

ORIGINAL

Decision No. 76679

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of )  
BASS LAKE WATER COMPANY, a California )  
corporation under Section 454 of the )  
Public Utilities Code for authority )  
to increase rates for water service. )

Application No. 51201  
(Filed June 19, 1969)

R. W. Rushton and John J. Plaunt, for applicant.  
Mrs. Myrvel Carr, for Pines Civic Council, Inc.;  
Robert K. Sheffield, for Oak Road Dock Assn.;  
J. Frank Martin, for himself; and Max Steude, Jr.,  
for Trailer Park; protestants  
J. E. Johnson and K. K. Chew, for the Commission staff.

O P I N I O N

Applicant Bass Lake Water Company seeks authority to increase rates.

Public hearing was held before Examiner Catey at Bass Lake on October 15, 1969. Copies of the application had been served and notice of hearing had been mailed, published and posted, in accordance with this Commission's rules of procedure. Applicant failed to publish the notice of filing of the application required by Rule 24 of the rules of procedure. Inasmuch as wide publicity of the hearing was provided and none of the parties requested a continuance, we will waive the requirement of publication of notice of filing. The matter was submitted on October 15, 1969, subject to the receipt of certain late-filed documents. Those documents since have been received.<sup>1/</sup>

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<sup>1/</sup> Item "A" was to have been an affidavit of publication of notice of filing the application. Applicant's letter stating that it had not published such notice was received as Item "A".

Testimony on behalf of applicant was presented by its accountant and its manager. Two customers testified in opposition to the proposed increase. Protestant Pines Civic Council, Inc. presented numerous letters from its members objecting to the increase, the quality of service, or both. The Commission staff presentation was made through an accountant and an engineer.

Service Area and Water System

Applicant owns and operates the water system serving an unincorporated area of Madera County adjacent to the north end of Bass Lake. Williams Resorts, Inc. (Williams) which owns all of applicant's common stock, leases the major portion of the land in the service area from Pacific Gas and Electric Company and, in turn, leases the individual residential and business sites to homeowners and business establishments. Williams also operates certain resort and business enterprises in the area and is thus a customer of its subsidiary water utility.

The water supply for this system is obtained from the north fork of Willow Creek. The maximum diversion right is 1.5 second-feet, or about 670 gallons per minute. The water flows through two redwood settling tanks in series, after which it is chlorinated before it flows by gravity into the transmission and distribution system. Four steel tanks having a combined capacity of 204,600 gallons, located at three separate sites within the service area, assist in maintaining pressures and flow of water during periods when the demand exceeds the diversion right or the flow capability of the transmission and distribution system. A booster pump on the transmission main to two of the tanks assists in filling those tanks.

The transmission and distribution system includes about 15 miles of steel and asbestos-cement mains ranging in size up to 8-inch but including sizes as small as 1-inch. There are about 550 services, of which approximately one-fourth supply permanent residences and three-fourths supply weekend or seasonal users.

Service

Applicant's parent corporation installed the original water system many years ago and operated it without Commission authorization until applicant was formed and obtained such authorization by Decision No. 59151, dated October 13, 1959, in Application No. 41040. The major portion of the system was constructed prior to July 1, 1956, the effective date of General Order No. 103, "Rules Governing Water Service Including Minimum Standards for Design and Construction". The water supplied to the public has often been deficient in quality, quantity or pressure during periods when a large proportion of seasonal and weekend residences have been occupied, or when heavy rains have washed silt, sand, and debris into the creek supply.

Decision No. 59151 states that the service problems then were principally the result of insufficient storage capacity and inadequate distribution mains. Dirty water apparently was not so serious a problem at that time as in more recent years. Applicant was ordered to (1) supplement its then existing 43,600 gallons of storage capacity by installing two tanks with a combined capacity of 60,000 gallons, (2) install a 4-inch connecting line from the chlorinator to one of the new tanks, and (3) replace a 1-inch main near the west end of the system with a 3-inch line. Decision No. 63544, dated April 10, 1962, in Application No. 41040 states that applicant did install the required storage tanks. In fact, applicant

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now has about twice the storage capacity required by Decision No. 59151 and serves only about 100 more customers than in 1959, a customer increase of about 22 percent. Staff Exhibit No. 1 in the current proceeding states that the most recent addition of a new 67,000-gallon tank near the east end of the system resulted from an informal complaint in 1967 signed by 170 customers, and from the staff's investigation of the cause of complaints from that area.

