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Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of JACKSON WATER WORKS, )  
INC., to increase its rates and )  
charges for its water system )  
serving the City of Jackson and )  
adjacent territory in Amador )  
County. )

Application No. 55430  
(Petition filed July 13, 1978)

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Kristine Cazadd, Attorney at Law, for the  
City of Jackson, and John Hahn, Attorney  
at Law, for the County of Amador,  
protestants.  
Allin H. Pierce, Jr., Attorney at Law, for  
the Martell Action Group, interested party.  
Grant E. Tanner, Attorney at Law, and James M.  
Barnes, for the Commission staff.

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FINAL OPINION

By its petition filed July 13, 1978, Jackson Water Works, Inc. (Jackson), a wholly owned subsidiary of Citizens Utilities Company (Citizens), requests a \$77,300 or 60.9 percent increase in water rates, based upon adjusted 1976 test year results.

By its letter filed January 11, 1978, Jackson states that it has fully complied<sup>1/</sup> with the interim order in this application and requests an increase in rates to cover its completed construction. Jackson requests that should the Commission adopt a capital improvement plan that the Commission authorize future increases in rates to take effect automatically upon completion of each phase of construction.

Interim Order

In Application No. 55430 filed January 7, 1975, Jackson sought a \$102,800 or 88 percent increase in rates based upon test year 1976. No increase has yet been authorized. In Decision No. 87609 dated July 19, 1977, we issued an Interim Opinion and Order in Application No. 55430; the findings were as follows:

"1. Applicant's water service is of poor quality and must be upgraded before a final decision is reached in this case.

"2. Applicant will be expected to prepare the plans and information specified in Appendix A and an estimate of the capital cost and operating expenses required by the implementation of such plans.

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<sup>1/</sup> Jackson's letters and enclosures filed October 17, 1977, and January 11, 1978, in compliance with Decision No. 87609.

"3. Further hearings will be held to determine the adequacy of the plans filed by applicant in response to Appendix A.

"4. Following Commission approval of applicant's plans and the completion of an appropriate demonstration period, the Commission will hold further hearings to determine a fair rate of return."

The relevant parts of the interim order are as follows:

"1. Jackson Water Works, Inc. shall file with the Commission the plans and information specified in Appendix A of this order within the required time period. Applicant shall file, in addition, the capital costs and operating expenses which would result from the implementation of the plan.

"2. Upon Commission approval of the plan, applicant may request an additional interim order of the Commission authorizing a further increase in rates."

Appendix A to our interim order described those areas which seemed most in need of improvement and required Jackson to prepare and file detailed improvement plans and other information. It is included herein as Appendix A for reference purposes.

Further in our interim opinion, we stated:

"Quality of service is an important consideration in the Commission's determination of a fair rate of return. Since we anticipate a marked improvement in the quality of service provided by applicant, it would be unreasonable to set a rate of return at this time. Following the Commission's acceptance of the plans and information specified in Appendix A applicant may request an interim

increase in rates. After applicant has successfully implemented the approved plans and demonstrated an adequate level of service, an appropriate rate of return, and rates consistent with that rate of return, will be adopted."

The following tabulation shows the adopted results at present rates from Decision No: 88144.

1976 Test Year Adopted Results

Operating Revenues	\$126,900
<u>Operating Expenses</u>	
Operation and Maintenance	62,500
Administrative and General	20,600
Taxes Other than Income	15,500
Depreciation	17,400
Income Taxes	(22,500)
Total Expenses	<u>93,500</u>
Net Operating Revenue	33,400*
Rate Base	692,300
Rate of Return	4.82%
Average Number of Customers	1,168
	(Red Figure)

\* Net operating revenue before the negative income taxes is \$10,900.

The decision states that the result "is just and reasonable when considered in conjunction with the inadequate service..."

Jackson's present rates were last set in Decision No. 82361 dated January 22, 1974, in Application No. 53288 filed April 25, 1972, based upon a 1973 test year.

Since that time, by Resolution No. W-2362 dated April 18, 1976, in Advice Letter No. 30 filed March 13, 1976, Jackson received a one-time surcharge of \$1.10 per customer to offset conservation expenditures.

Hearing

Public hearing was held before Administrative Law Judge J. J. Doran in Jackson on November 13, 14, 15, 16, 20, and 21, 1978. Two late-filed exhibits were filed and served on December 1, 1978. Concurrent briefs were filed as of December 8, 1978. The matter was submitted upon the receipt of transcripts on December 26, 1978. Copies of the petition were served upon interested parties and notice of hearing was served, published, posted, and mailed to customers.

Jackson presented two witnesses and 27 exhibits to support its request. The Commission staff presented one witness and three exhibits on the capital improvement plans and the rate increase. The city of Jackson presented two witnesses and one exhibit on fire hydrant service and operations. The County of Amador (County) presented one witness and one exhibit on service. Nineteen customers made statements about water service. The Martell Action Group assisted in presenting many of these customers. A number of customer letters opposing the increase were presented at the hearing and have been placed in the application file after review. All parties participated in the examination of witnesses.

Jackson's Water System

Jackson presented evidence showing that Jackson has been in operation since prior to 1912. In 1950 the system servicing the Martell area was acquired, and the facilities of Jackson Gate Water Works were acquired in 1965. The system had been operated by various individuals and partnerships until it was incorporated in 1963. Citizens acquired the stock of Jackson Water Works, Inc. in 1970.

Jackson now provides water service to approximately 1,245 customers in the city of Jackson and the communities of Martell and Jackson Gate. Jackson's water supply is obtained from Pacific Gas and Electric Company. The water originates in the Sierra Foothills' watershed, flowing eventually to Lake Tabeaud where it is pumped to the Amador Canal, which traverses cross-country some 17 miles (by ditches and sections of pipe) to Jackson Canal which branches off from Amador Canal at Tanner Reservoir. One mile along Jackson Canal from Tanner Reservoir is the delivery point for Jackson.

