

KD \*

H-2  
7/15

ORIGINAL

Decision No. 90544 JUL 17 1979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of MARVIN B. JONES, individually )  
and as trustee for HELEN FRANCES )  
ROCCAFORTE, a partnership doing )  
business as ELK GROVE WATER WORKS, )  
for an order authorizing it to )  
increase rates for water service )  
within its certificated area, )  
Sacramento County, California. )

Application No. 57712  
(Filed November 30, 1977)

McDonough, Holland, Schwartz and Allen, by  
Bruce McDonough, Attorney at Law, for  
applicant.

Dan W. Tocuero, for himself, interested party.  
Leslie D. Hay, for the Commission staff.

O P I N I O N

By this application filed November 30, 1977, Elk Grove Water Works (applicant) seeks to increase its annual revenues by \$24,225, or 17.75 percent, in excess of estimated 1978 revenues at present rates. Applicant expected the requested rates to produce a 10.5 percent rate of return. Applicant's rates were last adjusted by Decision No. 70051, dated December 7, 1965, in Application No. 47481.

After due notice, public hearing was held before Administrative Law Judge Banks at Sacramento on August 15, 1978. The matter was submitted subject to receipt of late-filed Exhibits 7 and 8 by the Commission staff.

Applicant presented testimony through its managing partner, Marvin B. Jones. The Commission staff presentation was made by staff engineer Les Hay.

Applicant is a corporation<sup>1/</sup> providing water service in and adjacent to the unincorporated town of Elk Grove, Sacramento County. As of December 31, 1977, it had 2,389 active service connections. Water is obtained from six 14-inch diameter wells with a total capacity of 4,450 gallons per minute. Two more wells are scheduled to be placed into service in the near future. Present wells are equipped with line-shaft deep-well turbine, oil lubricated pumps set on concrete bases and range in size from 30 to 75 horsepower. There are five hydropneumatic tanks with a total capacity of 23,000 gallons located at every pumping station except one. That one station has an elevated tank with 52,000 gallons capacity. The distribution system consists of approximately 165,400 feet of cast iron, standard screw, and asbestos-cement pipe ranging in size from 2 to 10 inches in diameter.

There are two pressure zones within the system. The pressures in the elevated tank zone are maintained at an almost steady 38 psi. Pressure higher than 38 psi is not obtainable in this zone. In the second zone, pressure is maintained by use of the hydro-pneumatic tanks with pressures ranging between 38 and 55 psi.

---

<sup>1/</sup> By Decision No. 89591 dated October 31, 1978, in Application No. 58350 the partnership of Marvin B. Jones, individually and as trustee for Helen Roccaforte, doing business as Elk Grove Water Works, was authorized to sell and transfer the water system and related assets to Elk Grove Water Works, a corporation.

Mr. Dan W. Toquero, a customer of applicant, appeared at the hearing and stated that he recognized that applicant must earn a fair return on its investment and was, therefore, not opposing applicant's request for rate relief. However, Mr. Toquero stated that he was concerned with the constant low water pressure received at his home and requested that it be corrected. An off-the-record discussion determined that Mr. Toquero's service is at the end of a distribution main. Applicant was aware of the problem and agreed to take corrective measures. Mr. Toquero stated he was satisfied with this off-the-record agreement.

Need for Rate Increase

Mr. Jones stated that applicant is in need of rate relief because: (1) it is a rapidly growing water utility; (2) 13 years have elapsed since water rates were last adjusted; (3) material and labor costs have increased substantially; (4) dramatic population and building growth within the service area has required applicant to enter into many refund contracts of late so that advances for construction account for more than 80 percent of the total capital; (5) at present rates applicant will begin to experience a negative cash flow in 1979, and; (6) if granted, the requested increase in gross revenues of \$24,255 will fall far short of producing the 10.5 percent rate of return originally requested. ✓

Summary of Earnings

At the hearing, applicant introduced Exhibit 4 adjusting the estimated operating revenues and expenses at present rates for test year 1978. Revenues were adjusted downward based on recorded 1977 figures by \$4,298 to \$132,200 and estimated expenses were increased by \$7,271 to \$139,900. The figures set forth in Exhibit 4 are in closer alignment with the estimate presented by the staff in its Exhibit 6 than are the figures in the original application and bear out the staffs estimates. The following table compares data shown in the application and the staff estimates for test year 1978 at present and proposed rates as shown in Exhibit 6, together with the results adopted herein.

