

Decision No. 88705 APR 18 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
LAGUNA HILLS WATER COMPANY (formerly  
Rossmoor Water Company) for an Order  
Authorizing a Raise in Rates.

Application No. 56299  
(Filed February 26, 1976;  
amended March 11, 1977)

Latham & Watkins, by George A. Rice, Attorney at Law,  
for applicant.  
Whelan & Markman, by Martin E. Whelan, Attorney at Law,  
for Professional Community Management, and Mutual  
Housing Corporations inside Leisure World, protestants.  
Jasper Williams, Attorney at Law, Francis S. Ferraro,  
and I. B. Nagao, for the Commission staff.

## O P I N I O N

At the time of filing this application, Rossmoor Water Company and Rossmoor Sanitation, Inc. were wholly owned subsidiaries of Rossmoor Corporation. Following public hearings held during June 1977, the Commission entered Decision No. 87750 setting aside submission of this proceeding for further hearing and authorizing applicant a 10 percent interim increase in water rates. By Decision No. 87929 dated October 4, 1977 in Application No. 57548, the Commission authorized Rossmoor Corporation to transfer, and Laguna Hills Utility Company to acquire, all of the common stock of Rossmoor Water Company and of Rossmoor Sanitation, Inc. The transfer has been consummated and the corporate name of Rossmoor Water Company has been changed to Laguna Hills Water Company.

Further hearing in this application was held November 16, 1977 before Administrative Law Judge J. E. Thompson at Los Angeles, and the matter was submitted December 16, 1977 on the filing of Exhibit 16.

Rossmoor Corporation organized applicant for the purpose of providing water to its land development at Laguna Hills known as Leisure World. It also organized Rossmoor Sanitation, Inc. for the purpose of providing Leisure World with sewer service. Leisure World

was developed as a planned adult community with most of the residences in condominium groups. Each group is in a separate tract and is organized as a mutual housing corporation with each residence in the group being a member and sharing the expenses of maintenance of common areas within the tract. The individual mutual housing corporations engage an entity known as Professional Community Management to take care of the operations and maintenance within each tract and to apportion the common expenses among the members in each corporation. Professional Community Management and the individual mutual housing corporations referred to are protestants to this application.

The water system within Leisure World was designed and constructed to be compatible with the condominium concept; that is to say, each corporation is served with one or more large meters and the distribution systems behind the meters are the responsibilities of the individual mutual housing corporations. There are as many as 23 residences served by a single meter.

Shortly after the formation of applicant, developers other than Rossmoor Corporation acquired parcels of land adjacent to Leisure World and requested extensions of applicant's water system to serve their developments. The extensions were made pursuant to Commission authority and applicant's main extension rule. In the area served by applicant outside Leisure World, each individual residence ordinarily is served through its own meter.

The number of meters, the number of dwelling units, and the amount of water sold in 1976 for the various classes of customers inside Leisure World are tabulated in Table I, below.

TABLE I

LAGUNA HILLS WATER COMPANY  
(Rossmoor Water Company)

## Customer Classes \*

<u>Meter Count</u>	<u>10</u>	<u>12</u>	<u>15</u>	<u>17</u>	<u>11</u>	<u>13</u>	<u>Totals</u>
5/8" x 3/4"	1,452	499	332	-	28	3	2,314
3/4"	1,657	70	-	-	66	9	1,802
1"	50	-	46	-	88	16	200
1-1/2"	-	35	234	-	69	24	362
2"	-	8	635	20	142	60	865
Totals	3,159	612	1,247	20	393	112	5,543
<u>Dwelling Units</u>	3,137	569	12,089	718	0	0	16,513
<u>Total Sales Ccf</u>	721,700	120,200	1,665,700	75,600	431,000	170,000	3,184,200
<u>Ccf per Dwell.</u>	230.0	211.2	137.8	105.3	-	-	-
<u>Ccf per Meter.</u>	228.5	196.4	1,335.8	3,780.0	1,097	1,517.8	-

