

Decision No. 74524

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
the Southern California Water Company  
for an order authorizing it to increase  
the rates and charges for water service  
in its Pomona Valley District.

Application No. 49938  
(Filed January 9, 1968)

In the Matter of the Application of  
Southern California Water Company for  
authority to effect an increase in  
water rates in its Pomona Valley Dis-  
trict to offset the increased Federal  
income taxes resulting from the 10%  
Surcharge imposed by the Revenue and  
Expenditure Control Act of 1968.

Application No. 50450  
(Filed July 31, 1968)

O'Melveny & Myers, by Donn B. Miller, for applicant.  
Cyril M. Saroyan, Counsel, and Jerry J. Levander,  
for the Commission staff.

O P I N I O N

Applicant Southern California Water Company seeks authority  
to increase rates for water service in its Pomona Valley District.

Public hearing was held before Examiner Catey in Claremont  
on June 11 and 12, 1968. Copies of the application had been served  
and notice of hearing had been published and posted, in accordance  
with this Commission's rules of procedure. The matter was submitted  
on June 12, 1968, with the understanding that the effect of a recent  
income tax surcharge would be considered concurrently if an appro-  
priate pleading were timely filed.

Testimony on behalf of applicant was presented<sup>1/</sup> by the  
assistant to its president, its vice-president, its rate and valua-  
tion department assistant manager, and its consulting accountant.  
The Commission staff presentation<sup>1/</sup> was made through two accountants

<sup>1/</sup> Testimony relating to overall company operations had been pre-  
sented by witnesses for applicant and the staff in Applications  
Nos. 49420 and 49681, the Southwest and Orange County Districts  
rate proceedings. This testimony was incorporated by reference  
in the record in Application No. 49938.

A. 49932,, 50450 ds \*

and an engineer. Four customers testified in opposition to the rate increase.

#### Service Area and Water System

Applicant owns and operates water systems in eighteen districts and an electric system in one district, all in California. Its Pomona Valley District includes the City of Claremont and portions of the cities of Chino, Montclair, Pomona and Upland, and unincorporated areas of Los Angeles and San Bernardino Counties adjacent to those communities.

The Pomona Valley District includes two systems which are not physically interconnected but, except for some historical differences in fire hydrant rates, are maintained and operated as a single entity. Most of the area served by those systems is residential, with some small industrial and commercial zones included.

About half of the water supply for this district is obtained from applicant's 23 wells. Some well water also is purchased from Pomona College. Additional sources are five connections to the facilities of Pomona Valley Municipal Water District (PVMWD) and Chino Basin Municipal Water District (CBMWD), member agencies of Metropolitan Water District of Southern California (MWD).

The distribution systems include about 110 miles of mains, ranging in size up to 14-inch. There are about 7,200 metered services, 26 private fire protection services and 740 public fire hydrants. Ten reservoirs and storage tanks, with appurtenant booster pumps, maintain system pressure and provide storage in nine zones within the two separate distribution systems.

#### Service

Field investigations of applicant's operations, service and facilities in its Pomona Valley District were made by the

Commission staff. The plant was found to be in good condition and adequate service was being furnished. Only three informal complaints regarding service have been registered with the Commission during the past five years. A staff engineer reviewed customer complaints in applicant's files and interviewed several customers. In general, applicant apparently corrects promptly any inadequacies in service. One customer testified, however, that the water supplied by applicant was often dirty and sandy and that an employee of applicant told her last summer that a flushing valve would be installed on the dead-end main serving her property, but the water still was not clean. There apparently had been some lack of communication within applicant's organization and the valve had not been installed. Applicant investigated this isolated complaint and, on June 12, 1968, installed the flushing valve and instituted a regular program for its use in the future.

