

Decision No. 86163

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Herbert R. Schultz,
Complainant,
vs.
Cuyamaca Water Company,
Defendant.

Case No. 9889
(Filed March 26, 1975)

Herbert R. Schultz, for himself, complainant.
Leon W. Scales, Attorney at Law, for Cuyamaca
Water Company, defendant.
Russell M. McCann, Audrey Dickinson, Fern Joseph,
David Engberg, E. R. Prout, Margaret Guzman,
Joe Guzman, and Peter Guzman, for themselves,
interested parties.
Freda Abbott and William J. Jennings, Attorneys
at Law, and Robert C. Durkin, for the Commission
staff.

O P I N I O N

Statement of Facts

Complainant owns a home at Lake Cuyamaca Resort, situated about 40 miles east-northeast of San Diego. His home, which he uses weekends, is one of about 86 constructed to date in the 194-lot subdivision which is the resort. Water service is provided by Cuyamaca Water Company (defendant), successor to the L. J. Turner Water Company. The latter company was organized some time prior to 1930 by L. J. Turner, and serviced the subdivision. A water supply permit was issued October 17, 1955 by the County of San Diego Health Department, and operations thereafter have been conducted utilizing this permit. Until about 1945 there was no charge made for water. Following the death of L. J. Turner the water company was sold in 1972 to Cyrus A. Jaffari, present owner. Jaffari has a home at the resort and owns other properties there.

Today, defendant delivers water for compensation to approximately 20 year-round and 66 part-time residential consumers within the resort borders, and to approximately 5 other residential consumers whose properties are immediately adjacent to the resort. Water is provided to all on a flat-rate basis, and since October 1974 the monthly charge has been \$10 per service.

Over the years a number of wells have been sunk with varying results. A common problem has been an unacceptably high iron content, and this undesirable quality has limited or prevented use of several of the wells.^{1/} At present virtually all water distributed by defendant is drawn from one well - Well No. 1 located on Lot 126. The quality of the water from this well is such that removal of iron is not required. The well is believed capable of delivering between 17 and 20 gallons per minute. Water drawn from this well is discharged to a 20,000-gallon capacity redwood storage tank located on nearby Lot 129. That portion of the resort at lower elevations is serviced directly from this tank. In addition, some water is also boosted to a 5,000-gallon capacity redwood storage tank located at a higher elevation near Lot 182, but just outside and above the resort boundary. This latter tank supplies those lots situated higher than the well. Distribution through the resort is by approximately 10,790 feet of standard screw-thread galvanized pipe of 1- to 4-inch diameter. Individual lot service is accomplished by means of 3/4-inch galvanized pipe fitted with shut-off valves. Neither the quantity of water

^{1/} Well No. 3, drilled in 1965, has not recently been in service because of a very high iron content (tested at between 6.0 to 6.5 parts per million). This well is rated at about 17 gallons per minute capacity. Well No. 4, drilled in 1975, initially pumped connate water which when exhausted, could not be replaced by ground water sources in quantity to be of any value. It, together with other unsatisfactory wells drilled, has been or will be abandoned.

presently available or the piping in the distribution system meets minimum standards set forth in Commission's General Order No. 103. Water outages occurred during 1975 and the defendant hauled water over Labor Day weekend, 1975.

Complainant seeks an order declaring defendant to be a public utility water corporation, determination of reasonable rates, and publication of defendant's tariff, and that defendant cease and desist discriminating between various customers. Duly noticed public hearings were held in La Mesa on August 22, 1975 before Examiner John B. Weiss, and on March 25, 1976 before Examiner Robert Barnett. Following the second hearing the case was submitted.

At onset of the initial hearing defendant stipulated that it was providing water for compensation and agreed that it was indeed a public utility water corporation within the context of the Public Utilities Code. Complainant and a number of other consumer-residents complained of occasional discolored water and low pressure, particularly on weekends and holidays. Complainant based his discrimination contention on the fact that all residents are charged the same, whether they were weekenders or all year-round residents. A local realtor spoke to the effect that because of the weekend resort nature of the general occupancy, water consumption with few exceptions tends to be minimal. A consulting engineer, retained by defendant to analyze defendant's operations and recommend what might be done to develop an adequate water supply, presented evidence on measures defendant is and will be taking to augment and otherwise improve the water supply. These measures include addition of a 10,000-gallon steel storage tank, aeration plates to assist in removal of the iron content, addition of a soda ash feed pump and chlorinator, and new pumping equipment. With completion of these additions to the plant, it will be possible to bring the production of Well No. 3, heretofore not in service because of high iron content, back into use to provide adequate supplies of water and storage capacity to accommodate domestic service for approximately 105 connections.

