-year period. Applicant estimated a total of \$22,930 for the three proceedings. Of this amount its legal fees, all said proceedings being 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 Inverness matters, the request of applicant that the Montara proceeding be dismissed without hearing, and the inclusion of salaries of officials in the mutual service expense allocation, we find that \$1,900 is a reasonable amount to allow in the test year for regulatory commission expense. The request that the cost of the staff audit in Stanford be included in the foregoing allowance is without merit, inasmuch as applicant chose to pay staff expenses rather than produce the records in California.

The staff estimate of taxes other than on income is \$1,840 greater than that of applicant due to the fact that the staff had available later data than the applicant on assessed valuation and tax rates.

The staff estimate of depreciation expense is \$1,220 less than that of applicant. The staff developed depreciation rates based on gross plant and depreciation reserve balances at the beginning of year 1962 while applicant's rates were developed from data which did not reflect large amounts of plant additions made in 1961. We find the staff estimate reasonable.

Applicant's estimate of income taxes under proposed rates exceeds the staff estimate by \$4,005. The staff estimate included depreciation expense for income tax on an "as paid" basis in contrast with applicant's tax depreciation estimates being the same as the amounts used for book purposes, and the staff included an estimated interest expense deduction based on the relative capital structure of Citizens Delaware.

Applicant, as well as the other California affiliates, are wholly owned by Citizens Delaware. There are no minority stockholder interest groups. All stock and notes of applicant and the California affiliates are held by Citizens Delaware. For the average year 1961, the equity-debt ratios of the Citizens Delaware consolidated capital structure was 44 percent equity and 56 percent debt. The overall effective interest rate was 4.65 percent. To develop the staff's estimated interest expense for income tax estimates, the capital structure ratio of Citizens Delaware was applied to the

average capital of applicant's 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 of applicant.

Applicant included an interest deduction in estimating taxes based on notes payable to Citizens Delaware, \$2,783 for the test year 1962, in comparison with a staff amount of \$14,970. Applicant's witness relied on his understanding that it was a long-standing policy of this Commission, as expressed by Decision No. 46472 (Application No. 31842), that capitalization and cost of money of the parent would be disregarded in calculations of allowable returns. He further indicated 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 involved the proposition 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 reduction which the parent derives from a representative capital structure will then be shared with applicant and its customers.

Applicant's estimate of depreciated rate base was \$10,000 higher than that of the staff. The staff, with five months of actual results, estimated 1962 weighted average net additions to be approximately \$15,000 less than those estimated by applicant. The smaller estimate of additions resulted in a lower staff rate base modification for construction advances. A smaller depreciation reserve was estimated by the staff than by applicant. The staff included no allowance for working cash since the operations of the applicant provide it, in advance, with far more cash than it requires to meet its expenses. Applicant did not challenge the rate base developed by the staff. We find the depreciated rate base as developed by the staff reasonable.

Service and Rates

Public witnesses protested vigorously the quality of the water as causing illnesses, having bad taste and odor, and being discolored. Commercial interests complained that the water stained or discolored table linens, towels, clothes, glassware, bathroom fixtures, x-ray plates and liquid refreshments, thus increasing operating costs.

Many of these complaints appear to result from operating changes related to plant additions made in 1961. In its late-filed

report on customer complaints, Exhibit 11, applicant stated that nine additional flushing valves are being installed at critical points where many of the complaints originated, that the flushing program has been intensified, and that spring intakes will be more closely supervised.

A sanitary survey of the system by the California Department of Public Health, dated January 24, 1962, stated that the system is capable of producing a safe, wholesome and potable water at all times; and all of nine water samples collected on September 9, 1962 met the United States Public Health Service bacteriological drinking water standard. Exhibit 11 demonstrates the iron and manganese content of water from wells and confirms the mineral complaints in the Monte Rio and Villa Grande areas. We find applicant should be required to make further studies with the objective of improving the quality of water and report to the Commission.

