

ORIGINAL

Decision No. 83050

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of  
the SOUTHERN CALIFORNIA WATER COMPANY  
for an order authorizing it to increase  
the rates for water service in its  
Pomona Valley District.

)  
)  
) Application No. 54064  
(Filed May 25, 1973;  
amended February 13, 1974)

O'Melveney & Myers, by Harold M.  
Messmer, Jr., Attorney at Law,  
for Southern California Water  
Company, applicant.  
Cyril M. Saroyan, Attorney at Law,  
and John D. Reader, for the  
Commission staff.

O P I N I O N

Southern California Water Company (SCWC) seeks authority to increase its Pomona Valley District private fire protection and general service metered water rates<sup>1/</sup> approximately \$142,000 (13.1 percent) annually over the rates authorized by Commission Resolution No. W-1530 dated March 12, 1974 on Advice Letter 431-W.

SCWC renders public utility water service in 17 districts located in portions of Contra Costa, Imperial, Los Angeles, Orange, Sacramento, San Bernardino, and Ventura Counties. It also renders electric service in the vicinity of Big Bear Lake in San Bernardino County.

The Pomona Valley District includes two systems which are not physically interconnected and which serve areas in Los Angeles and San Bernardino Counties, including the city of Claremont and portions of the cities of Chino, Montclair, Pomona, and Upland and

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<sup>1/</sup> No increase is proposed for its public fire protection service.

adjacent county territory. As of December 31, 1972 the Pomona Valley District served 7,549 general service metered customers, 38 flat rate private fire protection customers, and 715 public fire hydrants.

SCWC produces approximately 70 percent of its Pomona Valley District water supply from 23 company-owned wells located within the district and purchases the balance of its requirements from Pomona College and the Metropolitan Water District of Southern California (MWD) through the facilities of the Pomona Valley Municipal Water District and the Chino Basin Municipal Water District. All the water purchased from the Pomona College well and some of the water purchased from MWD requires treatment by chlorination before delivery to the system. Chlorination is not required for the SCWC well water, a portion of which is blended with purchased water to maintain nitrate standards.

After notice, public hearing was held before Examiner Johnson on March 13, 1974 at Claremont, and the matter was submitted on April 22, 1974 upon receipt of transcripts.

Testimony<sup>2/</sup> on behalf of SCWC was presented by its chairman of the finance committee, two of its vice presidents, the manager of its rates and valuation department, and its secretary and treasurer. The Commission staff presentation<sup>3/</sup> was made through a financial

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<sup>2/</sup> Testimony and exhibits relating to the cost of money and rate of return for SCWC's operations had been presented by a witness for SCWC in Application No. 53764 for the Central Basin District rate proceeding. This exhibit together with related testimony and cross-examination were included in this record by reference. In addition, testimony and exhibits relating to SCWC's overall operations and rebuttal testimony and cross-examination on directors' fees presented by witnesses for SCWC in Application No. 54035 for the Southwest district rate proceeding were incorporated by reference into this proceeding.

<sup>3/</sup> Staff testimony, exhibits, and related cross-examination on SCWC's overall operations presented in Application No. 54035 for the Southwest District rate proceeding and the staff exhibit and related testimony on cost of capital and rate of return presented in Application No. 54045 for the Simi Valley District rate proceeding were incorporated by reference into this proceeding.

examiner and three engineers. No customers of SCWC presented testimony or made statements at the hearing.

Rates

The basic level of rates for the Pomona Valley District was established by Decision No. 74524 dated August 13, 1968 in Application No. 49938 for a general rate increase for this district. Subsequent offset increases were granted as follows:

| <u>Authorization</u> | <u>Dated</u> | <u>Request</u>     | <u>Percent Increase</u> | <u>Increased Expense Offset</u>                                |
|----------------------|--------------|--------------------|-------------------------|--|
| D-74524              | 8-13-68      | A-50450            |                         | 10% Tax Surcharge.   |
| R-W1210              | 1-13-70      | Adv. Ltr.<br>387-W |                         | Reduce 10% tax surcharge offset to 5% (Offset expired 6-30-70) |
| D-80342              | 8- 1-72      | A-53285            | 10.2%                   | Purchased water, electricity.                                  |
| D-81707              | 7-31-73      | A-53975            | 3.9%                    | Purchased water, electric power, franchise tax.                |
| R-W1530              | 3-12-74      | Adv. Ltr.<br>431-W | 9.6%                    | Increased electric power.                                      |

