

Decision No. 84623

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of TUSTIN WATER WORKS, for an
Order Authorizing a Raise in Rates.

Application No. 54903
(Filed May 23, 1974)

Milford W. Dahl, Attorney at Law, for applicant.
Freda Abbott, Attorney at Law, Ernst G. Knolle, and
Ichiro B. Nagao, for the Commission staff.

O P I N I O N

Tustin Water Works (Tustin), a California corporation, seeks authority to increase water rates in order to increase operating revenues for test year 1974 from \$1,208,260 to \$1,490,424, (based upon a revised estimate), an increase of \$282,164 or 23.4 percent annually over the rates in effect at the time of filing of the application.

Tustin estimated that this would increase its net income from a \$16,098 loss to \$136,401. The latter amount would yield a return on its common stock equity of 11.26 percent. These rates were requested to be further increased on June 9, 1975 by filing of Advice Letter No. 33-W to yield additional revenues of \$83,800 (7.7%) to offset certain 1975 cost increases. Application No. 54903 and the rate increase request by Advice Letter No. 33-W are herewith consolidated.

Tustin provides water service to approximately 12,800 customers located within the city of Tustin, within portions of the cities of Santa Ana and Orange, and within Orange County. Tustin provides metered service, public and private fire protection service, metered and unmetered construction service, and hauling service. Tustin's water supply comes from 11 wells and purchased water from

three connections to pipelines owned by member agencies of the Metropolitan Water District. Six reservoirs with a total storage capacity of approximately 11.5 million gallons provide peaking capacity and pressure control in the several operating pressure zones served by Tustin.

After notice, public hearings were held before Examiner Levander on December 16 and 17, 1974 in Tustin. The matter was submitted on the latter date subject to the receipt of Tustin's late-filed Exhibit 3, an investigation and recommendation concerning service problems raised by customers, and a staff evaluation of this exhibit, Exhibit 3-1, which have been received.

Testimony in behalf of Tustin was presented by its secretary and controller, by a consulting engineer, and by a certified public accountant. The Commission staff presentation was made by two engineers and a financial examiner.

Several customers spoke in opposition to the increase. Other customers supported the increase in full or in part, or conditionally upon improved service. Eight customers complained of low pressures, which could result in public health or fire protection problems. One customer requested an irrigation rate schedule.

The latest general rate increase for Tustin was authorized in Decision No. 77240 dated May 19, 1970 in Application No. 51558. The authorized rates were designed to yield an 8.1 percent rate of return on rate base for test year 1970. Tustin's rates have subsequently been increased to offset increases in the cost of purchased water, water replenishment taxes, and electric power expenses. Notice of the proposed offset increase by Advice Letter No. 33-W was published on June 11 and 12, 1975.

Results of Operation

The following tabulation compares the estimated Summary of Earnings for test year 1974 at present and proposed rates, and sets forth the adopted summary of earnings for test year 1974 at present rates after allowing for increased expenses per Advice Letter No. 33-W. The basis for the adopted results is discussed in the following paragraphs.

Summary of Earnings
(Estimated Year 1974)

Item	Tustin Estimate		Staff Estimate		Adopted
	Present	Proposed	Present	Proposed	at Present
	Rates	Rates	Rates	Rates	Rates
(Dollars in Thousands)					
Oper. Revenues	\$1,208.3	\$1,490.4	\$1,235.3	\$1,523.7	\$1,235.3
Oper. Expense*	826.0	826.0	811.7	812.0	911.3
Deprec. Expense	109.4	109.4	103.8	103.8	105.9
Taxes Other Than Income	159.2	164.8	149.9	155.7	150.4
Subtotal	\$1,094.6	\$1,100.2	\$1,065.4	\$1,071.5	\$1,167.6
Taxes on Income	.2	132.3	16.3	165.0	.2
Total Oper. Expense	\$1,094.8	\$1,232.5	\$1,081.7	\$1,236.5	\$1,167.8
Net Oper. Revenue	\$ 113.5	\$ 257.9	\$ 153.6	\$ 287.2	\$ 67.5
Deprec. Rate Base	\$2,929.5	\$2,929.5	\$2,845.1	\$2,845.1	\$2,872.6
Rate of Return	3.87%	8.80%	5.40%	10.09%	2.35%

*Including pump tax.