The staff presented evidence from its investigation and made recommendations relative to the fixing of just and reasonable rates. Using the historical cost approach, the staff determined upon an estimated cost of \$30,600 as appropriate for the utility plant.^{2/} From this base they established a depreciation reserve in the amount of \$7,640, and the annual depreciation expense for the year 1975 to be \$780. They determined the average depreciated rate base as \$24,060. With operating revenues of \$10,320^{3/} reduced by deductions for operating and maintenance expense, depreciation, and taxes to an annual net revenue of \$1,525, the rate of return to defendant was shown to be 6.3 percent.^{4/}

Defendant objected to use of the historical cost approach for appraising the utility plant, noting that the present owner paid \$43,000 for it when he purchased the utility in 1972. Defendant, through its witness, a certified public accountant, contends that a rate base unrelated to the purchase price is improper. Defendant also urged that provision should be made for the substantial legal and accounting costs incurred - in the approximate amount of \$1,000. Defendant wants recognition in the rate base of the costs of the improvements it is adding for rehabilitation of Well No. 3 to provide an adequate supply of potable water. Finally, defendant asks for a \$2 increase in the monthly charge so as to result in a monthly flat rate charge of \$12. The staff's comment as far as the \$10 flat rate now charged was:

"The data presented herein indicates that the rates presently being charged are not producing an excessive amount of revenue based upon normal operations of the water system."

^{2/} See Appendix A to this order.

^{3/} 86 customers at a monthly flat rate of \$10 per month = \$10,320.

^{4/} See under Discussion hereafter, the Summary of Earnings Table, Historical Basis.

Discussion

Two of complainant's requests can be handled expeditiously: First, complainant asks that defendant be declared a public utility water corporation. The Public Utilities Code defines a "public utility" as including every "...water corporation...where the service is performed for or the commodity delivered to the public or any portion thereof",^{5/} and "...for which any compensation or payment whatsoever is received..."^{6/} It further states that "Any person, firm...owning...any water system...who sells...water to any person...is a public utility, and is subject...to the jurisdiction, control, and regulation of the commission..."^{7/} In the case at hand, defendant's predecessor delivered water for compensation, and defendant concedes that it is providing water to a portion of the public for compensation. Therefore it is clear, as defendant concedes, that defendant is a public utility subject to regulation of this Commission. Second, complainant asks that defendant be required to publish its tariff. Public Utilities Code Section 489 provides that "...every public utility...shall file with the commission..., and shall print and keep open to public inspection, schedules showing all rates...and classifications...together with all rules..." Thus defendant will be ordered to publish its tariff.

Complainant further asks that defendant be ordered to cease and desist discriminating between various customers.^{8/} He feels that because he is usually present only on weekends he is being discriminated against. Under the circumstances of this case we can find no discrimination in application of a residential flat rate service to all consumers, weekenders, and permanent residents alike.

^{5/} Public Utilities Code Section 216(a).

^{6/} Public Utilities Code Section 216(b).

^{7/} Public Utilities Code Section 2701.

^{8/} Public Utilities Code Section 453 prohibits discrimination in rates and charges, and prohibits preferences or advantages.

All pay the same charge. There are only 20 year-round residents; the remaining 66 residents are weekenders, as is complainant. Certainly we would prefer metered service. The Commission has long been of the opinion that a measured service is the only proper one (Mountain Water Co. (1921) 20 CRC 558, 559). By this means charges are equitably distributed among the consumers according to usage, extravagance in use is reduced to a minimum and water is conserved. Flat rate service encourages high and extravagant water consumption. But even with metered service there is always a basic monthly service charge (the cost of constant standby readiness to serve) which all customers, regardless of consumption, equally pay before the quantity charge is made. The Commission's long-term policy has been that people who are part-time customers of a utility should still pay those demand charges which it is necessary for the utility to assess in order to have the product available when the tap is turned on. Particularly with rural resort-type water utilities we must also recognize that meters, meter reading, and meter maintenance cost money, and many small public utility water companies just cannot reasonably afford that extra investment, and must continue offering flat rate service. Where, as here, three-quarters or more of the customers are part-time weekenders, we cannot justify ordering the utility to incur the additional cost of meters - costs which necessarily must, in turn, be passed on to all the consumers.