The presently effective rates were authorized by Commission Resolution W-1530 subsequent to the filing of the amendment to the application and only one day prior to the hearing on the matter. The summaries of earnings introduced into evidence in this proceeding reflect rates authorized by Decision No. 81707 dated July 31, 1973 on Application No. 53975 and indicate 1972 test year revenues approximately \$90,915 below those at the rates authorized by Resolution W-1530.

The following tabulation sets forth the present general service metered water rates authorized by Resolution W-1530 and those proposed in amendment to the application filed February 13, 1974:

GENERAL METERED SERVICE

|  | <u>Per Meter</u> | <u>Per Month</u> |
|--|------------------|------------------|
|  | <u>Present</u>   | <u>Proposed</u>  |
| Quantity Rates:                            |                  |                  |
| First 50,000 cu. ft., per 100 cu. ft. .... | \$ 0.195         | \$ 0.220         |
| Over 50,000 cu. ft., per 100 cu. ft. ....  | 0.171            | 0.199            |
| Service Charge:                            |                  |                  |
| For 5/8 x 3/4-inch meter .....             | \$ 2.10          | \$ 2.50          |
| For 3/4-inch meter .....                   | 2.25             | 2.75             |
| For 1-inch meter .....                     | 2.90             | 3.25             |
| For 1-1/2-inch meter .....                 | 4.50             | 5.00             |
| For 2-inch meter .....                     | 7.00             | 7.50             |
| For 3-inch meter .....                     | 14.00            | 15.50            |
| For 4-inch meter .....                     | 21.00            | 23.00            |
| For 6-inch meter .....                     | 35.00            | 38.50            |
| For 8-inch meter .....                     | 60.00            | 65.00            |
| For 10-inch meter .....                    | -                | 80.00            |

LIMITED METERED SERVICE

|   |          |          |
|---|----------|----------|
| Quantity Rates:                               |          |          |
| For all water delivered, per 100 cu. ft. .... | \$ 0.153 | \$ 0.175 |
| Service Charge:                               |          |          |
| For 5/8 x 3/4-inch meter .....                | \$ 2.10  | \$ 2.50  |
| For 3/4-inch meter .....                      | 2.25     | 2.75     |
| For 1-inch meter .....                        | 2.90     | 3.25     |
| For 1-1/2-inch meter .....                    | 4.50     | 5.00     |
| For 2-inch meter .....                        | 7.00     | 7.50     |
| For 3-inch meter .....                        | 14.00    | 15.50    |
| For 4-inch meter .....                        | 21.00    | 23.00    |
| For 6-inch meter .....                        | 35.00    | 38.50    |
| For 8-inch meter .....                        | 60.00    | 65.00    |
| For 10-inch meter .....                       | -        | 80.00    |

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

In addition SCWC proposes to increase its private fire protection service rates for its Pomona Valley District from \$2.00 to \$3.00 for each inch of diameter of service connection. This requested increase parallels similar requests by SCWC in Application Nos. 54035, 54095, and 54045 for general rate increases for its Southwest, Culver City, and Simi Valley Districts. We will authorize a 12.5 percent increase for this service to provide the same private fire protection rate authorized for those districts.