Operating Revenues

The primary difference between the revenue estimates of Tustin and the staff is based upon the estimates of use per customer for the test year. Tustin's estimate is 355.7 Ccf per customer per year. Tustin derived its estimate using hand drawn, multiple-correlation curves using the modified-Bean method. The staff used a computer program to derive a straight line, multiple-correlation curve using the modified-Bean method. Tustin and the staff both used 30 years of weather data at the same weather station as the statistical base for their respective estimates. However, the staff used the most recent 30 years of data while Tustin used the 30 years listed in a staff manual describing methods of correlating weather data with usage.

Tustin sought to rebut the staff's weather base period with Exhibit 7 showing approximately 90 years of rainfall, from 1883 to 1974, measured at stations in Anaheim and at an Orange County Flood Control District station. Tustin's engineering witness testified that rainfall measurements during the 30-year period utilized by the staff represented 88.1 percent of the 83-year average of the average rainfall during three complete wet-dry weather cycles; that rainfall measurements during the 30 years used by Tustin were 105.4 percent of the 83-year average. There was no correlation shown for rainfall at the stations used in Exhibit 7 which are located several miles from Tustin's service area and the station used for the use per customer estimates. The 90 years of rainfall data did not contain the adjustments of maximum monthly rainfall used in the modified-Bean analysis. There is no evidence on this record as to the effects on temperature and rainfall of urbanization and of changes in cultivation in and around the service area of Tustin, which would in turn affect usage per customer.

A staff witness testified that the degree of statistical correlation of weather data with the staff usage curve was markedly greater than the correlation was for Tustin's curve.

The staff usage of the latest 30-year period and its computer analysis is reasonable and should be adopted.

Operating Expenses

The differences in purchased water, purchased power, and pump tax expenses are due to the differences in estimates of water sales.

The Orange County Water District ordered Tustin to utilize its wells for only 60 percent of its water requirements and to purchase the remaining 40 percent. Other purveyors within the district are permitted to pump 70 percent of their water requirements before July 1, 1975 and 65 percent after July 1, 1975. However, Tustin has been experiencing water quality problems

due to excessive concentrations of nitrate in some of its wells. Tustin alleges that it has had difficulties in securing new well sites due to local opposition; that it has made a commitment to the Health Department to eliminate two of its highly mineralized well supplies in 1975; and that it does not anticipate that it could drill a new well within its service area which would supply water meeting Health Department standards.

The use of a 40:60 ratio of purchased to pumped water used by Tustin and the staff is reasonable. We will adopt the staff estimates presented at the hearing adjusted to include the effect of July 1, 1975 increases in charges for purchased water, pump tax, and the surcharge for the State Energy Resources Conservation and Development Commission as shown herein in the Adopted 1974 Summary of Earnings Table.

Tustin's other expense estimates, excluding meter and well maintenance expenses, are based upon 1973 adjusted and/or 1974 estimates. Tustin has added a serviceman and has increased payroll expenses for two part-time management employees. A Tustin witness testified that it was necessary for the company to have another serviceman available on evenings; that new ecological features had to be evaluated in some of the company reports; that the State Health Department's regulations were more complex and time consuming (e.g., in operations and record keeping related to back-flow prevention devices); that customers were moving more frequently necessitating more turn-ons and turn-offs, and more office time; that new legal implications involved in their relationships with public agencies had to be evaluated; that expenses were increasing with the shift from residential to apartment units and due to the aging of portions of the water system; and that more customer contacts and complaints had to be processed.

Tustin's expenses also reflect increased frequency of requests for rate relief. The company's estimate of \$15,000 for regulatory expense amortized over three years does not give adequate consideration to the fact that most of its showing is prepared in-house.

Tustin contends that even though its ratio of employees per 1,000 customers has increased in recent years, its ratio is one of the best in the industry.

A staff witness testified that the low employee-customer ratio should not be equated with reasonableness.

The corresponding staff expense estimate trended payroll expenses at 1974 payroll levels with some adjustments for new programs and trended material costs adjusted to current price levels.

