

Decision No. 90489 JUL 3 1979**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of CALIFORNIA WATER SERVICE)	
COMPANY, a corporation, for an)	
order authorizing it to increase)	Application No. 58092
rates charged for water service)	(Filed May 25, 1978)
in the Dixon District.)	

McCutchen, Doyle, Brown & Enersen, by A. Crawford Greene, Attorney at Law, for applicant.
J. F. Young, for Southern California Water Company;
and W. H. Fairfield, for City of Dixon;
interested parties.
Peter Fairchild, Attorney at Law, for the
Commission staff.

O P I N I O NIntroduction

Applicant California Water Service Company filed this and five other applications for rate relief in 6 of the 21 individual districts served by the company. This application originally proposed annual step rates which would continue through calendar year 1981, ultimately producing an annual revenue increase of \$110,000 or 37 percent. The Commission set public hearing on a consolidated record including all six district proceedings.^{1/}

The hearings were conducted by Administrative Law Judge Gilman in San Francisco on January 8, 9, 10, 12, 17, 18, and 19, 1979; in Menlo Park on January 11, 1979; in Redondo Beach on January 16, 1979; in Oroville on January 23 and 24, 1979; in Marysville on January 25, 1979; and in Dixon on January 26, 1979.

^{1/} The consolidated proceedings are Applications Nos. 58091 through 58096.

Exhibit A in this proceeding indicates that applicant has complied with all requirements for notice, service, and publications applicable to general rate increase proceedings.

The consolidated applications were submitted on February 1, 1979 to allow an opening brief by applicant and a reply brief by staff. An extension was granted to the staff to allow it to file its brief. Further oral argument was set on the subject of rate of return attrition before the Presiding Officer, Commissioner Claire T. Dedrick, with Commissioner Sturgeon and Commissioner Grimes in attendance on March 5, 1979 in San Francisco.

In support of the requests for rate relief in the six districts, applicant presented testimony of its president, its vice president-treasurer, its vice president-chief engineer, its vice president in charge of regulatory matters, and its assistant chief engineer in charge of construction.

The Commission staff presentation in these proceedings was made through a financial expert and six engineers.

The city of Dixon presented a statement by its mayor and testimony by its fire chief.

Service Area and Water System

Applicant owns and operates water systems in 21 districts in California. Its Dixon District includes generally the city of Dixon and unincorporated portions of Solano County adjacent to that city. The terrain is flat, with the mean elevation being approximately 60 feet above sea level. The population within the area served is estimated at 7,600.

Water for the Dixon District is obtained from seven company-owned wells located throughout the district. The well pumps are electrically powered but three of them are also equipped with auxiliary standby engines. Production from the wells is delivered directly into the distribution system. That system includes about 23 miles of mains, ranging in size up to 8 inches, and approximately 75,000 gallons of storage capacity. There are about 2,400 metered services, 7 private fire protection services, and 220 public fire hydrants.

Service

There have been no informal complaints to the Commission from this district during 1977 and the first eight months of 1978. Applicant claims that customer complaints received at its district office were quickly resolved. The absence of any customer service complaints at the hearing is an indication that service is not unsatisfactory.

Rates

Applicant's present tariffs for this district consist primarily of schedules for general metered service and public fire hydrant service.

Applicant proposes to increase its rates for general metered service. The following Table I presents a comparison of applicant's present and proposed general metered service rates:

