

ORIGINAL

Decision No. 87195

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of the Nicholls Warm Springs, a Corporation, dba Mesa Verde Water Company for authority to increase rates for water service in the vicinity of Blythe, Riverside County.

Application No. 56345
(Filed March 17, 1976)

Ray R. Goldie, a Law Corp., by
Ray R. Goldie, Attorney at Law,
and Ruth Howard, for applicant.
David K. George, for Water Users
of Mesa Verde, and Robert A.
Simpson, for himself, protestants.
Timothy E. Treacy, Attorney at Law,
and Andrew Tokmakoff, for the
Commission staff.

O P I N I O N

Nicholls Warm Springs, a corporation, doing business as Mesa Verde Water Company, seeks a \$12,000 increase in its Metered Service Schedule No. 1 for water service in its tariff service area which is an unincorporated area approximately seven miles west of Blythe, Riverside County.

A duly noticed public hearing was held before Examiner Arthur M. Mooney in Blythe and San Bernardino on September 15 and 16, 1976, respectively. The matter was submitted on the latter date. Evidence was presented by the vice president of applicant, a utility engineer of the Commission staff, and a customer of applicant. Statements were made by 14 of applicant's customers. ✓

Background

Applicant has, for a number of years, been engaged in developing and selling land and providing water service to the lots it sold. It does business under two names. One is Mesa Verde Development Company which is its land development and sale operation. The other is Mesa Verde Water Company which is its water service operation with which we are here concerned. All of the property has been sold, and the only function of Mesa Verde Development Company now is collecting payments on trust deeds in connection with the land sales. In 1964, Edward J. Soehnel, Sr. became an officer in the corporation and took over management operations of the water system which was declared to be a public utility by Decision No. 69188 dated June 8, 1965 in Case No. S132. Applicant's land and water utility departments share the same office in San Bernardino and the same office personnel and file joint income tax reports. Its certified public accountants prepare a joint financial statement for it, separating accounts between the land and water departments.

Applicant was last granted a rate increase in October 1967 by Decision No. 73243, (1967) 67 CPUC 594. The decision authorized a two-step increase. The first was a partial increase and became effective immediately. The second was the full increase sought by applicant, and it was to take effect if certain improvements in facilities and documentation were completed by June 1, 1968. The requirements were not met by that date, and the present rates are the partial increase authorized by the decision.

Since 1967, the number of customers served by applicant has increased substantially to a total of approximately 265 at present. Its tariff service area includes subdivisions known as Nicholls Warm Springs Nos. 1, 2, and 3; Town of Palowalla and acreage containing approximately 130 acres adjoining the Town of Palowalla on the west; acreage containing approximately 108 acres adjoining Subdivision No. 2

on the south; and acreage containing approximately 35 acres adjoining Subdivision No. 3 on the north. All water is obtained from two wells located on adjoining property in Unit 2. These wells are known as New Well 2 and Well 3. Well 1, which was located in Unit 1, was abandoned about March 1969. In June 1975 a new pump, shaft, column and motor were installed in the existing 16-inch casing of Well 2, which tested at 350 gallons per minute. Well 3 was drilled and the pump and motor were installed in August 1969. It originally provided 200 gallons per minute, and its current production is approximately 175 gallons per minute. The distribution system has 6,455 feet of 6-inch pipe (3,185 asbestos-cement and 3,270 feet plastic), 7,320 feet of 4-inch asbestos-cement pipe, and 3,785 feet of 3-inch pipe, mostly steel. Storage is in one 85,000-gallon steel corrugated tank. All services are metered with 5/8 x 3/4-inch predominant.

The water production and related facilities have ample capacity. The water produced, however, is of poor quality as indicated by its total dissolved solids content which exceeds 1,000 milligrams per liter, including 2.4 milligrams of fluoride per liter. The California Department of Health (CDH) assumed jurisdiction of the utility in February 1974 since it was serving more than 200 customers at that time. The CDH has advised that the fluoride and total dissolved solids content of the water do not meet the California Drinking Water Standards; that the applicant has been requested to initiate corrective measures; and that until a firm commitment regarding this has been provided, expansion of the water system cannot be permitted. In this connection, Ordering Paragraph 6 of Decision No. 73243, supra, restricted applicant from serving new tracts and subdivisions until certain improvements had been made. These improvements have not been completed.