The final matter to be resolved is the determination of just and reasonable rates for this water utility. As the Supreme Court of the United States commented in this regard, basically, "the fixing of 'just and reasonable' rates, involves a balancing of the investor and the consumer interests..." (Federal Power Commission v Hope Natural Gas Co. (1944) 320 US 591, 603; quoted and followed in P.G.&E. Co. (1971) 71 CPUC 724, 729). While ability of the customer

to pay is one of the factors necessarily entering into determination of the rate (San Jose Water Co. (1915) 7 CRC 762, 765; and San Gabriel Valley Water Co. (1947) 47 CPUC 434, 438), the Commission cannot refrain from assessing proper charges for public utility services merely because certain consumers assert it would be difficult or inconvenient to pay such charges (City of Oakland v East Bay Water Co. (1922) 21 CRC 536, 542). It is the responsibility and duty of this Commission to protect the consumer's interests; but at the same time, and at law equally entitled to consideration, the small utility also has legitimate expectations and enforceable rights in the scales of justice (Barnes v Skinner, Decision No. 85492 dated March 2, 1976 in Case No. 9881). The desirable and equitable aim in ratemaking should be that the consumer pay, as nearly as may be, the cost of the service received, plus a reasonable return upon investment (L.A. Ice & Cold Storage Co. (1921) 20 CRC 124, 133). It should also be noted that while utility rates are always made for the future, they are usually based on past experience.

In determining just and reasonable rates, it is first necessary to establish the rate base. This involves ascertaining the original cost of the utility plant. Original cost generally means the cost of all property of the utility used and useful at the time when first devoted to service for public utility purposes. Usually such cost is established from the utility's books and records. Proof of the rate base lies at the very heart of ratemaking and the utility company management is charged with the burden of putting into the record competent evidence to support its view. When original cost or books of record do not any longer exist, or have not been kept or adjusted to the accounting standards of the regulatory

body, historical cost is sometimes used as a working substitute.^{2/} Historical cost is obtained by a hypothetical estimate of what the properties originally cost, judging by land and construction costs obtaining at the time the properties were first dedicated to public use. In the case at hand, the original costs of the property and the equipment and installations are no longer known. The Commission staff therefore used the historical cost appraisal method of ascertaining original cost of the utility plant, arriving at the \$30,600 figure (see Appendix A). Defendant contests this, asserting that the \$43,000 cost of acquisition in 1972 is a more proper figure, reflecting that the fair market value would be even higher today. But defendant did not merely purchase land, improvements, and equipment when it purchased this water business in 1972, it purchased a public utility, and it must be noted that the purchase price of the property of one utility being purchased by another is not binding upon this Commission (Citizens Light and Water Co. (1913) 2 CRC 805, 806), and that what property will sell for has no place in ratemaking (James A. Murray (1913) 2 CRC 464, 511). Accordingly, we will adopt the staff appraisal of the historical cost of the water utility facilities at \$30,600 as set forth in Appendix A to this order. Similarly with depreciation, aside from noting that it is not a substantial item, and commenting that "we feel that the length of life is too long for many of these assets", defendant posed no alternatives to the staff computation of \$7,640 as the depreciated reserve, or to \$780 as the depreciation expense for 1975. Therefore, we will also adopt these staff computations - set forth in Appendix B to this order.

9/ California for almost 60 years has followed the historical cost approach in establishing a rate base. The U.S. Supreme Court has refused to endorse or consider any formula or method of rate base as binding, so long as the "end result" of the Commission rate order cannot be shown to be confiscatory (Federal Power Commission v Hope Natural Gas Co. (1944) 320 US 591).