TABLE I
DIXON DISTRICT
COMPARISON OF MONTHLY RATES

	Present* Rates	Proposed Rates‡			Adopted Rates		
		1979	1980	1981	1979	1980	1981
Service Charge:							
For 5/8 x 3/4-inch meter	\$ 3.49	\$ 3.80	\$ 4.30	\$ 4.50	\$ 3.70	\$ 3.85	\$ 3.95
For 3/4-inch meter	3.85	5.60	6.30	6.60	5.60	5.90	6.10
For 1-inch meter	5.19	7.65	8.60	9.00	7.60	8.00	8.40
For 1½-inch meter	7.18	10.70	12.00	12.60	11.00	12.00	13.00
For 2-inch meter	9.18	13.70	15.50	16.20	14.00	16.00	17.00
For 3-inch meter	16.82	25.00	29.00	30.00	25.00	27.00	28.00
For 4-inch meter	23.18	35.00	39.00	41.00	35.00	37.00	38.00
For 6-inch meter	37.72	58.00	65.00	68.00	58.00	61.00	64.00
For 8-inch meter	55.89	86.00	96.00	101.00	86.00	90.00	95.00
For 10-inch meter	69.22	106.00	119.00	125.00	106.00	111.00	117.00
Quantity Rates:							
For the first 300 cu.ft., per 100 cu.ft.	0.235	0.275	0.280	0.286	0.250	0.260	0.267
For the next 200 cu.ft., per 100 cu.ft. ....	.235	.367	.373	.382	.351	.364	.372
For all over 500 cu.ft., per 100 cu.ft. ....	.278	.362	.368	.377	.351	.364	.372

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

* From tariff sheet 2129-W, effective August 27, 1978.

‡ Set forth in applicant's Exhibit 41-D, Page 1, which reflects rates set forth in application minus the reductions effected by Advice Letter 630.

In this district, an average commercial (business and residential) customer will use about 25,000 cubic feet of water per year, or 20 Ccf (hundreds of cubic feet) per month. There are no very large industrial users in this district. The following Table II presents a comparison of monthly charges for an average commercial customer with a 5/8 x 3/4-inch meter under present and applicant's proposed rates:

TABLE II
Comparison of Monthly Charges

<u>Item</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>Average Commercial Customer</u>			
Present Rates, Monthly Charge	\$ 8.84	\$ 8.84	\$ 8.84
Rates Proposed at Hearing:			
Monthly Charge	10.79	11.41	11.78
Increase Over Present Rates:			
Amount	1.95	2.57	2.94
Percent	22.1%	29.1%	33.3%
Proposed Rates:			
Monthly Charge	\$10.42	\$10.82	\$11.08
Increase Over Present Rates:			
Amount	1.58	1.98	2.24
Percent	17.9%	22.4%	25.3%

Results of Operation

Witnesses for applicant and the Commission staff have analyzed and estimated applicant's operational results. Summarized in the following Table III, based upon Exhibit 41-D, pages 5 and 6, the final reconciliation exhibit sponsored jointly by applicant and the staff, are the estimated results of operation for the test years 1979 and 1980, under present rates and under the step rates proposed by applicant for those years. Applicant's original estimates were completed in May 1978.

Instead of amending the estimated summaries of earnings each time a change took place and each time later data became available, applicant kept the Commission staff advised of changes and new data so they could be reflected in the staff's estimates. When the staff exhibits were distributed, applicant adopted those estimates which were identical or nearly so. Applicant does not entirely agree with other staff adjustments and estimates of consumption, and the related revenue items but, for the purpose of expediting this proceeding, did not take issue with the staff in regard to those items. As a result there are only three issues to be resolved with respect to summary of earnings, as shown on Table III. The first two of those issues, relating to general office prorates and the treatment of ad valorem taxes used for income tax purposes, were discussed in detail in Decision No. 90425 in Application No. 58093, involving applicant's Hermosa-Redondo District.

RECONCILIATION OF APPLICANT'S AND STAFF'S SUMMARY OF EARNINGSDIXON DISTRICT, TEST YEAR 1979

(Dollars in Thousands)

