

Decision No. 87468

June 21, 1977

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND
ELECTRIC COMPANY for authority,
among other things, to increase
its rates and charges for water
service provided by the Tuolumne
Water System.

(Water)

Application No. 54199
(Filed July 23, 1973)

John C. Morrissey, Malcolm H. Furbush,
Robert Ohlbach, and Joseph S. Englert, Jr.,
Attorneys at Law, for Pacific Gas and
Electric Company, applicant.
Daniel F. Gallery, Attorney at Law, for Tuolumne
County Water District No. 2, protestant.
William C. Coffill, Attorney at Law, for the
City of Sonora, interested party.
Timothy E. Treacy, Attorney at Law, and
John D. Reader, for the Commission staff.

INTERIM OPINION

Preliminary

By this application Pacific Gas and Electric Company (PG&E) seeks to increase the rates and charges for water service by its Tuolumne Water System in Tuolumne County by \$267,700 annually, about a 95 percent increase. Copies of the application were served and notice of hearing was published, posted, and mailed in accordance with this Commission's Rules of Practice and Procedure.

Public hearing was held at Sonora on June 5, 6, and 7 and September 11, 12, and 13, 1974 before Examiner Gillanders.

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We have reviewed the examiner's Proposed Report, the exceptions to the Proposed Report, and the replies to the exceptions and conclude that at this time we should issue an interim decision granting a partial general rate increase and hold further hearings on the remaining rate issues and on the issues of service area and service obligations.

PG&E's Position

On July 23, 1973 PG&E filed Application No. 54199 requesting authority to increase its rates and charges for water service supplied by its Tuolumne Water System by an average of 95.6 percent. PG&E anticipated this would increase the system's rate of return for test year 1973 from a minus 3.12 percent to a positive 2.4 percent. A subsequent special depreciation reserve adjustment increased this estimated rate of return to 4.58 percent. PG&E seeks the level of rates proposed in the application, not a specific rate of return.

The only matters in issue between PG&E and the staff concerning rates arose as a result of the following:

- (a) Differences in customer accounts expense treatment.
- (b) Differences in the method of allocation of common expenses and common plant.

Staff Position

The staff differed with PG&E in certain aspects of the results of operations, but in view of the indicated rate of return, even on the staff results, the staff does not oppose the requested increase, subject to the condition that, in view of the magnitude of the increase, any increase should be authorized in two equal steps, with the second step after 12 months.

Position of Tuolumne Water District No. 2

TCWD #2 does not oppose a reasonable rate increase, taking into account the quality of service PG&E is providing. Its main concern, however, is that the Commission order PG&E to remedy the various inadequacies in its service as a condition of any rate increase. Correction of the inadequacies should be ordered according to TCWD #2 even if no rate increase were sought or granted.

TCWD #2 claims it is not in competition with PG&E in supplying water to the area served by the Tuolumne Water System in any respect as PG&E is the only supplier of outside water to the area. As practically all of the service area is within the boundaries of TCWD #2 it appeared and participated in this proceeding^{1/} to seek enforcement of PG&E's public utility obligations to the lands and inhabitants in the service area.

TCWD #2 operates three community water systems within PG&E's service area (Brentwood, Columbia, and Confidence) but as is the case with numerous other local water systems, PG&E wholesales the water to TCWD #2, which in turn treats the water and distributes it to the users.

Public Position

The city of Sonora does not want the burden on the town system to be such as to require its contribution to the cost of the water sold to ditch systems and miscellaneous customers. The city believes that the contribution of a public authority to fire hydrant service should be limited only to the shutoff valve and the Tee and not the entire hydrant assembly.

Two public witnesses testified they could not get treated water in the so-called Highway 108 area. One public witness testified the untreated water he received in the Highway 108 area was filthy. One public witness testified he could not get treated water to proposed developments. One witness accused PG&E of poor management. One public witness pleaded for consideration of the plight of people on fixed incomes regarding the proposed 95 percent increase.

^{1/} Pursuant to its powers under Sections 30000-33901 of the Water Code (and particularly 31081).

Results of Operation

A summary of earnings as prescribed by PG&E and the staff is set forth below:

Pacific Gas and Electric Company
Tuolumne Water System

SUMMARY OF EARNINGS

Year 1973

| Item | Recorded | PG&E Estimated | | Staff Adjusted | |
|------------------------------------|----------|----------------|----------|----------------|----------|
| | | Present | Proposed | Present | Proposed |
| | | Rates | Rates | Rates | Rates |
| (Dollars in Thousands) | | | | | |
| Operating Revenues | \$ 270.3 | \$ 280.0 | \$ 547.7 | \$ 280.0 | \$ 547.7 |
| Operation and Maintenance Expenses | | | | | |
| Water Treatment | 77.1 | 60.5 | 60.5 | 60.5 | 60.5 |
| Transmission & Distribution | 291.1 | 302.5 | 302.5 | 302.8 | 302.8 |
| Customer Accounts Expense | 60.2 | 61.8 | 62.3 | 41.3 | 41.9 |
| Administrative & General | 86.8 | 78.3 | 78.3 | 60.7 | 60.7 |
| Total | 515.2 | 503.1 | 503.6 | 465.3 | 465.9 |
| Taxes | | | | | |
| Property | 85.0 | 83.4 | 83.5 | 87.1 | 87.1 |
| Payroll | 23.4 | 19.6 | 19.6 | 18.2 | 18.2 |
| State Corp. Franchise | (46.8) | (52.4) | (28.4) | (49.2) | (25.2) |
| Federal Income Tax | (252.8)* | (276.9) | (160.2) | (261.5) | (144.8) |
| Total Taxes | (191.2)* | (226.3) | (85.5) | (205.4) | (64.7) |
| Depreciation | 74.0* | 74.5 | 74.5 | 42.5 | 42.5 |
| Total Operating Expenses | 398.0 | 351.3 | 492.6 | 302.4 | 443.7 |
| Net for Return | (127.7)* | (71.3) | 55.1 | (22.4) | 104.0 |
| Rate Base | - | 2,283.7 | 2,283.7 | 1,514.7 | 1,514.7 |
| Rate of Return | - | (3.12)% | 2.41% | - | 6.87% |

(Red Figure)

* Before PG&E's depreciation adjustments, for comparative purposes.

