

ORIGINAL

Decision No. 89709 DEC 12 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of DOMINGUEZ WATER CORPORATION, a California corporation, for authorization to increase its rates for water service to offset a loss in revenues from public fire hydrant service charges as a result of the modification of General Order No. 103.

Application No. 57043
(Filed January 28, 1977)

In the Matter of the Application of DOMINGUEZ WATER CORPORATION, a California corporation, for authorization to increase its rates for water service.

Application No. 57631
(Filed October 14, 1977;
amended April 26, 1978)

Raymond Curran, Attorney at Law, for Dominguez Water Corporation, applicant.
Daniel M. Conway, for Park Water Company, interested party.
Elmer Sjostrom, Attorney at Law, and Francis Ferraro, for the Commission staff.

O P I N I O N

Dominguez Water Corporation (Dominguez) is a public utility water corporation headquartered in the city of Carson and furnishing domestic water to parts of Long Beach, the city of Los Angeles, the county of Los Angeles, Carson, Compton, and Torrance.

Application No. 57043 seeks authority to increase rates and charges for water service to offset loss of revenue resulting from the election of certain public entities providing fire protection service within the Dominguez service area to execute fire hydrant agreements under which they maintain all hydrants and install new hydrants on existing mains at their own expense, and are relieved of paying charges to Dominguez for public fire hydrant service (Section VIII, paragraph 4, General Order No. 103).

Application No. 57631 seeks general rate relief, including an increase in rate of return.

On April 26, 1978 Dominguez filed an amendment to Application No. 57631, which combined the relief originally requested in the two applications; and, for simplicity, reference hereafter to the relief requested by Dominguez will be to that requested in the amendment to Application No. 57631. Paragraph 1 of the amendment summarizes the changes:

"The Operating Results estimates contained in Exhibit D of this amended Application reflect changes to original Exhibit C of the Application.

"The changes are:

- (1) On February 8, 1978, it was ordered that Application No. 57043, an offset for lost fire hydrant revenues, be consolidated with the proceedings of Application No. 57631.
- (2) Lower usages than originally contemplated.
- (3) An offset granted which covered increased power expenses.
- (4) Operational and maintenance expenses based on more recent experience with major increases in insurance and property taxes.

"The original Application requested an increase in gross operating revenues of \$648,000 or 10.7% over revenues based on the original computation of normal consumption level at the then effective rates. This Amendment requests an increase in gross operating revenues of \$869,000, or 14.8% over revenues generated from the revised consumption level at the rates currently in effect. A typical usage of 1500 cu. ft. per month would cost \$7.25 per month under present rates and \$8.15 under proposed rates, or a 12.4% increase. However, 2.5% of this is the increase in service charge caused by the transfer of the lost hydrant revenues to the individual customers service charges."

This decision awards total rate relief of \$587,800, and sets a new rate of return of 10.20 percent on rate base, which is estimated to produce a return on equity of 12.85 percent.

Attrition - Step Rates

Dominguez estimated a 0.5 percent attrition for its rate of return. After making its own analysis, the staff agreed and recommended that Dominguez be authorized to file an advice letter at the end of 1979 to justify a step increase "based on the adopted normalized consumption." (Exhibit 11, page 12.)

As we stated in Decision No. 88761 dated May 2, 1978, in Southern California Water Company's Application No. 57271:

"One method of allowing for attrition is the establishment of rates sufficiently high to produce the authorized rate of return on the average over a specified period of time. Another method of counteracting the effect of rate of return attrition is the use of step rates. Such rates provide the utility the opportunity to earn the authorized rate of return on a uniform basis and are considered more equitable to the customers in that they do not pay any excesses during the first years to offset future anticipated deficiencies. Another advantage to step rates is that they afford an opportunity of a review of future changes in rate of return and initiation of appropriate action if a reduction in rates is indicated."

This order will provide for the authorization for Dominguez to file on or before December 1, 1979 an advice letter with appropriate work papers, requesting an attrition offset increase.

