

Decision No. 87338

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of CALIFORNIA WATER SERVICE)
COMPANY, a corporation, for an)
order authorizing it to increase)
rates charged for water service)
in the Visalia district.)

Application No. 56251
(Filed February 3, 1976)

McCutchen, Doyle, Brown & Enersen,
by Crawford Greene, Attorney at
Law, for applicant.
Lionel B. Wilson, Attorney at Law,
and Jasjit Sekhon, for the
Commission staff.

O P I N I O N

Applicant California Water Service Company seeks authority to increase rates for water service in its Visalia District. The proposed rates would increase revenues by a total of \$239,000, or 20 percent. Public hearing was held before Examiner Gilman in Visalia on November 4, 1976. Copies of the application had been served, notice of filing of the application published and mailed to customers, and notice of hearing published, mailed to customers, and posted, in accordance with this Commission's rules of procedure. The matter was submitted on November 4, 1976, subject to filing by applicant of a proposed decision draft by November 19, 1976. At the conclusion of the hearing, no issues remained to be resolved in the decision draft.

Testimony on behalf of applicant^{1/} was presented by its vice president. Four customers attended the hearing. One of the customers made a statement concerning potential discrimination between flat rate and metered service. Another customer asked that the Commission grant only such increase as is required to provide a reasonable return. The Commission staff presentation^{1/} was made through two engineers.

Service Area and Water System

Applicant owns and operates water systems in 22 districts in California. Its Visalia District service area includes most of the city of Visalia and the unincorporated area of Tulare County adjacent to the city limits. The area is relatively flat, ranging from about 311 to 353 above sea level. The population within the area served is estimated to be 40,500.

The entire water supply for the Visalia District is obtained from 48 company-owned wells located throughout the service area. All of the pumps are electrically driven and are automatic in operation. In addition, eight of the wells are also equipped with auxiliary engines for emergency operation in the event of power failure.

The distribution system includes about 160 miles of mains, ranging in size up to 12 inches, and approximately 600,000 gallons of storage capacity. There are about 2,200 metered services, 10,600 flat rate residential services, 60 private fire protection services, and 1,000 public fire hydrants.

^{1/} Testimony applicable to overall company operations was presented by witnesses for applicant and the staff in Application No. 56134, the East Los Angeles District rate proceeding. This testimony was incorporated by reference in Application No. 56251.

Service

An investigation of applicant's operations, service, and facilities in its Visalia District was made by the Commission staff. The staff reported that there were no informal complaints to the Commission from this district during the period from January 1975 through June 1976. Utility records indicate that customer complaints received at applicant's district office were quickly resolved. None of the four customers who appeared at the hearing presented any service complaints. Service is satisfactory.

Rates

Applicant's present tariffs for this district consist primarily of schedules for general metered service, residential flat rate service, and public fire hydrant service. The following Table I presents a comparison of applicant's present and proposed rates for general metered service and residential flat rate service together with those authorized herein:

TABLE I
Comparison of Monthly Rates

	<u>Present</u>		<u>Entire District</u>		
	<u>Kaweah Area</u>	<u>Excluding Kaweah</u>	<u>Proposed</u>		<u>Authorized</u>
			<u>For 1977</u>	<u>After 1977</u>	
<u>GENERAL METERED SERVICE</u>					
<u>Minimum Charge^a or Service Charge^b</u>					
For 5/8 x 3/4-inch meter	\$ 3.26	\$ 2.64	\$ 3.14	\$ 3.20	\$ 2.64
For 3/4-inch meter	3.82	2.90	3.45	3.52	3.28
For 1-inch meter	4.94	3.96	4.71	4.80	4.48
For 1 1/2-inch meter	7.75	5.54	6.59	6.72	6.27
For 2-inch meter	11.15	7.12	8.48	8.64	8.06
For 3-inch meter	-	13.16	15.70	16.00	14.90
For 4-inch meter	-	17.89	21.35	21.76	20.26
For 6-inch meter	-	29.79	35.48	36.16	33.73
For 8-inch meter	-	44.43	52.75	53.76	50.31
For 10-inch meter	-	55.00	65.31	66.56	62.28
<u>Quantity Rates</u>					
First 1,000 cu.ft. or less (minimum charge rates)	3.26	-	-	-	-
First 500 cu.ft., per 100 cu.ft. (service charge rates)	-	.158	.185	.185	.158
Next 500 cu.ft., per 100 cu.ft. (service charge rates)	-	.158	.185	.185	.178
Next 2,000 cu.ft., per 100 cu.ft. ....	.224	.158	.185	.185	.178
Next 2,000 cu.ft., per 100 cu.ft. ....	.204	.158	.185	.185	.178
Next 3,000 cu.ft., per 100 cu.ft. ....	.173	.158	.185	.185	.178
Over 8,000 cu.ft., per 100 cu.ft. ....	.143	.158	.185	.185	.178

- a. Present Kaweah rates only. The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.
- b. Excluding present Kaweah rates. 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.

