

ORIGINAL

Decision No. 74422

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SOUTHWEST WATER COMPANY, a
California corporation, for
authority to increase rates in
its La Mirada District,
Independence Square District.
(Total La Mirada District)

Application No. 49706
(Filed October 3, 1967)

Guy & Smith, by Arthur D. Guy, Jr.,
Walker Hannon, and Daniel J. Reed,
for applicant.
Joseph Rotella, for Los Angeles County
Fire Department; James R. Lowry,
Samuel C. Sharp, Andrew T. Gorman,
Mrs. Patricia A. Whitcher, and
Mrs. Bernadine Heintzen; protestants.
Alex Googooian, for City of La Mirada;
Interested party.
David R. Larrouy, Counsel; Bruno A.
Davis and Raymond E. Heytens, for
the Commission staff.

O P I N I O N

By this application, Southwest Water Company seeks authority to increase rates for water service in its La Mirada District by a gross annual amount of \$296,785, or 34.2 percent, based on its estimated operations for the year 1968 (based upon Commission staff estimates for said operations, the requested increase over present rates would be \$307,470, or 35 percent). Combining of its La Mirada, South La Mirada and Independence Square general and South La Mirada limited metered service rates into a single schedule is proposed. Changing from a minimum to a service

charge form of rate, discontinuing residential flat rate service, and consolidating and simplifying schedules of charges for both public and private fire protection and hydrant service are also proposed.

Public hearings were held on March 12, 13, 14 and 15, 1968, before Examiner Warner at La Mirada. The receipt of several letters protesting the magnitude of the rate increase was noted on the record; attending the hearings were some 17 customers, of whom eleven testified also protesting the magnitude of the increase. The City of La Mirada appeared as an interested party; conceded that some financial relief might be warranted; but also protested the magnitude of the rate increase sought. The matter was submitted subject to the filing of closing statements on April 1, 1968. It is now ready for decision.

General Information

Applicant provides water service in its four districts, to wit: the La Mirada and Independence Square Districts in Los Angeles and Orange Counties, with their total average number of general metered service customers estimated for the year 1968 of 12,107, including 53 in Independence Square; the Etiwanda District, with about 400 customers in the Etiwanda area in San Bernardino County; and the La Sierra District in the City of Riverside, serving some 6,000 customers in the La Sierra area.

Total company revenues for the 12 months ending June 30, 1967 were \$1,369,612.

Total utility plant, as of June 30, 1967, amounted to \$9,756,074, with a related depreciation reserve of \$1,772,765.

As of the March 14 hearing date, Camille A. Garnier was president; Walker Hammon, executive vice president; Cecil H. Smith, treasurer; Vern McNeese, assistant treasurer; and Mildred Brittain, assistant secretary. Those officers were generally the same as those of Suburban Water Systems and Vallecito Water Company (except that Anton A. Garnier, Camille Garnier's son, is now president of Suburban). Camille A. Garnier was also president of East Pasadena Water Company. The latter is a director of applicant, Suburban and East Pasadena, but not of Vallecito.

By Application No. 49914, filed January 2, 1968, Suburban Water Systems seeks a general rate increase of approximately \$1,107,000, or 37 percent, based on its 1968 estimated operations, applicable to its nearly 50,000 customers in its San Jose Hills and Whittier-Rivera areas; and an amendment requesting interim rate relief of about \$441,000 was filed on April 1, 1968. The matters are pending.

La Mirada District Operations

The La Mirada territory covers a major portion of the City of La Mirada, and small portions of the cities of Norwalk, Cerritos, Santa Fe Springs, and Buena Park, and some adjacent unincorporated portions of Los Angeles and Orange Counties, all in the area delineated on Plate 3 of Exhibit No. 3.