Rate of Return

Dominguez requested a rate of return of 10.77 percent in its amended application (an increase of .04 percent over what it requested in its original general rate increase application).^{1/} Charles W. Porter, Dominguez' executive vice president and its witness on rate of return, stated that this increase was due to the recent surge in interest rates. A 10.77 percent return on rate base is estimated to produce a return on equity of 14.22 percent. Later in his testimony, however, Mr. Porter stated that rate base expenditures had not been as high as anticipated in the application and that, therefore, the Commission should adopt a rate of return somewhere in the middle between the staff's and Dominguez' recommendations (transcript pp. 64-65).

Mr. Porter did not take issue directly with the contents of the staff's rate of return study (Exhibit 12, discussed below), but it was his opinion that the staff rate of return recommendation failed to account adequately for increasing upward pressure on interest rates and for recently increased volatility in water sales which adds to the risk of the business, and recent conservation programs, which are part of the sales problem.

The "sales volatility" problem, from Dominguez' viewpoint, can be summarized as follows: the overall trend in sales has been downward since 1972 except for an untypical high in 1976; while the staff estimated sales level is 13.37 MCcf, during 1978 the actual level has fallen to approximately 12.80 MCcf.

^{1/} For 1976 Dominguez had a rate of return of 7.8 percent and a return on equity of 8.0 percent. This included an approximate half year's rate relief from D.86004 (June 29, 1976) which authorized a rate of return of 9.60 percent, estimated to produce a return on equity of 12.18 percent. By the end of 1976, the return had climbed to 9.0 percent, producing approximately 10.4 percent on equity, but then it began dropping sharply until by April of 1977 it was down to 8.0 percent (equity 8.6 percent). The drop was principally due to decline in industrial water usage.

In other words, in Dominguez' estimation, the effect of the drop in sales level from 1973 to 1978 cannot be wholly compensated for by simply revising revenue estimates, since such a decrease affects an investor's willingness to purchase stock in the company, unless the rate of return recognizes the risks attendant to a declining volume of commodity sales.

Dominguez further points out that its original long-term estimates of times-interest coverage are no longer valid, the coverage having been affected by the revenue decreases (Exhibit 10; transcript pp. 63-64) resulting in the necessity for asking for a bondholder waiver in 1975 to accomplish certain debt financing.

Staff witness Quan presented Exhibit 12, the staff's study of cost of capital and rate of return recommendation. Exhibit 12 recommends a rate of return of 10.20 percent which equates to a 12.85 percent allowance for common equity.

In determining the earnings allowance for common equity, the exhibit considers (a) capital structure and financial history; (b) percentage of plant financed by advances and contributions; (c) financial requirements for construction and other purposes; (d) the increase in embedded costs of senior securities; (e) trends in interest rates; (f) interest coverage; (g) comparative earnings of other water utilities; (h) characteristics of the service area; and (i) general economic climate.

The "sales volatility" problem previously discussed is one of the factors considered in the staff's determination of a fair and reasonable rate of return; however, sales volatility is an area primarily recognized in the estimate of sales volume for the test year. Our order authorizing Dominguez to file an advice letter offset increase on or before December 1, 1979 will provide applicant adequate protection from any significant downward trend in "sales volume".

As for interest rates, Table 3 of Exhibit 12 shows a gradual rise in interest rates starting in 1976 until June 1978 (the last available figures at the time the exhibit was prepared, the prime rate was 8 percent, and the discount rate was 7.25 percent). We take notice that since that time the prime rate is presently 11 percent, and the discount rate is 9.50 percent. The staff's exhibit gives adequate consideration to the upward movement in interest rates in that all new debt issues anticipated through the 1979 test year are included in its computation of the embedded cost of debt.

