MO/NB *

Decision No. 72405

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THUNDERBIRD WATER COMPANY under Section 454 of the Public Utilities Code for authority to increase its public utility water rates	Application No. 48702 (Filed August 11, 1966)

Knapp, Gill, Hibbert & Stevens,
by Wyman C. Knapp, and
W. L. Arnold, for applicant.
Chester C. Newman and Raymond E. Heytens,
for the Commission staff.

O P I N I O N

A public hearing on the application was held in Palm Springs, California, on February 17, 1967, before Examiner Rogers and the matter was submitted. All customers were notified of the hearing. There were no protests.

The applicant requests authority to increase its general metered service rates as follows:

Quantity Rates:	Per Meter Per Month Present	Proposed
First 500 cu. ft. or less	$ 2.00	$ 2.50
Next 2,000 cu. ft., per 100 cu. ft.	.25	.29
Next 2,500 cu. ft., per 100 cu. ft.	.20	.23
Next 5,000 cu. ft., per 100 cu. ft.	.15	.17
Next 10,000 cu. ft., per 100 cu. ft.	.10	.12
Over 20,000 cu. ft., per 100 cu. ft.	.07	.08
Minimum Charge:		
For 5/8 x 3/4-inch meter	$ 2.00	$ 2.50
For 3/4-inch meter (A)	2.50	3.50
For 1-inch meter	3.00	5.00
For 1½-inch meter	4.00	7.50
For 2-inch meter	5.00	10.00
For 3-inch meter		20.00
For 4-inch meter		35.00 (B)

(A) Shown as 3/8-inch in application, in error.
(B) Largest meter presently in use in 3-inch size.

In addition, applicant in Exhibit 1 requests an upward adjustment from $0.07 to $0.08 per 100 cubic feet for water presently sold to Palm Valley Water Company under an amended interchange agreement approved by the Commission pursuant to Decision No. 55883, dated December 3, 1957, in Application No. 37856 of Palm Valley Water Company. However, applicant in this proceeding has not specifically requested amendment of the existing agreement nor authorization of a revised agreement providing for such increase. In the event that applicant does negotiate an amended agreement with Palm Valley Water Company, it must present copies of such agreement to the Commission for approval, in accordance with the provisions of Section X. A. of General Order No. 96-A.

Applicant also requests authority to cancel its flat rate schedule for the reason that it has no flat rate services. The request for increased rates was opposed by the Commission staff which contends that the applicant is now earning a rate of return of 8 percent and that the proposed rates will result in a rate of return of 12 percent.

A comparison of the summaries of earnings at present and proposed rates as calculated by the applicant and the staff is as follows:

Summary of Earnings
(Estimated Year 1967)

Item	Applicant		Staff	
	Present Rates	Proposed Rates	Present Rates	Proposed Rates
Operating Revenues	$ 51,643	$ 59,992	$ 63,180	$ 73,190
Less				
Operating Expenses	31,507	31,507	33,850	33,850
Depreciation Expense	9,723	9,723	9,400	9,400
Taxes other than Income	2,400	2,400	2,260	2,260
Taxes on Income	100	1,616	3,030	5,670
Total Deductions	43,730	45,246	48,540	51,180
Net Revenue	7,913	14,746	14,640	22,010
Average Depreciated Rate Base	207,870	207,870	183,400	183,400
Rate of Return	3.8%	7.1%	8.0%	12.0%

History and Organization

Applicant is a California corporation organized August 6, 1946. Its largest customer, Thunderbird Country Club (Country Club), owns all of applicant's shares of stock. The officers of the two corporations as of February 17, 1967 were as follows:

	Applicant	Country Club
President	Jackson Smart	Ed Sayers
Vice President	Ed Sayers	B. Ross and Jackson Smart
Treasurer	B. Ross	G. Clark
Secretary	Robert Sandifer	Fisher (First name unknown)

Service Area

Applicant's service area is approximately 10 miles south of Palm Springs on Highway 111. Water service is furnished to approximately 200 customers including Country Club and Palm Valley Water Company. The major portion of applicant's customers are located around the golf course of Country Club.