Applicant maintains and operates 13 wells, the pumping of 12 of which is restricted to quantities allotted by the Central Basin

water master. Applicant's largest supplier, and the largest single source of water supply to the La Mirada District, is Suburban Water Systems, whose service area is north of and contiguous to the La Mirada District. Another large supplier is California Domestic Water Company, a mutual water company which furnishes water, not only to Southwest's La Mirada District, but also to Suburban and the Cities of La Habra and Fullerton, and others. The sources of water supply delivered by Suburban and California Domestic are in the Upper San Gabriel River Basin and are under the jurisdiction, for assessment purposes, of Upper San Gabriel Valley Municipal Water District (USGVMWD). Said sources are also the subject of Action No. 722647 in the Los Angeles County Superior Court, between the Board of Water Commissioners of the City of Long Beach, et al., plaintiffs, vs. San Gabriel Valley Water Company, et al., defendants, and USGVMWD, intervenor. A judgment was rendered in 1965 in said action based upon a stipulation for judgment filed by the parties. Since then, Action No. 924128 in the Los Angeles County Superior Court was filed on January 2, 1968. Said latter action is a suit by USGVMWD for the adjudication of the water rights in the Main San Gabriel Tributary Basins - San Gabriel River Watershed. The details of said actions are set forth in Exhibits Nos. 10, 10a, 10b, 10c, 10d, 11, 12, 13, 14, 15, 16 and 17, together with the testimony of the witness Stetson, who is one of the three water masters appointed by the Court. The gist thereof has been the levy by USGVMWD of considerable back period and current assessments for makeup water to compensate the Central Basin, below the Whittier Narrows, and for replenishment of draughts on the supply of the Upper San Gabriel Basin. The adjudication,

which is expected sometime during the year 1968, will establish Suburban's water rights in the Upper San Gabriel Basin, together with those of California Domestic, and all other pumpers in the Basin, and it will probably result in a cutback, by way of allotment, of pumping rights of each of said purveyors to Southwest, and all others. The adjudication very likely will provide that any or all pumpers from the San Gabriel Basin pay for the replenishment of ground water supplies to safe yield with Colorado River water through purchases by USGVMWD from the Metropolitan Water District of Southern California. Any excess pumpage by any or all purveyors over allotment will very likely be assessed and priced at or near the then current MWD rate. For the fiscal year July 1968 through June 1969 said rate will be \$46 per acre-foot for filtered, softened water from MWD's La Verne treatment plant.

An alternate source of supply to Southwest's La Mirada District now is and will continue to be through purchases by Southwest from Central Basin Municipal Water District (CBMWD), an MWD constituent, at a large connection to MWD's lower feeder from its Orange County Deimer plant near Yorba Linda. Said MWD supply is, and can be, delivered to the La Mirada District by means of a pressure reducer at La Mirada Boulevard and Imperial Highway. CBMWD's rate to Southwest is expected to average \$44.50 per acre-foot for unsoftened, filtered water for the year 1969, and \$48 per acre-foot for the year 1970. The current charge by Suburban to Southwest is \$26 per acre-foot, but may increase to \$45 per acre-foot in 1969 and \$47 per acre-foot in 1970 after adjudication and assessments, and transmission costs, and after taking into account line losses.

Exhibit No. 21 is a proposed trust agreement, which was the result of conferences between the Commission staff and applicant. According to said agreement, the differences, if any, between Suburban's base rate for Suburban water and CBMWD's rates for MWD water to Southwest would be deposited in a trust fund until July 1, 1969, subject to refund to customers upon the final determination of assessments against Suburban or California Domestic by USGVMWD for makeup, replenishment, or pumping over allotment. Southwest proposes in said exhibit to pay into the trust \$6,333.33 per month or a total of \$76,000 per year (3,800 acre-feet of water times approximately \$20 per acre-foot).

Rates

Applicant's La Mirada and South La Mirada general, and South La Mirada limited, metered service rates have been in effect since January 30, 1965, and its Independence Square general and metered flat rate service rates have been in effect since August 1, 1962.

The following tabulation compares, at various consumptions, applicant's present billings at general metered service rates in its La Mirada District with those proposed in the application, and with those authorized hereinafter. Also shown in said tabulation is a comparison of billings for general metered service by public utility water companies in the area for an assumed average consumption of 1,500 cubic feet of water per month. A number of these utilities have filed applications to increase water rates as shown in the tabulation's footnote.