Item	Applicant's Adjusted Estimates (a)	Effects of Issues			Staff's Adjusted Estimates (e)
		G.O. Exp. Prorates (b)	Ad Val. Tax For Inc. Tax. (c)	Well Install. (d)	
<u>Present Rates</u>					
Operating Revenues	\$ 263.0	\$ -	\$ -	\$ -	\$ 263.0
Operating Expenses:					
Purchased Power	30.9	-	-	-	30.9
Payroll - District	66.5	-	-	-	66.5
Other Oper. & Maint.	16.2	-	-	-	16.2
Other A. & G. & Misc.	6.3	-	-	-	6.3
Ad Valorem Tax - Dist.	17.3	-	-	-	17.3
Business License	0.1	-	-	-	0.1
Payroll Taxes	4.5	-	-	-	4.5
Depreciation	37.1	-	-	-	37.1
Ad Valorem Tax - G.O.	0.2	-	-	-	0.2
Payroll Taxes - G.O.	0.6	-	-	-	0.6
Other Prorates - G.O.	23.3	(0.1)	-	-	23.2
Subtotal*	203.0	(0.1)	-	-	202.9
Inc. Taxes Before ITC	(3.0)	-	(1.8)	3.8	(1.0)
Invest. Tax Credit	(18.6)	-	-	3.8	(14.8)
Total Oper. Exp.	181.4	(0.1)	(1.8)	7.6	187.1
Net Oper. Revenues	81.6	0.1	1.8	(7.6)	75.9
Rate Base	1,078.9	-	-	(79.8)	999.1
Rate of Return	7.56%	0.01%	0.17%	(0.14)%	7.60%
<u>Proposed Rates</u>					
Operating Revenues	\$ 330.8	-	-	-	\$ 330.8
Operating Expenses:					
Subtotal*	203.0	\$ (0.1)	-	-	202.9
Inc. Taxes Before ITC	31.4	-	\$ (1.8)	\$ 3.8	33.4
Invest. Tax Credit	(18.6)	-	-	3.8	(14.8)
Total Oper. Exp.	215.8	(0.1)	(1.8)	7.6	221.5
Net Oper. Revenues	115.0	0.1	1.8	(7.6)	109.3
Rate Base	1,078.9	-	-	(79.8)	999.1
Rate of Return	10.66%	0.01%	0.17%	0.10%	10.94%

- (a) Applicant's adjusted estimates from Exhibit 4I-D, Page 4, Column (d).
- (b) Effect of adjustment to General Office prorated expense which was disposed of at the hearing.
- (c) Effect of staff's use of ad valorem taxes on a fiscal year basis in computing income taxes.
- (d) Effect of staff's exclusion of \$139,200 for a well installation included in the applicant's 1979 final construction budget.
- (e) Staff's estimates from Exhibit 4I-D, Page 4, Column (e).

* Subtotal of expenses exclusive of income tax items.

(red figure)

TABLE III
(Page 2 of 2)RECONCILIATION OF APPLICANT'S AND STAFF'S SUMMARY OF EARNINGSDIXON DISTRICT, TEST YEAR 1980

(Dollars in Thousands)

Item	Applicant's Adjusted Estimates (a)	Effects of Issues			Staff's Adjusted Estimates (e)
		G.O. Exp. Prorates (b)	Ad Val. Txs For Inc. Txs. (c)	Well Install. (d)	
<u>Present Rates</u>					
Operating Revenues	\$ 285.7	\$ -	\$ -	\$ -	\$ 285.7
Operating Expenses:					
Purchased Power	33.8	-	-	-	33.8
Payroll - District	71.8	-	-	-	71.8
Other Oper. & Maint.	17.4	-	-	-	17.4
Other A. & G. & Misc.	6.9	-	-	-	6.9
Ad Valorem Tax - Dist.	22.5	-	-	(0.9)	21.6
Business License	0.1	-	-	-	0.1
Payroll Taxes	4.9	-	-	-	4.9
Depreciation	41.9	-	-	(3.2)	38.7
Ad Valorem Tax - G.O.	0.2	-	-	-	0.2
Payroll Taxes - G.O.	0.7	-	-	-	0.7
Other Prorates - G.O.	24.8	(0.1)	-	-	24.7
Subtotal*	225.0	(0.1)	-	(4.1)	220.8
Inc. Taxes Before ITC	(8.4)	-	(0.3)	7.5	(1.2)
Invest. Tax Credit	(16.2)	-	-	3.8	(12.4)
Total Oper. Exp.	200.4	(0.1)	(0.3)	7.2	207.2
Net Oper. Revenues	85.3	0.1	0.3	(7.2)	78.5
Rate Base	1,200.0	-	-	(137.6)	1,062.4
Rate of Return	7.11%	0.01%	0.02%	0.25%	7.39%
<u>Proposed Rates</u>					
Operating Revenues	\$ 380.8	-	-	-	\$ 380.8
Operating Expenses:					
Subtotal*	225.0	\$ (0.1)	-	\$ (4.1)	220.8
Inc. Taxes Before ITC	39.9	-	\$ (0.3)	7.5	47.1
Invest. Tax Credit	(16.2)	-	-	3.8	(12.4)
Total Oper. Exp.	248.7	(0.1)	(0.3)	7.2	255.5
Net Oper. Revenues	132.1	0.1	0.3	(7.2)	125.3
Rate Base	1,200.0	-	-	(137.6)	1,062.4
Rate of Return	11.01%	0.01%	0.02%	0.75%	11.79%

