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Decision No. 82376

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of NORTH LOS ALTOS WATER COMPANY to increase its rates and charges for its water system serving portions of the Cities of Los Altos and Mountain View in Santa Clara County.

Application No. 53217
(Filed March 21, 1972)

John H. Engel and Paul Alexander, Attorneys at Law, for applicant.
Peter Lewis, for the City of Los Altos, interested party.
William C. Bricca, Attorney at Law, and John D. Reader, for the Commission staff.

O P I N I O N

By this application, North Los Altos Water Company, a wholly owned subsidiary of Citizens Utilities Company of Delaware (Citizens-Delaware),[1] requests an increase in rates for metered water service which is designed to increase annual revenues in the test year 1972 by $112,900 over the rates now in effect.

Public hearing was held at Los Altos on February 5, 6, and 7, 1973. The matter was submitted on March 19, 1973 upon receipt of two late-filed exhibits. 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.

1/ Citizens-Delaware is a utility which provides gas, electric, telephone, and water services in over 550 communities in many states across the nation.

Oral and written testimony on behalf of applicant was presented by one of its assistant vice presidents and its water systems engineer. The Commission staff presentation was made by a rate of return expert, two accountants, and two engineers. Thirty-one members of the public attended the hearing. The testimony of 10 public witnesses protesting the rate increase and describing the service rendered was received.

The record contains 257 pages of transcript and 16 exhibits.

Summary of Earnings

A summary of applicant's and staff's estimated year 1972 earnings as presented in Exhibits 2-02 and 1 is:

Item	Ex. 2-02 Applicant Present Rates	Ex. 2-02 Applicant Proposed Rates	Ex. 1 Staff Present Rates	Ex. 1 Staff Proposed Rates	Applicant Exceeds Staff Present	Applicant Exceeds Staff Proposed
	(Dollars in Thousands)					
	Estimated Year 1972					
Operating Revenues	$ 249.7	$ 344.9	$ 248.6	$ 346.6	$ 1.1	$(1.7)
Operating Expenses						
Oper & Maint. *	96.8	97.0	93.2	93.4	3.6	3.6
Admin. & Gen.	30.8	30.8	19.9	19.9	10.9	10.9
Depreciation	32.2	32.2	31.8	31.8	.4	.4
Taxes - Except Income*	33.5	44.8	32.6	33.6	.9	11.2
Income Taxes	11.1	54.6	15.5	65.8	(4.4)	(11.2)
Total Expenses	204.4	259.4	193.0	244.5	11.4	14.9
Net Operating Revenue	45.3	85.5	55.6	102.1	(10.3)	(16.6)
Average Rate Base	1,021.3	1,021.3	1,001.8	1,001.8	19.5	19.5
Rate of Return	4.44%	8.37%	5.55%	10.19%	(1.11)%	(1.82)%

(Red Figure)

* Ground water tax included in Oper. & Maint. Expense.

Operating Revenues

According to the staff, the major portion of the $1,700 difference between staff and company estimates of revenue at proposed rates results from different estimates of use of 12 large customers. Although staff and company differ somewhat in the methods used in obtaining their respective estimates of gross revenue at proposed rates (staff $346,600, company $344,900), the results are so close together that we can reasonably conclude that for the test year 1972 the gross revenue at proposed rates would be $345,800. The same rationale would apply to gross revenue at present rates.

Operation and Maintenance Expense

Differences in operation and maintenance expenses for 1972 at present rates are tabulated below, differing from those at proposed rates only for additional amounts for uncollectibles:

Item	1972 Estimated		Applicant
	Applicant	Staff	Exceeds Staff
	(Dollars in Thousands)		
Salaries and Wages	$22.0	$21.9	$ 0.1
Purchased Power	19.5	21.1	(1.6)
Ground Water Tax	30.1	29.7	.4
Materials, Services, & Misc.	18.4	13.7	4.7
Transportation	3.3	3.3	-
Telephone	1.1	1.1	-
Rental on Well Sites	1.9	1.9	-
Uncollectibles	.5	.5	-
Total	96.8	93.2	3.6

(Red Figure)

The staff's estimates of salaries and wages are based on 1972 positions and pay levels, and for 1972 the staff's and applicant's estimates are essentially the same. In order to eliminate the effect of salary increases on trend in rate of return, the staff used the same salary levels for 1971 adjusted and 1972 estimated.

