

Decision No. 84589**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

Application of FRANCIS LAND AND WATER COMPANY to increase its rates and charges for its water system serving the town of Ferndale and adjacent unincorporated territory in Humboldt County.

Application No. 53250

Application of JACKSON WATER WORKS, INC. to increase its rates and charges for its water system serving the city of Jackson and adjacent territory in Amador County.

Application No. 53288

DECISION ON REHEARING

On January 8, 1974 the Commission issued Decision No. 82310 in Application No. 53250 (Francis Land and Water Company). Ordering Paragraph 2 reads as follows:

"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."

On January 29, 1974 Francis Land and Water Company filed a "Petition to Enlarge Further Hearings". The petition requested the Commission to include the following issues in the further hearings:

- "1. The allowance of a rate of return of only 7.70% on the adopted rate base and the resultant return on common equity of only 8.96%;
- "2. The order that applicant use only a 7.5% rate in capitalizing interest during construction;
- "3. The allowance of only the staff estimate of legal fees and other rate case expenses incurred in these rate proceedings;
- "4. The adoption of the staff computations and treatment of investment tax credit; and
- "5. The use of negative income taxes."

On April 9, 1974 the Commission issued Decision No. 82702 which reads as follows:

"ORDER GRANTING REHEARING

"Francis Land and Water Company having filed a pleading entitled Petition to Enlarge Further Hearings, the Commission having determined that said pleading should be treated as a petition for rehearing of Decision No. 82310 and the Commission having considered each and every allegation thereof, and being of the opinion that good cause has been shown for rehearing of the issues of interest during construction and legal fees and regulatory expense,

"IT IS HEREBY ORDERED that rehearing of Decision No. 82310 is granted, said rehearing to be limited to the issues of interest during construction and legal fees and regulatory expense.

"IT IS FURTHER ORDERED that rehearing shall be consolidated into the further hearings ordered in Decision No. 82310."

On June 20, 1974 the Commission issued Decision No. 83019 which reads as follows:

"ORDER INVITING SUBMISSION OF BRIEFS

"On May 29, 1974 the Commissioner of Internal Revenue approved certain amended regulations pertaining to the depreciation allowance for property of certain public utilities. Said amended regulations were published June 7, 1974 in Volume 39, No. 111, pages 20194-20203 of the Federal Register.

"Therefore, IT IS ORDERED that parties to Application No. 53250 are hereby allowed the opportunity to file briefs on the matters raised by the amended Internal Revenue Service regulations. Such briefs shall be concurrent and shall be filed no later than July 3, 1974.

"The scope of the briefs to be filed should include the availability of the use of 'pro forma' normalization by the Commission in its regulatory activity; the effect of the use of such a method on the taxpayer's eligibility to use accelerated depreciation; and whether the regulations are consistent with Section 167(1) of the Internal Revenue Code and the Tax Reform Act of 1969."

On July 3, 1974 Francis Land and Water Company filed a "Brief of Francis Land and Water Company in Response to Decision No. 83019".

On August 13, 1974 North Los Altos Water Company, Francis Land and Water Company, and Jackson Water Works, Inc. filed a "Petition for Consolidation of Cases, Elimination of Formal Hearings and for a Joint Schedule for Filing of Exhibits and Briefs".<sup>1/</sup>

Applicants suggested the following schedule for submission of exhibits and briefs:

- (a) September 10, 1974: All parties to present concurrent exhibits.
- (b) September 20, 1974: All parties to present concurrent opening briefs.
- (c) September 30, 1974: All parties to present closing briefs. Such briefs and exhibits may include all relevant evidence introduced in connection with Application No. 53178.

On August 26, 1974 the staff of the Commission filed a "Response of Staff to Applicants' Petition for Consolidation of Cases, etc." in which it stated:

"The Commission Staff has reviewed applicants' petition filed on August 13, 1974, and the records in the instant matters, and has no objection to the granting of said petition.

"However, due to schedule conflicts and work loads, the Staff requests that the proposed briefing schedule be extended to the following dates:

- (a) October 11, 1974 - exhibits;
- (b) October 20, 1974 - opening briefs;
- (c) October 30, 1974 - closing briefs."