Table 12 of the exhibit shows rates of return (and associated returns on equity) recently authorized by this Commission for Class A water utilities, but Exhibit 12 was prepared in early July of 1978. Since then we have authorized the following rates of return for Class A water utilities (of which notice is taken):

RATES OF RETURN AUTHORIZED - CLASS A WATER UTILITIES

<u>Month (1978)</u>	<u>Company</u>	<u>Decision No.</u>	<u>Rate of Return</u>	<u>Common Eq. Ratio</u>	<u>Rate for Common Equity</u>
July	Cal. Water Service	89108 et al.	9.95	41.45	12.81
July	Cal.-American Water (Baldwin Hills Dist.)	89114	9.60	50.00	10.40
Aug.	Southwest Suburban Water (La Mirada District)	89249	10.00	33.72	10.80
Sept.	Washington Water & Light	89321	8.80	see note	9.74

NOTE: Washington Water & Light is a subsidiary of Citizens Utilities Co. Service difficulties were taken into consideration in determining rate of return.

We have carefully considered the evidence of record on rate of return and adopt the staff's estimated capital structure for test year 1979. We adopt as reasonable the staff's rate of return of 10.20 percent which will provide an earnings allowance of 12.85 percent on common stock equity. To achieve this return for the future, we will authorize step rate increases to offset the previously discussed 0.5 percent attrition in rate of return.

We have considered all pertinent factors in determining the return established in this decision, with emphasis on the complete financial analysis in Exhibit 12 as it applies to Dominguez' current situation. We have also carefully reviewed and considered the rate of return and return on equity information in Dominguez' Exhibit 1. While we have commented on problems dealing with growth difficulties and interest rates, we have weighed these against other considerations. As we stated in Citizens Utilities Company (1953) 52 CPUC 533, 541:

"Applicant should be aware that this Commission has on numerous occasions set forth its opinion that for the purpose of rate fixing it is this Commission's practice to determine the need for additional earnings upon the consideration of numerous factors. Among such factors are the characteristics of the territory served, adequacy of the service, growth factor, comparative rate levels, rate history, value of the service, diversification of revenues, public relations, management, financial policies, performance of reasonable construction requirements, prevailing interest rates, trend of rate of return, past financing success and future outlook for the utility, overall cost of money and other related economic conditions. No single one of the above factors is solely determinative of what may constitute reasonableness of earnings, rates, or rate of return. All pertinent factors are considered."

And while Dominguez' recent no-growth situation is one of the factors considered, this is not to say that we should guarantee this or any company's investment performance by continually increasing rate of return to compensate for no growth or less than no growth. We do not guarantee investment performance and must consider all factors relevant to rate of return determination. (Cf. Bluefield Water Works Improv. Co. v West Virginia Pub. Serv. Comm. (1923) 262 U.S. 679, 67 L. Ed. 1176; 43 S. Ct. 675).

Results of Operation

Aside from the request for a higher rate of return, the application, according to Dominguez, is made necessary principally by increases in labor costs, chemicals, repair materials, payroll taxes, employee benefits, and a downtrend in water sales. A comprehensive general review of the Dominguez system, its operations and financial needs, from Dominguez' viewpoint, is contained in Exhibit 1.

Dominguez stipulated to almost all of the staff adjustments in order to expedite the proceeding. For all accounts not discussed herein, we adopt the estimates in Exhibit 11 (the staff's results of operation report for test year 1979). It should be emphasized that staff estimates, which were prepared after the passage of Proposition 13, include the effects of that proposition. The table which follows summarizes the differences between Dominguez' and the staff's estimates (prior to Dominguez' stipulation), and sets forth the adopted results.

President Carter signed into law Revenue Act of 1978 (HR 13511). The Act reduces the corporate tax rate from 48 percent to 46 percent effective January 1, 1979, and provides for lower tax rates for the first four \$25,000 increments of taxable income. The Act will thus reduce the utility's federal income tax liability beginning January 1, 1979. Therefore, our adjusted results for the test year 1979 will reflect the Revenue Act of 1978 corporate tax rate.

We take judicial notice of Advice Letter No. 89, filed December 1, 1978, by which Dominguez requests authority under General Order No. 96-A, Section VI and 454 of the Public Utilities Code to increase water rates to offset increase in purchased water cost of \$85,900 based on rates to be effective January 1, 1979. The Operations Division staff has reviewed the workpapers submitted with the Advice Letter and has found the company's request regarding the purchased water cost increase to be reasonable. The adopted results of operation shown on page 8 (column e) reflect this increase in purchased water costs.