- \* Class 10 Unrestricted Single Family Homes - Outside Leisure World
- Class 12 Unrestricted Condominiums - Outside Leisure World
- Class 15 Restricted Multiple Dwelling Units - Inside Leisure World
- Class 17 Restricted & Unrestricted Mobile Homes - Outside Leisure World
- Class 11 Commercial
- Class 13 Public Authority

It may be noted from Table I that the number of meters for Class 10 and Class 12 customers exceeds the number of dwelling units, and that for Class 12 customers the number of dwelling units is equal to the number of small meters, providing an inference that outside Leisure World each dwelling unit is served individually rather than through a master meter.

At the original hearings both applicant and the Commission staff (staff) suggested rate structures which would freeze the rates for the 5/8" x 3/4" meters and for the first 200 cubic feet of water. This was suggested so as to give effect to lifeline concepts. Staff also proposed to implement the Commission's policy of promoting conservation of water by eliminating the quantity rate blocks. Those rate structures were vigorously opposed by protestants who pointed out that such actions would place almost the full burden of the rate increase upon the residents of Leisure World. They presented evidence of the demographics of the area served by applicant and of the conservation measures taken by the residents within Leisure World. We held in Decision No. 87750 that the proposed rate structures would not achieve lifeline objectives in that the burden of the increase would be imposed upon those less able to assume it, that they would not serve conservation needs, and, in fact, would be unduly discriminatory against the residential customer who has contributed financially towards conservation, who uses less water, and whose service provides the lesser cost burden to the company. That was one reason the Commission set the submission of this proceeding aside for further hearing.

Another reason submission was set aside in Decision No. 87750 was because an unusual event occurred at the time of the original hearings which made uncertain any reasonable estimate of operating expenses and average rate base for a future rate year. In 1976 applicant decided to expand its plant in accordance with long-range plans by constructing two reservoirs and booster stations together with pumps, valves, and lines to connect them with the system. Bonds in the amount of \$1,500,000 were sold in July 1976 to finance that construction. Contracts were then let and construction began in

December 1976 looking toward the operation of the newly constructed plant in June 1977. In February or March 1977 a stress fault was noticed in one of the reservoirs under construction and work ceased. At the time of hearing in June 1977, it had not been determined what was to be done regarding the construction.

Following the issuance of Decision No. 87750, the presiding officer requested the parties to confer among themselves to simplify the issues and requested the staff to present operating data at the further hearing in such form as to reflect the positions taken by the parties with respect to the major issues. This was done. At the further hearing the major differences among the parties concerned rate base and rate of return.

At the time further hearing was held, the reservoirs and booster stations referred to above were not in service. It was stated that one reservoir would be placed in service on November 30, 1977 and that with respect to the other, the county had just released the plans with no comment and the reservoir was scheduled to be placed in service in February 1978. Applicant and staff take the position that the plant involved will be in service prior to the effective date of any decision; and inasmuch as the Commission establishes rates for the future, the new plant should be reflected in rate base.

Protestants contend that until the plant is in service, the expenditures that have been made are accountable only as for construction work in progress which traditionally is not included in rate base. They point out that at this time last year it was anticipated that the plant would be constructed and in service by June 1977; and had the Commission issued a decision at that time on the same premise of the applicant and the staff, for the past six months the ratepayers would have been providing an excessive return to the utility. Protestants argue that there is no greater assurance now that the plant will be in service in February 1978 than there was one year ago that the plant would be in service in June 1977. They suggest that the Commission establish two scales of rates, one which would reflect the new plant and one which would not, and in its decision

authorize the rates which do not reflect that plant with a proviso that if and when the facilities are placed in service the Commission will accept an advice letter filing establishing the higher rates.

