

ORIGINAL

Decision 84 05 058 MAY 16 1984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of PARK WATER COMPANY, a California)
corporation, for authority to in-)
crease rates charged for water)
service in its Central Basin)
Division as authorized in NOI 107W.)

Application 83-09-47
(Filed September 15, 1983)

Chris S. Rellas, Attorney at Law, for
applicant.
Alberto Guerrero, Attorney at Law, and
Willem R. Van Lier, for the Commission
staff.

O P I N I O N

Background

Park Water Company (Park), a California corporation, is a Class A public utility corporation which provides water service in the southeastern section of Los Angeles County, and provides water and sewer service in the vicinity of the City of Lompoc in Santa Barbara County. Park also owns three subsidiary public utilities, namely, Santa Paula Water Works, Ltd., which provides water service in the City of Santa Paula in Ventura County; Uehling Water Company (Uehling), which provides water service in the Compton area of Los Angeles County; and Mountain Water Company, which provides water service in the communities of Missoula and Superior in Montana.

In this application Park seeks rate increases for test years 1984, 1985, and 1986 in its Central Basin Division (CBD)^{1/} in southeastern Los Angeles County. In accordance with the rate case processing plan (RCP) procedure, Park was authorized to file its Notice of Intent for a rate increase on August 15, 1983 and filed this application on September 15, 1983. After notice, public witness and evidentiary hearings were held in Los Angeles on January 17 and 18, 1984 before Administrative Law Judge Jerry Levander. Testimony was presented by Daniel M. Conway and Randall J. White for Park, and by Bas Panchadaram, Thomas Fann, Christopher J. Blunt, and Willem R. Van Lier for the Commission staff. No public witness appeared at those hearings.

However, at an informal public meeting held at the Norwalk City Hall Council Chambers on the evening of November 10, 1983, 10 customers appeared. Attachment A to Exhibit 6 contains a summary of that meeting. Those customers believe that their present bills are too high and they object to the further proposed increases. One customer presented a petition signed by 42 customers opposing the rate increase. In addition, the Commission received three letters protesting the increase, including a letter from the mayor of the City of Norwalk as spokesperson for the City. The City believes there is an unreasonable difference in rates between Park, the municipal, and public utility water systems serving in and near Norwalk. Two public witnesses

^{1/} In 1978 and 1979 the Commission authorized the sale portions of Park's Southern Division District (SDD) to several municipalities under threat of condemnation. By Decision (D.) 91436 dated March 18, 1980 in Application (A.) 59165, Park and Southern California Water Company (SCW) were authorized to transfer and exchange properties to provide more cohesive service areas. The remaining portions of the SDD are all in the Central Basin, an adjudicated groundwater basin area. Park renamed the SDD its CBD.

questioned whether their meters were actually being read. A third complained about Park cutting off his service while he was on vacation. After investigation, Conway testified that the two meters were being read correctly; service to the third customer was cut off without Park's giving the warning notice called for in Park's tariffs. Park sent a letter of apology to that customer and refunded the turn-on charge collected from him.

Applicant's present rates include a purchased water offset of \$0.39 for the minimum charge on Schedule PR-1, which includes an allowance for consumption of up to 400 cubic feet (Ccf), and \$0.10 per Ccf applicable to all other consumption, which became effective on January 5, 1984. Based on adopted sales, this increase amounts to \$555,090 for 1984, which amount is included in current rates in subsequent late comparisons.

Summary of Decision

Applicant's request for further rate increases in thousands of dollars, in percent, and the adopted increases are as follows:

	<u>Additional Revenues Requested</u>	<u>Percent Rate Increase</u>	<u>Additional Revenues Adopted</u>	<u>Percent Rate Increase</u>
	(Dollars in Thousands)			
1984	\$1,492.6	26.5% ^{a/}	\$943.7 ^{a/}	16.7%
1985	405.5	5.7	315.2	4.8
1986	319.3	4.2	226.4	3.3

^{a/} The January 5, 1984 purchased water offset is included in present rates.

Park is authorized to provide metered service based on establishment of different service charges for each meter size and to bill all consumption under two quantity rates. The initial quantity block of 300 Ccf is the adopted lifeline quantity. Charges per Ccf for consumption in this block are lower than for the second block. Schedule PR-1 serving 98.4% of Park's customers now contains minimum charges dependent on meter size, which include allowances for unbilled water use based on minimum charges. Schedule PR-1 does not promote water conservation. A service charge, commodity-type schedule is preferable to the existing schedule. Under the adopted schedule payment is made for all consumption.

Rates for customers in the systems acquired from SCW are lower than for comparable customers in the balance of the system. In order to avoid the excessive one-step increase requested by Park in integrating the schedules, we will defer the integration of those schedules until 1986. Limited flat rates will be increased to the level of an average bill of a customer served through a 5/8" by 3/4" meter.

Past offset increases have been spread to Park's quantity rates which have countered its goal of recovering two-thirds of its fixed charges in its proposed service charges. Meeting this goal would reduce weather-induced sales and revenue fluctuations. We have adopted 1984 rates which include a lesser proportion of revenues in service charges (35.2% compared to the 40% sought by Park) to conform with the overall revenue requirement adopted in this decision. This results in a more equitable spread of the increase than proposed by Park.

Park's rate proposal meets our policy for maintaining a lifeline quantity rate differential of at least 25% compared to monthly quantity rates for consumption over 3 Ccf. The adopted quantity rates have a larger differential than proposed by Park. But a larger differential is needed, in this proceeding, to reduce the impact of the transition from a minimum charge commodity rate structure to a service charge commodity rate structure.

Table 1 on the following page shows the adopted summary of earnings at present rates and at authorized rates for 1984 and 1985. An attrition allowance of \$226,400 is allowed for 1986. Table 2 shows Park's requested rate of return and adopted rates of return for 1984, 1985, and 1986. Since the same capital structure is adopted for 1984, 1985, and 1986, the authorized return on equity of 13.20% produces a rate of return of 12.09% for each of those years.

Table 1

PARK WATER COMPANY
Central Basin District
Adopted Summary of Earnings

<u>Item</u>	<u>Test Year</u> <u>1984</u>	<u>Test Year</u> <u>1985</u>
	(Dollars in Thousands)	
<u>Present Rates</u>		
Operating Revenues	\$5,643.6	\$5,699.5
Operating Expenses:		
Purchased Power	110.1	82.8
Purchased Water	2,573.1	2,763.4
Replenishment Charge	69.6	51.4
Water Rights Leases	146.7	103.6
Payroll (O&M/A&G)	860.1	907.1
Other O&M & Miscellaneous	252.3	267.7
Other A&G & Miscellaneous	329.6	351.4
Ad Valorem Taxes - CBD	127.9	131.4
Depreciation Expense	187.1	213.9
G.O. Prorated	<u>577.7</u>	<u>613.0</u>
Subtotal	5,234.2	5,485.7
Regulatory Comm. Expense	85.8	86.6
Uncollectibles	33.9	34.2
Local Franchise Taxes	66.7	67.4
Income Taxes Before ITC	(4.2)	(102.7)
Investment Tax Credit	<u>(5.3)</u>	<u>(6.1)</u>
Total Operating Expenses	5,411.1	5,565.1
Net Operating Revenues	232.5	134.4
Rate Base	5,608.9	5,808.2
Rate of Return	4.15%	2.31%
<u>Authorized Rates</u>		
Operating Revenues	6,587.3	6,902.5
Operating Expenses:		
Subtotal	5,235.3	5,486.8
Uncollectibles	39.5	41.4
Local Franchise Tax & User Fee	176.7	185.1
Income Taxes Before ITC	463.0	493.1
Investment Tax Credit	<u>(5.3)</u>	<u>(6.1)</u>
Total Operating Expenses	5,909.2	6,200.3
Net Operating Revenues	678.1	702.2
Rate Base	5,608.9	5,808.2
Rate of Return	12.09%	12.09%

(Red Figure)

Table 2

PARK WATER COMPANY
Central Basin District
Rate of Return Comparison
(1984-1986)

	Park's Request			Adopted		
	Capital Ratios	Effective Rate	Rate of Return	Capital Ratios	Effective Rate	Rate of Return
<u>1984</u>						
Long-Term Debt	32.66%	9.69%	3.16%	30.00%	9.50%	2.85%
Common Equity	<u>67.34</u>	15.00	<u>10.10</u>	<u>70.00</u>	13.20	<u>9.24</u>
Total	100.00%		13.26%	100.00%		12.09%
After-Tax Int. Coverage						4.24x
<u>1985</u>						
Long-Term Debt	30.08%	9.70%	2.92%	30.00%	9.50%	2.85%
Common Equity	<u>69.92</u>	15.00	<u>10.49</u>	<u>70.00</u>	13.20	<u>9.24</u>
Total	100.00%		13.41%	100.00%		12.09%
After-Tax Int. Coverage						4.24x
<u>1986</u>						
Long-Term Debt	27.88%	9.71%	2.71%	30.00%	9.50%	2.85%
Common Equity	<u>72.12</u>	15.00	<u>10.82</u>	<u>70.00</u>	13.20	<u>9.24</u>
Total	100.00%		13.53%	100.00%		12.09%
After-Tax Int. Coverage						4.24x

Issues

There are two areas of controversy between Park and staff, namely, the working cash allowance in rate base and the rate of return on Park's common equity.