#### Rates

Applicant's present tariffs include a single schedule for general metered service in the two separate areas within the Pomona Valley District, a special limited irrigation service schedule, a special agreement for off-peak metered service to Chino Unified School District, and two separate schedules for fire hydrant service in the Chino and Claremont Tariff Areas. In addition, applicant's present company-wide schedules for temporary flat rate service, private fire protection service and service to applicant's employees are now applicable to the Pomona Valley District.

Applicant's present general metered service rates were established in 1964, at which time applicant voluntarily reduced and made uniform the rates in the Chino and Claremont Tariff Areas.

Applicant proposes to increase its Pomona Valley District general metered service rates, to establish a separate schedule for service to municipal departments of the City of Claremont rather than to have such service covered by a special condition in the general metered service schedule, to eliminate the off-peak rate to Chino Unified School District, to convert the present minimum charge type schedule for general metered service and service to municipal departments of the City of Claremont into the service charge type of rates, to increase private fire protection service rates and to restate the present public fire hydrant service rates in a single schedule.

The following Table I presents a comparison of applicant's present general and municipal metered service rates with those proposed by applicant:

TABLE I  
COMPARISON OF MONTHLY RATES

<u>Item</u>	<u>Present</u>	<u>Proposed</u> <sup>+</sup>
<u>General Metered Service</u>		
Minimum or Service Charge	\$ 2.10*	\$ 2.10*
First 700 cu.ft., per 100 cu.ft.	.00*	.142
Next 1,800 cu.ft., per 100 cu.ft.	.195	.142
Next 7,500 cu.ft., per 100 cu.ft.	.13	.142
Next 40,000 cu.ft., per 100 cu.ft.	.12	.142
Next 50,000 cu.ft., per 100 cu.ft.	.12	.118
Over 100,000 cu.ft., per 100 cu.ft.	.11	.118
<u>Municipal Depts., City of Claremont<sup>o</sup></u>		
Minimum or Service Charge	\$ 2.10*	\$ 2.10*
First 700 cu.ft., per 100 cu.ft.	.00*	.10
Next 1,800 cu.ft., per 100 cu.ft.	.195	.10
Next 7,500 cu.ft., per 100 cu.ft.	.13	.10
Next 90,000 cu.ft., per 100 cu.ft.	.12	.10
Over 100,000 cu.ft., per 100 cu.ft.	.11	.10
<u>Newman School, Chino Unified School Dist.</u>		
Minimum or Service Charge	\$35.00#	\$21.00#
First 26,200 cu.ft., per 100 cu.ft.	.00#	.142
Next 23,800 cu.ft., per 100 cu.ft.	.11	.142
Over 50,000 cu.ft., per 100 cu.ft.	.11	.118

\* Minimum charge or service charge for 5/8 x 3/4-inch meter. A graduated scale of increased charges is provided for larger meters.

<sup>o</sup> All meter readings combined for purpose of computing bills.

# Minimum charge or service charge for 4-inch meter.

+ Until the 10% surcharge on Federal income tax is removed, bills computed under these rates will be increased by 1.9%.

For the average of about 3,300 cubic feet per month used by commercial customers in this district, through a 5/8 x 3/4-inch meter the monthly charge will increase two percent, from \$6.65 under present rates to \$6.79 under the rates proposed in the original application. Because of the rather high average consumption, many customers have 1-inch meters. For service through the larger meter, the monthly charge will increase 14 percent, from \$6.65 under present rates to \$7.59 under the rates proposed in the original application, reflecting the difference in actual cost of furnishing a given quantity of water through different sizes of meters. The temporary 1.9 percent surcharge will add \$0.13 to \$0.14 to the average monthly charges.

A councilman for the City of Claremont, testifying on behalf of herself and her constituents, pointed out that many users are retired or otherwise on fixed, limited incomes, use less than 500 cubic feet of water per month, and can ill afford to pay any more for water service. For a customer using 500 cubic feet of water per month, through a 5/8 x 3/4-inch meter the monthly charge will increase 34 percent, from \$2.10 under present rates to \$2.81 under proposed rates. Applicant's cost of service studies show, however, that the \$0.71 increase is justified and that the present minimum charge form of rate does not result in an equitable distribution of charges.