Decision No. 63544 states that the previously ordered 4-inch main from the chlorinator to a tank had been installed but that a 4-inch main had been used to replace a different 1-inch main from the one ordered by the Commission to be replaced. Inasmuch as applicant had expended \$25,000 of borrowed funds and \$10,000 of additional funds on the system improvements and was unable immediately to finance the 4-inch main covered by the original order, applicant was granted an extension of time to comply with that portion of the order.

Applicant's manager testified that there are numerous other system improvements that should be made but that applicant is unable to borrow funds with which to finance the improvements. He stated that applicant intends to invest any available net revenues generated by the water system operations in improvements to the system.

The first step in planning improvements to a system such as applicant's is to prepare a master plan of the ultimate improved system. Otherwise, improvements which must necessarily be installed piecemeal as funds are available and as emergencies arise may not be suitable for the completed improved system. The basic data for preparation of such a master plan is not readily available because applicant has failed to maintain (1) an up-to-date distribution

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system map, and (2) a record of customer complaints that would indicate problem areas.

The highest priority on system improvements should be assigned to facilities which will provide a clean and potable supply of water from the creek source. When customers must let water run to waste in a vain attempt to flush dirt and debris from their plumbing, as testified to by one of the customers, the water "consumption" will be unusually high and would overburden even normally adequate storage, transmission and distribution facilities. A staff engineer testified that the present two small sedimentation tanks are woefully inadequate. He recommended that applicant engage the services of an expert in the water works field to prepare plans and cost estimates of suitable equipment to clarify the water at the source. It is essential that applicant not use its limited funds on ill-conceived or poorly designed facilities.

#### Rates

The only rates included in applicant's tariffs are those for annual flat rate service, on a calendar year basis, payable in advance, as authorized in 1959. In addition, applicant provides metered water service under contract to the U.S. Forest Service, through one 3/4-inch and one 1 1/2-inch connection. The contract rate per meter is \$100 per year plus \$0.15 per 100 cu. ft. for all usage in excess of 20,000 cu. ft. per year. Applicant has not filed with the Commission a copy of the contract, as required by Paragraph X.B. of General Order No. 96-A.

In the application as filed, applicant requests that the annual flat rates be provided only to residential customers, that the flat rates be increased, and that monthly rates for metered service be established for all nonresidential customers. During the

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course of the staff's investigation, representatives of applicant indicated that they intend to meter only those nonresidential customers with service pipes larger than 1-inch.

One issue to be resolved is whether (1) all of applicant's rates should be on an annual basis, as at present, (2) a seasonal rate should be established, as suggested by some nonpermanent residents, or (3) monthly rates should be established for non-residential users, as provided in applicant's proposed meter rates. In a water system such as applicant's, where the water flows almost entirely by gravity, most of the capital investment and operating expenses are independent of the number of months, weeks or days a particular customer avails himself of water service each year. For example, the relatively large investment in storage facilities is needed for those few periods during each year when percentage occupancy of the residences in the area is high. Neither the intermittent use of private residences nor the shutting down of rental cabins and stables by applicant's parent corporation, Williams, for four or five months of the year has any material effect on the investment and expenses required to operate the water system. In this regard, applicant is warned that it must discontinue its past unauthorized practice of permitting customers to pay for less than a full year's service and collecting a \$10 reconnection fee in such instances. The special conditions of the rates authorized herein make provision for prorating certain opening and closing bills, however, such as for newly constructed, purchased, sold or abandoned residences.

Another issue to be resolved is whether flat rate service should be provided to (1) all customers except the U.S. Forest Service,

as at present, (2) residential customers only, as requested in the application, or (3) customers with service pipes 1-inch or smaller in size, as applicant apparently intended to request. In areas where pumping costs, or other costs directly related to volume of water consumed, represent a significant portion of total expenses, it is common practice to provide flat rate service to residential customers only. In such cases, the metering of nonresidential services, which inherently often have wide differences in usage, provides a means of spreading equitably the costs related to volume of water produced. As discussed in the preceding paragraph, however, applicant's investment and expenses are affected far more by the potential peak simultaneous rates of flow than by total quantities of water delivered. The size of a customer's service connection is one of the factors limiting the rate of flow to the customer's premises. The present form of nonresidential rates recognizes the relative demands on the water system by requiring customers with larger service connections to pay higher rates than those with smaller service connections. At this time, changing from the present form of rates is not warranted. At some future time, applicant may be able to show that some limited amount of metering would be in the public interest, to avoid waste of water and to place more emphasis on value of service, rather than cost of service.