Staff adjustments of Park's industrial sales volumes and revenues, unaccounted-for water, purchased water expenses, payroll expenses, materials and supplies expenses, uncollectible expenses, and other expenses were stipulated to by Park. Staff stipulated to Park's revisions of the staff purchased power estimate based on further electric power rate changes. These stipulated changes are reasonable and are adopted. The adopted summary of earnings reflects the adopted rate of return on equity, the adopted working cash allowance, the adjustments stipulated to by the parties, and a change in payroll taxes. The bases for the amounts adopted are discussed below.

Water Sales and Revenues

Park estimates water use for its residential, commercial, and public authority customers based on use of monthly data in its multiple regression equations. Conway testified that statistically this method provides more accurate use forecasts than that derived by staff from similar calculations using annual data. He requested adoption of the equations contained on page 10 of Exhibit 1 for calculation of pro forma results of operations in Park's requests for step rate increases. The staff witness testified that his use estimates for these classes of service were sufficiently close to Park's estimates for him to adopt Park's results. Staff adopted Park's customer estimates and miscellaneous metered sales estimates. These estimates project a slight decline in metered services from 26,274 in 1984 to 26,254 in 1985. Initially, staff did not object to our adoption of Park's equations for these classes of customers. But in its closing argument, staff requested the Commission to follow the Modified Bean Method and the Committee Method for calculating adjusted water use in the step increases.

The staff estimate of average annual industrial use for 1984 and 1985 is based on a three-year average of recorded data. Park analyzed either two or three years of recorded use for each industrial customer in arriving at its estimate.

Staff revenue estimates are \$3,300 higher than Park's at present rates and \$3,000 higher at proposed rates for 1984 and 1985. These revenue differences reflect the difference in industrial sales quantities and Park's proposed rate design.

We will adopt the staff revenue estimates. The equations contained on page 10 of Exhibit 1 need not be adopted for calculation of offset increases.

Unaccounted-For Water

In D.90575 dated July 17, 1979, the last general rate increase decision for this district, an allowance for unaccounted-for water of 7% of water sales was made in the adopted results. In the years 1970 to 1978 this percentage varied between 1.82% and 10.77%. Between 1979 and 1982 this percentage varied from 8.41% to 13.97%. Park used a percentage of unaccounted-for water of 11.12% for test years 1984 and 1985.

Staff was critical of Park's allowing the percentage of unaccounted-for water to increase. It notes that since staff adopted the utility's estimate of plant improvements in the prior proceeding and in this proceeding, it believes that replacements of Park's obsolete facilities should have reduced the percentage of unaccounted-for water. It further notes that since Park's groundwater production is limited by the Central Basin adjudication, all sales in excess of its groundwater production and all unaccounted-for water must be obtained from costly imported water purchased from a member agency of the

Metropolitan Water District (MWD); cutbacks in MWD's allocation of Colorado River water and expiration of contracts for low-cost electricity for pumping imported water make it mandatory for Park to reduce water losses. It contends that Park is not sufficiently vigorous in preventing unauthorized diversions.

Conway testified that there was a high level of leaks in the systems Park purchased from SCW; Park had completed necessary repairs on those facilities; deferred overhaul of Park's meters resulted in underrecording of some of its sales; but production meters and meters on MWD taps are accurately maintained.

We adopt the staff's purchased water estimates of \$2,573,100 for 1984 and \$2,763,400 for 1985 and the 7% allowance for unaccounted-for water. Staff's admonition is warranted. MWD obtains water from the Colorado River and from the State Water Project. Contracts for providing power for pumping these sources of water into the Los Angeles Basin will soon expire. Due to litigation, MWD's allotment of Colorado River water will be drastically reduced. Considerably more power is required to boost a unit of water from the State Water Project than from the Colorado River. By customer notice, Park should advise its customers of the need for them to conserve water and to report unauthorized diversions of water. For 1984 the preponderant portion of the \$142,400 difference in purchased water cost estimates is due to the differences in unaccounted-for water. The cost of purchased water represents 39.1% of the revenue requirement adopted for 1984 and 40.0% of the 1985 revenue requirement. In addition, replenishment charges and water rights leases represent 3.8% and 2.7%, respectively, of the adopted 1984 and 1985 revenue requirements.

Purchased Power

The staff estimate of purchased power expense is lower than the amount originally estimated by Park. The staff estimate reflects the electric billing rates used by Park's supplier, the Southern California Edison Company (SCE), on October 9, 1983. Park based its estimate on SCE rates in effect on April 1, 1983. In Exhibit 10 Park recalculated its purchased power expenses based upon increased SCE rates effective on January 1, 1984. Staff stipulated to Park's revised estimate of purchased power. The parties agree that the latest SCE rates in effect at the time of this decision should be used in the adopted purchased power expense in this decision. We concur.

Escalation Clauses

Since Park has stipulated to the staff labor and nonlabor escalation factors based on econometric studies and to the appropriate base periods data used for test years' projections, there is no issue before us in adopting the staff expense estimates governed by these factors. These areas of expense differences are for payroll, materials and supplies, pensions and benefits, injuries and damages, purchased services, and other expenses. However, we wish to make it clear that we are not adopting a formula to estimate future labor or nonlabor estimates by reference to such studies. We will consider such studies but we recognize that mechanically derived inflation escalators are not surrogates for informed judgments on wage or nonwage levels of expense. We leave it to Park or other participating parties to produce expanded showings on labor and nonlabor costs in future applications.

Uncollectibles Rate

Park averaged its level of uncollectibles by using two years of data to arrive at a factor of uncollectibles of 0.85% of revenue. The corresponding staff estimate, stipulated to by Park, is 0.60% for both test years based upon averaging the most recent three years of recorded data. The staff estimate is adopted.

Franchise Tax Rate

The staff-estimated franchise tax rate is 1.18% of gross revenues compared to Park's estimate of 1.189% for the test years. The adopted staff franchise factor stipulated to by Park was arrived at by taking the percentage of 1982 recorded total franchise tax paid to recorded 1982 gross revenues. Park separated out the Norwalk surcharge in computing its percentage and then added back a Norwalk surcharge.

Bank Service Charges

We adopt the staff bank service charges of \$10,500 for test years 1984 and 1985, respectively. Park included minimum bank deposits in its working cash allowance, a rate base item. The revenue requirements associated with Park's treatment is approximately twice as high as proposed by staff. Staff did not feel it appropriate to have the utility receive an allowance for taxes for what should be an expense item. Since Park is not actually obligated to maintain a minimum balance, staff adopted a treatment of expensing those costs. The staff's approach is consistent with D.82-04-028 which provides that bank balances not required by contractual obligation should be converted to activity fees and treated as an expense item rather than a working cash item.

In D.83-10-002 the Commission again adopted this approach. The staff estimates are based upon 1982 recorded bank charges multiplied by the labor escalation factors for 1984 and 1985.

Depreciation Expense

There is no difference in the utility plant estimates of Park and staff. Furthermore, staff has adopted Park's revised estimate of remaining plant lives beginning in 1985 based on the straight-line-remaining-life method. Park requests that the depreciation accrual study on Table 7-1 of Exhibit 1 should be ratified for use in future computations of its CBD depreciation expense. Staff did not object to that request. We find that Park's study for determining its annual depreciation accrual and depreciation expense is reasonable and should be adopted for future studies.

Income Taxes

The methodology employed by Park and staff gives consideration to the provisions of the Economic Recovery Tax Act of 1981 providing for a new accelerated depreciated system, investment tax credits (ITC), and the Tax Equality and Fiscal Responsibility Act of 1982 (TEFRA). There is no difference in methodology between Park and staff in calculating income taxes with respect to deferral income taxes and ITC tax preferences in existing law. Other differences in income tax estimates between Park and staff pertain to the operating revenues and expenses used. One difference not previously discussed is the computation of the interest expense deduction. Staff multiplied its rate base estimate less working cash by Park's weighted bond costs for the CBD to calculate the interest deduction. Park followed the same procedure except for including working cash in this computation. Staff

contends that inclusion of working cash in the calculation would result in duplication of earnings on funds provided by Park for operating its business.

We concur with the staff rationale and adopt the staff interest expense estimate. The adopted income taxes shown in Table 1 reflect the modifications to Park's revenue and expense estimates discussed above and a current federal unemployment insurance rate of 0.8%.

Working Cash

D.90575 dated July 17, 1979 in A.57904, Park's prior application for a rate increase in its SDD, contains the following ordering paragraph:

"2. Park Water Company is directed to follow the staff accounting recommendations, working cash computation methodology, and low efficiency pump program as discussed in paragraphs of this decision."

The staff working cash recommendation was "that for future rate increases Park should estimate its working cash allowance based on the detailed (lead-lag) method set forth in Standard Practice U-16." (D.90575, mimeo. page 14.)

On page 36 of its revenue requirement study (Exhibit 1) Park explained the derivation of its working cash allowances of \$669,803 for 1984, \$702,350 for 1985, and \$728,170 for 1986 as follows:

"The estimate of working cash included in rate base shown in Table 8-1 was computed as one and one half months' operating expenses as computed in Chapter 5. It is believed that this amount represents a reasonable amount of cash to be permanently committed by the Company to meet current financial obligations taking into account the time lag between when expenses are incurred and when the related income is received based on the Division's bimonthly billing cycle."

Conway directed White to use the simplified method of determining working cash adopted by the Federal Power Commission in this proceeding. He testified that the working cash allowance is a minor element in Park's total request, equal to approximately 3-4%^{2/} of Park's rate base and that calculating working cash allowance based upon the detailed Standard Practice U-16 (U-16) procedure is burdensome. Park supplied staff with a working cash computation in its work papers supposedly based on U-16.