Water Supply and System

Applicant's distribution system consists of 35,000 feet of mains varying in size from two to ten inches in diameter.

Applicant's water supply is obtained from two 14-inch diameter wells, Nos. 1 and 3, each equipped with an electrically operated deep well turbine pump. Well No. 1 pumps into the golf course irrigation system owned by Country Club; Well No. 3 pumps into applicant's distribution mains and can be connected for use in the golf course irrigation system. Applicant has a 500,000-gallon steel storage tank located at an elevation higher than the distribution system. Near the steel tank a small distribution system is served by a booster pump and a 5,000-gallon hydro-pneumatic tank.

Reasons for Hearing

The application is unique in that primarily it is based on the fact that the applicant transferred one of its producing wells (Well No. 2, infra) together with certain related equipment and mains to its parent company, the Country Club, without authority from this Commission on the assumption that said well and facilities were not property used and useful in the conduct of its business. It is conceded that if these transfers are found proper and legal the applicant is entitled to a rate increase.

Section 851 of the California Public Utilities Code, insofar as pertinent, provides:

> "No public utility . . . shall sell, . . ., or otherwise dispose of or encumber the whole or any part of its . . . line, plant, system or other property necessary or useful in the performance of its duties to the public . . . without first having secured from the commission an order authorizing it so to do. ...
>
> "Nothing in this section shall prevent the sale . . . or other disposition by any public utility of property which is not necessary or useful in the performance of its duties to the public, ..."

On January 2, 1965, without authority from this Commission, applicant sold its Well No. 2 and related plant assets to Country Club and Country Club sold certain plant assets to applicant (Exhibit 3). Applicant contends that the facilities it transferred to the Country Club were not properties which were necessary or useful in the performance of its duties to the public. The staff contends that the properties transferred to the Country Club were necessary or useful in the performance of such duties.

Background

By Application No. 47657 filed on June 10, 1965, applicant sought authority to issue an unsecured promissory note in the principal sum of $65,000 to the Country Club. Of this sum, $35,000 was to be used to pay two one-year notes which applicant had issued to Country Club in exchange for funds with which applicant had made improvements in its system. The application contains the allegation that, "The remaining $30,000 of the principal sum involved in the proposed note is to cover an exchange of plant assets between Thunderbird Water Company and Thunderbird Country Club. Through this exchange, Thunderbird Country Club is taking over, as a nonutility, the primary job of servicing its golf club with irrigation water. This change came about through the decision of the Country Club to not only assume the primary irrigation job at hand but also to fertilize the golf course with liquid fertilizer through the irrigation lines. As a consequence, property which was neither necessary nor useful in the performance of its duties to the public was transferred from Thunderbird Water Company to Thunderbird Country Club and, along therewith, certain property was transferred from Thunderbird Country Club to Thunderbird Water Company, all as hereinafter described. Applicant will continue to serve Thunderbird Country Club with some of its irrigation requirements from Well No. 3 which will be valved off to prevent back-flow and will also continue to serve its domestic requirements."

The assets to be transferred from applicant to the Country Club had a net cost depreciated of $47,515 and included Well No. 2 wellsite and well, the pump house, the pumping equipment,

mains, valves and a meter. In exchange, applicant was to acquire certain pumping equipment, mains, services, meters and fire hydrants, having a net cost depreciated of $77,679.

The applicant states that the transfer of assets was made on January 1, 1965.

By Decision No. 69304, dated June 29, 1965, the Commission authorized this transaction. In said decision it is stated that, "The application discloses that Thunderbird Country Club, as a nonutility, is assuming the primary responsibility for irrigating its golf course. Applicant asserts that, as a consequence, property no longer useful in applicant's utility operations and having a depreciated cost of $47,515 was transferred to Thunderbird Country Club which, in turn, transferred other property having a depreciated cost of $77,679 to applicant."