The water delivered at this point is raw surface water, which is mildly corrosive. Jackson avers that the raw water meets all existing standards for mineral contaminants of the Federal Safe Drinking Water Act's limit for turbidity. ✓

Prior to the acquisition of Jackson by Citizens in 1970, the surface water was introduced directly into the distribution system. Subsequently, an improvement program was undertaken including the construction of a treatment plant and an additional 1,300,000-gallon reservoir. Since the completion of the initial phases of these facilities in 1972, the raw water from the 4,000,000-gallon earthen reservoir has been passed through the fully automated treatment plant and stored in the 1,300,000-gallon galvanized steel covered, finished concrete water reservoir and in the 30,000-gallon Jackson Gate Reservoir. The Jackson Gate Reservoir serves to provide adequate pressure in the northeast portion of the integrated system. Today, all water delivered into the system is filtered, chlorinated, and treated to neutralize the corrosive quality of the purchased water.

Jackson's Request

On January 7, 1975, Jackson filed an application with the Commission for authority to increase its rates. On July 19, 1977, the Commission issued Decision No. 87609 that provided in part that Jackson submit to the Commission certain data and material described in Appendix A to that decision, including two eight-year construction plans, one envisioning construction in the amount of \$250,000 and the other envisioning construction in the amount of \$500,000. On January 10, 1978, Jackson completed timely filing of the requested material. Jackson has undertaken and completed construction at a cost which is in excess of the amounts adopted by the Commission in Decision No. 87609 and Decision No. 88144 issued November 22, 1977, which modified Decision No. 87609 and denied Jackson's application for rehearing.

Jackson requests that if the Commission now authorizes it to put into effect rates which will afford the opportunity to earn a reasonable rate of return that they be based upon the adopted rate base increased by actual subsequent construction cost. Jackson proposes procedures for implementing any construction plan which the Commission may adopt.

Jackson's Position

Jackson has complied with all that it was requested to do in Decision No. 87609 and has been in full compliance with that decision since January 11, 1978. Jackson has completed the construction of facilities which have been placed in service at an expenditure of \$315,000 (including the Phase I construction plan projects), which is \$98,600 greater than the rate base adopted in Decision No. 87609. Jackson alleges that it has operated at a loss each year after 1974 and that it is, and has been, providing good water and service. Jackson asserts that it is unfair that it be subjected to such losses. Jackson requests that the Commission



recognize these facts and authorize it to increase its rates to produce revenues to afford it the opportunity to earn a reasonable rate of return.

Jackson also requests that should the Commission approve a construction plan for Jackson to undertake that such a program be designed for phased construction in the future. And finally, Jackson requests that if a construction plan is adopted, that the Commission authorize Jackson to put increased rates into effect automatically upon completion of each phase of construction to produce the increased revenues associated with the cost of the construction.

#### Construction Financing

Jackson testified that its construction plan would be financed entirely by funds provided by Jackson's parent company, Citizens. Jackson further testified that it cannot obtain funds on its own.

#### Recorded Earnings

Jackson's proposed revenue increase of \$77,300 would result in a rate of return of 3.17 percent based upon the recorded results of operations for the twelve months ended September 30, 1978. A claimed rate increase of \$137,860 would be necessary to earn a rate of return of 9.10 percent for the same recorded results. Recorded data for several years indicates a downward trend in earnings. However, detail of such data was not available, and it was not adjusted to a regulatory basis. The data shows that the increases being considered will not result in excessive book returns.

It is Jackson's position that a minimum reasonable rate of return is 12 percent, as claimed by it previously in these proceedings. The amount of \$161,126 is the increase claimed to be necessary to earn a 10.5 percent rate of return, including the completed construction previously discussed on the same recorded basis.

Jackson estimates the total annual revenue requirement upon the completion of the construction plan to be \$331,567, an increase of 180.5 percent over current revenues on a recorded basis.

Compliance with Decision No. 87609

Jackson by letters dated October 17, 1977, and January 10, 1978, submitted responses to all of the items listed in Appendix A to Decision No. 87609. These responses were also received as exhibits in the further hearings.

Major issues developed during hearings related to compliance were as follows:

1. Capital Improvements
2. Rate Base
3. Quality of Service
4. Rate of Return
5. Rate Increase
6. Rate Design
7. Rate Increase Mechanism

Capital Improvement Plans

Jackson presented two alternative capital improvements plans: (1) a \$500,000 plan spread over eight years and, (2) a \$250,000 plan spread over three years. Work now completed was referred to as the first year or Phase I of the plans. Phase I consisted of five projects totaling \$187,482, which was audited by the staff. No party recommended the \$250,000 plan and it will not be discussed further.

Attached hereto as Appendix B is Jackson's \$500,000 plan. Estimated costs, excluding Phase I, total \$444,700. The above Phase I costs reduced by two Phase I items totaling \$74,900 and included in the 1975 and 1976 test year plant additions and further reduced by \$13,939 (the difference between estimated 1975 and 1976 and actual 1975 and 1976 total plant additions) result in Phase I adjusted plant additions of \$98,643 (\$98,600 rounded) more than plant additions included in the 1976 adopted rate base. The rate base increment related to the \$98,600 completed plant additions is \$82,400 greater than the \$692,300 previously adopted rate base for 1976.

The adjusted total capital improvement plan (completed and proposed through 1984) is \$543,300 greater than the plant additions used in developing the previously adopted 1976 test year rate base.

The staff recommended the \$500,000 plan after deletion of one item in Appendix B—Future Project No. 4, "Replacement of 650 feet of 1-inch galvanized steel main on Raggio Road with 8-inch cement-asbestos main. Replacement of 4 galvanized steel services with copper services", both at an estimated cost of \$19,000. The staff stated that this project does not appear to benefit many customers. The staff further recommended the addition of the following projects:

1. Replace 500 feet of 4-inch main on Amador and Buena Vista with 8-inch ACP including hydrant and services.
2. Tie dead end on Hill Street north to distribution main at P.R. station with 200 feet of 6-inch main.
3. Acquire site, construct access, provide foundation and construct 500,000-gallon storage facility in vicinity of Tunnel Hill. Provide controls and connect to existing system with 10-inch main.

4. Replace 900 feet of 2-inch and 4-inch steel mains with 8-inch ACP from end of 1982 Item 1 to Eva Way and south-west on Eva to Anita Street to complete tie.
5. Replace various facilities in vicinity of city of Jackson parking lot in conjunction with parking lot construction.

Further, the staff recommended that the Phase I items not be recognized in the capital improvement plan because they were completed prior to a decision on the current rehearing.