A part-time employee operates and maintains the system. When necessary, outside services are used for major repairs or other work. Customer billing is performed at the San Bernardino office. Only two complaints were received by the Commission in recent years from customers. One in 1974, concerned shutoff for repairs without notification, high chlorine, and low pressure. The other, in 1975, concerned an estimated bill because of a stuck meter.

Proposed Rates

Applicant's present general metered service tariff rates were filed November 24, 1967 and became effective December 1, 1967. The following Table I sets forth a comparison of applicant's present monthly rates, those requested by applicant, and those proposed by the staff, together with representative monthly charges for a 5/8 x 3/4-inch meter at several consumption levels for each set of rates. The present rate schedule only provides for meters to a 1-inch size. The applicant proposed and the staff recommended that rates provide for meters to a 4-inch size.

TABLE I

A - Comparison of Rates

| | <u>Present Rates</u> | <u>Applicant Proposed Rates</u> | <u>Staff Recommended Rates</u> |
|--|----------------------|---------------------------------|--------------------------------|
| <u>Quantity Rates per Meter per Month:</u> | | | |
| First 500 cu.ft. or less | \$ - | \$ - | \$ 4.00 |
| or First 1,000 cu.ft. or less | 3.95 | 6.00 | - |
| Next 2,500 cu.ft., per 100 cu.ft. | - | - | .30 |
| or Next 2,000 cu.ft., per 100 cu.ft. | 0.22 | 0.34 | - |
| Over 3,000 cu.ft., per 100 cu.ft. | 0.16 | 0.26 | 0.26 |
| <u>Minimum Charge per Meter per Month:</u> | | | |
| For 5/8 x 3/4-inch meter | \$ 3.95 | \$ 6.00 | \$ 4.00 |
| For 3/4-inch meter | 5.25 | 7.80 | 7.00 |
| For 1-inch meter | 7.50 | 11.50 | 10.25 |
| For 1-1/2-inch meter | - | 19.00 | 17.00 |
| For 2-inch meter | - | 27.00 | 24.00 |
| For 3-inch meter | - | 47.50 | 41.00 |
| For 4-inch meter | - | 76.00 | 66.00 |

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

B - Comparison of Monthly Charges

| <u>Monthly Consumption In Cubic Feet</u> | <u>Present Rates</u> | <u>Applicant Proposed Rates</u> | <u>Staff Recommended Rates</u> |
|--|----------------------|---------------------------------|--------------------------------|
| 500 | \$ 3.95 | \$ 6.00 | \$ 4.00 |
| 1,000 | 3.95 | 6.00 | 5.50 |
| 2,500 | 7.25 | 11.10 | 10.00 |
| 4,000 | 9.95 | 15.40 | 14.10 |
| 10,000 | 19.55 | 31.00 | 29.70 |

A.56345 dz/km

For the monthly consumptions of 500, 1,000, 2,500, 4,000, and 10,000 cubic feet shown, applicant's proposed rates for a 5/8 x 3/4-inch meter produce increases of 52, 52, 53, 55, and 59 percent, respectively. For the staff recommended rates, the comparable increases are 1, 39, 38, 42, and 52 percent.

Applicant's present and proposed minimum monthly charge for the minimum size meter is based on the charge for 1,000 cubic feet. The staff, in accordance with the Commission's life-line policy, has based its minimum monthly charge for this size meter on a quantity of 500 cubic feet. Applicant's proposed minimum monthly charge for larger meters exceed those recommended by the staff by 11 to 16 percent. However, according to the staff, approximately 37 percent of applicant's customers have minimum size meters.

