NB

ORIGINAL

Decision No. 72922

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of TAHOE PARADISE WATER AND GAS CO., for authority to increase rates charged for water service in its service area.	Application No. 48450 (Filed May 4, 1966; amended June 15, 1966 and February 28, 1967)

McCutchen, Doyle, Brown & Enerson, by William W. Schwarzer, for applicant.
Melvin E. Beverly, for Lake Valley Fire Protection District, protestant.
Marshall Mayer, for Attorney General of the State of California, interested party.
John C. Gilman, Counsel, and John Gibbons, for the Commission staff.

O P I N I O N

Applicant Tahoe Paradise Water and Gas Co.[1] seeks authority to increase its rates for water service. At the present time, applicant does not furnish gas service.

Public hearing was held before Examiner Catey in South Lake Tahoe on May 16, 1967. Copies of the application had been served and notice of hearing had been mailed to customers and published, in accordance with this Commission's rules of procedure. The matter was submitted on June 5, 1967 after receipt of written closing statements on behalf of the Attorney General and applicant.

Testimony on behalf of applicant was presented by its treasurer and by its vice president. The Commission staff presentation was made by an accountant and an engineer. Protestant Lake

1 Formerly Meyers Water Co. Corporate title was changed by amendment of applicant's articles of incorporation in March 1965.

Valley Fire Protection District (Fire District) presented the testimony of its assistant fire chief. One customer testified and, in addition, the examiner summarized at the outset potential issues raised by several letters from customers who were unable to attend the hearing. The various parties thus could, and did, present testimony relative to those issues.

Service Area and Water System

Applicant's filed tariffs, which have been incorporated in this record by reference, show that the service area consists of approximately three square miles of unincorporated territory in El Dorado County at and near the community of Meyers.

Applicant's sources of supply consist of two wells and a spring. In the past, a supplementary supply had been purchased from the nearby Angora Water Co. but two new booster pumps added by applicant in 1965 apparently eliminated the need for that supplementary supply. An additional well has been drilled by applicant but is not yet in operation.

The well pumps and booster pumps deliver water to the distribution system, consisting of about 44 miles of mains, ranging in size from 2-inch to 10-inch. There are only about 442 flat rate and 12 metered active services, resulting in the low customer density of about 10 customers per mile of main. There are some 302 standard fire hydrants, or about 1-1/2 customers per hydrant. System pressure is maintained, and reserve storage is provided by a 149,000-gallon tank. The mains and services are all at a depth of at least four feet, to avoid freezing.

Staff Exhibit No. 2 indicates that the water system is properly designed and, except for the omission of a meter on the Christmas Valley source of supply, conforms with the requirements of General Order No. 103. Customers interviewed by the staff had no complaints regarding service or the quality of the water. Most of those customers indicated that applicant provides excellent service.

Accounting Records and Procedures

At the time of the initial filing of this application, various journal entries and other documents supporting the claimed plant costs were unavailable for review by the staff. After extensive efforts by company personnel extending over a period of several months, supporting invoices were gathered together, and many of the missing records were located, enabling the staff to satisfy itself as to the reasonableness of the recorded plant figures.

On utility plant constructed by applicant, the overhead charges capitalized were based upon arbitrary percentages applied to direct costs. Although the use of arbitrary overhead percentages is prohibited by the Uniform System of Accounts for Water Utilities, the staff has reviewed the detail behind these charges and has accepted the amounts as reasonable. Applicant has agreed to revise its procedures for the future.

A work order system is not being used to account for applicant's plant construction or retirements. Applicant has gross

utility plant in service in excess of $1,000,000; an adequate work order system should be installed without delay to support all plant additions and retirements.

Rates and Rules

Applicant now has schedules of rates for annual general metered service, seasonal metered service, annual residential flat rate service, seasonal residential flat rate service and public fire hydrant service. These are the rates which were established upon applicant's original certification in 1956.

Most of applicant's present rules governing service to customers were filed in 1956 and do not accurately describe current customer relations practices.