It is stated that "the Commission has considered this matter and finds that: (1) the proposed note issue is for proper purposes; . . . " The Commission cautioned that, "The authorization herein given is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates."

Evidence Concerning Transfer of Well No. 2 and Related Facilities

Applicant

A public accountant presented a report (Exhibit 1) in support of the rate application herein considered which was based on the assumption that the transfers stated in Application No. 47657 (supra) and for which the promissory note was authorized by

Decision No. 69304 had been made. He developed a rate base, revenues and expenses starting with that property remaining after said transfers. He said that the principal reason for the transfer of the assets was to separate the irrigation and domestic systems to avoid contamination of domestic water by the injection of liquid fertilizer into that portion of the system which was used to irrigate the Country Club's golf course. The witness testified that the Country Club has drilled a new 14-inch well (Well No. 4) which is equipped with a 100-hp motor to augment or replace Well No. 2 which, he said, is a sander.

A sanitary engineer with the Riverside County Department of Public Health testified that he was concerned with investigating matters dealing with contamination of public utility water supplies and that he has concerned himself with the problems of back-flow contamination in the applicant's system and the injection therein of liquid fertilizer. He stated that a major concern of the Department where irrigation systems, particularly on golf courses, use pressurized water with sprinkler heads of the Rainbird type, is the leakage; that at times when pressure is diminished within the water main below natural atmospheric pressure, back-flow can occur from the sprinkler heads into the irrigation portion of those systems; and where irrigation portions of the systems are used as water mains to carry domestic water to other sections of the domestic system, the Department is vitally concerned. He stated that in such cases the Department asks that the irrigation system be entirely separated from the domestic system; that this problem had been discussed with applicant; that it has been the Department's concern; that it has recommended against

interconnection; and that the irrigation system and the domestic system of the applicant, as supplied by Well No. 2, should be separated.

A consulting engineer testified that prior to the transfer of Well No. 2 and its related facilities he was asked to investigate the plant or facilities of the applicant for the purpose of determining whether the irrigation line and any one or more of the wells were used and useful in public service; that pursuant to said request he made a field study of applicant's facilities and prepared a report, dated October 26, 1964, based on said study (Exhibit 5).

The engineer stated that applicant had three wells, an irrigation system for the golf course and a domestic system; that prior to the time of his investigation the systems had been separated by disconnecting certain previous points of interconnection and the installation of the necessary pipelines to accomplish such result.

His report shows the following matters, among others:

Well No. 1 is normally connected to the irrigation system but can be connected to the domestic system.

Well No. 2 is connected to the irrigation system only.

Well No. 3 can pump to the domestic system or to the irrigation system. A system of interlocked diaphragm operated valves prevents pumping to both systems at the same time.

As of October 1, 1964, the three wells had approximately the following productions:

Well Number	Gallons Per Minute	Million Gallons Per Day
1	530	.763
2	450	.648
3	750	1.080

The engineer stated that on the basis of 140 consumers, the average well production required on a maximum day would be 460 gpm; that Well No. 1 would be required to operate approximately 21 hours per day or Well No. 3 approximately 15 hours per day to produce the estimated domestic requirement on a maximum day; and that if Well No. 3 were out of service in a maximum month, Well No. 1 would provide more than the present requirement for full standby. In addition there is an emergency connection with Palm Valley Water Company.

The engineer concluded, among other things, that:

1. Well No. 3 is necessary and useful to the applicant in the performance of its duty to the public.

2. If the golf course should cease to be a consumer on the applicant's system, or should it make provision to supply a portion of its own needs equal to the production of Well No. 2, then in that event Well No. 2 would no longer be necessary or useful to the applicant in the performance of its duty to the public.