Because of inflation the staff proposed that the projects should total \$715,000 of booked plant additions to be made subsequent to this decision, rather than \$500,000 proposed by Jackson, including completed Phase I net additions. Decision No. 87609 called for improvement projects totaling \$500,000.

Jackson proposed that there be no limit on the quantity of annual construction under the capital improvement program. It further proposed that Jackson be permitted to construct in an orderly fashion and be permitted to increase rates as construction is completed. The staff proposed that annual construction be limited, ranging from \$62,500 to \$121,800 and that offset rate relief be permitted only once annually (following the date of first rate relief) in order to minimize the impact of rate increases. Jackson will be permitted to seek rate relief once each calendar year to offset capital improvements. No more than the upper limit of the staff recommended annual plant additions of \$120,000 may be considered at one time in order to provide for orderly rate relief and to more evenly spread the impact of the increases upon customers.

The staff proposes that the Phase I capital improvement expenditures made prior to a decision on this further hearing should be excluded from the \$500,000 capital improvement program and that rate relief not be allowed on such presently operating plant until

the next general rate proceeding, only because Jackson acted before waiting for this decision.

The staff audited the Phase I completed projects and did not take exception to the projects or the costs. It recommends rate relief to offset future capital costs after Phase I but recommends deferring rate relief for Phase I completed projects until the next general rate proceeding. Jackson has completed projects that fit into the \$500,000 capital improvement plan, and such projects are considered to be part of the overall plan.

The staff recommends that Jackson should be allowed the discretion to determine or change the orders of priority of completion if unforeseen conditions warrant. We will adopt that recommendation.

The staff recommends using plastic instead of copper to replace old services. Jackson stated that generally it is more economical to use copper for the relatively short service runs in the Jackson area, but would not object to giving further study to the use of plastic.

With respect to the five additional projects proposed by the staff, if additional projects are necessary, Jackson stated that Items 1 and 4, main replacement, are necessary in the future; Item 5 may be occasioned by future city of Jackson construction; and that Item 3, storage on Peek Hill, is considered impractical. Item 2, an intertie, was not supported.

All of these staff items, except Item 3, storage, should be considered by Jackson within the general framework of its \$500,000 capital improvement plan as alternatives to be considered as may be necessary.

Jackson testified that there is no suitable storage site on Peek Hill. An alternative would be to explore site availability and the construction of storage in the southern end of the system

(Peek-Tunnel Hills area). Jackson will be required to submit the results of such a study within six months from the effective date of this decision.

The capital improvement plan as proposed by Jackson meets the requirements of Decision No. 87609, except Future Project No. 4 should be given lower priority than the other items because of the relatively few customers affected. Adding the completed Phase I projects to the adopted results in Decisions Nos. 87609 and 88144 is reasonable and the adopted results of operations will be adjusted accordingly.

Rate Base

Jackson presented evidence supporting a \$774,700 rate base for use in calculating the adjusted 1976 test year earnings, which is \$82,400 greater than the \$692,300 adopted in Decisions Nos. 87609 and 88144. The \$82,400 is the incremental rate base resulting from the \$98,600 Phase I completed plant additions heretofore discussed in some detail under the capital improvement plans section of this opinion, normal deductions for depreciation, deferred income tax, advances, and contributions having been taken into account.

The staff was the only other party presenting earnings evidence, and it used the last Commission adopted rate base of \$692,300. The staff's position is to use such rate base for now, then add rate base increments as capital improvements are made; except that the completed Phase I construction should not be recognized presently under this procedure, but deferred until after a decision in a future general rate proceeding (not yet filed). The staff audited the Phase I construction totaling \$187,482 (including some 1975 and 1976 plant additions) and took no exceptions to it.

The staff stated it did not audit the 1975 and 1976 plant additions which were adopted in the last decision. However, Jackson adjusted the gross Phase I construction to eliminate pre-1977 plant additions and the difference between the 1975 and 1976 estimated additions and the actual plant additions.

A \$774,700 rate base developed by adding net Phase I completed construction is reasonable and is adopted.

Jackson will be required to develop the rate base effect of future construction under the adopted capital improvement plan in a consistent manner.

Quality of Service

In Decision No. 87609 Jackson was ordered to file the plans and information specified in Appendix A to the decision. Jackson has complied with all four paragraphs of Appendix A on a timely basis.

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A consulting engineer on water systems engaged by Jackson testified that the treatment plant and storage plant are effective, well maintained, and in excellent condition. The consultant reviewed filed bacteriological tests made since January 1, 1974, filed daily turbidity reports made during most of 1978, and personally collected samples at different locations within the distribution system on November 1, 1978. He testified that Jackson meets and is well within the state and federal regulations pertaining to primary and secondary standards applicable to drinking water.

The consultant further testified with respect to pressure tests he made in November 1978. He selected 10 points mostly at the higher elevations and on customer premises. All measurements fell within the limits prescribed by the water service General Order No. 103. He also testified that he has evaluated the capital improvement plans and that they are reasonable and intelligent projects.

The city of Jackson's assistant fire chief testified about fire flows and pressure. Jackson presented evidence showing that 14 of 15 hydrants (cited by the city's witness) tested in 1978 in conjunction with its main flushing program showed increased flows, over double that shown in a 1974 report for these 15 hydrants. Non-compliance with General Order No. 103 and with filed tariffs was not shown. Completion of Jackson's construction plans should further improve fire hydrant service.

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County's sanitarian testified that he observed a leak from a patch in a transmission line along a diversion ditch in Argonaut Heights. He further testified there was no negative pressure there.

Nineteen of Jackson's 1,245 customers made statements. Several statements were about dirty water, water being nondrinkable, low pressure, and leaks. A customer had a high bill; another was against a large increase. One customer who has lived in Jackson many years and who receives service at 24 buildings stated Jackson has upgraded the system immensely and should be compensated for what it is doing. Most of the customers were from the Martell, Victory, and Argonaut Heights areas, a small portion of the service area. Some expressed concern that Jackson may not be doing as much



for this portion of the service area as for other areas. The Martell Action Group appearance stated that there had been no noticeable improvement in service, quality of water, or public relations. He further stated that the improvement plan undoubtedly is needed, but should have been made long ago.