In Decision No. 88079, dated November 8, 1977 in Application No. 56296 the Commission authorized Rossmoor Sanitation, Inc. to establish increased rates which would provide a 9.00 percent rate of return. It found that the 9.00 percent rate of return is reasonable in conjunction with the combined capital structure of Rossmoor Sanitation, Inc., and Rossmoor Water Company stating,

"The use of a combined capital structure would be consistent with methods adopted in previous Commission decisions involving subsidiaries. When considered together with other factors, a 9.00 percent rate of return would provide an allowance of 10.34 percent for common equity as summarized below:

	<u>Ratio</u>	<u>Cost</u>	<u>Weighted</u>
Long-term Debt	58.30%	8.04%	4.69%
Common Equity	<u>41.70</u>	<u>10.34</u>	<u>4.31</u>
Total	100.00%	18.38%	9.00%"

Protestants point out that they opposed the staff's recommendation of rate of return based upon the combined capital structures of the two companies which was adopted by the Commission in Decision No. 88079, but that inasmuch as the evidence regarding rate of return in this proceeding is identical to that presented in Application No. 56296, the 9.00 percent rate of return found by the Commission to be reasonable therein is probably res adjudicata here. They argue that if the Commission concludes it is not, a rate of return to applicant greater than that found to be reasonable for Rossmoor Sanitation, Inc. could not be justified in view of the relative risks and other problems of the respective companies.

Staff argues that the best evidence, and the only evidence, regarding an appropriate rate of return is what was presented by its witness, from such evidence the Commission has found that a 9.00 percent rate of return on rate base, providing a return on equity of 10.34 percent on the combined capital structure of the two companies

is reasonable. It asserts that there is no basis in the record for considering a different return for applicant from that determined to be appropriate for the sanitation company in Decision No. 88079.

Applicant argues that a 9.00 percent rate of return for its operations would be insufficient. It points to the evidence showing that it has been providing good service, the evidence of its need for funds, not only to apply to its long-term debt, but also to meet payments on its contracts for main extensions, and the evidence showing that the Commission has recently found returns on equity capital on the order of between 12 and 13 percent to be reasonable for other water companies and public utilities with lesser risk. It argues that the record supports a 12.5 percent return on the equity capital of applicant which results in a rate of return of 9.56 percent. It argues that the only support whatever in the record for a determination of a reasonable return based upon the combined capital structures of the two companies is the opinion testimony of witness Quan which it contends was thoroughly discredited.

We are not persuaded that our conclusion in Decision No. 88079 that a rate of return which would provide a return of 10.34 percent on the combined equity capital of the two affiliates is erroneous. We find that a rate of return on rate base of 9.00 percent will be reasonable for applicant. With respect to the issue of rate base, there is merit to both positions taken by the parties. There is the practical matter that the plant involved will probably be in service by the time this decision becomes effective; but on the other hand, as protestants point out, everyone believed the plant would be in service in June 1977.<sup>1/</sup> There is no need, however, to prescribe two scales of rates as suggested by protestants. The presently effective interim rates prescribed in Decision No. 87750 should provide revenues to produce approximately a 9.00 percent rate

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<sup>1/</sup> We are informed by our staff as of February 23, 1978 that due to further structural problems it will take an additional 4-8 months before both tanks are in service.

on return on rate base that does not include the new construction. We will authorize applicant to establish rates reflecting the new plant to a 9.00 percent rate of return on rate base including the new plant to become effective after that plant has been placed in service.