LA MIRADA DISTRICT

COMPARISON OF PRESENT, PROPOSED
AND AUTHORIZED RATES
For 5/8 x 3/4-INCH METER

Present Rates								
:La Mir.:S. La Mir.:S. La Mir.:Indep. Sq.:					Proposed:	Authorized:		
Quantity:	LM-1	SLM-1	SLM-1L	IS-1	LM-1	LM-1		
ccf/mo.	General	General	Limited	General	Rates	Rates		
**								
0	\$ 2.70	\$ 2.50	\$ 2.50	\$ 3.60	\$ 2.85	\$ 2.85		
5	2.70	2.50	2.50	3.60	3.85	3.75		
10	3.14	2.90	2.50	4.32	4.85	4.65		
* 15	4.24	3.90	3.00	6.12	5.85	5.55		
20	5.34	4.90	3.50	7.92	6.85	6.45		
25	6.29	5.80	4.00	9.72	7.85	7.35		
30	7.24	6.70	4.50	11.52	8.85	8.25		
50	10.74	10.00	6.50	16.32	12.85	11.85		
75	14.74	13.75	9.00	22.32	17.85	16.35		
100	18.74	17.50	11.50	28.32	22.85	20.85		

* Per PUC Ex. No. 3 and filed tariffs.

Cal. Wtr. Serv. (E. L.A.) - \$6.35 (per Decision No. 74308, dated June 25, 1968).

E. Pasadena Wtr. Co. (A-1) \$3.55; (B-1) \$3.75.

Park Wtr. Co. - Present \$2.45; Proposed \$3.02.

Suburban Wtr. Sys. - Present \$4.11; Proposed \$5.55.

Vallecito Wtr. Co. \$3.05.

S. Gab. Val. Wtr. Co. (El Monte) \$3.65 (per Decision No. 74050, dated April 30, 1968).

S. Cal. Wtr. Co. (South Arcadia - 1) \$2.68; (San Gab. - 1) \$2.82;
(Orange Co. - 1) - \$4.93 (per Decision No. 74241, dated June 11, 1968).

** For 3/4-inch meter.

Earnings

Exhibit No. 3 is a report on the application submitted by applicant's consulting engineers. Exhibit No. 4 is a report on the application submitted by a Commission staff accountant and Commission staff engineers. Exhibit No. 7-A is a comparison of staff summary of earnings for the year 1968 estimated (revised) assuming (A) continuation of purchase rate from Suburban Water Systems, and (B) no purchased water from Suburban Water Systems.

The following tabulation summarizes the earnings data of applicant's La Mirada District for the year 1968 estimated, at present and proposed rates, as shown in Exhibits Nos. 3 and 7-A, the latter based on assumption (B), supra.

SUMMARY OF EARNINGSLa Mirada District

Item	Year 1968 Estimated			
	Present Rates		Proposed Rates	
	Per Co.	Per PUC	Per Co.	Per PUC
	Ex. 3	Ex. 7-A*	Ex. 3	Ex. 7-A*
Operating Revenues	\$ 869,038	\$ 867,630	\$1,165,823	\$1,175,100
Operating Expenses	500,762	491,300	506,698	496,900
Depreciation	145,238	136,070	145,238	136,070
Taxes	93,734	102,310	238,218	257,680
Subtotal	739,734	729,680	890,154	890,650
Net Revenues	129,304	137,950	275,669	284,450
Rate Base	3,667,785	3,385,230	3,667,785	3,385,230
Rate of Return	3.53%	4.07%	7.52%	8.40%

* Col. B - Assuming no purchased water from Suburban Water Systems.

Exhibit No. 1 is a stipulation between applicant and the Commission staff regarding certain issues, their treatment and consideration herein. By said stipulation, all of the potential major disparities between estimated results of operation for the year 1968, of both applicant and the staff, were laid to rest. Remaining, however, are the relatively minor issues of electric data processing amortization, including equipment cost and changeover expenses; the reasonableness of the level of administrative and general salaries; the reasonableness of maintaining two offices for the president; the propriety of including condemnation defense in operating expenses to be included for rate-making purposes; the prudence of applicant's contributions to its employees' retirement plan, which said contributions are governed by the prudence of the plan's investment practices; and certain differences in working cash and depreciation accrual estimates.