3. If the golf course should cease to be a consumer on the applicant's system or should it make provision to supply a portion of its needs equal to the production of Wells Nos. 1 and 2, then in that event Well No. 2 would no longer be necessary or useful to the applicant in the performance of its duty to the public and Well No. 1 would no longer be necessary or useful, except as a stand-by source of supply as an alternate to Well No. 3.

The engineer testified that by investigation he found that Well No. 2 was and virtually always has been a sand-producing well, at the rates at which it was pumped, at least, and that it

had given trouble when used on the domestic system by the sand it produced and put into the system. He further testified that he had been informed that in order to prevent sanding, Well No. 2 had the 100-hp pump replaced with a 30-hp pump; that Well No. 4 had been equipped with the 100-hp pump from Well No. 2; and that probably the production would be in the range of 600 to 800 gallons per minute.

On the basis of the engineer's report, the applicant transferred its Well No. 2 and related facilities to the Country Club without the Commission's authorization (Exhibit 6).

A witness for applicant estimated that in 1967 applicant's total metered sales, using Wells Nos. 1 and 3, including irrigation of the golf course, will be 422,315 Ccf. This total usage would only require 292.5 days of production from Well No. 3, at the rate of 1.080 million gallons per day, the production shown on Exhibit 5 herein. Well No. 1 is shown by said Exhibit 5 to have an additional production of .763 million gallons per day.

Staff

In its report (Exhibit 2) the staff ignored the transfer of Well No. 2 and related facilities, referred to in Decision No. 69304, supra, from the applicant to the Country Club. Its reasons therefor, as stated in paragraph 6 of Section 1 of said exhibit, are summarized as follows:

Prior to January 1, 1965, applicants owned Well No. 2 and transferred it to the Country Club on said date without Commission authority. By the transfer applicant lost a major portion of its sales to the Country Club and reduced its revenues without any offsetting benefit to the remaining customers. This loss of revenue

would become a burden on the other customers unless the transfer was ignored. Since the transfer was made without Commission authorization and is not in the public interest, Well No. 2 with related land, pumping and metering equipment is considered as belonging to applicant and the revenues that would be derived from such sales to Country Club are treated as applicant's revenues.

A staff accountant testified that he and a staff engineer, who together prepared Exhibit 2, considered the transfer of the well and related facilities as being an unauthorized transfer of utility plant facilities and adjusted utility plant and reserve for depreciation accordingly. These adjustments, including the acquisition from the Country Club, resulted in a utility plant of $309,980 as of December 31, 1965 compared to the applicant's recorded figure of $317,743 and a reserve for depreciation on said date of $46,988 rather than the $36,982 shown in applicant's books (Exhibit 2, Table 2-A).

The staff engineer testified that for the reason that the transfer of Well No. 2 and related facilities was not authorized by the Commission, he considered the well and related facilities a part of applicant's system and included all revenues and expenses connected with the transferred facilities in calculating his results of operation. He further stated that additional reasons why the transfer was not recognized by the Commission staff were that prudent management would not lose a major part of system revenues by selling a piece of property; that there was a lack of arm's length dealing between the parties, and that the remaining customers received no benefit from the transfer.

Both the engineer and the accountant conceded on cross-examination that if the transfer of the well and related facilities and the acquisition of the system constructed by the Country Club were proper, the applicant's calculations in Exhibit 1, with minor exceptions, are correct.

Findings Concerning the Transfer of Well No. 2 and Related Facilities

1. Country Club owns all issued capital stock of applicant.

2. Prior to January 1, 1965, applicant furnished water to customers through three wells, including Well No. 2 and its related facilities. All water from Well No. 2 has been delivered to and used by Country Club.

3. On or about January 1, 1965, applicant sold Well No. 2 and related facilities to Country Club. This sale separated the sold facilities from applicant's remaining system. The basic reason for said sale was that the Country Club was introducing fertilizer into the system connected with Well No. 2 and using the water and related system to irrigate the golf course. The introduction of fertilizer into the system could cause the water to become unsafe for human consumption.