DOMINGUEZ WATER CORPORATION
RESULTS OF OPERATION
TEST YEAR 1979

Item	Staff ^{1/} (a)	Company ^{2/} (b)	Utility Exceeds Staff Amount (c) (Thousands of Dollars)	Percent (d)	Adopted ^{3/} (e)
Total Operating Revenue	\$ 6,320.2	\$ 6,725.0	\$404.8	6.4	\$ 6,320.2
<u>Operating Expenses</u>					
Operation and Maintenance	3,263.3	3,143.8	(119.5)	3.7	3,263.3
Administrative and General	689.5	702.2	12.7	1.8	689.5
Amort. of Escaped Tax Assess.	8.2	0.0	(8.2)	0.0	8.2
Allocation to Subs.	(40.9)	(44.0)	(3.1)	7.6	(40.9)
Subtotal	3,920.1	3,802.0	(118.1)	3.0	3,920.1
Depreciation Expense	510.3	513.3	3.0	0.6	510.3
Taxes Other Than Income	210.4	473.2	262.8	124.9	210.4
State Corp. Fran. Tax	92.7	121.0	28.3	30.5	92.7
Federal Income Tax	323.7	447.0	123.3	38.1	323.7
Total Operating Expenses	5,057.2	5,356.5	299.3	5.9	5,057.2
Net Operating Rev. Adj.	1,263.0	1,368.5	105.5	8.4	1,263.0
Rate Base	12,382.8	12,748.9	366.1	3.0	12,382.8
Rate of Return	10.20%	10.77%			10.20%

1/ For proposed rate of return of 10.20%, reflects purchased water cost increase of Advice Letter No. 89 and the effect of the Revenue Act of 1978.
2/ For proposed rate of return of 10.77% and prior to stipulating to most staff adjustments.
3/ For adopted rate of return of 10.20%, reflects purchased water cost increase of Advice Letter No. 89 and the effect of the Revenue Act of 1978.

A-57043, 57631 /ka - Alt.-FIN-3m

Remaining Dominguez-Staff Differences

The remaining differences between Dominguez and the staff are summarized in Exhibit 8 and the associated testimony, and are discussed and resolved as follows:

Chemical Costs

The staff took issue with Dominguez' estimate of chemical costs. On cross-examination of Mr. Porter, it developed that Dominguez' estimates included several variables as well as actual cost of the chemicals. We do not believe Dominguez adequately documented the claimed future increases, and we therefore adopt the staff estimate, which is based on eight years of recorded data.

Pension, Medical, and Other Benefits.

This category includes retirement, medical, long-term disability, state disability, and certain other miscellaneous benefits. Staff witness Rahman's methodology is explained in his testimony (transcript pp. 79-80), appears more accurate than Dominguez' trend estimate, and is adopted.

"All Other" Administrative Expenses

Staff witness Rahman pointed out (transcript pp. 80-81) that no definite trend over the last few years appears as to this item. Under the circumstances, Rahman's methodology appears correct and his estimate is adopted.

Loss of Revenue From Public Fire Hydrant Service

As discussed, this was originally the subject of a separate offset application (Application No. 57043), and Dominguez included its estimate of the loss in the amended Application No. 57631.

Thus, part of the increase proposed in amended Application No. 57631 consists of raising the service charges for fire hydrant service as originally proposed in Application No. 57043. Staff witness Van Lier presented Exhibit 5, originally prepared for Application No. 57043. Since Dominguez did not change its proposed

methodology of increasing the service charges when it incorporated them into a combined application, Exhibit 5 is still current. This exhibit comments on Dominguez' general methodology as follows (page 2):

"Applicant proposes that the increase required to offset this loss of revenue be provided for by increasing the existing service charges rather than increasing the rate blocks. Applicant believes that an increase in the existing service charges is the only fair and equitable way to distribute among its customers the loss of revenue resulting from the furnishing of this public fire hydrant service under agreements as provided for in General Order No. 103. Increasing this portion of the Applicant's charges for service will result in the costs being fairly and equitably distributed among each and every customer of the Applicant in accordance with the size of the meter (with the smallest meter, i.e., 5/8" receiving a lesser percentage increase) and thus it will have a relationship to the size and value of the property so served."