(a) Applicant's adjusted estimates from Exhibit 41-D, Page 5, Column (d).

(b) Effect of adjustment to General Office prorated expense which was disposed of at the hearing.

(c) Effect of staff's use of ad valorem taxes on a fiscal year basis in computing income taxes.

(d) Effect of staff's exclusion of \$139,200 for a well installation included in the applicant's 1979 final construction budget.

(e) Staff's estimates from Exhibit 41-D, Page 6, Column (f).

* Subtotal of expenses exclusive of income tax items.

(red figure)

Well Installation

The third issue relates to the staff's exclusion of \$139,200 for a well installation included in applicant's 1979 final construction budget. The well is scheduled to be installed in conjunction with the development of a new subdivision at the northeast corner of the Dixon District service area. That subdivision includes 125 lots, making a total addition of 1,015 potential services in the district since 1975. Applicant included one new well in its 1978 budget and has scheduled another for 1979.

The staff's principal basis for the exclusion of the new well is the Real Estate Questionnaire prepared by applicant at the time the subdivision was being planned. Those questionnaires are furnished to the Commission staff, through the developers of new subdivisions, so that the staff can advise the California Real Estate Commission as to the probable availability of an adequate water supply. The staff contends that the particular questionnaire involved shows that applicant has an adequate supply without adding the scheduled new well.

Applicant contends that, although the questionnaires are suitable for their intended purpose, they are not prepared with the same detailed consideration required in deciding when to install new production facilities. Applicant points out, for example, that it must prepare about 300 such questionnaires each year and takes the somewhat broad-brush approach of developing only once per year the statistical numbers to apply for the questionnaires' empirical mathematical equation for determining minimum water supply requirements.

Applicant assertedly must consider much more before committing company funds to construction of new production facilities. Among those considerations are a review of previous historical customer use and projections of resulting anticipated water supply requirements over the budgeted period. Further,

applicant claims there are several constraints which affect the timing of well construction, such as the environmental considerations discussed in detail in Exhibit 31-D & M. Applicant claims that construction convenience and resulting construction cost make it preferable that a well in a new subdivision be constructed prior to the time that homes in the development are occupied.

Applicant's more detailed studies in Exhibit 31-D & M indicate that, without the new well and during peak-hour demand, there would be a surplus of about 240 g.p.m. in 1979. This figure makes no provision for mechanical breakdowns and applicant contends that in a system of this size, it is prudent to assume that one well may be out of production on a maximum day. This also provides a degree of safety for a fire or main break which could occur on a peak day. Applicant's conclusion, shared by the Dixon Fire Chief, is that the new well will be required prior to the full development of the new tract.

We find it especially significant that local officials have become actively involved in the decision-making process before a major capital commitment is made. It is also significant that, with applicant's cooperation, they have become well informed on both the costs and benefits of the proposed project.

Since these local officials have decided that the project is worth its cost to consumers, we have no hesitation in finding that there is a well-established local policy favoring a more reliable water system with special emphasis on fire protection needs, even if such a system requires somewhat higher rates.

