

ORIGINAL

Decision No. 80769

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of CRYSTAL FALLS WATER COMPANY,  
a California corporation, for an  
order authorizing an increase in  
rates in two steps.

Application No. 53158  
(Filed February 18, 1972)

William Walters, Attorney at Law, for Crystal Falls  
Water Company, applicant.  
Scott K. Carter, Attorney at Law, and John D. Reader,  
for the Commission staff.

### O P I N I O N

By this application, Crystal Falls Water Company requests authority to establish rates in its various service areas which are designed to increase annual revenues in the year 1972 estimated by 80 percent over the rates now in effect and a further increase of 20 percent effective in 1974, for a total of \$44,582.

Public hearing was held before Examiner Gillanders at Sonoma on June 29, 1972, and the matter submitted upon receipt of various late-filed exhibits and comments thereon, the last of which was received on July 31, 1972. Copies of the application had been served and notice of hearing had been published, posted, and mailed in accordance with this Commission's Rules of Procedure.

Testimony on behalf of applicant was presented by its president. The Commission staff presentation was made by an accountant and an engineer. Twenty-seven customers attended the hearing of whom six testified as to various matters.

#### General Information

Applicant is a public utility water corporation incorporated March 2, 1967, under the laws of the State of California. Its principal place of business is located in Hayward.

By Decision No. 72987, dated August 29, 1967, in Application No. 49236, applicant was granted a certificate of public convenience and necessity to construct a water system in a development known as Crystal Falls Ranch located approximately 2 miles southwest of Twain Harte, and was authorized to issue stock and establish rates for water service. Crystal Falls Ranch, a limited partnership, is the developer of the subdivision. The partnership consists of David L. Spurgeon and Barbara M. Spurgeon, general partners, and 12 limited partners. These same 14 persons are the stockholders of applicant.

By Decision No. 75866, dated July 1, 1969, in Application No. 50480, applicant was granted authority to acquire a water system owned and operated by the Willow Springs Ranch Mutual Water Company. The Willow Springs Ranch Mutual Water Company was organized during the development of the Willow Springs Ranch Subdivision by David L. Spurgeon and Barbara Spurgeon as general partners.

#### Affiliated Interests

Leisure Investment Co., owned by the developers of Crystal Falls Ranch, constructed the plant of Crystal Falls Water Company, the plant of Willow Springs Ranch Mutual Water Company, and many of the homes built in the subdivision. Applicant is paying \$625 per month management fee to Leisure Investment Co.

#### Service Area and Water Systems

Applicant is engaged in furnishing residential and fire protection service in Tuolumne County in an area generally located two miles southwest of Twain Harte, consisting primarily of the Crystal Falls Subdivision, Willow Springs Ranch Subdivision, portions of Mono Vista and miscellaneous parcels including several commercial users. Water is available from Sullivan Creek and is purchased from the Pacific Gas and Electric Company from the Tuolumne Main Canal for that part of the system other than Willow Springs, and from the Pacific Gas and Electric Company's Soulsbyville Ditch.

for service to the Willow Springs customers. Service is provided through two separate and distinct distribution systems. As of December 31, 1971, there were 337 active customers of which 215 were metered and 122 were on a flat rate basis.

### Rate Schedules

A statement of applicant's presently effective rates together with the proposed rates and the proposed percentage of increase are shown on the following tabulation:

General Metered Service:		<u>Per Meter Per Month</u>	
<u>Monthly Quantity Rates:</u>	<u>Present</u>	<u>Modified 1972 (80%)</u>	<u>Modified 1974 (20%)</u>
First 800 cu. ft. or less	\$3.25	\$5.83	\$7.00
Next 2,200 cu. ft. per 100 cu. ft.	.25	.40	.40
Next 7,000 cu. ft., per 100 cu. ft.	.20	.35	.35
Over 10,000 cu. ft., per 100 cu. ft.	.15	.25	.25
<u>Annual Minimum Charge</u>		<u>Per Meter Per Year</u>	
For 5/8 x 3/4 inch meter	39.00	70.00	84.00
For 3/4 inch meter	57.00	102.00	122.00
For 1 inch meter	90.00	162.00	194.00
For 1-1/2 inch meter	162.00	291.00	349.00
For 2 inch meter	204.00	367.00	440.00
		<u>Per Service Connection Per Year</u>	
<u>Annual Residential Flat Rate Service:</u>			
For a single family residential unit, including premises	60.00	108.00	130.00
For each additional single family residential unit on the same premises and served from the same service connection	48.00	86.00	103.00

Evidence Presented by Consumers

A gentleman speaking for himself and three other consumers testified that in Crystal Falls Unit No. 4 the fire hydrants are useless. He is on a fixed income and he believes that a 100 percent raise in rates is too much to expect him to pay.