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<sup>1/</sup> In Decisions Nos. 82376 and 82701 (North Los Altos Water Company) and Decisions Nos. 82361 and 82700 (Jackson Water Works, Inc.), the Commission ordered further hearings and rehearings with respect to the following issues:

<u>Applicant</u>	<u>Issues</u>
North Los Altos Water Company, Application No. 53217	Accelerated Tax Depreciation Interest During Construction Legal and Regulatory Expense Materials and Miscellaneous Expense
Jackson Water Works, Inc., Application No. 53288	Accelerated Tax Depreciation Legal and Regulatory Expense

The Commission, on October 16, 1974, issued Decision No. 83611 which ordered:

"1. Applications Nos. 53217, 53250, and 53288 are hereby consolidated.

"2. The further hearings previously ordered by the Commission in these three applications are canceled.

"3. All parties may submit written exhibits and briefs in accordance with the following schedule:

- a. November 1, 1974 - all parties to present concurrent exhibits;
- b. November 12, 1974 - all parties to present concurrent opening briefs; and
- c. November 25, 1974 - all parties to present closing briefs.

"The effective date of this order is the date hereof."

On November 12, 1974 applicants filed a document entitled "Applicants' Opening Brief".

By letter dated November 25, 1974 addressed to the assigned examiner applicants stated:

"In accordance with Decision No. 83611 consolidating these proceedings and establishing a schedule for the submission of exhibits and briefs, applicants have submitted their Exhibits on Rehearing on November 1, 1974, and their Opening Brief on November 12, 1974. Applicants have received no exhibits or briefs from any other party. As a result, no arguments have been raised by any other party in these proceedings against applicants' position as set forth in their exhibits and Opening Brief already on file herein. Therefore, applicants hereby stand on their exhibits and Opening Brief which are already before the Commission.

"We have spoken with staff counsel on this matter and understand that there will be no further briefs filed by the Commission staff. Therefore, unless there is some last-minute change in this position or some new argument advanced by way of closing brief by any other party, applicants submit this matter for decision by the Commission as of November 25, 1974. In the event of such a last-minute brief being filed, however, Citizens asks for one week from November 25, 1974 in which to respond to any new arguments raised therein."

No "last-minute" briefs were filed by any party. The matters therefore are ready for decision.

In their brief, applicants argue as follows:

"In Decision No. 83611, the Commission ordered the above three rate applications consolidated for purposes of rehearing. The reason for the consolidation was that each of the three proceedings involved identical issues, with two minor exceptions.<sup>2/</sup>

"The issues of interest during construction and legal and regulatory expense are also virtually identical to those issues as raised in Application No. 53178. Accordingly, applicants incorporate herein by reference the briefs submitted on those issues at the rehearing in Application No. 53178. Copies of the related portions of these briefs are attached hereto.

"Although the figures quoted with respect to legal and regulatory expense in the attached brief differ from application to application, the legal arguments advanced in support thereof are the same. The proper figures for legal and regulatory expense in each of the three rate applications now consolidated for rehearing before

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<sup>2/</sup> The two exceptions referred to are the addition of materials, services, and miscellaneous expense as an issue in Application No. 53217, and the deletion of interest during construction as an issue in Application No. 53288.

the Commission are plainly set forth on pages 23 through 27 of the exhibit of applicants re legal and regulatory expense filed<sup>3/</sup> in these proceedings on November 1, 1974.

"The issue of the proper calculation of accelerated depreciation for ratemaking purposes has already been treated in briefs filed on behalf of each of the applicants in this rehearing in response to Decision No. 83020. These briefs are already on file with the Commission, and a copy of these briefs has already been served on all parties in this proceeding."<sup>4/</sup>

"The only remaining issue which has not yet been treated in briefs heretofore filed with the Commission is the issue of materials, service, and miscellaneous expense which relates only to Application No. 53217. A straightforward exhibit on this issue has been filed with the Commission on November 1, 1974 in accordance with Decision No. 83611, which consolidated these proceedings. Applicant has received no exhibit from the Commission staff. Applicant North Los Altos Water Company submits that its uncontradicted calculations contained in that exhibit are plainly the proper calculations for materials, services, and miscellaneous expense."