The difference of $1,600 for purchased power, shown in the tabulation, stems mainly from the staff's higher estimate of water sales.

The difference of $400 in ground water tax is a combined result of the staff's use of a lower tax rate and its higher estimate of water production. The staff used the current tax rate of $30 per acre-foot, whereas applicant projected a tax rate of $31 per acre-foot.

In the estimate for materials, services, and miscellaneous, applicant exceeds staff by $4,700. According to the staff, this is due mainly to applicant's having based its 1972 estimate entirely on its recorded 1971 expense, which was extraordinarily high. Over the six-year period from 1964 through 1969, this expense averaged about $6,300 per year. Then in 1970 the expense jumped to $13,800 and in 1971 to $18,000. However, the recorded figure for the 12 months' ending August 31, 1972 was back down to $9,500. The staff used as its estimate the three-year average from 1970 to 1972.

In rebuttal to the staff's testimony, applicant's systems engineer testified that in the past its normal maintenance expense on wells and pumps was $7,000 to $8,000 annually, and that in 1973 there was a requirement for an additional $12,500 for repairs.2/ He testified that the higher level of expenses will continue in the future and in effect will become the historical norm.

Applicant was directed to file an exhibit (Exhibit 16 late-filed) which would show actual expenditures as well as estimated expenditures for amounts in the various accounts. Exhibit 16 substantiates neither applicant's estimate nor the staff's estimate. Exhibit 16 shows an annual average for 1970-1973 of $9,711 as compared to applicant's estimate of $18,400 and staff's estimate of $13,700. It is interesting to note that in 1972 applicant did

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2/ Applicant's system contains 18 wells.

not spend a dollar on major well and pump repairs. Exhibit 16 is the latest and presumably best evidence on which to base an estimate for rate-making purposes. Thus, we will allow $9,700 as proper for materials, services, and miscellaneous and adopt the staff's estimates for the other items of expense as being reasonable.

Administrative and General Expenses

A summary of administrative and general expenses as presented by applicant and staff is:

Item	Applicant	Staff Estimate	Applicant Exceeds Staff
General Office Expenses	$10,800	$ 5,980	$ 4,820
Common Plant Expenses	1,100	3,220	(2,120)
Legal & Regulatory Comm. Exp.	11,100	3,840	7,260
Insurance	1,300	520	780
Injuries & Damages	2,000	2,000	-
Welfare & Pensions	4,200	3,990	210
Miscellaneous & Per Diem	300	300	-
Total	30,800	19,850	10,950

(Red Figure)

General office expenses are from two sources, Stamford, Connecticut and Redding, California. The 1972 Stamford administrative office expenses were adjusted by the staff. The staff's estimated salaries are the annualized salaries at the June 1, 1972 level. Salary charged directly is estimated by the staff based on the amounts recorded for the last three years. The staff has excluded such direct charges from the total salary to arrive at the amounts before allocation. Applicant made no such adjustment to its salaries. Accounting and Internal Audit and Tax Department salaries were adjusted by the staff to allow only one-half of the chief accountant's salary and two and one-half internal auditors and tax accountants, since Citizens has an accounting department in California. Secretary, filing, and other general office salary charges have been reduced by the staff in proportion to the accounting and internal audit and tax accounting salary adjustment. Other relatively minor adjustments are the result of using three-year averages or least square trending and a lower depreciation rate for office furniture. All contributions to charities and other community agencies were eliminated by the staff. The staff estimated the amount charged to capital from Stamford using a four-year average ratio of the construction fee to the actual construction applied to an adjusted construction budget for 1972, which includes additional construction as shown in Citizens' four current rate applications. For accounting billed directly, the staff used 50 percent of the Accounting Department salaries and 5 percent of the Secretary and Filing Department salaries. The ratio of the directly billed salary to the total salary of these two departments was then applied to the other expense items that are related to these two departments. The staff reviewed applicant's calculations and accepted the percentage allocations for Stamford administrative office expenses chargeable to California operations including the telephone operations. The allocated Stamford expenses were then combined with the Redding administrative office expenses before determining the amount of general office expense charged to each water district and to the Telephone Department.