Adjusted Summary of Earnings

A.57712 Kd \*

| Item                       | Year<br>1977<br>Recorded | Year 1978 Estimated |                   |                  |                   |                   |
|----------------------------|--------------------------|---------------------|-------------------|------------------|-------------------|-------------------|
|                            |                          | Applicant           |                   | Staff            |                   | Adopted           |
|                            |                          | Present<br>Rates    | Proposed<br>Rates | Present<br>Rates | Proposed<br>Rates |                   |
| Operating Revenues         | \$113,580                | \$136,498           | \$160,723         | \$130,480        | \$162,420         | \$158,210         |
| <u>Deductions</u>          |                          |                     |                   |                  |                   |                   |
| Operating Expenses         | 91,024                   | 99,125              | 99,125            | 114,100          | 114,100           | 113,930           |
| Depreciation Expenses      | 15,419                   | 15,061              | 25,061            | 19,020           | 19,020            | 19,020            |
| Taxes Other Than Income    | 6,322                    | 8,443               | 8,443             | 12,620           | 12,620            | 12,620            |
| Income Taxes               | -                        | -                   | -                 | -                | 130               | 580 <sup>2/</sup> |
| Total Deductions           | 112,765                  | 132,629             | 132,629           | 145,740          | 145,870           | 146,120           |
| Net Revenue                | 815                      | 3,869               | 28,094            | (15,260)         | 16,550            | 12,090            |
| Avg. Depreciated Rate Base | 172,186                  | 229,147             | 229,147           | 218,800          | 218,800           | 218,800           |
| Rate of Return             | 0.5%                     | 1.4%                | 10.5%             | Loss             | 10.5%             | 5.5%              |

(Red Figure)

<sup>2/</sup> Income taxes for adjusted rates were calculated for corporations rather than partnerships.

Rates and Operating Revenues

Applicant proposes increases in its meter rate, some of its flat rate, and its public fire hydrant tariff schedules.<sup>3/</sup> A comparison of operating revenues at present and proposed rates for the various classes of service updated by staff Exhibit 8 is as follows:

| Item                       | Applicant       |                 |               | Staff          |                |               | Adopted Rates  |
|----------------------------|-----------------|-----------------|---------------|----------------|----------------|---------------|----------------|
|                            | Present Rates   | Proposed Rates  | % of Increase | Present Rates  | Proposed Rates | % of Increase |                |
| Meter Rate Service         | \$ 7,494        | \$ 8,463        | 11.3%         | \$ 10,330      | \$ 17,610      | 70.5%         | \$ 13,400      |
| Flat Rate Service          | 112,136         | 133,939         | 19.4          | 109,600        | 131,100        | 19.6          | 131,100        |
| Private Fire Protect.      | 2,272           | 2,272           | -             | 2,000          | 2,000          | -             | 2,000          |
| Public Fire Hydrant        | 6,874           | 8,327           | 21.1          | 6,310          | 9,470          | 50.0          | 9,470          |
| Sales to Govt. by Contract | 170             | 170             | -             | 250            | 250            | -             | 250            |
| Other Sales                | 1,332           | 1,332           | -             | 1,990          | 1,990          | -             | 1,990          |
| <b>Total</b>               | <b>136,498*</b> | <b>160,723*</b> | <b>24</b>     | <b>130,480</b> | <b>162,420</b> | <b>24.5</b>   | <b>158,210</b> |

\* The figures shown are those appearing in the application and were totalled incorrectly. However, since the totals were before the Commission, they were the figures used in determining the results adopted herein.