Application No. 53178 referred to in applicants' brief is entitled "Application of Citizens Utilities Company of California to increase its rates and charges for its water system serving the Niles-Decoto area in Alameda County". The application was filed on

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<sup>3/</sup> Applicants' conception of "filed" means hand delivering 3 copies of the exhibit to the "rehearing examiner".

<sup>4/</sup> Briefs on the accelerated depreciation issue filed in response to the Commission invitation contained in Decision No. 83020 were filed with the Commission on behalf of each applicant in these proceedings and served upon all parties in these proceedings on July 3, 1974.

February 29, 1972. Decision No. 81821 dated August 28, 1973 was issued in the matter. Rehearing was granted by Decision No. 82067 dated October 30, 1973 as clarified by Decision No. 82159 dated November 20, 1973. Rehearing was limited to the four issues of treatment of liberalized depreciation, interest during construction, adequacy of service, and legal and regulatory expense.

By Decision No. 83855 dated December 17, 1974 we found that liberalized depreciation for federal income taxes should be treated on a normalized basis as provided in Decision No. 81821; that 7.5 percent net-after-tax interest-during-construction rate which is substantially equivalent to the 9.00 to 9.69 percent gross-before-tax interest-during-construction rate sought to be used by Citizens Utilities Company of California (Citizens) is reasonable; and that it is not reasonable to include in the legal and regulatory expense of Citizens for purposes of ratemaking in this proceeding the fees of two attorneys.

Application No. 53217, North Los Altos Water Company

On January 22, 1974 the Commission issued Decision No. 82376 in which it adopted - for the purpose of that decision only - flow-through income tax treatment. A decision on the merits of flow-through versus normalization was reserved for further hearings. Further hearings on Citizens' Niles-Decoto Application No. 53178 were held, and Decision No. 83855 was rendered on the merits. We found (in Decision No. 83855) that liberalized depreciation for federal income taxes should be treated on a normalized basis. We will, therefore, modify the adopted results of operation in Decision No. 82376 to reflect the change from flow-through to normalization.



We decided the issue of interest during construction in Decision No. 83855. Our findings and conclusions in that decision require no change in the adopted results of Decision No. 82376.

In regard to rate case expense in Decision No. 82376 we said:

"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."

In its exhibit applicant shows the following:

North Los Altos Water Company

Summary of Legal Expense  
1972 - 1974

1972	\$3,668.99
1973	2,240.75
1974	<u>1,363.00*</u>

Total legal expense \$7,272.74

\* Includes \$337.50 estimated fourth quarter, 1974 legal expense.

1972-1974 Rate Case Expense - Excluding Legal

	(1) Total General Charges	(2) Allocated To NLA <u>27.14%*</u>	(3) Direct Charges	(4) Total (2 & 3)
Payroll				
California	\$ 2,218	\$ 602	\$1,055	\$1,657
Stamford	2,580	700	-	700
Personnel & Travel				
California	351	95	386	481
Stamford	5,258	1,427	557	1,984
Transcripts	-	-	274	274
Printing, Reproduction	-	-	43	43
Consulting Fees	-	-	582	582
Witness Fees				
(J. F. Utley)	<u>2,295</u>	<u>624</u>	-	<u>624</u>
	\$12,702	\$3,448	\$2,897	\$6,345

\* Allocation based on 4-factor formula.

In regard to materials, services, and miscellaneous expense in Decision No. 82376 we said:

"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 1954 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.<sup>2/</sup> 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 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."

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"<sup>2/</sup> Applicant's system contains 18 wells."

Applicants' exhibit regarding materials, services, and miscellaneous expense consists of two pages - a cover sheet and the following:

North Los Altos Water Company

Materials, Services, and Miscellaneous Expense  
(Test Year 1972)

	<u>Decision No. 82372</u>	<u>Proposed Adjustment To Decision</u>
Supply, Power, & Purification	\$9,700	\$ 9,700
Transmission & Distribution	-	1,700*
Customer Accounting & Collecting	-	3,300*
Total Materials, Services, and Miscellaneous Expense	\$9,700	\$14,700
Additional Revenue Required to Correct for Understatement of Materials, Services, and Miscellaneous Expense		\$ 5,000

\* Three-year average as proposed by PUC staff.