Another gentleman testified that the fire hydrants have never been used.

A consumer in one of the smaller subdivisions served by applicant testified that he believed that certain costs, especially salaries and management fees, were unreasonable.

A lady residing in the Willow Springs Area testified that she believed each separate water system should bear only the costs associated with its operations and should not be burdened with losses occasioned by the operations of another system. She also spoke regarding the plight of persons on fixed incomes.

The president of the Willow Springs Ranch Homeowners Association representing its Board of Directors and the association's 200 members protested that the requested rate increases are excessive especially to those persons living on retirement or other fixed incomes. He did agree that some increase was justified.

A retired mechanical and electrical engineer and a former vice-president of the Willow Springs Ranch Mutual Water Company reviewed the improvements discussed in Decision No. 75866 and suggested improvements that he believed were still required to make the system adequate.

Applicant's Showing

According to applicant's president, in 1971 a water outage was caused by a gate valve not being fully opened and by the customers using water sprinklers all day. He testified that applicant could increase the size of pipe to tank 2-A, that it would study the size of float valves required to obtain adequate water supply, and that he would discuss the matter of PG&E's locked gate valve with its water master.

He requested the Commission to consider that applicant's total operating deficit was \$53,885 and that \$28,210 of the deficit resulted from the past 18 months operations. Up to June, 1972, Crystal Falls Ranch has loaned Crystal Falls Water Co. \$28,563.89, and that a further loan of \$1,938.03 will be required in June, 1972.

He stated that applicant pays \$625 per month management fee to one of its affiliates; that previously contract work was done by the developer at no cost to applicant, but now applicant must use outside contractors; and that applicant cannot afford to meter its flat rate customers.

#### Results of Operation

Witnesses for applicant and the Commission staff analyzed and estimated applicant's operational results. These results were tested by cross-examination during the hearing held on June 29, 1972.

As a result of the evidence adduced and the request by the consumers for separately stated results of operation, the presiding officer directed applicant and staff to prepare such exhibits with opportunity given to each party to reply to such exhibits.

Applicant's late-filed Exhibit No. 9 is shown below:

CRYSTAL FALLS WATER COMPANY  
REVISION OF COLUMN (a) OF EXHIBIT NO. 4 TO SHOW  
WILLOW SPRINGS AREA SEPARATELY

ACTUAL YEAR 1971

:Line: :No. :	Item	Applicant	
		Willow Springs	Other Areas
17	<u>Operating Revenues 1971 Rates</u>		
18	Metered Service	\$ -	\$ 9,988.75
19	Flat Rate Service	6,030.00	-
20	Total Revenues	\$ 6,030.00	\$ 9,988.75
21	<u>Operating Expenses</u>		
22	Oper. & Maint. Exp.	6,987.14	8,476.43
23	Admin. & Gen. Exp.	4,171.55	7,352.06
24	Depreciation	-	1,709.11
25	Taxes Other than Income	865.42	1,726.17
26	Income Taxes	36.20	68.80
27	Total Expenses	\$12,060.29	\$19,332.57
28	Net Operating Revenues	(6,030.29)	(9,343.82)
29	Average Rate Base	29,872.00	52,643.00
30	Rate of Return	LOSS	LOSS

Applicant assumes that the actual experience of Revenue/Expenses for the year 1972 will follow the basic outline as 1971, but there is no further substantiation available to further qualify or supplement the experience of 1971.

Staff comments re Exhibit No. 9 are as follows:

"On Exhibit No. 9 applicant has shown no depreciation expense chargeable to Willow Springs. While this might be correct accounting since the plant financed by applicant in the Willow Springs area is included in Construction Work in Progress, if applicant claims this construction in a 1971 rate base for rate-making purposes, it should also allocate the depreciation expense between the two areas including depreciation on other plant in service, even if it happens to be undistributed at the end of the year.