Rate of Return

In Chapter 13 of Exhibit No. 3 and in support of applicant's request for a 7.52 percent rate of return based on estimated operations for the year 1968 of the La Mirada District, applicant contended that its rate of return without rate relief in the La Mirada District had declined from 6.69 percent in 1965 to 5.65 percent in 1966; to 5.01 percent in 1966-1967; and to 4.49 percent and 3.53 percent for the estimated years 1967 and 1968, respectively. An analysis of increased costs to applicant since the year 1961, according to said exhibit, shows marked increases which had caused attrition in earnings of the company. Direct payroll expenses have advanced 24.8 percent since 1961; labor loading expenses have increased 39.3 percent since 1961; liability insurance costs have increased 46.6 percent during this period; and increased taxes and costs of water purchased have

continued to increase, and none of said costs show any indication of a reversal of the upward trends and the downward trend in and attrition of rate of return. The applicant contended that based on reviews of national and local water system construction costs, together with the increases in operating costs, an annual attrition in rate of return of one percent would result for the foreseeable future.

In Exhibit No. 5, a Commission staff financial expert recommended a rate of return of 7 percent on the staff rate base of \$3,385,230, after considering that a yield on common stock equity of between 11.0 percent and 13.0 percent would be sufficient. Said rate of return based on applicant's cost of money as of December 31, 1966 would yield 12 percent on common stock equity as shown in the following tabulation:

Adjusted Capital Ratios, Cost of
Money, and Assumed Earnings on Common
Equity as of December 31, 1966

Item	Adjusted:Cost		Weighted Cost Totals							
	Capital	: of	:Assumed Earnings on Common Equity							
	Ratios	:Money:	11.0:	11.5:	12.0:	12.5:	13.0:	13.5:	14.0:	
Long Term Debt	60.0	5.89	3.53	3.53	3.53	3.53	3.53	3.53	3.53	
Preferred Stock	19.9	5.31	1.06	1.06	1.06	1.06	1.06	1.06	1.06	
Common Stock Equity	20.1		2.21	2.31	2.41	2.51	2.61	2.71	2.81	
Totals	100.0		6.80	6.90	7.00	7.10	7.20	7.30	7.40	

In making his rate of return recommendation, the staff financial witness considered applicant's need to maintain its credit standing in order to finance the modernization of its La Mirada District plant; applicant's high degree of customer saturation in its La Mirada District; the competency of its management; its moderately high cost of money; and the fact that the applicant's extremely low common equity position negates any cushion against financial reverses and eliminates the necessary flexibility in its capital structure.

In Exhibit No. 7-A, the Commission staff engineering report on estimated results of operations for the years 1967 and 1968, a decline in rate of return of 0.50 percent between said periods is shown, after having placed the year 1967 on a comparable operating basis to the operations for the estimated year 1968.

Service

Section B of Chapter 14 of Exhibit No. 4 states that investigations during October 1967 and January 1968 by staff engineers indicated that applicant's facilities were generally in good condition and were providing adequate water service, the only possible exception being in portions of the system acquired from La Mirada Water Company. The record shows that applicant has a continuing program to upgrade its water system facilities in this area to alleviate service problems and to generally improve service.

Exhibit No. 2 is a report on the results of investigations by the applicant of each of the service complaints registered at the hearings.

Findings

The Commission finds that:

1. Southwest Water Company is a public utility water corporation under the jurisdiction of this Commission furnishing water service to an overall company total of approximately 18,000 customers in its La Mirada and Independence Square Districts in Los Angeles and Orange Counties; its Etiwanda District in San Bernardino County; and its La Sierra District in Riverside County.

An average number of 12,107 customers is estimated for the year 1968 in the La Mirada District, of which 53 are in the Independence Square District.

2. Applicant proposes to increase its rates for water service in its La Mirada-Independence Square Districts by a gross annual amount of \$296,785 based on its estimated operations for the year 1968, or \$307,470 based upon Commission staff estimates of said operations.