The above table is the "straightforward exhibit" on this issue which was "filed" with the Commission on November 1, 1974 in accordance with Decision No. 83611. Applicant claims that not having received an exhibit from the Commission staff, its uncontradicted calculations contained in the above exhibit are plainly the proper calculations for materials, services, and miscellaneous expense.

Application No. 53250, Francis Land and Water Company

On January 8, 1974 the Commission issued Decision No. 82310 in which it adopted - for the purpose of that decision only - flow-through income tax treatment. A decision on the merits of flow-through versus normalization was reserved for further hearings. Further hearings on Citizens' Niles-Decoto Application No. 53178 were held, and Decision No. 83855 was rendered on the merits. We found

(in Decision No. 83855) that liberalized depreciation for federal income taxes should be treated on a normalized basis. We will, therefore, modify the adopted results of operation in Decision No. 82310 to reflect the change from flow-through to normalization.

We decided the issue of interest during construction in Decision No. 83855. Our findings and conclusions in that decision require no change in the adopted results of Decision No. 82310.

In regard to rate case expense in Decision No. 82310 we said:

"Applicant estimated the present rate case expense at \$10,300 which was based on, among other things, hiring a law firm attorney to handle the whole proceeding. The staff estimate of rate case expense includes the cost of preparing the application by the local law firm attorney, and the travel and per diem expenses of applicant's lawyer. The staff also allows travel and per diem of company people from Stamford, Connecticut, and from Redding and Sacramento, California. The total rate case expense estimated by the staff is \$4,950. Both applicant and staff prorate this expense over three years; the annual amounts are \$3,400 by applicant and \$1,650 by the staff.

"In point of fact an attorney from a local law firm handled the hearing instead of Stamford counsel. The savings in travel and per diem for the Stamford counsel being nearly equivalent to the legal expense for local counsel for a two-day hearing, and the estimate otherwise appearing reasonable, the staff's estimate will be adopted."

In its exhibit applicant shows the following:

Francis Land and Water Company

Summary of Legal Expense  
1972 - 1974

1972	\$1,079.12
1973	1,796.25
1974	<u>1,232.25*</u>

Total legal expense \$4,107.62

\* Includes \$337.50 estimated fourth quarter, 1974 legal expense.

1972-1974 Rate Case Expense - Excluding Legal

	(1) Total General Charges	(2) Allocated To FL&W 8.01%*	(3) Direct Charges	(4) Total (2 & 3)
Payroll				
California	\$ 2,218	\$ 178	\$ 408	\$ 586
Stamford	2,580	207	249	456
Personnel & Travel				
California	351	28	154	182
Stamford	5,258	421	333	754
Printing, Reproduction	-	-	-	-
Hearings Transcripts	-	-	350	350
Postage & Freight	-	-	13	13
Advertising & Publications	-	-	7	7
Consulting Fees	-	-	172	172
Witness Fees (J. F. Utley)	<u>2,295</u>	<u>183</u>	<u>-</u>	<u>183</u>
	\$12,702	\$1,017	\$1,686	\$2,703

\* Allocation based on 4-factor formula.

Application No. 53288, Jackson Water Works, Inc.

On January 22, 1974 the Commission issued Decision No. 82361 in which it adopted - for the purpose of that decision only - flow-through income tax treatment. A decision on the merits of flow-through versus normalization was reserved for further hearings. Further hearings on Citizens' Niles-Decoto Application No. 53178 were held, and Decision No. 83855 was rendered on the merits. We found (in Decision No. 83855) that liberalized depreciation should be treated on a normalized basis. We will, therefore, modify the adopted results of operation in Decision No. 82361 to reflect the change from flow-through to normalization.

In regard to rate case expense in Decision No. 82361 we said:

"Applicant included \$200 in the estimates of legal and regulatory commission expense as charges subsequent to acquisition; staff does not include this expense. Applicant estimated the present rate case expense at \$13,800 which was based on, among other things, hiring a law firm attorney to handle the whole proceeding.