According to PG&E it only disagrees with the staff summary of earnings in the treatment of customer accounts expense and the allocation of common expenses and common plant.

PG&E argues that its customer accounts expense is based upon properly expended and allocated dollar amounts.

Approximately \$53,000 of the total \$62,000 customer accounts expense represents direct charges from the Tuolumne Water System. Approximately \$9,000 of the total came directly from the general office primarily for computer billing and the mailing of customer bills.

Supervision is allocated on a fixed payroll distribution based on established percentages of the time various supervisory personnel are allocated to customer accounts. The supervisors involved in the customer accounting operation were questioned by PG&E's witness and he was told nothing had changed since the last allocation study undertaken in 1968. The percentages allocated are based on studies by the supervisor. The estimated costs for this account reflect the actual operations of the system. PG&E has a unique system and the costs involved are those necessary to run this system.

The staff reduced test year 1973 customer accounts expenses by \$20,473 since costs on a customer basis were considerably higher than for PG&E as a whole and in comparison to other water companies. The staff witness amplified the reasons underlying his adjustment as follows: Per customer costs were higher in relation to other water companies because of an excessive number of personnel whose time was assigned to the customer accounts activity; this disproportion was exacerbated in PG&E's situation because meter reading, as one example, is a function performed by one person for both PG&E's water and electric departments in Sonora, and thus, one would expect a reduction of costs, rather than increase.

He also supported his analysis by noting that the \$17.50 per water system customer cost for 1973 was high in relation to a comparable cost of \$11.13 and \$10.03 for PG&E electric and gas customers, respectively. Additionally, he testified that PG&E's water system enjoys the benefits of centralized computers and billing procedures which should give it the benefit of economy of scale.

PG&E argues that its utilization of the four-factor method to allocate common expenses is fair and reasonable. PG&E utilized the established four-factor method to allocate certain administrative and general expenses, to allocate common utility, and to allocate common utility plant depreciation, reserve, and expense to the Tuolumne Water System. PG&E adopted the four-factor method after discussion with the staff several years ago. The four factors are customers, capital investment, operations and maintenance expense, and direct payroll. For each of the operating departments, including the water department, there is developed a percent of total for the four items. If the four-factor method is not utilized, PG&E claims it will mean that some part of its common plant and administrative and general expenses would not be recovered, which would be an irrecoverable loss to PG&E.

The staff estimate was based on a two-factor allocation. The reason for this, as explained at length by the staff witness, was that a four-factor allocation produced a distorted result for the Tuolumne Water System of \$10.11 per customer as opposed to a \$5.39 cost per customer for PG&E overall. The staff two-factor allocation resulted in a charge of \$6.09 per customer, a more equitable estimate. According to the staff witness, he did not blindly follow a formula which led to an unreasonable result but instead substituted "engineering judgment" to reach a reasonable result.

We are impressed with the staff showing both as to its study of customer accounts expense and the allocation of common expenses and plant. We find it difficult to believe that, in PG&E's words, "nothing had changed since the last allocation study undertaken in 1968". The staff's estimates will be adopted.

Depreciation Expense

The staff witness explained why PG&E's claimed depreciation estimate was \$32,480 more than the staff's:

"Applicant and staff computed its book depreciation by the straight-line remaining life method. The applicant estimated Tuolumne depreciation expense without taking into consideration a 1973 upward adjustment of \$1,093,000 to the depreciation reserve. The staff adjusted the beginning-of-year reserve for this adjustment before computing the depreciation accrual. The staff also had the advantage of recorded plant additions, retirements, cost of removal and salvage for 1973. In addition, the staff included the depreciation accrual on roll-back plant as if it was in service for the full year."

The roll-back involved a tank and filter system installed during the test year. Basing depreciation on a weighted figure would result in rates set on less than the actual value of the facilities.

PG&E's witness also explained the difference by noting PG&E's use of different figures on the roll-back, use of a whole life rate, and the inclusion of a portion of the depreciation expense which related to common utility property.

Rate Base - Common Utility Property

The \$171,100 difference in rate base between the staff and PG&E was primarily due to common plant allocated (which also had an effect on depreciation expenses as noted above). The basis for the staff common allocation was the use by the staff witness of a two-factor allocation method for the same reason as his use of this method in developing his administrative and general expense allocation. Overall PG&E allocation was \$65 of plant per customer and \$119 per customer for the Tuolumne Water System on a four-factor method and

\$69 on the staff's two-factor method. Depreciation expense for allocated common plant was adjusted proportionately.

Rate Base - Depreciation Reserve

The staff depreciation reserve exceeded PG&E's original showing by over a million dollars based upon a tax credit resulting from a settlement between PG&E and the Internal Revenue Service. PG&E's amended showing reflected this adjustment and its rate base was reduced accordingly.

The staff estimates are reasonable and will be adopted.