The following Table I presents a comparison of applicant's present rates, those proposed in the application, and those authorized herein:

TABLE I  
COMPARISON OF ANNUAL FLAT RATES

<u>Item</u>	<u>Present</u>	<u>Proposed</u>	<u>Authorized</u>	
			<u>Initially</u>	<u>After Improvements</u>
Single-family residence on single lot:				
3/4-inch service	\$39.00	\$ 72.00	\$ 47.00	\$ 51.00
1-inch service	39.00	72.00	66.00	70.00
Add'l residence on same service	12.00	20.00	14.00	15.00
Business Establishments:				
3/4-inch service	39.00	72.00*	47.00	51.00
1-inch service	42.00	78.00*	66.00	70.00
1 1/2 -inch service	60.00	111.00*	102.00	110.00
2-inch service	90.00	166.00*	138.00	148.00

\* Exhibit D to the application lists under "Flat Rates" the proposed residential rates shown above and the notation "Other Rates as Applicable". In this table we have assumed that, if metered service is not prescribed for business establishments, applicant requests the same 84.6 percent increase in flat rates for business establishments as for the basic residential customer.

#### Results of Operation

Witnesses for applicant and the Commission staff have analyzed and estimated applicant's operational results. Summarized in Table II, from Exhibit F to the application and the staff's Exhibit No. 1 are the estimated results of operation for the test year 1969, under present rates and under those proposed by applicant. The estimates, as set forth in the two exhibits, are not quite in the same form or detail so the summaries in the two exhibits are shown in modified form in Table II to make estimates more readily comparable. For comparison, this table also shows the corresponding results of operation modified as discussed hereinafter, and under the rates authorized herein.



TABLE II  
ESTIMATED RESULTS OF OPERATION  
TEST YEARS 1969, 1970 and 1971

Item	Year 1969		Modified*	
	Applicant	Staff	Initially	After Improvements
<u>At Present Rates</u>				
Operating Revenues	\$23,400	\$22,112	\$22,110	\$22,110
Deductions:				
Purchased Power	125	60	60	60
Oper. & Maint. Labor	6,000	4,800	4,800	4,800
Oper. & Maint. Materials	650	1,190	1,190	1,190
Oper. & Maint. Contract Wk.	1,800	400	400	400
Management Salary	5,800	3,000	3,000	3,000
Office Supplies & Exp.	2,200	1,926	1,930	1,930
Insurance Exp.	500	410	410	410
Acctg., Legal & Other	1,200	600	600	600
General Exp.	860	300	300	300
Vehicle Exp.	1,150	550	550	550
Depreciation	5,400	3,884	4,170	4,500
Taxes Other Than on Income	2,940	1,821	1,870	1,990
Subtotal	28,625	18,941	19,280	19,730
Income Taxes	100	100	100	100
Total	28,725	19,041	19,380	19,830
Net Revenue	(5,325)	3,071	2,730	2,280
Rate Base	91,289	80,775	91,300	103,500
Rate of Return	Loss	3.8%	3.0%	2.2%
<u>At Rates Proposed by Applicant</u>				
Operating Revenues	\$46,800	41,600	41,600	41,600
Deductions:				
Excl. Income Taxes	28,625	18,941	19,280	19,730
Income Taxes	3,350	5,765	5,470	5,260
Total	31,975	24,706	24,750	24,990
Net Revenue	14,825	16,894	16,850	16,610
Rate Base	91,289	80,775	91,300	103,500
Rate of Return	16.3%	20.9%	18.5%	16.0%
<u>At Rates Authorized Herein</u>				
Operating Revenues	-	-	26,960	29,200
Deductions:				
Excl. Income Taxes	-	-	19,280	19,730
Income Taxes	-	-	1,300	1,740
Total	-	-	20,580	21,470
Net Revenue	-	-	6,380	7,730
Rate Base	-	-	91,300	103,500
Rate of Return	-	-	7.0%	7.5%

(Red Figure)

\* "Initially" reflects the situation where applicant promptly invests \$10,500 of 1970 estimated cash flow in engineering design studies and resultant plant improvements. "After Improvements" reflects the additional investment of \$12,200 of 1971 estimated cash flow in plant improvements.

From Table II it can be determined that the increase in operating revenues would be 88 percent under applicant's proposed rates, will be 23 percent under the rates initially authorized herein, and will be 32 percent under the rates to be authorized after installation of improvements.