Results of Operations

The witnesses for applicant and the staff have analyzed and estimated applicant's operational results. Table II below summarizes, from Exhibit E to the application, which was received in evidence as Exhibit 6, and the staff's Exhibit 2, the estimated results of operations for the test year 1976 calculated by applicant and by the staff under present water rates and those proposed by applicant, and also the estimated operating results calculated by the staff under its recommended rates for the same test period.

TABLE II

Estimated Results of Operation - Test Year 1976

| | <u>Present Rates</u> | | <u>Applicant Proposed Rates</u> | | <u>Staff Recommended Rates</u> |
|-------------------------|----------------------|--------------|---------------------------------|--------------|--------------------------------|
| | <u>Applicant</u> | <u>Staff</u> | <u>Applicant</u> | <u>Staff</u> | |
| Operating Revenue | \$22,000 | \$22,000 | \$34,000 | \$34,000 | \$30,000 |
| <u>Deductions</u> | | | | | |
| Operating Expenses | 25,795 | 23,890 | 25,795 | 23,890 | 23,890 |
| Depreciation | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Taxes Other Than Income | 1,710 | 1,710 | 1,710 | 1,710 | 1,710 |
| Income Taxes | <u>200</u> | <u>200</u> | <u>1,330</u> | <u>1,880</u> | <u>790</u> |
| Total | 29,205 | 27,300 | 30,335 | 28,980 | 27,890 |
| Net Revenue | (7,205) | (5,300) | 3,665 | 5,020 | 2,110 |
| Rate Base | 20,300 | 22,600 | 20,300 | 22,600 | 22,600 |
| Rate of Return | Loss | Loss | 18.05% | 22.21% | 9.34% |

(Red Figure)

The same method of estimating revenue was used by applicant and by the staff. In this connection, the staff visited applicant's place of business prior to the filing of the application and reviewed its books and records and assisted it in calculating revenue estimates. According to Table II, applicant's proposed rates would result in an increase in revenue of \$12,000 or 54.5 percent, and those recommended by the staff would result in a revenue increase of \$8,000 or 36.4 percent.

Applicant's estimate of \$25,795 in operating expenses exceeds the staff estimate by \$1,905. The expense items which are different, and the amount by which applicant exceeds the staff are as follows: power \$5, materials \$920, office salaries \$300, insurance \$80, accounting and legal \$550, and vehicle expenses \$50. With the exception of the power expense for which the difference was negligible, the estimates by both applicant and the staff for the other aforementioned expense items were substantially less than applicant's 1975 recorded costs for them. Both applicant and the staff normalized expenses in their estimates. In its calculations, the staff used the period 1968 to 1974 for its normalization. Apparently applicant used a shorter period. The staff, after reviewing materials and supplies kept on hand at the utility's plant, estimated their value to be approximately \$2,500. The staff pointed out that they are necessary for routine maintenance and replacements, and, for this reason, the rate base it computed is \$2,300 more than the one used by applicant.

Discussion

It is apparent that applicant does require a rate increase. As shown in Table II, the staff agrees with applicant that for the test year 1976, applicant's water utility would, under present rates, operate at a loss. Furthermore, according to the evidence presented by applicant, its utility operation has lost, on the average, approximately \$7,000 per year for the period from 1966 through 1976; during this period, its labor, material, electric power, and other operating costs have increased substantially, and it is reasonable to assume that this trend will continue; in 1971, it was required by the CDH to install a chlorination plant, and the maintenance of this plant has added to its costs; the storage tank for the system and other facilities are in need of repair; and it cannot make these or even minimum repairs to maintain present service without additional income.

We are of the opinion that with an adjustment for a minimum life-line charge, as recommended by the staff, the rates proposed by applicant should be authorized. This would result in a minimum monthly charge for a 5/8 x 3/4-inch service of \$4.20 based on a quantity of 500 cubic feet rather than the minimum monthly charge of \$6.00 based on 1,000 cubic feet proposed by applicant, and the 34 cents per 100 cubic feet rates proposed by applicant would apply to a 500- to 3,000-cubic foot block rather than to the 1,000- to 3,000-cubic foot block suggested by applicant. Table III below sets forth the rate schedule authorized herein and representative monthly charges for a 5/8 x 3/4-inch metered service at the authorized rates for quantities similar to those shown in Part B of Table I together with the amount and percentage of increase over present rates.