In October 1978 the staff made a field investigation of the Jackson area. It found the treatment plant and storage facilities to be well maintained. It reviewed the utility's customer complaint file and did not find it to be indicative of inadequate service. The staff made pressure checks ranging from 100 psi on Clinton Road to 40 psi on Boarman Street (Peek Hill). Thirty-three customers were contacted. In general, most customers contacted believed the water quality had improved during the last year and felt that the local employees were doing a good job operating the system and responding to customer inquiries. The staff concludes that "the quality of water now being served is adequate and the local employees are doing a good job operating the system and improving public relations."

The installation of the filter plant and corrosion control plant are examples of system improvements which benefit all customers. Jackson presented evidence showing \$128,000 of net plant additions (after deducting advances) for main additions and replacement since 1972.

Systemwide, Jackson has reduced the under 4-inch mains from 22 percent of total main footage at the end of 1970 to 11 percent at the end of 1977. Jackson's net plant was \$309,000 on December 31, 1970, the year it was acquired by Citizens. From that year through September 30, 1978, Jackson has expended a further \$930,000 on system construction.

There were customer complaints about leaks in the mains near their premises. Jackson investigated and reported back before the close of the hearings. Jackson also presented evidence on leaks repaired over the past several years. Jackson will be required to place emphasis on the repair of leaks in mains and will be required to report monthly for a period of one year on the number of leaks reported, located, and repaired.

The evidence presented shows that the 38-40 percent system unaccounted-for-water, when adjusted to eliminate the 17-18 percent earthen reservoirs' seepage, is similar to the 20-22 percent American Water Works Association range for this size distribution system. The evidence shows that it is not economically feasible to line the reservoir that stores the raw water. Such seepage is ultimately returned to use through its return to the water table.

Even though Jackson's service has improved and is now adequate, it should be required to complete its capital improvement plan to improve service and maintain adequate service in the future.

Rate of Return

Jackson requests a 9.1 percent rate of return. When applied to its expanded rate base of \$774,700, this produces \$77,300 additional revenue or a 60.9 percent increase in revenue.

Jackson testified that Citizens' embedded cost of debt is 8.07 percent. Based upon that cost and the consolidated capital ratio of Citizens, a rate of return of 9.10 percent would result in a return on equity of 9.6 percent, a return which is lower than

the current cost of short-term debt. A rate of return of 9.50 percent or 10.50 percent would respectively produce a return on equity of 10.19 percent and 11.66 percent.

In the most recent decisions involving water company affiliates of Jackson and Citizens, the Commission authorized a rate of return of 9.1 percent.<sup>2/</sup>

The staff recommends that a 7.7 percent rate of return be applied to the test year rate base. The staff did not have any recommendation for the rate of return to be applied to the capital improvements. When applied to the \$692,300 rate base, it would produce additional operating revenues of \$40,500 or a 31.91 percent increase.

The staff's recommendation conforms with prior Commission decisions involving Citizens' subsidiaries in which service was a major issue. In each case in which improvement plans were ordered by the Commission, the subsidiary was held at its earned rate of return (or not authorized any rate increase) until a plan was submitted; was raised to its last authorized rate of return when some phase of the plan was completed; and was given the opportunity to earn a higher rate of return when the project was completed.

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<sup>2/</sup> Francis Land and Water Company (D.88600 in A.56700), Citizens Utilities Company of California, Felton District (D.88600 in A.56701), and Sacramento District (D.88829 in A.56860).

Decision No. 88126 (November 22, 1977) in Larkfield Water Company's Application No. 55453 follows this approach precisely. In that case Larkfield was authorized to put rates into effect producing its last authorized rate of return (7.7 percent, Decision No. 79915) only when it had completed a phase of construction resulting in improved service. Jackson is now at the point where some improvement in service has resulted from past construction. However, as the capital improvement plan is only partially underway, it would be premature to grant Jackson's request for an overall 9.1 percent rate of return. An overall higher rate of return should not be implemented until after further implementation and demonstration.

A rate of return of 7.7 percent would constitute an increase of 2.88 percent over the rate of return found to be reasonable in Decisions Nos. 87609 and 88144. A 7.7 percent rate of return corresponds to Jackson's last authorized rate of return applied to a 1973 test year in Decision No. 82361.

Capital costs have increased significantly since the 1973 test year. Citizens' embedded cost of long-term debt, 7.22 percent then, is now 8.07 percent and the cost of current borrowings is 10.12 percent. A rate of return of 9.1 percent, as sought by Jackson, if applied to future plant additions made in conformance with the capital improvement plan would provide Jackson the opportunity to earn a return comparable to that authorized for other Citizens' water properties.

A 7.7 percent rate of return is adopted to apply to the test year rate base adjusted to reflect the completed portion of the capital improvement plan. A 9.1 percent rate of return is adopted to apply to future increments of the capital improvement plan.

Rate Increase

Jackson presented evidence showing it requires a \$77,300 or 60.9 percent rate increase. This is based upon earning a proposed rate of return of 9.1 percent on the 1976 test year results plus Phase I completed construction.

The staff's evidence shows the requirement of a \$40,500 or 31.9 percent rate increase. This is based on a 7.7 percent rate of return related to the 1976 test year results, reduced by Proposition No. 13 property tax reduction, and without any recognition of Phase I completed construction.

Both Jackson and the staff testified that rate increases should be authorized to offset the revenue requirements of future projects completed under the capital improvement plan.

Jackson testified that new rates should become effective immediately following the capital improvements. Further, Jackson proposed that it be authorized to proceed to a succeeding phase of construction upon completion of a prior phase without time constraints, or to construct projects of different phases concurrently or out of order. The staff proposed new rates become effective once annually following this decision, with projects spread over eight years.

Adopted results will be based upon applying a 7.7 percent rate of return to the 1976 test year results as adjusted plus Phase I completed construction. The test year results are adjusted herein to reflect the reduction in property taxes effective July 1, 1978, resulting from the passage of Proposition No. 13 (Article XIII-A of the Constitution) and the reduction of federal income taxes from 48 percent to 46 percent effective January 1, 1979. The adopted results are as follows:

## JACKSON WATER WORKS, INC.

Adopted Results - 1976 Test Year Adjusted

	<u>Present Rates</u>	<u>Authorized Rates</u>
Operating Revenues	\$126,900	\$174,900
<u>Operating Expenses</u>		
Operation and Maintenance	62,600	62,700
Administrative and General	20,600	20,600
Taxes Other Than Income	10,900	11,400
Depreciation	19,300	19,300
Income Taxes	<u>(22,900)</u>	<u>1,200</u>
Total Operating Expenses	90,500	115,200
Net Operating Revenue	36,400*	59,700
Rate Base	774,700	774,700
Rate of Return	4.7%	7.7%

(Red Figure)

\* Net operating revenue before negative income taxes is \$13,500.