3/ Applicant's present and proposed rates appear in Appendix B.

The major differences between the applicant's and staff's revenue estimates are explained as follows: For metered service, the staff developed a water use tabulation based on 1975 recorded data which reflects predrought conditions and applied to both present and proposed rates. From this it was determined that the increase would actually amount to 70.5 percent rather than 12 percent alleged in the application. For flat rate service, staff determined that the proposed increase would be only 19.6 percent rather than the 22 percent sought in the application because the applicant considered only 3/4-inch service rather than all classes of flat rate service in its projections. Finally, applicant's estimates do not reflect the 50 percent increase requested for public fire hydrant service.

We believe the staff estimates of revenues more accurately reflect actual operations and its method of calculating increased revenues will be adopted.

Also, the staff considers the proposed increases for the several types of service to be inequitable in that flat rate service customers would receive a much smaller percentage increase. It recommends that any increase be more equitably apportioned among the several classes of service. We agree with this analysis and will order rates be designed to reflect an equitable percentage distribution.

#### Operating Expenses

Following is a summary of expenses as estimated by applicant and staff for test year 1978:

Operating and Maintenance Expenses  
Test Year 1978

| Item                                | Applicant | Staff    | Adopted  |
|-------------------------------------|-----------|----------|----------|
| Pumping - Oper. Supr., Labor & Exp. | -         | \$ 1,170 | \$ 1,170 |
| Purchased Power                     | 20,550    | 18,400   | 18,400   |
| Maint. of Struct. & Equip.          | -         | 740      | 740      |
| Treatment - Oper. Supr. & Engr.     | -         | 1,080    | 1,080    |
| T & D Maint. of Struct. & Plant     | 35,450    | 36,920   | 36,920   |
| Cust. Acctg. - Supr. Meter Reading  | 18,500    | 29,640   | 29,640   |
| Uncollect. Accts.                   | 350       | 330      | 330      |
| <u>A&amp;G</u>                      |           |          |          |
| Admin. & Gen. Sal.                  | 12,000    | 11,890   | 11,890   |
| Office Supplies & Exp.              | 1,150     | 1,430    | 1,430    |
| Prop. Ins., Injuries & Dam.         | 4,000     | 3,590    | 3,590    |
| Franchise Req.                      | -         | 160      | 160      |
| Outside Services                    | 3,000     | 1,680    | 1,680    |
| <u>Miscellaneous</u>                |           |          |          |
| Rents                               | 4,125     | 4,950    | 5,400    |
| Rate Case Prorated (3 yr.)          | -         | 2,120    | 1,500    |
| Total Expenses                      | 99,125    | 114,100  | 113,930  |

A.57712 kd \*

Applicant's estimates of total operating expenses were revised at the hearing and exceeded the staff's estimates by only \$500. The minor differences in the individual estimates are briefly explained as follows: (1) The staff's estimates generally reflect later information than do applicant's, particularly with respect to rates for purchased power, costs relating to bills, postage and billing, water testing charges, and rents (an exception is the rental allowance shown in applicant's Exhibit 4 which will be included in the adopted results of operation); (2) the staff transferred some charges between accounts to more accurately reflect the type of service performed; (3) in its study the staff included an allowance for the general manager's salary (which applicant included in Exhibit 4); (4) the staff estimate for insurance was by an invoice study whereas applicant's estimate used recorded figures that indicate that the costs were not allocated in the years actually incurred; and (5) the staff decreased outside service charges as some were found to be related to the instant application and hence were included in the rate case prorated estimate. For the rate case prorated, the evidence presented indicates that the total \$4,500 should be spread over a three-year period at \$1,500 per year. In addition, the latest data available regarding rental of a soon-to-be completed office building is that rental would be \$450 per month or \$5,400 annually.