The staff witness reviewed the hydrant account in terms of hydrant costs new (owned and contributed), depreciation reserve, rate base and rate of return as authorized by Decision No. 86004 (June 29, 1976) and concluded that the request is reasonable, subject to his recommendation that the same percentage increase should be applied "evenly amongst all active meters as much as is practical." (Exhibit 5, paragraph 13(a). See Appendices A through F to the exhibit, which are Dominguez' and the staff's proposed service charge rate changes).

The tariffs adopted herein will include the service charge revisions with the staff's recommended modifications, and will also include a revision of Schedule No. 5 (public fire hydrant service) to read as agreed upon between Dominguez and the fire protection districts.

Rate Design

The staff reviewed Dominguez' rate design proposal for Application No. 57631 and proposed the following recommendations (Exhibit 11, paragraph 46):

- "a. To accept the utility's proposed three-block rate structure for general metered service (service charge type) with the first consumption block set at 300 cubic feet.
- "b. To accept the utility's proposal of no increase in the general metered service quantity rates for the first consumption block, 0-300 cu.ft.
- "c. The service charge for the 5/8 x 3/4-inch meter be increased to \$2.20 to reflect the transfer of revenues lost by the Public Fire Hydrant Charges to the service charge rates of all customers.
- "d. The service charge rates should be rounded off to the nearest ten cents.
- "e. The irrigation service charge rates should be the same as the general metered service charges for the same size meter.
- "f. There should be only one rate block for the irrigation quantity rate."

These proposed modifications conform to our present policies in designing water rates and are reflected in the adopted rates, which are, of course, set at levels to produce the adopted rate of return.

Pump Efficiency

The staff, in Exhibit 11 (pp. 10-11) determined that the weighted efficiency of Dominguez' pumps is "fair" or 60.68 percent. There are four pumps with a "low" rating primarily responsible for reducing the weighted efficiency.

Dominguez plans to replace one of the low-rated pumps and upgrade two others. The fourth pump is used only occasionally by one industrial customer (Shell Oil Company).

Dominguez did not indicate its schedule for overhaul or replacement of the pumps, nor did the staff recommend any schedule. The issue is inadequately developed for us to issue a firm order on the subject, but we consider two years from the effective date of this decision to be the approximate time limit for such overhaul or replacement (other than the Shell Oil Company pump). We will require annual pump efficiency reports, beginning with calendar year 1979, until the weighted efficiency of the system is improved. We will consider this subject again in the next Dominguez rate increase application if improvement appears inadequate. ✓

The pump efficiency reports shall provide an up-to-date summary on current pump efficiency and complete data on the overhaul or replacement of any pump. The 1979 report should specifically provide information on any further tests of the low-efficiency pumps, and the schedule for replacement or overhaul of such pumps (other than the Shell Oil Company pump) if this is not accomplished in 1979.

Conservation Program

Dominguez' conservation efforts are reviewed in Exhibit 1, chapter 4. Dominguez stresses that despite atypical high usage in 1976, there has been a decline in average usage over several years for most classes of customers.

Chapter 4 of Exhibit 1 indicates conservation activity by Dominguez in the following areas: (1) residential, commercial, and industrial mailers (cf. Exhibit 2, a reprint of a mailer and a newspaper advertisement); (2) water conservation programs for interested groups; (3) news and radio releases; (4) encouraging public entities such as cities and chambers of commerce to adopt water conservation resolutions; (5) employee participation; (6) large industry participation; and (7) water conservation committees.

Dominguez' conservation program is adequate for present conditions and should be continued.

Customer Service

While several ratepayers appeared at the hearing to protest the rate increase, there were no service complaints presented. The staff reviewed Dominguez' processing of complaints and determined that Dominguez' procedures are satisfactory.