The Pomona Valley Tariff Area now has a special off-peak metered service rate, applicable to a school in the Chino Unified School District, pursuant to a contract which one of applicant's predecessors entered into with the district. When the contract was negotiated, the water system was not adequate to supply the concurrent peak load of the school and other customers. This is no longer the case and the school now is not required to take off-peak service. Under these circumstances, applicant proposes in the future to apply the general metered service rate.

The assistant superintendent of the Chino Unified School District testified that the district's water bills would increase about 24 percent, from an annual amount of \$1,338 under the present off-peak rate to \$1,654 under the proposed general metered service rates. Although the percentage increase is greater than for the average customer, the upgrading from off-peak to unrestricted service should be of benefit to the district. With the present system capabilities, the unrestricted service to the school will not be a potential detriment to the service rendered to other customers. The conditions which originally required the off-peak service and justified the off-peak reduced rate no longer exist.

Applicant now has a special measured irrigation rate applicable only to the irrigation of a two-acre parcel in Claremont. No increase is requested in this rate nor in the public fire hydrant rates and the company-wide rate for temporary flat rate service.

Applicant's present "company-wide" private fire protection service schedule excludes four specific districts. In rate proceedings involving those districts, the Commission found that a monthly charge of \$2 per inch diameter of service was reasonable, rather than the \$1 per inch set forth in the "company-wide" schedule. Eventually, when all districts have had rate proceedings, the present "company-wide" schedule can be replaced with a revised schedule. In the meantime, as each district is covered by a rate proceeding, a separate increased schedule is authorized for that district.

#### Results of Operation

Witnesses for applicant and the Commission staff have analyzed and estimated applicant's operational results. Summarized

A. 49938, 50450 ds \*

in Table II, from the staff's Exhibits Nos. 5 and 5-A and applicant's Exhibits Nos. 1 and 1-A, are the estimated results of operation for the test year 1968, under present rates and under those proposed by applicant, before considering the additional expenses and offsetting revenue requirement resulting from the ten percent surcharge to Federal income tax. For comparison, this table also shows the corresponding results of operation, modified as discussed hereinafter.

TABLE II  
ESTIMATED RESULTS OF OPERATION  
TEST YEAR 1968

<u>Item</u>	<u>Staff</u>	<u>Applicant</u>	<u>Modified</u>
<u>At Present Rates</u>			
Operating Revenues	\$ 617,600	\$ 617,000	\$ 617,600
<u>Deductions</u>			
Purchased Water, Power & Chemicals	182,900	187,200	187,200
Water Assessments	0	2,000	0
Maintenance of Meters	2,700	3,300	2,700
Customer Accounts Expense	27,500	27,800	27,500
Direct Admin. & Genl. Expense	20,000	21,300	20,000
Allocated Expenses & Taxes	27,200	29,300	27,200
Direct Taxes, Excl. Franch. & Inc. Taxes	68,300	69,900	68,300
Depreciation Expense	78,500	77,800	78,500
All other Deduct., Excl. Fr. & Inc. Taxes	59,200	59,200	59,200
Subtotal	466,300	477,800	470,600
Local Franchise Taxes	2,800	2,800	2,800
Income Taxes	15,200	8,700	12,600
Total Deductions	484,300	489,300	486,000
Net Revenue	133,300	127,700	131,600
Rate Base	2,387,700	2,441,600	2,398,200
Rate of Return	5.58%	5.23%	5.49%
<u>At Rates Proposed by Applicant</u>			
Operating Revenues	\$ 707,800	\$ 709,200	\$ 707,800
<u>Deductions</u>			
Excl. Franchise & Income Taxes	466,300	477,800	470,600
Local Franchise Taxes	3,200	3,300	3,200
Income Taxes	61,600	56,300	59,100
Total Deductions	531,100	537,400	532,900
Net Revenue	176,700	171,800	174,900
Rate Base	2,387,700	2,441,600	2,398,200
Rate of Return	7.40%	7.04%	7.29%

From Table II it can be determined that the rates requested by applicant, exclusive of the temporary 1.9 percent increase due to the income tax surcharge, will result in an increase of 15 percent in operating revenues.