Staff presented a suggested rate structure which revises applicant's present minimum charge structure to one providing for monthly readiness to serve charges based upon size of meter to which is added a charge for each 100 cubic feet of water recorded by the meter. The latter provides for two levels of rates instead of the present four quantity blocks. The suggested relationship between the rate for the first 5,000 Ccf and the rate for over 5,000 Ccf is 80 to 100. Applicant joins with the staff in recommending that rate structure. Protestants state that because the staff's suggested rate structure distributes the burden of increases in rates almost equally between the residents of Leisure World and other residential properties in applicant's service area, they join in the recommendation. They are apprehensive, in view of the dissents to Decision No. 87750, that the Commission may not adopt the staff's recommendation and determine that a "lifeline" structure of rates be established. They argue that the record clearly shows that because of the singular circumstances in the area served by applicant, a structure of rates based on providing lifeline quantities of water per meter without consideration of the number of dwelling units served by the meter would be inconsistent with lifeline and conservation objectives. They request that if the Commission determines that the recommended rate structure not be established, that it fix residential water rates on a per dwelling unit basis. Staff and applicant did not oppose protestants' request, but contend that the recommended rate structure will better serve the interests of the utility and the public.

It is a matter of Commission policy that water rates should be designed to provide the residential user a reasonable amount of water necessary to meet minimum household requirements at the lowest reasonable cost, to discourage the wasteful use of water, and to promote conservation of water and the power required to deliver water.



*CORRECTION*

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

on return on rate base that does not include the new construction. We will authorize applicant to establish increased rates reflecting a 9.00 percent rate of return on rate base including the new plant to become effective after that plant has been placed in service.

Staff presented a suggested rate structure which revises applicant's present minimum charge structure to one providing for monthly readiness to serve charges based upon size of meter to which is added a charge for each 100 cubic feet of water recorded by the meter. The latter provides for two levels of rates instead of the present four quantity blocks. The suggested relationship between the rate for the first 5,000 Ccf and the rate for over 5,000 Ccf is 80 to 100. Applicant joins with the staff in recommending that rate structure. Protestants state that because the staff's suggested rate structure distributes the burden of increases in rates almost equally between the residents of Leisure World and other residential properties in applicant's service area, they join in the recommendation. They are apprehensive, in view of the dissents to Decision No. 87750, that the Commission may not adopt the staff's recommendation and determine that a "lifeline" structure of rates be established. They argue that the record clearly shows that because of the singular circumstances in the area served by applicant, a structure of rates based on providing lifeline quantities of water per meter without consideration of the number of dwelling units served by the meter would be inconsistent with lifeline and conservation objectives. They request that if the Commission determines that the recommended rate structure not be established, that it fix residential water rates on a per dwelling unit basis. Staff and applicant did not oppose protestants' request, but contend that the recommended rate structure will better serve the interests of the utility and the public.

It is a matter of Commission policy that water rates should be designed to provide the residential user a reasonable amount of water necessary to meet minimum household requirements at the lowest reasonable cost, to discourage the wasteful use of water, and to promote conservation of water and the power required to deliver water.

Under ordinary circumstances the residential customer is usually provided service through a 5/8" x 3/4" meter, and in those circumstances the staff has recommended and the Commission has prescribed lower rates for a prescribed amount of water based upon that type of meter and higher rates for the higher volumes of water that normally flow through the larger meters. Table I shows that over one-half of applicant's water sales is through large meters to multiple dwelling units within Leisure World and that the average consumption per dwelling unit therein is significantly less than the consumption per dwelling unit of condominiums and single-family homes outside Leisure World. The record also shows that the mutual housing corporations within Leisure World have taken actions at some expense to them to eliminate wasteful use of water and to otherwise promote conservation thereof. It also shows that to the extent that there may be any hardship on the part of any customers to pay increased rates for water, that it would be more likely to occur in connection with residents of Leisure World than outside thereof. Those circumstances indicate that a rate structure for residential customers within applicant's service area which would favor the customer served by the smaller meters would not only be unfair, but would not promote lifeline or conservation objectives.

It may be that a structure of rates based upon dwelling units as suggested by protestants will better implement Commission policy or could become necessary if water or power become so scarce as to indicate some form of rationing. On the other hand, such type of rate structure could provide some administrative problems to the utility which would result in additional expense that would have to be passed on to the ratepayer. We need not determine that here. In the singular circumstances presented, the rate structure suggested by the staff will not be inconsistent with lifeline or conservation objectives and we will adopt it.