"While it is unfortunate that applicant did not make its breakdown on the basis of the most recent test year, since they are not directly comparable, the two studies still indicate similar results. The total loss of \$15,374 shown by applicant for 1971 is allocated 39.3% to Willow Springs while the staff's 1972 total loss of \$9,800 at present rates is allocated 39.7% to Willow Springs in Exhibit No. 10.

"Applicant's slightly higher rate base has been allocated 36.2% to Willow Springs while the staff allocates 33.7% of the 1972 rate base to Willow Springs in Exhibit No. 10.

"The net result of both studies indicates to the staff that the Willow Springs area is operating at a slightly greater loss than the balance of the system, but that this difference is negligible."

Staff's late-filed Exhibit No. 10 is shown below:

CRYSTAL FALLS WATER COMPANY  
REVISION OF COLUMNS (c) and (d)  
OF PAGE 1 OF EXHIBIT NO. 4 TO SHOW  
WILLOW SPRINGS AREA SEPARATELY  
ESTIMATED YEAR 1972

Line: No.:	Item	Staff			
		Willow Springs:		Other Areas	
		Present:	Proposed:	Present:	Proposed:
		Rates	Rates	Rates	Rates
		(c)	(d)	(c)	(d)
17	<u>Operating Revenues</u>				
18	Metered Service	\$ 120	\$ 200	\$15,960	\$28,480
19	Flat Rate Service	7,380	13,210	590	1,130
20	Total Revenues	7,500	13,410	16,550	29,610
21	<u>Operating Expenses</u>				
22	Oper. & Maint. Exp.	7,450	7,450	14,480	14,480
23	Admin. & Gen. Exp.	1,920	1,920	3,930	3,930
24	Depreciation	900	900	1,790	1,790
25	Taxes Other Than Income	1,040	1,040	2,140	2,140
26	Income Taxes	70	580	130	1,200
27	Total Expenses	11,380	11,890	22,470	23,540
28	Net Operating Revenues	(3,880)	1,520	(5,920)	6,070
29	Average Rate Base	27,000	27,000	53,000	53,000
30	Rate of Return	LOSS	5.6%	LOSS	11.5%

(Red Figure)

Applicant's comments regarding late-filed Exhibit No. 10 are as follows:

"COMMENTS DIRECTED TO LATE FILED EXHIBIT #10  
PREPARED BY THE STAFF

"Recognizing that the hearing may be reopened, but on the presumption that it will not, Applicant desires to comment on Exhibit #10 which includes Exhibit #6 and Late Filed Exhibit #6.

"The comment is directed to the marked discrepancy on the anticipated income as estimated by Applicant against the Staff's. The basis for the Applicant's estimate of increased income for the calendar year 1972 of \$40,748 was based on the following:

A. Increased rate to existing 337 customers:

122 Flat Rate Users			
at	\$ 1.08	=	\$ 13,176
3 - 5/8 x 3/4 inch			
meters at	70.00	=	210
209 - 3/4 x 3/4 inch			
meters at	102.00	=	21,318
1 - 1 inch at	162.00	=	162
2 - 2 inch at	367.00	=	734
			<u>\$ 35,600</u>

B. Increased users were estimated at the rate of five per month at \$102.00 per month totalling 397 users by December 1972, for an increase of 3,315

C. Income from Sonora Meadows Subdivision flat rate 1,833  
\$ 40,748

In contrast to this realistic figure (which incidentally is substantiated by the fact at the date of the hearing the company in fact had 379 users which would suggest the anticipated rate of growth in 1972), the staff anticipates an income for the entire calendar year of \$43,020. This is a difference of almost 10% and appears to be overly optimistic although it certainly would be to the advantage of the Applicant if this were to occur. However, the actual rate of growth will not establish this degree of income, and the spread between Revenues and Expenses will be substantially greater than the Staff computations.



"Further, the Staff computations are based on earnings for the entire 12 month period. Needless to say the maximum income for the year would be at increased rates would only be for the four months so the company will not have the total benefit of this increased income for the entire year 1972. The company's loss will therefore be magnified by the final processing of this application.

"As mentioned before, the Staff's Late Filed Exhibit #10 is an estimate for the year 1972, but the Applicant's Exhibit #9 (although it is primarily directed to the cost comparisons between Willow Springs and the rest of the system) does have a detailing as to the proposed income for 1972 which is not consistent with this company's experience.

"As might be expected, the Staff's estimated expenses are \$35,430 versus \$38,006 estimated by the Applicant. Though it would be unrealistic that these figures coincide, if the Staff has underestimated the income by at least 10% it does magnify the potential loss if the expenses are in fact closer to those estimated by the Company.