The principal differences between the estimated results of operation for the test year 1968 presented by applicant and those presented by the Commission staff are set forth as separate items in Table II, and are discussed hereinafter.

#### Operating Revenues

The staff had more recent data regarding customer growth and water consumption than was available when applicant's estimates were prepared. The staff's revenue estimates are adopted in Table II.

#### Operating Expenses

The difference between applicant's and the staff's estimates of purchased water, power and chemicals results from differences in the proportions estimated to be produced from the various sources, inasmuch as applicant's and the staff's estimates of total water sold are almost identical. The staff's estimates do not take into account the fact that the proportions of water from the various sources must be balanced to maintain control of the quality of the blended end product. Applicant's estimates of purchased water, power and chemicals are adopted in Table II.

The staff excluded from operating expense the assessments on applicant's stock in a mutual water company. Applicant did not obtain any water from that source during the past six years and does not estimate that it will in the near future. The staff's exclusion is appropriate for rate-making purposes and is adopted in Table II.

The staff estimated a reduction in cost of maintaining meters, due to the longer period between tests now permitted by



General Order No. 103. Although the cost per meter tested and repaired will presumably not change significantly, the number of meters tested and repaired per year should be lower. The staff's estimate of this expense is adopted in Table II.

It is not feasible for applicant's district managers, with their wide and varied duties and responsibilities, to keep detailed records as to how much of their time is chargeable to each of many districts under their supervision. In lieu of time records, applicant's vice-president and its Eastern Division manager confer periodically in an effort to estimate appropriate allocation of his salary, less any portion capitalized, to Pomona Valley District and the seven other districts under his supervision. They further break down the Pomona Valley District allocated portion of his expensed salary into six separate accounts within the district's expenses. The record is not persuasive that it is possible to determine with any reasonable degree of accuracy such a minute breakdown of the division manager's responsibilities. The staff recommends in Exhibit 5 that, after deducting the portions of the division manager's salary charged to capital, the remainder chargeable to expense be allocated on the same four-factor basis used by applicant and the staff to allocate general office expenses.<sup>2/</sup> The staff's recommended basis is used in the customer accounts expense and direct administrative and general expense adopted in Table II.

2/ The method here recommended by the staff is identical in end result with the method of allocating general office expenses found by the Commission in Decision No. 73827, dated March 12, 1968, in Application No. 49420, to be inappropriate for recording expenses in applicant's books. The process of arriving at the end result is different in that, for general office expense allocations, the four-factor percentage is applied to the total expenditure and also to the total credit for amounts capitalized, whereas the staff's recommended method of allocation of the division manager's salary is to apply the four-factor percentage to the net salary after crediting portions charged to capital. If we let T= total salary, C= capitalized portion of salary, and F= four-factor percentage, it is apparent that  $F(T-C)$  is mathematically identical with  $FT-FC$ . The Commission is reconsidering its finding in Decision No. 73827 in the light of further explanation filed by applicant in a petition for modification of that decision.

There are numerous minor differences between the independent estimates of applicant and the staff for direct district expenses in the various accounts within the administrative and general group of expenses. The net difference is almost entirely in estimates of expenditures for injuries and damages. Applicant used the accruals to an injuries and damages reserve, whereas the staff reviewed payments actually made from the reserve. The staff estimate of direct administrative and general expenses is adopted in Table II.

Staff Exhibit No. 9 in Application No. 49681, which has been incorporated by reference in this proceeding, sets forth amendments to the staff's original estimates of general office administrative and general expenses which had been presented in an earlier proceeding. The amendments incorporated the changes which were found to be appropriate by the Commission in Decision No. 73827, dated March 12, 1968, in that earlier proceeding, Application No. 49420. The allocation of those expenditures and general office taxes by the staff on a four-factor basis is adopted in Table II.