(Continued)

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TABLE I
(Continued)

Comparison of Monthly Rates

	Present		Entire District		
	<u>Kaweah Area</u>	<u>Excluding Kaweah</u>	<u>Proposed For 1977</u>	<u>After 1977</u>	<u>Authorized</u>
<u>RESIDENTIAL FLAT RATE SERVICE</u>					
Single-family residential unit, including premises having the following areas:					
6,000 sq.ft. or less	-	\$ 4.86	\$ 5.70	\$ 5.77	\$ 5.37
6,001 to 10,000 sq.ft.	-	6.49	7.60	7.70	7.18
10,001 to 12,000 sq.ft.	-	8.00	9.38	9.49	8.85
12,000 sq.ft. or less	\$ 3.92	-	-	-	-
12,001 to 16,000 sq.ft.	-	8.00	9.38	9.49	8.85
16,001 to 25,000 sq.ft.	-	10.07	11.80	11.95	11.14
Over 12,000 sq.ft., per 100 sq.ft. ....	.033	-	-	-	-
Each additional single-family unit	-	3.97	4.65	4.71	4.38
Each evaporative-type air cooler, May through September:					
Recirculating28	-	-	-	-
Non-recirculating56	-	-	-	-

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Applicant's studies show that an average commercial metered customer (business and residential) uses about 59,000 cubic feet of water per year, or 49 Ccf (hundreds of cubic feet) per month. For a customer with a standard 5/8 x 3/4-inch meter, the charge for that quantity of water under present rates is \$11.62 per month in the Kaweah Tariff Area and \$10.36 in the rest of the Visalia District. At applicant's proposed rates for the year 1977, the corresponding monthly charge would be \$12.21, or five percent higher than under present Kaweah rates and 18 percent higher than under the present rates in the rest of the Visalia District. At applicant's proposed rates for subsequent years, the corresponding monthly charge would be \$12.27, or six percent higher than under present Kaweah rates and 18 percent higher than under the present rates in the rest of the Visalia District. At the rates authorized herein, the corresponding monthly charge will be \$11.26, or three percent lower than under present Kaweah rates and 8 percent higher than under the present rates in the rest of the Visalia District. Because of the institution of "lifeline" rates, the percentage increases will vary, depending upon usage.

Comparisons of present, proposed, and authorized flat rates are more complex than the foregoing comparisons of rates for metered service. This is due to the significant differences in format and level of the present Kaweah rates, as compared with the present rates in the rest of the Visalia District. The latter rates, those proposed by applicant and those authorized herein, follow the standardized grouping of lot sizes already prescribed by the Commission for essentially all of applicant's other flat rate systems.

At the time applicant acquired its Kaweah water system from a predecessor, the rest of the system had just been the subject of a general rate proceeding. At that time, applicant did not request any change in the former Kaweah rates. It is apparent,

however, that the two interconnected portions of the Visalia system are operated by the same personnel, utilize the same type of well sources, and have pressures stabilized by means of the same types of elevated storage tanks. Under these circumstances, it is reasonable that the Kaweah customers no longer have a preferential rate and that uniform rates be applied throughout the district. The large percentage increases for the Kaweah flat rate customers are due to the abnormally low and noncompensatory present Kaweah flat rates. Thus, when both the Kaweah rates and the rates for the rest of the Visalia District are brought up to the same level, as requested by applicant and as authorized herein, the result is the nonuniform increases shown on the following Table II for various lot sizes:

TABLE II
Comparison of Flat Rate Increases

<u>Lot Size</u>	<u>Increases</u>					
	<u>Proposed</u>				<u>Authorized</u>	
	<u>For 1977</u>		<u>After 1977</u>		<u>Amount</u>	<u>Percent</u>
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Kaweah Area</u>						
6,000 sq.ft.	\$1.78	45%	\$1.85	47%	\$1.45	37%
10,000 sq.ft.	3.68	94	3.78	96	3.26	83
16,000 sq.ft.	4.14	79	4.25	81	3.61	69
25,000 sq.ft.	3.59	44	3.74	46	2.93	36
<u>Balance of District</u>						
6,000 sq.ft.	0.84	17	0.91	19	0.51	10
10,000 sq.ft.	1.11	17	1.21	19	0.69	11
16,000 sq.ft.	1.38	17	1.49	19	0.85	11
25,000 sq.ft.	1.73	17	1.88	19	1.07	11