Applicant proposes to increase its rates for annual general metered service, annual residential flat rate service and public fire hydrant service. It also proposes to eliminate the present rates for seasonal service, to increase charges for restoration of service when service has been discontinued for a customer's noncompliance with the utility's filed rules, and to add new charges for temporary disconnection of water service at a customer's request.

The following Table I presents a comparison of applicant's present rates and charges and those proposed by applicant:

TABLE I

Comparison of Rates and Charges

Item	Present Summer	Present Winter	Present Annual	Proposed Annual
Metered Service				
Monthly Quantity Rates:				
First 1,000 cu.ft. or less	$ -	$ -	$ 4.00	$ 6.00
First 1,000 cu.ft. per 100 cu.ft.	0.50	0.50	-	-
Next 1,000 cu.ft., per 100 cu.ft.	.25	.25	.25	.38
Next 2,000 cu.ft., per 100 cu.ft.	.20	.20	.20	.30
Over 4,000 cu.ft., per 100 cu.ft.	.175	.175	.175	.27
Seasonal or Annual Minimum Charge:				
For 5/8 x 3/4-inch meter	30.00	24.00	48.00	72.00
For 3/4-inch meter	37.50	30.00	60.00	90.00
For 1-inch meter	48.00	38.00	72.00	108.00
For 1½-inch meter	68.00	54.00	108.00	162.00
For 2-inch meter	103.00	85.00	168.00	252.00
Flat Rate Service				
Seasonal or Annual Charge	30.00	24.00	48.00	72.00
Public Fire Hydrant Service				
Monthly Charge per Hydrant	-	-	2.00	3.00
Service Discontinuance Charge				
Temporary Discontinuance at Customer's Request				
During Regular Working Hours	*	*	*	5.00
At other than Regular Working Hours	*	*	*	7.50
If Snow Plow or Power Equipment Needed	*	*	*	12.00
Temporary Discontinuance for Violating Rules	.00	.00	.00	.00
Service Restoration Charge				
When Temp. Discontinuance was at Customer's Request	*	*	*	.00+
When Temporary Discontinuance was for Violating Rules:				
During Regular Working Hours	2.50	2.50	2.50	5.00
At other than Regular Working Hours	5.00	5.00	5.00	7.00
If Snow Plow or Power Equipment Needed	#	#	#	12.00+

* Applicant's present rules do not provide for temporary discontinuance of service at a customer's request.

\# No special provision for snow conditions.

\+ The portion of applicant's proposed rule which provides for a $12 service restoration charge under deep snow conditions is a qualifying paragraph only to the provisions for restoration of service after discontinuance for violating rules. Testimony of applicant's vice president indicates that he thought the $12 charge would also apply after discontinuance at customer's request.

Seasonal Service

A year-round customer, on behalf of neighbors and friends who now are seasonal customers, objected to applicant's proposed elimination of seasonal rate schedules. It is apparent, however, that the facilities to provide service for part of a year must remain in place throughout the year and result in rate base items, depreciation, taxes and maintenance throughout the year. We concur with the staff conclusion that there does not appear to be sufficient justification for continuance of the present seasonal rate schedules.

Metered Service

Some customers had suggested that it would be more equitable for applicant to discontinue flat rate service and provide only metered service. Testimony of witnesses for applicant and the Commission staff both indicate that it would not be economically feasible to meter all service at this time, and that it would increase substantially the cost of service.

Public Fire Hydrant Service

When applicant extends into new subdivisions, fire hydrants are installed at locations approved by El Dorado County officials. The fire protection service, however, is not provided by the county but by a separate entity, protestant Fire District. After the new hydrants are installed, applicant commences to bill Fire District for the hydrant service at the filed rate.

Applicant's vice president stated that he felt that applicant should be entitled to collect the filed rate for all such hydrants, even when Fire District advises him that some hydrants are not needed and should be placed out of service. We do not agree.