TABLE III

A - Authorized Rates

Quantity Rates per Meter per Month:

| | | |
|-------|-----------------------------------|---------|
| First | 500 cu.ft. or less | \$ 4.20 |
| Next | 2,500 cu.ft., per 100 cu.ft. | .34 |
| Over | 3,000 cu.ft., per 100 cu.ft. | .26 |

Minimum Charge per Meter per Month:

| | | |
|-----|----------------------------|-------|
| For | 5/8 x 3/4-inch meter | 4.20 |
| For | 3/4-inch meter | 7.80 |
| For | 1-inch meter | 11.50 |
| For | 1-1/2-inch meter | 19.00 |
| For | 2-inch meter | 27.00 |
| For | 3-inch meter | 47.50 |
| For | 4-inch meter | 76.00 |

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

B - Monthly Charges at Authorized Rates
and Increase over Present Rates

| <u>Monthly Consumption In Cubic Feet</u> | <u>Authorized Rates</u> | <u>Increase over Present Rates</u> | |
|--|-----------------------------|------------------------------------|----------------|
| | | <u>Amount</u> | <u>Percent</u> |
| 500 | \$ 4.20 | \$ 0.25 | 6 |
| 1,000 | 5.90 | 1.95 | 49 |
| 2,500 | 11.00 | 3.75 | 52 |
| 4,000 | 15.30 | 5.35 | 54 |
| 10,000 | 30.90 | 11.35 | 58 |

As can be seen from Part B of Tables I and III, the authorized rates will result in monthly charges for quantities of 500, 1,000, 2,500, 4,000, and 10,000 cubic feet that are 30, 2, 1, 1, and 0 percent less, respectively, than those proposed by applicant and 5, 7, 9, 8, and 4 percent more, respectively, than those proposed by the staff. Based on the applicant's operating expenses, depreciation, taxes other than income, and the staff rate base, which are adopted, the authorized rates would result in a net revenue after income taxes of \$2,185, which is \$75 more than under the staff recommended rates, and a rate of return of 9.7 percent. The gross revenue increase is \$10,000, or 29.4 percent. As pointed out hereinafter, meters and services have not been included on applicant's books or as part of its rate base.

We are mindful that applicant did not make the plant improvements referred to in Decision No. 73243, supra, by the completion date of June 1, 1968 specified therein; that for this reason, it did not qualify for the second-step increase which was conditioned on compliance with this requirement; and that had it made the necessary improvements within the required time and qualified for the second-step increase, its operating losses would not have been of the magnitude stated above. The specific improvements, which were

listed in Finding 1b of the decision, were to replace the deteriorated steel distribution mains installed in Mesa Drive and Blythe Way and all deteriorated steel feeder mains and to install suitably-spaced valves throughout the system. In this regard, applicant's vice president pointed out that a 6-inch plastic main has now been installed along Blythe Way to the end of the line and that certain other improvements have also been made. It is obvious, based on the utility's present financial condition, that it is in need of additional income to continue to improve its system. In this connection, the staff investigation disclosed that because of deteriorated steel mains, the system is forced to operate at reduced pressure with an average range of 25 to 35 pounds per square inch pressure at the nine-customer locations it checked. It is expected that with the increase granted herein, applicant will promptly undertake the necessary improvements and repairs to its system.