Revenues and Expenses

Applicant did not present any substantiation for its estimates of revenues and expenses, whereas the staff explained in considerable detail the basis for its estimates. The staff's comments summarized in Exhibit No. 1 relating to revenues and expenses are as follow:

- "a. Operating Revenue: The staff determined the 1968 and 1969 revenue, at present and proposed rates, from the list of customers actually billed. The utility estimated the revenue at proposed rates by doubling their adjusted revenues at present rates. This is an erroneous calculation as the proposed flat rates are not double the present rates.
- b. Operating Expenses: The utility's estimated operating expenses at present and proposed rates exceed the staff by \$7,049. Comments by accounts follow:
  1. Ac. 726, Purchased Power: The utility included cost of butane for heating the chlorinator hut in this account, while the staff placed it in Ac. 735.
  2. Ac. 734, O. & M. Labor: The staff considered that the amount of time spent by the two part-time maintenance employees is adequately compensated for by \$4,800 per year.
  3. Ac. 735, O. & M. Materials: The staff exceeds the utility due to inclusion of cost of materials that the utility had placed in other accounts.
  4. Ac. 736, Contract Work: The staff's estimate includes consideration of actual costs whereas the utility provided no basis for its estimate.
  5. Ac. 791, Management Salary: In 1968, the utility did not charge anything to this account and does not substantiate the amount estimated in 1969. The staff estimates that \$250 per month for the manager's time is in conformity with the amount of expensed payroll for small water utilities of comparable size and type.

6. Ac. 792, Office Supplies and Expenses: Williams Resorts charges Bass Lake Water Company a flat fee of \$150 per month for office rent, storage rent, telephone expense, light and heat, and a prorate of the salaries of the clerks for work performed by them for the water company, as they are employed by the resort. This amount was included as an annual amount of \$1,500 by the utility on the application, by mistake. The utility added \$200 for office supplies and \$500 for bills and postage to the \$1,500. The staff accepts the \$1,800 item but reduced the bills and postage to reflect the actual amount of \$51 and office supplies to \$75 per year.
7. Ac. 798, Accounting, Legal and Other Services: The staff believes that the utility's proposed accounting fees are excessive for a utility that bills once a year. However, as noted in another part of this report, the accounting records are not complete so an amount of \$600 has been estimated to allow the utility to meet the accounting standards of the Commission.
8. Ac. 799, General Expense: The main difference between staff and utility is in the estimate for the cost of the rate proceeding where the utility estimated \$2,500 spread over a period of five years. The staff estimated that \$500 spread over five years would cover all costs.
9. Ac. 801, Vehicle Expense: The staff's estimate includes allowances for tires, repairs and operating costs for a small utility, and is comparable with previous years' recorded cost, whereas, the basis for the utility's estimate is not known.
10. Depreciation Expense: The staff has, in Table III, computed depreciation expense on the straight-line remaining life method carried forward from the last depreciation review filed with the Commission for the year 1963. The utility did not file a depreciation review for 1969 as required by the Commission and arbitrarily increased its depreciation rates in 1967.
11. Information from the 1969-1970 actual ad valorem tax bills was used in the staff's 1969 estimate."

One of the items of concern expressed by the customers is the management fee included in the operating expense estimates. Under a previous management, \$7,200 per year had been drawn from applicant for managing the system, during a period when payment

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of other obligations of applicant were becoming delinquent. Under the present management, applicant has in 1968 and 1969 paid off the delinquent bills, paid penalties to tax authorities for the delinquent bills, paid current bills, and still has a cash reserve of about \$8,000 from 1969 revenues set aside to carry on operations until 1970 annual revenues are received. This was accomplished, in part, by not paying any salary to applicant's present manager, who also is an employee of applicant's parent corporation. The individual or corporate owners of a utility should not be expected to provide management services without any compensation, but the \$5,800 annual charge included in applicant's estimates is excessively high for a utility of this size. The staff's estimate of \$3,000 per year appears reasonable and is adopted in Table II.

#### Rate Base

Applicant has not maintained its accounting records in accordance with the uniform system of accounts prescribed by this Commission. Also, there are several errors in applicant's calculations of the various items comprising the 1969 rate base. The staff's 1969 rate base estimate, based in part upon reconstruction of proper plant and reserve balances, appears reasonable. For 1970 and 1971, plant improvements will increase the rate base, as indicated in Table II.