The staff 1984 and 1985 working cash estimates are \$37,900 and \$54,100. As noted above, staff excluded a working cash allowance for minimum bank balances and substituted estimated bank charge expenses of \$10,000 for 1984 and \$10,500 for 1985. Staff described its differences with the working cash work papers prepared by Park, which are not part of the application.

White, in turn, prepared a new working cash study (Exhibit 5), Park's modification of the detailed U-16 approach, which Park proposes to substitute for its original proposal. In his testimony White concedes it would be appropriate to delete the minimum bank balance of about \$137,100 from the working cash allowance if allowance is made for bank charges. In Exhibit 5 he derived a 1984 working cash allowance of \$198,600 based on Park's original estimate of expenses, applicable to the CBD,^{3/} rather than on the adjusted expenses stipulated to by Park. Conway testified that the staff treatment of deferred federal income taxes (FIT) and ITC in the working cash allowance could result in loss of its FIT preferences. The latter issue was briefed.

2/ For 1984 working cash is 3.4% of rate base using Park's Exhibit 5 working cash estimate, but working cash amounts to 10.7% of rate base on the basis proposed in the application.

3/ White did not contest staff's expense deletions not related to CBD operations.

White testified Park's bank account could be overdrawn if it adopted the staff's approach in paying its bills and that occurrence would be harmful to Park's good relationships with its vendors; it is poor business practice to add two days of float from the issue dates of its checks to permit the checks to be delivered by the postal service and to be processed by banks; the staff's approach, which may call for payment of expenses as late as a day before vendors could assess penalties, would require establishment of a more sophisticated cash management system by Park which, in turn, would require more personnel to implement; at the present time, Park sorts its bills for payment by week and pays its bills not more than one week in advance of their due dates; but White could not estimate what additional expenses or personnel would be involved in sorting Park's bills and in issuing checks on the day before the due date.

White also testified that the large majority of Park's employees cash or deposit their checks on the Fridays they are issued, not on the following Mondays as assumed by staff.

Discussion

In deriving revenue lags, White used average month-end accounts receivable as compared to staff's use of daily balances. He did not demonstrate that his use of month-end balances was a statistically valid alternate sampling technique permitted in U-16. Furthermore, Park's operations and billing volume warrant use of the daily balances. Park processes an average of over 700 bills per working day solely for this district. Therefore, we will adopt the staff revenue lag-day estimate.

Since White's revised estimate does not reflect the modifications to expense stipulated to, we will adjust the staff expense lag estimates where we adopt Park's proposals on points of difference.

Park's practice of paying its vendors up to a week before bill due dates results in excessive working cash requirements. The two days of float used by staff to allow for mail transmittal and bank clearing of payments to Park's suppliers are reasonable. Park did not claim any offsetting lag between its daily postings of bill payments by checks and the dates those amounts are credited to its bank account. The staff working cash estimate contains certain errors and omissions, namely, omissions of amounts associated with Park's water lease with Dominguez Water Corporation, main office, and common data processing expenses and use of Park's City of Bellflower purchased water lag days for its water rights leases. Therefore, the staff dollar lag-day estimates for Park's payments to its suppliers should be modified to correct the above-described errors and omissions. Neither Park nor staff considered the transactions between Park and its affiliate in the determination of working cash allowances. Since the dollar lag days associated with Park's water sales to Uehling and Park's lease expense for Uehling's water rights cancel each other out, no adjustment is required.

The staff estimates should be further modified to include purchased power expenses, based on the latest rates for SCE and Southern California Gas Company, current payroll tax rates, and income taxes based upon the adopted rate of return.

We will adopt Park's estimate of 14 days for net payroll lag days to reflect the prompt cashing of its payroll checks. Park is required to transmit withheld employee income taxes within three days following the withholding date. We adopt a composite lag of 14.8 days for employee payroll amounts.

The adopted working cash allowance adds the amounts, omitted by staff, for ITC and FIT on the main office and data processing plant on a consistent basis with CBD plant.

Tax Issues in Working Cash Allowance

For FIT Park uses Option 1, rate base reduction ratably restored over the book life of the plant for the initial 4% ITC and deferred FIT, and Option 2, ratable reduction in cost of service in the income tax calculation without a rate base adjustment for the 6% ITC.

A February 22, 1982 staff letter to all Class A water utilities (Exhibit 12)^{4/} contains guidelines for calculating ratemaking tax depreciation, ITC, rate base reductions, and working cash adjustments pertaining to deferred FIT and ITC based on the Economic Recovery Tax Act of 1981. Conway testified that reductions of the staff working cash allowance (Exhibit 11) for deferred FIT may go beyond the federally mandated rate base reductions and may be in conflict with federal law. The staff's brief cites D.92366 dated October 22, 1980 in which the Commission rejected General Telephone Company of California's (General) argument that adoption of the staff's policy of including deferred FIT in its working cash allowance would result in an indirect reduction in rate base prohibited by the Internal Revenue Code Section 46(f)(2); the Commission pointed out that "to reduce the allowable income taxes by the amount of deferred ITC^{5/} (thus deriving taxes as paid) in the lead/lag working cash study, is to mix taxes with taxes as paid. The expenses and the revenues in this case have to be on the same bases. The allowable rate-making taxes are derived from the allowable revenues and expenses and those same taxes should be used for the working cash determination."

^{4/} Conway testified that he was aware of the letter but he was unable to obtain a copy of it from the staff prior to the hearing.

^{5/} Not FIT as cited in the brief.

In its brief Park notes that its Exhibit 5 erroneously omitted provision for deferred FIT and deferred ITC in its working cash calculation. Park incorporated a new study in its brief to rebut the staff and to provide a basis for adjusting its 1984 working cash requirements to include:

- a. Working cash to recover deferred FIT to compensate for amounts being deducted from rate base prior to the time the offsetting cash is received.
- b. Working cash to recover the net amount of Option 1 ITC deducted from or restored to rate base to compensate for amounts being deducted from or restored to rate base prior to cash being received or disbursed.
- c. Working cash to recover net Option 2 ITC to compensate for amounts credited to tax expense prior to cash being received.
- d. Deferred FIT, Option 1 ITC, and Option 2 ITC in expenses at zero lag days.
- e. A working cash allowance for FIT payable.

Park is admonished that it is improper to submit new evidence as part of its brief. Such tactics deprive other parties of the opportunity to cross-examine witnesses on the basis for the new evidence or to test its validity.

Our decision in this proceeding is consistent with and expands on D.82366. Unfortunately, Park's Exhibit 5 and staff's Exhibit 12 are not consistent with D.82366. The entire test year deferred FIT and the 4% portion of deferred ITC should be included in the expense portion of the working cash

calculation at zero lag days because there is no payment lag for taxes not paid. Staff should have included main plant ITC and the related deferred FIT in calculating working cash. These amounts should be deducted from the ratemaking FIT. The remaining portion of the FIT should be multiplied by staff lag days for FIT consistent with the accelerated payment schedule contained in TEFRA. (FIT lags contained in the staff guidelines, Exhibit 12, have not been revised to conform with TEFRA.) Adopted revenues for each test year include an allowance for FIT, greater than FIT payable, based on deduction of ITC and deferred FIT to conform with tax law. The federally prescribed treatment, following in this decision, is to reduce rate base and amortize the cumulative amounts of Option 1 ITC and of deferred FIT and to reduce the cost of service, in the tax calculation, by the amortization of cumulative amounts of Option 2 ITC. For 1984 the cost of service reduction is \$5,325.

Adopted Working Cash

Based on the adjustments discussed above, the adopted working cash allowances incorporated in adopted rate bases are \$23,000 for 1984 and \$23,300 for 1985.

Further Discussion

In D.90575 Park was directed to estimate its working cash allowance based on the detailed (lead-lag) method set forth in U-16. Park implies that preparation of a purported U-16 study included in a work paper in its preliminary filing not even mentioned its application meets that requirement. It does

not. The working cash requirements included in the application are grossly overstated, i.e., \$699,803 or 10.7% of rate base for 1984. Exhibit 5 is basically a rebuttal exhibit. As noted above, revenue lag days should make use of the daily balances of accounts receivable. In U-16 the summation of revenue lead-lag dollar days, less the expense lead-lag dollar days, establishes net lead or lag days which are then used to calculate the working cash requirement. In Exhibit 5 Park converts lead or lag days to annual percentages and determines the working cash requirement for each item. The summation of those items will yield the same total as does the composite method in U-16. Park indicates it uses that method to determine the magnitude of the working cash requirement for each class of expense. If it wishes to use that more detailed methodology for its own purposes, it may do so, but the study submitted in future applications should show the dollar lead-lag days for each category of revenues and expenses to expedite the processing of its application.

Absent adoption of changes in the U-16 methodology in a rulemaking proceeding or a generally circulated modification sent to utilities by staff (e.g., Exhibit 12), Park is directed to use the detailed lead-lag method set forth in U-16 in its next general rate increase application for its CBD. If it does not, Park is put on notice that we will reset the RCPP schedule from the time it is in compliance.

Rate of Return

Both Park and staff developed their test periods' capitalization ratios using a rate-based allocation of total outstanding long-term debt attributable to debt for the CBD and the Vandenberg Division and equating the residual to equity capital.

This procedure assigns the debt required for Park's Montana subsidiary to that operation. This approach, previously adopted by the Commission in D.90575 and D.93687, is reasonable because Park's CBD ratepayers benefit from the resulting higher debt ratio which, in turn, increases the interest deduction in the income tax calculation for CBD's ratemaking income tax computations.