Rate of Return

According to PG&E, it proposes to increase the system rates to a level that will provide a minimal return on investment in the system. In Decision No. 80878 dated December 19, 1972, the Commission determined that an 8 percent rate of return was fair and reasonable for PG&E's gas department. To achieve this rate of return level on the Tuolumne Water System would require a rate increase of 192 percent. In Decision No. 54818 dated April 9, 1957 the Commission determined that a range of 5-1/2 percent to 6-1/2 percent was a fair and reasonable rate of return range for the Tuolumne Water System. Even to achieve this rate of return range would require increasing the system's rate by 149 percent to 166 percent. Such a percentage increase is undesirable in one step. As a consequence, in this application PG&E proposes rates that will constitute a 95.6 percent increase and produce a rate of return of approximately 2.4 percent on the system for the test year 1973. Such a rate increase will provide the system with a grossly inadequate return but one without which PG&E could not justify the new investment required to upgrade the system, while not unreasonably burdening the ratepayer.

In 1973, according to the application, approximately \$700,000 must be spent by PG&E primarily to upgrade water treatment

plants, to install new water storage facilities to assure adequate reserves, and to upgrade the water distribution system.^{2/}

According to the staff's rate of return expert, a review of Decision No. 54818 issued in 1957 indicates that the rate of return related to the rates authorized was about 2.54 percent on a rate base of \$810,265. In this regard, the Commission observed as follows:

"For a water utility like the one under consideration a fair rate of return currently would be in the range of 5-1/2 to 6-1/2 percent. None of the computations indicate earnings near this range, even at the rates proposed by the company. Our conclusions are that the level of revenues which are computed on the basis of the proposed rates is fully justified."

In the present proceeding, the staff's summary of earnings calculations indicate that the proposed rates would produce gross revenues of \$547,700 and net operating income of \$104,000, resulting in a 6.87 percent rate of return in relation to a rate base of \$1,514,700. On the other hand, PG&E estimates that the same gross revenue would provide \$55,100 in net operating income and would result in a 2.41 percent rate of return on a \$2,283,700 rate base.

Table 1 of Exhibit 40 was prepared by the staff witness to illustrate the effect of these various returns on the earnings rates flowing to PG&E's common stockholders. Table 1 shows that based on PG&E's average capital structure in 1957, the 2.54 percent rate of return derived from Decision No. 54818 provided the common equity with a two-tenths of one percent earnings allowance. This is compared to the 5.50 to 6.50 percent range for rate of return cited in the decision. Such a range would have produced earnings rates of 8.95 to 11.90 percent on common equity.

^{2/} PG&E's 1973 annual report shows gross additions to plant of \$342,338 which figure includes \$38,686 of advances and \$15,000 of donations.

Secondly, according to the staff witness, it is apparent that PG&E's average capital structure changed somewhat by 1974, particularly in terms of higher cost factors for long-term debt and preferred stock. To recover the bare weighted costs of senior securities in 1974 would require a 3.97 percent rate of return using the staff's estimates, thus leaving nothing for the common stockholder. In this regard, the 2.41 percent return derived from PG&E's estimates would result in negative net income and continuing losses on the stockholder's investment in the Tuolumne Water System.

On the basis of his studies, the staff rate of return witness concluded that 6.87 percent rate of return and the related 7.90 percent common equity allowance derived from the staff's summary of earnings is not unreasonable when the following points are considered:

1. Since the last general rate increase in the Tuolumne Water System, PG&E's cost of debt has almost doubled and the weighted cost of all its senior securities has increased by 62 percent.
2. The rate base in the Tuolumne Water System has increased by 87 percent since the last proceeding.
3. Rates of return granted to some larger water utilities with capital structures similar to PG&E's are near 8 percent.

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4. Allowances granted for common stock equity by the Commission to water utilities have been substantially higher than 7.90 percent.
5. Any rate of return below 3.97 percent will result in a loss on the stockholders' investment in the Tuolumne Water System.

Discussion

A review of the annual reports filed by PG&E for the past 17 years (1957-1973) shows that PG&E has invested only \$551,698 in addition to depreciation, advances, and donations in its Tuolumne Water System.

PG&E has requested rates - on its basis - that would produce no return on common equity. We have adopted the staff's results of operation at present rates. We will adopt the staff's testimony that a 3.97 percent rate of return on the staff's rate base would recover the bare weighted 1974 costs of senior securities. Recalculating the staff's results on this basis, PG&E is entitled to an increase of \$174,600 as shown in the following table:

Pacific Gas and Electric Company
Tuolumne Water System

SUMMARY OF EARNINGS

Year 1973

| Item | Staff Adjusted | | | |
|------------------------------------|----------------|----------|----------|----------|
| | Recorded | Present | Proposed | Adopted |
| (Dollars in Thousands) | | | | |
| Operating Revenues | \$ 270.3 | \$ 280.0 | \$ 547.7 | \$ 454.6 |
| Operation and Maintenance Expenses | | | | |
| Water Treatment | 77.1 | 60.5 | 60.5 | 60.5 |
| Transmission & Distribution | 291.1 | 302.8 | 302.8 | 302.8 |
| Customer Accounts Expense | 60.2 | 41.3 | 41.9 | 41.7 |
| Administrative & General | 86.8 | 60.7 | 60.7 | 60.7 |
| Total | 515.2 | 465.3 | 465.9 | 465.7 |
| <u>Taxes</u> | | | | |
| Property | 85.0 | 87.1 | 87.1 | 87.1 |
| Payroll | 23.4 | 18.2 | 18.2 | 18.2 |
| State Corp. Franchise | (46.8) | (49.2) | (25.2) | (33.5) |
| Federal Income Tax | (252.8)* | (261.5) | (144.8) | (185.5) |
| Total Taxes | (191.2)* | (205.4) | (64.7) | (113.7) |
| Depreciation | 74.0* | 42.5 | 42.5 | 42.5 |
| Total Operating Expenses | 398.0 | 302.4 | 443.7 | 394.7 |
| Net for Return | (127.7)* | (22.4) | 104.0 | 60.1 |
| Rate Base | - | 1,514.7 | 1,514.7 | 1,514.7 |
| Rate of Return | - | - | 6.87% | 3.97% |

(Red Figure)

* Before adjustment of depreciation reserve.