Public witnesses who were summertime residents maintained that they should pay only on a use basis and should not be billed a minimum charge. The proper allocation of costs between summertime and all-year residents of resort areas has been a recurring problem. Part-time residents increase the summer peaks of consumption above that required by permanent residents, thus increasing the plant facilities and annual expenses above those which would be required to adequately serve permanent residents. The elimination or reduction of the minimum charge to part-time residents would require an offsetting increase for permanent residents or an increase in the seasonal metered service rates. In consideration of the growth and changing character of the service area and since this record does not include the information required to test the reasonableness, either of the existing rate structure or of a revised rate structure, such rates as are authorized by this order will be for an interim period until

the applicant has prepared and filed a cost-of-service study in order that this Commission may be advised of the relative costs which appropriately should be recovered from part-time and permanent residents by service or minimum charges, quantity charges and connection charges.

In addition to the foregoing matters, Exhibit 11 indicates that a number of miscellaneous complaints have been reviewed by applicant and in general have either been satisfied, where cause existed, or are in the process of solution.

The staff made specific recommendations regarding the testing of meters and the clarification of the seasonal tariff schedule to ensure that it produces equal charges for equal quantities of water, irrespective of meter size, at amounts above minimum charges. We find these staff recommendations to be in the public interest and in addition Appendix A attached to the order will provide for the option by the customer of payment in advance of service of minimum charges on a monthly, bimonthly or quarterly basis.

Adopted Results

The Commission finds that the estimates as set forth below of operating revenues under the rates and charges 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 proceeding.

ADOPTED SUMMARY OF EARNINGS

Operating Revenues	\$147,100
Operating Expenses	
Operating and Maintenance Expenses	28,720
Administrative and General, and Miscellaneous Expenses	16,160
Taxes other than Income	17,020
Depreciation	20,060
Income Taxes	22,780
Total Operating Expenses ..	<u>104,740</u>
Net Revenue	42,360
Rate Base	651,500
Rate of Return	6.5%

Applicant requested rates which it estimated would have resulted in a rate of return of 7.23 percent in the year 1962 under proposed rates. Applicant made no showing as to the reasonableness of the requested rate of return other than to allege since 1958 there had been a marked increase in cost of capital and steadily advancing operating costs due to the processes of inflation. On March 11, 1958 the Commission, by Decision No. 56345, indicated that applicant should be afforded the opportunity of earning a rate of return not to exceed 6.5 percent after considering, among other items, that the downward trend of earnings continued to result from inflationary influences.

A staff witness testified, because applicant is a wholly owned subsidiary of Citizens Delaware and because applicant obtains capital funds from the parent company, it would be appropriate to apply the capital ratios and effective interest rate of the parent to applicant's total capital for the purpose of determining a reasonable rate of return for applicant. Accordingly, it was the opinion of this staff witness that, based upon the pro forma capital structure and the effective interest rate and other factors, applicant's return on rate base should range from 6.5 to 6.8 percent.

Applicant did not object to the methods used in developing this recommendation.

A staff engineer testified that applicant should operate more efficiently, that some installations had been made inefficiently and that some installations were inefficient. The witness did not recommend adjustment of either expenses or rate base to reflect his opinion that competent engineering supervision was lacking but suggested that the inefficiencies could be reflected in the rate of return allowed.

We find a rate of return of 6.5 percent applied to the 1962 test year rate base to be fair and reasonable.

Findings

Upon consideration of the evidence the Commission finds that the increases in rates and charges authorized herein are justified, that the rates and charges authorized herein are reasonable, and that the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable. The rates and charges herein authorized would have increased applicant's revenues 39 percent in the test year. The typical residential customer's average monthly bill will increase from \$2.91 to \$4.09 for annual service, or from \$3.23 to \$4.53 for seasonal service.

INTERIM ORDER

IT IS ORDERED that:

1. Applicant is authorized to file with this Commission, after the effective date of this order and in conformity with General Order No. 96-A, the schedule of interim 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. Beginning with the year 1963, applicant shall use the depreciation rates shown in Table 9-A of Exhibit No. 3 of the instant proceeding. These rates shall be used until a review indicates that they should be revised. Applicant shall review the depreciation rates spreading the original cost of the plant, less estimated future net salvage and depreciation reserve, over the remaining life of the plant when major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to the Commission.