In its application Park seeks a return on rate base of 13.26% for 1984, 13.41% for 1985, and 15.53% for 1986. This rate of return is based on a 15.00% return on common equity which Conway contends is consistent with current interest costs and gives reasonable consideration to the high equity ratios in Park's capitalization. With a conventional 50:50 debt equity capitalization, Conway would have sought a 17% return on equity. Park does not plan to issue any new equity stock or any additional long-term debt through 1986. The changing amount of equity in Park's capital structure, shown in Table 2 of this decision, reflects rate base changes and decreases in debt due to sinking fund payments on Park's debt issues. Park anticipates reductions in the average cost of its debt of 0.01% per year due to differences in sinking fund requirements for its several debt issues. Park stipulated to the staff recommendation that a 30:70 debt equity ratio be adopted for 1984, 1985, and 1986 and to use of a uniform 9.50% cost of debt. The staff estimate of debt cost is lower than Park's because Park did not consider the 1983 retirement of a 12% debt issue.

Staff testified that rates of return on Park's common equity ranging from 12.95% to 13.45% would be reasonable; this, in turn, would produce overall rates of return ranging from 11.92% to 12.27%; he recommends adoption of a 13.20% return on common equity to produce an overall rate of return of 12.09%; if his recommendation is adopted, Park would have an after-tax interest coverage of 4.24 times; a 13.20% return on common equity provides an adequate risk premium over the cost of long-term debt; an investor in common stock requires a rate of return in excess of the return available from a risk-free investment; this risk premium depends on the degree of risk perceived by an investor based upon his assessment of the probability that the company's debt will not be repaid and on the probability that the value of his principal may diminish over time due to inflation; risk premiums vary with the degree of perceived risk; and his recommended 13.20% rate of return provides a 144 basis point premium over six-month average interest rate forecasts prepared by Data Resources, Incorporated (DRI) for 1984 and 1985 AA-rated utilities, or a 249 basis point premium over the DRI six-month average estimate for 1984 and 1985 interest rates on 20-year government bonds.

Staff testified that Park's equity holder^{7/} faces a lower level of financial risk than an equity holder in a typical Class A water utility with a 50:50 debt equity ratio; Park's high equity ratio signifies financial flexibility, fewer fixed obligations, and reduced risks which result in a lower return requirement from its investor compared to investors in companies with lower equity ratios; and the impact of Park's capital structure is to penalize ratepayers by raising revenue requirements to pay income taxes while providing few, if any, benefits to the ratepayer.

^{7/} Most of Park's stock is held by its president and chairman of the board, a family trust, and family members.

Blunt also testified that between 1973 and 1982 Park's book value increased by approximately \$11.6 million with approximately \$9 million of this amount coming from the sale of utility properties under threat of condemnation; the proceeds of those sales were invested in associated companies; between 1973 and 1982 Park's earnings available for common stock dividends were approximately \$1.3 million and actual dividends of approximately \$350,000 were paid; Park's approximate book value per share has increased approximately 240% since 1973; and the 10-year trend in Park's capitalization resulted in decreases of the debt portion of its capitalization.

On the issue of risk premium Conway contends that Blunt erred in developing a premium 144 basis points above the cost of Aa bonds; using Moody's Investment Services utility bond rating criteria, Park would qualify for a Baa rating, not for an Aa rating as assumed by staff; its Baa rating is confirmed by the interest rates paid on the early issues of its outstanding bonds which exceeded then prevailing Baa rates; and a 14.14% return on equity is needed to provide a 1.44% risk premium over the cost of Baa bonds (see Exhibits 4 and 13).

Staff argues that Blunt did not characterize Park as a Aa utility; instead, he compared the cost of Aa debt with his recommended rate of return.

Park's testimony in support of its request for a 15% return on equity is inadequate. Its attempt to establish that its return on equity in this proceeding is related to relatively high rates paid on its earlier bond issues is unconvincing. The after-tax interest coverage of 4.24 times recommended by staff is considerably above the coverage expected for a Baa bond. Park's equity-funded capital requirements are being adequately met with internally generated funds. Its CBD capital requirements are primarily for plant replacements and improvements not related to growth. Due to the sale of its San Bernardino County system, Park's overall main extension advance refund obligations have been materially reduced (the refund obligations for the CBD are 0.2% of district revenues at present rates). The staff recommendations for a return on equity of 13.20% and an overall rate of return of 12.09%, shown on Table 2, are reasonable and are adopted.

Attrition

Rates for 1986 are calculated using an operational attrition allowance of 1.84%. There is no financial attrition. The 1.84% attrition rate produces a \$226,400 or 3.3% increase in gross revenues in 1986 based on the adopted 1985 rate base and a net-to-gross multiplier of 2.1182.

Rate Design

Park's present rates for general metered service are shown on Table 3. These rates became effective on January 5, 1984 to offset increased purchased water costs. As noted above, the minimum charge for Schedule PR-1 was increased by \$0.39 for the first 4 Ccf and by 0.10 Ccf for all other consumption billed on the three schedules. Park also provides limited flat rate service, nonmetered fire sprinkler service, and private fire hydrant service.

Park proposes to consolidate the three general metered schedules. Its proposed rates for 1984, 1985, and 1986 are shown on Table 4.

Table 3

PARK WATER COMPANY
Central Basin District
Present Rates
GENERAL METERED SERVICE

Quantity Rates:

	<u>Per Meter Per Month</u>		
	<u>Schedule PR-1</u>	<u>Schedule CB-1</u>	<u>Schedule SW-1</u>
First 400 cu.ft. or less	\$ 5.37	\$ -	\$ -
Over 400 cu.ft./Ccf	0.876	-	-
First 500 cu.ft./Ccf	-	0.534	0.538
Over 500 cu.ft./Ccf	-	0.651	0.653

Minimum Charge:^{a/}

	<u>Service Charge^{b/}</u>				
		<u>Fire Prot. Surchg.</u>		<u>Fire Prot. Surchg.</u>	
For 5/8 x 3/4-inch meter	\$ 5.37	\$ 2.75	\$0.11	\$ 2.40	\$0.13
For 3/4-inch meter	6.00	4.25	0.13	3.90	0.13
For 1-inch meter	10.50	7.00	0.18	6.00	0.17
For 1-1/2-inch meter	21.00	10.40	0.23	9.90	0.24
For 2-inch meter	32.00	16.50	0.31	15.00	0.33
For 3-inch meter	52.00	21.00	0.57	19.00	0.62
For 4-inch meter	82.00	46.00	0.77	37.00	0.84
For 6-inch meter	166.00	70.00	1.28	63.00	1.40
For 8-inch meter	290.00	115.00	1.90	103.00	2.10
For 10-inch meter	410.00	165.00	2.33	148.00	2.60

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

b/ The Service Charge is applicable to all general metered service. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rates, for water used during the month.

SPECIAL CONDITION (This special condition is applicable to Schedule PR-1)

All billing under this schedule to customers in the City of Norwalk is subject to a surcharge of 2.04%.

Table 4

PARK WATER COMPANY
Central Basin District
Proposed Rates
GENERAL METERED SERVICE

Quantity Rates:	<u>Per Meter Per Month</u>		
	<u>Proposed 1984</u>	<u>Proposed 1985</u>	<u>Proposed 1986</u>
First 300 cu.ft., per 100 cu.ft.	\$ 0.620	\$ 0.649	\$ 0.670
Over 300 cu.ft., per 100 cu.ft.	0.775	0.811	0.837
 Service Charge:			
For 5/8 x 3/4-inch meter	\$ 7.42	\$ 7.77	\$ 8.01
For 3/4-inch meter	10.27	10.75	11.09
For 1-inch meter	15.96	16.70	17.23
For 1-1/2-inch meter	30.18	31.58	32.59
For 2-inch meter	47.25	49.45	51.02
For 3-inch meter	87.07	91.12	94.03
For 4-inch meter	143.96	150.65	155.46
For 6-inch meter	286.18	299.49	309.04
For 8-inch meter	456.85	478.09	493.34
For 10-inch meter	656.08	686.59	708.49

This service charge is applicable to all general metered service. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rates, for water used during the month.

SPECIAL CONDITION

All billing under this schedule to customers in the City of Norwalk is subject to a surcharge of 2.04%.

For 1984 Park prepared a cost of service study which allocated its proposed total revenue requirements by proposed rate schedules to compute proposed rates. Its classifications were to variable, fixed, customer account, and surcharge expense (to recover the City of Norwalk's franchise expense and the Commission surcharge expense) and to fixed capital expenses. Variable expenses were total purchased water, replenishment, purchased power, water rights lease, and chemicals expenses. Customer expenses were for meter reading and billing expenses. Remaining expenses were classified as fixed expenses. Park allocated fixed capital expense and fixed operating expense, less miscellaneous operating revenues, in proportion to meter equivalents based on the relative capacity of each meter size or to metered equivalents for flat rate and fire services. Two-thirds of the fixed expenses, plus the unit customer expense for each meter size, were totaled to derive service charges by meter size.

Park's proposed flat rates are equal to the charges at its proposed general metered service rates for a 5/8" by 3/4" meter with an average use of 12.42 Ccf per month, which is the average use for residential customers served from 5/8" by 3/4" meters. For 1984 this increases flat rate charges by 44%. We will adopt above average increases for the remaining flat rate customers to bring their rates into line with metered rates.