The staff's estimated salaries for the Redding administrative office are the annualized amount at the current level. Applicant includes in its estimate the salaries of both managers of the telephone and the water departments and their secretaries, their general expenses, benefits, and payroll taxes. According to the staff, as the manager of the Water Department and his related expenses should be more directly charged to the Water Department, the staff has included these expenses for allocation to the water systems only. While it is possible to charge the bulk of the Telephone Department manager's time directly to telephone operations, the staff believes it is reasonable to allocate 3 percent of his salary and related expenses to both departments for his supervision of other small departments which provide services to the water and telephone departments. The staff made its estimates of other general office expenses utilizing six months' recorded 1972 expenses. Insurance and audit expenses are based on a three-year average. The amount of unemployment and old age benefit tax is based on staff estimated salaries. The amount charged to capital is 1.5 percent of the adjusted construction which reflects the additional construction shown in the four most recent applications of Citizens and its subsidiaries.[3/] Applicant's four-factor allocations between the Water and Telephone Departments and to the four water properties were reviewed and accepted by the staff.

The allocated Stamford and Redding administrative office expense for applicant is estimated at $5,980 by the staff.

The common plant expenses are the operation and maintenance expenses of the Sacramento general office including the manager and secretary of the Water Department. These expenses are applicable only to the Water Department of Citizens Utilities Company of California and affiliated water companies in California. Employee salaries and expenses other than for the manager and secretary are estimated based on recorded amounts during 1970 and 1971. The estimated salaries of the manager and the secretary are the annualized amount at the current level. Dues, contributions, and donations expense is an adjusted three-year average, excluding contributions and donations. The staff estimated the depreciation expense for the Sacramento office using a 2 percent rate for the building and 15 percent for office furniture and equipment. Of these charges 39 percent has been allocated to common plant and the balance to Sacramento County water systems. The staff's estimated property tax on the Sacramento office reflects the sale of a portion of the land. The common plant expense allocated to applicant is $3,220.

3/ A. 53178, Citizens Utilities Company of California - Niles-Decota Area
A. 53217, North Los Altos Water Company
A. 53250, Francis Land and Water Company
A. 53288, Jackson Water Works

Applicant estimates legal and regulatory commission expense at $11,100 per year. This estimate is comprised of present rate case expense ($5,370), prior rate case expense ($4,500), legal fees entailed in dispute with city of Mountain View ($1,000), and miscellaneous legal expenses ($300). The staff originally estimated an allowance of $3,840 per annum for these expenses by calculating present rate case expense ($2,280), prior rate case expense ($770), Mountain View legal fees ($490), and miscellaneous ($300).

Applicant's estimated total for the current rate case is $16,100 amortized over three years at a yearly expense of $5,370. This includes $5,200 hearing expense for legal fees, transcripts, and miscellaneous expenses; $5,600 for attorney preparation and briefs; $750 for preparation of the application and exhibits; $4,350 for travel and per diem; and $200 miscellaneous. Staff's revised estimate provided for $250 hearing expense, reflecting the fact that Stamford counsel conducted the hearings, rather than local counsel. Staff estimate also allows four days for attorney preparation at $50 per hour for a total of $2,100, $860 for preparation of the application and exhibits, $2,760 for travel and per diem, and $250 miscellaneous. From examination of exhibits and testimony, the $6,220 total estimate of the staff is adequate and reasonable and the per annum expense of $2,100 will be adopted.

Applicant has included in its test year amount $4,500 for the unadjusted cost of applicant's 1969 rate proceeding. In that proceeding, the Commission allowed $770 for regulatory expense based on a five-year amortization of an adjusted total allowance. The staff has included this $770 in its allowance for 1972 since applicant has not recovered the full amount allowed for that proceeding. The staff approach is reasonable and will be adopted.

Applicant has incurred a $4,857 legal expense for litigation with the city of Mountain View over service area infringement problems. Applicant has written off this expense over a five-year period and included $1,000 in its 1972 estimate. Since this is a non-recurring type of expense, the staff has written it off over a ten-year period, or $490 per year. The staff's treatment is reasonable and will be adopted. The adopted estimates, together with $300 miscellaneous legal expenses, total $3,650 for test year legal and regulatory commission expense.