"In summary, though the amount of actual dollars is relatively small, the percentage difference between the Applicant's proposed revenue versus the expenses would result in a monthly cash increase of approximately \$2,700. The opposite figures of the Staff would suggest a monthly increase of \$7,500. We submit that the actual experience of the Applicant for the year 1972 is a much better point of reference and should be used in establishing the need for this appropriate increase."

In addition to the comments relating to Exhibits Nos. 9 and 10, comments relating to testimony regarding system operations were received from the Willow Springs Home Owners Association.

#### Rate of Return

As we understand applicant's request, it is asking for a return of 5 percent in 1974 on its 1971 invested capital of \$82,520.

The staff's accounting witness presented a document (Exhibit No. 5) entitled:

#### "Report On Operating Results And Rate of Return"

Exhibit No. 5 states: "This report raises several questions; questions that deal with matters that are essentially policy matters rather than accounting matters; questions to which answers are not provided in this text."

Further, Exhibit No. 5 states: "Thus, rate of return assumes a secondary posture in this proceeding because the primary determination is whether or not the stockholders of Crystal Falls Water Company should be granted management salaries and expenses plus a return on their investment during the development of real estate in applicant's service area."

Exhibit No. 5 implies that a rate of return ranging from 0 percent to 7.6 percent would be within reason for this applicant.

Discussion

In this proceeding we have a perfect example of the regulatory problems generated by the affiliation of the subdivider, the builder, and the water purveyor.

Applicant through its testimony and exhibits emphasized the fact that interest expense has increased because of its need to continually borrow to satisfy its cash problems and to service its existing debt.

According to the staff, the additional funds (over the original amount of \$50,000 received from the sale of common stock in 1968) required to continue operations were provided by stockholders in the form of demand notes bearing interest at the rate of 7 percent per annum.

Exhibit No. 2 shows that eight separate notes totaling \$28,210.15 were executed by Crystal Falls Water Company and Crystal Falls Ranch.<sup>1/</sup> Each of the notes states: "This note is all due and payable in seven years."

Apparently, neither Crystal Falls Water Company nor Crystal Falls Ranch are aware of Sections 818 and 825 of the Public Utilities Code which state:

"818. No public utility may issue stocks and stock certificates, or other evidence of interest or ownership, or bonds, notes or other evidences of indebtedness payable at periods of more than 12 months after the date thereof unless,

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<sup>1/</sup> An admitted affiliate.

in addition to the other requirements of law it shall first have secured from the commission an order authorizing the issue, stating the amount thereof and the purposes to which the issue or the proceeds thereof are to be applied, and that, in the opinion of the commission, the money, property, or labor to be procured or paid for by the issue is reasonably required for the purposes specified in the order, and that, except as otherwise permitted in the order in the case of bonds, notes, or other evidences of indebtedness, such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income."

"825. All stock and every stock certificate or other evidence of interest or ownership and every bond, note, or other evidence of indebtedness, of a public utility, issued without an order of the commission authorizing the issue thereof then in effect or not conforming in its provisions to any of the provisions which it is required by the order of authorization to contain is void. No failure in any other respect to comply with the terms or conditions of the order of authorization of the commission shall render void any stock or stock certificate or other evidence of interest or ownership, or any bond, note, or other evidence of indebtedness, except as to a corporation or person taking it otherwise than in good faith and for value and without actual notice."

Applicant never sought this Commission's approval of any long-term debt.

Applicant's Exhibit No. 1 shows that its net earnings have been a loss for the years 1968, 1969, 1970 and 1971. For the estimated years 1972 and 1973, applicant's net earnings will be a loss. In 1974, applicant estimates its operations will produce a net earning of \$4,491.

Neither the staff's engineering witness nor its accounting witness suggested a different dollar allowance for management fees than are being paid by applicant to its affiliate.

According to the staff (Exhibit No. 4), it "believes that only the initial increase should be considered at this time because the present high rate of growth, if continued, would bring about a rapid improvement in earnings."