We will thus reject the staff adjustment which would be consistent with a lower cost, but possibly less reliable, system.

Rate of Return

In the Hermosa-Redondo District decision, supra, the Commission discussed at some length the basis for its findings that rates of return of 10.08, 10.27, and 10.43 percent on rate base and a uniform 13.0 percent on common equity are reasonable for applicant's operations for the period from 1979 through 1981. The same discussion, including consideration of quality of service, applies to applicant's Dixon District and need not be repeated herein.

Trend in Rate of Return

The Hermosa-Redondo District decision, supra, also discussed the allowance that must be made beyond the 1980 test year for the reduction in rate of return on rate base that would otherwise result from continuing changes in expenses and rate base. We concluded that, absent any unusual conditions in the test-year estimates, the operational attrition allowance should be the amount indicated between the adopted test years 1979 and 1980.

Per this proceeding the projected increases in plant and expenses are reasonably consistent with the assumed increases in customers, making it suitable to recognize the apparent trend in rate of return between 1979 and 1980. The appropriate attrition allowance to use in setting step rates for 1981 is thus 0.40 percent in this district. The corresponding recommendations at the hearing had been 0.50 percent by applicant and 0.10 percent by the staff. The staff has on brief implicitly conceded that 0.40 percent is an appropriate figure to use.

Summary of Earnings

The following Table IV is derived from Column (a) of Table III, modified to reflect the use, for income tax calculations, of interest deductions which are consistent for each year with the same cost of debt used in establishing a reasonable rate of return for that year. This table shows the summary of earnings at present rates and at the rates adopted herein.

Table IV will provide a basis for review of future advice letter requests for rate increases or decreases to offset changes not reflected either in the test years 1979 and 1980 or in the operational attrition in rate of return on rate base adopted as the basis for the rates recommended herein. The purchased power rate utilized is the composite PG&E 5.236 cents per kWh rate which became effective October 3, 1978. The ad valorem tax rate is the assumed rate of 1.25 percent of the dollars of estimated "market value" used for assessment purposes, which is the rate estimated to be applicable to the fiscal year 1979-80. The income tax rates are the 9 percent state and 46 percent (with intermediate steps) federal rates.

TABLE IV

ADOPTED SUMMARY OF EARNINGSDIXON DISTRICT, TEST YEARS 1979-1980

(Dollars in Thousands)

	<u>1979</u>	<u>1980</u>
<u>Present Rates</u>		
Operating Revenues	\$ 263.0	\$ 285.7
Operating Expenses:		
Purchased Power	30.9	33.8
Payroll - District	66.5	71.8
Other Oper. & Maint.	16.2	17.4
Other A & C & Misc.	6.3	6.9
Ad Valorem Tax - Dist.	17.3	22.5
Business License	0.1	0.1
Payroll Taxes	4.5	4.9
Depreciation	37.1	41.9
Ad Valorem Tax - G.O.	0.2	0.2
Payroll Taxes - G.O.	0.6	0.7
Other Prorates - G.O.	23.3	24.8
Subtotal*	<u>203.0</u>	<u>225.0</u>
Inc. Taxes Before ITC	(1.7)	(8.2)
Invest. Tax Credit	<u>(18.6)</u>	<u>(16.2)</u>
Total Oper. Exp.	182.7	200.6
Net Operating Revenues	80.3	85.1
Rate Base	1,078.9	1,200.0
Rate of Return	7.44%	7.09%
<u>Authorized Rates</u>		
Operating Revenues	\$ 321.0	\$ 363.2
Operating Expenses:		
Subtotal*	203.0	225.0
Inc. Taxes Before ITC	27.8	31.2
Invest. Tax Credit	<u>(18.6)</u>	<u>(16.2)</u>
Total Oper. Exp.	212.2	240.0
Net Operating Revenues	108.8	123.2
Rate Base	1,078.9	1,200.0
Rate of Return	10.08%	10.27%
Average Services	2,243	2,403
Sales - KCcf	587.3	644.2

* Subtotal of expenses exclusive of income tax items.