Results of Operation

Witnesses for applicant and the Commission staff have analyzed and estimated applicant's operational results. Summarized in the following Table III, based upon Exhibit No. 14, the final reconciliation exhibit sponsored jointly by applicant and the staff, are the estimated results of operation for the test year 1977, under present rates and under those proposed by applicant for the year 1977.

Applicant's original estimates were completed in October 1975. Between then and the completion date of the staff's exhibit, several changes took place in rates for purchased power, ad valorem taxes, and other expenses, some of which have been reflected in offset increases in applicant's rates. Also, additional data became available as to actual numbers of customers, year-end 1975 plant balances, and other recorded data. In addition, another full year's weather data became available for use in adjusting recorded consumption to normal weather conditions. Further, a standardized method of estimating normal consumption by use of computer technology in lieu of the formerly accepted graphical method has been developed recently by a joint committee of industry and Commission staff representatives.

Instead of amending the estimated summaries of earnings each time a change took place, applicant kept the Commission staff advised of changes and new data so they could be reflected in the staff's estimates. The applicant stipulated to the staff's updated estimates. This eliminated all issues with respect to summary of earnings, as shown on Table III.

TABLE III

Reconciliation of Applicant's and Staff's Summary of Earnings
Test Year 1977

(Dollars in Thousands)

Item	Applicant's Estimates		Both	Staff's Estimates	
	Original (a)	Change (b)	Estimates Modified (c)	Change (d)	Original (e)
<u>PRESENT RATES</u>					
Operating Revenues	\$1,137.4	\$125.8	\$1,263.2	\$34.7	\$1,228.5
<u>Operating Expenses</u>					
Operation & Maintenance	393.3	65.0	458.3	32.4	425.9
Admin. & General Misc.	28.9	2.2	31.1	-	31.1
Taxes Other than Income	152.1	9.7	161.8	2.1	159.7
Depreciation	136.4	(2.7)	133.7	-	133.7
Amortiz. SCFT	3.1	(3.1)	-	-	-
G.O. Prorated Expenses	109.6	2.6	112.2	-	112.2
Income Taxes	28.7	18.0	46.7	0.1	46.6
Total Expenses	852.1	91.7	943.8	34.6	909.2
Net Operating Revenues	285.3	34.1	319.4	0.1	319.3
Deprec. Rate Base	3,864.5	(47.0)	3,817.5	-	3,817.5
Rate of Return	7.38%	0.99%	8.37%	0.01%	8.36%
<u>PROPOSED RATES</u>					
Operating Revenues	\$1,351.5	\$128.1	\$1,479.6	\$34.7	\$1,444.9
<u>Operating Expenses</u>					
Operation & Maintenance	393.3	65.0	458.3	32.4	425.9
Admin. & General Misc.	28.9	2.2	31.1	-	31.1
Taxes Other than Income	152.1	9.7	161.8	2.1	159.7
Depreciation	136.4	(2.7)	133.7	-	133.7
Amortiz. SCFT	3.1	(3.1)	-	-	-
G.O. Prorated Expenses	109.6	2.6	112.2	-	112.2
Income Taxes	141.5	19.3	160.8	0.1	160.7
Total Expenses	964.9	93.0	1,057.9	34.6	1,023.3
Net Operating Revenues	386.6	35.1	421.7	0.1	421.6
Deprec. Rate Base	3,864.5	(47.0)	3,817.5	-	3,817.5
Rate of Return	10.00%	1.05%	11.05%	0.01%	11.04%

(Red Figure)

(Footnotes to TABLE III on next page)

TABLE III
(Footnotes)

- (a) Applicant's estimates, summarized on applicant's Exhibit No. 6, Page 11-4.
- (b) Effect of applicant's adoption of staff's modified estimates.
- (c) Modified applicant's estimates, consisting of the sum of Columns (a) and (b) of this table, and modified staff's estimates, consisting of the sum of Columns (d) and (e) of this table.
- (d) Effect of staff's adjustment to payroll expense and to include the offset rate increases authorized by Resolution No. W-1898.
- (e) Staff's estimates, summarized in staff's Exhibit No. 12, Pages 3 and 4, Lines 3-17.