Applicant's parent, Citizens Utilities Company, carries most of the insurance for the various properties. The staff questions applicant's allocation of over 38 percent of all such insurance to California on the basis of total plant. Much of the plant for water systems is not subject to fire damage, which is a major portion of this expense. The staff estimates the insurance cost using its adjusted and estimated utility plant in service based on a projection of the ratio of the recorded amounts of insurance paid in 1970 and 1971.

The staff bases its adjustment to welfare and pensions on its lower estimate of administrative salaries. Applicant allocates 91.23 percent of these charges to expense and 8.77 percent to capital which allocation has been accepted as reasonable by the staff.

It is the position of applicant that the salaries of vice presidents Chenault and Steele should be included in the Redding Administrative office account as both are vice presidents of the California operations of Citizens Utilities and their functions necessarily relate to other corporate matters that involve the accounting and data processing operations of the company. Applicant advocates that Mr. Chenault's secretary be left in the general pool of administrative expenses to be allocated. Because Mr. Steele's secretarial needs are limited, he does not have a full-time secretary assigned to him[4/] but draws on the secretarial pool which is a part of the accounting department

Applicant claims that some travel expenses are attributable to Redding personnel other than the two vice presidents.

We find applicant's position on these items reasonable.

4/ His secretary retired in mid-1972.

Depreciation Expense

Applicant and staff compute depreciation expense by the straight-line remaining life method and apply depreciation rates by accounts to the average of adjusted beginning- and end-of-year depreciable plant balances. The differences in depreciation expense are due to adjustments in the beginning-of-year balances made by the Commission's Finance and Accounts Division.

Taxes Other Than Income

Ad valorem taxes were computed by the staff using an average current tax rate of $10.53 per $100 of assessed value. The staff developed an appraised value using the Santa Clara County assessor's assessment but increased the assessment for nonrevenue producing plant included by the staff as of the beginning of the year.

Applicant computed its ad valorem tax estimates using a $10.70 tax rate and also increased the assessment to include nonrevenue producing plant. Most of the $600 difference in ad valorem taxes is the result of the difference in the tax rates used by applicant and staff.

A review of the payroll taxes computed by the applicant appeared reasonable and was accepted by the staff.

Income Taxes

Both staff and applicant computed income taxes at the same tax rates, 7.6 percent for the state corporation franchise tax and 48 percent for the federal income tax. The differences in taxes are mainly due to the different estimates of operating income and deductions for income tax purposes. Applicant computed depreciation for both state and federal tax purposes on a straight-line basis, but its parent company, Citizens Utilities Company, applied liberalized depreciation to the 1971 plant additions in the 1971 consolidated income tax returns. The staff has computed depreciation on a straight-line basis for plant constructed before January 1, 1971, and uses liberalized depreciation for qualifying additions in 1971 and 1972. Asset depreciation range depreciation has been applicable to the qualified 1972 additions. Applicant computed the investment tax credit on the 1971 and 1972 plant additions and deducted 3.5 percent (spread over 28 years) of this credit as an annual amount from the federal income tax. The staff computes the investment tax credit on a five-year average of the plant additions and deducts the entire amount from the federal income tax. The surtax credit and reserve for deferred taxes used by applicant to reduce the federal income tax were accepted by the staff.

For the purpose of this decision only, we will adopt the staff position on income taxes. This is not a determination that flow-through is the proper tax treatment for applicant, but merely an expeditious method of bringing this long-protracted case to a conclusion. A decision on the merits of flow-through versus normalization in regard to applicant's treatment of income taxes is reserved for further hearings at which time evidence on all facets of the controversy can be placed before the Commission. This is the method utilized in Re Pacific Tel. and Tel., Decision No. 80347 dated August 8, 1972 in Application No. 51774, page 3.

Rate Base

A summary of applicant and staff rate base for estimated year 1972 is:

Item	Applicant	Staff	Applicant Exceeds Staff
Utility Plant in Service	$1,336,400	$1,323,710	$12,690
Reserve for Depreciation	(279,800)	(272,710)	(7,090)
Net Plant in Service	1,056,600	1,051,000	5,600
Common Plant	4,000	4,130	(130)
Materials and Supplies	7,600	7,600	-
Working Cash	18,300	15,100	3,200
Minimum Balances	11,500	1,420	10,080
Non-Interest Bearing CWIP	2,400	730	1,670
Advances for Construction	(71,600)	(71,600)	-
Contributions in Aid of Construction	(6,100)	(6,100)	-
Reserve for Deferred Income Taxes	(1,400)	(480)	(920)
Subtotal	(35,300)	(49,200)	13,900
Rate Base	1,021,300	1,001,800	19,500

(Red Figure)

Applicant and staff adjusted the beginning-of-year balances of utility plant and depreciation reserve by rolling back non-revenue producing plant additions and retirements before computing average figures for these two items. The average utility plant and depreciation reserve are the average of beginning- and end-of-year balances.