A number of applicant's customers attended the hearing in Blythe, and one attended the hearing in San Bernardino. A petition signed by most of the customers was received in evidence as Exhibit 3. According to the witness for the customers, the statements made by 14, and the petition, they oppose any increase in rates until applicant has completed all necessary repairs and improvements to its system. They contend that more fire hydrants are needed for fire protection; that many of the water lines on the west side of Mesa Drive are exposed or too near the surface, and the streets cannot be paved where this condition exists; that much of the system is deteriorated and should be replaced in order to provide better water pressure; that the quality and the taste of the water is extremely poor, and it cannot be used for drinking, cooking, or watering plants, gardens, and trees; and because of this, most customers buy bottled water for drinking and cooking. Exhibit 5, which was presented in evidence by their witness, is a copy of a notice applicant was required to send to all of its

customers approximately a year ago by the CDH pursuant to California Health and Safety Code Section 4027. The notice stated that according to tests, the fluoride and dissolved solids in the water exceeded the limiting concentrations for them established by the CDH; that the amount of fluoride may cause mottling or staining of teeth in children under 10 years of age; and that the high dissolved solids level may affect the taste of the water but has no effect on the health of consumers.

With respect to the taste and quality of the water, the vice president of applicant testified that there were never any complaints regarding this until the CDH required applicant to put in a chlorination plant; that the state tells applicant how much chlorine to use; that as far as he knows, all wells in the proximity of applicant's system have similar problems with fluoride and other solids; that the cost of installing a plant to cure this problem would be over several hundred thousand dollars which is prohibitive for a company of applicant's size; that the water does not have a deleterious effect on those who drink it; and that should the sought increase be granted, any profits that may result therefrom will be applied toward improving the system. As pointed out by the staff witness, applicant's wells are the only source of water available for its system, the nearby city of Blythe's water is not much better, and applicant is in need of a rate increase to maintain and improve its system. We agree with the staff. However, applicant should investigate all reasonable possibilities for improving the quality and taste of its water. As to additional hydrants for fire protection, suitable arrangements should be made with the responsible public agency, probably the State Division of Forestry.

One final matter requiring discussion is the issue raised by the staff regarding the source of payment for water meters in the system. Applicant's land company, when it sold lots, collected money for the cost of a water meter and service connection with the sale of each lot. This practice was continued after its water company became a regulated utility. Apparently a lot owner who sold his property included the value of the meter and service in the sale price. As provided in Rule 17 of applicant's tariff and as required by General Order No. 103, Section VI, 1d. and main extension Rule 15, Section C.1.a, investor-owned utilities under the jurisdiction of the Commission shall not charge a customer for a meter and service connection. The staff recommended that the ownership of the meters should be transferred to the utility; that the full cost thereof should be recorded in the utility's plant accounts; that the monies collected as payment for meters and services should be treated as contributions in aid of construction; and that certain refunds should be made to customers in connection therewith.

The cost of meters is not carried on the books of the utility except for a minor amount of \$900 transferred from the land company to the utility in 1965. Present rates have not included depreciation on meters, and meters have not been included in rate base. The utility does undertake the maintenance, repair, and replacement of defective meters and charges these activities as an expense on the utility's books. The staff was furnished with the land company's records of meters purchased since 1967 tabulated with reference to size and charges, names of customers from whom monies were collected for the meters, and any refunds made for lots sales not completed. Records for earlier dates are fragmentary and incomplete but were made available to the staff. From this information, the staff determined that the number of land buyers who were charged for a meter and service were 105 prior to December 1966 and 172 since then; that the average cost of each meter size

was as follows: 5/8" x 3/4" - \$25 prior to 1966 and \$33 thereafter, 3/4" - \$38, 1" - \$55, and 2" - \$210; that the average cost of all services was \$40 each; that with an average service life of 30 years for meters and 25 years for services, a group remaining life for the meters is 23.5 years and for the services is 18.7 years. Based on these estimates and calculations, the staff suggested that the following data may be used to transfer the meters and services to the utility's accounts:

| <u>Plant in Service</u> | <u>Account 346 (Meters)</u> | <u>Account 345 (Services)</u> |
|---|---------------------------------|-----------------------------------|
| Original Cost | \$ 9,140 ^{1/} | \$11,080 |
| Salvage Value | (1,370) | - |
| Depreciation Reserve | <u>(2,030)</u> | <u>(3,510)</u> |
| Net Plant Balance | \$ 5,740 | \$ 7,570 |
| Remaining Service Life, Years | 23.5 | 18.7 |
| Annual Accrual for Deprec. | \$ 245 | \$ 405 |
| Annual Accrual Rate | 2.68% | 3.66% |
| Average Service Life, Years | 30 | 25 |
| Total Number of Meters/Services ... 277 | | |
| By size: 5/8 x 3/4" | 240 | |
| 3/4" | 19 | |
| 1" | 16 | |
| 2" | 2 | |

(Red Figure)

1/ Does not include \$900 now in the utility's Account 346.

With respect to refunds to customers, the staff recommended that all monies collected from customers in connection with property sales by applicant's land company since its water company was declared a public utility on June 8, 1965 be refunded; that because of the utility's present need for funds to improve and operate its system,

the refunds be made as a credit against utility bills of one-tenth the amount to be refunded each year over a ten-year period with no interest; and that to be eligible for the refund, a customer should be a current customer of the utility and owner of land purchased by himself or someone else from applicant's land company on or after June 8, 1965.

The recommendations of the staff regarding the transfer of ownership of the meters to the utility, the inclusion of the cost of the meters and services in its records, and the refunds to customers are reasonable, and applicant will be directed to implement them or a satisfactory alternative within 60 days after the effective date of the order which follows and to submit to the Commission for approval, within 30 days after the effective date of the order herein, its program for implementing these requirements or its request for approval of an alternative plan. Applicant will also be directed to investigate the alternatives available to it to improve the quality and taste of its water and the costs involved and to submit to the Commission, within 60 days after the effective date of the order herein, a report setting forth the results of this investigation together with a list of all necessary repairs and improvements to its utility plant, including those referred to in Decision No. 73243 which have not been made, and its cost and schedule for completion of them.

As to water conservation, applicant asserted that this has not been a problem; that it has an adequate water supply for its system; and that if an increase is granted, it will apply the additional income resulting therefrom toward needed repairs and improvements which would reduce or eliminate water loss and waste in the plant.

Findings

1. Applicant provides public utility water service under the name Mesa Verde Water Company in an unincorporated area approximately seven miles west of Blythe, Riverside County. Applicant also operates a land development company under the name Mesa Verde Development Company, with which we are not here concerned.

2. Applicant was last granted an increase in 1967 pursuant to Decision No. 73243, supra. The decision provided for a two-step increase, with the first step effective immediately and the higher second step conditioned upon the completion of certain improvements in plant and documentation by June 8, 1968. The conditions precedent for the second step were not met by the specified date, and the lower first-step increase is the present rates. Some of the plant improvements have been made, and applicant has reasonably complied with the documentation improvements.

3. Applicant's plant is in need of repair and improvement. Because of this, the system is forced to operate at reduced pressure of 25 to 35 pounds per square inch.

4. Applicant was required by the CDH to install a chlorination treatment plant for its system in 1971, and operates the plant in accordance with the requirements set by the CDH.

5. The quality and taste of applicant's water is poor. It exceeds the acceptable amounts of dissolved solids, including fluoride, established by the CDH. Because of this, many of its customers buy bottled water for drinking and cooking purposes. Applicant estimated the cost of installing a plant to completely cure this problem would be over several hundred thousand dollars. Applicant's wells are the only source of water available for the system.

6. Applicant's land company collected the cost of meters and service connections with the sale price of land it sold. This practice was continued after its water company was declared to be a

public utility on June 8, 1965 by Decision No. 73243, supra, and is contrary to its tariff and Commission regulations. For this reason, meters and services are not included in its rate base.

7. The staff recommendations regarding meters and services, including customer refunds, discussed above are reasonable. Applicant should, within 60 days of the effective date of the following order, implement these recommendations or a satisfactory alternative and should, within 30 days after the effective date of the order, submit to the Commission for approval its program for implementing the staff recommendations or its request for an alternative plan.