Jackson will be authorized to increase its rates by \$48,000 or 37.8 percent over present rates based upon the test year.

The future additional revenue requirement due to completion of the capital improvement plan for which an offset procedure is being authorized is \$71,000 or 55.9 percent greater than present rates.

Jackson will be authorized to file a petition for increased rates based upon a 9.1 percent rate of return on a new test year after it has completed an additional \$200,000 of its construction program after Phase I.

A.55430 Alt.-JDR-ko

This rate increase is based on 1976 test year operating costs and on a rate base which includes plant in service in 1976 plus the \$98,600 of plant constructed as Phase I of the capital improvement program. The decision also provides limits for the authorizing of additional increases by advice letters and by application as recommended plant improvements become operative. It does not make provision for the recovery of increasing operating costs since 1976. The orders in this decision do not preclude the applicant filing an advice letter request to offset increased labor and other operating expenses.

It was developed in the hearing that future property taxes will probably be greater than included herein for the adopted rate base, because of the significant adjustment made to reflect this year's reduction. In order for Jackson or its customers to be made whole for any under- or overcollection of property taxes, Jackson will be required to establish a property tax balancing account and advice letter procedure as set forth in OII No. 19.

The rate increase granted herein does not violate federal wage and price management guidelines because the increase being authorized is based upon events predating adoption of those guidelines. Specifically, this rate increase is based on our July 19, 1977 decision updated to offset the revenue requirements of the net capital improvements generally completed in 1977 and a 7.7 percent rate of return, first set in January 1974. The authorized increase is not unduly inflationary.

#### Rate Design

Jackson seeks a uniform percentage of revenue increase; it proposes to increase all rates and charges by 60.9 percent.

The staff recommends that the "minimum charge" rate structure should be retained but revised to work progressively toward the "service charge" structure in this and future rate proceedings. In compliance with Commission policy of incorporating the lifeline and conservation principles in water utility rate structures, it recommends that the minimum quantity be reduced from 500 cubic feet to 300 cubic feet and that larger percentage increases be applied to the tail blocks to minimize the difference in unit costs. Further, it does not recommend any changes in the structure of the public fire hydrant schedule at this time.

Prior to about 1974 the water was untreated and delivered to the customers of the system by gravity flow. There were no pumping



or treatment costs and the low unit cost tail blocks may have been appropriate. However, now all the water is pressure treated and pumped into closed storage before entering the system. This increases the unit cost of delivered water and makes the low cost and declining rate blocks of the present structure unfair.

Therefore, the staff's recommended rate design is reasonable and will be adopted.

There will be no increase in rates to a customer using no more than 3 Ccf per month or 6 Ccf per bimonthly billing period. The increase to a typical customer using 20 Ccf per bimonthly billing period is \$23.00 or 44 percent. The increase to a large user of 200 Ccf per bimonthly billing period is \$121.50 or 85 percent. Attached hereto as Appendix C are the newly authorized rates.

#### Rate Increase Mechanism

Both Jackson and the staff propose that Jackson be authorized rate relief as the capital improvement plan progresses.

Jackson proposes that an automatic mechanism be established which will allow Jackson to obtain such revenues promptly upon completion of the construction. Jackson would be permitted to earn on a current basis the additional revenue required on the construction as it is completed without having to wait until each appeal date anniversary to implement the increase or to subject it to any delay in recovering the associated costs.

The staff has recommended that rate relief at the completion of each stage (once each year on the anniversary date of the first rate increase herein) of the capital improvement program be authorized by advice letter filing and resolution.

Jackson will be authorized to seek an increase concurrent with the completion of each phase of construction so as to afford it an opportunity to earn a reasonable return on each completed construction on a current basis. However, Jackson will be required to file for such rate increases by advice letter and any increase will not become effective until authorization by Commission resolution. Such a procedure will enable the Commission to give consideration to the filings and make the necessary findings before any future increase in rates become effective.

EIR

In its brief County takes the position that no rate increase or approval of capital improvement plans should be authorized until the provisions of the California Environmental Quality Act (CEQA) are met. County states that the rate increase is a project that may have a significant effect on the environment. During the hearing County made an oral motion that an Environmental Impact Report (EIR) be prepared which was denied by the ALJ.

In Decision No. 81237, 75 CPUC 133, which originally promulgated Commission Rule 17.1 to implement CEQA, and in Decision No. 81484 on rehearing of Decision No. 81237, the Commission determined that the EIR provisions of CEQA do not apply to ratemaking proceedings. These decisions were appealed to the California Supreme Court by petitions for writ of review, which were denied.

County cited SB 1733 (Presley), an act which amended PRC Sec. 21080 effective July 5, 1978. This amendment provides that a public agency's establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges need not comply with the provisions of the CEQA if such rates, tolls, or other charges are to meet operating expenses, to purchase or lease supplies and materials, to meet financial reserve needs and requirements, to obtain funds for capital projects necessary to maintain service within existing service areas, or to obtain funds necessary to maintain such intracity transfers as are authorized by city charter. The bill further states in Sec. 1.5:

"The Legislature acknowledges that a question exists whether a court of final jurisdiction has determined that the establishment, modification, or approval of rates, tolls, fares or other charges by any public utility subject to the jurisdiction of the Public Utilities Commission are, or are not, subject to the provisions of Division 13 (commencing with Section 21000) of the Public Resources Code. Moreover, the Legislature declares that by adding paragraph 8 to subdivision (b) of Section 21080 of the Public Resources Code, as provided by Section 8 of this act, it does not intend to resolve this question by indirection or implication. Consequently, the Legislature hereby declares that the provisions of paragraph 8 are not intended and shall not be construed as indicating any determination by the Legislature that any rates, tolls, fares or other charges other than those specifically enumerated in paragraph 8 are, or are not, subject to the provisions of Division 13 (commencing with Section 21000) of the Public Resources Code."

PRC Sec. 21080, as amended by SB 1733, does not alter the fact that the EIR provisions of CEQA do not apply to the Commission's rate-making proceedings.