Although the staff engineer and staff accountant testified that applicant "kept a beautiful set of books" neither could testify as to the amount of plant paid for by the stockholders, nor could applicant's president substantiate such amount. Therefore, the presiding officer directed such information be furnished as late-filed Exhibit No. 8. Exhibit No. 8 was filed but it is nothing more or less than a duplicate of material contained in Exhibit No. 1. Exhibit No. 1 contains the following statement from its firm of Certified Public Accountants:

"The accompanying balance sheet of Crystal Falls Water Company as of December 31, 1971 and the related statements of earnings, retained earnings and changes in financial position for the year then ended were not audited by us and accordingly, we do not express an opinion on them."

Exhibit No. 8 was ordered in an attempt to have before us figures upon which we could rely in determining a proper rate base for applicant. We do not have such figures in this record.

If we take the figures contained in Exhibit No. 1 and combine them with the staff engineer's testimony we can develop the following rate base for 1972 estimated:

## CRYSTAL FALLS

## RATE BASE

1972

Beginning-of-Year Plant	\$515,469
Beginning-of-Year Depr. Reserve	- 50,630
Beginning-of-Year Adv. & Contr.	- 388,174
Beginning-of-Year Advances	- 11,005
Beginning-of-Year Net Plant Invest.	<u>65,660</u>
1/2 of Est. 72 Additions	+ 3,500
1/2 of Est. Depr. Charged to AC. 503	- 1,230
1/2 of Est. Annual Repayment of Advances	+ 200
1/2 of Change in Contributions	- 6,500
1/2 of Increase in Depr. Res. Charged to #265	+ 6,500
Materials and Supplies	+ 1,000
Working Cash	300
1972 Rate Base	<u>\$ 69,460</u>
Use	\$ 69,500

Adopted Results

We will adopt the staff estimates shown under the headings "present rates" (Exhibits Nos. 4 and 10) as reasonably reflecting applicant's operations in the test year 1972 estimated. On this basis, applicant requires an increase in operating revenues of \$9,800 to fully cover its operating expenses. We will adopt, for the purposes of this proceeding only, a rate base of \$69,500.

In view of the staff's opinion that continued growth would bring about a rapid improvement in earnings, and because we lack adequate cost information, and there are service deficiencies of long standing, a rate of return of 3 percent is fair and reasonable. This amounts to \$2,085 as it appears that applicant will have no federal income tax liability.

The increase should be spread to Willow Springs and other areas as shown by Exhibit No. 10.

### Findings and Conclusion

The Commission finds that:

1. Applicant is in need of additional revenues of \$11,885.
2. Staff's estimates previously discussed herein reasonably indicate the results of applicant's operations for the future and are adopted.
3. Continued growth will bring about a rapid improvement in earnings; there is a lack of adequate cost information and there are service deficiencies of long standing.
4. Under the circumstances, an allowance of 3 percent for rate of return is reasonable.
5. 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.
6. Pursuant to subparagraph (A) of Rule 23.1 of the Commission's Rules of Procedure the rate increases are exempt from the requirements of that rule, applicant being a utility which qualifies for the small business exemption set forth in Title 6, Economic Stabilization, Section 101.51 subparagraph (E).
7. Applicant has not received authorization to issue long-term notes.
8. Applicant's notes are null and void.
9. Applicant's service is deficient and it should be ordered to make certain improvements.

The Commission concludes that the application should be granted to the extent set forth in the order which follows.

### O R D E R

IT IS ORDERED that:

1. After the effective date of this order, Crystal Falls Water Company is authorized to file the revised rate schedules attached to this order as Appendix A, and concurrently to withdraw and cancel

presently effective schedules. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be four days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date.

2. Applicant shall, within 120 days of the effective date of this order, (a) increase the size of the supply line from the Soulsbyville Ditch, (b) replace certain intake piping facilities, and (c) increase water flow to the Stevens and Charlotte Courts area, all in accordance with applicant's agreement to do such work contained in its letter dated February 18, 1969, and report in writing the dates of completion of compliance with this paragraph.

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

Dated at San Francisco, California, this 5th  
day of DECEMBER, 1972.

Vernon L. Sturgeon  
President  
William Symons Jr.  
Richard  
Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
Page 1 of 8

Schedule No. CF-1A

(C)

Crystal Falls Tariff Area

(N)

ANNUAL METERED SERVICEAPPLICABILITY

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

TERRITORY

Crystal Falls Ranch and vicinity, located approximately two miles southwest of Twain Harte, Tuolumne County.