Depreciation Expense

In Decision No. 70051 dated December 7, 1965, applicant was ordered to use straight-line remaining-life depreciation to make periodic reviews of its plant, special reviews whenever the composition of utility plant changed, and to keep the Commission apprised. The staff witness stated that applicant failed to make the reviews as ordered and because of the extensive plant additions since Decision No. 70051 was issued, a summary of annual depreciation was prepared based on estimated test year 1978. This summary, introduced by the



staff in its Exhibit 6, shows staff's estimated depreciation expense to be \$19,020 as compared to \$25,061 as shown in the application.<sup>4/</sup> The difference is due to an adjustment to the depreciation rate required by application of the straight-line remaining-life method of depreciation.

Because the applicant failed to make the reviews of its plant as ordered, we believe the staff estimate to be more reliable and will be adopted.

Finally, because continued growth in applicant's service area is expected, we believe the composition of applicant's plant should be monitored and will therefore require a review and report filed with the Commission every three years.

Taxes

Staff's estimate for taxes other than income for the test year exceeded applicant's by \$4,177. The staff's estimate for Old Age Survivors and Disability Insurance included all 1978 salaries while applicant excluded the general manager's salary in its estimate. The staff's estimate for ad valorem taxes included plant additions while they were excluded by applicant in its estimate. Further the applicant developed its estimate prior to the enactment on June 6, 1978, of Article XIII-A of the State Constitution (Proposition 13) while staff's estimate considered its effect. The staff's estimate is reasonable and more reflective of test year conditions.

Utility Plant in Service

Following is applicant's and the staff's estimated plant in service for test year 1978:

---

<sup>4/</sup> At the hearing, applicant introduced Exhibit 4 revising its estimate for depreciation expense downward from \$25,061 to \$17,700.

| <u>Description</u>                | <u>Applicant</u> | <u>Staff</u> |
|-----------------------------------|------------------|--------------|
| Recorded Plant @ 12-31-76         | \$ 701,212       | \$ 701,212   |
| Plant Additions, 1977 Recorded    | -                | 185,411      |
| Plant Additions, 1977 Estimated   | <u>395,036</u>   | <u>-</u>     |
| Recorded Plant @ 12-31-77         | -                | 886,623      |
| Estimated Plant @ 12-31-77        | 1,096,248        | -            |
| Plant Additions, 1978 Estimated   | 244,140          | 245,000      |
| Plant Retirements, 1978 Estimated | <u>-</u>         | <u>(500)</u> |
| Estimated Plant @ 12-31-78        | 1,340,388        | 1,131,123    |
| Beginning and End-of-Year Average | 1,218,672        | 1,008,873    |
| Use                               | 1,218,672        | 1,008,900    |

(Red Figure)

The staff's estimate for 1977 plant additions was based on recorded data whereas applicant used estimated figures. The staff's determination is more reliable and will be adopted.

Depreciation Reserve

Following is a calculation of the depreciation reserve for test year 1978:

| <u>Description</u>                        | <u>Applicant</u> | <u>Staff</u> |
|---|------------------|--------------|
| Recorded Depreciation Reserve @ 12-31-77  | \$ (a)           | \$177,918    |
| Estimated Accrual, Year 1978              | (a)              | 21,254       |
| Estimated Retirements, Year 1978          | <u>(a)</u>       | <u>(500)</u> |
| Estimated Depreciation Reserve @ 12-31-78 | (a)              | 198,672      |
| Beginning and End-of-Year Average         | 193,676          | 188,295      |
| Use                                       | 193,676          | 188,300      |

(Red Figure)

(a) Could not be determined from application.

As noted in the table above, the figures for depreciation reserve could not be determined from the application. Accordingly, we will adopt the staff's figures for depreciation reserve in calculating rate base.