(red figure)

Rate Spread

The principles to be followed in designing the rates to be authorized for the current series of proceedings were discussed in the Hermosa-Redondo District decision, supra. For 1979, rates for lifeline service in the Dixon District should be increased approximately 6.0 percent, whereas the overall revenue increase recommendation is 22.1 percent. For step-rate increases in subsequent years, lifeline rates would be raised by the same percentage as is the total revenue increase. Appendices A and B included herewith set forth applicant's recommended 1979 rates and recommended increases in rates for 1980 and 1981.

Other Items

The subject of applicant's water conservation efforts and the staff's recommendations regarding consideration of bi-monthly billing and improvement of pump efficiencies were discussed at length in the Hermosa-Redondo District decision, supra.

Position of City of Dixon

The mayor of Dixon stated two principal concerns in this proceeding.

- (1) The city believes that the increase of over 25 percent requested by applicant for the first year of the proposed step rates is excessive.
- (2) There are a number of water system improvements that the city desires to enhance fire protection capabilities.

In regard to the revenue required in 1979 to cover normal operating expenses and provide a reasonable return on applicant's investment in facilities to serve the Dixon District, we concur with the city's opinion that the increase requested at the hearing is somewhat excessive. Table IV shows that the rates established herein would have produced \$321,000 of gross revenue if they had been in effect for the full year 1979. As indicated by Table III, applicant's rates proposed at the hearing would have produced \$330,800. We have managed to reduce this to \$321,000.

We have already discussed the city's position as to the desirability of the new well. The city's program for improving mains for fire protection raises more difficult issues. The utility has contended that the improvements proposed by city are premature. We have been unable to find that any of the main improvements in dispute are necessary for acceptable domestic or industrial water use. To the extent these improvements are needed now, they would be useful for fire protection alone. The evidence indicates that at the present stage of Dixon's development, the benefits would tend to be concentrated, serving only a few of applicant's Dixon customers. If we order applicant to build these improvements, all of Dixon's customers will nevertheless be required to pay a pro rata share of the costs of ownership.

We will therefore determine that these main improvements, while desirable, are not now of sufficient general benefit to support an order for immediate construction. We will consequently not make any upward adjustment in rates to accommodate construction of the projects at issue during this three year period.

If the city can suggest a means of financing these projects which will not ~~have~~ required higher rates through the city, there is every reason to expect the utility to cooperate fully in an expedited construction program. ss

Wage and Price Guidelines

When this decision was submitted, the Wage and Price Council had not issued detailed regulations to adapt its general guidelines for application to regulated water utilities. Since the water utility industry is so fundamentally different from either manufacturing or service industries, any attempt to apply the guidelines directly involves more art than science. Under these circumstances, we can only assert our belief that this increase, being the minimum which could be justified under California law, complies with the spirit if not the letter of

the guidelines. It is clear that the wage increases granted by applicant, ^{to} its employees and executives fall well within guideline levels. *sd*

Findings of Fact

1. Applicant's water quality, conservation program, and service are satisfactory.

2. Applicant required additional revenues but the rates requested would produce an excessive rate of return.

3.a. The adopted estimates, previously discussed herein, of operating revenues, operating expenses, and rate base for the test years 1979 and 1980 and an annual fixed-rate decline of 0.40 percent in rate of return into 1981 due to operational attrition reasonably indicate the results of applicant's operations for the near future.

b. The local community is willing to pay for additions to applicant's water supply for improved fire protection. The additions to plant proposed for 1979 are prudent investments. The additional improvements to mains proposed by the city have not been shown to be of sufficient benefit to the community as a whole for installation at the present time.

4. Rates of return of 10.08, 10.27, and 10.43 percent, respectively, on applicant's rate base for 1979, 1980, and 1981 are reasonable. The related return on common equity each year is 13.00 percent. This will require an increase of \$58,000, or 22.1 percent, in annual revenues for 1979; a further increase of \$14,300, or 4.1 percent, for 1980; and a further increase of \$9,800, or 2.7 percent, for 1981.