"The staff estimate of rate case expense includes the cost of preparing the application by the local law firm attorney, and the travel and per diem expenses of applicant's lawyer. The staff also allows travel and per diem of company people from Stamford, Connecticut, and from Redding and Sacramento, California. The total rate case expense estimated by the staff is \$5,430. Both applicant and staff prorate this expense over three years; the annual amounts are \$4,600 by applicant and \$1,800 by the staff.

"In point of fact an attorney from a local law firm handled the hearing instead of Stamford counsel. The savings in travel and per diem for the Stamford counsel being nearly equivalent to the legal expense for local counsel for a two-day hearing, and the estimate otherwise appearing reasonable, the staff's estimate will be adopted."

In its exhibit applicant shows the following:

Jackson Water Works, Inc.

Summary of Legal Expense  
1972 - 1974

1972	\$2,306.62
1973	3,443.75
1974	<u>1,420.25*</u>

Total legal expense \$7,170.62

\* Includes \$337.50 estimated fourth quarter, 1974 legal expense.

1972-1974 Rate Case Expense - Excluding Legal

	(1) <u>Total General Charges</u>	(2) <u>Allocated To Jackson 17.09%*</u>	(3) <u>Direct Charges</u>	(4) <u>Total (2 &amp; 3)</u>
Payroll				
California	\$ 2,218	\$ 379	\$ 509	\$ 888
Stamford	2,580	441	-	441
Personnel & Travel				
California	351	60	144	204
Stamford	5,258	899	532	1,431
Printing, Reproduction	-	-	59	59
Freight & Postage	-	-	13	13
Publications	-	-	6	6
Transcripts	-	-	360	360
Consulting Fees	-	-	367	367
Witness Fees (J. F. Utley)	<u>2,295</u>	<u>392</u>	<u>-</u>	<u>392</u>
	\$12,702	\$2,171	\$1,990	\$4,161

\* Allocation based on 4-factor formula.



# Discussion

The following table summarizes the issue of regulatory and legal expenses:

Applicant	Increase : Requested	Increase : Authorized	Reg. Comm. Exp. Est. : Company	Staff	1972-1974 : Co. Expended
North Los Altos Water Company <sup>(1)</sup>	\$112,900	\$40,300	\$16,100	\$ 6,220	\$13,618
Francis Land and Water Company	25,600	3,150	10,300	4,950	6,811
Jackson Water Works, Inc. <sup>(2)</sup>	<u>42,300</u>	<u>23,200</u>	<u>13,800</u>	<u>5,430</u>	<u>11,332</u>
Total	180,800	66,650	40,200	16,600 <sup>(3)</sup>	31,761

- (1) On January 30, 1975 North Los Altos Water Company filed Application No. 55471 requesting an increase of \$106,800.
- (2) On January 7, 1975 Jackson Water Works, Inc. filed Application No. 55430 requesting an increase of \$102,800.
- (3) Adopted by the Commission in its decisions.

In the staff's closing brief filed in the rehearing held on Application No. 53178, Citizens' Niles-Decoto, the staff said:

"No reasonable man could conclude that three and one-half months of legal work costing approximately \$25,000 is reasonable for a rate increase of \$60,500."

What would a reasonable man conclude from reading the above table which shows that Francis Land and Water Company spent \$6,811 to gain an annual rate increase of \$3,150 or which shows, for the three proceedings, combined, applicants spent \$31,761 to gain rate increases totaling \$66,650<sup>5/</sup> annually?

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<sup>5/</sup> Does not include increases hereinafter authorized.

We are concerned that we allowed applicants as much as we did in these proceedings. Because two of the three applicants are again before us, we will not change the amounts we authorized. However, upon reviewing the briefs filed in these matters we must say that we are not impressed by either the staff or company explanations of the amounts shown in their exhibits. We place Citizens, its various affiliates, and the staff on notice that they must prove that the amounts claimed or shown in future rate case matters are what a reasonable man would consider proper for the ratepayer to pay. We emphasize that Citizens can hire whom it wants and pay what it wants, but it is our duty to allow as operating expenses only what is fair and reasonable. We are not bound to provide a utility with rates that provide for unnecessary costs incurred by an extravagant management.