The remaining areas of concern to defendant were that the Commission recognize and take into consideration in determining the rate base, the equipment additions made in 1975, defendant's extraordinary legal and accounting expenses leading to and as part of this proceeding, and finally the approximate \$10,000 in plant additions being incurred to rehabilitate Well No. 3 and to provide additional water storage capacity. The staff has already taken into consideration the \$1,600 of the 1975 equipment additions.^{10/} The legal and accounting expenses of a small utility incurred in preparing and presenting its case before the Commission, when the matters at bar are designed to establish first the threshold fact of utility status, and consequently thereafter to determine an initial rate base with initial service rates, cannot be included in their entirety in annual operating expense, for such expense is not the type which recurs annually (Nunn v Sutter-Butte Canal Co. (1918) 15 CRC 425, 446). Rather these expenses are essentially organizational in concept, and as the Commission has always recognized the validity of claims for organizational expenses - noting that they are as properly subjects of capitalization as the cost of the component parts of the utility's physical plant or system (Central California Gas Co. (1913) 2 CRC 116, 120), they should be considered as part of the cost of the utility plant, and a sum representing an allowance for this \$1,000 expenditure will be included (Port Costa Water Co. (1920) 18 CRC 1019, 1022). We would further agree with defendant that the \$10,000 for the rehabilitation of Well No. 3 and for additional water storage capacity, so urgently needed to provide an adequate supply of water for the present customers and to avoid another outage as occurred on Labor Day 1975, when expended, should be included in the rate base. A utility

^{10/} See Appendix B to this order, 1975 additions.

which expends a relatively large sum of money in improving its service condition and in placing itself in a position to render adequate service must be reasonably compensated therefor (Coast Valley Gas & Electric Co. (1921) 19 CRC 831, 834).

We are not unmindful of the cost of these hearings, and in order to obviate the necessity for another hearing, having essentially all the facts in hand, we will at this point set forth a multiple rate structure which will establish an historical rate base and a present rate as well as provide for a proposed rate which we will subsequently authorize upon application following the rehabilitation of Well No. 3 and its acceptance by the County of San Diego Health Department.

	<u>Rate Base</u>		
	<u>Historical Base</u>	<u>Present 1976 Base</u>	<u>Proposed Base</u>
<u>Utility Plant</u>			
Beginning of year	\$30,600	\$33,200	\$43,200
Average net additions	800	-	-
Average materials and supplies	<u>300</u>	<u>300</u>	<u>300</u>
Total	\$31,700	\$33,500	\$43,500
Average depreciated reserve	<u>7,640</u>	<u>8,410</u>	<u>8,710</u>
Average depreciated rate base	\$24,060	\$25,090	\$34,790
<u>Operating & Maintenance Expense</u>			
	<u>Historical Base</u>	<u>Present 1976 Base</u>	<u>Proposed Base</u>
Operating & maintenance labor	\$3,250	\$3,250	\$3,250
Power & pumping expense	350	350	425
Water treatment, transmission, & distribution expense	600	600	600
Customer acct. & gen. expense	<u>2,230</u>	<u>2,230</u>	<u>2,230</u>
Total	\$6,430	\$6,430	\$6,505

Summary of Earnings

	<u>Historical Base</u>	<u>Present 1976 Base</u>	<u>Proposed Base</u>
Monthly flat rate	\$ 10	\$ 10	\$ 12
Operating revenue (86 customers)	10,320	10,320	12,380
<u>Deductions</u>			
Operating & maintenance expense	6,430	6,430	6,505
Depreciation expense	780	800	1,100
Taxes not based on income	925	965	1,340
Taxes based on income	<u>660</u>	<u>625</u>	<u>995</u>
Total deductions	8,795	8,820	9,940
Annual net revenue	1,525	1,500	2,440
Average depreciated rate base	24,060	25,090	34,790
Rate of return	6.3%	6.0%	7.0%

There remains the question of restrictions on additional service. At the time of the last hearing in this matter there were 86 residential customers within the resort, and 5 customers outside for a total of 91 existing service connections. In addition, a small number of others had applied for building permits which necessarily will generate requests for service. Without the addition of Well No. 3, the present water supply is inadequate for even the existing customers. Low pressure complaints and outages, such as that of Labor Day 1975, are evidence of this inadequacy - quite aside from the entire absence of water for fire protection.^{11/} As admitted by