The staff estimate eliminates \$2,400 for director's fees of two officer-directors on the company payroll, \$1,200 for an unsupported expense allowance for a director, directors fees paid for a meeting cancelled for lack of a quorum, Chamber of Commerce fees, and one-half of the company dues for the California Water Association. We concur with these staff rate-fixing adjustments except for the reduction due to the cancelled directors meeting. The record shows no other directors meeting had been cancelled for several years.

The staff estimate of administrative expenses capitalized is reasonably geared to Tustin's construction program.

The adopted expenses reflect the expanded activities and new programs required for Tustin's operations as described above.

Taxes

The staff estimate of ad valorem tax, which is based upon later tax rates and a later taxable base, is adopted. Consistent with our adoption of the staff revenue estimate, we adopt the staff estimate of local franchise fees. The adopted payroll taxes reflect the payroll cost included in the adopted operating expense.

Depreciation Expense

The adopted depreciation expense reflects the revised estimate of net utility plant contained in Exhibit 6 and includes the amortization allowance for an abandoned well authorized by Resolution No. FA-539, which permits the write-off of the cost of the well, less tax savings, over five years (\$2,240 per year).

Rate Base

Tustin updated its rate base estimate based upon current estimates of plant construction. The staff concurred with this revision except as to the level of advances for construction. A staff witness testified that Decision No. 77240 dated May 19, 1970 in Application No. 51558 ordered Tustin to "follow its Tariff Rule No. 15...relative to revising its main extension contracts for the difference between actual construction costs and the amount advanced" and that Tustin failed to collect for additional construction costs of \$16,118 on approximately 25 main extension contracts. The staff recommends that Accounts Receivable be debited and Advances for Construction be credited for \$16,118. Tustin concurred with this staff adjustment to Advances for Construction.

The issue of adjusting Advances for Construction to actual cost should not have arisen in one proceeding--let alone in two. In any future rate application, Tustin should certify that it has adjusted its advance contracts to actual cost in conformity with its Tariff Rule No. 15.

The adopted rate base of \$2,872,600 reflects modification of the working cash allowance contained in Exhibit 6 to reflect adopted expenses and further modified to reflect 1975 costs, the aforementioned \$16,100 adjustment of Advances for Construction, and the aforementioned modification of depreciation expense which flows through to the Reserve for Depreciation.

Summary of Earnings

Tustin's net earnings at present rates total \$67,500 which would yield a rate of return for the test year of 2.35 percent on rate base. This rate of return is deficient and Tustin is in need of rate relief.

Tustin has requested combined total rates which would yield revenues of \$1,607,500 for the test year. Tustin's net earnings at proposed rates would total \$279,300 for the test year which would yield a rate of return of 9.72 percent on rate base. The rate of return at proposed rates is excessive.

The staff summary of earnings tabulation for the years 1973 and 1974 shows a downtrend in rate of return of 0.29 percent at present rates and 0.42 percent at proposed rates. A staff engineer recommends that a trend allowance of 0.40 percent be incorporated in this order.

At present rates, increases in revenues between 1973 and 1974 were about the same as increases in expenses. The attrition in rate of return was due to an increase in rate base.

At proposed rates, increases in revenues between 1973 and 1974 were slightly greater than increases in expenses. The attrition in rate of return at proposed rates is due in part to the growth in rate base and in part to the increase in the ratio of operating expenses to operating revenues between 1973 and 1974.

Rate of Return

Tustin requested authorization of rates which would increase its rate of return on rate base to 8.80 percent. Tustin estimated that a return of 8.80 percent on rate base would yield a return on common equity of 11.26 percent.

The Commission staff recommends authorization of rates to yield a rate of return of 8.75 percent on rate base.

The staff derivation of Tustin's capital structure as of September 30, 1974 is reasonable. Based upon that capital structure, a rate of return of 8.75 percent would yield 12.50 percent on common equity for test year 1974.

We will give recognition to the abovementioned downtrend in rate of return in the authorized rates contained herein. For test year 1974, a rate of return on rate base of 8.75 is reasonable.

A rate of return of 8.75 percent on rate base for test year 1974 would have resulted in an increase in gross revenues to \$1,547,600 a \$312,300 increase (25.3 percent). Net revenues would have been \$251,400 for test year 1974.