3. Applicant proposes to combine all of its present three general and one limited metered service tariffs into a single tariff; to change from a minimum service to a service charge form of rate; to discontinue its residential flat rate service tariff; and to consolidate and simplify its tariff for both public and private fire protection and hydrant service.

4. Based upon either applicant's estimates, or the staff estimates, of applicant's La Mirada earnings for the year 1968 at present rates, the rates of return which would be produced by said rates are deficient and applicant is in need of financial relief. However, the estimated rate of return of 8.40 percent which would be produced by the rates proposed in the application, as estimated for the year 1968 by the Commission staff for the La Mirada District, is excessive.

5.a. It is very likely, and may reasonably be assumed, that applicant's cost of water purchased from Suburban Water Systems and a portion of that purchased from California Domestic Water Company will equal or may exceed, during the year 1968 and thereafter, the cost of Metropolitan Water District water available to applicant from Central Basin

Municipal Water District at Imperial Highway and La Mirada Boulevard.

b. The proposed trust agreement, Exhibit No. 21, is reasonable, and has the advantages, not only of protecting consumers from being overcharged if costs of water do not meet the criteria established by Exhibit No. 21, but also of sparing them a double rate increase if costs of water meet or nominally exceed said criteria. Also, the utility's reasonable operations are assured by said proposed agreement, and the utility is spared the requirement of requesting a second increase in rates if the rates authorized hereinafter were based on present certitudes but later this year or in the immediate future proved to be deficient.

6. a. The applicant has not established the reasonableness of its proposed amortization of electric data processing equipment and expense costs.

b. The staff estimate of the level of administrative and general salaries is reasonable; the estimated cost of one office, only, for the president is reasonable; condemnation defense is not a proper operating expense for rate-making purposes; and the staff estimates of depreciation expense, working cash, and depreciation reserve and rate base as set forth in Exhibit No. 7-A and in the earnings tabulation hereinbefore shown, are reasonable.

7. a. The Commission staff recommended rate of return of 7 percent, based on the staff's various considerations thereof, including cost of money, but not limited thereto, as heretofore outlined, is reasonable.

b. Although the Commission staff's indicated decline in rate of return of 0.50 percent between the year 1967 and the year 1968, after adjusting the year 1967 to reflect certain 1968 estimated operations, covers only a one-year period, it accurately reflects

the results of past, current and foreseeable future factors which have depressed, and will continue to depress, applicant's earnings by at least that percentage degree. The applicant's estimate of a one percent annual attrition in rate of return cannot be accepted, in toto, as applicable to applicant's future La Mirada District operations since applicant's projection was based on unadjusted recorded data since the year 1965. However, in view of the announced annual increases in costs of water purchased by applicant through Metropolitan Water District constituent agencies and the fact that applicant will necessarily have to utilize Metropolitan Water District at such increased costs, or substitutes therefor at equal or nearly equal costs, and further, in view of the increasing trends of payroll costs, other operating costs, construction costs, and taxes, applicant's rate of return may reasonably be expected to decline at the annual rate of 0.50 percent as suggested by the Commission staff.

c. The following tabulation sets forth the adopted results of operation of applicant's La Mirada District for the estimated year 1968:

La Mirada District

<u>Item</u>		<u>: Estimated Test Year 1968 :</u>
		<u>: Adopted Results of Operation:</u>
Operating Revenues		\$1,111,000*
Operating Expenses		495,740
Depreciation		136,070
Taxes		<u>225,400</u>
Subtotal		\$ 857,210
Net Operating Revenues		253,890*
Rate Base		\$3,385,230
Rate of Return		7.5%*

* A portion, only, of the adopted results will be realized during the year 1968.

d. Because of the annual attrition in rate of return of 0.50 percent as heretofore discussed and found to be reasonable, an average rate of return of 7.0 percent in the La Mirada District will result over the next three years.