4. The Riverside County Health Department has recommended that the portion of applicant's system used to irrigate the golf course be separated from the remaining portion which is used to supply domestic water.

5. Country Club is the only entity which has been served water through Well No. 2 and its related facilities since January 1, 1965, thereby eliminating the concern of the Riverside County Health Department with respect to interconnection of applicant's domestic system with the Country Club's irrigation system.

6. Well No. 2 is a sander and as a result thereof, since January 1, 1965, the pump therein has been reduced from 100 hp to 30 hp and produces approximately 300 gallons of water per minute.

7. Country Club has recently drilled a well which has a 100-hp pump and produces approximately 600 gallons of water per minute. This well is not owned or used by the applicant.

8. The applicant had two wells remaining after the transfer of Well No. 2. These wells produce a total of approximately 1280 gallons of water per minute. The production of either one of these wells alone will more than meet applicant's estimated water usage through the year 1967.

9. Applicant has, and on January 1, 1965 had, an interchange agreement with a public utility water company in the vicinity for standby or emergency water. There is a permanent connection between the two systems.

10. Well No. 2 and related facilities were not used and useful in applicant's water system on January 1, 1965 and the water produced from Well No. 2 was not at that time necessary to the public utility operations of the applicant.

Conclusion

The Commission concludes that the transfer of Well No. 2 and related facilities was not the transfer of property used or useful in applicant's public utility operation and that said Well No. 2 and related facilities should be excluded from applicant's rate base in determining the herein considered application for an increase in rates.

Results of Operations Without Well No. 2 and Related Facilities

Revenues

The staff agreed with the applicant's estimates of revenues for the year 1967 at present and proposed rates except that the staff added the revenues it estimated would have been derived from the golf course water sales assuming Well No. 2 remained the property of applicant. These added revenues were estimated by the staff to be $11,543 at present rates and $13,203 at the proposed rates.

We have heretofore held that the transfer of Well No. 2 was justified. We find that the revenues estimated by the applicant for the year 1967 are reasonable. The revenue figures adopted are $51,640 at present rates and $59,990 at proposed rates.

Expenses

A comparison of the applicant's and the staff's estimated operating expenses for the year 1967 are as follows:

Item	Applicant	Staff
Pumping	$12,090	$15,820
Water Treatment	112	110
Transmission and Distribution	5,120	4,830
Customer Accounts	2,520	2,520
Administrative and General	11,665	10,570
Total Operating Expenses	$31,507	$33,850

The difference in the pumping expenses is due to the fact that the staff included the cost of pumping Well No. 2. This well has been removed from applicant's system. We find that applicant's estimate of pumping expense is reasonable and it will be adopted.

The difference in the estimates of transmission and distribution expense is $290 and results from the staff's lower estimate of meter maintenance expense. The applicant's recorded

amount for this item was $999 in 1966 and it allowed $1295 in 1967. We find that the staff's estimate of transmission and distribution expense is reasonable and it will be adopted.

The difference in administrative and general expenses is due to the reduction by the staff of management payroll expenses. The main portion of this expense is $575 per month paid to a manager who also works for the Country Club and receives a salary therefrom. We find that the staff's estimate of administrative and general expenses is reasonable and it will be adopted.

In summary, we find that the following operating expenses are reasonable for the test year 1967:

Item	Amount
Pumping	$12,090
Water Treatment	110
Transmission and Distribution	4,630
Customer Accounts	2,520
Administrative and General	10,570
Total Operating Expenses	$30,120

Taxes Other Than Income

The applicant estimated such taxes would total $2400 for the year 1967. The staff adjusted this figure to $2260 to reflect a smaller depreciated plant but including Well No. 2 and related facilities. We find that the sum of $2186 is a reasonable sum to allow for taxes other than income taxes for the year 1967.