Results of Operation

SCWC's original summary of earnings for its Pomona Valley District was revised to reflect increased purchased electric power expense and the difference between requested and authorized rates established by Decision No. 81707 dated July 31, 1973 in Application No. 53975 as detailed in the amendment to this application. Subsequent to the issuance of the Commission staff summary of earnings, dated March 8, 1974, SCWC reviewed and updated its estimates and for the test year 1974 was able to accept the staff estimates for revenues and expenses except for small differences in purchased water, purchased power, and allocated general office expense as summarized in Exhibit 6. The staff's estimated 1974 test year revenues exceeded SCWC's estimates by \$3,600. While accepting the staff's estimate, SCWC increased the staff's estimated purchased water and pumping expense by \$200 to reflect additional quantities of water to be sold. The staff's estimated purchased water and power expense is based on the quantity of water sold to produce the estimated 1974 test year revenues and will be adopted. These 1974 test year revenue estimates were computed in accordance with the rates authorized by Decision No. 81707 and for that year indicate revenues approximately \$94,500 less than would be produced by the currently effective rates authorized by Commission Resolution W-1530. Consequently we will adopt the staff's 1974 test year revenue estimate of \$989,600 at present rates increased by \$94,500 to \$1,084,100 SCWC's allocated

general office expense reflects the general office expense adopted in Decision No. 82539 dated March 5, 1974 in Application No. 54035 for a general rate increase for SCWC's Southwest District and will be adopted for this proceeding.

The Commission staff and SCWC have estimated the 1974 test year rate base to be \$2,839,700. We will adopt this amount.

The following tabulation compares the updated estimated summary of earnings for the test year 1974, under present and proposed rates, prepared by SCWC and by the Commission staff, and the adopted summary of earnings at present rates for the test year 1974:

SUMMARY OF EARNINGS  
(Estimated Year 1974)  
(000)

| Item                    | SCWC Estimated        |           | Staff Estimated       |           | Adopted <sup>2/</sup> |
|-------------------------|-----------------------|-----------|-----------------------|-----------|-----------------------|
|                         | Present <sup>1/</sup> | Proposed  | Present <sup>1/</sup> | Proposed  |                       |
|                         | Rates                 | Rates     | Rates                 | Rates     | Results               |
| Operating Revenues      | \$ 989.6              | \$1,227.2 | \$ 989.6              | \$1,227.2 | \$1,084.1             |
| Operating Expenses      |                       |           |                       |           |                       |
| Oper. & Maint.          | 593.2                 | 593.2     | 593.0                 | 593.0     | 593.0                 |
| Adm., Gen. & Misc.      | 29.9                  | 29.9      | 29.9                  | 29.9      | 29.9                  |
| Taxes Other Than Income | 109.0                 | 109.8     | 109.0                 | 109.8     | 109.0                 |
| Depreciation            | 89.9                  | 89.9      | 89.9                  | 89.9      | 89.9                  |
| Allocated Common        | 32.8                  | 32.8      | 32.5                  | 32.5      | 32.8                  |
| Subtotal                | 854.8                 | 855.6     | 854.3                 | 855.1     | 854.6                 |
| Income Taxes            | 0.5                   | 125.2     | 0.8                   | 125.5     | 50.6                  |
| Total Expenses          | 855.3                 | 980.8     | 855.1                 | 980.6     | 905.2                 |
| Net Operating Revenue   | 134.3                 | 246.4     | 134.5                 | 246.6     | 178.9                 |
| Dep. Rate Base          | 2,839.7               | 2,839.3   | 2,839.7               | 2,839.7   | 2,839.7               |
| Rate of Return          | 4.73%                 | 8.68%     | 4.74%                 | 8.68%     | 6.30%                 |

<sup>1/</sup> Rates authorized by Decision No. 81707 dated July 31, 1973 in Application No. 53975.

<sup>2/</sup> At rates authorized by Commission Resolution No. W-1530.

Cost Increase Offsets

SCWC's vice president testified that a recent advice letter increase filing was approved to become effective some six weeks after filing which represented a marked improvement when compared to approximately three months required to effect an increase by an offset application and usually more than a year to effect a general rate increase. He further testified that it is his understanding that after an investigation indicates an increase is warranted the Commission staff will recommend the Commission grant an advice letter filing offset increase provided such an increase does not result in a rate of return in excess of the last authorized rate of return or exceed 10 percent of the revenues. He further testified that it was his understanding that increases in excess of 10 percent have been granted a utility on an advice letter filing when the Commission had previously made a finding of a base unit cost. SCWC seeks a similar finding in this proceeding to permit advice letter filings to recover increases in base water supply costs above \$42.54 per acre-foot irrespective of whether such increases exceed the presently utilized 10 percent guidelines.