Consumption Per Commercial Customer

Applicant's original estimate of 607.6 Ccf per commercial customer for the year 1977 was consumption-based, using a preliminary proposed method of estimating then being considered by the joint committee of industry and Commission staff representatives hereinbefore mentioned. Subsequently, certain improvements and modifications were incorporated in the final method adopted by the committee. The staff applied that final method to total metered commercial consumption and updated weather statistics. Using that method, the estimate of probable normal consumption per commercial customer is 585.7 Ccf per year. Applicant concurred with the staff estimate, and it will therefore be adopted.

Water Conservation

Applicant presented, as Exhibit No. 3, a comprehensive review of its efforts to effect water conservation.

Applicant's witness testified that part of the present program has been in effect for several years. Although it is impossible to separate the effects of this program from all other possible causes of the changes in normal consumption per customer,

the witness stated that, in his opinion, at least a portion of the change in usage can reasonably be attributed to the conservation program. In this regard, we note that, in most districts, the general trend in usage per commercial customer was upward until about the year 1970 and downward since that year. We would rate the program and its results as satisfactory. No adjustment in rate of return is warranted.

Rate of Return

The appropriate rate of return for applicant's operations is discussed in detail in the decision on Application No. 56159, relating to applicant's East Los Angeles District. In that decision, we concluded that the staff recommendation of a 9.85 percent return on rate base and 12.78 percent return on common stock equity strikes a reasonable balance between consumer's short-term interests in the lowest rates possible and his long-term interests in ensuring that applicant can obtain the financing necessary to maintain good service.

Trend in Rate of Return

Applicant's Exhibit No. 8 shows that for a three-year test period at present rates, even with offset rate increases covering such items as wage increases and higher tax rates and rates for purchased power,^{2/} an average annual decline of 0.20 percent per year would still be expected. Applicant's exhibit does not show the corresponding decline at the proposed rates because those rates incorporate step increases designed to just offset the decline that otherwise would occur. The staff's Exhibit No. 12 shows a decline of 0.25 percent between the test years 1976 and 1977 at present rates and a corresponding decline of 0.27 percent if applicant's 1977

^{2/} Such items are normally dealt with by advice letter rate procedures.

proposed rates were applied to both years. The staff witness recommended against step rates but recommended that a 0.20 percent attrition in the rate of return attributed to large increases in rate base be considered in setting rates for this district. Applicant's witness stated that, although he felt the step rates were somewhat more equitable, he took no issue with the staff's recommendation.

The comparative rates of return for two successive test years, or for a series of test years, are indicative of the future trend in rate of return only if the rates of change of major individual components of revenues, expenses, and rate base in the test years are reasonably indicative of the future trend of those items. Distortions caused by abnormal, nonrecurring, or sporadically recurring changes in revenues, expenses, or rate base items must be avoided to provide a valid basis for projection of the anticipated future trend in rate of return.

As an indication of the reasonableness of the trend in rate of return which would be derived from using only the two test years 1976 and 1977, applicant prepared Exhibit No. 8, a comprehensive analysis of the many changes in recorded items of revenues, expenses, and rate base during the years 1970 through 1974 and a corresponding analysis covering the estimated years 1975 through 1978. Applicant analyzed and evaluated distortions during the recorded years caused by such factors as changes in its water rates and changes in income tax rates and allowances.

In some prior decisions in rate proceedings involving other districts of applicant, the apparent future trend in rate of return has been offset by the authorization of a level of rates to remain in effect for several years and designed to produce, on the average over that period, the rate of return found reasonable. In other decisions, the Commission authorized step rates designed to maintain, in each of several future years, the rate of return found

reasonable. In view of the staff's stated policy against step rates, and applicant's acquiescence to single-level rates which would produce the same result as step rates over a given period, we will deny applicant's original request for step rates.

The rate increase authorized herein will not be in effect for any part of the year 1976. With the indicated future trend in rate of return, the 10.05 percent return for the test year 1977 under the level of rates authorized herein should produce rates of return of 10.05 percent, 9.85 percent, and 9.65 percent, respectively, for 1977, 1978, and 1979, or an average rate of return of 9.85 percent for the three-year period.