Although it is reasonable and prudent to install fire hydrant service pipes, as well as individual lot service pipes, at the time of construction of a main extension so that service can be provided when needed, it is not reasonable to require customers to receive and pay for service which is not yet needed. This applies to customers such as Fire District as well as to owners of lots. The order which follows requires applicant to determine from Fire District which of the present hydrants the district does not intend to use. The fire hydrant service rate schedule authorized for the future specifies that fire hydrant service from any new hydrants must be authorized by the public authority which is to be responsible for payment of monthly charges.

Fire District requests that, in lieu of the $3.00 monthly rate requested by applicant, a graduated rate scale of $2.50, $3.00, and $3.50 be authorized, with the charge for each hydrant to be based upon the average flow of water available during a 10-hour test period, and with a minimum flow requirement of 250 gallons per minute for an individual hydrant. An assistant fire chief testified that, in practice, a 15-minute to 30-minute flow test would be made, and supplemented by estimates of the length of time such flow could be sustained. Fire District did not indicate how it had derived the various rates it suggests.

Applicant's vice president estimated that an additional capital expenditure of over $115,000 would be required if applicant now were to add production and storage facilities solely to provide 10-hour fire flows. He testified that 2-hour flows of 500 gpm were now available and, with anticipated normal expansion of the system, material increases in available fire flows are anticipated. Under the circumstances, and with the greater control Fire District will

now have over which hydrants are to remain and be placed in service, a graduated scale of rates for fire hydrant service is not appropriate.

Fire District charges that, on at least one occasion, fire equipment was taken to a fire and connected to a hydrant, but the firemen found the hydrant dry. An assistant fire chief testified that, during a periodic check of all hydrants in 1966, 13 of applicant's hydrants were dry. This is a serious condition and we remind applicant that Section II.2. of General Order No. 103 requires a utility to notify the fire protection agency of any scheduled or emergency interruption and subsequent restoration of service.

In addition to the 302 standard fire hydrants in applicant's system, there are 23 substandard hydrants which neither applicant nor Fire District considers adequate. Applicant does not now include them in its bills to Fire District. The fire hydrant rate authorized by the order which follows provides only for service through the standard fire hydrants.

The special conditions of applicant's rate schedule for public fire hydrant service provide that hydrants will be installed only at the utility's expense. This is in conflict with applicant's main extension rule, which provides for the inclusion of the cost of certain hydrants in subdividers' advances as part of the cost of main extensions to serve subdivisions. Applicant's proposed special conditions, on the other hand, include only the installation of hydrants in new subdivisions. The special conditions authorized herein cover both situations.

Service to Governmental Agencies

As permitted by General Order No. 96-A, applicant has entered into a special contract with the U. S. Forest Service

covering water service to that agency. Applicant has not, however, filed copies of the contract as required by the general order.

Charges for Temporary Service Discontinuance

In the past, some customers have requested applicant to discontinue service temporarily, apparently in most cases to prevent freezing of the customers' own pipes during cold weather. Although applicant is not required by its tariffs to perform this function, it has accommodated those customers. If the practice becomes widespread, considerable additional expense would be entailed which, unless paid for by the customers requesting this special treatment, could ultimately result in further rate increases for all customers.

Applicant's proposed solution to this problem is to prescribe fixed charges for temporary discontinuances. This might still be inequitable because of the widely varying actual cost involved in turning the services off and on. A more appropriate solution would be for the customer to pay applicant, in each case, the actual cost incurred in providing the special treatment. This is similar to the charges now provided for in applicant's rules when temporary service is requested for a limited time. The order which follows authorizes applicant to file revised and more modern rules which permit charging customers the actual cost of the special treatment. The order also requires applicant to notify customers of the new provision.

Results of Operation

Witnesses for applicant and the Commission staff have analyzed and estimated applicant's operational results. Summarized in Table II, from the staff's Exhibit No. 2 and from Exhibit E attached to the second amended application, are the estimated results

of operation for the test year 1967, under present water rates and those proposed by applicant.