Commission approval is not required for Jackson to carry out the construction for system improvements by replacing mains, services, and hydrants being considered herein since these matters are within the categorical exemptions of the CEQA Guidelines.

On January 30, 1979, we amended Rule 17.1 to conform with AB 884 which amended the CEQA to reduce regulatory delays in processing applications for development projects. The amendments do not require any change in our above statements.

The Commission will consider potential environmental impact in rate matters. When issues are brought to light by the staff or other parties, appropriate findings will be made thereon.

#### Findings and Conclusions

1. Jackson completed timely compliance with Ordering Paragraph 1 of Decision No. 87609 and Appendix A thereto (attached as Appendix A hereto) by its filing on January 11, 1978.

2. The eight-year construction plan submitted by Jackson pursuant to Decision No. 87609 is the preferred plan. The estimated cost of the projects is \$543,300 and the remaining cost to be completed under this plan is \$444,700.

3. Jackson should undertake and complete the projects included in such plan and it should be authorized to do so in phases rather than in annual stages. The projects shall be completed by not later than 1984.

4. Jackson may alter the order in which the projects are undertaken, may proceed to succeeding phase upon completion of a prior phase without time restraints, and may construct different phase projects concurrently.

5. Jackson has completed construction projects set forth under Phase I of the construction plan at a net cost of \$98,600 since December 31, 1976.

6. Adjusting the rate base adopted in Decisions Nos. 87609 and 88144 for the completed Phase I construction costs results in a rate base of \$774,700.

7. Jackson's present rates were set by Decision No. 82361 dated January 22, 1974, and based upon a 7.7 percent rate of return.

8. The rate of return on the adjusted results adopted herein at present rates is 4.7 percent.

9. A rate of return of 7.7 percent found in 1974 and based upon a 1973 test year constitutes a reasonable rate of return on the rate base adopted herein.

10. A rate of return of 7.7 percent applied on the basis of the rate base and expenses adopted in Decisions Nos. 87609 and 88144 adjusted for the completed Phase I construction results in an annual revenue increase of \$48,000 or 37.8 percent.

11. Jackson should be authorized to file the revised rate schedules attached hereto as Appendix C which are designed to produce an annual revenue increase of \$48,000 and to concurrently cancel its present schedules for such service.

12. A rate of return of 9.1 percent is found to be a reasonable rate of return to apply to incremental rate base additions resulting from future projects completed under the capital improvement plan adopted herein.

13. Jackson upon completion of annual expenditures toward the projects listed in Appendix B, but subject to Finding 14, should be authorized to file by advice letter, a request for increased rates to produce the additional revenue to cover the ad valorem taxes, depreciation expense, return on investment, and income tax effect associated with the completed construction projects, with such increases to go into effect upon Commission resolution. ✓

14. Offset rate relief will be authorized based on no more than \$120,000 of projects in any 12-month period commencing with the effective date of the order in this proceeding.

15. Jackson is improving its service and is entitled to a rate increase.

16. All water delivered is filtered, chlorinated, and treated.

17. Jackson should be required to explore site availability and construction of storage in the southern end of the system (Peek-Tunnel Hills area).

18. Jackson should be required to place additional emphasis on the repair of leaks in mains and will be required to report monthly to the Commission for a period of one year on the number of leaks reported, located, and repaired.

19. The EIR provisions of CEQA do not apply to this matter.

20. The policy provisions of CEQA apply to this matter.

21. The increase authorized does not violate the President's Wage-Price Guidelines.

22. The adopted rates increase the cost of living of customers. However, the lifeline allowance should minimize the impact upon the smaller user.

23. Because of the magnitude of the rate increases that will result from the plant additions ordered herein, and the economic impact on Jackson's customers, it is reasonable to phase and limit the amount of annual rate base offset relief and to condition the processing of any subsequent application for a general rate increase.

24. Jackson should be authorized to file an application for increased rates, with a current test year, after expending monies for the capital improvements directed in Appendix B hereto. At that time Jackson may seek a change in the authorized rate of return on its entire rate base. ✓

25. Jackson or its customers can be made whole for any over- or undercollection of property taxes through the balancing account and advice letter procedure set forth in OII No. 19.

26. Since there has been compliance with Decision No. 87609 and Jackson has demonstrated the need for rate relief the following order should be effective the date of signature.

FINAL ORDER

IT IS ORDERED that:

1. As of the effective date of this order, Jackson Water Works, Inc. (Jackson) is authorized to file revised rate schedules attached to this order as Appendix C and concurrently to cancel and withdraw the presently effective schedules. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be not less than four days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date thereof.

2. Jackson shall undertake and complete by not later than December 31, 1984, the capital improvement plan attached to this order as Appendix B. The alternatives enumerated in this opinion may be substituted as necessary.

3. Jackson is authorized to file for increases in rates by advice letter upon the completion of construction to produce the net related incremental revenue requirement. Rate relief will be authorized once a year based on no more than \$120,000 in expenditures for projects in any one year.

4. Within six months after the effective date hereof, Jackson shall file with the Commission the results of a study on site availability and construction of storage in the southern end of its system (Peek-Tunnel Hills area).

5. Jackson shall place additional emphasis on the repair of leaks in mains and shall file a report monthly for a period of one year on the number of leaks reported, found, and repaired.

A.55430 kd

6. Jackson is authorized to file an application for increased rates with a new test year after it has completed an additional \$200,000 of its capital improvement program after Phase I, ~~and no earlier than two years after the effective date of this order.~~ *7/24*

7. Jackson shall establish a property tax balancing account and advice letter procedure as set forth in OII No. 19.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 10th  
day of APRIL, 1979.

John E. Gunn  
President  
George L. Sturgeon  
Richard W. Howell  
Clare J. Patrick  
James M. ...  
Commissioners



APPENDIX A  
Page 1 of 4

Appendix A to Decision No. 87609 in Application No. 55430

1. Applicant shall, within 180 days after the effective date of this order, prepare and submit to this Commission for approval:

- a. Two eight-year construction plans to replace deteriorated and undersized water mains, services, and other pertinent facilities of Jackson Water Works on a systematic annual basis. One plan should envision an expenditure of \$250,000, the other plan should envision an expenditure of \$500,000.
- b. A financial plan, consistent with paragraph 1.a of this appendix, to show, among other things, the proposed method of financing the long-range construction plan, the annual cost of construction, and the annual increases in gross revenues necessary to provide a rate of return on plant constructed at 8.5 percent, 9.5 percent, and 10.5 percent levels.
- c. A forecast of service requirements for the system in 1985. This should include information on anticipated number and type of customer, and their average and peak hour demands. This information should be aggregated by area in sufficient detail for system plan specified in paragraph d.
- d. A plan indicating the major facilities and water supply source needed to satisfy the demand forecast in paragraph c.
- e. A map showing those areas having less than 25 psi water pressure under static conditions and during the period of maximum usage.