Park also proposes restructuring of the fire sprinkler service to decrease rates for smaller, lower capacity services and to increase larger service rates; sharp increases in private fire hydrant service, e.g., a 6" x 4" x 2½" hydrant charge would increase from \$2 to \$8.13 per month. These services bear no relationship to consumptive uses. The charges are apportioned based on Park's cost allocation procedure.

Park's proposed rates for larger fire sprinkler services are adopted. However, we will not reduce charges for smaller sizes. We will spread the increases for fire hydrant charges more gradually over the three test years.

Conway testified that Park's proposed rate design meets the following objectives of James C. Bonbright in his "Principles of Public Utility Rates":

"(a) The revenue-requirement or financial-need objective, which takes the form of a fair-return standard with respect to private utility companies; (b) the fair-cost-apportionment objective, which invokes the principle that the burden of meeting total revenue requirements must be distributed fairly among the beneficiaries of the service; and (c) the optimum-use or customer-rationing objective, under which the rates are designed to discourage the wasteful use of public utility service while promoting all use that is economically justified."

Park seeks to meet these objectives by designing rate levels to generate their total estimated CBD revenue requirements; proposing service charges to recover two-thirds of fixed costs which vary in proportion to the demand placed on the water system by each size meter; and establishing a two-block usage rate which is related to the incremental cost of providing water supply with an initial lifeline block of 3 Ccf per month and a tail block with a unit cost 25% greater than the first rate block cost in accordance with current Commission rate design policy.

Park proposes establishment of these two-tier commodity charges to recover its variable costs and to recover the portion of its fixed costs not included in its service charges, i.e., one-third of fixed costs.

Staff has no objection to Park's proposed rate format change or to increased service charges so long as no users are exposed to excessive increases. The following tabulation shows the staff computation of total rate increases since January 1, 1976 at Park's present and proposed Schedule PR-1 rates:

At Present Rates:

Total Cumulative Increase	<u>229.8%</u>
Lifeline Rate Increases	<u>65.7</u>
To Maintain a 25% Differential, Lifeline Rate Should Have Increased	<u>163.8</u>

At Utility's Requested Rates:

Total Cumulative Increases	<u>317.1%</u>
Lifeline Rate Increases	<u>186.4</u>
For a 25% Differential, Lifeline Rate Should be This Percentage Above January 1, 1976 Level	<u>233.7</u>

Tables 12-7 to 12-15 in Exhibit 1 compare bills at various consumption levels for the general metered schedules for 5/8" by 3/4" meters to 8-inch meters with bills at its proposed 1984 rates. The comparison shows dollar and percentage differences.

Park proposes a \$0.101 per Ccf reduction of its tail block rate in 1984 to \$0.775 per Ccf. Park's proposed 1984 Schedule PR-1 tail block rate is about 49% above its current purchased water cost of about \$0.52 per Ccf. The adopted 1984 tail block rate of \$0.813 is about 56% above the cost of water purchased from the Central Basin MWD.

Approximately 98% of Park's residential customers are served through 5/8" by 3/4" meters. The average monthly residential use for customers served through 5/8" by 3/4" meters is approximately 12.4 Ccf per month. Under Park's proposal a typical 1984 bill for 12 Ccf per month would increase by \$3.88 or 31.32% from \$12.38 to \$16.26 under Schedule PR-1. Comparable increases for the small numbers of customers transferred from SCW would be \$6.17 or 61.15% under Schedule CB-1, and \$6.46 or 66.02% under Schedule SW-1. The dollar and percentage increases with no water use are \$2.05 or 38.18% under Schedule PR-1, \$4.56 or 159.44% under Schedule CB-1, and \$4.89 or 193.28% under Schedule SW-1.

At adopted rates, the magnitude and percentage of the increases are reduced from Park's proposal. Schedules CB-1 and SW-1 will be continued for 1984 and 1985 to limit the annual general rate increases for those customers. At adopted 1984 rates, the comparable monthly billing for 12 Ccf under Schedule PR-1 is \$14.79, an increase of \$2.41 (19.5%). For Schedules CB-1 and SW-1, comparable billings are \$12.79 and \$12.29, respectively, which are increases of \$2.70 (26.8%) and \$2.50 (25.5%), respectively, as shown in the following tabulation:

For Typical Monthly 12 Ccf Usage

<u>Schedule</u>	<u>Present Rates</u>	<u>Co's. Proposal</u>		<u>Authorized Increase</u>	
		<u>Proposed Rates</u>	<u>% Increase</u>	<u>Adopted Rates</u>	<u>% Increase</u>
PR-1	\$12.38	\$16.26	31.32%	\$14.79	19.5%
CB-1	10.09	16.26	61.15	12.79	26.8
SW-1	9.79	16.26	66.02	12.29	25.5

Findings of Fact

1. The adopted estimates of operating revenues, operating expenses, rate base, and rate of return for test years 1984 and 1985 shown on Table 1 are reasonable.

2. A rate of return of 12.09% on the adopted rate base of \$5,608,900 for test year 1984 is reasonable.

3. A rate of return of 12.09% on the adopted rate base of \$5,808,200 for test year 1985 is reasonable.

4. Park's earnings under present rates for test year 1984 would produce net operating revenues of \$232,500 on a rate base of \$5,608,900 based on the adopted results of operations, resulting in a rate of return of 4.15%.

5. Park's earnings under present rates for test year 1985 would produce net operating revenues of \$134,400 on a rate base of \$5,808,200 based on the adopted results of operations, resulting in a rate of return of 2.31%.

6. The authorized increases in rates are expected to provide annual increases in revenues of \$943,700 (16.7%) in 1984, \$315,200 (4.8%) in 1985, and \$226,300 (3.3%) in 1986.

7. Operational attrition on the basis of adopted rates is 1.84% and there is no financial attrition for 1986.

8. Park's level of water service is adequate.

9. The staff method for computation of revenues based on use of the Modified Bean Method and the Committee Method is reasonable. The methodology has been employed in calculation of adopted revenues.

10. The staff estimates of unaccounted-for water are reasonable and are adopted. In recent years the levels of unaccounted-for water in the CBD have been excessive.

11. Park should provide its customers with information on how to detect leaks and on the costs paid by its customers due to the theft of water and solicit customer cooperation in reducing water losses from theft and leakage.

12. The percentages of gross plant depreciation rates contained in Table 7-1 of Exhibit 1 are reasonable and should be adopted for calculation of annual book depreciation accruals beginning in 1985.

13. Working cash allowances of \$23,000 for 1984 and \$23,300 for 1985 are reasonable and should be adopted.

14. D.90575 ordered Park to estimate its working cash allowance based on the detailed (lead-lag) method set forth in U-16. Park prepared a purported U-16 study in a work paper included in its preliminary filing for the requested increase. Park did not use this method in its application. Park did not mention the requirement for a detailed working cash study in its application. Park's 1984 working cash estimate contained in the application is \$699,803 or 10.7% of its estimated rate base.

15. Customers acquired by Park from SCW receive service comparable to the bulk of Park's customers.

16. Immediate merger of general metered rate Schedules CB-1 and SW-1 into Schedule PR-1 would result in excessive increases for Park's customers transferred from SCW. Deferring the merger until 1986 to limit annual increases in order to mitigate the impact of the merger.

17. Park's proposed private fire hydrant increases for Schedule PR-4FH customers contain an excessive one-step adjustment. The annual increases should not exceed 50%.

18. The proposed rate design would reduce bills at higher consumptions under Schedule PR-1.

19. The adopted rate design spreads a portion of the increase to all customers served under Schedule PR-1 by a relative reduction of service charges compared to the rates proposed by Park.

20. The increases in rates and charges authorized in Appendix A and Appendix B are just and reasonable; and the present rates and charges, insofar as they differ from those prescribed, are for the future unjust and unreasonable.

Conclusions of Law

1. The adopted working cash allowances are based on a methodology not in conflict with federal tax law.

2. The adopted rate design is not unreasonably discriminatory in preserving general metered Schedules CB-1 and SW-1 at least through 1985 to mitigate the impact of what would otherwise be an unreasonably high rate increase for 1984.

3. The timetable for processing Park's next CBD general rate increase under the RCPP should be delayed if Park's revenue requirements study contained in its application does not contain a working cash determination based upon a detailed lead-lag study as described above.

4. The application should be granted to the extent provided by the following order.

5. Because of the immediate need for rate relief, the following order should be effective today.

O R D E R

IT IS ORDERED that:

1. Park Water Company (Park) is authorized to file the revised schedules for its Central Basin District (CBD) attached to this order as Appendix A and to concurrently cancel its present schedules for such service. This filing shall comply with General Order (GO) Series 96. The effective date of the revised schedules shall be 4 days after the date of filing. The revised schedules shall apply only to service rendered on and after their effective date.

2. On or after November 15, 1984 Park is authorized to file an advice letter, with appropriate work papers, requesting the step rate increases attached to this order as Appendix B or to file a lesser increase which includes a uniform cents per hundred cubic feet of water adjustment from Appendix B in the event that the CBD rate of return on rate base, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the 12 months ended September 30, 1984, exceeds 12.09%. Such filing shall comply with GO Series 96. The requested step rates shall be reviewed by staff and shall go into effect upon staff's determination that they conform with this order. But staff shall inform the Commission if it finds that the proposed step rates are not in accord with this decision, and the Commission may then modify the increase. The effective date of the revised schedule shall be no earlier than January 1, 1985, or 30 days after the filing of the step rates, whichever is later.