The difference in common plant is due to slightly different treatment by the staff of the sale of a portion of the land where the Sacramento office building is located.

Applicant and staff compute working cash by the simplified basis prescribed by Standard Practice U-16. The difference is due to the different estimates of revenues and expenses.

An allowance for minimum bank balances has been included in the rate base to compensate for the noninterest bearing bank balances required in order to obtain short-term bank financing. The staff estimates the 1972 minimum bank balances for Citizens Utilities Company on a consolidated basis at 15 percent of the average of beginning- and end-of-year bank loans. The portion for applicant is determined by the ratio of its plant construction to Citizens total construction on a five-year average basis. Applicant computed the minimum bank balances by applying 15 percent of the average short-term debt ratio to the rate base (excluding minimum bank balances).

The difference in noninterest bearing construction work in progress occurs because applicant made no adjustment for unusually large customer advances. The staff developed its figure by excluding customer advances.

Applicant includes additions to deferred income taxes for 1971 and 1972 in the reserve for deferred income taxes. Staff has used liberalized depreciation on a flow-through basis in the computation of income taxes; thus, the staff's reserve for deferred income taxes is that prior to 1971.

Other items in the rate base prepared by applicant were reviewed and accepted by the staff.

Staff firmly believes that applicant's interest-during-construction rate of 9.00 to 9.69 percent is too high and should be not more than 7.5 percent. The staff testified that a change now would not materially effect rate base but that it wants the principle established. Applicant objects that testimony regarding IDC in this case is irrelevant. We place applicant on notice that its rate of 9.00 to 9.69 percent is too high not only for applicant but for all of Citizens' water properties and its telephone department. To avoid further controversy, Citizens should immediately change its interest-during-construction rate to 7.5 percent as recommended by the staff.

The staff's rate base, for purposes of this decision, more nearly reflects our traditional method of calculating the various components of rate base than does applicant's rate base. Thus, we will adopt the staff's rate base for test year 1972.

Rate of Return

Applicant is constitutionally entitled to an opportunity to earn a reasonable return on its investment which is lawfully devoted to the public use. It is a percentage expression of the cost of capital utilized in providing service. Within this context, a fair and reasonable rate of return applied to an appropriately derived rate base quantifies the earnings opportunity available to the enterprise after recovery of reasonable operating expenses, depreciation allowances, and taxes.

Ultimately, the rate of return determination in this proceeding must represent the exercise of informed and impartial judgment by the Commission, which must necessarily give equal weight to consumer and investor interests in deciding what constitutes a fair and reasonable rate of return. Such balancing of interests is directed toward providing applicant's water consumers with the lowest rates practicable, consistent with the protection of applicant's capacity to function and progress in furnishing the public with satisfactory, efficient service and to maintain its financial integrity, attract capital on reasonable terms, and compensate its stockholders appropriately for the use of their money.

Applicant contends that based on its study a reasonable rate of return would be no less than 9.75 percent. This results in a return on common equity of approximately 12 percent. However, according to applicant, if the Commission authorized its requested rates, the actual rate of return realized, based on its estimated results of operation, would be but 8.82 percent.

The Commission staff's opinion is that 7.70 percent is the minimum rate of return required. This would result in a return on equity of 8.96 percent. The staff's rate of return recommendation does not give consideration to any service deficiencies nor does the recommended return consider attrition.

In arriving at the authorized rate of return of 7.70 percent, the Commission gave consideration to the fact that the company maintains a capital structure which includes approximately 58 percent common stock equity. Other water utilities operating in the State of California maintain a more highly leveraged capital structure with 40 percent to 45 percent common equity and therefore can expect to earn a return on equity capital consistent with the more risky capital structure.