The rates which Tustin will be authorized, contained in Appendix A attached to this order, should produce revenues of \$1,572,600, which is \$25,000 above the gross revenues which would have been reasonable for test year 1974. This amount has been included to offset a 0.4 percent attrition in Tustin's rate of return. Tustin should be authorized to file the rates contained in Appendix B, attached to this order, to be effective on January 1, 1976. These appendices will yield annual increments of \$25,000 based upon test year 1974 rate spreads.

Rates

Tustin proposes increases in its commodity rates and service charges to its metered customers. The staff did not suggest an alternate proposed rate spread.

Service

The record shows that Tustin's present and proposed operating procedures for utilizing well supplies containing excessive concentrations of nitrates are reasonable.

Tustin's investigation of pressure complaints (late filed Exhibit 3) states in part:

"Tustin Water Works service area is on a gradual gradient ranging from an elevation of approximately 300 feet down to 75 feet. Four of its five reservoirs are located at the 300 feet elevation with a total capacity of over 11 million gallons. The water system is all interconnected except for three separate pressure zones. Because the system rides on these storage reservoirs they also serve as balancing reservoirs and supply the various pressures for the system. Thus, there is a range of pressures from the higher area of 35-40 psi to a high in the lower elevation of approximately 100 psi. Unfortunately, not all consumers can have maximum water pressure."

"During the years 1973 and 1974, Tustin Water Works has replaced approximately 8,774 feet of old pipe with new and larger mains. Approximately 7,800 feet of mains will be replaced in 1975. Tustin Water Works will continue to replace older mains and services to maintain its good service to its consumers as the need arises and within its economic structure."

Static pressures were measured at the service lines of eight customers complaining of insufficient pressures and at nearby fire hydrants. Some of these measurements were marginal in meeting the minimum pressure requirements of our then effective General Order No. 103. Minimum pressure at three of the hydrants were 25 psi, 27 psi, and 37 psi. Minimum static service pressures at three locations were 30 psi, 32 psi, and 32 psi. All of these measurements were made during the winter of 1974-1975.

Tustin noted that several customer service lines were undersized and/or probably affected by corrosion due to the age of customer service lines. Tustin did not propose to make any further investigation of these problems. A staff engineer indicated that nothing further was required of Tustin.

We disagree. Some of Tustin's service lines would also be constricted by corrosion. Some of the mains servicing the affected customers are of small diameter. Tustin cannot expand its service area. Increased demands are being placed upon Tustin's system because of the trend away from residential services to apartment buildings within its urbanized service area. Approximately nine miles of Tustin's mains are smaller than four inches in diameter.

The affected services are in the northern portion of Tustin's service area. Tustin should resurvey the affected low pressure areas during hot days in the summer of 1975. In the event that minimum pressures are below 25 psi Tustin should submit and implement a program for improving service pressures.

If Tustin determines that it will have to request Commission authorization to establish delineated areas where minimum normal operating pressures will range between 25 and 40 psi, pursuant to Ordering Paragraph 6 of Decision No. 84334 dated April 15, 1975 in Case No. 9263, it should submit an engineering study showing what facilities are needed to upgrade pressures to meet the new minimum

pressure standards of 40 psi set forth in Decision No. 84334. If Tustin files an engineering study it should be accompanied by a schedule for making the required improvements and/or an explanation of why certain improvements are not feasible. Tustin may request authorization for increased rates or zone rates if the improvements and/or changes in operations materially increase its revenue requirements.

We are authorizing the step-rate increases herein with the understanding that Tustin will go forward expeditiously in upgrading low pressure portions of its service area.

Findings

1. A reasonable estimate of Tustin's results of operations for test year 1974 at present rates is:

Adopted 1974 Summary of Earnings
At Present Rates
(Dollars in Thousands)

Item	Application No. 54903	Advice Letter No. 33-W	Total
Operating Revenues	\$1,235.3	\$ -	\$1,235.3
Operation Expenses			
Purchased Water	319.6	15.2	334.8
Pumping Tax	91.8	56.8	148.6
Purchased Power	132.2	.5	132.7
Other	295.2	-	295.2
Total Operation Expense	838.8	72.5	911.3
Depreciation Expense	105.9	-	105.9
Taxes Other Than Income	150.4	-	150.4
Income Taxes	3.1	(2.9)	.2
Total Deductions	1,098.2	69.6	1,167.8
Net Operating Revenues	137.1	-	67.5
Depreciated Rate Base	2,859.0	13.6	2,872.6
Rate of Return	4.80%	(2.45)	2.35

2. Attrition in Tustin's rate of return should be recognized in the rates authorized herein.

3. A rate of return on rate base at authorized rates of 8.75 percent is reasonable.

4. The rates contained in Appendix A attached to this decision are reasonable for 1975. These rates should yield revenues of \$1,572,600 based upon 1974 rate spreads, an increase of \$337,300 over 1974 revenues at present rates (27.3 percent).