Findings

1. The staff's estimated capital structure of Dominguez (see footnote 2) is reasonable.

2. A rate of return of 10.20 percent on rate base is reasonable. Such return on rate base will produce an estimated 12.85 percent on common equity.

3. Attrition in the rate of return of approximately 0.50 percent should be recognized in the authorized rates. A further step increase of \$50,700 should be authorized as of January 1, 1980 to offset the 0.50 percent decline in rate of return. The step increase authorized in Appendix B should be appropriately modified in the event the rate of return on rate base, adjusted to reflect the rates then in effect for the 12 months ended September 30, 1979, exceeds 10.20 percent.

4. A reasonable estimate of results of operations for test year 1979 is contained in the "adopted" column of Table 1 in the discussion section of this decision. This estimate includes the tax effects of the Revenue Act of 1978 (HR 13511).

5. Dominguez is in need of additional revenues of \$587,800 in order to earn the rate of return assigned in this proceeding, based upon the adopted results of operation.

6. The staff's estimates of chemical costs, pension, medical, and other benefits, and "all other" administrative expenses are reasonable.

7. Rates authorized herein should include increases for service charges for fire hydrant service substantially as originally proposed in Application No. 57043, with modifications as recommended in Exhibit 5.

8. The staff's proposed modifications to Dominguez' rate design proposal for Application No. 57631 are reasonable.

9. The weighted efficiency of Dominguez' pumps should be improved. Dominguez shall submit to the Commission an annual progress report on its pump efficiency, until further order, beginning with the calendar year 1979.

10. Dominguez' conservation program is satisfactory.

11. Customer service is satisfactory.

12. We take judicial notice of Advice Letter No. 89, filed December 1, 1978, by which Dominguez requests authority under General Order No. 96-A, Section VI and 454 of the Public Utilities Code to increase water rates to offset increase in purchased water cost of \$85,900 based on rates to be effective January 1, 1979. The Operations Division staff has reviewed the workpapers submitted with the Advice Letter and has found the company's request regarding the purchased water cost increase to be reasonable. The adopted results of operation shown on page 8 (column e) reflect this increase in purchased water costs.

13. The increases in rates and charges authorized by this decision are justified and reasonable, and the present rates and charges, insofar as they differ from those prescribed in this decision, are for the future unjust and unreasonable.

Conclusions

1. The applications should be granted to the extent set forth in the order which follows, and otherwise denied.
2. Since these applications have been pending for some time, and since Dominguez is in present need of an increase in its rate of return, the effective date of this order should be the date hereof.

O R D E R

IT IS ORDERED that:

1. On or after the effective date of this order, Dominguez Water Corporation (Dominguez) is authorized to file the revised tariff schedules attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be ten days after the date of filing on not less than five days' notice to customers. The revised schedules shall apply only to service rendered on and after their effective date.

2. Dominguez shall submit to the Commission annual progress reports on pump efficiency, as set forth in the discussion section of this decision, beginning with a report for calendar year 1979.

3. On or before December 1, 1979, Dominguez is authorized to file an advice letter, with appropriate workpapers, requesting attrition offset increases attached to this order as Appendix B or to file a lesser increase which includes a uniform cents-per-hundred-cubic-foot of water adjustment for consumption in excess of 300 cubic feet from the rates shown in Appendix B in the event that its rate of return on rate base, adjusted to reflect the rates then in effect on (1) a pro forma basis using recorded sales and (2) a pro forma basis with normal ratemaking adjustments for the twelve months ended September 30, 1979, exceeds 10.20 percent. Such filing shall comply with General Order No. 96-A. The staff will evaluate this request and, if appropriate, prepare the necessary resolution for the Commission's consideration.

4. Dominguez is directed to maintain the balancing account for purchased water costs required by Public Utilities Code Section 792.5.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 12th
day of DECEMBER, 1978.

Robert Bateman
President
William J. Gorman
Virginia L. Sturgeon
Clifford P. Howell
Clare T. Daniels
Commissioners

APPENDIX A
Page 1 of 3

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service excepting metered irrigation service.