TABLE II

Estimated Results of Operation
(Test Year 1967)

Item	Present Rates: Staff*	Proposed Rates: Staff	Proposed Rates: Applicant
Operating Revenues	$ 32,010	$ 48,080	$ 47,742
Deductions			
Operating Expenses	24,480	24,480	35,707
Depreciation Expense	12,400	12,400	28,500
Taxes Other Than on Income	5,630	5,630	6,283
Income Taxes	100	100	100
Total	42,610	42,610	70,590
Net Revenue	(10,600)	5,470	(22,848)
Rate Base	257,300	257,300	183,536
Rate of Return	Loss	2.1%	Loss

(Red Figure)

* 1967 results at present rates not shown by applicant.

From Table II it can be seen that applicant's proposed rates would result in an increase of 50 percent in operating revenues.

The principal difference between the revenue estimates presented by applicant and those presented by the Commission staff result from applicant's failure to include any revenue from (1) metered consumption in excess of that included for the minimum charge, and (2) other miscellaneous revenues. The staff's estimate is adopted for the purpose of this proceeding.

The principal difference between the staff's and applicant's estimates of expenses is in the estimates of payroll. The staff's estimate is based upon a reasonable payroll expense of

comparable utilities, whereas applicant's estimate is based upon the assumed utilization of three full-time operating employees and two officers, with a gross payroll of $2,000 per month. There are corresponding differences in the payroll tax estimates. The staff estimates are adopted as reasonable.

The principal difference between the staff's and applicant's estimates of depreciation expense is due to plant financed by assessment bonds. The staff treated the plant investments as contributions in aid of construction whereas applicant considered them to be refundable advances for construction. Depreciation on contributed plant is not included in depreciation expense. The staff estimate is adopted. This subject is discussed in detail hereinafter under "Assessment Bond Financing."

The principal difference between the staff's and applicant's estimates of rate base is apparently due to approximately $74,000 of unexpended proceeds from assessment bonds, of which about $29,000 is held in a trust account and about $45,000 had not yet been received by applicant. Applicant apparently included these unexpended proceeds in the advances for construction which it deducted from net plant in determining rate base. The staff correctly considered the unexpended funds as not available to applicant until specific plant is installed and hence, until expended, not deductible in determining rate base. The staff estimate is adopted.

Assessment Bond Financing

Several issues in this proceeding relate to some $770,000 of applicant's plant which has been financed directly or indirectly by the issuance and sale of assessment bonds by El Dorado County.

Most of the plant involved consists of main extensions to serve subdivisions developed by applicant's parent corporation, Tahoe Paradise, Inc. (TPI), but main extensions to serve two tracts of unaffiliated developers also were financed in a similar manner.

For certain extensions to serve TPI tracts, TPI requested El Dorado County to form special assessment districts. The county took the necessary procedural steps, formed the assessment districts, and issued and sold assessment bonds. On the basis of competitive bidding, the county selected and paid a contractor to construct each extension. Applicant designed the extensions, inspected their installation and accepted the completed facilities from the county. Although TPI did not pay for the facilities and apparently at no time had title to them, applicant entered into main extension agreements which provide for, among other things, payment to TPI of "refunds" of the costs of the extensions in the same manner as though TPI had either advanced those costs or installed the facilities with its own funds.

For two extensions to serve Units 1 and 2 of River Park Estates and Unit 2 of Sierra Park (the developers of which tracts are not affiliated with applicant or TPI) applicant installed the extensions in accordance with its main extension rule, but later discovered that the developers had in some manner obtained funds from the county to reimburse the developers for funds already advanced to applicant and to provide additional advances for construction as the work progressed. Although this would result in the subdividers being "refunded" over a period of years the amounts provided by the county, the transactions by unaffiliated developers were beyond the control of applicant. Future extensions involving such potential double reimbursement will be avoided by the provision

in the order which follows that prohibits applicant from entering into a main extension refund agreement until the developer has provided written certification from a responsible county official that the county does not intend to provide public funds for construction of the extension. This will not preclude applicant from extending into territory where the water system is to be paid for by the county, because applicant may request authority to deviate from the refunding provisions of its main extension rule.[2]