3. On or after November 15, 1985 Park is authorized to file an advice letter, with appropriate work papers, requesting the step rate increases attached to this order as Appendix B or to file a lesser increase which includes a uniform cents per hundred cubic feet of water adjustment from Appendix B in the event that the CBD rate of return on rate base, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the 12 months ended September 30, 1985, exceeds 12.09%. Such filing shall comply with GO Series 96. The requested step rates shall be revised by staff and shall go into effect upon staff's determination that they conform with this order. But staff shall inform the Commission if it finds that the proposed step rates are not in accord with this decision, and the Commission may then modify the increase. The effective date of the revised schedule shall be no earlier than January 1, 1986, or 30 days after the filing of the step rates, whichever is later.

4. Park's percentage of gross plant depreciation accrual rates contained in Table 7-1 of Exhibit 1 shall be used to calculate book depreciation accruals beginning on January 1, 1985.

5. In its next general rate application for the CBD, Park shall file a calculation of its working cash allowance based upon a detailed lead-lag study as described above.

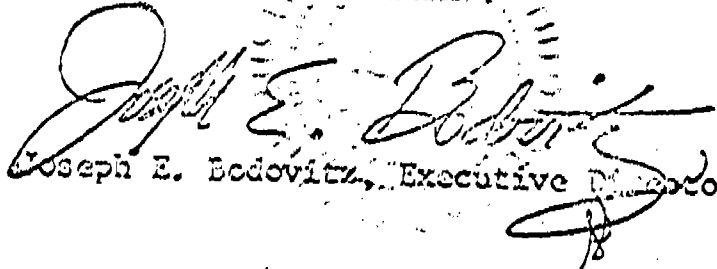
6. The application is cranted as set forth above. ✓
This order is effective today.

Dated May 16, 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
Commissioners

Commissioner William T. Bagley,
being necessarily absent, did
not participate.

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director

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Page 1

Park Water Company

Schedule No. PR-1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to general metered water service.

TERRITORY

Within the entire service area in Los Angeles County as delineated on the service area maps included in the tariff schedules.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>	
First 300 cu.ft., per 100 cu.ft.	\$0.408	(N)
Over 300 cu.ft., per 100 cu.ft.	0.813	(N)
 Service Charge:		
For 5/8 x 3/4-inch meter	\$ 6.25	(N)
For 3/4-inch meter	7.00	
For 1-inch meter	12.25	
For 1 1/2-inch meter	24.50	
For 2-inch meter	37.50	
For 3-inch meter	60.70	
For 4-inch meter	95.70	
For 6-inch meter	193.75	
For 8-inch meter	338.40	
For 10-inch meter	478.50	(N)

This service charge is applicable to all general metered service. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rates, for water used during the month. (N)

SPECIAL CONDITION

All billing under this schedule to customers in the City of Norwalk is subject to a surcharge of 2.04 percent. (N)

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Park Water Company

Schedule No. PR-2L

LIMITED FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential and commercial water service.

TERRITORY

Portions of Norwalk, Los Angeles County.

RATES

	<u>Per Service Connection Per Month</u>	
For a single-family residential unit, or commercial unit	\$ 15.12	(1)

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classification shall be furnished only on a metered basis.
3. If either the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service.
4. All billing under this schedule to customers in the city of Norwalk is subject to a surcharge of 2.04%
5. Service will be provided under this schedule only to those premises receiving flat rate service as of April 1, 1971.

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Park Water Company

Schedule No. PR-4F

NON-METERED FIRE SPRINKLER SERVICE

APPLICABILITY

Applicable only for water service to privately owned non-metered fire sprinkler systems where water is to be used only in case of fire.

TERRITORY

Within all service areas in Los Angeles County delineated on the maps included in the tariff schedules.

RATES

<u>Size of Service</u>	<u>Per Service Per Month</u>	
2-inch	\$ 5.00	
3-inch	6.70	
4-inch	10.00	
6-inch	14.75	
8-inch	20.15	(I)
10-inch	30.50	(I)
12-inch	43.15	(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 two 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)

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Park Water Company

Schedule No. PR-4F

NON-METERED FIRE SPRINKLER 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 standard detector type meter approved by the Board of Fire Underwriters for protections 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.

6. Any unauthorized use of water, other than for fire extinguishing purposes, shall be charged for at the regular established rate as set forth under Schedule No. 1, and/or may be the grounds for the immediate disconnection of the sprinkler service without liability to the company.

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Park Water Company

Schedule No. PR-4FH

PRIVATE FIRE HYDRANT SERVICE

APPLICABILITY

To water service furnished for privately owned fire hydrants.

TERRITORY

Within all service areas in Los Angeles County delineated on the maps included in the tariff schedules.

RATES

<u>Size of Hydrant</u>	<u>Per Hydrant Per Month</u>	
4" x 2½"	\$ 2.25	(1)
6" x 2½" x 2½"	\$ 3.25	(1)
6" x 4" x 2½"	\$ 4.50	(1)

SPECIAL CONDITIONS

1. The utility reserves the right to limit the installation of private fire hydrant service to such areas where public fire hydrant service does not exist or where public fire hydrant service is limited in scope to the detriment of the applicant.

2. The applicant will be required to pay, without refund, the entire cost of installing the fire hydrant. Also if a distribution main of adequate size to serve the private fire hydrant in addition to all other service does not exist at the desired point of service, a service main from the nearest existing main of adequate capacity will be installed at the cost of the applicant.

(Continued)

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Park Water Company

Schedule No. PR-4FH

PRIVATE FIRE HYDRANT SERVICE

SPECIAL CONDITIONS--Contd.

3. The use of water from such a private fire hydrant, other than for the purpose of extinguishing fires, is prohibited. The hydrant head will be sealed by the utility upon installation. Any authorized use of the hydrant must be reported to the utility within a period of 24 hours. If the utility, in the course of its inspection of such hydrant, finds the seal broken or removed and that water had been used for any unauthorized purpose, the utility will estimate the quantity of water used and will charge the applicant at the quantity rates for General Metered Service and may without liability to the utility disconnect such hydrant from its mains.

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Park Water Company

Schedule No. CB-1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of the City of Norwalk in Los Angeles County previously provided water service by Southern California Water Company delineated on the service area maps included in the tariff schedules.

Quantity Rates:	Per Meter Per Month	
First 300 cu.ft., per 100 cu.ft.	\$ 0.408	(N)
Over 300 cu.ft., per 100 cu.ft.	0.813	(N)
Service Charge:		
For 5/8 x 3/4-inch meter	\$ 4.25	(I)
For 3/4-inch meter	6.45	
For 1-inch meter	10.50	
For 1½-inch meter	15.75	
For 2-inch meter	24.95	
For 3-inch meter	32.00	
For 4-inch meter	69.35	
For 6-inch meter	105.70	
For 8-inch meter	173.30	
For 10-inch meter	248.00	(I)

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

NOTE: Rates applicable to approximately 166 customers in the original Southern California Water Company Norwalk service area.

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Park Water Company

Schedule No. SW-1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of the City of Compton in Los Angeles County previously provided water service by Southern California Water Company delineated on the service area maps included in the tariff schedules.

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>	
First 300 cu.ft., per 100 cu.ft.	\$ 0.408	(N)
Over 300 cu.ft., per 100 cu.ft.	0.813	(N)
 Service Charge:		
For 5/8 x 3/4-inch meter	\$ 3.75	(I)
For 3/4-inch meter	5.95	
For 1-inch meter	9.15	
For 1 1/2-inch meter	15.00	
For 2-inch meter	22.75	
For 3-inch meter	29.10	
For 4-inch meter	56.10	
For 6-inch meter	95.50	
For 8-inch meter	155.80	
For 10-inch meter	223.25	(I)

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

NOTE: Rates applicable to approximately 276 customers in the original Southern California Water Company Compton service area.

(END OF APPENDIX A)

APPENDIX B
Page 1

Park Water Company

Schedule No. PR-1

AUTHORIZED INCREASE IN RATES

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rates in effect on that date.

<u>Service Charge:</u>	<u>Rates to be Effective</u>	
	<u>1-1-85</u>	<u>1-1-86</u>
For 5/8 x 3/4-inch meter	\$ 0.30	\$ 0.20
For 3/4-inch meter	0.35	0.25
For 1-inch meter	0.60	0.40
For 1½-inch meter	1.20	0.80
For 2-inch meter	1.65	1.35
For 3-inch meter	2.90	2.10
For 4-inch meter	4.55	3.35
For 6-inch meter	9.25	6.70
For 8-inch meter	16.30	11.70
For 10-inch meter	22.90	16.60

Quantity Rate:

First 300 cu.ft., per 100 cu.ft.	\$ 0.013	\$ 0.015
Over 300 cu.ft., per 100 cu.ft.	0.027	0.027

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Page 2

Park Water Company

AUTHORIZED INCREASE IN RATES

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rates in effect on that date.

	<u>Rates to be Effective</u>	
	<u>1-1-85</u>	<u>1-1-86</u>
<u>TO SCHEDULE NO. PR-2L</u>		
For a single-family residential unit, or commercial unit	\$ 0.59	\$ 0.50

<u>TO SCHEDULE NO. PR-4F</u>		
<u>Size of Service</u>		
2-inch	\$ 0.0	\$ 0.0
3-inch	0.0	0.0
4-inch	0.0	0.0
6-inch	0.0	0.0
8-inch	0.95	0.65
10-inch	1.45	1.00
12-inch	2.00	1.45

<u>TO SCHEDULE NO. PR-4FH</u>		
<u>Size of Hydrant</u>		
4" x 2½"	\$ 1.00	\$ 0.55
6" x 2½" x 2½"	1.50	1.00
6" x 4" x 2½"	2.50	1.75

APPENDIX B
Page 3

Park Water Company

Schedule No. CB-1

AUTHORIZED INCREASE IN RATES

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rates in effect on that date.