He stated that it is SCWC's goal to provide a basis for expeditious handling of offset increases of any magnitude rather than effecting a water supply cost adjustment clause similar to the fuel cost adjustment clause presently effective for total energy utilities. The record shows that after review by the Commission staff, the Commission granted SCWC an advice letter filing increase for its Pomona Valley District in excess of \$90,000 to offset Southern California Edison Company's increased electric charges resulting from the authorization of three fuel cost adjustments and one general rate increase. Considering the magnitude of the increased costs compensated for by an advice letter filing it would appear that present practices provide ample protection to SCWC and its customers and no further action on this matter is warranted at this time.

Rate of Return

SCWC and the Commission staff had included in this record by reference the exhibits, testimony, and related cross-examination on regulatory effects, cost of money, and rate of return presented by SCWC's witness at the hearings on Application No. 53764 for a general rate increase in SCWC's Central Basin District. SCWC's position in this matter was that it should be authorized rates that would yield an average rate of return of 8.0 percent over the next three years. This testimony also indicated that a company-wide rate of return of 8 percent was necessary to be able to attract common equity money. SCWC estimated that an 8 percent rate of return will provide a 12.67 percent return on equity and a times interest coverage of 2.87.

The establishment of rates designed to yield a specific rate of return over a three-year period mandates consideration of the cause and amount of attrition in the rate of return. The staff engineer computed the annual attrition rate in the rate of return for the Pomona Valley District to be 0.32 percent at present rates and 0.38 percent at proposed rates and recommended that, if an allowance for attrition is included in the Commission decision, the midpoint, or 0.35 percent per year be used. These computations reflect no attrition for wage increases or increases in unit costs of electricity or purchased water as the same wage rates and unit costs were utilized for both the 1973 and 1974 test years. Increased unit revenues produce a negative attrition rate which is offset in this case by the necessity of purchasing relatively high-priced water to supply the increased demands. In this posture, the attrition in the rate of return may be attributed to increases in rate base and rate-base-related items, i. e. ad valorem taxes and depreciation expense. The record shows that the increase in rate base for the test year 1974 over test year 1973 is somewhat in excess of such increases for past years, indicating the staff-computed attrition



rate in rate of return for this factor is greater than normal. A review of the summaries of earning set forth in Table 11-A of Exhibit 5 indicates that for the years 1968 through 1972 the average annual attrition in rate of return is approximately 0.18 percent for rate base additions and approximately 0.04 percent for increases in depreciation expense. For these years ad valorem taxes vary widely due to changes in assessment practices and money requirements so that an average of recorded taxes would be inappropriate as a basis for the computation of the rate of return attrition attributed to such tax changes. The computed attrition caused by ad valorem tax changes from test year 1973 to 1974 is 0.05 percent. For ratemaking purposes, we will adopt 0.05 percent for ad valorem tax changes, 0.04 percent for depreciation expense changes, and 0.18 percent for rate base changes, a total of 0.27 percent.

One method of allowing for attrition is the establishment of rates sufficiently high to produce the authorized rate of return on the average over a specified period of time. SCWC's vice president testified that assuming the adoption of a rate of return of 7.9 percent to provide a 12.37 percent return on equity as found reasonable in Decision No. 82539 dated March 5, 1974 on Application No. 54035 for a general increase in SCWC's Southwest District, an effective date for the new rates of June 1, 1974, and the accuracy of the staff's computed annual attrition in rate of return of 0.38 percent, a test year 1974 rate of return of 8.44 percent would be required to maintain a 7.93 percent rate of return for the first full three years the rates were in effect. He recommended the authorization of such rates. Another method of counteracting the effect of rate of return attrition is the use of step rates. Such rates provide the utility the opportunity to earn the authorized rate of return on a uniform basis and are considered more equitable to the customers in that they do not pay any excesses during the first years to offset future anticipated deficiencies.

Another advantage to step rates is that they afford an opportunity for a review of future changes in rate of return and initiation of appropriate action if a reduction in rates is indicated. The order that follows will provide for step rates and additional earnings statements from the Pomona Valley District.