According to the staff's method of rate spread - which we will adopt as being in harmony with the adopted staff results of operation - the authorized increase will be spread to classes of customers as follows:

| | <u>Present Revenue</u> | <u>Authorized Revenue</u> | <u>Increase</u> | |
|---------------------|----------------------------|-------------------------------|-----------------|-------------|
| <u>Town System</u> | \$188,700 | \$293,000 | \$104,500 | 55.3% |
| <u>Ditch System</u> | | | | |
| Metered Industrials | 8,200 | 8,200 | - | - |
| Metered Others | 10,600 | 20,400 | 9,800 | 92.4 |
| Limited Irrigation | 9,600 | 21,100 | 11,500 | 120.0 |
| General Irrigation | 39,700 | 88,700 | 49,000 | 123.4 |
| Resale | 23,200 | 23,200 | - | - |
| Total | <u>91,300</u> | <u>151,600</u> | <u>70,300</u> | <u>77.0</u> |

PG&E plans little or no additional investment in the Tuolumne Water System.

Because we have allowed no return on equity in this phase of the rate application PG&E should be given a further opportunity to offer additional evidence on the fair rate of return, and if they wish, to update its test year results of operations.

The Need for Further Hearings

We are of the opinion that the evidentiary record on the issue of PG&E's service territory and obligation to provide utility service needs elaboration. The proposed decision of Examiner Gillanders has been carefully reviewed by us, and we are concerned that the record is not complete on the following issues:

1. If the service territory is defined as suggested by Examiner Gillanders, will PG&E continue to provide untreated water?
2. Should PG&E continue to provide untreated water to its ditch customers?
3. If PG&E should provide treated water in the service territory as defined in the Proposed Report, what would be the cost effect, and how would the cost effect be reflected in rates?

Findings

1. PG&E is in need of additional revenues, but the proposed rates set forth in the application are excessive.

2. The staff's estimates of operating revenues, expenses, including taxes, depreciation, and rate base for the test year 1973 at present rates are reasonable.

3. A rate of return of 3.97 percent on the adopted rate base and return on common equity of zero percent for the future is reasonable. Rates should be increased by \$174,600.

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. The additional issues raised by Tuolumne County Water District No. 2 (TCWD #2) set forth below should be the subject of further hearings:

- (a) The nature and extent of PG&E's service area for its ditch system and town systems.
- (b) The nature and extent of PG&E's duties in supplying untreated ditch water to various customers.
- (c) Whether PG&E has waived the right to enforce its contractual storage requirement with its resale water customers.
- (d) The adequacy of PG&E's plan to assure an adequate water supply in the future for the Tuolumne Water System.

6. PG&E should provide additional evidence on the changes that would be required should their service area be defined as set forth in the Examiner's Proposed Report. The evidence should state whether untreated ditch water will continue to be made available and what costs and facilities will be required to provide water service.

7. PG&E may present additional evidence on the fair rate of return and update its test year results of operations.

Conclusions

1. The rate increase hereinafter authorized should be in two steps, one year apart.

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

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INTERIM PARTIAL GENERAL
RATE INCREASE ORDER

IT IS ORDERED that:

1. After the effective date of this order Pacific Gas and Electric Company (PG&E) is authorized to file the revised rate schedules attached to this order as Appendix A. One year after the effective date of this order, PG&E is authorized to file the rate schedules attached to this order as Appendix B. Such filings 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. Further hearings shall be held at a time and place to be announced.

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

Dated at San Francisco, California, this 21st
day of JUNE, 1977.

President
William J. Lyons Jr.

Veron L. Altman

Robert D. Thacker

Commissioners

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

APPENDIX A
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Schedule No. WT-1

(T)

Tuolumne Tariff AreaGENERAL METERED SERVICETREATED WATERAPPLICABILITY

Applicable to all treated water furnished on a metered basis.

TERRITORY

The unincorporated communities of Jamestown and Tuolumne, and the incorporated City of Sonora, and vicinity, Tuolumne County.

RATES

| Quantity Rates: | | Per Meter Per Month | |
|-----------------|------------------------------------|------------------------|-----|
| First | 400 cu.ft. or less | \$ 3.20 | (I) |
| Next | 2,600 cu.ft., per 100 cu.ft. | .32 | |
| Next | 7,000 cu.ft., per 100 cu.ft. | .19 | |
| Over | 10,000 cu.ft., per 100 cu.ft. | .13 | (I) |
| Minimum Charge: | | | |
| For | 5/8 x 3/4-inch meter | \$ 3.20 | (I) |
| For | 3/4-inch meter | 3.85 | |
| For | 1-inch meter | 5.10 | |
| For | 1 1/2-inch meter | 6.40 | |
| For | 2-inch meter | 9.75 | |
| For | 3-inch meter | 19.00 | |
| For | 4-inch meter | 32.00 | (I) |

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

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Schedule No. WT-6

(T)

Tuolumne Tariff Area

RESALE SERVICE

APPLICABILITY

Applicable to untreated water furnished for resale for domestic or agricultural purposes.