	<u>Rates to be Effective</u>	
	<u>1-1-85</u>	<u>1-1-86</u>
<u>Service Charge:</u>		
For 5/8 x 3/4-inch meter	\$ 1.25	\$ 1.25
For 3/4-inch meter	0.55	0.60
For 1-inch meter	1.35	1.40
For 1½-inch meter	5.35	5.40
For 2-inch meter	7.80	7.75
For 3-inch meter	16.85	16.85
For 4-inch meter	17.15	17.10
For 6-inch meter	52.00	52.00
For 8-inch meter	96.55	96.55
For 10-inch meter	135.00	135.00

Quantity Rate:

First 300 cu.ft., per 100 cu.ft.	\$ 0.013	\$ 0.015
Over 300 cu.ft., per 100 cu.ft.	0.027	0.027

APPENDIX B
Page 4

Park Water Company

Schedule No. SW-1

AUTHORIZED INCREASE IN RATES

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rates in effect on that date.

<u>Service Charge:</u>	<u>Rates to be Effective</u>	
	<u>1-1-85</u>	<u>1-1-86</u>
For 5/8 x 3/4-inch meter	\$ 1.50	\$ 1.50
For 3/4-inch meter	0.80	0.85
For 1-inch meter	2.05	2.05
For 1 1/2-inch meter	5.75	5.75
For 2-inch meter	8.85	8.90
For 3-inch meter	18.30	18.30
For 4-inch meter	23.75	23.75
For 6-inch meter	57.10	57.10
For 8-inch meter	105.30	105.30
For 10-inch meter	147.40	147.40

Quantity Rate:

First 300 cu.ft., per 100 cu.ft.	\$ 0.013	\$ 0.015
Over 300 cu.ft., per 100 cu.ft.	0.027	0.027

(END OF APPENDIX B)

APPENDIX C

Page 1

Park Water Company

ADOPTED TAX CALCULATION

	Test Year 1984		Test Year 1985	
	CCFT	FIT	CCFT	FIT
	(Dollars in Thousands)			
Operating Revenue	\$ 6,587.3	\$ 6,587.3	\$ 6,902.5	\$ 6,902.5
<u>Expenses</u>				
General Office Alloc.	577.7	577.7	613.0	613.0
Operation & Maintenance	3,831.9	3,831.9	3,985.9	3,985.9
Administrative & General	726.9	726.9	769.1	769.1
Taxes Other than Income	127.9	127.9	131.4	131.4
CCFT	-	86.2	-	90.8
Subtotal	5,264.4	5,350.6	5,499.4	5,590.2
<u>Deductions from Taxable Income</u>				
Tax Depreciation	265.9	237.9	292.3	252.8
Interest Expense	159.2	159.2	164.5	164.5
Subtotal	425.1	397.1	456.8	417.3
Net Taxable Income (CCFT)	897.8		946.3	
CCFT @ 9.6%	86.2		90.8	
Net Taxable Income (FIT)		839.6		895.0
Graduated Tax Adjustment		- 9.4		- 9.4
ITC		- 5.3		- 6.1
Total FIT		371.5		396.2

APPENDIX C
Page 2

Park Water Company

METERED WATER SALES FOR RATE DESIGN
ADOPTED QUANTITIES

<u>Meter Size</u>	<u>Number Metered Services</u>	
<u>Schedule PR-1</u>	<u>1984</u>	<u>1985</u>
5/8 x 3/4	24,214 ^{1/}	24,202 ^{1/}
3/4	310	310
1	693	692
1 1/2	253	253
2	260	260
3	54	54
4	25	25
6	14	14
8	2	2
10		
Total	<u>25,825^{1/}</u>	<u>25,812^{1/}</u>

Annual
Consumptions

	<u>1984</u> <u>(CCF)</u>	<u>1985</u> <u>(CCF)</u>
0-3	910,994	910,736
Over 3 Ccf.	4,583,038 ^{1/}	4,650,764 ^{1/}
Subtotal	<u>5,494,042^{1/}</u>	<u>5,561,500^{1/}</u>

	<u>1984</u>	<u>1985</u>
<u>Schedule CB-1</u>		
5/8 x 3/4	166	166
0-3 Ccf	5,810	5,810
Over 3 Ccf.	19,924	19,090
Subtotal	<u>25,734</u>	<u>24,900</u>

	<u>1984</u>	<u>1985</u>
<u>Schedule SW-1</u>		
5/8 x 3/4	276	276
0-3 Ccf	9,660	9,660
Over 3 Ccf.	31,464	31,740
Subtotal	<u>41,124</u>	<u>41,400</u>

^{1/}Includes 15 customers from Schedule PR-2L, considered as customers with 5/8 x 3/4-inch meters.

APPENDIX C
Page 3

Park Water Company

ADOPTED QUANTITIES

	<u>No. of Service</u>		<u>Usage-KCcf</u>		<u>Avg. Usage-Ccf./yr.</u>	
	<u>1984</u>	<u>1985</u>	<u>1984</u>	<u>1985</u>	<u>1984</u>	<u>1985</u>
Residential	24,022	24,013	3,587.9	3,598.3	149.4	149.8
Business	2,027	2,023	1,429.4	1,465.1	705.2	724.2
Industrial	18	18	40.3	40.3	2,238.9	2,238.9
Public Authority	198	198	502.8	523.6	2,539.4	2,644.4
Other	2	2	0.5	0.5	250.0	250.0
Subtotal	<u>26,267</u>	<u>26,254</u>	<u>5,560.9</u>	<u>5,627.8</u>		
Private Fire Prot.	96	96				
Public Fire Prot.	11	11				
Total	<u>26,374</u>	<u>26,361</u>				
Water Loss			418.6	423.6		
Total Water Production			<u>5,979.5</u>	<u>6,051.4</u>		

<u>Meter Size</u>	<u>Number of Services</u>	
	<u>1984</u>	<u>1985</u>
<u>Schedule PR-4F</u>		
2	1	1
3	1	1
4	13	13
6	44	44
8	30	30
10	5	5
12	2	2
Total	<u>96</u>	<u>96</u>
<u>Schedule PR-4FE</u>		
6x2 $\frac{1}{2}$	9	9
6x4x2 $\frac{1}{2}$	2	2
Total	<u>11</u>	<u>11</u>

GENERAL

Net-to-Gross	2.1182
Federal Tax Rate	46%
State Tax Rate	9.6%
Uncollectibles Rate	<u>0.60%</u>

APPENDIX C
Page 4

Park Water Company

ADOPTED QUANTITIES

	<u>1 9 8 4</u>	<u>1 9 8 5</u>
<u>In Acre Feet (AF)</u>		
Purchased Water - MWD	11,149.5	11,987.0
Pumped Water	<u>2,577.5</u>	<u>1,905.0</u>
Total	13,727.0	13,727.0
 <u>KWH Used</u>		
PA-1 (SCE)	1,006,351	755,883
GS-1 (SCE)	384,202	287,068
GS-2 (SCE)	<u>15,264</u>	<u>14,925</u>
Total	1,405,817	1,057,876
 <u>KWH per AF</u>		
PA-1 (SCE)	526	526
GS-1 (SCE)	no data	no data
GS-2 (SCE)	286	286
 <u>Therms Used</u>		
	38	38
 <u>Purchased Power Costs</u>		
	\$ 72,860	\$ 54,725
PA-1 (SCE)	\$ 72,860	\$ 54,725
GS-1 (SCE)	36,091	26,967
GS-2 (SCE)	1,052	1,029
GN-1 (SoCal Gas)	<u>63</u>	<u>63</u>
Total	\$ 110,066	\$ 82,784

Rates Effective: SCE: 1-13-84, SoCal Gas: 1-1-84

<u>Components</u>	<u>SCE</u>			<u>SoCal Gas</u>
	<u>PA-1</u>	<u>GS-1</u>	<u>GS-2</u>	<u>GN-1</u>
Base Rate (\$)	0.03271	0.05425	0.02925	0.07184
ECABF	0.02923	0.02923	0.02923	
Energy Rate	0.00390	0.00390	0.00390	
CLMABF	0.00026	0.00026	0.00026	
Energy Commission	0.00020	0.00020	0.00020	
Other Adjustments	<u>0.00610</u>	<u>0.00610</u>	<u>0.00610</u>	
Total Energy Rate	0.07240	0.07240	0.05894	<u>0.07184</u>

APPENDIX C

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Park Water Company

ADOPTED QUANTITIES

	<u>1 9 8 4</u>	<u>1 9 8 5</u>
<u>In Acre Feet (AF)</u>		
Purchased Water - MWD	11,149.5	11,987.0
Pumped Water	<u>2,577.5</u>	<u>1,905.0</u>
Total	13,727.0	13,892.0
<u>Sales</u>	12,766.0	12,020.0
Unaccounted	961.0	972.0
% of Total	7.0%	7.0%
<u>Purchased Water</u>		
Bellflower	2,570.0	2,520.0
Central Basin (MWD)	<u>8,579.5</u>	<u>9,417.0</u>
Total	11,149.5	11,987.0
<u>Cost Per AF</u>		
Bellflower	\$ 233.75	\$ 233.75
Central Basin (MWD)	227.25	227.25
<u>Purchased Water Costs</u>		
Bellflower	\$ 600,738	\$ 600,738
Bellflower (Meter Charge)	22,616	22,616
Central Basin MWD	<u>1,949,691</u>	<u>2,140,013</u>
Total	\$ 2,573,045	\$ 2,763,367
<u>Replenishment Tax</u>		
Pumped (AF)	2,577.5	1,905
Cost at \$27/AF	\$69,593.-	\$ 51,435.-
<u>Water Rights Lease</u>		
Uehling Water Co.	\$127,553	\$ 103,555
Dominguez Water Corp.	<u>19,234</u>	<u>0</u>
	\$146,767	\$ 103,555

(End of Appendix C)

APPENDIX D
Park Water Company

Comparisons of typical bills for residential metered customers of various usage level and average level at present and authorized rates for the year 1984.