In support of the reasonableness of its contention, applicant suggests that the assessments on lots cause a commensurate reduction in the price of lots, hence the subdivider is not being reimbursed twice for the water system. Applicant's vice president testified that if a lot were not subject to the assessment bonds, then, based on competitive sales prices, the subdivider would be able to charge more than if the lot were subject to the assessment bonds. He later admitted, however, that he did not know sales prices of lots and was not well versed in the value of land. Further, when the staff suggested that applicant present data on concurrent sales prices or asking prices of lots in Tract 24 (unassessed) and Tract 25 (assessed), applicant declined to offer this evidence.

The Commission staff, in Exhibit No. 2, recommended that extensions to serve either TPI tracts or those of unaffiliated

2 Decision No. 70948, dated July 12, 1966, in Application No.48282, authorized Jackson Water Works, Inc. to extend mains to serve a new subdivision wherein the mains were financed by assessment bonds and the proceeds were treated as contributions to the utility rather than refundable advances. Also, Decision No. 71965, dated February 7, 1967, in Application No. 48802, authorized California Water Service Company to file a contract form to be used when main extensions are to be financed by assessment bonds, which contract form provides for refunds similar to refunds of advances except that they are payable to the city or county involved, as trustee for and for distribution ratably to the owners of the properties assessed.

developers be treated as contributions rather than advances whenever financed by assessment bonds. The Attorney General concurred in this recommendation and moved that the Commission order applicant to rescind the agreements with the unaffiliated developers. Based upon the evidence in this proceeding, it does not appear that applicant need take any affirmative action to rescind the agreements. On the basis of this record, applicant need not honor the agreements, because its main extension rule clearly states that a subdivider shall be required to advance the necessary funds to the utility, whereas in these instances the county advanced the funds. It is recognized, however, that neither the subdivider nor the county are parties to this proceeding nor were they present at the hearing. If the subdivider or the county, or both, wish to present further evidence or to argue that refunds are rightfully due either the subdivider or the county, those parties may institute appropriate proceedings with the Commission to press their claims.

We wish to emphasize the fact that, even though the utility had no control over the actions of an unaffiliated subdivider, it has a responsibility to its customers to avoid being a party to procedures which circumvent its filed tariffs by refunding to subdividers the funds provided or already reimbursed to the subdividers by the county.

The effect on rate base and operating expenses of the treatment accorded extensions to serve nonaffiliated developers is not of sufficient magnitude, at this time, to alter our opinion as to the level of applicant's rates that should be authorized. For this reason, further consideration of this question could have been omitted. The matter is, however, of sufficient importance that the

opinion of this Commission as to the proper rate-making treatment to be accorded this type of transaction should be clearly set forth.

In those instances where the funds to construct or acquire utility plant were derived from special assessment bond proceedings, it is our opinion that applicant's contention that such plant is the proper subject of main extension agreements violates a long-standing fundamental concept of utility rate making followed by this Commission, except when refunds under the main extension agreements are payable to a public agency for credit equitably to the owners of the property subject to assessment. The fact that a utility has entered into a main extension agreement with the developer in connection with such properties does not alter the nature of the contribution from the county. We will, therefore, regard the investment in all properties financed through the issue of assessment bonds as contributions for rate-making purposes unless refunds under an extension agreement are payable directly or indirectly to the owners of the assessed property.

Another issue raised by the staff is the question of whether applicant need take any action to insure that it has title to plant financed by assessment bonds. The evidence shows that in all of the tracts developed by TPI wherein assessment bonds were involved, the county and applicant had entered into agreements whereby title to the water facilities would be vested in applicant, not in the county nor in applicant's parent corporation. In the two extensions for unaffiliated developers, no such agreement was entered into with the county, but applicant did the construction under main extension agreements which provide, among other things, that the facilities shall be the sole property of the utility.

In those cases, the county apparently never owned the facilities and merely donated funds for the developer to advance to applicant. The county has offered to quitclaim to applicant any title that county might have in the water systems financed by assessment bonds. In view of the apparent invalidity of the main extension agreements, this may be desirable to lay to rest any possible doubt as to applicant's title to the facilities.