The staff's estimates of direct taxes other than franchise and income taxes are lower than applicant's primarily because actual ad valorem tax bills, which were available by the time the staff's estimates were being prepared, were somewhat lower than had been projected in applicant's earlier estimates. The staff estimates for this group of taxes are adopted in Table II.

The staff's estimate of depreciation expense is higher than applicant's primarily because of the staff's full-year weighting accorded depreciable plant acquired by applicant from a mutual water company but not yet entered in applicant's capital accounts as of the first of the year. The staff basis is appropriate for rate-making purposes and is adopted in Table II.

The differences between the income tax estimates of applicant and the staff are due entirely to the difference in revenues and expenses covered in the foregoing discussion. The income taxes adopted in Table II reflect the revenues and expenses adopted in that table. A minor addition of \$700 is made in the depreciation deduction for income tax purposes to reflect full-year weighting of depreciable plant acquired from a mutual water company, consistent with the staff's basis for estimating book depreciation. This is based upon estimated book depreciation because, inasmuch as the property was acquired rather than constructed by applicant, it is reasonable to assume that liberalized depreciation methods cannot be applied to this plant for tax purposes.

The differences between the rate base estimates of applicant and the staff are due primarily to the staff's exclusion of the \$46,000 cost of certain lands which the staff did not consider to be used or necessary in the present utility operation. The evidence shows that four of the excluded parcels, representing a deduction of \$10,500, were portions of lots which could not reasonably have been acquired in a smaller size and which, after acquisition, could not reasonably have been divided into smaller parcels for resale. The staff's estimate of rate base, increased by \$10,500, is adopted in Table II.

#### Rate of Return

In a recent rate proceeding involving applicant's Southwest District, the Commission found that an average rate of return of 6.9 percent over the next three years is reasonable for applicant's operations. In Exhibit No. 3, the staff recommends that the rate of return be set within the range of 6.75 to 6.90 percent.

Applicant's estimates for the test years 1967 and 1968 indicate an annual decline of 0.22 percent in rate of return at proposed rates. The staff's estimates show an annual decline of 0.39 percent at proposed rates.

The comparative rates of return for two successive test years, or for a series of recorded years, are indicative of the future trend in rate of return only if the rates of change of major individual components of revenues, expenses and rate base in the test years, or recorded years, are reasonably indicative of the future trend of those items. Distortions caused by abnormal, nonrecurring or sporadically recurring changes in revenues, expenses, or rate base items must be avoided to provide a valid basis for projection of the anticipated future trend in rate of return.

Testimony of applicant's witnesses shows that many of their expense estimates for 1967 were based upon actual and anticipated expenditures for that year, unadjusted for average conditions. From the responses to questions regarding the trend of several items, there appear to be more of their 1967 expenses which are above normal than below normal, thus showing less attrition in rate of return between 1967 and 1968 than if both years had been estimated on the same basis. Examples of items creating distortions in trend are the 1967 estimates of maintenance of pumps, reservoirs and tanks, which estimates are, respectively, 36 percent, 325 percent and 18 percent higher than the corresponding 1968 estimates.

Testimony of a staff witness shows that a few of his expense and related estimates for 1967 do not show a realistic trend when compared with the corresponding normal-year estimates. Examples of items creating distortions in trend are the 1967 estimates of

A: 49938, 50450 ds \*

unaccounted-for water, cost of purchased water, wage rates, federal income tax depreciation deduction and investment tax credit, which estimates are, respectively, 27 percent lower, zero percent lower, zero percent lower, two percent higher and 21 percent higher than the corresponding 1968 estimates. The elimination of trend of wage rates and cost of purchased water understates the attrition in rate of return; the unlikely annual changes indicated by the 1967 estimates of unaccounted-for water, federal income tax depreciation deduction and investment tax credit overstate the attrition.