General Metered Service
(5/8 x 3/4-inch meters)

Monthly Usage (Cubic Feet)	At Present Rates	At Authorized Rates	Percent Increase
<u>PR-1</u>	<u>Min. Charge</u>	<u>Service Charge</u>	
300	\$ 5.37	\$ 7.47	39.1%
500	6.25	9.10	45.6
1,000	10.63	13.16	23.8
1,240 (Average)	12.73	15.12	18.8
2,000	19.39	21.29	9.8
3,000	28.15	29.42	4.5
5,000	45.67	45.68	0.0
10,000	89.47	86.33	(3.5)

(End of Appendix D)

APPENDIX E
Page 1

Park Water Company

COMPARISON OF MONTHLY RATESGENERAL METERED SERVICE - SCHEDULE NO. PR-1

Item	Present:	Proposed Rates			Adopted Rates		
	Rates	1984	1985	1986	1984	1985	1986
<u>Service Charge*</u>							
For 5/8 x 3/4-inch meter	\$ 5.37	\$ 7.42	\$ 7.77	\$ 8.01	\$ 6.25	\$ 6.55	\$ 6.75
For 3/4-inch meter	6.00	10.27	10.75	11.09	7.00	7.35	7.60
For 1-inch meter	10.50	15.96	16.70	17.23	12.25	12.85	13.25
For 1½-inch meter	21.00	30.18	31.58	32.59	24.50	25.70	26.50
For 2-inch meter	32.00	47.25	49.45	51.02	37.50	39.15	40.50
For 3-inch meter	52.00	87.07	91.12	94.03	60.70	63.60	65.70
For 4-inch meter	82.00	143.96	150.65	155.46	95.70	100.25	103.60
For 6-inch meter	166.00	286.18	299.49	309.04	193.75	203.00	209.70
For 8-inch meter	290.00	456.85	478.09	493.34	338.40	354.70	366.40
For 10-inch meter	410.00	656.08	686.59	708.49	478.50	501.40	518.00

Quantity Rate

First 300 cu.ft., per 100 cu.ft.	\$ 0.620	\$ 0.649	\$ 0.670	\$ 0.408	\$ 0.421	\$ 0.436
Over 300 cu.ft., per 100 cu.ft.	0.775	0.811	0.837	0.813	0.840	0.867
First 400 cu.ft., or less	\$ 5.37					
Over 400 cu.ft., per 100 cu.ft.	0.876					

The Service Charge applies to all metered service connections, to it is added the charge for water used during the month at quantity rates.

APPENDIX E
Page 2

Park Water Company

COMPARISON OF MONTHLY RATES

LIMITED FLAT RATE SERVICE - SCHEDULE NO. PR-2L

Per Service Connection - Per Month

Item	Present:	Proposed Rates			Adopted Rates		
	Rates*	1984	1985	1986	1984	1985	1986

Rates

For a single-family residential unit, or commercial unit

\$11.50	\$16.58	\$17.35	\$17.90	\$15.12	\$15.71	\$16.21
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NON-METERED FIRE SPRINKLER SERVICE - SCHEDULE NO. PR-4F

Per Service - Per Month

Item	Present:	Proposed Rates			Adopted Rates		
	Rates*	1984	1985	1986	1984	1985	1986

Size of Service

2-inch	\$ 5.00	\$ 2.89	\$ 3.02	\$ 3.12	\$ 5.00	\$ 5.00	\$ 5.00
3-inch	6.70	4.32	4.52	4.67	6.70	6.70	6.70
4-inch	10.00	6.34	6.63	6.85	10.00	10.00	10.00
6-inch	14.75	12.09	12.65	13.06	14.75	14.75	14.75
8-inch	20.00	20.14	21.08	21.75	20.15	21.10	21.75
10-inch	25.00	30.50	31.92	32.94	30.50	31.95	32.95
12-inch	31.00	43.16	45.17	46.61	43.15	45.15	46.60

PRIVATE FIRE HYDRANT SERVICE - SCHEDULE NO. PR-4FH

Per Hydrant - Per Month

Item	Present:	Proposed Rates			Adopted Rates		
	Rates*	1984	1985	1986	1984	1985	1986

Rates

4" x 2½" hydrant	\$ 1.00	\$ 3.53	\$ 3.69	\$ 3.81	\$ 2.25	\$ 3.25	\$ 3.80
6" x 2½" x 2½" hydrant	1.50	5.31	5.56	5.73	3.25	4.75	5.75
6" x 4" x 2½" hydrant	2.00	8.13	8.51	8.78	4.50	7.00	8.75

APPENDIX E

Page 3

Park Water Company
COMPARISON OF MONTHLY RATES

GENERAL METERED SERVICE - SCHEDULE NO. CB-1

Item	Present:			Proposed Rates			Adopted Rates		
	1984	1985	1986	1984	1985	1986	1984	1985	1986**
<u>Service Charge</u>									
For 5/8 x 3/4-inch meter	\$ 2.86	\$ 7.42	\$ 7.77	\$ 8.01	\$ 4.25	\$ 5.50	\$ 6.75		
For 3/4-inch meter	4.38	10.27	10.75	11.09	6.45	7.00	7.60		
For 1-inch meter	7.18	15.96	16.70	17.23	10.50	11.85	13.25		
For 1-1/2-inch meter	10.63	30.18	31.58	32.59	15.75	21.10	26.50		
For 2-inch meter	16.81	47.25	49.45	51.02	24.95	32.75	40.50		
For 3-inch meter	21.57	87.07	91.12	94.03	32.00	48.85	65.70		
For 4-inch meter	46.77	143.96	150.65	155.46	69.35	86.50	103.60		
For 6-inch meter	71.28	286.18	299.49	309.04	105.70	157.70	209.70		
For 8-inch meter	116.90	456.85	478.09	493.34	173.30	269.85	366.40		
For 10-inch meter	167.33	656.08	686.59	708.49	248.00	383.00	518.00		
<u>Quantity Rate</u>									
First 300 cu.ft., per 100 cu.ft.		\$ 0.620	\$ 0.649	\$ 0.670	\$ 0.408	\$ 0.421	\$ 0.436		
Over 300 cu.ft., per 100 cu.ft.		0.775	0.811	0.837	0.813	0.840	0.867		
First 500 cu.ft., per 100 cu.ft.	\$ 0.534								
Over 500 cu.ft., per 100 cu.ft.	0.651								

The Service Charge applies to all metered service connections, to it is added the charge for water used during the month at quantity rates.

*Present Rates include Fire Protection Surcharge.

**Rates to be merged with Schedule PR-1.

APPENDIX E

Page 4

Park Water Company

COMPARISON OF MONTHLY RATESGENERAL METERED SERVICE - SCHEDULE NO SW-1

Item	Current	Proposed Rates			Adopted Rates		
	Rates*	1984	1985	1986	1984	1985	1986**
<u>Service Charge</u>							
For 5/8 x 3/4-inch meter	\$ 2.53	\$ 7.42	\$ 7.77	\$ 8.01	\$ 3.75	\$ 5.25	\$ 6.75
For 3/4-inch meter	4.03	10.27	10.75	11.09	5.95	6.75	7.60
For 1-inch meter	6.17	15.90	16.70	17.23	9.15	11.20	13.25
For 1-1/2-inch meter	10.14	30.18	31.58	32.59	15.00	20.75	26.50
For 2-inch meter	15.33	47.25	49.45	51.02	22.75	31.60	40.50
For 3-inch meter	19.62	87.07	91.12	94.03	29.10	47.40	65.70
For 4-inch meter	37.84	143.96	150.65	155.46	56.10	79.85	103.60
For 6-inch meter	64.40	286.18	299.49	309.04	95.50	152.60	209.70
For 8-inch meter	105.10	456.85	478.09	493.34	155.80	261.10	366.40
For 10-inch meter	150.60	656.08	686.59	708.49	223.20	370.60	518.00
<u>Quantity Rate</u>							
First 300 cu.ft., per 100 cu.ft.		\$ 0.620	\$ 0.649	\$ 0.670	\$ 0.408	\$ 0.421	\$ 0.436
Over 300 cu.ft., per 100 cu.ft.		0.775	0.811	0.837	0.813	0.840	0.867
First 500 cu.ft., per 100 cu.ft.	\$ 0.538						
Over 500 cu.ft., per 100 cu.ft.	0.653						

The Service Charge applies to all metered service connections, to it is added the charge for water used during the month at quantity rates.

*Present Rates include Fire Protection Surcharge.

**Rates to be merged with Schedule No. PR-1.

(End of Appendix E)

5. In its next general rate application for the CBD, Park shall file a calculation of its working cash allowance based upon a detailed lead-lag study as described above.

This order is effective today.

Dated MAY 16 1984, at San Francisco, California.

AS 6. The application is granted as set forth above.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL

Commissioners

Commissioner William T. Bagley
being necessarily absent, did
not participate.