Rate of Return

Applicant estimates that it will still sustain operating losses with its proposed increase in rates. The staff's estimates indicate a return of 2.1 percent at applicant's proposed rates. It is apparent that the rates proposed by applicant will not produce an excessive rate of return.

Findings and Conclusions

The Commission finds that:

1.a. Applicant is in need of additional revenues.

b. The adopted estimates, previously discussed herein, of operating revenues, operating expenses, rate base and rate of return for the test year 1967 reasonably represent the results of applicant's future operations.

c. A rate of return of 2.1 percent on applicant's rate base is not in excess of a reasonable return.

d. The increases in rates and charges authorized herein are justified; the rates, charges and rules authorized herein are reasonable; and the present rates, charges, and rules insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.

2. Applicant has not complied with General Order No. 96-A in regard to the filing of a contract for service to a governmental agency.

3. Applicant has not complied with General Order No. 103 in regard to installing a meter for measuring production at its Christmas Valley source of supply.

4.a. The water system facilities to serve Tahoe Paradise Units 25 through 31, 33 and 34, 45 through 47 and 51 were financed by El Dorado County through the sale of assessment district bonds, and were installed by independent contractors selected by the county on the basis of competitive bidding.

b. Pursuant to agreements between applicant and the county, those water system facilities were transferred to applicant.

c. Applicant's main extension rule requires the subdivider to advance, in cash, the estimated cost of an extension unless the subdivider is permitted "to construct and install the facilities himself, or arrange for their installation pursuant to competitive bidding procedures initiated by him...." (Emphasis added.) The rule further provides that the cost of the extension in such cases, "shall be paid directly by" the subdivider.

d. The transfer of facilities to applicant by the county does not constitute a refundable advance by the subdivider under applicant's main extension rule.

e. The advance of county funds to applicant for it to construct main extensions to serve Units 1 and 2 of River Park Estates and Unit 2 of Sierra Park was in violation of applicant's main extension rule.

5. Applicant has not established a work order system to support plant additions and retirements.

The Commission concludes that the application should be granted and that applicant should be authorized and directed to take the various actions set forth in the order which follows.

O R D E R

IT IS ORDERED that:

1.a. After the effective date of this order, applicant Tahoe Paradise Water and Gas Co. is authorized to file the revised rate schedules attached to this order as Appendix A, and appropriate general rules reflecting current conditions governing relationships with customers and concurrently to cancel its present rate schedules. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be September 1, 1967, or four days after the date of filing, whichever is later. The revised schedules and rules shall apply only to service rendered on and after the effective date thereof.

b. Prior to billing for public fire hydrant service under the rate authorized herein, applicant shall determine from Lake Valley Fire Protection District which of the present hydrants the District does not intend to use. Applicant shall not, in the future, charge for said hydrants.

c. The revised general rules to be filed by applicant shall include the following subsection to Rule No. 11, Discontinuance and Restoration of Service:

> "E. Customer's Request for Temporary Discontinuance of Service.
>
> 1. A customer may have service temporarily discontinued by giving advance notice to the utility.
> 2. The utility will charge the customer the actual cost of turning the water off and turning it on again, including the cost of using snow removal or other mechanical equipment when needed to gain access to the utility's curb stop."

d. Before the effective date of the revised rules authorized herein, applicant shall advise each of its customers, in writing, of the new Subsection E to Rule No. 11, and shall file in this proceeding a statement of the date that such notice was sent to the customers.

2. Within ten days after the effective date of this order, applicant shall file with the Commission, pursuant to the provisions of Section X.B. of General Order No. 96-A, copies of applicant's contract with the U. S. Forest Service for the provision of water service.

3. Within thirty days after the effective date of this order, applicant shall install a meter on its source of supply in Christmas Valley in conformance with Subsection II.4.a. of General Order No. 103 and shall file in this proceeding a statement of the date of completion of the installation.