5. The type of rate spread agreed to by applicant and staff, as hereinbefore discussed, is reasonable.

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

7. The offset increases 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 and normal ratemaking adjustments for the twelve months ended September 30, 1979, and/or September 30, 1980, exceeds the lower rate of return on equity found reasonable by the Commission for applicant during the corresponding period in the most recent rate decision or 13.0 percent.

Conclusions of Law

1. The application should be granted to the extent provided by the following order.

2. Because of the limited number of issues involved in this proceeding, the fact that applicant and the staff are the only active parties to this proceeding, and the fact that the returns found reasonable herein are based upon the full-year 1979 effect of the rate increase, the following order should be effective on the date of signature.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, applicant California Water Service Company is authorized to file for its Dixon District the initial revised rate schedule attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be four days after the date of filing. The revised schedule shall apply only to service rendered on and after the effective date thereof.

2. On or after November 15, 1979, applicant is authorized to file step rates incorporating the appropriate step rate increases attached to this order as Appendix B or to file a lesser increase which includes a uniform cents per hundred cubic feet of water adjustment from Appendix B in the event that the Dixon District rate of return on rate base, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the twelve months ended September 30, 1979, exceeds the lower of 10.08 percent or the rate of return found reasonable for 1979 in a final subsequent decision involving one of applicant's other districts. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be January 1, 1980, or thirty days after the filing of the step rates, whichever comes later. The revised schedule shall apply only to service rendered on and after the effective date thereof.

3. On or after November 15, 1980, applicant is authorized to file step rates incorporating the appropriate step rate increases attached to this order as Appendix B or to file a lesser increase which includes a uniform cents per hundred cubic feet of water adjustment from Appendix B in the event that the Dixon District rate of return on rate base, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the twelve months ended September 30, 1980, exceeds the lower of 10.27 percent or the rate of return found reasonable for 1980 in a final subsequent decision involving one of applicant's other districts. Such filing shall comply with General Order No. 96-A. The effective date of the

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revised schedule shall be January 1, 1981 or thirty days after the filing of the step rates, whichever comes later. The revised schedule shall apply only to service rendered on and after the effective date thereof.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 3rd day of JULY, 1979.

John G. Bryan
President
William P. Thompson
Richard D. Shook
Charles L. Adams
James M. ...
Commissioners

APPENDIX A

Schedule No. DX-1

Dixon Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

Dixon and vicinity, Solano County.

RATES

	<u>Per Meter</u>	
	<u>Per Month</u>	
Service Charge:		
For 5/8 x 3/4-inch meter	\$ 3.70	(I)
For 3/4-inch meter	5.60	|
For 1-inch meter	7.60	|
For 1 1/4-inch meter	11.00	|
For 2-inch meter	14.00	|
For 3-inch meter	25.00	|
For 4-inch meter	35.00	|
For 6-inch meter	58.00	|
For 8-inch meter	86.00	|
For 10-inch meter	106.00	(I)
Quantity Rates:		
For the first 300 cu.ft., per 100 cu.ft.	\$ 0.250	(I) (T)
For all over 300 cu.ft., per 100 cu.ft. ....	.351	(I) (T)

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

APPENDIX B

Dixon Tariff Area

AUTHORIZED INCREASE IN RATES

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rates which would otherwise be in effect on that date.

<u>Metered Service</u>	<u>1-1-80</u>	<u>1-1-81</u>
Service Charge:		
For 5/8 x 3/4-inch meter	\$.15	\$.15
For 3/4-inch meter	.30	.30
For 1-inch meter	.40	.50
For 1½-inch meter	1.00	1.00
For 2-inch meter	2.00	1.00
For 3-inch meter	2.00	1.00
For 4-inch meter	2.00	1.00
For 6-inch meter	3.00	3.00
For 8-inch meter	4.00	5.00
For 10-inch meter	5.00	6.00
Quantity Rates:		
For first 300 cu.ft., per 100 cu.ft.	0.010	0.008
For all over 300 cu.ft., per 100 cu.ft.	.013	.012