We estimate that approximately \$1,790,000 gross operating revenues will be required to provide applicant with a 9.00 percent rate of return on a rate base of \$5,103,800, and that a 15.6 percent

increase in rates (not the interim rates) is necessary to achieve those gross operating revenues.

Staff's suggested rate structure is a substantial departure from the present structure for general metered service. We will adopt the service charges suggested on page 3 of Exhibit 12. We estimate that the revenues from the suggested service charges together with the revenue from quantity rates per Ccf of \$0.520 for the first 50 Ccf and \$0.418 for over the first 50 Ccf will provide an increase in revenues for general metered service of about 15.6 percent.

We take official notice of Resolution No. W-2313 adopted by the Commission on January 10, 1978 in which applicant was authorized to increase rates by \$0.012 per Ccf to offset increases in the cost of purchased water. In prescribing rates herein we will incorporate that increase in the rates.

Table II, below, sets forth reasonable estimates of the operating results for a test year with the proposed additional plant in service under the various rate structures specified therein. The test year reflects estimates for 1976 based on 1975 operations with adjustments.

TABLE II

LAGUNA HILLS WATER COMPANY  
(Rossmoor Water Company)

Comparison of Operating Results  
For a Test Year With the Proposed  
Additional Plant in Service at  
the Rates Specified

(000)

	(A)	(B)	(C)	(D)
Operating Revenues	\$1,549.0	\$1,860.0	\$1,789.9	\$1,828.1
<u>Operating Expenses</u>				
O & M Expense	860.0	860.0	860.0	898.7
A & G Expense	123.0	123.0	123.0	123.0
Depreciation	186.4	186.4	186.4	186.4
Taxes Other Than Income	137.0	137.0	137.0	137.0
Income Taxes	<u>2.5</u>	<u>30.5</u>	<u>24.2</u>	<u>24.2</u>
Total Expense	1,308.9	1,336.9	1,330.6	1,369.3
Net Operating Revenue	240.1	523.1	459.3	458.8
Average Rate Base	5,103.8	5,103.8	5,103.8	5,103.8
Rate of Return	4.70%	10.25%	9.00%	8.99%

Rate Columns:

- (A) - At present rates (not including interim increase).
- (B) - At applicant's proposed rates.
- (C) - Staff's proposed rate structure with quantity rates adjusted to provide a 9.00% rate of return (approximately 15.6% increase).
- (D) - Column (C) adjusted to include increased water purchase expense and \$0.012 increase in quantity rates for offset awarded in Resolution No. W-2313.

One other matter requires discussion. The application seeks a 24.3 percent increase in water rates to provide \$1,776,250 gross operating revenues from the sale of water. At the hearing when the evidence at that point indicated that a 24.3 percent increase would result in revenues greater than described in the application, applicant was asked whether it is seeking the amount of rate increase, the rate

of return, or the gross operating revenues specified in the application. Counsel for applicant stated that the application relates to the \$1,776,250 and "We are seeking that rate of return that is in ratio of \$1,776,250 in gross revenues to whatever rate base somebody finally determines we are entitled to." (RT-90.) Protestants contend that as a result thereof the Commission is without jurisdiction to prescribe rates which will result in gross operating revenues exceeding \$1,776,250. It is our intention to prescribe rates which, based upon operations for a test year, will provide gross operating revenues of \$1,789,900.

Protestants' contention is without merit. The jurisdiction of the Commission in this application is covered by Section 454 of the Public Utilities Code which addresses itself to increases in rates. Gross revenues and rates of return are merely data to be considered in the determination of whether increases in rates are justified. We do not address ourselves further to the subject because the amount involved here is so small as to be de minimis.