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

9. Applicant's proposals to combine its La Mirada, South La Mirada and Independence Square general and South La Mirada limited metered service tariffs into a single schedule; to change from a minimum to a service charge form of rate; to discontinue the offering of residential flat rate service; and to consolidate and simplify its tariffs for both public and private fire protection and hydrant protection, are reasonable. ✓

Conclusion

It is concluded that the application should be granted in part and denied in part, and that applicant should be authorized to file new schedules of rates which will produce the gross annual revenues for the test year 1968 estimated as set forth in the preceding tabulation; an increase of \$243,370 or 28 percent over the revenues which would have been produced by the present rates for the test year based on the Commission staff's estimates.

The authorized increase of \$243,370 is \$64,100 or 21 percent less than the total requested increase of \$307,470 (as estimated by the staff), contained in the application.

Applicant should be authorized and directed to enter into the proposed trust agreement, Exhibit No. 21.

O R D E R

IT IS ORDERED that:

1. Southwest Water Company is authorized to file with this Commission after the effective date of this order and in conformity with General Order No. 96-A the schedules of rates applicable to the La Mirada District attached hereto as Appendix A. The effective date of the revised schedule shall apply only after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date hereof. Concurrently with the placing in effect of the rates authorized herein, Southwest Water Company shall withdraw and cancel, by appropriate advice letter, in conformance with General Order No. 96-A, its presently effective tariff schedules LM-1, SLM-1, SLM-1L, IS-1, IS-2, LM-5, IS-5, 4FL, SLM-4F, 4HL, and SML-4H.

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 is authorized and directed to execute the proposed Trust Agreement, Exhibit No. 21.

4. In all other respects the application is denied.

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

Dated at San Francisco, California, this 23rd day of JULY, 1968.

William Lyons
President
Ed. P. Monsey
Commissioners
Stallman

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
Page 1 of 4

Schedule No. LM-1

La Mirada Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORYThe communities of La Mirada, Norwalk, Cerritos, Santa Fe Springs, Buena Park, and vicinity. Los Angeles and Orange Counties. (T)
(T)RATES

Service Charge:

	Per Meter Per Month
For 5/8 x 3/4-inch meter	\$ 2.85
For 3/4-inch meter	3.00
For 1-inch meter	4.00
For 1 1/2-inch meter	8.00
For 2-inch meter	10.00
For 3-inch meter	15.00
For 4-inch meter	20.00
For 6-inch meter	30.00
For 8-inch meter	50.00

Quantity Rates:

For all water delivered, per 100 cu.ft.	0.18
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The service charge is applicable to all metered service. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rates, for water used during the month.

(C)

(C)

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Schedule No. 4F

All Tariff AreasPRIVATE FIRE PROTECTION SERVICEAPPLICABILITY

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

(D)

TERRITORY

Throughout all tariff areas.

(D)

RATEPer Month

For each inch of diameter of service connection \$3.00

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

(T)

2. The minimum diameter for fire protection service shall be four inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.

(D)

3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

4. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund.

(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.

(N)

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Schedule No. 4H

All Tariff Areas

(D)

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished to privately owned fire hydrants.

TERRITORY

Throughout all tariff areas.

(D)

RATE

Per Month

For each inch of diameter of service connection.

\$3.00

(C)

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

(T)

2. The minimum diameter for fire protection service shall be four inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.

3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

4. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility.

(T)

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.

(N)

(N)

APPENDIX A
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Schedule No. LM-5

La Mirada Tariff Area

PUBLIC FIRE HYDRANT SERVICE

(T)

APPLICABILITY

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

TERRITORY

The communities of La Mirada, Norwalk, Cerritos, Santa Fe Springs, Buena Park, and vicinity, Los Angeles, and Orange Counties.

RATE

Per Month

For each 4-inch hydrant	\$2.50
For each 6-inch hydrant with multiple outlet ..	3.50

SPECIAL CONDITIONS

1. Water delivered for purposes other than fire protection shall be charged for at the quantity rates in Schedule No. 1, Motored Service.

2. The cost of relocation of any hydrant shall be paid by the party requesting relocation.

3. Hydrants shall be connected to the utility's system upon receipt of written request from a public authority. The written request shall designate the specific location of each hydrant and, where appropriate, the ownership, type and size.

(T)

4. 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.

(N)

(N)