3. 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 twenty-four 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.

4. On or before July 1, 1963, applicant shall submit a written report acceptable to the Commission setting forth a program of the installation of any needed additional facilities and of the operation of applicant's system as may be required to minimize customer complaints relative to the quality of water.

5. On or before October 1, 1963, applicant shall submit a written report acceptable to the Commission setting forth for its

Guerneville District the development and results of a study of the unit customer, commodity, demand, and connection costs which appropriately should be recovered from annual and seasonal customers by service or minimum charges, quantity charges and connection charges.

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

Dated at San Francisco, California, this 21st day of May, 1963.

George G. Hoover
President

Edmund E. Giffels

Frederick B. Hulsehoff

William W. Bennett

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. CU-1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

Guerneville, Rio Nido, East Guernewood, Guernewood Park, Northwood, (T)
Monte Rio, Vacation Beach, River Meadows and vicinity, Sonoma County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Monthly Quantity Rates:		
First 500 cu.ft. or less	\$ 3.15	(I)
Next 4,500 cu.ft., per 100 cu.ft. ....	.46	
Over 5,000 cu.ft., per 100 cu.ft. ....	.38	
Annual Minimum Charge:		
	<u>Per Meter</u> <u>Per Year</u>	
For 5/8 x 3/4-inch meter	\$ 37.80	(I)
For 3/4-inch meter	54.40	
For 1-inch meter	70.00	
For 1 1/2-inch meter	132.00	
For 2-inch meter	204.00	

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.

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 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

(Continued)

Schedule No. GU-1A

ANNUAL GENERAL METERED SERVICE

SPECIAL CONDITIONS—Contd.

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.

(T)

2. The opening bill for metered 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)

(K)

Schedule No. GU-IS

SEASONAL GENERAL METERED SERVICE

(T)

APPLICABILITY

Applicable to all metered water service furnished on a seasonal basis.

TERRITORY

Guerneville, Rio Nido, East Guernewood, Guernewood Park, Northwood, Monte Rio, Vacation Beach, River Meadows and vicinity, Sonoma County. (T)

RATES

Monthly Quantity Rates:

	<u>Per Meter Per Month</u>	
First 500 cu.ft. or less	\$ 4.20	(I)
Next 4,500 cu.ft., per 100 cu.ft. ....	.46	
Over 5,000 cu.ft., per 100 cu.ft. ....	.38	

Seasonal Minimum Charge:

	<u>Per Meter Per Season</u>	
For 5/8 x 3/4-inch meter	\$ 33.60	
For 3/4-inch meter	44.60	
For 1-inch meter	63.00	
For 1 1/2-inch meter	118.00	
For 2-inch meter	184.00	(I)

The Seasonal Minimum Charge will entitle the customer to the quantity of water each month which one eighth of the seasonal minimum charge will purchase at the Monthly Quantity Rates. (N)

SPECIAL CONDITIONS

1. The seasonal minimum charge applies to service during the 8-month period commencing March 1 and is due in advance. If a customer of the utility has received service for at least one season, he may elect, at the beginning of the season to pay prorated minimum charges in advance at intervals of less than one season (monthly, bimonthly or quarterly) in accordance with the utility's established (T)

(Continued)

Schedule No. GU-IS

SEASONAL GENERAL METERED SERVICE

SPECIAL CONDITIONS—Contd.

billing periods for water used in excess of the monthly allowance under the seasonal 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.

(T)

2. The opening bill for metered service shall be the established seasonal minimum charge for the service. Where initial service is established after the first day of any season, the portion of such seasonal charge applicable to the current season shall be determined by multiplying the seasonal charge by one two hundred forty-fifth (1/245) of the number of days remaining in the season. The balance of the payment of the initial seasonal charge shall be credited against the charges for the succeeding seasonal period. If service is not continued for at least one season after the date of initial service, no refund of the initial seasonal charges shall be due the customer.

(N)
(N)