Pending Investigation

Comprehensive studies have been and are being made by the Commission staff of officers' salaries and expense reimbursements of many major California utilities. At the time of submission of this application, the staff had commenced, but not yet completed, such a study applicable to applicant's operations. The staff's studies and applicant's response were presented at hearings held in San Francisco on November 30 and December 2 and 3, 1976 in Application No. 56186, applicant's Chico-Hamilton City District rate proceeding. The maximum adjustments resulting from this

additional evidence would have a minimal effect upon the rates authorized herein. It would therefore not be reasonable to delay this decision to await careful review by the Commission of the additional evidence. Applicant stipulated that the maximum staff adjustment could be reflected in the six rate proceedings now pending. If such adjustment is later found to be inappropriate by a final order in Application No. 56186, applicant offered to forego the additional revenue requirement until such time as it must again seek rate relief for other reasons. Pursuant to applicant's stipulation, the minor adjustment recommended by one of the staff witnesses will be incorporated in the Summary of Earnings at authorized rates.

Summary of Earnings at Authorized Rates

The following Table IV is derived from Column (c) of Table III, modified to reflect the rates authorized herein in lieu of applicant's present rates and expanded to show a more detailed breakdown of the various items of revenues and expenses:

TABLE IV

Summary of Earnings - Test Year 1977
(Dollars in Thousands)

<u>Item</u>	<u>Applicant @ Present Rates</u>	<u>Authorized Changes</u>	<u>Adopted Rates</u>
<u>Operating Revenues</u>			
Metered	\$ 326.2	\$ 34.5	\$ 360.7
Commercial Flat Rate	915.2	99.3	1,014.5
Fire Protection & Miscellaneous	21.8	-	21.8
Total Revenues	<u>1,263.2</u>	<u>133.8</u>	<u>1,397.0</u>
<u>Operating Expenses</u>			
Oper. & Maint., Admin. & Genl., & Misc.			
Purchased Power	170.7	-	170.7
Total Payroll	213.6	-	213.6
Other Operation & Maintenance	92.7	-	92.7
Other Admin. & Genl. & Misc.	12.4	-	12.4
Total Oper. & Maint., Admin. & Genl., & Misc.	<u>489.4</u>	<u>-</u>	<u>489.4</u>
Taxes Other than Income			
Ad Valorem	147.1	-	147.1
Local Taxes	1.0	-	1.0
Payroll Taxes	13.7	-	13.7
Total Taxes Other than Income	<u>161.8</u>	<u>-</u>	<u>161.8</u>
Depreciation	133.7	-	133.7
G.O. Prorated Expenses			
Payroll - Union Contract	19.8	-	19.8
- Other	22.7	(2.0)*	20.7
- Total Payroll	<u>42.5</u>	<u>(2.0)</u>	<u>40.5</u>
Payroll Taxes	3.1	-	3.1
Other G.O. Prorated Expenses	66.6	-	66.6
Total G.O. Prorated Expenses	<u>112.2</u>	<u>(2.0)</u>	<u>110.2</u>
Subtotal	<u>897.1</u>	<u>(2.0)</u>	<u>895.1</u>
Income Taxes			
Income Taxes Before Invest. Tax Credit	72.6	71.4	144.0
Investment Tax Credit @ 10%	(25.9)	-	(25.9)
Total Income Taxes	<u>46.7</u>	<u>71.4</u>	<u>118.1</u>
Total Operating Expenses	<u>943.8</u>	<u>71.4</u>	<u>1,013.2</u>
Net Operating Revenues	319.4	64.4	383.8
Depreciated Rate Base	3,817.5	-	3,817.5
<u>Rate of Return</u>			
Before Attrition Adjustment	8.37%	1.68%	10.05%
Attrition Adjustment	-	(0.20)	(0.20)
After Attrition Adjustment	<u>8.37%</u>	<u>1.48%</u>	<u>9.85%</u>

(Red Figure)

*Adjustment recommended by the staff compensation witness.

The more detailed breakdown in Table IV will provide a basis for review of future advice letter requests for rate increase or decreases to offset changes not reflected in either the test year 1977 or in the trend in rate of return adopted as the basis for the rates authorized herein.

The purchased power rates used by the staff for the test years 1976 and 1977 are the current rates which became effective December 31, 1975. The wage rates used for union employees are the 1977 contract rates already established. When wage rates for other employees are established, any adjustment will presumably be the subject of part of the expense changes to be offset by future advice letter requests. Applicant took no exception to this procedure. The composite effective ad valorem tax rate of 2.749 percent of the dollars of beginning-of-year net plant plus materials and supplies is that applicable to the fiscal year 1975-76. The payroll tax rates and coverages are the current ones which became effective January 1, 1976.