Rate Base

Applicant's and the staff's estimates of rate base for the 1978 test year are summarized in the following tabulation:

| <u>Item</u>                          | <u>Rate Base</u> |                             |
|--------------------------------------|------------------|-----------------------------|
|                                      | <u>Applicant</u> | <u>1978 Estimated Staff</u> |
| Utility Plant in Service             | \$1,218,672      | \$1,008,900                 |
| Average Depreciation Reserve         | <u>(193,676)</u> | <u>(188,300)</u>            |
| Subtotal                             | 1,024,996        | 820,600                     |
| Working Cash Allowance               | 17,062           | 700                         |
| Materials and Supplies               | <u>10,000</u>    | <u>3,000</u>                |
| Subtotal                             | 1,052,058        | 824,300                     |
| Advances for Construction            | (690,897)        | (515,200)                   |
| Contributions in Aid of Construction | (93,614)         | (90,300)                    |
| Average Depreciated Rate Base        | 267,547          | 218,800                     |

(Red Figure)

The estimates for rate base of both applicant and staff include allowances for working cash and materials and supplies. The staff calculations were made to determine advances for construction based upon recorded data on December 31, 1977, and the estimated additions for 1978 presented in the application which were adopted by the staff.

We will adopt as reasonable the staff's rate base estimate as it is more reflective of existing conditions and Commission ratemaking policy relative to working cash.

Rate of Return

The applicant is seeking authorization to increase its rates to produce a return on rate base of 10.5 percent.

Staff Exhibit 6 contained a letter from the Commission's Finance Division which concluded that a 10.50 percent rate of return would be fair and reasonable. In reaching this conclusion the Finance Division stated that: (1) Applicant's capital structure consists of proprietary capital; (2) there are no plans to increase any debt through test year 1978; (3) applicant carries large amounts of advances for construction due to continuing growth in its service area; (4) estimated 1978 results show a loss at present rates; and (5) additional revenue to finance future plant additions not financed by advances and to refund advances on its main extension contracts is needed.

We believe the Finance Division analysis is thorough, sound, that its recommendation is reasonable, and should be adopted.

Service

Staff Exhibit 6 states that a field inspection of applicant's system was conducted in February 1978. Plant facilities were inspected, pressures checked, records examined, and customers interviewed. The customers interviewed indicated that the supply of water and level of service was satisfactory. The staff made no recommendations with respect to service or improvements.

We conclude that overall, the service provided by applicant is satisfactory.

Rate Design

The applicant's present and proposed rates are set forth in Appendix B, and the rates we adopt as reasonable are contained in Appendix A.

Discussion

Late-filed Exhibit 8 was requested by the administrative law judge to compare the gross revenue required to produce the 10.5 percent rate of return recommended by the Finance Division and the revenues requested in the original application. The tabulation in this exhibit follows:

| Summary of Earnings           |                          |                     |                   |                  |                   |
|-------------------------------|--------------------------|---------------------|-------------------|------------------|-------------------|
| Item                          | Year<br>1977<br>Recorded | Year 1978 Estimated |                   |                  |                   |
|                               |                          | Applicant           |                   | Staff            |                   |
|                               |                          | Present<br>Rates    | Proposed<br>Rates | Present<br>Rates | Proposed<br>Rates |
| Operating Revenues            | \$113,580                | \$132,200           | \$163,960         | \$130,480        | \$169,260         |
| <u>Deductions</u>             |                          |                     |                   |                  |                   |
| Operating Expenses            | 91,024                   | 114,700             | 114,700           | 114,100          | 114,100           |
| Depreciation Exp.             | 15,419                   | 17,700              | 17,700            | 19,020           | 19,020            |
| Taxes Other Than<br>Income    | 6,322                    | 7,500               | 7,500             | 12,620           | 12,620            |
| Income Taxes                  | -                        | -                   | -                 | -                | 550               |
| Total Deductions              | 112,765                  | 139,900             | 139,900           | 145,740          | 146,290           |
| Net Revenue                   | 815                      | (7,700)             | 24,060            | (15,260)         | 22,970            |
| Avg. Depreciated Rate<br>Base | 172,186                  | 229,147             | 229,147           | 218,800          | 218,800           |
| Rate of Return                | 0.5%                     | Loss                | 10.5%             | Loss             | 10.5%             |

(Red Figure)

It can be seen from the above that based on the staff estimates and the recommended rate of return, the applicant is entitled to gross revenues of \$169,260. In addition, the results adopted herein, when considered with the increase in income taxes due to incorporation, show the necessary gross revenues to produce the staff recommended rate of return become \$170,190.