#### Findings

1. Rossmoor Water Company is a public utility water corporation operating a water system for compensation in and about Laguna Hills, California, with 81.2 percent of its sales to residential customers, 13.5 percent to commercial customers, and 5.3 percent to public authorities. Until October 1977, it and its affiliate Rossmoor Sanitation, Inc. were wholly owned subsidiaries of Rossmoor Corporation, the developer of Leisure World. The latter is a planned adult community development at Laguna Hills. 52.3 percent of applicant's water sales is to multiple-dwelling units within Leisure World.

2. By its application, as amended, it seeks authority to increase rates by about 24.3 percent which it estimates will provide \$1,776,250 total gross operating revenues for a future rate year.

3. By Decision No. 87929 dated October 4, 1977 in Application No. 57548 the Commission authorized Rossmoor Corporation to transfer,

and Laguna Hills Utility Company to acquire, all of the common stock of Rossmoor Water Company and of Rossmoor Sanitation, Inc. The stock of Laguna Hills Utility Company is publicly held and is listed on the American Stock Exchange. The transfer of stock has been consummated and the corporate name of Rossmoor Water Company has been changed to Laguna Hills Water Company.

4. In December 1976, following the issuance of bonds in the amount of \$1,500,000, applicant began construction of additional plant comprising two reservoirs, booster pumps, valves, and mains looking forward to connecting the additional plant to the existing system in June 1977. In February or March 1977 a stress fault was noticed in one of the reservoirs and construction work was suspended. On November 16, 1977 it was estimated that one reservoir would be in service on November 30, 1977, and the entire proposed additions, including the second reservoir, would be on-line in February 1978. Reasonable average rate base without the aforementioned new plant for the test year is \$3,941,000, and including the new plant is \$5,103,000.

5. A 9.00 percent rate of return on average rate base is reasonable for the operations of applicant. That rate of return will provide a 10.34 percent return on the combined equity of Rossmoor Water Company and Rossmoor Sanitation, Inc., which return is reasonable.

6. A 15.6 percent increase in rates will provide applicant with approximately \$240,900 additional gross operating revenues and will yield earnings after income taxes of \$459,300 which earnings result in a 9.00 percent rate of return on a \$5,103,000 rate base.

7. By Decision No. 87750 dated August 23, 1977 applicant was authorized to establish a 10 percent interim increase in rates. Those interim rates should generate a 9.4 percent rate of return on a \$3,941,000 rate base and a 7.5 percent rate of return on a \$5,103,000 rate base.

8. The rate structure suggested by the Commission staff described in this opinion will apportion the cost burden equitably among the ratepayers and because of the singular circumstances regarding applicant's residential service is not inconsistent with State policy regarding lifeline and conservation objectives.

9. The estimates in Table II of the operating revenues, expenses, including taxes and depreciation, the rate base, and the rate of return for the test year are reasonable.

10. The increased rates proposed by applicant are excessive, unreasonable, and are not justified.

11. Concurrently with the placing in service of the additional plant referred to in Finding 4, the increases in rates and charges authorized by this decision are justified and are reasonable; and the present rates and charges, insofar as they differ from those prescribed by this decision, are for the future unjust and unreasonable.

12. The total amount of the increase in annual revenue authorized by this decision is \$240,900; the rate of return on rate base is 9.00 percent; the return on common equity is 10.34 percent.

#### Conclusions

1. Applicant should be authorized to establish the increased rates provided for in the ensuing order to become effective not earlier than the date the additional plant referred to in Finding 4 has been placed in service and on not less than five days' notice to the Commission and to the public.

2. Pending the establishment of the increased rates provided for in the preceding paragraph, applicant should be authorized to continue to charge and assess the interim increased rates authorized in Decision No. 87750 together with any offset increases authorized by the Commission since the issuance of that decision.