8. Applicant's public utility water operation is in need of a rate increase. It has operated at a loss each year for the past 11 years and cannot continue to maintain even minimum service without additional income.

9. The estimates for the test year 1976 by the applicant in Table II for operating expenses, depreciation, taxes other than income, and the staff rate base are reasonable estimates.

10. The increased rates set forth in Appendix A attached hereto are reasonable and will produce a rate of return of 9.7 percent. The present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable. The gross revenue increase is \$10,000.

11. Applicant will apply any profits accruing under the authorized increased rates toward improving its water system.

12. Applicant should investigate the alternatives available to it to improve the quality and taste of its water and the costs involved and submit to the Commission, within 60 days after the effective date of the order herein, a report setting forth the results of this investigation and include in the report a list of all necessary repairs and improvements to its system, the costs thereof, and the schedule for their completion.

13. Applicant has an ample supply of water for its system and has not been faced with conservation problems. It should develop a conservation program for its system which could be initiated should the need arise.

Conclusions

1. The application should be granted to the extent set forth in the order which follows and in all other respects should be denied.
2. Applicant should cease and desist from charging customers for meters and service connections.
3. Applicant should implement the programs and file the reports referred to in Findings 7 and 12.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, Nicholls Warm Springs, a corporation, doing business as Mesa Verde Water Company, is authorized to file the revised rate schedules attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be five days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date of the revised schedules.
2. Applicant shall cease and desist from collecting money from customers for meters and service connections.
3. Applicant shall refund all monies collected on or after June 8, 1965, by its land company, Mesa Verde Development Company, from its customers for meters and service connections.
4. Within thirty days after the effective date of this order, applicant shall submit to the Commission for approval its program for refunding the monies referred to in Ordering Paragraph 3, which program may be similar to that recommended by the Commission staff in

Exhibit 2 or a reasonable alternative, and applicant shall, within sixty days after the effective date of this order, implement the approved program.

5. Applicant shall include the cost of meters and service connections in its appropriate plant accounts with appropriate depreciation reserves and annual depreciation accrual rates therefor in accordance with the recommendation by the Commission staff in Exhibit 2.

6. Applicant shall investigate the alternatives available to it to improve the quality and taste of its water and the cost of each and submit to the Commission, within sixty days after the effective date of this order, a report setting forth the results of this investigation together with a list of all necessary repairs and improvements to its system, the cost thereof, and the schedule for their completion.

7. Applicant shall not extend service to any new tract or subdivision unless and until the Commission, upon a satisfactory showing by applicant to the effect that all necessary plant repairs

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and improvements have been made, shall have modified this service restriction by subsequent order.

The Executive Director of the Commission is directed to mail a copy of this decision to each customer of applicant.

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

Dated at San Francisco, California, this 12th
day of APRIL, 1977.

Robert B. Bahr
President
William S. Givens, Jr.
James L. Sturgeon
Abner
Robert D. Givens
Commissioners

Appendix A

Schedule No. 1

METERED SERVICE

(T)

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Mesa Verde and vicinity, approximately 7 miles west of Slythe, Riverside County.

RATES

Quantity Rates:

| | <u>Per Meter</u> <u>Per Month</u> | |
|--|--------------------------------------|-----|
| First 500 cu.ft. or less | \$ 4.20 | (I) |
| Next 2,500 cu.ft., per 100 cu.ft. | .34 | |
| Over 3,000 cu.ft., per 100 cu.ft. | .26 | (I) |

Minimum Charge:

| | | |
|--------------------------------|---------|-----|
| For 5/8 x 3/4-inch meter | \$ 4.20 | (I) |
| For 3/4-inch meter | 7.80 | |
| For 1-inch meter | 11.50 | |
| For 1-1/2-inch meter | 19.00 | |
| For 2-inch meter | 27.00 | |
| For 3-inch meter | 47.50 | |
| For 4-inch meter | 76.00 | (I) |

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