Section 454 of the Public Utilities Code provides that customers of utilities must be notified of proposed rate increases expressed in both dollars and percentage terms before an increase is granted. Since applicant notified its customers of the amounts contained in the original application, the additional increase requirements evidenced by Exhibits 4 and 8 cannot be authorized at this time.

Findings of Fact

1. Applicant's rates were last adjusted December 7, 1965 by Decision No. 70051 in Application No. 47481.

2. The adopted estimates previously discussed herein of operating revenues, expenses, and rate base for test year 1978 reasonably indicate the results of operation in the near future.

3. The adopted estimates for ad valorem taxes included in "Taxes Other Than Income" include the estimated effect of Article XIII-A of the California Constitution.

4. The adopted estimates for income taxes reflect the latest tax rate for corporations.

5. A rate of return of 10.5 percent on the adopted rate base as proposed by applicant and the Commission's Finance Division is fair and reasonable but since the rates requested will not produce that return, only a return of 5.5 percent can be authorized. It would be necessary to authorize gross revenues of \$170,190 to yield a rate of return of 10.5 percent.

6. Revenues will be increased by the rates authorized herein and set forth in Appendix A.

7. The increases in rates and charges authorized by this decision are justified and are reasonable; and the present rates and charges, insofar as they differ from those prescribed by this decision, are for the future unjust and unreasonable. These rates are consonant with the wage and price standards promulgated by the President's Council on Wage and Price Stability.

8. As provided in Decision No. 70051 dated December 7, 1965, applicant should continue to use straight-line remaining-life depreciation.

9. Applicant provides adequate service to its customers.

Conclusion of Law

The Commission concludes that the application should be granted to the extent set forth in the order which follows.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, applicant is authorized to file the revised rate schedules attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be five days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date of the revised schedules.

2. Within forty-five days after the effective date of this order, applicant shall file a revised tariff service area map, appropriate general rules, and sample copies of printed forms that are normally used in connection with customers' services. Such filing shall comply with General Order No. 96-A. The effective date of the revised tariff sheets shall be five days after the date of filing.

3. For the year 1978, applicant shall apply the depreciation rates for each individual plant account as developed in Table No. 1-A of Exhibit No. 6 to determine depreciation accruals. Until review indicates otherwise, applicant shall continue to use these rates.

Applicant shall review its depreciation rates at intervals of three years and whenever a major change in depreciable plant occurs. Any revised depreciation rate shall be determined by: (1) subtracting the estimated future net salvage and the depreciation reserve from the original cost of plant; (2) dividing the result by the estimated remaining life of plant; and (3) dividing the quotient by the original cost of plant. The results of each review shall be submitted promptly to the Commission.

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

Dated at San Francisco, California, this 17th day of JULY, 1979.

John E. Guyon  
President  
Debra L. Peterson  
Robert W. Cavall  
Clare J. Sefyich  
Edward W. Young  
Commissioners



APPENDIX A  
Page 1 of 3

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Elk Grove and vicinity, Sacramento County.

RATES

|                                      | <u>Per Meter</u><br><u>Per Month</u> |
|--------------------------------------|--------------------------------------|
| Quantity Rates:                      |                                      |
| First 800 cu.ft. or less .....       | \$ 2.00                              |
| Over 800 cu.ft., per 100 cu.ft. .... | .13 (I)                              |
| Minimum Charge:                      |                                      |
| For 5/8 x 3/4-inch meter .....       | \$ 2.00                              |
| For 3/4-inch meter .....             | 2.60 (D)                             |
| For 1-inch meter .....               | 3.90 (D)                             |
| For 1 1/2-inch meter .....           | 7.25 (I)                             |
| For 2-inch meter .....               | 11.00 (I)                            |
| For 3-inch meter .....               | 20.00                                |
| For 4-inch meter .....               | 35.00 (I)                            |
| For 6-inch meter .....               | 70.00 (I)                            |
| For 8-inch meter .....               | 110.00 (I)                           |

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

APPENDIX A  
Page 2 of 3

Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

Elk Grove and vicinity, Sacramento County.