^{11/} Public Utilities Commission General Order No. 103, Part VIII: Fire Protection Standards, provides that in addition to other requirements, a utility must provide certain minimum quantities of water for public fire protection. Where the land use is rural residential, primarily for recreational and retirement use, and the lot density is two or less per acre, a minimum flow of 250 gallons per minute for a sustained period of at least two hours is required. Here given the optimum circumstance of full storage tanks (after addition of the new 10,000 gallon capacity proposed by the consulting engineer) there would be only a total of 40,000 gallons available. General Order No. 103 would require 30,000 gallons just to meet fire standard needs (250 gpm x 60 minutes x 2 hours = 30,000 gallons).

defendant's consulting engineer during cross-examination, defendant's service objectives are limited to obtaining an adequate supply of water for domestic household use only, and even that objective is framed against a backdrop of weekend resort home requirements rather than those of permanent residential homes. The addition of Well No. 3 and the new water storage tank are designed to enhance present service, and should materially reduce the possibility of future outages. But even with this additional capacity, water supplies will not be adequate to permit service to all the 194 lots in the resort. Defendant's consultant conceded that even after Well No. 3 and the storage tank are added, 105 lots would be the maximum which could be served. The staff concurs with this 105-lot maximum estimate. While defendant declined to stipulate to the figure, it did state on the record that defendant would conscientiously observe such a restriction. Accordingly, the Commission at this time will limit water service to those lots in and outside the resort which on March 25, 1976 had an existing residence on the lot, or one in actual process of construction. After rehabilitation of Well No. 3 and the addition of the water storage facilities outlined by defendant's consultant are accomplished, and the additional supply is approved by the County of San Diego Health Department, the Commission will, upon application to it, lift the restriction on additional services so as to permit, on a first come, first served basis, additional water service connections within the resort until an overall maximum of 105 lots within and without the resort are connected.

We are cognizant that the \$12 a month residential flat rate we are approving, to be effective after addition and approval of Well No. 3 and storage facilities, is the monthly flat rate requested at the hearing by defendant, nonetheless the 7 percent rate of return

which will then pertain is a modest one by any standards. But it is based upon the premise of 86 customers. At the time of the hearing there were 91 customers, and when the additional facilities are provided there could be up to 105 customers. The resultant increased revenue, while diminished somewhat by commensurate increases in the expenses and taxes, will nonetheless result in an enhanced net revenue and higher rate of return.

Findings

1. Cuyamaca Water Company and its predecessor L. J. Turner Water Company have been operating a water system for compensation since approximately 1945.
2. Cuyamaca Water Company and its predecessor L. J. Turner Water Company meet the definition of a "water company" as set forth in Sections 216(a) and (b) and 2701 of the Public Utilities Code.
3. Cuyamaca Water Company's service area embraces that 194-lot tract known as Lake Cuyamaca Resort, Sections I and II, and 5 adjacent lots presently served by the utility.
4. Cuyamaca Water Company's service area essentially is characteristic of a rural retirement and/or weekend recreational area with water requirements and consumption substantially below conventional suburban requirements.
5. Cuyamaca Water Company does not have a tariff on file with this Commission as required of such a utility by Section 489 of the Public Utilities Code.
6. Cuyamaca Water Company offers only one class of service, residential flat rate, at the same monthly charge to all customers.
7. Cuyamaca Water Company's present \$10 residential flat rate service charge is not producing an excessive amount of revenue.
8. Cuyamaca Water Company's present water supply suitable for distribution is obtained wholly from Well No. 1.

9. Drilling of other wells has not been successful, except for Well No. 3, which at present produces water unusable because of its high iron content.

10. At times in the past, and over Labor Day weekend 1975, water outages have occurred; the Labor Day outage necessitating hauling of water.

11. The existing water source and storage facilities in service are inadequate to meet the residential requirements of the present 91 customers, even given the limited consumption characteristics of this particular service area.

12. The present water supply and storage facilities are inadequate to meet the fire protection standards of Commission General Order No. 103.

13. There are pending a small number of service applications for residential construction started before March 26, 1976 in reliance upon assured water service availability.