TERRITORY

The territory adjacent to the company's ditch system, Tuolumne County.

RATES

Per Month

Service Charge:

For each service connection \$4.50

Quantity Rates:

| | |
|---|--------|
| First 50 miner's inch-days, per miner's inch-day .. | \$.85 |
| Next 150 miner's inch-days, per miner's inch-day .. | .65 |
| Over 200 miner's inch-days, per miner's inch-day .. | .55 |

Minimum Charge:

The Service Charge, but not less than \$2.50 per month (accumulative annually) per miner's inch of contract capacity.

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

(Continued)

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Schedule No. WT-6

(T)

Tuolumne Tariff Area

RESALE SERVICE
(Continued)

SPECIAL CONDITIONS

1. The water supplied under this schedule is untreated water from open ditches, canals, conduits, and flumes. The company does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make the same potable and shall assume all risks and liabilities in connection therewith.

2. The company does not guarantee a continuous and uninterrupted supply under this schedule and reserves the right to temporarily suspend the delivery of water when it is necessary to take the whole or any part of its water system out of service for the purpose of cleaning, maintaining, repairing, or making essential improvements thereon.

3. A contract, in the form on file with the California Public Utilities Commission, will be required for service supplied on this schedule.

APPENDIX A
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Schedule No. WT-9 (T) (L)
Tuolumne Tariff Area
INDUSTRIAL METERED SERVICE (C)
UNTREATED WATER

APPLICABILITY

Applicable to all untreated water furnished from the ditch system on a metered basis.

TERRITORY

The territory adjacent to the company's ditch system, Tuolumne County.

RATES

| Quantity Rates: | | Per Meter Per Month |
|-----------------|-------------------------------------|------------------------|
| First | 1,000 cu.ft. or less | \$ 2.00 |
| Next | 2,000 cu.ft., per 100 cu.ft. | .15 |
| Next | 7,000 cu.ft., per 100 cu.ft. | .05 |
| Next | 90,000 cu.ft., per 100 cu.ft. | .03 |
| Over | 100,000 cu.ft., per 100 cu.ft. | .025 |

Minimum Charge:

| | | |
|-----|-----------------------------------|---------|
| For | 5/8 x 3/4 or 3/4-inch meter | \$ 2.00 |
| For | 1-inch meter | 3.00 |
| For | 1 1/2-inch meter | 5.00 |
| For | 2-inch meter | 7.50 |
| For | 3-inch meter | 10.00 |
| For | 4-inch meter | 15.00 |
| For | 6-inch meter | 25.00 |

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

(Continued)

(L)

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Schedule No. WT-9

(T) (L)

Tuolumne Tariff Area

INDUSTRIAL METERED SERVICE

(C)

UNTREATED WATER
(Continued)

SPECIAL CONDITIONS

1. This schedule is available only upon application and agreement in form on file with the Public Utilities Commission. For seasonal use customers this schedule is available only on an annual basis, and the annual minimum charge will be 12 times the monthly minimum charge.

2. The water supplied under this schedule is untreated water from open ditches, canals, conduits, and flumes. The company does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make the same potable and shall assume all risks and liabilities in connection therewith.

3. The company does not guarantee a continuous and uninterrupted supply under this schedule and reserves the right to temporarily suspend the delivery of water when it is necessary to take the whole or any part of its water system out of service for the purpose of cleaning, maintaining, repairing, or making essential improvements thereon.

(L)

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Schedule No. WT-11

(T)

Tuolumne Tariff AreaGENERAL METERED SERVICEUNTREATED WATERAPPLICABILITY

Applicable to all untreated water furnished from the ditch system on a metered basis.

TERRITORY

The territory adjacent to the company's ditch system, Tuolumne County.

RATES

| Quantity Rates: | | Per Meter Per Month | |
|-----------------|-------------------------------------|------------------------|-----|
| First | 1,000 cu.ft. or less | \$ 2.95 | (I) |
| Next | 2,000 cu.ft., per 100 cu.ft. | .220 | |
| Next | 7,000 cu.ft., per 100 cu.ft. | .075 | |
| Next | 90,000 cu.ft., per 100 cu.ft. | .044 | |
| Over | 100,000 cu.ft., per 100 cu.ft. | .037 | (I) |
| Minimum Charge: | | | |
| For | 5/8 x 3/4 or 3/4-inch meter | \$ 2.95 | (I) |
| For | 1-inch meter | 4.40 | |
| For | 1 1/2-inch meter | 7.30 | |
| For | 2-inch meter | 10.95 | |
| For | 3-inch meter | 14.60 | |
| For | 4-inch meter | 22.00 | |
| For | 6-inch meter | 36.50 | (I) |

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

(Continued)

APPENDIX A
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Schedule No. WT-11

(T)

Tuolumne Tariff Area

GENERAL METERED SERVICE

UNTREATED WATER
(Continued)

SPECIAL CONDITIONS

1. This schedule is available only upon application and agreement in form on file with the Public Utilities Commission. For seasonal use customers this schedule is available only on an annual basis, and the annual minimum charge will be 12 times the monthly minimum charge.

2. The water supplied under this schedule is untreated water from open ditches, canals, conduits, and flumes. The company does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make the same potable and shall assume all risks and liabilities in connection therewith.

3. The company does not guarantee a continuous and uninterrupted supply under this schedule and reserves the right to temporarily suspend the delivery of water when it is necessary to take the whole or any part of its water system out of service for the purpose of cleaning, maintaining, repairing, or making essential improvements thereon.