In the instant proceeding if the capital structure were altered so as to reduce the common equity portion of the capital structure to about 45 percent, which is in excess of that carried by most of the larger water utilities in California, the resultant return on equity would be 9.70 percent. If consideration is also given to the fact that financing costs on debt in the form of interest is deductible for income tax purposes, a return on common equity of 10-1/2 percent to 11 percent could be realized by applicant with no additional financial burden being placed on applicant's consumers.

The staff's determination of a fair rate of return is reasonable and will be adopted.

Quality of Service

Thirty-one members of the public attended the first day of hearing, ten of whom testified regarding applicant's operations. Seven of the witnesses protested the proposed increase. Two or more witnesses testified that the system and its management were inefficient; that water supplied was hard; that it tasted bad; and that it stained fixtures. Three witnesses testified that they wanted to be supplied from the Hetch-Hetchy line which passed through their backyards.

Applicant's systems engineer testified that water supplied to its customers meets the standards for drinking water as set forth by California Administrative Code Title 17 in late 1972. Applicant takes a certain number of bacteriological samples regularly during the year. Applicant's witness testified that its sample program fully meets all the requirements of the State Department of Public Health. The State Health Department has not required applicant to change its method of operation. The Department, according to applicant, recently visited the system and was satisfied with the operation.

According to applicant's engineer it cannot purchase water from the city and county of San Francisco (Hetch-Hetchy) because of prohibitions against such sales contained in the Raker Act. In addition, water produced by San Francisco in the Sunol area has all been committed and there is no water available for new customers.

Field investigations of applicant's operations and facilities were made by the staff during June and November of 1972. According to the staff the facilities and equipment were, on the whole, in satisfactory condition, and it appeared that the service being furnished was reasonably good.

A tabulation of service complaints on file in applicant's office reveal the following: 1969, nine; 1970, eight; 1971, thirteen; 1972, six through July.

One informal complaint was registered with the Commission for each of the years 1969, 1970, and 1971. No complaints had been registered during 1972.

The record in this proceeding shows that service meets the minimum requirements of this Commission's General Order No. 103.

Adopted Results (at authorized rates)

Item	
Operating Revenues	$ 289,400
Operating Expenses	
Oper. & Maint.	89,200
Admin. & Gen.	18,600
Depreciation	31,800
Taxes - Except Income	32,600
Income Taxes	40,060
Total Expenses	212,260
Net Operating Revenue	77,140
Average Rate Base	1,001,800
Rate of Return	7.7%

Findings

1. Applicant is in need of additional revenues, but the proposed rates set forth in the application are excessive.

2. The adopted estimates, previously discussed herein, of operating revenues, operating expenses, and rate base for the test year 1972, indicate that results of applicant's operation in the near future will produce a reasonable rate of return.

3. A rate of return of 7.70 percent on the adopted rate base and return on common equity of 8.96 percent for the future is reasonable.

4. The increases in rates and charges authorized herein totaling $40,300 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.

5. Service meets the minimum requirements of General Order No. 103.

Conclusion

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. North Los Altos Water Company is authorized to file the revised schedules of general metered service attached to this order as Appendix A, and concurrently to cancel its present schedule for general metered service. Such filings shall comply with General Order No. 96-A. The effective date of the new and revised tariff

sheets shall be four days after the date of filing. The new and revised schedule shall apply only to service rendered on and after the effective date thereof.

2. Further hearing for determining the proper method that applicant should use in computing depreciation for both state and federal income tax purposes shall be held at a time and place to be set.

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

Dated at San Francisco, California, this 22nd day of JANUARY, 1974.

President

William Symons, Jr.

Commissioners

I dissent
Vernon L. Sturgeon

I dissent
J.P. Vukasin Jr., Commissioner

A. 53217 lmm

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Los Altos, and vicinity, Santa Clara County.

RATES

Quantity Rates:	Per Meter Per Month	
First 600 cu.ft. or less	$ 6.40	(I)
Next 2,400 cu.ft., per 100 cu.ft.	.65	
Over 3,000 cu.ft., per 100 cu.ft.	.46	

Minimum Charge:

For 5/8 x 3/4-inch meter	6.40	
For 3/4-inch meter	8.70	
For 1-inch meter	13.50	
For 1-1/2-inch meter	23.00	
For 2-inch meter	35.00	
For 3-inch meter	75.00	(I)

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.