14. In 1975 Cuyamaca Water Company invested \$1,600 in additional plant equipment.

15. Cuyamaca Water Company has incurred approximately \$1,000 in legal and accounting costs incidental to utility status, but associated with matters arising out of this complaint.

16. Cuyamaca Water Company is presently involved in expending \$10,000 during 1976 to rehabilitate Well No. 3 and to expand water storage facilities to a capacity of 40,000 gallons.

17. Upon completion of the rehabilitation and storage program, and approval of the water supplies thereby added, Cuyamaca Water Company could responsibly and adequately service up to a maximum of 105 residential lots.

18. The Commission finds that the staff's appraisal of utility properties, and estimates of depreciation, rate base, operating and maintenance expenses, and summary of earnings, not only for historical base, but also for the present 1976 base and the proposed base conditioned upon satisfactory completion of the 1976 improvements under way, are reasonable.

19. The \$12 a month residential flat rate service charge proposed by the staff to be made effective upon completion of the 1976 improvement program under way, and acceptance by the County of San Diego Health Department of the resulting water supply, will not produce an excessive amount of revenue for the utility.

Conclusions

1. Cuyamaca Water Company is a public utility water company.
2. Cuyamaca Water Company's present \$10 per month residential flat rate charge (set forth in Appendix C attached hereto) is just and reasonable under the circumstances pertaining on March 25, 1976 and is therefore authorized.
3. Cuyamaca Water Company is not discriminating by use of a uniform flat rate service for all customers.
4. Cuyamaca Water Company should be ordered to file its tariff, reflecting the rate set forth in Appendix C attached hereto, a map of its water service area, and copies of printed forms used with the Commission.
5. It would be inequitable to deny service to those lot owners who commenced residential construction in reliance upon water service availability before March 25, 1976.
6. Cuyamaca Water Company should be ordered not to make any additional water connections beyond service to the 91 lots served March 25, 1976 and such other lots where residential construction was actually under way March 25, 1976, without first receiving authority from the Commission.

7. Rate relief should be deferred until the 1976 improvement program is completed and accepted.

O R D E R

IT IS ORDERED that:


1. Cuyamaca Water Company shall, within thirty days after the effective date of this order, file the rate tariff attached to this order as Appendix C.
2. Cuyamaca Water Company shall, within thirty days after the effective date of this order, file a tariff service area map (to a scale of approximately 1 inch equals 100 feet) clearly indicating the boundaries of the Lake Cuyamaca Resort Tracts I and II development of 194 lots and the 5 lots it is presently serving outside the resort, location, type, and dimension of its wells, production capabilities of the pumping equipment, location and capacity of storage tank facilities and distribution mains, and copies of printed forms used in dealing with its customers.
3. Cuyamaca Water Company shall set up formal books of accounting in conformity with the Uniform System of Accounts for Class D Water Utilities as prescribed by this Commission.
4. Cuyamaca Water Company shall record on its books of account, the historical cost appraisal as shown in Appendix A attached to this order, and record the depreciation reserve as shown in Appendix B attached to this order.
5. Cuyamaca Water Company shall make no further water connections beyond those existing March 25, 1976 to the 91 developed lots it is now serving and such other lots within its service area

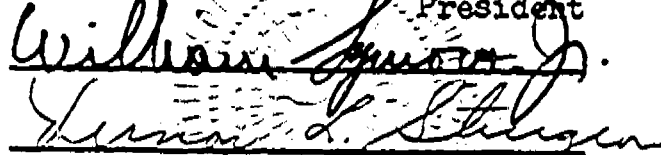
where residential construction was under way or building permit authority received before March 25, 1976, without first securing authority to extend service from this Commission.

6. Cuyamaca Water Company shall, upon compliance with this order and completion of its 1976 improvement program, be authorized to file the \$12 a month residential flat rate service charge (set forth in Appendix D attached hereto). The authorization by supplemental decision shall be effective upon approval by the Commission staff of the 1976 Improvement Program of an addition of a 10,000-gallon steel storage tank, aeration plates, soda ash feed pump, chlorinator, and new pumping equipment to bring into production Well No. 3.

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

Dated at San Francisco, California, this 27th
day of JULY, 1976.