5. An incremental offset of \$25,000 for 1976 based upon the rates contained in Appendix B attached to this decision, will offset the 0.4 percent attrition in Tustin's rate of return. The rates contained in Appendix B attached to this decision are reasonable for 1976. These rates should yield revenues of \$1,597,600 based upon 1974 rate spreads, an increase of \$362,300 (29.3 percent).

6. The increases in rates and charges authorized by this decision are justified and are reasonable; and the present rates and charges, insofar as they differ from those prescribed by this decision, are for the future unjust and unreasonable.

7. Tustin should promptly adjust estimated advances for construction to actual cost and make the necessary refunds or charges to accomplish this.

8. Tustin should recheck pressures at the services and fire hydrants described in late filed Exhibit 3 as discussed in this opinion. Tustin should promptly file a copy of this survey together with a schedule for any needed betterments.

9. If Tustin requests establishment of delineated areas where minimum normal operating pressures will range between 25 and 40 psi it should file the studies described in the opinion.

10. The effective date of this order should be on less than statutory notice because of prompt need for rate relief.

Conclusions

1. The application should be granted to the extent set forth in the order which follows.

2. Further tests of the adequacy of pressures within Tustin's service area should be made. If minimum pressures are deficient corrective actions should be undertaken.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, applicant Tustin Water Works is authorized to file the revised tariff schedules attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be five days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date of the revised schedules.

2. Tustin Water Works is authorized to file the revised tariff schedules attached to this order as Appendix B, on or after December 26, 1975. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be six days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date of the revised schedules.

3. Tustin shall promptly adjust estimated advances for construction to actual cost. Tustin shall certify its compliance with this ordering paragraph ten days after the effective date of this order and in any future rate application.


4. Tustin shall recheck pressures at the services and fire hydrants described in late filed Exhibit 3 as discussed in this opinion. Tustin shall promptly file a copy of this survey together with a schedule for any needed betterments.

5. If Tustin requests establishment of delineated areas where minimum normal operating pressures will range between 25 and 40 psi it shall file monthly progress reports of the status of the studies described in Finding 9 herein.

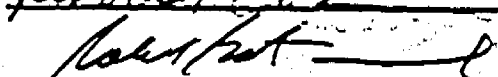
The effective date of this order is the date hereof.

Dated at San Francisco, California, this 8th
day of JULY, 1975.


President


Commissioner


Commissioner


Commissioners

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

APPENDIX A
Page 1 of 6

Schedule No. 1

METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Tustin and portions of Santa Ana, Orange and vicinity, Orange County.

RATES

Service Charge:

Per Meter
Per Month

For 5/8 x 3/4-inch meter	\$ 2.45	(I)
For 1-inch meter	3.70	
For 1½-inch meter	4.90	
For 2-inch meter	6.65	
For 3-inch meter	12.30	
For 4-inch meter	16.70	
For 6-inch meter	27.80	(I)

Quantity Rate:

For all water delivered, per 100 cu.ft.	\$ 0.228	(I)
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The Service Charge is applicable to all metered services. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rate, for water used during the month.

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

Tustin and portions of Santa Ana, Orange and vicinity, Orange County.

RATE

Per Month

For each inch of diameter of service connection	\$2.45	(I)
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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.
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.

(Continued)

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS—(Contd.)

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 stand 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.

Schedule No. 9MC

METERED CONSTRUCTION SERVICE

APPLICABILITY

Applicable to all metered water service furnished for construction.

TERRITORY

Tustin and portions of Santa Ana, Orange and vicinity, Orange County.

RATES

Quantity Rate:

All water sold, per 100 cu.ft.	\$ 0.25	(I)
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Connection Charge:

	<u>Per Meter</u>	
For 2-inch meter	\$ 8.85	(I)
For 3-inch meter	12.30	
For 4-inch meter	24.60	
For 6-inch meter	29.50	(I)

The Connection Charge is a one time charge per application.