#### Rate of Return and Financial Requirements

Applicant's Exhibit F indicates that a return of over 16 percent on rate base is considered reasonable by applicant. Applicant's manager testified, however, that the magnitude of the proposed rate was not determined by a consideration of rate of return, but was influenced by applicant's need to finance improvements out of internally generated funds.

The staff recommends a 6-3/4 percent return on rate base under present service conditions and a 7-3/4 percent return if applicant makes the staff recommended system improvements. A staff accountant testified that, in arriving at this recommendation, he had considered rates of return authorized by the Commission in recent proceedings involving other small water utilities.

If we were to authorize an unreasonably high rate of return to provide applicant with funds with which to improve the water system, this would be equivalent to exacting contributions from the customers. On the other hand, it appears unlikely that applicant can raise funds from external sources to finance such improvements. It is willing, however, to devote all net revenues and depreciation expense accruals to system improvements. If we prescribe initially increased rates which will produce 7 percent return in 1970 and a second increase to give a 7½ percent return in 1971, applicant will have the following amounts available for capital improvements early in each year:

<u>Source</u>	<u>1970</u>	<u>1971</u>
Depreciation Accrual	\$ 4,170	\$ 4,500
Net Revenue	6,380	7,730
Total	10,550	12,230

Although these funds will not provide for complete and immediate elimination of all of the system's deficiencies, a marked service improvement should result from their expenditure. The plans for additional improvements beyond 1971 can be considered in future rate proceedings when initiated by applicant or by this Commission on its own motion.

The second increase in rates contemplated herein may be authorized by supplemental order after applicant has advised the Commission of the completion of installation of facilities

approximating amounts for such plans and improvements included in the 1970 rate base and has filed a schedule for installation of satisfactory 1971 plant improvements.

Staff Recommendations

In Exhibit No. 1, the staff recommends certain changes in applicant's accounting, depreciation accruals, complaint records, maps, and contract filings. The exhibit also lists certain recommendations regarding service improvements, such as installation of an adequate purification system, elimination of dead ends where possible, flushing of dead ends, and repair or replacement of leaky mains.

The staff recommendations all appear reasonable and should be assigned to high priority by applicant. The order herein so provides.

Findings and Conclusions

The Commission finds that:

1.a. Applicant is in need of additional revenues but the rates it requests are excessive.

b. The adopted estimates, previously discussed herein, of operating revenues, operating expenses and rate base for the years 1970 and 1971 reasonably indicate the probable results of applicant's operations for the near future.

c. With the system improvements ordered herein, rates of return of 7 and 7½ percent, respectively, are reasonable for applicant's 1970 and 1971 operations.

d. The initial 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.

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e. Applicant has not shown that metered service to all nonresidential customers is justified at this time.

2. Applicant has not made the advice letter filings required by General Order No. 96-A concerning the special contract rate for water service to the U.S. Department of Agriculture.

3.a. Applicant has not maintained the up-to-date system map required by General Order No. 103.

b. Numerous system improvements are needed to provide adequate service.

c. Regular flushing of dead-end mains is needed to provide adequate water service.

4.a. Applicant's near future operations under the rates authorized herein should make funds available from depreciation accruals and net revenues, to be used for system improvements, in the amounts of \$10,500 for 1970 and \$12,200 for 1971 and a portion of the rate increase should be made contingent upon completion of certain improvements and satisfactory planning and scheduling of additional improvements.

b. After the satisfactory planning and installation of facilities in the amounts contemplated in the 1970 rate base, and the filing by applicant of satisfactory plans and scheduling for facilities in the amounts included in 1971 rate base, the Commission may, by supplemental order, authorize the filing of the revised rate schedule attached to this order as Appendix B.

5. Applicant has not maintained its records and accounts in the manner prescribed by this Commission.

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The Commission concludes that applicant's request for rate increases should be granted in part and that applicant should be required to take the actions set forth in the order which follows.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, applicant Bass Lake Water Company is authorized to file the revised rate schedule attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be four days after the date of filing. The revised schedule shall apply only to service rendered on and after the effective date thereof.
2. Within thirty days after the effective date of this order, applicant shall file with the Commission an advice letter concerning the special contract rate for service to the U. S. Department of Agriculture. Such filing shall comply with Paragraph X.B. of General Order No. 96-A.
3. Within ninety days after the effective date of this order, applicant shall:
  - a. Prepare an up-to-date system map as required by Paragraph I. 10. a. of General Order No. 103, and file two copies thereof with this Commission.
  - b. File in this proceeding a report prepared by a qualified engineer showing system improvements needed to provide adequate service, the estimated cost of each improvement, and time schedule of installation. High priority shall be assigned to replacing or supplementing the present settling tanks with an



adequate water purification plant, elimination of dead ends where possible, and the repair or replacements of all leaky mains..