3. In all other respects Application No. 56299, as amended, should be denied.

#### O R D E R

IT IS ORDERED that:

1. Laguna Hills Water Company, a corporation formerly known as Rossmoor 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 revised rate schedules may be made effective on not less than five days' notice and not earlier than the date Reservoirs R-3 and R-4, and their respective booster



stations, are connected to the system and are placed in service. The revised schedules shall apply only to service rendered on and after the effective date of the revised schedules.

2. The authority granted in the preceding paragraph supersedes the authorities granted in Decision No. 87750 and Resolution No. W-2313; provided, however, that applicant is authorized to continue to maintain the rates authorized therein pending the establishment and effectiveness of the rates authorized in the preceding paragraph.

3. In all other respects Application No. 56299 is denied.

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

Dated at San Francisco, California, this 18th day of APRIL, 1978.

Robert B. Fucini  
President  
William J. Sweeney  
Simon L. Sturgeon

Commissioners

Commissioner Richard D. Gravelle, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
Page 1 of 3

## LAGUNA HILLS WATER COMPANY

## Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

El Toro, Laguna Hills, Rossmore Leisure World, and vicinity, Orange County.

RATES

		Per Meter Per Month	
Service Charge:			
For	5/8 x 3/4-inch meter .....	\$ 3.00	(C)
For	3/4-inch meter .....	3.30	
For	1-inch meter .....	4.50	
For	1 1/2-inch meter .....	6.00	
For	2-inch meter .....	8.10	
For	3-inch meter .....	15.00	
For	4-inch meter .....	20.40	
For	6-inch meter .....	33.90	(C)
Quantity Rates:			
First	5,000 cu.-ft., per 100 cu.-ft. ....	\$ .532	(I)
Over	5,000 cu.-ft., per 100 cu.-ft. ....	.430	(I)

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

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(C)

APPENDIX A  
Page 2 of 3

## LAGUNA HILLS WATER COMPANY

Schedule No. 9-MC

METERED CONSTRUCTION SERVICEAPPLICABILITY

Applicable to all measured water service furnished for general construction.

TERRITORY

El Toro, Laguna Hills, Rossmore Leisure World, and vicinity, Orange County.

RATES

		Per Meter Per Month	
Quantity Rates:			
First 9,000 cu.ft. or less .....		\$ 46.15	(I)
Over 9,000 cu.ft., per 100 cu.ft. ....		.413	(I)
Minimum Charge:			
For 2-inch meter .....		46.15	(I)
For 3-inch meter .....		62.00	
For 4-inch meter .....		92.30	
For 6-inch meter .....		182.25	
For 8-inch meter .....		366.25	(I)

APPENDIX A  
Page 3 of 3

LAGUNA HILLS WATER COMPANY

Schedule No. 9-FC

UNMETERED SERVICE TO TRACT HOUSES DURING CONSTRUCTION

APPLICABILITY

Applicable to tract houses being constructed as part of a total real estate development.

TERRITORY

El Toro, Laguna Hills, Rossmoor Leisure World, and vicinity, Orange County.

RATE

For each single-family or multiple-family dwelling unit for the entire construction period ..... \$2.90 (I)

SPECIAL CONDITIONS

1. This rate is available only to real estate developers who undertake the construction of all or a substantial portion of the houses in a tract as part of the tract development. It does not apply to builders of houses in tracts subdivided for lot sales.

2. The water service under this tariff schedule applies only to use of water for construction of residences. It does not include water use for slab flooding, for garden irrigation, for model homes, or for general tract improvement work.

3. All unmetered services to each and every dwelling unit of the development must be turned on if spacer service is to be rendered.

4. The \$2.90 charge shall be paid prior to construction of water facilities in the development. (I)

5. Spacer service must be discontinued prior to the time the dwelling unit or units are occupied and at this time a meter will be installed.

6. The company may discontinue service under this schedule, if in the opinion of the company, spacer water is being misused or if the duration of spacer water usage exceeds a reasonable period of time. In this event, the company reserves the right to install meters in place of the spacers.

(D)