RATESPer Meter  
Per Month

## Monthly Quantity Rates:

First	800 cu.ft. or less .....	\$ 4.70	(I)
Next	2,200 cu.ft., per 100 cu.ft. ....	.36	
Next	7,000 cu.ft., per 100 cu.ft. ....	.29	
Over	10,000 cu.ft., per 100 cu.ft. ....	.22	

Per Meter  
Per Year

## Annual Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$ 56.40	
For	3/4-inch meter .....	82.00	
For	1-inch meter .....	130.00	
For	1 1/2-inch meter .....	230.00	
For	2-inch meter .....	290.00	(I)

The Annual Minimum Charge will entitle the customer to the quantity of water each month which one-twelfth of the annual minimum charge will purchase at the Monthly Quantity Rates.

(Continued)



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Schedule No. CF-1A

(C)

Crystal Falls Tariff Area

(N)

ANNUAL METERED SERVICE  
(Continued)

SPECIAL CONDITIONS

1. The annual minimum charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated minimum charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods for water used in excess of the monthly allowance under the annual minimum charge. When meters are read bimonthly or quarterly, the charge will be computed by doubling or tripling, respectively, the number of cubic feet to which each block rate is applicable on a monthly basis except that meters may be read and quantity charges billed during the winter season at intervals greater than three months.

2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual minimum charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ( $1/365$ ) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

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Schedule No. CF-2RA

(C)

Crystal Falls Tariff Area

(N)

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Crystal Falls Ranch and vicinity, located approximately two miles southwest of Twain Harte, Tuolumne County.

RATES

Per Service Connection  
Per Year

For a single-family residential unit, including premises .....	\$87.00	(I)
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For each additional single-family residential unit on the same premises and served from the same service connection	69.00	(I)
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SPECIAL CONDITIONS

1. The above flat rates apply to a service connection not larger than one inch in diameter.

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

(Continued)

APPENDIX A  
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Schedule No. CF-2RA

(C)

Crystal Falls Tariff Area

(N)

ANNUAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS - Contd.

3. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated flat rate charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods.

4. The opening bill for flat rate service shall be the established annual flat rate charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ( $1/365$ ) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

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Schedule No. WS-1A

(C)

Willow Springs Tariff Area

(N)

ANNUAL METERED SERVICEAPPLICABILITY

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

TERRITORY

Willow Springs and vicinity, located approximately two miles southwest of Twain Harte, Tuolumne County.

(C)

RATESPer Meter  
Per Month

## Monthly Quantity Rates:

First	800 cu.ft. or less .....	\$ 5.25
Next	2,200 cu.ft., per 100 cu.ft. ....	.40
Next	7,000 cu.ft., per 100 cu.ft. ....	.32
Over	10,000 cu.ft., per 100 cu.ft. ....	.24

(I)

Per Meter  
Per Year

## Annual Minimum Charge:

For	5/8 x 3/4-inch meter .....	\$ 63.00
For	3/4-inch meter .....	92.00
For	1-inch meter .....	145.00
For	1 1/2-inch meter .....	260.00
For	2-inch meter .....	330.00

(I)

The Annual Minimum Charge will entitle the customer to the quantity of water each month which one-twelfth of the annual minimum charge will purchase at the Monthly Quantity Rates.

(Continued)

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Schedule No. WS-1A

(C)

Willow Springs Tariff Area

(N)

ANNUAL METERED SERVICE

(Continued)

SPECIAL CONDITIONS

1. The annual minimum charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated minimum charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods for water used in excess of the monthly allowance under the annual minimum charge. When meters are read bimonthly or quarterly, the charge will be computed by doubling or tripling, respectively, the number of cubic feet to which each block rate is applicable on a monthly basis except that meters may be read and quantity charges billed during the winter season at intervals greater than three months.

2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual minimum charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ( $1/365$ ) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

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Schedule No. WS-2RA

(C)

Willow Springs Tariff Area

(N)

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Willow Springs and vicinity, located approximately two miles southwest of Twain Harte, Tuolumne County.

(C)

RATES

Per Service Connection  
Per Year

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

\$96.00

(I)

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

78.00

(I)

SPECIAL CONDITIONS

1. The above flat rates apply to a service connection not larger than one inch in diameter.

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

(C)

(Continued)

APPENDIX A  
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Schedule No. WS-2RA

(C)

Willow Springs Tariff Area

(N)

ANNUAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS - Contd.

3. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated flat rate charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods.

4. The opening bill for flat rate service shall be the established annual flat rate charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ( $1/365$ ) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.