Depreciation Expense

The applicant and the staff used different lives and percentages to estimate depreciation expense for the year 1967. The applicant's estimate was $9723. The staff's estimate was $9400 including Well No. 2 and related facilities. We find that the staff's estimate of $9014 for depreciation expense

remaining after deducting for Well No. 2 and related facilities is reasonable.

Income Taxes

Using the foregoing adopted figures for 1967 plus interest estimated in the amount of $5540, we find that income taxes will be $1257 at present rates and $3452 at proposed rates.

Rate Base

As of December 31, 1965 applicant's recorded utility plant was $317,743 with a reserve for depreciation of $36,982. During the year 1965 applicant had transferred Well No. 2 and related facilities to the Country Club and had received in exchange therefor certain pipelines and facilities constructed by Country Club and of greater value than the exchanged facilities (Decision No. 69304, supra).

The staff treated the transfer of the well and related facilities from applicant as though not made and considered the facilities received from Country Club as having been acquired but treated the excess cost of the facilities received as a contribution in aid of construction. We have held that the transfer of Well No. 2 and related facilities was proper. We find that the staff's treatment of the excess cost of the replacement facilities acquired from the Country Club was proper.

The staff-adjusted utility plant as of January 1, 1966 was $309,980 with a reserve for depreciation of $46,988. These figures included the original cost of Well No. 2 and related facilities of $15,215 and related depreciation reserves of $5469.

The staff estimated the average utility plant in service for the year 1967 to be $320,000. We find this is reasonable with the deletion of $15,215 for Well No. 2 and related facilities. This leaves an average adjusted utility plant in 1967 of $304,785, which we find reasonable. Allowing for the depreciation reserve on Well No. 2 and related facilities we find that the average depreciation reserve for the year 1967 is $55,276.

Materials and Supplies and Working Cash

The staff and the applicant agreed that allowances of $3800 for materials and supplies and $4100 for working cash are reasonable. We so find.

Advance for Construction and Contributions in Aid of Construction

The parties agreed that the average advances for construction would amount to $75,400 in 1967. The applicant included $482 for average contributions in aid of construction. This was adjusted by the staff by the addition of $7,214 to reflect the excess cost arising from the exchange of assets between applicant and Country Club. We find that this treatment is proper and we find that the staff's estimate of $7,400 for average contributions in aid of construction in 1967 is reasonable.

We find that an average depreciated rate base for the year 1967 of $174,600 is reasonable.

Findings

Using the figures as adjusted herein for the estimated year 1967:

1. We find that applicant's revenues will be $51,640 at the present rates and $59,990 at the proposed rates.

2. We find that applicant's operating expenses will total $30,120.

3. We find that taxes other than taxes on applicant's income will be $2,186.

4. We find that applicant's depreciation expense will be $9,014.

5. We find that applicant's income taxes will be $1,257 at the present rates and $3,452 at the proposed rates.

6. We find that the applicant's average adjusted utility plant will be $304,785.

7. We find that the applicant's average depreciation reserve will be $55,276.

8. We find that allowances of $3800 for materials and supplies and $4100 for working cash are reasonable.

9. We find that applicant's average advances for construction will be $75,400 and that its average contributions in aid of construction will be $7400.

10. We find that applicant's average depreciated rate base will be $174,609.

11. We find that the amounts tabulated below, including taxes and computed on the basis of the foregoing findings, fairly represent the prospective earnings of the applicant for the year 1967 under present and proposed rates:

Item	Present Rates	Proposed Rates
Operating Revenues	$ 51,640	$ 59,990
Less		
Operating Expenses	30,120	30,120
Depreciation Expense	9,014	9,014
Taxes other than Income	2,186	2,186
Taxes on Income	1,257	3,452
Total Deductions	42,577	44,772
Net Revenue	9,063	15,218
Avg. Depreciated Rate Base	174,600	174,600
Rate of Return	5.2%	8.7%

12. We find that applicant is in need of and entitled to increased revenues.

13. The applicant requested net revenues of $14,746 on its estimated rate base of $207,870. We have adjusted the depreciated rate base as estimated to $174,600. The staff has recommended a rate of return of 7.5 percent. We find such a rate of return to be fair and reasonable on the adjusted rate base of $174,600.