2. Within 90 days after the effective date of this order applicant shall prepare and submit to the Commission for approval:

- a. A schematic diagram of the Jackson Water Works system showing, among other things, the locations and elevations of all sources of supply, treatment, storage, and pumping facilities within the system.

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- b. An operations manual describing in detail; how the system operates under normal conditions; contingency plans covering the failure of major system components; the functions of and operating procedures for all components within the system; the procedures followed in operating the system; meter reading, system flushing, and office and customer accounting procedures; customer service and public relations; and other relevant operating procedures.
- c. A plan to reduce extraordinary water losses in the system.
- d. An estimate of the cost of preparing a system map, of a scale not less than 1"= 400', accurately showing the boundaries of existing service area; the locations, size, type, and approximate date of installation of all transmission and distribution lines; the location of all gate valves, air-release valves, and blowoffs; the location, size, and type of every fire hydrant; the location, capacity, and elevation of all storage tanks; the location and capacity of all treatment and pumping facilities; and the location of all appurtenances in the system.
- e. A system map to be used for the purpose of effectively flushing the water system with regular frequency. Among other items, the map should show and identify all valves, blow-offs, and fire hydrants in the system to enable the operating personnel, by manipulation of valves and hydrants, to create a scouring velocity in the transmission and distribution lines to effectively and systematically flush the entire system at regular intervals.
- f. A schedule for systematically flushing the entire system at regular intervals.
- g. A plan to improve its relations with its customers. This plan should discuss, but need not be limited to, the following:

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A notification procedure for predictable outages or impairment of water quality or pressure.

Standards for the time allowed company personnel to respond to customer complaints.

Formation of customer advisory panels and scheduled meetings with management.

Greater flexibility in applying tariff rules, particularly shutoff for nonpayment of bills.

Use of the local press to explain the reason for service problems.

Company guidelines for the behavior of personnel toward customers and for the company's responsibilities to its customers.

Procedures for keeping the local representatives better informed on matters relating to their service area.

3. Within 90 days after the effective date of this order applicant shall install and make operable corrosion control treatment facilities satisfactory to the State Department of Health and the standards of the Environmental Protection Agency, when effective.

4. Within 90 days from the effective date of this order applicant shall prepare and submit to the Commission for review:

- a. An accurate and up-to-date description for every job classification utilized at Jackson Water Works. The job description should include, among other items, the nature of the job, previous experience needed, special skills required, education levels, licenses required, and the compensation range.

APPENDIX A  
Page 4 of 4

- b. A training program for field personnel including, among other items, the information required by this order in paragraphs 2.a, 2.b, 2.e, 2.f, and 2.g of this appendix.
- c. A map showing the locations of all leaks and ruptures in the transmission and distribution lines occurring during the past five years. The map shall be updated and filed annually.
- d. An effective water conservation plan.
- e. Procedures and forms necessary to maintain a system log to record water production, pressure, quality, and chemicals added; the occurrence of major service problems; and the dates of preventative maintenance of major items of equipment and mains flushing.

APPENDIX 3  
Page 1 of 4

Jackson Water Works, Inc.  
Construction Program

Phase I - Completed Projects

1. Installation of a second 900-gallon per minute pressure sand filter, including: concrete support saddles, influent and effluent lines, control valves, electrical modifications, a second chlorination system, and a plant failure alarm system.  
(Completed 1977) Actual Cost \$72,229
  2. Replacement of 1,000 feet of 6-inch steel main on North Main Street and Church Street, with 8-inch cement-asbestos main. Replacement of 29 galvanized steel service lines with 3/4-inch copper lines. Replacement of three wharf hydrants with three steamer hydrants.  
(Completed 1976) Actual Cost \$52,380
  3. Replacement of 450 feet of 4-inch steel main on Broadway, between Water Street and Highway No. 88, with 8-inch cement-asbestos main. Replacement of four galvanized steel service lines with 3/4-inch copper lines.  
(Completed 1976) Actual Cost \$22,519
  4. Installation of corrosion control equipment, including: a building addition, a hydrated lime hopper and feeder, solution pumps, piping, and electrical controls.  
(Completed 1977) Actual Cost \$18,099
  5. Installation of 174 feet of 8-inch cement-asbestos main on Ione Martell Road, from Highway No. 88 to the existing dead end, to reinforce and loop the distribution system. Replacement of 21 galvanized steel services with copper services.  
(Completed 1978) Estimated Cost \$25,000
- Total Phase I Construction Costs \$187,482

APPENDIX B  
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Future Projects

1978

1. Replacement of 900 feet of 4-inch steel main on Broadway, from Bright Avenue south to the existing 8-inch main, with 8-inch cement-asbestos main. Replacement of three wharf hydrants with three steamer hydrants.  
Estimated Cost \$25,000
  2. Replacement of 1,440 feet of 4-inch steel main on North Main Street, between Argonaut Street and Rose Lane, with 8-inch cement-asbestos main. Replacement of 26 galvanized steel services with copper services and four wharf hydrants with steamer hydrants.  
Estimated Cost \$42,500
- Total 1978 Construction Costs \$67,500

1979

3. Replacement of 1,300 feet of 4-inch steel main on Jackson Gate Road, from Rose Lane north, with 8-inch cement-asbestos main. Replacement of 34 galvanized steel services with copper services and four wharf hydrants with steamer hydrants.  
Estimated Cost \$40,800
  4. Replacement of 650 feet of 1-inch galvanized steel main on Raggio Road with 8-inch cement-asbestos main. Replacement of four galvanized steel services with copper services.  
Estimated Cost \$19,000
- Total 1979 Construction Costs \$59,800

1980

5. Replacement of 1,000 feet of 4-inch and 6-inch steel main on Water Street, from Broadway northeasterly to 100 feet north-east of Center Street, with 8-inch cement-asbestos main. Replacement of 200 feet of 4-inch steel main on Center Street, from Water Street across Highway No. 88 to Pitt Street, with 8-inch cement-asbestos main. Replacement of four wharf hydrants with steamer hydrants.  
Estimated Cost \$40,600

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Page 3 of 4

6. Replacement of 750 feet of 4-inch steel main on North Main Street, from Church Street north, with 8-inch cement-asbestos main. Replacement of 9 galvanized steel services with copper services and two wharf hydrants with steamer hydrants.