As an indication of the past trend in rate of return under the present water rates, applicant shows in Exhibit No. 1 rates of return for the year 1964 through the year ended June 30, 1967, based upon actual recorded data adjusted only to normal annual consumption. An average decline of 0.36 percent per year would have been experienced during that period. This, in itself, is not necessarily indicative of the future, however, because applicant did not present any studies showing the reasons for the variations causing the decline in rate of return during the 2 1/2-year period.

Although the record is somewhat deficient as to trends, there is no reason to believe that the trend in rate of return will level off in the next few years to less than 0.4 percent per year, which is approximately the projection made by the staff.

The rate increase authorized herein will not be in effect for about the first two-thirds of the year 1968. With the indicated future trend in rate of return, the 7.29 percent return which would have resulted under applicant's proposed rates if in effect for the full test year 1968, should produce rates of return of approximately 6.4 percent for 1968 (with only about one-third of the year at the new rates), 6.9 percent for 1969 and 6.5 percent for 1970. ✓

Surcharge to Federal Income Tax

Subsequent to the filing of Application No. 49938, a ten percent surcharge to Federal income taxes was imposed by the Revenue and Expenditure Control Act of 1968. The surcharge is retroactive for the full year 1968 and, unless extended, expires June 30, 1969. Application No. 50450 shows that a 1.75 to 1.91 percent surcharge on bills computed under the metered service rates requested in the original application will be required to offset the effect of the income tax surcharge and produce the same net revenues indicated hereinbefore in Table II. Based upon the revenues and taxes adopted herein, the appropriate surcharge to applicant's metered service rates is 1.9%. This surcharge on its bills will offset only the future effect of the tax surcharge and is not designed to recoup any of the increased taxes on net revenue produced prior to the effective date of the increased water rates authorized in this proceeding.

Findings and Conclusion

The Commission finds that:

1. Applicant is in need of additional revenues.
2. The adopted estimates, previously discussed herein, of operating revenues, operating expenses and rate base for the test year 1968, and an annual decline of 0.4 percent in rate of return, reasonably indicate the results of applicant's operations for the near future.
3. A rate of return of from 6.4 to 6.9 percent on applicant's rate base for the next three years is not in excess of a reasonable return.
4. The increases in rates and charges authorized herein are justified; the rates and charges authorized herein are reasonable;

and the present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.

The Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that, after the effective date of this order, applicant Southern California Water Company is authorized to file for its Pomona Valley District the revised rate schedules attached to this order as Appendix A, and concurrently to cancel its present Schedules Nos. PV-1, CH-2 and Cl-5 and the special off-peak contract rate for service to a school in Chino Unified School District, and also concurrently to file a revised Schedule No. AA-4 to remove its applicability to the Pomona Valley District. Such filings shall comply with General Order No. 96-A. The effective date of the new and revised schedules shall be four days after the date of filing. The new and revised schedules shall apply only to service rendered on and after the effective date thereof.

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

Dated at San Francisco, California, this  
13<sup>th</sup> day of AUGUST, 1968.

William Synovius  
President  
[Signature]  
[Signature]  
[Signature]

Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Fred P. Morrissey, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
Page 1 of 7

Schedule No. PV-1

Pomona Valley Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

(T)

TERRITORY

The City of Claremont, portions of the Cities of Chino, Montclair, Pomona, Upland and adjacent unincorporated territory in Los Angeles and San Bernardino Counties;

(T)

RATESPer Meter  
Per Month

## Service Charge:

For 5/8 x 3/4-inch meter .....	\$ 2.10	
For 3/4-inch meter .....	2.25	(C)
For 1-inch meter .....	2.90	
For 1 1/2-inch meter .....	4.50	
For 2-inch meter .....	7.00	
For 3-inch meter .....	14.00	
For 4-inch meter .....	21.00	
For 6-inch meter .....	35.00	
For 8-inch meter .....	60.00	(C)

## Quantity Rates:

First 50,000 cu.ft., per 100 cu.ft. ....	\$ 0.142	(C)
Over 50,000 cu.ft., per 100 cu.ft. ....	0.118	(C)

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.