The Commission staff financial examiner recommended as reasonable a rate of return ranging from 7.7 to 8.0 percent. He testified that a 7.7 percent rate of return would earn 11.81 percent on common stock equity and that an 8.0 percent rate of return would earn 12.65 percent on common stock equity. Some of the factors considered by the staff financial examiner in arriving at his recommended earnings allowance for common stock equity are: the financial requirements for future construction, funds available from advances, contributions, and other sources, SCWC's capital structure and the impact of high interest rates on the imbedded costs of senior securities, and the earnings and recently authorized rates of return of other water utilities.

The midpoint of the staff's recommended rate of return (7.7 to 8.0 percent) rounded to the nearest one-tenth of one percent is 7.9 percent. We will adopt this rate of return as reasonable. Applied to the adopted rate base of \$2,839,700 it is estimated that it will provide earnings of 12.37 percent on common stock equity.

#### Service

The staff investigation disclosed that 268 complaints were recorded in the Pomona Valley District office during the year 1973. These are summarized as follows: high bills 140, low or high pressure 54, dirty water 25, turnoff for non-payment 30, and miscellaneous 19. SCWC's records indicate that these complaints were quickly resolved.

#### Findings

1. Southern California Water Company is in need of additional revenues for its Pomona Valley District, 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 1974 reasonably indicate the results of SCWC's operations in its Pomona Valley District in the near future.

3. A rate of return of 7.9 percent on the adopted rate base of \$2,839,700 is reasonable. Such rate of return will provide a return on equity of approximately 12.37 percent.

4. An operational slippage of approximately 0.27 percent at proposed rates will be experienced and is sufficient to justify the authorization of a stepped progression of rates.

5. The increases in 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. The authorized increase in rates is expected to provide increased revenues of \$95,800 in SCWC's Pomona Valley District for the first twelve-month period, and an additional \$16,300 each period for the next two twelve-month periods.

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, Southern California Water Company (SCWC) is authorized to file the revised rate schedules attached to this order as Appendix A and concurrently to cancel and withdraw the 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 thereof.

2. On or before April 1, 1975 SCWC shall file with the Commission an earnings statement by the Pomona Valley District for 1974 normalized and adjusted to the rate levels authorized herein for 1974, together with an estimate of earnings for 1975, under similar normalized conditions. On or before April 1, 1976 SCWC shall file similar normalized and estimated earnings statements for 1975 and 1976.

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

Dated at San Francisco, California, this 25<sup>th</sup> day of JUNE, 1974.

Vernon L. Sturgeon  
President  
William J. Lyons  
William J. Lyons  
William J. Lyons  
William J. Lyons  
Commissioners

APPENDIX A  
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## Schedule No. PV-1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

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

RATES

|  |         | <u>Per Meter Per Month</u> |                   |                |     |
|--|---------|----------------------------|-------------------|----------------|-----|
|  |         | Before                     | 7/1/75<br>Through | After          | (N) |
|  |         | <u>7/1/75</u>              | <u>6/30/76</u>    | <u>6/30/76</u> | (N) |
| Quantity Rates:                        |         |                            |                   |                |     |
| First 50,000 cu.ft., per 100 cu.ft. .. | \$0.211 | \$0.215                    | \$0.219           | (I)            |     |
| Over 50,000 cu.ft., per 100 cu.ft. ..  | 0.187   | 0.191                      | 0.195             |                |     |
| Service Charge:                        |         |                            |                   |                |     |
| For 5/8 x 3/4-inch meter .....         | \$ 2.50 | \$ 2.50                    | \$ 2.50           |                |     |
| For 3/4-inch meter .....               | 2.75    | 2.75                       | 2.75              |                |     |
| For 1-inch meter .....                 | 3.25    | 3.25                       | 3.25              |                |     |
| For 1-1/2-inch meter .....             | 5.00    | 5.00                       | 5.00              |                |     |
| For 2-inch meter .....                 | 7.50    | 7.50                       | 7.50              |                |     |
| For 3-inch meter .....                 | 15.50   | 15.50                      | 15.50             |                |     |
| For 4-inch meter .....                 | 23.00   | 23.00                      | 23.00             |                |     |
| For 6-inch meter .....                 | 38.50   | 38.50                      | 38.50             |                |     |
| For 8-inch meter .....                 | 65.00   | 65.00                      | 65.00             |                |     |
| For 10-inch meter .....                | 80.00   | 80.00                      | 80.00             | (I)            |     |

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

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Schedule No. PV-7ML

LIMITED METERED SERVICEAPPLICABILITY

Applicable to metered water service to the City of Claremont.