SPECIAL CONDITIONS

1. A \$250.00 refundable deposit will be required for each meter.
2. Tustin Water Works reserves the right to discontinue the service without notice if water is not used for a period of 15 consecutive days.

(Continued)

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Schedule No. 9MC

METERED CONSTRUCTION SERVICE

SPECIAL CONDITIONS—(Contd.)

3. The customer shall notify Tustin Water Works when he wishes to discontinue service. The regular rates including connection charge shall continue until such notice has been received, unless the service is discontinued under Special Condition 2 above.

4. If during the course of obtaining flood water the applicant causes any damage to the water company's facilities, the company will bill the applicant for such damages.

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Schedule No. 9MZ

HAULAGE SERVICE

APPLICABILITY

Applicable to all measured water service furnished for delivery to customers' tanks or containers.

TERRITORY

Tustin and portions of Santa Ana, Orange and vicinity, Orange County.

RATE

All water sold, per 100 gallons	\$0.05	(I)
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SPECIAL CONDITIONS

1. Water service under this schedule will be furnished only when surplus water is available and under conditions which will not adversely affect domestic service. The utility will be the sole judge as to the availability of such surplus water.

2. The utility will determine the locations at which the service will be provided and the conditions governing said service.

APPENDIX B
Page 1 of 6

Schedule No. 1

METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Tustin and portions of Santa Ana, Orange and vicinity, Orange County.

RATES

Service Charge:		Per Meter Per Month	
For 5/8 x 3/4-inch meter		\$ 2.50	(I)
For 1-inch meter		3.75	
For 1 1/2-inch meter		5.00	
For 2-inch meter		6.75	
For 3-inch meter		12.50	
For 4-inch meter		17.00	
For 6-inch meter		28.25	(I)

Quantity Rate:

For all water delivered, per 100 cu.ft. \$ 0.231 (I)

The Service Charge is applicable to all metered services. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rate, for water used during the month.

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Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

Tustin and portions of Santa Ana, Orange and vicinity, Orange County.

RATE

	<u>Per Month</u>	
For each inch of diameter of service connection	\$2.50	(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.
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.

(Continued)

APPENDIX B
Page 3 of 6

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS—(Contd.)

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 stand 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.

APPENDIX B
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Schedule No. 9MC

METERED CONSTRUCTION SERVICE

APPLICABILITY

Applicable to all metered water service furnished for construction.

TERRITORY

Tustin and portions of Santa Ana, Orange and vicinity, Orange County.

RATES

Quantity Rate:

All water sold, per 100 cu.ft.	\$ 0.25	(I)
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Connection Charge:

	<u>Per Meter</u>	
For 2-inch meter	\$ 9.00	(I)
For 3-inch meter	12.50	
For 4-inch meter	25.00	
For 6-inch meter	30.00	(I)

The Connection Charge is a one time charge per application.

SPECIAL CONDITIONS

1. A \$250.00 refundable deposit will be required for each meter.
2. Tustin Water Works reserves the right to discontinue the service without notice if water is not used for a period of 15 consecutive days.

(Continued)

Schedule No. 9MC

METERED CONSTRUCTION SERVICE

SPECIAL CONDITIONS—(Contd.)

3. The customer shall notify Tustin Water Works when he wishes to discontinue service. The regular rates including connection charge shall continue until such notice has been received, unless the service is discontinued under Special Condition 2 above.

4. If during the course of obtaining flood water the applicant causes any damage to the water company's facilities, the company will bill the applicant for such damages.

APPENDIX B
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Schedule No. 9MZ

HAULAGE SERVICE

APPLICABILITY

Applicable to all measured water service furnished for delivery to customers' tanks or containers.

TERRITORY

Tustin and portions of Santa Ana, Orange and vicinity, Orange County.

RATE

All water sold, per 100 gallons \$0.05 (I)

SPECIAL CONDITIONS

1. Water service under this schedule will be furnished only when surplus water is available and under conditions which will not adversely affect domestic service. The utility will be the sole judge as to the availability of such surplus water.
2. The utility will determine the locations at which the service will be provided and the conditions governing said service.