APPENDIX A
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Proposed
Schedule No. WT-12

(T)

Tuolumne Tariff Area

LIMITED IRRIGATION SERVICE

APPLICABILITY

Applicable to untreated water for irrigation purposes to customers (C)
who receive water by means of a closed pipe system, and whose premises
are $\frac{1}{2}$ acre or less in area. (C)

TERRITORY

The territory adjacent to the company's ditch system,
Tuolumne County.

RATES

| | <u>Per Connection Per Month</u> | | |
|---|--|---|---------|
| | <u>Summer Season</u> May Through October | <u>Winter Season</u> November Through April | |
| For each qualifying premises, per outlet | \$7.75 | \$4.75 | (I) (C) |
| Additional for each swimming pool | 5.00 | - | (C) |

SPECIAL CONDITIONS

1. Customers may take service under this schedule only on an annual basis.

2. The maximum normal delivery flow rate under this schedule is $\frac{1}{2}$ miner's inch. (C)

(Continued)

APPENDIX A
Page 9 of 16

Proposed
Schedule No. WT-12

(T)

Tuolumne Tariff Area

LIMITED IRRIGATION SERVICE

SPECIAL CONDITIONS---Contd.

3. The water supplied under this schedule is untreated water from open ditches, canals, conduits, and flumes. The company does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make the same potable and shall assume all risks and liabilities in connection therewith .

4. The company does not guarantee a continuous and uninterrupted supply under this schedule and reserves the right to temporarily suspend the delivery of water when it is necessary to take the whole or any part of its water system out of service for the purpose of cleaning, maintaining, repairing, or making essential improvements thereon.

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Schedule No. WT-13

(T)

Tuolumne Tariff Area

GENERAL IRRIGATION SERVICE

APPLICABILITY

Applicable to untreated water for irrigation purposes from the company's ditch system.

TERRITORY

The territory adjacent to the company's ditch system, Tuolumne County.

RATES

- A. Irrigation season, 6-month period,
April 15 to October 15 inclusive:

| | <u>Per Season</u> | |
|---|---|-----|
| Service Charge: | | |
| Per irrigation connection | \$19.50 | (I) |
| Charge for Turn On, Turnoff or Regulation Change: | | |
| First 6 turn ons, turnoffs or regulation changes | No Charge | |
| Over 6 turn ons, turnoffs or regulation changes, per change | \$ 4.00 | (I) |
| Quantity Rates: | <u>Per Connection</u> <u>Per Month</u> | |
| First 23 miner's inch-days, per miner's inch-day | \$.75 | (I) |
| Next 57 miner's inch-days, per miner's inch-day | .65 | |
| Over 80 miner's inch-days, per miner's inch-day | .60 | (I) |

(Continued)

APPENDIX A
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Schedule No. WT-13

(T)

Tuolumne Tariff AreaGENERAL IRRIGATION SERVICERATES—Contd.

- B. Nonirrigation season, 6-month period,
October 16 to April 14, inclusive:

| Quantity Rate: | Per Miner's Inch-Day | |
|-------------------------------|-------------------------|-----|
| For all water delivered | \$.65 | (I) |
| Minimum Charge: | Per Connection | |
| For each delivery | \$4.95 | (I) |

SPECIAL CONDITIONS

1. Minimum delivery flow rates under this schedule are as follows:

| | Miner's Inch |
|-----------------------------------|---------------|
| During irrigation season | $\frac{1}{2}$ |
| During nonirrigation season | $\frac{1}{4}$ |

2. The company may require a 48-hour notice from the customer for changes in the rate of water delivery.

3. The water supplied under this schedule is untreated water from open ditches, canals, conduits, and flumes. The company does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make the same potable and shall assume all risks and liabilities in connection therewith.

(Continued)

APPENDIX A
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Schedule No. WT-13

(T)

Tuolumne Tariff Area

GENERAL IRRIGATION SERVICE

SPECIAL CONDITIONS--Contd.

4. The company does not guarantee a continuous and uninterrupted supply under this schedule and reserves the right to temporarily suspend the delivery of water when it is necessary to take the whole or any part of its water system out of service for the purpose of cleaning, maintaining, repairing, or making essential improvements thereon.

APPENDIX A
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Schedule No. WT-F1

(T)

Tuolumne Tariff Area

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to fire hydrant service to municipalities or other political subdivisions of the State.

TERRITORY

Within the service areas, as shown on the water service area maps of:

(T)

Jamestown

Sonora

Tuolumne

(T)

RATES

| | <u>Per Hydrant Per Month</u> | |
|----------------------|------------------------------|---------------------|
| | <u>Served as</u> | <u>Installed</u> |
| | <u>of (date)</u> | <u>after (date)</u> |
| Wharf Hydrant: | | |
| On main smaller than | | |
| 4 inches | \$1.60 | \$1.00 |
| On 4-inch main or | | |
| larger | 2.25 | 1.50 |
| Standard Hydrant: | | |
| Single outlet | \$2.50 | \$1.75 |
| Double outlet | 3.50 | 2.25 |
| Triple outlet | 5.00 | 3.25 |

(C)

(C)

SPECIAL CONDITIONS

1. The company shall be required to supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.

(Continued)

APPENDIX A
Page 14 of 16

Schedule No. WT-F1

(T)

Tuolumne Tariff Area

PUBLIC FIRE HYDRANT SERVICE

SPECIAL CONDITIONS—Contd.