President


Commissioners

Commissioner Leonard Ross, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Robert Ratinevich, being necessarily absent, did not participate in the disposition of this proceeding.

PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA

APPRAISAL OF PROPERTIES

UTILITY Cuyamaca Water Company

LOCATION San Diego County

EFFECTIVE DATE January 1, 1975

FILE NO. C-9889

PAGE 1 of 1

POST. NO.	DESCRIPTION	YEAR INSTALLED	UNIT	QUANTITY	ESTIMATED HISTORICAL COST				DEPRECIATION					RESERVE REQUIREMENT X (13)
					PER UNIT	WITHOUT OVERHEAD (3) X (4)	OVER-HEAD 1/2	INCLUDING OVERHEAD (5) + (6) X (6)	PERCENTAGE OF NET REVENUE C	AVG. SERVICE LIFE E	AGE F	REMAINING LIFE G	RESERVE RATIO (1-C)(1-E) (12)	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	<u>Non Depreciable</u>													
306	Land and Land Rights (4 lots - 1 easement)		All	5				\$ 5,500					--	--
	<u>Depreciable</u>													
315	Wells		ea	3				3,610		50	7	43.6	0.127	\$ 430
324	Pumping Equipment		ea	4				3,730		18	13	11.5	0.375	1,402
331	Buildings		ea	1				125		25	15	13.5	0.460	58
332	Water Treatment Equipment		ea	1				1,800		15.5	2	14.6	0.057	103
342	Reservoirs and Tanks		ea	2				2,750		60	32	43.2	0.280	771
343	Trans. & Distrib. Mains		ft	10,790				10,880		53.7	26	33.0	0.336	4,077
345	Services		ea	86				2,200		50	14	32.4	0.352	773
	Totals							30,595		44.6	19	30.9	0.306	7,614

UTILITY Cuyamaca Water Company

SUMMARY OF
ANNUAL DEPRECIATION ACCRUAL DETERMINATION
STRAIGHT LINE REMAINING LIFE METHOD
YEAR OF 1975

LOCATION San Diego CountyFILE NO. C-9889

ACCOUNT NO.	DESCRIPTION	(1) GROSS PLANT (BEG. YEAR)	(2) EST. FUTURE NET SALVAGE (EST. GROSS SALVAGE LESS COST OF REMOVAL)		(3) DEPRECIATION RESERVE (BEG. YEAR)	(4) NET BALANCE (1)-(2)-(3)	(8) TOTAL SERV. LIFE		(9) AVERAGE AGE (YRS.)	(10) REMAIN- ING LIFE (YRS.)	(6) ANNUAL ACCRUAL (4)÷(5) \$	(7) % OF GROSS PLANT (RATE)
			(A) %	(B) AMOUNT			(B) ORIG. GROUP (YRS.)	(C) SUR- VIVORS (YRS.)				
315	Wells	3,610			430	3,180	50		6.8	43.6	139	3.8
324	Pumping Equipment	3,730			1,402	2,328		18	13.0	11.5	202	5.4
331	Build. Water Treatment	125			58	67	25		14.5	13.5	5	3.9
332	Water Treatment Equip.	1,800			103	1,697		15.5	1.7	14.6	116	6.4
342	Reservoirs	2,750			771	1,979	60		31.5	43.2	46	1.7
343	Trans. & Distrib. Mains	10,880			4,077	6,803		53.7	26.2	33.0	206	1.8
345	Services	2,200			773	1,427	50		13.5	32.4	44	2.0
	Totals	25,095			7,614	17,481			18.9	30.9	758	3.0
	<u>1975 Additions</u>											
	1 HP Pump (Well #4) Sub. Piping & Electrical	1,600				1,600						
	1/2 1975 Net Additions					800					24	3.0
											782	

APPENDIX C

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Lake Cuyamaca Resort Units 1 and 2, San Diego County.

RATES

	Per Service Connection Per Month
For a single-family residence	\$10.00
For each additional residence on the same premises and served from the same service connection	10.00

APPENDIX D

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Lake Cuyamaca Resort Units 1 and 2, San Diego County.

RATES

	Per Service Connection Per Month	
For a single-family residence	\$12.00	(I)
For each additional residence on the same premises and served from the same service connection	12.00	(I)