4.a. Within thirty days after the effective date of this order, applicant shall adjust its books of accounts to reflect the staff's adjusted balances for utility plant, reserve for depreciation, contributions in aid of construction, and other related accounts, as set forth in the balance sheet in Table 2-A of Exhibit No. 2.

b. The motion of the Attorney General for an order directing applicant to rescind the main extension agreements covering Units 1 and 2 of River Park Estates and Unit 2 of Sierra Park is denied.

c. After the effective date of this order, applicant shall not enter into a subdivision main extension agreement pursuant to applicant's filed main extension rule unless and until the subdivider has provided written certification from a responsible county official that the county does not intend to provide public funds for construction of all or part of the extension. This requirement supersedes

paragraphs 6 and 7 of the order in Decision No. 67109, dated April 21, 1964, in Applications Nos. 46076 and 46077, which required applicant to advise the county of main extension agreements and required statements from subdividers regarding plans for assessment bond financing.

5. Within sixty days after the effective date of this order, applicant shall install an adequate work order system to support all future plant additions and retirements, and shall file in this proceeding a statement of the date of compliance with this requirement.

The Secretary of the Commission is directed to serve copies of this decision on the County of El Dorado and the developers of River Park Subdivision and Sierra Park Subdivision.

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

Dated at San Francisco, California, this 15th day of AUGUST, 1967.

President

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Schedule No. 1A

ANNUAL METERED SERVICE (T)

APPLICABILITY

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

TERRITORY

Tahoe Paradise and vicinity, near Meyers, El Dorado County. (T)

RATES

Monthly Quantity Rates:	Per Meter Per Month	
First 1,000 cu.ft. or less	$ 6.00	(I)
Next 1,000 cu.ft., per 100 cu.ft.	.38	|
Next 2,000 cu.ft., per 100 cu.ft.	.30	|
Over 4,000 cu.ft., per 100 cu.ft.	.27	(I)

Annual Minimum Charge:	Per Meter Per Year	
For 5/8 x 3/4-inch meter	$ 72.00	(I)
For 3/4-inch meter	90.00	|
For 1-inch meter	108.00	|
For 1½-inch meter	162.00	|
For 2-inch meter	252.00	(I)

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.

(Continued)

Schedule No. 1A

ANNUAL METERED SERVICE

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 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 except that meters may be read and quantity charges billed during the winter season at intervals greater than three months. (T)

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)

Schedule No. 2RA

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service furnished on an annual basis. (T)

TERRITORY

Tahoe Paradise and vicinity, near Meyers, El Dorado County. (T)

RATE

	Per Service Connection Per Year	
For a single-family residential unit, including premises	$72.00	(I) (I)

SPECIAL CONDITIONS

1. The above flat rate applies to a service connection not larger than one inch in diameter. (T)

2. For service covered by the above classification, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day. (T)

(Continued)

Schedule No. 2RA

ANNUAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS--Contd.

3. The annual flat rate 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 flat rate charges in advance at intervals of less than one year in accordance with the utility's established billing periods. (T)

4. The opening bill for flat rate service shall be the established annual flat rate 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)

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to municipalities organized fire districts and other political subdivisions of the State. (T)

TERRITORY

Tahoe Paradise and vicinity, near Meyers, El Dorado County. (T)

RATE	Per Month	
For each hydrant	$3.00	(I)

SPECIAL CONDITIONS

1. Water delivered for purposes other than fire protection shall be charged for at the quantity rates in Schedule No. 1A, Annual Metered Service. (T)

2. Cost of installation and maintenance of hydrants will be borne by the utility except when borne by a subdivider pursuant to utility's main extension rule.

3. The cost of relocation of any hydrant shall be paid by the party requesting relocation. (T)

4. Hydrants shall be connected to the utility's system upon receipt of written request from the public authority which is to be responsible for payment of monthly charges. The written request shall designate the specific location of each hydrant and, where appropriate, the type and size. (N)

5. The utility undertakes to supply only such water at such pressure as may be available at any time through the normal operation of its system.