2. Relocation of any facilities shall be at the expense of the party requesting relocation.

(N)

3. On and after the effective date of this tariff schedule, all facilities to provide service under this schedule will be installed at the cost of the public authority, such costs include all labor and materials including the service tee and the shut-off valve which will be supplied and installed by authorized utility personnel and will be the property of the utility.

(N)

APPENDIX A
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Schedule No. WT-F2

(T)

Tuolumne Tariff Area

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

Within the service areas, as shown on the water service area maps, of:

(T)

Jamestown

Sonora

Tuolumne

(T)

RATES

| | Per Month | | |
|-----------------------------------|--|-----------------|-----|
| | <u>Facilities Installed at Cost of</u> | | (C) |
| | <u>Utility</u> | <u>Customer</u> | (C) |
| For each 4-inch connection | \$7.00 | \$ 5.50 | (N) |
| For each 6-inch connection | 9.00 | 7.00 | (N) |
| For each 8-inch connection | - | 10.50 | |
| For each 10-inch connection | - | 25.00 | |

SPECIAL CONDITIONS

1. This schedule is available only upon 3-year contract, a copy of which contract form is on file with the Public Utilities Commission of the State of California.

(Continued)

APPENDIX A
Page 16 of 16

Schedule No. WT-F2

(T)

Tuolumne Tariff Area

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS—Contd.

2. Any service rendered under this schedule will be furnished only to fire protection systems which are completely isolated from all other water pipes and services of the customer.

3. Service under this schedule is available for overhead sprinkler systems, and private fire hydrants in establishments located along existing mains having a delivery capacity in excess of the then existing requirements of domestic, commercial and other firm service customers.

(L)

(L)

4. The company will install a service connection consisting of valve, detector check and service pipe from its water main (adjacent to the customer's premises) to the street curb line. In no case will the length of the service pipe exceed the width of the street.

(N)

5. On and after the effective date of this tariff schedule all facilities installed pursuant to Special Condition 4 will be installed by the company at the cost of the customer, and such cost will not be subject to refund.

(N)

6. The company's responsibility shall be to make available only such water in quantities and at pressures as may be available from time to time as a result of normal operation of its water distribution systems. Customers may not take water under this schedule except in the case of fire or for the purpose of periodical test and inspections. The company reserves the right to estimate the quantity of water used and to make an additional charge therefor in accordance with Schedule No. WT-1.

(L)

(L)

7. The customer shall indemnify the company and save it harmless against any and all claims arising out of service under this schedule and shall further agree to make no claim against the company for any loss or damage resulting from service hereunder.

(L)

(L)

APPENDIX B
Page 1 of 11

Schedule No. WT-1
Tuolumne Tariff Area
GENERAL METERED SERVICE
TREATED WATER

APPLICABILITY

Applicable to all treated water furnished on a metered basis.

TERRITORY

The unincorporated communities of Jamestown and Tuolumne and the incorporated City of Sonora, and vicinity, Tuolumne County.

RATES

| Quantity Rates: | | Per Meter Per Month | |
|-----------------|--------------------------------------|------------------------|-----|
| First | 400 cu.-ft. or less | \$ 3.90 | (I) |
| Next | 2,600 cu.-ft., per 100 cu.-ft. | .39 | |
| Next | 7,000 cu.-ft., per 100 cu.-ft. | .23 | |
| Over | 10,000 cu.-ft., per 100 cu.-ft. | .16 | (I) |
| Minimum Charge: | | | |
| For | 5/8 x 3/4-inch meter | \$ 3.90 | (I) |
| For | 3/4-inch meter | 4.70 | |
| For | 1-inch meter | 6.20 | |
| For | 1 1/2-inch meter | 7.80 | |
| For | 2-inch meter | 12.00 | |
| For | 3-inch meter | 23.00 | |
| For | 4-inch meter | 39.00 | (I) |

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

APPENDIX B
Page 2 of 11

Schedule No. WT-11

Tuolumne Tariff Area

GENERAL METERED SERVICE

UNTREATED WATER

APPLICABILITY

Applicable to all untreated water furnished from the ditch system on a metered basis.

TERRITORY

The territory adjacent to the company's ditch system, Tuolumne County.

RATES

| Quantity Rates: | | Per Meter Per Month | |
|-----------------|-------------------------------------|------------------------|-----|
| First | 1,000 cu.ft. or less | \$ 3.85 | (I) |
| Next | 2,000 cu.ft., per 100 cu.ft. | .29 | |
| Next | 7,000 cu.ft., per 100 cu.ft. | .10 | |
| Next | 90,000 cu.ft., per 100 cu.ft. | .06 | |
| Over | 100,000 cu.ft., per 100 cu.ft. | .05 | (I) |
| Minimum Charge: | | | |
| For | 5/8 x 3/4 or 3/4-inch meter | \$ 3.85 | (I) |
| For | 1-inch meter | 5.80 | |
| For | 1½-inch meter | 9.60 | |
| For | 2-inch meter | 14.40 | |
| For | 3-inch meter | 19.20 | |
| For | 4-inch meter | 22.00 | |
| For | 6-inch meter | 48.00 | (I) |

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

(Continued)

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Schedule No. WT-11

Tuolumne Tariff Area

GENERAL METERED SERVICE

UNTREATED WATER
(Continued)

SPECIAL CONDITION

This schedule is available only upon application and agreement in form on file with the Public Utilities Commission. For seasonal use customers this schedule is available only on an annual basis, and the annual minimum charge will be 12 times the monthly minimum charge.

APPENDIX B
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Proposed
Schedule No. WT-12

Tuolumne Tariff Area

LIMITED IRRIGATION SERVICE

APPLICABILITY

Applicable to untreated water for irrigation purposes to customers who receive water by means of a closed pipe system, and whose premises are $\frac{1}{2}$ acre or less in area.