Estimated Cost \$24,000

Total 1980 Construction Costs \$64,600

1981

7. Replacement of 1,400 feet of 4-inch steel main on Broadway, from Highway No. 88 to Bright Avenue, with 8-inch cement-asbestos main. Replacement of 35 galvanized steel services with copper services and six wharf hydrants with steamer hydrants.

Estimated Cost \$50,100

Total 1981 Construction Costs \$50,100

1982

8. Replacement of 275 feet of 2-inch steel main on South Avenue, southerly from Broadway, with 8-inch cement-asbestos main.

Estimated Cost \$9,600

9. Replacement of 1,100 feet of 3-inch and 4-inch steel main on Summit Street, between Water Street and North Street, with 8-inch cement-asbestos main. Replacement of 20 galvanized services with copper services and three wharf hydrants with steamer hydrants.

Estimated Cost \$40,400

Total 1982 Construction Costs \$50,000

1983

10. Replacement of 800 feet of 3-inch steel main on Stasal Avenue, between North Street and Church Street, with 8-inch cement-asbestos main. Replacement of 32 galvanized steel services with copper services and four wharf hydrants with steamer hydrants.

Estimated Cost \$32,300

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11. Replacement of 500 feet of 3-inch steel main on Church Street, east then southeast from North Main Street, with 8-inch cement-asbestos main. Replacement of five galvanized steel services with copper services and one wharf hydrant with a steamer hydrant.

Estimated Cost \$18,400

Total 1983 Construction Costs \$50,700

1984

12. Replacement of 1,250 feet of 2-inch and 3-inch steel main on Church Street, from Court Street north to section installed in 1983, with 8-inch cement-asbestos main. Replacement of 24 galvanized steel services with copper services and three wharf hydrants with steamer hydrants.

Estimated Cost \$51,000

Total 1984 Construction Costs \$51,000

1978-1984 Fire Hydrants

Thirty-four fire hydrants shown above without cost.

Estimated Cost \$51,000

Total Construction Program \$626,182<sup>1/</sup>

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<sup>1/</sup> Includes two projects completed prior to the end of the 1976 test year in the amount of \$74,900 and included in the 1975 and 1976 plant additions considered in the \$692,300 adopted rate base for 1976.



APPENDIX C  
Page 1 of 4

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Jackson and vicinity, Amador County.

RATES

Quantity Rates:	Per Meter Per Month	
First 300 cu.ft. or less .....	\$ 4.00	(I)
Next 1,700 cu.ft., per 100 cu.ft. ....	0.75	
Over 2,000 cu.ft., per 100 cu.ft. ....	0.55	
Minimum Charge:		
For 5/8 x 3/4-inch meter .....	\$ 4.00	
For 3/4-inch meter .....	6.25	
For 1-inch meter .....	9.25	
For 1 1/2-inch meter .....	15.25	
For 2-inch meter .....	22.85	
For 3-inch meter .....	41.50	
For 4-inch meter .....	65.00	(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. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished to privately owned fire protection systems, other than as provided by Schedule No. 5.

TERRITORY

Jackson and vicinity, Amador County.

RATE

Per Month

For each line of diameter of service connection ..... \$1.80 (I)

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

2. The minimum diameter for fire protection service shall be four inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.

3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

4. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund.

5. The utility will 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.

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Schedule No. 5

FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished.

TERRITORY

Jackson and vicinity, Amador County.

RATES

Per Hydrant Per Month

: Hydrant	: Type	: Size of	: Number of	: Minimum Size of Main Supplying Hydrant :					:
				: Under 4"	: Less than 6"	: Less than 8"	: Less than 10"	: and Larger :	
: Owned	: of	: Connec-	: Out-	: Under	: Less	: Less	: Less	: and	:
: By	: Hydrant	: tion	: lets	: 4"	: than 6"	: than 8"	: than 10"	: Larger	:
Customer	Wharf	Under 4"	1	\$1.45	\$1.45	\$1.80	\$2.20	\$2.20	(I)
Utility	Wharf	Under 4"	1	1.80	1.80	2.20	2.55	2.55	
Customer	Wharf	4-inch	1	1.45	1.80	2.20	2.55	2.90	
Utility	Wharf	4-inch	1	1.80	2.20	2.55	2.90	3.25	
Customer	Barrel	4-inch	1	-	1.80	2.20	2.55	3.25	
Utility	Barrel	4-inch	1	-	2.55	2.90	3.25	4.35	
Customer	Barrel	4-inch	2	-	1.80	2.20	2.90	3.65	
Utility	Barrel	4-inch	2	-	2.90	3.25	4.00	4.70	
Customer	Barrel	6-inch	2	-	2.20	2.55	3.25	4.00	
Utility	Barrel	6-inch	2	-	3.25	3.65	4.35	5.10	
Customer	Barrel	6-inch	3	-	2.55	2.90	3.65	4.35	
Utility	Barrel	6-inch	3	-	3.65	4.35	5.10	5.80	(I)

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Schedule No. 5

FIRE HYDRANT SERVICE  
(Continued)

SPECIAL CONDITIONS

1. Water delivered for purposes other than fire protection shall be charged for at the quantity rates under the applicable schedule for general metered service.

2. The cost of relocation of any hydrant shall be paid by the party requesting relocation.

3. Hydrants shall be connected to the utility's system upon receipt of written request from the customer. The written request shall designate the specific location of each hydrant and, where appropriate, the ownership, type and size.

4. From facilities installed prior to the amendment to General Order No. 103 by Decision No. 84334, dated April 15, 1975, the utility will 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.

From facilities installed after April 15, 1975, the utility shall supply water service for fire protection in accordance with Section VIII.1.a. of General Order No. 103 unless otherwise authorized by the Commission.

(N)

(N)