Materials, Services, and Miscellaneous Expense

Applicants' "straightforward exhibit" is on its face unintelligible. Therefore, we will ignore it. We see no reason to change our previous determination of the reasonable allowance for these items for North Los Altos Water Company.

Findings

1. The income taxes in the results of operation adopted in Decisions Nos. 82310, 82361, and 82376 should be calculated on a normalized basis.
2. All other items in the results of operation, except income taxes, are to remain as adopted in Decisions Nos. 82310, 82361, and 82376.

3. The authorized increase in rates for North Los Altos Water Company will provide increased revenues of \$6,800 annually based on the test year adopted in Decision No. 82376.

4. The authorized increase in rates for Francis Land and Water Company will provide increased revenues of \$5,250 annually based on the test year adopted in Decision No. 82310.

5. The authorized increase in rates for Jackson Water Works, Inc. will provide increased revenues of \$9,400 annually based on the test year adopted in Decision No. 82361.

O R D E R

IT IS ORDERED that:

1. Ordering Paragraph 2 of Decisions Nos. 82310, 82361, and 82376 is modified as follows:

2. Liberalized depreciation should be treated on a normalized basis as provided in Decision No. 81821.

2. In all other respects Decisions Nos. 82310, 82361, and 82376 shall remain in full force and effect.

3. After the effective date of this order, applicants North Los Altos Water Company, Francis Land and Water Company, and Jackson Water Works, Inc. are authorized to file the revised rate schedules

attached to this order as Appendix A, Appendix B, and Appendix C, respectively. Such filings 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.

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

Dated at San Francisco, California, this 24th day of JUNE, 1975.

Vernon L. Sturgeon  
President

[Signature]  
[Signature]  
[Signature]  
Commissioners

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

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 .....	\$ 6.61	(I)
Next 2,400 cu.ft., per 100 cu.ft. ....	.68	
Over 3,000 cu.ft., per 100 cu.ft. ....	.48	

Minimum Charge:

For 5/8 x 3/4-inch meter .....	\$ 6.61	(I)
For 3/4-inch meter .....	8.90	
For 1-inch meter .....	13.80	
For 1-1/2-inch meter .....	23.50	
For 2-inch meter .....	36.00	
For 3-inch meter .....	77.00	

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

APPENDIX B

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered service.

TERRITORY

Ferndale and vicinity, Humboldt County.

RATES

Quantity Rates:

	Per Meter Per Month	
First 500 cu.ft. or less .....	\$ 3.62	(I)
Next 1,500 cu.ft., per 100 cu.ft. ....	.69	
Next 3,000 cu.ft., per 100 cu.ft. ....	.48	
Next 5,000 cu.ft., per 100 cu.ft. ....	.29	
Over 10,000 cu.ft., per 100 cu.ft. ....	.21	

Minimum Charge:

For 5/8 x 3/4-inch meter .....	\$ 3.62	
For 3/4-inch meter .....	5.60	
For 1-inch meter .....	8.90	
For 1-1/2-inch meter .....	16.70	
For 2-inch meter .....	24.50	
For 3-inch meter .....	40.00	
For 4-inch meter .....	61.00	
For 6-inch meter .....	95.00	
For 8-inch meter .....	139.00	(I)

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

APPENDIX C

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Jackson and vicinity, Amador County.

RATES

Quantity Rates:

	Per Meter Per Month	
First 500 cu.ft. or less .....	\$ 4.12	(I)
Next 1,500 cu.ft., per 100 cu.ft. ....	.48	
Next 8,000 cu.ft., per 100 cu.ft. ....	.27	
Over 10,000 cu.ft., per 100 cu.ft. ....	.21	

Minimum Charge:

For 5/8 x 3/4-inch meter .....	\$ 4.12	
For 3/4-inch meter .....	5.75	
For 1-inch meter .....	9.55	
For 1-1/2-inch meter .....	16.30	
For 2-inch meter .....	23.00	
For 3-inch meter .....	34.00	
For 4-inch meter .....	61.00	(I)

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

(D)