TERRITORY

The City of Claremont, Los Angeles County.

RATES

|   |         | <u>Per Meter Per Month</u> |                                     |                         |     |
|---|---------|----------------------------|-------------------------------------|-------------------------|-----|
|   |         | Before<br><u>7/1/75</u>    | 7/1/75<br>Through<br><u>6/30/76</u> | After<br><u>6/30/76</u> | (N) |
| Quantity Rate:                                  |         |                            |                                     |                         | (N) |
| For all water delivered,<br>per 100 cu.ft. .... |         | \$0.160                    | \$0.163                             | \$0.166                 | (I) |
| Service Charge:                                 |         |                            |                                     |                         |     |
| For 5/8 x 3/4-inch meter .....                  | \$ 2.50 | \$ 2.50                    | \$ 2.50                             |                         |     |
| For 3/4-inch meter .....                        | 2.75    | 2.75                       | 2.75                                |                         |     |
| For 1-inch meter .....                          | 3.25    | 3.25                       | 3.25                                |                         |     |
| For 1-1/2-inch meter .....                      | 5.00    | 5.00                       | 5.00                                |                         |     |
| For 2-inch meter .....                          | 7.50    | 7.50                       | 7.50                                |                         |     |
| For 3-inch meter .....                          | 15.50   | 15.50                      | 15.50                               |                         |     |
| For 4-inch meter .....                          | 23.00   | 23.00                      | 23.00                               |                         |     |
| For 6-inch meter .....                          | 38.50   | 38.50                      | 38.50                               |                         |     |
| For 8-inch meter .....                          | 65.00   | 65.00                      | 65.00                               |                         |     |
| For 10-inch meter .....                         | 80.00   | 80.00                      | 80.00                               |                         | (I) |

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

(Continued)

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Schedule No. PV-7ML

LIMITED METERED SERVICE  
(Continued)

SPECIAL CONDITIONS

1. All meter readings for municipal departments of the City of Claremont will be combined for the purpose of computing a single monthly bill.
2. During periods of high demand, service under this schedule applicable to municipal parks may be restricted to off-peak hours.

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Schedule No. AA-4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

- Rate A: Applicable within the Culver City, Southwest, Simi Valley, and Pomona Valley Districts. (C)  
Rate B: Applicable within coast tariff area of Central Basin District.  
Rate C: Applicable within all other districts served by the Company.

RATE

|   | Per Month |        |        |     |
|---|-----------|--------|--------|-----|
|   | A         | B      | C      |     |
| For each inch of diameter of service connection ..... | \$2.25    | \$1.50 | \$2.00 | (I) |

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
2. The minimum diameter for fire protection service shall be four inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.

(Continued)



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Schedule No. AA-4

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS—Contd.

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

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

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

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Schedule No. PV-5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

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

TERRITORY

Within the established Pomona Valley District.

(N)

RATES

|                        | <u>Per Hydrant</u><br><u>Per Month</u> |     |
|------------------------|--|-----|
| For each hydrant ..... | \$2.00                                 | (I) |

SPECIAL CONDITIONS

1. Water delivered for purposes other than fire protection shall be charged for at the quantity rates in the appropriate metered service schedule. (C)
2. The cost of relocation of any hydrant shall be paid by the party requesting relocation.
3. Hydrants shall be connected to the utility's system upon the receipt of written request from a public authority. The written request shall designate the specific location of each hydrant and, where appropriate, the ownership, type and size.
4. The utility undertakes to supply only such water at such pressure as may be available at any time through the normal operation of its system.