- c. File in this proceeding, and place in effect, a schedule for regular flushing of all dead-end mains.

4.a. On or before the tenth day of each month in 1970, until applicant has expended at least \$10,500 on engineering and construction of system improvements during the year, applicant shall file in this proceeding a progress report showing the work accomplished and the cost thereof.

b. On or before the tenth day of each month in 1971, until applicant has expended at least \$12,200 on system improvements during the year, applicant shall file in this proceeding a progress report showing the work accomplished and the cost thereof.

5. Within ninety days after the effective date of this order, applicant shall effect, and file in this proceeding notice of compliance with, the following:

- a. Set up and maintain books of account in accordance with the Uniform System of Accounts for Class D Water Utilities prescribed by this Commission.
- b. Place on those books the amounts for utility plant and depreciation reserve as of December 31, 1968, as shown in the tabulation on page 6 of Exhibit No. 1.
- c. For the year 1969, apply a depreciation rate of 2.7 percent to the original cost of depreciable plant. Until review indicates otherwise, applicant shall continue to use this rate. Applicant shall review its depreciation rates at intervals of five years

and whenever a major change in depreciable plant occurs. Any revised depreciation rate shall be determined by: (1) subtracting the estimated future net salvage and the depreciation reserve from the original cost of plant; (2) dividing the result by the estimated remaining life of plant; and (3) dividing the quotient by the original cost of plant. The results of each review shall be submitted promptly to the Commission.

- d. Establish and maintain a record of complaints by customers, in accordance with Paragraph I. 8. of General Order No. 103.

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

Dated at San Francisco, California, this 20th day of JANUARY, 1970.

William J. ...  
President

J. ...

...

Vernon L. Stungen  
Commissioners

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

APPENDIX A  
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## Schedule No. 2A

(T)

ANNUAL GENERAL FLAT RATE SERVICEAPPLICABILITY

Applicable to all flat rate water service furnished on an annual basis.

(T)

(T)

TERRITORY

The northwest shore of Bass Lake, including The Falls and Bass Lake, and vicinity, Madera County.

(T)

(T)

RATESPer Service Connection  
Per Year

1. For a single-family residential unit, including premises -

3/4-inch service .....	\$ 47.00
1-inch service .....	66.00

(I)

- a. For each additional single-family residential unit on the same premises and served from the same service connection .....

14.00

(I)

2. Business Establishments:

3/4-inch service .....	47.00
1-inch service .....	66.00
1 1/2-inch service .....	102.00
2-inch service .....	138.00

(I)

(I)

(I)

SPECIAL CONDITIONS

1. 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 (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods. A non-permanent resident may elect to pay the annual charge in two equal installments. Where such a resident has failed to pay the first

(T)

(T)

(Continued)

APPENDIX A  
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Schedule No. 2A

(T)

ANNUAL GENERAL FLAT RATE SERVICE

SPECIAL CONDITIONS - Cont'd.

half of the annual charge due January 1, service will not be restored until the total annual charge has been paid.

(T)

(T)

2. 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)

(N)

## Schedule No. 2A

ANNUAL GENERAL FLAT RATE SERVICEAPPLICABILITY

Applicable to all flat rate water service furnished on an annual basis.

TERRITORY

The northwest shore of Bass Lake, including The Falls and Bass Lake, and vicinity, Madera County.

RATES

Per Service Connection  
Per Year

1. For a single-family residential unit including premises:

3/4-inch service .....	\$ 51.00	(I)
1-inch service .....	70.00	

- a. For each additional single-family residential unit on the same premises and served from the same service connection .....

15.00

2. For business establishments:

3/4-inch service .....	51.00	
1-inch service .....	70.00	
1 1/2-inch service .....	110.00	
2-inch service .....	148.00	(I)

SPECIAL CONDITIONS

1. 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 (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods. A non-permanent resident may elect to pay the annual charge in two equal installments. Where such a resident has failed to pay the first half of the annual charge due January 1, service will not be restored until the total annual charge has been paid.

(Continued)

Schedule No. 2A

ANNUAL GENERAL FLAT RATE SERVICE

SPECIAL CONDITIONS - Cont'd.

2. 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.