TERRITORY

Portions of Carson, Los Angeles, Long Beach, Torrance, and vicinity,
Los Angeles County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Service Charge:		
For 5/8 x 3/4-inch meter.....	\$ 2.20	(I)
For 3/4-inch meter.....	3.30	
For 1-inch meter.....	5.60	
For 1 1/2-inch meter.....	11.00	
For 2-inch meter.....	18.00	
For 3-inch meter.....	36.00	
For 4-inch meter.....	47.00	
For 6-inch meter.....	78.00	
For 8-inch meter.....	115.00	
For 10-inch meter.....	144.00	
For 12-inch meter.....	222.00	
For 18-inch meter.....	333.00	

Quantity Rates:

First 300 cu. ft., per 100 cu. ft.....	\$0.331	
Next 499,700 cu. ft., per 100 cu. ft.....	0.394	(I)
Over 500,000 cu. ft., per 100 cu. ft.....	0.291	(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.

APPENDIX A
Page 2 of 3

Schedule No. 3M

METERED IRRIGATION SERVICE

APPLICABILITY

Applicable to all metered irrigation service.

TERRITORY

Portions of Carson, Los Angeles, Long Beach, Torrance, and vicinity,
Los Angeles County.

RATES

	<u>Per Meter</u>		
	<u>Per Month</u>		
<u>Service Charge:</u>			
For 1-inch meter or smaller.....	\$ 5.60	(I)	
For 1½-inch meter.....	11.00		
For 2-inch meter.....	18.00		
For 3-inch meter.....	36.00		
For 4-inch meter.....	47.00		
For 6-inch meter.....	78.00		
For 8-inch meter.....	115.00		
For 10-inch meter.....	144.00		
For 12-inch meter.....	222.00		
For 18-inch meter.....	333.00		(I)
<u>Quantity Rates:</u>			
All quantities, per 100 cu. ft.....	\$0.287	(I) (c)	

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

APPENDIX A
Page 3 of 3

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

Approximately 35 square miles located south of the City of Los Angeles, north of the community of Wilmington, east of the City of Redondo Beach, and west of the Los Angeles River, all in the County of Los Angeles. Included are portions of the cities of Torrance, Los Angeles, and Long Beach.

RATE

	<u>Per Month</u>	
For each inch of diameter of the service connection.....	\$4.55	(I)

SPECIAL CONDITIONS

1. The fire protection service facilities located on the customer's property will be installed by the utility at the cost of the applicant. Such cost shall not be subject to refund. The facilities paid for by the applicant shall be the sole property of the applicant. (N)
|
(N)
2. The minimum diameter of the connection for fire protection service will be 4 inches and the maximum diameter will be the diameter of the main to which the service is connected.
3. The customer's installation must be such as effectively to separate the fire protection system from all of the customer's other piping systems. The installation shall include a detector-type meter or other similar device acceptable to the utility.
4. No cross connection between the fire protection system and any source of supply other than that of the utility will be allowed without specific approval of the utility. Such approval will not be forthcoming until a double check valve installation, or other device acceptable to the utility has been installed at the customer's expense. Unauthorized cross connections may be grounds for immediate discontinuance of service without liability to the utility.

APPENDIX B

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service excepting metered irrigation service.

TERRITORY

Portions of Carson, Los Angeles, Long Beach, Torrance, and vicinity, Los Angeles County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Service Charge:		
For 5/8 x 3/4-inch meter.....	\$ 2.20	(I)
For 3/4-inch meter.....	3.30	
For 1-inch meter.....	5.60	
For 1 1/2-inch meter.....	11.00	
For 2-inch meter.....	18.00	
For 3-inch meter.....	36.00	
For 4-inch meter.....	47.00	
For 6-inch meter.....	78.00	
For 8-inch meter.....	115.00	
For 10-inch meter.....	144.00	
For 12-inch meter.....	222.00	
For 18-inch meter.....	333.00	(I)

Quantity Rates:

First 300 cu. ft., per 100 cu. ft.....	\$0.331	
Next 499,700 cu. ft., per 100 cu. ft.....	0.299	(I)
Over 500,000 cu. ft., per 100 cu. ft.....	0.293	(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.