RATES

Per Service Connection  
Per Month

|   |         |     |
|---|---------|-----|
| 1. For a single-family residential unit, including premises not exceeding 4,000 sq.ft. in area and served from a service connection having a diameter of: |         |     |
| 3/4-inch .....  | \$ 3.00 | (I) |
| 1-inch .....  | 5.10    |     |
| 1 1/8-inch .....  | 8.25    |     |
| 1 1/2-inch .....  | 11.80   |     |
| 2-inch .....  | 20.60   |     |
| 3-inch .....  | 47.00   | (I) |
| a. For each additional single-family residential unit on the same premises and served from the same service connection .....                              | 1.00    |     |
| b. For each 100 sq.ft. of premises in excess of 4,000 sq.ft. ....   | 0.03    | (I) |
| 2. For each office, public hall or lodge room ....  | 2.00    |     |
| 3. For each grocery or produce market, bakery, beauty shop or other commercial establishment where water is used for commercial operations .              | 2.50    |     |

SPECIAL CONDITIONS

1. For service covered by the above classifications, if either the utility or the customer elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service.

APPENDIX A  
Page 3 of 3

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to municipalities, duly organized fire districts and other political subdivisions of the state.

TERRITORY

Elk Grove and vicinity, Sacramento County.

RATE

|  | <u>Per Month</u> |     |
|--|------------------|-----|
| For each 4" x 2½" single outlet fire hydrant ..... | \$3.00           | (I) |

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rates under Schedule No. 1, General Metered Service.
2. Relocation of any hydrant shall be at the expense of the party requesting relocation.
3. Fire hydrants shall be attached to the utility's distribution mains upon receipt of proper authorization from the appropriate public authority. Such authorization shall designate the ownership, type and the size of hydrant and the specific location at which each is to be installed.
4. 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.

APPENDIX B  
Page 1 of 4

## ELK GROVE WATER WORKS

PRESENT RATES

| <u>Meter Rates</u>                   | <u>Per Meter Per Month</u><br><u>Present</u><br><u>Rates</u> |
|--------------------------------------|--|
| <b>Quantity Rates:</b>               |  |
| First 800 cu. ft. or less            | \$ 2.00  |
| Next 4,200 cu. ft., per 100 cu. ft.  | .15  |
| Next 15,000 cu. ft., per 100 cu. ft. | .10  |
| Over 20,000 cu. ft., per 100 cu. ft. | .075   |

|                           |         |
|---------------------------|---------|
| <b>Minimum Charge:</b>    |         |
| For 5/8 by 3/4-inch meter | \$ 2.00 |
| For 3/4-inch meter        | 3.05    |
| For 1-inch meter          | 5.30    |
| For 1 1/2-inch meter      | 7.00    |
| For 2-inch meter          | 10.00   |
| For 3-inch meter          | 20.00   |
| For 4-inch meter          | 30.00   |
| For 6-inch meter          | 54.00   |
| For 8-inch meter          | 90.00   |

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

| <u>Flat Rates</u>   | <u>Per Service Connection</u><br><u>Per Month</u><br><u>Present</u><br><u>Rates</u> |
|---|---|
| 1. For a single-family residential unit, including premises not exceeding 4,000 sq. ft. in area and service from a service connection having a diameter of: |   |
| 3/4-inch  | \$ 2.45   |
| 1-inch  | 4.40  |
| 1 1/4-inch  | 7.00  |
| 1 1/2-inch  | 10.00   |
| 2-inch  | 17.50   |
| 3-inch  | 40.00   |
| a. For each additional single-family residential unit on the same premises and served from the same service connection                                      | 1.00  |
| b. For each 100 sq. ft. of premises in excess of 4,000 sq. ft.  | .025  |