14. We find the increased and simplified rates authorized herein will produce gross revenues totaling approximately $57,112, an increase of $5,472 over the revenues at the existing rates, and will yield net revenues of approximately $13,097.

15. We find that the increases in rates authorized herein are justified and that the existing rates insofar as they differ from those authorized herein are for the future unjust and unreasonable.

16. We further find that the applicant should be authorized to discontinue flat rate service and it will be so ordered.

17. The staff has made various recommendations. We find these recommendations are reasonable and they will be included in the order herein.

We conclude that the application should be granted to the extent specified in the order herein.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, applicant, Thunderbird Water Company, is authorized to file the revised rate schedule attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be June 1, 1967, or four days after the date of filing, whichever is later. The revised schedule shall apply only to service rendered on and after the effective date thereof. Concurrently with such filing, applicant shall cancel its Schedule No. 2, Flat Rate Service.

2. Within forty-five days after the effective date of this order, applicant shall file a revised tariff service area map, appropriate general rules, and sample copies of printed forms that are normally used in connection with customers' services. Such filing shall comply with General Order No. 96-A. The effective date of the revised tariff sheets shall be four days after the date of filing.

3. Applicant shall prepare and keep current the system map required by paragraph I.10.a. of General Order No. 103. Within ninety days after the effective date of this order, applicant shall file with the Commission two copies of this map.

4. For the year 1967, applicant shall apply the depreciation rates set forth in Table 3-A of Exhibit 2 in Application No. 48702. Until review indicates otherwise, applicant shall continue to use these rates. Applicant shall review its depreciation rates at intervals of five years and whenever a major change in depreciable plant occurs. Any revised depreciation rates shall be determined by: (1) subtracting the estimated future net salvage and the depreciation reserve from the original cost of plant; (2) dividing the result by the estimated remaining life of plant; and (3) dividing the quotient by the original cost of plant. The results of each review shall be submitted promptly to the Commission.

5. Applicant shall improve its work order system and department procedures to comply with Accounting Instructions 3-B of the Uniform System of Accounts for Class D Water Utilities. It shall keep available at all times complete detailed supporting data and information in its office and files.

6. Within six months from the effective date hereof, applicant shall individually meter each house in the group known as the Fairway Cottages and shall report to the Commission, in writing, that this has been accomplished, within ten days thereafter.

7. Applicant shall prepare and maintain a meter record file as required by paragraph 8, Part VI of General Order No. 103.

8. Within sixty days after the effective date of this order, applicant shall record entries upon its books of account so as to credit Account No. 265, Contributions in Aid of Construction, and concurrently reduce payables to the Country Club by $7,214. Applicant shall file with the Commission a copy of the journal entry or entries used.

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

Dated at San Francisco, California, this 16th day of MAY, 1967.

President

Commissioners

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE (T)

APPLICABILITY

Applicable to all metered water service. (T)

TERRITORY

Thunderbird Country Club, and vicinity, located 10 miles south of Palm Springs on Highway 111, Riverside County. (T) (T)

RATES

	Per Meter Per Month	
Quantity Rates:		(T)
First 500 cu.ft. or less	$ 2.20	(I)
Next 4,500 cu.ft., per 100 cu.ft.	.25	|
Next 15,000 cu.ft., per 100 cu.ft.	.14	|
Over 20,000 cu.ft., per 100 cu.ft.	.08	(I)
Minimum Charge:		(T)
For 5/8 x 3/4-inch meter	$ 2.20	(I)
For 3/4-inch meter	3.00	|
For 1-inch meter	5.00	|
For 1½-inch meter	7.00	|
For 2-inch meter	10.00	|
For 3-inch meter	20.00	|
For 4-inch meter	30.00	(I)

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