(T)

(T)

SPECIAL CONDITION

Until the 10 percent surcharge to federal income tax is removed, (I)  
bills computed under the above tariff will be increased by 1.9 percent. (I)



APPENDIX A  
Page 2 of 7

Schedule No. PV-4

(T)

Pomona Valley Tariff Area

(T)

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

The City of Claremont, portions of the Cities of Chino, Montclair, Pomona, Upland and adjacent unincorporated territory in Los Angeles and San Bernardino Counties.

(T)

RATE

Per Month

For each inch of diameter of service connection ..... \$ 2.00 (I)

SPECIAL CONDITIONS

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

(Continued)

APPENDIX A  
Page 3 of 7

Schedule No. PV-4

Pomona Valley Tariff Area

PRIVATE FIRE PROTECTION SERVICE  
(Continued)

SPECIAL CONDITIONS (Contd.)

to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund.

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

APPENDIX A  
Page 4 of 7

## Schedule No. PV-5

Pomona Valley Tariff AreaPUBLIC FIRE HYDRANT SERVICEAPPLICABILITY

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

TERRITORY

The City of Claremont, portions of the Cities of Chino, Montclair, Pomona and Upland and adjacent unincorporated territory in Los Angeles and San Bernardino Counties.

RATESPer Month

## CITY OF CLAREMONT

For hydrant attached to mains less than 4 inches in diameter .....	\$ 1.00
For hydrant attached to 4-inch mains, or larger .....	2.00

## COUNTY OF LOS ANGELES

For each hydrant .....	2.00
------------------------	------

## COUNTY OF SAN BERNARDINO

For each hydrant with 2½ x 2½-inch hydrant head .....	1.50
For each hydrant with 4 x 2½-inch hydrant head .....	2.00

SPECIAL CONDITIONS

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

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

(Continued)

APPENDIX A  
Page 5 of 7

Schedule No. PV-5

Pomona Valley Tariff Area

PUBLIC FIRE HYDRANT SERVICE  
(Continued)

SPECIAL CONDITIONS (Contd.)

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.

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.

APPENDIX A  
Page 6 of 7

Schedule No. PV-7ML

(N)

Pomona Valley Tariff AreaLIMITED METERED SERVICE

(N)

APPLICABILITY

Applicable to metered water service to the City of Claremont.

(N)

TERRITORY

The City of Claremont, Los Angeles County.

(N)

RATES

Quantity Rate:	Per Month	
For all water delivered, per 100 cubic feet .....	\$ .10	(C)
Service Charge:		
For 5/8 x 3/4-inch meter .....	\$ 2.10	(C)
For 3/4-inch meter .....	2.25	
For 1-inch meter .....	2.90	
For 1 1/2-inch meter .....	4.50	
For 2-inch meter .....	7.00	
For 3-inch meter .....	14.00	
For 4-inch meter .....	21.00	
For 6-inch meter .....	35.00	
For 8-inch meter .....	60.00	(C)

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the monthly charge computed at the Quantity Rate.

SPECIAL CONDITIONS

1. All meter readings for municipal departments of the City of Claremont will be combined for the purpose of computing a single monthly bill. (T)

2. During periods of high demand, service under this schedule applicable to municipal parks may be restricted to off-peak hours. (N)

(Continued)

APPENDIX A  
Page 7 of 7

Schedule No. PV-7ML

Pomona Valley Tariff Area

LIMITED METERED SERVICE  
(Continued)

SPECIAL CONDITIONS (Contd.)

3. Until the 10 percent surcharge to federal income tax is removed, (I) ✓  
bills computed under the above tariff will be increased by 1.9 percent. (I)