TERRITORY

The territory adjacent to the company's ditch system, Tuolumne County.

RATES

| | <u>Per Connection Per Month</u> | |
|--|--|---|
| | <u>Summer Season</u> <u>May Through</u> <u>October</u> | <u>Winter Season</u> <u>November</u> <u>Through April</u> |
| For each qualifying premises, per outlet | \$12.00 | \$6.00 (I) |
| Additional for each swimming pool . | 5.00 | - |

SPECIAL CONDITIONS

1. Customers may take service under this schedule only on an annual basis.
2. The maximum normal delivery flow rate under this schedule is $\frac{1}{2}$ miner's inch.

(Continued)

APPENDIX B
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Proposed
Schedule No. WT-12

Tuolumne Tariff Area

LIMITED IRRIGATION SERVICE

SPECIAL CONDITIONS—Contd.

3. The water supplied under this schedule is untreated water from open ditches, canals, conduits, and flumes. The company does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make the same potable and shall assume all risks and liabilities in connection therewith.

4. The company does not guarantee a continuous and uninterrupted supply under this schedule and reserves the right to temporarily suspend the delivery of water when it is necessary to take the whole or any part of its water system out of service for the purpose of cleaning, maintaining, repairing or making essential improvements thereon.

APPENDIX B
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Schedule No. WT-13

Tuolumne Tariff Area

GENERAL IRRIGATION SERVICE

APPLICABILITY

Applicable to untreated water for irrigation purposes from the company's ditch system.

TERRITORY

The territory adjacent to the company's ditch system, Tuolumne County.

RATES

- A. Irrigation season, 6-month period,
April 15 to October 15 inclusive:

| | <u>Per Season</u> | |
|--|-------------------------------------|-----|
| Service Charge: | | |
| Per irrigation connection | \$27.00 | (I) |
| Charge for Turn On, Turnoff or Regulation Change: | | |
| First 6 turn ons, turnoffs or regulation changes | No charge | |
| Over 6 turn ons, turnoffs or regulation changes, per change..... | \$ 5.50 | (I) |
| Quantity Rates: | <u>Per Connection Per Month</u> | |
| First 23 miner's inch-days, per miner's inch-day | \$1.00 | (I) |
| Next 57 miner's inch-days, per miner's inch-day | .90 | |
| Over 80 miner's inch-days, per miner's inch-day | .80 | (I) |

(Continued)

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Schedule No. WT-13

Tuolumne Tariff Area

GENERAL IRRIGATION SERVICE

RATES—Contd.

- B. Nonirrigation season, 6-month period,
October 16 to April 14 inclusive:

Quantity Rate:

Per Miner's
Inch-Day

For all water delivered \$.90 (I)

Minimum Charge:

Per Connection

For each delivery \$6.70 (I)

APPENDIX B
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Schedule No. WT-FL

Tuolumne Tariff Area

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to fire hydrant service to municipalities or other political subdivisions of the State.

TERRITORY

Within the service areas, as shown on the water service area maps of:

Jamestown

Sonora

Tuolumne

RATES

| | <u>Per Hydrant Per Month</u> | | |
|--|--------------------------------|-----------------------------------|-----|
| | <u>Served as of (date)</u> | <u>Installed after (date)</u> | |
| Wharf Hydrant: | | | |
| On main smaller than 4 inches | \$2.00 | \$1.00 | (I) |
| On 4-inch main or larger | 2.75 | 1.50 | |
| Standard Hydrant | | | |
| Single outlet | \$3.00 | \$1.75 | (I) |
| Double outlet | 4.25 | 2.25 | |
| Triple outlet | 6.00 | 3.25 | |

SPECIAL CONDITIONS

1. The company shall be required to supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.

(Continued)

APPENDIX B
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Schedule No. WT-FL

Tuolumne Tariff Area

PUBLIC FIRE HYDRANT SERVICE

SPECIAL CONDITIONS—Contd.

2. Relocation of any facilities shall be at the expense of the party requesting relocation.

3. On and after the effective date of this tariff schedule, all facilities to provide service under this schedule will be installed at the cost of the public authority, such costs include all labor and materials including the service tee and the shut-off valve which will be supplied and installed by authorized utility personnel and will be the property of the utility.

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Schedule No. WT-F2

Tuolumne Tariff Area

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

Within the service areas, as shown on the water service area maps, of:

Jamestown

Sonora

Tuolumne

RATES

| | <u>Per Month</u> | | |
|-----------------------------------|--|-----------------|-----|
| | <u>Facilities Installed at Cost of</u> | | |
| | <u>Utility</u> | <u>Customer</u> | |
| For each 4-inch connection | \$ 8.50 | \$ 5.50 | (I) |
| For each 6-inch connection | 11.00 | 7.00 | (I) |
| For each 8-inch connection | - | 10.50 | |
| For each 10-inch connection | - | 25.00 | |

SPECIAL CONDITIONS

1. This schedule is available only upon 3-year contract, a copy of which contract form is on file with the Public Utilities Commission of the State of California.

(Continued)

APPENDIX B
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Schedule No. WT-F2

Tuolumne Tariff Area

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS—Contd.

2. Any service rendered under this schedule will be furnished only to fire protection systems which are completely isolated from all other water pipes and services of the customer.

3. Service under this schedule is available for overhead sprinkler systems, and private fire hydrants in establishments located along existing mains having a delivery capacity in excess of the then existing requirements of domestic, commercial and other firm service customers.