The city of Visalia has not availed itself of the provisions of General Order No. 103 which relieve the fire protection agency from monthly charges for public fire hydrant service under specific conditions set forth in detail in the General Order.

Lifeline Rates

The staff suggested in Exhibit No. 12 that the rate for the first 500 cubic foot (lifeline) block and the service charge for a 5/8 x 3/4-inch meter not be increased over those now in effect outside of the Kaweah area. The company did not challenge this proposal. The rates authorized herein implement that suggestion.

Findings

1. Applicant is in need of additional revenues but the rates requested would produce an excessive rate of return.

2. The adopted estimates, previously discussed herein, of operating revenues, operating expenses, and rate base for the test year 1977, and an annual decline of 0.20 percent in rate of return, reasonably indicate the probable range of results of applicant's operations for the near future.

3. An average rate of return of 9.85 percent on applicant's rate base for 1977, 1978, and 1979 is reasonable. The related average rate of return on common equity over the three-year period is 12.78 percent.

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

5. It is reasonable to apply uniform rates throughout applicant's Visalia District.

6. The increase in rates is approximately \$133,800.

The Commission concludes that the application should be granted to the extent provided by the following order.

O R D E R

IT IS ORDERED that, after the effective date of this order, applicant California Water Service Company is authorized to file for its Visalia District the revised rate schedules attached to this order as Appendix A, and concurrently to withdraw its present Kaweah Tariff Area Schedule No. KA-1. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be four days after the date of filing.

A.56251 ddb

The revised schedules shall apply only to service rendered on and after the effective date thereof.

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

Dated at San Francisco, California, this 17th day of MAY, 1977.

*I will file a dissent.
as to before only.
William Squors Jr.*

(Commissioner)

Robert Bateman

President

Yveson L. Sturgeon

Richard D. Howell

Commissioners

APPENDIX A
Page 1 of 2

Schedule No. VS-1

Visalia Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Visalia and vicinity, Tulare County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Service Charge:		
For 5/8 x 3/4-inch meter	\$ 2.64	
For 3/4-inch meter	3.28	(I)
For 1-inch meter	4.48	|
For 1 1/2-inch meter	6.27	|
For 2-inch meter	8.06	|
For 3-inch meter	14.90	|
For 4-inch meter	20.26	|
For 6-inch meter	33.73	|
For 8-inch meter	50.31	|
For 10-inch meter	62.28	(I)

Quantity Rates:

For the first 500 cu.ft., per 100 cu.ft.	\$ 0.158	
For all over 500 cu.ft., per 100 cu-ft. ....	.178	(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. (T)

APPENDIX A
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Schedule No. VS-2R

Visalia Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Visalia and vicinity, Tulare County.

RATES

	<u>Per Service Connection</u> <u>Per Month</u>	
For a single-family residential unit, including premises having the following area:		
6,000 sq.ft. or less	\$ 5.37	(I)
6,001 to 10,000 sq.ft.	7.18	|
10,001 to 16,000 sq.ft.	8.85	
16,001 to 25,000 sq.ft.	11.14	
For each additional single-family residential unit on the same premises and served from the same service connection	4.38		(I)

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 classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. VS-1, General Metered Service.

A. 56134 D.

A. 56159 D.

A. 56186 D.

A. 56208 D.

A. 56225 D.

A. 56251 D. 87338

WATER RATE INCREASE FOR CALIFORNIA WATER SERVICE COMPANY

COMMISSIONER WILLIAM SYMONS, JR., Dissenting,

It is silly to introduce give-away water rates at a time when California is facing the worst drought in recorded history. I am referring to the euphemistically-termed "lifeline" provision which the Commission majority mandates into this water company pricing structure today.

This appears to be a knee-jerk carry-over from "lifeline" installed in our natural gas and electric utility tariffs. But no case for need has been established in the water cases.

It is a plain fact that water prices have not escalated like energy prices have. Water prices are modest. There is no argument for the necessity of welfare via raising prices to non-benefited utility rate payers. Neither has the Legislature in the case of water seen it necessary to mandate subsidy.

A maximum conservation effort is essential in the face of our severe water shortage. To relieve any class of water-users of their fair share of the increased costs to serve them water, has the counter productive effect of preventing natural price signals to encourage reduced consumption. "Lifeline" freezes the first 500 cubic feet of water used for all residential customers. So this confused price signal is sent to all residential users. This is the substitution of nonsense for public policy.

San Francisco, California
May 17, 1977


WILLIAM SYMONS, JR.
Commissioner