APPENDIX B  
Page 2 of 4

|                   |   | Per Service Connection<br>Per Month |
|-------------------|---|-------------------------------------|
|                   |   | <u>Present<br/>Rates</u>            |
| <u>Flat Rates</u> |   |                                     |
| 2.                | For each office, public hall or<br>lodge room   | \$ 2.00                             |
| 3.                | For each grocery or produce market,<br>bakery, beauty shop, or other com-<br>mercial establishment where water is<br>used for commercial operations | 2.50                                |
| 4.                | <u>Private Fire Protection Service:</u>   |                                     |
|                   | For each 4-inch connection  | 7.00                                |
|                   | For each 6-inch connection  | 10.00                               |
|                   | For each 8-inch connection  | 13.00                               |
|                   | For each 10-inch connection   | 16.00                               |
| 5.                | <u>Public Fire Hydrant Service:</u>   |                                     |
|                   | For each 4" x 2-1/2 single<br>outlet fire hydrant   | 2.00                                |
| 6.                | <u>Construction and Other Temporary<br/>Service:</u>  |                                     |
|                   | For water delivered to tank<br>wagons or trucks, per 100<br>cu. ft. (750 gallons)   | .25                                 |

APPENDIX B  
Page 3 of 4

## ELK GROVE WATER WORKS

PROPOSED RATES

| <u>Meter Rates</u>                   | <u>Per Meter Per Month</u><br><u>Proposed</u><br><u>Rates</u> |
|--------------------------------------|---|
| <u>Quantity Rates:</u>               |   |
| First 800 cu. ft. or less            | \$ 2.00   |
| Next 4,200 cu. ft., per 100 cu. ft.  | .25   |
| Next 15,000 cu. ft., per 100 cu. ft. | .20   |
| Over 20,000 cu. ft., per 100 cu. ft. | .15   |

|                           |         |
|---------------------------|---------|
| <u>Minimum Charge:</u>    |         |
| For 5/8 by 3/4-inch meter | \$ 2.00 |
| For 3/4-inch meter        | 3.05    |
| For 1-inch meter          | 5.30    |
| For 1 1/2-inch meter      | 7.00    |
| For 2-inch meter          | 10.00   |
| For 3-inch meter          | 20.00   |
| For 4-inch meter          | 30.00   |
| For 6-inch meter          | 54.00   |
| For 8-inch meter          | 90.00   |

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

| <u>Flat Rates</u>  | <u>Per Service Connection</u><br><u>Per Month</u><br><u>Proposed</u><br><u>Rates</u> |
|--|--|
| 1. For a residential or commercial unit, not exceeding 4,000 sq. ft. in area and service from a service connection having a diameter of: |  |
| 3/4-inch   | \$ 3.00  |
| 1-inch   | 5.10   |
| 1 1/4-inch   | 8.25   |
| 1 1/2-inch   | 11.80  |
| 2-inch   | 20.60  |
| 3-inch   | 47.00  |
| For each 100 sq. ft. of premises in excess of 4,000 sq. ft.  | .03*   |

\* Application shows \$.30 as proposed but should have been \$.03.

Per Service Connection  
Per MonthFlat RatesProposed  
Rates2. Private Fire Protection Service:

|                             |         |
|-----------------------------|---------|
| For each 4-inch connection  | \$ 7.00 |
| For each 6-inch connection  | 10.00   |
| For each 8-inch connection  | 13.00   |
| For each 10-inch connection | 16.00   |

3. Public Fire Hydrant Service:

|   |      |
|---|------|
| For each 4" x 2-1/2 single<br>outlet fire hydrant | 3.00 |
|---|------|

4. Construction and Other Temporary  
Service:

|   |     |
|---|-----|
| For water delivered to tank<br>wagons or trucks, per 100<br>cu. ft. (750 gallons) | .25 |
|---|-----|